BOOK III

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 STATEMENT NO. 1 – HANS G. BELL
UGI GAS STATEMENT NO. 2 – TRACY A. HAZENSTAB
UGI GAS STATEMENT NO. 3 – JILL E. WALTER
UGI GAS STATEMENT NO. 4 – VIVIAN K. RESSLER
UGI GAS STATEMENT NO. 5 – AMY M. KELLER
UGI GAS STATEMENT NO. 6 – JOHN F. WIEDMAYER

UGI UTILITIES, INC. – GAS DIVISION
PA P.U.C. NOS. 7 & 7S
SUPPLEMENT NO. 63

DOCKET NO. R-2025-3059523

Issued: January 28, 2026 **Effective: March 29, 2026**

UGI GAS STATEMENT NO. 1

HANS G. BELL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-2025-3059523

UGI Utilities, Inc. – Gas Division

Statement No. 1

Direct Testimony of
Hans G. Bell

Topics Addressed: **Purpose of Testimony and Rate Filing Overview**
Need for Rate Relief

Dated: January 28, 2026

■ INTRODUCTION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Hans G. Bell. My business address is 1 UGI Drive, Denver, PA 17517.

Q. By whom and in what capacity are you employed?

A. I am employed by UGI Utilities, Inc. ("UGI") as its President. UGI is a wholly-owned subsidiary of UGI Corporation ("UGI Corp."). UGI has two operating divisions, the Gas Division ("UGI Gas" or the "Company") and the Electric Division ("UGI Electric"), each of which is a public utility regulated by the Pennsylvania Public Utility Commission ("Commission" or "PUC").

Q. Please briefly describe your responsibilities in that capacity.

A. As President, I am accountable for delivering the overall business performance to ensure adequate, efficient, safe, reliable, and reasonable natural gas and electric utility service to UGI's customers.

Q. What is your educational and professional background?

A. Please see my resume, UGI Gas Exhibit HGB-1, which is attached to my testimony.

Q. Have you testified previously before this Commission?

A. Yes. UGI Gas Exhibit HGB-1 contains a list of those proceedings.

■ PURPOSE OF TESTIMONY AND RATE FILING OVERVIEW

Q. Please describe the purpose of your testimony in this proceeding.

A. My testimony will present an overview of the rate filing, including a brief explanation of the reasons for rate relief and an outline of the testimony of each witness in this proceeding. I will also address UGI's efforts to manage the affordability of service to customers with the need to continue to undertake critical safety improvements on its distribution system.

Q. Are you sponsoring any exhibits in this proceeding?

A. I am sponsoring UGI Gas Exhibit HGB-1. Also, I am sponsoring certain responses to the Commission's standard filing requirements, as indicated on the master list accompanying this filing.

Q. Please identify the other witnesses providing direct testimony on behalf of UGI Gas in this proceeding and the subject matter of their testimony.

A. In addition to my testimony, the following witnesses are providing testimony in support of the Company's rate request:

Tracy A. Hazenstab (UGI Gas Statement No. 2) holds the position of Sr. Manager – Utility Rates for UGI Utilities, Inc. She addresses operating revenues and expenses and the revenue requirement model supporting the Company's proposed rate increase, UGI Gas Exhibit A (Fully Projected). Ms. Hazenstab also sponsors the revenue requirement models for the future and historic periods, UGI Gas Exhibit A (Future) and UGI Gas Exhibit A (Historic), respectively.

Jill W. Walter (UGI Gas Statement No. 3) holds the position of Director Operations – South Region at UGI Gas. Ms. Walter's testimony addresses UGI Gas's operations and natural gas distribution system. In addition, Ms. Walter discusses UGI Gas's Long-Term Infrastructure Improvement Plan ("LTIIP"), and the impact of the LTIIP and other initiatives on system performance, safety, and reliability, including an update on the Company's methane detection pilot that was agreed to in settlement of the 2025 Gas Base Rate Case at Docket No. R-2024-3052716. Also, Ms. Walter addresses UGI Gas's efforts and future plans to investigate and, where necessary, remediate sites in Pennsylvania where UGI Gas or corporate predecessors once owned and/or operated manufactured gas plants in connection with gas utility operations.

Vivian K. Ressler (UGI Gas Statement No. 4) holds the position of Director – Utility Financial Planning & Analysis ("FP&A") at UGI. Ms. Ressler addresses the budgeting process and certain operating expense adjustments, as well as the Company's accounting for information technology costs.

Amy M. Keller (UGI Gas Statement No. 5) holds the position of Sr. Manager – Regulatory and Plant Accounting at UGI. Ms. Keller explains UGI Gas's accounting processes used to develop the Company's actual book accounting results, which are the basis for the Historic Test Year ("HTY") ended September 30, 2025. Ms. Keller also presents UGI Gas's rate base claim for the HTY, Future Test Year ("FTY"), and Fully Projected Future Test Year ("FPFTY"). Ms. Keller further addresses certain operating expense adjustments.

John F. Wiedmayer (UGI Gas Statement No. 6) holds the position of Senior Project Manager at Gannett Fleming Valuation & Rate Consultants, LLC. Mr. Wiedmayer developed and supports UGI Gas's claim for annual depreciation expense, and the accumulated depreciation reserve. His studies are presented in UGI Gas Exhibit C (Fully Projected), UGI Gas Exhibit C (Future) and UGI Gas Exhibit C (Historic).

Vicky A. Schappell (UGI Gas Statement No. 7) holds the position of Sr. Manager, Capital Planning for UGI Gas. Ms. Schappell addresses capital expenditures and capital planning, including the planned plant in service expenditures for the FTY and FPFTY.

Dylan W. D'Ascendis (UGI Gas Statement No. 8) holds the role of Partner at ScottMadden Management Consultants. Mr. D'Ascendis presents expert testimony supporting the Company's claimed capital structure, cost of debt, cost of common equity, and overall fair rate of return. Schedules and workpapers supporting Mr. D'Ascendis's findings are set forth in UGI Gas Exhibit B (Rate of Return).

Darin T. Espigh (UGI Gas Statement No. 9) holds the position of Sr. Manager – Natural Gas Tax Accounting. Mr. Espigh addresses various tax issues, including the Company's claim for federal and state income taxes, taxes other than income taxes, the calculation of the accumulated deferred income taxes ("ADIT") offset to rate base, and the repairs allowance.

Sherry A. Epler (UGI Gas Statement No. 10) holds the position of Senior Manager Tariff and Supplier Administration for UGI. Ms. Epler's testimony addresses the development

of the Company's HTY, FTY and FPFTY test year sales and revenues. In addition, Ms. Epler addresses several proposed tariff updates. Ms. Epler sponsors UGI Gas Exhibit E (Proof of Revenue) and UGI Gas Exhibit F (Current and Proposed Tariffs).

John D. Taylor (UGI Gas Statement No. 11) is a Managing Partner of Atrium Economics LLC. Mr. Taylor prepared and sponsors UGI Gas's fully allocated cost of service study. This study is contained in UGI Gas Exhibit D. The Allocated Cost of Service Study ("ACOSS") allocates the Company's cost of service associated with Commission jurisdictional operations to the Company's customer classes. Mr. Taylor also addresses the Company's proposed revenue allocation and rate design, along with proposed changes to the Company's definition of normal weather and renewal of the Company's Weather Normalization Adjustment ("WNA") pilot.

Brian J. Meilinger (UGI Gas Statement No. 12) is the Director – Customer Programs and Public Relations at UGI. Mr. Meilinger's testimony addresses the Company's efforts to provide affordable service. Mr. Meilinger also discusses the Company's updates to its WNA customer communications.

[redacted] NEED FOR RATE RELIEF

Q. Please discuss UGI Gas's proposed rate relief request and provide an overview of the Company's proposals in this proceeding.

A. UGI Gas is requesting an increase in its annual base rate operating revenues of $99.368 million, or 8.05 percent on a total revenue basis, with a proposed effective date of March 29, 2026. The base rate increase requested in this filing utilizes a FPFTY ending September

30, 2027. UGI Gas continues to make substantial distribution system investments that are necessary to: (1) continue the accelerated replacement of aging gas plant infrastructure; (2) upgrade and improve system segments and modernize facilities; (3) serve new residential and commercial customers, including natural gas conversions; (4) install and upgrade supporting information technology systems; and, most importantly, (5) ensure the safety of the Company's employees, customers, the communities it serves, and its distribution system. Moving forward, these system improvements and investments will require the Company to continue its efforts to attract, recruit, train, and retain those professional, technical, and field-qualified personnel and resources necessary to implement, operate, and maintain those investments, and to attract capital at a reasonable cost. These investments are all necessary to grow and continue to maintain a safe and reliable distribution system and provide quality customer service. As compared to pre-FPFTY gross plant levels, UGI Gas is projecting an increase of approximately $468 million in gross plant through the FPFTY compared to the end of the FTY, and a total of $879 million in gross plant when compared to the end of the HTY. Based on this factor alone, UGI Gas's current rates will not provide it with a reasonable opportunity to earn a fair rate of return on its increased rate base investments.

Specifically, as reflected in UGI Gas Exhibit A (Fully Projected), Schedule A-1, UGI Gas's operations are projected to produce an overall return on rate base of 6.55%, which equates to a return on common equity of only 7.70% for the twelve-month period ending September 30, 2027. As explained by UGI Gas witness Dylan W. D'Ascendis (UGI Gas Statement No. 8), those returns are inadequate based on applicable financial analysis and the risks confronted by UGI Gas. Unless UGI Gas receives the requested rate relief, those projected returns will continue to decline. This could potentially jeopardize UGI

Gas's ability to attract the capital needed to make investments that support operating a safe and reliable distribution system and enhance the reach and capacity of facilities that are required for system growth. Moreover, with its requested rate relief, UGI Gas will have the opportunity to earn a sufficient return on investments, serving as a needed source of capital to continue replacing older, more risk prone facilities, systems, and equipment, each of which is necessary to ensure continued system reliability, safety, and customer service performance.

Q. How have UGI Gas's expenses changed since its last base rate case?

A. UGI Gas has been very successful in managing its expenses, and projects only an approximate 1% increase in its overall Operations and Maintenance budget by the end of the FPFTY. The expense increases include wage and salary adjustments where necessary to maintain a productive and effective workforce, as well as increases in costs that are not within the Company's direct control, such as PUC assessments and other price increases for necessary products and services. UGI Gas continues to focus on efficient operations and has seen stable customer growth over time.

Q. Has the Company evaluated the impact of its proposed rate increase on average customer bills generally?

A. Yes. As shown in Table 1, below, the Company has evaluated the impact of its proposed rate increase on the average monthly bill of residential heating, commercial heating, and industrial customers.

Table 1 – Average Customer Bill Impact

Average Residential Heating Customer Bill Impact

Average Usage	Current	Proposed	Increase/ (Decrease)	% Change
68.7 ccf	$113.64	$123.55	$ 9.91	8.7%

Average Commercial Heating Customer Bill Impact

Average Usage	Current	Proposed	Increase/ (Decrease)	% Change
26.8 Mcf	$336.74	$358.17	$ 21.43	6.4%

Average Industrial Customer Bill Impact

Average Usage	Current	Proposed	Increase/ (Decrease)	% Change
54.6 Mcf	$647.57	$688.65	$ 41.07	6.3%

The average customer monthly bill impacts set forth in Table 1, above, are fair and reasonable because UGI Gas will utilize the increase in distribution rates to support its ongoing provision of safe and reliable distribution service for its customers. The proposed customer charges also reasonably reflect cost-of-service principles, while considering the rate design principle of gradualism.

Q. Is the Company making any other key proposals in this general rate increase filing?

A. Yes. As required by the Joint Petition for Settlement in Docket No. R-2021-3030218, UGI Gas must address its WNA Pilot program in a case filed before January 31, 2026. As such, UGI Gas is proposing in this proceeding to extend and modify its WNA pilot for an additional five years, ending October 31, 2032. Additionally, the Company is proposing to establish Normal Heating Degree Days ("NHDD") based on a 10-year weather history for use in both its distribution rates and the calculation of the WNA. These proposals, as

well as the rate design and revenue allocation, are discussed in more detail in the testimony of John D. Taylor (UGI Gas Statement No. 11).

Q. Please describe UGI Gas's most significant accomplishments in recent years demonstrating its commitment to customer safety, service reliability, and cost-effective infrastructure investment.

A. UGI Gas will accomplish a major safety milestone in 2026, when it completes the retirement of all known cast iron on its distribution system. The Company also remains on track to replace all of its bare steel mains by 2041. Additionally, as discussed above, UGI Gas has maintained strong Operations and Maintenance ("O&M") cost control between the FTY and FPFTY, with only a 1% budgeted increase (excluding Gas Supply and Depreciation & Amortization expenses). This discipline is best reflected in four key drivers: (1) controlled salary costs, particularly in back-office functions; (2) minimal growth in health benefits expenses; (3) an improved uncollectible rate; and (4) strategic procurement efforts that optimized vendor pricing. Finally, the Company took significant voluntary steps to protect low-income customers from the recent Federal Government shutdown and its resulting impact on LIHEAP funding. The full range of the situation, its potential impacts, and the Company's response are described in the direct testimony of Brian J. Meilinger, UGI Gas Statement No. 12. However, UGI Gas's most critical actions included making an additional $500,000 contribution to Operation Share in fiscal year 2026 and suspending terminations for LIHEAP qualifying customers.

Q. What actions has UGI taken to assist customers having difficulty paying their bills in recent years?

A. Since 2020, UGI has donated more than $7.5 million dollars to Operation Share to support customers facing economic hardship that are struggling to pay their bills. For Fiscal Year 2026, alone, UGI has donated more than $1.5 million, including the $500,000 donated in response to the delay in the funding of LIHEAP.

Q. Is UGI committing to any other actions to support the affordability of service for its customers at this time?

A. Yes. As part of this case, UGI is committing to contribute $1,000,000 annually each year for fiscal years 2027 to 2029 to its Operation Share program. These annual donations will assist thousands of qualifying customers, who may receive up to $600 in assistance in paying their energy bills. This funding for Operation Share is a donation from UGI that is not recoverable from or included in rates paid by customers, similar in nature to the many other charitable donations and community giving made by UGI each year to support the communities it operates in. Examples of the charitable donations and community giving undertaken by UGI include annual donations of $52,000 to the American Red Cross and $182,330 to 25 local organizations through United Way.

Q. Does this conclude your direct testimony?

A. Yes, it does.

UGI GAS

EXHIBIT HGB-1

Hans G. Bell

Summary

Proven Energy Utility Executive with 29 years of gas & electric utility leadership experience including P/L accountability, transmission and distribution operations, engineering, asset integrity management, rate case / regulatory strategy, capital program management, customer service, and business development.

Experience

UGI Utilities, Inc., Denver, Pennsylvania

Utility President accountable for all aspects of business performance to ensure safe, reliable, and cost-effective natural gas & electric service for a utility serving more than 700,000 customers. Over a 12-year tenure at UGI Utilities, led the establishment of long-term infrastructure investment programs, led a 4-fold ramp up in capital investment to achieve infrastructure replacement objectives, developed internal & external capabilities and resources to execute the program, and guided the strategies needed to achieve return on investment. Consistently led team to deliver on key metrics including safety, reliability, customer service, and financial objectives.

President, UGI Utilities, Inc. *2020-present*

- Accountable for accountable for delivering overall business performance to ensure safe, reliable, and cost-effective natural gas and electric utility service
- Provides executive leadership for organization comprised of ~1,700 personnel including executives, technical professionals, and line workers engaged in gas & electric operations, engineering, financial management, rates, gas supply, environmental health & safety, capital program management, construction, and IT system implementation
- Delivers presentations to Board of Directors to secure approval of long-term strategy, annual plan, and major investments
- Maintains relationships among regulators, elected officials, customers, and trade allies
- Presents Utility segment business updates at investor conferences and meetings with shareowners

Chief Operating Officer *2017-2020*

- Consistently delivered upon increasing annual infrastructure replacement plans – on-time and on budget pipeline replacement program for 6 consecutive years
- Developed & implemented sustainability strategies into the business, including establishing methane emission reductions and integration of renewables and energy efficient technologies
- Implemented a safety culture enhancement program and initiated a Pipeline Safety Management System implementation plan
- Led delivery of a $70M pipeline of 10 miles x 24” pipeline, to serve major power plant, now UGI’s single largest customer
- Primary author of the UGI Long-Term Infrastructure Improvement Plan – a 5-year investment plan and strategy encompassing more than $1.25 Billion of safety & reliability improvements
- Achieved safety & reliability improvements including 27% reduction in hazardous leaks, 75% reduction in leaks scheduled for repair, 36% reduction in cast iron main break frequency, and consistent performance in excavation damage prevention

Vice President, Engineering and Operations Support *2013- 2017*

- Accountable for accelerated infrastructure replacement programs, capital budgeting contractor management, corrosion control, damage prevention, employee safety, engineering design, transmission & distribution integrity, regulatory compliance, training, and all related technical support functions.
- Accountable for planning and execution of annual cast iron / bare steel replacement program covering > 64 miles per year
- Primary author & regulatory witness for Long Term Infrastructure Improvement Plans, and annual asset optimization plans
- Primary witness providing written and verbal testimony to secure and increase the UGI Distribution System Improvement Charge which accelerated intra-rate case recovery of major safety & reliability investments
- Responsible for management and development of professional and technical support staff of over 110 employees
- Managed regulatory compliance activities with the PA Public Utilities Commission – Pipeline Safety Division

Nicor Gas, Naperville, Illinois

Over 17 years at Nicor Gas, a 2.1M customer gas utility, advanced through positions of increasing responsibility beginning at entry level through Managing Director of Engineering. During the AGL / Nicor merger served as functional lead for engineering & technical support on the merger integration team.

Managing Director, Engineering *2012-2013*

- Accountable for Engineering Design, Land Management, and System Planning supporting gas transmission, storage, and distribution operations spanning 11 states serving over 4.5 million customers
- Managed capital budgets of >$200M including budget development, variance reporting, and project prioritization
- Accountable for oversight of right of way acquisitions in advance of major pipeline projects
- Developed long term investment plans for infrastructure replacement, optimization, and growth

Assistant Vice President Engineering & Chief Engineer *2011- 2012*

- Accountable for all gas utility engineering support departments with over 50 professional and technical staff including Engineering Design, Transmission Integrity, Distribution Integrity, System Planning, Geographic Information Systems, Measurement, and Technical Services (Lab)
- Accountable for Transmission & Distribution Integrity Management compliance, audits, plans, program management, and project portfolio optimization.
- Accountable for Engineering Design and project management for distribution, storage, and transmission projects from initial scope, detailed design, cost estimates, sourcing, and contract negotiation
- Managed multiple interdisciplinary project teams executing complex multi-million-dollar storage and transmission projects
- Managed regulatory relationships with State (ICC) and Federal Pipeline Safety Agencies (PHMSA). Provided technical support to incident investigations
- Developed strategic approaches to addressing pipeline safety legislation including MAOP affirmation
- Developed engineering integration plans for AGL Resources– Nicor Gas merger including, organizational design, critical process mapping, accountabilities, budgeting, and staffing

General Manager System Integrity & Chief Engineer *2007 - 2011*

- Responsible for management of multiple departments including Engineering, Transmission Integrity, Distribution Integrity, System Planning, and Geographic Information Systems
- Responsible for development and management of infrastructure capital budgets of approximately $65 million
- Managed contracts with engineering consulting firms for pipeline design, construction, survey, and professional services
- Implemented a Distribution Geographic Information System including database design, data conversion of over 34,000 miles of distribution pipe, and deployment of a mobile GIS application to all front-line workers

Manager Engineering Design *2004- 2007*

- Responsible for managing departmental capital budget in excess of $20 million annually
- Provided project management oversight to pipeline projects from concept, feasibility, budgeting, approval, planning, design and implementation
- Maintained engineering consultant relationships and negotiated service contracts
- Implemented process improvements including development of Geographic Information System (GIS) based map distribution application
- Managed pipeline construction projects, negotiated construction contracts, resolved permitting issues, and delivered project approval presentations

Project Manager – Transmission Pipeline Integrity *2003 –2004*

- Responsible for development and implementation of pipeline integrity management program to maintain regulatory compliance with the Pipeline Safety Act of 2002
- Developed risk management program for prioritization of pipeline integrity assessments in high consequence areas
- Determined pipeline assessment project schedules including long term operating expense and capital budgets

Region Manager – Distribution *2001 – 2003*

- Manager responsible for construction and maintenance activities of gas distribution utility
- Managed projects involving main installations, service installations, and leak repairs
- Measured and tracked performance of 50 personnel against productivity and safety benchmarks
- Coordinated response to emergencies including gas leaks and pipeline breaks

Supervisor of Distribution Planning *2000 - 2001*

- Supervised staff of six engineers in distribution planning department
- Coordinated hydraulic modeling studies of 34,000-mile natural gas distribution system serving over 2 million customers
- Recommended capital improvement projects required to maintain uninterrupted reliable peak day service throughout entire natural gas distribution network
- Coordinated long range planning studies and forecasts used to develop capital budgets

Project Engineer *1996 –2000*

- Managed pipeline construction and maintenance projects, supervised inspectors and company maintenance crews
- Designed plans for installation and revision of gas distribution facilities
- Reviewed highway improvement plans and worked with state transportation engineers to resolve utility conflicts

Professional Activities & Affiliations

- Licensed Professional Engineer, State of Illinois, License # 62054443
- Director, Pennsylvania Chamber of Business & Industry 2023-present
- Director, Northeast Gas Association 2018- present (Chair 2025)
- Member, Society of Gas Operators – 2015 to present
- Member, Society of Gas Lighters – 2018 to present
- American Gas Association Bronze Award of Merit 2012
- Member, American Gas Association Leadership Council
- Chair, American Gas Association Distribution & Transmission Engineering Committee 2012 - 2013
- Co-chair of Southern Gas Association Distribution Engineering Committee 2007-2010

Education

Keller Graduate School of Management, Chicago, Illinois

***Master of Business Administration**, Graduated with Distinction, 2000*
Concentration in Finance

University of Illinois, Champaign, Illinois

***Bachelor of Science in Civil Engineering**, 1996*
Concentration in Construction Management

Wharton School, University of Pennsylvania, Philadelphia, Pennsylvania

Executive Development Program, 2017

Previous testimony before the Pennsylvania Public Utility Commission at Dockets:

P-2013-2398833 UGI Utilities, Inc. – Gas Division, Long Term Infrastructure Improvement Plan

P-2013-2398835 UGI Central Penn Gas Inc., Long Term Infrastructure Improvement Plan

P-2013-2397056 UGI Penn Natural Gas, Inc. Long Term Infrastructure Improvement Plan

R-2015-2518438 UGI Utilities, Inc. – Gas Division, Base Rate Case

P-2016-2537609 UGI Central Penn Gas, Inc., Distribution System Improvement Charge Cap Waiver

P-2016-2537594 UGI Penn Natural Gas, Inc., Distribution System Improvement Charge Cap Waiver

R-2018-3006814 UGI Utilities, Inc. – Gas Division, Base Rate Case

R-2024-3052716 UGI Utilities, Inc. – Gas Division, Base Rate Case

UGI GAS STATEMENT NO. 2

TRACY A. HAZENSTAB

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-2025-3059523

UGI Gas Utilities, Inc. – Gas Division

Statement No. 2

Direct Testimony of
Tracy A. Hazenstab

Topics Addressed: **Revenue Requirement**
Operating Revenues and Expenses

Dated: January 28, 2026

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Tracy A. Hazenstab. My business address is 1 UGI Drive, Denver, Pennsylvania 17517.

Q. By whom are you employed and in what capacity?

A. I am employed by UGI Utilities, Inc. ("UGI") as Sr. Manager – Utility Rates. UGI is a wholly-owned subsidiary of UGI Corporation ("UGI Corp."). UGI has two operating divisions, the Electric Division ("UGI Electric") and the Gas Division ("UGI Gas" or the "Company"), each of which is a public utility regulated by the Pennsylvania Public Utility Commission ("Commission" or "PUC").

Q. What are your responsibilities as Sr. Manager - Utility Rates?

A. I am primarily responsible for various tariff filings and related computations for UGI Gas and UGI Electric rate and regulatory filings before federal and state regulatory commissions. As part of these responsibilities, I am responsible for preparing and supporting the Company's revenue requirement models for this base rate filing, which is included as UGI Gas Exhibit A. I report directly to the Vice President – Rates and Regulatory Affairs of UGI.

Q. What is your educational background?

A. Please see my resume, UGI Gas Exhibit TAH-1, which is attached to my testimony.

Q. Please describe your professional experience.

A. Please see my resume, UGI Gas Exhibit TAH-1, which is attached to my testimony.

Q. Have you testified previously before this Commission?

A. Yes. Attached to my direct testimony is UGI Gas Exhibit TAH-1, which contains a list of proceedings in which I previously testified. Additional exhibits that I am sponsoring are described below.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. I am providing testimony on behalf of UGI Gas in support of the Company's proposed revenue requirement. First, I provide an overview of the Company's revenue requirement exhibits for the historic year ended September 30, 2025 ("HTY"), future year ending September 30, 2026 ("FTY") and the fully projected future test year ending September 30, 2027 ("FPFTY") (Section III). Second, I present UGI Gas's ratemaking presentation for the FPFTY, including its revenues and operating expenses claims, and certain pro forma adjustments (Section IV). The Company's rate proposal in this case is predicated on its FPFTY exhibit, which demonstrates the need for a revenue increase of $99.368 million.

Q. What exhibits are you sponsoring in this proceeding?

A. In addition to UGI Gas Exhibit TAH-1 mentioned above, I am sponsoring UGI Gas Exhibit A (Fully Projected), UGI Gas Exhibit A (Future), and UGI Gas Exhibit A (Historic). I am

also sponsoring certain responses to the Commission's standard filing requirements, as indicated on the master list accompanying this filing.

III. OVERVIEW OF PRINCIPAL ACCOUNTING EXHIBITS

Q. Please describe the principal accounting exhibits used to support UGI Gas's claims in this proceeding.

A. UGI Gas Exhibit A (Fully Projected) provides the calculation of the revenue requirement for the FPFTY, including principal accounting exhibits, rate base claims, revenue at present rates, operating expense claims, taxes and certain *pro forma* adjustments. The FPFTY information is derived from UGI Gas's operating and capital budgets for the 12-month period ending September 30, 2027. UGI Gas Exhibit A (Future) is the principal accounting exhibit for the FTY, including certain *pro forma* adjustments. The FTY information is derived from UGI Gas's operating and capital budgets for the 12-month period ending September 30, 2026. UGI Gas Exhibit A (Historic) is the principal accounting exhibit for the HTY, with appropriate ratemaking adjustments. The HTY information is derived from the book accounting data for the 12-month period ended September 30, 2025. The future and historic schedules are provided as a benchmark for comparison with the FPFTY claim, which, as explained above, is the basis for UGI Gas's proposed revenue increase of $99.368 million.

Q. Please provide an overview of UGI Gas's principal accounting exhibits.

A. As noted above, UGI Gas's claims in this case are based on UGI Gas Exhibit A (Fully Projected). This presentation is comprised of four sections:

Section A summarizes UGI Gas's requested *pro forma* rate base, revenues, and expenses at present rates and the calculation of its requested revenue increase.

Section B includes basic accounting data extracted from UGI Gas's financial, accounting, operating and capital budgets, and other records. This data includes a balance sheet, a statement of net operating income and test year revenues, a schedule of expense items by cost element, and a tax expense calculation. Also included are schedules showing UGI Gas's embedded cost of debt, year-end capital structure and overall claimed rate of return.

Section C provides the elements of UGI Gas's rate base claim and how each element of that claim is derived. UGI Gas's rate base includes utility plant in service, gas storage inventory, cash working capital, materials and supplies inventory, and offsets for accumulated depreciation, accumulated deferred income taxes, and customer deposits.

Section D presents UGI Gas's revenues and expenses on a *pro forma* ratemaking basis. Necessary adjustments to budgeted levels of expense items and revenues are summarized in Schedules D-1 through D-2 and detailed in the remaining schedules. The resulting FPFTY expense and revenue levels are shown on Schedule D-3 and were used to establish UGI Gas's *pro forma* income at present and proposed rates as set forth in Schedule A-1.

Q. What information is included in UGI Gas Exhibits A (Future) and A (Historic)?

A. UGI Gas Exhibits A (Future) and A (Historic) follow the format of UGI Gas Exhibit A (Fully Projected), but reflect data for the fiscal year ended September 30, 2026, and the fiscal year ending September 30, 2025, respectively. This information is provided to comply with the Commission's filing requirements and provides a basis for comparing and supporting the FPFTY claims with actual and projected results from the FTY and HTY.

Q. What are the data sources for the UGI Gas Exhibit A (Future) and UGI Gas Exhibit A (Historic)?

A. This data is derived from UGI Gas's books and records as well as its capital and operating budgets. UGI Gas Exhibit A (Future) is based on adjusted budgeted data for the FTY. UGI Gas Exhibit A (Historic) is based on adjusted experienced data for the HTY.

IV. REVENUE REQUIREMENT FOR THE FULLY PROJECTED FUTURE TEST YEAR

Q. How is your discussion of UGI Gas's FPFTY revenue requirement presentation organized?

A. In Section IV.A., I present a summary of UGI Gas's FPFTY revenue requirement. In Section IV.B., I discuss UGI Gas's proposed rate base. In Section IV.C., I explain the determination of UGI Gas's revenues and operating expenses, depreciation, taxes other than income taxes, income taxes, and the gross revenue conversion factor.

A. FPFTY REVENUE REQUIREMENT SUMMARY

Q. How were the *pro forma* revenue increase and total revenues at proposed rates established?

A. This calculation is shown at a summary level on Schedule A-1, column 3, of UGI Gas Exhibit A (Fully Projected). Lines 1-9 summarize the *pro forma* measure of value (rate base). Lines 10-19 show the following items at present rates: *pro forma* revenues, *pro forma* expenses, taxes, taxes on the revenue increase, *pro forma* net operating income, and the calculated rate of return. Lines 20-23 show the increase in net operating income required to permit UGI Gas to earn the claimed overall rate of return of 8.20%. Application of the Gross Revenue Conversion Factor establishes the revenue increase shown on line 25 needed to generate the change in operating income. Column 4 of Schedule A-1 shows the level of the revenue increase and the increase in expenses associated with the revenue increase. Column 5 of Schedule A-1 shows the revenue, expenses, and rate base at proposed rates, as well as the resulting rate of return of 8.20%.

Q. What is the overall requested increase in revenue?

A. The overall requested increase in revenue is $99.368 million. This represents the difference between the *pro forma* FPFTY revenue requirement of $1.334 billion and the annual level of operating revenues of $1.235 billion under existing rates. These figures are shown on line 13 of Schedule A-1 of UGI Gas Exhibit A (Fully Projected). Please also see the direct testimony of Hans G. Bell (UGI Gas Statement No. 1) for a discussion on certain considerations made by UGI Gas in establishing this revenue increase amount.

B. FPFTY RATE BASE

Q. With reference to UGI Gas Exhibit A (Fully Projected), please discuss how the Company's specific rate base items are determined.

A. UGI Gas's rate base presentation is shown in UGI Gas Exhibit A (Fully Projected), Schedule C-1. Schedule C-1 summarizes the UGI Gas rate base values for the FPFTY. Column 1 indicates the schedule upon which the calculation of each of the rate base elements is found. Columns 3 and 5 show the amounts at present and proposed rates, respectively. UGI Gas's total FPFTY rate base claim is $4.319 billion. Please see the direct testimony of Amy M. Keller (UGI Gas Statement No. 5) for a discussion of the rate base components.

C. FPFTY REVENUES AND EXPENSES

Q. How were revenues at present rates determined?

A. Revenues at present rates were determined by adjusting the budgeted revenues to reflect the anticipated change in the number of customers, the projected change in existing customer usage, the roll-in of revenues from the Distribution System Improvement Charge ("DSIC"), and other *pro forma* annualizing and normalizing ratemaking adjustments. The net effect of these adjustments is shown in UGI Gas Exhibit A (Fully Projected), Schedule D-5, and is discussed in the direct testimony of Sherry A. Epler (UGI Gas Statement No. 10).

Q. Please provide an overview of UGI Gas's principal accounting exhibits relative to operating expense claims.

A. UGI Gas's principal accounting exhibit is UGI Gas Exhibit A (Fully Projected), which includes a presentation for the FPFTY ending September 30, 2027. Section D of UGI Gas Exhibit A (Fully Projected) presents UGI Gas's claims and necessary adjustments to budgeted levels of expense items and revenues. The *pro forma* adjustments related to expense are summarized in Schedules D-3 and D-6 through D-34. These expense adjustments are used, in part, to derive UGI Gas's *pro forma* income at present and proposed rates as set forth in Schedule D-1.

UGI Gas Exhibit A (Future) and UGI Gas Exhibit A (Historic) follow the format of UGI Gas Exhibit A (Fully Projected) but reflect data for the appropriate test years ending September 30, 2026, and 2025, respectively. This information is provided in accordance with the Commission's filing requirements and provides a basis for comparing and supporting UGI Gas's FPFTY claims with prior results.

1. Summary

Q. Please describe Schedule D-1 of UGI Gas Exhibit A (Fully Projected).

A. Schedule D-1 presents a summary income statement that includes UGI Gas's claimed gas revenues, expenses, and taxes at present and proposed rate levels. The direct testimony of Sherry A. Epler (UGI Gas Statement No. 10) addresses the presentation of *pro forma* revenues, adjustments thereto, and the supporting schedules. Schedule D-1 also shows the proposed revenue increase of $99.368 million on line 4 in column 2.

Q. What is the level of net income at proposed rates?

A. As shown on column 3, line 21, net income at proposed rates is $354.186 million. This represents a $71.369 million increase from the level under current rates ($282.817 million), as shown on line 21 in column 1 of Schedule D-1.

Q. Please describe Schedule D-2.

A. Schedule D-2 shows the development of the various line items found on Schedule D-1. Column 2 contains the Company's budgeted level of revenues and expenses for the 12-month period ending September 30, 2027. Column 3 shows adjustments to the column 2 figures, where applicable, to reflect various annualization and/or normalization adjustments. Column 4 is the sum of columns 2-3. The amount of the revenue increase and related expenses are shown in column 5 with the resulting revenues and expenses at proposed rates shown in column 6.

Q. Are there schedules showing the derivation of the adjustments shown in Schedule D-2, column 3?

A. Yes. The derivation of the various column 3 revenue adjustments is included in UGI Gas Exhibit A (Fully Projected) in summary fashion on Schedule D-3, page 1, lines 1-13, and then listed by individual adjustment on Schedule D-5. Customer charge and distribution rate revenue adjustments for each customer class are shown on lines 1-5 of Schedule D-3. Gas cost revenue adjustments for each customer class are shown on lines 6-10 and details of other revenue adjustments are shown on lines 11-13 of Schedule D-3. Details for each revenue adjustment are shown in Schedules D-5 (including supporting Schedule D-5A)

and are discussed in the direct testimony of witness Sherry A. Epler (UGI Gas Statement No. 10). Another revenue adjustment, shown in Schedule D-5B, is sponsored by Darin T. Espigh (UGI Gas Statement No. 9). This adjustment, in the amount of $712,000, represents the amortization of the CIAC Tax Gross Up Regulatory Liability for interconnects. Regarding *pro forma* expenses, the derivation of the various adjustments is summarized individually on pages 1-2 of Schedule D-3, lines 16-55. The details for these adjustments are found in Schedules D-6 through D-31 and are sponsored by multiple witnesses, as described in the Table of Contents of UGI Gas Exhibit A (Fully Projected) and as listed on the header of each schedule.

2. Operating Expense

Q. How were the claimed operating expenses for the FPFTY determined?

A. *Pro forma* FPFTY expenses are based on the budgeted level of expenses as a starting point. The budgeted data, by FERC account, was then adjusted consistent with generally accepted ratemaking principles to reflect a normal, ongoing level of operations. Schedules supporting those adjustments are found in UGI Gas Exhibit A (Fully Projected), Section D.

Q. Were each of the *pro forma* adjustments reflected on Schedule D-3 also charged to an appropriate FERC account?

A. Yes. Each *pro forma* adjustment was calculated and then distributed to FERC accounts directly and presented on Schedule D-3 by major FERC account category.

Q. Schedule D-3 to UGI Gas Exhibit A (Fully Projected) shows an adjustment to Gas Costs in column 4. Please discuss this adjustment.

A. The detail for this adjustment is shown in Schedule D-6. This adjustment is designed to increase purchased gas cost expense by the same amount as the gas cost revenue adjustment contained in the direct testimony of Sherry A. Epler (UGI Gas Statement No. 10) and as shown on Schedule D-5, column 4, lines 7-11. UGI Gas recovers its purchased gas costs on a dollar-for-dollar basis with no profit through an automatic adjustment clause mechanism pursuant to Section 1307(f) of the Public Utility Code. Therefore, the decrease in purchased gas costs of $24.749 million equals the decrease in gas cost revenue as detailed by Ms. Epler. Thus, with this adjustment, purchased gas cost expense has no effect on the revenue requirement calculation.

Q. Please discuss the Salaries and Wages adjustment shown on Schedule D-7 in the amount of $942,000.

A. Schedule D-7, Column 4, shows a $942,000 increase to budgeted salaries and wages to reflect end of FPFTY operating conditions. This adjustment annualizes payroll expense and is distributed among the various cost accounts. Page 2 of Schedule D-7 shows the development of this adjustment.

Q. Please describe the annualization adjustment.

A. This adjustment annualizes the effect of wage increases for unionized employees that will take place during the FPFTY. Schedule D-7, page 2, line 2 reflects the increased

percentages for each classification of employee. Lines 3 through 5 indicate the percentage of the year for which the salary and wage increases are not reflected in the budget.

Q. How did you determine the split of the budgeted salaries among the various employee classifications shown on Schedule D-7?

A. The split of the budgeted salaries among the various classifications shown on Schedule D-7, page 1, was determined using the allocations of labor and headcount for Operating and Maintenance expense in the budget. These employee groupings are the same groupings utilized in developing the labor budget. These categories were used in UGI Gas's budgeting process for the operating expense portion of salaries and wages.

Q. What adjustments are shown on Schedule D-8?

A. Schedule D-8 represents an adjustment in the amount of $2.363 million for environmental remediation expense. The adjustments are described in further detail in the direct testimony of Amy M. Keller (UGI Gas Statement No. 5).

Q. Please discuss Schedule D-10, which shows an adjustment for Rate Case Expense.

A. Lines 1 through 4 show the rate case expense that UGI Gas expects to incur in this case of $1.760 million. That amount is then normalized over a one-year period given the anticipated timing related to the next UGI Gas rate case. The budgeted amount of rate case expense in the FPFTY was $2.267 million. The budget was decreased by $537,000 as shown in Column 3, line 8 to reflect more current costs.

Q. What is the nature of the adjustments shown on Schedule D-11?

A. Schedule D-11 represents adjustments in the amount of ($330,000) for uncollectible expense. The adjustments are described in further detail in the direct testimony of Vivian K. Ressler (UGI Gas Statement No. 4).

Q. Please explain the adjustment in the amount of $3.071 million shown on Schedule D-14.

A. Schedule D-14 represents an adjustment in the amount of $3.071 million for pension benefit expense. This adjustment is described in further detail in the direct testimony of Amy M. Keller (UGI Gas Statement No. 5).

Q. Please discuss the *pro forma* adjustment on Schedule D-15 for Injuries and Damages.

A. Schedule D-15, column 2, line 6, represents an adjustment in the amount of $876,000 for injuries and damages. This adjustment is described in further detail in the direct testimony of Vivian K. Ressler (UGI Gas Statement No. 4).

Q. Please discuss the Customer Accounts Expense Adjustment on Schedule D-15 in the amount of $1.624 million.

A. The Company is required to pay interest on Customer Deposits that it holds in accordance with its tariff requirements. Further discussion on customer deposits can be found in the direct testimony of Vivian K. Ressler (UGI Gas Statement No. 4).

Q. Please explain the PUC Assessment Adjustment also shown on Schedule D-15 in the amount of $875,000.

A. This adjustment reflects an update to the budgeted PUC assessment expense in the amount of $875,000, column 2, line 10. Further discussion on this adjustment can be found in Ms. Ressler's testimony (UGI Gas Statement No. 4).

Q. Please discuss the *pro forma* adjustment on Schedule D-16 for Universal Service expense.

A. This adjustment normalizes the amount of Universal Services Program ("USP") expense recovered through the Company's USP Rider based on the level of the Universal Service Rider charge effective at the time of the Company's filing in this matter. The USP Rider recovers the Company's Customer Assistance Program ("CAP") Credits, Pre-Program Arrearages, third party administrator expense, LIURP expense, and administrative costs associated with its Operation Share program. The Company's claim represents the ongoing normalized level of costs based on anticipated levels of CAP program participation. This adjustment decreases the Company's budgeted expense by $1.416 million, to align the expense with the annualized amount of the Company's current USP Rider charge. As the USP Rider is a fully reconcilable rider, the USP adjustment assures that expenses related to the existing rider are aligned with revenues and that no impact related to USP flows through to the revenue requirement calculation and into net income. Please see the direct testimony of Ms. Epler (UGI Gas Statement No. 10) for additional discussion of the USP Rider.

Q. Please explain the adjustment for Energy Efficiency and Conservation ("EE&C") Programs shown on Schedule D-19.

A. As with the PGC and USP Rider adjustments discussed above, this adjustment in the amount of $(340,000) aligns the amount of EE&C expense with the EE&C Rider charge (based on the level of the EE&C Rider charges effective at the time of the Company's filing in this matter). The EE&C Rider recovers the Labor and Administrative, Prescriptive Program, Retrofit Program, New Construction Program, Legal and Consulting, Combined Heat and Power, and other Costs associated with the Company's Energy Efficiency and Conservation Program. This adjustment decreases the Company's budgeted expense to align with the annualized amount of the Company's current EE&C charge. As the EE&C Rider is a fully reconcilable rider, the EE&C adjustment assures that expenses related to the existing rider are aligned with revenues and that no impact related to EE&C flows through to the revenue requirement calculation and into net income. Please see the direct testimony of Ms. Epler (UGI Gas Statement No. 10) for additional discussion of the EE&C Rider.

3. Depreciation Expense

Q. How was the level of depreciation expense for the FPFTY determined?

A. UGI Gas's depreciation study is set forth in UGI Gas Exhibit A (Fully Projected) and shows the determination of *pro forma* depreciation expense. This study uses the FPFTY plant in service and the applicable depreciation rates, service lives, and procedures. A summary of the budgeted depreciation expense and adjustments thereto is found in UGI Gas Exhibit A (Fully Projected), Schedule D-21, and is further explained in the direct testimony of John F. Wiedmayer (UGI Gas Statement No. 6).

Q. Please describe the depreciation expense adjustments shown on Schedule D-21.

A. UGI Gas witness Mr. Wiedmayer (UGI Gas Statement No. 6) presents the depreciation analysis that serves as the foundation of the depreciation adjustment. The adjustment for depreciation expense of ($231,000) set forth on Schedule D-21, page 2, column 3, line 64, annualizes budgeted FPFTY depreciation expense to calculate an entire year's worth of depreciation on plant in service (as of the end of the FPFTY). This schedule also shows a decrease to the net negative salvage amortization of $1.197 million. The total annualized depreciation expense for the FPFTY, net of costs charged to clearing accounts and net salvage amortization, is $170.518 million (as shown on Schedule D-3, page 2, column 13, line 53).

4. Taxes Other Than Income Taxes

Q. Please describe the taxes other than income adjustments in the amount of $950,000 shown on Schedule D-31.

A. Schedule D-31 contains the details for taxes other than income adjustments. The adjustments to the payroll tax expenses on lines 4-6 are calculated by multiplying the ratio of tax expense to payroll expense included in the FPFTY budget by the amount of the payroll adjustment derived in Schedule D-7. This produces an adjustment to the amount of social security, Federal Unemployment Tax ("FUTA") and State Unemployment Tax ("SUTA") expense in the total amount of $75,000. The calculation of these adjustments is shown in more detail on Schedule D-32. The other components of this schedule are supported in the testimony of Darin T. Espigh (UGI Gas Statement No. 9). In addition, Schedule D-31 includes an adjustment in the amount of $875,000 for the PUC Assessment, as described previously in my testimony.

5. Income Taxes

Q. What is the purpose of Schedules D-33 and D-34?

A. These schedules show the derivation of the Company's pro forma income tax expense claim, including the normalization of the effects of accelerated tax depreciation, as discussed in the direct testimony of Darin T. Espigh (UGI Gas Statement No. 9).

6. Gross Revenue Conversion Factor

Q. What is the purpose of Schedule D-35?

A. Schedule D-35 shows the calculation of the Gross Revenue Conversion Factor used on Schedule A-1 to calculate the level of revenues required to achieve the net operating income required to generate the rate of return supported by the direct testimony of Dylan W. D'Ascendis (UGI Gas Statement No. 8). These additional revenues are required to recognize that uncollectible accounts expense vary with the level of revenue and to recognize the additional state and federal income taxes attributable to the proposed rate increase.

Q. Does this conclude your direct testimony?

A. Yes, it does.

UGI GAS

EXHIBIT TAH-1

Tracy A. Hazenstab
Sr. Manager – Utility Rates

Work Experience:

2024 – Current	Sr. Manager – Utility Rates UGI Utilities, Inc., Denver, PA
2008 - 2024	Rates Analyst – II/Sr/Principal (Progressive Positions) UGI Utilities, Inc., Denver, PA
2004 - 2008	Business Analyst PPL Gas, Lewistown, PA
2001 - 2004	Contact Center Analyst PPL Gas, Lock Haven, PA

Previous Testimony – Pennsylvania Public Utility Commission:

2014 1307(f) Proceeding:	Docket No. R-2014-2543523
2015 1307(f) Proceedings:	Docket Nos. R-2015-2480937, R-2015-2480934
2016 1307(f) Proceedings:	Docket Nos. R-2016-2543311, R-2016-2543314
2018 1307(f) Proceedings:	Docket Nos. R-2018-3001631, R-2018-3001632
2019 1307(f) Proceeding:	Docket No. R-2019-3009647
2019 UGI Electric EEC Phase III Petition:	Docket No. R-2019-3004144
2020 1307(f) Proceeding:	Docket No. R-2020-3019680
2021 UGI Gas Base Rate Proceeding:	Docket No. R-2021-3030218
2022 UGI Electric Base Rate Proceeding:	Docket No. R-2022-3037368
2023 1307(f) Proceeding:	Docket No. R-2023-3040290
2024 UGI Gas EEC Phase II Petition:	Docket No. R-2024-3048418
2024 UGI Electric DSP V Petition:	Docket No. R-2024-3049343
2024 UGI Gas Book 2 Proceeding:	Docket No. R-2024-3048828
2025 UGI Gas Base Rate Proceeding:	Docket No. R-2024-3052716

Previous Testimony – Maryland Public Service Commission:

Purchased Gas Adjustment/Annual Cost Adjustment Hearing:

2008 Hearing:	Case Number 9511(c)
2009 Hearing:	Case Number 9511(d)
2010 Hearing:	Case Number 9511(e)
2012 Hearing:	Case Number 9511(g)
2014 Hearing:	Case Number 9511(i)
2015 Hearing:	Case Number 9511(j)
2016 Hearing:	Case Number 9511(k)
2017 Hearing:	Case Number 9511(l)
2018 Hearing:	Case Number 9516(a)
2019 Hearing:	Case Number 9516(b)
2020 Hearing:	Case Number 9516(c)

Assisted in Preparing – Pennsylvania Public Utility Commission:

2009 UGI Gas Rate Case (former Central Rate District):	Docket No. R-2008-2079675
2009 UGI Gas Rate Case (former North Rate District):	Docket No. R-2008-2079660
2011 UGI Gas Rate Case (former Central Rate District):	Docket No. R-2010-2214415
2016 UGI Gas Rate Case (former South Rate District):	Docket No. R-2015-2518438
2017 UGI Gas Rate Case (former North Rate District):	Docket No. R-2016-2580030
2018 UGI Electric Rate Case	Docket No. R-2017-2640058
2019 UGI Gas Rate Case	Docket No. R-2018-3006814
2020 UGI Gas Rate Case	Docket No. R-2019-3015162

Education:

B.A. in International Politics, Pennsylvania State University

UGI GAS STATEMENT NO. 3

JILL E. WALTER

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-2025-3059523

UGI Utilities, Inc. - Gas Division

Statement No. 3

Direct Testimony of
Jill E. Walter

Topics Addressed: Gas Safety and Operations

Dated: January 28, 2026

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Jill E. Walter. My current business address is 2121 City Line Ave Bethlehem, PA 18107.

Q. By whom are you employed and in what capacity?

A. I am employed as the Director of Operations - South Region by UGI Utilities, Inc. ("UGI"). UGI is a wholly-owned subsidiary of UGI Corporation ("UGI Corp."). UGI has two (2) operating divisions, the Gas Division ("UGI Gas" or the "Company) and the Electric Division ("UGI Electric"), each of which is a public utility regulated by the Pennsylvania Public Utility Commission ("Commission" or "PUC").

Q. Please describe your educational background and work experience.

A. They are set forth in my resume attached as UGI Gas Exhibit JEW-1 to my testimony.

Q. What are your responsibilities as Director of Operations - South Region?

A. As Director of Operations - South Region, I am accountable for over 400 individuals including management, clerical, and field technicians that operate and maintain the Company's gas transmission and distribution system.

Q. Have you presented testimony in proceedings before the Commission?

A. No, I have not presented testimony in any proceedings before the Commission.

Q. What is the purpose of your testimony?

A. I am providing testimony on behalf of UGI Gas. In my testimony, I will address the following topics: (1) natural gas operations; (2) regulatory compliance; (3) system safety and reliability; (4) leak reductions and emergency response; (5) safety and training initiatives; and (6) environmental programs.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring UGI Gas Exhibit JEW-1. I am also sponsoring those responses to the Commission's standard filing requirements as stated on the master list accompanying this filing.

II. NATURAL GAS SYSTEM OPERATIONS

Q. Please provide an overview of the Company's distribution system.

A. UGI Gas provides service to more than 700,000 residential, commercial, and industrial customers located in 45 of Pennsylvania's 67 counties and spanning more than 700 municipalities. As of September 30, 2025, the Company operates more than 12,000 miles of gas distribution mains and 300 miles of natural gas transmission mains in the Commonwealth of Pennsylvania.

Q. Please describe UGI Gas's operations centers and support facilities.

A. UGI Gas has operations centers and support facilities throughout its service territory. Additionally, UGI Gas has a stand-alone centralized training center facility ("Learning Center") in Reading, PA, which includes a "safety town" for real-life indoor and outdoor training inclusive of leak pinpointing and investigation, a separate welding and tapping center, a safety lab, a service lab, a measurement and regulation lab, and a construction and maintenance lab. The UGI Gas Learning Center supports Operator Qualification training for both UGI Gas employees as well as contractors.

Q. How does UGI Gas staff its operations?

A. UGI Gas relies upon a mix of employees and contractor resources for its capital, operations, and maintenance programs to accomplish many of its initiatives, including gas main and service replacement and installation, roadway and landscape restoration, leak repairs, meter reading, new business activities, and general system operation and maintenance. Further, UGI Gas's parent company, UGI Corp., provides management, administrative, and support services (*e.g.*, executive management, human resources, legal, finance, accounting, procurement, treasury, IT, and corporate governance).

III. REGULATORY COMPLIANCE

Q. What regulations govern the safe transportation of natural gas transmission and distribution pipelines?

A. UGI Gas is subject to the minimum federal pipeline safety regulations in 49 CFR § 192 - Transportation of Natural and Other Gas by Pipeline ("Part 192"). The Company must

also follow the applicable state pipeline safety requirements found in Pennsylvania Title 52, Chapter 59 - Gas Service and Hazardous Liquid Service ("Chapter 59"). Pennsylvania natural gas pipeline safety regulations found in Chapter 59 of the Commission's regulations generally follow the Part 192 regulations.

Q. What are the regulatory topics included in Part 192 regulations?

A. Part 192 covers all aspects pertaining to the design, construction, operation, and maintenance of natural gas pipelines owned and operated by the Company. Federal natural gas pipeline safety regulations mandate that Operators have procedures and processes touching upon the following:

- Design and Construction Standards
- Operation and Maintenance Procedures
- Emergency Plans
- Integrity Management Plans
- Damage Prevention Plans
- Public Awareness Programs
- Control Room Management Plans

Q. How has the Company complied with these regulations?

A. UGI Gas has several plans and procedural manuals in place to address all required regulations found in Part 192. Due to the requirements found in Part 192, specifically Subpart M which promulgates the maintenance requirements in Part 192, UGI Gas performs a multitude of safety checks annually across its distribution system to maintain system safety and reliability.

Q. Can you provide examples of compliance safety checks UGI Gas performs annually on its distribution system to comply with Part 192?

A. The Company's Gas Operations personnel perform several activities to comply with applicable Part 192 regulations as well as internal Company procedures. Some of these activities include, but are not limited to, the following:

- Pipeline Leak Surveys and Patrols
- Valve Maintenance and Inspection
- Regulator Station Inspection and Maintenance
- Service Line Leak Survey and Meter Inspection
- Atmospheric Corrosion Inspection
- Cathodic Protection Inspection and Maintenance
- Odorant Intensity Inspection
- Transmission Integrity Management Assessments

The activities mentioned above are performed throughout the year and in certain situations, multiple times on the same distribution or transmission asset annually. This work also requires significant work planning/scheduling and record retention management. Throughout the year, the Company's Gas Operations personnel perform several thousand safety checks across its distribution system.

Q. Does the Company undertake any voluntary actions that exceed federal requirements found in Part 192?

A. Yes. UGI Gas's plans and procedures exceed federal safety standards in a number of areas. Additionally, UGI Gas voluntarily adopted and implemented programs identified as industry wide best practices. One such example includes UGI Gas's implementation of American Petroleum Institute ("API") Recommended Practice 1173 – Pipeline Safety Management Systems ("PSMS"). UGI Gas's PSMS program is still in development and continues to work toward full implementation in order to promote an enhanced safety

culture and provide safe and reliable natural gas service to its customers. In FY26, the Company is developing formal processes related to incident investigation and management of change in accordance with the standard as well as formal PSMS training within the organization. In addition, the Company completed a Safety Culture Assessment in 2025 to understand opportunities to improve safety.

In other situations, UGI Gas has elected to implement voluntary actions that arise from national events or recommendations by the National Transportation Safety Board ("NTSB") and other governmental agencies where it believes that doing so will allow it to provide safer and/or more reliable service to its customers. As noted in the Company's prior base rate case testimony at Docket No. R-2024-3052716 ("2025 Rate Case"), an example of this voluntary compliance relates to UGI Gas's evaluation of over-pressurization protection ("OPP") utilized on its low-pressure systems. As an update to this prior testimony, as of September 5, 2025, of the 73 stations identified that were not compliant with the additional OPP that was recommended by the NTSB, all of them have been addressed through the installation of supplemental OPP, station abandonment, or regulator station replacement.

Q. Does the Company have integrity management plans?

A. Yes, the Company maintains a Transmission Integrity Management Program ("TIMP") and Distribution Integrity Management Program ("DIMP") and as mandated in 49 C.F.R. § 192, Subpart O – Gas Transmission Pipeline Integrity Management, and Subpart P – Gas Distribution Integrity Management.

Under Subpart O, UGI Gas must continually identify threats to its pipelines in high consequence areas ("HCAs"), moderate consequence areas ("MCAs"), and other designated areas along transmission lines to determine the risk posed by any identified threats. UGI Gas also must schedule and perform integrity assessments to address all applicable threats, collect information about the condition of the pipelines, and take risk reduction actions to minimize and mitigate applicable threats.

Under 49 C.F.R. § 192, Subpart P, operators of gas distribution pipelines are mandated to gather information regarding their distribution pipelines and identify and evaluate relevant threats to their distribution systems. Operators are also required to assess and prioritize risks associated with the distribution system, implement accelerated action aimed at mitigating the risks of pipeline failures, and assess the effectiveness of these actions. Furthermore, operators must establish and execute a process for the regular review and enhancement of their programs, as well as report their findings to regulatory authorities. Unlike TIMP, DIMP encompasses the entire distribution system rather than focusing solely on pipelines located in select areas along transmission lines. This is due to distribution pipelines being predominantly situated in urbanized, densely populated regions to supply gas to these communities.

Q. Does the Company train and qualify its field personnel prior to performing operations and maintenance activities on natural gas pipelines?

A. Yes, UGI Gas maintains an Operator Qualification Plan ("OQ Plan") complying with the requirements of 49 CFR § 192, Subpart N. The OQ Plan establishes requirements for and management of qualifications for pipeline personnel who perform covered tasks on a

pipeline. Pipeline personnel are trained and qualified under the tasks needed to perform their various work activities on a UGI Gas pipeline. Covered tasks ensure internal and external pipeline personnel are educated, tested, and competent to perform specific natural gas activities on UGI Gas's distribution system. UGI Gas's OQ Plan was updated to incorporate industry standard ASME B31Q tasks effective December 8, 2025, and includes over 160 unique covered tasks, which ensure internal and external pipeline personnel are educated, tested, and competent to perform specific natural gas activities on UGI Gas' distribution system.

Additionally, UGI Gas is implementing a new OQ management system to track employee and contractor qualifications compliance. This system will provide digital access to OQ records. One of the key advantages of the new system is the ability for supervisors or inspectors to scan an employee or a contractor's QR code while in the field to view their OQ record status.

IV. SYSTEM RELIABILITY AND SAFETY

Q. Please describe the physical composition of UGI Gas's distribution system.

A. Due to its long-term operation, the Company's distribution system includes a mixture of pipeline materials indicative of the industry's technological advancement over time. Cast iron mains historically were found in the oldest parts of the system. UGI Gas, and the industry in general, then transitioned to bare steel and wrought iron piping, which were prevalent until the 1960s. The first generation of plastic piping was introduced in the early 1970s. Materials installed since the 1970s include various types and compositions of polyethylene ("PE") and coated steel piping. Overall, approximately ninety percent (90%)

of UGI Gas's distribution mains consist of contemporary materials, which UGI Gas defines as cathodically protected steel and modern plastic. UGI Gas's natural gas distribution system has the highest percentage of contemporary mains among major natural gas distribution companies in Pennsylvania. Additionally, as of December 31, 2025, UGI Gas only has approximately 3 miles of cast iron main left on-system.

Q. Please discuss the Company's actions to improve and enhance its distribution system.

A. UGI Gas has been identifying and repairing, improving, or replacing its distribution infrastructure on an accelerated basis pursuant to Commission-approved Long Term Infrastructure Improvement Plans ("LTIIP"). The Company's Initial LTIIP[1], Second LTIIP[2], and the first year of the Third LTIIP have resulted in UGI Gas successfully removing more than 802 miles of main over the 11-year period from 2014 to 2025 including 99% of its total cast iron mains and 48% of its total bare steel/wrought iron mains. UGI Gas continues to invest in improving and modernizing its distribution facilities serving customers throughout the Company's service territory. The Company filed its Third LTIIP on August 16, 2024, and this plan was approved by the Commission on December 5, 2024, at Docket No. P-2024-3050769. During the 12-month period from January 1, 2025, through December 31, 2025, the Company has exceeded its Third LTIIP estimate by

[1] On December 12, 2013, each of UGI Gas's three predecessor natural gas distribution companies filed Petitions, and received Commission approval, for LTIIPs at Docket Nos. P-2013-2398833, P-2013-2397056, and P-2013-2398835 (collectively referred to as the "Initial LTIIP"). In the Initial LTIIP, the Company identified its plan to replace all its cast iron main over the 13-year period ending in February 2027 and all of its bare steel and wrought iron main over the 28-year period ending September 2041. The Initial LTIIP period ended on December 31, 2019.

[2] *See Petition of UGI Utilities, Inc. – Gas Division for Approval of its Second Long Term Infrastructure Improvement Plan*, Docket No. P-2019-3012337 (Petition filed on August 21, 2019) (the "Second LTIIP"). The Second LTIIP builds off the significant acceleration in the rate of infrastructure repairs, improvements, and replacements (including the accelerated replacement of cast iron and bare steel pipe) that was achieved by the Initial LTIIP and reflects even further acceleration.

replacing approximately 71 miles of total cast iron, bare steel, wrought iron, and priority plastic mains compared to the Third LTIIP's plan of 50-60 miles. Additionally, DSIC-eligible capital placed into service in calendar year ("CY") 2025 totaled approximately $330 million compared to the Third LTIIP's plan of $298.5 million. In addition to main replacements in the Third LTIIP, the Company is pursuing other infrastructure initiatives, including replacing service lines, meter sets, valves, and farm taps, as well as addressing safety upgrades relating to measurement and regulation facilities (e.g., making improvements to over-pressure protection equipment) and remediating mechanical tees. Additionally, the Company outlined a plan for replacement of priority plastic, which includes plastic installed between 1965 and 1985. The Company retired approximately 8.5 miles of priority plastic in calendar year 2025. These initiatives will make UGI Gas's system safer and more reliable. Continuing UGI Gas's infrastructure replacement program as outlined in its Third LTIIP will allow the Company to provide safe and reliable service both now and into the future.

Q. How does UGI Gas prioritize its pipeline replacement projects?

A. In 2019, UGI Gas began using the Data-Driven risk model ("DDRM"). The DDRM is a quantitative model incorporating leak repair data, incident data, and asset population data to calculate a risk index score for facility groupings referred to as Asset Threat Groups ("ATGs"). The DDRM is utilized in conjunction with the Subject Matter Expert ("SME") driven risk model in order to validate DDRM results by incorporating SME input.

The DDRM provides a quantitative basis for evaluating risk and creates a stable foundation for comparing year-over-year changes because of the consistent quantitative

underpinning utilized. Finally, the DDRM facilitates evaluation of other risk mitigation approaches, including additional operations and maintenance, leak survey and damage prevention measures.

Q. What are the Company's current goals for main replacement?

A. UGI Gas is on track to replace all its cast iron main no later than February 2027, consistent with its initial completion plan and prior commitments. Further, the Company is on track to complete its bare steel and wrought iron main replacement no later than September 2041, also consistent with its initial completion plan. Specifically, to maintain a pace of replacement that would achieve these objectives, the Company's Third LTIIP established the objective of replacing between 60 and 70 miles of main in calendar year 2026 with an increase to 75 to 85 miles in calendar year 2027. As part of its mileage identified in calendar year 2027, the Company is planning an abandonment of a large section of a wrought iron and bare steel line in the northern part of the Company's service territory due to corrosion. This project will retire approximately 15 miles of high pressure wrought iron and bare steel. The Company plans to return to replacing 60 to 70 miles of main in CY28 and CY29.

Q. What results has UGI Gas achieved in the first year of its Third LTIIP?

A. The Company replaced or retired approximately 71 miles of main in 2025 including 23 miles of cast iron, 40 miles of bare steel, and 8 miles of vintage plastic. In addition, the Company installed 14,230 excess flow valves. The Company also replaced 11,651

services in 2025, 7,208 of which included meter sets that were moved from indoors to outdoors. The Company plans to continue replacing 10,500 to 12,500 services per year.

Q. What is UGI Gas's projection of its replacement and betterment plant in service for the future test year ("FTY") and the fully projected future test year ("FPFTY")?

A. For the FTY, the replacement and betterment budget reflects $311.5 million plant in service. The FPFTY plant placed in service for replacement and betterment is budgeted to be $383.6 million. For more detail on the Company's budgeting process related to all planned capital activities, please refer to the direct testimony of Vicky A. Schappell (UGI Gas Statement No. 7).

Q. What is the Company's basis for showing a further increase in plant placed in service in the FTY and FPFTY?

A. Foremost, the Company's annual plant additions related to replacement and betterment activities increased nearly $63 million over the 2021-2025 period, from $230 million in 2021 to $293 million in 2025. The Company anticipates that the cost of its replacement and betterment work will continue to increase through the FPFTY due to a number of different elements. The Company is further accelerating the number of miles it will accomplish in the FTY and FPFTY and has expanded work done to address safety upgrades and improvements that are not exclusively mileage-based replacements, such as meter moveouts, system reinforcement projects and regulator station rebuilds. In addition, the Company's piping projects include larger diameter bare steel pipes, and a greater focus on priority plastic in the FPFTY. For these reasons, UGI Gas's budget for the FTY and the

FPFTY reflects increased plant additions beyond the amount that the Company had accomplished during the HTY.

Q. Please discuss the Company's ongoing plans to move its indoor meter facilities outdoors.

A. UGI Gas is working to have all meters located outside by 2034 as required by the Commission's regulations at 52 Pa. Code 59.18, with limited exceptions as allowed by code. UGI Gas is taking a risk-based approach, while keeping efficiency in mind, to prioritize meters being moved outside based on the service line attributes and their associated risks and whether these services are attached to a main that will require replacement prior to 2034. As of October 1, 2025, the Company had a population of 84,554 meters inside customer's homes or businesses. UGI Gas plans to move approximately 10,500 meters outside per year or 31,500 meters between the HTY and FPFTY.

V. LEAK SURVEYS, LEAK REDUCTIONS, EMERGENCY RESPONSE AND METHANE DETECTORS

A. Leak Surveys

Q. Please discuss UGI Gas's efforts to identify, manage, and reduce system leaks.

A. UGI Gas monitors safety and reliability indicators for its natural gas distribution system on an ongoing basis to evaluate corrosion and leak identification and resolution performance, track emergency response, and pursue damage prevention – all of which will drive improvements in employee and public safety. As a part of its DIMP,[3] UGI Gas regularly

[3] 49 C.F.R. § 192.1007.

re-assesses system risks and leak trends to determine if additional or accelerated actions are required to further reduce system leaks.

Q. How does the Company perform leak surveys of its distribution system assets?

A. UGI performs both walking and mobile leak survey activities on its mains and services. UGI completes these activities using approved equipment as outlaid in the Gas Operations Manual (GOM 70.10.10). Minimum frequencies for leak surveying by material type or location are also listed in the Gas Operation Manual. UGI completes these surveys at least at the minimum required cycles with a combination of internal and external resources.

Q. Please describe the Company's leak survey practices for its priority plastic pipe.

A. Priority plastic installed in the UGI Gas system contains DuPont Aldyl-A plastic pipe, which can be susceptible to failures over time dependent upon local environmental conditions and installation practices. The total length of priority plastic mains installed on UGI Gas's distribution system between the years of 1965 and 1985 is approximately 1,100 miles. Current leak survey frequencies for this asset population are generally on a 5-year cycle in line with federal regulations, although UGI Gas typically performs these surveys on a 4-year cycle. Starting with the Calendar Year 2026 leak survey cycle, UGI Gas will perform accelerated leak surveys on an annual basis for its priority plastic mains. Importantly, this data feeds into the Company's DIMP for evaluation, risk ranking, and replacement prioritization.

Q. How has the Company implemented Advanced Mobile Leak Detection ("AMLD") Technology to date?

A. UGI Gas began its initial pilot of AMLD in 2021. The Company purchased one AMLD device and subsequently installed it on a Company vehicle. During the initial phase, the vehicle was driven along 445 miles of main in the Northern district. In subsequent years, UGI Gas continued to pilot this unit and other competing AMLD technologies within its service territory to aid in the analysis and development of its AMLD program. In CY25, UGI Gas laid forth the plan to start the execution of AMLD work in the system starting in CY26.

Q. Can you describe the results of the Company's AMLD pilots?

A. Yes. The pilot resulted in the following learnings:

- AMLD technology can survey a much wider dynamic range than conventional Cavity Ring-Down Spectroscopy ("CRDS") and Tunable Diode Laser Absorption Spectroscopy ("TDLAS") methods.
- AMLD technology allowed UGI Gas to perform mobile main-line leak survey at speeds five to ten times greater than traditional main line survey.
- AMLD identified existing/known leaks 100% of the time on the routes surveyed. 81 existing leaks were found along with 64 new system leaks.
- For 208 confirmed underground indications, 10% of the leaks found with the AMLD equipment represented around 75% of the total emissions, which prove the technology is effective at finding very low level leaks.
- This technology can undergo rapid deployment during emergencies/special surveys to ensure system resiliency (e.g. earthquake, post-flooding, or incident response.)

Q. What are UGI Gas's long-term plans for AMLD Technology?

A. In CY26, UGI Gas will utilize the Company-owned AMLD device to survey between 600 and 1,200 miles of main across its territory, equating to approximately 5-10% range of the drivable miles. The CY26 work will be done in conjunction with traditional leak survey methods which are currently still required to meet UGI Gas's compliance activity. The main driver of the work in CY26 will be data collection to share with the Commission's Safety Division to develop an approach that appropriately incorporates AMLD in future years to fulfill UGI Gas's leak survey regulatory obligations. The additional information gained from this technology will identify new environmental risk reduction opportunities while also being leveraged within UGI Gas's DIMP to provide additional knowledge on the asset populations contained within the DIMP.

B. Leak Reductions

Q. How does UGI Gas classify leaks?

A. UGI Gas uses a standardized leak classification system consistent with general industry protocols. Specifically, underground leaks are classified as 'A,' 'B,' and 'C.' Class 'C' leaks are deemed hazardous, and repair work is undertaken immediately. Class 'B' leaks are non-hazardous at the time of detection but justify a scheduled repair. Pursuant to UGI Gas's practice, Class 'B' leaks must be repaired or cleared within one calendar year, but no later than 15 months from the date of the latest Class 'B' leak classification. UGI Gas has been focused on continuous improvement for Class 'B' leak repairs. To that end, the Company repaired 98.2% of Class 'B' leaks within six months of classification in Fiscal Year 2025. These accelerated repairs reduced the leak hazards as well as methane

emissions. Class 'A' leaks are deemed non-hazardous and are monitored for changes in severity.

In December 2023, UGI Gas established formal classifications and procedures for aboveground leaks on UGI Gas owned facilities. Prior to this, UGI Gas did not classify aboveground leaks. These aboveground leaks are classified as Class 'G' and 'H.' Class 'G' leaks are defined as a minor escape of gas from aboveground UGI Gas piping or related gas facilities that is in a location that does not endanger the public and should be repaired or cleared within five calendar years, not to exceed 63 months from the date of the latest Class 'G' leak classification. Class 'H' leaks are defined as an unintentional escape of gas from aboveground UGI Gas piping or related gas facilities that requires immediate repair or make safe action.

Q. How have UGI Gas's system leaks improved since 2018?

A. UGI Gas has seen a significant reduction in the number of leaks found on its system. This is directly attributable to its prioritization and aggressive replacement of leak-prone mains, services, and other assets. As Table 1 below demonstrates, since 2018, Class 'C' leak repairs have decreased by 59.9%, Class 'B' leak inventories have decreased by 76.0%, and Class 'A' leak inventories have decreased by 52.3%.

Table 1. Leak Inventories & Repairs

	Calendar Year 2015	Calendar Year 2025	Percent Change
C Leak Repairs	1,953	783	59.9% decrease
B Leak Inventory	816	196	76.0% decrease
A Leak Inventory	4,877	2,327	52.3% decrease

C. Emergency Response

Q. Please discuss UGI Gas's performance in the area of emergency response.

A. UGI Gas performs exceptionally well in the timely response to emergency notifications/calls. For the Fiscal Year ended September 30, 2025, 99% of the time, a first responder arrived on the premises within 45 minutes (or less) of receipt of an emergency call. UGI Gas utilizes a combination of shift coverage and on-call schedules to leverage internal field and supervisory resources to provide emergency response coverage 24-hours per day, 365 days per year. UGI Gas sets performance goals on a 45-minute response, which is more stringent than the benchmark response time as defined by the Commission's Safety Division.[4] Moreover, for Fiscal Year 2025, 99.8% of the time a UGI Gas first responder arrived onsite within one hour of the emergency call. UGI Gas also had an average emergency dispatch time of only 2.95 minutes for Fiscal Year 2025.

[4] The Commission's Bureau of Audits issued a Management and Operations Audit Report of the Company in October 2019 (at Docket Nos. D-2018-3002234, D-2018-3002235 and D-2018-3002236), which stated:

> The PUC Gas Safety Division defines acceptable emergency dispatch and response times as 15 minutes and 60 minutes, respectively. However, UGI has established a more stringent 45-minute emergency response key performance indicator of 97.8%. (Audit Report, p. 41).

D. Methane Detectors

Q. Provide a summary of UGI Gas's efforts to install in-home methane detection devices pursuant to the Commission-approved Settlement in the 2025 Rate Case.

A. UGI Gas is piloting the use of in-home methane detection devices as an additional layer of protection for natural gas customers. The initiative began in FY 2026 (ending September 30, 2026), and will continue through the FPFTY. This initiative is designed to evaluate the effectiveness of commercially available methane detectors in providing early warning of potential gas leaks within customer homes. The pilot will allow UGI Gas to assess device performance, installation considerations, customer engagement, and the overall impact on safety outcomes. By proactively evaluating this technology, UGI Gas aims to determine whether broader deployment could enhance public safety, reduce response times, and further strengthen the Company's comprehensive approach to leak detection and mitigation.

UGI Gas is also testing cellular and LoRaWAN remote communication as well as non-communication units. UGI Gas has deployed ~100 units as of the end of CY25. These units have been distributed to Company employees that are UGI Gas customers to act as Natural Gas Safety Ambassadors for this technology. After achieving learnings for the pilot, UGI Gas will shift to customer-focused education efforts in CY 2026. UGI Gas will look to add a dedicated Natural Gas Detector safety page to its website and also add a Natural Gas Safety section to its Energy Efficiency and Conservation website where customers can purchase Natural Gas Detectors that UGI Gas has ensured are UL 1484 approved.

VI. SAFETY AND TRAINING INITIATIVES

Q. What programs does UGI Gas have in place regarding employee, customer, and system safety?

A. In 2025, UGI Gas renewed its commitment to safety with its stand "Everyone and everything is always safe" to clearly declare who we are and how we operate. This stand reinforces safety as a core value that guides every decision, action, and interaction across the organization for our employees, customers, contractors, communities and our assets. It reflects UGI Gas's commitment to proactive risk management, disciplined operational practices, and a culture of accountability where safety is never compromised. By embedding this stand into daily operations and leadership expectations, UGI Gas continues to strengthen a consistent Company-wide approach to safe, reliable service. In addition, UGI Gas has advanced several initiatives to further develop its safety culture and drive sustainable improvements in safety performance. In FY26, UGI Gas will replace its current telematics and in-cab driver coaching system and in vehicle monitoring equipment that will further enhance and develop its safe driving program through intentional supervisory coaching of "events" triggered by the system, as well as positive recognition of safe defensive driving maneuvers. In FY26, the Company will conduct training on the new system for its drivers, supervisors, and managers. Through FY26, the Company will evaluate the system's full capabilities with plans to roll out new features in FY27. In addition, the Company is implementing a driver on-boarding training to familiarize new employees with the vehicles they will be driving. This will have the greatest impact for employees driving larger vehicles and equipment.

UGI Gas is continuing to focus on High Energy Hazard Assessment and Energy Control in line with the Edison Electric Institute's Safety & Classification Learning Model, an industry-standard approach to categorizing safety learning opportunities to reduce potentially serious or fatal injuries. The UGI Gas Safety team is continuing to train employees in use of the model for hazard assessment for job planning in FY26 and FY27.

In FY26, UGI Gas plans to initiate an Occupational Health Program pilot aimed at reducing soft-tissue injuries. The pilot focuses on proactive injury prevention through onsite ergonomic assessments, individualized conditioning programs, and early-intervention strategies to address discomfort before it progresses to an injury. The program includes employee education on proper body mechanics, stretching and warm-up routines, and techniques to safety perform high-risk tasks such as lifting, bending, and repetitive motion. By integrating occupational health expertise directly into field operations, UGI Gas is working to reduce strain-related injuries, improve employee well-being, and enhance overall operational safety and productivity. The Company will review and evaluate the findings from the pilot in CY26 to determine how to proceed with further implementation in CY27.

Q. What other ongoing safety programs does the Company have?

A. Other ongoing safety measures and tools include Smith System driver training and a 24-hour Triage Nurse Hotline. The Company has also adopted multiple programs to enhance its safety protocols. One such program is the UGI "Making a Difference by Living Our Values" incentive program, which rewards employees who demonstrate positive safety behaviors, including, but not limited to, leading safety meetings, reporting safety issues, or

participating in safety education. UGI Gas has further implemented a "Near Miss/Good Catch" program, which seeks to proactively prevent safety incidents by learning from issues that had the potential for, but did not result in, damage or harm. In addition, the Company uses EcoOnline, a safety incident software, which facilitates incident management and data collection for various types of incidents and tracks those incidents through the investigation process. Moreover, the Company utilizes ISNetworld vendor safety software to qualify contractors and monitor their performance trends. ISNetworld collects safety information from these contractors and compares them against UGI Gas's established safety standards to make sure their safety performance is at a satisfactory level to perform work for the Company. ISNetworld conducts ongoing monitoring of the contractor's safety information and alerts UGI Gas if a contractor falls below the Company's minimum safety standards – either in UGI Gas's service territory or anywhere else in the country. This helps ensure that UGI Gas's contractors provide safe and reliable service to the Company's community and customers.

Q. What training initiatives is the Company undertaking?

A. The Company has advanced its offerings at its Learning Center and continues to enhance the training program abilities there. The Learning Center is used for all new hire and employee progression field training. It is also used for ongoing training and operator re-qualification for employees and contractors. Key enhancements in Fiscal Years 2024-2025 were developing (1) training curriculum for meter and regulation field employees, incorporating Asset Data Collection ("ADC") training into existing course offerings; and (2) specialized training in medium and high pressure tapping.

The Company's OQ and technical training team has completed reorganizing, revising, and reformatting the training curriculum to enhance learning through incorporation of additional hands-on practice elements and interaction afforded at the Learning Center. The Company has aligned its operator qualification tasks with the American Society of Mechanical Engineers ("ASME") B31Q Standard. This transition to the B31Q standard aligns the Company with the latest industry best practices. This was completed in December 2025.

In FY25, UGI Gas implemented comprehensive Safety Leadership training for supervisors and above to strengthen UGI Gas' safety culture. The program focused on equipping leaders with the skills needed to model safe behaviors, conduct effective safety conversations, identify and mitigate hazards, and reinforce accountability across teams. In addition, UGI implemented human performance training to approximately 80% of its field workforce with the remaining 20% to be implemented in FY26. By enhancing leadership capability at all levels, these initiatives foster a work environment where employees feel empowered to speak up and prioritize safety in every task. As a result, UGI Gas expects long-term improvements in incident prevention, operational reliability, and overall employee engagement.

VII. ENVIRONMENTAL PROGRAMS

Q. Please discuss environmental management at UGI Gas.

A. The environmental group at UGI Gas is focused on three main areas: (1) Manufactured Gas Plant ("MGP") remediation; (2) compliance activities, such as permitting and operational improvements; and (3) sustainability and methane reduction activities.

Q. Please describe the Company's investigation and remediation of environmental impacts related to historical operations.

A. From the mid-1800s through the mid-1900s, UGI Gas and its predecessors owned and operated a number of MGPs that, prior to the general availability of natural gas, generated gas from other fuel stocks for residential, commercial, and industrial customer use. In Pennsylvania, this process generally used coal as a fuel stock. Some byproducts of this manufacturing process, including coal tars and other residues of the manufactured gas process, are today considered potentially hazardous substances under state and federal environmental laws. UGI Gas operates its environmental remediation program under a consent order and agreement ("COA") with the Pennsylvania Department of Environmental Protection ("PADEP") that covers the Company's activities through October 1, 2035.[5] This COA obligates the Company to either meet an annual minimum environmental spend commitment of $5.35 million or achieve a minimum annual point total of 9,000 points,[6] with points being issued for the completion of various designated environmental tasks under the COA through October 1, 2035.

[5] Historically, UGI Gas operated its environmental remediation programs under three COAs with PADEP. UGI Gas's former utility companies, UGI Penn Natural Gas, Inc. ("UGI PNG") and UGI Central Penn Gas, Inc. ("UGI CPG"), were each parties to separate COAs with PADEP, and a UGI Gas COA was executed in 2016. Following UGI CPG and UGI PNG's merger into UGI Gas, on October 1, 2020, the three separate UGI COAs were consolidated into the single, current COA that runs through October 1, 2035.

[6] The COA includes an "accounting system" with provisions to track progress with respect to the investigation, characterization, and remediation of the MGP properties. In any given fiscal year, the Company is required to achieve a minimum of 9,000 points, which demonstrates efforts and progress toward remediation, or exceed the minimum required spend of $5.35 million.

Q. What types of costs does UGI Gas incur with respect to addressing MGP site conditions?

A. UGI Gas incurs costs for site investigations, remediation, and site restoration as well as related PADEP oversight costs. Costs may also be incurred to obtain an environmental covenant at the site to prevent certain uses of the site, and costs associated with transferring the site to a third party (such as with a dedication for public use) once the site has been restored. Costs may also be incurred to purchase a property to secure access to investigate and remediate. Additionally, expert and legal costs are sometimes incurred in interactions with insurance carriers or other potentially responsible parties to ensure that UGI Gas's customers are only paying their equitable share of investigation and remediation costs. These costs may also be incurred to implement PADEP workplans if the Company faces opposition to the investigation or remediation of the site. Costs may also be incurred to recover compensation under historical insurance policies to offset the costs that would otherwise be recovered from customers.

Q. What is UGI Gas's projected spending on the MGP program?

A. UGI Gas has held the COA annual minimum spend of $5.35 million as the target projected spend for each year to meet the COA objectives, if minimum annual points cannot be achieved. UGI Gas's average aggregate annual spending over the past three fiscal years is $6.698 million, as shown below in Table 2.

Table 2. Environmental Spent per Fiscal Year

Fiscal Year	Total
2023	$5,441,000
2024	$7,602,000
2025	$7,052,000
Average	$6,698,000

The three-year average amount is used in the calculation of the environmental adjustment shown in UGI Gas Exhibit A, Schedule D-8, as discussed in the direct testimony of Amy M. Keller (UGI Gas Statement. No. 5).

Q. Why does environmental spend vary from the minimum environmental spend set by the COA?

A. While the Company uses the COA minimum spend as a benchmark for environmental cost budgeting, actual costs may exceed the minimum in certain years due to PADEP requirements, varied levels of investigation and remediation activity to address MGP site program priorities, addressing public concerns, changing environmental standards, and site-specific issues such as sensitive habitat and concentration of contaminants. Investigation activities tend to involve lower costs than remediation activities, which have higher costs associated with the active removal or neutralization of impacted soil or groundwater.

Q. What is UGI Gas's goal for restoration of the MGP sites?

A. UGI Gas strives to restore each site for beneficial reuse that becomes an asset to the Company or the community. Because these MGP sites are located within the Company's existing service territory, restoration of the sites for beneficial reuse, whether in the form of use by the Company, urban redevelopment, or the creation of a new public space, directly benefits the customers and communities served by the Company.

Q. Does that conclude your testimony?

A. Yes, it does.

UGI GAS

EXHIBIT JEW-1

JILL WALTER

ALLENTOWN, PA | 267-249-7808 | jillwalter17@gmail.com

Utility Operations & Safety Leader | Business Process Improvement

Dynamic and results-driven utility operations leader with over 20 years of progressive experience driving performance, leading teams, and delivering strategic initiatives in high-pressure environments. Proven expertise in business process improvement, change management, and cross-functional collaboration. Recognized for a clear, effective communication style that connects across all organizational levels to build alignment and momentum. Adept at translating customer needs into actionable strategies and fostering strong trust-based relationships. A hands-on, influential leader with a strong blend of critical thinking, problem-solving, and operational excellence. ***Areas of expertise include:***

Safety & Quality Program Management ♦ Root Cause Analysis ♦ Operations Management ♦ KPI Management
Process Improvement & Automation ♦ Budget Management ♦ Forecasting ♦ Risk Management ♦ Cost Control
Customer Service ♦ Contract Management ♦ Policy & Procedure Development ♦ Effective Communication
Data Analytics & Reporting ♦ Executive Collaboration ♦ Team Leadership Business & Financial Analysis

***Technologies*: Microsoft Office Suite, SharePoint, Oracle, Work Management Software, Accounting Software**

CAREER SUCCESS

UGI Utilities, Bethlehem, PA — January 2023 – Present

Director Operations, South Region (January 2023 – present)

Direct and lead natural gas employees within the South Region (~400 employees) in safe, reliable and efficient natural gas installation, operation, and maintenance. Ensure fiscal responsibility for the South Region while driving efficiency in work processes. Provide leadership and promote communication and collaboration between departments across the company.

INTREN, Conshohocken, PA — October 2018 – January 2023

Regional Director, East (2018-2023)

Direct and lead gas and electric employees within in the East Region driving INTREN's core values and mission (~180 employees). Primary point of contact responsible for maintaining customer relationships and satisfaction within the region. Responsible for execution of contracts and the region's operating budget performance. Responsible for developing and implementing business development strategies within the region to promote growth. Drives a culture that embraces safety and quality and ensures safety and quality procedure adherence.

- Full P&L responsibility for ~$60m budget
- Improved gross margin by 12% in 2 years
- Led region through 300% growth in revenue over 4 years
- Improved OSHA recordable incidents within the region
- INTREN representative on NECA Northeast Lines Chapter

I.B. Abel, Inc., York, PA — January 2015 – September 2018

Director of Safety & Quality (2016-2018)

Directed and led employees within the Safety & Quality Department, including hiring, training and coaching. Managed the safety & quality management system by engaging customer, field and senior leadership. Increased quality, safety and efficiency by implementing process and IT improvement initiatives. IT focus areas include mobile computing, SharePoint and the tool & equipment request system. Managed all key performance metrics for the company including safety, project management, work management, financial, backlog, and resource planning.

- Improved OSHA recordable incidents by 30% through a proactive safety and human performance program.
- Developed company SharePoint site to provide office and field employees the ability to electronically submit timesheets, access customer specifications, request tools/equipment and submit company forms. Deployed tablets to approximately 100 field leadership employees.
- Developed and implemented the company's ISO 9001:2015 compliant Quality Management Program.
- Developed a corporate scorecard as well as department level scorecards to measure business performance.

JILL WALTER ALLENTOWN, PA | 267-249-7808 | jillwalter17@gmail.com

- Implemented a standard project management delivery process across all divisions improving project communications, reporting, efficiency, and profitability.
- Single point of contact for one of the largest investor owned utilities in the northeast US.

Manager – Project Management and Controls (2015-2016)

Spearheaded project management initiatives. Directed and led a team of six professional individuals that managed various size projects. Served as the Storm/Emergency Response Management Lead.

- Ensured safe and profitable execution of a $50M project portfolio for investor-owned utilities.
- Developed project controls, metrics, resource planning and backlog reporting within the Utility Services division.
- Implemented a standard process for responding to customers' resource requests during storms and emergencies. Improved company's response time by 25%.
- Single point of contact for one of the largest investor-owned utilities in the northeast US.

PPL Electric Utilities, Corp., Allentown, PA July 2002 - January 2015

Manager – Distribution Portfolio Management (2012-2015)

Managed a portfolio of $350M capital improvement projects, maintenance programs, and service work within the company's distribution and substation system.

- Improved the budget planning and monitoring process through improved proactive reporting and analysis.
- Developed and maintained an internal and external labor resource strategy for work related to distribution, transmission, metering, and substation work.
- Maintained all Work Management reporting and metrics to ensure adherence to current work management processes. Recommended and facilitated Work Management process improvement opportunities.
- Implemented the company's Distribution System Improvements Charge process (Act 11). Developed all required reporting and analysis for the PA Public Utility Commission (PUC) to support the rate structure as supporting general rate case filings.
- Provided direction and leadership to a team of six professional individuals that developed the annual work plan, work scope adherence, detailed budget variance analysis, monthly forecasting, unit rate analysis, and resource planning.

Program Manager – Advanced Metering Development (2010-2012)

Responsible for managing a $37 million project to pilot and test advanced metering technology. Piloted the ability of the company's metering system to integrate into multiple business processes and computer systems.

- Worked closely with the PA Public Utility Commission (PUC) to ensure the company was meeting all requirements of Act 129 including bi-annual stakeholder meetings and annual status update filings.
- Provided direction and leadership to a team of three professional individuals.

Key Account Manager (2008-2010)

Serve as single point of contact for 200 key business accounts in the Lehigh Valley.

- Collaborated with internal resources to ensure the needs of Key Accounts are met in an effective, efficient and timely manner.
- Developed a communication plan and strategy for transitioning business customers into new tariff rate structures after years of rate caps.
- Maintained a strong knowledge of electric issues, tariffs, rates and service requirements.

Functional Requirements Lead – Mobile Operations Management (2007-2008)

Responsible for identifying, documenting and testing functional business requirements for the Mobile Workforce Management application. Deployed approximately 350 laptops to the field workforce.

- On-time and successful implementation of the first phase of the project (software vendor selection, hardware selection, testing and deployment).

JILL WALTER

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Support Engineer – Distribution Asset Management (2004-2007)

Analyzed the need for distribution system reinforcements and developed large capital projects to support the need. Performed system studies for the connection of customers and non-utility generators. Evaluated and recommended changes in methods, design, and equipment

- Streamlined the process for connecting non-utility generators to the company's distribution system.
- Developed improved method for tracking non-utility generators connected to the system.

Engineer – Asset Maintenance & Reliability (2002-2004)

Provided statistical and technical analysis to develop budget requirements for maintenance programs

- Developed and managed an Underground Cable Replacement Program.
- Created a process for responding to emergency fiber optic network issues.
- Published quarterly reliability reports to the Pennsylvania Public Utility Commission (PUC).

Cooperative Associate – Transmission Engineering (Summer 2001)

Supported Transmission Design Engineers with various projects. Prepared estimates on future transmission projects. Supported Siting Coordinator in writing PA PUC reports for new transmission lines.

EDUCATION AND CERTIFICATION

Master of Business Administration, Supply Chain Management Concentration, 2009
LEHIGH UNIVERSITY, Bethlehem, PA

Professional Engineer, 2008

Power Technology Certificate, 2005
SIEMENS, Schenectady, NY

Bachelor of Science in Electrical Engineering, Business Minor, 2002
VILLANOVA UNIVERSITY, Villanova, PA

COMMUNITY ENGAGEMENT

Trustee, Da Vinci Science Center, 2024 – Present

Volunteer/Committee Member, YWCA Perfect Fit, 2024 – Present

Campaign Champion, United Way Lehigh Valley, 2024 - Present

Volunteer, Meals on Wheels Driver, 2021 - present

UGI GAS STATEMENT NO. 4

VIVIAN K. RESSLER

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-2025-3059523

UGI Utilities, Inc. – Gas Division

Statement No. 4

Direct Testimony of Vivian K. Ressler

Topics Addressed:
Budgeting Process
Operating Expense Adjustments
Capital Treatment of Certain Information Technology Costs

Dated: January 28, 2026

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Vivian K. Ressler. My business address is 1 UGI Drive, Denver, Pennsylvania 17517.

Q. By whom are you employed and in what capacity?

A. I am employed by UGI Utilities, Inc. ("UGI") as Director – Utility Financial Planning & Analysis ("FP&A"). UGI is a wholly-owned subsidiary of UGI Corporation ("UGI Corp."). UGI has two operating divisions, the Gas Division ("UGI Gas" or the "Company") and the Electric Division ("UGI Electric"), each of which is a public utility regulated by the Pennsylvania Public Utility Commission ("Commission" or "PUC").

Q. What are your responsibilities as Director – Utility FP&A?

A. I have responsibility for UGI's financial budgeting, forecasting and analysis processes. I lead a team of analysts responsible for preparing the annual budget, including obtaining input from operational departments throughout the business. The team also performs analysis of budget to actual variances and completes financial forecasting and modeling to support business decisions. My duties also include the coordination of these functions with UGI's Accounting Department and the UGI Corp. Sr. Director of FP&A as well as finance and accounting personnel at UGI Corp.

Q. Please describe your educational background and work experience.

A. My full educational background and work experience are set forth in my resume attached as UGI Gas Exhibit VKR-1.

Q. Have you testified previously before this Commission?

A. Yes. UGI Gas Exhibit VKR-1 provides a list of the proceedings in which I have testified.

Q. What is the purpose of your testimony?

A. I am providing testimony on behalf of UGI Gas in support of the Company's rate case budgeting methodology and certain operating expense adjustments. First, I will discuss the budgeting process used by UGI Gas (Section II). Next, I will discuss certain operating expense adjustments (Section III). Finally, I will discuss the Company's accounting for certain Information Technology ("IT") costs (Section IV).

Q. Ms. Ressler, are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring UGI Gas Exhibit VKR-1. In addition, I am sponsoring those portions of UGI Gas Exhibit A (Fully Projected), Exhibit A (Future) and Exhibit A (Historic), which address certain adjustments to operating expenses discussed later in my testimony. I am also sponsoring those responses to the Commission's standard filing requirements as stated on the master list accompanying this filing.

II. BUDGETING PROCESS

Q. Please provide a high-level summary of UGI Gas's budgetary preparation and approval process.

A. UGI Gas's fiscal year begins on October 1 and ends on September 30 of the following year. Preparation of the UGI Gas Operating Budget for the subsequent two fiscal years begins during the spring, *i.e.*, the budget process for the October 1, 2025 through September 30, 2026 fiscal year (Fiscal 2026) and the October 1, 2026 through September 30, 2027 fiscal

year (Fiscal 2027) begins in the spring of 2025, with information being requested and incorporated from all departments. This allows UGI Gas to utilize the budget as a starting point for its FPFTY rate claim. Internal reviews and revisions occur throughout the spring and summer before the final budget for UGI Corp. is approved by the UGI Corp. Board of Directors in September – immediately prior to implementing the budget. I provide further detail regarding the preparation of the "Operating" and "Capital" Budgets below.

Q. Please describe how the Operating Budget is prepared.

A. As an initial matter, I note that the Operating Budget has both a revenue and expense component, which I will discuss in turn. In addition, each element of the UGI Gas Operating Budget is formulated by personnel with responsibilities specific to each aspect of the operation. The first and primary use of the Operating Budget is as a working tool for the management and planning of the business.

The revenue portion of the budget is a joint effort between the Marketing and FP&A departments. The Marketing department provides customer growth and attrition information by customer class along with specific large commercial and industrial sales, and revenue budget projections. The number of customers by customer class is determined using a wide range of factors, including trends in usage, the level of applications and inquiries for service from existing customers, new construction, and shifts in type of residence and customer mix. Budgeted usage per customer is developed by application of a two-year regression to historic data and incorporates normal weather on a 10-year basis (with such normal weather period being as defined by UGI Corp. for use in the budget process). The budgeted number of customers and usage per customer are combined to

produce monthly budgeted sales. The revenue budget is calculated by applying appropriate rates for each customer class to budgeted sales volumes, plus an adjustment for unbilled revenue. The sales and revenue budget is then reviewed with and approved by senior management. Normalizing and annualizing ratemaking adjustments to the budget for presentation of the FPFTY sales and revenue in this filing are discussed in the direct testimony of UGI Gas witness Sherry A. Epler (UGI Gas Statement No. 10).

Concurrent to revenue development, the expense portion of the Operating Budget is prepared. Operating and maintenance expenses are developed by functional managers based upon review of trends, monthly expenditure patterns, and new or changed programs. Employee levels are reviewed, and staffing levels are set for the upcoming fiscal years. The direct expense portion of the Operating Budget is submitted for review and approval by senior management. UGI Gas's direct expenses are then consolidated with allocated expenses from shared administrative and general functions within UGI and from other affiliated companies providing shared services to UGI Gas to develop the budgeted Statement of Operations. Allocated expenses in the Statement of Operations include functions such as accounting, rates, commodity supply, human resources, information systems, payroll, customer relations, billing, and remittance processing, which are performed in accordance with PUC-approved methods of allocation and affiliated interest arrangements or agreements.

The final Operating Budget is then submitted to UGI's President for review and approval. After this approval, the UGI budget is submitted to the Chief Financial Officer at UGI Corp. for additional review and approval and is consolidated with the budgets of other operating units of UGI Corp. The President of each UGI Corp. business unit reviews

his or her budget with the UGI Corp. Board of Directors and then the UGI Corp. Board of Directors approves the consolidated UGI Corp budget.

Q. Please describe how the Capital Budget is prepared.

A. In order to prepare the Capital Budget, operating personnel in each functional area prepare a detailed list of capital projects. Each project is identified, described, and justified along with a breakdown of the costs associated with it. These projects are presented to senior management, which reviews them in terms of priority, capital availability, and strategic alignment with the operating budget. After due consideration, the Capital Budget is set and presented, along with the Operating Budget, to senior management in a series of review meetings. This Capital Budget is subject to approval by the UGI Corp. Board of Directors in a manner similar to that described above for the Operating Budget. Additional information concerning the factors considered in establishing the UGI Gas Capital Budget is provided in the direct testimony of Vicky A. Schappell (UGI Gas Statement No. 7).

Q. Please explain how expenses from affiliated companies are treated to develop the budgeted Statement of Operations.

A. UGI Gas incurs costs for services provided by UGI Corp., and other affiliated companies, in accordance with affiliated interest arrangements authorized by the Commission. UGI also allocates or assigns applicable costs between UGI Electric and UGI Gas. Costs that can be identified as pertaining exclusively to an operating unit are billed directly to that unit. Those costs that cannot be directly associated with the operation of an individual operating unit are allocated to the various companies benefiting from the service.

Allocations are made by using a methodology applicable to the cost (*e.g.*, budgeted time allocations, number of employees, etc.) or, if no one methodology is specific to the cost, by using a formula referred to as the Modified Wisconsin Formula ("MWF") or another reasonable allocation methodology. The MWF or other allocation methodology achieves a reasonable distribution of common expenses based on the relative activity and size of each operating unit to the total of all operating units which benefit from the respective activities. Activity is measured by revenues and operating and maintenance ("O&M") expenses. Size is measured by tangible net assets employed (excluding acquisition goodwill) or by gross plant balance.

Q. How is the budget information used to support UGI Gas's requested revenue increase?

A. This budget information is the starting point for UGI Gas's claims and is adjusted as appropriate to reflect certain anticipated changes based on ongoing business activities since the completion of the budgeting process and through application of other appropriate ratemaking principles.

III. OPERATING EXPENSE ADJUSTMENTS

Q. Please describe how the Company's claimed operating expenses were determined.

A. As discussed in the direct testimony of Tracy A. Hazenstab (UGI Gas Statement No. 2), the *pro forma* FPFTY expenses were based on the budgeted level of expenses as a starting point. This budgeted level of expenses was then adjusted to comply with Commission precedent and generally accepted ratemaking principles to reflect a normal, ongoing level of operations. The supporting schedules for those adjustments are found in UGI Gas

Exhibit A (Fully Projected), Section D. Below, I will discuss the specific operating adjustments that I am sponsoring, as contained in UGI Gas Exhibit A (Fully Projected), Section D.

1. Uncollectible Accounts Expense

Q. Please explain the adjustment shown on Schedule D-11 for Uncollectible Accounts Expense.

A. This adjustment, ($0.330) million (line 8, column 5), adjusts budgeted uncollectible accounts expense to reflect a three-year average rate of uncollectible accounts expense to tariff revenue for Fiscal Years 2023, 2024, and 2025.

The amount of uncollectible expense in the budget is adjusted utilizing the three-year average uncollectible rate of 1.723 percent (line 4, column 5). The 1.723 percent is applied to the *pro forma* revenues at present rates (line 6, column 3) to calculate the *pro forma* uncollectible accounts expense of $21.139 million (line 7, column 4). This results in a decrease in the level of uncollectible accounts expense for the FPFTY from the budgeted amount of $21.469 million (line 5). The 1.723 percent uncollectible rate is then applied to determine the level of uncollectible accounts expense at *pro forma* proposed rates through the gross revenue conversion factor, as shown in column 3, line 2 of Schedule D-35.

2. Injuries and Damages Adjustment

Q. Please discuss the adjustment for Injuries and Damages shown on Schedule D-15.

A. The amount of expense incurred for injuries and damages in any one year can vary based on the quantity and severity of the claims. The Company bases its claim for injuries and

damages on a normalized amount. This is accomplished by making an adjustment on this schedule for the difference between the normalized amount and the budgeted amount. The three-year average of injuries and damages expenses of $1.863 million is calculated on lines 1 – 4 of Schedule D-15. The budgeted amount for injuries and damages, $0.987 million, is shown on line 5. The difference between these amounts, $0.876 million, was used to adjust budgeted injuries and damages expense, as shown on line 6, to reflect the normalized expense.

3. Customer Accounts Expense Adjustment

Q. Please discuss the adjustment for Customer Accounts Expense shown on Schedule D-15.

A. This adjustment includes a component to recover interest on customer deposits. The Company is required to pay interest on customer deposits that it holds in accordance with its tariff requirements. As this is a typical business expense, the Company has added this amount to its expense claim that is otherwise not reflected in the Operations Budget. It is calculated by using the average level of customer deposits anticipated for the FPFTY (*i.e.*, $23.197 million) times the required interest rate (7.0 percent) anticipated for the FPFTY, as published by the Pennsylvania Department of Revenue and as required under the Company's tariff. The total interest on customer deposits, an amount of $1.624 million, is shown on line 7.

4. PUC Assessment

Q. Please discuss the adjustment for PUC assessment shown on Schedule D-15.

A. This adjustment reflects the difference between the budgeted PUC assessment expense ($5.131 million on line 9) and the projected annual PUC assessment expense as of September 30, 2027 ($6.006 million on line 8). This adjustment of $0.875 million (line 10) is necessary to (1) adjust from the budget timing (October through September) to the timing of the PUC assessment (July through June); and (2) update the projection amount based on the most recent PUC assessment invoice (which was received subsequent to completion of the Company's budget).

IV. CAPITAL TREATMENT OF CERTAIN INFORMATION TECHNOLOGY COSTS

Q. What is the Company's policy for capital treatment of IT costs?

A. Since 2016, UGI (including UGI Gas and UGI Electric) has received authorization to capitalize certain IT costs associated with software implementation projects within various base rate proceedings. These IT costs consist of internal labor, external consulting expenses, and other expenses related to the preparation of the vendor and system integrator requests for proposals. IT costs also include current-state assessments, reengineering business processes to adapt to the new system, data conversion, cleansing and migration (including field verification and digitization of asset attributes required for accurate data and facility capture), and implementation training costs. Additionally, the Company capitalizes the above-mentioned cost items for cloud computing software implementation projects. Further, beginning in 2019, the Company began capitalizing Hypercare costs associated with large software implementation projects. Hypercare is a term for post-

implementation support following the deployment of an IT project to ensure that the newly implemented system operates as planned.

Q. Is the Company planning to continue with similar methods of IT cost capitalization in this proceeding?

A. Yes. The Company continues to capitalize such costs in line with the authorizations received previously, and all such costs which are claimed in the current case are included within the Company's budgeted capital as laid out in Exhibit A (Future) and Exhibit A (Fully Projected).

Q. Does this conclude your direct testimony?

A. Yes, it does.

UGI GAS

EXHIBIT VKR-1

Vivian K. Ressler

Director – Utility Financial Planning & Analysis

Work Experience

UGI Utilities, Inc. – Denver, PA

Oct. 2024 – Current	Director – Utility Financial Planning & Analysis
Jan. 2023 – Sept. 2024	Sr. Manager - Finance
March 2022 – Jan. 2023	Assistant Controller
Dec. 2021 – March 2022	Sr. Manager – Plant & Regulatory Accounting
Feb. 2020 – Dec. 2021	Sr. Manager – SOX, Plant Accounting & Accounts Payable
June 2018 – Feb. 2020	Manager – Technical Accounting & Controls

The Bon-Ton Stores, Inc. – York, PA

May 2014 – May 2018	Departmental Vice President – Corporate Accounting

Trout, Ebersole & Groff, LLP – Lancaster, PA

May 2012 – May 2014	Supervisor – Attest Services

BI-LO, LLC – Greenville, SC

Nov. 2007 – May 2012	Sr. Manager – Corporate Accounting & Tax

Deloitte & Touche, LLP – Greenville, SC

Sept. 1998 – Oct. 2007	Staff Accountant through Sr. Manager – Audit Services

Previous Testimony before the Pennsylvania Public Utility Commission

UGI Gas Base Rate Case	Docket No. R-2019-3015162
UGI Electric Base Rate Case	Docket No. R-2021-3023618
UGI Gas Base Rate Case	Docket No. R-2021-3030218
UGI Electric Base Rate Case	Docket No. R-2022-3037368
UGI Gas Base Rate Case	Docket No. R-2024-3052716

Education & Professional Certification

B. S. in Accounting – Bob Jones University, Greenville, SC

Certified Public Accountant – Commonwealth of Pennsylvania

UGI GAS STATEMENT NO. 5

AMY M. KELLER

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-2025-3059523

UGI Utilities, Inc. – Gas Division

Statement No. 5

Direct Testimony of
Amy M. Keller

Topics Addressed:	**Accounting Process and Historic Costs**
	Fully Projected Future Test Year
	Rate Base
	Operating Expense Adjustments

Dated: January 28, 2026

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Amy M. Keller. My business address is 1 UGI Drive, Denver, Pennsylvania 17517.

Q. By whom are you employed and in what capacity?

A. I am employed by UGI Utilities, Inc. ("UGI") as Senior Manager, Regulatory and Plant Accounting. UGI is a wholly-owned subsidiary of UGI Corporation ("UGI Corp."). UGI has two operating divisions, the Gas Division ("UGI Gas" or the "Company") and the Electric Division ("UGI Electric"), each of which is a public utility regulated by the Pennsylvania Public Utility Commission ("Commission" or "PUC").

Q. What are your responsibilities as Senior Manager, Regulatory and Plant Accounting?

A. I have responsibility for UGI's plant accounting and regulatory accounting processes. I lead a team of accountants responsible for maintaining complete and accurate plant accounting records, and for preparing and submitting certain regulatory filings with the PUC and Federal Energy Regulatory Commission ("FERC"). My duties also include the coordination of these functions with UGI's Assistant Controller as well as financial accounting and reporting personnel and UGI Corp.

Q. Please describe your educational background and work experience.

A. My full educational background and work experience are set forth in my resume attached as UGI Gas Exhibit AMK-1.

Q. Have you testified previously before this Commission?

A. No, I have not.

Q. What is the purpose of your testimony?

A. I am providing testimony on behalf of UGI Gas in support of the Company's rate case accounting methodology and certain operating expense adjustments. First, I will explain UGI Gas's accounting processes, which were used to develop the actual book accounting results, which are the basis for the Company's historic test year ended September 30, 2025 ("HTY") (Section I).[1]

Q. Ms. Keller, are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring UGI Gas Exhibits AMK-1 and AMK-2. In addition, I am sponsoring those portions of UGI Gas Exhibit A (Fully Projected), Exhibit A (Future) and Exhibit A (Historic), which address rate base and certain adjustments to rate base and operating expenses discussed later in my testimony. I am also sponsoring those responses to the Commission's standard filing requirements as stated on the master list accompanying this filing.

II. ACCOUNTING PROCESS AND HISTORIC COSTS

Q. How are the accounting records of UGI Gas maintained?

A. The accounting records of UGI Gas are kept in accordance with generally accepted accounting principles ("GAAP") and the Federal Energy Regulatory Commission's

[1] The budgets for the future test year ending September 30, 2026 ("FTY") and the FPFTY are discussed in the Direct Testimony of Tracy A. Hazenstab (UGI Gas St. No. 2).

("FERC") Uniform System of Accounts ("USOA") as required under the provisions of 52 Pa. Code § 59.42. The Company also maintains a continuing property records system in accordance with the requirements of 52 Pa. Code § 59.46.

Q. Are the books and records of UGI Gas subject to audit?

A. Yes. The books and records of UGI Gas are audited by its internal auditors. In addition, UGI Gas's books and records are included in Company-wide audits of UGI, performed by its external auditor, KPMG, LLP. The Company's books and records are further subject to audit by the PUC.

Q. Do the continuing property records of UGI Gas reflect the original cost value of property?

A. Yes, they do. UGI Gas's plant in service, plant additions, retirements, and book adjustments have been recorded on an original cost basis in accordance with GAAP and the USOA requirements.

Q. What process does UGI Gas follow to assure that property reflected in its plant accounts is in service?

A. UGI Gas's capital project managers create records that document the costs of projects and/or asset purchases. When a capital project or asset is placed into service, the project manager records the in-service date and the retirement detail for any related assets that are taken out of service. Then, the record is provided to accounting personnel. This information is transferred through accounting entries into the appropriate UGI Gas plant

property accounts, subject to review by authorized individuals who approve the entries and further review by internal and external auditors.

Q How was the Company's accounting process used in preparing the Company's filing?

A. The above-described accounting process was used to prepare the principal accounting exhibits that support UGI Gas's claim in this proceeding. As discussed in the direct testimony of Company witnesses Hans G. Bell (UGI Gas Statement No. 1) and Tracy A. Hazenstab (UGI Gas Statement No. 2), the Company's claim is based on the FPFTY. The accounting data for the FPFTY was derived from UGI Gas's Operating and Capital Budgets for the 12 months ending September 30, 2027, as shown in UGI Gas Exhibit A (Fully Projected). The accounting data for the FTY was derived from UGI Gas's Operating and Capital Budgets for the 12 months ending September 30, 2026, as shown in UGI Gas Exhibit A (Future). The accounting data for the HTY was derived from UGI Gas's books and records for the 12 months ended September 30, 2025, as shown in UGI Gas Exhibit A (Historic).

III. FULLY PROJECTED FUTURE TEST YEAR RATE BASE

Q. With reference to UGI Gas Exhibit A (Fully Projected), please discuss how the Company's specific rate base items are determined.

A. UGI Gas's rate base presentation is shown in UGI Gas Exhibit A (Fully Projected), Schedule C-1. It summarizes the UGI Gas rate base values for the FPFTY. Column 1 provides the schedule where the calculations of each of the rate base elements are found. Columns 3 and 5 show the amounts at present and proposed rates, respectively. UGI Gas's total FPFTY rate base claim—net of deductions for accumulated depreciation,

accumulated deferred income taxes and customer deposits—is $4.319 billion. Except where otherwise noted, I will describe each of the rate base elements in greater detail below.

1. Utility Plant in Service

Q. Please explain how UGI Gas determined its FPFTY rate base value for net plant in service.

A. UGI Gas's claim for FPFTY rate base value for net plant in service is the sum of the gross utility plant in service claim and the accumulated depreciation claim as of September 30, 2027, as described below.

Gross utility plant in service represents the sum of the closing plant balances as of September 30, 2025, plus budgeted additions placed in service for the years ending September 30, 2026, and September 30, 2027, less expected FTY and FPFTY plant retirements. The direct testimony of Company witness Vicky A Schappell (UGI Gas Statement No. 7) discusses the capital addition planning process and the basis for the additions placed in service in the FTY and FPFTY.

UGI Gas's claim also reflects a reduction for accumulated depreciation, which is based on the closing accumulated depreciation balances as of September 30, 2025, plus depreciation expenses for the years ending September 30, 2026, and September 30, 2027, less expected FTY and FPFTY plant retirements.

Q. Please describe Schedule C-2 to UGI Gas Exhibit A (Fully Projected).

A. This schedule presents UGI Gas's FPFTY claim of $6.677 billion for used and useful gas gross utility plant in service on page 2, column 2, line 64. That amount is also reflected on

line 1 of the measure of value summary on Schedule C-1. Gas utility plant enables UGI Gas to provide safe and reliable gas service to its customers.

Q. Please describe the information included on Schedule C-2, page 3.

A. This information provides a summary of UGI Gas's *pro forma* claim for gross utility plant in service by category. Column 2 shows the FPFTY ending balances based on the placed in-service budget; column 3 shows the net effect of the various plant adjustments, if any; and column 4 provides the adjusted FPFTY plant in service.

Q. What information is included on Schedule C-2, pages 4 and 5?

A. Columns 2 and 3 on these pages show the gas plant in service balances for 2026 and 2027 at the FERC account level, based on the placed in service budget. Column 5 provides the ending FPFTY plant balance at the FERC account level.

Q. Where are plant in service additions shown?

A. Pages 6 and 7 of Schedule C-2 provide actual (for the HTY) and projected (for the FTY and FPFTY) plant in service additions. The Company categorizes plant in service additions by FERC account.

Q. Where are plant retirements shown and how were these retirements projected for the FTY and the FPFTY?

A. Pages 8 and 9 of Schedule C-2 provide actual (for the HTY) and projected (for the FTY and FPFTY) plant retirements. Retirements for most plant accounts were projected by

plant account. The Company applied the average retirement rate, as a percent of additions, for the five fiscal years 2021 through 2025, to the FPFTY and FTY plant in service additions. For certain plant accounts subject to amortization accounting, retirements are recorded when a vintage is fully amortized. For these accounts, all units are retired when the vintage is fully amortized.

2. Accumulated Depreciation

Q. Please explain how UGI Gas determined its rate base deduction for accumulated depreciation.

A. UGI Gas started with accumulated depreciation as of September 30, 2025, added the budgeted level of depreciation expense for the FTY and FPFTY, and calculated the impact of the FTY and FPFTY plant retirements and a provision for net salvage as shown on Schedule C-3. The depreciation rates and test year expense levels are discussed in the direct testimony of John F. Weidmayer (UGI Gas Statement No. 6), with the underlying FPFTY depreciation analysis provided in UGI Gas Exhibit A (Fully Projected).

Q. Please describe UGI Gas's accumulated depreciation claim.

A. UGI Gas's accumulated depreciation claim is shown on Schedule C-3 of UGI Gas Exhibit A (Fully Projected). This schedule presents the accumulated provision for depreciation as of September 30, 2027, distributed among the various FERC accounts. The total amount for accumulated depreciation, $1.736 billion, is summarized on page 2, column 2, line 64, of this schedule. That amount is reflected on line 2 of the measure of value summary on Schedule C-1 as a reduction to rate base.

Page 3 of Schedule C-3 shows the *pro forma* FPFTY level of accumulated depreciation distributed to the various plant categories. Pages 4 and 5 show the details of the accumulated depreciation by FERC account for Fiscal Years 2026 (column 2) and 2027 (column 3) based on budget plus adjustments (column 4), if any, to arrive at the FPFTY balance (column 5). Pages 6 and 7 show the cost of removal by FERC account and pages 8 and 9 show negative net salvage amortization by FERC account. Pages 10 and 11 include the salvage amounts by FERC account. These amounts are included in the FPFTY accumulated depreciation calculations. The amortization of negative net salvage was calculated using a 5-year amortization schedule in accordance with Commission precedent.

Q. Please summarize UGI Gas's net in plant in service claim.

A. UGI Gas's net plant in service claim reflects *pro forma* gross utility plant as described above of $6.677 billion at September 30, 2027, less *pro forma* accumulated depreciation of $1.736 billion at September 30, 2027. These amounts are both reflected in the measure of value summary on Schedule C-1.

3. Cash Working Capital

Q. Please explain how UGI Gas determined its rate base value for cash working capital ("CWC").

A. CWC is the capital requirement arising from the difference between (1) the lag in the receipt of revenue for rendering service and (2) the lag in the payment of cash expenses incurred to provide that service, as shown in Schedule C-1. A detailed analysis of UGI Gas's CWC requirements is provided in Schedule C-4.

Q. Where is the CWC rate base value summarized?

A. The CWC rate base value is summarized at Schedule C-4, page 1. The various components of the working capital claim are listed on this page, along with a reference to the page where the component is further detailed within Schedule C-4.

Q. What data is shown on page 2 of Schedule C-4?

A. Page 2 summarizes the derivation of UGI Gas's revenue collection lag and overall expense payment lag. The revenue lag is 57.46 days (line 1). Expense lag days include three categories of annual operating expenses: (1) payroll; (2) purchased gas costs; and (3) other expenses. The expense lag days are shown for each component (lines 3-5), which amount to 27.55 days (line 7). The net lag in the collection of revenue is 29.91 days (line 8). This number is then multiplied by the average daily operating expense balance (line 9) to arrive at a base CWC amount for Operations and Maintenance ("O&M") expense of $57.012 million (line 10). The average daily expense balance of $1.906 million (line 9) is determined by dividing the total *pro forma* annual operating expenses, excluding uncollectible accounts expense, of $695.601 million (line 6, column 2), by the number of days in the year, or 365. I will describe the other components of the CWC claim when I discuss the related schedules.

Q. Please describe the revenue lag calculation shown on Schedule C-4, page 3.

A. The Company's calculation for the total revenue lag days of 57.46 (line 23) consists of several steps. First, the annual revenue (line 18, column 3) is divided by the average month-end accounts receivable balances for the 13 months ended September 30, 2025 (line

17, column 2). This results in an accounts receivable turnover rate of 9.14 (line 19, column 4), which is equivalent to 39.93 lag days (line 20, column 5) (i.e., 365 divided by 9.14 accounts receivable turnover rate). As shown on lines 20-23, the payment portion of the revenue lag is added to: (1) the 2.32-day lag between the meter reading day and the day bills are sent out and recorded as revenue and accounts receivable by the Company (appearing on line 21); and (2) the 15.21-day service lag (i.e., midpoint lag factor), which is the time from the mid-point of the service period until the meter reading date (appearing on line 22). This calculation results in a total revenue lag of 57.46 days.

Q. How was the mid-point of the service period calculated?

A. The mid-point of the service period is equal to the number of days in an average service month (365 days divided by 12, or 30.4 days) divided by two (i.e., 15.21 days).

Q. How are the payroll expense lag days for the CWC claim calculated?

A. This calculation is shown on page 4 of Schedule C-4, lines 1-6. The payroll amounts shown there reflect the payroll for the FPFTY, which is shown on Schedule D-7. The lag periods for union and non-union payroll are shown separately on page 4 of Schedule C-4, lines 1-2, with the same bi-weekly pay period. The lag days are calculated based on 14 days in the pay period divided by 2 (for an average), with a 5-day payroll processing time period added, resulting in a 12-day lag period.

Q. How were the lag days associated with the purchased gas costs shown on Schedule C-4, page 4, line 8, calculated?

A. This calculation is shown on page 6 of Schedule C-4 and is based on a review of gas purchases during the 12-month period of October 2024 through September 2025. The total dollar amount of gas purchased during this period was $505.975 million (on line 13, column 2). The average payment lag was calculated by dividing the total dollar days for purchased gas costs ($13.199 billion) by the total dollar amount of gas purchased ($505.975 million), which equals 26.09 days (on line 14). The payment lag was determined using the midpoint of the service period for each of the payments and the payment date for each, averaged over the 12-month study period. The 26.09-day lag for purchased gas costs is then brought forward to Schedule C-4, page 4, line 8, and Schedule C-4, page 2, column 3, line 4.

Q. What are dollar days, and how were they used in the CWC calculation?

A. Dollar days are the product of a payment amount multiplied by the number of days between the invoice date or service date and the date that the payment clears the Company's bank. The dollar days calculation is used to calculate a weighted average number of lag days for both purchased gas costs (Schedule C-4, page 6) and general disbursements (Schedule C-4, page 5).

Q. How were the Other O&M Expense lag days, shown on Schedule C-4, page 4, line 22, calculated?

A. The calculation is shown on page 5 of Schedule C-4. The average payment lag for all remaining expenses was derived from data over the HTY, as shown in more detail on page 5 of Schedule C-4. A summary list of all cash disbursements, including the invoice date, the amount of the disbursement, the date the payment was made, and the type of disbursement (for capital, commodity, or expense), during each of these months was used. As shown on page 5, lines 1-24, columns 1 and 2, each month's listing contained numerous cash disbursements. Once the raw payment data was assembled, the dollar days for expense purchases were determined by multiplying the amount of the disbursement by either (i) the number of days from invoice date until bank clearance for wire and Automated Clearing House ("ACH") payments, or (ii) the number of days from the invoice date until check date, plus seven days (representing mail lag) for payments made by check. Disbursements were eliminated if they were included in another calculation (*e.g.*, gas purchases) or were paid for capital items. After these adjustments, the average of the expense lag days for each month shown on Schedule C-4, page 5, column 4, line 25, resulted in a payment lag for general disbursements of 36.55 days. The lag for other disbursements is then brought forward to Schedule C-4, page 4, line 22 and Schedule C-4, page 2, column 3, line 5.

Q. Please explain how the interest payment amount included on line 2 of Schedule C-4, page 1, was determined.

A. The calculation of this amount is shown on Schedule C-4, page 7. This calculation measures the lag associated with the payment of interest on outstanding debt. The *pro forma* annual interest expense shown on line 4 is divided by 365 to obtain the daily interest expense of $0.280 million shown on page 7, line 5. That amount is then multiplied by the net payment lag, resulting in a reduction to the working capital allowance of $9.459 million as shown on page 7, line 9 of Schedule C-4. This amount is then included on page 1, line 2 of Schedule C-4.

Q. How was the tax payment lag for the working capital requirement, shown on line 3 of Schedule C-4, page 1, determined?

A. This calculation is shown on page 8 of Schedule C-4. Separate tax payment lag calculations (for working capital) are made for federal income tax, state income tax, PA Property Tax, and the Public Utility Realty Tax Act ("PURTA"). Each of these calculations is based on anticipated FPFTY tax payments and an April 1 mid-point of annual service. The results for each of these components are shown and summed in column 10 to derive the net working capital allowance for tax payments of $4.570 million shown on page 8, line 19. This amount is then included on page 1, line 3 of Schedule C-4.

Q. How was the working capital allowance for prepaid expenses, shown on line 4 of Schedule C-4, page 1, derived?

A. That amount is calculated on page 9 of Schedule C-4 and represents the 13-month average of actual pre-paid amounts for each month ended from September 2024 through September 2025. The 13-month average of total actual pre-paid amounts during that period is $14.400 million, shown on page 9, line 18. This amount is then included on page 1, line 4 of Schedule C-4.

Q. What is the total amount of the Company's CWC claim?

A. UGI Gas's claim for CWC is $66.523 million. This amount is shown on Schedule C-4, page 1, line 5; Schedule C-1, line 4; and on Schedule A-1, line 4.

4. Gas Storage Inventory

Q. Please explain how the rate base value for gas storage inventory was determined.

A. Gas storage inventory represents gas volumes stored in facilities or in storage fields owned by interstate pipeline or storage companies with whom UGI Gas contracts for capacity. As is typical for most natural gas distribution systems, UGI Gas purchases storage gas throughout the year for use primarily during the winter heating season. Specifically, the Company pays its gas storage bills on a monthly basis once the gas is procured in the same way that it pays for gas procured from other sources. Storage inventory is a physical asset that is included in the Company's rate base claim in the same manner as materials and supplies inventory. UGI Gas's claim for gas storage inventory is based on a 13-month average book value for the period ending September 2025, as shown on Schedule C-5. The average monthly gas inventory balance for the FPFTY is $23.662 million, as shown on

Schedule C-5, line 16. This amount is also used in Schedule C-1, line 5 and Schedule A-1, line 5.

5. Accumulated Deferred Income Taxes

Q. Please explain how the rate base value for Accumulated Deferred Income Taxes ("ADIT"), including Excess Deferred Federal Income Taxes ("EDFIT"), was calculated.

A. The Company's determination of its rate base value for ADIT, including EDFIT, is shown on Schedule C-6 and is discussed in the direct testimony of Darin T. Espigh (UGI Gas Statement No. 9). This amount of $716.793 million reduces the rate base. This amount is also used in Schedule C-1, line 6 and Schedule A-1, line 6.

6. Customer Deposits

Q. Please explain how the Company calculated the rate base value for customer deposits.

A. Customer deposits offset the need for UGI Gas to provide capital. UGI Gas's claimed offset for customer deposits is based on the average customer deposit balance for the 13-month period ending September 2025, as shown on Schedule C-7.

Q. What is the amount of the rate base offset for customer deposits?

A. The customer deposit offset is $23.197 million, as shown on Schedule C-7, line 16, Schedule C-1, line 7, and on Schedule A-1, line 7.

7. Materials and Supplies Inventory

Q. What is the rate base claim for materials and supplies inventory?

A. UGI Gas maintains various materials and supplies in inventory for use in its operations. The Company's claim for materials and supplies inventory is $28.644 million, as shown on Schedule C-8, line 16, Schedule C-1, line 8, and on Schedule A-1, line 8. This amount is based on the average inventory for the 13-month period ending September 30, 2025, as shown on Schedule C-8.

IV. OPERATING EXPENSE ADJUSTMENTS

Q. Please describe how the Company's claimed operating expenses were determined.

A. As discussed in the direct testimony of Tracy A. Hazenstab (UGI Gas Statement No. 2), the *pro forma* FPFTY expenses were based on the budgeted level of expenses as a starting point. This budgeted level of expenses was then adjusted to comply with Commission precedent and generally accepted ratemaking principles to reflect a normal, ongoing level of operations. The supporting schedules for those adjustments are found in UGI Gas Exhibit A (Fully Projected), Section D. Below, I will discuss the specific operating adjustments that I am sponsoring, as contained in UGI Gas Exhibit A (Fully Projected), Section D.

1. Environmental Remediation Expenses

Q. What adjustments are shown on Schedule D-8?

A. Consistent with the methodology the Company has used in past rate cases, the two adjustments shown on Schedule D-8 are designed to reconcile past Environmental Remediation expense rate recoveries with actual incurred costs and to recover a projected

annual level of Environmental Remediation expense. These costs are incurred in connection with UGI Gas's obligations under a Consent Order Agreement ("COA") with the Pennsylvania Department of Environmental Protection ("DEP").[2] The Company's remediation activities under the COA are discussed in the direct testimony of Jill E. Walter (UGI Gas Statement No. 3).

Q. Please describe the first Environmental Remediation expense adjustment shown on Schedule D-8.

A. The adjustment (on lines 1 – 6 of Schedule D-8) is intended to provide the Company with normalized ratemaking recovery of ongoing annual cash expenditures primarily to remediate former manufactured gas plant ("MGP") sites in accordance with the COA. Because the amount budgeted is the amount UGI Gas recovered in the most recent previous base rate case, it does not properly reflect the amount that the Company is likely to incur during the FPFTY. Therefore, as in past cases, the Company has chosen to normalize the expenditure based on its recent actual experience.

The average of the last three years of cash expenditures for remediation expenses under the COA is $6.698 million and represents the amount that the Company anticipates it will spend in the FPFTY under the COA. The difference between this annual amount ($6.698 million) and the amount budgeted by the Company ($5.429 million), or $1.269 million, is the first adjustment.

[2] Effective October 1, 2020, DEP consolidated the Company's prior three COAs (which aligned with the Company's former rate districts) into one COA that covers the entire UGI Gas service territory.

Q. Please describe the second Environmental Remediation expense adjustment shown on Schedules D-8, lines 7-13.

A. The second environmental adjustment (on lines 7-13 on Schedule D-8) shows the net under-recovery of the Company's MGP remediation expense incurred in past years, and the planned amortization for this net under-recovery. This net under-recovery resulted from the combination of (1) the under-recovery in actual annual remediation costs for Fiscal 2025 versus the normalized level authorized in the 2025 Gas Rate Case at Docket No. R-2024-3052716 and (2) over-recovery of reconciliation amounts from years prior to Fiscal 2025 (projected through Fiscal 2026). Please use the detailed calculations of this net over-recovery at UGI Exhibit AMK-2.

The under-recovered expenditures of $0.967 million (line 9) will be charged to customers over a two-year amortization period through Fiscal Year 2028, at an amount of $0.483 million per year (line 11). This two-year amortization period is consistent with the period approved in the settlement of the prior rate case at Docket No. R-2024-3052716. This amount is compared to the budget amount of $0.610 million of income per year, resulting in a budget adjustment of $1.093 million (line 13).

Q. Please describe the adjustment shown on Schedule D-14.

A. The adjustment shown on Schedule D-14 reflects an adjustment from budgeted pension expenses to reflect cash to be contributed to the plan in the FPFTY. The Company's budget reflects pension expenses based on GAAP requirements to reflect service and non-service costs based on certain assumptions. However, consistent with prior ratemaking practices, the Company claims pension costs within its rates on a cash basis. The adjustment is

calculated as the total cash contributions (as provided by the Company's actuary in the most recent actuarial report), reduced to reflect only the portion attributable to UGI Gas, and then further reduced to reflect the portion of pensions that is capitalizable. This cash pension expense of $4.507 million (line 5) is compared to the budgeted pension expense of $1.437 million (line 1), also calculated for UGI Gas only and net of the capitalizable portion, resulting in an adjustment of $3.071 million (line 6).

Q. Does this conclude your direct testimony?

A. Yes, it does.

UGI GAS

EXHIBIT AMK-1

Amy M. Keller

Senior Manager – Regulatory and Plant Accounting

Work Experience

UGI Utilities, Inc. – Denver, PA

Oct. 2025 – Current	Senior Manager – Regulatory and Plant Accounting
Dec. 2021 – Sep. 2024	Manager of Process Improvement
Feb. 2020 – Nov. 2021	Manager of General Ledger and Regulatory Accounting
Feb. 2018 – Jan. 2020	Manager of Revenue and Supply Accounting
May 2016 – Jan. 2018	Supervisor of Revenue Accounting

Penn National Gaming. – Wyomissing, PA

May 2015 – May 2016	Senior Auditor, Internal Audit

Fulton Financial Corporation – Lancaster, PA

Jan. 2013 – May 2015	Senior Auditor, Internal Audit

Baker Tilly (formerly ParenteBeard, LLC) – Wyomissing, PA

Jan. 2010 – Jan. 2013	Intern through Staff Accountant II, Small Business Division

Education & Professional Certification

B. S. in Accounting – Albright College, Reading, PA
B. S. in Psychology – Elizabethtown College, Elizabethtown, PA

Certified Public Accountant – Commonwealth of Pennsylvania

UGI GAS

EXHIBIT AMK-2

UGI Utilities, Inc. - Gas Division
Reconciliation of Environmental Recovery Reconciliation by Fiscal Year
$ Amounts in '000s

Under / (Over) Recoveries Approved in Prior Rate Case:

Year(s) to which Under / (Over) Recovery Relates	Docket No. of Rate Case in which Amortization was Mostly Recently Approved	Per month Amortization as approved in docket # R-2021-3030218	Per month Amortization as approved in docket # R-2024-3052716	Under Recovered Balance at 9/30/2025	Amount in Rates by Fiscal Year FY26 (1)	Under / (Over) Recovered Balance at 9/30/2026	
FY24 and prior	R-2024-3052716	(252)	51	(1,221)	307	(914)	
Total		(252)	51	(1,221)	307	(914)	**Schedule D-8 Line 7**
					(1)	**(2)**	

Under / (Over) Recoveries since Prior Rate Case:

Year(s) to which Under / (Over) Recovery Relates	Spend per fiscal year	Amortized in Rates allowed by rate case	Under / (Over) Recovery	Under / (Over) Recovered Balance at 9/30/2026	
FY25	7,052	(5,171)	1,880	1,880	
Total	7,052	(5,171)	1,880	1,880	**Schedule D-8 Line 8**
				(2)	

(1) Amount includes one month of prior rate case amortization (rates approved at Docket #R-2021-3030218) and eleven months of the rates approved in the new rates (rates approved at Docket #2024-3052716, effective October 28, 2025).
(2) Amounts are included within Environmental Adjustment #2 at Schedule D-8 of Exhibit A, Fully Projected.

UGI GAS STATEMENT NO. 6

JOHN F. WIEDMAYER

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Docket No. R-2025-3059523

UGI Utilities, Inc. – Gas Division

Statement No. 6

Direct Testimony of
John F. Wiedmayer, C.D.P.

Topics Addressed: **Depreciation and Net Salvage**

Date: January 28, 2026

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DIRECT TESTIMONY OF

JOHN F. WIEDMAYER

DOCKET NO. R-2025-3059523

I. INTRODUCTION

Q. Please state your name and address.

A. My name is John F. Wiedmayer. My business address is 1010 Adams Avenue, Audubon, Pennsylvania 19403.

Q. Are you associated with any firm and in what capacity?

A. Yes. I am associated with the firm of Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") as Project Manager, Depreciation and Valuation Studies.

Q. How long have you been associated with Gannett Fleming?

A. I have been associated with the firm since I graduated from college in June 1986.

Q. What is your educational background?

A. I have an AB degree in Engineering from Lafayette College and a Master of Business Administration from the Pennsylvania State University.

Q. Do you belong to any professional societies?

A. Yes. I am a member of the National and Pennsylvania Societies of Professional Engineers and the Society of Depreciation Professionals ("SDP"). In 2005, I

served as President of the SDP and was a member of the SDP's Executive Board for the years 2003 through 2007.

Q. Do you hold any special certification as a depreciation expert?

A. Yes. The SDP has established national standards for depreciation professionals. The SDP administers an examination to become certified in this field. I passed the certification exam in September 1997 and have fulfilled the requirements necessary to remain a Certified Depreciation Professional.

Q. Please outline your experience in the field of depreciation.

A. I have over 35 years of depreciation experience, which includes expert testimony in numerous cases before 14 regulatory commissions, including the Pennsylvania Public Utility Commission ("PUC" or "Commission").

In June 1986, I was employed by Gannett Fleming as a Depreciation Engineer. I held that position from June 1986 through December 1995. In January 1996, I was assigned to the position of Supervisor of Depreciation Studies. In August 2004, I was promoted to Project Manager, Depreciation Studies and in January 2022 I was promoted to my present position as Senior Project Manager, Valuation and Depreciation Studies. I am responsible for conducting depreciation and valuation studies, including the preparation of testimony, exhibits, and responses to data requests for submission to the appropriate regulatory bodies. My additional duties include determining final life and salvage estimates, conducting field reviews, presenting recommended

depreciation rates to management for its consideration, and supporting such rates before regulatory bodies.

During the course of my employment with Gannett Fleming, I have assisted in the preparation of numerous depreciation studies for utility companies across various industries. I assisted in the preparation of depreciation studies for the following telephone companies: Alberta Government Telephone, Commonwealth Telephone Company, Telus, United Telephone Company of New Jersey, and United Telephone of Pennsylvania. I assisted in the preparation of depreciation studies for the following companies in the railroad industry: CSX Transportation, Union Pacific Railroad, Burlington Northern Railroad, Burlington Northern Santa Fe Railway, Amtrak, Kansas City Southern Railroad, Norfolk & Western, Southern Railway, and Norfolk Southern Corporation.

I assisted in the preparation of depreciation studies for the following organizations in the electric industry: AmerenUE, Arizona Public Service Company, BGE, UGI Utilities, Inc. - Electric Division ("UGI Electric"), Penelec, Metropolitan Edison, ConEdison, ComEd, Orange and Rockland, Rockland Electric, the City of Red Deer, Nova Scotia Power, Newfoundland Power, Owen Electric Cooperative, Bangor Hydro Electric Company, Maine Public Service Company, Michigan Electric Transmission Company, PECO, Jackson Electric Cooperative Corporation, Houston Lighting and Power, Maritime Electric, Nolin Rural Electric Cooperative, AmerenCIPS, AmerenCILCO, AmerenIP, and the City of Calgary - Electric System.

I assisted in the preparation of depreciation studies for the following gas companies: BGE, PECO, UGI Utilities, Inc. – Gas Division, North Penn Gas, PFG Gas, UGI Central Penn Gas, Inc., Equitable Gas, Centra Gas Alberta, Questar Gas, Orange and Rockland, Con Edison, Dominion East Ohio, Connecticut Natural Gas, Southern Connecticut Gas, AmerenUE, AmerenCILCO, AmerenCIPS, and AmerenIP.

In each of the above studies, I assembled and analyzed historical and simulated data, performed field reviews, developed preliminary estimates of service lives and net salvage, calculated annual depreciation, and prepared reports for submission to state public utility commissions or federal regulatory agencies.

Q. Have you previously testified on the subject of utility plant depreciation?

A. Yes. I have submitted testimony to the Kentucky Public Service Commission, the Newfoundland and Labrador Board of Commissioners of Public Utilities, the Nova Scotia Utility and Review Board, the Federal Energy Regulatory Commission, the Utah Public Service Commission, the Arizona Corporation Commission, the Missouri Public Service Commission, the Illinois Commerce Commission, the Maine Public Utilities Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities, the New York Public Service Commission, the Connecticut Public Utilities Regulatory Authority, and the PUC.

Q. Have you received any additional education relating to utility plant depreciation?

A. Yes. I have completed the following courses conducted by Depreciation Programs, Inc.: "Techniques of Life Analysis," "Techniques of Salvage and Depreciation Analysis," "Forecasting Life and Salvage," "Modeling and Life Analysis Using Simulation," and "Managing a Depreciation Study." In 2000, I became an instructor at the SDP's annual conference lecturing on "Salvage Concepts," "Depreciation Models," "Analyzing the Life of Real-World Utility Property – Actuarial Analysis," "Theoretical Reserve Imbalances and True-Up," and "Data Requirements for a Depreciation Study."

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. My testimony is in support of the depreciation studies conducted under my direction and supervision for the Pennsylvania gas plant of UGI Utilities, Inc. – Gas Division ("UGI Gas" or the "Company"). I was retained by the Company as a depreciation consultant. UGI Gas retained me to determine the book depreciation reserve as of September 30, 2027, to determine the annual depreciation expense to be included as an element of the cost of service, and to testify in support of those two determinations in this proceeding.

I am also a sponsoring witness for UGI Gas's depreciated original cost of gas plant in service included in rate base. My testimony will address my depreciation study, the appropriate depreciation reserve for ratemaking purposes, the original cost measure of value, and the appropriate annual

depreciation expense to be included in the ratemaking cost of service as of September 30, 2027.

Q. Were you responsible for the preparation of any of the Company's responses to the Commission's filing regulations that were filed in support of the Company's general rate filing?

A. Yes. I am the responsible witness for the following items in UGI Gas Exhibit I:

Item No.	Subject
I-A-3	Description of Depreciation Methods and Factors Considered in Arriving at Estimates of Service Life and Dispersion by Account
I-A-4	Survivor Curves and Surviving Original Cost Including Related Annual and Accrued Depreciation
I-A-5	Comparison of Calculated Reserve vs. Book Reserve
I-A-6	Survivor Curves and Annual Accrual Rates
I-A-7	Cumulative Depreciated Original Cost by Vintage Year
I-A-8	Trended Original Cost Methodology
I-A-9	Spot Trended Original Cost
I-A-10	Undepreciated Original Cost
I-A-11	Cumulative Trended Depreciated Original Cost
I-A-17	Net Salvage

Q. Have you previously prepared comparable studies for UGI Gas?

A. Yes. I provided testimony on depreciation matters for the Company in the prior two UGI Penn Natural Gas ("PNG") base rate cases at Docket No. R-2016-2580030 and Docket No. R-2008-2079660, the prior two UGI Central Penn Gas

("CPG") base rate cases at Docket No. R-2010-2214415 and Docket No. R-2008-2079675 and the five most recent base rate case for UGI Utilities, Inc. – Gas Division at Docket No. R-2015-2518438, Docket No. R-2018-3006814, Docket No. R-2019-3015162, Docket No. R-2021-3030218 and Docket No. R-2024-3052716. Prior to those rate filings, I prepared exhibits for the depreciation study in UGI Gas's base rate case filed in 1995 at Docket No. R-00953297.

III. OUTLINE OF EXHIBITS C (FULLY PROJECTED), C (FUTURE) AND C (HISTORIC)

Q. Will you be sponsoring any exhibits with your direct testimony?

A. Yes, I am attaching and sponsoring the following exhibits: UGI Gas Exhibit C (Fully Projected), UGI Gas Exhibit C (Future), and UGI Gas Exhibit C (Historic). UGI Gas Exhibit C (Fully Projected) presents the summarized depreciation calculations and supporting tables related to the fully projected future test year ("FPFTY") ending September 30, 2027, for UGI Gas. UGI Gas Exhibit C (Future) presents similar summarized depreciation calculations and supporting charts and tables related to the depreciation study for the future test year ("FTY") ending September 30, 2026. UGI Gas Exhibit C (Historic) presents the summarized depreciation calculations and supporting tables related to the historic test year ("HTY") ended September 30, 2025. Each of the three exhibits is organized in a similar manner and contains information and schedules supporting the amounts applicable to each test year period. UGI Gas Exhibit C

(Future) contains additional information including the supporting life tables and life table charts related to the service life estimates.

Q. Does UGI Gas Exhibit C (Fully Projected) accurately portray the results of your depreciation study as of September 30, 2027?

A. Yes.

Q. In preparing the depreciation study, did you follow generally accepted practices in the field of depreciation?

A. Yes.

Q. Please describe the contents of the depreciation study reports, UGI Gas Exhibit C (Future), and UGI Gas Exhibit C (Fully Projected).

A. The depreciation study report in UGI Gas Exhibit C (Future) consists of eight parts including charts and tables filed in the Company's most recent service life study report prepared by me and submitted in 2023 based on plant accounting data through September 30, 2022. Part I, Introduction, includes statements related to the scope of and basis for the depreciation study. Part II, Estimation of Survivor Curves, presents detailed discussions of: (1) survivor curves; and (2) methods of life analysis, including an example of the retirement rate method. Part III, Service Life Considerations, presents the relevant factors considered for estimating service lives. Part IV, Calculation of Annual and Accrued Depreciation, sets forth a description of: (1) the group procedures used for calculating annual and accrued depreciation; and (2) an explanation of the

manner in which net salvage was incorporated in the calculations. Part V, Results of Study, includes a description of the results and summaries of the detailed depreciation calculations as of September 30, 2026. Part VI, Service Life Statistics, presents the results of the retirement rate analyses prepared as the historical bases for the service life estimates. Part VII, Detailed Depreciation Calculations, sets forth the detailed depreciation calculations related to surviving original cost as of September 30, 2026. The detailed depreciation calculations present the annual and accrued depreciation amounts by account and vintage year. The remaining life annual accrual rate is also set forth in the tables of Part VII. Part VIII, Experienced and Estimated Net Salvage, contains the net salvage amortization of experienced and estimated net salvage for the years 2022 through 2026.

UGI Gas Exhibit C (Fully Projected) includes: a description of the scope, basis, and results of the studies; summaries of the depreciation calculations; and the detailed depreciation calculations as of September 30, 2027. The descriptions and explanations presented in UGI Gas Exhibit C (Future) are also applicable to the depreciation calculations presented in UGI Gas Exhibit C (Fully Projected). The graphs and tables related to service life presented in UGI Gas Exhibit C (Future) also support the service life estimates used in UGI Gas Exhibit C (Fully Projected) inasmuch as the estimates are the same for all three test years, i.e., HTY, FTY, and FPFTY. The service life estimates set forth in UGI Gas Exhibit C (Historic) are the same estimates as those approved in the Company's Annual Depreciation Report ("ADR") submitted to the PUC in March 2025. The pro forma depreciation expense for UGI Gas at the end of the HTY,

September 30, 2025, is the sum of the three former rate districts, UGI South, UGI North, and UGI Central.

The results of the study are set forth in Part II in UGI Gas Exhibit C (Fully Projected). Table 1, pages II-3 through II-5 of UGI Gas Exhibit C (Fully Projected), presents the estimated survivor curve, the original cost and depreciation reserve as of September 30, 2027, and the calculated annual depreciation rate and amount for each account or subaccount of Gas Plant in Service. Table 2, pages II-6 through II-7 of UGI Gas Exhibit C (Fully Projected), presents the bring-forward to September 30, 2027, of the depreciation reserve as of September 30, 2026. Table 3, pages II-8 through II-9 of UGI Gas Exhibit C (Fully Projected), presents the calculation of the book depreciation amounts for the FPFTY. Table 4, pages II-10 through II-11 of UGI Gas Exhibit C (Fully Projected), presents the experienced and estimated net salvage for fiscal years 2023 through 2027. The amortization of net salvage is based on experienced and estimated net salvage during the period October 1, 2022 through September 30, 2027. The summary tables and detailed depreciation calculations set forth in UGI Gas Exhibit C (Fully Projected) as of September 30, 2027, are organized and presented in the same manner as those presented in UGI Gas Exhibit C (Future) as of September 30, 2026.

Q. Please outline the contents of Exhibit C (Historic).

A. UGI Gas Exhibit C (Historic) is organized similarly to UGI Gas Exhibit C (Fully Projected). UGI Gas Exhibit C (Historic) includes: a description of the scope, basis, and results of the studies; summaries of the depreciation calculations;

and the detailed depreciation calculations as of September 30, 2025. The service life estimates used in the HTY period were based on the survivor curve estimates set forth in the ADR submitted to the PUC in March 2025. The same survivor curve estimates were used in each of the three respective test year periods and were based on a service life study submitted to the PUC in 2023 using plant accounting data through fiscal year-end 2022. The summary tables and detailed depreciation calculations as of September 30, 2025, are organized and presented in the same manner as those as of September 30, 2027, with two exceptions. Tables 2 and 3 presented in UGI Gas Exhibit C (Fully Projected) are not necessary and, therefore, are not presented in UGI Gas Exhibit C (Historic).

IV. THE DEPRECIATION STUDY - OVERVIEW

Q. Please describe what you mean by the term "depreciation."

A. My use of the term "depreciation" is in accord with the definition set forth in the Uniform System of Accounts prescribed for Class A and Class B Natural Gas Companies. "Depreciation" refers to the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation, against which the company is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, requirements of public authorities, and the exhaustion of natural resources.

In the study that I performed, which is the basis for my testimony, I used the straight line remaining life method of depreciation, with the average service life and equal life group procedures. The annual depreciation is based on a system of depreciation accounting that aims to distribute the unrecovered cost of fixed capital assets over the estimated remaining useful life of the unit, or group of assets, in a systematic and rational manner. For clarity of presentation, the detailed depreciation calculations are presented by account, vintage year and former rate district, the sum of which totals to the consolidated PA-jurisdictional UGI Gas company which excludes a small portion of the UGI gas system located in Maryland. The depreciation summary tables present the results on a total PA-jurisdictional UGI Gas basis.

Q. Is the Company's claim for annual depreciation in the current proceeding based on the same methods of depreciation that were used in the Company's March 2025 ADR?

A. Yes, it is. For most plant accounts, the current claim for annual depreciation is based on the straight line remaining life method of depreciation, which has been used by the Company for over forty years. The depreciation methods and procedures are described further in Part II of UGI Gas Exhibit C (Future).

For General Plant Accounts 391, 393, 394, 395, 397, and 398, I used the straight line remaining life method of amortization. The annual amortization is based on amortization accounting, which distributes the unrecovered cost of fixed capital assets over the remaining amortization period selected for each account.

V. ORIGINAL COST MEASURE OF VALUE

Q. What is the original cost of gas plant to be included in rate base in this proceeding?

A. As of September 30, 2027, the original cost of gas plant in service is $6,676,559,249 as shown in column 4 of Table 1 on pages II-3 through II-5 of UGI Gas Exhibit C (Fully Projected). This amount includes $6,381,927,213 of Gas Plant and $294,632,036 of Other Utility Plant allocated to UGI Gas. Other Utility Plant is primarily comprised of plant assets included in Common Plant and Information Services ("IS"). The assets included in Common Plant and IS are assets that are shared and jointly used between UGI Gas and UGI Electric. The costs related to Common Plant and IS are allocated to UGI Gas at 89.11 percent and 84.82 percent, respectively. Also, the full cost of the buildings at the Empire Service Center ("Empire") in Wilkes Barre, PA were included in Gas Division. However, personnel of UGI Electric share portions of the buildings at that location and therefore a portion of the cost related to Empire was deducted from UGI Gas and allocated to UGI Electric for this proceeding.

VI. THE ACCRUED DEPRECIATION CLAIM

Q. Have you determined UGI Gas's accrued depreciation for ratemaking purposes as of September 30, 2027?

A. Yes. I have determined the allocated book depreciation reserve as of September 30, 2027, to be $1,736,045,978.

Q. Is the Company's claim for accrued depreciation in the current proceeding made on the same basis as has been used for over forty years?

A. Yes. The current claim for accrued depreciation is the book reserve brought forward from the book reserve set forth in the Company's financial statements and approved annually in connection with the Company's submission of its annual depreciation report each March to the Commission.

Q. How did you determine UGI Gas's allocated book depreciation reserve as of September 30, 2026?

A. The book depreciation reserve attributable to UGI Gas as of September 30, 2026, is set forth in column 5 of Table 1 of UGI Gas Exhibit C (Future). Table 2 of UGI Gas Exhibit C (Future) is an annual bring-forward of the book depreciation reserve as of September 30, 2025, using estimated accruals, retirements, salvage, and cost of removal for the twelve months from October 2025 through September 2026. The table sets forth, by plant account, the beginning book reserve balance as of September 30, 2025, the estimated reserve activity, and the ending reserve balance as of September 30, 2026. The estimated reserve activity consists of depreciation accruals (column 3), amortization of net salvage (column 4), projected retirements (column 5), projected salvage (column 6), and projected cost of removal (column 7). Table 3 of UGI Gas Exhibit C (Future) sets forth the calculation of the estimated depreciation accruals by plant account, which is carried forward to column 3 of Table 2. The book reserve as of September 30, 2025, by plant account, shown

in column 2 of Table 2, was obtained from UGI Gas's books and records and are the same amounts set forth in Table 1 of Exhibit C (Historic).

Q. Please explain the manner in which you projected the depreciation accruals for the twelve months ended September 30, 2026.

A. The depreciation accruals for the twelve months ended September 30, 2026, by plant account, were estimated by applying the annual depreciation accrual rates calculated as of September 30, 2025, to the projected average 2026 plant balance. The average balance for the twelve months ended September 30, 2026, is computed in columns 2 through 7 of Table 3 and is based on the projected additions, retirements, and transfers in columns 3 through 5.

Q. With reference to Table 2, column 4, please explain what you mean by "the amortization of net salvage" and explain the manner in which you projected it.

A. The amortization of net salvage is the annual provision for recovering experienced negative net salvage. This process for recognizing net salvage in the cost of service is in accordance with Pennsylvania ratemaking practice. The amortization of net salvage is based on experienced net salvage during the preceding five-year period, October 1, 2020, through September 30, 2025.

Q. Please explain the manner in which you projected the retirements, salvage, and removal costs that are shown in columns 5, 6, and 7 of Table 2.

A. Retirements were projected by plant account by applying the average retirement ratio, expressed as a percent of additions, for the five fiscal years 2021 through 2025, to FTY and FPFTY additions for most plant accounts. For certain General Plant accounts subject to amortization accounting, retirements are recorded when a vintage is fully amortized. All units are retired per books when the age of the vintage reaches the amortization period. Therefore, all vintages that reached or exceeded the amortization period were retired during the FTY for certain General Plant accounts subject to amortization accounting. Salvage and removal costs were projected by plant account by applying the average salvage and cost of removal ratios, expressed as a percent of retirement amounts, for the five years 2021 through 2025, to the projected retirement amounts.

Q. Was the book reserve as of September 30, 2027, estimated using the same methodology?

A. Yes, it was essentially the same methodology with one minor exception. The book depreciation accruals calculated for fiscal year 2027 were based on applying the depreciation rate to average monthly plant balances for purposes of calculating the book reserve as of September 30, 2027.

VII. THE ANNUAL DEPRECIATION EXPENSE CLAIM

Q. Have you determined UGI Gas's annual depreciation expense to be included as an element in the cost of service for purposes of this proceeding?

A. Yes, I have. The annual depreciation expense is $182,262,215 and consists of $172,559,378 of annual accruals to recover original cost and $9,702,837 of net salvage amortization. These amounts are set forth in column 8 of Table 1 in UGI Gas Exhibit C (Fully Projected).

Q. How did you determine the annual accruals of $182,262,215?

A. The determination of annual depreciation accruals consists of two phases. In the first phase, survivor curves are estimated for each plant account or subaccount. In the second phase, the composite remaining lives and annual depreciation accruals are calculated based on the service life estimates determined in the first phase.

The determination of annual amortization amounts consists of the selection of amortization periods and the calculation of amortization amounts based on the remaining amortization period and the unrecovered cost for each vintage.

Q. Please describe the manner in which you estimated the service life characteristics for each depreciable group in the first phase of the study.

A. The service life study consisted of compiling historical data from records related to UGI Gas's gas plant; analyzing these data to obtain historical trends of

survivor characteristics; obtaining supplementary information from engineering management and operating personnel concerning UGI Gas's practices and plans as they relate to plant operations; and interpreting the above data to form judgments of average service life characteristics.

Q. What historical data did you analyze for the purpose of estimating the service life characteristics of UGI Gas's gas plant?

A. The data consisted of the entries made by UGI Gas to record gas plant transactions during the period 1951 through 2022. The transactions included additions, retirements, transfers, acquisitions, and the related balances. I classified the data by depreciable group, type of transaction, the year in which the transaction took place, and the year in which the plant was installed.

Q. What method did you use to analyze these service life data?

A. I used the retirement rate method of life analysis. The retirement rate method is the most appropriate method when aged retirement data are available because it develops the average rates of retirement actually experienced during the period of study. Other methods of life analysis infer the rates of retirement based on a selected type survivor curve and were not used.

Q. Please describe the results of your use of the retirement rate method.

A. Each retirement rate analysis resulted in a life table, which, when plotted, formed an original survivor curve. Each original survivor curve, as plotted from the life table, represents the average survivor pattern experienced by the

several vintage groups during the experience band studied. Inasmuch as this survivor pattern does not necessarily describe the life characteristics of the property group, interpretation of the original curves is required in order to use them as valid considerations in service life estimation. Iowa type survivor curves were used in these interpretations. The results of the retirement rate analyses are presented in Part VI of UGI Gas Exhibit C (Future).

Q. Please explain briefly what an "Iowa type survivor curve" is and how you use it in estimating service life characteristics for each depreciable group.

A. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type survivor curves (“Iowa curves”). The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. Iowa curves are the accepted survivor curves for Pennsylvania, as well as the remaining 49 states, and have been for many years.

Iowa curves are used to smooth and extrapolate original survivor curves determined by the retirement rate method. The Iowa curves were used in this study to describe the forecasted rates of retirement based on the observed rates of retirement and the qualitative outlook for future retirements.

The estimated survivor curve designations for each depreciable group indicate the average service life, the family within the Iowa system, and the

relative height of the mode. For example, the Iowa 35-R2 curve indicates an average service life of thirty-five years; and a Right-skewed, or R, type curve (the mode or highest frequency of retirements occurs after average life for right modal curves). It also provides a relatively low height, 2, for the mode (possible modes for R type curves range from 0.5 to 5).

Q. Did you physically observe plant and equipment in the field?

A. Yes. Field trips are conducted periodically in order to be familiar with the operation of the Company and observe representative portions of the plant. Field trips are conducted each time a service life study is performed. Service life study reports are submitted to the Commission every five years, at a minimum. UGI Gas's most recent service life study report was performed in 2023 using plant accounting data through September 30, 2022. Facilities visited during field trips generally include representative city gate stations, district regulating stations, service centers, office buildings, training centers, etc. The specific dates and locations visited during recent field trips are listed in Exhibit C (Future) in Part III. A general understanding of the function of the plant and information with respect to the reasons for past retirements and expected causes of retirements are obtained during these field trips. This knowledge and information was incorporated in the interpretation and extrapolation of the statistical analyses.

Q. Please describe the second phase of the process that you used in order to determine annual depreciation for ratemaking purposes.

A. After I estimated the service life characteristics for each depreciable group, I calculated annual depreciation accruals for each group in accordance with the straight line remaining life method, using remaining lives consistent with the average service life procedure for plant installed prior to 1982 and remaining lives consistent with the equal life group procedure for plant installed in 1982 and subsequent years. Summary tabulations of the survivor curve estimates and the annual accrual rates and amounts are set forth on Table 1 of UGI Gas Exhibit C (Historic), UGI Gas Exhibit C (Future), and UGI Gas Exhibit C (Fully Projected). The detailed tabulations of the depreciation calculations are presented in Part III of UGI Gas Exhibit C (Historic) and UGI Gas Exhibit C (Fully Projected) and in Part VII of UGI Gas Exhibit C (Future).

Q. Please briefly describe the straight line remaining life method of depreciation that you used for depreciable property.

A. The straight line remaining life method of depreciation allocates the original cost less accumulated depreciation in equal amounts to each year of remaining service life.

Q. Please briefly describe the average service life procedure that you used in conjunction with the straight line remaining life method for plant installed prior to 1982.

A. In the average service life procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life of the vintage. The average remaining life is a directly weighted average derived from the estimated survivor curve.

Q. Please briefly describe the equal life group procedure that you used in conjunction with the straight line remaining life method for plant installed in 1982 and in later years.

A. In the equal life group procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that vintage. The composite remaining life for the vintage is derived by weighting the individual equal life group remaining lives. In the equal life group procedure, the property group is subdivided according to service life. That is, each equal life group includes the portion of the property that experiences the life of that specific group. The relative size of each equal life group is determined from the property's life dispersion curve.

Q. Please briefly describe the amortization of certain General Plant accounts.

A. General Plant Accounts 391, 393, 394, 395, 397, and 398 include a very large number of units but represent a very small percent of depreciable gas plant.

Depreciation accounting is difficult for these assets, inasmuch as periodic inventories are required to properly reflect plant in service. Many utilities have changed to amortization accounting for general plant as a practical and reasonable solution that avoids significant accounting expenditures for such a small percent of plant.

In amortization accounting, units of property are capitalized in the same manner as they are in depreciation accounting. However, retirements are recorded when a vintage is fully amortized, rather than as the units are removed from service. That is, there is no dispersion of retirement. All units are retired per books when the age of the vintage reaches the amortization period.

VIII. ILLUSTRATION OF DEPRECIATION STUDY PROCEDURE

Q. Please illustrate the procedure followed in your depreciation study and the manner in which it is presented in UGI Gas Exhibit C (Future) using an account as an example.

A. I will use Account 376.1, Mains – Primarily Steel, to illustrate the manner in which the study was conducted. Account 376.1 represents 13 percent of the total depreciable gas plant. As the initial step of the service life study phase, aged plant accounting data were compiled for the years 1951 through 2022. These data have been coded in the course of UGI Gas's normal recordkeeping according to account or property group, type of transaction, year in which the transaction took place, and year in which the gas plant was placed in service. The plant additions, retirements, and other plant transactions were analyzed by the retirement rate method of life analysis.

This account includes primarily cathodically-protected, steel mains, although some bare steel mains are still in service. As detailed in UGI Gas Exhibit C (Future), the Iowa 75-R2.5 survivor curve was judged most appropriate for this account and is the survivor curve used for this filing. The 75-R2.5 is a reasonably good fit of the company's historical plant accounting data, consistent with engineering outlook and within the typical range of service lives used by other gas companies for steel mains. The original life table for the 1951-2022 experience band is set forth on pages VI-22 through VI-27.

The calculation of annual depreciation, the second phase, for the original cost of steel mains in service as of September 30, 2025, is presented by vintage in Part VII on pages VII-37 through VII-45 of UGI Gas Exhibit C (Future) for Gas Plant in Service. The detailed depreciation calculations as of September 30, 2026, are presented in Part III of Exhibit C (Fully Projected). The tabular presentations of the detailed depreciation calculations in Part VII of Exhibit C (Future) are similar in kind to those set forth in Part III of Exhibit C (Fully Projected). The expectancy and average life derived from the estimated survivor curve for each vintage were used to calculate the accrued depreciation by the average service life procedure for 1981 and prior vintages.

The accrued depreciation for vintages subsequent to 1981 was calculated by the equal life group procedure using the Iowa 75-R2.5 survivor curve. In the calculation, the surviving cost in each vintage was further subdivided, through the use of a computer program, into depreciable groups according to the expected service lives as defined by the Iowa 75-R2.5 survivor curve. The accrued depreciation was derived for each equal life group, based

on its service life, and the totals shown for the vintages are the summations of the individually derived amounts.

The book reserve was allocated to vintages based on the calculated accrued depreciation. The remaining lives of the vintages were based on the Iowa 75-R2.5 survivor curve, the attained age, and the same group procedures as were used to calculate accrued depreciation. The future book accruals (original cost less allocated book reserve) were divided by the remaining lives to derive the annual depreciation accruals by vintage.

The total depreciation accrual on page VII-45 of UGI Gas Exhibit C (Future) was brought forward to column 8 of Table 1 on page V-4 of the exhibit and divided by the total original cost in column 4 in order to calculate the annual depreciation accrual rate in column 7. A similar process was used for the FPFTY.

Q. Is the procedure you described for Account 376.1 typical of that followed for most of the plant investment?

A. Yes, it is, inasmuch as the straight line method, the average service life, and the equal life group procedures were used for most of the depreciable plant.

Q. Please illustrate the procedure followed for the amortization of certain General Plant accounts and the manner in which it is presented in UGI Gas Exhibit C (Future) using an account as an example.

A. I will use Account 394, Tools, Shop and Garage Equipment, to illustrate the amortization procedure. As the initial step of the amortization procedure, an

amortization period of 20 years was selected based on the period during which such equipment renders most of its service, the amortization periods used by other utilities, and the service life estimate previously used for depreciation accounting.

The calculation of the annual amortization as of September 30, 2026, is presented by vintage in Part VII on pages VII-148 and VII-149 of UGI Gas Exhibit C (Future). The calculated accrued amortization is based on the ratio of the vintage's age to the amortization period. The book reserve for vintages older than the amortization period was set equal to the original cost. The remaining book reserve was allocated to vintages based on the calculated accrued depreciation. The future book accruals or amortizations (original cost less assigned or allocated book reserve) were divided by the remaining amortization period to derive the annual amortizations by vintage.

The total amortization on page VII-149 of UGI Gas Exhibit C (Future) was brought forward to column 8 of Table 1 on page V-5 of UGI Gas Exhibit C (Future). A similar process was performed for UGI Gas Exhibit C (Fully Projected) and UGI Gas Exhibit C (Historic). That is, the calculation of the annual amortization related to the original cost of Tools, Shop and Garage Equipment in service as of September 30, 2027, is presented by vintage on pages III-148 and III-149 of UGI Gas Exhibit C (Fully Projected) and summarized in Table 1 on page II-4.

Q. Briefly explain the methods used for the remaining portion of the depreciable plant.

A. The life span approach was applied to major structures in Account 390. The life span approach was used for groups such as buildings in which concurrent retirement of all property in the group is expected. The life span of both the original installation and subsequent additions is the number of years between installation and final retirement of the group. The complete details, by vintage, of the accrued depreciation and remaining life accrual calculations are set forth for each structure in Part III of UGI Gas Exhibit C (Historic) and UGI Gas Exhibit C (Fully Projected) and in Part VII of UGI Gas Exhibit C (Future).

IX. THE NET SALVAGE AMORTIZATION CLAIM

Q. Please briefly describe the accounting treatment regarding net salvage for public utilities operating in Pennsylvania.

A. In accordance with the Uniform System of Accounts and the rules for recovery of net salvage established by the Pennsylvania Superior Court in *Penn Sheraton Hotel v. Pa. P.U.C.*, 198 Pa. Super. 618, 184 A.2d 324 (1962), net salvage is charged to the depreciation reserve and is amortized over a five-year period beginning with the year after net salvage is actually incurred. These accounting procedures were affirmed by the Commission in CPG's (formerly PPL Gas Utilities Corporation ("PPL Gas")) 2006 rate filing (Docket No. R-00061398) and have been utilized by UGI Gas in their rate cases ever since. This procedure is consistent with how other Pennsylvania public utilities

account for net salvage and is the method used in preparing the Company's ADR submitted each year to the Commission.

Q. Earlier in your testimony you indicated that UGI Gas's annual depreciation expense consists, in part, of $9,702,837 of net salvage amortization. How did you determine that amount?

A. The $9,702,837 is the result of determining the five-year average of net salvage experienced and estimated during the period of October 1, 2022 through September 30, 2027. Net salvage is defined in the Uniform System of Accounts as gross salvage less cost of removal. For most gas utilities, including UGI Gas, cost of removal exceeds gross salvage resulting in negative net salvage. Negative net salvage is recorded to the depreciation reserve as a debit, which reduces the depreciation reserve. Charges related to the negative net salvage amortization are recorded to the depreciation reserve as a credit in the five years subsequent to the initial recording of the negative net salvage amount. Therefore, the negative net salvage amount will have been fully amortized after five years and the net effect on the depreciation reserve is zero. Detailed data related to the experienced and estimated cost of removal and salvage are presented in Part VIII of UGI Gas Exhibit C (Future) and Part IV of UGI Gas Exhibit C (Fully Projected).

Q. Do you have any other comments on the other items which you are sponsoring in this proceeding?

A. Yes. The above testimony does not describe the responses to filing requirements set forth in Items I-A-5, I-A-6, and I-A-7. In general, these responses are self-explanatory. The response to I-A-5 is a comparison of the actual and projected book depreciation reserve with the calculated accrued depreciation as of the end of the HTY, FTY, and FPFTY, respectively. The response to I-A-6 presents the survivor curves used in the most recent general rate proceeding and the annual accrual rates that resulted from the use of these curves. The response to I-A-7 is the cumulative depreciated original cost by installation year as of the end of the test years. The amounts requested in response to I-A-7 are set forth in UGI Gas Exhibit C (Historic), UGI Gas Exhibit C (Future) and UGI Gas Exhibit C (Fully Projected) in the section titled "Cumulative Depreciated Original Cost."

Q. Does this conclude your direct testimony?

A. Yes, it does.