

**UGI UTILITIES, INC. – GAS DIVISION**

**BEFORE**

**THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Information Submitted Pursuant to**

**Section 53.51 et seq of the Commission’s Regulations**

**UGI GAS EXHIBIT D**

**COST OF SERVICE ALLOCATION  
STUDY AS OF SEPTEMBER 30, 2023**

**Witness: Constance E. Heppenstall  
Prepared by: Gannett Fleming  
Valuation and Rate Consultants, LLC**

**UGI UTILITIES, INC. – GAS DIVISION – PA P.U.C. NOS. 7 & 7S  
SUPPLEMENT NO. 32**

**DOCKET NO. R-2021-3030218**

**Issued: January 28, 2022**

**Effective: March 29, 2022**

UGI Gas Exhibit D  
Witness: C. E. Heppenstall

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2021-3030218

COST OF SERVICE ALLOCATION STUDY

AS OF SEPTEMBER 30, 2023

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC  
Camp Hill, Pennsylvania



*Excellence Delivered **As Promised***

January 14, 2022

UGI Utilities, Inc. – Gas Division  
1 UGI Drive  
Denver, PA 17517

Attention: Mr. Paul J. Szykman  
Chief Regulatory Officer

Ladies and Gentlemen:

Pursuant to your request, we have prepared a cost of service allocation study based on pro forma revenue requirements for the twelve months ended September 30, 2023, for UGI Utilities, Inc. – Gas Division.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed allocation calculations. Schedule A, on page 5, presents a comparison of the cost of service by service classification with the revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC

A handwritten signature in black ink, appearing to read "C. Heppenstall", written over a faint, larger version of the same signature.

CONSTANCE E. HEPPENSTALL  
Senior Project Manager, Rate Studies

CEH:mle

069215.200

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## PART I. INTRODUCTION

UGI UTILITIES, INC. – GAS DIVISION  
COST OF SERVICE ALLOCATION STUDY  
AS OF SEPTEMBER 30, 2023

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study prepared for UGI Utilities, Inc. – Gas Division, based on the twelve months ended September 30, 2023 (FPFTY). Part I, Introduction, includes statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Service Classification, presents the detailed schedules of the allocation of costs to service classifications, the bases for the allocations, and the development of certain customer and demand costs.

BASIS OF THE STUDY

The purpose of the study was to allocate costs of UGI Gas Division to the several customer classifications based on considerations of quantity of gas consumed; sales and transportation; demand characteristics; and costs associated with metering, billing, and accounting. The allocation study was based on recognized procedures for allocating costs to customer classifications in proportion to each classification's use of the facilities, commodity, and services which entail the total cost of providing gas service.

ALLOCATION PROCEDURES

The allocation study was based on the Average and Extra Demand Method for allocating costs to service classifications. The method is identified as the "Average and

Excess Demand Method" in "Gas Rate Fundamentals," (published in 1987 by the American Gas Association's Rate Committee) in which it is described. The three basic categories of cost responsibility are commodity, capacity, and customer costs. In the Average and Extra Demand Method, the capacity costs are allocated to service classifications on a combined basis of average use and use above average at peak demands. The following presents a brief discussion of costs and the manner in which they were allocated.

Commodity Costs are the costs that tend to vary with the quantity of gas used. Commodity costs in this study include production plant expenses and associated costs. Commodity costs were allocated to service classifications on the basis of average daily sales volumes.

Capacity Costs are costs associated with meeting the peak demands of the system. Capacity costs attributable to sales and transportation service include Distribution expenses and capital costs not associated with the customer costs category. The capacity costs were allocated to service classifications on a combined basis of average use and extra demand (demand in excess of average use). For presentation purposes, the commodity and capacity costs are combined into the volumetric function for each classification.

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the expenses and capital costs related to meters, regulators, and services and expenses related to meter reading and billing. The customer costs were allocated to service classifications on the bases of the number of meters, services and customers.

The allocation of costs to service classifications and the bases for the allocations are presented in Part II, Cost of Service by Service Classification.

## RESULTS OF STUDY

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates by Service Classification for the Twelve Months Ended September 30, 2023," constitute the principal results of the allocation study. Schedules B through F in Part II of the report present the details of the allocation of costs of service, including the return based on the allocated measure of value, by service classification as well as the bases for the allocation factors. Schedule G presents the development of customer costs per bill by service classification. Schedule H presents a cost analysis of the LFD and XD Service demand charges.



UGI UTILITIES, INC. - GAS DIVISION

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
BY SERVICE CLASSIFICATION FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023  
WITHOUT GAS COSTS

| Service<br>Classification<br>(1) | Pro Forma<br>Cost of Service |                | Pro Forma Margin Revenues, |                |                       |                | Revenue Increase     |                            |
|----------------------------------|------------------------------|----------------|----------------------------|----------------|-----------------------|----------------|----------------------|----------------------------|
|                                  | Amount<br>(2)                | Percent<br>(3) | Under Present Rates        |                | Under Proposed Rates  |                | Amount<br>(8)        | Percent<br>Increase<br>(9) |
|                                  |                              |                | Amount<br>(4)              | Percent<br>(5) | Amount<br>(6)         | Percent<br>(7) |                      |                            |
| Rate R                           | \$ 471,011,760               | 63.9%          | \$ 377,368,713             | 57.5%          | \$ 445,483,863        | 60.3%          | \$ 68,115,150        | 18.1%                      |
| Rate N                           | 146,888,226                  | 19.9%          | 138,825,398                | 21.2%          | 153,278,225           | 20.8%          | 14,452,827           | 10.4%                      |
| Rate DS                          | 32,808,421                   | 4.4%           | 33,778,394                 | 5.2%           | 34,432,339            | 4.7%           | 653,946              | 1.9%                       |
| Rate LFD                         | 41,387,804                   | 5.6%           | 44,861,623                 | 6.8%           | 46,392,850            | 6.3%           | 1,531,227            | 3.4%                       |
| Rate XD Firm                     | 28,012,485                   | 3.8%           | 36,697,802                 | 5.6%           | 35,735,967            | 4.8%           | (961,834)            | -2.6%                      |
| Interruptible                    | 17,906,171                   | 2.4%           | 24,012,357                 | 3.7%           | 22,963,170            | 3.1%           | (1,049,187)          | -4.4%                      |
| Total                            | <u>\$ 738,014,867</u>        | <u>100.0%</u>  | <u>\$ 655,544,286</u>      | <u>100.0%</u>  | <u>\$ 738,286,415</u> | <u>100.0%</u>  | <u>\$ 82,742,129</u> | 12.6%                      |
| Other Operating Revenues         | <u>10,287,000</u>            |                | <u>10,287,000</u>          |                | <u>10,287,000</u>     |                | <u>0</u>             |                            |
| Total                            | <u>\$748,301,867</u>         |                | <u>\$665,831,286</u>       |                | <u>\$748,573,415</u>  |                | <u>\$82,742,129</u>  | 12.4%                      |

PART II. COST OF SERVICE  
BY SERVICE CLASSIFICATION

UGI UTILITIES, INC. - GAS DIVISION

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION  
UNDER PRESENT RATES

| Item<br>(1)   | Cost of<br>Service<br>(2) | Rate R<br>(3)  | Rate N<br>(4)  | Rate DS<br>(5) | Rate LFD<br>(6) | Rate XD-Firm<br>(7) | Interruptible<br>(8) |
|---|---------------------------|----------------|----------------|----------------|-----------------|---------------------|----------------------|
| 1. Revenues From Tariff Sales<br>and Transportation | \$ 655,544,286            | \$ 377,368,713 | \$ 138,825,398 | \$ 33,778,394  | \$ 44,861,623   | \$ 36,697,802       | \$ 24,012,357        |
| 2. Other Revenues                                   | 10,286,999                | 5,777,403      | 2,977,948      | 481,908        | 547,898         | 296,899             | 204,943              |
| 3. Total Operating Revenues                         | 665,831,285               | 383,146,116    | 141,803,346    | 34,260,302     | 45,409,521      | 36,994,701          | 24,217,300           |
| 4. Less: Operating Expenses                         | 431,337,472               | 287,943,600    | 76,425,741     | 18,685,360     | 21,989,590      | 17,011,309          | 9,281,872            |
| 5. Return and Income Taxes                          | 234,493,813               | 95,202,516     | 65,377,605     | 15,574,942     | 23,419,931      | 19,983,391          | 14,935,428           |
| 6. Less: Interest Expense                           | 56,726,000                | 33,661,208     | 13,205,813     | 2,637,759      | 3,596,428       | 2,036,463           | 1,588,328            |
| 7. Taxable Income                                   | 177,767,813               | 61,541,308     | 52,171,792     | 12,937,183     | 19,823,503      | 17,946,928          | 13,347,100           |
| 8. Less: Income Taxes                               | 39,835,701                | 13,787,136     | 11,691,778     | 2,900,039      | 4,441,681       | 4,023,406           | 2,991,661            |
| 9. Net Return (Ln 5 - Ln 8)                         | 194,658,112               | 81,415,380     | 53,685,827     | 12,674,903     | 18,978,250      | 15,959,985          | 11,943,767           |
| 10. Original Cost Measure<br>of Value (Factor 15.)  | 3,169,022,979             | 1,880,342,949  | 737,848,937    | 147,259,085    | 200,956,223     | 113,880,658         | 88,735,127           |
| 11. Rate of Return, Percent                         | 6.14%                     | 4.33%          | 7.28%          | 8.61%          | 9.44%           | 14.01%              | 13.46%               |
| 12. Relative Rate of Return                         | 1.00                      | 0.70           | 1.18           | 1.40           | 1.54            | 2.28                | 2.19                 |

UGI UTILITIES, INC. - GAS DIVISION

DEVELOPMENT OF RATE OF RETURN BY SERVICE CLASSIFICATION  
UNDER PROPOSED RATES

| Item<br>(1)   | Cost of<br>Service<br>(2) | Rate R<br>(3)  | Rate N<br>(4)  | Rate DS<br>(5) | Rate LFD<br>(6) | Rate XD-Firm<br>(7) | Interruptible<br>(8) |
|---|---------------------------|----------------|----------------|----------------|-----------------|---------------------|----------------------|
| 1. Revenues From Tariff Sales<br>and Transportation | \$ 738,286,415            | \$ 445,483,863 | \$ 153,278,225 | \$ 34,432,339  | \$ 46,392,850   | \$ 35,735,967       | \$ 22,963,170        |
| 2. Other Revenues                                   | 10,287,000                | 5,774,384      | 2,982,791      | 481,302        | 547,754         | 295,295             | 205,474              |
| 3. Total Operating Revenues                         | 748,573,415               | 451,258,247    | 156,261,016    | 34,913,641     | 46,940,604      | 36,031,262          | 23,168,644           |
| 4. Less: Operating Expenses                         | 432,700,222               | 289,445,008    | 76,430,514     | 18,645,807     | 21,926,414      | 16,977,680          | 9,274,799            |
| 5. Return and Income Taxes                          | 315,873,193               | 161,813,239    | 79,830,502     | 16,267,835     | 25,014,190      | 19,053,582          | 13,893,845           |
| 6. Less: Interest Expense                           | 56,726,000                | 33,672,554     | 13,200,140     | 2,632,086      | 3,596,428       | 2,036,463           | 1,588,328            |
| 7. Taxable Income                                   | 259,147,193               | 128,140,685    | 66,630,362     | 13,635,749     | 21,417,762      | 17,017,119          | 12,305,517           |
| 8. Less: Income Taxes                               | 63,347,000                | 31,325,092     | 16,286,514     | 3,332,052      | 5,232,462       | 4,161,898           | 3,008,983            |
| 9. Net Return (Ln 5 - Ln 8)                         | 252,526,193               | 130,488,147    | 63,543,988     | 12,935,783     | 19,781,728      | 14,891,684          | 10,884,862           |
| 10. Original Cost Measure<br>of Value (Factor 15.)  | 3,169,022,979             | 1,881,075,190  | 737,530,945    | 147,139,836    | 200,820,216     | 113,761,411         | 88,695,381           |
| 11. Rate of Return, Percent                         | 7.97%                     | 6.94%          | 8.62%          | 8.79%          | 9.85%           | 13.09%              | 12.27%               |
| 12. Relative Rate of Return                         | 1.00                      | 0.87           | 1.08           | 1.10           | 1.24            | 1.64                | 1.54                 |

UGI UTILITIES, INC. - GAS DIVISION

SUMMARY OF COST OF SERVICE BY SERVICE CLASSIFICATION

| <u>Cost Function</u><br>(1) | <u>Cost of Service</u><br><u>(Schedule E)</u><br>(2) | <u>Rate R</u><br>(3)  | <u>Rate N</u><br>(4)  | <u>Rate DS</u><br>(5) | <u>Rate LFD</u><br>(6) | <u>Rate XD Firm</u><br>(7) | <u>Interruptible</u><br>(8) |
|-----------------------------|--|-----------------------|-----------------------|-----------------------|------------------------|----------------------------|-----------------------------|
| <u>Volumetric Costs</u>     |  |                       |                       |                       |                        |                            |                             |
| Rate R                      | \$ 224,856,157                                       | \$ 224,856,157        |                       |                       |                        |                            |                             |
| Rate N                      | 102,342,701  |                       | \$ 102,342,701        |                       |                        |                            |                             |
| Rate DS                     | 24,523,189   |                       |                       | \$ 24,523,189         |                        |                            |                             |
| Rate LFD                    | 35,444,083   |                       |                       |                       | \$ 35,444,083          |                            |                             |
| Rate XD Firm                | 26,822,531   |                       |                       |                       |                        | \$ 26,822,531              |                             |
| Rate IS/IL                  | 14,900,365   |                       |                       |                       |                        |                            | \$ 14,900,365               |
| Total Volumetric Costs      | <u>428,889,025</u>                                   | <u>224,856,157</u>    | <u>102,342,701</u>    | <u>24,523,189</u>     | <u>35,444,083</u>      | <u>26,822,531</u>          | <u>14,900,365</u>           |
| <u>Customer Costs</u>       |  |                       |                       |                       |                        |                            |                             |
| Rate R                      | \$ 246,155,604                                       | \$ 246,155,604        |                       |                       |                        |                            |                             |
| Rate N                      | 44,545,525   |                       | \$ 44,545,525         |                       |                        |                            |                             |
| Rate DS                     | 8,285,232  |                       |                       | \$ 8,285,232          |                        |                            |                             |
| Rate LFD                    | 5,943,721  |                       |                       |                       | \$ 5,943,721           |                            |                             |
| Rate XD Firm                | 1,189,954  |                       |                       |                       |                        | \$ 1,189,954               |                             |
| Rate IS/IL                  | 3,005,806  |                       |                       |                       |                        |                            | \$ 3,005,806                |
| Total Customer Costs        | <u>309,125,841</u>                                   | <u>246,155,604</u>    | <u>44,545,525</u>     | <u>8,285,232</u>      | <u>5,943,721</u>       | <u>1,189,954</u>           | <u>3,005,806</u>            |
| Total Excluding Gas Costs   | <u>\$ 738,014,867</u>                                | <u>\$ 471,011,760</u> | <u>\$ 146,888,226</u> | <u>\$ 32,808,421</u>  | <u>\$ 41,387,804</u>   | <u>\$ 28,012,485</u>       | <u>\$ 17,906,171</u>        |

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Account<br>(1)                               | Factor<br>Ref.<br>(2) | Cost of<br>Service<br>(3) | Volumetric Costs |                |                |                 |                     |                      | Customer Costs |                |                 |                  |                      |                       |
|--|-----------------------|---------------------------|------------------|----------------|----------------|-----------------|---------------------|----------------------|----------------|----------------|-----------------|------------------|----------------------|-----------------------|
|  |                       |                           | Rate R<br>(4)    | Rate N<br>(5)  | Rate DS<br>(6) | Rate LFD<br>(7) | Rate XD Firm<br>(8) | Interruptible<br>(9) | Rate R<br>(10) | Rate N<br>(11) | Rate DS<br>(12) | Rate LFD<br>(13) | Rate XD Firm<br>(14) | Interruptible<br>(15) |
| <b>OPERATION AND MAINTENANCE EXPENSES</b>    |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| <b>NATURAL GAS PRODUCTION EXPENSES</b>       |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| <u>Manufactured Gas Production Expenses</u>  |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 710  | 1                     | 0                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 717  | 1                     | 0                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 725-736                                      | 1                     | 14,000                    | 10,046           | 3,954          | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 740-742                                      | 1                     | 983,333                   | 705,640          | 277,693        | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
|  |                       | 987,333                   | 715,686          | 281,647        | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <u>Production and Gathering</u>              |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 750 - 760                                    | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 761 - 769                                    | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 770 - 783                                    | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 784 - 791                                    | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
|  |                       | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <u>Other Gas Supply Expenses</u>             |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 800 - 803                                    | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 804  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 805.1  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 805  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 808.1  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 808.2  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 812  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 813  | 1                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
|  |                       | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <b>Total Natural Gas Production Expenses</b> |                       | <b>997,333</b>            | <b>715,686</b>   | <b>281,647</b> | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <b>OTHER STORAGE EXPENSE</b>                 |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 840  | 1A                    | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 841  | 4                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 842 - 842.3                                  | 4                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <b>Total Natural Gas Storage Expense</b>     |                       | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <b>TRANSMISSION EXPENSE</b>                  |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 850 - 860                                    | 4                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 861 - 867                                    | 4                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <b>Total Transmission Expense</b>            |                       | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| <b>DISTRIBUTION EXPENSES</b>                 |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| <u>Operation</u>                             |                       |                           |                  |                |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 870  | 10                    | 5,304,635                 | 1,068,353        | 699,151        | 164,974        | 233,404         | 343,210             | 100,788              | 1,973,324      | 594,650        | 57,290          | 41,907           | 7,426                | 20,158                |
| 871  | 4A                    | 2,030                     | 607              | 403            | 91             | 109             | 780                 | 41                   | -              | -              | -               | -                | -                    | -                     |
| 872  | 2                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 873  | 2                     | -                         | -                | -              | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 874  | 4                     | 5,045,247                 | 2,363,698        | 1,542,837      | 367,294        | 535,301         | -                   | 236,118              | -              | -              | -               | -                | -                    | -                     |
|  | 17                    | 9,275,884                 | 3,979,354        | 2,596,320      | 617,774        | 900,688         | 784,740             | 397,008              | -              | -              | -               | -                | -                    | -                     |
|  | 6C                    | 13,256,218                | -                | -              | -              | -               | -                   | -                    | 11,556,771     | 1,592,072      | 53,025          | 33,141           | 3,977                | 17,233                |
| 875  | 4A                    | 4,226,551                 | 1,263,739        | 838,970        | 188,504        | 226,966         | 1,623,841           | 84,531               | -              | -              | -               | -                | -                    | -                     |
| 876  | 6B                    | 12,194                    | -                | -              | -              | -               | -                   | -                    | -              | -              | 5,434           | 4,065            | 734                  | 1,961                 |
| 877  | 4A                    | 115,674                   | 34,587           | 22,961         | 5,159          | 6,212           | 44,442              | 2,313                | -              | -              | -               | -                | -                    | -                     |
| 878  | 6                     | 3,245,151                 | -                | -              | -              | -               | -                   | -                    | 1,381,785      | 1,437,926      | 189,517         | 141,813          | 25,637               | 68,473                |
| 879  | 6                     | 2,759,655                 | -                | -              | -              | -               | -                   | -                    | 1,175,061      | 1,222,803      | 161,164         | 120,597          | 21,801               | 58,229                |
| 880  | 10                    | 1,297,033                 | 261,222          | 170,949        | 40,338         | 57,069          | 83,918              | 24,644               | 482,496        | 145,397        | 14,008          | 10,247           | 1,816                | 4,929                 |
| 881  | 10                    | 3,117,000                 | 627,764          | 410,821        | 96,939         | 137,148         | 201,670             | 59,223               | 1,159,524      | 349,416        | 33,664          | 24,624           | 4,364                | 11,845                |
| 881  | DA                    | 565,000                   | -                | -              | -              | -               | 565,000             | -                    | -              | -              | -               | -                | -                    | -                     |
|  |                       | 48,222,273                | 9,599,324        | 6,282,412      | 1,481,073      | 2,096,897       | 3,647,601           | 904,666              | 17,728,961     | 5,342,264      | 514,102         | 376,394          | 65,755               | 182,828               |

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UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Account<br>(1)                                   | Factor<br>Ref.<br>(2)                               | Cost of<br>Service<br>(3) | Volumetric Costs  |                   |                   |                  |                     |                      | Customer Costs   |                   |                  |                  |                      |                       |                |
|--|---|---------------------------|-------------------|-------------------|-------------------|------------------|---------------------|----------------------|------------------|-------------------|------------------|------------------|----------------------|-----------------------|----------------|
|  |   |                           | Rate R<br>(4)     | Rate N<br>(5)     | Rate DS<br>(6)    | Rate LFD<br>(7)  | Rate XD Firm<br>(8) | Interruptible<br>(9) | Rate R<br>(10)   | Rate N<br>(11)    | Rate DS<br>(12)  | Rate LFD<br>(13) | Rate XD Firm<br>(14) | Interruptible<br>(15) |                |
| <b>Maintenance</b>                               |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| 885  | Supervision - Engineering and Labor                 | 11                        | 516,307           | 184,683           | 120,661           | 28,603           | 41,201              | 38,052               | 18,019           | 18,277            | 2,530            | 28,655           | 21,427               | 3,872                 | 10,326         |
| 886  | Structures & Improvements                           | 18                        | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 887  | Mains - Small                                       | 4                         | 9,960,460         | 4,666,476         | 3,045,909         | 725,121          | 1,056,805           | -                    | 466,150          | -                 | -                | -                | -                    | -                     | -              |
| 888  | Mains - Large                                       | 17                        | 18,312,694        | 7,856,146         | 5,125,723         | 1,219,625        | 1,778,163           | 1,549,254            | 783,783          | -                 | -                | -                | -                    | -                     | -              |
| 889  | Maintenance of Compressor Station Equipment         | 4                         | 262,000           | 122,747           | 80,120            | 19,074           | 27,798              | -                    | 12,262           | -                 | -                | -                | -                    | -                     | -              |
| 890  | M & R Equip - General                               | 4A                        | 3,156,282         | 943,728           | 626,522           | 140,770          | 169,492             | 1,212,644            | 63,126           | -                 | -                | -                | -                    | -                     | -              |
| 890  | M & R Equip - Industrial                            | 6B                        | 4,732,873         | -                 | -                 | -                | -                   | -                    | -                | -                 | 2,108,968        | 1,577,940        | 284,919              | 761,046               |                |
| 891  | M & R Equip - City Gate                             | 4A                        | 121,179           | 36,233            | 24,054            | 5,405            | 6,507               | 46,557               | 2,424            | -                 | -                | -                | -                    | -                     | -              |
| 892  | Services  | 6C                        | 1,547,015         | -                 | -                 | -                | -                   | -                    | -                | 1,348,688         | 185,797          | 6,188            | 3,868                | 464                   | 2,011          |
| 893  | Meters & House Regulators                           | 6                         | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 894  | Other Expenses                                      | 11                        | 555,780           | 198,803           | 129,886           | 30,790           | 44,351              | 40,961               | 19,397           | 19,675            | 2,723            | 30,846           | 23,065               | 4,168                 | 11,116         |
| 895  | Construction and Maintenance                        | 11                        | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
|  | Total Maintenance                                   |                           | 39,164,590        | 14,008,816        | 9,152,875         | 2,169,388        | 3,124,317           | 2,887,468            | 1,365,161        | 1,386,640         | 191,050          | 2,174,657        | 1,626,300            | 293,423               | 784,499        |
|  | <b>Total Distribution Expenses</b>                  |                           | <b>87,386,863</b> | <b>23,608,140</b> | <b>15,435,287</b> | <b>3,650,461</b> | <b>5,221,214</b>    | <b>6,535,069</b>     | <b>2,269,827</b> | <b>19,115,601</b> | <b>5,533,314</b> | <b>2,688,759</b> | <b>2,002,694</b>     | <b>359,178</b>        | <b>967,327</b> |
| <b>CUSTOMER ACCOUNTING EXPENSES</b>              |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| <i>Operation</i>                                 |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| 901  | Supervision   | 7                         | 832,203           | -                 | -                 | -                | -                   | -                    | -                | 744,572           | 84,718           | 1,664            | 749                  | 83                    | 416            |
| 902  | Meter Reading Expenses                              | 7                         | 2,208,095         | -                 | -                 | -                | -                   | -                    | -                | 1,975,583         | 224,784          | 4,416            | 1,987                | 221                   | 1,104          |
| 903  | Customer Records & Coll Expenses                    | 7                         | 19,474,018        | -                 | -                 | -                | -                   | -                    | -                | 17,423,404        | 1,982,455        | 38,948           | 17,527               | 1,947                 | 9,737          |
| 903.1  | Universal Service Program                           | DA                        | 17,537,000        | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 904  | Uncollectible Accounts                              | 19                        | 17,957,980        | 6,465,085         | 493,184           | -                | -                   | -                    | -                | 10,147,842        | 668,697          | 14,366           | 30,529               | 100,565               | 37,712         |
| 905  | Miscellaneous Cust Accts Expenses                   | 7                         | 2,318,249         | -                 | -                 | -                | -                   | -                    | -                | 2,074,137         | 235,998          | 4,636            | 2,086                | 232                   | 1,159          |
|  | <b>Total Customer Accounting Expenses</b>           |                           | <b>60,327,545</b> | <b>24,002,085</b> | <b>493,184</b>    | <b>-</b>         | <b>-</b>            | <b>-</b>             | <b>-</b>         | <b>32,365,538</b> | <b>3,196,652</b> | <b>64,030</b>    | <b>62,878</b>        | <b>103,048</b>        | <b>50,128</b>  |
| <b>CUSTOMER SERVICE AND INFORMATION EXPENSES</b> |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| <i>Operation</i>                                 |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| 907  | Supervision   | 7                         | 174,406           | -                 | -                 | -                | -                   | -                    | -                | 156,041           | 17,755           | 349              | 157                  | 17                    | 87             |
| 908  | Customer Assistance Expenses                        | 9                         | 714,061           | -                 | -                 | -                | -                   | -                    | -                | 714,061           | -                | -                | -                    | -                     | -              |
| 909  | Informational and Instructional Advertising         | 7                         | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 910  | Miscellaneous Customer Service & Informational Exp. | 7                         | 62,958            | -                 | -                 | -                | -                   | -                    | -                | 56,329            | 6,409            | 126              | 57                   | 6                     | 31             |
| 910.1  | Energy Efficiency and Conservation Programs         | DA                        | 12,717,939        | 10,801,850        | 634,636           | 534,450          | 747,003             | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
|  | <b>Total Customer Service &amp; Info Expenses</b>   |                           | <b>13,669,364</b> | <b>10,801,850</b> | <b>634,636</b>    | <b>534,450</b>   | <b>747,003</b>      | <b>-</b>             | <b>-</b>         | <b>926,431</b>    | <b>24,164</b>    | <b>475</b>       | <b>214</b>           | <b>23</b>             | <b>118</b>     |
| <b>SALES EXPENSES</b>                            |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| <i>Operation</i>                                 |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| 911  | Supervision   | 8                         | 431,364           | -                 | -                 | -                | -                   | -                    | -                | 387,279           | 44,085           | -                | -                    | -                     | -              |
| 912  | Demonstrating and Selling Expenses                  | 8                         | (677,610)         | -                 | -                 | -                | -                   | -                    | -                | (608,358)         | (69,252)         | -                | -                    | -                     | -              |
| 908/912  | Service Representatives                             | 7A                        | 283,600           | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | 163,609          | 70,758               | 6,580                 | 42,653         |
| 913  | Advertising Expenses                                | 8                         | 1,637,284         | -                 | -                 | -                | -                   | -                    | -                | 1,469,954         | 167,330          | -                | -                    | -                     | -              |
| 916  | Miscellaneous                                       | 8                         | 258,000           | -                 | -                 | -                | -                   | -                    | -                | 231,632           | 26,368           | -                | -                    | -                     | -              |
|  | <b>Total Sales Expenses</b>                         |                           | <b>1,932,639</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>            | <b>-</b>             | <b>-</b>         | <b>1,480,507</b>  | <b>168,531</b>   | <b>163,609</b>   | <b>70,758</b>        | <b>6,580</b>          | <b>42,653</b>  |
| <b>ADMINISTRATIVE AND GENERAL EXPENSES</b>       |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| <i>Operation</i>                                 |   |                           |                   |                   |                   |                  |                     |                      |                  |                   |                  |                  |                      |                       |                |
| 920  | Administrative & General Salaries                   | 12                        | 36,437,774        | 13,033,792        | 3,694,790         | 932,807          | 1,329,979           | 1,457,511            | 506,485          | 12,024,465        | 1,989,502        | 652,236          | 473,691              | 105,670               | 236,846        |
| 921  | Office Supplies and Expenses                        | 12                        | 21,222,000        | 7,591,109         | 2,151,911         | 543,283          | 774,603             | 848,880              | 294,986          | 7,003,260         | 1,158,721        | 379,874          | 275,886              | 61,544                | 137,943        |
| 922  | Administrative Expenses Transferred-Credit          |                           | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 923  | Outside Services Employed - Other                   | 12                        | 25,611,015        | 9,161,060         | 2,596,957         | 655,642          | 934,802             | 1,024,441            | 355,993          | 8,451,635         | 1,398,361        | 458,437          | 332,943              | 74,272                | 166,472        |
| 924  | Property Damage Insurance                           | 12                        | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 925  | Injuries and Damages                                | 12                        | 10,371,987        | 3,710,060         | 1,051,719         | 265,523          | 378,578             | 414,879              | 144,171          | 3,422,756         | 566,310          | 185,659          | 134,836              | 30,079                | 67,418         |
| 926  | Employee Pensions and Benefits                      | 13                        | 22,410,000        | 4,876,416         | 2,388,906         | 573,696          | 817,965             | 990,522              | 342,873          | 9,150,003         | 1,862,271        | 629,721          | 463,887              | 87,399                | 226,341        |
| 927  | Franchise Requirements                              |                           | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 928  | Regulatory Commission Expenses                      |                           | -                 | -                 | -                 | -                | -                   | -                    | -                | -                 | -                | -                | -                    | -                     | -              |
| 929  | Duplicate Charges-Credit                            | 16                        | 1,193,000         | 361,002           | 164,038           | 39,369           | 56,787              | 43,067               | 23,860           | 399,178           | 74,920           | 13,720           | 10,021               | 2,028                 | 5,011          |
| 930  | Miscellaneous General Expenses                      | 12                        | 292,079           | 104,477           | 29,617            | 7,477            | 10,661              | 11,683               | 4,060            | 96,386            | 15,948           | 5,228            | 3,797                | 847                   | 1,899          |
| 930  | Miscellaneous Company Charges                       | 12                        | 6,937,970         | 2,481,712         | 703,510           | 177,612          | 253,236             | 277,519              | 96,438           | 2,289,530         | 378,813          | 124,190          | 90,194               | 20,120                | 45,097         |
| 931  | Other   | 12                        | 38,000            | 13,593            | 3,853             | 973              | 1,387               | 1,520                | 528              | 12,540            | 2,075            | 680              | 494                  | 110                   | 247            |
|  | Total Operation                                     |                           | 124,513,825       | 41,333,221        | 12,785,301        | 3,196,382        | 4,557,998           | 5,070,022            | 1,769,394        | 42,849,753        | 7,446,921        | 2,449,745        | 1,785,749            | 382,069               | 887,274        |

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Account<br>(1)                                       | Factor Ref.<br>(2) | Cost of Service<br>(3) | Volumetric Costs   |                   |                  |                   |                     |                      | Customer Costs    |                   |                  |                  |                      |                       |
|--|--------------------|------------------------|--------------------|-------------------|------------------|-------------------|---------------------|----------------------|-------------------|-------------------|------------------|------------------|----------------------|-----------------------|
|  |                    |                        | Rate R<br>(4)      | Rate N<br>(5)     | Rate DS<br>(6)   | Rate LFD<br>(7)   | Rate XD Firm<br>(8) | Interruptible<br>(9) | Rate R<br>(10)    | Rate N<br>(11)    | Rate DS<br>(12)  | Rate LFD<br>(13) | Rate XD Firm<br>(14) | Interruptible<br>(15) |
| <b>Maintenance</b>                                   |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 932 Maintenance of General Plant                     | 12                 | 4,411,000              | 1,577,815          | 447,275           | 112,922          | 161,002           | 176,440             | 61,313               | 1,455,630         | 240,841           | 78,957           | 57,343           | 12,792               | 28,672                |
| 935 Maintenance of General Plant                     | 12                 | 267,000                | 95,506             | 27,074            | 6,835            | 9,746             | 10,680              | 3,711                | 88,110            | 14,578            | 4,779            | 3,471            | 774                  | 1,736                 |
| Total Maintenance                                    |                    | 4,678,000              | 1,673,321          | 474,349           | 119,757          | 170,748           | 187,120             | 65,024               | 1,543,740         | 255,419           | 83,736           | 60,814           | 13,566               | 30,408                |
| <b>Total Administrative &amp; General Expenses</b>   |                    | <b>129,191,825</b>     | <b>43,006,542</b>  | <b>13,259,650</b> | <b>3,316,139</b> | <b>4,728,746</b>  | <b>5,257,142</b>    | <b>1,834,418</b>     | <b>44,393,493</b> | <b>7,702,340</b>  | <b>2,533,481</b> | <b>1,846,563</b> | <b>395,635</b>       | <b>917,682</b>        |
| <b>Total Operation and Maintenance Expenses</b>      |                    | <b>293,505,569</b>     | <b>102,134,304</b> | <b>30,104,404</b> | <b>7,501,050</b> | <b>10,696,963</b> | <b>11,792,211</b>   | <b>4,104,245</b>     | <b>98,281,570</b> | <b>16,625,001</b> | <b>5,450,354</b> | <b>3,973,107</b> | <b>864,464</b>       | <b>1,977,908</b>      |
| <b>DEPRECIATION AND AMORTIZATION EXPENSE</b>         |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| <b>PRODUCTION PLANT</b>                              |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 305 Manufactured Gas Plant Site Remediation          | 2                  | (23,039)               | (3,523)            | (2,106)           | (650)            | (1,599)           | (14,116)            | (1,046)              | -                 | -                 | -                | -                | -                    | -                     |
| 325.2 Production Leaseholds                          | 2                  | 33                     | 5                  | 3                 | 1                | 2                 | 20                  | 1                    | -                 | -                 | -                | -                | -                    | -                     |
| 325.4 Rights-Of-Way                                  | 2                  | 18                     | 3                  | 2                 | 1                | 1                 | 11                  | 1                    | -                 | -                 | -                | -                | -                    | -                     |
| 328 Field Measuring and Regulating Station Equipment | 2                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 329 Other Structures                                 | 2                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 330 Producing Gas Wells - Well Construction          | 2                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 331 Producing Gas Wells - Well Equipment             | 2                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 332 Field Lines                                      | 2                  | 948                    | 145                | 87                | 27               | 66                | 581                 | 43                   | -                 | -                 | -                | -                | -                    | -                     |
| 334 Field Measuring and Regulating Station Equipment | 2                  | 383                    | 59                 | 35                | 11               | 27                | 235                 | 17                   | -                 | -                 | -                | -                | -                    | -                     |
| 335 Drilling and Clearing Equipment                  | 2                  | 16                     | 2                  | 1                 | -                | 1                 | 10                  | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 337 Other Equipment                                  | 2                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| <b>Total Production Plant</b>                        |                    | <b>(21,641)</b>        | <b>(3,309)</b>     | <b>(1,978)</b>    | <b>(610)</b>     | <b>(1,502)</b>    | <b>(13,259)</b>     | <b>(983)</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>             | <b>-</b>              |
| <b>STORAGE PLANT</b>                                 |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 352.01 Well Construction                             | 2                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| <b>TRANSMISSION PLANT</b>                            |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 365.2 Rights-Of-Way                                  | 4                  | 11,469                 | 5,373              | 3,507             | 835              | 1,217             | -                   | 537                  | -                 | -                 | -                | -                | -                    | -                     |
| 366 Structures and Improvements                      | 4                  | 1,122                  | 526                | 343               | 82               | 119               | -                   | 53                   | -                 | -                 | -                | -                | -                    | -                     |
| 367 Mains  | 4                  | 452,433                | 211,965            | 138,354           | 32,937           | 48,003            | -                   | 21,174               | -                 | -                 | -                | -                | -                    | -                     |
| 369 Measuring and Regulating Station Equipment       | 4                  | 90,744                 | 42,514             | 27,750            | 6,606            | 9,628             | -                   | 4,247                | -                 | -                 | -                | -                | -                    | -                     |
| 370 Communication Equipment                          | 4                  | 97,784                 | 45,812             | 29,902            | 7,119            | 10,375            | -                   | 4,576                | -                 | -                 | -                | -                | -                    | -                     |
| 371 Other Equipment                                  | 4                  | 1,074                  | 503                | 328               | 78               | 114               | -                   | 50                   | -                 | -                 | -                | -                | -                    | -                     |
| 371.1 Testing Equipment                              | 4                  | 4,914                  | 2,302              | 1,503             | 358              | 521               | -                   | 230                  | -                 | -                 | -                | -                | -                    | -                     |
| <b>Total Transmission Plant</b>                      |                    | <b>659,540</b>         | <b>308,995</b>     | <b>201,687</b>    | <b>48,015</b>    | <b>69,977</b>     | <b>-</b>            | <b>30,867</b>        | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>             | <b>-</b>              |
| <b>DISTRIBUTION PLANT</b>                            |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 305 Manufactured Gas Plant Site Remediation          | 1                  | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 374.2 Rights of Way                                  | 18                 | 45,770                 | 20,230             | 13,205            | 3,144            | 4,582             | 2,586               | 2,023                | -                 | -                 | -                | -                | -                    | -                     |
| 375 Structures And Improvements                      | 18                 | 84,890                 | 37,321             | 24,491            | 5,832            | 8,497             | 4,796               | 3,752                | -                 | -                 | -                | -                | -                    | -                     |
| 376 Mains - Small                                    | 4                  | 13,681,072             | 6,409,582          | 4,183,672         | 995,982          | 1,451,562         | -                   | 640,274              | -                 | -                 | -                | -                | -                    | -                     |
| Mains - Large  | 4                  | 25,153,185             | 11,784,267         | 7,691,844         | 1,831,152        | 2,668,753         | -                   | 1,177,169            | -                 | -                 | -                | -                | -                    | -                     |
| Mains - Direct Assign                                | DA                 | 2,324,426              | -                  | -                 | -                | -                 | 2,324,390           | 36                   | -                 | -                 | -                | -                | -                    | -                     |
| 378 Measuring & Regulating Equipment - General       | 18                 | 5,960,845              | 2,634,693          | 1,719,704         | 409,510          | 596,681           | 336,788             | 263,469              | -                 | -                 | -                | -                | -                    | -                     |
| 379 Measuring & Regulating Equipment - City Gate     | 18                 | 607,635                | 268,575            | 175,303           | 41,745           | 60,824            | 34,331              | 26,857               | -                 | -                 | -                | -                | -                    | -                     |
| 380 Services   | 6C                 | 40,073,393             | -                  | -                 | -                | -                 | -                   | -                    | 34,935,994        | 4,812,814         | 169,294          | 100,163          | 12,022               | 52,095                |
| 381 Meters   | 6                  | 5,529,933              | -                  | -                 | -                | -                 | -                   | -                    | 2,354,645         | 2,450,313         | 322,948          | 241,658          | 43,686               | 116,682               |
| 382 Meter Installations                              | 6                  | 3,015,930              | -                  | -                 | -                | -                 | -                   | -                    | 1,284,183         | 1,336,359         | 176,130          | 131,796          | 23,826               | 63,636                |
| 383 House Regulators                                 | 6A                 | 137,693                | -                  | -                 | -                | -                 | -                   | -                    | 121,032           | 16,661            | -                | -                | -                    | -                     |
| 384 House Regulator Installations                    | 6A                 | 486,457                | -                  | -                 | -                | -                 | -                   | -                    | 427,596           | 58,861            | -                | -                | -                    | -                     |
| 385 Industrial Measuring & Regulating Equipment      | 6                  | 825,092                | -                  | -                 | -                | -                 | -                   | -                    | 351,324           | 365,598           | 48,185           | 36,057           | 6,518                | 17,409                |
| 386 Other Property on Customer Premises              | 6C                 | 23,675                 | -                  | -                 | -                | -                 | -                   | -                    | 20,640            | 2,843             | 95               | 59               | 7                    | 31                    |
| 387 Other Equipment                                  | 10                 | 99,425                 | 20,024             | 13,104            | 3,092            | 4,375             | 6,433               | 1,889                | 36,986            | 11,146            | 1,074            | 785              | 139                  | 378                   |
| 387.1 Other Equipment                                | 10                 | 4,177                  | 841                | 551               | 130              | 184               | 177                 | 79                   | 1,554             | 468               | 33               | 6                | 16                   | 6                     |
| <b>Total Distribution Plant</b>                      |                    | <b>98,053,598</b>      | <b>21,175,733</b>  | <b>13,821,874</b> | <b>3,290,587</b> | <b>4,795,458</b>  | <b>2,709,594</b>    | <b>2,115,548</b>     | <b>39,533,944</b> | <b>9,055,063</b>  | <b>708,771</b>   | <b>510,571</b>   | <b>86,204</b>        | <b>250,247</b>        |
| <b>GENERAL PLANT</b>                                 |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 390 Structures And Improvements                      | 12                 | 4,797,233              | 1,715,970          | 486,439           | 122,809          | 175,099           | 191,889             | 66,682               | 1,583,087         | 261,929           | 85,870           | 62,364           | 13,912               | 31,182                |
| 391 Office Furniture And Equipment                   | 12                 | 350,467                | 125,362            | 35,537            | 8,972            | 12,992            | 14,019              | 4,871                | 115,654           | 19,135            | 6,273            | 4,556            | 1,016                | 2,278                 |
| 392 Transportation Equipment                         | 12                 | 5,308,101              | 1,898,708          | 538,241           | 135,887          | 193,746           | 212,324             | 73,783               | 1,751,673         | 289,822           | 95,015           | 69,005           | 15,393               | 34,503                |
| 393 Stores Equipment                                 | 12                 | 834                    | 298                | 85                | 21               | 30                | 33                  | 12                   | 275               | 15                | 11               | 2                | 5                    | 5                     |
| 394 Tools, Shop And Garage Equipment                 | 12                 | 2,080,239              | 744,101            | 210,936           | 53,254           | 75,929            | 83,210              | 28,915               | 686,479           | 113,581           | 37,236           | 27,043           | 6,033                | 13,522                |
| 395 Laboratory Equipment                             | 12                 | 22,997                 | 7,904              | 2,241             | 566              | 807               | 864                 | 307                  | 7,292             | 1,206             | 396              | 287              | 64                   | 144                   |
| 396 Power Operated Equipment                         | 12                 | 446,936                | 159,869            | 45,319            | 11,442           | 16,313            | 17,877              | 6,212                | 147,489           | 24,403            | 8,000            | 5,810            | 1,296                | 2,905                 |
| 397 Communication Equipment                          | 12                 | 106,929                | 38,249             | 10,843            | 2,737            | 3,903             | 4,277               | 1,486                | 35,287            | 5,838             | 1,914            | 1,390            | 310                  | 695                   |
| 398 Miscellaneous Equipment                          | 12                 | 315,221                | 112,755            | 31,963            | 8,070            | 11,506            | 12,609              | 4,382                | 104,023           | 17,211            | 5,642            | 4,098            | 914                  | 2,049                 |
| <b>Total General Plant</b>                           |                    | <b>13,428,057</b>      | <b>4,803,216</b>   | <b>1,361,604</b>  | <b>343,758</b>   | <b>490,125</b>    | <b>537,122</b>      | <b>186,650</b>       | <b>4,431,259</b>  | <b>733,171</b>    | <b>240,361</b>   | <b>174,564</b>   | <b>38,940</b>        | <b>87,283</b>         |
| <b>COMMON PLANT ALLOCATED @ 88.43%</b>               |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 390.2 Structures and Improvements                    | 12                 | 859,246                | 307,352            | 87,128            | 21,997           | 31,362            | 34,370              | 11,944               | 283,551           | 46,915            | 15,380           | 11,170           | 2,492                | 5,585                 |
| 391 Office Furniture and Equipment                   | 12                 | 449,325                | 160,724            | 45,562            | 11,503           | 16,400            | 17,973              | 6,246                | 148,277           | 24,533            | 8,043            | 5,841            | 1,303                | 2,921                 |
| 392.1 Transportation Equipment                       | 12                 | -                      | -                  | -                 | -                | -                 | -                   | -                    | -                 | -                 | -                | -                | -                    | -                     |
| 398 Miscellaneous Equipment                          | 12                 | 2,858                  | 1,022              | 290               | 73               | 104               | 114                 | 40                   | 943               | 156               | 51               | 37               | 8                    | 19                    |
| <b>Total Common Plant</b>                            |                    | <b>1,311,428</b>       | <b>468,098</b>     | <b>132,980</b>    | <b>33,573</b>    | <b>47,866</b>     | <b>52,457</b>       | <b>18,230</b>        | <b>432,771</b>    | <b>71,604</b>     | <b>23,474</b>    | <b>17,048</b>    | <b>3,803</b>         | <b>8,525</b>          |
| <b>INFORMATION SERVICES (IS) ALLOCATED @ 91.68%</b>  |                    |                        |                    |                   |                  |                   |                     |                      |                   |                   |                  |                  |                      |                       |
| 391 Office Furniture and Equipment                   | 12                 | 13,161,549             | 4,707,886          | 1,334,581         | 336,936          | 480,397           | 526,462             | 182,946              | 4,343,311         | 718,621           | 235,592          | 171,100          | 38,168               | 85,550                |
| 391.1 Office Furniture and Equip. - New CIS Software | 7                  | 4,655,090              | -                  | -                 | -                | -                 | -                   | -                    | 4,164,909         | 473,888           | 9,310            | 4,190            | 466                  | 2,328                 |
| 391.4 Office Furniture and Equip. - New CIS Software | 12                 | 2,705,627              | 967,803            | 274,351           | 69,264           | 98,755            | 108,225             | 37,608               | 892,857           | 147,727           | 48,431           | 35,173           | 7,846                | 17,587                |
| <b>Total Information Services</b>                    |                    | <b>20,522,266</b>      | <b>5,675,689</b>   | <b>1,608,932</b>  | <b>406,200</b>   | <b>579,152</b>    | <b>634,687</b>      | <b>220,554</b>       | <b>9,401,077</b>  | <b>1,340,236</b>  | <b>293,333</b>   | <b>210,463</b>   | <b>46,480</b>        | <b>105,465</b>        |



UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Account<br>(1)  | Factor<br>Ref.<br>(2) | Cost of<br>Service<br>(3) | Volumetric Costs      |                       |                      |                      |                      |                      | Customer Costs        |                      |                     |                     |                      |                       |
|---|-----------------------|---------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|---------------------|---------------------|----------------------|-----------------------|
|   |                       |                           | Rate R<br>(4)         | Rate N<br>(5)         | Rate DS<br>(6)       | Rate LFD<br>(7)      | Rate XD Firm<br>(8)  | Interruptible<br>(9) | Rate R<br>(10)        | Rate N<br>(11)       | Rate DS<br>(12)     | Rate LFD<br>(13)    | Rate XD Firm<br>(14) | Interruptible<br>(15) |
| <b>Less:</b>  |                       |                           |                       |                       |                      |                      |                      |                      |                       |                      |                     |                     |                      |                       |
| Amount Charged to Clearing Accounts                                     | 12                    | (8,371,000)               | (2,994,307)           | (848,819)             | (214,298)            | (305,542)            | (334,840)            | (116,357)            | (2,762,430)           | (457,057)            | (149,841)           | (108,823)           | (24,276)             | (54,412)              |
| 390.1 Reading Service Center Alloc. to Electric Div. @ 8.32%            | 12                    | (10,551)                  | (3,774)               | (1,070)               | (270)                | (385)                | (422)                | (147)                | (3,482)               | (576)                | (189)               | (137)               | (31)                 | (69)                  |
| 390.1 Empire Building Alloc. To Electric Div. @ 13.07%                  | 12                    | (35,345)                  | (12,643)              | (3,584)               | (905)                | (1,290)              | (1,414)              | (491)                | (11,664)              | (1,930)              | (633)               | (459)               | (103)                | (230)                 |
| <b>Total Depreciation &amp; Amortization Expense</b>                    |                       | <b>125,536,352</b>        | <b>29,418,698</b>     | <b>16,271,626</b>     | <b>3,906,050</b>     | <b>5,673,859</b>     | <b>3,583,925</b>     | <b>2,453,871</b>     | <b>51,021,475</b>     | <b>10,740,511</b>    | <b>1,115,276</b>    | <b>803,227</b>      | <b>151,017</b>       | <b>396,809</b>        |
| <b>TAXES OTHER THAN INCOME TAXES</b>                                    |                       |                           |                       |                       |                      |                      |                      |                      |                       |                      |                     |                     |                      |                       |
| 408.10 Capital Stock  | 15                    | -                         | -                     | -                     | -                    | -                    | -                    | -                    | -                     | -                    | -                   | -                   | -                    | -                     |
| 408.10 County and Municipal Taxes                                       | 16                    | 1,868,000                 | 565,257               | 256,850               | 61,644               | 88,917               | 67,435               | 37,360               | 625,033               | 117,310              | 21,482              | 15,691              | 3,176                | 7,846                 |
| 408.10 Payroll Related Tax  | 13                    | 6,926,300                 | 1,507,163             | 738,344               | 177,313              | 252,810              | 306,142              | 105,972              | 2,828,008             | 575,576              | 194,629             | 143,374             | 27,013               | 69,956                |
| 408.10 Public Utility Assessment  | 16                    | 4,042,000                 | 1,223,109             | 555,775               | 133,386              | 192,399              | 145,916              | 80,840               | 1,352,453             | 253,838              | 46,483              | 33,953              | 6,871                | 16,976                |
| 408.10 Public Utility Realty Tax  | 15                    | 822,000                   | 237,887               | 142,781               | 33,455               | 48,662               | 28,852               | 21,290               | 250,052               | 48,498               | 4,685               | 3,452               | 658                  | 1,726                 |
| 408.10 Miscellaneous Taxes  | 16                    | -                         | -                     | -                     | -                    | -                    | -                    | -                    | -                     | -                    | -                   | -                   | -                    | -                     |
| <b>Total Taxes Other Than Income</b>                                    |                       | <b>13,658,300</b>         | <b>3,533,416</b>      | <b>1,693,750</b>      | <b>405,798</b>       | <b>582,788</b>       | <b>548,345</b>       | <b>245,462</b>       | <b>5,055,546</b>      | <b>995,222</b>       | <b>267,279</b>      | <b>196,470</b>      | <b>37,718</b>        | <b>96,504</b>         |
| <b>Total Operating Expenses</b>   |                       | <b>432,700,221</b>        | <b>135,086,418</b>    | <b>48,069,780</b>     | <b>11,812,898</b>    | <b>16,953,610</b>    | <b>15,924,481</b>    | <b>6,803,578</b>     | <b>154,358,591</b>    | <b>28,360,734</b>    | <b>6,832,909</b>    | <b>4,972,804</b>    | <b>1,053,199</b>     | <b>2,471,221</b>      |
| <b>INCOME TAXES</b>   | 15                    | 63,347,000                | 18,332,622            | 11,003,374            | 2,578,223            | 3,750,142            | 2,223,480            | 1,640,687            | 19,270,157            | 3,737,473            | 361,078             | 266,057             | 50,678               | 133,029               |
| <b>OPERATING INCOME AVAILABLE FOR RETURN</b>                            | 15                    | <b>252,254,645</b>        | <b>73,002,494</b>     | <b>43,816,632</b>     | <b>10,266,764</b>    | <b>14,933,475</b>    | <b>8,854,138</b>     | <b>6,533,395</b>     | <b>76,735,863</b>     | <b>14,883,024</b>    | <b>1,437,851</b>    | <b>1,059,470</b>    | <b>201,804</b>       | <b>529,735</b>        |
| <b>TOTAL COST OF SERVICE</b>  |                       | <b>748,301,866</b>        | <b>226,421,534</b>    | <b>102,889,786</b>    | <b>24,657,885</b>    | <b>35,637,227</b>    | <b>27,002,099</b>    | <b>14,977,660</b>    | <b>250,364,611</b>    | <b>46,981,231</b>    | <b>8,631,838</b>    | <b>6,298,331</b>    | <b>1,305,681</b>     | <b>3,133,985</b>      |
| <b>Less: Other Revenues</b>   |                       |                           |                       |                       |                      |                      |                      |                      |                       |                      |                     |                     |                      |                       |
| Reconnection Charges  | 6C                    | -                         | -                     | -                     | -                    | -                    | -                    | -                    | -                     | -                    | -                   | -                   | -                    | -                     |
| Rent From Gas Property  | 12                    | 2,686,000                 | 960,782               | 272,360               | 68,762               | 98,039               | 107,440              | 37,335               | 886,380               | 146,656              | 48,079              | 34,918              | 7,789                | 17,459                |
| Forfeited Discounts/Penalties   | 20                    | 5,603,000                 | -                     | -                     | -                    | -                    | -                    | -                    | 2,654,096             | 2,163,576            | 275,550             | 302,909             | 104,541              | 102,328               |
| Other Miscellaneous Revenues  | 16                    | 1,998,000                 | 604,595               | 274,725               | 65,934               | 95,105               | 72,128               | 39,960               | 668,531               | 125,474              | 22,977              | 16,783              | 3,397                | 8,392                 |
| Subtotal  |                       | 10,287,000                | 1,565,377             | 547,085               | 134,696              | 193,144              | 179,568              | 77,295               | 4,209,007             | 2,435,706            | 346,606             | 354,610             | 115,727              | 128,179               |
| <b>TOTAL COST OF SERVICE RELATED TO TARIFF SALES AND TRANSPORTATION</b> |                       | <b>\$ 738,014,866</b>     | <b>\$ 224,856,157</b> | <b>\$ 102,342,701</b> | <b>\$ 24,523,189</b> | <b>\$ 35,444,083</b> | <b>\$ 26,822,531</b> | <b>\$ 14,900,365</b> | <b>\$ 246,155,604</b> | <b>\$ 44,545,525</b> | <b>\$ 8,285,232</b> | <b>\$ 5,943,721</b> | <b>\$ 1,189,954</b>  | <b>\$ 3,005,806</b>   |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 1 and 1A. ALLOCATION OF COSTS WHICH VARY DIRECTLY WITH PGC AND CHOICE SALES.

Factors are based on the pro forma average daily PGC sales volumes for each service classification.

| Service<br>Classification | Pro Forma<br>Average<br>Daily PGC<br>Volumes<br>(Mcf) | Allocation<br>Factor 1 | PGC and<br>Choice<br>Volumes<br>(Mcf) | Allocation<br>Factor 1A |
|---------------------------|---|------------------------|---------------------------------------|-------------------------|
| (1)                       | (2)   | (3)                    |                                       |                         |
| <u>Volumetric Costs</u>   |   |                        |                                       |                         |
| Rate R                    | 124,315   | 0.7176                 | 142,485                               | 0.6257                  |
| Rate N                    | 48,925  | 0.2824                 | 85,232                                | 0.3743                  |
| Rate DS                   |   | -                      |                                       |                         |
| Rate LFD                  |   | -                      |                                       |                         |
| Rate XD                   | -   | -                      |                                       |                         |
| Interruptible             | -   | -                      |                                       |                         |
| Total                     | <u>173,240</u>  | <u>1.0000</u>          | <u>227,717</u>                        | <u>1.0000</u>           |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 2 . ALLOCATION OF COMPRESSOR STATION FUEL.

Factors are based on the pro forma average daily throughput volumes for each service classification.

| <u>Service<br/>Classification</u><br>(1) | <u>Pro Forma<br/>Average Daily<br/>Throughput<br/>Volumes<br/>(Mcf)</u><br>(2) | <u>Allocation<br/>Factor 2</u><br>(3) |
|--|--|---------------------------------------|
| <u>Volumetric Costs</u>                  |  |                                       |
| Rate R                                   | 142,485  | 0.1529                                |
| Rate N                                   | 85,232   | 0.0914                                |
| Rate DS                                  | 26,335   | 0.0282                                |
| Rate LFD                                 | 64,765   | 0.0694                                |
| Rate XD Firm                             | 571,442  | 0.6127                                |
| Interruptible                            | <u>42,334</u>  | <u>0.0454</u>                         |
| Total                                    | <u><u>932,593</u></u>  | <u><u>1.0000</u></u>                  |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTORS 3 and 3A. CALCULATION OF MAXIMUM DAY EXTRA DEMAND FACTORS.

Factors are based on the maximum day extra demand throughput for each classification.

| Service Classification   | Pro Forma Average Daily Throughput Volumes (Mcf) | Peak Day Capacity (Mcf) | Extra Capacity (Mcf) | Allocation Factor 3 | Allocation Factor 3A |
|--------------------------|--|-------------------------|----------------------|---------------------|----------------------|
| (1)                      | (2)  | (3)                     | (4)=(3)-(2)          | (5)                 | (6)                  |
| <u>Volumetric Costs</u>  |  |                         |                      |                     |                      |
| Rate R                   | 142,485  | 649,604                 | 507,119              | 0.4141              | 0.5203               |
| Rate N                   | 85,232   | 431,709                 | 346,477              | 0.2830              | 0.3554               |
| Rate DS                  | 26,335   | 96,848                  | 70,513               | 0.0576              | 0.0723               |
| Rate LFD                 | 64,765   | 115,419                 | 50,654               | 0.0414              | 0.0520               |
| Subtotal                 | 318,817  | 1,293,580               | 974,763              | 0.7961              | 1.0000               |
| Rate XD Firm             | 571,442  | 821,122                 | 249,680              | 0.2039              | -                    |
| Total                    | 890,259  | 2,114,702               | 1,224,443            | 1.0000              | 1.0000               |
| Firm Service Load Factor | 0.4210   |                         | 0.5790               |                     |                      |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND LARGE DISTRIBUTION MAINS.

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

| Service Classification  | Average Daily Throughput |                          |  | Maximum Day Extra Demand    |  | Allocation Factor 4<br>(7)=(4)+(6) |
|-------------------------|--------------------------|--------------------------|--|-----------------------------|--|------------------------------------|
|                         | MCF/Day<br>(2)           | Allocation Factor<br>(3) | Weighted Factor*<br>(4)=(3)x<br>0.4210 | Allocation Factor 3A<br>(5) | Weighted Factor*<br>(6)=(5)x<br>0.5790 |                                    |
| <u>Volumetric Costs</u> |                          |                          |  |                             |  |                                    |
| Rate R                  | 142,485                  | 0.3973                   | 0.1673                                 | 0.5203                      | 0.3012                                 | 0.4685                             |
| Rate N                  | 85,232                   | 0.2376                   | 0.1000                                 | 0.3554                      | 0.2058                                 | 0.3058                             |
| Rate DS                 | 26,335                   | 0.0734                   | 0.0309                                 | 0.0723                      | 0.0419                                 | 0.0728                             |
| Rate LFD                | 64,765                   | 0.1806                   | 0.0760                                 | 0.0520                      | 0.0301                                 | 0.1061                             |
| Rate XD Firm            |                          | -                        | -                                      | -                           | -                                      | -                                  |
| Interruptible**         | 39,847                   | 0.1111                   | 0.0468                                 |                             |  | 0.0468                             |
| <b>Total</b>            | <b>358,664</b>           | <b>1.0000</b>            | <b>0.4210</b>                          | <b>1.0000</b>               | <b>0.5790</b>                          | <b>1.0000</b>                      |

\* The weighting of the factors is based on the system load factor for firm service. See Factor 3.

\*\* Excludes XD-I volumes for customers who are 100% interruptible.

FACTOR 4A. ALLOCATION OF COSTS ASSOCIATED WITH LOAD DISPATCHING AND M&R STATION EQUIPMENT.

Factors are based on the weighting of the factors derived from average daily throughput volumes and from maximum day extra capacity demand for each service classification, as follows:

| Service Classification | Throughput<br>(2) | Average Daily Throughput   |                                       | Maximum Day Extra Demand   |                                       | Allocation Factor<br>(7)=(4)+(6) |
|------------------------|-------------------|----------------------------|---------------------------------------|----------------------------|---------------------------------------|----------------------------------|
|                        |                   | Allocation Factor 2<br>(3) | Weighted Factor<br>(4)=(3)x<br>0.4410 | Allocation Factor 3<br>(5) | Weighted Factor<br>(6)=(5)x<br>0.5590 |                                  |
| <u>Volumetric</u>      |                   |                            |                                       |                            |                                       |                                  |
| Rate R                 | 142,485           | 0.1529                     | 0.0675                                | 0.4141                     | 0.2315                                | 0.2990                           |
| Rate N                 | 85,232            | 0.0914                     | 0.0403                                | 0.2830                     | 0.1582                                | 0.1985                           |
| Rate DS                | 26,335            | 0.0282                     | 0.0124                                | 0.0576                     | 0.0322                                | 0.0446                           |
| Rate LFD               | 64,765            | 0.0694                     | 0.0306                                | 0.0414                     | 0.0231                                | 0.0537                           |
| Rate XD-Firm           | 571,442           | 0.6127                     | 0.2702                                | 0.2039                     | 0.1140                                | 0.3842                           |
| Interruptible          | 42,334            | 0.0454                     | 0.0200                                | -                          | -                                     | 0.0200                           |
| <b>Total</b>           | <b>932,593</b>    | <b>1.0000</b>              | <b>0.4410</b>                         | <b>1.0000</b>              | <b>0.5590</b>                         | <b>1.0000</b>                    |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 5. NOT USED IN THIS ALLOCATION.

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH ACCOUNTS 381 and 385.

Factors are based on the cost of meters by class included in Accounts 381 and 385, Meters and M&R Equipment.

| Service<br>Classification<br>(1) | Meter Costs<br>SDR-COS-7 | Allocation<br>Factor<br>(3) |
|----------------------------------|--------------------------|-----------------------------|
| <u>Customer Costs</u>            |                          |                             |
| Rate R                           | \$ 75,859,636            | 0.4258                      |
| Rate N                           | 78,928,022               | 0.4431                      |
| Rate DS                          | 10,405,903               | 0.0584                      |
| Rate LFD                         | 7,783,898                | 0.0437                      |
| Rate XD-Firm                     | 1,404,538                | 0.0079                      |
| Interruptible                    | <u>3,754,266</u>         | <u>0.0211</u>               |
| Total                            | <u>\$ 178,136,264</u>    | <u>1.0000</u>               |

FACTOR 6A. ALLOCATION OF COSTS ASSOCIATED WITH HOUSE REGULATORS

Factors are based on the number of weighted house regulators for customers served.

| Service<br>Classification<br>(1) | Number of<br>Regulators<br>(2) | Factor<br>(3) | Weighted<br>Regulators<br>(4) | Allocation<br>Factor<br>(5) |
|----------------------------------|--------------------------------|---------------|-------------------------------|-----------------------------|
| <u>Customer</u>                  |                                |               |                               |                             |
| Rate R                           | 616,132                        | 1.00          | 616,132                       | 0.8790                      |
| Rate N                           | <u>70,125</u>                  | 1.21          | <u>84,851</u>                 | <u>0.1210</u>               |
| Total                            | <u>686,257</u>                 |               | <u>700,983</u>                | <u>1.0000</u>               |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 6B. ALLOCATION OF COSTS ASSOCIATED WITH INDUSTRIAL MEASURING AND REGULATING EQUIPMENT.

Factors are based on the cost of Meters and M&R equipment by class included in Accounts 381 and 385.

| <u>Service Classification</u><br>(1) | <u>Cost of Meters &amp; M&amp;R Equipment</u><br>(2) | <u>Allocation Factor</u><br>(3) |
|--------------------------------------|--|---------------------------------|
| <u>Customer Costs</u>                |  |                                 |
| Rate DS                              | \$ 10,405,903  | 0.4456                          |
| Rate LFD                             | 7,783,898  | 0.3334                          |
| Rate XD - Firm                       | 1,404,538  | 0.0602                          |
| Interruptible                        | <u>3,754,266</u>                                     | <u>0.1608</u>                   |
| Total                                | <u>\$ 23,348,605</u>                                 | <u>1.0000</u>                   |

FACTOR 6C. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the cost of services by class included in Account 380, Service Lines.

| <u>Service Classification</u><br>(1) | <u>Cost of Service Lines SDR-COS-6</u><br>(2) | <u>Allocation Factor</u><br>(3) |
|--------------------------------------|---|---------------------------------|
| <u>Customer Costs</u>                |   |                                 |
| Rate R                               | \$ 1,141,965,038                              | 0.8718                          |
| Rate N                               | 157,264,701                                   | 0.1201                          |
| Rate DS                              | 5,215,208                                     | 0.0040                          |
| Rate LFD                             | 3,245,947                                     | 0.0025                          |
| Rate XD - Firm                       | 402,109                                       | 0.0003                          |
| Interruptible                        | <u>1,670,210</u>                              | <u>0.0013</u>                   |
| Total                                | <u>\$ 1,309,763,212</u>                       | <u>1.0000</u>                   |



UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH CUSTOMER ACCOUNTING AND METER READING.

Factors are based on the number of customers for each classification, as follows.

| <u>Service Classification</u><br>(1) | <u>Number of Customers</u><br>(2) | <u>Allocation Factor 7</u><br>(3) | <u>Allocation Factor 7A</u><br>(4) |
|--------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| <u>Customer Costs</u>                |                                   |                                   |                                    |
| Rate R                               | 616,132                           | 0.8947                            |                                    |
| Rate N                               | 70,125                            | 0.1018                            |                                    |
| Rate DS                              | 1,392                             | 0.0020                            | 0.5769                             |
| Rate LFD                             | 602                               | 0.0009                            | 0.2495                             |
| Rate XD Firm                         | 56                                | 0.0001                            | 0.0232                             |
| Interruptible                        | <u>363</u>                        | <u>0.0005</u>                     | <u>0.1504</u>                      |
| Total                                | <u><u>688,670</u></u>             | <u><u>1.0000</u></u>              | <u><u>1.0000</u></u>               |

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH SALES EXPENSES.

Factors are based on the number of Rate R and Rate N customers.

| <u>Service Classification</u><br>(1) | <u>Number of Customers</u><br>(2) | <u>Allocation Factor</u><br>(3) |
|--------------------------------------|-----------------------------------|---------------------------------|
| <u>Customer Costs</u>                |                                   |                                 |
| Rate R                               | 616,132                           | 0.8978                          |
| Rate N                               | <u>70,125</u>                     | <u>0.1022</u>                   |
| Total                                | <u><u>686,257</u></u>             | <u><u>1.0000</u></u>            |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 9 (DA). ALLOCATION OF CUSTOMER ASSISTANCE EXPENSES.

These costs are directly assigned to the Residential Classification.

| <u>Service<br/>Classification</u><br>(1) | <u>Allocation<br/>Factor</u><br>(3) |
|--|-------------------------------------|
| <u>Customer Costs</u><br>Rate R          | <u><u>1.0000</u></u>                |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 10. ALLOCATION OF DISTRIBUTION OPERATION OTHER EXPENSES AND RENT.

Factors are based on distribution operation expenses other than those being allocated.

| Service<br>Classification | Operation<br>Expenses | Allocation<br>Factor |
|---------------------------|-----------------------|----------------------|
| (1)                       | (2)                   | (3)                  |
| <u>Volumetric Costs</u>   |                       |                      |
| Rate R                    | \$ 7,641,985          | 0.2014               |
| Rate N                    | 5,001,491             | 0.1318               |
| Rate DS                   | 1,178,822             | 0.0311               |
| Rate LFD                  | 1,669,276             | 0.0440               |
| Rate XD Firm              | 2,453,803             | 0.0647               |
| Interruptible             | 720,011               | 0.0190               |
| <u>Customer Costs</u>     |                       |                      |
| Rate R                    | 14,113,617            | 0.3720               |
| Rate N                    | 4,252,801             | 0.1121               |
| Rate DS                   | 409,140               | 0.0108               |
| Rate LFD                  | 299,616               | 0.0079               |
| Rate XD Firm              | 52,149                | 0.0014               |
| Interruptible             | 145,896               | 0.0038               |
| Total                     | <u>\$ 37,938,607</u>  | <u>1.0000</u>        |

FACTOR 11. ALLOCATION OF DISTRIBUTION MAINTENANCE OTHER EXPENSES.

Factors are based on distribution maintenance expenses other than those being allocated.

| Service<br>Classification | Maintenance<br>Expenses | Allocation<br>Factor |
|---------------------------|-------------------------|----------------------|
| (1)                       | (2)                     | (3)                  |
| <u>Volumetric Costs</u>   |                         |                      |
| Rate R                    | \$ 13,625,330           | 0.3577               |
| Rate N                    | 8,902,328               | 0.2337               |
| Rate DS                   | 2,109,995               | 0.0554               |
| Rate LFD                  | 3,038,765               | 0.0798               |
| Rate XD Firm              | 2,808,455               | 0.0737               |
| Interruptible             | 1,327,745               | 0.0349               |
| <u>Customer Costs</u>     |                         |                      |
| Rate R                    | 1,348,688               | 0.0354               |
| Rate N                    | 185,797                 | 0.0049               |
| Rate DS                   | 2,115,156               | 0.0555               |
| Rate LFD                  | 1,581,808               | 0.0415               |
| Rate XD Firm              | 285,383                 | 0.0075               |
| Interruptible             | 763,057                 | 0.0200               |
| Total                     | <u>\$ 38,092,507</u>    | <u>1.0000</u>        |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 12. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of operation and maintenance expenses.

| <u>Service<br/>Classification</u><br>(1) | <u>Operation &amp;<br/>Maintenance<br/>Expenses</u><br>(2) | <u>Allocation<br/>Factor</u><br>(3) |
|--|--|-------------------------------------|
| <u>Volumetric Costs</u>                  |  |                                     |
| Rate R                                   | \$ 58,412,076  | 0.3577                              |
| Rate N                                   | 16,563,107   | 0.1014                              |
| Rate DS                                  | 4,184,911  | 0.0256                              |
| Rate LFD                                 | 5,968,217  | 0.0365                              |
| Rate XD Firm                             | 6,535,069  | 0.0400                              |
| Interruptible                            | 2,269,827  | 0.0139                              |
| <u>Customer Costs</u>                    |  |                                     |
| Rate R                                   | 53,888,077   | 0.3300                              |
| Rate N                                   | 8,922,661  | 0.0546                              |
| Rate DS                                  | 2,916,873  | 0.0179                              |
| Rate LFD                                 | 2,126,544  | 0.0130                              |
| Rate XD Firm                             | 468,829  | 0.0029                              |
| Interruptible                            | 1,060,226  | 0.0065                              |
| Total                                    | <u>\$ 163,316,416</u>                                      | <u>1.0000</u>                       |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 13. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of total operation and maintenance direct labor expense to service classifications as shown on the following page.

| Service<br>Classification<br><u>(1)</u> | Total Labor<br>Expense<br><u>(2)</u> | Allocation<br>Factor<br><u>(3)</u> |
|---|--------------------------------------|------------------------------------|
| <u>Volumetric Costs</u>                 |                                      |                                    |
| Rate R                                  | \$ 17,893,133                        | 0.2176                             |
| Rate N                                  | 8,758,218                            | 0.1066                             |
| Rate DS                                 | 2,105,694                            | 0.0256                             |
| Rate LFD                                | 3,001,923                            | 0.0365                             |
| Rate XD Firm                            | 3,629,955                            | 0.0442                             |
| Interruptible                           | 1,258,993                            | 0.0153                             |
| <u>Customer Costs</u>                   |                                      |                                    |
| Rate R                                  | 33,557,903                           | 0.4083                             |
| Rate N                                  | 6,831,162                            | 0.0831                             |
| Rate DS                                 | 2,307,401                            | 0.0281                             |
| Rate LFD                                | 1,703,937                            | 0.0207                             |
| Rate XD Firm                            | 317,757                              | 0.0039                             |
| Interruptible                           | 828,677                              | 0.0101                             |
| Total                                   | <u>\$ 82,194,753</u>                 | <u>1.0000</u>                      |

FACTOR 14. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation excluding the items being allocated, as follows:

| Service<br>Classification<br><u>(1)</u> | Original<br>Cost Less<br>Depreciation<br><u>(2)</u> | Allocation<br>Factor<br><u>(3)</u> |
|---|---|------------------------------------|
| <u>Volumetric Costs</u>                 |   |                                    |
| Rate R                                  | \$1,098,567,065                                     | 0.2892                             |
| Rate N                                  | 659,638,747   | 0.1738                             |
| Rate DS                                 | 154,472,738   | 0.0407                             |
| Rate LFD                                | 224,802,620   | 0.0592                             |
| Rate XD Firm                            | 133,264,013   | 0.0351                             |
| Interruptible                           | 98,294,314  | 0.0259                             |
| <u>Customer Costs</u>                   |   |                                    |
| Rate R                                  | 1,154,767,671                                       | 0.3042                             |
| Rate N                                  | 223,937,492   | 0.0590                             |
| Rate DS                                 | 21,838,287  | 0.0058                             |
| Rate LFD                                | 15,790,971  | 0.0042                             |
| Rate XD Firm                            | 3,018,638   | 0.0008                             |
| Interruptible                           | 7,966,620   | 0.0021                             |
| Total                                   | <u>\$3,796,359,176</u>                              | <u>1.0000</u>                      |

UGI UTILITIES INC. - GAS DIVISION  
COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO  
RATE, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Factor Ref. | Account  | Cost of Service (3) | Volumetric Costs |              |              |              |                  | Customer Costs    |               |              |              |               |                   |                    |   |
|-------------|--|---------------------|------------------|--------------|--------------|--------------|------------------|-------------------|---------------|--------------|--------------|---------------|-------------------|--------------------|---|
|             |  |                     | Rate R (4)       | Rate N (5)   | Rate DS (6)  | Rate LFD (7) | Rate XD Firm (8) | Interruptible (9) | Rate R (10)   | Rate N (11)  | Rate DS (12) | Rate LFD (13) | Rate XD Firm (14) | Interruptible (15) |   |
|             | <b>DIRECT LABOR EXPENSE</b>                          |                     |                  |              |              |              |                  |                   |               |              |              |               |                   |                    |   |
| 725 - 736   | Total Gas Fuels Expenses                             | 0                   | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 750-760     | Total Production & Gathering Operation Expenses      | 0                   | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 761 - 769   | Total Gas Raw Materials Expenses                     | 0                   | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 813         | Other Gas Supply Expenses                            | -                   | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 840         | Storage  | -                   | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 850 - 860   | Total Transmission Operation Expenses                | -                   | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 861 - 867   | Total Transmission Maintenance Expenses              | 5,077,635           | 1,022,636        | 689,232      | 157,914      | 223,116      | 329,523          | 96,475            | 1,888,880     | 569,203      | 54,638       | 40,113        | 7,109             | 19,295             | - |
| 870         | Operation Supervision and Engineering                | 607                 | 607              | 403          | 91           | 109          | 780              | 41                | -             | -            | -            | -             | -                 | -                  | - |
| 874         | Mains And Services Expenses                          | 2,030               | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
|             | Mains - Small  | 4                   | 1,352,731        | 882,959      | 210,200      | 306,349      | -                | 135,129           | -             | -            | -            | -             | -                 | -                  | - |
|             | Mains - Large  | 17                  | 2,277,360        | 1,485,858    | 353,548      | 515,458      | 448,102          | 227,205           | 6,613,870     | 911,133      | 30,346       | 18,966        | 2,276             | 9,862              | - |
| 875         | M & R Station Expenses - General                     | 4A                  | 782,947          | 519,782      | 116,787      | 140,616      | 1,006,047        | 52,371            | -             | -            | -            | -             | -                 | -                  | - |
| 876         | Measuring and Regulating Station Expenses-Industrial | 4B                  | 33,989           | 22,564       | 5,070        | 6,104        | 43,874           | 2,273             | -             | -            | -            | -             | -                 | -                  | - |
| 877         | Meter And House Regulator Expenses                   | 4A                  | 33,989           | 22,564       | 5,070        | 6,104        | 43,874           | 2,273             | -             | -            | -            | -             | -                 | -                  | - |
| 878         | Meter And House Regulator Expenses                   | 4B                  | 33,989           | 22,564       | 5,070        | 6,104        | 43,874           | 2,273             | -             | -            | -            | -             | -                 | -                  | - |
| 879         | Customer Installation Expenses                       | 6                   | 2,625,655        | 1,433,535    | 33,869       | 47,917       | 70,460           | 20,692            | 1,190,175     | 1,238,531    | 153,338      | 114,741       | 22,082            | 58,978             | - |
| 880         | Other Expenses                                       | 10                  | 218,331          | 143,535      | 33,869       | 47,917       | 70,460           | 20,692            | 1,190,175     | 1,238,531    | 153,338      | 114,741       | 22,082            | 58,978             | - |
| 881         | Rent   | 10                  | 218,331          | 143,535      | 33,869       | 47,917       | 70,460           | 20,692            | 1,190,175     | 1,238,531    | 153,338      | 114,741       | 22,082            | 58,978             | - |
| 885         | Supervision - Engineering and Labor                  | 11                  | 498,307          | 115,987      | 27,495       | 39,605       | 36,578           | 17,321            | 17,569        | 2,432        | 27,545       | 20,597        | 3,722             | 9,926              | - |
| 886         | Structures & Improvements                            | 16                  | 1,391,890        | 998,516      | 216,285      | 315,218      | 139,040          | 139,040           | -             | -            | -            | -             | -                 | -                  | - |
| 887         | Other Equipment                                      | 11                  | 2,343,286        | 1,528,871    | 363,783      | 530,380      | 462,103          | 233,782           | -             | -            | -            | -             | -                 | -                  | - |
| 889         | M & R Equip - General                                | 4A                  | 249,450          | 165,605      | 37,209       | 44,801       | 320,531          | 16,696            | -             | -            | -            | -             | -                 | -                  | - |
| 890         | M & R Equip - Ind                                    | 4A                  | 3,183,873        | 2,418        | 543          | 654          | 4,679            | 244               | -             | -            | 1,418,734    | 1,061,503     | 191,669           | 511,967            | - |
| 891         | M & R Equip - CG Check Station                       | 4A                  | 12,179           | 2,418        | 543          | 654          | 4,679            | 244               | -             | -            | -            | -             | -                 | -                  | - |
| 892         | Services   | 6C                  | 1,015            | -            | -            | -            | -                | -                 | 885           | 122          | 4            | 3             | 1                 | -                  | - |
| 893         | Meters & House Regulators                            | 6                   | 91,850           | 60,009       | 14,226       | 20,491       | 18,925           | 8,982             | 9,090         | 1,258        | 14,251       | 10,656        | 1,926             | 5,136              | - |
| 894         | Other Equipment                                      | 11                  | 258,780          | 60,009       | 14,226       | 20,491       | 18,925           | 8,982             | 9,090         | 1,258        | 14,251       | 10,656        | 1,926             | 5,136              | - |
| 901         | Supervision  | 7                   | 557,203          | -            | -            | -            | -                | -                 | 488,530       | 56,723       | 1,114        | 501           | 56                | 279                | - |
| 902         | Meter Reading Expenses                               | 7                   | 2,112,965        | -            | -            | -            | -                | -                 | 1,889,691     | 215,011      | 4,224        | 1,901         | 211               | 1,056              | - |
| 903         | Customer Records & Coil Expenses                     | 7                   | 10,122,018       | -            | -            | -            | -                | -                 | 9,056,170     | 1,030,421    | 20,244       | 9,110         | 1,012             | 5,061              | - |
| 905         | Miscellaneous Cust Acts Expenses                     | 7                   | 1,904,031        | -            | -            | -            | -                | -                 | 1,703,537     | 193,830      | 3,808        | 1,714         | 190               | 952                | - |
| 907         | Supervision  | 7                   | 163,406          | -            | -            | -            | -                | -                 | 146,199       | 16,635       | 327          | 147           | 16                | 82                 | - |
| 908         | Miscellaneous Expenses                               | 7                   | 69,897           | -            | -            | -            | -                | -                 | 64,485        | 6,199        | 122          | 55            | 6                 | 30                 | - |
| 910         | Miscellaneous Customer Service & Info. Exp.          | 8                   | 364,364          | -            | -            | -            | -                | -                 | 327,126       | 37,238       | -            | -             | -                 | -                  | - |
| 911         | Supervision  | 8                   | 364,364          | -            | -            | -            | -                | -                 | 327,126       | 37,238       | -            | -             | -                 | -                  | - |
| 912         | Demonstrating And Selling Expenses                   | 8                   | 528,785          | -            | -            | -            | -                | -                 | 474,743       | 54,042       | -            | -             | -                 | -                  | - |
| 920         | Administrative & General Salaries                    | 12                  | 19,758,774       | 2,003,540    | 505,825      | 721,195      | 790,351          | 274,647           | 6,520,395     | 1,078,829    | 353,682      | 256,864       | 57,300            | 128,432            | - |
| 921         | Office Supplies And Expenses                         | 12                  | 7,067,713        | 2,003,540    | 505,825      | 721,195      | 790,351          | 274,647           | 6,520,395     | 1,078,829    | 353,682      | 256,864       | 57,300            | 128,432            | - |
| 922         | Administrative Expenses                              | 12                  | 363              | 103          | 26           | 37           | 41               | 14                | 335           | 55           | 18           | 13            | 3                 | 7                  | - |
| 924         | Property Insurance Employed                          | 12                  | 1,017,987        | 103,224      | 26,060       | 37,157       | 40,719           | 14,150            | 335,936       | 55,582       | 18,222       | 13,234        | 2,952             | 6,617              | - |
| 925         | Injuries and Damages                                 | 12                  | 364,134          | 103,224      | 26,060       | 37,157       | 40,719           | 14,150            | 335,936       | 55,582       | 18,222       | 13,234        | 2,952             | 6,617              | - |
| 927         | Franchise Requirements                               | 12                  | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 928         | Regulatory Commission Expenses                       | 12                  | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 929         | Duplicate Charges-Credit                             | 12                  | -                | -            | -            | -            | -                | -                 | -             | -            | -            | -             | -                 | -                  | - |
| 930         | Miscellaneous General Expenses                       | 12                  | 277,079          | 28,068       | 7,093        | 10,113       | 11,083           | 3,851             | 91,436        | 15,129       | 4,960        | 3,602         | 804               | 1,801              | - |
| 931         | Miscellaneous Intermittency Charges                  | 12                  | 415,289          | 117,225      | 29,722       | 42,377       | 46,446           | 16,138            | 383,139       | 63,391       | 20,782       | 15,089        | 3,367             | 7,547              | - |
| 932         | Maintenance of General Plant                         | 12                  | 1,161,000        | 117,225      | 29,722       | 42,377       | 46,446           | 16,138            | 383,139       | 63,391       | 20,782       | 15,089        | 3,367             | 7,547              | - |
|             | Total Direct Labor Expense                           |                     | \$ 17,859,133    | \$ 8,758,218 | \$ 2,105,694 | \$ 3,001,923 | \$ 3,629,955     | \$ 1,258,993      | \$ 33,557,903 | \$ 6,831,162 | \$ 2,307,401 | \$ 1,703,937  | \$ 317,757        | \$ 828,677         |   |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 15. ALLOCATION OF RETURN AND TAXES.

Factors are based on the result of allocating the original cost measure of value, as presented on the following pages.

| Service<br>Classification | Original<br>Cost Less<br>Depreciation | Allocation<br>Factor |
|---------------------------|---------------------------------------|----------------------|
| (1)                       | (2)                                   | (3)                  |
| <u>Volumetric Costs</u>   |                                       |                      |
| Rate R                    | \$ 917,142,710                        | 0.2894               |
| Rate N                    | 550,606,371                           | 0.1737               |
| Rate DS                   | 128,939,874                           | 0.0407               |
| Rate LFD                  | 187,663,895                           | 0.0592               |
| Rate XD Firm              | 111,244,603                           | 0.0351               |
| Interruptible             | 82,046,084                            | 0.0259               |
| <u>Customer Costs</u>     |                                       |                      |
| Rate R                    | 963,932,480                           | 0.3042               |
| Rate N                    | 186,924,574                           | 0.0590               |
| Rate DS                   | 18,199,962                            | 0.0057               |
| Rate LFD                  | 13,156,321                            | 0.0042               |
| Rate XD Firm              | 2,516,808                             | 0.0008               |
| Interruptible             | 6,649,297                             | 0.0021               |
| Total                     | <u>\$ 3,169,022,979</u>               | <u>1.0000</u>        |

FACTOR 16. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER REVENUES.

Factors are based on the allocated cost of service excluding those items being allocated.

| Service<br>Classification | Total<br>Cost of<br>Service | Allocation<br>Factor |
|---------------------------|-----------------------------|----------------------|
| (1)                       | (2)                         | (3)                  |
| <u>Volumetric Costs</u>   |                             |                      |
| Rate R                    | \$ 224,272,166              | 0.3026               |
| Rate N                    | 101,913,123                 | 0.1375               |
| Rate DS                   | 24,423,486                  | 0.0330               |
| Rate LFD                  | 35,299,124                  | 0.0476               |
| Rate XD Firm              | 26,745,681                  | 0.0361               |
| Interruptible             | 14,835,600                  | 0.0200               |
| <u>Customer Costs</u>     |                             |                      |
| Rate R                    | 247,987,947                 | 0.3346               |
| Rate N                    | 46,535,163                  | 0.0628               |
| Rate DS                   | 8,550,153                   | 0.0115               |
| Rate LFD                  | 6,238,666                   | 0.0084               |
| Rate XD Firm              | 1,293,606                   | 0.0017               |
| Interruptible             | 3,104,152                   | 0.0042               |
| Total                     | <u>\$ 741,198,866</u>       | <u>1.0000</u>        |

UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Account<br>(1)            | Factor<br>Ref.<br>(2)                            | Cost of<br>Service<br>(3) | Volumetric Costs |               |                |                 |                     |                      | Customer Costs |                |                 |                  |                      |                       |
|---------------------------|--|---------------------------|------------------|---------------|----------------|-----------------|---------------------|----------------------|----------------|----------------|-----------------|------------------|----------------------|-----------------------|
|                           |  |                           | Rate R<br>(4)    | Rate N<br>(5) | Rate DS<br>(6) | Rate LFD<br>(7) | Rate XD Firm<br>(8) | Interruptible<br>(9) | Rate R<br>(10) | Rate N<br>(11) | Rate DS<br>(12) | Rate LFD<br>(13) | Rate XD Firm<br>(14) | Interruptible<br>(15) |
| <b>RATE BASE</b>          |  |                           |                  |               |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| <b>PRODUCTION PLANT</b>   |  |                           |                  |               |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 305                       | Manufactured Gas Plant Site Remediation          | 2                         | (69,118)         | (10,568)      | (6,317)        | (1,949)         | (4,797)             | (42,349)             | (3,138)        | -              | -               | -                | -                    | -                     |
| 325.1                     | Producing Lands                                  | 2                         | 13,029           | 1,992         | 1,191          | 367             | 904                 | 7,983                | 592            | -              | -               | -                | -                    | -                     |
| 325.2                     | Production Leaseholds                            | 2                         | 965              | 148           | 88             | 27              | 67                  | 591                  | 44             | -              | -               | -                | -                    | -                     |
| 325.4                     | Rights-Of-Way                                    | 2                         | 560              | 86            | 51             | 16              | 39                  | 343                  | 25             | -              | -               | -                | -                    | -                     |
| 325.5                     | Other Lands                                      | 2                         | 1,134            | 173           | 104            | 32              | 79                  | 695                  | 51             | -              | -               | -                | -                    | -                     |
| 328                       | Field Measuring and Regulating Station Equipment | 2                         | -                | -             | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 329                       | Other Structures                                 | 2                         | 2                | -             | -              | -               | -                   | 1                    | -              | -              | -               | -                | -                    | -                     |
| 330                       | Producing Gas Wells - Well Construction          | 2                         | -                | -             | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 331                       | Producing Gas Wells - Well Equipment             | 2                         | -                | -             | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 332                       | Field Lines                                      | 2                         | 23,897           | 3,654         | 2,184          | 674             | 1,658               | 14,642               | 1,085          | -              | -               | -                | -                    | -                     |
| 334                       | Field Measuring and Regulating Station Equipment | 2                         | 4,352            | 665           | 398            | 123             | 302                 | 2,666                | 198            | -              | -               | -                | -                    | -                     |
| 335                       | Drilling and Cleaning Equipment                  | 2                         | 101              | 15            | 9              | 3               | 7                   | 62                   | 5              | -              | -               | -                | -                    | -                     |
| 337                       | Other Equipment                                  | 2                         | -                | -             | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
|                           | Total Production Plant                           |                           | (25,078)         | (3,835)       | (2,292)        | (707)           | (1,741)             | (15,366)             | (1,138)        | -              | -               | -                | -                    | -                     |
| <b>STORAGE PLANT</b>      |  |                           |                  |               |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 352.01                    | Well Construction                                | 2                         | 35,934           | 5,494         | 3,284          | 1,013           | 2,494               | 22,017               | 1,631          | -              | -               | -                | -                    | -                     |
| <b>TRANSMISSION PLANT</b> |  |                           |                  |               |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 365                       | Land   | 4                         | 47,323           | 22,171        | 14,471         | 3,445           | 5,021               | -                    | 2,215          | -              | -               | -                | -                    | -                     |
| 365.2                     | Rights-Of-Way                                    | 4                         | 319,697          | 149,778       | 97,763         | 23,274          | 33,920              | -                    | 14,962         | -              | -               | -                | -                    | -                     |
| 366                       | Structures and Improvements                      | 4                         | 14,665           | 6,871         | 4,485          | 1,068           | 1,556               | -                    | 686            | -              | -               | -                | -                    | -                     |
| 367                       | Mains  | 4                         | 16,728,788       | 7,837,437     | 5,115,663      | 1,217,856       | 1,774,924           | -                    | 782,907        | -              | -               | -                | -                    | -                     |
| 369                       | Measuring and Regulating Station Equipment       | 4                         | 2,093,133        | 980,633       | 640,080        | 152,380         | 222,081             | -                    | 97,959         | -              | -               | -                | -                    | -                     |
| 370                       | Communication Equipment                          | 4                         | 1,241,718        | 581,745       | 379,717        | 90,397          | 131,748             | -                    | 58,112         | -              | -               | -                | -                    | -                     |
| 371                       | Other Equipment                                  | 4                         | 9,919            | 4,647         | 3,033          | 722             | 1,052               | -                    | 464            | -              | -               | -                | -                    | -                     |
| 371.1                     | Testing Equipment                                | 4                         | 52,388           | 24,544        | 16,020         | 3,814           | 5,558               | -                    | 2,452          | -              | -               | -                | -                    | -                     |
|                           | Total Transmission Plant                         |                           | 20,507,631       | 9,607,826     | 6,271,232      | 1,492,956       | 2,175,858           | -                    | 959,757        | -              | -               | -                | -                    | -                     |
| <b>DISTRIBUTION PLANT</b> |  |                           |                  |               |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 374                       | Land   | 18                        | 849,347          | 375,411       | 245,037        | 58,350          | 85,020              | 47,988               | 37,541         | -              | -               | -                | -                    | -                     |
| 374                       | Land Rights of Way                               | 18                        | 7,305,824        | 3,229,174     | 2,107,730      | 501,910         | 731,313             | 412,779              | 322,917        | -              | -               | -                | -                    | -                     |
| 374                       | Rights of Way                                    | 4                         | 2,117,511        | 992,054       | 647,535        | 154,155         | 224,668             | -                    | 99,100         | -              | -               | -                | -                    | -                     |
| 375                       | Structures And Improvements                      | 18                        | 2,211,379        | 977,430       | 637,983        | 151,922         | 221,359             | 124,943              | 97,743         | -              | -               | -                | -                    | -                     |
| 376                       | Mains - Small                                    | 4                         | 627,708,395      | 294,081,383   | 191,953,227    | 45,697,171      | 66,599,861          | -                    | 29,376,753     | -              | -               | -                | -                    | -                     |
|                           | Mains - Large                                    | 4                         | 1,154,066,353    | 540,680,086   | 352,913,491    | 84,016,030      | 122,446,440         | -                    | 54,010,305     | -              | -               | -                | -                    | -                     |
|                           | Mains - Direct Assign                            | DA                        | 106,648,197      | -             | -              | -               | -                   | 106,648,558          | 1,639          | -              | -               | -                | -                    | -                     |
| 378                       | Measuring & Regulating Equipment - General       | 18                        | 160,502,424      | 70,942,071    | 46,304,949     | 11,026,517      | 16,066,293          | 9,068,387            | 7,094,207      | -              | -               | -                | -                    | -                     |
| 379                       | Measuring & Regulating Equipment - SCADA         | 18                        | -                | -             | -              | -               | -                   | -                    | -              | -              | -               | -                | -                    | -                     |
| 379                       | Measuring & Regulating Equipment - City Gate     | 18                        | 16,602,462       | 7,338,288     | 4,789,810      | 1,140,589       | 1,661,906           | 938,039              | 733,829        | -              | -               | -                | -                    | -                     |
| 380                       | Services   | 6C                        | 1,027,231,351    | -             | -              | -               | -                   | -                    | -              | 895,540,292    | 123,370,485     | 4,108,925        | 2,568,078            | 308,169               |
| 381                       | Meters   | 6                         | 105,716,315      | -             | -              | -               | -                   | -                    | -              | 45,014,007     | 46,842,899      | 6,173,833        | 4,619,803            | 835,159               |
| 382                       | Meter Installations                              | 6                         | 70,230,279       | -             | -              | -               | -                   | -                    | -              | 29,904,053     | 31,119,037      | 4,101,448        | 3,069,063            | 554,819               |
| 383                       | House Regulators                                 | 6A                        | 3,612,616        | -             | -              | -               | -                   | -                    | -              | 3,175,489      | 437,127         | -                | -                    | -                     |
| 384                       | House Regulator Installations                    | 6A                        | 9,602,363        | -             | -              | -               | -                   | -                    | -              | 8,440,477      | 1,161,886       | -                | -                    | -                     |
| 385                       | Industrial Measuring & Regulating Equipment      | 6                         | 21,540,899       | -             | -              | -               | -                   | -                    | -              | 9,172,115      | 9,544,772       | 1,257,989        | 941,337              | 170,173               |
| 386                       | Other Property on Customer Premises              | 6C                        | 427,942          | -             | -              | -               | -                   | -                    | -              | 373,080        | 51,396          | 1,712            | 1,070                | 128                   |
| 387                       | Other Equipment                                  | 10                        | 1,836,670        | 369,905       | 242,073        | 57,120          | 80,813              | 118,833              | 34,897         | 683,241        | 205,891         | 19,836           | 14,510               | 2,571                 |
| 387                       | Other Equipment - Graphic Data Base              | 10                        | 17,592           | 3,543         | 2,319          | 547             | 774                 | 1,138                | 334            | 6,544          | 1,972           | 190              | 139                  | 25                    |
|                           | Total Distribution Plant                         |                           | 3,318,227,919    | 918,989,345   | 599,844,154    | 142,804,311     | 208,118,447         | 117,358,665          | 91,809,265     | 992,309,298    | 212,735,465     | 15,663,933       | 11,214,000           | 1,871,044             |
| <b>GENERAL PLANT</b>      |  |                           |                  |               |                |                 |                     |                      |                |                |                 |                  |                      |                       |
| 389                       | Land and Land Rights                             | 12                        | 10,370,785       | 3,709,630     | 1,051,598      | 265,492         | 378,534             | 414,831              | 144,154        | 3,422,359      | 566,245         | 185,637          | 134,820              | 30,075                |
| 390                       | Structures And Improvements                      | 12                        | 87,164,154       | 31,178,618    | 8,838,445      | 2,231,402       | 3,181,492           | 3,486,566            | 1,211,582      | 28,764,171     | 4,759,163       | 1,560,238        | 1,133,134            | 252,776               |
| 391                       | Office Furniture And Equipment                   | 12                        | 4,091,487        | 1,463,525     | 414,877        | 104,742         | 149,339             | 163,659              | 56,872         | 1,350,191      | 223,395         | 73,238           | 53,189               | 11,865                |
| 392                       | Transportation Equipment                         | 12                        | 37,116,223       | 13,276,473    | 3,763,585      | 950,175         | 1,354,742           | 1,484,649            | 515,915        | 12,248,354     | 2,026,546       | 664,380          | 482,511              | 107,637               |
| 393                       | Stores Equipment                                 | 12                        | 10,407           | 3,723         | 1,055          | 266             | 380                 | 416                  | 145            | 3,434          | 568             | 186              | 135                  | 30                    |
| 394                       | Tools, Shop And Garage Equipment                 | 12                        | 26,008,960       | 9,303,405     | 2,637,309      | 665,829         | 949,327             | 1,040,358            | 361,525        | 8,582,957      | 1,420,089       | 465,560          | 338,116              | 75,426                |
| 393                       | Laboratory Equipment                             | 12                        | 303,522          | 108,570       | 30,777         | 7,770           | 11,079              | 12,141               | 4,219          | 100,162        | 16,572          | 5,433            | 3,946                | 880                   |
| 396                       | Power Operated Equipment                         | 12                        | 3,682,716        | 1,317,308     | 373,427        | 94,278          | 134,419             | 147,309              | 51,190         | 1,215,296      | 201,076         | 65,921           | 47,675               | 10,680                |
| 397                       | Communication Equipment                          | 12                        | 428,059          | 153,117       | 43,405         | 10,958          | 15,624              | 17,122               | 5,950          | 141,259        | 23,372          | 7,662            | 5,565                | 1,241                 |
| 398                       | Miscellaneous Equipment                          | 12                        | 1,155,077        | 413,171       | 117,125        | 29,570          | 42,160              | 46,203               | 381,175        | 63,067         | 20,676          | 15,016           | 15,016               | 3,350                 |
|                           | Total General Plant                              |                           | 170,331,390      | 60,927,540    | 17,271,803     | 4,360,482       | 6,217,096           | 6,813,254            | 2,367,608      | 56,209,358     | 9,300,093       | 3,048,931        | 2,214,307            | 493,960               |
|                           | Total Plant                                      |                           | 3,509,077,796    | 989,526,370   | 623,387,981    | 148,658,055     | 216,512,154         | 124,178,570          | 95,137,123     | 1,048,518,656  | 222,035,558     | 18,712,864       | 13,428,307           | 2,365,004             |



UGI UTILITIES INC. - GAS DIVISION

COST OF SERVICE AS OF SEPTEMBER 30, 2023, AT PROPOSED REVENUE LEVEL ALLOCATED TO RATE R, RATE N, RATE DS, RATE LFD, RATE XD-FIRM, AND INTERRUPTIBLE SERVICE CLASSIFICATIONS

| Account<br>(1)                                      | Factor<br>Ref.<br>(2)                                 | Cost of<br>Service<br>(3) | Volumetric Costs        |                       |                       |                      |                       |                       | Customer Costs       |                       |                       |                      |                      |                       |                     |
|---|---|---------------------------|-------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|---------------------|
|   |   |                           | Rate R<br>(4)           | Rate N<br>(5)         | Rate DS<br>(6)        | Rate LFD<br>(7)      | Rate XD Firm<br>(8)   | Interruptible<br>(9)  | Rate R<br>(10)       | Rate N<br>(11)        | Rate DS<br>(12)       | Rate LFD<br>(13)     | Rate XD Firm<br>(14) | Interruptible<br>(15) |                     |
| <b>COMMON PLANT ALLOCATED @ 88.97%</b>              |   |                           |                         |                       |                       |                      |                       |                       |                      |                       |                       |                      |                      |                       |                     |
| 301   | Organization  | 14                        | 123,636                 | 35,756                | 21,488                | 5,032                | 7,319                 | 4,340                 | 3,202                | 37,610                | 7,295                 | 717                  | 519                  | 99                    | 260                 |
| 389.1   | Land and Land Rights                                  | 12                        | 6,180,842               | 2,210,887             | 626,737               | 158,230              | 225,601               | 247,234               | 85,914               | 2,039,678             | 337,474               | 110,637              | 80,351               | 17,924                | 40,175              |
| 390.1   | Reading Service Center                                | 12                        | 3,662,434               | 1,310,652             | 371,371               | 93,758               | 133,679               | 146,497               | 50,908               | 1,208,603             | 199,969               | 65,568               | 47,612               | 10,621                | 23,806              |
| 390.2   | Structures and Improvements                           | 12                        | 27,482,527              | 9,830,500             | 2,786,728             | 703,553              | 1,003,112             | 1,099,301             | 382,007              | 9,069,234             | 1,500,546             | 491,937              | 357,273              | 79,699                | 178,636             |
| 391   | Office Furniture and Equipment                        | 12                        | 3,324,746               | 1,189,262             | 337,129               | 85,113               | 121,353               | 132,990               | 46,214               | 1,097,166             | 181,531               | 59,513               | 43,222               | 9,642                 | 21,611              |
| 392.1   | Transportation Equipment                              | 12                        | -                       | -                     | -                     | -                    | -                     | -                     | -                    | -                     | -                     | -                    | -                    | -                     | -                   |
| 398   | Miscellaneous Equipment                               | 12                        | 18,573                  | 6,644                 | 1,883                 | 475                  | 678                   | 743                   | 258                  | 6,129                 | 1,014                 | 332                  | 241                  | 54                    | 121                 |
|   | <b>Total Common Plant</b>                             |                           | <b>40,792,758</b>       | <b>14,583,101</b>     | <b>4,145,336</b>      | <b>1,046,161</b>     | <b>1,491,742</b>      | <b>1,631,105</b>      | <b>568,503</b>       | <b>13,458,420</b>     | <b>2,227,829</b>      | <b>728,694</b>       | <b>529,218</b>       | <b>118,039</b>        | <b>264,609</b>      |
| <b>INFORMATION SERVICES (IS) ALLOCATED @ 91.68%</b> |   |                           |                         |                       |                       |                      |                       |                       |                      |                       |                       |                      |                      |                       |                     |
| 391   | Office Furniture and Equipment                        | 12                        | 2,279,539               | 815,391               | 231,145               | 58,356               | 83,203                | 91,182                | 31,686               | 752,248               | 124,463               | 40,804               | 29,634               | 6,611                 | 14,817              |
| 391.1   | Office Furniture and Equip. - CIS                     | 7                         | 40,732,041              | -                     | -                     | -                    | -                     | -                     | -                    | 36,442,957            | 4,146,522             | 81,464               | 36,659               | 4,073                 | 20,366              |
| 391.2   | Office Furniture and Equip. - System Development Cost | 12                        | 90,319,674              | 32,307,347            | 9,158,415             | 2,312,184            | 3,296,668             | 3,612,787             | 1,255,443            | 29,805,492            | 4,931,454             | 1,616,722            | 1,174,156            | 261,927               | 587,078             |
| 391.4   | Office Furniture and Equip. - System Development Cost | 12                        | 39,231,589              | 14,033,139            | 3,978,083             | 1,004,329            | 1,431,953             | 1,569,264             | 545,319              | 12,946,424            | 2,142,045             | 702,245              | 510,011              | 113,772               | 255,005             |
|   | <b>Total Information Services</b>                     |                           | <b>172,562,843</b>      | <b>47,155,877</b>     | <b>13,367,643</b>     | <b>3,374,869</b>     | <b>4,811,824</b>      | <b>5,273,233</b>      | <b>1,832,448</b>     | <b>79,947,121</b>     | <b>11,344,484</b>     | <b>2,441,235</b>     | <b>1,750,460</b>     | <b>386,383</b>        | <b>877,266</b>      |
| <b>INTANGIBLE PLANT</b>                             |   |                           |                         |                       |                       |                      |                       |                       |                      |                       |                       |                      |                      |                       |                     |
| 301   | Organization  | 14                        | 166,478                 | 48,145                | 28,934                | 6,776                | 9,855                 | 5,843                 | 4,312                | 50,643                | 9,822                 | 966                  | 699                  | 133                   | 350                 |
| 302   | Franchises And Consents                               | 14                        | 193,597                 | 55,988                | 33,647                | 7,879                | 11,461                | 6,795                 | 5,014                | 58,892                | 11,422                | 1,123                | 813                  | 155                   | 407                 |
| 303   | Miscellaneous Intangible Plant                        | 14                        | 289,868                 | 83,830                | 50,379                | 11,798               | 17,160                | 10,174                | 7,508                | 88,178                | 17,102                | 1,681                | 1,217                | 232                   | 609                 |
| 304   | Land and Land Rights                                  | 14                        | 381,652                 | 110,374               | 66,331                | 15,533               | 22,594                | 13,396                | 9,885                | 116,099               | 22,517                | 2,214                | 1,603                | 305                   | 801                 |
| 305   | Manufactured Gas Plant Remediation                    | 1                         | -                       | -                     | -                     | -                    | -                     | -                     | -                    | -                     | -                     | -                    | -                    | -                     | -                   |
|   | <b>Total Nondepreciable Plant</b>                     |                           | <b>1,031,595</b>        | <b>298,337</b>        | <b>179,291</b>        | <b>41,986</b>        | <b>61,070</b>         | <b>36,208</b>         | <b>26,719</b>        | <b>313,812</b>        | <b>60,863</b>         | <b>5,984</b>         | <b>4,332</b>         | <b>825</b>            | <b>2,167</b>        |
|   | <b>Total Utility Plant in Service</b>                 |                           | <b>3,723,464,991</b>    | <b>1,051,563,685</b>  | <b>641,080,251</b>    | <b>153,121,071</b>   | <b>222,876,790</b>    | <b>131,119,116</b>    | <b>97,564,793</b>    | <b>1,142,238,009</b>  | <b>235,668,734</b>    | <b>21,888,777</b>    | <b>15,712,317</b>    | <b>2,870,251</b>      | <b>7,761,185</b>    |
| <b>OTHER RATE BASE ELEMENTS</b>                     |   |                           |                         |                       |                       |                      |                       |                       |                      |                       |                       |                      |                      |                       |                     |
|   | Gas Storage Inventory                                 | 1A                        | 17,813,000              | 11,145,594            | 6,667,406             | -                    | -                     | -                     | -                    | -                     | -                     | -                    | -                    | -                     | -                   |
|   | Cash Working Capital                                  | 12                        | 38,947,696              | 13,931,591            | 3,949,296             | 997,061              | 1,421,591             | 1,557,908             | 541,373              | 12,852,740            | 2,126,544             | 697,164              | 506,320              | 112,948               | 253,160             |
|   | Cash Working Capital - Purchased Gas Related          | 1                         | 23,200,304              | 16,648,538            | 6,551,766             | -                    | -                     | -                     | -                    | -                     | -                     | -                    | -                    | -                     | -                   |
|   | Materials & Supplies                                  | 12                        | 15,707,000              | 5,618,394             | 1,592,690             | 402,099              | 573,306               | 628,280               | 218,327              | 5,183,310             | 857,602               | 281,155              | 204,191              | 45,550                | 102,096             |
|   | Deferred Taxes  | 14                        | (628,510,000)           | (181,765,092)         | (109,235,038)         | (25,580,357)         | (37,207,792)          | (22,060,701)          | (16,278,409)         | (191,192,742)         | (37,082,090)          | (3,645,358)          | (2,639,742)          | (502,808)             | (1,319,871)         |
|   | Customer Deposits                                     | 21                        | (21,600,000)            | -                     | -                     | -                    | -                     | -                     | -                    | (5,148,837)           | (14,646,216)          | (1,021,776)          | (626,765)            | (9,133)               | (147,273)           |
|   | Investment Tax Credit                                 | 14                        | -                       | -                     | -                     | -                    | -                     | -                     | -                    | -                     | -                     | -                    | -                    | -                     | -                   |
|   | <b>Total Other Rate Base Elements</b>                 |                           | <b>(554,442,000)</b>    | <b>(134,420,975)</b>  | <b>(90,473,880)</b>   | <b>(24,181,197)</b>  | <b>(35,212,895)</b>   | <b>(19,874,513)</b>   | <b>(15,518,709)</b>  | <b>(178,305,529)</b>  | <b>(48,744,160)</b>   | <b>(3,688,815)</b>   | <b>(2,555,996)</b>   | <b>(353,443)</b>      | <b>(1,111,888)</b>  |
|   | <b>Total Measure of Value</b>                         |                           | <b>\$ 3,169,022,991</b> | <b>\$ 917,142,710</b> | <b>\$ 550,606,371</b> | <b>\$128,939,874</b> | <b>\$ 187,663,895</b> | <b>\$ 111,244,603</b> | <b>\$ 82,046,084</b> | <b>\$ 963,932,480</b> | <b>\$ 186,924,574</b> | <b>\$ 18,199,962</b> | <b>\$ 13,156,321</b> | <b>\$ 2,516,808</b>   | <b>\$ 6,649,297</b> |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 17. ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES  
ASSOCIATED WITH LARGE MAINS.

Factors are based on the allocation of rate base for large and directly assigned mains.

| Service<br>Classification | Original<br>Cost Less<br>Depreciation | Allocation<br>Factor |
|---------------------------|---------------------------------------|----------------------|
| (1)                       | (2)                                   | (3)                  |
| <u>Volumetric Costs</u>   |                                       |                      |
| Rate R                    | \$ 540,680,086                        | 0.4290               |
| Rate N                    | 352,913,491                           | 0.2799               |
| Rate DS                   | 84,016,030                            | 0.0666               |
| Rate LFD                  | 122,446,440                           | 0.0971               |
| Rate XD Firm              | 106,646,558                           | 0.0846               |
| Interruptible             | 54,011,944                            | 0.0428               |
| <b>Total</b>              | <b>\$ 1,260,714,549</b>               | <b>1.0000</b>        |

FACTOR 18. ALLOCATION OF RATE BASE ASSOCIATED WITH M&R STATION  
EQUIPMENT AND OTHER DISTRIBUTION ASSETS.

Factors are based on the composite allocation of all mains.

| Service<br>Classification | Original<br>Cost Less<br>Depreciation | Allocation<br>Factor |
|---------------------------|---------------------------------------|----------------------|
| (1)                       | (2)                                   | (3)                  |
| <u>Volumetric Costs</u>   |                                       |                      |
| Rate R                    | \$ 834,761,469                        | 0.4420               |
| Rate N                    | 544,866,718                           | 0.2885               |
| Rate DS                   | 129,713,201                           | 0.0687               |
| Rate LFD                  | 189,046,301                           | 0.1001               |
| Rate XD Firm              | 106,646,558                           | 0.0565               |
| Interruptible             | 83,388,697                            | 0.0442               |
| <b>Total</b>              | <b>\$ 1,888,422,944</b>               | <b>1.0000</b>        |

UGI UTILITIES, INC. - GAS DIVISION

FACTORS FOR ALLOCATING COST OF SERVICE TO SERVICE CLASSIFICATIONS

FACTOR 19. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS.

Factors are based on history of net write-offs by class.

| Service<br>Classification | 3-Yr. Average<br>of Net Write-offs | Allocation<br>Factor |
|---------------------------|------------------------------------|----------------------|
| (1)                       | (2)                                | (3)                  |
| <u>Customer Costs</u>     |                                    |                      |
| Rate R                    | \$ 10,714,163                      | 0.9251               |
| Rate N                    | 749,312                            | 0.0647               |
| Rate DS                   | 8,837                              | 0.0008               |
| Rate LFD                  | 19,905                             | 0.0017               |
| Rate XD Firm              | 64,418                             | 0.0056               |
| Interruptible             | 24,812                             | 0.0021               |
| Total                     | <u>\$ 11,581,448</u>               | <u>1.0000</u>        |

FACTOR 20. ALLOCATION OF PENALTY REVENUE.

Factors are based on an analysis of penalty revenue, by class.

| Service<br>Classification | Penalty Revenue     | Allocation<br>Factor |
|---------------------------|---------------------|----------------------|
| (1)                       | (2)                 | (3)                  |
| <u>Customer Costs</u>     |                     |                      |
| Rate R                    | \$ 2,313,287        | 0.4737               |
| Rate N                    | 1,885,751           | 0.3861               |
| Rate DS                   | 240,168             | 0.0492               |
| Rate LFD                  | 264,015             | 0.0541               |
| Rate XD Firm              | 91,116              | 0.0187               |
| Interruptible             | 89,186              | 0.0183               |
| Total                     | <u>\$ 4,883,522</u> | <u>1.0000</u>        |

FACTOR 21. ALLOCATION OF CUSTOMER DEPOSITS.

Factors are based on an analysis of customer deposits for 2021, by class.

| Service<br>Classification | 2021<br>Customer Deposits | Allocation<br>Factor |
|---------------------------|---------------------------|----------------------|
| (1)                       | (2)                       | (3)                  |
| <u>Customer Costs</u>     |                           |                      |
| Rate R                    | \$ 4,510,000              | 0.2384               |
| Rate N                    | 12,829,000                | 0.6781               |
| Rate DS                   | 895,000                   | 0.0473               |
| Rate LFD                  | 549,000                   | 0.0290               |
| Rate XD Firm              | 8,000                     | 0.0004               |
| Interruptible             | 129,000                   | 0.0068               |
| Total                     | <u>\$ 18,920,000</u>      | <u>1.0000</u>        |

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

|  | Cost of Service<br>(1) | Rate R<br>(2)   | Rate N<br>(3)   | Rate DS<br>(4)   | Rate LFD<br>(5)  | Rate XD Firm<br>(6) | Interruptible<br>(7) |
|--|------------------------|-----------------|-----------------|------------------|------------------|---------------------|----------------------|
| <b>Fully Allocated Customer Costs</b>    |                        |                 |                 |                  |                  |                     |                      |
| Customer Costs                           | 309,125,841            | \$ 246,155,604  | \$ 44,545,525   | \$ 8,285,232     | \$ 5,943,721     | \$ 1,189,954        | \$ 3,005,806         |
| Number of bills                          | 8,264,040              | 7,393,584       | 841,500         | 16,704           | 7,224            | 672                 | 4,356                |
| <b>Customer Cost per bill</b>            |                        | <b>\$ 33.29</b> | <b>\$ 52.94</b> | <b>\$ 496.00</b> | <b>\$ 822.77</b> | <b>\$ 1,770.76</b>  | <b>\$ 690.04</b>     |
| <b>Direct Customer Costs</b>             |                        |                 |                 |                  |                  |                     |                      |
| <u>O &amp; M Expenses:</u>               |                        |                 |                 |                  |                  |                     |                      |
| 874 Mains And Services Expenses          |                        |                 |                 |                  |                  |                     |                      |
| Mains                                    | -                      | -               | -               | -                | -                | -                   | -                    |
| Services                                 | 13,256,219             | 11,556,771      | 1,592,072       | 53,025           | 33,141           | 3,977               | 17,233               |
| 876 M & R Station Expenses - Industrial  | 12,194                 | -               | -               | 5,434            | 4,065            | 734                 | 1,961                |
| 878 Meter and House Regulator Expenses   | 3,245,151              | 1,381,785       | 1,437,926       | 189,517          | 141,813          | 25,637              | 68,473               |
| 879 Customer Installations Expenses      | 2,759,655              | 1,175,061       | 1,222,803       | 161,164          | 120,597          | 21,801              | 58,229               |
| 890 M & R Equip - Industrial             | 4,732,873              | -               | -               | 2,108,968        | 1,577,940        | 284,919             | 761,046              |
| 892 Services                             | 1,547,016              | 1,348,688       | 185,797         | 6,188            | 3,868            | 464                 | 2,011                |
| 893 Meters & House Regulators            | -                      | -               | -               | -                | -                | -                   | -                    |
| 901 Supervision                          | 832,202                | 744,572         | 84,718          | 1,664            | 749              | 83                  | 416                  |
| 902 Meter Reading Expenses               | 2,208,095              | 1,975,583       | 224,784         | 4,416            | 1,987            | 221                 | 1,104                |
| 903 Customer Records & Coll Expenses     | 19,474,018             | 17,423,404      | 1,982,455       | 38,948           | 17,527           | 1,947               | 9,737                |
| 903.1 Universal Service Program          | -                      | -               | -               | -                | -                | -                   | -                    |
| 904 Uncollectible Accounts               | 10,999,710             | 10,147,842      | 668,697         | 14,366           | 30,529           | 100,565             | 37,712               |
| 905 Miscellaneous Cust Accts Expenses    | 2,318,248              | 2,074,137       | 235,998         | 4,636            | 2,086            | 232                 | 1,159                |
| 907 Supervision                          | 174,406                | 156,041         | 17,755          | 349              | 157              | 17                  | 87                   |
| 908 Customer Assistance Expenses         | 714,061                | 714,061         | -               | -                | -                | -                   | -                    |
| 910 Miscellaneous Customer Service Exp.  | -                      | -               | -               | -                | -                | -                   | -                    |
| 911 Supervision                          | 431,364                | 387,279         | 44,085          | -                | -                | -                   | -                    |
| 912 Demonstrating and Selling Expenses   | (677,610)              | (608,358)       | (69,252)        | -                | -                | -                   | -                    |
| 912.1 Energy Efficiency and Conservation | 283,600                | -               | -               | 163,609          | 70,758           | 6,580               | 42,653               |
| 913 Advertising Expenses                 | 1,637,284              | 1,469,954       | 167,330         | -                | -                | -                   | -                    |
| 916 Miscellaneous                        | 258,000                | 231,632         | 26,368          | -                | -                | -                   | -                    |
| 926 Employee Pensions and Benefits       | 12,419,622 *           | 9,150,003       | 1,862,271       | 629,721          | 463,887          | 87,399              | 226,341              |
| 408 Payroll Taxes                        | 3,838,556 *            | 2,828,008       | 575,576         | 194,629          | 143,374          | 27,013              | 69,956               |
| Subtotal O & M Expenses                  | 80,464,664             | 62,156,463      | 10,259,383      | 3,576,634        | 2,612,478        | 561,589             | 1,298,118            |

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF CUSTOMER COSTS PER BILL BY SERVICE CLASSIFICATION

|                                    | Cost of Service<br>(1) | Rate R<br>(2)         | Rate N<br>(3)        | Rate DS<br>(4)      | Rate LFD<br>(5)     | Rate XD Firm<br>(6) | Interruptible<br>(7) |
|------------------------------------|------------------------|-----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| <b>Depreciation Expense</b>        |                        |                       |                      |                     |                     |                     |                      |
| 380 Services                       | 40,073,392             | 34,935,984            | 4,812,814            | 160,294             | 100,183             | 12,022              | 52,095               |
| 381 Meters                         | 5,529,932              | 2,354,645             | 2,450,313            | 322,948             | 241,658             | 43,686              | 116,682              |
| 382 Meter Installations            | 3,015,930              | 1,284,183             | 1,336,359            | 176,130             | 131,796             | 23,826              | 63,636               |
| 383 House Regulators               | 137,693                | 121,032               | 16,661               | -                   | -                   | -                   | -                    |
| 384 House Regulator Installations  | 486,457                | 427,596               | 58,861               | -                   | -                   | -                   | -                    |
| 385 Industrial M & R Equipment     | 825,091                | 351,324               | 365,598              | 48,185              | 36,057              | 6,518               | 17,409               |
| 390 Structures and Improvements    | 2,038,344 *            | 1,583,087             | 261,929              | 85,870              | 62,364              | 13,912              | 31,182               |
| 391 Office Furniture And Equipment | 11,736,884 *           | 9,665,008             | 1,383,904            | 307,649             | 220,860             | 48,799              | 110,664              |
| Subtotal Depreciation              | 63,843,723             | 50,722,859            | 10,686,439           | 1,101,076           | 792,918             | 148,763             | 391,668              |
| <b>Rate Base</b>                   |                        |                       |                      |                     |                     |                     |                      |
| 380 Services                       | 1,027,231,350          | 895,540,292           | 123,370,485          | 4,108,925           | 2,568,078           | 308,169             | 1,335,401            |
| 381 Meters                         | 105,716,315            | 45,014,007            | 46,842,899           | 6,173,833           | 4,619,803           | 835,159             | 2,230,614            |
| 382 Meter Installations            | 70,230,279             | 29,904,053            | 31,119,037           | 4,101,448           | 3,069,063           | 554,819             | 1,481,859            |
| 383 House Regulators               | 3,612,616              | 3,175,489             | 437,127              | -                   | -                   | -                   | -                    |
| 384 House Regulator Installations  | 9,602,363              | 8,440,477             | 1,161,886            | -                   | -                   | -                   | -                    |
| 385 Industrial M & R Equipment     | 21,540,899             | 9,172,115             | 9,544,772            | 1,257,989           | 941,337             | 170,173             | 454,513              |
| 390 Structures And Improvements    | 37,036,049 *           | 28,764,171            | 4,759,163            | 1,560,238           | 1,133,134           | 252,776             | 566,567              |
| 391 Office Furniture and Equipment | 99,898,107 *           | 82,394,478            | 11,749,410           | 2,573,986           | 1,846,871           | 407,890             | 925,472              |
| Deferred Taxes                     | (236,382,611) *        | (191,192,742)         | (37,082,090)         | (3,645,358)         | (2,639,742)         | (502,808)           | (1,319,871)          |
| Customer Deposits                  | (21,600,000)           | (5,148,837)           | (14,646,216)         | (1,021,776)         | (626,765)           | (9,133)             | (147,273)            |
| Subtotal Rate Base                 | 1,116,885,367          | 906,063,503           | 177,256,473          | 15,109,285          | 10,911,779          | 2,017,045           | 5,527,282            |
| Taxes and Return<br>@ 10.0%        | 111,230,136            | 90,234,477            | 17,652,896           | 1,504,727           | 1,086,699           | 200,877             | 550,460              |
| Total Direct Customer Costs        | <u>\$ 255,538,524</u>  | <u>\$ 203,113,798</u> | <u>\$ 38,598,718</u> | <u>\$ 6,182,437</u> | <u>\$ 4,492,095</u> | <u>\$ 911,229</u>   | <u>\$ 2,240,246</u>  |
| Number of bills                    | 8,264,040              | 7,393,584             | 841,500              | 16,704              | 7,224               | 672                 | 4,356                |
| <b>Direct Costs per bill</b>       |                        | <b>\$ 27.47</b>       | <b>\$ 45.87</b>      | <b>\$ 370.12</b>    | <b>\$ 621.83</b>    | <b>\$ 1,356.00</b>  | <b>\$ 514.29</b>     |

\* Customer cost portion of account.

UGI UTILITIES, INC. - GAS DIVISION

CALCULATION OF COSTS RELATED TO LFD AND XD DEMAND CHARGES

| <u>Capital Costs</u>          | <u>Rate LFD</u>      | <u>Rate XD Firm</u>  |
|-------------------------------|----------------------|----------------------|
| Depreciation                  | \$ 5,673,859         | \$ 3,583,925         |
| Taxes Other Than Income       | 582,788              | 548,345              |
| Income Taxes                  | 3,750,142            | 2,223,480            |
| Income Available for Return   | <u>14,933,475</u>    | <u>8,854,138</u>     |
| Total                         | <u>\$ 24,940,264</u> | <u>\$ 15,209,888</u> |
| Cost Per Month                | \$ 2,078,355         | \$ 1,267,491         |
| Demand Volume Units per Month | 115,419              | 821,122              |
| Demand Costs per MCF          | \$ 18.01             | \$ 1.54              |