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May 15, 2008

VIA HAND DELIVERY

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: UGI Utilities, Inc.
Formula Rate Informational Filing: 2008 Transmission Revenue Requirement

Dear Ms. Bose:

UGI Utilities, Inc. ("UGI Utilities"), recovers its annual transmission revenue requirement through a cost-of-service formula rate under Attachment H-8 of the open access transmission tariff ("Tariff") of PJM Interconnection, LLC ("PJM"). UGI Utilities' cost-of-service formula rate is on file with the Federal Energy Regulatory Commission ("FERC") in Docket Nos. ER06-1445-000 and ER06-1445-001.¹ Through its cost-of-service formula rate under PJM OATT Attachment H-8C, UGI Utilities determines and recovers its annual transmission revenue requirement.

UGI Utilities' Formula Rate Implementation Protocols under PJM OATT Attachment H-8D provide that UGI Utilities will annually recalculate its annual transmission revenue requirement for the rate year commencing June 1st by inputting cost data from its Form 1-F annual report filed with FERC to derive its updated "Annual Transmission Revenue Requirement" ("Annual Update"), from which UGI Utilities' components of the total transmission service charges in the "PPL Group Zone" of PJM are determined. UGI Utilities' Formula Rate Implementation Protocols further provide that UGI Utilities will both post its Annual Update on PJM's Internet website via a link to the Transmission Services page or similar successor page and file such Annual Update with FERC as an informational filing.

1. UGI Utilities, Inc., Letter Order in Docket Nos. ER06-1445-000 and ER06-1445-001 (December 13, 2006).

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REGULATORY COMMISSION

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In compliance with its Formula Rate Implementation Protocols, UGI Utilities submits the attached Annual Update to FERC as an informational filing. The Annual Update, enclosed as Attachment A, is comprised of detailed calculations conducted through its cost-of-service formula rate as populated with data from UGI Utilities' 2007 annual report on FERC Form 1-F, together with supporting data and workpapers. The effect of the Annual Update is to change UGI Utilities' Annual Transmission Revenue Requirement from \$4,108,635 for the period ending May 31, 2008, to \$4,757,032 for the period June 1, 2008, through May 31, 2009.

A summary of transmission service charges in the PPL Group Zone of PJM resulting from UGI Utilities' Annual Updated is provided as Attachment B. The change in UGI Utilities' Annual Transmission Revenue Requirement causes the Annual Network Service Charge in the PPL Group Zone to change from \$19,247 per megawatt per year to \$19,345 per megawatt per year. The change in UGI Utilities' Annual Transmission Revenue Requirement causes the Annual Point-to-Point Transmission Service Charge in the PPL Group Zone to change from \$22.724 per megawatt per year to \$22.841 per megawatt per year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Griffen" followed by a stylized flourish.

Michael C. Griffen
Attorney for UGI Utilities, Inc.

Enclosures

cc: PJM Interconnection, LLC

UGI UTILITIES, INC.

Annual Transmission Revenue Requirement Update

ATTACHMENT H-8C

UGI Utilities, Inc.	FERC Form 1-F Page #	or	2007
Formula Rate -- Appendix A	Notes	Instruction	

Allocators

Wages & Salary Allocation Factor			
1	Transmission Wages Expense	Company Records	1,065,938
2	Total Wages Expense	Company Records	8,370,743
3	Less A&G Wages Expense	Company Records	1,742,149
4	Total	(Line 2 - 3)	6,628,594
5	Wages & Salary Allocator	(Line 1 / 4)	16.0809%
Plant Allocation Factors			
6	Electric Plant in Service	(Note B) p207.104.g	123,662,943
7	Common Plant In Service - Electric	(Line 24)	2,902,974
8	Total Plant In Service	(Sum Lines 6 & 7)	126,565,917
9	Accumulated Depreciation (Total Electric Plant)	p219.19.c	50,445,766
10	Accumulated Intangible Amortization	p200.21.c	1,011,883
11	Accumulated Common Amortization - Electric	(Note A) Company Records	0
12	Accumulated Common Plant Depreciation - Electric	(Note A) Company Records	1,380,502
13	Total Accumulated Depreciation	(Note A) (Sum Lines 9 to 12)	52,838,151
14	Net Plant	(Line 8 - Line 13)	73,727,766
15	Transmission Gross Plant	(Line 29 - Line 28)	28,727,744
16	Gross Plant Allocator	(Line 15 / Line 8)	22.6979%
17	Transmission Net Plant	(Line 39 - Line 28)	16,046,700
18	Net Plant Allocator	(Line 17 / Line 14)	21.7648%

Plant Calculations

Plant In Service			
19	Transmission Plant In Service	(Note B) p207.58.g	27,727,032
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only Attachment 6	
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	Attachment 6	90,496
22	Total Transmission Plant In Service	(Line 19 - Line 20 + Line 21)	27,817,528
23	General & Intangible	p205.5.g & p207.99.g	2,757,253
24	Common Plant (Electric Only)	(Notes A & B) Attachment 5	2,902,974
25	Total General & Common	(Line 23 + Line 24)	5,660,227
26	Wage & Salary Allocation Factor	(Line 5)	16.08091%
27	General & Common Plant Allocated to Transmission	(Line 25 * Line 26)	910,216
28	Plant Held for Future Use (Including Land)	(Note C) Attachment 5	0
29	TOTAL Plant In Service	(Line 22 + Line 27 + Line 28)	28,727,744
Accumulated Depreciation			
30	Transmission Accumulated Depreciation	(Note C) Attachment 5	12,060,823
31	Accumulated General Depreciation	Attachment 5	1,464,491
32	Accumulated Intangible Amortization	(Line 10)	1,011,883
33	Accumulated Common Amortization - Electric	(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)	(Line 12)	1,380,502
35	Total Accumulated Depreciation	(Sum Lines 31 to 34)	3,856,876
36	Wage & Salary Allocation Factor	(Line 5)	16.08091%
37	General & Common Allocated to Transmission	(Line 35 * Line 36)	620,221
38	TOTAL Accumulated Depreciation	(Line 30 + Line 37)	12,681,044
39	TOTAL Net Property, Plant & Equipment	(Line 29 - Line 38)	16,046,700

Adjustment To Rate Base

Accumulated Deferred Income Taxes				
40	ADIT net of FASB 106 and 109		Attachment 1	-1,946,059
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	Attachment 5	0
42	Net Plant Allocation Factor		(Line 18)	21.76%
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * Line 42) + Line 40	-1,946,059
Prepayments				
44	Prepayments (Account 165)	(Note A)	Attachment 5	22,762
45	Net Plant Allocation Factor		(Line 18)	21.7648%
46	Total Prepayments Allocated to Transmission		(Line 44 * Line 45)	4,954
Materials and Supplies				
47	Undistributed Stores Exp	(Note A)	Attachment 5	141,638
48	Wage & Salary Allocation Factor		(Line 5)	16.08%
49	Total Transmission Allocated		(Line 47 * Line 48)	22,777
50	Transmission Materials & Supplies		Attachment 5	224,107
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + Line 50)	246,884
Cash Working Capital				
52	Operation & Maintenance Expense		(Line 84)	3,263,959
53	1/8th Rule		x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * Line 53)	407,995
Network Credits				
55	Outstanding Network Credits	(Note N)	From PJM	0
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0
57	Net Outstanding Credits		(Line 55 - Line 56)	0
58	TOTAL Adjustment to Rate Base		(Lines 43 + 46 + 51 + 54 - 57)	-1,286,227
59	Rate Base		(Line 39 + Line 58)	14,760,473

O&M

Transmission O&M				
60	Transmission O&M		p321.112.b	6,407,293
61	Less extraordinary property loss		Attachment 5	
62	Plus amortized extraordinary property loss		Attachment 5	
63	Less Account 565		p321.96.b	4,101,648
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	0
65	Plus Transmission Lease Payments	(Note A)	Attachment 5	0
66	Transmission O&M		(Lines 60 - 61 + 62 - 63 + 64 + 65)	2,305,645
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	Attachment 5	0
68	Total A&G		p323.197.b	5,955,313
69	Less Property Insurance Account 924		p323.185b	26,147
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	3,381
71	Less General Advertising Exp Account 930.1		p323.191b	1,846
72	Less EPRI Dues	(Note D)	Attachment 5	0
73	General & Common Expenses		(Lines 67 + 68 - Sum (69 to 72))	5,923,939
74	Wage & Salary Allocation Factor		(Line 5)	16.0809%
75	General & Common Expenses Allocated to Transmission		(Line 73 * Line 74)	952,623
Directly Assigned A&G				
76	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
77	General Advertising Exp Account 930.1	(Note K)	Attachment 5	0
78	Subtotal - Transmission Related		(Line 76 + Line 77)	0
79	Property Insurance Account 924		(Line 69)	26,147
80	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
81	Total		(Line 79 + Line 80)	26,147
82	Net Plant Allocation Factor		(Line 18)	21.76%
83	A&G Directly Assigned to Transmission		(Line 81 * Line 82)	5,691
84	Total Transmission O&M		(Lines 66 + 75 + 78 + 83)	3,263,959

Depreciation & Amortization Expense

Depreciation Expense				
85	Transmission Depreciation Expense		Attachment 5	431,414
86	General Depreciation		Attachment 5	151,588
87	Intangible Amortization	(Note A)	Attachment 5	0
88	Total		(Line 86 + Line 87)	151,588
89	Wage & Salary Allocation Factor		(Line 5)	16.0809%
90	General Depreciation Allocated to Transmission		(Line 88 * Line 89)	24,377
91	Common Depreciation - Electric Only	(Note A)	Attachment 5	310,105
92	Common Amortization - Electric Only	(Note A)	Attachment 5	0
93	Total		(Line 91 + Line 92)	310,105
94	Wage & Salary Allocation Factor		(Line 5)	16.0809%
95	Common Depreciation - Electric Only Allocated to Transmission		(Line 93 * Line 94)	49,868
96	Total Transmission Depreciation & Amortization		(Line 85 + Line 90 + Line 95)	505,658

Taxes Other than Income

97	Taxes Other than Income		Attachment 2	132,265
98	Total Taxes Other than Income		(Line 97)	132,265

Return / Capitalization Calculations

Long Term Interest				
99	Long Term Interest		p117.62.c through 67.c	32,495,943
100	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	0
101	Long Term Interest		(Line 99 - Line 100)	32,495,943
102	Preferred Dividends	enter positive	p118.29.c	-
Common Stock				
103	Proprietary Capital		p112.16.c	584,170,692
104	Less Preferred Stock	enter negative	(Line 113)	0
105	Less Account 216.1	enter negative	p112.12.c	-37,267,510
106	Common Stock		(Sum Lines 103 to 105)	546,903,182
Capitalization				
107	Long Term Debt		p112.18.c through 21.c	512,000,000
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	-643,542
109	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
110	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	0
111	Less LTD on Securitization Bonds	(Note P)	Attachment 8	0
112	Total Long Term Debt		(Sum Lines 107 to 111)	511,356,458
113	Preferred Stock		p112.3.c	0
114	Common Stock		(Line 106)	546,903,182
115	Total Capitalization		(Sum Lines 112 to 114)	1,058,259,640
116	Debt %	Total Long Term Debt	(Line 112 / Line 115)	48.3%
117	Preferred %	Preferred Stock	(Line 113 / Line 115)	0.0%
118	Common %	Common Stock	(Line 114 / Line 115)	51.7%
119	Debt Cost	Total Long Term Debt	(Line 101 / Line 112)	0.0635
120	Preferred Cost	Preferred Stock	(Line 102 / Line 113)	0.0000
121	Common Cost	Common Stock	(Note J) Fixed	0.1130
122	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 116 * Line 119)	0.0307
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Common	Common Stock	(Line 118 * Line 121)	0.0584
125	Total Return (R)		(Sum Lines 122 to 124)	0.0891
126	Investment Return = Rate Base * Rate of Return		(Line 59 * Line 125)	1,315,229

Composite Income Taxes

Income Tax Rates			
127	FIT=Federal Income Tax Rate		FIT for Year 35.00%
128	SIT=State Income Tax Rate or Composite	(Note I)	SIT for Year 9.99%
129	p	(percent of federal income tax deductible for state purposes)	0.00%
130	T		41.49%
131	T/(1-T)		70.92%
ITC Adjustment			
132	Amortized Investment Tax Credit	(Note I) enter negative	p115,19.g -67,704
133	T/(1-T)		(Line 131) 70.92%
134	Net Plant Allocation Factor		(Line 18) 21.7648%
135	ITC Adjustment Allocated to Transmission		(Line 132 * Line 133 * Line 134) -20,777
136	Income Tax Component =		CIT=(T/1-T) * Investment Return * (1-(WCLTI[Line 131 * 126 * (1-(122 / 125))])) 611,326
137	Total Income Taxes		(Line 135 + Line 136) 590,549

REVENUE REQUIREMENT

Summary			
138	Net Property, Plant & Equipment		(Line 39) 16,046,700
139	Adjustment to Rate Base		(Line 58) -1,286,227
140	Rate Base		(Line 59) 14,760,473
141	O&M		(Line 84) 3,263,959
142	Depreciation & Amortization		(Line 96) 505,658
143	Taxes Other than Income		(Line 98) 132,265
144	Investment Return		(Line 126) 1,315,229
145	Income Taxes		(Line 137) 590,549
146	Gross Revenue Requirement		(Sum Lines 141 to 145) 5,807,660
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
147	Transmission Plant In Service		(Line 19) 27,727,032
148	Excluded Transmission Facilities	(Note M)	Attachment 5 5,232,318
149	Included Transmission Facilities		(Line 147 - Line 148) 22,494,714
150	Inclusion Ratio		(Line 149 / Line 147) 81.13%
151	Gross Revenue Requirement		(Line 146) 5,807,660
152	Adjusted Gross Revenue Requirement		(Line 150 x Line 151) 4,711,707
Revenue Credits & Interest on Network Credits			
153	Revenue Credits		Attachment 3 154,831
154	Interest on Network Credits	(Note N)	PJM Data -
155	Net Revenue Requirement		(Line 152 - Line 153 + Line 154) 4,556,876
Net Plant Carrying Charge without ROE Increment			
156	Gross Revenue Requirement		(Line 146) 5,807,660
157	Net Transmission Plant		(Line 19 - Line 30) 15,666,209
158	Net Plant Carrying Charge		(Line 156 / Line 157) 37.0713%
159	Net Plant Carrying Charge without Depreciation		(Line 156 - Line 85) / Line 157 34.3175%
160	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Lines 156 - 85 - 126 - 137) / Line 157 22.1526%
Net Plant Carrying Charge with 100 Basis Point ROE Increment			
161	Gross Revenue Requirement Less Return and Taxes		(Line 146 - Line 144 - Line 145) 3,901,883
162	Increased Return and Taxes		Attachment 4 2,036,158
163	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 161 + Line 162) 5,938,041
164	Net Transmission Plant		(Line 19 - Line 30) 15,666,209
165	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 163 / Line 164) 37.9035%
166	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 162 - Line 85) / Line 164 35.1497%
167	Net Revenue Requirement		(Line 155) 4,556,876
168	Reconciliation Amount		Attachment 6 200,156
169	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects		Attachment 7 -
170	Facility Credits under Section 30.9 of the PJM OATT		Attachment 5 -
171	Net Zonal Revenue Requirement		(Sum Lines 167 to 170) 4,757,032
Network Zonal Service Rate			
172	1 CP Peak	(Note L)	PJM Data N/A
173	Rate (\$/MW-Year)	(Note L)	(Line 171 / Line 172) N/A
174	Network Service Rate (\$/MW/Year)	(Note L)	(Line 173) N/A

Notes

- A Electric portion only
- B Exclude Construction Work In Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant included in the PJM Regional Transmission Expansion Plan which is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. For the true-up, new transmission plant which was included in the PJM RTEP actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/1-T)$. A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L The Network Zonal Rate is calculated by PJM Interconnection for the PPL Group Zone.
- M Amount of transmission plant excluded from rates, includes investment in generation step-up transformers to the extent included in Plant in Service.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 154.
- O Payments made under Schedule 12 of the PJM OATT are excluded in Transmission O&M on line 64 since they are already assessed under Schedule 12
- P Securitization bonds may be included in the capital structure.

END

UGI Utilities, Inc.

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
1 ADIT- 282	0	(7,911,677)	0	
2 ADIT-283	0	0	(15,354)	
3 ADIT-190	0	8,842	(931,642)	
4 Subtotal	0	(7,902,835)	(946,996)	
5 Wages & Salary Allocator			16.0809%	
6 Gross Plant Allocator		22.6979%		
7 ADIT	0	(1,793,774)	(152,286)	(1,946,059)

	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
21 RESERVE FOR BAD DEBT - FIT	257,736			
22 RESERVE FOR BAD DEBT - STATE	81,728			
23 INJURIES & DAMAGES - FIT				-
24 INJURIES & DAMAGES - STATE				-
25 SFAS 112 WORKERS COMPENSATION - FIT				86,623
26 SFAS 112 WORKERS COMPENSATION - STATE				27,426
27 SFAS LTD (NON CURRENT) - FIT				40,875
28 SFAS LTD (NON CURRENT) - STATE				12,938
29 POST RETIREMENT BENEFIT (NON CURRENT) - FIT				819,048
30 POST RETIREMENT BENEFIT (NON CURRENT) - STATE				259,725
31 POST RETIREMENT BENEFIT (CURRENT) - FIT				(75,456)
32 POST RETIREMENT BENEFIT (CURRENT) - STATE				(23,928)
33 PREPAID RETIREMENT INCOME COSTS - FIT				(1,077,128)
34 PREPAID RETIREMENT INCOME COSTS - STATE				(341,564)
35 EXEC RETIREMENT PLAN - FIT				99,685
36 EXEC RETIREMENT PLAN - STATE				31,341
37 ANNUAL BONUS PLAN - FIT				(23,441)
38 ANNUAL BONUS PLAN - STATE				(7,355)
39 RESTRICTED STOCK AWARDS - FIT				50,895
40 RESTRICTED STOCK AWARDS - STATE				16,145
41 VACATION ACCRUAL - FIT				130,105
42 VACATION ACCRUAL - STATE				41,262
43 TAX CUSHION - FIT	14,242			
44 TAX CUSHION - STATE	-			
45 VEBA - FIT				(14,045)
46 VEBA - STATE				(5,404)
47 FAS 143 - FIT			6,713	
48 FAS 143 - STATE			2,129	
49 CIAC RECEIPTS - NET REFUNDS - FIT	216,090			
50 CIAC RECEIPTS - NET REFUNDS - STATE	67,863			
51 IRPA - FIT	346,490			
52 IRPA - STATE	109,874			
53 FAS 158 - FIT				1,416,267
54 FAS 158 - STATE				449,109
55 Subtotal - p234	1,094,023	-	8,842	1,913,123
56 Less FASB 109 Above				
57 Less FASB 106 Above				2,844,765
58 Total	1,094,023	-	8,842	(931,642)

- 60 Instructions for Account 190:
- 61 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
 - 62 2. ADIT items related only to Transmission are directly assigned to Column B
 - 63 3. ADIT items related Plant and not in Columns A & B are directly assigned to Column C
 - 64 4. ADIT items related to labor and not in Columns A & B are directly assigned to Column D
 - 65 5. Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the
 - 66 ADIT is not included in the formula, the associated ADIT amount shall be excluded
 - 67 6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

ADIT- 282

	(A) Gas, Prod Or Other Related	(B) Only Transmission Related	(C) Plant Related	(D) Labor Related
1 RECOVERABLE UTILITY COSTS - FIT	(6,194,875)			
2 RECOVERABLE UTILITY COSTS - STATE	(4,194,048)			
3 LIB. TAX DEPRECIATION ADR - FIT			(31,598)	
4 LIB. TAX DEPRECIATION ADR - STATE			(103,618)	
5 LIB. TAX DEPRECIATION - FIT - ACRS/MACRS			(7,983,434)	
6 LIB. TAX DEPRECIATION - STATE - ACRS/MACRS			206,973	
7				
8				
9				
10				
11				
12				
13				
14				
15				
16 Subtotal - p275 (Form 1-F filer: see note 6 below)	(10,388,923)	0	(7,911,677)	0
17 Less FASB 109 Above	(10,388,923)			
18 Less FASB 106 Above			0	
19 Total	0	0	(7,911,677)	0

Instructions for Account 282:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

ADIT-283

	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
38 LOSS OF REACQUIRED DEBT - FIT	(24,329)			
39 LOSS OF REACQUIRED DEBT - STATE	(7,715)			
40 HEDGE EFFECTS ON PURCHASES - FIT	-			
41 HEDGE EFFECTS ON PURCHASES - STATE	-			
42 RETIREMENT BENEFIT COSTS - FIT				(11,658)
43 RETIREMENT BENEFIT COSTS - STATE				(3,696)
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				
55				
56				
57				
58				
59 Subtotal - p277 (Form 1-F filer: see note 6, below)	(32,044)	-	-	(15,354)
60 Less FASB 109 Above				
61 Less FASB 106 Above				
62 Total	(32,044)	-	-	(15,354)

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

UGI Utilities, Inc.

Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	Source: Company Records	Allocator	Allocated Amount
Plant Related			
Gross Plant Allocator			
1 Real property (State, Municipal or Local)	4,491		
2 Personal property			
3 Capital Stock Tax	76,376		
4 Gross Premium (insurance) Tax			
5 PURTA	105,263		
6 Corp License			
7			
8			
9 Total Plant Related	186,130	22.6979%	42,248
10			
11			
Labor Related			
Wages & Salary Allocator			
12			
13			
14			
15 Federal FICA & Unemployment	506,575		
16 Unemployment	53,206		
17			
18			
19			
20 Total Labor Related	559,780	16.0809%	90,018
21			
22			
Other Included			
Gross Plant Allocator			
23			
24			
25 Miscellaneous			
26			
27			
28			
29 Total Other Included	0	22.6979%	0
30			
31 Total Included	Sum lines 9+20+29 745,911		132,265
32			
33			
Currently Excluded			
34			
35			
36 Gross Receipts	7,332,214		
37 Utility Regulatory Assessment	148,626		
38			
39			
40			
41 Total Excluded	7,480,840		
42			
43 Grand Total = Included + Excluded (line 31 + 41)	<u>8,226,750</u>		
44			
45 Total "Taxes Other Than Income Taxes" Acct. 408.1 (p115.14.g)	8,226,750		
46			
47 Difference			0

UGI Utilities, Inc.

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1	Rent from Electric Property - Transmission Related (Note 3)	-
2	Total Rent Revenues (Line 1)	-
 Account 456 - Other Electric Revenues (Note 1)		
3	Schedule 1A	
4	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)	-
5	Point to Point Service revenues received by the Transmission Owner for which the load is not included in the divisor	126,031
6	PJM Transitional Revenue Neutrality (Note 1)	
7	PJM Transitional Market Expansion (Note 1)	
8	Professional Services (Note 3)	
9	Revenues from Directly Assigned Transmission Facility Charges (Note 2)	
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	28,800
11	Gross Revenue Credits (Sum Lines 2 through 10)	154,831
12	Line 17g	-
13	Total Revenue Credits (Line 11 - Line 12)	154,831
 <u>Revenue Adjustment to determine Revenue Credit</u>		
14	Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or the associated load will be included in the peak on line 173 of Appendix A.	
15	Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.	
16	Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).	
17a	Revenues included in lines 1-11 which are subject to 50/50 sharing.	
17b	Costs associated with revenues in line 17a	
17c	Net Revenues (17a - 17b)	
17d	50% Share of Net Revenues (17c / 2)	
17e	Costs associated with revenues in line 17a that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.	
17f	Net Revenue Credit (17d + 17e)	-
17g	Line 17f less line 17a	-
18	Note 4: If the facilities associated with the revenues are not included in the formula, the revenue is shown here but not included in the total above and is explained in the Cost Support; for example, revenues associated with distribution facilities. In addition, Revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12.	
19	Amount offset in line 4 above	
20	Total Account 454 and 456 (Lines 11+ 18 + 19)	154,831

UGI Utilities, Inc.

Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point Increase in ROE		
	100 Basis Point increase in ROE and Income Taxes	(Line 126 + Line 138)	2,036,158
B	100 Basis Point increase in ROE		1.00%

Return Calculation

59	Rate Base		(Line 39 + Line 58)	14,760,473
	Long Term Interest			
99	Long Term Interest		p117.62.c through 67.c	32,495,943
100	Less LTD Interest on Securitization Bonds		Attachment 8	0
101	Long Term Interest		(Line 99 - Line 100)	32,495,943
102	Preferred Dividends	enter positive	p118.29.c	0
	Common Stock			
103	Proprietary Capital		p112.16.c	584,170,692
104	Less Preferred Stock	enter negative	(Line 113)	0
105	Less Account 216.1	enter negative	p112.12.c	-37,267,510
106	Common Stock		(Sum Lines 103 to 105)	546,903,182
	Capitalization			
107	Long Term Debt		p112.18.c through 21.c	512,000,000
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	-643,542
109	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
112	Total Long Term Debt		(Sum Lines 107 to 111)	511,356,458
113	Preferred Stock		p112.3.c	0
114	Common Stock		(Line 106)	546,903,182
115	Total Capitalization		(Sum Lines 112 to 114)	1,058,259,640
116	Debt %	Total Long Term Debt	(Line 112 / Line 115)	48.3%
117	Preferred %	Preferred Stock	(Line 113 / Line 115)	0.0%
118	Common %	Common Stock	(Line 114 / Line 115)	51.7%
119	Debt Cost	Total Long Term Debt	(Line 101 / Line 112)	0.0635
120	Preferred Cost	Preferred Stock	(Line 102 / Line 113)	0.0000
121	Common Cost	(Note J) Common Stock	Fixed plus 100 Basis Pts	0.1230
122	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 116 * Line 119)	0.0307
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Common	Common Stock	(Line 118 * Line 121)	0.0636
125	Total Return (R)		(Sum Lines 122 to 124)	0.0943
126	Investment Return = Rate Base * Rate of Return		(Line 59 * Line 125)	1,391,510

Composite Income Taxes

	Income Tax Rates		
127	FIT=Federal Income Tax Rate		35.00%
128	SIT=State Income Tax Rate or Composite		9.99%
129	p = percent of federal income tax deductible for state purposes		0.00%
130	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	41.49%
131	T/ (1-T)		70.92%
	ITC Adjustment		
132	Amortized Investment Tax Credit	enter negative	-67,704
133	T/(1-T)		70.92%
134	Net Plant Allocation Factor		21.7648%
135	ITC Adjustment Allocated to Transmission	(Note I)	-20,777
137	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	665,426
138	Total Income Taxes		644,648

Cost Support

UGI Utilities, Inc.

Cost Support

Electric / Non-electric Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1-F or Company Records Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
2	Total Wage Expense		Company Records		8,370,743		Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
3	Administrative and General Wage Expense		Company Records		1,742,149		Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
10	Accumulated Intangible Amortization	(Note A)		0	0	0	
11	Accumulated Common Amortization - Electric	(Note A)	Company Records	0	0	0	
	Accumulated General Depreciation - Electric	(Note A)	Company Records		1,464,491		
12	Accumulated Common Plant Depreciation - Electric	(Note A)	Company Records	10,259,416	1,380,502	8,878,914	Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
Plant In Service							
24	Common Plant (Electric Only)	(Notes A & B)	p201.3.h	28,478,940	2,902,974	25,575,966	Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
Accumulated Deferred Income Taxes							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	Company Records	0	0	0	
Prepayments							
44	Prepayments (Account 165)	(Note A)	p111.57(d)	2,654,051	22,762	2,631,289	Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	Company Records	141,638	141,638	0	Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	p200.4.c				
67	Common Plant O&M	(Note A)	Attachment 5	0	0	0	
Depreciation Expense							
85	Depreciation		p219.10.c	3,329,916	431,414	2,898,502	Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
86	General Depreciation				151,588		Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
87	Intangible Amortization	(Note A)	Attachment 5	0		0	
91	Common Depreciation - Electric Only	(Note A)	Attachment 5	2,490,188	310,105	2,180,083	Form 1-F Filer. Not in Form 1-F. Analysis of Company Records
92	Common Amortization - Electric Only	(Note A)	Attachment 5	0	0	0	

Transmission / Non-transmission Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1-F or Company Records Amount	Transmission Related	Non-transmission Related	Details
15	Transmission Gross Plant		p207.58.g	27,727,032	22,494,714	5,232,318	Direct assignment to Transmission based upon plant records.
28	Plant Held for Future Use (Including Land)	(Note C)	Attachment 5	0	0	0	Specific identification based on plant records: The following plant investments are included:
30	Transmission Accumulated Depreciation	0	p200.14.c	50,835,768	12,060,823	38,774,945	Direct assignment to Transmission based upon plant records.
50	Materials and Supplies		p110.48(c)	2,009,673	224,107	1,785,566	Direct assignment to Transmission based upon plant records.
83	Transmission Depreciation Expense		p219.10.c	3,329,916	431,414	2,898,502	Direct assignment to Transmission based upon plant records.

CWIP & Expensed Lease Worksheet

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1-F or Company Records Amount	CWIP In Form 1 Amount	Expensed Lease In Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant In Service	(Note B)	p207.104.g	123,662,943	0	0	See Form 1
7	Common Plant In Service - Electric	0	(Line 24)	2,902,974	0	0	See Line 7
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	27,727,032			See Line 15
24	Common Plant (Electric Only)	(Notes A & B)	Attachment 5	2,902,974	0	0	See Line 24
Accumulated Depreciation							
30	Transmission Accumulated Depreciation	(Note C)	Attachment 5	12,060,823	0	0	See Form 1

Cost Support

EPRI Dues Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 or Company Records Amount	EPRI Dues	Details
72	Allocated General & Common Expenses Less EPRI Dues	(Note D)	Attachment 5	0	0	UGI is not a member of EPRI

Regulatory Expense Related to Transmission Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 or Company Records Amount	Transmission Related	Non-transmission Related	Details
70	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	3,381			
76	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)		0	0		

Safety Related Advertising Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 or Company Records Amount	Safety Related	Non-safety Related	Details
80	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.162.b	1,846	-	-	None

MultiState Workpaper

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
128	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)	SIT for Year	Pennsylvania 9.99%	Enter State Enter %	Enter State Enter %	Enter State Enter %	Enter State Enter %	Enter Calculation Pennsylvania Only

Education and Out Reach Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 or Company Records Amount	Education & Outreach	Other	Details
77	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.162.b	1,846	0	0	None

Cost Support

Excluded Plant Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities					
148	Excluded Transmission Facilities	(Note M)	Attachment 5	5,232,318	
				Enter \$	None
<i>Add more lines if necessary</i>					

Outstanding Network Credits Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Outstanding Network Credits	Description of the Credits
Network Credits					
55	Outstanding Network Credits	(Note N)	From PJM	0	General Description of the Credits
				Enter \$	None
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0	
<i>Add more lines if necessary</i>					

Interest on Outstanding Network Credits Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Interest on Network Credits	Description of the Interest on the Credits
Revenue Credits & Interest on Network Credits					
154	Interest on Network Credits	(Note N)	PJM Data	0	General Description of the Credits
				Enter \$	None
<i>Add more lines if necessary</i>					

PJM Load Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
Network Zonal Service Rate					
172	1 CP Peak	(Note L)	PJM Data		PJM Interconnection Calculates the Rate

Statements BG/BH (Present and Proposed Revenues)

Customer	Billing			Current Revenues	Proposed Revenues	Change in Revenues
	Determinants	Current Rate	Proposed Rate			
<i>Add more lines if necessary</i>						
Total				-	-	-

UGI Utilities, Inc.

Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Exec Summary

- 1 April Year 2 TO populates the formula with Year 1 data from Form 1 for Year 1 (e.g. 2005 data) (no Cap Adds)
- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2 (e.g. 2006)
- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g. June 1, 2005 - May 31, 2006)

- 6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2006)
- 7 April Year 3 TO estimates Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2007)
- 8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds in Reconciliation
(adjusted to include any Reconciliation amount from prior year)
- 9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)
- 10 May Year 3 Post results of Step 9 on PJM web site
- 11 June Year 3 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2007 - May 31, 2008)

Detailed Example

- 1 April Year 2 TO populates the formula with Year 1 data from Form 1 for Year 1 (e.g. 2005 data) (no Cap Adds)

	\$ 4,112,346	Rev Req based on Year 1 data	Must run Appendix A to get this number (without any Cap Adds in line 21 of Appendix A)
--	--------------	------------------------------	--

- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2 (e.g. 2006)

	Est. In Service Date	Weighting	Amount	One 12th
Jan	-	11.5	-	-
Feb	3,532,501	10.5	37,091,261	3,090,938
Mar	-	9.5	-	-
Apr	-	8.5	-	-
May	-	7.5	-	-
Jun	-	6.5	-	-
Jul	-	5.5	-	-
Aug	824,499	4.5	3,710,246	309,187
Sep	-	3.5	-	-
Oct	-	2.5	-	-
Nov	-	1.5	-	-
Dec	451,363	0.5	225,682	18,807
Total	4,808,363		41,027,188	3,418,932
New Transmission Plant Additions for Year 2 (weighted by months in service)				3,418,932

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula

	\$ 3,418,932	Input to Formula Line 21
--	--------------	--------------------------

- 4 May Year 2 Post results of Step 3 on PJM web site

	\$ 4,461,409	Must run Appendix A to get this number (with prospective weighted cap adds in line 21)
--	--------------	--

- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g. June 1, 2005 - May 31, 2006)

	\$ 4,461,409
--	--------------

- 6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2006)

	\$ 4,325,446	Rev Req based on Prior Year data	Must run Appendix A to get this number (without any Cap Adds in line 21 of Appendix A)
--	--------------	----------------------------------	--

- 7 April Year 3 TO estimates Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2007)

	Est. In Service Date	Weighting	Amount	One 12th
Jan		11.5	-	-
Feb		10.5	-	-
Mar	10,000	9.5	95,000	7,917
Apr	9,641	8.5	81,949	6,829
May		7.5	-	-
Jun		6.5	-	-
Jul	33,000	5.5	181,500	15,125
Aug	31,000	4.5	139,500	11,625
Sep	168,000	3.5	588,000	49,000
Oct		2.5	-	-
Nov		1.5	-	-
Dec		0.5	-	-
Total	251,641		1,085,949	90,496
New Transmission Plant Additions for Year 3 (weighted by months in service)				90,496
				Input to Formula Line 21

8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total estimated Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds in Reconciliation
(adjusted to include any Reconciliation amount from prior year)

Remove all Cap Adds placed in service in Year 2 -<Actuals for Year 3 (2007)>
For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 437,831 Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

	Actual In Service Date	Weighting	Amount	One 12th
Jan	-	11.5	-	-
Feb	-	10.5	-	-
Mar	-	9.5	-	-
Apr	-	8.5	-	-
May	-	7.5	-	-
Jun	-	6.5	-	-
Jul	-	5.5	-	-
Aug	-	4.5	-	-
Sep	318,475	3.5	1,114,663	92,889
Oct	119,356	2.5	298,390	24,866
Nov	-	1.5	-	-
Dec	-	0.5	-	-
Total	437,831		1,413,053	117,754

New Transmission Plant Additions for Year 2 (weighted by months in service) 117,754 Input to Formula Line 21

4,515,923 Result of Formula for Reconciliation Must run Appendix A with cap adds in line 21 and line 20

9 April Year 4 Reconciliation -- TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)

The Reconciliation in Step 8 4,515,923 - The forecast in Prior Year 4,331,178 = 184,745

Interest on Amount of Refunds or Surcharges

Interest 35.19a for March Current Yr		0.6500% -<March 2008>		Surcharge (Refund)		
Month	Yr	1/12 of Step 9	Interest Rate for March of Current Year	Months	Interest Owed	
Jun	Year 1	15,395	0.6500%	11.5	1,151	16,546
Jul	Year 1	15,395	0.6500%	10.5	1,051	16,446
Aug	Year 1	15,395	0.6500%	9.5	951	16,346
Sep	Year 1	15,395	0.6500%	8.5	851	16,246
Oct	Year 1	15,395	0.6500%	7.5	751	16,146
Nov	Year 1	15,395	0.6500%	6.5	650	16,046
Dec	Year 1	15,395	0.6500%	5.5	550	15,946
Jan	Year 2	15,395	0.6500%	4.5	450	15,846
Feb	Year 2	15,395	0.6500%	3.5	350	15,746
Mar	Year 2	15,395	0.6500%	2.5	250	15,646
Apr	Year 2	15,395	0.6500%	1.5	150	15,546
May	Year 2	15,395	0.6500%	0.5	50	15,445
Total		184,745				191,950

		Balance	Interest	Amortization over Rate Year	Balance
Jun	Year 2	191,950	0.6500%	16,680	176,518
Jul	Year 2	176,518	0.6500%	16,680	160,986
Aug	Year 2	160,986	0.6500%	16,680	145,352
Sep	Year 2	145,352	0.6500%	16,680	129,617
Oct	Year 2	129,617	0.6500%	16,680	113,780
Nov	Year 2	113,780	0.6500%	16,680	97,840
Dec	Year 2	97,840	0.6500%	16,680	81,796
Jan	Year 3	81,796	0.6500%	16,680	65,648
Feb	Year 3	65,648	0.6500%	16,680	49,395
Mar	Year 3	49,395	0.6500%	16,680	33,037
Apr	Year 3	33,037	0.6500%	16,680	16,572
May	Year 3	16,572	0.6500%	16,680	(0)
Total with interest				200,156	

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest 200,156
Rev Req based on Year 3 data with estimated Cap Adds for Year 4 \$ 4,556,876
Revenue Requirement for Year 3 4,757,032

10 May Year 4 Post results of Sept 9 on PJM web site
\$ 4,757,032 Post results of Step 3 on PJM web site

11 June Year 4 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2008 - May 31, 2009)
\$ 4,757,032

Attachment 7 - Transmission Enhancement Charge Worksheet

Fixed Charge Rate (FCR) if not a CIAC

Formula Line			
A	159	Net Plant Carrying Charge without Depreciation	34.3175%
B	166	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	35.1497%
C		Line B less Line A	0.8322%

FCR if a CIAC

D	160	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	22.1526%
---	-----	--	----------

The FCR resulting from Formula in a given year is used for that year only.
Therefore actual revenues collected in a year do not change based on cost data for subsequent years

Details		Project A				Project B						
Schedule 12	(Yes or No)											
Life												
CIAC	(Yes or No)											
Increased ROE (Basis Points)												
FCR @ 11.3 ROE		0.343174668										
	(FCR @ 11.3 ROE + FCR @ 11.3 ROE x Increased ROE/100 bp)											
FCR for This Project		0.343174668										
Investment					may be weighted average of small projects							
Annual Depreciation Exp		-				-						
In Service Month (1-12)												
Invest Yr		Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit
FCR @ 11.3 ROE	2006	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2006	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2007	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2007	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2008	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2008	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2009	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2009	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2010	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2010	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2011	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2011	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2012	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2012	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2013	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2013	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2014	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2014	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2015	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2015	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2016	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2016	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2017	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2017	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2018	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2018	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2019	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2019	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2020	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2020	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2021	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2021	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2022	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2022	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2023	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2023	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2024	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2024	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
FCR @ 11.3 ROE	2025	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Increased ROE	2025	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
****		****	****	****	****	****	****	****	****	\$ -	\$ -	\$ -
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UGI Utilities, Inc.

Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest		
100	Less LTD Interest on Securitization Bonds		0
	Capitalization		
111	Less LTD on Securitization Bonds		0

Calculation of the above Securitization Adjustments



PPL GROUP ZONE OF PJM

**Summary of Transmission Service Charges
Resulting from UGI Utilities' Annual Update**

ATTACHMENT B

<u>Network Integration Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$18,231)	\$ 18,231	\$ 18,231
Allegheny Electric Cooperative, Inc. (\$392)	392	392
UGI Utilities, Inc. (ATRR÷6,593 MW)	623	722
Total:	\$ 19,247	\$ 19,345

<u>Annual Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$21,526)	\$ 21,526	\$ 21,526
Allegheny Electric Cooperative, Inc. (\$0.463)	0.463	0.463
UGI Utilities, Inc. (ATRR÷5,584 MW÷1,000)	0.736	0.852
Total:	\$ 22.724	\$ 22.841

<u>Monthly Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$1.794)	\$ 1.794	\$ 1.794
Allegheny Electric Cooperative, Inc. (\$0.039)	0.039	0.039
UGI Utilities, Inc. (Annual PTP÷12)	0.061	0.071
Total:	\$ 1.894	\$ 1.903

<u>Weekly Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$0.4140)	\$ 0.4140	\$ 0.4140
Allegheny Electric Cooperative, Inc. (\$0.0089)	0.0089	0.0089
UGI Utilities, Inc. (Annual PTP÷52)	0.0141	0.0164
Total:	\$ 0.4370	\$ 0.4392

<u>Daily On-Peak Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$0.0828)	\$ 0.0828	\$ 0.0828
Allegheny Electric Cooperative, Inc. (\$0.0018)	0.0018	0.0018
UGI Utilities, Inc. (Weekly PTP÷5)	0.0028	0.0033
Total:	\$ 0.0874	\$ 0.0878

ATTACHMENT B

<u>Daily Off-Peak Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$0.0591)	\$ 0.0591	\$ 0.0591
Allegheny Electric Cooperative, Inc. (\$0.0013)	0.0013	0.0013
UGI Utilities, Inc. (Weekly PTP÷7)	0.0020	0.0023
Total:	\$ 0.0624	\$ 0.0627

<u>Hourly On-Peak Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$5.17)	\$ 5.17	\$ 5.17
Allegheny Electric Cooperative, Inc. (\$0.11)	0.11	0.11
UGI Utilities, Inc. (Daily On PTP÷16 * 1,000)	0.18	0.20
Total:	\$ 5.46	\$ 5.49

<u>Hourly Off-Peak Point-to-Point Transmission Service Charges</u>		
	2007-2008	2008-09
PPL Electric Utilities Corporation (\$2.46)	\$ 2.46	\$ 2.46
Allegheny Electric Cooperative, Inc. (\$0.05)	0.05	0.05
UGI Utilities, Inc. (Daily Off PTP÷24 * 1,000)	0.08	0.10
Total:	\$ 2.60	\$ 2.61