

UGI PENN NATURAL GAS, INC.

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Information Submitted Pursuant to

Section 53.51 et seq of the Commission's Regulations

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ORIGINAL TARIFF

UGI PENN NATURAL GAS, INC. – PA P.U.C. NO. 9

DOCKET NO. R-2016-2580030

Issued: January 19, 2017

Effective: March 20, 2017

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UGI PENN NATURAL GAS, INC.
2017 BASE RATE CASE
DOCKET NO. R-2016-2580030

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STATEMENT OF REASONS

UGI PENN NATURAL GAS, INC.
2017 Base Rate Case
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STATEMENT OF REASONS

UGI Penn Natural Gas, Inc. (“UGI PNG” or “the Company”) is filing Tariff Gas – PA. P.U.C. Nos. 9 and 9-S, with a proposed effective date of March 20, 2017, and is proposing to cancel Proctor and Gamble Tariff No. 1. The rates set forth in Tariff Nos. 9 and 9-S, if approved by the Pennsylvania Public Utility Commission (“PUC” or the “Commission”), would increase UGI PNG’s annual jurisdictional revenues by \$21.7 million, or by 10.4 percent (10.4%). Tariff Nos. 9 and 9-S propose changes to a variety of general tariff rules and regulations. UGI PNG also is proposing a new Energy Efficiency and Conservation Program (“EE&C Plan”) for residential and commercial customers to afford customers more options and incentives to manage their energy use, and a new Technology and Economic Development (“TED”) Rider for commercial customers, which will provide the Company and customers with more rate flexibility to expand the availability of gas service in a cost-effective manner. UGI PNG is continuing its recently expanded existing universal service programs, as approved by the Commission in an Opinion and Order entered on June 11, 2015 at Docket No. M-2013-2371824.

Revenue Increase

UGI PNG last received a general rate increase in 2009. Since that time, UGI PNG has experienced significant changes in several aspects of its business. Greatly expanded domestic natural gas supplies, from regions such as the Marcellus Shale, have led to a multi-year decline in natural gas commodity prices, substantially lowering overall customer bills. At the same time,

other factors have substantially increased the cost of providing gas service to the public, which drive the need for an increase in base rates. These business factors include, but are not limited to:

- UGI PNG anticipates investing \$168 million in capital projects to upgrade its system over the next two years, bringing our total investment to over \$400 million since the last base rate case;
- Substantial increases to the Company's capital replacement and betterment program, including accelerated replacement of aging infrastructure. While UGI PNG has received a return on and of certain portions of these investments through its Distribution System Improvement Charge ("DSIC"), PNG's DSIC charge has reached the current cap of five percent (5%) of distribution revenues, effectively barring a reasonable return on additional DSIC eligible investment amounts;
- Increased costs associated with the implementation of the Company's new customer information system;
- Substantial investment in growth capital and other system infrastructure, including investments to expand gas service into unserved and underserved areas of the Commonwealth;
- Increased costs on the pricing of materials, supplies and services; and
- Wage and salary increases, along with an increased numbers of employees to continue providing safe and reliable service to customers.

The confluence of these factors, among others, has significantly reduced the Company's net operating income and after-tax earnings despite steady growth in all customer classes. Without substantial rate relief, UGI PNG's earnings are now and will continue to be financially unacceptable and, if not addressed, could adversely affect its ability to attract sufficient capital on reasonable terms and to provide safe and reliable service to its customers.

At present rates, UGI PNG's overall *pro forma* rate of return at present rates is projected to be 6.15 percent for the fully projected future test year ending September 30, 2018, leaving the associated return on common equity equating to only 7.14 percent. These operating results are shown on Schedule A-1 of UGI PNG Gas Exhibit A (Fully Projected). This level of earnings is inadequate and does not provide UGI PNG with a reasonable opportunity to earn a fair rate of

return on its used and useful investment and to attract capital on reasonable terms needed to fund future capital projects for safety, reliability and growth. Unless UGI PNG receives substantial rate relief, those returns will continue to decline and likely jeopardize its ability to make system investments needed to enhance the capacity of its distribution system and to replace older, obsolete facilities, each of which is needed to ensure continued system reliability and customer service performance.

The Company’s requested rates would reverse the current downward earnings spiral and allow the Company an opportunity to earn a fair rate of return on its depreciated original cost rate base, including a return on common equity of 11.20 percent as recommend by Mr. Paul R. Moul (UGI PNG Statement No. 4), who is the Company’s cost of capital witness and a recognized expert on the subject of fair rate of return. Mr. Moul’s recommended capital structure and rate of return are set forth in UGI PNG Exhibit B and summarized below:

<u>Type of Capital</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-Term Debt	41.68%	5.00%	2.08%
Short-Term Debt	2.50%	2.98%	0.07%
Common Equity	55.82%	11.20%	6.25%
Total	100%		8.40%

Mr. Moul’s recommendation is based primarily on a barometer group of comparable gas utilities. Mr. Moul’s recommendation includes recognition of the Company’s management effectiveness, which is addressed in detail in the testimonies of UGI PNG witnesses Paul J. Szykman, Vice President – Rates & Government Relations and Vice President & General Manager – Electric Utilities (UGI PNG Statement No. 1), Robert R. Stoyko, Vice President – Marketing and Customer Relations (UGI PNG Statement No. 8), and Hans G. Bell, Vice President of

Engineering and Operations Support (UGI PNG Statement No. 10). Mr. Moul's recommendation includes risk factors related to UGI PNG providing services to competitive market customers and incentive for management performance, as further discussed in the testimony of Mr. Szykman (UGI PNG Statement No. 1).

Included with UGI PNG's filing are all of the supporting data required by the Commission's regulations. This information provides data for an historic year ended September 30, 2016, a future test year ending September 30, 2017, and the fully projected future test year ending September 30, 2018. Because of the adverse impact of regulatory lag when rates are established using an historic test year, the Company has elected to use the fully projected future test year as the basis for its proposed revenue requirement.

UGI PNG has followed Commission ratemaking practice in preparing its claims for rate base, operating revenues and operating expenses. Rate base was determined based on depreciated original cost values for projected plant in service at the end of the fully projected future test year. Those values include more than \$168 million of plant to be placed into service by the end of the fully projected future test year, inclusive of the Company's pipeline replacement capital and customer information system investment, and other used and useful infrastructure to support growth and service reliability. The Company's rate base claim also includes reasonable estimates for gas storage inventory, materials and supplies inventory, and cash working capital, as well as standard deductions for accumulated depreciation, accumulated deferred income taxes, and customer deposits. The Company's rate base claims are shown in summary form in Schedule C-1 to UGI PNG Exhibit A-1 (Fully Projected) and are supported by the testimony of Company witness Megan Mattern, Controller and Principal Accounting Officer (UGI PNG Gas Statement No. 3).

Operating revenues claimed by the Company reflect experienced and anticipated declines in per customer residential usage. These declines adversely impact net operating income and are responsible for a portion of the requested rate increase. David E. Lahoff, Manager, Tariff & Supplier Administration (UGI PNG Statement No. 7) quantifies anticipated revenues from residential, commercial and industrial markets. Associated *pro forma* adjustments to the budgeted level of revenues recommended by Mr. Lahoff are shown on Schedule D-5 of UGI PNG Exhibit A-1 (Fully Projected) and in exhibits attached to Mr. Lahoff's testimony.

UGI PNG's *pro forma* test year operating expenses were derived from its fiscal year 2018 operating budget. Based on the analysis of Company witness Kindra S. Walker, UGI PNG's Senior Director - Finance (UGI PNG Statement No. 2), certain operating expenses were annualized, normalized, and otherwise adjusted in accordance with standard ratemaking practice, as detailed in Section D of UGI PNG Exhibit A (Fully Projected). UGI PNG's claim for depreciation and amortization expense is supported by UGI PNG Exhibit C (Fully Projected) to the filing, and exhibits developed and supported by John F. Wiedmayer of Gannett Fleming Valuation & Rate Consultants, LLC (UGI PNG Statement No. 6). Mr. Wiedmayer's calculations are based on the straight-line, remaining life method previously approved for UGI PNG's operations by the Commission. Company witnesses Mr. Szykman (UGI PNG Statement No. 1), Ms. Walker (UGI PNG Statement No. 2), and Mr. Bell (UGI PNG Statement No. 10) also discuss the Company's efforts to contain costs and obtain efficiencies through the integration of UGI PNG with UGI Utilities, Inc. – Gas Division (“UGI Gas”) and UGI Central Penn Gas, Inc. (“UGI CPG”) in recent years.

UGI PNG's income tax expense also was calculated using procedures previously accepted by the Commission, as discussed in the testimony of Company Witness Nicole M. McKinney (UGI

PNG Statement No. 11). The Company's filing reflects, for federal income tax purposes, the normalization of book-tax timing differences related to UGI PNG's use of accelerated depreciation for tax purposes. Other appropriate book-tax timing differences were flowed-through for ratemaking purposes. The debt interest deduction was synchronized with the Company's rate base and the weighted average cost of debt recommended by Mr. Moul (UGI PNG Statement No. 4).

Finally, Act 40 of 2016 eliminates consolidated tax savings adjustments, but requires a public utility seeking to change base rates to show that it uses at least 50 percent of what would have been a consolidated tax expense adjustment under the law prior to Act 40 for reliability or infrastructure related capital investment and the remainder for general corporate purposes. Company witness Nichole M. McKinney (UGI PNG Statement No. 11) provides a calculation of such an adjustment using the modified effective tax rate methodology traditionally used by the Commission prior to the enactment of Act 40 (see response to filing requirement II-A-26). Company witness Kindra S. Walker (UGI PNG Statement No. 2) discusses how the Company capital and operating budgets satisfy the requirements of Act 40.

Based on this presentation, UGI PNG submits that the proposed revenue increase and associated rates are just and reasonable and are necessary to permit the Company a fair opportunity to earn a reasonable return on the value of its property that is used and useful for the purpose of providing safe and reliable service to the public.

Rate Structure/Rate Design

The Company's proposed rate structure and rate design reflect several changes to its existing rates, as explained by Mr. Lahoff (UGI PNG Statement No. 7). The proposed rates are designed to recover a \$21.7 million revenue increase. In allocating the revenue increase to the

various customer classes, the Company considered and balanced cost of service, value of service and gradualism principles. For classes contributing less than the system average rate of return, UGI PNG's proposal generally moves each class's relative rate of return approximately two-thirds towards the system average rate of return. The Rate LFD class, which is contributing greater than the system average rate of return, is being moved to the system average rate of return. Proposed interruptible revenues are based on two class cost of service studies submitted by Mr. Paul R. Herbert, President of Gannett Fleming Valuation & Rate Consultants, LLC (UGI PNG Statement No. 5). Finally, large competitive customers are being reflected at current contract revenues. No class is receiving an average rate increase that exceeds 1.5 times the system average rate increase. The rationale for and benefits of this revenue allocation approach are explained in the testimonies of Mr. Szykman (UGI PNG Statement No. 1) and Mr. Lahoff (UGI PNG Statement No. 7).

For rate design, UGI PNG proposes to eliminate its current declining block rate structure for Rates R and RT. As explained by Mr. Lahoff (UGI PNG Statement No. 7), declining block rates provide an inappropriate price signal that may encourage additional consumption. Along with these changes, the Company also proposes to increase the level of its customer charges to more accurately reflect the customer component of cost of service.

The Company also is proposing several changes to its tariff rules to clarify the Company's business relationship with its customers, and to modify its transportation service offerings to ensure that rates for this service are more in line with the underlying cost of service. These changes are addressed in the testimony of Mr. Lahoff (UGI PNG Statement No. 7) and are, in part, being proposed to apply common tariff rules and services among all of UGI PNG's affiliated Pennsylvania natural gas distribution companies.

Universal Service Programs and Customer Service Performance

UGI PNG recently proposed and the Commission approved UGI PNG's Universal Service Programs ("USP"). UGI PNG witness Chris A. Rossi, Director – Customer Services (UGI PNG Statement No. 9), discusses UGI PNG's USP and the growing number of customers participating in components of the USP, along with changes to UGI PNG's customer service policies and procedures implemented to align with the changes adopted by UGI Gas in its most recent general rate case at Docket No. R-2015-2518438.

Energy Efficiency/Economic Development

The Company is also proposing a new Energy Efficiency & Conservation ("EE&C") Plan and Technology and Economic ("TED") Rider. The EE&C Plan is designed to allow customers to become more energy efficient in a cost-effective manner. The EE&C Plan is discussed in the testimony of Theodore M. Love, Senior Analyst and Data Scientist at Green Energy Economics Group, Inc. (UGI PNG Statement No. 12), a consultant with substantial expertise in assessing the relative costs and benefits of energy efficiency measures. Mr. Stoyko (UGI PNG Statement No. 8) addresses the benefits of the TED Rider. The TED Rider will enable certain commercial customers to manage their gas distribution rates to assist them in funding investments in equipment that uses natural gas, such as natural gas vehicles and combined heat and power applications. Mr. Lahoff (UGI PNG Statement No. 7) explains UGI PNG's proposal for rate recovery for these two programs.

Summary

As set forth in UGI PNG's filing, the proposed revenue increase is the minimum increase necessary for UGI PNG to continue providing safe and reliable service, to maintain the integrity of its existing capital, to attract additional capital at reasonable rates, and to have a reasonable opportunity to earn a fair rate of return on its property used and useful in rendering gas service to the public within its service territory. Moreover, the Company's proposed revenue allocation and rate design are just and reasonable, and non-discriminatory, as are the proposed changes made to the Company's general terms and conditions of service. Therefore, the rates, rules and terms and conditions of service set forth in UGI PNG's Tariff Nos. 9 and 9-S should be permitted to become effective as filed.

PLAIN LANGUAGE - STATEMENT OF REASONS

UGI PENN NATURAL GAS, INC.
2017 Base Rate Case
Docket No. R-2016-2580030

PLAIN LANGUAGE
STATEMENT OF REASONS

UGI Penn Natural Gas, Inc. (“UGI PNG”) has asked the Pennsylvania Public Utility Commission (PUC) to approve new rates that would increase annual revenues for its gas distribution service by \$21.7 million, or by 10.4%. This proposal is the first such increase for UGI PNG since 2009.

The main reasons for the rate increase are:

- UGI PNG continues to invest in gas plant needed to provide continued safe and reliable service. Since its last rate case in 2009, UGI PNG has made over \$400 million in system investments, increasing the Company’s plant by over 31 percent.
- Despite enhanced efficiencies in managing its system, UGI PNG’s costs continue to increase in several areas, including salaries and wages for field and administrative employees and the cost of servicing customer accounts.
- Without substantial rate relief, UGI PNG’s earnings are now and will continue to be financially unacceptable and, if not addressed, could adversely affect its ability to provide safe and reliable service to its customers.

UGI PNG designed the proposed rates for each customer class to recover its total required revenue. In allocating the revenue increase to the residential and non-residential customer classes, UGI PNG was guided by detailed studies of each rate class’s cost of service. UGI PNG also considered and balanced other principles of rate allocation and rate design consistent with practice before the PUC.

Along with its rate increase, UGI PNG has filed all of the supporting data required by the PUC’s regulations, as well as the written statements of thirteen witnesses and numerous exhibits prepared by those witnesses. The data, testimony, and exhibits

submitted by UGI PNG comply with the PUC's filing requirements. The proposed revenue increase is the minimum increase necessary for UGI PNG to continue providing safe and reliable service to the public within its service territory.

SECTION 53.52 - FILING REQUIREMENTS

UGI PENN NATURAL GAS, INC.

Proposed Changes to Gas Tariff No. 8 through Original Tariff No. 9.

Information furnished with the filing of rate changes under 52 Pa.
Code, Section 53.52

(a) Applicable to changes in terms and conditions of service.

(a)(1) The specific reason for each change.

The Company has provided a Statement of Reasons describing the necessity for this filing.

(a)(2) The total number of customers served by the utility.

169,052

(a)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

R/RT	152,184
N/NT	16,243
DS	439
LFD	138
XD-F	15
IS	33

(a)(4) The effect of the change on the utility's customers.

The specific effect by class is shown in Exhibit E.

(a)(5) The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.

The Company's proposal will change revenue and expenses, as shown on Exhibit A (Fully Projected), Schedule A-1. Individual adjustments to revenues and expenses are described in testimony and exhibits supporting the filing.

(a)(6) The effect of the change on the service rendered by the utility.

The filing will allow the Company to continue to provide safe and reliable service to its customers while maintaining high levels of customer satisfaction.

- (a)(7) A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of the tariff change seeking a general rate increase as defined in 66 Pa.C.S. Section 1308 (relating to voluntary changes in rates).**

Not applicable

- (a)(8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of the tariff change seeking a general rate increase as defined in 66 Pa.C.S. Section 1308.**

Not applicable.

- (a)(9) Customer polls taken and other documents, which indicate customer acceptance and desire for the proposed change.**

None.

- (a)(10) Plans the utility has for introducing or implementing the change with respect to its customers.**

The Company will notify customers of the proposed changes by a bill insert using the form of notices specified by the Commission at 52 Pa. Code 53.45. A copy of the notice will be provided together with an affidavit of compliance with the notice requirements. In addition, the Company will communicate directly with commercial and industrial customers who will experience significant changes in rate designation and/or changes in rate class as a result of this filing to explain the impact, if any, on the customers.

- (a)(11) F.C.C. or FERC or Commission orders or rulings applicable to the filings.**

No F.C.C., FERC or Commission orders or rulings apply to this filing.

- (b) Applicable to changes in rates.**

- (b)(1) Specific reason for each change.**

The Company has provided a Statement of Reasons describing the necessity of this filing.

(b)(2) Utility’s operating income statement ending not more than 120 days prior to filing date – historic year.

Refer to Exhibit A (Historic), Schedule B-2. For future test year and fully projected future test year operating income statements, refer to Exhibit A (Future), Schedule B-2, and Exhibit A (Fully Projected), Schedule B-2.

(b)(3) Number of customers, by tariff subdivision, whose bills will be increased.

<u>Tariff Rate</u>	<u>Customers</u>
R/RT	152,184
N/NT	16,243
DS	439
LFD	138
XD-F	0
IS	0

(b)(4) Total increases, in dollars, by tariff subdivision, projected to an annual basis.

Please refer to Exhibit E.

(b)(5) Number of customers, by tariff subdivision, whose bills will be decreased.

<u>Tariff Rate</u>	<u>Customers</u>
XD-F	15
IS	33

(b)(6) Total decreases, in dollars, by tariff subdivision, projected to an annual basis.

Please refer to Exhibit E.

(c) Applicable to changes where increase for any tariff subdivision exceeds 3% of utility’s operating revenue OR bills of more than 5% of customers will increase.

(c)(1) Rate of return for historic year and anticipated for future year.

Refer to Exhibit A (Historic), Schedule A-1, Exhibit A (Future), Schedule A-1, and Exhibit A (Fully Projected), Schedule A-1.

(c)(2) Detailed balance sheet at the end of the historic year.

For the end of the historic year balance sheet, refer to Exhibit A (Historic), Schedule B-1.

For the end of the future test year balance sheet, refer to Exhibit A (Future), Schedule B-1.

For the end of the fully projected future test year balance sheet, refer to Exhibit A (Fully Projected), Schedule B-1.

(c)(3) Summary, by detailed plant accounts, of book value of property of utility at end of historic year.

Refer to Exhibit A (Historic), Schedule C-2, for the original cost book value of the property of utility for the historic year.

Refer to Exhibit A (Future), Schedule C-2, for the original cost book value of the property of utility for the future test year.

Refer to Exhibit A (Fully Projected), Schedule C-2, for the original cost book value of the property of utility for the fully projected future test year.

(c)(4) Respective amount of the depreciation reserve applicable to each detailed plant account.

Refer to Exhibit A (Historic), Schedule C-3, for the historic year depreciation reserve as of year-end.

Refer to Exhibit A (Future), Schedule C-3, for the future test year depreciation reserve as of year-end.

Refer to Exhibit A (Fully Projected), Schedule C-3, for the fully projected future test year depreciation reserve as of year-end.

(c)(5) Statement of operating income, setting forth the operating revenues and expenses by detailed accounts – historic year.

Refer to Exhibit A (Historic), Schedule B-2, for the historic year operating revenue and expenses.

Refer to Exhibit A (Future), Schedule B-2, for the future test year operating revenue and expenses.

Refer to Exhibit A (Fully Projected), Schedule B-2, for the fully projected future test year operating revenue and expenses.

(c)(6) Description of any major changes in the operating or financial condition of the utility occurring between the date of the balance sheet at end of the historic year and filing date.

None.

SECTION 53.62 - FILING REQUIREMENTS

UGI PENN NATURAL GAS, INC.
Proposed Gas Service Tariff No. 9

Information furnished pursuant to 52 Pa. Code, Section 53.62

53.62 Additional information to be filed by gas utilities with gross annual intrastate operating revenue in excess of \$40 Million seeking a change in base rates.

In addition to information otherwise required to be filed by a jurisdictional natural gas distributor with gross intrastate annual operating revenues in excess of \$40 Million seeking a change in its base rates, each gas utility shall also file updates to the information required by § 53.64(c) (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 Million). In the case of a gas utility purchasing gas as defined at § 53.61(a) (relating to purpose) from an affiliated interest, it shall also file updates to the information required at § 53.65 (relating to special provisions relating to natural gas distributors with gross intrastate annual operating revenues in excess of \$40 Million with affiliated interests). These updates shall be made at the time the base rate case under 66 Pa.C.S. § 1308 (relating to voluntary changes in rates) is originally filed. Deficiencies in filing will be treated as set forth at § 53.51(c) (relating to general).

RESPONSE:

Please see the response to III-E-30.

SECTION 53.53 - VALUATION

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - I-A - Valuation - All Utilities
Delivered on January 19, 2017

I-A-1

Request:

Provide a corporate history (include the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other governmental subdivisions to which service is provided (including service areas outside the state), and the total population in the area served.

Response:

The United Gas Improvement Company (“UGI”) was organized June 1, 1882. By the end of the Company’s first decade, UGI controlled, through ownership or lease, 31 gas companies operating in cities across the U.S., including Allentown, Harrisburg and Reading, three cities which form the backbone of UGI’s gas utility system today.

The early decades of the 1900s saw UGI add, sell and consolidate gas and electric companies across the U.S. While UGI’s scope was nationwide during the period of expansion, the Company was particularly active in New York, New Jersey, Connecticut, and Pennsylvania. UGI helped form Public Service Corp. of New Jersey in 1903 and assembled and developed gas and electric properties in Connecticut, resulting in the formation of the Connecticut Light and Power Co.

In 1925, UGI acquired and consolidated with the American Gas Co., which had prime holdings in suburban Philadelphia and also owned the Luzerne County Gas & Electric Co. (part of which is now UGI’s Electric Division). UGI then obtained control of Philadelphia Electric Company in 1928, and a year later fashioned the current Philadelphia Electric Company service territory and corporate structure by consolidating many separate suburban utility companies. Also in 1928, UGI obtained gas and electric interests in Delaware which were combined with subsequently acquired properties in Virginia and Maryland to form Delaware Power & Light Co.

In 1935, Congress passed the Public Utility Holding Company Act, which was designed to divest many covered utility holding companies of their geographical and financial holdings. At the time of its registration under the Act in 1937, the Company controlled 39 utility subsidiaries which operated electric facilities in 11 states and gas facilities in 5 states.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - I-A - Valuation - All Utilities
Delivered on January 19, 2017

I-A-1 (Continued)

In 1940, UGI held controlling or substantial interests in utilities such as Connecticut Light & Power Co., Public Service Corp. of New Jersey, Niagara-Hudson Power Corp., Delaware Power & Light Co., Kansas City Gas Co., Hartford (Conn.) Gas Co., St. Louis County Water Co., the Commonwealth & Southern Corp. and Philadelphia Electric Company. By 1941 various corporate actions in compliance with the Holding Company Act were decided upon which would drastically reduce the size of the Company. Sales and exchanges of widespread properties were part of a program aimed at concentrating operations in a contiguous area of eastern and central Pennsylvania.

First were the sales of holdings in the Connecticut Light & Power Co. In 1943, UGI divested itself of its two largest holdings, Philadelphia Electric Co. and Public Service Corp. of New Jersey. A year later, UGI divested its holdings in Delaware Power & Light Co.

Modern History

After a prolonged period of such sales, spin-offs, dissolutions and consolidations, by 1953 UGI became a public utility operating company without utility subsidiaries and confined solely to the Commonwealth of Pennsylvania. All remaining gas and electric properties comprising present-day Gas and Electric Divisions were merged with and into The United Gas Improvement Company, which continued as the surviving corporation. UGI ceased to be a registered holding company in October 1953.

In 1956, the Luzerne Division gas properties, except for Hazleton, were sold to the Scranton Springbook Water Company and Hazleton became part of the Lehigh Valley Gas Division.

In 1967, UGI purchased the electric properties and business of the Harvey's Lake Light Company. The acquisition brought approximately 4,000 customers in a 113 square mile service territory into the Luzerne Electric system.

In 1968, The United Gas Improvement Company changed its name to UGI Corporation.

Another organization change was made in 1971, when UGI's gas operations, comprised of a 13-county service area in southeastern Pennsylvania serving approximately 200,000 customers, were consolidated in a centralized Gas Utility Division, headquartered in Reading, Pennsylvania.

On December 31, 1972, the City of Philadelphia terminated its agreement with UGI to manage the City-owned Philadelphia Gas Works, which had been operated by UGI for 75

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I-A-1 (Continued)

years. As a result, UGI sold its center city office building and moved its corporate headquarters to Valley Forge, Pennsylvania, in August 1974.

In December 1991, after several years of study, the Board of Directors authorized the reorganization of UGI into a holding company. This was accomplished on April 10, 1992, after approval of a Plan of Merger by UGI's shareholders. Under this structure, UGI's utility operations and its unregulated business (principally propane marketing) became subsidiaries of the holding company, which adopted the name UGI Corporation. The former "UGI Corporation" continues to provide gas and electric service to the public under the jurisdiction of this Commission and has changed its name to UGI Utilities, Inc. Please refer to Attachment I-A-1 for a listing of population served by municipality under UGI Utilities, Inc. – Gas Division.

On September 1, 2006, UGI Utilities expanded its Pennsylvania operations through an acquisition of the assets from Southern Union Company, primarily in the counties of Lackawanna, Luzerne, and Lycoming. These assets now form UGI's Penn Natural Gas, Inc. (PNG) service territory. The Company grew again on October 1, 2008 through an acquisition of the stock of PPL Gas Utilities Corporation, which was renamed UGI Central Penn Gas, Inc. This acquisition expanded operations in Northern and Central Pennsylvania and into one small county in Maryland.

The UGI Gas Distribution Companies serve approximately 627,000 residential, commercial and industrial natural gas customers located in 45 of Pennsylvania's total 67 counties and spanning more than 700 municipalities. Please refer to Attachment I-A-1 for population data in the counties which PNG serves.

Prepared by or under the supervision of: Kindra S. Walker

**UGI Penn Natural Gas, Inc.
Schedule of Population Served**

Source: U.S. Dept. of Commerce, Bureau of Census, 2010 Data

State	County	Name	Type	Population
PA	Clinton	Crawford	Township	939
PA	Clinton	Gallagher	Township	381
PA	Clinton	Grugan	Township	51
PA	Clinton	Wayne	Township	1,666
PA	Columbia	Berwick	Borough	10,477
PA	Columbia	Briar Creek	Borough	660
PA	Columbia	Bloomsburg	Township	14,855
PA	Columbia	Briar Creek	Township	3,016
PA	Columbia	Hemlock	Township	2,249
PA	Columbia	Mifflin	Township	2,322
PA	Columbia	Montour	Township	1,344
PA	Columbia	Scott	Township	5,113
PA	Columbia	South Centre	Township	1,937
PA	Lackawanna	Archbald	Borough	6,984
PA	Lackawanna	Blakely	Borough	6,564
PA	Lackawanna	Clarks Green	Borough	1,476
PA	Lackawanna	Clarks Summit	Borough	5,116
PA	Lackawanna	Dalton	Borough	1,234
PA	Lackawanna	Dickson	Borough	6,070
PA	Lackawanna	Dunmore	Borough	14,057
PA	Lackawanna	Jermyn	Borough	2,169
PA	Lackawanna	Jessup	Borough	4,676
PA	Lackawanna	Mayfield	Borough	1,807
PA	Lackawanna	Moosic	Borough	5,719
PA	Lackawanna	Moscow	Borough	2,026
PA	Lackawanna	Old Forge	Borough	8,313
PA	Lackawanna	Olyphant	Borough	5,151
PA	Lackawanna	Taylor	Borough	6,263
PA	Lackawanna	Throop	Borough	4,088
PA	Lackawanna	Vandling	Borough	751
PA	Lackawanna	Carbondale	City	8,891
PA	Lackawanna	Scranton	City	76,089
PA	Lackawanna	Abington	Township	1,743
PA	Lackawanna	Benton	Township	1,908
PA	Lackawanna	Carbondale	Township	1,115
PA	Lackawanna	Clifton	Township	1,480
PA	Lackawanna	Covington	Township	2,284
PA	Lackawanna	Elmhurst	Township	894
PA	Lackawanna	Fell	Township	2,178
PA	Lackawanna	Glenburn	Township	1,246
PA	Lackawanna	Greenfield	Township	2,105
PA	Lackawanna	Jefferson	Township	3,731
PA	Lackawanna	La Plume	Township	602
PA	Lackawanna	Madison	Township	2,750
PA	Lackawanna	Newton	Township	2,846
PA	Lackawanna	North Abington	Township	703
PA	Lackawanna	Ransom	Township	1,420
PA	Lackawanna	Roaring Brook	Township	1,907
PA	Lackawanna	Scott	Township	4,905
PA	Lackawanna	South Abington	Township	9,073
PA	Lackawanna	Spring Brook	Township	2,768
PA	Lackawanna	West Abington	Township	250

State	County	Name	Type	Population
PA	Luzerne	Ashley	Borough	2,790
PA	Luzerne	Avoca	Borough	2,661
PA	Luzerne	Courtdale	Borough	732
PA	Luzerne	Dallas	Borough	2,804
PA	Luzerne	Dupont	Borough	2,711
PA	Luzerne	Duryea	Borough	4,917
PA	Luzerne	Edwardsville	Borough	4,816
PA	Luzerne	Exeter	Borough	5,652
PA	Luzerne	Forty Fort	Borough	4,214
PA	Luzerne	Harveys Lake	Borough	2,791
PA	Luzerne	Kingston	Borough	13,182
PA	Luzerne	Laflin	Borough	1,487
PA	Luzerne	Larksville	Borough	4,480
PA	Luzerne	Laurel Run	Borough	500
PA	Luzerne	Luzerne	Borough	2,845
PA	Luzerne	Nescopeck	Borough	1,583
PA	Luzerne	New Columbus	Borough	227
PA	Luzerne	Nuangola	Borough	679
PA	Luzerne	Plymouth	Borough	5,951
PA	Luzerne	Pringle	Borough	979
PA	Luzerne	Shickshinny	Borough	838
PA	Luzerne	Sugar Notch	Borough	989
PA	Luzerne	Swoyersville	Borough	5,062
PA	Luzerne	Warrior Run	Borough	584
PA	Luzerne	West Wyoming	Borough	2,725
PA	Luzerne	Wyoming	Borough	3,073
PA	Luzerne	Yatesville	Borough	607
PA	Luzerne	Nanticoke	City	10,465
PA	Luzerne	Pittston	City	7,739
PA	Luzerne	Wilkes-Barre	City	41,498
PA	Luzerne	Bear Creek	Township	2,774
PA	Luzerne	Buck	Township	435
PA	Luzerne	Conyngham	Township	1,453
PA	Luzerne	Dallas	Township	8,994
PA	Luzerne	Dorrance	Township	2,188
PA	Luzerne	Exeter	Township	2,378
PA	Luzerne	Fairmount	Township	1,276
PA	Luzerne	Fairview	Township	4,520
PA	Luzerne	Franklin	Township	1,757
PA	Luzerne	Hanover	Township	11,076
PA	Luzerne	Hollenback	Township	1,196
PA	Luzerne	Hunlock	Township	2,443
PA	Luzerne	Huntington	Township	2,244
PA	Luzerne	Jackson	Township	4,646
PA	Luzerne	Jenkins	Township	4,442
PA	Luzerne	Kingston	Township	6,999
PA	Luzerne	Lake	Township	2,049
PA	Luzerne	Lehman	Township	3,508
PA	Luzerne	Nescopeck	Township	1,155
PA	Luzerne	Newport	Township	5,374
PA	Luzerne	Pittston	Township	3,368
PA	Luzerne	Plains	Township	9,961
PA	Luzerne	Plymouth	Township	1,812
PA	Luzerne	Rice	Township	3,335
PA	Luzerne	Ross	Township	2,937
PA	Luzerne	Salem	Township	4,254
PA	Luzerne	Slocum	Township	1,115
PA	Luzerne	Union	Township	2,042
PA	Luzerne	Wilkes-Barre	Township	2,967
PA	Luzerne	Wright	Township	5,651

State	County	Name	Type	Population
PA	Lycoming	Duboistown	Borough	1,205
PA	Lycoming	Montgomery	Borough	1,579
PA	Lycoming	Montoursville	Borough	4,615
PA	Lycoming	Muncy	Borough	2,477
PA	Lycoming	South Williamsport	Borough	6,379
PA	Lycoming	Williamsport	City	29,381
PA	Lycoming	Anthony	Township	865
PA	Lycoming	Armstrong	Township	681
PA	Lycoming	Bastress	Township	546
PA	Lycoming	Brady	Township	521
PA	Lycoming	Clinton	Township	3,708
PA	Lycoming	Eldred	Township	2,122
PA	Lycoming	Fairfield	Township	2,792
PA	Lycoming	Franklin	Township	933
PA	Lycoming	Hepburn	Township	2,762
PA	Lycoming	Jordan	Township	863
PA	Lycoming	Limestone	Township	2,019
PA	Lycoming	Loyalsock	Township	11,026
PA	Lycoming	Lycoming	Township	1,478
PA	Lycoming	Mill Creek	Township	604
PA	Lycoming	Moreland	Township	943
PA	Lycoming	Muncy	Township	1,089
PA	Lycoming	Muncy Creek	Township	3,474
PA	Lycoming	Old Lycoming	Township	4,938
PA	Lycoming	Penn	Township	960
PA	Lycoming	Shrewsbury	Township	409
PA	Lycoming	Susquehanna	Township	1,000
PA	Lycoming	Upper Fairfield	Township	1,823
PA	Lycoming	Washington	Township	1,619
PA	Lycoming	Wolf	Township	2,907
PA	Lycoming	Woodward	Township	2,200
PA	Montour	Danville	Borough	4,699
PA	Montour	Cooper	Township	932
PA	Montour	Limestone	Township	1,066
PA	Montour	Mahoning	Township	4,171
PA	Montour	Valley	Township	2,158

State	County	Name	Type	Population
PA	Northumberland	Milton	Borough	7,042
PA	Northumberland	Northumberland	Borough	3,804
PA	Northumberland	Riverside	Borough	1,932
PA	Northumberland	Turbotville	Borough	705
PA	Northumberland	Watsonstown	Borough	2,351
PA	Northumberland	Sunbury	City	9,905
PA	Northumberland	Delaware	Township	4,489
PA	Northumberland	Lewis	Township	1,915
PA	Northumberland	Point	Township	3,685
PA	Northumberland	Turbot	Township	1,806
PA	Northumberland	Upper Augusta	Township	2,586
PA	Northumberland	West Chillisquaque	Township	2,627
PA	Pike	Milford	Borough	1,021
PA	Pike	Dingman	Township	11,926
PA	Pike	Lehman	Township	10,663
PA	Pike	Milford	Township	1,530
PA	Pike	Westfall	Township	2,323
PA	Snyder	Selinsgrove	Borough	5,654
PA	Snyder	Shamokin Dam	Borough	1,686
PA	Snyder	Middlecreek	Township	2,114
PA	Snyder	Monroe	Township	3,895
PA	Snyder	Penn	Township	4,324
PA	Susquehanna	Forest	Borough	1,911
PA	Susquehanna	Union Dale	Borough	267
PA	Susquehanna	Auburn	Township	1,939
PA	Susquehanna	Clifford	Township	2,408
PA	Union	Buffalo	Township	3,538
PA	Union	East Buffalo	Township	6,414
PA	Union	Gregg	Township	4,984
PA	Union	Kelly	Township	5,491
PA	Union	Lewis	Township	1,480
PA	Union	Union	Township	1,589
PA	Union	West Buffalo	Township	2,983
PA	Union	White Deer	Township	4,437

State	County	Name	Type	Population
PA	Wayne	Bethany	Borough	246
PA	Wayne	Hawley	Borough	1,211
PA	Wayne	Honesdale	Borough	4,480
PA	Wayne	Berlin	Township	2,578
PA	Wayne	Cherry Ridge	Township	1,895
PA	Wayne	Clinton	Township	2,053
PA	Wayne	Dyberry	Township	1,401
PA	Wayne	Oregon	Township	781
PA	Wayne	Palmyra	Township	1,339
PA	Wayne	Paupack	Township	3,828
PA	Wayne	Texas	Township	2,569
PA	Wyoming	Factoryville	Borough	1,158
PA	Wyoming	Laceyville	Borough	379
PA	Wyoming	Meshoppen	Borough	563
PA	Wyoming	Nicholson	Borough	767
PA	Wyoming	Tunkhannock	Borough	1,836
PA	Wyoming	Braintrim	Township	502
PA	Wyoming	Clinton	Township	1,367
PA	Wyoming	Eaton	Township	1,519
PA	Wyoming	Exeter	Township	690
PA	Wyoming	Falls	Township	1,995
PA	Wyoming	Forkston	Township	397
PA	Wyoming	Lemon	Township	1,243
PA	Wyoming	Mehoopany	Township	892
PA	Wyoming	Meshoppen	Township	1,073
PA	Wyoming	Monroe	Township	1,652
PA	Wyoming	Nicholson	Township	1,385
PA	Wyoming	North Branch	Township	206
PA	Wyoming	Northmoreland	Township	1,558
PA	Wyoming	Noxen	Township	902
PA	Wyoming	Overfield	Township	1,666
PA	Wyoming	Tunkhannock	Township	4,273
PA	Wyoming	Washington	Township	1,412
PA	Wyoming	Windham	Township	841

Total Population Served

793,317

UGI Penn Natural Gas, Inc.
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I-A-2

Request:

Provide a schedule showing the measures of value and the rates of return at the original cost and trended original cost measures of value at the spot, three-year and five-year average price levels. All claims made on this exhibit should be cross-referenced to appropriate exhibits. Provide a schedule similar to the one listed above, reflecting respondent's final claim in its previous rate case.

Response:

The Company's claim is based on original cost measures of value. Since Pennsylvania state law mandates the use of original cost for ratemaking, a trended cost study was not prepared.

Refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Schedule A-1.

Refer to Attachment I-A-2 for a similar schedule from the previous rate case.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Before the Pennsylvania Public Utility Commission
Historic Year - 12 Months Ended September 30, 2008
(\$ in Thousands)

Schedule A-1
Witness: J. C. Barney
Page 1 of 1

Summary of Measures of Value and Revenue Increase

Line #	Description	[1]	[2]	[3]	[4]	[5]	[6]
		Function	Section	Amount	Pro Forma Historic Year Ended September 30, 2008 At Present Rates	Increase	Proposed Rates
<u>RATE BASE</u>							
1	Utility Plant		C-2		\$ 549,302		\$ 549,302
2	Accumulated Depreciation		C-3		(178,426)		(178,426)
3	Net Plant in service	L 1 + L 2			370,876	-	370,876
4	Working Capital		C-4		11,174		11,174
5	Gas Inventory		C-5		53,531		53,531
6	Accumulated Deferred Income Taxes		C-6		(10,958)		(10,958)
7	Customer Deposits		C-7		(3,744)		(3,744)
8	Customer Advances		C-8		(2,373)		(2,373)
9	Materials & Supplies		C-9		2,150		2,150
10							
11	TOTAL RATE BASE	Sum L 3 to L 10			\$ 420,656	\$ -	\$ 420,656
<u>OPERATING REVENUES AND EXPENSES</u>							
<u>Operating Revenues</u>							
12	Base Customer Charges		D-5		\$ 81,820	\$ 32,378	\$ 114,198
13	Gas Cost Revenue		D-5		255,481		255,481
14	Other Operating Revenues		D-5		16,368		16,368
15	Total Revenues	Sum L 12 to L 14			353,669	32,378	386,047
16	Operating Expenses		D		(331,503)	(840)	(332,343)
17	OIBIT	L 15 + L 16			22,166	31,538	53,704
18	Pro Forma Income Tax at Present Rates		D-33		(2,970)		
19	Pro Forma Income Tax on Revenue Increase		D-33			(13,087)	(16,056)
20	NET OPERATING INCOME	Sum L 17 to L 19			\$ 19,196	\$ 18,452	\$ 37,648
21	RATE OF RETURN	L 20 / L 11			4.5634%		8.950%
<u>REVENUE INCREASE REQUIRED</u>							
22	Rate of Return at Present Rates	L 21, Col 4			4.5634%		
23	Rate of Return Required		B-7		8.9500%		
24	Change in ROR	L 23 - L 22			4.38658%		
25	Change in Operating Income	L 24 * L 11			\$ 18,452		
26	Gross Revenue Conversion Factor		D-35		1.754715		
27	Change in Revenues	L 25 * L 26			\$ 32,378		
28	Percent Increase -- Delivery Revenues	L 27 / L 12, C 4				39.57%	
29	Percent Increase -- Total Revenues	L 27 / L 15, C 4				9.15%	

UGI Penn Natural Gas, Inc.
Before the Pennsylvania Public Utility Commission
Future Period - 12 Months Ended September 30, 2009
(\$ in Thousands)

Schedule A-1
Witness: J. C. Barney
Page 1 of 1

Summary of Measures of Value and Revenue Increase

Line #	Description	[1]	[2]	[3]	[4]	[5]	[6]
		Function	Section	Amount	Pro Forma Test Year Ended September 30, 2009 At Present Rates	Increase	Proposed Rates
<u>RATE BASE</u>							
1	Utility Plant		C-2		\$ 563,688		\$ 563,688
2	Accumulated Depreciation		C-3		(186,011)		(186,011)
3	Net Plant in service	L 1 + L 2			377,677	-	377,677
4	Working Capital		C-4		10,828		10,828
5	Gas Inventory		C-5		53,531		53,531
6	Accumulated Deferred Income Taxes		C-6		(15,032)		(15,032)
7	Customer Deposits		C-7		(3,744)		(3,744)
8	Customer Advances		C-8		(2,112)		(2,112)
9	Materials & Supplies		C-9		2,150		2,150
10							
11	TOTAL RATE BASE	Sum L 3 to L 10			\$ 423,298	\$ -	\$ 423,298
<u>OPERATING REVENUES AND EXPENSES</u>							
<u>Operating Revenues</u>							
12	Base Customer Charges		D-5		\$ 81,850	\$ 38,118	\$ 119,968
13	Gas Cost Revenue		D-5		236,981		236,981
14	Other Operating Revenues		D-5		15,002		15,002
15	Total Revenues	Sum L 12 to L 14			333,833	38,118	371,951
16	Operating Expenses		D		(316,585)	(989)	(317,573)
17	OIBIT	L 15 + L 16			17,248	37,129	54,378
18	Pro Forma Income Tax at Present Rates		D-33		(1,086)		
19	Pro Forma Income Tax on Revenue Increase		D-33			(15,406)	(16,492)
20	NET OPERATING INCOME	Sum L 17 to L 19			\$ 16,163	\$ 21,723	\$ 37,886
21	RATE OF RETURN	L 20 / L 11			3.8183%		8.950%
<u>REVENUE INCREASE REQUIRED</u>							
22	Rate of Return at Present Rates	L 21, Col 4			3.8183%		
23	Rate of Return Required		B-7		8.9500%		
24	Change in ROR	L 23 - L 22			5.13175%		
25	Change in Operating Income	L 24 * L 11			\$ 21,723		
26	Gross Revenue Conversion Factor		D-35		1.754715		
27	Change in Revenues	L 25 * L 26			\$ 38,118		
28	Percent Increase -- Delivery Revenues	L 27 / L 12, C 4				46.57%	
29	Percent Increase -- Total Revenues	L 27 / L 15, C 4				11.42%	

UGI Penn Natural Gas, Inc.
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Responses to Section 53.53 - I-A - Valuation - All Utilities
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I-A-3

Request:

Provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of all factors which were considered in arriving at estimates of service life and dispersion by account. Provide dates of all field inspections and facilities visited.

Response:

The depreciation methods used in calculating annual and accrued depreciation and the factors considered in service life estimation are discussed in Exhibit C (Future) in Parts II and III under the sections titled "Part II. Methods Used in the Determination of Annual and Accrued Depreciation" and "Part III. Service Life Considerations".

There have been no changes in the method of depreciation since the prior filing submitted on January 28, 2009 at Docket No. R-2008-2079660.

Field trips and facilities visited are presented in Exhibit C (Future) in Part III in the section titled "Field Trips".

Prepared by or under the supervision of: John F. Wiedmayer

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - I-A - Valuation - All Utilities
Delivered on January 19, 2017

I-A-4

Request:

Set forth, in exhibit form, charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each account where the retirement rate method of analysis is utilized.

a. If any utility plant was excluded from the measures of value because it was deemed not to be “used and useful” in the public service, supply a detailed description of each item of property.

b. Provide the surviving original cost at test year end by vintage by account and include applicable depreciation reserves and annuities.

(i) These calculations should be provided for plant in service as well as other categories of plant, including, but not limited, to contributions in aid of construction, customers’ advances for construction, and anticipated retirements associated with any construction work in progress claims (if applicable).

Response:

Charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each account where the retirement rate method of analysis was utilized is presented in Exhibit C (Future) in Part VI of the report.

a. No utility plant recorded in Account 101, Gas plant in Service, was excluded from the measures of value.

b. The surviving original cost at the end of the historical year September 30, 2016, by vintage by account and the applicable depreciation reserve for gas plant are presented in Exhibit C (Historic). The tabulations are presented in Part III of the report in the section titled “Depreciation Calculations.”

The surviving original cost at the end of the future test year September 30, 2017, by vintage by account and the applicable depreciation reserve for gas plant are presented in Exhibit C (Future). The tabulations are presented in Part VII of the report in the section titled “Depreciation Calculations.”

UGI Penn Natural Gas, Inc.
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I-A-4 (Continued)

The surviving original cost at the end of the fully projected future test year September 30, 2018, by vintage by account and the applicable depreciation reserve for gas plant are presented in Exhibit C (Fully Projected). The tabulations are presented in Part III of the report in the section titled "Depreciation Calculations."

Prepared by or under the supervision of: John F. Wiedmayer

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - I-A - Valuation - All Utilities
Delivered on January 19, 2017

I-A-5

Request:

Provide a comparison of respondent's calculated depreciation reserve v. book reserve by account at the end of the test year.

Response:

Please see Attachment I-A-5.

Prepared by or under the supervision of: John F. Wiedmayer

UGI PENN NATURAL GAS, INC.

COMPARISON OF CALCULATED ACCRUED DEPRECIATION
AND BOOK RESERVE AS OF SEPTEMBER 30, 2016

ACCOUNT (1)	CALCULATED ACCRUED DEPRECIATION (2)	BOOK RESERVE (3)
<u>GAS PLANT</u>		
DISTRIBUTION PLANT		
375 STRUCTURES AND IMPROVEMENTS	839,213	1,145,980
376.1 MAINS - PLASTIC	47,782,396	56,429,813
376.2 MAINS - OTHER	49,127,953	45,254,829
378 MEASURING AND REGULATING EQUIPMENT - GENERAL	6,267,699	6,834,201
379 MEASURING AND REGULATING EQUIPMENT - CITY GATE	3,849,076	3,489,249
380.1 SERVICES - PLASTIC	71,314,695	87,741,973
380.2 SERVICES - OTHER	9,047,148	9,753,649
381 METERS	21,695,584	23,620,903
381.1 METERS - AMR	6,428,428	8,210,985
383 HOUSE REGULATORS	1,353,950	1,750,528
384 HOUSE REGULATOR INSTALLATIONS	1,647,637	2,157,799
385 INDUSTRIAL MEASURING AND REGULATING EQUIPMENT	3,382,096	4,332,615
387 OTHER DISTRIBUTION EQUIPMENT	55,246	67,050
TOTAL DISTRIBUTION PLANT	222,791,121	250,789,574
GENERAL PLANT		
390 STRUCTURES AND IMPROVEMENTS	8,046,442	8,827,953
391.1 OFFICE FURNITURE	616,955	598,596
391.2 OFFICE EQUIPMENT	100,062	87,387
391.3 COMPUTER EQUIPMENT	202,541	219,819
391.41 COMPUTER SOFTWARE - GENERAL	0	2,920
391.42 COMPUTER SOFTWARE - ORACLE	3,130,988	3,295,776
392 TRANSPORTATION EQUIPMENT	3,154,679	3,452,551
393 STORES EQUIPMENT	1,105	1,126
394 TOOLS, SHOP AND GARAGE EQUIPMENT	2,521,014	2,461,824
396 POWER OPERATED EQUIPMENT	1,260,495	1,426,779
397 COMMUNICATION EQUIPMENT	359,789	361,380
397.1 TELEPHONE SYSTEMS	887,792	898,148
398 MISCELLANEOUS EQUIPMENT	391,444	378,987
TOTAL GENERAL PLANT	20,673,306	22,013,246
TOTAL DEPRECIABLE PLANT	243,464,427	272,802,820
<u>OTHER UTILITY PLANT ALLOCATED TO PNG*</u>		
COMMON PLANT		
390.2 STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	120,401	38,621
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	324,156	109,095
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	107,457	81,991
392.1 TRANSPORTATION EQUIPMENT - CARS	52,188	58,516
TOTAL COMMON PLANT	604,202	288,223
INFORMATION SERVICES (IS)		
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	55,656	55,651
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	2,236,432	2,209,892
391.3 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS	18,890,517	19,721,081
391.4 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS	5,948,520	5,924,654
TOTAL INFORMATION SERVICES	27,131,125	27,911,278
TOTAL OTHER UTILITY PLANT	27,735,327	28,199,501
TOTAL GAS AND OTHER PLANT	271,199,754	301,002,321

* Amounts shown for Common and IS are prior to allocation to PNG.

UGI PENN NATURAL GAS, INC.

COMPARISON OF CALCULATED ACCRUED DEPRECIATION
AND BOOK RESERVE AS OF SEPTEMBER 30, 2017

ACCOUNT (1)	CALCULATED ACCRUED DEPRECIATION (2)	BOOK RESERVE (3)
<u>GAS PLANT</u>		
DISTRIBUTION PLANT		
375 STRUCTURES AND IMPROVEMENTS	875,437	1,172,658
376.1 MAINS - PLASTIC	50,986,523	59,501,981
376.2 MAINS - OTHER	51,354,585	45,649,126
378 MEASURING AND REGULATING EQUIPMENT - GENERAL	6,627,368	7,208,411
379 MEASURING AND REGULATING EQUIPMENT - CITY GATE	4,309,981	4,031,278
380.1 SERVICES - PLASTIC	75,832,261	91,758,619
380.2 SERVICES - OTHER	9,238,553	9,829,584
381 METERS	22,666,927	24,681,856
381.1 METERS - AMR	6,816,816	8,531,767
383 HOUSE REGULATORS	1,403,056	1,793,303
384 HOUSE REGULATOR INSTALLATIONS	1,711,109	2,205,620
385 INDUSTRIAL MEASURING AND REGULATING EQUIPMENT	3,593,636	4,499,066
387 OTHER DISTRIBUTION EQUIPMENT	58,692	70,886
TOTAL DISTRIBUTION PLANT	235,474,944	260,934,155
GENERAL PLANT		
390 STRUCTURES AND IMPROVEMENTS	8,529,616	9,253,893
391.1 OFFICE FURNITURE	454,282	441,503
391.2 OFFICE EQUIPMENT	35,398	27,512
391.3 COMPUTER EQUIPMENT	92,935	87,118
391.41 COMPUTER SOFTWARE - GENERAL	11,155	14,075
392 TRANSPORTATION EQUIPMENT	2,275,458	2,436,079
393 STORES EQUIPMENT	1,193	1,212
394 TOOLS, SHOP AND GARAGE EQUIPMENT	2,561,222	2,513,889
396 POWER OPERATED EQUIPMENT	1,286,655	1,446,687
397 COMMUNICATION EQUIPMENT	8,361	9,138
397.1 TELEPHONE SYSTEMS	132,483	133,910
398 MISCELLANEOUS EQUIPMENT	370,623	359,450
TOTAL GENERAL PLANT	15,759,381	16,724,466
TOTAL DEPRECIABLE PLANT	251,234,325	277,658,621
<u>OTHER UTILITY PLANT ALLOCATED TO PNG*</u>		
COMMON PLANT		
390.2 STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	137,547	88,483
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	343,551	160,524
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	135,836	125,862
392.1 TRANSPORTATION EQUIPMENT - CARS	56,187	62,349
TOTAL COMMON PLANT	673,121	437,218
INFORMATION SERVICES (IS)		
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	59,227	59,221
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	2,072,029	1,972,572
391.3 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS	3,682,370	4,137,197
391.4 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS	6,671,251	6,652,094
TOTAL INFORMATION SERVICES	12,484,877	12,821,084
TOTAL OTHER UTILITY PLANT	13,157,998	13,258,302
TOTAL GAS AND OTHER PLANT	264,392,323	290,916,923

* Amounts shown for Common and IS are prior to allocation to PNG.

UGI PENN NATURAL GAS, INC.

COMPARISON OF CALCULATED ACCRUED DEPRECIATION
AND BOOK RESERVE AS OF SEPTEMBER 30, 2018

ACCOUNT (1)	CALCULATED ACCRUED DEPRECIATION (2)	BOOK RESERVE (3)
<u>GAS PLANT</u>		
DISTRIBUTION PLANT		
375 STRUCTURES AND IMPROVEMENTS	917,719	1,208,860
376.1 MAINS - PLASTIC	54,402,138	62,831,952
376.2 MAINS - OTHER	54,571,008	48,691,859
378 MEASURING AND REGULATING EQUIPMENT - GENERAL	7,004,859	7,567,925
379 MEASURING AND REGULATING EQUIPMENT - CITY GATE	4,782,532	4,619,173
380.1 SERVICES - PLASTIC	80,625,339	95,879,449
380.2 SERVICES - OTHER	9,384,739	9,497,021
381 METERS	23,663,437	25,772,298
381.1 METERS - AMR	7,179,051	8,832,398
383 HOUSE REGULATORS	1,452,262	1,831,870
384 HOUSE REGULATOR INSTALLATIONS	1,773,984	2,253,078
385 INDUSTRIAL MEASURING AND REGULATING EQUIPMENT	3,817,685	4,720,075
387 OTHER DISTRIBUTION EQUIPMENT	62,083	74,593
TOTAL DISTRIBUTION PLANT	249,636,836	273,780,551
GENERAL PLANT		
390 STRUCTURES AND IMPROVEMENTS	9,049,980	9,603,980
391.1 OFFICE FURNITURE	205,846	192,875
391.2 OFFICE EQUIPMENT	43,711	38,453
391.3 COMPUTER EQUIPMENT	121,141	117,056
391.41 COMPUTER SOFTWARE - GENERAL	45,892	47,805
392 TRANSPORTATION EQUIPMENT	1,543,209	1,536,912
393 STORES EQUIPMENT	1,282	1,298
394 TOOLS, SHOP AND GARAGE EQUIPMENT	2,548,064	2,488,188
396 POWER OPERATED EQUIPMENT	1,310,076	1,462,952
397 COMMUNICATION EQUIPMENT	9,458	9,827
397.1 TELEPHONE SYSTEMS	148,069	148,545
398 MISCELLANEOUS EQUIPMENT	425,838	415,670
TOTAL GENERAL PLANT	15,452,566	16,063,561
TOTAL DEPRECIABLE PLANT	265,089,402	289,844,112
<u>OTHER UTILITY PLANT ALLOCATED TO PNG*</u>		
COMMON PLANT		
390.1 STRUCTURES AND IMPROVEMENTS	0	0
390.2 STRUCTURES AND IMPROVEMENTS - LEASED PROPERTY	154,695	138,345
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	385,572	226,623
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	31,072	17,965
392.1 TRANSPORTATION EQUIPMENT - CARS	59,445	65,515
TOTAL COMMON PLANT	630,784	448,448
INFORMATION SERVICES (IS)		
391 OFFICE FURNITURE AND EQUIPMENT - FURNITURE	37,549	36,994
391.1 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT	2,320,467	2,234,700
391.3 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 10 YEARS	4,161,717	4,459,793
391.4 OFFICE FURNITURE AND EQUIPMENT - SYSTEM DEV. COSTS - 15 YEARS	13,265,830	13,253,998
TOTAL INFORMATION SERVICES	19,785,563	19,985,485
TOTAL OTHER UTILITY PLANT	20,416,347	20,433,933
TOTAL GAS AND OTHER PLANT	285,505,749	310,278,045

* Amounts shown for Common and IS are prior to allocation to PNG.

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I-A-6

Request:

Supply a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate:

- a. For the purposes of this filing.
- b. For the purposes of the most recent rate increase filing prior to the current proceedings.
 - (i) Supply a comprehensive statement of any changes made in method of depreciation and in the selection of average service lives and dispersion.

Response:

- a. Refer to Table 1 in Exhibit C (Historic), Table 1 in Exhibit C (Future) and Table 1 in Exhibit C (Fully Projected Future) for schedules showing the estimated survivor curves and accrual rates by account and depreciable group.
- b. Refer to Attachment I-A-6 for the survivor curves and annual accrual rates estimated to be appropriate in the most recent prior rate filing.
 - (i). The depreciation methods and procedures used in this filing are the same as those used in the previous filing submitted in January of 2009 at Docket No. R-2008-2079660.

The survivor curve estimates are based on an updated service life study as described in Part II of Exhibit C (Future). The service life study was updated from 2010 to include Company data through 2015. The updated service lives and survivor curves were used to calculate depreciation rates as of September 30, 2016, September 30, 2017, and September 30, 2018. The charts and life tables supporting the updated service life study are presented in Part VI of Exhibit C (Future).

The previous rate filing was submitted on January 28, 2009, using a future test year ending September 30, 2009. The service life study in the 2009 filing was based on data through December 31, 2005. The Company updates its service life study every five years and submits a report to the Pennsylvania Public Utility Commission (PA PUC) in

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I-A-6 (Continued)

accordance with 52 Pa. Code Chapter 73.5 and 73.6. There have been 2 updates to the service life study report submitted in the prior rate filing. Additionally, UGI submits Annual Depreciation Reports each year in accordance with 52 Pa. Code Chapter 73.3 and 73.4.

The purpose of the regulations set forth in 52 Pa. Code Chapter 73 is to establish uniform and industry-wide reporting requirements designed to improve the Commission's ability to monitor on a regular basis the depreciation and capital planning of utilities subject to Commission jurisdiction.

Prepared by or under the supervision of: John F. Wiedmayer

UGI PENN NATURAL GAS, INC.

TABLE 1. SUMMARY OF SERVICE LIFE ESTIMATES AND CALCULATED REMAINING LIFE ACCRUALS
RELATED TO ORIGINAL COST OF GAS PLANT AT SEPTEMBER 30, 2008

Account		Estimated Survivor Curve	Original Cost	Book Reserve	Future Accruals	Calculated Annual Accrual	
(1)		(2)	(3)	(4)	(5)	Rate (6)	Amount (7)
GAS PLANT							
DEPRECIABLE PLANT							
Manufactured Gas Plant							
305	Manufactured Gas Plant Remediation		-	(928,278)	928,278	-	-
Distribution Plant							
375	Structures and Improvements	55 - R1.5 *	1,607,028	1,041,926	565,104	1.66	26,688
376.1	Mains - Plastic	47 - R4	136,901,879	32,762,948	104,138,929	2.24	3,062,797
376.2	Mains - Other	70 - S0.5	120,661,714	30,925,707	89,736,011	1.45	1,753,223
378	Measuring & Regulating Equipment - General	39 - R1	12,381,951	4,486,183	7,895,773	2.23	276,668
379	Measuring & Regulating Equipment - City Gate	40 - R2	6,425,751	2,191,084	4,234,667	2.18	140,327
380.1	Services - Plastic	34 - R4	151,721,752	56,372,306	95,349,445	2.94	4,463,066
380.2	Services - Other	45 - R1	16,481,099	9,061,158	7,419,941	1.70	279,754
381	Meters	34 - S1.5	37,110,195	15,470,494	21,639,703	2.65	982,908
381.1	Meters - AMR	15 - R3	10,252,293	2,081,692	8,170,601	7.34	752,693
383	House Regulators	35 - R4	2,649,226	1,349,211	1,300,016	2.09	55,442
384	House Regulator Installations	35 - R4	2,838,965	1,755,912	1,083,054	1.68	47,794
385	Industrial Measuring & Regulating Equipment	35 - R3	4,828,577	3,461,324	1,367,253	2.00	96,788
387	Other Distribution Equipment	29 - L2	117,316	30,882	86,435	2.72	3,190
Total Distribution Plant			503,977,746	160,990,827	342,986,932		11,941,338
General Plant							
390	Structures and Improvements	60 - L0 *	17,019,856	4,949,260	12,070,595	2.61	444,376
391.1	Office Furniture	30 - L1	1,159,886	589,553	570,331	2.43	28,157
391.2	Office Equipment	15 - L1	921,161	657,842	263,319	2.92	26,859
391.3	Computer Equipment	7 - R3	4,371,619	2,325,519	2,046,101	15.67	684,818
391.41	Computer Software - General	4 - L2	1,200,633	732,281	468,353	22.05	264,767
391.42	Computer Software - Oracle	10 - SQ	3,052,698	576,761	2,475,937	9.54	291,287
392	Transportation Equipment	8 - R2.5	6,612,633	4,909,178	1,703,453	6.58	435,133
393	Stores Equipment	20 - L2	9,474	6,186	3,287	3.29	312
394	Tools, Shop and Garage Equipment	22 - L0.5	4,580,061	1,680,617	2,899,445	3.89	178,131
395	Laboratory Equipment	30 - R3	14,315	14,316	-	0.00	-
396	Power Operated Equipment	13 - L3	1,646,535	1,099,870	546,668	5.39	88,695
397	Communication Equipment	8 - L3	352,523	331,918	20,606	2.38	8,381
397.1	Telephone Systems	8 - L3	770,896	407,594	363,301	10.32	79,524
398	Miscellaneous Equipment	35 - R2	381,458	82,572	298,887	2.58	9,835
Total General Plant			42,093,748	18,363,467	23,730,283		2,540,275
TOTAL DEPRECIABLE PLANT			546,071,494	178,426,016	367,645,493		14,481,613
NONDEPRECIABLE PLANT							
301	Organization		86,238				
302	Franchise & Consents		9,422				
374.1	Land		301,214				
374.2	Land Rights		2,073,898				
389.1	Land		759,928				
TOTAL NONDEPRECIABLE PLANT			3,230,700				
TOTAL GAS PLANT			549,302,194	178,426,016	367,645,493		14,481,613
Net Salvage Amortization							1,388,347
GRAND TOTAL			549,302,194	178,426,016	367,645,493		15,869,960

* Survivor curves for Account 375 and Account 390 are interim survivor curves. Individual locations for these accounts are life spanned.

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I-A-7

Request:

Provide a table, showing the cumulative depreciated original cost by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:

- a. Year installed.
- b. Original cost--the total surviving cost associated with each installation year from all plant accounts.
- c. Calculated depreciation reserve--the calculated depreciation reserve associated with each installation year from all plant accounts.
- d. Depreciated original cost--(Column B minus Column C).
- e. Total--cumulation year by year of the figures from Column D.
- f. Column E divided by the total of the figure in Column D.

Response:

The information is provided in Exhibit C (Fully Projected) in Part III for the fully projected future test year ended September 30, 2018; in Exhibit C (Future) in Part VII for the future test year ended September 30, 2017; and in Exhibit C (Historic) in Part III for the historic test year ended September 30, 2016. The information is set forth in the section titled "Cumulative Depreciated Original Cost."

Prepared by or under the supervision of: John F. Wiedmayer

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I-A-8

Request:

Provide a description of the trending methodology which was utilized. Identify all indexes which were used (include all backup workpapers) and the reasons particular indexes were chosen. If indexes were spliced, indicate which years were utilized in any splices. If indexes were composited, show all supporting calculations. Include any analysis made to “test” the applicability of any indexes.

- a. Supply a comprehensive statement of any changes made in the selection of trend factors or in the methodology used in the current rate filing compared to the most recent previous rate filing.

Response:

Trended original cost is omitted in accordance with 52 Pa. Code Section 53.51(c).

Prepared by or under the supervision of: John F. Wiedmayer

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I-A-9

Request:

Provide an exhibit indicating the spot trended original cost at test year end by vintage by account and include applicable depreciation reserves. Include totals by account for all other trended measures of value.

Response:

Trended original cost is omitted in accordance with 52 Pa. Code Section 53.51(c).

Prepared by or under the supervision of: John F. Wiedmayer

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I-A-10

Request:

Supply an exhibit indicating the percentages of undepreciated original cost which were trended with the following indexes:

- a. Boeckh
- b. Handy-Whitman
- c. Indexes developed from suppliers' prices.
- d. Indexes developed from company records and company price histories.
- e. Construction equipment.
- f. Government statistical releases.

Response:

Trended original cost is omitted in accordance with 52 Pa. Code Section 53.51(c).

Prepared by or under the supervision of: John F. Wiedmayer

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I-A-11

Request:

Provide a table, showing the cumulative trended depreciated original cost (at the spot price level) by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:

- a. Year installed.
- b. Trended original cost (at the spot price level)--the total surviving cost associated with each installation year from all plant accounts.
- c. Trended calculated depreciation reserve--the calculated depreciation reserve associated with each installation year from all plant accounts.
- d. Depreciated trended original cost--(Column B minus Column C).
- e. Total--cumulation year by year of the figures from Column D.
- f. Column E divided by the total of the figures in Column D.

Response:

Trended original cost is omitted in accordance with 52 Pa. Code Section 53.51(c).

Prepared by or under the supervision of: John F. Wiedmayer

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I-A-12

Request:

If a claim is made for construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project. [These exhibits should be updated at the conclusion of these proceedings.]

Response:

No claim is being made for construction work in progress.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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I-A-13

Request:

If a claim is made for non-revenue producing construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project.

[These exhibits should be updated at the conclusion of these proceedings.]

Response:

No claim is being made for construction work in progress.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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I-A-14

Request:

If a claim is made for plant held for future use, supply the following

- a. A brief description of the plant or land site and its cost.
- b. Expected date of use for each item claimed.
- c. Explanation as to why it is necessary to acquire each item in advance of its date of use.
- d. Date when each item was acquired.
- e. Date when each item was placed in plant held for future use.

Response:

No claim is being made for "plant held for future use."

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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I-A-15

Request:

If materials and supplies comprise part of the cash working capital claim, attach an exhibit showing the actual book balances for materials and supplies by month for the thirteen months prior to the end of the test year. Explain any abrupt changes in monthly balances.

Response:

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Schedule C-8.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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I-A-16

Request:

If fuel stocks comprise part of the cash working capital claim, provide an exhibit showing the actual book balances (quantity and price) for the fuel inventories by type of fuel for the thirteen months prior to the end of the test year by location, station, etc.

[Explain the method of determining claim if other than that described above.]

Response:

No claim is being made for fuel stocks.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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I-A-17

Request:

Regardless of whether a claim for net negative or positive salvage is made, attach an exhibit showing gross salvage, cost of removal, and net salvage for the test year and four previous years by account.

Response:

The information related to the historic test year is presented in Part IV of Exhibit C (Historic) in the section titled "Experienced Net Salvage." The information related to the future test year is set forth in Part VIII of Exhibit C (Future) in the section titled "Experienced and Estimated Net Salvage." The information related to the fully projected test year is set forth in Part IV of Exhibit C (Fully Projected) in the section titled "Experienced and Estimated Net Salvage."

Prepared by or under the supervision of: John F. Wiedmayer

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I-A-18

Request:

Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measures of value.

Response:

All measures of value have been fully disclosed in PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Schedules A-1 and C-1 through C-8, as well as the Direct Testimony of Megan Mattern, PNG Gas Statement No. 3.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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I-C-1

Request:

Provide, with respect to the scope of operations of the utility, a description of all property, including an explanation of the system's operation, and all plans for any significant future expansion, modification, or other alteration of facilities.

This description should include, but not be limited to the following:

- a. If respondent has various gas service areas, indicate if they are integrated, such that the gas supply is available to all customers.
- b. Provide all pertinent data regarding company policy related to the addition of new consumers in the company's service area.
- c. Explain how respondent obtains its gas supply, as follows:
 - (i) Explain how respondent stores or manufactures gas; if applicable.
 - (ii) State whether the company has peak shaving facilities.
 - (iii) Provide details of coal-gasification programs, if any.
 - (iv) Describe the potential for emergency purchases of gas.
 - (v) Provide the amount of gas in MCF supplied by various suppliers in the test year (include a copy of all contracts).
 - (vi) Provide the amount of gas in MCF supplied from company-owned wells during the test year.
- d. Provide plans for future gas supply, as follows:
 - (i) Supply details of anticipated gas supply from respondent's near-term development of gas wells, if any.
 - (ii) Provide gas supply agreements and well development ventures and identify the parties thereto.

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I-C-1 (Continued)

- e. Indicate any anticipated curtailments and explain the reasons for the curtailments.
- f. Provide current data on any Federal Power Commission action or programs that may affect, or tend to affect, the natural gas supply to the gas utility.

Response:

a. PNG's gas system consists of approximately 2,562 miles of distribution main and 50 miles of transmission lines served primarily from 11 city gate stations or interconnections with interstate pipelines and one gathering system. The distribution system served approximately 166,500 customers as of September 30, 2016. 90 percent of the customers are residential.

PNG distributes natural gas to areas across Pennsylvania lying within the Counties of Clinton, Columbia, Lackawanna, Luzerne, Lycoming, Montour, Northumberland, Pike, Snyder, Susquehanna, Union, Wayne, and Wyoming.

PNG distribution systems are fed directly by three interstate pipelines, Tennessee Gas Pipeline Company ("Tennessee"), Columbia Gas Transmission ("Columbia"), and Transcontinental Gas Pipe Line Company, LLC. ("Transco"). Some distribution systems are fed by multiple pipelines and others are isolated feeds.

b. PNG pursues the addition of new and expanded load in the residential, commercial, and industrial market areas. PNG follows its tariff guidelines in obtaining these additions.

PNG's tariff guidelines define the rate schedule the customer can utilize, the investment PNG makes to obtain the customer and all other aspects of the Company's business.

Beyond the tariff provisions, the other controlling factors in obtaining new load would be the availability of interstate pipeline capacity, gas supply and PNG's distribution system.

All customer additions are administered through the Marketing Department. All new customer requests are in the form of a gas application. Once the application has been reviewed for distribution system adequacy, credit and cost, an approval letter is sent to the customer. If a new meter, service or main is required, the work is also scheduled at the time of approval.

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I-C-1 (Continued)

- c.
 - (i) PNG does not manufacture gas. PNG has no gas storage facilities.
 - (ii) PNG has no peak shaving facilities.
 - (iii) PNG has no coal gasification programs.
 - (iv) PNG does not anticipate the purchase of emergency gas.
 - (v) Please see Attachment III-E-36 which provides the purchases made from various producers from October 2015 through September 2016. The producer names have been replaced with alphabetic letters for confidentiality reasons. The purchases are typically made under the provision of a standard GISB or NAESB contract. Most contracts have special provisions adding language that may not have been contemplated when the GISB or NAESB contracts were first deployed.
 - (vi) There was no production from PNG-owned wells during the test year.
- d.
 - (i) PNG does not anticipate any development of company-owned gas wells.
 - (ii) PNG does not have any supply agreements for gas purchases from local on-system production or well development ventures.
- e. PNG does not anticipate curtailments for the system.
- f. PNG monitors FERC activity and evaluates pending impacts to rate payers. Please see Attachment I-C-1(f) which lists the FERC proceedings in which PNG intervened.

Prepared by or under the supervision of: Hans G. Bell

FERC Filings Potentially Impacting UGI Penn Natural Gas, Inc.

Docket Number	Description	Date
RP15-1321-000	Texas Eastern Transmission, LP submits tariff filing its TETLP 2015 OFO Penalty Disbursement Report	10/1/2015
RP15-1308-000	Transcontinental Gas Pipe Line Company, LLC submits tariff filing the 2015 LNG Fuel Tracker.	10/5/2015
RP15-1315-000	Dominion Transmission, Inc. submits tariff filing DTI - Index-Based Penalties to be effective 11/1/2015.	10/5/2015
RP15-1316-000	Dominion Transmission, Inc. submits tariff filing DTI - 2015 Annual EPCA to be effective 11/1/2015.	10/5/2015
RP15-1323-000	Dominion Transmission, Inc. submits tariff filing DTI - 2015 Annual TCRA to be effective 11/1/2015.	10/5/2015
RP16-18-000	Texas Eastern Transmission, LP submits tariff filing Multiple Shipper Option Agreement for FT-1 Customers to be effective 11/15/2015.	10/7/2015
RP16-22-000	Transcontinental Gas Pipe Line Company, LLC submits tariff filing its Revisions to Operational Impact Areas to be effective 11/1/2015.	10/7/2015
CP15-555-000	Dominion Transmission, Inc. submits tariff filing Atlantic Coast Pipeline's proposed Atlantic Coast Pipeline Project.	10/21/2015
CP15-558-000	Application of PennEast Pipeline Company, LLC for Certificates of Public Convenience and Necessity and Related Authorizations under CP15-558.	10/27/2015
RP16-58-000	Texas Eastern Transmission, LP submits a penalty disbursement report, pertaining to the disbursement of \$3,930,977 of OFO penalty revenue from February 2015.	10/27/2015
RP16-65-000	Texas Eastern Transmission, LP ariff filing PCB TETLP DEC 2015 FILING to be effective 12/1/2015 .	10/27/2015
RP16-121-000	Columbia Gas Transmission, LLC submits tariff filing OTRA - Nov 2013 to be effective 12/1/2016.	11/9/2015
RP16-148-000	Texas Eastern Transmission, LP submits tariff filing per 154.403(d)(2): TETLP ASA DEC 2015 FILING to be effective 12/1/2015	11/11/2015
RP16-182-000	Transcontinental Gas Pipe Line Company, LLC submits tariff filing GSS LSS Tracker Filing 11/12/15 to be effective 11/1/2015.	11/13/2015
CP16-21-000	Tennessee Gas Pipeline Company, L.L.C. submits Application for Northeast Direct Export Pipeline Project .	11/24/2015
RP16-241-000	Columbia Gulf Transmission, LLC submits tariff filing for Increase/Decrease of Transportation Demand to be effective 1/1/2016.	12/1/2015
RP16-242-000	Columbia Gas Transmission, LLC submits tariff filing Increase/Decrease of Transportation Demand to be effective 1/1/2016	12/1/2015
CP16-29-000	Transcontinental Gas Pipe Line Company, LLC submits an application for the abandonment-by-sale of the Allentown Lateral in Northampton County, Pennsylvania.	12/16/2015
CP16-30-000	Abbreviated Application of UGI Mt. Bethel Pipeline Co., LLC for Certificate of Public Convenience and Necessity Authorizing Acquisition and Operation of Natural Gas Pipeline Facilities	12/16/2015
RP16-338-000	Columbia Gulf Transmission, LLC submits tariff filing per 154.204: Index Price Update to be effective 2/1/2016	12/31/2015
RP16-334-000	Texas Eastern Transmission, LP submits tariff filing EPC FEB 2016 FILING to be effective 2/1/2016	1/5/2016
CP16-38-000	Columbia Gas Transmission, LLC Submits the WB XPress Project Application.	1/6/2016
RP16-340-000	Columbia Gas Transmission, LLC submits tariff filing Penalty Revenue Crediting Report.	1/6/2016
RP16-350-000	Columbia Gulf Transmission, LLC submits tariff filing Penalty Revenue Crediting Report	1/6/2016
RP16-353-000	Columbia Gas Transmission, LLC submits tariff filing per 154.204: CCRM 2016 to be effective 2/1/2016.	1/6/2016
RP16-440-000	ANR Pipeline Company submits tariff filing per : ANR General Section 4 Rate Case to be effective N/A .	1/29/2016
RP16-302-000	Investigation and Setting Matter for Hearing Pursuant to Section Five of the Natural Gas Act re Columbia Gulf Transmission, LLC to determine whether the rates current charged by Columbia Gulf Transmission LLC are just and reasonable.	2/1/2016
RP16-381-000	Transcontinental Gas Pipe Line Company, LLC submits tariff filing LSS and SS-2 Tracker Effective November 1, 2015.	2/1/2016
RP16-630-000	Transcontinental Gas Pipe Line Company, LLC submits tariff filing its Annual Fuel Tracker to be effective 4/1/2016.	2/26/2016

FERC Filings Potentially Impacting UGI Penn Natural Gas, Inc.

Docket Number	Description	Date
RP16-634-000	Transcontinental Gas Pipe Line Company, LLC submits tariff filing its Annual Electric Power Tracker Filing to be effective 4/1/2016.	2/26/2016
RP16-650-000	ANR Pipeline Company submits tariff filing per 154.403(d)(2): Fuel Filing 2016 to be effective 4/1/2016 .	3/2/2016
RP16-658-000	Tennessee Gas Pipeline Company, L.L.C. submits tariff filing Fuel Tracker 2016 to be effective 2/29/2016.	3/2/2016
RP16-704-000	Columbia Gas Transmission, LLC submits tariff filing per 154.403(d)(2): TCRA 2016 to be effective 4/1/2016	3/2/2016
RP16-785-000	ANR Pipeline Company submits tariff filing per 154.403(d)(2): DTCA 2015 to be effective 5/1/2015.	3/2/2016
RP16-678-000	Columbia Gulf Transmission, LLC submits tariff filing TRA 2016 to be effective 4/1/2016	3/7/2016
RP16-669-000	Columbia Gas Transmission, LLC submits tariff filing ubmits tariff filing per 154.403: EPCA 2016 to be effective 4/1/2016	3/9/2016
RP16-670-000	Columbia Gas Transmission, LLC submits tariff filing RAM 2016 to be effective 4/1/2016.	3/9/2016
RP16-763	ANR Pipeline Company submits tariff filing per 154.403(d)(2): DTCA 2016 to be effective 5/1/2016 under RP16-763 Filing Type : 650	4/5/2016
RP16-770	Columbia Gas Transmission, LLC submits tariff filing per 154.403: OTRA - Summer 2016 to be effective 5/1/2016 under RP16-770 Filing Type : 640	4/5/2016
CP16-151	Columbia Gas Transmission, LLC Submits Advance Notification Under Section 2.55(a)-Taylor Gate Crossover under CP16-151. Availability: Public	4/15/2016
RP16-841	Transcontinental Gas Pipe Line Company, LLC submits tariff filing per 154.204: DPEs - PSEG, UGI, and Clean-Up to be effective 5/15/2016 under RP16-841 Filing Type : 570	4/15/2016
RP16-864	Columbia Gas Transmission, LLC submits tariff filing per 154.203: Modernization II Implementation Filing - RP16-314 to be effective 5/1/2016 under RP16-864 Filing Type : 580	4/25/2016
CP16-357	Columbia Gas Transmission, LLC Submits Application for Certificate of Public Convenience and Necessity for the Mountaineer XPress Project under CP16-357.	5/4/2016
RP16-970	(doc-less) Motion to Intervene of National Fuel Gas Distribution Corporation under RP16-970.	6/1/2016
RP16-1006	Columbia Gas Transmission, LLC submits tariff filing per 154.204: GEH - Multi-Party Contracts to be effective 7/1/2016 under RP16-1006 Filing Type : 570	6/2/2016
RP16-1007	Columbia Gulf Transmission, LLC submits tariff filing per 154.204: GEH - Multi-Party Contracts to be effective 7/1/2016 under RP16-1007 Filing Type : 570	6/2/2016
CP16-462	Application to abandon and modify certain natural gas storage facilities of Columbia Gas Transmission, LLC under CP16-462.	6/8/2016
RP16-1069	Texas Eastern Transmission, LP submits tariff filing per 154.403: EPC AUG 2016 FILING to be effective 8/1/2016 under RP16-1069 Filing Type : 640	7/1/2016
RP12-1084	Dominion Transmission, Inc. submits tariff filing per 154.203: DTI - 2016 Overrun and Penalty Revenue Distribution to be effective N/A under RP16-1084 Filing Type : 580	7/6/2016
RP16-1082	Columbia Gas Transmission, LLC submits tariff filing per 154.204: Negotiated Rate Agreement - Sequent Energy to be effective 7/16/2013 under RP13-1075 Filing Type : 570	7/12/2016
CP16-479	(doc-less) Motion to Intervene of New Jersey Natural Gas Company under CP16-479.	7/22/2016
CP16-497	Application to abandon and modify certain natural gas storage facilities of Columbia Gas Transmission, LLC under CP16-497.	8/31/2016
RP16-1225	Annual Cash-Out Report of Columbia Gulf Transmission, LLC under RP16-1225.	9/8/2016
RP16-1191	Transcontinental Gas Pipe Line Company, LLC submits tariff filing per 154.403: 2016 ACA Tracker Filing - GSS, LSS, SS-2 & S-2 to be effective 10/1/2016 under RP16-1191 Filing Type : 640	9/8/2016
RP16-1208	Texas Eastern Transmission, LP submits tariff filing per 154.203: 2016 Operational Entitlements Filing to be effective N/A under RP16-1208 Filing Type : 580	9/9/2016
RP16-1249	Transcontinental Gas Pipe Line Company, LLC submits tariff filing per 154.204: Imbalance Calculations to be effective 11/1/2016 under RP16-1249 Filing Type : 570	9/27/2016
RP16-1251	Tennessee Gas Pipeline Company, L.L.C. submits tariff filing per 154.204: Pipeline Safety and Greenhouse Gas Cost Adjustment Mechanism - 2016 to be effective 11/1/2016 under RP16-1251 Filing Type : 570	9/30/2016
RP16-1256	Transcontinental Gas Pipe Line Company, LLC submits tariff filing per 154.403(d)(2): 2016 Transco's LNG Fuel Tracker to be effective 11/1/2016 under RP16-1256 Filing Type : 650	9/30/2016

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I-C-2

Request:

Provide an overall system map, including and labeling all measuring and regulating stations, storage facilities, production facilities, transmission and distribution mains, by size, and all interconnections with other utilities and pipelines.

Response:

In light of the security concerns reflected in the Commission's Workplace Security Survey at Docket No. M-00021590, PNG has not included system maps in this filing. Any party to the proceeding requiring access to system maps will be afforded the opportunity upon request, subject to the provisions of a Confidentiality Agreement to be entered into between such party and the Company pursuant to a Protective Order.

Prepared by or under the supervision of: Hans G. Bell

SECTION 53.53 – RATE OF RETURN

UGI Penn Natural Gas, Inc.
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II-A-1

Request:

Provide capitalization and capitalization ratios for the last five-year period and projected through the next two years. (With short-term debt and without short-term debt.) (Company, Parent and System (consolidated)).

- a. Provide year-end interest coverages before and after taxes for the last three years and at latest date. (Indenture and SEC Bases.) (Company, Parent and System (consolidated)).
- b. Provide year-end preferred stock dividend coverages for last three years and at latest date (Charter and SEC bases).

Response:

Please refer to Attachment II-A-1 for the requested capitalization and interest coverage ratios.

UGI Corporation and UGI Utilities, Inc. have not issued preferred stock.

Information regarding UGI Corporation projections is confidential and will be made available to parties upon request and the entry of an acceptable Protective Order.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
CAPITALIZATION RATIOS (Millions)
(Non-proprietary Version)

Consolidated - UGI Corporation - With Short-Term Debt

	<u>9/30/2012</u>		<u>9/30/2013</u>		<u>9/30/2014</u>		<u>9/30/2015</u>		<u>9/30/2016</u>		<u>9/30/2017</u>		<u>9/30/2018</u>	
	<u>Actual</u>	<u>%</u>	<u>Budget</u>	<u>%</u>	<u>Budget</u>	<u>%</u>								
Common Equity	\$2,233.1	31.9	\$2,492.5	33.7	\$2,659.1	36.0	\$2,692.0	36.1	\$2,850.9	37.1				
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Minority Interests	1,085.7	15.5	1,055.4	14.3	1,004.1	13.6	880.4	11.8	750.9	9.8				
Short-Term Debt	165.1	2.4	227.9	3.1	210.8	2.9	189.9	2.5	291.7	3.8				
Long-Term Debt	3,514.3	50.2	3,609.4	48.9	3,510.8	47.5	3,699.8	49.6	3,795.5	49.3				
Total Capitalization	\$6,998.2	100.0	\$7,385.2	100.0	\$7,384.8	100.0	\$7,462.1	100.0	\$7,689.0	100.0				

Consolidated - UGI Corporation - Without Short-Term Debt

	<u>9/30/2012</u>		<u>9/30/2013</u>		<u>9/30/2014</u>		<u>9/30/2015</u>		<u>9/30/2016</u>		<u>9/30/2017</u>		<u>9/30/2018</u>	
	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Budget</u>	<u>%</u>	<u>Budget</u>	<u>%</u>
Common Equity	\$2,233.1	32.7	\$2,492.5	34.8	\$2,659.1	37.1	\$2,692.0	37.0	\$2,850.9	38.5				
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Minority Interests	1,085.7	15.9	1,055.4	14.7	1,004.1	14.0	880.4	12.1	750.9	10.2				
Long-Term Debt	3,514.3	51.4	3,609.4	50.4	3,510.8	48.9	3,699.8	50.9	3,795.5	51.3				
Total Capitalization	\$6,833.1	100.0	\$7,157.3	99.9	\$7,174.0	100.0	\$7,272.2	100.0	\$7,397.3	100.0				

Company Only - UGI Utilities, Inc. - With Short-Term Debt

	<u>9/30/2012</u>		<u>9/30/2013</u>		<u>9/30/2014</u>		<u>9/30/2015</u>		<u>9/30/2016</u>		<u>9/30/2017</u>		<u>9/30/2018</u>	
	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Actual</u>	<u>%</u>	<u>Budget</u>	<u>%</u>	<u>Budget</u>	<u>%</u>
Common Equity	\$ 758.3	55.0	\$ 800.3	54.6	\$ 848.0	55.5	\$ 904.3	56.9	\$ 956.4	55.8	\$ 1,020.2	56.0	\$ 1,091.6	55.9
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-Term Debt	19.5	1.4	24.1	1.6	36.8	2.4	63.6	4.0	85.2	5.0	45.6	2.5	45.6	2.3
Long-Term Debt	600.0	43.5	642.0	43.8	642.0	42.0	622.0	39.1	671.4	39.2	755.0	41.5	815.0	41.7
Total Capitalization	\$ 1,377.8	99.9	\$ 1,466.4	100.0	\$ 1,526.8	99.9	\$ 1,589.9	100.0	\$ 1,713.0	100.0	\$ 1,820.8	100.0	\$ 1,952.2	99.9

Company Only - UGI Utilities, Inc. - Without Short-Term Debt

	<u>9/30/2012</u>		<u>9/30/2013</u>		<u>9/30/2014</u>		<u>9/30/2015</u>		<u>9/30/2016</u>		<u>9/30/2017</u>		<u>9/30/2018</u>	
	<u>Actual</u>	<u>%</u>	<u>Budget</u>	<u>%</u>	<u>Budget</u>	<u>%</u>								
Common Equity	\$ 758.3	55.8	\$ 800.3	55.5	\$ 848.0	56.9	\$ 904.3	59.2	\$ 956.4	58.8	\$ 1,020.2	57.5	\$ 1,091.6	57.3
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	600.0	44.2	642.0	44.5	642.0	43.1	622.0	40.8	671.4	41.2	755.0	42.5	815.0	42.7
Total Capitalization	\$ 1,358.3	100.0	\$ 1,442.3	100.0	\$ 1,490.0	100.0	\$ 1,526.3	100.0	\$ 1,627.8	100.0	\$ 1,775.2	100.0	\$ 1,906.6	100.0

UGI Penn Natural Gas, Inc.
INTEREST COVERAGE RATIO

	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>
Pre-tax interest coverage	3.46	4.23	3.45	4.10
Post-tax interest coverage	3.06	3.55	3.01	3.45

	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>
Pre-tax interest coverage	5.35	6.40	5.88	5.34
Post-tax interest coverage	4.00	4.63	4.34	3.99

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II-A-2

Request:

Provide latest quarterly financial report (Company and Parent).

Response:

Refer to SDR-ROR-1 for a copy of the latest quarterly financial report.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-3

Request:

Provide latest Stockholder's Report (Company and Parent).

Response:

Refer to SDR-ROR-1 for a copy of the latest Stockholder's Report.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-4

Request:

Provide latest Prospectus (Company and Parent).

Response:

Refer to SDR-ROR-1 for a copy of the latest Prospectus.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-5

Request:

Supply projected capital requirements and sources of Company, Parent and System (consolidated) for each of future three years.

Response:

See Attachment II-A-5 for projected capital expenditures. The sources of funds will be from both internally generated funds and required outside financing.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Projected Capital Expenditures
Twelve Months Ending September 30,
(Millions of Dollars)

	2017	2018	2019
Consolidated UGI Utilities, Inc.	\$ 347.7	\$ 288.7	\$ 261.0
UGI Penn Natural Gas, Inc.	\$ 105.6	\$ 63.2	\$ 55.7

UGI Penn Natural Gas, Inc.
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II-A-6

Request:

Provide a schedule of debt and preferred stock of Company, Parent and System (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):

- a. Date of issue
- b. Date of maturity
- c. Amount issued
- d. Amount outstanding
- e. Amount retired
- f. Amount reacquired
- g. Gain on reacquisition
- h. Coupon rate
- i. Discount or premium at issuance
- j. Issuance expenses
- k. Net proceeds
- l. Sinking Fund requirements
- m. Effective interest rate
- n. Dividend rate
- o. Effective cost rate
- p. Total average weighted effective Cost Rate

Response:

Please see the Direct Testimony of Paul R. Moul, PNG Statement No. 4, Exhibit B, Schedule 6.

Prepared by or under the supervision of: Paul R. Moul

UGI Penn Natural Gas, Inc.
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II-A-7

Request:

Supply financial data of Company and/or Parent for last five years:

- a. Earnings-price ratio (average)
- b. Earnings-book value ratio (per share basis) (avg. book value)
- c. Dividend yield (average)
- d. Earnings per share (dollars)
- e. Dividends per share (dollars)
- f. Average book value per share yearly
- g. Average yearly market price per share (monthly high-low basis)
- h. Pre-tax funded debt interest coverage
- i. Post-tax funded debt interest coverage
- j. Market price-book value ratio

Response:

Please refer to Attachment II-A-7 for the requested financial data of UGI Corporation. UGI Penn Natural Gas, Inc. and UGI Utilities, Inc. have no publicly traded shares outstanding.

Prepared by or under the supervision of: Megan Mattern

UGI Corporation
Select Financial Data
For the Year Ended September 30,

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Income Statement Data (millions) :</u>					
Revenues	\$ 6,521.3	\$ 7,194.7	\$ 8,277.3	\$ 6,691.1	\$ 5,685.7
Operating Income	\$ 538.6	\$ 831.1	\$ 1,005.6	\$ 834.9	\$ 988.0
Net Income attributable to UGI Corporation	\$ 210.2	\$ 278.1	\$ 337.2	\$ 281.0	\$ 364.7
<u>Common Stock data:</u>					
Market price at year end	\$ 31.75	\$ 39.13	\$ 34.09	\$ 34.82	\$ 45.24
Daily average market price	\$ 28.82	\$ 36.94	\$ 44.36	\$ 35.58	\$ 39.73
Book value at year end	\$ 10.01	\$ 6.96	\$ 7.00	\$ 6.99	\$ 6.91
Earnings per share (diluted)	\$ 1.24	\$ 1.60	\$ 1.92	\$ 1.60	\$ 2.08
Dividends declared per share	\$ 1.05	\$ 1.09	\$ 0.76	\$ 0.88	\$ 0.92
Dividend rate per share (at year end)	\$ 1.03	\$ 0.72	\$ 0.78	\$ 0.88	\$ 0.92
<u>Ratios:</u>					
Earnings-price ratio	25.6	24.5	17.8	21.8	21.8
Earnings-book value ratio	8.1	4.3	3.6	4.4	3.3
Dividend yield - average	3.6%	3.0%	1.7%	2.5%	2.3%
Pre-tax funded debt interest coverage	2.3	3.5	4.2	3.4	4.1
Post-tax funded debt interest coverage	2.2	3.1	3.5	3.0	3.4
Market price / Book ratio	3.2	5.6	4.9	5.0	6.5

UGI Penn Natural Gas, Inc.
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II-A-8

Request:

State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:

- a. Actual test year
- b. Annualized test year-end
- c. Proposed test year-end

Response:

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Schedule D-33. All external debt is held at the UGI Utilities, Inc. level and allocated to subsidiaries. For ratemaking purposes, interest expense is synchronized to the UGI Penn Natural Gas, Inc. Measure of Value funded at the claimed capital structure and cost of debt.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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II-A-9

Request:

State amount of debt interest utilized for income tax calculations which has been allocated from the debt interest of an affiliate, and details of the allocation, under each of the following rate case bases:

- a. Actual test year
- b. Annualized test year-end
- c. Proposed test year-end

Response:

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Schedule D-33. All debt is held at the UGI Utilities, Inc. level and allocated to subsidiaries. For ratemaking purposes, interest expense is synchronized to the UGI Penn Natural Gas, Inc. Measure of Value funded at the claimed capital structure and cost of debt.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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II-A-10

Request:

Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, Parent Company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state.)

- a. State what option has been chosen by the group.
- b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.
- c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
- d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

Response:

a. UGI Corporation has elected to allocate the tax liability of the consolidated group to the members in accordance with Regulation 1.1502-33 (d)(2)(ii). Further the group elects to use 100 percent as the percentage specified in Regulation 1.1502-33(d)(2)(ii)(b). This method of allocation is to be applied in conjunction with the basic allocation method provided in Regulation 1.1552-1(a)(2).

UGI Corporation also elected to reflect currently the investment adjustment in earnings and profits pursuant to Regulation 1.1502-33(c)(4)(iii).

b. & c. See Attachment II-A-10.

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II-A-10 (Continued)

d. See SDR-RR-55 for copies of certain pages of the 9/30/15 UGI Consolidated Federal Income Tax Return.

The tax results for the year ended 9/30/15 do not show a net operating loss.

Prepared by or under the supervision of: Nicole M. McKinney

PNG
Allocation of UGI Corporation Consolidated Federal Income Tax Liability
For the Year Ended September 30, 2015
In Thousands

<u>Name of Company</u>	(a)	(b)	(c)	(d)	(e)
	Federal Taxable Income	Federal Income Tax @ 35% Allocated	Foreign Tax Credit	General Business Credit	Col (b) - Col (c) - Col (d) = Net Federal Income Tax Liability
AmeriGas Inc	449	157			157
AmeriGas Propane Inc.	55,822	19,538			19,538
Amerigas Technology Group Inc.	1	0			0
Ashtola Production Company	(1)	(0)			(0)
Eastfield International Holdings Inc	0	0			0
Energy Service Funding	3,788	1,326			1,326
EuroGas Holdings Inc.	0	0			0
Four Flags Drilling Company	0	0			0
Hellertown Pipeline	(23)	(8)			(8)
Homestead Holding	(16)	(6)			(6)
Newberry Holding	517	181			181
Petrolane Incorporated	16,679	5,838			5,838
UGI Asset Management	0	0			0
UGI Black Sea Enterprises	0	0			0
UGI Central Penn Gas	21,902	7,666			7,666
UGI China Inc	1,192	417			417
UGI Corporation	2,231	781			781
UGI Development Company	(6,170)	(2,159)		1,794	(3,953)
UGI Energy Ventures, Inc.	0	0			0
UGI Ethanol Development Company	0	0			0
UGI Enterprises Inc	97,540	34,139			34,139
UGI Europe Inc	104,060	36,421	44,602		(8,181)
UGI Hunlock Dev	0	0			0
UGI HVAC Enterprises	(1,327)	(464)			(464)
UGI International China, Inc	0	0			0
UGI International (Romania)	0	0			0
UGI International Enterprises, Inc.	1,178	412			412
UGI LNG	(261)	(91)			(91)
UGI Penn HVAC Services	876	307			307
UGI Penn Natural Gas, Inc.	34,986	12,245			12,245
UGI Petroleum Products of DE	(139)	(49)			(49)
UGI Properties, Inc.	172	60			60
UGI Storage Company	7,276	2,547			2,547
UGI Utilities, Inc.	42,897	15,014			15,014
UGID Holding Company	(8)	(3)			(3)
United Valley Insurance	(339)	(119)			(119)
Eliminations	353	123			123
Total Taxable	383,636	134,273	44,602	1,794	87,876

UGI Penn Natural Gas, Inc.
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II-A-11

Request:

Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.

Response:

AFUDC in the amount of \$192,301 was recorded during the historic test year. The calculated rate for the historic test year of 1.30% was based on average construction work in process compared to short term borrowings on a monthly basis and on an aggregated annual basis. UGI Penn Natural Gas, Inc. is currently using the short term debt rate for AFUDC because the average short term borrowing balances exceeded the average construction work in process balances. The projected short term debt rate for the future test year and fully projected test year ending September 30, 2017 and September 30, 2018 is 2.98%.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-12

Request:

Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

Response:

UGI Utilities, Inc. has an unsecured revolving credit agreement ("Revolving Credit Agreement") with a group of banks that provides for an initial loan commitment of up to \$300 million and permits UGI Utilities, Inc. to request an increase to the loan commitment in \$10 million increments up to a maximum of \$450 million. Under the Revolving Credit Agreement, UGI Utilities, Inc. may borrow at various prevailing interest rates, including LIBOR and the banks' prime rate, plus a margin. The margin on such borrowings ranges from 0.0% to 1.75% and is based on the credit ratings of certain indebtedness of UGI Utilities, Inc. In a Final Order entered on August 20, 2015 at Docket No. S-2015-2490378, the Commission approved the registration of the Revolving Credit Agreement as a securities certificate, permitting the incurrence of indebtedness through and until March 26, 2020.

UGI Utilities, Inc. has \$175 million of a 4.98% Senior Note due March 2044, \$100 million of a 2.95% Senior Note due June 2026, and \$200 million of a 4.12% Senior Note due September 2046 ("Senior Notes"). The \$175 million note was approved by the Commission in a Final Order entered on August 15, 2013 at Docket No. S-2013-2370504. The \$100 million and \$200 million notes were approved by the Commission in a Final Order entered on March 17, 2016 at Docket No. S-2016-2528293. The Senior Notes are unsecured and rank equally with UGI Utilities, Inc.'s existing outstanding senior debt.

The Revolving Credit Agreement and the Senior Notes require UGI Utilities, Inc. not to exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.00. The Senior Notes require that Consolidated Priority Debt not exceed 10% of Consolidated Total Assets.

Please refer to PNG Exhibit B for a description of all other Notes, which do not have defined coverage requirements, limits on types of capital outstanding, or restrictions on dividend payouts.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-13

Request:

Attach copies of the summaries of the projected 2 year's Company's budgets (revenue, expense and capital).

Response:

Please refer to Attachment II-A-13 for the Company's 2017 and 2018 operating budget and plan. For capital budgets, please refer to the response to II-A-5.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Projected Company Budget
Twelve Months Ended September 30,
(Thousands of Dollars)

	<u>2017</u>	<u>2018</u>
Operating Revenues:		
Operating Revenues	\$ 201,526	\$ 207,460
Other Operating Revenues	2,698	2,698
Total Operating Revenues	204,224	210,158
Operating Expenses:		
Cost of Sales	65,832	61,978
Storage, Transmission, & Other Production	1,185	1,187
Distribution	25,661	26,022
Customer Accounts	7,391	11,557
Customer Service And Information	732	730
Sales	383	525
Administrative And General	23,733	24,273
Depreciation & Amortization	18,073	20,644
Taxes, Other Than Income Taxes	2,996	3,023
Total Operating Expenses	145,986	149,939
Operating Income	58,238	60,219
Income Taxes	13,336	12,695
Net Income	<u>\$ 44,902</u>	<u>\$ 47,524</u>

UGI Penn Natural Gas, Inc.
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II-A-14

Request:

Describe long-term debt reacquisitions by Company and Parent as follows:

- a. Reacquisitions by issue by year.
- b. Total gain on reacquisitions by issue by year.
- c. Accounting of gain for income tax and book purposes.

Response:

UGI Penn Natural Gas, Inc., UGI Utilities and UGI Corporation have not reacquired debt since UGI Penn Natural Gas, Inc.'s last rate case.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-15

Request:

Set forth amount of compensating bank balances required under each of the following rate base bases:

- a. Annualized test year operations.
- b. Operations under proposed rates.

Response:

PNG does not have any compensating bank balance requirements.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-16

Request:

Provide the following information concerning compensating bank balance requirements for actual test year:

- a. Name of each bank.
- b. Address of each bank.
- c. Types of accounts with each bank (checking, savings, escrow, other services, etc.).
- d. Average Daily Balance in each account.
- e. Amount and percentage requirements for compensating bank balance at each bank.
- f. Average daily compensating bank balance at each bank.
- g. Documents from each bank explaining compensating bank balance requirements.
- h. Interest earned on each type of account.

Response:

Not Applicable. PNG does not have any compensating bank balance requirements.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-17

Request:

Provide the following information concerning bank notes payable for actual test year:

- a. Line of Credit at each bank.
- b. Average daily balances of notes payable to each bank, by name of bank.
- c. Interest rate charged on each bank note (Prime rate, formula rate or other).
- d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement).
- e. Prospective future need for this type of financing.

Response:

- a. PNG's parent, UGI Utilities, Inc. (the "Parent") has a five-year \$300 million revolving credit facility with a consortium of banks ("RCF"). The RCF matures in March, 2020. Please see Attachment II-A-17 for the commitment from each bank.
- b. The RCF is predominantly used to meet working capital needs and is more heavily utilized in the fall and winter months when inventory and receivable balances peak. The borrowings from each bank are pro rata as per their respective commitments. The average daily borrowing under the Parent's RCF was \$150,787,000 for fiscal year 2016.
- c. The interest rates for the majority of borrowings under the Parent's RCF are under the LIBOR + Applicable Margin formula. The Applicable Margin is based on public credit ratings as specified on Attachment II-A-17. The Parent has two public debt ratings (Moody's, Fitch). When there is a split rating, the Moody's rating applies unless such ratings differ by two or more levels. If ratings differ by two or more levels, the applicable level will be deemed to be one level below the higher of such levels. Based on current ratings of the Parent, the applicable margin is 0.875%.
- d. The borrowings under the \$300 million RCF are for working capital needs, CWIP and general corporate purposes.

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II-A-17 (Continued)

- e. The RCF provides adequate liquidity for working capital and CWIP needs and does not mature until March 2020.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Line of Credit Bank Commitments and Applicable margin
As of September 30, 2016

Lender Commitments of the UGI Utilities, Inc. five year, \$300 million revolving credit facility:

Lender	Commitment
PNC Bank, National Association	\$55,000,000
Citizens Bank of Pennsylvania	\$55,000,000
Citibank, N.A.	\$32,000,000
Credit Suisse AG, Cayman Islands Branch	\$32,000,000
JPMorgan Chase Bank, N.A.	\$32,000,000
Wells Fargo Bank, National Association	\$32,000,000
The Bank of New York Mellon	\$32,000,000
Bank of America, N.A.	\$30,000,000
	\$300,000,000

Applicable Margin of the UGI Utilities, Inc. five year, \$300 million revolving credit facility:

S&P/Moody's/Fitch	Margin
A/A2/A or above	0.875%
A-/A3/A-	1.00%
BBB+/Baa1/BBB+	1.125%
BBB/Baa2/BBB	1.25%
BBB-/Baa3/BBB-	1.50%
BB+/Ba1/BB+ or lower	1.75%

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II-A-18

Request:

Set forth amount of total cash (all cash accounts) on hand from balance sheets for last 24-calendar months preceding test year-end.

Response:

The average balance sheet cash (measured at the end of each month) for the past 24 calendar months (10/31/14 - 9/30/16) was \$4.0 million.

Please see Attachment II-A-18 for monthly total cash balances.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Month-End Cash Balances

Fiscal Year 2015	Balance Sheet Cash
October	\$ 1,420,040
November	\$ 2,175,338
December	\$ 7,939,303
January	\$ 3,944,858
February	\$ 3,570,361
March	\$ 8,484,181
April	\$ 9,959,872
May	\$ 3,315,030
June	\$ 2,316,231
July	\$ 4,070,227
August	\$ 2,052,627
September	\$ 1,083,564

Fiscal Year 2016	Balance Sheet Cash
October	\$ 2,152,607
November	\$ 6,635,554
December	\$ 8,909,547
January	\$ 3,546,764
February	\$ 5,843,760
March	\$ 8,044,615
April	\$ 2,453,279
May	\$ 2,819,275
June	\$ 1,818,887
July	\$ 349,206
August	\$ 1,482,720
September	\$ 1,302,092

Two-Year Average	\$ 3,987,081
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II-A-19

Request:

Submit details on Company or Parent common stock offerings (past 5 years to present) as follows:

- a. Date of Prospectus
- b. Date of offering
- c. Record date
- d. Offering period--dates and number of days
- e. Amount and number of shares of offering
- f. Offering ratio (if rights offering)
- g. Per cent subscribed
- h. Offering price
- i. Gross proceeds per share
- j. Expenses per share
- k. Net proceeds per share (i-j)
- l. Market price per share
 1. At record date
 2. At offering date
 3. One month after close of offering
- m. Average market price during offering
 1. Price per share
 2. Rights per share--average value of rights
- n. Latest reported earnings per share at time of offering
- o. Latest reported dividends at time of offering

Response:

UGI Corporation is the parent company of UGI Utilities, Inc. UGI Corporation has public shareholders and has the ability to raise capital in the public equity markets. UGI Corporation has not issued publicly underwritten stock in the last five years.

UGI PNG and its parent UGI Utilities, Inc. do not have access to the public equity markets.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-20

Request:

Provide latest available balance sheet and income statement for Company, Parent and System (consolidated).

Response:

Refer to PNG Exhibit A (Historic), Schedules B-1 and B-2.

Also, please see Attachment SDR-ROR-1 for Parent Company financial statements.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-21

Request:

Provide Original Cost, Trended Original Cost and Fair Value rate base claims.

Response:

The Company's claim is based on original cost measure of value. As Pennsylvania law requires use of original cost measure of value for ratemaking, trended original cost and fair value rate base claims were not prepared.

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Schedule C-1.

Prepared by or under the supervision of: Megan Mattern

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II-A-22

Request:

Provide Operating Income claims under:

- (i) Present rates
- (ii) Pro forma present rates (annualized & normalized)
- (iii) Proposed rates (annualized & normalized)

b. Provide Rate of Return on Original Cost and Fair Value claims under:

- (i) Present rates
- (ii) Pro forma present rates
- (iii) Proposed rates

Response:

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Schedules A-1, D-1, and D-2.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
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II-A-23

Request:

List details and sources of “Other Property and Investment,” “Temporary Cash Investments” and “Working Funds” on test year-end balance sheet.

Response:

Refer to the responses to III-A-2 and III-A-3.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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II-A-24

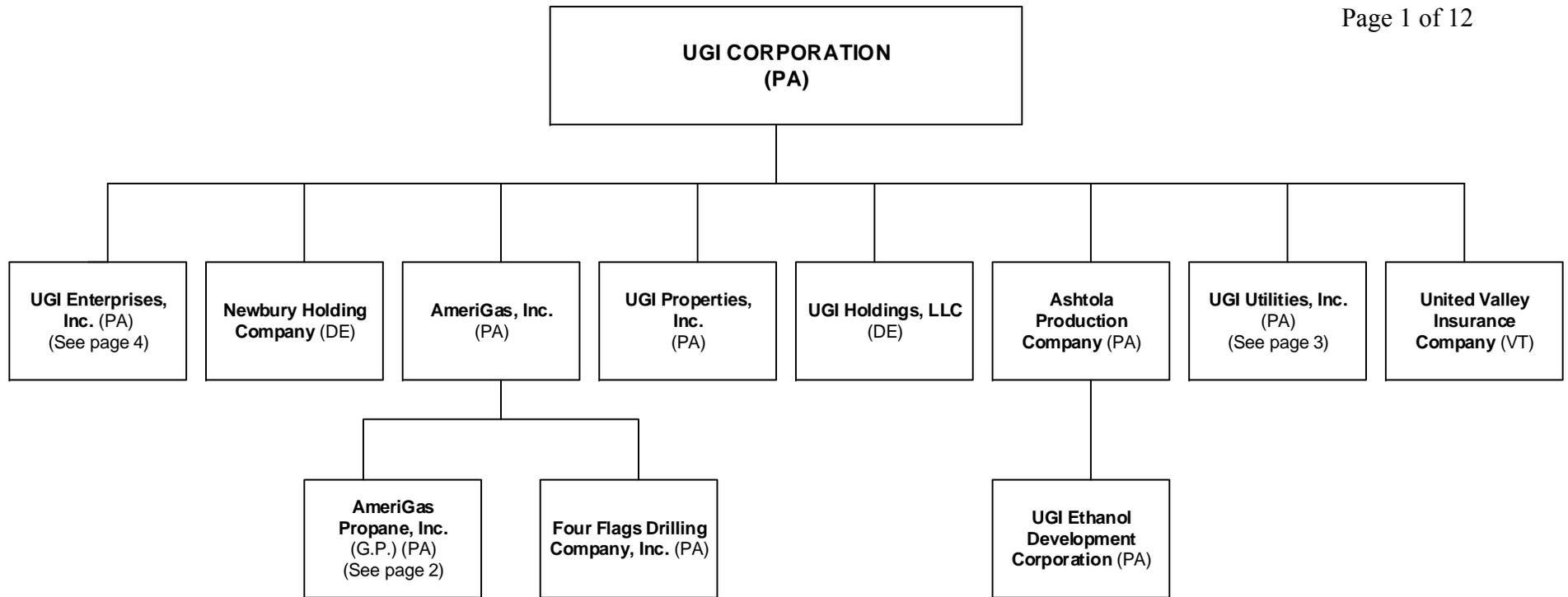
Request:

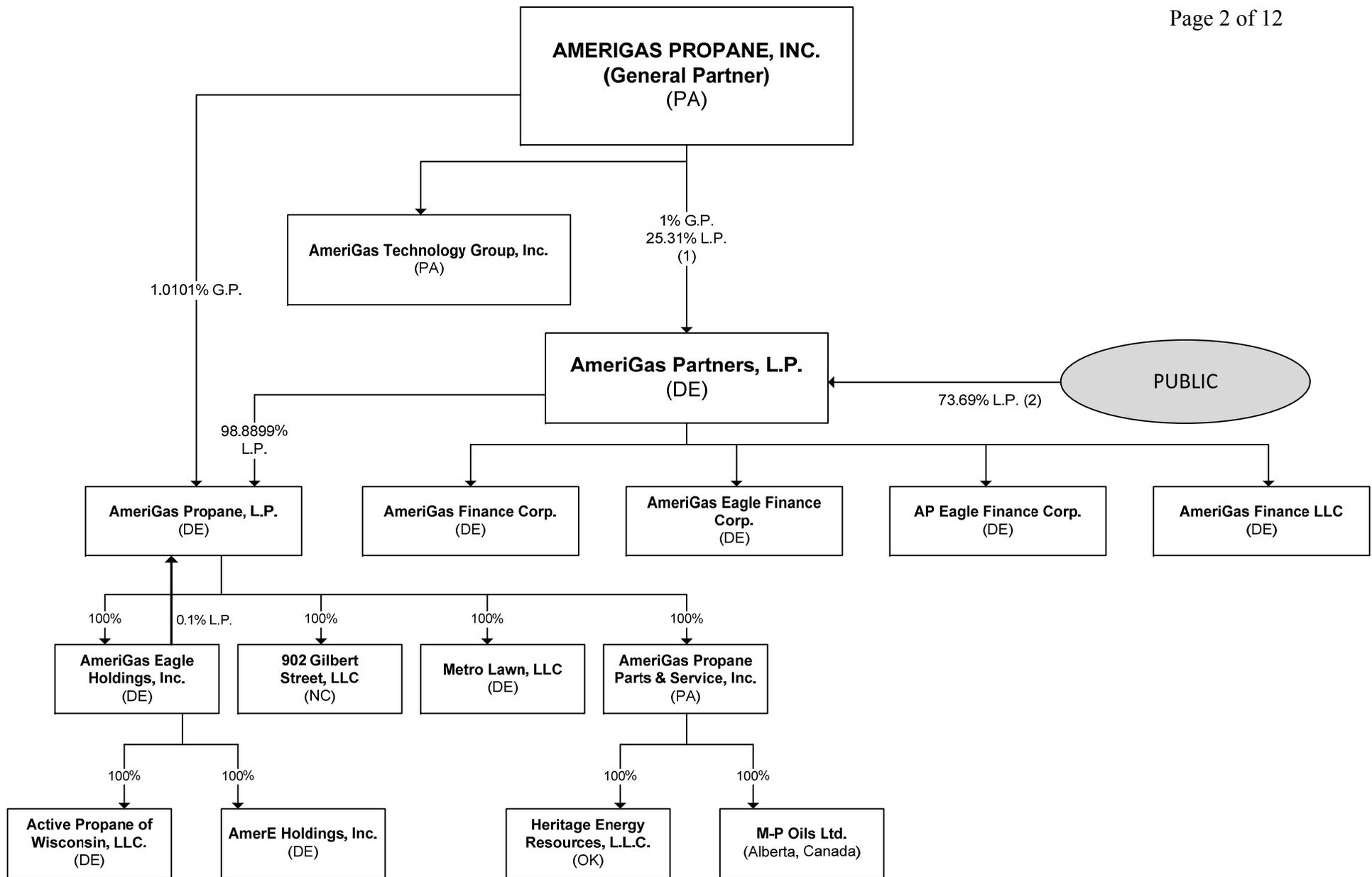
Attach chart explaining Company's corporate relationship to its affiliates (System Structure).

Response:

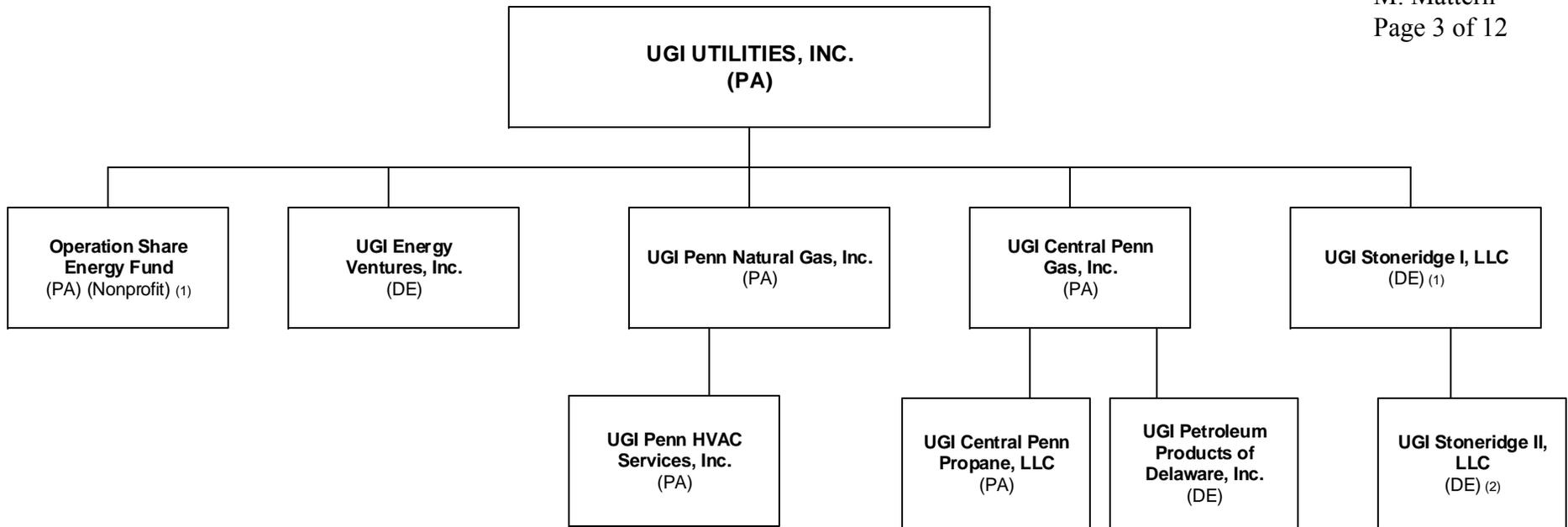
Please see the UGI Corporation Organizational Chart attached hereto as Attachment II-A-24.

Prepared by or under the supervision of: Megan Mattern

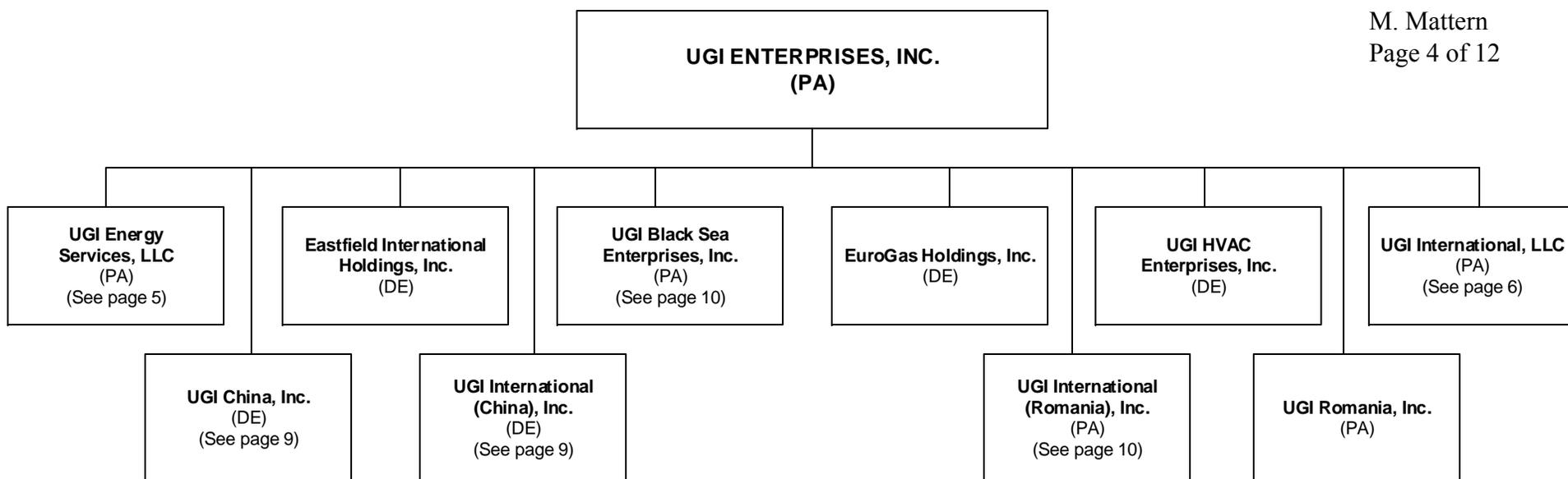


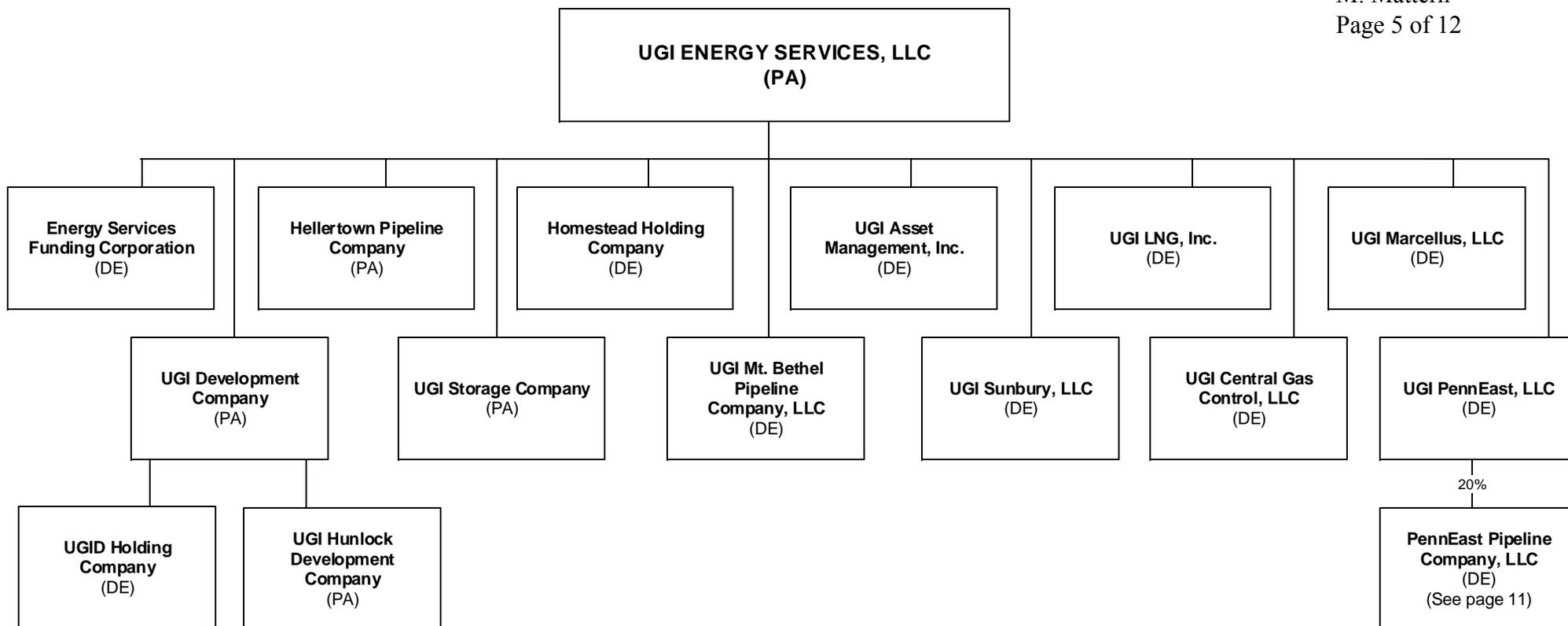


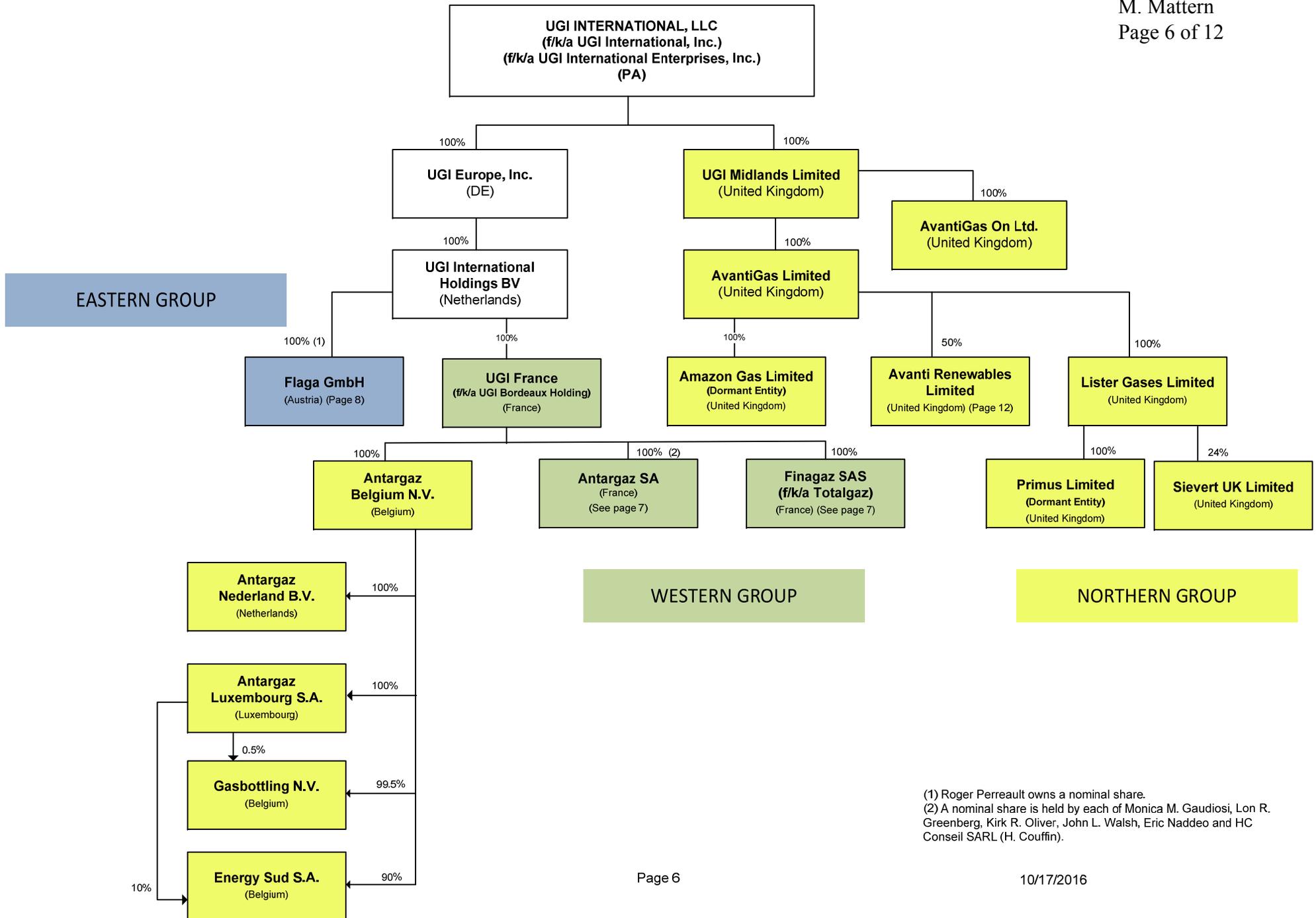
(1) 23,756,882 Common Units
(2) 69,166,528 Common Units



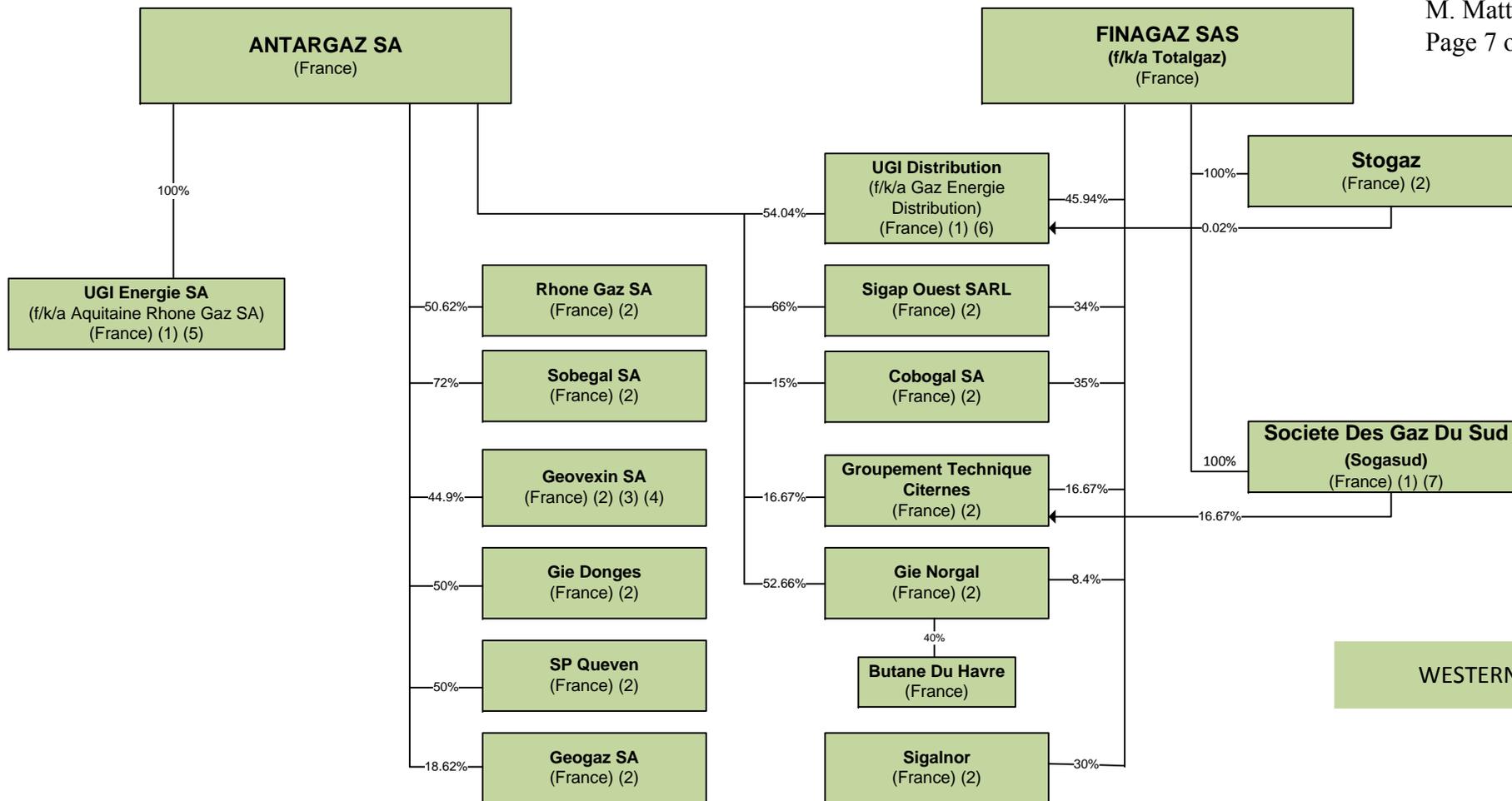
(1) UGI Utilities, Inc. is sole member
(2) UGI Stoneridge I, LLC is sole member





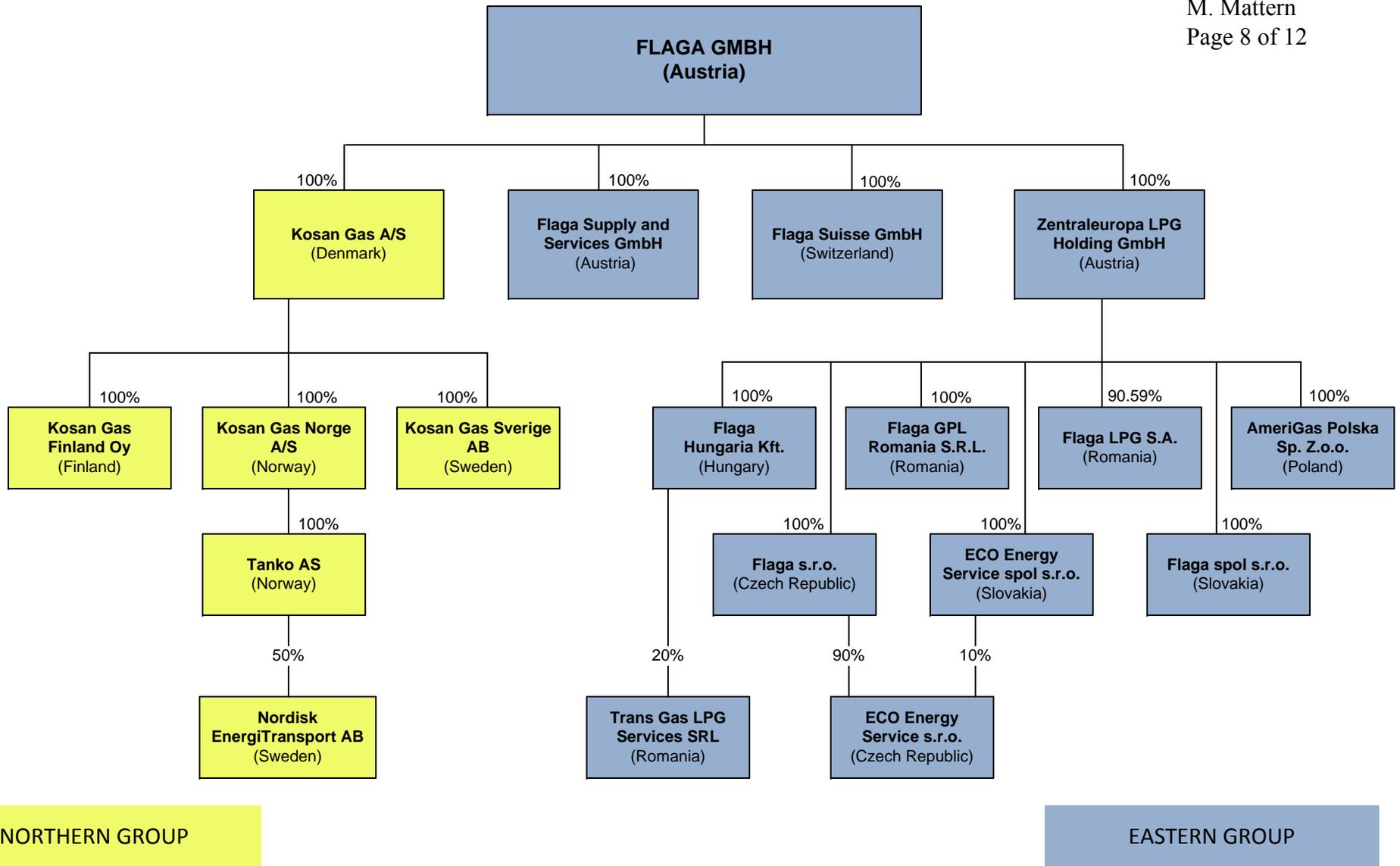


(1) Roger Perreault owns a nominal share.
(2) A nominal share is held by each of Monica M. Gaudiosi, Lon R. Greenberg, Kirk R. Oliver, John L. Walsh, Eric Naddeo and HC Conseil SARL (H. Couffin).

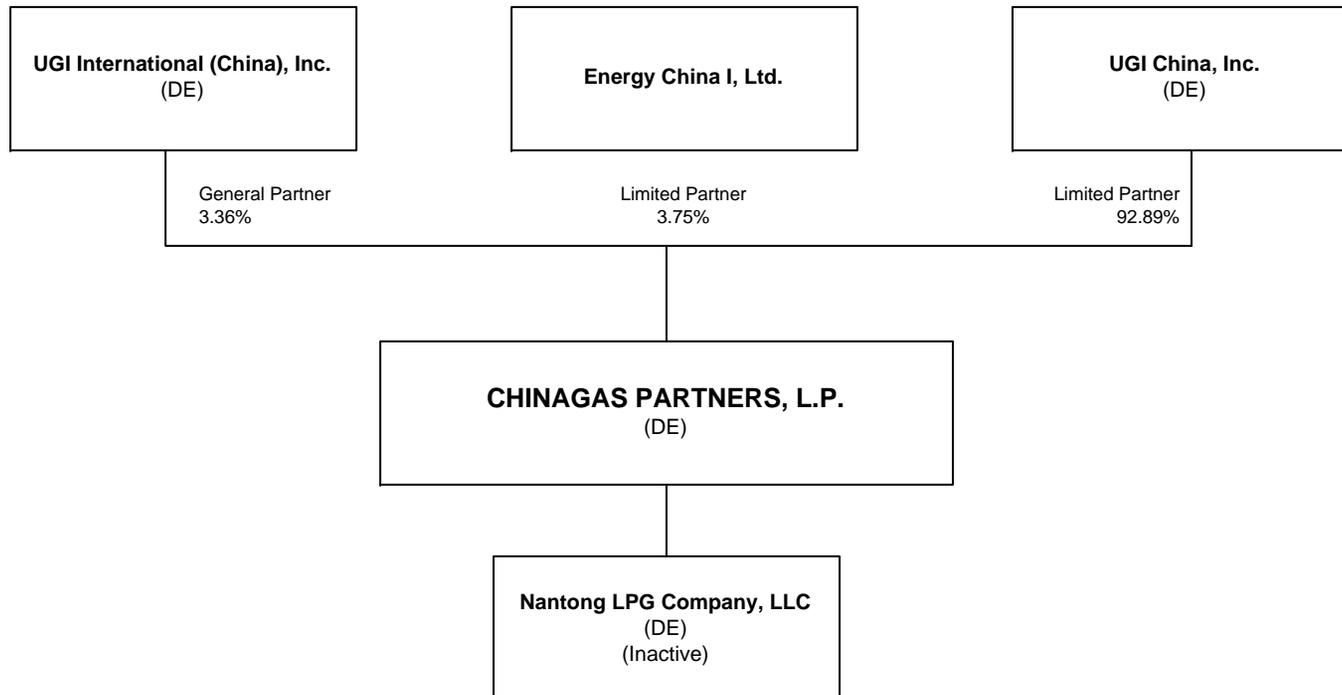


WESTERN GROUP

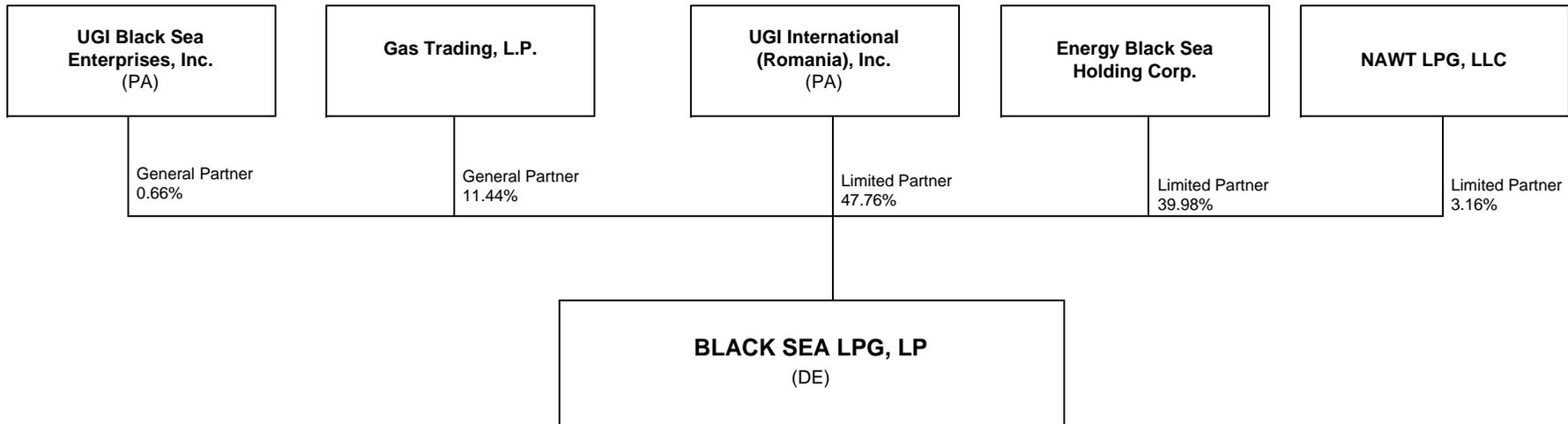
(1) Commercial subsidiary (Filiales Commerciales)
(2) Logistics, Storage or other subsidiary (Filiales Logistiques)
(3) Geovexin – 44.9% ownership is accounted for under the equity method
(4) In Liquidation
(5) A nominal share is held each by Eric Doublet, Serge Moisan, Eric Naddeo, Augustin Sarragallet, Philippe Simon and Antoine Willaume.
(6) A nominal share is held each by Claire Boucher, Félix Charlemagne, Eric Doublet, Eric Naddeo, Augustin Sarragallet and Antoine Willaume.
(7) A nominal share is held by Augustin Sarragallet.



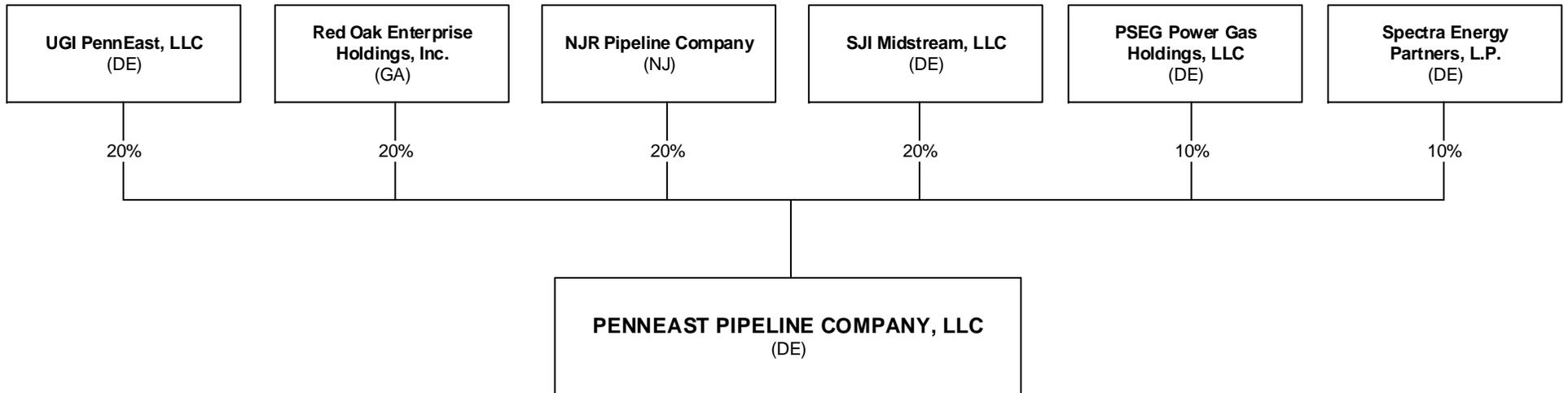
CHINA JOINT VENTURE



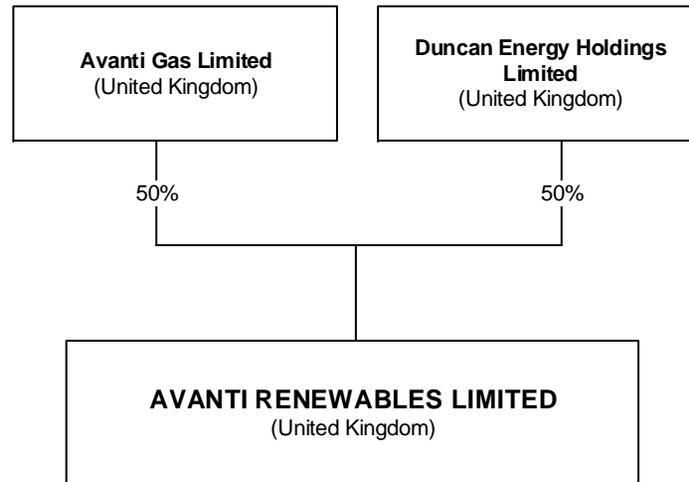
ROMANIAN PARTNERSHIP



PENNEAST PIPELINE JOINT VENTURE



AVANTI GAS LIMITED JOINT VENTURE



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II-A-25

Request:

If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:

- a. Claimed capitalization and capitalization ratios with supporting data.
- b. Claimed cost of long-term debt with supporting data.
- c. Claimed cost of short-term debt with supporting data.
- d. Claimed cost of total debt with supporting data.
- e. Claimed cost of preferred stock with supporting data.
- f. Claimed cost of common equity with supporting data.

Response:

Please see the Direct Testimony of Paul R. Moul, PNG Statement No. 4, Exhibit B, Schedule 1.

Prepared by or under the supervision of: Paul R. Moul

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - II-A - Rate of Return - All Utilities
Delivered on January 19, 2017

II-A-26

Request:

Provide the following income tax data:

- a. Consolidated income tax adjustments, if applicable.
- b. Interest for tax purposes (basis).

Response:

Please see Attachment II-A-26 for a calculation of a consolidated tax adjustment.

A consolidated tax adjustment has not been flowed through as a ratemaking deduction in the calculation of PNG's federal income tax expense. This adjustment has only been included to demonstrate that PNG has fulfilled the requirements of Section 1301.1(b) of Act 40. Please see the Direct Testimony of Ms. Kindra Walker, UGI Penn Natural Gas, Inc. Statement No. 2 for a discussion on how the company has satisfied these requirements.

Prepared by or under the supervision of: Nicole M. McKinney

Taxable Income
2015

Tax Loss Entities

Ashtola Production Company	(1)
Hellertown Pipeline	(23)
Homestead Holding	(16)
UGI Development Company	(6,170)
UGI HVAC Enterprises	(1,327)
UGI LNG	(261)
UGI Petroleum Products of DE	(139)
UGID Holding Company	(8)
United Valley Insurance	<u>(339)</u>
Total Tax Loss	(8,283)

<u>Tax Loss Entities</u>	Taxable Income 2014	<u>Adjustments</u>	<u>Adjusted Taxable Income</u>
UGI Corporation	(10,003)	10,003 (1)	0
AmeriGas Inc.	0		0
Four Flags	0		0
Homestead Holding	0		0
UGI Asset Management	0		0
UGI China	(274)		(274)
UGI Development Company	0		0
UGI Europe	0		0
UGID Holding	(8)		(8)
UGI HVAC Enterprises	(2,485)		(2,485)
UGI International (China)	(6)		(6)
UGI LNG	(1,921)	45 (2)	(1,876)
UGI Petroleum Products of DE	(10)		(10)
UGI Properties	0		0
UGI Utilities	0		0
United Valley Insurance	0		0
Hellertown Pipeline	(29)		(29)
Ashtola Production Company	(1)		(1)
Eliminations	0		0
Total Tax Loss	<u>(14,737)</u>	<u>10,048</u>	<u>(4,689)</u>

Notes:

(1) Adjust to remove impact of expense due to above normal exercise of stock options.

(2) Adjust to remove impact of bonus depreciation

<u>Tax Loss Entities</u>	Taxable Income <u>2013</u>	<u>Adjustments</u>	Adjusted <u>Taxable Income</u>
UGI Corporation	(8,827)	8,827 (1)	0
AmeriGas Inc.	0		0
Four Flags	0		0
Homestead Holding	0		0
UGI Asset Management	0		0
UGI China	0		0
UGI Development Company	0		0
UGI Europe	0		0
UGID Holding	0		0
UGI HVAC Enterprises	(1,824)	859 (3)	(965)
UGI International (China)	0		0
UGI LNG	(3,326)	618 (2)	(2,708)
UGI Petroleum Products of DE	(10)		(10)
UGI Properties	(25)		(25)
UGI Utilities	0		0
United Valley Insurance	(399)		(399)
Hellertown Pipeline	0		0
Ashtola Production Company	0		0
Eliminations	(504)		(504)
Total Tax Loss	(14,915)	10,304	(4,611)

Notes:

- (1) Adjust to remove impact of expense due to above normal exercise of stock options.
- (2) Adjust to remove impact of bonus depreciation
- (3) Adjust to remove discontinued operations

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - II-C - Rate of Return - Gas Utilities
Delivered on January 19, 2017

II-C-1

Request:

Provide test year monthly balances for “Current Gas Storage” and notes financing such storage.

Response:

Refer to Exhibit A (Historic), Schedule C-5, Exhibit A (Future), Schedule C-5, and Exhibit A (Fully Projected Future), Schedule C-5.

There are no specific notes financing gas storage.

Prepared by or under the supervision of: Kindra S. Walker

**SECTION 53.53 – BALANCE SHEET AND
OPERATING STATEMENT**

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-1

Request:

Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.

Response:

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Schedule B-1 for a comparative balance sheet for each of the test years. For the preceding year which corresponds with the test year date, please refer to the response to SDR-ROR-2.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-2

Request:

Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.

Response:

September 30, 2016 balances are:

Account 121 Non-Utility Property	\$	69,708
Account 123 Investment in Subsidiaries	\$	1,169,377
Account 124 Other Investments	\$	103,258

The balance in Account 123 represents a residual equity investment in PNG's inactive heating, ventilation and air conditioning service business ("HVAC").

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-3

Request:

Supply the amounts and purpose of Special Cash Accounts of all types, such as:

- a. Interest and Dividend Special Deposits.
- b. Working Funds other than general operating cash accounts.
- c. Other special cash accounts and amounts (Temporary cash investments).

Response:

September 30, 2016 balances are:

- a. None.
- b. None.
- c. Please see Attachment III-A-3.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
FERC Account 136 - Temporary Cash Investments

Investment Account Description	(000's) 9/30/16 Balances
1 Rosenthal Collins Group	\$ 70
2 RJ O'Brien	65
Total Temporary Cash Investments	<u>\$ 135</u>

Purpose:

- 1 To purchase natural gas futures, and to cover maintenance margin requirements for natural gas futures.
- 2 To purchase natural gas options and gasoline futures, and to cover maintenance margin requirements for gasoline futures.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-4

Request:

Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on balance sheet.

Response:

Please see Attachment III-A-4.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of Accounts Receivable

FERC Account Description	(000's) 9/30/16 Balances
Accounts Receivable from Associated Companies – consisting primarily of sales of gas and administrative services provided to UGI Energy Services, Inc., UGI Utilities, Inc. and UGI Central Penn Gas Inc.	\$ 781
Injuries & Damages Claims	198
Substructure Damages	194
Off System Sales & Delivery Service Fees	68
Service Relocation & Above Ground Damage Repair	50
Employee Merchandise & Tuition Reimbursement	11

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-5

Request:

Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

Response:

Please see Attachment III-A-5 for the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of the last three years.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of Reserve for Uncollectible Accounts

(\$ in 000's except for rate of accrual)	<u>9/30/14</u>	<u>9/30/15</u>	<u>9/30/16</u>
Account 144 - Accumulated Provision for Uncollectible Accounts	\$1,185	\$828	\$1,004
Method	Allowance	Allowance	Allowance
Rate of Accrual	1.21%	1.31%	1.28%
Amounts Accrued – Uncollectible Expense	\$3,063	\$3,385	\$2,336
Amounts Written Off (net of recoveries)	\$3,584	\$3,744	\$2,773

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-6

Request:

Provide a list of prepayments and give an explanation of special prepayments.

Response:

Please see Attachment III-A-6.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of Prepayments

FERC Account 165	(000's) 9/30/16 Balances
IS Maintenance & Services	\$ 957
Insurance	763
Income Taxes	323
Other	238
Total Prepayments	<u>\$ 2,281</u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-7

Request:

Explain in detail any other significant (in amount) current assets listed on balance sheet.

Response:

Refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Schedule B-1.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-8

Request:

Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:

- a. Origin of these accounts.
- b. Probable changes to this account in the near future.
- c. Amortization of these accounts currently charged to operations or to be charged in the near future.
- d. Method of determining yearly amortization for the following accounts:
 - Temporary Facilities
 - Miscellaneous Deferred Debits
 - Research and Development
 - Property Losses
 - Any other deferred accounts that effect operating results.

Response:

Please see Attachment III-A-8 for details.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of Deferred Asset Accounts
(Thousands)

FERC Account Description	Balance at 9/30/2016	Footnote
Pension Benefit	\$ 33,058	1
Deferred Recoverable Income Taxes	18,784	2
Environmental Costs	6,634	3
Environmental Reconciliation of Under-Collections	2,676	4
Debt Issuance Expense	1,365	5
Postretirement Benefits	944	6
Information Technology Program Costs (UNITE)	845	7
Universal Service Program (USP) Over/Under & Interest	470	8
DSIC Over/Under	360	8
Energy Efficiency and Conservation (EEC)	3	7
	\$ 65,139	

Footnotes for Amortization Schedule

- (1) Amortized over the average remaining future service lives of plan participants.
- (2) Amortized over a period of 1-65 years dependent upon the nature of the cost.
- (3) Amortized annually at an amount of \$1,100.
- (4) Refer to the Direct Testimony of Megan Mattern, PNG Statement No. 3.
- (5) Amortized over the term of the related debt instrument.
- (6) Amortized annually at an amount of \$195 through July 2021.
- (7) Currently not amortizing.
- (8) Recovery of over/under collection subject to annual reconciliation.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-9

Request:

Explain the nature of accounts payable to associated companies, and note amounts of significant items.

Response:

Please see Attachment III-A-9.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of Accounts Payable to Associated Companies
(Thousands)

Affiliate Name	Balance at 9/30/2016	Nature of Payable Activity
UGI Utilities Inc.	\$ 21,031	Gas purchase activity & administrative services
UGI Penn HVAC Services, Inc.	1,519	Administrative services
UGI Energy Services	806	Gas purchase activity
UGI Corporation	394	Administrative services
UGI Central Penn Gas, Inc.	<u>(2,663)</u>	Gas purchase activity & administrative services
	\$ 21,087	

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-10

Request:

Provide details of other deferred credits as to their origin and disposition policy (e.g.- amortization).

Response:

Please see Attachment III-A-10 for a detailed schedule of Deferred Credits.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of FERC 253 – Other Deferred Credits
(Thousands)

FERC Account Description	Balance at 9/30/16	Footnote
Uncertain Tax Position	\$ 443	1
Deferred CIAC	376	2
Short Term Disability & COBRA - Non Current	85	3
Long Term Disability - Non Current	35	4
	\$ 939	

Footnotes for Amortization Schedule

- (1) FIN48 liabilities are released when a tax year has been audited and settled or the tax year is closed under the statute of limitations. Generally, the statute of limitations is three years from the due date of the tax return.
- (2) Will be applied to projects as they are placed in service.
- (3) The valuation reflects the costs associated with all future disability payments, and will be relieved as disability payments are made.
- (4) Adjusted quarterly based on the present value of the benefit costs to be paid over the disability term for an employee.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-11

Request:

Supply basis for Injury and Damages reserve and amortization thereof.

Response:

The accrual for injuries and damages expense is designed to maintain the reserve at a proper level with respect to existing and potential claims, taking into account the insurance coverage available to PNG, which currently covers personal injuries and property in excess of \$500,000 per claim. Actual disbursements are charged against the reserve as expenditures are made.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-12

Request:

Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on balance sheet.

Response:

Please refer to the response to SDR-RR-54 for details of significant reserves appearing on the balance sheet.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-13

Request:

Provide an analysis of unappropriated retained earnings for the test year and three preceding calendar years.

Response:

Please refer to Attachment III-A-13.

Prepared by or under the supervision of: Megan Mattern

UGI Utilities, Inc. - Consolidated

Analysis of Unappropriated Retained Earnings
Twelve Months Ended September 30,
(Thousands of Dollars)

<u>Line No.</u>	<u>Historic 2013</u>	<u>Historic 2014</u>	<u>Historic 2015</u>	<u>HTY 2016</u>	<u>FTY 2017</u>	<u>FPFTY 2018</u>
1 Beginning Balance	\$229,379	\$269,978	\$316,688	\$372,143	\$422,516	\$486,331
2 Net Income	102,099	124,107	121,055	97,373	123,815	131,394
3 Common Stock Dividends	<u>(61,500)</u>	<u>(77,397)</u>	<u>(65,600)</u>	<u>(47,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
4 Ending Balance	<u>\$269,978</u>	<u>316,688</u>	<u>372,143</u>	<u>422,516</u>	<u>\$486,331</u>	<u>\$557,725</u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-14

Request:

Provide schedules and data in support of the following working capital items:

- a. Prepayments--List and identify all items
- b. Federal Excise Tax accrued or prepaid
- c. Federal Income Tax accrued or prepaid
- d. Pa. State Income Tax accrued or prepaid
- e. Pa. Gross Receipts Tax accrued or prepaid
- f. Pa. Capital Stock Tax accrued or prepaid
- g. Pa. Public Utility Realty Tax accrued or prepaid
- h. State sales tax accrued or prepaid
- i. Payroll taxes accrued or prepaid
- j. Any adjustment related to the above items for ratemaking purposes.

Response:

Refer to PNG Exhibit A (Historic, Future & Fully Projected Future), Schedule C-4, response to III-A-6, the Direct Testimony of Megan Mattern, PNG Statement No. 3, and the Direct Testimony of Kindra S. Walker, PNG Statement No. 2.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-15

Request:

Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.

- a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.
- b. Respondent must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedures followed (exclude telephone).

Response:

Refer to PNG Exhibit A (Historic, Future & Fully Projected Future), Schedule C-4, and the Direct Testimony of Megan Mattern, PNG Statement No. 3.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-16

Request:

Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.

Response:

Refer to PNG Schedule C-4 within Exhibit A (Historic), Exhibit A (Future), and Exhibit A (Fully Projected).

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-17

Request:

Prepare a Statement of Income for the various time frames of the rate proceeding including:

Col. 1--Book recorded statement for the test year.

2--Adjustments to book record to annualize and normalize under present rates.

3--Income statement under present rates after adjustment in Col. 2

4--Adjustment to Col. 3 for revenue increase requested.

5--Income statement under requested rates.

a. Expenses may be summarized by the following expense classifications for purposes of this statement:

- Operating Expenses (by category)
- Depreciation
- Amortization
- Taxes, Other than Income Taxes
- Total Operating Expense
- Operating Income Before Taxes
- Federal Taxes
- State Taxes
- Deferred Federal
- Deferred State
- Income Tax Credits
- Other Credits
- Other Credits and Charges, etc.
- Total Income Taxes
- Net Utility Operating Income
- Other Income & Deductions
- Other Income
- Detailed listing of Other Income used in Tax Calculation
- Other Income Deduction
- Detailed Listing

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-17 (Continued)

Taxes Applicable to Other Income and Deductions
Listing
Income Before Interest Charges
Listing of all types of Interest Charges and all amortization of Premiums and/or
Discounts
and Expenses on Debt issues
Total Interest
Net Income After Interest Charges

(Footnote each adjustment to the above statements with explanation in sufficient clarifying detail.)

Response:

Please refer to PNG Exhibits A (Historic), A (Future), and A (Fully Projected), schedules in Section D, for the Company's presentation of the requested Statements of Income and adjustments to operating revenues and expenses.

Please refer to PNG Statement No. 2, the Direct Testimony of Kindra S. Walker for explanations of the Statements of Income and adjustments to operating revenues and expenses depicted in the Section D schedules of PNG Exhibit A (Historic), (Future) and (Fully Projected), the underlying sources of budgeted information, and the basis for the adjustments.

Please refer to PNG Statement No. 4, the Direct Testimony of Paul R. Moul, and related PNG Exhibit B, Schedule 6, for the derivation of the weighted average cost of debt used in the Company's debt interest synchronization adjustment, including the treatment of debt issuance expense, premiums and discounts used in calculating the effective cost rate for each series of long-term debt.

Please refer to PNG Statement No. 7, the Direct Testimony of David E. Lahoff, for explanation on the derivation of future test year and fully projected year sales and revenues.

Please refer to PNG Statement No. 11, the Direct Testimony of Nicole M. McKinney, for the explanation of the Company's income tax adjustments.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-18

Request:

Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

Response:

Please refer to Attachment III-A-18 for the exhibit of comparative operating statements.

Explanations of major variances are shown below in (\$000's):

Revenues from Sales of Gas – Decrease of \$75,963 – Accts 480, 481, 489

The decrease in Revenues from Sales of Gas is due primarily to a 18% decrease in heating degree days, which resulted in a 38% decline in volumes.

Other Operating Revenues – Decrease of \$681 – Accts 487, 488, 493, 495

The decrease in other operating revenues is due primarily to a reduction in revenue from late payment charges.

Cost of Sales – Decrease of \$64,325 – Accts 804, 805, 807, 808, 813

The decrease in Cost of Sales is due primarily to a reduction in purchased volumes, driven by warmer-than-normal weather, and lower pricing, driven by changes in PGC and DS rates.

Distribution – Increase of \$282 – Accts 870, 871, 874-881, 885-887, 889-894

The increase in Distribution expense is due primarily to increased maintenance work related to corrosion control.

Customer Accounts – Decrease of \$1,055 – Accts 901-905

The decrease in Customer Accounts expense is due primarily to a reduction in uncollectible expenses.

UGI Penn Natural Gas, Inc.
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III-A-18 (Continued)

Administrative and General – Decrease of \$1,727 – Accts 920, 921, 923, 925, 926, 930.1, 930.2, 931, 932, 935

The decrease in Administrative and General expense is due primarily to a reduction in allocated costs from UGI Corporation.

Depreciation & Amortization – Increase of \$131 – Acct 403

The increase in Depreciation expense is due to higher capital expenditures resulting in higher additions, as well as a full year of depreciation expense on assets placed in service in fiscal 2015.

Other Income – Decrease of \$3,700 – Accts 415, 416, 418, 419, 421, 426

The decrease in Other Income is primarily due to the one-time sale of a pipeline heater in the prior year.

Interest Expense – Decrease of \$1,735 – Accts 427, 428, 431, 432

The decrease in Interest Expense is due to the repayment of three long-term medium notes, totaling \$92M, between May 2015 (fiscal 2015) and December 2015 (fiscal 2016). The reduction in outstanding debt resulted in a direct reduction of associated interest expense.

Income Taxes – Increase of \$1,815 – Accts 409-411

The increase in Income Taxes expense is due to an increase in the effective tax rate.

Prepared by or under the supervision of: Megan Mattern

UGI PENN NATURAL GAS, INC.
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2016
(thousands of dollars)

	12 Months 9/30/2015	12 Months 9/30/2016	Variance
Operating Revenues:			
Revenues from Sales of Gas	\$ 258,401	\$ 182,438	\$ (75,963)
Other Operating Revenues	2,865	2,184	(681)
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	261,266	184,622	(76,644)
Operating Expenses:			
Cost of Sales	126,183	61,858	(64,325)
Storage, Transmission, & Other Production	1,140	1,136	(4)
Distribution	23,452	23,734	282
Customer Accounts	8,410	7,355	(1,055)
Customer Service and Information	682	725	43
Sales	391	375	(16)
Administrative and General	24,377	22,650	(1,727)
Depreciation & Amortization	17,287	17,418	131
Taxes, Other than Income Taxes	2,314	2,371	57
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	204,236	137,622	(66,614)
Operating Income	57,030	47,000	(10,030)
Other Income	3,732	32	(3,700)
	<hr/>	<hr/>	<hr/>
Earnings Before Interest and Taxes	60,762	47,032	(13,730)
Interest Expense	13,837	12,102	(1,735)
	<hr/>	<hr/>	<hr/>
Earnings Before Taxes	46,925	34,930	(11,995)
Income Taxes	23,020	24,835	1,815
	<hr/>	<hr/>	<hr/>
Net Income	<u>\$ 23,905</u>	<u>\$ 10,095</u>	<u>\$ (13,810)</u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-19

Request:

List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

Response:

None.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-20

Request:

Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

Response:

The Company's rate case expense claim is based on the normalization of projected rate case expenditures. For details, please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), PNG Exhibit A (Fully Projected), Schedule D-10.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-21

Request:

Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:

- a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.
- b. Date, percentage increase, and annual amount of each general payroll increase during the test year.
- c. Dates and annual amounts of merit increases or management salary adjustments.
- d. Total annual payroll increases in the test year.
- e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).
- f. Detailed list of employe benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.
- g. Support the annualized pension cost figures.
 - (i) State whether these figures include any unfunded pension costs. Explain.
 - (ii) Provide latest actuarial study used for determining pension accrual rates.
- h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-21 (Continued)

Response:

a - f. Refer to Exhibit A (Fully Projected), Schedules D-7, D-9, D-14 and the Direct Testimony of Kindra S. Walker, PNG Statement No. 2, and Megan Mattern, PNG Statement No. 3.

g. Refer to Attachment III-A-21 for the latest actuarial report showing pension accrual rates.

h. There are no significant deferred income and consultant fees to corporate officers or employees.

Prepared by or under the supervision of: Kindra S. Walker

October 31, 2016

Ms. Denise M. Bassett
 Manager, Compensation & Benefits
 UGI Utilities, Inc.
 2525 N. 12th Street, Suite 360
 P.O. Box 12677
 Reading, PA 19612-2677

Dear Denise:

FISCAL 2017 ASC 715-30 PENSION EXPENSE

We have calculated the fiscal 2017 ASC 715-30 pension expense for the Retirement Income Plan for Employees of UGI Utilities, Inc. (RIP) to be \$17,092,230.

ASC 715-30 PENSION EXPENSE

The actual fiscal 2017 pension expense for the RIP is allocated amongst the business units as follows:

Utilities	\$ 10,539,692
Holding Company	1,321,495
Enterprises	28,608
UGID	132,401
HVAC	454,270
PNG	2,140,464
CPG Gas	2,395,459
CPG Propane	79,842
	\$ 17,092,231

The fiscal 2017 pension expense compares to actual fiscal 2016 pension expense of \$12,763,866. There are multiple factors influencing the change in expense. Primary reasons for the change in expense are as follows:

- The change in the discount rate increased fiscal 2017 expense by approximately \$6.1 million
- Expected changes (including cash contributions made to the plan) based on the prior valuation decreased fiscal 2017 expense by approximately \$1.9 million
- Investment returns during fiscal 2016 were greater than anticipated, and decreased fiscal 2017 expense by approximately \$0.3 million
- The change in the expected rate of return of assets assumption increased fiscal 2017 expense by approximately \$0.2 million
- The reflection of the January 1, 2016 census data increased fiscal 2017 expense by approximately \$0.2 million

The pension expense is based on the projected benefit obligation (PBO) and fair asset value measured as of September 30, 2016, as reported in UGI's fiscal 2016 year-end financial disclosure. The plan's PBO as of September 30, 2016 was estimated to be \$645,443,728 and the fair value of assets were reported to be \$463,431,607.

The details of the pension expense calculations are shown in the following exhibits:

- Exhibit I contains the expense calculations in total
- Exhibit II contains the expense components by business unit

The PBO was allocated to the various business units based on the codes provided in the 2016 valuation data and confirmed through the data question process. Service cost and interest cost were allocated to each unit based on actual amounts calculated for the respective participants of each unit. The expected return on assets component and the amortization components of pension expense were allocated in proportion to the PBO's of the respective business unit.

EMPLOYEE DEMOGRAPHICS

Census data used for the determination of fiscal 2017 pension cost is as of January 1, 2016. After discussions with UGI, obligations were projected to September 30, 2016 on a no gain/loss basis, and adjusted for changes in key actuarial assumptions. There were 1,054 active participants as of January 1, 2016. A breakdown of the active participants by business unit is as follows:

■ UGI Utilities:	617
■ Holding Company:	28
■ Enterprises:	1
■ UGID:	0
■ UGI HVAC:	39
■ PNG:	169
■ CPG Gas:	200
■ CPG Propane:	0

The number of inactive participants as of January 1, 2016 is 2,780, which includes 924 terminated vested participants and 1,856 participants currently receiving benefits.

INVESTMENT EXPERIENCE

The rate of return on the fair value of assets was approximately 11.1% for the period October 1, 2015 to September 30, 2016 compared to the assumed investment return of 7.55% for the period. The rate of return on the market-related value of assets, the smoothed value used for determination of pension expense, was approximately 8.2%. The market-related value of assets phases in deviations from the assumed return on the equity portion of the portfolio. For the fixed income portion of the portfolio, the market-related value is equal to the fair value. Actual 2016 investment return caused the fiscal 2017 pension expense to decrease compared to fiscal 2016.

ASSUMPTIONS

The fiscal 2016 and 2017 ASC 715-30 pension costs were determined using the following assumptions:

ECONOMIC ASSUMPTIONS:	FISCAL 2017	FISCAL 2016																				
■ Discount rate	3.80%	4.60%																				
■ Weighted-average salary increase assumption from age 40 to expected retirement	3.25%	3.25%																				
■ Expected return on assets	7.50%	7.55%																				
■ Cash contributions	2016 target normal cost prior to reflection of HATFA corridors (\$11,395,130) based on the following schedule:	2015 target normal cost prior to reflection of HATFA corridors (\$9,868,912) based on the following schedule:																				
	<table border="1"> <thead> <tr> <th>Date</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>12/15/2016</td> <td>2,848,783</td> </tr> <tr> <td>3/15/2017</td> <td>2,848,783</td> </tr> <tr> <td>6/15/2017</td> <td>2,848,783</td> </tr> <tr> <td>9/15/2017</td> <td>2,848,783</td> </tr> </tbody> </table>	Date	Amount	12/15/2016	2,848,783	3/15/2017	2,848,783	6/15/2017	2,848,783	9/15/2017	2,848,783	<table border="1"> <thead> <tr> <th>Date</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>12/15/2015</td> <td>2,467,228</td> </tr> <tr> <td>3/15/2016</td> <td>2,467,228</td> </tr> <tr> <td>6/15/2016</td> <td>2,467,228</td> </tr> <tr> <td>9/15/2016</td> <td>2,467,228</td> </tr> </tbody> </table>	Date	Amount	12/15/2015	2,467,228	3/15/2016	2,467,228	6/15/2016	2,467,228	9/15/2016	2,467,228
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6/15/2016	2,467,228																					
9/15/2016	2,467,228																					

All other assumptions and methods, as well as their rationale, are unchanged from those documented in the fiscal 2016 actuarial valuation report.

PLAN PROVISIONS

All plan provisions are the same as those documented in the fiscal 2016 actuarial valuation report.

PROFESSIONAL QUALIFICATIONS AND RELIANCES

The undersigned consulting actuaries are members of the Society of Actuaries and meet the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” relating to pension plans. Our objectivity is not impaired by any relationship between UGI Utilities, Inc. and our employer, Towers Watson Delaware Inc., a subsidiary of Willis Towers Watson PLC.

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets and plan sponsor accounting policies and methods provided by UGI. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or information regarding contributions or funding balance elections provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by UGI Utilities, Inc., may produce materially different results that could require that a revised report be issued.

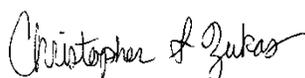
As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the pension cost have been selected by the plan sponsor. ASC 715-30-35 requires that each significant assumption “individually represent a reasonable estimate of a particular future event.”

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with UGI Utilities, Inc.’s tax advisors and auditors.

Willis Towers Watson has concurred with these assumptions and methods, with the exception of the expected return on asset assumption. UGI has selected the assumption based on another vendor’s work, and review of this assumption is outside the scope of services.

Please call us, if you have any questions or would like to discuss these results further.

Sincerely,



Christopher S. Zukas, FSA
 Senior Consulting Actuary

Direct Dial: 215-246-6104



Lori Wolfersberger, FSA
 Consulting Actuary

215-246-4942

Enclosures

cc: Richard Berger – UGI Corporation
 Crystal Gurreonero – UGI Corporation
 Ann Kelly – UGI Utilities, Inc.
 Diane Koppenhofer – UGI Utilities, Inc.
 Doreen Kutzler – UGI Utilities, Inc.
 Megan Mattern – UGI Utilities, Inc.
 Dan Platt – UGI Utilities, Inc.
 Will Ruthrauff – UGI Utilities, Inc.
 Kindra Walker – UGI Utilities, Inc.
 Mathieu Lussier – Willis Towers Watson/Philadelphia

RETIREMENT INCOME PLAN FOR EMPLOYEES OF UGI UTILITIES, INC.

Valuation Results

	Fiscal Year 2017 (Fiscal Year ending 9/30/17)	Fiscal Year 2016 (Fiscal Year ending 9/30/16)
Fair Value of Assets (FV)	\$463,431,607	\$430,788,927
Projected Benefit Obligation (PBO)	645,443,728	563,621,664
PBO Funded Percentage	71.8%	76.4%

Reconciliation of Funded Status

Funded Status (FV – PBO)	(182,012,121)	(132,832,737)
AOCI	202,230,683	155,946,254
Market-Related Value of Assets	\$448,082,024	\$427,889,567

Net Periodic Pension Cost (Income)

Service Cost	\$9,038,139	\$7,771,967
Interest Cost	24,394,680	25,732,792
Expected Return on Assets	(33,027,681)	(31,714,510)
Amortization		
Prior Service Cost	325,326	348,389
Actuarial Loss (Gain)	16,361,767	10,625,228
Net Pension Cost (Income)	\$17,092,231	\$12,763,866

Assumptions

Discount Rate	3.80%	4.60%
Average Salary Increases	3.25%	3.25%
Expected Return on Assets	7.50%	7.55%

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-22

Request:

Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:

- a. Supply a copy of contracts, if applicable.
- b. Explain the nature of the services provided.
- c. Explain basis on which charges are made.
- d. If charges allocated, identify allocation factors used.
- e. Supply the components and amounts comprising the expense in this account.
- f. Provide details of initial source of charge and reason thereof.

Response:

a. Refer to Attachment III-A-22.1 for a listing of applicable gas purchase agreements and asset management agreements which have been previously authorized by the Commission. Refer to Attachment III-A-22.2 (contained on CD) for copies of the Affiliated Interest Agreements which have been previously authorized by the Commission.

b - f. See Attachment III-A-22.3 for a listing of affiliate transactions for the year ended September 30, 2018.

UGI Corporation provides administrative services to PNG pursuant to affiliate interest agreements authorized by the Commission. Services provided by UGI Corporation include but are not limited to executive management, finance, pension fund management, internal audit, legal, shareholder relations, insurances, claims and similar types of services. The allocation of charges for these common administrative services follows the methodology which the Commission has found appropriate during previous reviews including the most recent management efficiency audit.

UGI Utilities, Inc. and UGI Central Penn Gas, Inc. provide services related to labor, fleet, materials and supplies, and natural gas sales. UGI Energy Services, LLC. provides natural gas sales to PNG as outlined per the gas purchase contracts.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-22 (Continued)

See response to III-A-45 for further information pertaining to allocation methodology.

For additional information, please see the Direct Testimony of Kindra S. Walker, PNG Statement No. 2.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
List of Natural Gas Purchase Agreements and Asset Management Agreements

Affiliate Name	Contract Effective Date	Contract Termination Date
<i>UGI Utilities, Inc.</i>		
Natural Gas Purchase Agreement	1/1/2007	30 days written notice
Natural Gas Supply & Delivery Contract 7,000 MDQ	11/1/2015	10/31/2017
<i>UGI Central Penn Gas, Inc.</i>		
Natural Gas Purchase Agreement	10/21/2008	30 days written notice
Union Dale Direct Interconnection (Winter Street) 2,330 MDQ	11/1/2014	10/31/2015
Union Dale Direct Interconnection (Winter Street) 4,049 MDQ	11/1/2015	10/31/2017
<i>UGI Energy Services, LLC</i>		
Master Contract - Natural Gas Purchase Agreement	11/1/2006	30 days written notice
Peaking Delivery Service & Amendments (PNG-P-1001) 18,500 MDQ	11/1/2007	3/31/2022
Natural Gas Supply & Delivery Contract (PNG-CO-1007) 4,049 MDQ	11/1/2014	10/31/2017
Natural Gas Supply & Delivery Contract (PNG-CO-1005) 40,000 MDQ	8/1/2015	10/31/2020
Natural Gas Supply & Delivery Contract & Amendments (PNG-P-1002-3) 29,000 MDQ	12/1/2011	2/28/2019
Natural Gas Supply & Delivery Contract (PNG-CO-1006) 51,995 MDQ	11/1/2015	3/31/2022
Natural Gas Supply & Delivery Contract (PNG-CO-1009) 3,481 MDQ	11/1/2015	10/31/2020
Natural Gas Supply & Delivery Contract (PNG-P-1003) 11,230 MDQ	11/1/2016	3/31/2021
Transportation Service Agreement (Carverton Road) & Amendments 120,000 MDQ	12/26/2013	10/29/2025
Transportation Service Agreement (Carverton Road) & Amendments 320,000 MDQ	10/30/2025	12/25/2028
Transportation Service Agreement (Carverton Road) & Amendments 440,000 MDQ	12/26/2028	12/25/2033
Asset Management Agreement	11/1/2012	10/31/2015

UGI Penn Natural Gas, Inc.
Charges Imposed by Parent, Affiliate and Subsidiary Companies
For the Fiscal Years Ending September 30, 2015 through 2018
(Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>UGI Utilities, Inc.</i>				
Allocated Expenses	\$ 21,244	\$ 17,947	\$ 18,862	\$ 19,013
Gas Purchases	792	374	398	398
Labor Cost	13,511	14,752	15,991	16,902
Materials and Supplies	2,269	1,154	1,034	1,034
Fleet Costs	75	75	75	75
Total	<u>\$ 37,891</u>	<u>\$ 34,302</u>	<u>\$ 36,360</u>	<u>\$ 37,422</u>
<i>UGI Central Penn Gas, Inc.</i>				
Gas Purchases	\$ 36	\$ 11	\$ 12	\$ 12
Labor Cost	314	150	163	172
Materials and Supplies	103	80	72	72
Fleet Costs	36	17	17	17
Total	<u>\$ 489</u>	<u>\$ 258</u>	<u>\$ 264</u>	<u>\$ 273</u>
<i>UGI Corporation</i>				
Allocated Expenses	\$ 3,165	\$ 3,260	\$ 3,379	\$ 3,379
Stock Option	165	173	182	183
Insurance	108	96	101	102
Other Outside Services	4	5	5	5
Total	<u>\$ 3,442</u>	<u>\$ 3,534</u>	<u>\$ 3,667</u>	<u>\$ 3,669</u>
<i>UGI Energy Services, LLC</i>				
Gas Purchases	<u>\$ 121,795</u>	<u>\$ 79,910</u>	<u>\$ 85,024</u>	<u>\$ 85,109</u>
Total	<u>\$ 121,795</u>	<u>\$ 79,910</u>	<u>\$ 85,024</u>	<u>\$ 85,109</u>
<i>UGI HVAC Services, Inc.</i>				
General Maintenance and Repairs	\$ 111	\$ 469	\$ 493	\$ 497
Emergency Services	-	199	-	-
Total	<u>\$ 111</u>	<u>\$ 668</u>	<u>\$ 493</u>	<u>\$ 497</u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-23

Request:

Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

Response:

Please see Attachment III-A-23.

Prepared by or under the supervision of: Megan Mattern

Costs Relative to Leasing Equipment, Computer Rental and Office Space
12 Months Ended 9/30/16
(000's)

	<u>Annual Expenses</u>	<u>Method of Computing Payment</u>	<u>Terms of Lease or Rental Agreement</u>
Building	\$ 262	Monthly payments per lease or rental agreements. Percentage applied from Modified Wisconsin Formula for leases of shared properties.	2009 - 2021
IS/Computer Equipment	234	Monthly payments per lease or rental agreements. Percentage applied from Modified Wisconsin Formula for leases of shared properties.	2013 - 2019
Motor Vehicle	<u>1,242</u>	Monthly payments per lease or rental agreements.	2009 - 2019
Total	<u>\$ 1,738</u>		

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-24

Request:

Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

Response:

No major storm damages have been recorded in the last five fiscal years. Accordingly, no damages are included in the historic, future or fully projected future test year claims.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-25

Request:

Submit details of expenditures for advertising (National and Institutional and Local media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:

- a. Public health and safety
- b. Conservation of energy
- c. Explanation of Billing Practices, Rates, etc.
- d. Provision of factual and objective data programs in educational institutions
- e. Other advertising programs
- f. Total advertising expense

Response:

Please see Attachment III-A-25.

Prepared by or under the supervision of: Robert R. Stoyko

Advertising Expenses
Penn Natural Gas

		FY18	FY17	FY16	FY15	FY14
Cost Element						
Public Health & Safety	Print	4550 \$ 54,487	\$ 54,487	\$ 23,657	\$ 11,793	\$ 41,655
Public Health & Safety	Radio	4600 \$ -	\$ -	\$ -	\$ -	\$ -
Public Health & Safety	TV	4650 \$ -	\$ -	\$ -	\$ 157	\$ -
Public Health & Safety	Bill Insert	4700 \$ -	\$ -	\$ -	\$ -	\$ (419)
Public Health & Safety	Other*	4750 \$ 3,781	\$ 3,781	\$ 144	\$ -	\$ 10,711
Conservation of Energy	Print	4560 \$ 304,116	\$ 161,088	\$ 144,981	\$ 183,824	\$ 214,280
Conservation of Energy	Radio	4610 \$ -	\$ -	\$ -	\$ -	\$ -
Conservation of Energy	TV	4660 \$ -	\$ -	\$ -	\$ -	\$ -
Conservation of Energy	Bill Insert	4710 \$ 18,948	\$ 18,948	\$ 15,049	\$ 11,652	\$ 11,051
Conservation of Energy	Other*	4760 \$ -	\$ -	\$ -	\$ -	\$ -
Explanation of Bill Practices, Rates, Etc.	Print	4570 \$ 4,884	\$ 4,884	\$ 3,475	\$ 3,453	\$ 3,545
Explanation of Bill Practices, Rates, Etc.	Radio	4620 \$ -	\$ -	\$ -	\$ -	\$ -
Explanation of Bill Practices, Rates, Etc.	TV	4670 \$ -	\$ -	\$ -	\$ -	\$ -
Explanation of Bill Practices, Rates, Etc.	Bill Insert	4720 \$ -	\$ -	\$ -	\$ -	\$ -
Explanation of Bill Practices, Rates, Etc.	Other*	4770 \$ -	\$ -	\$ -	\$ -	\$ -
Data Programs in Educational Institutions	Print	4580 \$ -	\$ -	\$ -	\$ -	\$ -
Data Programs in Educational Institutions	Radio	4630 \$ -	\$ -	\$ -	\$ -	\$ -
Data Programs in Educational Institutions	TV	4680 \$ -	\$ -	\$ -	\$ -	\$ -
Data Programs in Educational Institutions	Bill Insert	4730 \$ -	\$ -	\$ -	\$ -	\$ -
Data Programs in Educational Institutions	Other*	4780 \$ -	\$ -	\$ -	\$ 100	\$ -
Other Advertising Programs	Print	4590 \$ 1,584	\$ 1,584	\$ 4,993	\$ -	\$ 8,278
Other Advertising Programs	Radio	4640 \$ -	\$ -	\$ -	\$ -	\$ -
Other Advertising Programs	TV	4690 \$ -	\$ -	\$ -	\$ -	\$ -
Other Advertising Programs	Bill Insert	4740 \$ -	\$ -	\$ -	\$ -	\$ -
Other Advertising Programs	Other*	4790 \$ 247,615	\$ 247,615	\$ 193,206	\$ 143,062	\$ 169,535
SUMMARY BY MEDIA						
Total Advertising Expenses	Print	\$ 365,071	\$ 222,043	\$ 177,106	\$ 199,070	\$ 267,758
Total Advertising Expenses	Radio	\$ -	\$ -	\$ -	\$ -	\$ -
Total Advertising Expenses	TV	\$ -	\$ -	\$ -	\$ 157	\$ -
Total Advertising Expenses	Bill Insert	\$ 18,948	\$ 18,948	\$ 15,049	\$ 11,652	\$ 10,632
Total Advertising Expenses	Other*	\$ 251,396	\$ 251,396	\$ 193,350	\$ 143,162	\$ 180,246
SUMMARY BY CATEGORY						
Public Health & Safety	All	\$ 58,268	\$ 58,268	\$ 23,801	\$ 11,950	\$ 51,947
Conservation of Energy	All	\$ 323,064	\$ 180,036	\$ 160,031	\$ 195,476	\$ 225,331
Explanation of Bill Practices, Rates, Etc.	All	\$ 4,884	\$ 4,884	\$ 3,475	\$ 3,453	\$ 3,545
Data Programs in Educational Institutions	All	\$ -	\$ -	\$ -	\$ 100	\$ -
Other Advertising Programs	All	\$ 249,199	\$ 249,199	\$ 198,199	\$ 143,062	\$ 177,813

* Other advertising media includes digital/online advertising, outdoor advertising and branded giveaways.

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-26

Request:

Provide a list of reports, data, or statements requested by and submitted to the Commission during and subsequent to the test year.

Response:

Please see Attachment III-A-26.

Prepared by or under the supervision of: Paul J. Szykman

UGI Penn Natural Gas, Inc.

List of reports, data or statements requested by and submitted to the Commission during and subsequent to the test year.

1. PA. P.U.C. No. 8 Gas Service Tariff Supplements filed with the Commission as required to give effect to changes in surcharge rates, basic tariff rates, etc. including State Tax Adjustment Surcharge, Quarterly Purchase Gas Cost Adjustment, Universal Service Program Surcharge, and Distribution System Improvement Surcharge
2. PA. P.U.C. No. 1 Gas Service Tariff Supplements filed with the Commission as required to give effect to changes in surcharge rates, basic tariff rates, etc. including State Tax Adjustment Surcharge and Quarterly Purchase Gas Cost Adjustment
3. PA. P.U.C. No. 8-S Gas Choice Supplier Tariff Supplements
4. Joint Billing Tariff Supplement between UGI Penn Natural Gas, Inc. and UGI Utilities, Inc. – Electric Division
5. Annual Report of UGI Penn Natural Gas, Inc.
6. Universal Service Program Reconciliations
7. Section 1307(f) Purchased Gas Cost Filings – Book I & II
8. Monthly Gas Switching Chart
9. Annual Purchase Gas Cost Compliance Filing
10. Annual Gas Rate Comparison Report
11. Annual Integrate Resource Planning Report
12. Gas Switching Report
13. Annual Report on Unaccounted For Gas
14. Residential and Commercial Price-to-Compare Report
15. Quarterly Financial and Statistical Report
16. P.U.C. Assessment Report
17. Informal compliant replies
18. 52 PA Code 56.231 – Collection Results for Residential and Small Commercial Customers
19. Quality of Service – Benchmark and Standards Report - including Metrix/Matrix
20. PA Code 58.15 LIURP annual program evaluation report and Spending and Budget report
21. 52 PA Code 62.7 - Universal Service Reporting Requirements
22. Annual Conservation Plan – Status of Existing Conservation Activities
23. 52 PA Code 56.100 (4) and 56.100 (5) – Cold Weather Survey of premises where heat related service is terminated during the year and resurvey of prior year’s account not restored.
24. Customer Assistance Program Report
25. Section 1410.1(4) – Medical Certificates and renewals submitted and accepted by the Company
26. Section 1410.1(3) – Accounts Exceeding \$10,000 in Arrearages
27. Quarterly Rate of Return Filing
28. Annual Depreciation Report
29. Service Life Study Report

UGI Penn Natural Gas, Inc.

List of reports, data or statements requested by and submitted to the Commission during and subsequent to the test year.

30. Gas Supply and Demand Report
31. Payment Agreement Report
32. Annual Statistical Report
33. Natural Gas Utility Update Report
34. Growth Extension Tariff Pilot Program
35. Long Term Infrastructure Improvement Plan
36. Annual Asset Optimization Plan
37. Annual DOT Reports
38. Meter Test Reports
39. Major Construction Notices (over \$300K)
40. Gas Safety Form Letter – FL-1-16 Mass Data Request 2015
41. 2016 Winter Reliability Data Request
42. Annual Diversity Report

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III-A-27

Request:

Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

Response:

None are being claimed.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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III-A-28

Request:

Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General Expenses, for the test year and prior two comparable years.

Response:

Please see Attachment III-A-28.1 for account 930.2 – Miscellaneous General Expenses.

Please see Attachment III-A-28.2 for account 923 – Outside Services Employed.

There are no expenditures associated with account 928 – Regulatory Commission Expenses.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Schedule of Account 930.2 - Miscellaneous General Expenses
For the Fiscal Years Ending September 30, 2014 through 2018

<u>Expenditure Type (in Thousands)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
ASSOCIATION DUES	174	175	174	174	174
EMPLOYEE BENEFIT SERVICES	31	100	93	103	105
EMPLOYEE BUSINESS EXPENSES	150	371	350	263	263
LEGAL CONSULTING SERVICES	21	60	19	19	19
OTHER EXPENSES	132	228	125	(387)	(637)
GRAND TOTAL	<u>508</u>	<u>934</u>	<u>761</u>	<u>172</u>	<u>(76)</u>

UGI Penn Natural Gas, Inc.
 Schedule of Account 923 - Outside Services Employed
 For the Fiscal Years Ending September 30, 2014 through 2018

<u>Expenditure Type (in Thousands)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> ^(b)	<u>2018</u> ^(b)
ADVERTISING/P/R					
HARMELIN MEDIA	17	19	8		
QUANTUM COMMUNICATION LTD	38	38	42		
ADVERTISING/P/R TOTAL	55	57	50	50	50
AUDIT					
ERNST & YOUNG	-	212	355		
PRICEWATERHOUSECOOPERS LLP	255	95	-		
AUDIT TOTAL	255	307	355	355	355
EMPLOYMENT AGENCY FEES					
RANDSTAD PROFESSIONALS US LP	19	5	28		
EMPLOYMENT AGENCY FEES TOTAL	19	5	28	28	28
ENVIRONMENTAL					
KW INTERNATIONAL LLC	81	-	-		
ENVIRONMENTAL TOTAL	81	-	-	-	-
INSURED LITIGATION					
THOMAS, THOMAS & HAFFER LLP	4	45	9		
INSURED LITIGATION TOTAL	4	45	9	9	9
IS CONSULTING SERVICES					
ACUTE CONSULTING SOLUTIONS LLC	55	-	-		
BLACK & VEATCH CORP	-	123	-		
NAVIGATE CORP	605	460	10		
SAP AMERICA INC	-	-	16		
TMG CONSULTING INC	-	51	27		
TRICORE SOLUTIONS LLC	49	99	48		
IS CONSULTING SERVICES TOTAL	709	733	101	101	101
LEGAL					
COOLEY LLP	-	-	40		
JEFFREY H SUNDAY ESQ	26	21	28		
MORGAN LEWIS & BOCKIUS LLP	59	49	55		
PNC CAPITAL MARKETS LLC	23	-	-		
POST & SCHELL PC	100	65	111		
LEGAL TOTAL	208	135	234	1,073	671
OTHER PROFESSIONAL SERVICES					
AC LORDI CONSULTING INC	-	-	85		
ADP INC	103	79	73		
GANNETT FLEMING CONSULTANTS	7	8	38		
GLOBAL TAX MANAGEMENT INC	17	50	7		
HEWITT ASSOCIATES LLC	36	7	2		
NATIONAL ENERGY FOUNDATION INC	2	34	1		
PARADIGM	10	39	18		
PIRA ENERGY GROUP INC	19	20	21		
STAN P WEBER EXECUTIVE CONSULTING LLC	-	26	10		
TOWERS WATSON INC	56	109	51		
OTHER PROFESSIONAL SERVICES TOTAL	250	372	306	306	306
CORPORATE ALLOCATIONS	2,824	3,165	3,263	3,379	3,379
EMPLOYEE BUSINESS EXPENSES	33	118	75	75	75
MISCELLANEOUS	158	170	(1,459) ^(a)	449	410
GRAND TOTAL	4,596	5,107	2,962	5,825	5,384

(a) Amount includes a reclassification of preliminary information technology costs associated with the UNITE project from expense to capital (\$1,725).

(b) PNG does not budget at the individual vendor level, therefore amounts in 2017 and 2018 are reported by general category only.

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III-A-29

Request:

Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

Response:

PNG did not have any research and development expenditures in the last five years and does not claim any expenditures in the historic, future, or fully projected future test years.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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III-A-30

Request:

Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

Response:

Please see Attachment III-A-30 for a schedule of actual and projected charitable and civic contributions made for PNG. No claim is being made for charitable and civic contributions.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc
Schedule of Charitable and Civic Contributions
For the Test Year Ending September 30, 2018

<u>Organization Name</u>	<u>2018</u>
Abington Heights Education Improvement Organization	\$ 2,575
Berwick Area United Way	5,723
BLAST Intermediate Group	2,575
CAPPA-Community Alliance for Progressive Positive Action	5,150
Catholic Youth Center	1,030
F.M. Kirby Center	1,030
Girl Scouts of NEPA	1,030
Greater Susquehanna Valley United Way	5,150
Junior Achievement of NEPA, Inc.	15,450
Luzerne County Community College	5,150
Make-a-Wish	4,120
Pennsylvania College of Technology	25,750
Potter County Education Council	10,300
Scranton Cultural Center	1,030
The Challenge Program	5,150
The Foundation of the Columbia-Montour Chamber of Commerce	15,450
Tioga County Foundation	5,150
United Way - PNG	69,968
Victims Resource Center	1,030
Wayne County Library	2,575
West Pittston Library Association	2,575
Wilkes University	41,200
Wyoming Valley Children's Association	1,030
YMCA - Scranton	2,575
YMCA - Wilkes-Barre	3,605
Miscellaneous Contributions (under \$1,000)	4,665
Total	<u><u>\$ 241,036</u></u>

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III-A-31

Request:

Provide a detailed analysis of Special Services--Account 795.

Response:

Gas account 795001 has no activity.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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III-A-32

Request:

Provide a detailed analysis of Miscellaneous General Expense--Account No. 801.

Response:

PNG does not and has not recorded activity to Account 801 for the last five fiscal years. PNG does, however, capture Miscellaneous General Expense under Account 930.2. For an analysis of that account's activity, refer to the response to III-A-28.

Prepared by or under the supervision of: Megan Mattern

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III-A-33

Request:

Provide a labor productivity schedule.

Response:

Please see Attachment III-A-33.

Prepared by or under the supervision of: Paul J. Szykman

	<u>Actual</u> <u>FY-2016</u>	<u>Estimate</u> <u>FY-2017</u>	<u>Estimate</u> <u>FY-2018</u>
Dth Throughput	66,891,919	93,253,811	127,417,311
Number of Employees	258	269	274
Number of Hours Paid	848,074	870,954	881,354
Number of Hours Worked	771,053	791,855	801,311
Miles of Main- Total	2,609	2,645	2,681
Miles of Main-Distribution	2,564	2,600	2,636
Miles of Main- Transmission	45	45	45
Number of Customers	166,513	167,984	169,052
Dth Throughput per Employee	259,271	346,668	465,027
Per Hours Worked	87	118	159
Per Hours Paid	79	107	145
Miles of Main per Employee-Total	10	10	10
Miles of Main per Employee-Distribution	10	10	10
Miles of Main per Employee- Transmission	0	0	0
Customers per Employee	645	624	617

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III-A-34

Request:

List and explain all non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

Response:

Extraordinary expenses were not incurred and will not be presented in any of the test years. For the normalization of non-recurring abnormal expenses, refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Section D and the Direct Testimony of Kindra S. Walker, PNG Statement No. 2.

Prepared by or under the supervision of: Kindra S. Walker

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III-A-35

Request:

List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.--Non-yearly maintenance programs, etc.)

[Responses shall be submitted and identified as exhibits.]

Response:

For normalizing adjustments to operating expenses, refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Section D, the Direct Testimony of Kindra S. Walker, PNG Statement No. 2, and the Direct Testimony of Megan Mattern, PNG Statement No. 3

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
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III-A-36

Request:

Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

Response:

Please refer to the Direct Testimony of Kindra S. Walker, PNG Statement No. 2, and the Direct Testimony of Megan Mattern, PNG Statement No. 3. Please also refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Section D schedules.

Prepared by or under the supervision of: Kindra S. Walker

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III-A-37

Request:

Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

Response:

For a presentation of the major plant additions, cost of removal and plant retirements, refer to Schedules C-2 and C-3 in the PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected).

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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III-A-38

Request:

Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

Response:

- **Leases.** In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance but anticipates an increase in the recognition of right-of-use assets and lease liabilities.
- **Revenue Recognition.** In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." The guidance provided under this ASU, as amended, supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") No. 605, "Revenue Recognition," and most industry-specific guidance included in the ASC. The standard requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for the Company for interim and annual periods beginning after December 15, 2017 (Fiscal 2019) and allows for either full retrospective adoption or modified retrospective adoption. We have not yet selected a transition method and are currently evaluating the impact of adopting this guidance on our consolidated financial statements.
- **Employee Share-Based Payments.** In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting." This ASU simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Among

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other things, excess tax benefits and tax deficiencies associated with share-based awards will be recognized as income tax benefit or expense in the income statement and the tax effects of exercised or vested awards will be treated as discrete items in the reporting period in which they occur. The Company expects to adopt the new guidance in the first quarter of Fiscal 2017. The amendment most likely to impact the Company, principally those requiring recognition of excess tax benefits and tax deficiencies in the income statement, will be applied prospectively. Based upon the number of share-based payment awards currently outstanding, we do not believe that the adoption of the new guidance will have a material impact on our net income.

- **Presentation of Deferred Taxes.** During the first quarter of Fiscal 2016, the Company adopted new accounting guidance regarding the classification of deferred taxes. The new guidance amends existing guidance to require that deferred income tax liabilities and assets be classified as noncurrent in a classified balance sheet, and eliminates the prior guidance which required an entity to separate deferred tax liabilities and assets into a current amount and a noncurrent amount in a classified balance sheet. As required, we applied this guidance prospectively and, accordingly, balance sheets prior to Fiscal 2016 have not been reclassified.
- **Debt Issuance Costs.** During the fourth quarter of Fiscal 2016, the Company adopted new accounting guidance regarding the classification of debt issuance costs. This new guidance amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of a deferred charge. As required by the new guidance, prior period amounts have been reclassified.
- **Tax Accounting Method Change.** For the tax year ended September 30, 2015, UGI Corporation (“UGI”) made a tax accounting method change, on behalf of UGI Penn Natural Gas, Inc. and other subsidiaries, to make a partial disposition election under Treas. Reg. §§ 1.168(i)-8(d)(2)(i). Specifically, UGI made the partial disposition election for certain assets related to the infrastructure necessary for the transmission, distribution, and sale of electric energy and natural gas. As required, UGI filed a Form 3115, Application for Change in Method, with its September 30, 2015 federal income tax return.
- **Goodwill Impairment.** In September 2011, the FASB issued guidance on testing goodwill for impairment. The new guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test in GAAP. Previous guidance required an

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entity to test goodwill for impairment at least annually by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit is less than the carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under the new guidance, an entity is not required to calculate fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The new guidance does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirements to test goodwill annually for impairment. The Company adopted the new guidance for Fiscal 2012.

- **Presentation of Comprehensive Income.** In June 2011, the FASB issued Accounting Standards Update ("ASU") 2011-05, "Presentation of Comprehensive Income," which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in Accounting Standards Codification ("ASC") Topic 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. ASU 2011-05 does not change the items that must be reported in other comprehensive income. Additionally, reclassification adjustments between net income and comprehensive income must be shown on the face of the financial statements. On October 21, 2011, the FASB decided to propose a deferral of the new requirement to present reclassification adjustments on the face of the income statement. The change in presentation is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011 with full retrospective application required. The Company applied the provisions of the new guidance effective September 30, 2011 (except for the presentation of reclassification adjustments on the face of the statement of net income,) and report the components of comprehensive income in two separate but consecutive statements as permitted by the new guidance.

- **Business Combinations.** Effective October 1, 2009, the Company adopted new guidance on accounting for business combinations. The new guidance applies to all transactions or other events in which an entity obtains control of one or more businesses. The new guidance establishes, among other things, principles and requirements for how the acquirer (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (2) recognizes and measures the goodwill acquired in a business combination or gain from a bargain purchase; and (3) determines what information with respect to a business combination should be disclosed. The new guidance applies prospectively to business combinations for which the acquisition date is on or after October 1, 2009. Among the more significant changes in accounting for acquisitions are (1) transaction costs are

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generally expensed (rather than being included as costs of the acquisition); (2) contingencies, including contingent consideration, are generally recorded at fair value with subsequent adjustments recognized in operations (rather than as adjustments to the purchase price); and (3) decreases in valuation allowances on acquired deferred tax assets are recognized in operations (rather than as decreases in goodwill).

- Intangible Asset Useful Lives. Effective October 1, 2009, the Company adopted new accounting guidance which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under GAAP. The intent of the new guidance is to improve the consistency between the useful life of a recognized intangible asset under GAAP relating to intangible asset accounting and the period of expected cash flows used to measure the fair value of the asset under GAAP relating to business combinations and other applicable accounting literature. The new guidance must be applied prospectively to intangible assets acquired after the effective date. The adoption of the new guidance did not impact our financial statements.

Prepared by or under the supervision of: Megan Mattern

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III-A-39

Request:

Identify the specific witness for all statements and schedules of revenues, expenses, taxes, property, valuation, etc.

Response:

Please see the Direct Testimony of Paul J. Szykman, PNG Statement No. 1 for a complete list of witnesses and areas of responsibility. The primary witness for each statement and schedule is identified on the specific document.

Prepared by or under the supervision of: Paul J. Szykman

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III-A-40

Request:

Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

Response:

Adjustments are fully supported in PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Sections C and D, as well as the Direct Testimony of Kindra S. Walker, PNG Statement No. 2, Megan Mattern, PNG Statement No. 3, David E. Lahoff, PNG Statement No. 7, and Nichole M. McKinney, PNG Statement No. 11.

Prepared by or under the supervision of: Kindra S. Walker

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III-A-41

Request:

Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.

Response:

The schedules shown in PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Section D reflect this information and are the supporting detail for the Fully Projected Future Test Year for the period ending September 30, 2018. Refer to the Direct Testimony of Kindra S. Walker, PNG Statement No. 2, and the Direct Testimony of David E. Lahoff, PNG Statement No. 7.

Prepared by or under the supervision of: Kindra S. Walker

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III-A-42

Request:

If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.

Response:

Not applicable.

Prepared by or under the supervision of: Megan Mattern

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III-A-43

Request:

If a company's business extends into different states or jurisdictions, then statements must be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (Balance sheets and operating accounts).

Response:

The Carverton Road gate station owned by PNG connects the Auburn II line to the Transco interstate pipeline. In late December 2013, a FERC 63 certificate was issued to PNG.

Please refer to Attachment III-A-43.

Prepared by or under the supervision of: Megan Mattern

UGI PENN NATURAL GAS, INC.
BALANCE SHEET AND OPERATING STATEMENT
FERC 63 REVENUE AND ACCOUNTS RECEIVABLE TO BE EXCLUDED
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(thousands of dollars)

Account No.		09/30/16
146404	A/R-ASSOC CO-UESVR-UGIE-GAS SUPPLY	\$ 86,324
489026	REV FROM TRANS OF GAS-TRANS OF GAS OF OTHERS-FIRM	1,035,888

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III-A-44

Request:

Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.

Response:

Ratios, percentages, allocations and averages are detailed in the supporting adjustments to revenue and expenses set forth in PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Section D. Please also refer to the Direct Testimony of Kindra S. Walker, PNG Statement No. 2, and the Direct Testimony of David E. Lahoff, PNG Statement No. 7.

Prepared by or under the supervision of: Kindra S. Walker

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III-A-45

Request:

Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate case.

Response:

There have been no changes to the allocation methodology.

UGI Corporation provides administrative services to UGI Penn Natural Gas pursuant to affiliated interest agreements authorized by the Commission. Services provided by UGI Corporation include but are not limited to executive management, finance, pension fund management, internal audit, legal, shareholder relations, insurances, claims and similar types of services.

UGI Utilities, Inc. provides administrative services to UGI Penn Natural Gas, Inc. Services provided by UGI Utilities Inc., include but are not limited to pipeline engineering, construction, maintenance, information services, payroll, accounts payable, accounting, finance, human resources and similar types of services.

The allocation of charges for these common administrative services follows a methodology which the Commission has found appropriate during prior reviews including the most recent Management Efficiency Audit.

UGI Utilities and UGI Corporation Allocation Procedures

1. Direct Assignment

All costs, which can be identified as pertaining exclusively to an operating unit, are directly billed to that unit. For example, certain employees and support staff of the law department are dedicated on a full-time basis to either utility or non-utility operations and, as a result, the associated salaries and other related costs are directly charged to the respective organizations.

2. Indirect Allocation Method - UGI

Those costs which cannot be directly associated with the operation of an individual operating unit are allocated to operations by a formula internally referred to as the

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Modified Wisconsin Formula ("MWF"). The MWF achieves an equitable distribution of common expenses based on the relative activity and size of each operating unit to the total of all operating units. Activity is measured by total revenues and total operating expenses and size is measured by tangible net assets employed (excluding acquisition goodwill).

Prepared by or under the supervision of: Kindra S. Walker

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III-A-46

Request:

Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

Response:

Please see SDR-ROR-1 for information pertaining to the independent audit reports for the test year and prior year.

Please see Attachment III-A-46 for list of internal audit reports for the test year and prior year. The information contained in these reports is deemed confidential. Any party to the proceeding requiring access to these reports will be afforded the opportunity upon request, subject to the provisions of a Confidentiality Agreement to be entered into between such party and the Company pursuant to a Protective Order.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
Listing of Internal Audit Reports

Entity	Audit Report Name	Audit Plan Year	Date Issued
UGI Utilities, Inc.	UGI Utilities - FY 2014 Bonus Review	FY 2015	12/16/2014
UGI Utilities, Inc.	HVAC - FY14 Bonus Plan Review	FY 2015	12/16/2014
UGI Utilities, Inc.	FY14 FERC Training Compliance	FY 2015	4/16/2015
UGI Utilities, Inc.	Financial Close Efficiency	FY 2015	4/16/2015
UGI Utilities, Inc.	Succession Planning Review	FY 2015	7/23/2015
UGI Utilities, Inc.	Hedging Process Review	FY 2015	9/24/2015
UGI Utilities, Inc.	Leak Management & Pipeline Prioritization Audit	FY 2015	3/17/2016
UGI Utilities, Inc.	Materials and Supply Inventory	FY 2015	4/1/2016
UGI Utilities, Inc.	Contractor Operator Qualifications Review	FY 2015	7/25/2016
UGI Utilities, Inc.	Hedging Process Review	FY 2016	10/20/2016

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-47

Request:

Submit a schedule showing rate of return on facilities allocated to serve wholesale customers.

Response:

There is no facility allocated for the provision to serve wholesale customers.

Prepared by or under the supervision of: Paul J. Szykman

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-48

Request:

Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

Response:

Please see Attachment III-A-48 for a copy of the most recent PA capital stock tax report.

Effective for all determinations of corporate tax liability after December 31, 2007, Pennsylvania Act 119 replaced the corporate tax settlement process with an assessment and reassessment process, beginning January 1, 2008. Under this new system, the Department is no longer required to settle every tax return. Instead, corporate tax returns are considered accepted as filed unless the return is selected for review or audit. As of the date of this rate case filing, we have neither been selected for review or audit nor received correspondence from the Pennsylvania Department of Revenue indicating a change to capital stock tax.

Prepared by or under the supervision of: Nicole M. McKinney

1010014199



DEPARTMENT USE ONLY

RCT-101 (08-14) **PAGE 1 OF 6**
PA CORPORATE TAX REPORT 2014

A A = 1120 B = 1120S C = 1120C D = 1120F E = 1120H F = 1065 G = 1040 H = Other

STEP A

Tax Year Beginning **XX** 10012014 Tax Year Ending **XX** 09302015

STEP B

Amended Report	XX	N	52-53 Week Filer	XX	N	First Report	XX	N
Federal Extension Granted	XX	Y	Address Change	XX	N	KOZ/EIP/SDA Credit	XX	N
Regulated Inv. Co./ Sub Paragraph 18	XX	N	Change Fed Group	XX	N	File Period Change	XX	N

STEP C

Revenue ID	XX	8584922	Parent Corporation EIN	232668356
Federal EIN	XX	562557139		
Business Activity Code	XX	221210		
Corporation Name	XX	UGI PENN NATURAL GAS, INC		
Address Line 1	XX	2525 N 12TH ST PO BOX 1		
Address Line 2	XX	PO BOX 12677		
City	XX	READING		
State	XX	PA		
ZIP	XX	196122677		

USE WHOLE DOLLARS ONLY

STEP E:

STEP D	A. Tax Liability from Tax Report (can not be less than zero)	B. Estimated Payments & Credits on Deposit	C. Restricted Credits	Payment Due/Overpayment Calculation: A minus B minus C See Instructions.
CS/FF	198615	207000	0	-8385
LOANS	0	0	0	0
CNI	6144786	6060215	50000	34571
TOTAL	6343401	6267215	50000	26186

STEP F: Transfer/Refund Method (See instructions.)

E-File Opt Out (See instructions.) N

- Transfer:** Amount to be credited to the next tax year after offsetting all unpaid liabilities
- Refund:** Amount to be refunded after offsetting all unpaid liabilities

STEP G: Corporate Officer (Sign affirmation below)

NAME MICHAEL R. PEARSON
 PHONE
 EMAIL

FORM 1062
 BARCODE 0000

4Y4623 2.000

I affirm under penalties prescribed by law, this report, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If this report is an amended report, the taxpayer hereby consents to the extension of the assessment period for this tax year to one year from the date of filing of this amended report or three years from the filing of the original report, whichever period last expires, and agrees to retain all required records pertaining to that tax and tax period until the end of the extended assessment period, regardless of any statutory provision providing for a shorter period of retention. For purposes of this extension, an original report filed before the due date is deemed filed on the due date. I am authorized to execute this consent to the extension of the assessment period.

Corporate Officer Signature	Date
-----------------------------	------

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REVENUE ID 8584922
 TAX YEAR END 09302015 NAME UGI PENN NATURAL GAS, INC
 RCT-101 PAGE 2 OF 6 PA CORPORATE TAX REPORT 2014

SECTION A: CS/FF

OLDEST PERIOD FIRST	TAX PERIOD BEGINNING	TAX PERIOD ENDING	BOOK INCOME			
YEAR 1	10012010	09302011	27721010	Investment in LLC	XX	N
YEAR 2	10012011	09302012	14726170	Holding Company	XX	N
YEAR 3	10012012	09302013	16023071	Family Farm	XX	N
YEAR 4	10012013	09302014	24293838			
YEAR 5						
YEAR 6						
YEAR 7						
CUR YR	10012014	09302015	23671571			USE WHOLE DOLLARS ONLY

2. TOTAL BOOK INCOME (sum of income for all tax periods up to, but not over 5 years total)	2	106435660
3. DIVISOR (in years and in part years rounded to three decimal places) See instructions.	3	5.000
4. Divide Line 2 by Line 3.	4	21287132
5. AVERAGE BOOK INCOME - Enter Line 4, or if Line 4 is less than zero enter "0".	5	21287132
6. Divide Line 5 by 0.095.	6	224075074
7. Shareholders' equity at the END of the current period	7	503945388
8. Shareholders' equity at the BEGINNING of the current period	8	482325923
9. If Line 7 is more than twice as great or less than half as much as Line 8, add Lines 7 and 8 and divide by 2. Otherwise enter Line 7.	9	503945388
10. NET WORTH - Enter Line 9, or if Line 9 is less than zero enter "0".	10	503945388
11. Multiply Line 10 by 0.75.	11	377959041
12. Add Lines 6 and 11.	12	602034115
13. Divide Line 12 by 2.	13	301017058
14. Valuation deduction	14	-160000
15. CAPITAL STOCK VALUE - Line 13 minus Line 14, but not less than zero. If 100% taxable, enter Line 15 on Line 17.	15	300857058
16. Proportion of taxable assets or apportionment proportion (from Schedule A-1, Line 5)	16	0.985321
17. TAXABLE VALUE - Multiply Line 15 by Line 16. If less than zero, enter "0".	17	296440777
18. CAPITAL STOCK/FOREIGN FRANCHISE TAX - Multiply Line 17 by 0.00067.	18	198615

Total Beginning of
 Taxable Year Assets 729126206

Total End of Taxable
 Year Assets 760761824

4Y4664 2.000



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REVENUE ID 8584922
 TAX YEAR END 09302015
 RCT-101 PAGE 3 OF 6
 NAME UGI PENN NATURAL GAS, INC
 PA CORPORATE TAX REPORT 2014

SECTION B: Bonus Depreciation

1. Current year fed. deprec. of 168k prop.	1	30080826	Business Trust	XX	N
2. Current year adj. for disp. of 168k prop.	2	10081	Solicitation Only	XX	N
3. Other adjustments	3	0	Single-Member LLC	XX	N
(Attach schedule C-3 if claiming bonus depreciation.)			Multi-Member LLC	XX	N
			PA S Corporation	XX	N
			Taxable Built-in Gains	XX	N

USE WHOLE DOLLARS ONLY

SECTION C: CORPORATE NET INCOME TAX

1. Income or loss from federal return on a separate-company basis	1	34985698
2. DEDUCTIONS:		
A. Corporate dividends received (from Schedule C-2, Line 6)	2A	0
B. Interest on U.S. securities (GROSS INT less EXPENSES)	2B	0
C. Curr yr. addtl. PA deprec. plus adjust. for sale (Attach Schedule C-3.)	2C	2015447
D. Other (Attach schedule.) See instructions.	2D	0
TOTAL DEDUCTIONS - Sum of A through D	2	2015447
3. ADDITIONS:		
A. Taxes imposed on or measured by net income (Attach schedule.)	3A	4244479
B. Tax preference items (Attach copy of federal Form 4626.)	3B	0
C. Employment incentive payment credit adjustment (Attach Schedule W.)	3C	0
D. Current year bonus depreciation (Attach Schedule C-3.)	3D	25401638
E. Other (Attach schedule.) See instructions.	3E	0
TOTAL ADDITIONS - Sum of A through E	3	29646117
4. Income or loss with Pennsylvania adjustments (Line 1 minus Line 2 plus Line 3)	4	62616368
5. Total nonbusiness income or loss (Attach form REV-934.)	5	0
6. Income or loss to be apportioned (Line 4 minus Line 5)	6	62616368
7. Apportionment proportion (from Schedule C-1, Line 5)	7	0.982321
8. Income or loss apportioned to PA (Line 6 times Line 7)	8	61509373
9. Nonbusiness income or loss allocated to PA	9	0
10. Taxable income or loss after apportionment (Line 8 plus Line 9)	10	61509373
11. Total net operating loss deduction (from RCT-103)	11	0
12. PA taxable income or loss (Line 10 minus Line 11)	12	61509373
13. Corporate net income tax (Line 12 times <u>9.99%</u> ; if Line 12 is less than zero, enter "0")	13	6144786

4Y4665 2.000



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REVENUE ID 8584922
 TAX YEAR END 09302015 NAME UGI PENN NATURAL GAS, INC
 RCT-101 PAGE 4 OF 6 PA CORPORATE TAX REPORT 2014

IMPORTANT: For tax years beginning on or after Jan. 1, 2014, do not complete Section D: Loans Tax.
SECTION D: LOANS TAX

1. Foreign corporations only. Did this corporation have a fiscal officer resident in Pennsylvania? XX
2. Did this corporation have indebtedness outstanding to individual residents and/or partnerships resident in Pennsylvania? XX
3. Did this corporation have indebtedness outstanding held by a trustee, agent or guardian for a resident individual taxable in its own right or by an executor or administrator of an estate wherein the decedent was a resident of Pennsylvania? XX

List outstanding indebtedness. Attach a separate schedule if additional space is needed.

Interest Amount	Interest Rate	Taxable Value	Taxable Indebtedness	Loans Tax
			XX	
				XX

SCHEDULE A-1: Apportionment Schedule For Capital Stock/Foreign Franchise Tax (Include Form RCT-102, RCT-105 or RCT-106.)

Three Factor				Single Factor			
Property - PA	1 A	0	1 C	0.000000	Numerator	4 A	739580765
Property - Total	1 B	0			Denominator	4 B	750599156
Payroll - PA	2 A	0	2 C	0.000000			
Payroll - Total	2 B	0					
Sales - PA	3 A	0	3 C	0.000000	Apportionment	5	0.985321
Sales - Total	3 B	0			Proportion		

SCHEDULE C-1: Apportionment Schedule For Corporate Net Income Tax (Include Form RCT-106.) *

Three Factor				Single Factor			
Property - PA	1 A	0	1 D	00.000000	Numerator	4 A	0
Property - Total	1 B	0			Denominator	4 B	0
Payroll - PA	2 A	0	2 D	00.000000			
Payroll - Total	2 B	0					
Sales - PA	3 A	307189358	3 D	00.982321	Apportionment	5	0.982321
Sales - Total	3 B	312717811			Proportion		

* Refer to the instructions in the CT-1 PA Corporation Tax Booklet (REV-1200) found at www.revenue.state.pa.us.



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REVENUE ID 8584922
TAX YEAR END 09302015 NAME UGI PENN NATURAL GAS, INC
RCT-101 PAGE 5 OF 6 PA CORPORATE TAX REPORT 2014

SECTION E: CORPORATE STATUS CHANGES

Final Report N

PA Corporations:

Did you ever transact business anywhere? N If yes, enter date all business activity ceased

Did you hold assets anywhere? N If yes, enter date of final disposition of assets*

Foreign Corporations:

Did you ever transact business in PA? N If yes, enter date PA business activity ceased

Did you hold assets in PA? N If yes, enter date of final disposition of PA assets*

*Schedule of Disposition of Assets **must** be completed and filed with this report.

Has the corporation sold or transferred in bulk 51 percent or more of any class of assets? (See instructions.) N
If yes, enter the following information. (Attach a separate schedule if additional space is needed.)

Purchaser Name

Address Line 1

Address Line 2

City

State

ZIP

SECTION F: GENERAL INFORMATION QUESTIONNAIRE

Describe corporate activity in PA GAS UTILITY

Describe corporate activity outside PA GAS UTILITY OFF SYSTEM SALES & INVENTORY STORAGE

Other states in which taxpayer has activity

State of Incorporation PA Incorporation Date 02102006

- Does any corporation, individual or other business entity hold all or a majority of the stock of this corporation? Y
- Does this corporation own all or a majority of stock in other corporations? If yes, complete Schedule X. Y
- Is this taxpayer a partnership that elects to file federal taxes as a corporation? N
- Has the federal government changed taxable income as originally reported for any prior period for which reports of change have not been filed in PA? N

If yes: First Period End Date: Last Period End Date:

Accounting Method - Federal Tax Return

A A = Accrual C = Cash O = Other

Other

Accounting Method - Financial Statements

A A = Accrual C = Cash O = Other

Other

4Y4663 2.000



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REVENUE ID 8584922
TAX YEAR END 09302015 NAME UGI PENN NATURAL GAS, INC
RCT-101 PAGE 6 OF 6 PA CORPORATE TAX REPORT 20 14

SCHEDULE OF REAL PROPERTY IN PA (Attach a separate schedule if additional space is needed.)

Did you own or rent proptry in PA during this filing period? If yes, the below section must be completed. Y

O = Own					
R = Rent	Street Address	City	County	KOZ/KOEZ	
XX 0	ALL REAL PROPERTY USED	VARIOUS	VARIOUS	N	
XX					
XX					
XX					

CORPORATE OFFICERS

(See instructions.)

Must provide all officers.

	SSN	Last Name	First Name	MI
President/Managing Partner	XX	BEARD	ROBERT	F
Vice President	XX	PLATT	DANIEL	J
Secretary	XX	GAUDIOSI	MONICA	M
Treasurer/Tax Manager	XX	PLATT	DANIEL	J

PREPARER'S INFORMATION

Mail to Preparer	XX	N
Firm Federal EIN	XX	
Firm Name	XX	
Address Line 1	XX	
Address Line 2	XX	
City	XX	
State	XX	
ZIP	XX	

I affirm under penalties prescribed by law this report, including any accompanying schedules and statements, has been prepared by me and to the best of my knowledge and belief is a true, correct and complete report.

Tax Preparer's Signature

Date

INDIVIDUAL PREPARER

PHONE

EMAIL

PTIN/SSN

4Y4666 2.000



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RCT-101, Page 1, Step D, Tax Summary, Payments and Credits Detail

=====

	Cap. Stock Fran.	Loans Tax	Corp. Net Inc.
	-----	-----	-----
Applied from REV-855			
Tentative payments	187,000.		3,560,215.
Payments with extension	20,000.		2,500,000.
Keystone Opp Zone			
Credits:			
Neighborhood Assist.			
Employment Incentive			
Educational Imp.			50,000.
Coal Waste Removal			
Jobs Creation Tax			
Pennsylvania R & D			
	-----	-----	-----
Totals	207,000.		6,110,215.
	=====	=====	=====



SCHEDULE C-2 PA DIVIDEND DEDUCTION SCHEDULE

TAX YEAR BEGINNING _____

TAX YEAR ENDING _____

CORPORATION NAME _____

REVENUE ID _____

1	Federal Schedule C, Line (20), Total Deductions	1	
2	Federal Schedule C, Line (15), Foreign Dividend Gross-Up (Section 78)	2	
3	Dividends from less-than-20-percent-owned foreign corporations listed on Lines (13) and (14) of federal Schedule C x 70 percent - 0.70	3	
4	Dividends from 20-percent-or-more-owned foreign corporations listed on Lines (13) and (14) of federal Schedule C x 80 percent - 0.80	4	
5	Dividends listed on Lines (13) and (14) of federal Schedule C from foreign corporations that meet the "80 percent voting and value test" of IRC § 1504(a)(2) and otherwise would qualify for 100 percent deduction under IRC § 243(a)(3) if they were a domestic corporation. Do not list any amounts included in Item 4.	5	
6	Total PA Dividend Deduction - Add Lines 1, 2, 3, 4 and 5. Enter this amount at Section C, Line (2A) on RCT-101.	6	

SCHEDULE X

Taxpayers completing this schedule must provide beginning and ending consolidating schedules reflecting the activity of all members of the consolidated group, along with all consolidations and eliminations.

TAX YEAR BEGINNING 10/01/2014

TAX YEAR ENDING 09/30/2015

CORPORATION NAME UGI Penn Natural Gas, Inc

REVENUE ID 8584922

Name	File in PA	Revenue ID	EIN
UGI Penn HVAC Services, Inc	Y	9633036	23-1946160

Name, SSN, EIN and/or Revenue ID of any individual or business entity owning all or a majority of the stock of the taxpayer.

Name	SSN or EIN	Revenue ID
UGI Utilities, Inc	23-1174060	0176169



TAX YEAR BEGINNING 10/01/2014

CORPORATION NAME UGI Penn Natural Gas, REVENUE ID 8584922

TAX YEAR ENDING 09/30/2015

**SCHEDULE A-3
 ADJUSTMENTS TO NET INCOME PER BOOKS**

(See CT-1 booklet, REV-1200, at www.revenue.state.pa.us for requirements to complete this schedule)

PART A

1. Net Income per Books from federal Schedule M-1 or federal Schedule M-3. <u>23,671,571.</u>		
Additions		Reductions
2. Dividends from subsidiary corporations not included in Line 1 _____		8. Income from subsidiary corporations included in Line 1 _____
3. Losses from subsidiary corporations deducted in arriving at Line 1 _____		9. Income from limited liability companies included in Line 1* _____
4. Losses from limited liability companies deducted in arriving at Line 1* _____		10. Distributions to materially participating member of limited liability companies** _____
5. Distributions from limited liability companies not included in Line 1* _____		11. Other (Itemize) _____
6. Other (Itemize) _____		_____
_____		_____
7. Total Lines 1 to 6 <u>23,671,571.</u>		12. Total Lines 8 to 11 _____
		13. Revised Net Income per Books (Line 7 minus Line 12) <u>23,671,571.</u>

* Any taxpayer making these adjustments must provide a copy of federal Schedule K-1, if the investee LLC files federal Form 1065, or a reconciliation of beginning and ending net worth of the investee LLC, if the investee LLC is a disregarded entity.
 ** This reduction may only be taken by LLCs and business trusts not taxed as corporations for federal income tax purposes. Taxpayers claiming this reduction must complete Part B below.

PART B

Name of Member _____	Current-Year Distribution _____
SSN or EIN of Member _____	Less Current-Year Distribution included in Prior-Year Reduction _____
How does member qualify as materially participating under IRC Section 469? _____	Plus Current-Year Reduction distributed in subsequent year _____
	Current-Year Reduction _____

Name of Member _____	Current-Year Distribution _____
SSN or EIN of Member _____	Less Current-Year Distribution included in Prior-Year Reduction _____
How does member qualify as materially participating under IRC Section 469? _____	Plus Current-Year Reduction distributed in subsequent year _____
	Current-Year Reduction _____

Name of Member _____	Current-Year Distribution _____
SSN or EIN of Member _____	Less Current-Year Distribution included in Prior-Year Reduction _____
How does member qualify as materially participating under IRC Section 469? _____	Plus Current-Year Reduction distributed in subsequent year _____
	Current-Year Reduction _____

Total Reduction from Supplemental Schedule (Attach additional schedule(s) if necessary.) _____

Total Reduction for Distributions to Materially Participating Members (Carry to Part A, Line 10.) _____

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TAX YEAR BEGINNING 10/01/2014
TAX YEAR ENDING 09/30/2015

CORPORATION NAME UGI Penn Natural Gas, In REVENUE ID 8584922

Schedules 1 and 2 of this Insert Sheet must be completed by Pennsylvania corporations claiming the exemption for tangible and intangible assets for capital stock tax purposes and foreign corporations electing to use the single-factor, exempt-asset fraction for foreign franchise tax purposes.

Tables 1, 2 and 3 of this Insert Sheet must be completed by all corporations apportioning taxable income and by foreign and Pennsylvania corporations using the three-factor formula to calculate the taxable value of capital stock.

A. AVERAGE TOTAL ASSETS [Carry to RCT-101, Schedule A-1, Line (4b)]	\$	<u>750,599,156.</u>
B. Less: AVERAGE EXEMPT ASSETS -		
Tangibles (From Schedule 1, below)	\$	<u>10,061,849.</u>
Intangibles (From Schedule 2, below)	\$	<u>956,542.</u>
Pollution Control Devices.	\$	<u>11,018,391.</u>
(See instructions.)		
C. AVERAGE ASSETS TAXABLE IN PA [Carry to RCT-101, Schedule A-1, Line (4a)]	\$	<u>739,580,765.</u>

D. PROPORTION OF TAXABLE ASSETS (Calculate to six decimal places.) $\frac{\text{AVERAGE TAXABLE ASSETS}}{\text{AVERAGE TOTAL ASSETS}} = \bullet \frac{9}{9} \frac{8}{8} \frac{5}{5} \frac{3}{3} \frac{2}{2} \frac{1}{1}$
[Carry to RCT-101, Schedule A-1, Line (5)]

EXEMPTION CLAIMED FOR TANGIBLE AND INTANGIBLE ASSETS (Use whole dollars only.)

SCHEDULE 1 EXEMPT TANGIBLE ASSETS (Attach additional schedule if necessary.)	Net Book Value - Beginning		Net Book Value - Ending		E Amount of Exemption Claimed for Average Value of Tangible Assets Located Outside of PA (Col. B + D) ÷ 2
	A Inside PA	B Outside PA	C Inside PA	D Outside PA	
1. Buildings					
2. Equipment and Fixtures . .					
3. Land	3,204,311.		4,204,933.		
4. Leasehold Improvements . .					
5. Motor Vehicles					
6. Rolling Stock and all Other Movable Property					
7. Other Tangible Property (Attach schedule.)	433,683,104.		470,320,813.		
8. Inventories	22,728,256.	15,144,440.	9,031,785.	4,979,258.	10,061,849.
TOTALS	459,615,671.	15,144,440.	483,557,531.	4,979,258.	10,061,849.

NOTE: If there was a substantial change during the year, attach a detailed explanation.

SCHEDULE 2 EXEMPT INTANGIBLE ASSETS (Attach additional schedule if necessary.)	A Number of Shares or %	B Date Acquired	C Date Sold	D Held (Full Year or No. of Days)	E Book Value	F Exemption Claimed
1. Stocks of PA Corporations						
UGI Penn HVAC Services		08/24/2006			956,542.	956,542.
2. Stocks of Foreign Corporations (More than 50 percent owned)						
3. Student Loan Assets						
4. U. S. Securities						
5. Exempt State and Local Securities						
6. National Bank Shares						
7. TOTALS (For Exemption Purposes)					956,542.	956,542.

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TABLES SUPPORTING DETERMINATION OF APPORTIONMENT PERCENTAGE (Use whole dollars only.)

Apportionment for:

Capital Stock/Foreign Franchise and Corporate Net Income Taxes Capital Stock/Foreign Franchise Tax Only Corporate Net Income Tax Only

TAX YEAR BEGINNING 10/01/2014

CORPORATION NAME UGI Penn Natural Gas, Inc REVENUE ID 8584922

TAX YEAR ENDING 09/30/2015

TABLE 1 - PROPERTY FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Tangible Property Owned (original cost value)				
	Inventory	22,728,256.	9,031,785.	37,872,697.	14,011,044.
	Buildings and Depreciable Assets	685,198,726.	735,433,028.	685,198,726.	735,433,028.
	Land	4,176,629.	4,204,933.	4,176,629.	4,204,933.
	Other Real and Tangible Personal Property				
	Partner's Share of Property Owned by Partnerships				
	Less Construction in Progress (if included above)	()	()	()	()
	Totals	712,103,611.	748,669,746.	727,248,052.	753,649,005.
	Total Beginning and End of Period		1,460,773,357.		1,480,897,057.
	Average Value (1/2 of Above)		730,386,679.		740,448,529.
	Add: Corporate Tangible and/or Real Property Rented*				
	Partnership Tangible and/or Real Property Rented*				
	Total Average Value	(A)	730,386,679.	(B)	740,448,529.

*Eight times net annual rental rate (Attach schedule.)

(C) Property Factor (Divide A by B; calculate to six decimal places.) 0 • 9 8 6 4 1 1

Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 1A, 1B and 1C.
Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 1A, 1B and 1D.

*(D) Property Factor Calculation (Multiply C by the appropriate property weight factor.)

TABLE 2 - PAYROLL FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Wages, Salaries, Commissions and Other Compensation to Employees in:				
	Cost of Goods Sold				
	Compensation of Officers				
	Salesmen's Salaries and Commissions				
	Other Payroll		14,552,575.		14,552,575.
	Partner's Share of Payroll from Partnerships				
	Total Payroll	(A)	14,552,575.	(B)	14,552,575.

(C) Payroll Factor (Divide A by B; calculate to six decimal places.) 1 • 0 0 0 0 0 0

Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 2A, 2B and 2C.
Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 2A, 2B and 2D.

*(D) Payroll Factor Calculation (Multiply C by the appropriate payroll weight factor.)

TABLE 3 - SALES FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
	Sales (net of returns and allowances)		293,069,447.		298,597,900.
	Interest, Rents, Royalties		89,102.		89,102.
	Gross Receipts from the Sale of Other Business Assets (except securities, unless you are a securities dealer)		90,488.		90,488.
	Other Sales (receipts only)		13,940,321.		13,940,321.
	Partner's Share of Sales from Partnerships				
	Total Sales	(A)	307,189,358.	(B)	312,717,811.

(C) Sales Factor (Divide A by B; calculate to six decimal places.) 0 • 9 8 2 3 2 1

Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 3A, 3B and 3C.
Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 3A, 3B and 3D.

*(D) Sales Factor Calculation (Multiply C by the appropriate sales weight factor.)

Special apportionment to be completed only by railroad, truck, bus and airline companies; pipeline or natural gas companies; and water transportation companies. Refer to instructions.

(A) NUMERATOR (A) _____ = _____ • _____ (C)

(B) DENOMINATOR (B)

Carry (A), (B) and (C) over to RCT-101, Schedules C-1 and/or A-1, as applicable, Lines 4A, 4B and 5.

* Use figures from the RCT-106, Insert Sheet chart in the CT-1 PA Corporation Tax Booklet, REV-1200, found at www.revenue.state.pa.us.

CORPORATION NAME UGI Penn Natural Gas REVENUE ID 8584922 TAX YEAR BEGINNING 10/01/2014
 TAX YEAR ENDING 09/30/2015

C-5 Schedule of Taxes

1. PA Corporate Net Income Tax		
2. Philadelphia Business Privilege Tax - Net Income Portion . .		
3. Income Taxes - Other States	4,244,479.	
4. Local Income Taxes		
5. Other Income Taxes		
6. Total Income Taxes (Total Lines 1 to 5.)		4,244,479.
7. PA Capital Stock/Foreign Franchise Tax	11,169.	
8. Philadelphia Business Privilege Tax - Gross Rec. Portion. . .		
9. Payroll Taxes	894,369.	
10. Real Estate Taxes	151,006.	
11. Sales and Use Tax		
12. Business Privilege Tax - Other than Income		
13. Occupancy Tax.		
14. Local Taxes - Not Based on Income.		
15. Other Taxes - Not Based on Income	1,257,555.	
16. Total Taxes Not Imposed on or Measured by Income (Total Lines 7 to 15.)		2,314,099.
17. Total Tax Expense Reported on Federal Income Tax Return (Total Lines 6 and 16.)		6,558,578.

Schedule OA - Other Additions

Description	Amount
Total	

Schedule OD - Other Deductions

Description	Amount
Federal Wages Disallowed as a Result of Tax Credits Under IRC Sec 45B or IRC Sec 51	
Total	

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-49

Request:

Submit details of calculations for Taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

Response:

Detail of Taxes, Other Than Income where PNG is assessed taxes for doing business in another state, or on its property in another state for the period ended September 30, 2016 is as follows:

1. West Virginia - Public Utility Taxes: \$13,104

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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III-A-50

Request:

Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. social security
- b. unemployment
- c. capital stock
- d. public utility realty
- e. P.U.C. assessment
- f. other property
- g. any other appropriate categories

Response:

Refer to PNG Exhibit A, Schedules D-31 and D-32 for the Historic, Future, and Fully Projected Future test years.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
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III-A-51

Request:

Submit a schedule showing for the last five years the income tax refunds, plus interest (net of taxes), received from the federal government due to prior years' claims.

Response:

None.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
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Delivered on January 19, 2017

III-A-52

Request:

Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property increases productive capacity, and ADR rates on property. (Separate between state and federal; also, rate used)

- a. State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.
- b. Reconcile any difference between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

Response:

See Schedules D-33 and D-34 in Exhibit A (Historic), Exhibit A (Future), and Exhibit A (Fully Projected) for the computation of federal and state deferred income taxes. The tax rate to compute federal deferred income taxes is approximately 31.5%, which is the federal rate net of the state tax benefit. The tax rate to compute state deferred income taxes is 9.99%. The total combined rate is approximately 41.5%.

- a. Tax depreciation subject to normalization is based on depreciable property as of the end of the test year. Further, tax depreciation is annualized as of the end of the test year period.
- b. The accumulated deferred tax balance, as shown as a reduction to measures of value, represents the annualized balance based on the plant in service included in the measures of value, and then pro-rated according to the normalization rules under Treasury Regulation 1.167(l)-1(h)(6)(ii). The balance sheet represents the budgeted balance.

UGI Penn Natural Gas, Inc.
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III-A-53

Request:

Submit a schedule showing a breakdown of the deferred income taxes by state and federal per books, pro-forma existing rates, and under proposed rates.

Response:

Refer to PNG Exhibit A (Future) and (Fully Projected), Schedule D-33.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
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III-A-54

Request:

Submit a schedule showing a breakdown of accumulated investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), together with details of methods used to write-off the unamortized balances.

Response:

Not applicable.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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III-A-55

Request:

Submit a schedule showing the adjustments for taxable net income per books (including below-the-line items) and pro-forma under existing rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for rate making purposes.

Response:

Refer to PNG Exhibit A (Historic), Exhibit A (Future) and Exhibit A (Fully Projected), Schedules A-1, D-1, D-33 and D-34. For ratemaking purposes, charitable donations and contributions are not being claimed and are excluded from test year data.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
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III-A-56

Request:

Submit detailed calculations supporting taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

Response:

See Attachment III-A-56.

PNG has established nexus for income tax purposes in 3 other states due to having storage inventory in those states. Because of having nexus with those states, it files tax returns with income allocated to those states. Attachment III-A-56 reflects that allocation of taxable income.

The revenue requirement for PNG is based solely on the operating revenues and expenses attributed to PNG; therefore, no detailed allocation by operating division is needed.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Allocation of Income to Other States, Other Operating Divisions, & Non-Utility Operations
Historic Test Year - 9/30/16
In Thousands (000)

	(1) As Filed	(2) PA	(3) Non-PA	(4) Non-Utility (Off System Sales)
Revenue	197,074	186,052	46	10,977
Operating Expenses	(128,811)	(117,804)	(30)	(10,977)
Depr & Amort	(17,418)	(17,414)	(4)	-
Taxes Other Than Income	(2,371)	(2,370)	(1)	-
Total Operating Expenses	<u>(148,600)</u>	<u>(137,589)</u>	<u>(34)</u>	<u>(10,977)</u>
Interest Expense	(14,225)	(14,222)	(3)	-
Book/Tax Depr Adj	<u>(37,142)</u>	<u>(37,133)</u>	<u>(9)</u>	<u>-</u>
Taxable Income	(2,893)	(2,892)	(1)	-

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-57

Request:

Submit detailed calculations showing the derivation of deferred income taxes for amortization of repair allowance if such policy is followed.

[Note: Submit additional schedules if the company has more than one accounting area.]

Response:

Please see Attachment III-A-57 for the increases to and the amortization of the repairs allowance for the Historic Test Year, Future Test Year, and Full Projected Future Test Year. Also, see the Direct Testimony of Nicole M. McKinney, PNG Statement No. 11 for an explanation of the Company's regulatory treatment of the repair allowance.

Prepared by or under the supervision of: Nicole M. McKinney

PNG
Schedule of Amortization of State Repairs Tax Regulatory Liability
Amounts in '000s

	<u>Amount</u>
State Repairs Regulatory Liability @ 9/30/16	2,895
Net projected increases in FYE17 ⁽¹⁾	915
Projected Balance @ 9/30/17	3,810
Net projected increases in FYE18 ⁽¹⁾	965
Projected Balance @ 9/30/18	<u>4,775</u>

Notes:

(1) The net increases reflects the additional repairs tax deduction taken in the current year offset by any amortization .

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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III-A-58

Request:

Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits and reserves by accounting areas.

Response:

See PNG Exhibit A, Schedule C-6 (Historic) for deferred taxes relative to plant in service.

The net value of deferred taxes on items other than plant in service at fiscal year ended 9/30/16 is \$38,240,783.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
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III-A-59

Request:

Provide details of the Federal Surtax Credit allocated to the Pennsylvania jurisdictional area, if applicable.

Response:

Not applicable.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-60

Request:

Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.

Response:

For income tax purposes, the cost of removal is deductible in the year incurred. For book purposes, the cost is amortized over 60 months.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
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III-A-61

Request:

Submit the corresponding data applicable to Pennsylvania Corporate Income Tax deferment.

- a. Show the amounts of straight line tax depreciation and accelerated tax depreciation, the difference between which gave rise to the normalizing tax charged back to the test year operating statement.
- b. Show normalization for both Federal and State Income Taxes.
- c. Show tax rates used to calculate tax deferment amount.

Response:

- a. & b. Refer to PNG Exhibit A (Historic), Exhibit A (Future) and Exhibit A (Fully Projected), Schedules D-33 and D-34 which provide details of the deferred income taxes from normalized depreciation separately for Federal and State.
- c. Federal tax rate used is 31.5% (gross federal tax rate of 35%, net of the federal benefit for state). State tax rate used is 9.99%.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-62

Request:

Provide the accelerated tax depreciation and the book depreciation used to calculate test year deferrals in amounts segregated as follows:

For:

- a. Property installed prior to 1970
- b. Property installed subsequent to 1969 (indicate increasing capacity additions and nonincreasing capacity additions).

Response:

- a. There is no property installed prior to 1970 for tax purposes.
- b. Tax depreciation related to accelerated cost recovery system (ACRS) and modified accelerated cost recovery system (MACRS) is calculated on the full taxable basis and income taxes are normalized on the difference between ACRS/MACRS depreciation and book depreciation. For property installed subsequent to 1969, see Section D, Schedule D-34 within PNG Exhibit A (Historic), Exhibit A (Future), and Exhibit A (Fully Projected).

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
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Delivered on January 19, 2017

III-A-63

Request:

State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain).

Response:

The Company has no remaining accelerated depreciation on property installed prior to 1970.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
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III-A-64

Request:

Show any income tax loss/gain carryovers from previous years that may effect test year income taxes or future year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the test year.

Response:

Not applicable.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-65

Request:

State whether the company eliminates any tax savings by the payment of actual interest on construction work in progress not in rate base claim.

If response is affirmative:

- a. Set forth amount of construction claimed in this tax savings reduction. Explain the basis for this amount.
- b. Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
- c. State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
- d. Provide details of calculation to determine tax saving reduction. State whether state taxes are increased to reflect the construction interest elimination.

Response:

The Company does not eliminate tax savings by the payment of interest on construction work in progress.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-66

Request:

Provide a detailed analysis of Taxes Accrued per books as of the test year date. Also supply the basis for the accrual and the amount of taxes accrued monthly.

Response:

See Attachments III-A-66.1 (Historic), III-A-66.2 (Future), and III-A-66.3 (Fully Projected).

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.

Schedule of Taxes Accrued per Books - Historic Test Year
Twelve Months Ended September 30, 2016
(Thousands of Dollars)

<u>Description</u>	<u>Amount</u>	<u>Basis for Accrual of Tax</u>	<u>Amount of Tax Accrued Monthly</u>
PA Capital Stock Tax	\$	(11) Tax is based on the corporation's capital stock value, as derived by the application of a formula. The applicable tax rate for fiscal year ended 9/30/16 is .45 mills.	Monthly accrual is one twelfth of total estimated tax.
PA Public Utility Realty Tax		(4) Tax is based on assessed valuation of the company's taxable real property.	Monthly accrual is one twelfth of total estimated tax.
PA Unemployment Tax		(3) Tax based on employer's unemployment rate multiplied by a maximum of \$9,500 per employee.	Accrual is computed monthly by applying the tax rate to taxable earnings.
PA Use Tax		5 Tax based on taxable purchases on which sales tax has not been charged at the rate of 6%.	Accrual computed monthly by applying the tax rate to applicable purchases.
Federal Unemployment Tax		(0) Tax is based on the first \$7,000 earned by an employee at a taxable rate of 0.6%.	Accrual is computed monthly by applying the tax rate to taxable earnings.
FICA		(0) Tax for OASDI is based on the first \$118,500 earned by an employee at a taxable rate of 6.2%. Tax for HI is based on all wages at a taxable rate of 1.45%	Accrual is computed monthly by applying the tax rate to taxable earnings.
PA Corporate Net Income Tax		(323) Tax is based on taxable net income as defined by the Pennsylvania Department of Revenue at the current rate of 9.99%	Accrual is computed monthly by applying the rate to taxable income for the month.
Federal Income Tax		602 Tax is based on taxable net income as defined by and reported to the IRS. Current rate is 35% of taxable income. Note, the amount reflected is negative due to cash payments exceeding accrued tax expense.	Accrual is computed monthly by applying the rate to taxable income for the month.
	<u>\$</u>	<u>265</u>	

UGI Penn Natural Gas, Inc.

Schedule of Taxes Accrued per Books - Future Test Year
Twelve Months Ended September 30, 2017
(Thousands of Dollars)

<u>Description</u>	<u>Amount</u>	<u>Basis for Accrual of Tax</u>	<u>Amount of Tax Accrued Monthly</u>
PA Capital Stock Tax	\$ -	N/A. PA Capital Stock Tax expired for tax years beginning 1/1/2016.	Monthly accrual is one twelfth of total estimated tax.
PA Public Utility Realty Tax	111	Tax is based on assessed valuation of the company's taxable real property.	Monthly accrual is one twelfth of total estimated tax.
PA Unemployment Tax	0	Tax based on employer's unemployment rate multiplied by a maximum of \$9,750 per employee.	Accrual is computed monthly by applying the tax rate to taxable earnings.
PA Use Tax	5	Tax based on taxable purchases on which sales tax has not been charged at the rate of 6%.	Accrual computed monthly by applying the tax rate to applicate purchases.
Federal Unemployment Tax	0	Tax is based on the first \$7,000 earned by an employee at a taxable rate of 0.6%.	Accrual is computed monthly by applying the tax rate to taxable earnings.
FICA	0	Tax for OASDI is based on the first \$127,200 earned by an employee at a taxable rate of 6.2%. Tax for HI is based on all wages at a taxable rate of 1.45%	Accrual is computed monthly by applying the tax rate to taxable earnings.
PA Corporate Net Income Tax	0	Tax is based on taxable net income as defined by the Pennsylvania Department of Revenue at the current rate of 9.99%	Accrual is computed monthly by applying the rate to taxable income for the month.
Federal Income Tax	0	Tax is based on taxable net income as defined by and reported to the IRS. Current rate is 35% of taxable income.	Accrual is computed monthly by applying the rate to taxable income for the month.
	<u>\$ 116</u>		

UGI Penn Natural Gas, Inc.

Schedule of Taxes Accrued per Books - Fully Projected Future Test Year

Twelve Months Ended September 30, 2018*(Thousands of Dollars)*

<u>Description</u>	<u>Amount</u>	<u>Basis for Accrual of Tax</u>	<u>Amount of Tax Accrued Monthly</u>
PA Capital Stock Tax	\$ -	N/A. PA Capital Stock Tax expired for tax years beginning 1/1/2016.	Monthly accrual is one twelfth of total estimated tax.
PA Public Utility Realty Tax	111	Tax is based on assessed valuation of the company's taxable real property.	Monthly accrual is one twelfth of total estimated tax.
PA Unemployment Tax	0	Tax based on employer's unemployment rate multiplied by a maximum of \$10,000 per employee.	Accrual is computed monthly by applying the tax rate to taxable earnings.
PA Use Tax	5	Tax based on taxable purchases on which sales tax has not been charged at the rate of 6%.	Accrual computed monthly by applying the tax rate to applicable purchases.
Federal Unemployment Tax	0	Tax is based on the first \$7,000 earned by an employee at a taxable rate of 0.6%.	Accrual is computed monthly by applying the tax rate to taxable earnings.
FICA	0	Tax for OASDI is based on the first \$127,200 earned by an employee at a taxable rate of 6.2%. Tax for HI is based on all wages at a taxable rate of 1.45%	Accrual is computed monthly by applying the tax rate to taxable earnings.
PA Corporate Net Income Tax	0	Tax is based on taxable net income as defined by the Pennsylvania Department of Revenue at the current rate of 9.99%	Accrual is computed monthly by applying the rate to taxable income for the month.
Federal Income Tax	0	Tax is based on taxable net income as defined by and reported to the IRS. Current rate is 35% of taxable income.	Accrual is computed monthly by applying the rate to taxable income for the month.

\$ 116

UGI Penn Natural Gas, Inc.
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Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-67

Request:

For the test year as recorded on test year operating statement:

- a. Supply the amount of federal income taxes actually paid.
- b. Supply the amount of the federal income tax normalizing charge to tax expense due to excess of accelerated tax depreciation over book depreciation.
- c. Supply the normalizing tax charge to federal income taxes for the 10% Job Development Credit during test year.
- d. Provide the amount of the credit of federal income taxes due to the amortization or normalizing yearly debit to the reserve for the 10% Job Development Credit.
- e. Provide the amount of the credit to federal income taxes for the normalizing of any 3% Investment Tax Credit Reserve that may remain on the utility books.

Response:

a & b - Refer to PNG Exhibit A, Schedule D-33 for the Historic, Future, and Fully Projected test years.

c, d & e - None.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-68

Request:

Provide the debit and credit in the test year to the Deferred Taxes due to Accelerated Depreciation for federal income tax, and provide the debit and credit for the Job Development Credits (whatever account) for test year.

Response:

The debit and credit in the test year to the Deferred Taxes due to Accelerated Depreciation for federal income tax is as follows:

A/C #	Account Description	Debit	Credit
410XXX	Deferred Tax Expense	\$XXX,XXX	
282XXX	Accumulated Deferred Taxes		(\$XXX,XXX)

PNG has no Job Development Credits.

Refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Section D, Schedules D-33 and D-34.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
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Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
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III-A-69

Request:

Reconcile all data given in answers to questions on income taxes charged on the test year operating statement with regard to income taxes paid, income taxes charged because of normalization and credits due to yearly write-offs of past years' income tax deferrals, and from normalization of investment tax and development credits. (Both state and federal income taxes.)

Response:

Refer to PNG Exhibit A (Historic), PNG Exhibit A (Future), and PNG Exhibit A (Fully Projected), Section D, Schedules D-33 and D-34. PNG has neither investment tax nor development credits.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-70

Request:

With respect to determination of income taxes, federal and state:

- a. Show income tax results of the annualizing and normalizing adjustments to the test year record before any rate increase.
- b. Show income taxes for the annualized and normalized test year.
- c. Show income tax effect of the rate increase requested.
- d. Show income taxes for the normalized and annualized test year after application of the full rate increase.

[It is imperative that continuity exists between the income tax calculations as recorded for the test year and the final income tax calculation under proposed rates. If the company has more than one accounting area, then additional separate worksheets must be provided in addition to those for total company.]

Response:

Refer to PNG Exhibit A (Historic), Exhibit A (Future) and Exhibit A (Fully Projected) Schedules A-1, D-33 and D-34.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-A - Balance Sheet and Operating Statement
Delivered on January 19, 2017

III-A-71

Request:

In adjusting the test year to an annualized year under present rates, explain any changes that may be due to book or tax depreciation change and to debits and credits to income tax expense due to accelerated depreciation, deferred taxes, job development credits, tax refunds or other items.

(The above refers only the adjustments going from recorded test year to annualized test year.)

Response:

Adjustments relative to the subject matter were made to recorded data to annualize the years' data and are based on property balances at the end of the test year to reflect a full year's expense or deferral. See the Direct Testimony of Nicole M. McKinney, PNG Statement No. 11.

Prepared by or under the supervision of: Nicole M. McKinney

III-E-1

Request:

If Unrecovered Fuel Cost policy is implemented, provide the following:

- a. State manner in which amount of Unrecovered Fuel Cost on balance sheet at the end of the test year was determined, and the month in test year in which such fuel expense was actually incurred. Provide amount of adjustment made on the rate case operating account for test year-end unrecovered fuel cost. (If different than balance sheet amount, explain.)
- b. Provide amount of Unrecovered Fuel Cost that appeared on the balance sheet at the opening date of the test year, and the manner in which it was determined. State whether this amount is in the test year operating account.

Response:

- a. Refer to Attachment III-E-1.
- b. The balance and source of the unrecovered fuel cost at the beginning of the Fully Projected Test Year are set forth on Attachment III-E-1. Charges and/or credits to the cost of gas associated with deferral or amortization of unrecovered fuel costs have been eliminated from the pro forma operating income statements set forth in PNG Gas Exhibit A, Section D.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Unrecovered Fuel Costs and Revenues
For the periods ending September 30, 2017 and 2018
U.S. Dollars in Thousands

Month	Year	Fuel Costs	Revenues	Under (Over) Collection
October	2016	\$ 3,693	\$ 1,913	\$ 1,780
November	2016	9,576	3,916	5,660
December	2016	13,262	6,727	6,535
January	2017	13,172	8,718	4,455
February	2017	10,300	8,726	1,574
March	2017	8,961	7,043	1,917
April	2017	5,423	4,447	976
May	2017	3,257	2,341	916
June	2017	2,150	1,318	832
July	2017	2,238	985	1,253
August	2017	2,082	768	1,314
September	2017	2,314	1,098	1,216
October	2017	4,636	1,946	2,690
November	2017	11,474	3,970	7,504
December	2017	13,262	6,611	6,651
January	2018	13,172	8,686	4,486
February	2018	10,300	8,854	1,445
March	2018	8,961	7,052	1,909
April	2018	5,423	4,562	861
May	2018	3,257	2,294	963
June	2018	2,150	1,327	823
July	2018	2,238	1,001	1,237
August	2018	2,082	772	1,310
September	2018	2,314	1,081	1,233
Beginning Balance as of 9/30/2016				(14,322)
Purchased Fuel Cost Adjustment				<u>59,537</u>
Unrecovered Purchased Fuel Cost as of 9/30/2018				<u><u>\$ 45,216</u></u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-2

Request:

Provide details of items and amounts comprising the accounting entries for Deferred Fuel Cost at the beginning and end of the test year.

Response:

Refer to Attachment III-E-1 for an analysis of entries made to the Deferred Fuel Cost Account during the Fully Projected Future Test Year.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
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III-E-3

Request:

Submit a schedule showing a reconciliation of test year MCF sales and line losses. List all amounts of gas purchased, manufactured and transported.

Response:

The data is provided below for the Historic Year.

Throughput -	63,758,090	Mcf
Company Use Gas -	77,903	Mcf
Line Loss -	988,571	Mcf
Total Sendout -	64,824,564	Mcf

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
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III-E-4

Request:

Provide detailed calculations substantiating the adjustment to revenues for annualization of changes in number of customers and annualization of changes in volume sold for all customers for the test year.

- a. Break down changes in number of customers by rate schedules.
- b. If an annualization adjustment for changes in customers and changes in volume sold is not submitted, please explain.

Response:

- a. Please see the Direct Testimony of David E. Lahoff, PNG Statement No. 7.
- b. Not applicable.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
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III-E-5

Request:

Submit a schedule showing the sources of gas supply associated with annualized MCF sales.

Response:

Please see Attachment III-E-5 for PNG's sources of gas supply.

Prepared by or under the supervision of: Angelina M. Borelli

UGI PENN NATURAL GAS, INC.
Sources of Gas Supply Associated with Mcf Sales

	Actual Gas Supply Based on Level of Operation at September 30, 2016 (Mcf)
Gas Purchases	18,390,385
End User Transportation	46,407,201
Total Gas Purchases	64,797,586
Add:	
Transco - LSS Withdrawal	696,118
Transco - GSS Withdrawal	2,870,437
Transco - SS-2 Withdrawal	1,142,944
Columbia - FSS Withdrawal	23,432
Transco - ESS Withdrawal	68,200
Storage Withdrawals	4,801,131
Gross Supplies	69,598,717
Less:	
Transco - LSS Injections	693,783
Transco - GSS Injections	2,839,697
Transco - SS-2 Injections	1,175,627
Columbia - FSS Injections	23,432
Transco - ESS Injections	68,200
Storage Injections	4,800,739
Net Supplies for PNG Sendout	64,797,978

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III-E-6

Request:

Supply, by classification, Operating Revenues--Miscellaneous for test year.

Response:

Please refer to Attachment III-E-6 for a schedule of budgeted Operating Revenues – Miscellaneous for the years ended September 30, 2016-2018. Please refer to Exhibit A (Historic), Exhibit A (Future), and Exhibit A (Fully Projected), Schedule D, for pro forma adjustments to budgeted Operating Revenues – Miscellaneous.

Prepared by or under the supervision of: Kindra S. Walker

UGI PENN NATURAL GAS, INC.
OPERATING REVENUES - MISCELLANEOUS
FOR THE YEARS ENDED SEPTEMBER 30, 2016, 2017, AND 2018

(000's)

Account No.	Actual 12 Months 09/30/16	Budgeted 12 Months 09/30/17	Budgeted 12 Months 09/30/18
487 Forefeited Discounts	\$ 1,293	\$ 1,863	\$ 1,863
488 Miscellaneous Service Revenues	\$ 697	\$ 829	\$ 829
493 Rent from Gas Property	\$ 11	\$ 6	\$ 6
495 Other Gas Revenues	\$ 183	\$ -	\$ -
Total	<u>\$ 2,184</u>	<u>\$ 2,698</u>	<u>\$ 2,698</u>

III-E-7

Request:

Provide details of respondent's attempts to recover uncollectible and delinquent accounts.

Response:

PNG follows 52 Pa. Code, Chapter 56 regulations for collection of residential and commercial customers' delinquent account balances.

PNG refers bad debt placements to a collection agency for continuing collection action. Placements are sent to the collection agency 110 days after the service is closed. When the service is closed the customer receives a closing bill. After the due date of the closing bill has past (plus a five day grace period), two attempts are made by telephone to contact the customer and a closed account delinquent notice is mailed. Before referring an account to the collection agency for collection, (at 60 days closed) the account is sent a second delinquent notice reminding the customer that their balance is to be paid to avoid being turned over to a collection agency.

Prepared by or under the supervision of: Robert R. Stoyko

III-E-8

Request:

Describe how the net billing and gross billing is determined. For example, if the net billing is based on the rate blocks plus FCA and STA, and the gross billing is determined by a percentage increase (1, 3 or 5 percent), then state whether the percentage increase is being applied to all three items of revenue--rate blocks plus FCA and STA.

Response:

A. The total net bill is the sum of:

1. Tariff Amount – calculated as the volume of usage priced through the rate schedule tables.
2. Currently effective surcharges.
3. Sales Tax – calculated as the product of the current sales tax percentage (6%) and the sum of the above. Sales tax is not applied to residential customers when the purchase of natural gas is solely for the purchaser's own residential use and non-residential customers are exempt from sales tax if the purchaser is entitled to claim an exemption under Chapter 61 of the Pa. Code § 32.25 subsection (d). If a tax exemption certificate is on file for these non-residential customers, the tax base is adjusted in accordance with the exemption certificate.

B. The gross bill is the sum of:

1. Total net bill as described above.
2. Late payment charges on any unpaid previous balance, if any, as of the billing date.
3. Late payment charge for payment made after the due date (see III-E-9 for details on late payment charges applied).

C. The percentage increase (late payment charge) is applied to the base tariff rate and the State Tax Adjustment Surcharge. The late payment charge is not applied to Sales Tax or to previously applied late payment charges.

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III-E-9

Request:

Describe the procedures involved in determining whether forfeited discounts or penalties are applied to customer billing.

Response:

Please refer to Rules 8.7 and 8.8 of the Company's currently effective Tariff, PNG Gas - Pa. P.U.C. No. 8 and Proposed Tariff PNG Gas - Pa. P.U.C. No. 9.

Prepared by or under the supervision of: Robert R. Stoyko

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III-E-10

Request:

Provide annualization of revenues as a result of rate changes occurring during the test year, at the level of operations as of end of the test year.

Response:

Please see the Direct Testimony of David E. Lahoff, PNG Statement No. 7, for detail on the annualization of revenues.

Prepared by or under the supervision of: David E. Lahoff

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III-E-11

Request:

Provide a detailed billing analysis supporting present and proposed rates by customer classification and/or tariff rate schedule.

Response:

Please see Exhibit E - Proof of Revenue.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
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III-E-12

Request:

Provide a schedule showing residential and commercial heating sales by unit (MCF) per month and degree days for the test year and three preceding twelve month periods.

Response:

Please see Attachment III-E-12.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Residential and Commercial Heating Sales (Mcf's)

	October	November	December	January	February	March	April	May	June	July	August	September	Total
<u>Degree Days</u>													
2014-2015	312	763	918	1268	1311	990	434	90	29	4	2	50	6,171
2015-2016	386	510	639	1140	946	612	503	232	33	0	3	59	5,063
2016-2017	412	689	1032	1190	1013	838	463	200	45	6	14	117	6,019
2017-2018	412	689	1032	1190	1013	838	463	200	45	6	14	117	6,019
<u>Residential</u>													
<u>Heating Sales (Mcf's)</u>													
<u>Rate R & RT</u>													
2014-2015	673,252	1,947,753	2,374,743	3,491,590	3,607,794	2,610,582	1,126,974	418,947	280,818	285,321	332,531	337,812	17,488,115
2015-2016	948,312	1,275,813	1,585,611	3,174,678	2,570,973	1,736,999	1,307,322	685,770	262,670	270,409	281,070	219,587	14,319,215
2016-2017	889,983	1,661,906	2,582,358	3,064,446	2,638,011	2,053,774	1,154,154	581,419	337,674	319,251	275,677	428,696	15,987,348
2017-2018	898,369	1,649,566	2,570,690	3,136,648	2,640,667	2,000,823	1,156,715	557,746	336,641	323,304	277,852	399,393	15,948,414
<u>Commercial</u>													
<u>Heating Sales (Mcf's)</u>													
<u>Rate N, NT & DS</u>													
2014-2015	427,784	980,469	1,345,472	1,747,821	1,758,466	1,426,784	653,200	281,014	231,502	198,967	224,163	208,169	9,483,811
2015-2016	476,115	788,538	920,467	1,565,655	1,380,727	809,636	548,253	397,386	293,003	179,952	212,926	153,385	7,726,042
2016-2017	551,352	1,055,732	1,456,368	1,758,486	1,458,013	1,139,808	630,472	410,236	248,472	221,025	213,884	253,994	9,397,843
2017-2018	572,677	1,077,247	1,516,601	1,789,001	1,479,503	1,168,861	648,045	412,762	251,721	226,257	221,838	253,660	9,618,172

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III-E-13

Request:

Provide a schedule of present and proposed tariff rates showing dollar change and percent of change by block. Also, provide an explanation of any change in block structure and the reasons therefor.

Response:

Please see Exhibit E - Proof of Revenue and the Direct Testimony of David E. Lahoff, PNG Statement No. 7.

Prepared by or under the supervision of: David E. Lahoff

III-E-14

Request:

Provide the following statements and schedules. The schedules and statements for the test year portion should be reconciled with the summary operating statement.

a. An operating revenues summary for the test year and the year preceding the test year showing the following (Gas MCF):

(i) For each major classification of customers

- (a) MCF sales
- (b) Dollar Revenues
- (c) Forfeited Discounts (Total if not available by classification)
- (d) Other and Miscellaneous revenues that are to be taken into the

utility operating account along with their related costs and expenses.

(ii) A detailed explanation of all annualizing and normalizing adjustments showing method utilized and amounts and rates used in calculation to arrive at adjustment.

(iii) Segregate, from recorded revenues from the test year, the amount of revenues that are contained therein, by appropriate revenue categories, from:

- (a) Fuel Adjustment Surcharge
- (b) State Tax Surcharge
- (c) Any other surcharge being used to collect revenues.
- (d) Provide explanations if any of the surcharges are not applicable to

respondent's operations.

[The schedule should also show number of customers and unit of sales (Mcf), and should provide number of customers by service classification at beginning and end of test year.]

b. Provide details of sales for resale, based on periods five years before and projections for five years after the test year, and for the test year. List customers, Mcf sold, revenues received, source of Mcf sold (storage gas, pipeline gas, manufactured gas, natural or synthetic), contracted or spot sales, whether sales are to affiliated companies, and any other pertinent information.

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III-E-14 (Continued)

Response:

- a. (i)(a) Please see PNG Attachment III-E-19.
- a. (i)(b)-(d) Please see PNG Exhibit A, Schedule D-5 (Historic), PNG Exhibit A, Schedule D-5 (Future), and PNG Exhibit A, Schedule D-5 (Fully Projected).
- a. (ii) Please see the Direct Testimony of David E. Lahoff, PNG Statement No. 7.
- a. (iii) Please see PNG Exhibit E.
- b. None.

Prepared by or under the supervision of: David E. Lahoff

III-E-15

Request:

State manner in which revenues are being presented for ratemaking purposes:

- a. Accrued Revenues
- b. Billed Revenues
- c. Cash Revenues

Provide details of the method followed.

Response:

Fully Projected Test Year revenues at present and proposed rates are based upon a calculation applying present rates to projected volumes and number of customers and proposed rates to projected volumes and number of customers. Please refer to the Direct Testimony of David E. Lahoff, PNG Statement No. 7.

Prepared by or under the supervision of: David E. Lahoff

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III-E-16

Request:

If revenue accruing entries are made on the books at end of each fiscal period, give entries made accordingly at the end of the test year and at the beginning of the year. State whether they are reversed for ratemaking purposes.

Response:

The amount of unbilled revenue accrued at September 30, 2016, and September 30, 2015, was \$8,531,201 and \$5,175,581, respectively. The Company annualizes revenue for ratemaking purposes eliminating the impacts of unbilled revenues.

Prepared by or under the supervision of: Megan Mattern

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III-E-17

Request:

State whether any adjustments have been made to expenses in order to present such expenses on a basis comparable to the manner in which revenues are presented in this proceeding (i.e.--accrued, billed or cash).

Response:

No such adjustments have been made to expenses.

Prepared by or under the supervision of: Kindra S. Walker

III-E-18

Request:

If the utility has a Fuel Adjustment Clause:

- a. State the base fuel cost per MCF chargeable against basic customers' rates during the test year. If there was any change in this basic fuel charge during the test year, give details and explanation thereof.
- b. State the amount in which the fuel adjustment clause cost per MCF exceeds the fuel cost per MCF charged in base rates at the end of the test year.
- c. If fuel cost deferment is used at the end of the test year, give
 - (i) The amount of deferred fuel cost contained in the operating statement that was deferred from the 12-month operating period immediately preceding the test year.
 - (ii) The amount of deferred fuel cost that was removed from the test period and deferred to the period immediately following the test year.
- d. State the amount of Fuel Adjustment Clause revenues credited to the test year operating account.
- e. State the amount of fuel cost charged to the operating expense account in the test year which is the basis of Fuel Adjustment Clause billings to customers in that year. Provide summary details of this charge.
- f. From the recorded test year operating account, remove the Fuel Adjustment Clause Revenues. Also remove from the test year recorded operating account the excess of fuel cost over base rate fuel charges, which is the basis for the Fuel Adjustment charges. Explain any difference between FAC Revenues and excess fuel costs. [The above is intended to limit the operating account to existing customers' base rate revenues and expense deductions relative thereto].

Response:

The Company recovers its purchased gas costs through a purchased gas cost rate mechanism under Section 1307(f) of the Public Utility Code. The Company's Fully

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III-E-18 (Continued)

Projected Test Year claim in this case normalizes recovery of purchased gas costs based on the PGC rate effective December 1, 2016. There is no fuel deferral claim.

Prepared by or under the supervision of: David E. Lahoff

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III-E-19

Request:

Provide growth patterns of usage and customer numbers per rate class, using historical and projected data.

Response:

Please see Attachment III-E-19.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Usage and Customer Growth Patterns for Period Ending September 30

<u>Number of Customers</u> <u>September Year End</u>	<u>September</u> <u>2014</u>	<u>September</u> <u>2015</u>	<u>September</u> <u>2016</u>	<u>September</u> <u>2017</u>	<u>September</u> <u>2018</u>
Residential	145,704	145,773	146,168	147,537	148,468
Commercial	12,383	11,995	12,259	12,227	12,342
Industrial	65	58	57	49	44
Subtotal-Retail	<u>158,152</u>	<u>157,826</u>	<u>158,484</u>	<u>159,813</u>	<u>160,854</u>
Transportation-Other	<u>5,428</u>	<u>7,280</u>	<u>8,029</u>	<u>8,171</u>	<u>8,198</u>
Total	<u>163,580</u>	<u>165,106</u>	<u>166,513</u>	<u>167,984</u>	<u>169,052</u>
<u>Total Fiscal Year Sales (Mcf's)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	17,215,102	17,363,043	14,089,339	15,746,138	15,724,920
Commercial	5,251,035	5,318,655	3,892,474	4,401,797	4,372,604
Industrial	120,023	114,090	78,907	70,825	51,401
Subtotal-Retail	<u>22,586,160</u>	<u>22,795,787</u>	<u>18,060,720</u>	<u>20,218,759</u>	<u>20,148,924</u>
Transportation-Other	<u>38,940,547</u>	<u>35,739,847</u>	<u>46,102,521</u>	<u>69,527,162</u>	<u>146,030,545</u>
Total	<u>61,526,707</u>	<u>58,535,634</u>	<u>64,163,241</u>	<u>89,745,921</u>	<u>166,179,469</u>

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III-E-20

Request:

Provide, for test year only, a schedule by tariff rates and by service classifications showing proposed increase and percent of increase.

Response:

Please see Exhibit E - Proof of Revenue and the Direct Testimony of David E. Lahoff, PNG Statement No. 7.

Prepared by or under the supervision of: David E. Lahoff

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III-E-21

Request:

If a gas company is affiliated with another utility segment, such as a water or electric segment, explain the effects, if any, upon allocation factors used in the gas rate filing of current or recent rate increases allowed to the other utility segment (or segments) of the company.

Response:

UGI Utilities – Electric Division has not had a recent base rate increase. Any other rate increases would not have a material impact on the allocation percentages.

See response to III-A-45 for further explanation of current allocation factors.

Prepared by or under the supervision of: Kindra S. Walker

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III-E-22

Request:

Provide supporting data detailing curtailment adjustments, procedures and policies.

Response

The Company did not have any curtailments during the historic test year ended September 30, 2016 and is not claiming any curtailment adjustments in its future test year or fully projected future test year. In addition, the Company follows curtailment procedures and policies as specified in its Gas Tariffs on file with the Commission. Please refer to Section 15, Gas Emergency Planning, of the current Tariff PNG Gas - Pa. P.U.C. No. 8 and Section 19, Gas Emergency Planning, of the Proposed Tariff PNG Gas - Pa. P.U.C. No. 9.

Prepared by or under the supervision of: Robert R. Stoyko

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III-E-23

Request:

Submit a schedule showing fuel cost in excess of base compared to fuel cost recovery for the period two months prior to test year and the test year.

Response:

There are no fuel costs in excess of base compared to fuel cost recovery.

Prepared by or under the supervision of: David E. Lahoff

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III-E-24

Request:

Supply a detailed analysis of Purchased Gas for the test year and the twelve month period prior to the test year.

Response:

Please refer to Attachment III-E-25.

Prepared by or under the supervision of: David E. Lahoff

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III-E-25

Request:

Submit calculations supporting energy cost per MCF and operating ratio used to determine increase in costs other than production to serve additional load.

Response:

The energy cost per MCF is developed as part of each annual and quarterly 1307(f) filing submitted to the Commission. Please see Attachments III-E-25.1, III-E-25.2 and III-E-25.3 (contained on CD) which include copies of the Company's most recent Annual 1307(f) Purchased Gas Cost (PGC) and PGC Compliance filings.

Prepared by or under the supervision of: David E. Lahoff

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III-E-26

Request:

Submit detailed calculations for bulk gas transmission service costs under supply and/or interconnection agreements.

Response:

PNG incurs no bulk gas transmission costs under supply and/or interconnection agreements.

Prepared by or under the supervision of: Angelina M. Borelli

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III-E-27

Request:

Submit a schedule for gas producing units retired or scheduled for retirement subsequent to the test year showing station, units, MCF capacity, hours of operation during test year, net output produced and cents/MCF of maintenance and fuel expenses.

Response:

This question is not applicable. PNG does not own any gas production plant.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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III-E-28

Request:

Provide a statement explaining the details of firm gas purchase (long-term) contracts with affiliated and nonaffiliated utilities, including determination of costs, terms of contract, and other pertinent information.

Response:

PNG does not have any firm gas purchase (long-term) contracts with affiliated and nonaffiliated utilities.

Prepared by or under the supervision of: Angelina M. Borelli

UGI Penn Natural Gas, Inc.
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III-E-29

Request:

Provide intrastate operations percentages by expense categories for two years prior to the test year.

Response:

PNG operates 100% in Pennsylvania and has done so for the two years prior to the test year.

Prepared by or under the supervision of: Megan Mattern

UGI Penn Natural Gas, Inc.
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III-E-30

Request:

Provide a schedule showing suppliers, MCF purchased, cost (small purchases from independent suppliers may be grouped); emergency purchases, listing same information; curtailments during the year; gas put into and taken out of storage; line loss, and any other gas input or output not in the ordinary course of business.

Response:

Please refer to Attachment III-E-25 which is a CD containing electronic copies of the Company's most recent Annual 1307(f) Purchased Gas Cost (PGC) and PGC Compliance filings.

Prepared by or under the supervision of: Angelina M. Borelli

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III-E-31

Request:

Provide a schedule showing the determination of the fuel costs included in the base cost of fuel.

Response:

The computation of this cost is set forth in the 1307(f) filed with the Pennsylvania Public Utility Commission. Please refer to Attachment III-E-25 which is a CD containing electronic copies of the Company's most recent Annual 1307(f) Purchased Gas Cost (PGC) and PGC Compliance filings.

Prepared by or under the supervision of: David E. Lahoff

III-E-32

Request:

Provide a schedule showing the calculation of any deferred fuel costs shown in Account 174. Also, explain the accounting, with supporting detail, for any associated income taxes.

Response:

The Company records deferred fuel costs in Account 191 (under collections) or account 254 (over collections). Please refer to Attachment III-E-32 for the calculation of the monthly over or (under) collections as of September 30, 2016, resulting from the purchase gas cost rate included in rates during the period. The over collections shown in Column 4 are debited to Operations Expense – Cost of Gas and credited to Current Regulatory Liabilities – Unrecovered Purchased Fuel Costs. Under collections are credited to Operations Expense – Cost of Gas and debited to Current Regulatory Assets – Unrecovered Purchased Fuel Costs. For additional information, refer to the response to III-E-1.

The actual Cost of Gas charged to operating expense is taken as a deduction in computing the Company's income taxes. Income taxes related to deferred fuel are recorded as a deferred tax asset (over collections) or a deferred tax liability (under collections) on the balance sheet.

The deferred fuel cost activity is a temporary difference for tax purposes. The net P&L impact for tax related to deferred fuel is zero.

Please see Attachment III-E-32.

Prepared by or under the supervision of: Megan Mattern

UGI PENN NATURAL GAS, INC.
Statement of Total Over/Under Collections From the Present
Gas Cost Rate Adjustment Clause - 12 Months Ending September 30, 2016

	<u>Sales</u> <u>Mcf</u> (1)	<u>PGC</u> <u>Revenue</u> (2)	<u>Cost of</u> <u>Fuel</u> (3)	<u>Over / (Under)</u> <u>Collections</u> (4)
October	629,333	2,068,691	\$ 3,872,023	\$ (1,803,332)
November	1,279,177	4,207,968	5,285,987	(1,078,019)
December	2,132,372	7,349,986	8,105,868	(755,882)
January	3,092,027	11,071,393	11,921,980	(850,587)
February	3,421,370	12,243,366	9,968,610	2,274,756
March	2,766,843	9,372,015	7,826,680	1,545,335
April	1,824,527	5,863,739	3,736,801	2,126,938
May	995,022	3,198,448	2,970,859	227,589
June	489,522	1,649,428	2,185,105	(535,677)
July	353,690	1,245,518	1,870,755	(625,238)
August	309,825	1,089,457	1,661,216	(571,759)
September	335,772	1,305,982	1,676,491	(370,509)
	<u>17,629,480</u>	<u>\$ 60,665,990</u>	<u>\$ 61,082,375</u>	<u>\$ (416,385)</u>

III-E-33

Request:

Submit a schedule showing maintenance expenses, gross plant and the relation of maintenance expenses thereto as follows:

- (i) Gas Production Maintenance Expenses per MCF production, per \$1,000 MCF production, and per \$1,000 of Gross Production Plant;
- (ii) Transmission Maintenance Expenses per MMCF mile and per \$1,000 of Gross Transmission Plant;
- (iii) Distribution Maintenance Expenses per customer and per \$1,000 of Gross Distribution Plant;
- (iv) Storage Maintenance Expenses per MMCF of Storage Capacity and \$1,000 of Gross Storage Plant. This schedule shall include three years prior to the test year, the test year and one year's projection beyond the test year.

Response:

Please see Attachment III-E-33.

Prepared by or under the supervision of: Kindra S. Walker

		<u>12 MONTHS ENDED</u>				
		<u>9/30/14</u>	<u>9/30/15</u>	<u>9/30/16</u>	<u>9/30/17</u>	<u>9/30/18</u>
(i)	Maintenance Exp /MCF Produced	-	-	-	-	-
	Maintenance Exp /\$1,000 MCF	-	-	-	-	-
	Maintenance Exp /\$1,000 GPP	-	-	-	-	-
(ii)	Trans. Main. Exp /MMCF	-	-	-	-	-
	Trans. Main. Exp /Transmission Mile	-	-	-	-	-
	Trans. Main. Exp /\$1,000 GTP	-	-	-	-	-
(iii)	Dist. Main. Exp /Customer	50.64	69.65	68.04	78.77	78.53
	Dist. Main. Exp /\$1,000 GDP	12.92	16.74	15.53	15.86	14.95
(iv)	Storage. Main. Exp /MMCF Capacity	-	-	-	-	-
	Storage. Main. Exp /\$1,000 GSP	-	-	-	-	-

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-34

Request:

Prepare a 3-column schedule of expenses, as described below for the following periods (supply sub-accounts, if significant, to clarify basic accounts):

- a. Column 1--Test Year
- b. Column 2 and 3--The two previous years

Provide the annual recorded expense by accounts. (Identify all accounts used but not specifically listed below.)

Response:

Refer to Attachment III-E-34 for the requested schedule of expenses.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Statement of Operation and Maintenance Expenses
12 Months Ended September 30, 2016, 2017, 2018
(Thousands of Dollars)

<u>Title of Account</u>	<u>Acct. No.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Manufactured Gas Production				
Operation Supervision and Engineering	710.0	\$ -	\$ -	\$ -
Production Labor and Expenses				
Steam Expenses	711.0	-	-	-
Other Power Expenses	712.0	-	-	-
Coke Oven Expenses	713.0	-	-	-
Producer Gas Expenses	714.0	-	-	-
Water Gas Generating Expenses	715.0	-	-	-
Oil Gas Generating Expenses	716.0	-	-	-
Liquefied Petroleum Gas Expenses	717.0	-	-	-
Other Process Production Expenses	718.0	-	-	-
Total Production Labor and Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Gas Fuels				
Fuel Under Coke Ovens	719.0	-	-	-
Producer Gas Fuel	720.0	-	-	-
Water Gas Generator Fuel	721.0	-	-	-
Fuel for Oil Gas	722.0	-	-	-
Fuel for Liquefied Petroleum Gas Process	723.0	-	-	-
Other Gas Fuels	724.0	-	-	-
Total Gas Fuels Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Gas Raw Materials				
Coal Carbonized in Coke Ovens	725.0	-	-	-
Oil for Water Gas	726.0	-	-	-
Oil for Oil Gas	727.0	-	-	-
Liquefied Petroleum Gas Expenses	728.0	-	-	-
Raw Materials for Other Gas Processes	729.0	-	-	-
Residuals Expenses	730.0	-	-	-
Residuals Produced-Credit	731.0	-	-	-
Purification Expenses	732.0	-	-	-
Gas Mixing Expenses	733.0	-	-	-
Duplicate Charges-Credit	734.0	-	-	-
Miscellaneous Production Expenses	735.0	-	-	-
Rents	736.0	-	-	-
Total Gas Raw Materials Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Maintenance				
Maintenance Supervision and Engineering	740.0	-	-	-
Maintenance of Structures and Improvements	741.0	1,100	1,152	1,152
Maintenance of Production Equipment	742.0	-	-	-
Total Maintenance Expenses		<u>1,100</u>	<u>1,152</u>	<u>1,152</u>
Manufactured Gas Production Expenses		<u>1,100</u>	<u>1,152</u>	<u>1,152</u>
NATURAL GAS PRODUCTION EXPENSES				
Production and Gathering				
Operation				
Operating Supervision and Engineering	750.0	-	-	-
Production Maps and Records	751.0	-	-	-
Gas Wells Expenses	752.0	-	-	-
Field Lines Expenses	753.0	-	-	-
Field Compressor Station Expenses	754.0	-	-	-
Field Compressor Station Fuel and Power	755.0	-	-	-
Field Measuring and Regulating Station Expenses	756.0	-	-	-
Purification Expenses	757.0	-	-	-
Gas Well Royalties	758.0	-	-	-
Other Expenses	759.0	-	-	-
Rents	760.0	-	-	-
Total Production & Gathering Operation Expenses		<u>-</u>	<u>-</u>	<u>-</u>

UGI Penn Natural Gas, Inc.
Statement of Operation and Maintenance Expenses
12 Months Ended September 30, 2016, 2017, 2018
(Thousands of Dollars)

<u>Title of Account</u>	<u>Acct.</u> <u>No.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Maintenance				
Maintenance Supervision and Engineering	761.0	-	-	-
Maintenance of Structures and Improvements	762.0	-	-	-
Maintenance of Producing Gas Wells	763.0	-	-	-
Maintenance of Field Lines	764.0	-	-	-
Maintenance of Field Compressor Station Equipment	765.0	-	-	-
Maintenance of Field Measuring and Reg. Station Equip.	766.0	-	-	-
Maintenance of Purification Equipment	767.0	-	-	-
Maintenance of Drilling and Cleaning Equipment	768.0	-	-	-
Maintenance of Other Equipment	769.0	-	-	-
Total Production & Gathering Maintenance Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Products Extraction				
Operation				
Operation Supervision and Engineering	770.0	-	-	-
Operating Labor	771.0	-	-	-
Gas Shrinkage	772.0	-	-	-
Fuel	773.0	-	-	-
Power	774.0	-	-	-
Materials	775.0	-	-	-
Operation Supplies and Expenses	776.0	-	-	-
Gas Processed by Others	777.0	-	-	-
Royalties on Products Extracted	778.0	-	-	-
Marketing Expenses	779.0	-	-	-
Products Purchased for Resale	780.0	-	-	-
Variation in Products Inventory	781.0	-	-	-
Extracted Products Used by the Utility-Credit	782.0	-	-	-
Rents	783.0	-	-	-
Total Products Extraction Operation Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Maintenance				
Maintenance Supervision and Engineering	784.0	-	-	-
Maintenance of Structures and Improvements	785.0	-	-	-
Maintenance of Extraction and Refining Equipment	786.0	-	-	-
Maintenance of Pipe Lines	787.0	-	-	-
Maintenance of Extracted Products Storage Equipment	788.0	-	-	-
Maintenance of Compressor Equipment	789.0	-	-	-
Maintenance of Gas Measuring & Regulating Equipment	790.0	-	-	-
Maintenance of Other Equipment	791.0	-	-	-
Total Products Extraction Maintenance Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Total Natural Gas Production Expenses		<u>-</u>	<u>-</u>	<u>-</u>
EXPLORATION AND DEVELOPMENT EXPENSES				
Operation				
Delay Rentals	795.0	-	-	-
Nonproductive Well Drilling	796.0	-	-	-
Abandoned Leases	797.0	-	-	-
Other Exploration	798.0	-	-	-
Total Exploration and Development Operation Exp.		<u>-</u>	<u>-</u>	<u>-</u>

UGI Penn Natural Gas, Inc.
Statement of Operation and Maintenance Expenses
12 Months Ended September 30, 2016, 2017, 2018
(Thousands of Dollars)

<u>Title of Account</u>	<u>Acct.</u> <u>No.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
OTHER GAS SUPPLY EXPENSES				
Operation				
Natural Gas Well Head Purchases	800.0	-	-	-
Natural Gas Well Head Purchases, Intercompany Trans.	801.0	-	-	-
Natural Gas Gasoline Plant Outlet Purchases	802.0	-	-	-
Natural Gas Transmission Line Purchases	803.0	-	-	-
Natural Gas City Gate Purchases	804.0	61,478	96,402	92,455
Liquefied Natural Gas Purchases	804.1	667	-	-
Other Gas Purchases	805.0	(39)	-	-
Purchases Gas Cost Adjustments	805.1	(6,429)	(29,208)	(29,080)
Exchange Gas	806.0	-	-	-
Purchased Gas Expenses	807.0	16	-	-
Gas Withdrawn from Storage-Debit	808.1	10,710	11,002	11,332
Gas Delivered to Storage-Credit	808.2	(7,161)	(12,168)	(12,533)
Withdrawals of Liquefied Nat. Gas Held for Processing	809.1	-	-	-
Deliveries of Natural Gas for Processing	809.2	-	-	-
Gas Used for Compressor Station Fuel-Credit	810.0	-	-	-
Gas Used for Products Extraction-Credit	811.0	-	-	-
Gas Used for Other Utility Operations-Credit	812.0	(177)	(196)	(196)
Other Gas Supply Expenses	813.0	2,792	-	-
Gas Supply Operation Expenses		<u>61,858</u>	<u>65,832</u>	<u>61,978</u>
Natural Gas Storage, Terminating & Processing Exp.				
Underground Storage Expenses				
Operation Supervision and Engineering	814.0	-	-	-
Maps and Records	815.0	-	-	-
Wells Expenses	816.0	-	-	-
Lines Expenses	817.0	-	-	-
Compressor Station Expenses	818.0	-	-	-
Compressor Station Fuel and Power	819.0	-	-	-
Measuring and Regulating Station Expenses	820.0	-	-	-
Purification Expenses	821.0	-	-	-
Exploration and Development	822.0	-	-	-
Gas Losses	823.0	-	-	-
Other Expenses	824.0	1	1	1
Storage Well Royalties	825.0	-	-	-
Rents	826.0	-	-	-
Total Underground Storage Expenses		<u>1</u>	<u>1</u>	<u>1</u>
Maintenance				
Maintenance Supervision and Engineering	830.0	-	-	-
Maintenance of Structures and Improvements	831.0	-	-	-
Maintenance of Reservoirs and Wells	832.0	-	-	-
Maintenance of Lines	833.0	-	-	-
Maintenance of Compressor Station Equipment	834.0	-	-	-
Maintenance of Measuring & Regulating Station Equip.	835.0	-	-	-
Maintenance of Purification Equipment	836.0	-	-	-
Maintenance of Other Equipment	837.0	-	-	-
Total Underground Maintenance Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Other Storage Expenses				
Operation				
Operating Supervision and Engineering	840.0	35	32	33
Operation Labor and Expenses	841.0	-	-	-
Rents	842.0	-	-	-
Fuel	842.1	-	-	-
Power	842.2	-	-	-
Gas Losses	842.3	-	-	-
Storage Operation Expenses		<u>35</u>	<u>32</u>	<u>33</u>

UGI Penn Natural Gas, Inc.
Statement of Operation and Maintenance Expenses
12 Months Ended September 30, 2016, 2017, 2018
(Thousands of Dollars)

<u>Title of Account</u>	<u>Acct.</u> <u>No.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Maintenance				
Maintenance Supervision and Engineering	843.1	-	-	-
Maintenance of Structures and Improvements	843.2	-	-	-
Maintenance of Gas Holders	843.3	-	-	-
Maintenance of Purification Equipment	843.4	-	-	-
Maintenance of Liquefaction Equipment	843.5	-	-	-
Maintenance of Vaporizing Equipment	843.6	-	-	-
Maintenance of Compressor Equipment	843.7	-	-	-
Maintenance of Measuring and Regulatory Equipment	843.8	-	-	-
Maintenance of Other Equipment	843.9	-	-	-
Storage Maintenance Expenses		<u>-</u>	<u>-</u>	<u>-</u>
 LIQUEFIED NATURAL GAS TERMINATING AND PROCESSING EXPENSES				
Operation				
Operation Supervision and Engineering	844.1	-	-	-
LNG Processing Terminal Labor and Expenses	844.2	-	-	-
Liquefaction Processing Labor and Expenses	844.3	-	-	-
LNG Transportation Labor and Expenses	844.4	-	-	-
Measuring and Regulating Labor and Expenses	844.5	-	-	-
Compressor Station Labor and Expenses	844.6	-	-	-
Communication System Expenses	844.7	-	-	-
System Control and Load Dispatching	844.8	-	-	-
Fuel	845.1	-	-	-
Power	845.2	-	-	-
Rents	845.3	-	-	-
Demurrage Charges	845.4	-	-	-
Warfare Receipts-Credit	845.5	-	-	-
Processing Liquefied or Vaporized Gas by Others	845.6	-	-	-
Gas Losses	846.1	-	-	-
Other Expenses	846.2	-	-	-
Total Liq. N.G. Term & Proc. Operation Expenses		<u>-</u>	<u>-</u>	<u>-</u>
Maintenance				
Maintenance Supervision and Engineering	847.1	-	-	-
Maintenance of Structures and Improvements	847.2	-	-	-
Maintenance of LNG Processing Terminal Equipment	847.3	-	-	-
Maintenance of LNG Transportation Equipment	847.4	-	-	-
Maintenance of Measuring and Regulating Equipment	847.5	-	-	-
Maintenance of Compressor Station Equipment	847.6	-	-	-
Maintenance of Communication Equipment	847.7	-	-	-
Maintenance of Other Equipment	847.8	-	-	-
Total Liq. N.G. Term. Proc. Maintenance Expenses		<u>-</u>	<u>-</u>	<u>-</u>
 TRANSMISSION EXPENSES				
Operation				
Operating Supervision and Engineering	850.0	-	-	-
System Control and Load Dispatching	851.0	-	-	-
Communication System Expenses	852.0	-	-	-
Compressor Station Labor and Expenses	853.0	-	-	-
Gas for Compressor Station Fuel	854.0	-	-	-
Other Fuel and Power for Compressor Stations	855.0	-	-	-
Mains Expenses	856.0	-	-	-
Measuring and Regulating Station Expenses	857.0	-	-	-
Transmission and Compression of gas by Others	858.0	-	-	-
Other Expenses	859.0	-	-	-
Rents	860.0	-	-	-
Total Transmission Operation Expenses		<u>-</u>	<u>-</u>	<u>-</u>

UGI Penn Natural Gas, Inc.
Statement of Operation and Maintenance Expenses
12 Months Ended September 30, 2016, 2017, 2018
(Thousands of Dollars)

<u>Title of Account</u>	<u>Acct. No.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Maintenance				
Maintenance Supervision and Engineering	861.0	-	-	-
Maintenance of Structures and Improvements	862.0	-	-	-
Maintenance of Mains	863.0	-	-	-
Maintenance of Compressor Station Equipment	864.0	-	-	-
Maintenance of Measuring and Regulating Station Equip.	865.0	-	-	-
Maintenance of Communication Equipment	866.0	-	-	-
Maintenance of Other Equipment	867.0	-	-	-
Total Transmission Maintenance Expenses		<u>-</u>	<u>-</u>	<u>-</u>
DISTRIBUTION EXPENSES				
Operations Expense				
Operation Supervision and Engineering	870.0	1,886	1,991	2,052
Distribution Load Dispatching	871.0	312	653	656
Compressor Station Labor and Expenses	872.0	-	-	-
Compressor Station Fuel and Power (Major Only)	873.0	-	-	-
Mains and Services Expenses	874.0	5,977	6,496	6,804
Measuring and Regulating Station Expenses-General	875.0	477	555	676
Measuring and Regulating Station Expenses-Industrial	876.0	118	79	81
Measuring and Regulating Station Expenses-City Gate	877.0	2	20	20
Meter and House Regulator Expenses	878.0	1,184	1,233	1,260
Customer Installations Expenses	879.0	625	551	564
Other Expenses	880.0	1,749	753	535
Rents	881.0	75	99	99
Total Distribution Operation Expenses		<u>12,405</u>	<u>12,430</u>	<u>12,747</u>
Maintenance Expense				
Maintenance Supervision and Engineering	885.0	398	493	506
Maintenance of Structures and Improvements	886.0	6	4	4
Maintenance of Mains	887.0	7,832	9,211	9,246
Maintenance of Compressor Station Equipment	888.0	-	-	-
Maintenance of Measuring & Reg. Station Equip.-Genl.	889.0	401	399	403
Maintenance of Measuring & Reg. Station Equip.-Indtrl.	890.0	246	407	418
Maintenance of Measuring & Reg. Station Equip.-City G	891.0	360	425	429
Maintenance of Services	892.0	1,277	1,441	1,404
Maintenance of Meters & House Regulators	893.0	679	705	717
Maintenance of Other Equipment	894.0	131	146	148
Construction & Maintenance	895.0	-	-	-
Total Distribution Maintenance Expenses		<u>11,329</u>	<u>13,231</u>	<u>13,275</u>
CUSTOMER ACCOUNTS EXPENSES				
Operations				
Supervision	901.0	167	129	131
Meter Reading Expenses	902.0	381	429	439
Customer Records & Collection Expenses	903.0	3,681	4,195	8,304
Uncollectable Accounts	904.0	2,336	2,145	2,255
Miscellaneous Customer Accounts Expenses	905.0	790	493	428
Customer Account Operations Expenses		<u>7,355</u>	<u>7,391</u>	<u>11,557</u>
CUSTOMER SERVICE & INFORM. EXPENSES				
Operations				
Supervision	907.0	-	-	-
Customer Assistance Expenses	908.0	483	416	426
Informational & Instructional Advertising Expenses	909.0	188	294	294
Miscellaneous Customer Service & Informational Exp.	910.0	55	22	10
Total Cust. Service & Inform. Operations Exp		<u>725</u>	<u>732</u>	<u>730</u>

UGI Penn Natural Gas, Inc.
Statement of Operation and Maintenance Expenses
12 Months Ended September 30, 2016, 2017, 2018
(Thousands of Dollars)

<u>Title of Account</u>	<u>Acct.</u>			
<u>SALES EXPENSES</u>	<u>No.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operation				
Supervision	911.0	-	-	-
Demonstrating and Selling Expenses	912.0	301	244	249
Advertising Expenses	913.0	38	89	232
(Reserved)	914.0	-	-	-
(Reserved)	915.0	-	-	-
Miscellaneous Sales Expenses	916.0	37	50	44
Total Operation Sales Expenses		<u>375</u>	<u>383</u>	<u>525</u>
ADMINISTRATIVE AND GENERAL EXPENSES				
Operation				
Administrative and General Salaries	920.0	6,310	5,643	6,315
Office Supplies and Expenses	921.0	4,422	4,634	5,147
Administrative Expenses Transferred-Credit	922.0	-	-	-
Outside Service Employed	923.0	2,962	5,825	5,384
Property Insurance	924.0	-	35	35
Injuries and Damages	925.0	2,784	1,299	1,308
Employee Pensions and Benefits	926.0	4,165	4,826	4,850
Franchise Requirements	927.0	-	-	-
Regulatory Commission Expenses	928.0	-	-	-
Duplicate Charges-Credit	929.0	-	-	-
General Advertising Expenses	930.1	171	137	137
Miscellaneous General Expenses	930.2	761	172	(76)
Rents	931.0	262	277	282
Total A & G Operation Expenses		<u>21,836</u>	<u>22,848</u>	<u>23,382</u>
Maintenance				
Maintenance of General Plant	932.0	807	880	886
Maintenance of General Plant	935.0	7	5	5
Total A & G Maintenance Expenses		<u>813</u>	<u>885</u>	<u>891</u>
Total Gas Operation and Maintenance Expenses		<u>\$ 117,834</u>	<u>\$ 124,917</u>	<u>\$ 126,272</u>
Total Gas Operation Expenses		\$ 104,591	\$ 109,649	\$ 110,954
Total Gas Maintenance Expenses		<u>13,243</u>	<u>15,268</u>	<u>15,318</u>
Total Gas Operation and Maintenance Expenses		<u>\$ 117,834</u>	<u>\$ 124,917</u>	<u>\$ 126,272</u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-35

Request:

Submit a schedule showing the Gross Receipts Tax Base used in computing Pennsylvania Gross Receipts Tax Adjustment.

Response:

Not applicable. PNG is not subject to the Pennsylvania Gross Receipts Tax.

Prepared by or under the supervision of: Nicole M. McKinney

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-36

Request:

State the amount of gas, in mcf, obtained through various suppliers in past years.

Response:

Please See Attachment III-E-36.

Prepared by or under the supervision of: Megan Mattern

UGI PENN NATURAL GAS, INC.
Sources of Gas Supply (MCF) for Fiscal Year Ended September 30,

<u>Vendor/Description</u>	<u>2015</u>	<u>2016</u>
A	12,768,052	12,679,683
B	4,525,588	2,024,191
C	2,341,255	1,521,420
D	2,309,427	1,037,060
E	987,424	1,061,211
F	878,591	915,762
G	1,521,143	81,491
H	1,462,629	60,853
I	70,754	1,147,522
J	592,106	317,938
K	738,267	62,730
L		800,271
M	155,393	222,048
N	82,540	221,811
O	80,393	132,586
P	158,533	
Q	114,472	
R	63,541	
S		36,463
T	15,615	16,035
U		24,722
V	18,509	
W	9,879	7,493
X		15,840
Y		14,577
Z		9,750
AA	5,418	4,328
BB	5,015	
CC		4,875
DD		4,859
EE	1,821	1,456
FF	1,057	3
GG	71	365
HH	223	
II	47	
JJ		37
KK	17	
LL		4
MM	4	
TOTAL PURCHASES	<u>28,907,784</u>	<u>22,427,384</u>
TOTAL TRANSPORTATION DELIVERIES	<u>35,669,414</u>	<u>46,407,201</u>
STORAGE WITHDRAWALS		
Transco - LSS Withdrawal	692,294	696,118
Transco - GSS Withdrawal	2,876,799	2,870,437
Transco - SS-2 Withdrawal	2,632,578	1,142,944
Tennessee FS-MA Withdrawal	3,128,402	0
Columbia - FSS Withdrawal	19,184	23,432
Transco - ESS Withdrawal	81,443	68,200
TOTAL STORAGE WITHDRAWALS	<u>9,430,700</u>	<u>4,801,131</u>
STORAGE INJECTIONS		
Transco - LSS Injections	695,026	693,783
Transco - GSS Injections	2,990,613	2,839,697
Transco - SS-2 Injections	1,359,559	1,175,627
Tennessee FS-MA Injections	461,479	0
Columbia - FSS Injections	19,158	23,432
Transco - ESS Injections	81,443	68,200
TOTAL STORAGE INJECTIONS	<u>5,607,278</u>	<u>4,800,739</u>

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-37

Request:

In determining pro forma expense, exclude cost of gas adjustments applicable to fuel adjustment clause and exclude fuel adjustment clause revenues, so that the operating statement is on the basis of base rates only.

Response:

Please refer to PNG Exhibit A (Historic), PNG Exhibit A (Future) and PNG Exhibit A (Fully Projected), Schedule D-6.

Prepared by or under the supervision of: Kindra S. Walker

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-38

Request:

Identify company's policy with respect to replacing customers lost through attrition.

Response:

The Company actively seeks opportunities to add new customers including new construction and conversion customers and adds these customers to the extent they meet the requirements of the Company's Extension Tariff.

Prepared by or under the supervision of: Robert R. Stoyko

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - III-E - Balance Sheet & Operating Statement - Gas Utilities
Delivered on January 19, 2017

III-E-39

Request:

Identify procedures developed to govern relationship between the respondent and potential customers--i.e., basically expansion, alternate energy requirements, availability of supply, availability of distribution facilities, ownership of metering and related facilities.

Response:

Please refer to Section 5, Extension Regulation, of the current PNG Tariff Gas - Pa. P.U.C. No. 8 and the proposed PNG Tariff Gas - Pa. P.U.C. No. 9.

Prepared by or under the supervision of: Robert R. Stoyko

SECTION 53.53 – RATE STRUCTURE

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-1

Request:

Provide a Cost of Service Study showing the rate of return under the present and proposed tariffs for all customer classifications. The study should include a summary of the allocated measures of value, operating revenues, operating expenses and net return for each of the customer classifications at original cost and at the 5-year trended original cost.

- a. (Reserved)

Response:

Please refer to UGI Gas Exhibit D. The net return for each classification is not provided for the 5-year trended original cost since trended original cost was not determined or claimed for this case.

Prepared by or under the supervision of: Paul R. Herbert

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-2

Request:

Provide a statement of testimony describing the complete methodology of the cost of service study.

Response:

The description of the cost of service methodology is provided in the Direct Testimony of Paul R. Herbert, PNG Statement No. 5.

Prepared by or under the supervision of: Paul R. Herbert

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-3

Request:

Provide a complete description and back-up calculations for all allocation factors.

Response:

The description and back-up calculations of the allocation factors are presented in the cost of service study in PNG Exhibit D.

Prepared by or under the supervision of: Paul R. Herbert

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-4

Request:

Provide an exhibit for each customer classification showing the following data for the test year and the four previous years:

- a. The maximum coincident peak day demand.
- b. The maximum coincident 3-day peak day demand.
- c. The average monthly consumption in MCF during the Primary Heating Season (November-March).
- d. The average monthly consumption in MCF during the Non-heating season (April-October).
- e. The average daily consumption in MCF for each 12-month period.

Response:

Please see Attachments IV-B-4-(a)-(e).

Prepared by or under the supervision of: David E. Lahoff

**UGI Penn Natural Gas, Inc. - Gas Division
Coincident Peak Day Demand**

Winter Season	Peak Day Date	Volume (Mdth)
2015-2016	2/13/2016	365.9
2014-2015	2/15/2015	387.1
2013-2014	1/7/2014	398.6
2012-2013	1/23/2013	339.2
2011-2012	1/3/2012	282.3

**UGI Penn Natural Gas, Inc. - Gas Division
Coincident 3-Day Peak Demand
Sendout By Rate Class**

	2011-2012			2012-2013			2013-2014			2014-2015			2015-2016		
	JAN 13 (MDTH)	JAN 14 (MDTH)	JAN 15 (MDTH)	JAN 22 (MDTH)	JAN 23 (MDTH)	JAN 24 (MDTH)	JAN 22 (MDTH)	JAN 23 (MDTH)	JAN 24 (MDTH)	FEB 15 (MDTH)	FEB 16 (MDTH)	FEB 17 (MDTH)	FEB 12 (MDTH)	FEB 13 (MDTH)	FEB 14 (MDTH)
RG	0.8	0.8	0.9	1.2	1.2	1.1	1.1	1.0	1.0	1.1	1.0	0.9	1.1	1.4	1.3
RH	101.4	102.0	117.6	154.3	155.5	149.0	163.6	154.0	142.0	187.3	162.9	145.1	138.4	177.6	164.2
CG	0.8	0.8	1.0	1.2	1.2	1.1	1.2	1.1	1.0	1.1	0.9	0.8	1.1	1.4	1.3
CH	29.7	29.9	34.5	41.6	41.9	40.1	47.7	44.9	41.4	51.0	44.3	39.5	38.8	49.8	46.0
IG	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
IH	0.5	0.5	0.6	0.8	0.8	0.7	0.8	0.8	0.7	1.0	0.8	0.8	0.7	0.9	0.9
PGC FIRM	133.4	134.2	154.7	199.2	200.6	192.3	214.6	202.0	186.3	241.6	210.2	187.3	180.2	231.2	213.7
RT (CHOICE)	0.5	0.5	0.5	0.8	0.8	0.8	1.6	1.7	1.7	1.9	1.8	1.7	2.5	2.5	2.5
NT (CHOICE)	11.3	11.3	11.3	14.4	14.6	14.7	14.7	14.8	14.9	13.4	13.3	12.4	13.5	13.5	13.5
DS	14.2	14.3	16.5	20.7	21.0	21.5	23.7	25.6	20.4	23.7	27.7	24.3	20.6	22.2	22.3
LFD	22.0	22.1	25.5	23.8	23.9	23.3	24.2	22.9	19.9	21.4	23.1	22.6	20.3	20.7	21.1
XD-F/CDS-F	54.0	54.3	62.6	66.9	72.1	74.2	85.2	84.7	80.6	84.3	86.2	91.1	78.5	72.9	75.2
FIRM TRANSPORTATION	102.0	102.5	116.4	126.5	132.3	134.5	149.4	149.7	137.4	144.8	152.0	152.1	135.4	131.8	134.6
INTERRUPTIBLE	5.1	5.1	5.9	6.5	6.3	6.0	1.6	1.4	1.3	0.7	0.5	2.7	4.0	2.9	2.5
TOTAL	240.4	241.8	277.0	332.2	339.2	332.7	365.6	353.1	325.0	387.1	362.8	342.1	319.5	365.9	350.8

UGI Penn Natural Gas, Inc.
Average Monthly Consumption in MCF during Primary Heating Season (November-March)

	Residential-Non Htg	Residential-Htg	RT	Commercial-Non Htg	Commercial-Htg	Industrial	NT	DS	Large Transp- Other
2012	16,784	1,834,095	11,520	17,097	544,468	12,348	256,893	274,421	1,861,689
2013	19,051	2,318,118	17,991	19,366	612,820	13,725	339,303	360,572	2,158,657
2014	19,778	2,689,324	38,158	20,580	782,274	17,554	349,092	438,659	2,748,807
2015	19,661	2,763,183	43,880	20,047	814,313	18,420	337,637	442,367	2,716,461
2016	15,770	2,016,114	53,207	16,567	553,463	11,251	286,629	367,446	2,659,150

UGI Penn Natural Gas, Inc.
Average Monthly Consumption in MCF during the Non-Heating Season (April-October)

	Residential-Non	Residential-Htg	RT	Commercial-Non		Industrial	NT	DS	Large Transp- Other
	Htg			Htg	Commercial-Htg				
2012	8,345	487,549	3,875	10,167	132,568	4,126	85,611	133,232	1,833,264
2013	9,193	511,195	4,127	10,814	164,002	4,440	83,342	141,280	2,231,920
2014	8,456	507,805	6,827	10,608	166,154	4,630	76,612	150,539	2,758,775
2015	7,750	522,581	10,611	10,589	153,084	3,150	83,306	150,949	2,291,171
2016	6,806	533,919	14,140	10,029	126,963	3,140	85,857	156,761	4,318,651

UGI Penn Natural Gas, Inc.
Average Daily Consumption in MCF for each 12-Month period

	Residential-Non Htg	Residential-Htg	RT	Commercial-Non Htg	Commercial-Htg	Industrial	NT	DS	Large Transp- Other
2012	389	35,006	227	434	10,046	247	5,137	6,271	59,955
2013	438	41,426	324	473	11,521	274	6,295	7,592	70,577
2014	435	46,724	649	489	13,896	329	6,273	8,897	90,856
2015	420	47,145	774	479	14,091	313	6,159	8,922	82,051
2016	353	38,244	994	436	10,227	216	5,618	8,022	111,661

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-5

Request:

Submit a Bill Frequency Analysis for each rate. The analysis should include the rate schedule and block interval, the number of bills at each interval, the cumulative number of bills at each interval, the Mcf or therms at each interval, the cumulative Mcf or therms at each interval, the accumulation of Mcf or therms passing through each interval, and the revenue at each interval for both the present rate and the proposed rates. The Analysis should show only those revenues collected from the basic tariff.

Response:

Please see Attachment IV-B-5 contained on CD.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-6

Request:

Supply copies of all present and proposed Gas Tariffs.

Response:

Please see PNG Exhibit F - Current Tariff and PNG Exhibit F - Proposed Tariff.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-7

Request:

Supply a graph of present and proposed base rates on hyperbolic cross section paper.

Response:

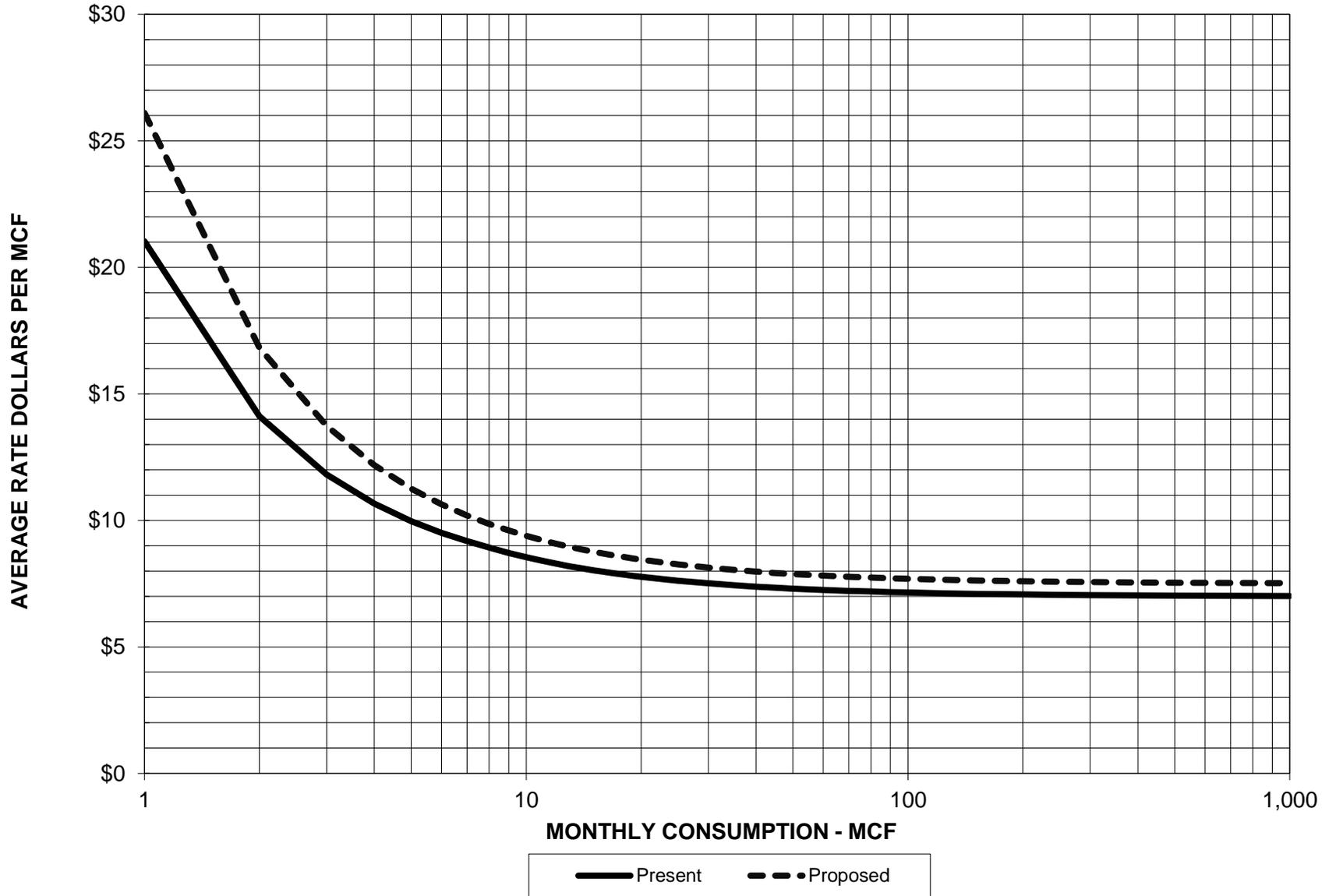
Please see Attachment IV-B-7.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Residential Service - Rate Schedule R
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 13.83	\$ 18.56	\$ 4.73	34.2%
1	\$ 21.03	\$ 26.10	\$ 5.07	24.1%
2	\$ 28.23	\$ 33.65	\$ 5.41	19.2%
3	\$ 35.44	\$ 41.19	\$ 5.75	16.2%
4	\$ 42.64	\$ 48.73	\$ 6.09	14.3%
5	\$ 49.84	\$ 56.28	\$ 6.43	12.9%
6	\$ 57.04	\$ 63.82	\$ 6.77	11.9%
7	\$ 64.25	\$ 71.36	\$ 7.11	11.1%
8	\$ 71.45	\$ 78.91	\$ 7.46	10.4%
9	\$ 78.44	\$ 86.41	\$ 7.96	10.2%
10	\$ 85.44	\$ 93.91	\$ 8.47	9.9%
11	\$ 92.43	\$ 101.41	\$ 8.98	9.7%
12	\$ 99.43	\$ 108.91	\$ 9.48	9.5%
13	\$ 106.42	\$ 116.41	\$ 9.99	9.4%
14	\$ 113.41	\$ 123.91	\$ 10.50	9.3%
15	\$ 120.41	\$ 131.41	\$ 11.01	9.1%
16	\$ 127.40	\$ 138.91	\$ 11.51	9.0%
17	\$ 134.39	\$ 146.42	\$ 12.02	8.9%
18	\$ 141.39	\$ 153.92	\$ 12.53	8.9%
19	\$ 148.38	\$ 161.42	\$ 13.04	8.8%
20	\$ 155.38	\$ 168.92	\$ 13.54	8.7%
25	\$ 190.34	\$ 206.42	\$ 16.08	8.4%
30	\$ 225.31	\$ 243.93	\$ 18.62	8.3%
35	\$ 260.28	\$ 281.44	\$ 21.15	8.1%
40	\$ 295.25	\$ 318.94	\$ 23.69	8.0%
45	\$ 330.22	\$ 356.45	\$ 26.23	7.9%
50	\$ 365.19	\$ 393.95	\$ 28.76	7.9%
60	\$ 435.13	\$ 468.96	\$ 33.84	7.8%
70	\$ 505.06	\$ 543.98	\$ 38.91	7.7%
80	\$ 575.00	\$ 618.99	\$ 43.99	7.6%
90	\$ 644.94	\$ 694.00	\$ 49.06	7.6%
100	\$ 714.88	\$ 769.01	\$ 54.13	7.6%
125	\$ 889.72	\$ 956.54	\$ 66.82	7.5%
150	\$ 1,064.57	\$ 1,144.07	\$ 79.50	7.5%
200	\$ 1,414.26	\$ 1,519.13	\$ 104.87	7.4%
250	\$ 1,763.95	\$ 1,894.18	\$ 130.24	7.4%
300	\$ 2,113.64	\$ 2,269.24	\$ 155.60	7.4%
400	\$ 2,813.01	\$ 3,019.35	\$ 206.34	7.3%
500	\$ 3,512.39	\$ 3,769.47	\$ 257.08	7.3%
1,000	\$ 7,009.28	\$ 7,520.04	\$ 510.76	7.3%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule R

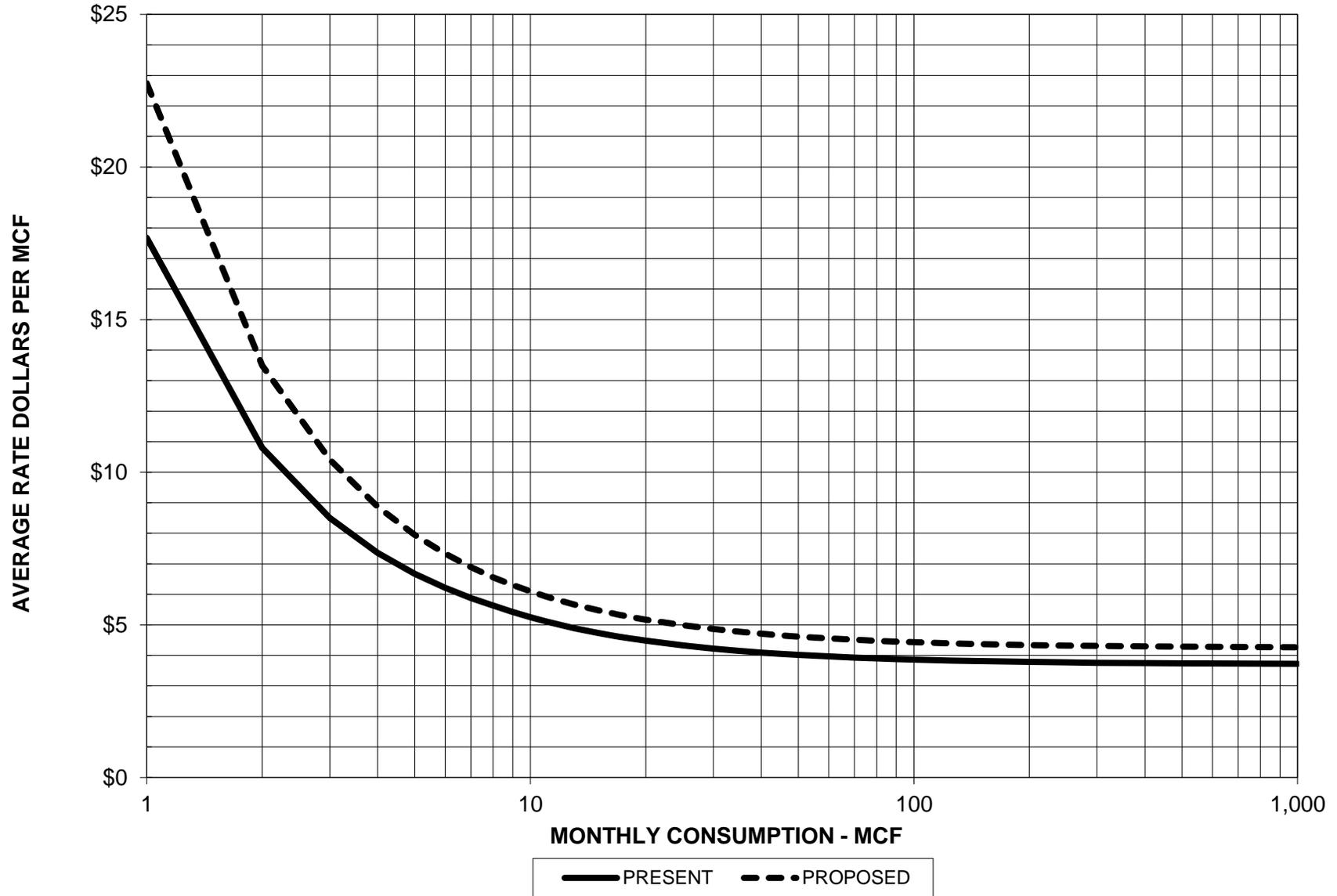


UGI Penn Natural Gas, Inc.
Residential Transportation Service - Rate Schedule RT
Calculation of the Effect of Proposed Rates

MCF	Bills Under Present Rates	Bills Under Proposed Rates	Increase Amount	Increase Percent
-	\$ 13.76	\$ 18.50	\$ 4.74	34.4%
1	\$ 17.68	\$ 22.75	\$ 5.07	28.6%
2	\$ 21.60	\$ 26.99	\$ 5.40	25.0%
3	\$ 25.51	\$ 31.24	\$ 5.73	22.4%
4	\$ 29.43	\$ 35.48	\$ 6.06	20.6%
5	\$ 33.34	\$ 39.73	\$ 6.39	19.2%
6	\$ 37.26	\$ 43.97	\$ 6.72	18.0%
7	\$ 41.17	\$ 48.22	\$ 7.05	17.1%
8	\$ 45.09	\$ 52.46	\$ 7.38	16.4%
9	\$ 48.79	\$ 56.71	\$ 7.92	16.2%
10	\$ 52.50	\$ 60.96	\$ 8.46	16.1%
11	\$ 56.21	\$ 65.20	\$ 8.99	16.0%
12	\$ 59.91	\$ 69.45	\$ 9.53	15.9%
13	\$ 63.62	\$ 73.69	\$ 10.07	15.8%
14	\$ 67.33	\$ 77.94	\$ 10.61	15.8%
15	\$ 71.03	\$ 82.18	\$ 11.15	15.7%
16	\$ 74.74	\$ 86.43	\$ 11.69	15.6%
17	\$ 78.45	\$ 90.68	\$ 12.23	15.6%
18	\$ 82.15	\$ 94.92	\$ 12.77	15.5%
19	\$ 85.86	\$ 99.17	\$ 13.31	15.5%
20	\$ 89.56	\$ 103.41	\$ 13.85	15.5%
25	\$ 108.10	\$ 124.64	\$ 16.54	15.3%
30	\$ 126.63	\$ 145.87	\$ 19.24	15.2%
35	\$ 145.16	\$ 167.10	\$ 21.94	15.1%
40	\$ 163.69	\$ 188.32	\$ 24.63	15.0%
45	\$ 182.22	\$ 209.55	\$ 27.33	15.0%
50	\$ 200.76	\$ 230.78	\$ 30.02	15.0%
60	\$ 237.82	\$ 273.24	\$ 35.42	14.9%
70	\$ 274.88	\$ 315.69	\$ 40.81	14.8%
80	\$ 311.95	\$ 358.15	\$ 46.20	14.8%
90	\$ 349.01	\$ 400.60	\$ 51.59	14.8%
100	\$ 386.08	\$ 443.06	\$ 56.98	14.8%
125	\$ 478.73	\$ 549.20	\$ 70.47	14.7%
150	\$ 571.39	\$ 655.34	\$ 83.95	14.7%
200	\$ 756.71	\$ 867.62	\$ 110.91	14.7%
250	\$ 942.03	\$ 1,079.90	\$ 137.87	14.6%
300	\$ 1,127.35	\$ 1,292.18	\$ 164.83	14.6%
400	\$ 1,497.99	\$ 1,716.74	\$ 218.75	14.6%
500	\$ 1,868.63	\$ 2,141.30	\$ 272.67	14.6%
1,000	\$ 3,721.82	\$ 4,264.10	\$ 542.28	14.6%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule RT

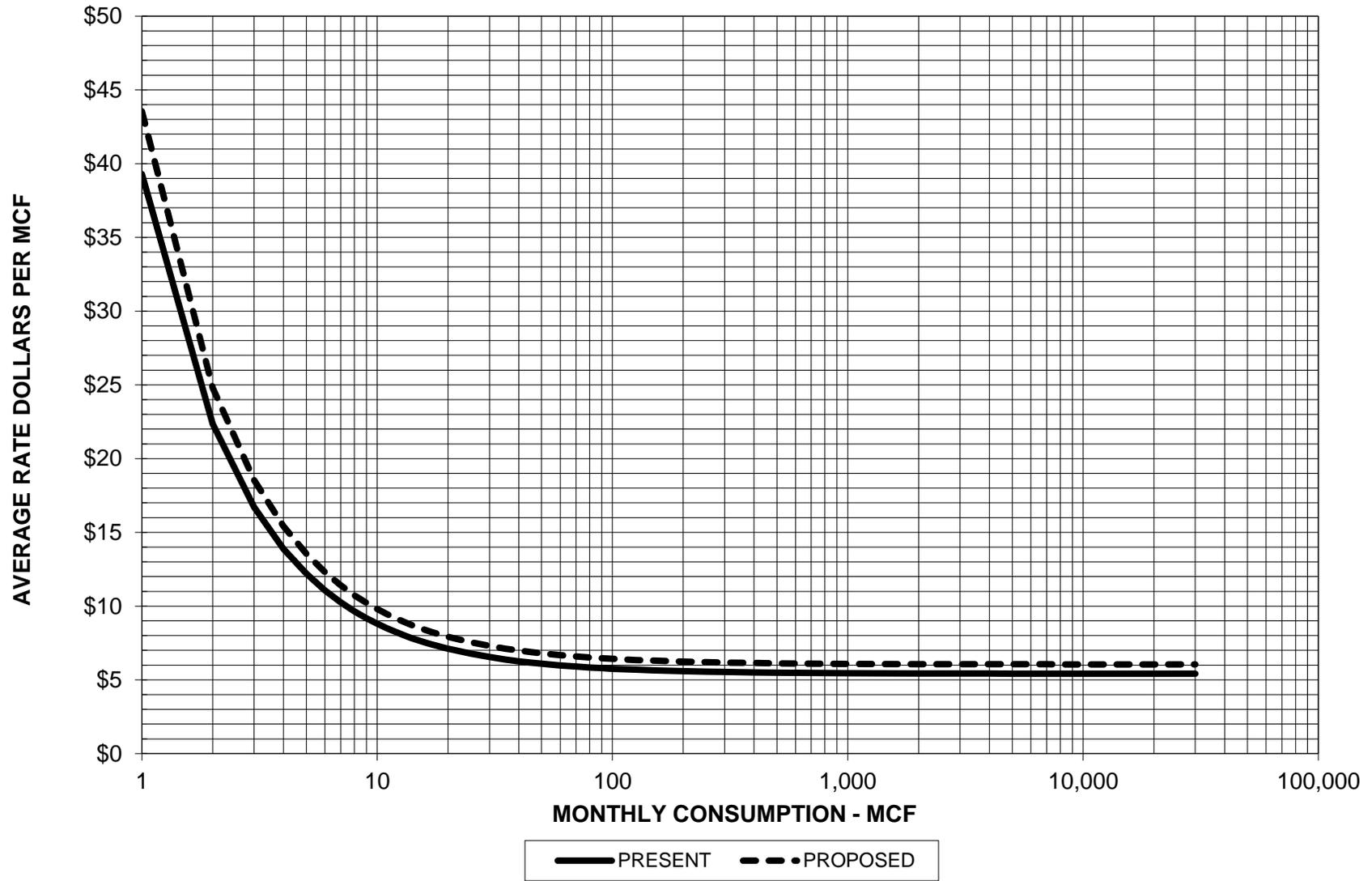
Attachment IV-B-7
D. E. Lahoff
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UGI Penn Natural Gas, Inc.
Non-Residential Service - Rate Schedule N
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 33.87	\$ 37.50	\$ 3.63	10.7%
1	\$ 39.29	\$ 43.55	\$ 4.26	10.8%
2	\$ 44.70	\$ 49.60	\$ 4.89	10.9%
3	\$ 50.12	\$ 55.64	\$ 5.52	11.0%
4	\$ 55.54	\$ 61.69	\$ 6.16	11.1%
5	\$ 60.95	\$ 67.74	\$ 6.79	11.1%
6	\$ 66.37	\$ 73.79	\$ 7.42	11.2%
7	\$ 71.78	\$ 79.83	\$ 8.05	11.2%
8	\$ 77.20	\$ 85.88	\$ 8.68	11.2%
9	\$ 82.61	\$ 91.93	\$ 9.32	11.3%
10	\$ 88.03	\$ 97.98	\$ 9.95	11.3%
11	\$ 93.44	\$ 104.02	\$ 10.58	11.3%
12	\$ 98.86	\$ 110.07	\$ 11.21	11.3%
13	\$ 104.27	\$ 116.12	\$ 11.85	11.4%
14	\$ 109.69	\$ 122.17	\$ 12.48	11.4%
15	\$ 115.10	\$ 128.21	\$ 13.11	11.4%
16	\$ 120.52	\$ 134.26	\$ 13.74	11.4%
17	\$ 125.93	\$ 140.31	\$ 14.37	11.4%
18	\$ 131.35	\$ 146.36	\$ 15.01	11.4%
19	\$ 136.77	\$ 152.40	\$ 15.64	11.4%
20	\$ 142.18	\$ 158.45	\$ 16.27	11.4%
25	\$ 169.26	\$ 188.69	\$ 19.43	11.5%
30	\$ 196.33	\$ 218.93	\$ 22.59	11.5%
35	\$ 223.41	\$ 249.17	\$ 25.75	11.5%
40	\$ 250.49	\$ 279.40	\$ 28.92	11.5%
45	\$ 277.56	\$ 309.64	\$ 32.08	11.6%
50	\$ 304.64	\$ 339.88	\$ 35.24	11.6%
60	\$ 358.79	\$ 400.36	\$ 41.56	11.6%
70	\$ 412.95	\$ 460.83	\$ 47.88	11.6%
80	\$ 467.10	\$ 521.31	\$ 54.21	11.6%
90	\$ 521.25	\$ 581.78	\$ 60.53	11.6%
100	\$ 575.41	\$ 642.26	\$ 66.85	11.6%
125	\$ 710.79	\$ 793.45	\$ 82.66	11.6%
150	\$ 846.17	\$ 944.64	\$ 98.46	11.6%
200	\$ 1,116.94	\$ 1,247.02	\$ 130.08	11.6%
250	\$ 1,387.71	\$ 1,549.40	\$ 161.69	11.7%
300	\$ 1,658.48	\$ 1,851.78	\$ 193.30	11.7%
400	\$ 2,200.01	\$ 2,456.53	\$ 256.53	11.7%
500	\$ 2,741.54	\$ 3,061.29	\$ 319.75	11.7%
1,000	\$ 5,449.21	\$ 6,085.09	\$ 635.87	11.7%
2,000	\$ 10,864.55	\$ 12,132.67	\$ 1,268.12	11.7%
3,000	\$ 16,279.89	\$ 18,180.26	\$ 1,900.37	11.7%
4,000	\$ 21,695.23	\$ 24,227.85	\$ 2,532.62	11.7%
5,000	\$ 27,110.57	\$ 30,275.43	\$ 3,164.87	11.7%
6,000	\$ 32,525.91	\$ 36,323.02	\$ 3,797.11	11.7%
7,000	\$ 37,941.24	\$ 42,370.61	\$ 4,429.36	11.7%
8,000	\$ 43,356.58	\$ 48,418.19	\$ 5,061.61	11.7%
9,000	\$ 48,771.92	\$ 54,465.78	\$ 5,693.86	11.7%
10,000	\$ 54,187.26	\$ 60,513.37	\$ 6,326.10	11.7%
20,000	\$ 108,340.65	\$ 120,989.23	\$ 12,648.58	11.7%
30,000	\$ 162,494.03	\$ 181,465.10	\$ 18,971.06	11.7%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule N

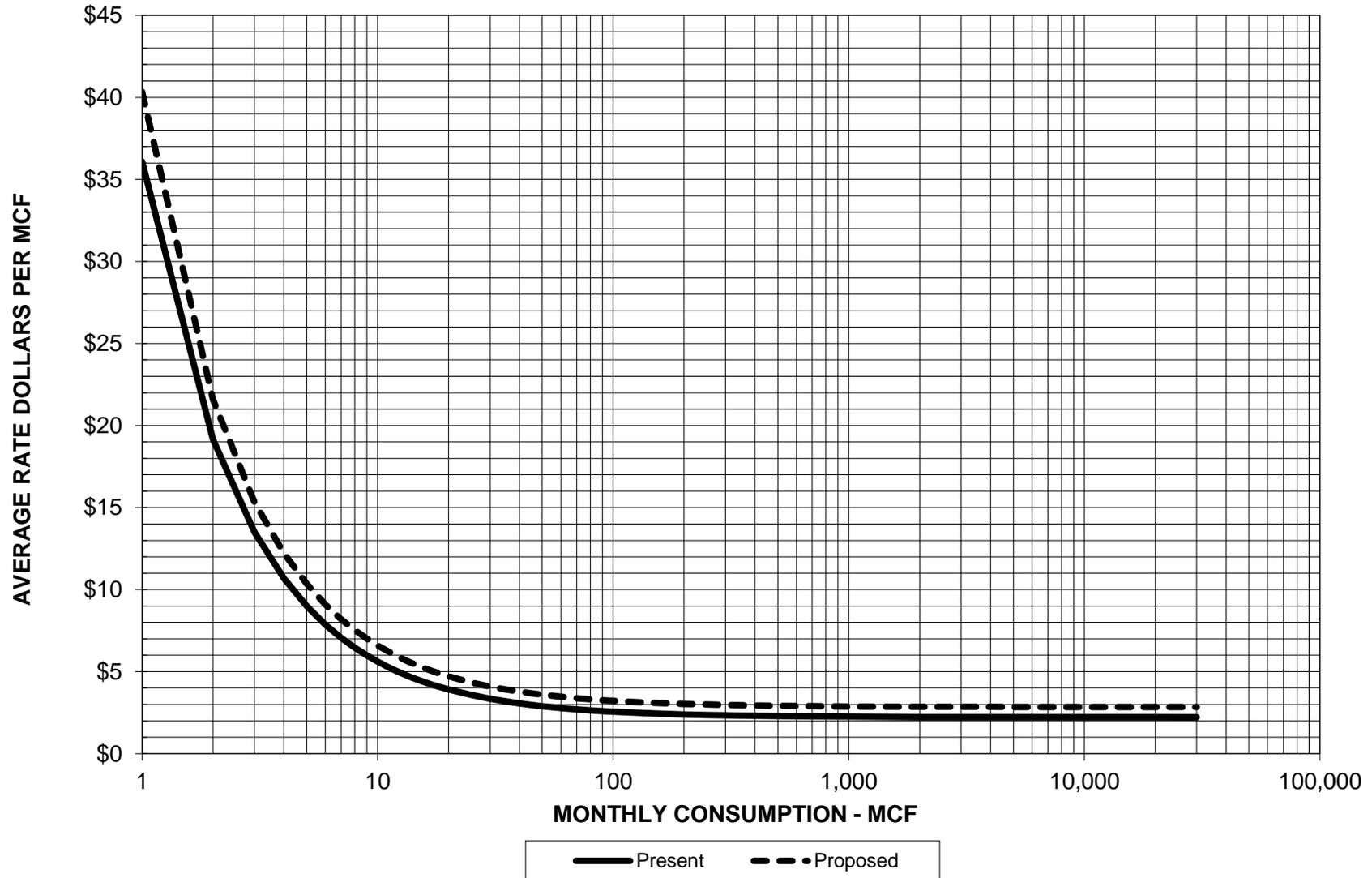


UGI Penn Natural Gas, Inc.
Non-Residential Transportation Service - Rate Schedule NT
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 33.87	\$ 37.50	\$ 3.63	10.7%
1	\$ 36.09	\$ 40.34	\$ 4.25	11.8%
2	\$ 38.31	\$ 43.19	\$ 4.87	12.7%
3	\$ 40.53	\$ 46.03	\$ 5.49	13.6%
4	\$ 42.75	\$ 48.87	\$ 6.12	14.3%
5	\$ 44.98	\$ 51.72	\$ 6.74	15.0%
6	\$ 47.20	\$ 54.56	\$ 7.36	15.6%
7	\$ 49.42	\$ 57.40	\$ 7.99	16.2%
8	\$ 51.64	\$ 60.24	\$ 8.61	16.7%
9	\$ 53.86	\$ 63.09	\$ 9.23	17.1%
10	\$ 56.08	\$ 65.93	\$ 9.85	17.6%
11	\$ 58.30	\$ 68.77	\$ 10.48	18.0%
12	\$ 60.52	\$ 71.62	\$ 11.10	18.3%
13	\$ 62.74	\$ 74.46	\$ 11.72	18.7%
14	\$ 64.96	\$ 77.30	\$ 12.35	19.0%
15	\$ 67.18	\$ 80.15	\$ 12.97	19.3%
16	\$ 69.40	\$ 82.99	\$ 13.59	19.6%
17	\$ 71.62	\$ 85.83	\$ 14.21	19.8%
18	\$ 73.84	\$ 88.68	\$ 14.84	20.1%
19	\$ 76.06	\$ 91.52	\$ 15.46	20.3%
20	\$ 78.28	\$ 94.36	\$ 16.08	20.5%
25	\$ 89.38	\$ 108.58	\$ 19.20	21.5%
30	\$ 100.48	\$ 122.79	\$ 22.31	22.2%
35	\$ 111.58	\$ 137.01	\$ 25.43	22.8%
40	\$ 122.68	\$ 151.22	\$ 28.54	23.3%
45	\$ 133.79	\$ 165.44	\$ 31.65	23.7%
50	\$ 144.89	\$ 179.66	\$ 34.77	24.0%
60	\$ 167.09	\$ 208.09	\$ 41.00	24.5%
70	\$ 189.29	\$ 236.52	\$ 47.23	24.9%
80	\$ 211.49	\$ 264.95	\$ 53.45	25.3%
90	\$ 233.70	\$ 293.38	\$ 59.68	25.5%
100	\$ 255.90	\$ 321.81	\$ 65.91	25.8%
125	\$ 311.41	\$ 392.89	\$ 81.48	26.2%
150	\$ 366.91	\$ 463.97	\$ 97.05	26.5%
200	\$ 477.92	\$ 606.12	\$ 128.20	26.8%
250	\$ 588.94	\$ 748.28	\$ 159.34	27.1%
300	\$ 699.95	\$ 890.43	\$ 190.48	27.2%
400	\$ 921.98	\$ 1,174.74	\$ 252.76	27.4%
500	\$ 1,144.00	\$ 1,459.05	\$ 315.05	27.5%
1,000	\$ 2,254.13	\$ 2,880.60	\$ 626.47	27.8%
2,000	\$ 4,474.38	\$ 5,723.70	\$ 1,249.32	27.9%
3,000	\$ 6,694.64	\$ 8,566.80	\$ 1,872.16	28.0%
4,000	\$ 8,914.89	\$ 11,409.90	\$ 2,495.01	28.0%
5,000	\$ 11,135.15	\$ 14,253.00	\$ 3,117.85	28.0%
6,000	\$ 13,355.40	\$ 17,096.10	\$ 3,740.70	28.0%
7,000	\$ 15,575.66	\$ 19,939.20	\$ 4,363.54	28.0%
8,000	\$ 17,795.91	\$ 22,782.30	\$ 4,986.39	28.0%
9,000	\$ 20,016.17	\$ 25,625.40	\$ 5,609.23	28.0%
10,000	\$ 22,236.42	\$ 28,468.50	\$ 6,232.08	28.0%
20,000	\$ 44,438.97	\$ 56,899.50	\$ 12,460.53	28.0%
30,000	\$ 66,641.51	\$ 85,330.50	\$ 18,688.99	28.0%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule NT - NT**

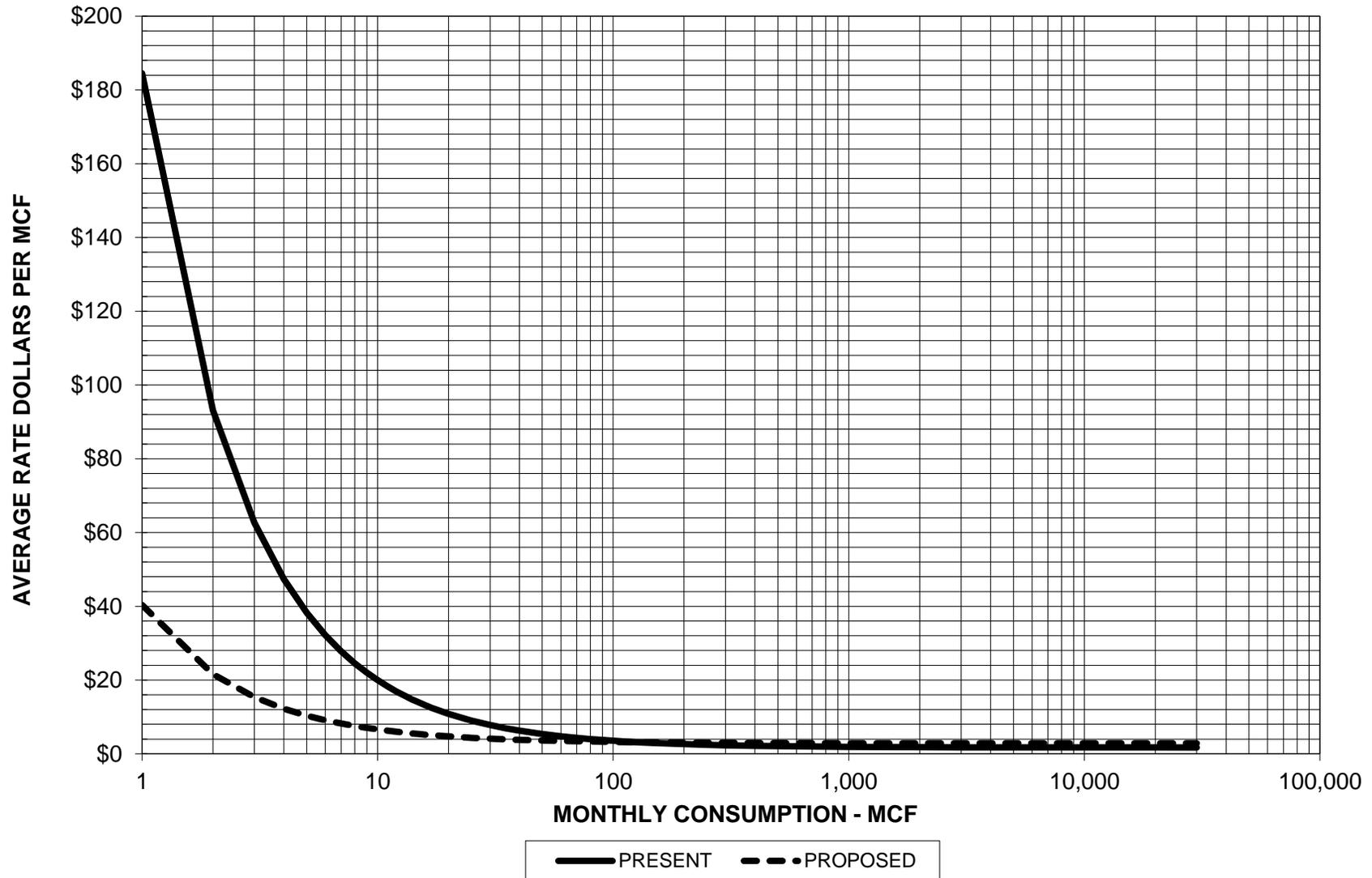
Attachment IV-B-7
D. E. Lahoff
Page 8 of 28



UGI Penn Natural Gas, Inc.
Non-Residential Transportation Service - Rate Schedule DS - NT
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 182.81	\$ 37.50	\$ (145.31)	-79.5%
1	\$ 184.50	\$ 40.34	\$ (144.16)	-78.1%
2	\$ 186.19	\$ 43.19	\$ (143.00)	-76.8%
3	\$ 187.88	\$ 46.03	\$ (141.85)	-75.5%
4	\$ 189.57	\$ 48.87	\$ (140.70)	-74.2%
5	\$ 191.26	\$ 51.72	\$ (139.55)	-73.0%
6	\$ 192.95	\$ 54.56	\$ (138.39)	-71.7%
7	\$ 194.64	\$ 57.40	\$ (137.24)	-70.5%
8	\$ 196.33	\$ 60.24	\$ (136.09)	-69.3%
9	\$ 198.02	\$ 63.09	\$ (134.93)	-68.1%
10	\$ 199.71	\$ 65.93	\$ (133.78)	-67.0%
11	\$ 201.40	\$ 68.77	\$ (132.63)	-65.9%
12	\$ 203.09	\$ 71.62	\$ (131.48)	-64.7%
13	\$ 204.78	\$ 74.46	\$ (130.32)	-63.6%
14	\$ 206.47	\$ 77.30	\$ (129.17)	-62.6%
15	\$ 208.16	\$ 80.15	\$ (128.02)	-61.5%
16	\$ 209.85	\$ 82.99	\$ (126.86)	-60.5%
17	\$ 211.54	\$ 85.83	\$ (125.71)	-59.4%
18	\$ 213.23	\$ 88.68	\$ (124.56)	-58.4%
19	\$ 214.92	\$ 91.52	\$ (123.40)	-57.4%
20	\$ 216.61	\$ 94.36	\$ (122.25)	-56.4%
25	\$ 225.06	\$ 108.58	\$ (116.49)	-51.8%
30	\$ 233.52	\$ 122.79	\$ (110.72)	-47.4%
35	\$ 241.97	\$ 137.01	\$ (104.96)	-43.4%
40	\$ 250.42	\$ 151.22	\$ (99.19)	-39.6%
45	\$ 258.87	\$ 165.44	\$ (93.43)	-36.1%
50	\$ 267.32	\$ 179.66	\$ (87.66)	-32.8%
60	\$ 284.22	\$ 208.09	\$ (76.13)	-26.8%
70	\$ 301.12	\$ 236.52	\$ (64.60)	-21.5%
80	\$ 318.02	\$ 264.95	\$ (53.07)	-16.7%
90	\$ 334.92	\$ 293.38	\$ (41.54)	-12.4%
100	\$ 351.83	\$ 321.81	\$ (30.02)	-8.5%
125	\$ 394.08	\$ 392.89	\$ (1.19)	-0.3%
150	\$ 436.33	\$ 463.97	\$ 27.63	6.3%
200	\$ 520.84	\$ 606.12	\$ 85.28	16.4%
250	\$ 605.35	\$ 748.28	\$ 142.93	23.6%
300	\$ 689.85	\$ 890.43	\$ 200.58	29.1%
400	\$ 858.87	\$ 1,174.74	\$ 315.87	36.8%
500	\$ 1,027.88	\$ 1,459.05	\$ 431.17	41.9%
1,000	\$ 1,872.96	\$ 2,880.60	\$ 1,007.64	53.8%
2,000	\$ 3,563.10	\$ 5,723.70	\$ 2,160.60	60.6%
3,000	\$ 5,253.24	\$ 8,566.80	\$ 3,313.56	63.1%
4,000	\$ 6,943.39	\$ 11,409.90	\$ 4,466.51	64.3%
5,000	\$ 8,633.53	\$ 14,253.00	\$ 5,619.47	65.1%
6,000	\$ 10,323.68	\$ 17,096.10	\$ 6,772.42	65.6%
7,000	\$ 12,013.82	\$ 19,939.20	\$ 7,925.38	66.0%
8,000	\$ 13,703.97	\$ 22,782.30	\$ 9,078.33	66.2%
9,000	\$ 15,394.11	\$ 25,625.40	\$ 10,231.29	66.5%
10,000	\$ 17,084.25	\$ 28,468.50	\$ 11,384.25	66.6%
20,000	\$ 33,985.70	\$ 56,899.50	\$ 22,913.80	67.4%
30,000	\$ 50,887.14	\$ 85,330.50	\$ 34,443.36	67.7%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule DS - NT**

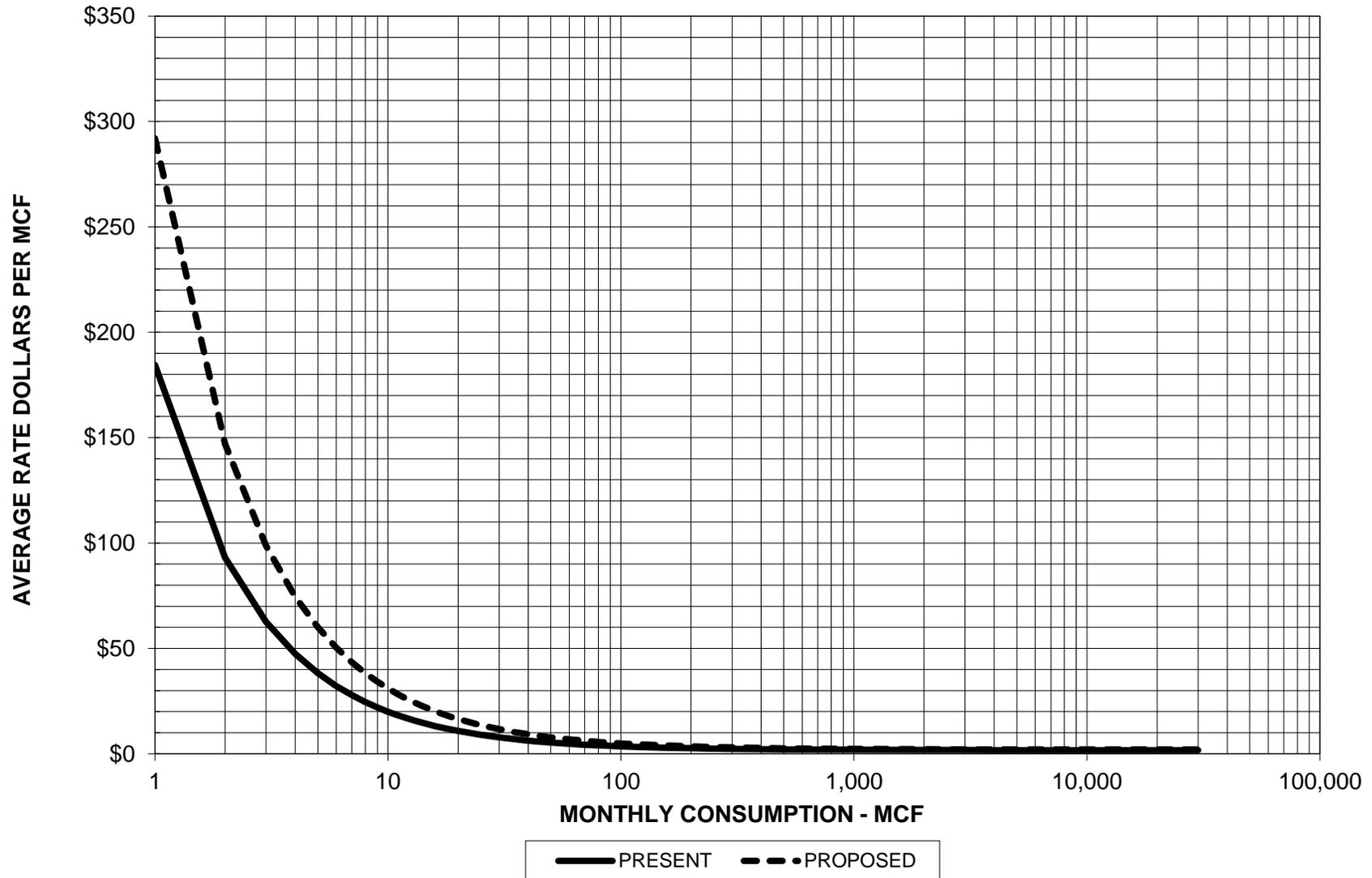


UGI Penn Natural Gas, Inc.
Delivery Service - Rate Schedule DS
Calculation of the Effect of Proposed Rates

MCF	Bills Under Present Rates	Bills Under Proposed Rates	Increase Amount	Increase Percent
-	\$ 182.81	\$ 290.00	\$ 107.19	58.6%
1	\$ 184.50	\$ 292.01	\$ 107.51	58.3%
2	\$ 186.19	\$ 294.02	\$ 107.83	57.9%
3	\$ 187.88	\$ 296.02	\$ 108.14	57.6%
4	\$ 189.57	\$ 298.03	\$ 108.46	57.2%
5	\$ 191.26	\$ 300.04	\$ 108.78	56.9%
6	\$ 192.95	\$ 302.05	\$ 109.10	56.5%
7	\$ 194.64	\$ 304.06	\$ 109.42	56.2%
8	\$ 196.33	\$ 306.06	\$ 109.73	55.9%
9	\$ 198.02	\$ 308.07	\$ 110.05	55.6%
10	\$ 199.71	\$ 310.08	\$ 110.37	55.3%
11	\$ 201.40	\$ 312.09	\$ 110.69	55.0%
12	\$ 203.09	\$ 314.10	\$ 111.00	54.7%
13	\$ 204.78	\$ 316.11	\$ 111.32	54.4%
14	\$ 206.47	\$ 318.11	\$ 111.64	54.1%
15	\$ 208.16	\$ 320.12	\$ 111.96	53.8%
16	\$ 209.85	\$ 322.13	\$ 112.28	53.5%
17	\$ 211.54	\$ 324.14	\$ 112.59	53.2%
18	\$ 213.23	\$ 326.15	\$ 112.91	53.0%
19	\$ 214.92	\$ 328.15	\$ 113.23	52.7%
20	\$ 216.61	\$ 330.16	\$ 113.55	52.4%
25	\$ 225.06	\$ 340.20	\$ 115.14	51.2%
30	\$ 233.52	\$ 350.24	\$ 116.73	50.0%
35	\$ 241.97	\$ 360.28	\$ 118.32	48.9%
40	\$ 250.42	\$ 370.32	\$ 119.91	47.9%
45	\$ 258.87	\$ 380.36	\$ 121.50	46.9%
50	\$ 267.32	\$ 390.41	\$ 123.09	46.0%
60	\$ 284.22	\$ 410.49	\$ 126.27	44.4%
70	\$ 301.12	\$ 430.57	\$ 129.45	43.0%
80	\$ 318.02	\$ 450.65	\$ 132.63	41.7%
90	\$ 334.92	\$ 470.73	\$ 135.81	40.5%
100	\$ 351.83	\$ 490.81	\$ 138.98	39.5%
125	\$ 394.08	\$ 541.01	\$ 146.93	37.3%
150	\$ 436.33	\$ 591.22	\$ 154.88	35.5%
200	\$ 520.84	\$ 691.62	\$ 170.78	32.8%
250	\$ 605.35	\$ 792.03	\$ 186.68	30.8%
300	\$ 689.85	\$ 892.43	\$ 202.58	29.4%
400	\$ 858.87	\$ 1,093.24	\$ 234.37	27.3%
500	\$ 1,027.88	\$ 1,294.05	\$ 266.17	25.9%
1,000	\$ 1,872.96	\$ 2,298.10	\$ 425.14	22.7%
2,000	\$ 3,563.10	\$ 4,306.20	\$ 743.10	20.9%
3,000	\$ 5,253.24	\$ 6,314.30	\$ 1,061.06	20.2%
4,000	\$ 6,943.39	\$ 8,322.40	\$ 1,379.01	19.9%
5,000	\$ 8,633.53	\$ 10,330.50	\$ 1,696.97	19.7%
6,000	\$ 10,323.68	\$ 12,338.60	\$ 2,014.92	19.5%
7,000	\$ 12,013.82	\$ 14,346.70	\$ 2,332.88	19.4%
8,000	\$ 13,703.97	\$ 16,354.80	\$ 2,650.83	19.3%
9,000	\$ 15,394.11	\$ 18,362.90	\$ 2,968.79	19.3%
10,000	\$ 17,084.25	\$ 20,371.00	\$ 3,286.75	19.2%
20,000	\$ 33,985.70	\$ 40,452.00	\$ 6,466.30	19.0%
30,000	\$ 50,887.14	\$ 60,533.00	\$ 9,645.86	19.0%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule DS**

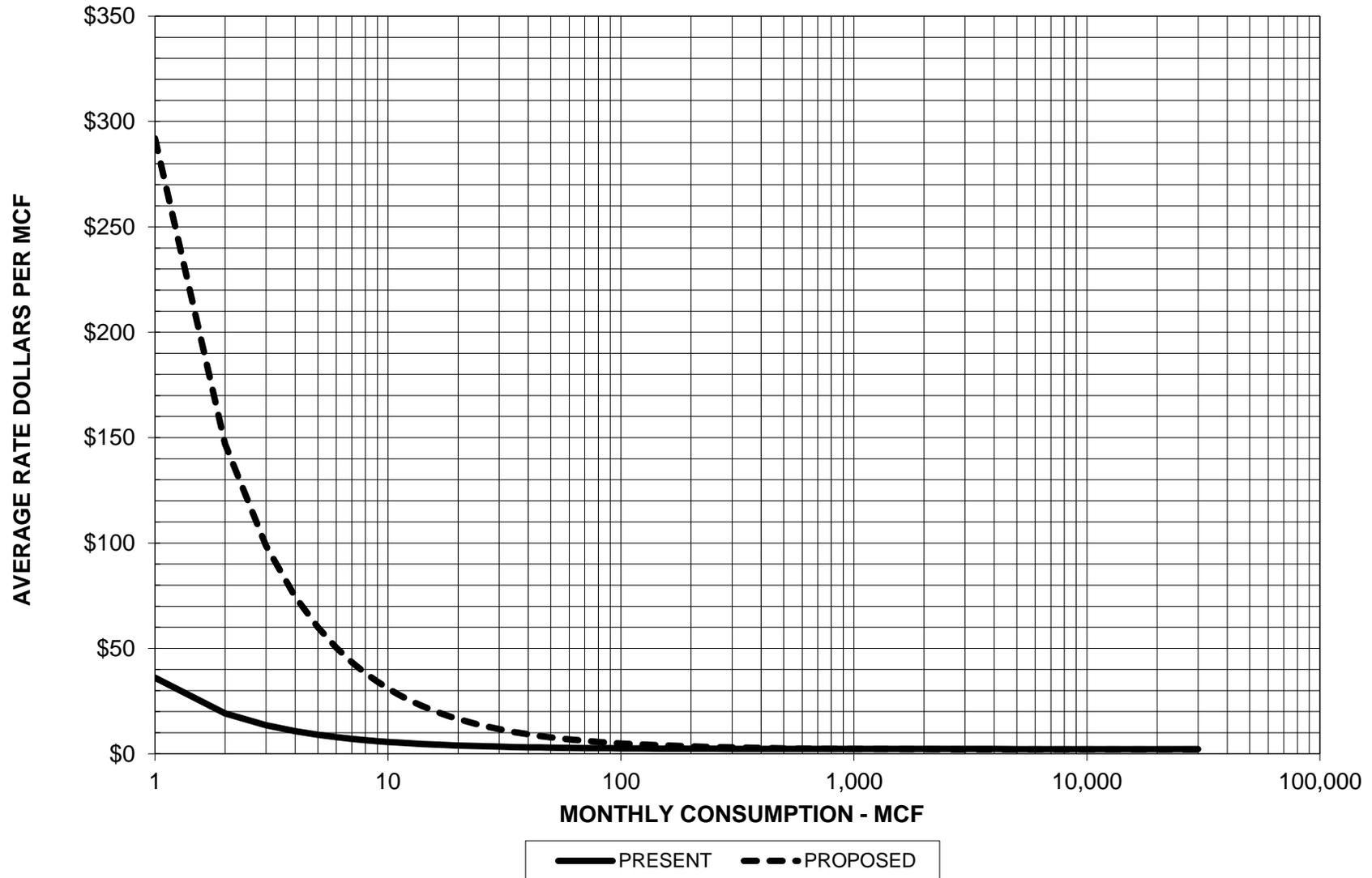
Attachment IV-B-7
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UGI Penn Natural Gas, Inc.
 Delivery Service - Rate Schedule NT - DS
 Calculation of the Effect of Proposed Rates

MCF	Bills Under Present Rates	Bills Under Proposed Rates	Increase Amount	Increase Percent
-	\$ 33.87	\$ 290.00	\$ 256.13	756.1%
1	\$ 36.09	\$ 292.01	\$ 255.91	709.0%
2	\$ 38.31	\$ 294.02	\$ 255.70	667.4%
3	\$ 40.53	\$ 296.02	\$ 255.49	630.3%
4	\$ 42.75	\$ 298.03	\$ 255.28	597.1%
5	\$ 44.98	\$ 300.04	\$ 255.07	567.1%
6	\$ 47.20	\$ 302.05	\$ 254.85	540.0%
7	\$ 49.42	\$ 304.06	\$ 254.64	515.3%
8	\$ 51.64	\$ 306.06	\$ 254.43	492.7%
9	\$ 53.86	\$ 308.07	\$ 254.22	472.0%
10	\$ 56.08	\$ 310.08	\$ 254.00	453.0%
11	\$ 58.30	\$ 312.09	\$ 253.79	435.3%
12	\$ 60.52	\$ 314.10	\$ 253.58	419.0%
13	\$ 62.74	\$ 316.11	\$ 253.37	403.9%
14	\$ 64.96	\$ 318.11	\$ 253.16	389.7%
15	\$ 67.18	\$ 320.12	\$ 252.94	376.5%
16	\$ 69.40	\$ 322.13	\$ 252.73	364.2%
17	\$ 71.62	\$ 324.14	\$ 252.52	352.6%
18	\$ 73.84	\$ 326.15	\$ 252.31	341.7%
19	\$ 76.06	\$ 328.15	\$ 252.10	331.4%
20	\$ 78.28	\$ 330.16	\$ 251.88	321.8%
25	\$ 89.38	\$ 340.20	\$ 250.82	280.6%
30	\$ 100.48	\$ 350.24	\$ 249.76	248.6%
35	\$ 111.58	\$ 360.28	\$ 248.70	222.9%
40	\$ 122.68	\$ 370.32	\$ 247.64	201.9%
45	\$ 133.79	\$ 380.36	\$ 246.58	184.3%
50	\$ 144.89	\$ 390.41	\$ 245.52	169.5%
60	\$ 167.09	\$ 410.49	\$ 243.40	145.7%
70	\$ 189.29	\$ 430.57	\$ 241.28	127.5%
80	\$ 211.49	\$ 450.65	\$ 239.15	113.1%
90	\$ 233.70	\$ 470.73	\$ 237.03	101.4%
100	\$ 255.90	\$ 490.81	\$ 234.91	91.8%
125	\$ 311.41	\$ 541.01	\$ 229.61	73.7%
150	\$ 366.91	\$ 591.22	\$ 224.30	61.1%
200	\$ 477.92	\$ 691.62	\$ 213.70	44.7%
250	\$ 588.94	\$ 792.03	\$ 203.09	34.5%
300	\$ 699.95	\$ 892.43	\$ 192.48	27.5%
400	\$ 921.98	\$ 1,093.24	\$ 171.26	18.6%
500	\$ 1,144.00	\$ 1,294.05	\$ 150.05	13.1%
1,000	\$ 2,254.13	\$ 2,298.10	\$ 43.97	2.0%
2,000	\$ 4,474.38	\$ 4,306.20	\$ (168.18)	-3.8%
3,000	\$ 6,694.64	\$ 6,314.30	\$ (380.34)	-5.7%
4,000	\$ 8,914.89	\$ 8,322.40	\$ (592.49)	-6.6%
5,000	\$ 11,135.15	\$ 10,330.50	\$ (804.65)	-7.2%
6,000	\$ 13,355.40	\$ 12,338.60	\$ (1,016.80)	-7.6%
7,000	\$ 15,575.66	\$ 14,346.70	\$ (1,228.96)	-7.9%
8,000	\$ 17,795.91	\$ 16,354.80	\$ (1,441.11)	-8.1%
9,000	\$ 20,016.17	\$ 18,362.90	\$ (1,653.27)	-8.3%
10,000	\$ 22,236.42	\$ 20,371.00	\$ (1,865.42)	-8.4%
20,000	\$ 44,438.97	\$ 40,452.00	\$ (3,986.97)	-9.0%
30,000	\$ 66,641.51	\$ 60,533.00	\$ (6,108.51)	-9.2%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule NT - DS**

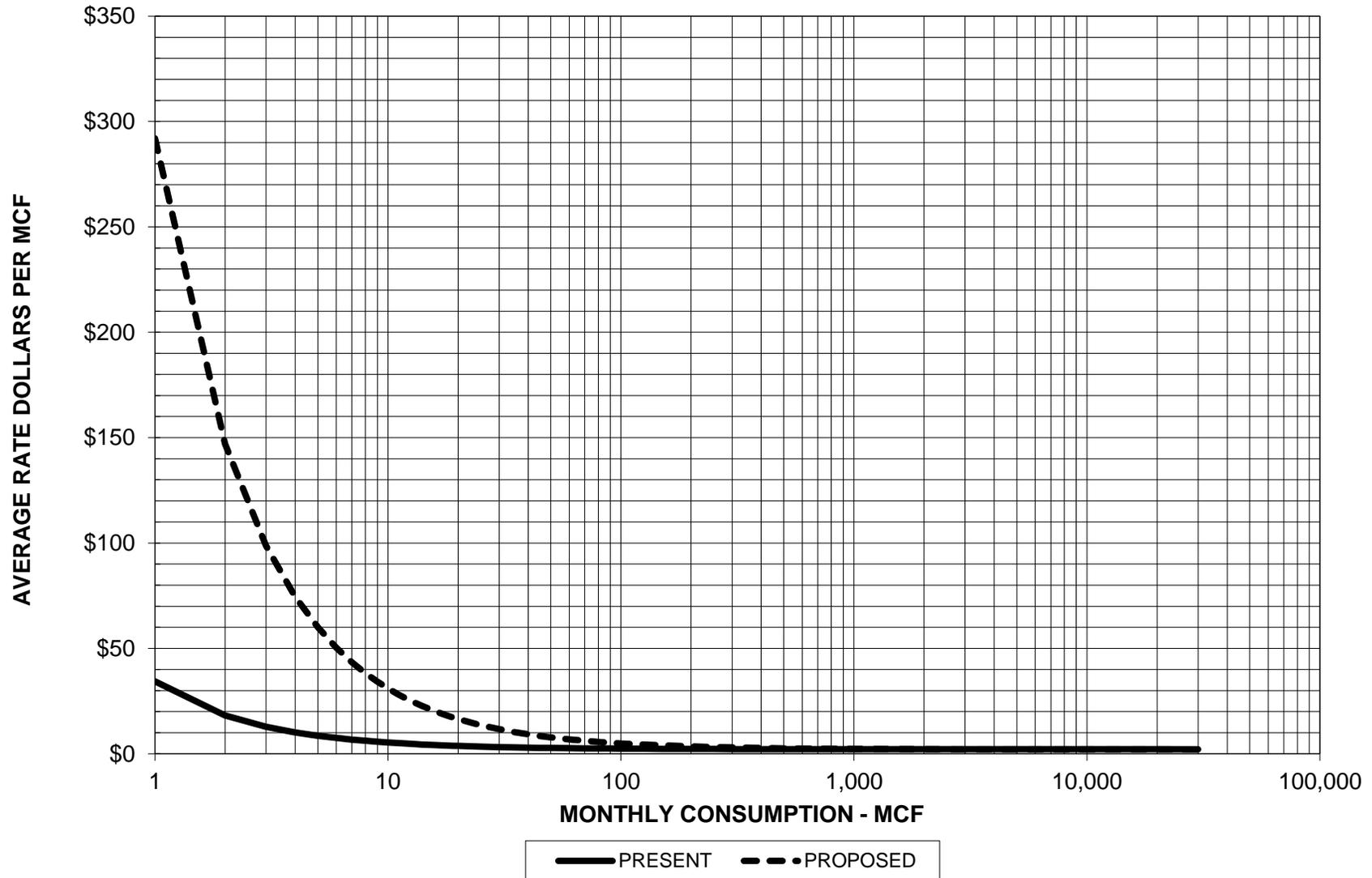


UGI Penn Natural Gas, Inc.
Delivery Service - Rate Schedule N - DS
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 32.26	\$ 290.00	\$ 257.74	798.9%
1	\$ 34.38	\$ 292.01	\$ 257.63	749.5%
2	\$ 36.49	\$ 294.02	\$ 257.53	705.7%
3	\$ 38.60	\$ 296.02	\$ 257.42	666.8%
4	\$ 40.72	\$ 298.03	\$ 257.31	631.9%
5	\$ 42.83	\$ 300.04	\$ 257.21	600.5%
6	\$ 44.95	\$ 302.05	\$ 257.10	572.0%
7	\$ 47.06	\$ 304.06	\$ 256.99	546.1%
8	\$ 49.18	\$ 306.06	\$ 256.89	522.4%
9	\$ 51.29	\$ 308.07	\$ 256.78	500.6%
10	\$ 53.41	\$ 310.08	\$ 256.67	480.6%
11	\$ 55.52	\$ 312.09	\$ 256.57	462.1%
12	\$ 57.64	\$ 314.10	\$ 256.46	445.0%
13	\$ 59.75	\$ 316.11	\$ 256.36	429.0%
14	\$ 61.86	\$ 318.11	\$ 256.25	414.2%
15	\$ 63.98	\$ 320.12	\$ 256.14	400.4%
16	\$ 66.09	\$ 322.13	\$ 256.04	387.4%
17	\$ 68.21	\$ 324.14	\$ 255.93	375.2%
18	\$ 70.32	\$ 326.15	\$ 255.82	363.8%
19	\$ 72.44	\$ 328.15	\$ 255.72	353.0%
20	\$ 74.55	\$ 330.16	\$ 255.61	342.9%
25	\$ 85.12	\$ 340.20	\$ 255.08	299.7%
30	\$ 95.70	\$ 350.24	\$ 254.55	266.0%
35	\$ 106.27	\$ 360.28	\$ 254.01	239.0%
40	\$ 116.84	\$ 370.32	\$ 253.48	216.9%
45	\$ 127.41	\$ 380.36	\$ 252.95	198.5%
50	\$ 137.99	\$ 390.41	\$ 252.42	182.9%
60	\$ 159.13	\$ 410.49	\$ 251.35	158.0%
70	\$ 180.28	\$ 430.57	\$ 250.29	138.8%
80	\$ 201.42	\$ 450.65	\$ 249.22	123.7%
90	\$ 222.57	\$ 470.73	\$ 248.16	111.5%
100	\$ 243.71	\$ 490.81	\$ 247.10	101.4%
125	\$ 296.58	\$ 541.01	\$ 244.44	82.4%
150	\$ 349.44	\$ 591.22	\$ 241.77	69.2%
200	\$ 455.17	\$ 691.62	\$ 236.45	51.9%
250	\$ 560.89	\$ 792.03	\$ 231.13	41.2%
300	\$ 666.62	\$ 892.43	\$ 225.81	33.9%
400	\$ 878.07	\$ 1,093.24	\$ 215.17	24.5%
500	\$ 1,089.53	\$ 1,294.05	\$ 204.52	18.8%
1,000	\$ 2,146.79	\$ 2,298.10	\$ 151.31	7.0%
2,000	\$ 4,261.32	\$ 4,306.20	\$ 44.88	1.1%
3,000	\$ 6,375.85	\$ 6,314.30	\$ (61.55)	-1.0%
4,000	\$ 8,490.37	\$ 8,322.40	\$ (167.97)	-2.0%
5,000	\$ 10,604.90	\$ 10,330.50	\$ (274.40)	-2.6%
6,000	\$ 12,719.43	\$ 12,338.60	\$ (380.83)	-3.0%
7,000	\$ 14,833.96	\$ 14,346.70	\$ (487.26)	-3.3%
8,000	\$ 16,948.49	\$ 16,354.80	\$ (593.69)	-3.5%
9,000	\$ 19,063.01	\$ 18,362.90	\$ (700.11)	-3.7%
10,000	\$ 21,177.54	\$ 20,371.00	\$ (806.54)	-3.8%
20,000	\$ 42,322.83	\$ 40,452.00	\$ (1,870.83)	-4.4%
30,000	\$ 63,468.11	\$ 60,533.00	\$ (2,935.11)	-4.6%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule N - DS

Attachment IV-B-7
D. E. Lahoff
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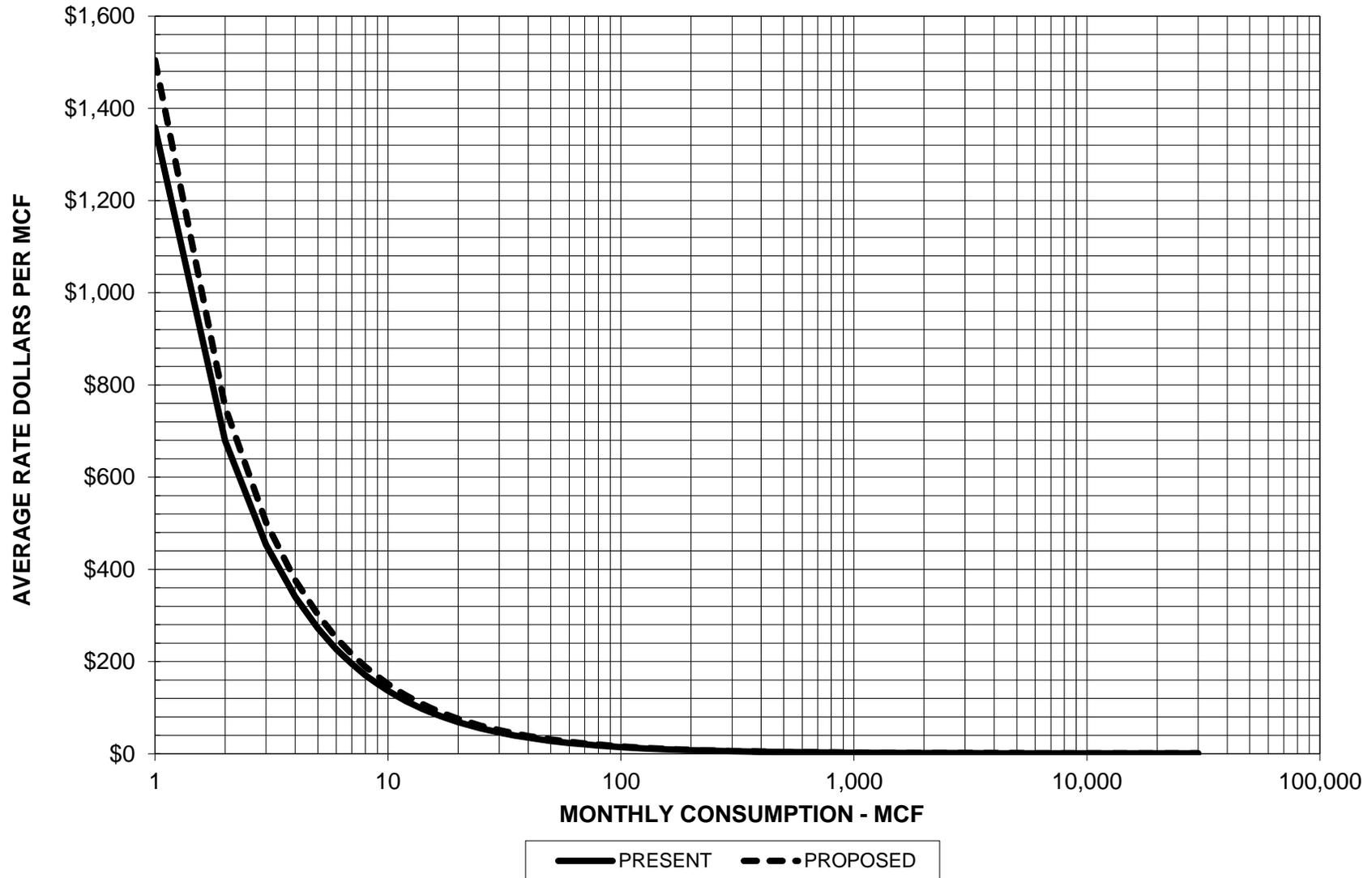


UGI Penn Natural Gas, Inc.
Large Firm Delivery Service - Rate Schedule LFD
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 1,357.91	\$ 1,503.83	\$ 145.92	10.7%
1	\$ 1,358.80	\$ 1,504.76	\$ 145.97	10.7%
2	\$ 1,359.69	\$ 1,505.70	\$ 146.01	10.7%
3	\$ 1,360.58	\$ 1,506.64	\$ 146.06	10.7%
4	\$ 1,361.47	\$ 1,507.58	\$ 146.11	10.7%
5	\$ 1,362.36	\$ 1,508.51	\$ 146.16	10.7%
6	\$ 1,363.25	\$ 1,509.45	\$ 146.21	10.7%
7	\$ 1,364.14	\$ 1,510.39	\$ 146.25	10.7%
8	\$ 1,365.02	\$ 1,511.33	\$ 146.30	10.7%
9	\$ 1,365.91	\$ 1,512.26	\$ 146.35	10.7%
10	\$ 1,366.80	\$ 1,513.20	\$ 146.40	10.7%
11	\$ 1,367.69	\$ 1,514.14	\$ 146.45	10.7%
12	\$ 1,368.58	\$ 1,515.08	\$ 146.49	10.7%
13	\$ 1,369.47	\$ 1,516.01	\$ 146.54	10.7%
14	\$ 1,370.36	\$ 1,516.95	\$ 146.59	10.7%
15	\$ 1,371.25	\$ 1,517.89	\$ 146.64	10.7%
16	\$ 1,372.14	\$ 1,518.83	\$ 146.69	10.7%
17	\$ 1,373.03	\$ 1,519.76	\$ 146.73	10.7%
18	\$ 1,373.92	\$ 1,520.70	\$ 146.78	10.7%
19	\$ 1,374.81	\$ 1,521.64	\$ 146.83	10.7%
20	\$ 1,375.70	\$ 1,522.58	\$ 146.88	10.7%
25	\$ 1,380.15	\$ 1,527.26	\$ 147.12	10.7%
30	\$ 1,384.59	\$ 1,531.95	\$ 147.36	10.6%
35	\$ 1,389.04	\$ 1,536.64	\$ 147.60	10.6%
40	\$ 1,393.49	\$ 1,541.33	\$ 147.84	10.6%
45	\$ 1,397.93	\$ 1,546.01	\$ 148.08	10.6%
50	\$ 1,402.38	\$ 1,550.70	\$ 148.32	10.6%
60	\$ 1,411.28	\$ 1,560.08	\$ 148.80	10.5%
70	\$ 1,420.17	\$ 1,569.45	\$ 149.28	10.5%
80	\$ 1,429.06	\$ 1,578.83	\$ 149.76	10.5%
90	\$ 1,437.96	\$ 1,588.20	\$ 150.24	10.4%
100	\$ 1,446.85	\$ 1,597.58	\$ 150.72	10.4%
125	\$ 1,469.09	\$ 1,621.01	\$ 151.92	10.3%
150	\$ 1,491.33	\$ 1,644.45	\$ 153.13	10.3%
200	\$ 1,535.80	\$ 1,691.33	\$ 155.53	10.1%
250	\$ 1,580.27	\$ 1,738.20	\$ 157.93	10.0%
300	\$ 1,624.74	\$ 1,785.08	\$ 160.34	9.9%
400	\$ 1,713.69	\$ 1,878.83	\$ 165.14	9.6%
500	\$ 1,802.63	\$ 1,972.58	\$ 169.95	9.4%
1,000	\$ 2,247.35	\$ 2,441.33	\$ 193.98	8.6%
2,000	\$ 3,136.79	\$ 3,378.83	\$ 242.04	7.7%
3,000	\$ 4,026.23	\$ 4,316.33	\$ 290.10	7.2%
4,000	\$ 4,915.67	\$ 5,253.83	\$ 338.16	6.9%
5,000	\$ 5,805.11	\$ 6,191.33	\$ 386.22	6.7%
6,000	\$ 6,694.55	\$ 7,128.83	\$ 434.28	6.5%
7,000	\$ 7,583.99	\$ 8,066.33	\$ 482.34	6.4%
8,000	\$ 8,473.43	\$ 9,003.83	\$ 530.40	6.3%
9,000	\$ 9,362.87	\$ 9,941.33	\$ 578.46	6.2%
10,000	\$ 10,252.31	\$ 10,878.83	\$ 626.52	6.1%
20,000	\$ 19,146.70	\$ 20,253.83	\$ 1,107.12	5.8%
30,000	\$ 28,041.10	\$ 29,628.83	\$ 1,587.73	5.7%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule LFD - LFD

Attachment IV-B-7
D. E. Lahoff
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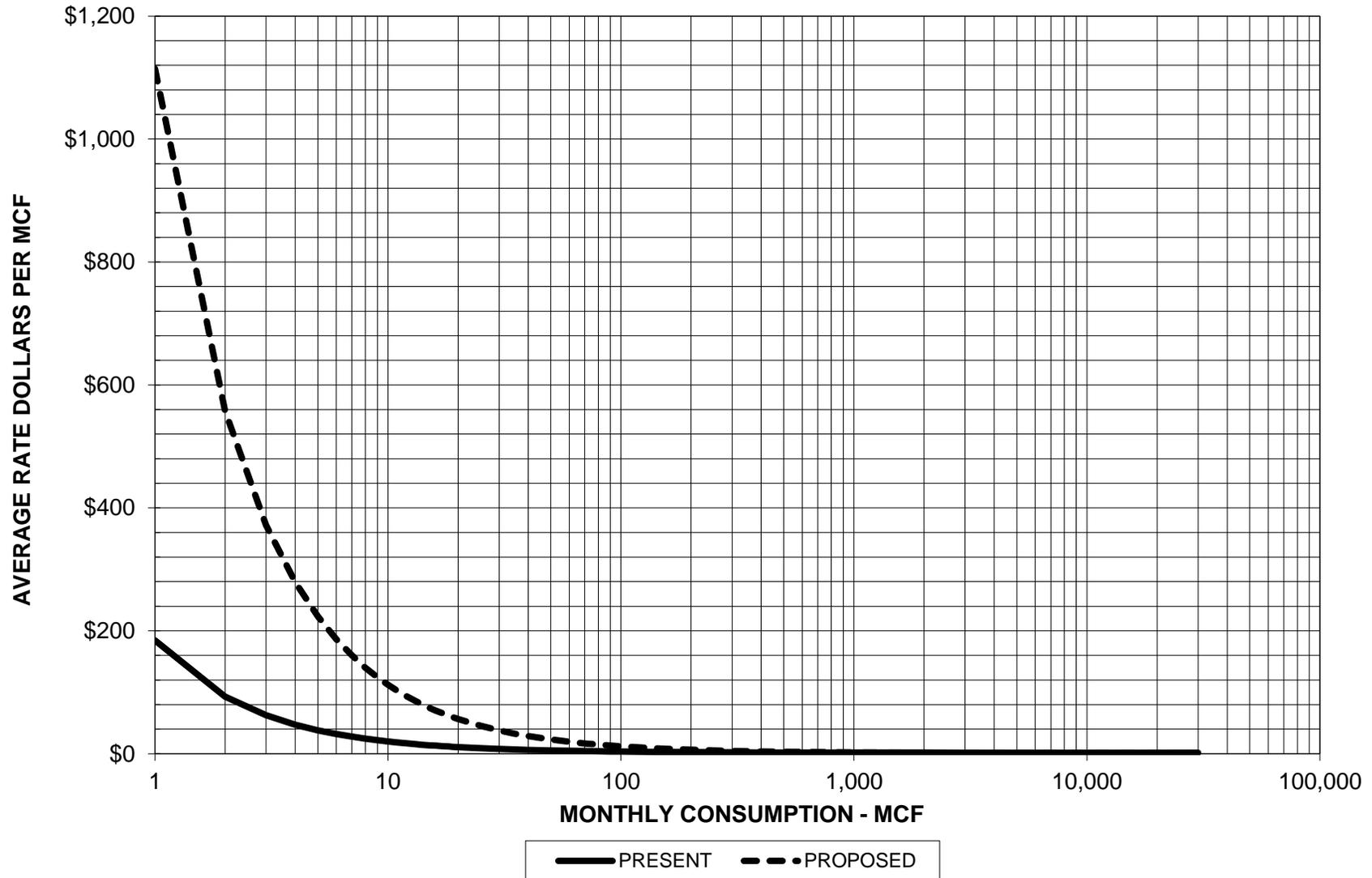


UGI Penn Natural Gas, Inc.
Large Firm Delivery Service - Rate Schedule DS - LFD
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 182.81	\$ 1,113.63	\$ 930.82	509.2%
1	\$ 184.50	\$ 1,114.57	\$ 930.07	504.1%
2	\$ 186.19	\$ 1,115.51	\$ 929.31	499.1%
3	\$ 187.88	\$ 1,116.44	\$ 928.56	494.2%
4	\$ 189.57	\$ 1,117.38	\$ 927.81	489.4%
5	\$ 191.26	\$ 1,118.32	\$ 927.06	484.7%
6	\$ 192.95	\$ 1,119.26	\$ 926.30	480.1%
7	\$ 194.64	\$ 1,120.19	\$ 925.55	475.5%
8	\$ 196.33	\$ 1,121.13	\$ 924.80	471.0%
9	\$ 198.02	\$ 1,122.07	\$ 924.05	466.6%
10	\$ 199.71	\$ 1,123.01	\$ 923.29	462.3%
11	\$ 201.40	\$ 1,123.94	\$ 922.54	458.1%
12	\$ 203.09	\$ 1,124.88	\$ 921.79	453.9%
13	\$ 204.78	\$ 1,125.82	\$ 921.04	449.8%
14	\$ 206.47	\$ 1,126.76	\$ 920.28	445.7%
15	\$ 208.16	\$ 1,127.69	\$ 919.53	441.7%
16	\$ 209.85	\$ 1,128.63	\$ 918.78	437.8%
17	\$ 211.54	\$ 1,129.57	\$ 918.02	434.0%
18	\$ 213.23	\$ 1,130.51	\$ 917.27	430.2%
19	\$ 214.92	\$ 1,131.44	\$ 916.52	426.4%
20	\$ 216.61	\$ 1,132.38	\$ 915.77	422.8%
25	\$ 225.06	\$ 1,137.07	\$ 912.00	405.2%
30	\$ 233.52	\$ 1,141.76	\$ 908.24	388.9%
35	\$ 241.97	\$ 1,146.44	\$ 904.48	373.8%
40	\$ 250.42	\$ 1,151.13	\$ 900.71	359.7%
45	\$ 258.87	\$ 1,155.82	\$ 896.95	346.5%
50	\$ 267.32	\$ 1,160.51	\$ 893.19	334.1%
60	\$ 284.22	\$ 1,169.88	\$ 885.66	311.6%
70	\$ 301.12	\$ 1,179.26	\$ 878.13	291.6%
80	\$ 318.02	\$ 1,188.63	\$ 870.61	273.8%
90	\$ 334.92	\$ 1,198.01	\$ 863.08	257.7%
100	\$ 351.83	\$ 1,207.38	\$ 855.56	243.2%
125	\$ 394.08	\$ 1,230.82	\$ 836.74	212.3%
150	\$ 436.33	\$ 1,254.26	\$ 817.92	187.5%
200	\$ 520.84	\$ 1,301.13	\$ 780.29	149.8%
250	\$ 605.35	\$ 1,348.01	\$ 742.66	122.7%
300	\$ 689.85	\$ 1,394.88	\$ 705.03	102.2%
400	\$ 858.87	\$ 1,488.63	\$ 629.76	73.3%
500	\$ 1,027.88	\$ 1,582.38	\$ 554.50	53.9%
1,000	\$ 1,872.96	\$ 2,051.13	\$ 178.18	9.5%
2,000	\$ 3,563.10	\$ 2,988.63	\$ (574.47)	-16.1%
3,000	\$ 5,253.24	\$ 3,926.13	\$ (1,327.11)	-25.3%
4,000	\$ 6,943.39	\$ 4,863.63	\$ (2,079.76)	-30.0%
5,000	\$ 8,633.53	\$ 5,801.13	\$ (2,832.40)	-32.8%
6,000	\$ 10,323.68	\$ 6,738.63	\$ (3,585.05)	-34.7%
7,000	\$ 12,013.82	\$ 7,676.13	\$ (4,337.69)	-36.1%
8,000	\$ 13,703.97	\$ 8,613.63	\$ (5,090.34)	-37.1%
9,000	\$ 15,394.11	\$ 9,551.13	\$ (5,842.98)	-38.0%
10,000	\$ 17,084.25	\$ 10,488.63	\$ (6,595.62)	-38.6%
20,000	\$ 33,985.70	\$ 19,863.63	\$ (14,122.07)	-41.6%
30,000	\$ 50,887.14	\$ 29,238.63	\$ (21,648.51)	-42.5%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule DS - LFD**

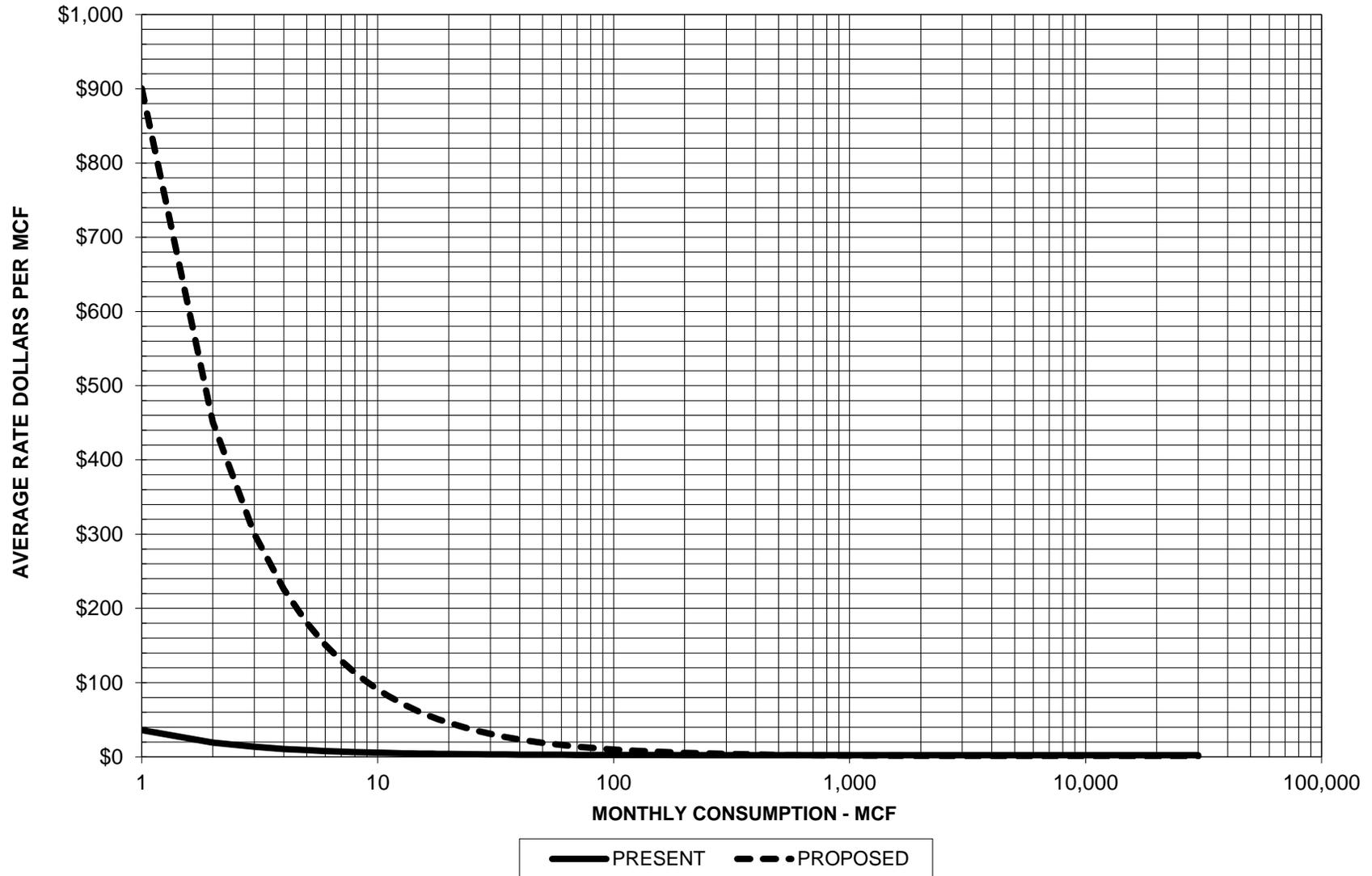
Attachment IV-B-7
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UGI Penn Natural Gas, Inc.
Large Firm Delivery Service - Rate Schedule NT - LFD
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 33.87	\$ 899.61	\$ 865.74	2555.8%
1	\$ 36.09	\$ 900.55	\$ 864.46	2395.0%
2	\$ 38.31	\$ 901.49	\$ 863.17	2252.9%
3	\$ 40.53	\$ 902.43	\$ 861.89	2126.3%
4	\$ 42.75	\$ 903.36	\$ 860.61	2012.9%
5	\$ 44.98	\$ 904.30	\$ 859.33	1910.7%
6	\$ 47.20	\$ 905.24	\$ 858.04	1818.1%
7	\$ 49.42	\$ 906.18	\$ 856.76	1733.8%
8	\$ 51.64	\$ 907.11	\$ 855.48	1656.7%
9	\$ 53.86	\$ 908.05	\$ 854.19	1586.1%
10	\$ 56.08	\$ 908.99	\$ 852.91	1521.0%
11	\$ 58.30	\$ 909.93	\$ 851.63	1460.9%
12	\$ 60.52	\$ 910.86	\$ 850.35	1405.1%
13	\$ 62.74	\$ 911.80	\$ 849.06	1353.4%
14	\$ 64.96	\$ 912.74	\$ 847.78	1305.1%
15	\$ 67.18	\$ 913.68	\$ 846.50	1260.1%
16	\$ 69.40	\$ 914.61	\$ 845.21	1217.9%
17	\$ 71.62	\$ 915.55	\$ 843.93	1178.4%
18	\$ 73.84	\$ 916.49	\$ 842.65	1141.2%
19	\$ 76.06	\$ 917.43	\$ 841.37	1106.2%
20	\$ 78.28	\$ 918.36	\$ 840.08	1073.2%
25	\$ 89.38	\$ 923.05	\$ 833.67	932.7%
30	\$ 100.48	\$ 927.74	\$ 827.26	823.3%
35	\$ 111.58	\$ 932.43	\$ 820.84	735.6%
40	\$ 122.68	\$ 937.11	\$ 814.43	663.8%
45	\$ 133.79	\$ 941.80	\$ 808.02	604.0%
50	\$ 144.89	\$ 946.49	\$ 801.60	553.3%
60	\$ 167.09	\$ 955.86	\$ 788.77	472.1%
70	\$ 189.29	\$ 965.24	\$ 775.95	409.9%
80	\$ 211.49	\$ 974.61	\$ 763.12	360.8%
90	\$ 233.70	\$ 983.99	\$ 750.29	321.1%
100	\$ 255.90	\$ 993.36	\$ 737.46	288.2%
125	\$ 311.41	\$ 1,016.80	\$ 705.39	226.5%
150	\$ 366.91	\$ 1,040.24	\$ 673.33	183.5%
200	\$ 477.92	\$ 1,087.11	\$ 609.19	127.5%
250	\$ 588.94	\$ 1,133.99	\$ 545.05	92.5%
300	\$ 699.95	\$ 1,180.86	\$ 480.91	68.7%
400	\$ 921.98	\$ 1,274.61	\$ 352.64	38.2%
500	\$ 1,144.00	\$ 1,368.36	\$ 224.36	19.6%
1,000	\$ 2,254.13	\$ 1,837.11	\$ (417.02)	-18.5%
2,000	\$ 4,474.38	\$ 2,774.61	\$ (1,699.77)	-38.0%
3,000	\$ 6,694.64	\$ 3,712.11	\$ (2,982.52)	-44.6%
4,000	\$ 8,914.89	\$ 4,649.61	\$ (4,265.28)	-47.8%
5,000	\$ 11,135.15	\$ 5,587.11	\$ (5,548.03)	-49.8%
6,000	\$ 13,355.40	\$ 6,524.61	\$ (6,830.79)	-51.1%
7,000	\$ 15,575.66	\$ 7,462.11	\$ (8,113.54)	-52.1%
8,000	\$ 17,795.91	\$ 8,399.61	\$ (9,396.30)	-52.8%
9,000	\$ 20,016.17	\$ 9,337.11	\$ (10,679.05)	-53.4%
10,000	\$ 22,236.42	\$ 10,274.61	\$ (11,961.81)	-53.8%
20,000	\$ 44,438.97	\$ 19,649.61	\$ (24,789.35)	-55.8%
30,000	\$ 66,641.51	\$ 29,024.61	\$ (37,616.90)	-56.4%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule NT - LFD**

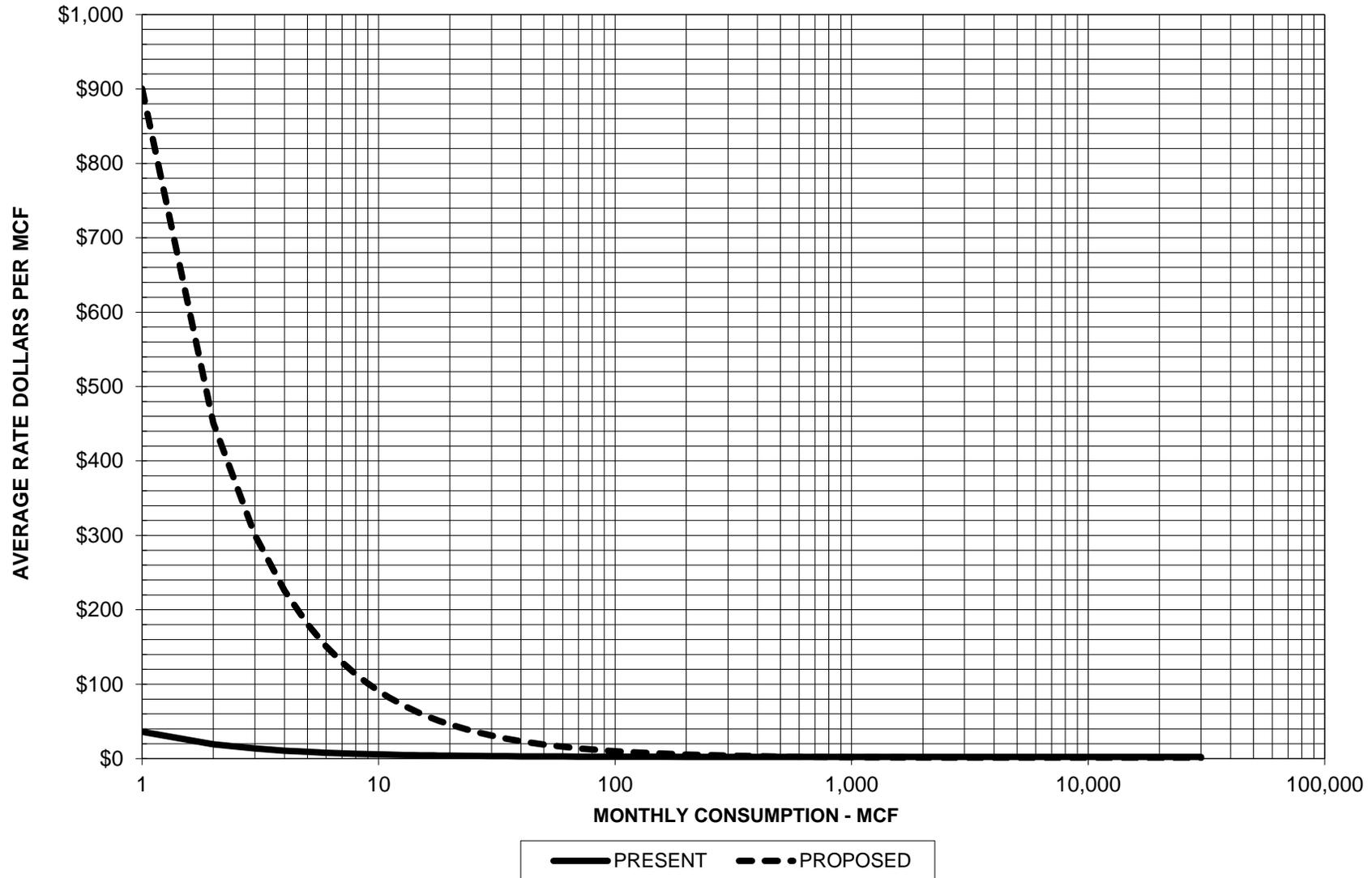


UGI Penn Natural Gas, Inc.
Large Firm Delivery Service - Rate Schedule N - LFD
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 33.87	\$ 899.61	\$ 865.74	2555.8%
1	\$ 36.09	\$ 900.55	\$ 864.46	2395.0%
2	\$ 38.31	\$ 901.49	\$ 863.17	2252.9%
3	\$ 40.53	\$ 902.43	\$ 861.89	2126.3%
4	\$ 42.75	\$ 903.36	\$ 860.61	2012.9%
5	\$ 44.98	\$ 904.30	\$ 859.33	1910.7%
6	\$ 47.20	\$ 905.24	\$ 858.04	1818.1%
7	\$ 49.42	\$ 906.18	\$ 856.76	1733.8%
8	\$ 51.64	\$ 907.11	\$ 855.48	1656.7%
9	\$ 53.86	\$ 908.05	\$ 854.19	1586.1%
10	\$ 56.08	\$ 908.99	\$ 852.91	1521.0%
11	\$ 58.30	\$ 909.93	\$ 851.63	1460.9%
12	\$ 60.52	\$ 910.86	\$ 850.35	1405.1%
13	\$ 62.74	\$ 911.80	\$ 849.06	1353.4%
14	\$ 64.96	\$ 912.74	\$ 847.78	1305.1%
15	\$ 67.18	\$ 913.68	\$ 846.50	1260.1%
16	\$ 69.40	\$ 914.61	\$ 845.21	1217.9%
17	\$ 71.62	\$ 915.55	\$ 843.93	1178.4%
18	\$ 73.84	\$ 916.49	\$ 842.65	1141.2%
19	\$ 76.06	\$ 917.43	\$ 841.37	1106.2%
20	\$ 78.28	\$ 918.36	\$ 840.08	1073.2%
25	\$ 89.38	\$ 923.05	\$ 833.67	932.7%
30	\$ 100.48	\$ 927.74	\$ 827.26	823.3%
35	\$ 111.58	\$ 932.43	\$ 820.84	735.6%
40	\$ 122.68	\$ 937.11	\$ 814.43	663.8%
45	\$ 133.79	\$ 941.80	\$ 808.02	604.0%
50	\$ 144.89	\$ 946.49	\$ 801.60	553.3%
60	\$ 167.09	\$ 955.86	\$ 788.77	472.1%
70	\$ 189.29	\$ 965.24	\$ 775.95	409.9%
80	\$ 211.49	\$ 974.61	\$ 763.12	360.8%
90	\$ 233.70	\$ 983.99	\$ 750.29	321.1%
100	\$ 255.90	\$ 993.36	\$ 737.46	288.2%
125	\$ 311.41	\$ 1,016.80	\$ 705.39	226.5%
150	\$ 366.91	\$ 1,040.24	\$ 673.33	183.5%
200	\$ 477.92	\$ 1,087.11	\$ 609.19	127.5%
250	\$ 588.94	\$ 1,133.99	\$ 545.05	92.5%
300	\$ 699.95	\$ 1,180.86	\$ 480.91	68.7%
400	\$ 921.98	\$ 1,274.61	\$ 352.64	38.2%
500	\$ 1,144.00	\$ 1,368.36	\$ 224.36	19.6%
1,000	\$ 2,254.13	\$ 1,837.11	\$ (417.02)	-18.5%
2,000	\$ 4,474.38	\$ 2,774.61	\$ (1,699.77)	-38.0%
3,000	\$ 6,694.64	\$ 3,712.11	\$ (2,982.52)	-44.6%
4,000	\$ 8,914.89	\$ 4,649.61	\$ (4,265.28)	-47.8%
5,000	\$ 11,135.15	\$ 5,587.11	\$ (5,548.03)	-49.8%
6,000	\$ 13,355.40	\$ 6,524.61	\$ (6,830.79)	-51.1%
7,000	\$ 15,575.66	\$ 7,462.11	\$ (8,113.54)	-52.1%
8,000	\$ 17,795.91	\$ 8,399.61	\$ (9,396.30)	-52.8%
9,000	\$ 20,016.17	\$ 9,337.11	\$ (10,679.05)	-53.4%
10,000	\$ 22,236.42	\$ 10,274.61	\$ (11,961.81)	-53.8%
20,000	\$ 44,438.97	\$ 19,649.61	\$ (24,789.35)	-55.8%
30,000	\$ 66,641.51	\$ 29,024.61	\$ (37,616.90)	-56.4%

**UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule N - LFD**

Attachment IV-B-7
D. E. Lahoff
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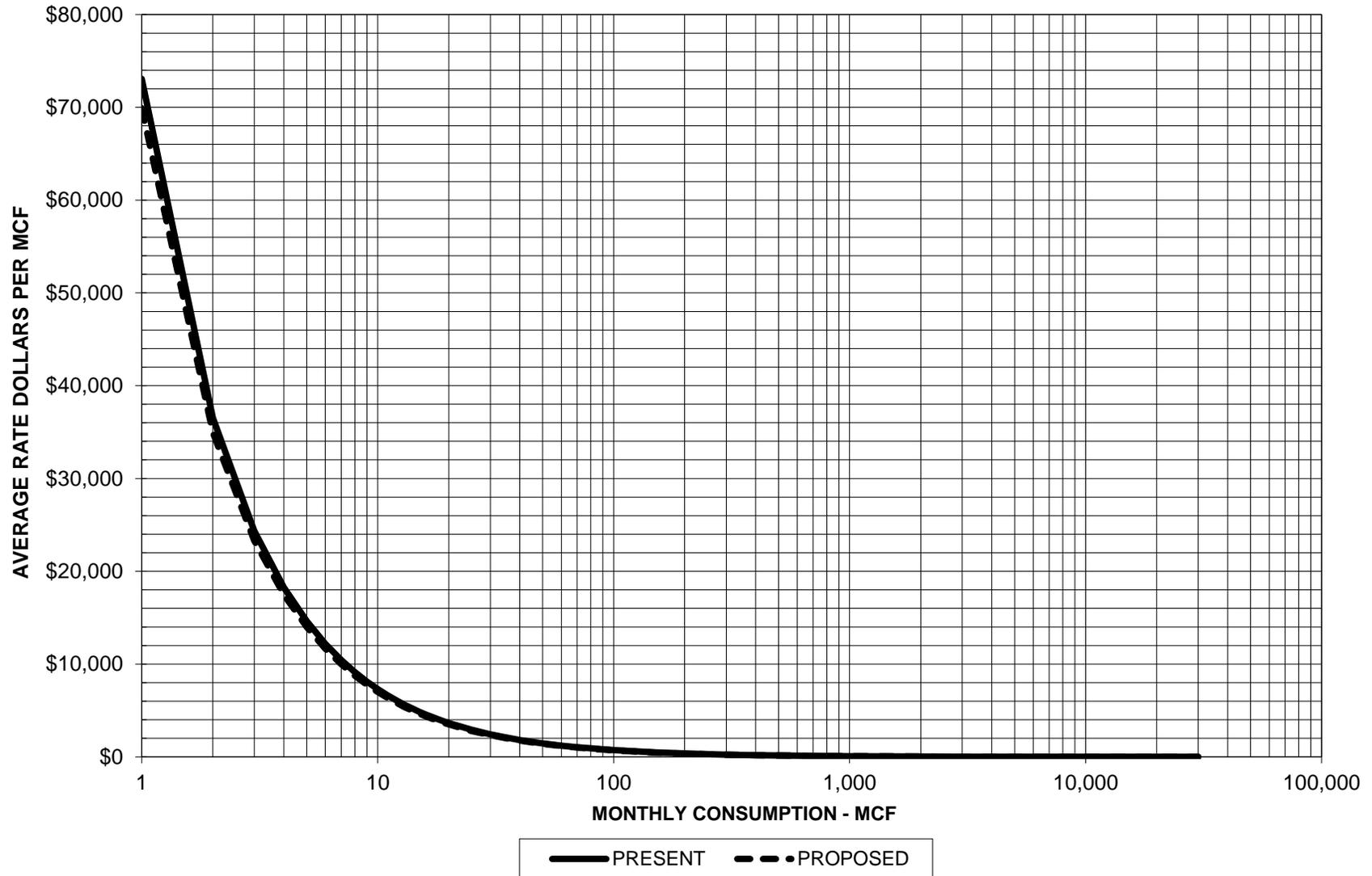


UGI Penn Natural Gas, Inc.
Extended Large Firm Delivery Service - Rate Schedule XD
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 73,063.54	\$ 69,905.89	\$ (3,157.65)	-4.3%
1	\$ 73,063.57	\$ 69,905.92	\$ (3,157.65)	-4.3%
2	\$ 73,063.61	\$ 69,905.95	\$ (3,157.65)	-4.3%
3	\$ 73,063.64	\$ 69,905.98	\$ (3,157.65)	-4.3%
4	\$ 73,063.67	\$ 69,906.01	\$ (3,157.65)	-4.3%
5	\$ 73,063.70	\$ 69,906.04	\$ (3,157.66)	-4.3%
6	\$ 73,063.73	\$ 69,906.07	\$ (3,157.66)	-4.3%
7	\$ 73,063.76	\$ 69,906.10	\$ (3,157.66)	-4.3%
8	\$ 73,063.79	\$ 69,906.13	\$ (3,157.66)	-4.3%
9	\$ 73,063.82	\$ 69,906.16	\$ (3,157.66)	-4.3%
10	\$ 73,063.86	\$ 69,906.19	\$ (3,157.66)	-4.3%
11	\$ 73,063.89	\$ 69,906.22	\$ (3,157.66)	-4.3%
12	\$ 73,063.92	\$ 69,906.25	\$ (3,157.67)	-4.3%
13	\$ 73,063.95	\$ 69,906.28	\$ (3,157.67)	-4.3%
14	\$ 73,063.98	\$ 69,906.31	\$ (3,157.67)	-4.3%
15	\$ 73,064.01	\$ 69,906.34	\$ (3,157.67)	-4.3%
16	\$ 73,064.04	\$ 69,906.37	\$ (3,157.67)	-4.3%
17	\$ 73,064.07	\$ 69,906.40	\$ (3,157.67)	-4.3%
18	\$ 73,064.11	\$ 69,906.43	\$ (3,157.67)	-4.3%
19	\$ 73,064.14	\$ 69,906.46	\$ (3,157.67)	-4.3%
20	\$ 73,064.17	\$ 69,906.49	\$ (3,157.68)	-4.3%
25	\$ 73,064.32	\$ 69,906.64	\$ (3,157.68)	-4.3%
30	\$ 73,064.48	\$ 69,906.79	\$ (3,157.69)	-4.3%
35	\$ 73,064.64	\$ 69,906.94	\$ (3,157.70)	-4.3%
40	\$ 73,064.79	\$ 69,907.09	\$ (3,157.70)	-4.3%
45	\$ 73,064.95	\$ 69,907.24	\$ (3,157.71)	-4.3%
50	\$ 73,065.11	\$ 69,907.39	\$ (3,157.72)	-4.3%
60	\$ 73,065.42	\$ 69,907.69	\$ (3,157.73)	-4.3%
70	\$ 73,065.73	\$ 69,907.99	\$ (3,157.74)	-4.3%
80	\$ 73,066.04	\$ 69,908.29	\$ (3,157.76)	-4.3%
90	\$ 73,066.36	\$ 69,908.59	\$ (3,157.77)	-4.3%
100	\$ 73,066.67	\$ 69,908.88	\$ (3,157.78)	-4.3%
125	\$ 73,067.45	\$ 69,909.63	\$ (3,157.82)	-4.3%
150	\$ 73,068.23	\$ 69,910.38	\$ (3,157.85)	-4.3%
200	\$ 73,069.79	\$ 69,911.87	\$ (3,157.92)	-4.3%
250	\$ 73,071.36	\$ 69,913.37	\$ (3,157.99)	-4.3%
300	\$ 73,072.92	\$ 69,914.86	\$ (3,158.05)	-4.3%
400	\$ 73,076.04	\$ 69,917.85	\$ (3,158.19)	-4.3%
500	\$ 73,079.17	\$ 69,920.84	\$ (3,158.32)	-4.3%
1,000	\$ 73,094.79	\$ 69,935.79	\$ (3,159.00)	-4.3%
2,000	\$ 73,126.04	\$ 69,965.69	\$ (3,160.35)	-4.3%
3,000	\$ 73,157.30	\$ 69,995.59	\$ (3,161.70)	-4.3%
4,000	\$ 73,188.55	\$ 70,025.49	\$ (3,163.05)	-4.3%
5,000	\$ 73,219.80	\$ 70,055.39	\$ (3,164.40)	-4.3%
6,000	\$ 73,251.05	\$ 70,085.29	\$ (3,165.75)	-4.3%
7,000	\$ 73,282.30	\$ 70,115.19	\$ (3,167.10)	-4.3%
8,000	\$ 73,313.55	\$ 70,145.09	\$ (3,168.45)	-4.3%
9,000	\$ 73,344.80	\$ 70,174.99	\$ (3,169.80)	-4.3%
10,000	\$ 73,376.05	\$ 70,204.89	\$ (3,171.16)	-4.3%
20,000	\$ 73,688.56	\$ 70,503.89	\$ (3,184.66)	-4.3%
30,000	\$ 74,001.06	\$ 70,802.89	\$ (3,198.17)	-4.3%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule XD

Attachment IV-B-7
D. E. Lahoff
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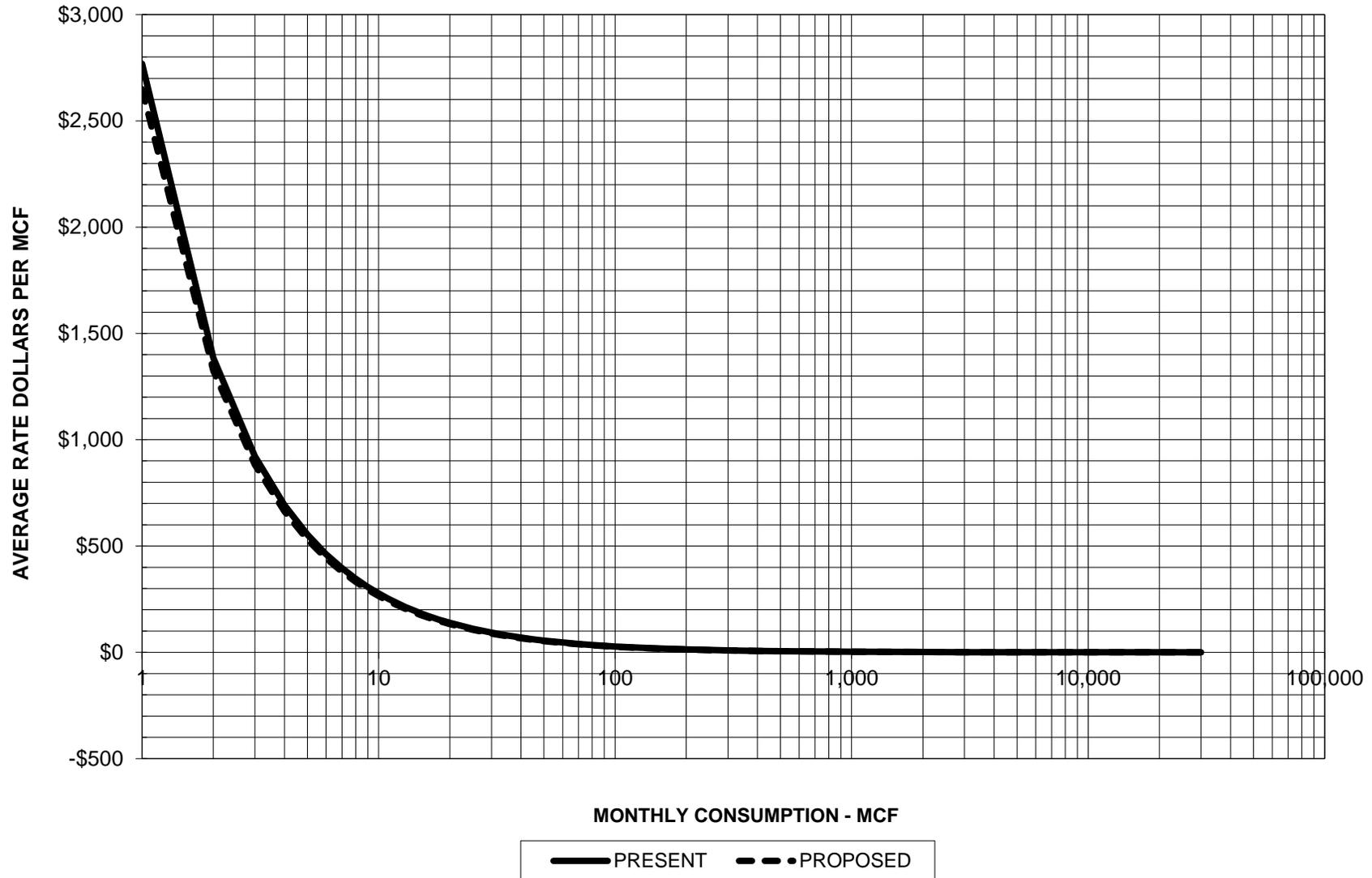


UGI Penn Natural Gas, Inc.
Interruptible Service - Rate Schedule IS
Calculation of the Effect of Proposed Rates

<u>MCF</u>	<u>Bills Under Present Rates</u>	<u>Bills Under Proposed Rates</u>	<u>Increase Amount</u>	<u>Increase Percent</u>
-	\$ 2,768.90	\$ 2,649.23	\$ (119.67)	-4.3%
1	\$ 2,768.78	\$ 2,649.12	\$ (119.66)	-4.3%
2	\$ 2,768.66	\$ 2,649.01	\$ (119.66)	-4.3%
3	\$ 2,768.55	\$ 2,648.90	\$ (119.65)	-4.3%
4	\$ 2,768.43	\$ 2,648.79	\$ (119.65)	-4.3%
5	\$ 2,768.32	\$ 2,648.68	\$ (119.64)	-4.3%
6	\$ 2,768.20	\$ 2,648.57	\$ (119.64)	-4.3%
7	\$ 2,768.09	\$ 2,648.46	\$ (119.63)	-4.3%
8	\$ 2,767.97	\$ 2,648.35	\$ (119.63)	-4.3%
9	\$ 2,767.86	\$ 2,648.24	\$ (119.62)	-4.3%
10	\$ 2,767.74	\$ 2,648.13	\$ (119.62)	-4.3%
11	\$ 2,767.63	\$ 2,648.02	\$ (119.61)	-4.3%
12	\$ 2,767.51	\$ 2,647.91	\$ (119.61)	-4.3%
13	\$ 2,767.40	\$ 2,647.80	\$ (119.60)	-4.3%
14	\$ 2,767.28	\$ 2,647.69	\$ (119.60)	-4.3%
15	\$ 2,767.17	\$ 2,647.58	\$ (119.59)	-4.3%
16	\$ 2,767.05	\$ 2,647.46	\$ (119.59)	-4.3%
17	\$ 2,766.94	\$ 2,647.35	\$ (119.58)	-4.3%
18	\$ 2,766.82	\$ 2,647.24	\$ (119.58)	-4.3%
19	\$ 2,766.71	\$ 2,647.13	\$ (119.57)	-4.3%
20	\$ 2,766.59	\$ 2,647.02	\$ (119.57)	-4.3%
25	\$ 2,766.01	\$ 2,646.47	\$ (119.54)	-4.3%
30	\$ 2,765.44	\$ 2,645.92	\$ (119.52)	-4.3%
35	\$ 2,764.86	\$ 2,645.37	\$ (119.49)	-4.3%
40	\$ 2,764.28	\$ 2,644.82	\$ (119.47)	-4.3%
45	\$ 2,763.71	\$ 2,644.27	\$ (119.44)	-4.3%
50	\$ 2,763.13	\$ 2,643.71	\$ (119.42)	-4.3%
60	\$ 2,761.98	\$ 2,642.61	\$ (119.37)	-4.3%
70	\$ 2,760.83	\$ 2,641.51	\$ (119.32)	-4.3%
80	\$ 2,759.67	\$ 2,640.41	\$ (119.27)	-4.3%
90	\$ 2,758.52	\$ 2,639.30	\$ (119.22)	-4.3%
100	\$ 2,757.37	\$ 2,638.20	\$ (119.17)	-4.3%
125	\$ 2,754.49	\$ 2,635.44	\$ (119.04)	-4.3%
150	\$ 2,751.60	\$ 2,632.68	\$ (118.92)	-4.3%
200	\$ 2,745.84	\$ 2,627.17	\$ (118.67)	-4.3%
250	\$ 2,740.07	\$ 2,621.65	\$ (118.42)	-4.3%
300	\$ 2,734.31	\$ 2,616.14	\$ (118.17)	-4.3%
400	\$ 2,722.78	\$ 2,605.11	\$ (117.67)	-4.3%
500	\$ 2,711.25	\$ 2,594.08	\$ (117.17)	-4.3%
1,000	\$ 2,653.61	\$ 2,538.93	\$ (114.68)	-4.3%
2,000	\$ 2,538.33	\$ 2,428.63	\$ (109.70)	-4.3%
3,000	\$ 2,423.05	\$ 2,318.33	\$ (104.72)	-4.3%
4,000	\$ 2,307.77	\$ 2,208.03	\$ (99.74)	-4.3%
5,000	\$ 2,192.48	\$ 2,097.73	\$ (94.75)	-4.3%
6,000	\$ 2,077.20	\$ 1,987.43	\$ (89.77)	-4.3%
7,000	\$ 1,961.92	\$ 1,877.13	\$ (84.79)	-4.3%
8,000	\$ 1,846.64	\$ 1,766.83	\$ (79.81)	-4.3%
9,000	\$ 1,731.36	\$ 1,656.53	\$ (74.83)	-4.3%
10,000	\$ 1,616.07	\$ 1,546.23	\$ (69.84)	-4.3%
20,000	\$ 463.25	\$ 443.23	\$ (20.02)	-4.3%
30,000	\$ (689.57)	\$ (659.77)	\$ 29.80	-4.3%

UGI Penn Natural Gas, Inc.
Comparison of Present and Proposed Rates
Rate Schedule IS

Attachment IV-B-7
D. E. Lahoff
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UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-8

Request:

Supply a map showing the Gas System Facilities and Gas Service Areas. The map should include transmission lines, distribution lines, other companies' lines interconnecting with the interconnecting points clearly designated, major compressor stations, gas storage areas and gas storage lines. The normal direction of gas flow within the transmission system should be indicated by arrows. Separate service areas within the system should be clearly designated.

Response:

Please see the response to I-C-2.

Prepared by or under the supervision of: Hans G. Bell

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-9

Request:

Supply a cost analysis supporting minimum charges for all rate schedules.

Response:

The cost analysis supporting the customer charges is presented in the cost of service study in PNG Exhibit D.

Prepared by or under the supervision of: Paul R. Herbert

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-10

Request:

Supply a cost analysis supporting demand charges for all tariffs which contain demand charges.

Response:

The cost analysis supporting the demand charges is presented in the cost of service study in PNG Exhibit D.

Prepared by or under the supervision of: Paul R. Herbert

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-11

Request:

Supply the net fuel clause adjustment by month for the test year.

Response:

Please see the response to III-E-18.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-12

Request:

Supply a tabulation of base rate bills for each rate schedule comparing the existing rates to proposed rates. The tabulation should show the dollar difference and the per cent increase or decrease.

Response:

Please see the Direct Testimony of David E. Lahoff, PNG Statement No. 7, and the response to IV-B-7.

Prepared by or under the supervision of: David E. Lahoff

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-13

Request:

Submit the projected demands for all customer classes for both purchased and produced gas for the three years following the test year filing.

Response:

Please reference Attachment 4-1 of PNG's 1307(f) Purchased Gas Cost pre-filing which was filed on April 29, 2016 and is being provided in electronic format as Attachment III-E-25.

Prepared by or under the supervision of: Angelina M. Borelli

UGI Penn Natural Gas, Inc.
Docket No. R-2016-2580030
PNG 2017 Base Rate Case
Responses to Section 53.53 - IV-B - Rate Structure - Gas Utilities
Delivered on January 19, 2017

IV-B-14

Request:

Supply an exhibit showing the gas deliveries to each customer class for the most recent 24 month period. The exhibit should identify the source of the gas, such as “purchased” (pipeline), “production” (includes purchases from local producers), “storage withdrawal,” “propane/air,” and “unaccounted for.”

Response:

Please see Attachment IV-B-14 for pipeline deliveries to each customer class and unaccounted for gas.

Please see Attachment III-E-36 for detail of the source of gas.

Prepared by or under the supervision of: Paul J. Szykman

UGI Penn Natural Gas, Inc.
Deliveries by Rate Class (MCF)

	Residential-Non Htg	Residential-Htg	RT	Commercial-Non Htg	Commercial-Htg	Industrial	NT	DS	Large Transp-Other	Co Use	Unaccounted for Gas
October 2014	9,059	665,032	8,376	10,699	218,861	4,842	96,304	191,133	2,440,459	4,190	(46,892)
November 2014	14,763	1,924,361	23,724	17,292	545,191	11,291	217,662	323,439	2,285,826	13,464	202,744
December 2014	19,111	2,340,683	34,513	20,014	782,722	18,130	297,776	381,497	2,714,178	12,682	35,775
January 2015	21,744	3,440,681	51,571	22,677	984,059	23,267	404,006	506,350	2,992,233	14,915	262,283
February 2015	21,338	3,549,322	59,225	20,579	966,437	22,661	427,178	555,732	2,775,792	16,645	157,154
March 2015	21,347	2,560,868	50,368	19,671	793,156	16,750	341,565	444,815	2,814,275	15,375	(194,601)
April 2015	12,366	1,103,627	23,715	12,221	340,709	5,545	165,186	237,101	2,161,603	9,721	(177,290)
May 2015	7,757	409,881	9,325	10,329	130,947	4,001	74,900	140,503	2,428,687	5,719	46,997
June 2015	6,534	275,396	5,651	11,126	111,962	2,307	55,326	122,074	2,084,630	3,104	74,896
July 2015	6,602	280,340	5,134	9,199	80,987	923	55,501	113,913	2,458,186	3,165	30,529
August 2015	6,378	327,596	5,131	11,534	108,118	1,738	55,642	116,252	2,407,421	2,436	127,740
September 2015	6,249	332,006	5,955	9,676	80,491	2,635	57,376	124,211	2,388,428	2,417	783
October 2015	8,365	929,222	19,369	10,040	218,376	4,899	119,214	202,591	2,109,241	4,131	71,890
November 2015	13,224	1,241,602	34,589	14,260	423,306	7,577	186,666	273,101	2,519,680	6,404	56,055
December 2015	13,887	1,544,053	41,993	14,086	480,030	9,730	230,624	314,615	2,515,313	8,541	12,375
January 2016	19,108	3,097,909	77,449	22,783	794,147	15,543	411,546	510,306	2,992,846	13,425	377,298
February 2016	19,415	2,503,496	68,054	19,114	701,315	14,800	371,112	441,849	2,625,282	14,409	4,122
March 2016	13,217	1,693,511	43,948	12,592	368,515	8,605	233,197	297,362	2,642,631	12,172	(7,259)
April 2016	9,796	1,274,905	32,801	11,259	202,126	7,055	172,668	251,125	2,114,282	7,153	(18,301)
May 2016	8,587	670,481	15,549	11,780	189,113	4,021	95,970	162,776	2,879,948	5,279	154,081
June 2016	6,770	253,454	9,432	36,551	169,269	1,887	57,546	110,753	3,716,481	1,719	148,612
July 2016	6,374	264,754	5,851	20,130	72,143	1,076	51,226	111,234	5,537,201	1,433	61,492
August 2016	5,416	275,380	5,844	(9,357)	98,732	1,973	52,958	129,676	5,693,558	1,318	101,011
September 2016	4,651	211,763	7,975	(3,966)	16,131	1,742	67,940	123,033	5,414,120	1,919	27,195

INDEX OF ATTACHMENTS ON CD

**UGI PENN NATURAL GAS, INC.
2017 BASE RATE CASE
DOCKET NO. R-2016-2580030**

BOOK I

INDEX OF ATTACHMENTS ON CD

Attachment III-A-22.2

Attachments III-E-25.1 through III-E-25.3

Attachment IV-B-5

CD CONTAINING ATTACHMENTS