

October 14, 2009

Dear Sir or Madam:

RE: Request for Proposal (RFP) to Purchase Electric Default Service Supplies

UGI Utilities – Electric Division (“UGI”) is seeking electric supplies to serve a portion of its Default Service requirements. The Request for Proposals (“RFP”) and bidding details are attached hereto.

On July 17, 2008 the Pennsylvania Public Utility Commission (“PUC”) approved UGI’s petition for a Default Service Supply Plan in Docket No. P-2008-2022931, to be effective January 1, 2010. This plan established the mechanism by which UGI will acquire supplies for its customers that are not being served by an alternate generation supplier and conforms to new regulations that were published by the PUC in 2007. UGI’s plan approved by the PUC utilizes a competitive solicitation process to secure these supplies. Therefore, UGI is issuing this RFP requesting bids on certain quantities of energy as specified in the RFP. All acquisitions made through RFP’s will be monitored by a third party, Pace Global Energy Services, LLC (“Pace”), to ensure a fair and unbiased process.

RFP Schedule

October 13, 2009	Notice of RFP sent to potential suppliers
October 22, 2009 (2:00 p.m. E.T.)	RFP Conference Call with all interested parties Call-in Number – 800-827-3104 Code – 6986216546
October 27, 2009 (4:00 p.m. E.T.)	Notice of intent to submit bids due. E-mail notice to ugirfp@ugi.com
November 3, 2009 (11:00 a.m. E.T.)	RFP responses due to UGI/Pace
November 3, 2009 (4:00 p.m. E.T.)	Winning bidders selected by UGI, verified by Pace and verbally notified by UGI of bid status
November 3, 2009 (4:00 p.m. E.T.)	Results of auction sent to Pennsylvania PUC
November 4, 2009	Pennsylvania PUC approves results of RFP
November 4, 2009 Close of Business	UGI verbally notifies winning bidders

Responses to this RFP will be submitted through e-mail to ugirfp@ugi.com. Questions pertaining to this RFP can be also be sent to the email up to 12:00 p.m. on October 26, 2009. Questions and Responses will be posted on UGI’s website which can be found at <http://www.ugi.com/electric/wholesale/faq.html>.

Through this e-mail address, both UGI and Pace Global Energy Services, LLC (“Pace”) will receive your bid and will independently evaluate the responses and determine the winning bidders. Once the winning bidders are determined, the results must be forwarded to the PUC, which will either accept or reject the winning bids. UGI will also notify

winning bidders of their tentative selection as a winning bidder. Therefore, all bids must remain open until the end of the business day following submission. While UGI cannot dictate a timeline to the PUC, it is hoped the PUC will approve the results of the RFP within 24 hours of the bid deadline. The PUC regulations state that it will issue its decision within one business day. Immediately following the PUC's decision, UGI will then contact the winning bidders by telephone to confirm the transaction(s). Confirmation agreements will then be exchanged to finalize the transaction.

In order to have bids considered, there must be a fully executed EEI or ISDA contract in place with UGI. The basic framework of the contract was set forth in UGI's filing and will be provided upon request.

The criterion for selecting a winning bid is price. However, no supplier can supply more than 33% of supplies during a supply period. In the event of identical winning bids, UGI will select the supplier that is providing the least amount of energy during the applicable supply period. If this does not determine a winning bid, the winning bidder will be determined randomly by Pace.

Very truly yours,

Ayana Wood
Power Supply & Rates Analyst

UGI Utilities, Inc. – Electric Division
Request for Proposal
October 13, 2009

1. UGI is seeking quotes for supplying the following packages of energy for its Default Service supplies for its Group One and Two customer groups. Bids must conform to the standards approved by the Pennsylvania Public Utility Commission (PUC) in UGI's Default Service Supply filing (Docket No. P-2008-2022931).
2. All bids must remain open until the end of the business day following submission to UGI to allow the Pennsylvania PUC time to review and approve the winning bids.
3. All bids must be submitted by e-mail to ugirfp@ugi.com by **November 3, 2009 at 11:00 a.m. E.T.**
4. Bidders are free to submit bids for as many months as desired. The individual blocks should be priced separately. For determining the winning bidder, each block will be evaluated and awarded individually.
5. Supplies will be physical firm.
6. The EEI or ISDA Contract between UGI and the counter party will control all transactions completed under this RFP.
7. Winning bids will be determined by price, subject to the provision no one supplier can supply more than one-third of UGI's expected annual requirements for a customer group. In the event two or more bids are received that contain identical prices, the ties will be broken by selecting the bid of the counter party that is otherwise providing the least amount of power to the customer group during the supply period in question. If this method does not break the tie, the winning bidder will be chosen at random by Pace Global Energy Services, LLC.
8. All bids must be submitted in U.S. dollars.

9. **Energy Requested**

Delivery Point	PJM Western Hub	
Supply Type	7x24 (Around the Clock) physical firm	
Term of Delivery and Quantity		
Group 1	June 2010	25 Mw
	November – December 2010	25 Mw
	January 2011	25 Mw
	April – May 2011	25 Mw
	June 2011	15 Mw
	May 2012	15 Mw
	March 2013	10 Mw
Group 2	January 2010	24 Mw
	February 2010	26 Mw
	March 2010	23 Mw
	April 2010	20 Mw
	May 2010	17 Mw
Delivery Point	PJM Western Hub	
Supply Type	5x16 (On Peak) physical firm	
Term of Delivery and Quantity		
Group 1	March – April 2011	5 Mw
	May 2011	10 Mw
Group 2	January 2010	2 Mw
	February 2010	1 Mw
	March 2010	2 Mw
	April 2010	1 Mw
	May 2010	2 Mw

10. A Bid Response Form is attached. Bids must be submitted on a form similar to the attached to be considered by UGI.

