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May 15, 2019

VIA EFILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: UGI Utilities, Inc., Docket Nos. ER06-1445-000 and ER06-1445-001
Formula Rate Informational Filing: 2019 Transmission Revenue Requirement

Dear Secretary 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 the Form 1 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, Docket Nos. ER06-1445-000 and ER06-1445-001 (Dec. 13, 2006).

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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' 2018 annual report on FERC Form 1, together with supporting data and workpapers. UGI Utilities' Annual Transmission Revenue Requirement changes from \$6,966,928 for the period ending May 31, 2019, to \$7,038,152 for the period June 1, 2019, through May 31, 2020.² Incorporating the reconciliation amount (i.e., the true-up), the Net Revenue Requirement is \$7,050,440.³

The change in UGI Utilities' Net Revenue Requirement causes UGI Utilities' contribution to the Annual Network Service Charge in the PPL Group Zone to change from \$1,051 per megawatt per year to \$918 per megawatt per year.

UGI Utilities notes that under its reconcilable default service cost rate recovery mechanism approved by the Pennsylvania Public Utility Commission effective January 1, 2010, it recovers certain transmission costs associated with its provision of default generation service directly from retail default generation service customers. Accordingly, it has excluded from its Annual Transmission Revenue Requirement transmission expenses recorded in Account No. 565 and certain other excluded transmission expenses. The detail of UGI Utilities' exclusion of such cost is shown in Attachment 5 ("Cost Support") on the line "Excluded Transmission O&M Expenses."

² Section 4 of Attachment H-8D states in relevant part: "Any changes to the data inputs, including but not limited to revisions to UGI Utilities' FERC Form No. 1. . . shall be incorporated into the Formula Rate and charges produced by the Formula Rate (within interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Period. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. . ."

³ This is shown on Line 171 of the Attachment A formula rate.

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Respectfully submitted,

/s/ Joseph W. Lowell

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Enclosures

cc: PJM Interconnection, LLC

CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010, I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 15th day of May, 2019.

/s/ Pamela T. Wu

Pamela T. Wu

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ATTACHMENT H-8C

UGI Utilities, Inc.	Estimate
	2018
Formula Rate -- Appendix A	Notes
	FERC Form 1 Page # or Instruction

Allocators

Wages & Salary Allocation Factor			
1	Transmission Wages Expense	p354.21.b	1,307,448
2	Total Wages Expense	Attachment 5	7,013,576
3	Less A&G Wages Expense	Attachment 5	1,454,138
4	Total	(Line 2 - 3)	5,559,438
5	Wages & Salary Allocator	(Line 1 / 4)	23.5176%
Plant Allocation Factors			
6	Electric Plant in Service	(Note B) p207.104.g	198,674,537
7	Common Plant In Service - Electric	(Line 24)	10,131,366
8	Total Plant In Service	(Sum Lines 6 & 7)	208,805,903
9	Accumulated Depreciation (Total Electric Plant)	p219.19.c	76,186,786
10	Accumulated Intangible Amortization	(Note A) p200.21.c	627,510
11	Accumulated Common Amortization - Electric	(Note A) Attachment 5	0
12	Accumulated Common Plant Depreciation - Electric	(Note A) Attachment 5	2,424,416
13	Total Accumulated Depreciation	(Sum Lines 9 to 12)	79,238,712
14	Net Plant	(Line 8 - Line 13)	129,567,191
15	Transmission Gross Plant	(Line 29 - Line 28)	51,490,112
16	Gross Plant Allocator	(Line 15 / Line 8)	24.6593%
17	Transmission Net Plant	(Line 39 - Line 28)	33,117,355
18	Net Plant Allocator	(Line 17 / Line 14)	25.5600%

Plant Calculations

Plant In Service			
19	Transmission Plant In Service	(Note B) p207.58.g	47,632,340
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only Attachment 6	0
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	Attachment 6	387,759
22	Total Transmission Plant In Service	(Line 19 - Line 20 + Line 21)	48,020,099
23	General & Intangible	p205.5.g & p207.99.g	4,623,578
24	Common Plant (Electric Only)	(Notes A & B) Attachment 5	10,131,366
25	Total General & Common	(Line 23 + Line 24)	14,754,944
26	Wage & Salary Allocation Factor	(Line 5)	23.51763%
27	General & Common Plant Allocated to Transmission	(Line 25 * Line 26)	3,470,013
28	Plant Held for Future Use (Including Land)	(Note C) Attachment 5	0
29	TOTAL Plant In Service	(Line 22 + Line 27 + Line 28)	51,490,112
Accumulated Depreciation			
30	Transmission Accumulated Depreciation	(Note C) Attachment 5	17,006,303
31	Accumulated General Depreciation	Attachment 5	2,758,413
32	Accumulated Intangible Amortization	(Line 10)	627,510
33	Accumulated Common Amortization - Electric	(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)	(Line 12)	2,424,416
35	Total Accumulated Depreciation	(Sum Lines 31 to 34)	5,810,339
36	Wage & Salary Allocation Factor	(Line 5)	23.51763%
37	General & Common Allocated to Transmission	(Line 35 * Line 36)	1,366,454
38	TOTAL Accumulated Depreciation	(Line 30 + Line 37)	18,372,757
39	TOTAL Net Property, Plant & Equipment	(Line 29 - Line 38)	33,117,355

Adjustment To Rate Base

Accumulated Deferred Income Taxes				
40	ADIT net of FASB 106 and 109		Attachment 1	-8,270,554
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	Attachment 5	0
42	Net Plant Allocation Factor		(Line 18)	25.56%
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * Line 42) + Line 40	-8,270,554
Prepayments				
44	Prepayments (Account 165)	(Note A)	Attachment 5	902,313
45	Net Plant Allocation Factor		(Line 18)	25.56%
46	Total Prepayments Allocated to Transmission		(Line 44 * Line 45)	230,631
Materials and Supplies				
47	Undistributed Stores Exp	(Note A)	Attachment 5	260,113
48	Wage & Salary Allocation Factor		(Line 5)	23.52%
49	Total Transmission Allocated		(Line 47 * Line 48)	61,172
50	Transmission Materials & Supplies		Attachment 5	331,793
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + Line 50)	392,965
Cash Working Capital				
52	Operation & Maintenance Expense		(Line 84)	4,459,899
53	1/8th Rule		x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * Line 53)	557,487
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)	-7,089,470
59	Rate Base		(Line 39 + Line 58)	26,027,885

O&M

Transmission O&M				
60	Transmission O&M		p321.112.b	7,553,981
61	Less extraordinary property loss		Attachment 5	
62	Plus amortized extraordinary property loss		Attachment 5	
63	Less Account 565 and other excluded transmission expenses		Attachment 5	5,441,510
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)	2,112,471
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	Attachment 5	798,964
68	Total A&G		p323.197.b	9,275,779
69	Less Property Insurance Account 924		p323.185b	0
70	Less Regulatory Commission Exp Account 928	(Note E)	Attachment 5	93,177
71	Less General Advertising Exp Account 930.1		Attachment 5	0
72	Less EPRI Dues	(Note D)	Attachment 5	0
73	General & Common Expenses		(Lines 67 + 68 - Sum (69 to 72))	9,981,566
74	Wage & Salary Allocation Factor		(Line 5)	23.5176%
75	General & Common Expenses Allocated to Transmission		(Line 73 * Line 74)	2,347,428
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)	0
80	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
81	Total		(Line 79 + Line 80)	0
82	Net Plant Allocation Factor		(Line 18)	25.56%
83	A&G Directly Assigned to Transmission		(Line 81 * Line 82)	0
84	Total Transmission O&M		(Lines 66 + 75 + 78 + 83)	4,459,899

Depreciation & Amortization Expense

Depreciation Expense				
85	Transmission Depreciation Expense		Attachment 5	839,740
86	General Depreciation		Attachment 5	107,359
87	Intangible Amortization	(Note A)	Attachment 5	0
88	Total		(Line 86 + Line 87)	107,359
89	Wage & Salary Allocation Factor		(Line 5)	23.5176%
90	General Depreciation Allocated to Transmission		(Line 88 * Line 89)	25,248
91	Common Depreciation - Electric Only	(Note A)	Attachment 5	416,747
92	Common Amortization - Electric Only	(Note A)	Attachment 5	608,592
93	Total		(Line 91 + Line 92)	1,025,339
94	Wage & Salary Allocation Factor		(Line 5)	23.5176%
95	Common Depreciation - Electric Only Allocated to Transmission		(Line 93 * Line 94)	241,135
96	Total Transmission Depreciation & Amortization		(Line 85 + Line 90 + Line 95)	1,106,124

Taxes Other than Income

97	Taxes Other than Income		Attachment 2	28,450
98	Total Taxes Other than Income		(Line 97)	28,450

Return / Capitalization Calculations

Long Term Interest				
99	Long Term Interest		p117.62.c through 67.c	40,492,616
100	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	0
101	Long Term Interest		(Line 99 - Line 100)	40,492,616
102	Preferred Dividends	enter positive	p118.29.c	0
Common Stock				
103	Proprietary Capital		p112.16.c	1,138,005,180
104	Less Preferred Stock	enter negative	(Line 113)	0
105	Less Account 216.1	enter negative	p112.12.c	-1,795,067
106	Common Stock		(Sum Lines 103 to 105)	1,136,210,113
Capitalization				
107	Long Term Debt		p112.18.c through 21.c	833,750,000
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	0
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)	833,750,000
113	Preferred Stock		p112.3.c	0
114	Common Stock		(Line 106)	1,136,210,113
115	Total Capitalization		(Sum Lines 112 to 114)	1,969,960,113
116	Debt %	Total Long Term Debt	(Line 112 / Line 115)	42.3%
117	Preferred %	Preferred Stock	(Line 113 / Line 115)	0.0%
118	Common %	Common Stock	(Line 114 / Line 115)	57.7%
119	Debt Cost	Total Long Term Debt	(Line 101 / Line 112)	0.0486
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)	0.0206
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Common	Common Stock	(Line 118 * Line 121)	0.0652
125	Total Return (R)		(Sum Lines 122 to 124)	0.0857
126	Investment Return = Rate Base * Rate of Return		(Line 59 * Line 125)	2,231,366

Composite Income Taxes

Income Tax Rates			
127	FIT=Federal Income Tax Rate		FIT for Year 21.00%
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	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	28.89%
131	T / (1-T)		40.63%
ITC Adjustment			
132	Amortized Investment Tax Credit	(Note I) enter negative	p266.6.f 0
133	1/(1-T)		1 / (1-T) 140.63%
134	Net Plant Allocation Factor		(Line 18) 25.5600%
135	ITC Adjustment Allocated to Transmission		(Line 132 * Line 133 * Line 134) 0
136	Income Tax Component =	$CIT = (T/1-T) * Investment\ Return * (1 - (WCL1[Line\ 131 * 126 * (1 - (122 / 125))])$	689,255
137	Total Income Taxes		(Line 135 + Line 136) 689,255

REVENUE REQUIREMENT

Summary			
138	Net Property, Plant & Equipment		(Line 39) 33,117,355
139	Adjustment to Rate Base		(Line 58) -7,089,470
140	Rate Base		(Line 59) 26,027,885
141	O&M		(Line 84) 4,459,899
142	Depreciation & Amortization		(Line 96) 1,106,124
143	Taxes Other than Income		(Line 98) 28,450
144	Investment Return		(Line 126) 2,231,366
145	Income Taxes		(Line 137) 689,255
146	Gross Revenue Requirement		(Sum Lines 141 to 145) 8,515,094
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
147	Transmission Plant In Service		(Line 19) 47,632,340
148	Excluded Transmission Facilities	(Note M)	Attachment 5 7,958,179
149	Included Transmission Facilities		(Line 147 - Line 148) 39,674,161
150	Inclusion Ratio		(Line 149 / Line 147) 83.29%
151	Gross Revenue Requirement		(Line 146) 8,515,094
152	Adjusted Gross Revenue Requirement		(Line 150 x Line 151) 7,092,433
Revenue Credits & Interest on Network Credits			
153	Revenue Credits		Attachment 3 54,281
154	Interest on Network Credits	(Note N)	PJM Data 0
155	Net Revenue Requirement		(Line 152 - Line 153 + Line 154) 7,038,152
Net Plant Carrying Charge without ROE Increment			
156	Gross Revenue Requirement		(Line 146) 8,515,094
157	Net Transmission Plant		(Line 19 - Line 30) 30,626,037
158	Net Plant Carrying Charge		(Line 156 / Line 157) 27.8034%
159	Net Plant Carrying Charge without Depreciation		(Line 156 - Line 85) / Line 157 25.0615%
160	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Lines 156 - 85 - 126 - 137) / Line 157 15.5251%
Net Plant Carrying Charge with 100 Basis Point ROE Increment			
161	Gross Revenue Requirement Less Return and Taxes		(Line 146 - Line 144 - Line 145) 5,594,473
162	Increased Return and Taxes		Attachment 4 3,131,738
163	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 161 + Line 162) 8,726,210
164	Net Transmission Plant		(Line 19 - Line 30) 30,626,037
165	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 163 / Line 164) 28.4928%
166	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 162 - Line 85) / Line 164 25.7509%
167	Net Revenue Requirement		(Line 155) 7,038,152
168	Reconciliation Amount ¹		Attachment 6 12,288
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) 7,050,440
Network Zonal Service Rate			
172	1 CP Peak	(Note L)	7681.3 7,681
173	Rate (\$/MW-Year)	(Note L)	(Line 171 / Line 172) 918
174	Network Service Rate (\$/MW/Year)	(Note L)	(Line 173) 918

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.

¹The reconciliation amount of \$12,288 represents the true-up of the prior years forecast plus interest as calculated in Step 9 of "Attachment 6 - Estimate and Reconciliation Worksheet".

END

UGI Utilities, Inc.

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
1 ADIT- 282	(1,137,938)	(31,596,836)	0	(32,734,774)
2 ADIT-283	0	0	(80,624)	(80,624)
3 ADIT-190	0	0	2,882,559	2,882,559
4 Subtotal	(1,137,938)	(31,596,836)	2,801,935	(29,932,839)
5 Wages & Salary Allocator			23.5176%	
6 Gross Plant Allocator		24.6593%		
7 ADIT	(1,137,938)	(7,791,564)	658,949	(8,270,554)
8				
9				
10				
11				
12 ADIT-190	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
13				
14				
15				
16 RESERVE FOR BAD DEBT - FIT	375,232			
17 RESERVE FOR BAD DEBT - STATE	198,315			
18 FIXED TRANSMISSION RIGHTS (FTR) - FIT				
19 FIXED TRANSMISSION RIGHTS (FTR) - STATE				
20 FV DERIVATIVES - GAS FUTURES - FIT				
21 FV DERIVATIVES - GAS FUTURES - STATE				
22 INJURIES & DAMAGES - FIT				
23 INJURIES & DAMAGES - STATE				
24 SFAS 112 WORKERS COMPENSATION/LTD CURRENT - FIT				24,603
25 SFAS 112 WORKERS COMPENSATION/LTD CURRENT - STATE				13,003
26 SFAS 112 LTD/STD (NON CURRENT) - FIT				28,577
27 SFAS 112 LTD/STD (NON CURRENT) - STATE				15,104
28 SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - FIT				1,542,525
29 SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - STATE				815,244
30 SFAS 106 POST RETIREMENT BENEFIT (CURRENT) - FIT				
31 SFAS 106 POST RETIREMENT BENEFIT (CURRENT) - STATE				
32 PREPAID RETIREMENT INCOME COSTS (PRE-SFAS 158) - FIT				
33 PREPAID RETIREMENT INCOME COSTS (PRE-SFAS 158) - STATE				
34 EXEC RETIREMENT PLAN - FIT				
35 EXEC RETIREMENT PLAN - STATE				
36 ANNUAL BONUS PLAN (EXEMPT) - FIT				42,660
37 ANNUAL BONUS PLAN (EXEMPT) - STATE				22,546
38 ANNUAL BONUS PLAN (EXECUTIVE) - FIT				7,237
39 ANNUAL BONUS PLAN (EXECUTIVE) - STATE				3,825
40 SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - FIT				
41 SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - STATE				
42 AOCI - OPEB - FIT				
43 AOCI - OPEB - STATE				
44 RESTRICTED STOCK AWARDS - FIT				87,522
45 RESTRICTED STOCK AWARDS - STATE				46,257
46 VACATION ACCRUAL - FIT				53,270
47 VACATION ACCRUAL - STATE				28,154
48 TAX CUSHION - FIT				
49 TAX CUSHION - STATE				
50 VEBA - FIT				
51 VEBA - STATE				
52 FAS 143 ASSET RETIREMENT OBLIG - FIT				
53 FAS 143 ASSET RETIREMENT OBLIG-STATE				
54 CIAC RECEIPTS - NET REFUNDS - FIT	539,751			
55 CIAC RECEIPTS - NET REFUNDS - STATE	176,979			
56 EDFIT DEFERRED TAX ASSET	17,720,063			
57 IRPA - FIT	589,525			
58 IRPA - STATE	311,571			
59 FAS 158 - FIT				
60 FAS 158 - STATE				
61 MARK TO MARKET ENERGY PURCHASES- ST - FIT	(13,284)			
62 MARK TO MARKET ENERGY PURCHASES- ST - STATE	(7,021)			
63 NET OPERATING LOSS - FIT				
64 NET OPERATING LOSS - STATE				
65 UNDER/OVER RECOVERED BILLED ENERGY COSTS - FIT	154,956			
66 UNDER/OVER RECOVERED BILLED ENERGY COSTS - STATE	81,896			
67 UNDER/OVER RECOVERED UNBILLED ENERGY COSTS - FIT	461,427			
68 UNDER/OVER RECOVERED UNBILLED ENERGY COSTS - STATE	243,870			
69 DERIVATIVE INSTRUMENT ASSETS - NATURAL GAS OPTIONS - FIT				
70 DERIVATIVE INSTRUMENT ASSETS - NATURAL GAS OPTIONS - STATE				
71 OCI ALLOCATION ADJUSTMENT - FIT	15,988,519			
72 LOSS ON REACQUIRED DEBT - FIT	(136)			
73 LOSS ON REACQUIRED DEBT - STATE	(72)			
74 REG LIABILITY - WEATHERIZATION - FEDERAL				
75 REG LIABILITY - WEATHERIZATION - STATE				
76 TAX CAPITALIZED PENSION - FEDERAL				
77 TAX CAPITALIZED PENSION - STATE				
78 AOCI - IRPA - FIT	(259,453)			
79 AOCI - IRPA - STATE	(137,124)			
80 AOCI - PENSION - FIT				
81 AOCI - PENSION - STATE				
82 FAS 146 - FIT				
83 FAS 146 - SIT				
84 T&D AMORTIZATION - FIT	103,451			
85 T&D AMORTIZATION - SIT	54,675			
86 OTHER REGULATORY ASSETS - FIT	2,911			
87 OTHER REGULATORY ASSETS - SIT	1,539			
88 INVENTORY RESERVE - FIT				
89 INVENTORY RESERVE - SIT				
90 SFAS 158 PENSION - FIT	1,093,944			
91 SFAS 158 PENSION - SIT	578,163			
92 EXECUTIVE RETIREMENT PLAN - FIT				99,464
93 EXECUTIVE RETIREMENT PLAN - SIT				52,568
94 OTHER MISC ADIT - FIT				
95 OTHER MISC ADIT - STATE				
96 Subtotal - p234	38,259,697	-	-	2,882,559
97 Less FASB 109 Above				81,896
98 Less FASB 106 Above				2,357,769
99 Total	38,259,697	-	-	524,790

- 100
- 101 Instructions for Account 190:
- 102 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- 103 2. ADIT items related only to Transmission are directly assigned to Column B
- 104 3. ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- 105 4. ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- 106 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 ADIT is not included in the formula, the associated ADIT amount shall be excluded
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ADIT- 282

	(A) Gas, Prod Or Other Related	(B) Only Transmission Related	(C) Plant Related	(D) Labor Related
SFAS 109 RECOVERABLE UTILITY COSTS - FIT	(2,111,166)			
SFAS 109 RECOVERABLE UTILITY COSTS - STATE	(6,552,191)			
LIB. TAX DEPRECIATION ADR - FIT				
LIB. TAX DEPRECIATION ADR - STATE				
LIB. TAX DEPRECIATION - FIT - ACRS/MACRS			(31,596,836)	
LIB. TAX DEPRECIATION - STATE - ACRS/MACRS		(1,137,938)		
Subtotal - p275 (Form 1-F filer: see note 6 below)	(8,663,357)	(1,137,938)	(31,596,836)	0
Less FASB 109 Above	(8,663,357)	0	0	0
Less FASB 106 Above				
Total	0	(1,137,938)	(31,596,836)	0

Instructions for Account 282:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
2. ADIT items related only to Transmission are directly assigned to Column B
3. ADIT items related Plant and not in Columns A & B are directly assigned to Column C
4. ADIT items related to labor and not in Columns A & B are directly assigned to Column D
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 ADIT is not included in the formula, the associated ADIT amount shall be excluded

ADIT-283

	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
LOSS OF REACQUIRED DEBT - FIT				(52,747)
LOSS OF REACQUIRED DEBT - STATE				(27,877)
INSURANCE RECEIVABLE - FIT				
INSURANCE RECEIVABLE - STATE				
ANNUAL BONUS PLAN (EXECUTIVE) - FIT				
ANNUAL BONUS PLAN (EXECUTIVE) - STATE				
OTHER CURRENT MISC. REG ASSETS - FIT				
OTHER CURRENT MISC. REG ASSETS - STATE				
OTHER MISC. REG ASSETS - FIT	(22,017)			
OTHER MISC. REG ASSETS - STATE	(11,636)			
REG. LIABILITY - WEATHERIZATION - FIT				
REG. LIABILITY - WEATHERIZATION - STATE				
OTH REG ASSETS - ELEC DEFD COSTS - FIT	(5,136)			
OTH REG ASSETS - ELEC DEFD COSTS - STATE	(2,714)			
REG ASSET - EEC - FIT				6,014
REG ASSET - EEC - STATE				3,178
MARK TO MARKET ENERGY PURCHASES- ST - FIT				
MARK TO MARKET ENERGY PURCHASES- ST - STATE				
REG LIABILITY - ENVIRONMENTAL - FIT				
REG LIABILITY - ENVIRONMENTAL - SIT				
SFAS 112 LTDSTD (NON CURRENT) - FIT				
SFAS 112 LTDSTD (NON CURRENT) - STATE				
SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - FIT				
SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - STATE				
CAP PROGRAM OVERUNDER - FIT	184,310			
CAP PROGRAM OVERUNDER - STATE	97,410			
OTHER MISC ADIT - FIT	(243,931)			
OTHER MISC ADIT - STATE	(128,921)			
REG ASSET - HURRICANE IRENE - FIT	(83,698)			
REG ASSET - HURRICANE IRENE - STATE	(44,235)			
REGULATORY ASSET - PENSION - FIT	(1,424,396)			
REGULATORY ASSET - PENSION - STATE	(752,811)			
AOCI - PENSION - FIT				
AOCI - PENSION - STATE				
AOCI - IRPA - FIT				
AOCI - IRPA - STATE				
OTHER REG ASSETS - RATE CASE - FIT	(146,646)			
OTHER REG ASSETS - RATE CASE - STATE	(77,504)			
CIAC GROSS UP - FIT				
Subtotal - p277	(2,652,733)	-	-	(80,624)
Less FASB 109 Above				
Less FASB 106 Above				
Total	(2,652,733)	-	-	(80,624)

Instructions for Account 283:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
2. ADIT items related only to Transmission are directly assigned to Column B
3. ADIT items related Plant and not in Columns A & B are directly assigned to Column C
4. ADIT items related to labor and not in Columns A & B are directly assigned to Column D
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 ADIT is not included in the formula, the associated ADIT amount shall be excluded

UGI Utilities, Inc.

Attachment 2 - Taxes Other Than Income Worksheet

		<i>Source:</i>		
		<i>Ferc Form 1</i>		<i>Allocated</i>
<i>Other Taxes</i>		<i>Pages 262-263</i>	<i>Allocator</i>	<i>Amount</i>
Plant Related			Gross Plant Allocator	
1	Real property (State, Municipal or Local)	(293,343)		
2	Personal property			
3	Capital Stock Tax			
4	Gross Premium (Insurance) Tax	5,787		
5	PURTA	24,022		
6	Corp License			
7				
8				
9	Total Plant Related	(263,534)	24.6593%	(64,986)
10				
11				
12	Labor Related		Wages & Salary Allocator	
13				
14				
15	Federal FICA & Unemployment	383,103		
16	State Unemployment	13,779		
17	Healthcare Tax Premium - PCORI	420		
18	Payroll Tax Adjustment			
19				
20	Total Labor Related	397,302	23.5176%	93,436
21				
22				
23	Other Included		Gross Plant Allocator	
24				
25	Miscellaneous			
26				
27				
28				
29	Total Other Included	0	24.6593%	0
30				
31	Total Included	Sum lines 9+20+29	133,768	28,450
32				
33				
34	Currently Excluded			
35				
36	Gross Receipts Tax (GRT)	4,996,897		
37	Utility Regulatory Assessment	291,291		
38				
39				
40				
41	Total Excluded	5,288,188		
42				
43	Grand Total = Included + Excluded (line 31 + 41)	5,421,956		
44				
45	Total "Taxes Other Than Income Taxes" Acct. 408.1 (p115.14.g)	5,421,956		
46				
47	Difference	-		

UGI Utilities, Inc.

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1	Rent from Electric Property - Transmission Related (Note 3)	29,441
2	Total Rent Revenues (Line 1)	29,441
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)	39,561
5	Point to Point Service revenues received by the Transmission Owner for which the load is not included in the divisor	
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)	
11	Gross Revenue Credits (Sum Lines 2 through 10)	69,002
12	Line 17g	14,721
13	Total Revenue Credits (Line 11 - Line 12)	54,281
<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.	29,441
17b	Costs associated with revenues in line 17a	
17c	Net Revenues (17a - 17b)	29,441
17d	50% Share of Net Revenues (17c / 2)	14,721
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)	14,721
17g	Line 17a less line 17f	14,721
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)	69,002

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)	3,131,738
B	100 Basis Point increase in ROE		1.00%

Return Calculation

59	Rate Base		(Line 39 + Line 58)	26,027,885
	Long Term Interest			
99	Long Term Interest		p117.62.c through 67.c	40,492,616
100	Less LTD Interest on Securitization Bonds		Attachment 8	0
101	Long Term Interest		(Line 99 - Line 100)	40,492,616
102	Preferred Dividends	enter positive	p118.29.c	0
	Common Stock			
103	Proprietary Capital		p112.16.c	1,138,005,180
104	Less Preferred Stock	enter negative	(Line 113)	0
105	Less Account 216.1	enter negative	p112.12.c	-1,795,067
106	Common Stock		(Sum Lines 103 to 105)	1,136,210,113
	Capitalization			
107	Long Term Debt		p112.18.c through 21.c	833,750,000
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	0
109	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
112	Total Long Term Debt		(Sum Lines 107 to 111)	833,750,000
113	Preferred Stock		p112.3.c	0
114	Common Stock		(Line 106)	1,136,210,113
115	Total Capitalization		(Sum Lines 112 to 114)	1,969,960,113
116	Debt %	Total Long Term Debt	(Line 112 / Line 115)	42.3%
117	Preferred %	Preferred Stock	(Line 113 / Line 115)	0.0%
118	Common %	Common Stock	(Line 114 / Line 115)	57.7%
119	Debt Cost	Total Long Term Debt	(Line 101 / Line 112)	0.0486
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)	0.0206
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Common	Common Stock	(Line 118 * Line 121)	0.0709
125	Total Return (R)		(Sum Lines 122 to 124)	0.0915
126	Investment Return = Rate Base * Rate of Return		(Line 59 * Line 125)	2,381,487

Composite Income Taxes

	Income Tax Rates		
127	FIT=Federal Income Tax Rate		21.00%
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	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	28.89%
131	T/ (1-T)		40.63%
	ITC Adjustment		
132	Amortized Investment Tax Credit	enter negative	0
133	1/(1-T)		140.63%
134	Net Plant Allocation Factor		25.5600%
135	ITC Adjustment Allocated to Transmission	(Note I)	0
137	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	750,251
138	Total Income Taxes		750,251

Cost Support

UGI Utilities, Inc.

Attachment 5 - Cost Support

Electric / Non-electric Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 or Company Records Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
2	Total Wage Expense		p354.28.b		7,013,576		
3	Administrative and General Wage Expense		p354.27.b		1,454,138		
10	Accumulated Intangible Amortization	(Note A)		0	0	0	
11	Accumulated Common Amortization - Electric	(Note A)	p356	0	0	0	
	Accumulated General Depreciation - Electric	(Note A)	p219.28.c		2,758,413		
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	36,095,560	2,424,416	33,671,144	
Plant In Service							
24	Common Plant (Electric Only)	(Notes A & B)	p356	126,467,305	10,131,366	116,335,939	
Accumulated Deferred Income Taxes							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p267.8.h	2,551,804	0	0	See Note I
Prepayments							
44	Prepayments (Account 165)	(Note A)	p111.57(c)	12,251,474	902,313	11,349,161	Analysis of Company Records
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.16.c	2,041,844	260,113	1,781,731	Analysis of Company Records
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	p200.4.c	0	0	0	
67	Common Plant O&M	(Note A)	p356	8,545,071	798,964	7,746,107	
Depreciation Expense							
85	Depreciation		p336.7.b&c	839,740	839,740		
86	General Depreciation		p336.10.b&c		107,359		
87	Intangible Amortization	(Note A)	p336.1.d&e		0		
91	Common Depreciation - Electric Only	(Note A)	p336.11.b	416,747	416,747		
92	Common Amortization - Electric Only	(Note A)	p336.11.d	608,592	608,592		

Transmission / Non-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
15	Transmission Gross Plant		p207.58.g	47,632,340	39,674,161	7,958,179	Direct assignment to Transmission based upon plant records.
28	Plant Held for Future Use (Including Land)	(Note C)	p214	0	0	0	Specific identification based on plant records: The following plant investments are included:
30	Transmission Accumulated Depreciation	0	p219.25.c	17,006,303	17,006,303	0	Direct assignment to Transmission based upon plant records.
50	Materials and Supplies		p227.8.c	13,805,167	331,793	13,473,374	Direct assignment to Transmission based upon plant records.
83	Transmission Depreciation Expense		p336.7.b&c	839,740	839,740	0	Direct assignment to Transmission based upon plant records.

Excluded Transmission O&M Expenses

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded TOM	Details
	Acct 565		p321.96.b	5,217,617	
	Portions of Acct 561		Company Records	223,893	Acct 561 expenses not recovered in OATT: 561002 (Scheduling and Dispatch), 561005 (RTO Scheduling and Dispatch), 561007 (Market Expansion) and 561008 (NERC & RFC Reliability)
	Other Excluded Expenses		Company Records		Description -- other expenses not recovered in OATT
63	Less Account 565 and other excluded expenses		Total	5,441,510	

Cost Support

CWIP & Expensed Lease Worksheet

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 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	198,674,537	0	0	See Form 1
7	Common Plant In Service - Electric	0	(Line 24)	10,131,366	0	0	See Line 7
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	47,632,340			See Line 15
24	Common Plant (Electric Only)	(Notes A & B)	Attachment 5	10,131,366	0	0	See Line 24
Accumulated Depreciation							
30	Transmission Accumulated Depreciation	(Note C)	Attachment 5	17,006,303	0	0	See Form 1

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	
Allocated General & Common Expenses							
72	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
Allocated General & Common Expenses							
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189.b	93,177			
Directly Assigned A&G							
76	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
Directly Assigned A&G							
80	General Advertising Exp Account 930.1	(Note F)	p323.191.b	0	-	-	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
Income Tax Rates									
128	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
Directly Assigned A&G							
77	General Advertising Exp Account 930.1	(Note K)	p323.191.b	0	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	7,958,179	
				Enter \$	None
Add more lines if necessary					

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 Credit (Note N)		From PJM	0	
Add more lines if necessary					

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
Add more lines if necessary					

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)	6593		PJM Interconnection Calculates the Rate

Statements BG/BH (Present and Proposed Revenues)

Customer	Billing		Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
	Determinants	Current Rate				
Add more lines if necessary						
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 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)

	\$ 5,374,771	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		9.5	-	-
Apr	60,000	8.5	510,000	42,500
May		7.5	-	-
Jun	60,000	6.5	390,000	32,500
Jul	60,000	5.5	330,000	27,500
Aug	140,000	4.5	630,000	52,500
Sep	798,030	3.5	2,793,105	232,759
Oct		2.5	-	-
Nov		1.5	-	-
Dec		0.5	-	-
Total	1,118,030		4,653,105	387,759
New Transmission Plant Additions for Year 3 (weighted by months in service)				

<2019 Cap Ads Estimates

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 2018**
For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 758,855 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	46,205	9.5	438,948	36,579
Apr	137,667	8.5	1,170,170	97,514
May	240,946	7.5	1,807,095	150,591
Jun		6.5	-	-
Jul	72,055	5.5	396,303	33,025
Aug		4.5	-	-
Sep	246,667	3.5	863,335	71,945
Oct		2.5	-	-
Nov	15,315	1.5	22,973	1,914
Dec		0.5	-	-
Total	758,855		4,698,822	391,568
New Transmission Plant Additions for Year 2 (weighted by months in service)				391,568 Input to Formula Line 21

6,978,564 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 6,978,564 - The forecast in Prior Year **6,966,928** = 11,636

Interest on Amount of Refunds or Surcharges
Interest 35.19a for March Current Yr **0.4400% <March 2019**

Month	Yr	1/12 of Step 9	Interest Rate for March of Current Year	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	970	0.4400%	11.5	49	1,019
Jul	Year 1	970	0.4400%	10.5	45	1,014
Aug	Year 1	970	0.4400%	9.5	41	1,010
Sep	Year 1	970	0.4400%	8.5	36	1,006
Oct	Year 1	970	0.4400%	7.5	32	1,002
Nov	Year 1	970	0.4400%	6.5	28	997
Dec	Year 1	970	0.4400%	5.5	23	993
Jan	Year 2	970	0.4400%	4.5	19	989
Feb	Year 2	970	0.4400%	3.5	15	985
Mar	Year 2	970	0.4400%	2.5	11	980
Apr	Year 2	970	0.4400%	1.5	6	976
May	Year 2	970	0.4400%	0.5	2	972
Total		11,636				11,943

	Balance	Interest	Amortization over Rate Year	Balance	
Jun	Year 2	11,943	0.4400%	1,024	10,972
Jul	Year 2	10,972	0.4400%	1,024	9,996
Aug	Year 2	9,996	0.4400%	1,024	9,016
Sep	Year 2	9,016	0.4400%	1,024	8,032
Oct	Year 2	8,032	0.4400%	1,024	7,043
Nov	Year 2	7,043	0.4400%	1,024	6,050
Dec	Year 2	6,050	0.4400%	1,024	5,053
Jan	Year 3	5,053	0.4400%	1,024	4,051
Feb	Year 3	4,051	0.4400%	1,024	3,045
Mar	Year 3	3,045	0.4400%	1,024	2,034
Apr	Year 3	2,034	0.4400%	1,024	1,019
May	Year 3	1,019	0.4400%	1,024	(0)
Total with interest				12,288	

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest 12,288
Rev Req based on Year 3 data with estimated Cap Adds for Year 4 \$ 7,038,152
Revenue Requirement for Year 3 7,050,440

10 May Year 4 Post results of Sept 9 on PJM web site
\$ 7,050,440 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, 2017 - May 31, 2018)
\$ 7,050,440

Attachment 7 - Transmission Enhancement Charge Worksheet

Fixed Charge Rate (FCR) if not a CIAC

Formula Line			
A	159	Net Plant Carrying Charge without Depreciation	25.0615%
B	166	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	25.7509%
C		Line B less Line A	0.6893%

FCR if a CIAC

D	160	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	15.5251%
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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		0.250615312										
(FCR @ 11.3 ROE + FCR @ 11.3 ROE x Increased ROE/100 bp)		0.250615312										
FCR for This Project Investment												
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	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
....	\$ -	\$ -	\$ -
....	\$ -	\$ -	\$ -

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

