

Morgan, Lewis & Bockius LLP  
1111 Pennsylvania Avenue, NW  
Washington, DC 20004  
Tel. 202.739.3000  
Fax: 202.739.3001  
www.morganlewis.com

**Morgan Lewis**  
C O U N S E L O R S   A T   L A W

**John D. McGrane**  
Partner  
202.739.5621  
jmcgrane@morganlewis.com

May 15, 2015

**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: 2015 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.<sup>1</sup> 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

---

<sup>1</sup> *UGI Utilities, Inc.*, Letter Order, Docket Nos. ER06-1445-000 and ER06-1445-001 (Dec. 13, 2006).

The Honorable Kimberly D. Bose  
May 15, 2015  
Page 2

page or similar successor page and file such Annual Update with FERC as an informational filing.

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' 2014 annual report on FERC Form 1, together with supporting data and workpapers. UGI Utilities' Annual Transmission Revenue Requirement changes from \$6,090,604 for the period ending May 31, 2015, to \$6,672,897 for the period June 1, 2015, through May 31, 2016. UGI Utilities notes that by incorporating certain prior period corrections (as discussed below) in the Reconciliation Amount,<sup>2</sup> UGI Utilities' Net Zonal Revenue Requirement<sup>3</sup> is increased from \$6,720,908 to \$8,590,396.

UGI Utilities' Zonal Revenue Requirement, which is used to develop UGI Utilities' Network Service Rate (per megawatt per year), includes an amount of \$1,800,766 relating to corrections (including interest) to prior year FERC Form No. 1 and Form 1-F inputs to the formula as required by Section 4 of the Formula Rate Implementation Protocols.<sup>4</sup> A description of the corrected entries is provided in Exhibit 1 to Attachment A (showing the revenue requirement impacts) and Exhibit 2 to Attachment A (summarizing the Form No. 1 and 1-F adjustments). The correction is necessary because, since UGI Utilities acquired its local distribution ("LDC") subsidiaries UGI Penn Natural Gas, Inc. ("PNG") in 2006 and UGI Central Penn Gas, Inc. ("CPG") in 2008, dividends paid to the parent from these subsidiaries were never reflected as a reduction to Account 216.1 "Unappropriated Undistributed Subsidiary Earnings" and as an addition to Account 216.0 "Retained Earnings" in the FERC Form Nos. 1 and 1-F.<sup>5</sup> These errors in the FERC forms resulted in incorrect inputs to the UGI Utilities' formula rate. Because the debt-to-equity ratio in the UGI Utilities' formula rate removes the balance related to the Undistributed Earnings in Subsidiaries to derive the total equity, the subsidiary dividend payments that should have been included in the Account 216.0 balance were not captured.<sup>6</sup> As a

---

<sup>2</sup> This is shown on Line 168 of Attachment H-8C.

<sup>3</sup> This is shown on Line 171 of Attachment H-8C.

<sup>4</sup> 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. . . ."

<sup>5</sup> UGI Utilities formerly filed the FERC Form 1-F, but, as described in UGI Utilities' 2014 Annual Update and in revisions to the UGI Utilities' formula rate in Docket No. ER14-1963-000, UGI Utilities has become a "major" utility and now must file the FERC Form 1. The error described above regarding FERC Account Nos. 216 and 216.1 were also reflected in UGI Utilities' prior Form 1-F filings.

<sup>6</sup> In practice, the "Unappropriated Undistributed Subsidiary Earnings" balance in Account 216.1 is often a credit consisting of the earnings in the Subsidiaries, a credit, less the dividends paid, a debit. The corrected balances in

The Honorable Kimberly D. Bose  
May 15, 2015  
Page 3

result, Common Equity was understated and the debt-to-equity ratio was skewed accordingly, resulting in a lower annual transmission revenue requirement calculation.

UGI Utilities is accordingly refiled the FERC Form No. 1-F filed each year between 2007 and 2012 and the FERC Form 1 filed in 2013 to correctly show the subsidiary dividend payments in both Accounts 216.0 and 216.1. Pursuant to section 4 of the UGI Utilities' formula rate implementation protocols, UGI Utilities has calculated the rate adjustments to its Annual Updates due to the corrections to the FERC Form Nos. 1 and 1-F filed between 2008 and 2014. Exhibits 1 and 2 to UGI Utilities' Annual Update provides a summary of adjustments to FERC accounts 216.0 and 216.1 to correctly capture the dividend payments to reflect the corrected entries for the subsidiary dividend payments, thereby producing the correct debt-to-equity ratio. The result is an increase to the Company's Annual Update for 2015 in an amount of \$1,800,766, including interest.

Based on this Annual Update, UGI Utilities' contribution to the Annual Network Service Charge in the PPL Group Zone changes from \$1,019 per megawatt per year to \$1,303 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 A, page 11, "Excluded Transmission O&M Expenses."

The Honorable Kimberly D. Bose  
May 15, 2015  
Page 4

Respectfully submitted,

/s/ Joseph W. Lowell

John D. McGrane

Joseph W. Lowell

Attorneys for UGI Utilities, Inc.

Enclosures

cc: PJM Interconnection, LLC

## ATTACHMENT A

**ATTACHMENT H-8C**

<b>UGI Utilities, Inc.</b>	<b>FERC Form 1 Page #</b>	<b>or</b>	<b>Estimate</b>
	<b>Formula Rate -- Appendix A</b>	<b>Notes</b>	<b>Instruction</b>
			<b>2014</b>

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>			
1	Transmission Wages Expense		1,282,765
2	Total Wages Expense	Attachment 5	6,315,543
3	Less A&G Wages Expense	Attachment 5	1,161,983
4	Total	(Line 2 - 3)	5,153,560
5	<b>Wages &amp; Salary Allocator</b>	(Line 1 / 4)	<b>24.8909%</b>
<b>Plant Allocation Factors</b>			
6	Electric Plant in Service	(Note B) p207.104.g	164,151,284
7	Common Plant In Service - Electric	(Line 24)	2,101,736
8	Total Plant In Service	(Sum Lines 6 & 7)	166,253,020
9	Accumulated Depreciation (Total Electric Plant)	p219.19.c	65,363,169
10	Accumulated Intangible Amortization	(Note A) p200.21.c	399,387
11	Accumulated Common Amortization - Electric	(Note A) Attachment 5	0
12	Accumulated Common Plant Depreciation - Electric	(Note A) Attachment 5	1,381,121
13	Total Accumulated Depreciation	(Sum Lines 9 to 12)	67,143,677
14	Net Plant	(Line 8 - Line 13)	99,109,343
15	Transmission Gross Plant	(Line 29 - Line 28)	41,980,471
16	<b>Gross Plant Allocator</b>	(Line 15 / Line 8)	<b>25.2510%</b>
17	Transmission Net Plant	(Line 39 - Line 28)	25,497,328
18	<b>Net Plant Allocator</b>	(Line 17 / Line 14)	<b>25.7265%</b>

**Plant Calculations**

<b>Plant In Service</b>			
19	Transmission Plant In Service	(Note B) p207.58.g	39,494,052
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	780,904
22	<b>Total Transmission Plant In Service</b>	(Line 19 - Line 20 + Line 21)	<b>40,274,956</b>
23	General & Intangible	p205.5.g & p207.99.g	4,750,241
24	Common Plant (Electric Only)	(Notes A & B) Attachment 5	2,101,736
25	Total General & Common	(Line 23 + Line 24)	6,851,977
26	Wage & Salary Allocation Factor	(Line 5)	24.89085%
27	<b>General &amp; Common Plant Allocated to Transmission</b>	(Line 25 * Line 26)	<b>1,705,515</b>
28	<b>Plant Held for Future Use (Including Land)</b>	(Note C) Attachment 5	<b>0</b>
29	<b>TOTAL Plant In Service</b>	(Line 22 + Line 27 + Line 28)	<b>41,980,471</b>
<b>Accumulated Depreciation</b>			
30	Transmission Accumulated Depreciation	(Note C) Attachment 5	15,514,917
31	Accumulated General Depreciation	Attachment 5	2,109,381
32	Accumulated Intangible Amortization	(Line 10)	399,387
33	Accumulated Common Amortization - Electric	(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)	(Line 12)	1,381,121
35	Total Accumulated Depreciation	(Sum Lines 31 to 34)	3,889,889
36	Wage & Salary Allocation Factor	(Line 5)	24.89085%
37	<b>General &amp; Common Allocated to Transmission</b>	(Line 35 * Line 36)	<b>968,227</b>
38	<b>TOTAL Accumulated Depreciation</b>	(Line 30 + Line 37)	<b>16,483,144</b>
39	<b>TOTAL Net Property, Plant &amp; Equipment</b>	(Line 29 - Line 38)	<b>25,497,328</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>				
40	ADIT net of FASB 106 and 109		Attachment 1	-5,961,541
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	Attachment 5	0
42	Net Plant Allocation Factor		(Line 18)	25.73%
43	<b>Accumulated Deferred Income Taxes Allocated To Transmission</b>		(Line 41 * Line 42) + Line 40	<b>-5,961,541</b>
<b>Prepayments</b>				
44	Prepayments (Account 165)	(Note A)	Attachment 5	593,745
45	Net Plant Allocation Factor		(Line 18)	25.73%
46	<b>Total Prepayments Allocated to Transmission</b>		(Line 44 * Line 45)	<b>152,750</b>
<b>Materials and Supplies</b>				
47	Undistributed Stores Exp	(Note A)	Attachment 5	122,424
48	Wage & Salary Allocation Factor		(Line 5)	24.89%
49	Total Transmission Allocated		(Line 47 * Line 48)	30,472
50	Transmission Materials & Supplies		Attachment 5	265,919
51	<b>Total Materials &amp; Supplies Allocated to Transmission</b>		(Line 49 + Line 50)	<b>296,391</b>
<b>Cash Working Capital</b>				
52	Operation & Maintenance Expense		(Line 84)	4,340,815
53	1/8th Rule		x 1/8	12.5%
54	<b>Total Cash Working Capital Allocated to Transmission</b>		(Line 52 * Line 53)	<b>542,602</b>
<b>Network Credits</b>				
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	<b>TOTAL Adjustment to Rate Base</b>		(Lines 43 + 46 + 51 + 54 - 57)	<b>-4,969,798</b>
59	<b>Rate Base</b>		(Line 39 + Line 58)	<b>20,527,530</b>

**O&M**

<b>Transmission O&amp;M</b>				
60	Transmission O&M		p321.112.b	7,219,488
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	4,731,563
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	<b>Transmission O&amp;M</b>		(Lines 60 - 61 + 62 - 63 + 64 + 65)	<b>2,487,925</b>
<b>Allocated General &amp; Common Expenses</b>				
67	Common Plant O&M	(Note A)	Attachment 5	148,120
68	Total A&G		p323.197.b	7,295,208
69	Less Property Insurance Account 924		p323.185b	21,784
70	Less Regulatory Commission Exp Account 928	(Note E)	Attachment 5	0
71	Less General Advertising Exp Account 930.1		Attachment 5	0
72	Less EPRI Dues	(Note D)	Attachment 5	0
73	<b>General &amp; Common Expenses</b>		(Lines 67 + 68 - Sum (69 to 72))	<b>7,421,544</b>
74	Wage & Salary Allocation Factor		(Line 5)	24.8909%
75	<b>General &amp; Common Expenses Allocated to Transmission</b>		(Line 73 * Line 74)	<b>1,847,286</b>
<b>Directly Assigned A&amp;G</b>				
76	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
77	General Advertising Exp Account 930.1	(Note K)	Attachment 5	0
78	<b>Subtotal - Transmission Related</b>		(Line 76 + Line 77)	<b>0</b>
79	Property Insurance Account 924		(Line 69)	21,784
80	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
81	Total		(Line 79 + Line 80)	21,784
82	Net Plant Allocation Factor		(Line 18)	25.73%
83	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 81 * Line 82)	<b>5,604</b>
84	<b>Total Transmission O&amp;M</b>		(Lines 66 + 75 + 78 + 83)	<b>4,340,815</b>

**Depreciation & Amortization Expense**

Depreciation Expense				
85	Transmission Depreciation Expense		Attachment 5	742,946
86	General Depreciation		Attachment 5	107,861
87	Intangible Amortization	(Note A)	Attachment 5	0
88	Total		(Line 86 + Line 87)	107,861
89	Wage & Salary Allocation Factor		(Line 5)	24.8909%
90	<b>General Depreciation Allocated to Transmission</b>		(Line 88 * Line 89)	<b>26,848</b>
91	Common Depreciation - Electric Only	(Note A)	Attachment 5	175,985
92	Common Amortization - Electric Only	(Note A)	Attachment 5	108,010
93	Total		(Line 91 + Line 92)	283,995
94	Wage & Salary Allocation Factor		(Line 5)	24.8909%
95	<b>Common Depreciation - Electric Only Allocated to Transmission</b>		(Line 93 * Line 94)	<b>70,689</b>
96	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Line 85 + Line 90 + Line 95)</b>	<b>840,482</b>

**Taxes Other than Income**

97	Taxes Other than Income		Attachment 2	166,502
98	<b>Total Taxes Other than Income</b>		<b>(Line 97)</b>	<b>166,502</b>

**Return / Capitalization Calculations**

Long Term Interest				
99	Long Term Interest		p117.62.c through 67.c	37,968,840
100	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	0
101	<b>Long Term Interest</b>		(Line 99 - Line 100)	37,968,840
102	<b>Preferred Dividends</b>	enter positive	p118.29.c	0
Common Stock				
103	Proprietary Capital		p112.16.c	863,274,097
104	Less Preferred Stock	enter negative	(Line 113)	0
105	Less Account 216.1	enter negative	p112.12.c	49,584,881
106	<b>Common Stock</b>		(Sum Lines 103 to 105)	912,858,978
Capitalization				
107	Long Term Debt		p112.18.c through 21.c	642,000,000
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	-62,278
109	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
110	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	-4,605
111	Less LTD on Securitization Bonds	(Note P)	Attachment 8	0
112	Total Long Term Debt		(Sum Lines 107 to 111)	641,933,117
113	Preferred Stock		p112.3.c	0
114	Common Stock		(Line 106)	912,858,978
115	<b>Total Capitalization</b>		(Sum Lines 112 to 114)	1,554,792,095
116	Debt %	Total Long Term Debt	(Line 112 / Line 115)	41.3%
117	Preferred %	Preferred Stock	(Line 113 / Line 115)	0.0%
118	Common %	Common Stock	(Line 114 / Line 115)	58.7%
119	Debt Cost	Total Long Term Debt	(Line 101 / Line 112)	0.0591
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)	0.0244
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Common	Common Stock	(Line 118 * Line 121)	0.0663
125	<b>Total Return ( R )</b>		(Sum Lines 122 to 124)	<b>0.0908</b>
126	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 59 * Line 125)</b>	<b>1,863,197</b>



**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		$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	41.49%
131	T/(1-T)			70.92%
ITC Adjustment				
132	Amortized Investment Tax Credit	(Note I)	p266.6.f	-17,328
133	1/(1-T)		1 / (1-T)	170.92%
134	Net Plant Allocation Factor		(Line 18)	25.7265%
135	<b>ITC Adjustment Allocated to Transmission</b>		(Line 132 * Line 133 * Line 134)	<b>-7,619</b>
136	<b>Income Tax Component =</b>		$CIT = (T/1-T) * \text{Investment Return} * (1 - (WCLTC[Line 131 * 126 * (1 - (122 / 125))])$	<b>965,878</b>
137	<b>Total Income Taxes</b>		<b>(Line 135 + Line 136)</b>	<b>958,259</b>

**REVENUE REQUIREMENT**

Summary				
138	Net Property, Plant & Equipment		(Line 39)	25,497,328
139	Adjustment to Rate Base		(Line 58)	-4,969,798
140	<b>Rate Base</b>		(Line 59)	<b>20,527,530</b>
141	O&M		(Line 84)	4,340,815
142	Depreciation & Amortization		(Line 96)	840,482
143	Taxes Other than Income		(Line 98)	166,502
144	Investment Return		(Line 126)	1,863,197
145	Income Taxes		(Line 137)	958,259
146	<b>Gross Revenue Requirement</b>		<b>(Sum Lines 141 to 145)</b>	<b>8,169,255</b>
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities				
147	Transmission Plant In Service		(Line 19)	39,494,052
148	Excluded Transmission Facilities	(Note M)	Attachment 5	6,740,438
149	Included Transmission Facilities		(Line 147 - Line 148)	32,753,614
150	Inclusion Ratio		(Line 149 / Line 147)	82.93%
151	Gross Revenue Requirement		(Line 146)	8,169,255
152	<b>Adjusted Gross Revenue Requirement</b>		(Line 150 x Line 151)	<b>6,775,011</b>
Revenue Credits & Interest on Network Credits				
153	<b>Revenue Credits</b>		Attachment 3	102,114
154	<b>Interest on Network Credits</b>	(Note N)	PJM Data	0
155	<b>Net Revenue Requirement</b>		<b>(Line 152 - Line 153 + Line 154)</b>	<b>6,672,897</b>
Net Plant Carrying Charge without ROE Increment				
156	Gross Revenue Requirement		(Line 146)	8,169,255
157	Net Transmission Plant		(Line 19 - Line 30)	23,979,135
158	Net Plant Carrying Charge		(Line 156 / Line 157)	34.0682%
159	Net Plant Carrying Charge without Depreciation		(Line 156 - Line 85) / Line 157	30.9699%
160	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Lines 156 - 85 - 126 - 137) / Line 157	19.2036%
Net Plant Carrying Charge with 100 Basis Point ROE Increment				
161	Gross Revenue Requirement Less Return and Taxes		(Line 146 - Line 144 - Line 145)	5,347,799
162	Increased Return and Taxes		Attachment 4	3,027,445
163	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 161 + Line 162)	8,375,245
164	Net Transmission Plant		(Line 19 - Line 30)	23,979,135
165	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 163 / Line 164)	34.9272%
166	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 162 - Line 85) / Line 164	31.8289%
167	<b>Net Revenue Requirement</b>		(Line 155)	<b>6,672,897</b>
168	Reconciliation Amount <sup>1</sup>		Attachment 6	1,917,499
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	<b>Net Zonal Revenue Requirement</b>		(Sum Lines 167 to 170)	<b>8,590,396</b>
Network Zonal Service Rate				
172	1 CP Peak	(Note L)	6593	6,593
173	Rate (\$/MW-Year)	(Note L)	(Line 171 / Line 172)	1,303
174	<b>Network Service Rate (\$/MW/Year)</b>	<b>(Note L)</b>	<b>(Line 173)</b>	<b>1,303</b>

**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.

**<sup>1</sup>The reconciliation amount of \$1,917,499 includes \$116,733 for the true-up of the prior years forecast plus interest as calculated in Step 9 of "Attachment 6 - Estimate and Reconciliation Worksheet" and \$1,800,766 for the change in prior revenue requirement formula calculations using corrected data for FERC account 216.1 as shown on Exhibit 1. The original and corrected balances in FERC Account 216.1 are shown on Exhibit 2.**

**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	(24,036,751)	0	
2 ADIT-283	0	0	318,516	
3 ADIT-190	38,499	0	(39,423)	
4 Subtotal	38,499	(24,036,751)	279,094	
5 Wages & Salary Allocator			24.8909%	
6 Gross Plant Allocator		25.2510%		
7 ADIT	38,499	(6,069,509)	69,469	(5,961,541)

	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
17 ADIT-190				
21 RESERVE FOR BAD DEBT - FIT	629,207			
22 RESERVE FOR BAD DEBT - STATE	197,729			
23 FIXED TRANSMISSION RIGHTS (FTR) - FIT		29,294		
24 FIXED TRANSMISSION RIGHTS (FTR) - STATE		9,206		
25 FV DERIVATIVES - GAS FUTURES - FIT				
26 FV DERIVATIVES - GAS FUTURES - STATE				
27 INJURIES & DAMAGES - FIT				
28 INJURIES & DAMAGES - STATE				
29 SFAS 112 WORKERS COMPENSATION/LTD CURRENT - FIT				57,559
30 SFAS 112 WORKERS COMPENSATION/LTD CURRENT - STATE				18,088
31 SFAS 112 LTD/STD (NON CURRENT) - FIT				
32 SFAS 112 LTD/STD (NON CURRENT) - STATE				
33 SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - FIT				
34 SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - STATE				
35 SFAS 106 POST RETIREMENT BENEFIT (CURRENT) - FIT				(3)
36 SFAS 106 POST RETIREMENT BENEFIT (CURRENT) - STATE				(1)
37 PREPAID RETIREMENT INCOME COSTS (PRE-SFAS 158) - FIT				(202,955)
38 PREPAID RETIREMENT INCOME COSTS (PRE-SFAS 158) - STATE				(60,772)
39 RESTRICTED STOCK AWARDS - FIT				
40 RESTRICTED STOCK AWARDS - STATE				
41 ANNUAL BONUS PLAN - FIT				45,893
42 ANNUAL BONUS PLAN - STATE				14,422
43 VACATION ACCRUAL - FIT				82,811
44 VACATION ACCRUAL - STATE				26,023
45 TAX CUSHION - FIT				
46 TAX CUSHION - STATE				
47 VEBA - FIT				
48 VEBA - STATE				
49 FAS 143 ASSET RETIREMENT OBLIG - FIT				
50 FAS 143 ASSET RETIREMENT OBLIG - STATE				
51 CIAC RECEIPTS - NET REFUNDS - FIT	766,585			
52 CIAC RECEIPTS - NET REFUNDS - STATE	144,163			
53 IRPA - FIT				
54 IRPA - STATE				
55 FAS 158 - FIT				
56 FAS 158 - STATE				
57 MARK TO MARKET ENERGY PURCHASES- ST - FIT	(129,988)			
58 MARK TO MARKET ENERGY PURCHASES- ST - STATE	(40,849)			
59 NET OPERATING LOSS - FIT				
60 NET OPERATING LOSS - STATE				
61 UNDER/OVER RECOVERED BILLED ENERGY COSTS - FIT	(319,989)			
62 UNDER/OVER RECOVERED BILLED ENERGY COSTS - STATE	(100,557)			
63 UNDER/OVER RECOVERED UNBILLED ENERGY COSTS - FIT	876,160			
64 UNDER/OVER RECOVERED UNBILLED ENERGY COSTS - STATE	275,334			
65 INSURANCE RECEIVABLE - FIT				(15,592)
66 INSURANCE RECEIVABLE - STATE				(4,900)
67 Subtotal - p234	2,297,796	38,499	-	(39,427)
68 Less FASB 109 Above				
69 Less FASB 106 Above				(4)
70 Total	2,297,796	38,499	-	(39,423)

Instructions for Account 190:

- 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

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

92  
93  
94  
95  
96  
97  
98  
99  
100  
101  
102  
103  
104  
105  
106  
107  
108  
109  
110  
111  
112  
113  
114  
115  
116  
117  
118  
119  
120  
121  
122  
123  
124  
125  
126  
127  
128  
129  
130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161  
162  
163  
164  
165  
166  
167  
168  
169  
170  
171

**ADIT- 282**

	(A) Gas, Prod Or Other Related	(B) Only Transmission Related	(C) Plant Related	(D) Labor Related
SFAS 109 RECOVERABLE UTILITY COSTS - FIT	(4,888,506)			
SFAS 109 RECOVERABLE UTILITY COSTS - STATE	(4,966,542)			
LIB. TAX DEPRECIATION ADR - FIT				
LIB. TAX DEPRECIATION ADR - STATE				
LIB. TAX DEPRECIATION - FIT - ACRS/MACRS			(24,036,751)	
LIB. TAX DEPRECIATION - STATE - ACRS/MACRS			-	
<b>Subtotal - p275 (Form 1-F filer: see note 6 below)</b>	<b>(9,855,048)</b>	<b>0</b>	<b>(24,036,751)</b>	<b>0</b>
<b>Less FASB 109 Above</b>	<b>(9,855,048)</b>			
<b>Less FASB 106 Above</b>			<b>0</b>	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(24,036,751)</b>	<b>0</b>

**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

**ADIT-283**

	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
LOSS OF REACQUIRED DEBT - FIT	(3,504)			
LOSS OF REACQUIRED DEBT - STATE	(1,101)			
REG LIABILITY - ENVIRONMENTAL - FIT				
REG LIABILITY - ENVIRONMENTAL - SIT				
INVENTORY RESERVE - FIT	4,852			-
INVENTORY RESERVE - STATE	1,525			-
SFAS 112 LTD/STD (NON CURRENT) - FIT				41,537
SFAS 112 LTD/STD (NON CURRENT) - STATE				13,053
SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - FIT				2,192,449
SFAS 106 POST RETIREMENT BENEFIT (NON CURRENT) - STATE				688,979
FAS 158 PENSION - FIT	4,554,969			
FAS 158 PENSION - STATE	1,419,388			
EXEC RETIREMENT PLAN - FIT				123,554
EXEC RETIREMENT PLAN - STATE				38,827
MARK TO MARKET ENERGY PURCHASES- ST - FIT	108,337			
MARK TO MARKET ENERGY PURCHASES- ST - STATE	34,045			
RESTRICTED STOCK AWARDS - FIT				77,264
RESTRICTED STOCK AWARDS - STATE				24,280
CAP PROGRAM OVER/UNDER - FIT	106,178			
CAP PROGRAM OVER/UNDER - STATE	33,367			
REGULATORY ASSET - PENSION - FIT	(3,375,650)			
REGULATORY ASSET - PENSION - STATE	(1,060,801)			
<b>Subtotal - p277</b>	<b>1,821,604</b>	<b>-</b>	<b>-</b>	<b>3,199,944</b>
<b>Less FASB 109 Above</b>				
<b>Less FASB 106 Above</b>				<b>2,881,428</b>
<b>Total</b>	<b>1,821,604</b>	<b>-</b>	<b>-</b>	<b>318,516</b>

**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

**UGI Utilities, Inc.**

**Attachment 2 - Taxes Other Than Income Worksheet**

		<i>Source:</i>		
<i>Other Taxes</i>		<i>Ferc Form 1</i>	<i>Allocator</i>	<i>Allocated</i>
		<i>Pages 262-263</i>		<i>Amount</i>
<b>Plant Related</b>			<b>Gross Plant Allocator</b>	
1	Real property (State, Municipal or Local)	138,444		
2	Personal property			
3	Capital Stock Tax	51,186		
4	Gross Premium (insurance) Tax	12,320		
5	PURTA	150,120		
6	Corp License			
7				
8				
9	<b>Total Plant Related</b>	352,069	25.2510%	88,901
10				
11				
12	<b>Labor Related</b>		<b>Wages &amp; Salary Allocator</b>	
13				
14				
15	Federal FICA & Unemployment	294,768		
16	Unemployment	13,687		
17	Healthcare Tax Premium - PCORI	3,311		
18				
19				
20	<b>Total Labor Related</b>	311,766	24.8909%	77,601
21				
22				
23	<b>Other Included</b>		<b>Gross Plant Allocator</b>	
24				
25	Miscellaneous			
26				
27				
28				
29	<b>Total Other Included</b>	0	25.2510%	0
30				
31	<b>Total Included</b>	Sum lines 9+20+29	663,835	166,502
32				
33				
34	<b>Currently Excluded</b>			
35				
36	Gross Receipts Tax (GRT)	5,809,558		
37	Utility Regulatory Assessment	313,776		
38		-		
39		-		
40	Immaterial payroll tax reconciliations	26		
41	<b>Total Excluded</b>	6,123,361		
42				
43	<b>Grand Total = Included + Excluded (line 31 + 41)</b>	6,787,196		
44				
45	<b>Total "Taxes Other Than Income Taxes" Acct. 408.1 (p115.14.g)</b>	6,787,196		
46				
47	<b>Difference</b>		0	

**UGI Utilities, Inc.**

**Attachment 3 - Revenue Credit Workpaper**

<b>Account 454 - Rent from Electric Property</b>		
1	Rent from Electric Property - Transmission Related (Note 3)	37,910
2	Total Rent Revenues (Line 1)	37,910
<b>Account 456 - Other Electric Revenues (Note 1)</b>		
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	83,159
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)	121,069
12	Line 17g	18,955
13	Total Revenue Credits (Line 11 - Line 12)	102,114
<b>Revenue Adjustment to determine Revenue Credit</b>		
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.	37,910
17b	Costs associated with revenues in line 17a	
17c	Net Revenues (17a - 17b)	37,910
17d	50% Share of Net Revenues (17c / 2)	18,955
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)	18,955
17g	Line 17a less line 17f	18,955
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)	121,069

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)	3,027,445
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

59	Rate Base		(Line 39 + Line 58)	20,527,530
	Long Term Interest			
99	<b>Long Term Interest</b>		p117.62.c through 67.c	37,968,840
100	Less LTD Interest on Securitization Bonds		Attachment 8	0
101	Long Term Interest		(Line 99 - Line 100)	37,968,840
102	Preferred Dividends	enter positive	p118.29.c	0
	Common Stock			
103	Proprietary Capital		p112.16.c	863,274,097
104	Less Preferred Stock	enter negative	(Line 113)	0
105	Less Account 216.1	enter negative	p112.12.c	49,584,881
106	Common Stock		(Sum Lines 103 to 105)	912,858,978
	Capitalization			
107	Long Term Debt		p112.18.c through 21.c	642,000,000
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	-62,278
109	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
112	Total Long Term Debt		(Sum Lines 107 to 111)	641,937,722
113	Preferred Stock		p112.3.c	0
114	Common Stock		(Line 106)	912,858,978
115	Total Capitalization		(Sum Lines 112 to 114)	1,554,796,700
116	Debt %	Total Long Term Debt	(Line 112 / Line 115)	41.3%
117	Preferred %	Preferred Stock	(Line 113 / Line 115)	0.0%
118	Common %	Common Stock	(Line 114 / Line 115)	58.7%
119	Debt Cost	Total Long Term Debt	(Line 101 / Line 112)	0.0591
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)	0.0244
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * Line 120)	0.0000
124	Weighted Cost of Common	Common Stock	(Line 118 * Line 121)	0.0722
125	Total Return ( R )		<b>(Sum Lines 122 to 124)</b>	<b>0.0966</b>
126	Investment Return = Rate Base * Rate of Return		<b>(Line 59 * Line 125)</b>	<b>1,983,714</b>

**Composite Income Taxes**

	<b>Income Tax Rates</b>		
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%
	<b>ITC Adjustment</b>		
132	Amortized Investment Tax Credit	enter negative	-17,328
133	1/(1-T)		170.92%
134	Net Plant Allocation Factor		25.7265%
135	<b>ITC Adjustment Allocated to Transmission</b>	(Note I)	-7,619
137	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	1,051,351
138	<b>Total Income Taxes</b>		<b>1,043,732</b>

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
<b>Plant Allocation Factors</b>							
2	Total Wage Expense		p354.28.b		6,315,543		
3	Administrative and General Wage Expense		p354.27.b		1,161,983		
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		2,109,381		
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	23,092,514	1,381,121	21,711,393	
<b>Plant In Service</b>							
24	Common Plant (Electric Only)	(Notes A & B)	p356	31,234,992	2,101,736	29,133,256	
<b>Accumulated Deferred Income Taxes</b>							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p267.8.h	3,849,113	0	0	See Note I
<b>Prepayments</b>							
44	Prepayments (Account 165)	(Note A)	p111.57(c)	3,821,352	593,745	3,227,607	Analysis of Company Records
<b>Materials and Supplies</b>							
47	Undistributed Stores Exp	(Note A)	p227.16.c	460,347	122,424	337,923	Analysis of Company Records
<b>Allocated General &amp; Common Expenses</b>							
65	Plus Transmission Lease Payments	(Note A)	p200.4.c	0	0	0	
67	Common Plant O&M	(Note A)	p356	1,440,852	148,120	1,292,732	
<b>Depreciation Expense</b>							
85	Depreciation		p336.7.b&c	742,946	742,946		
86	General Depreciation		p336.10.b&c		107,861		
87	Intangible Amortization	(Note A)	p336.1.d&e		0		
91	Common Depreciation - Electric Only	(Note A)	p336.11.b	175,985	175,985		
92	Common Amortization - Electric Only	(Note A)	p336.11.d	108,010	108,010		

**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	39,494,052	32,753,614	6,740,438	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	15,514,917	15,514,917	0	Direct assignment to Transmission based upon plant records.
50	Materials and Supplies		p227.8.c	4,552,387	265,919	4,286,468	Direct assignment to Transmission based upon plant records.
83	Transmission Depreciation Expense		p336.7.b&c	742,946	742,946	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	4,527,066	
	Portions of Acct 561		Company Records	204,497	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	4,731,563	



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
<b>Plant Allocation Factors</b>							
6	Electric Plant in Service	(Note B)	p207.104.g	164,151,284	0	0	See Form 1
7	Common Plant In Service - Electric	0	(Line 24)	2,101,736	0	0	See Line 7
<b>Plant In Service</b>							
19	Transmission Plant In Service	(Note B)	p207.58.g	39,494,052			See Line 15
24	Common Plant (Electric Only)	(Notes A & B)	Attachment 5	2,101,736	0	0	See Line 24
<b>Accumulated Depreciation</b>							
30	Transmission Accumulated Depreciation	(Note C)	Attachment 5	15,514,917	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	
<b>Allocated General &amp; Common Expenses</b>							
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
<b>Allocated General &amp; Common Expenses</b>							
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189.b	0			
<b>Directly Assigned A&amp;G</b>							
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
<b>Directly Assigned A&amp;G</b>							
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
<b>Income Tax Rates</b>									
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
<b>Directly Assigned A&amp;G</b>							
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	6,740,438	
				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 Credits (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 Determinants		Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
	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)  

	<b>\$ 4,112,346</b>	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
<b>Total</b>	<b>4,808,363</b>		<b>41,027,188</b>	<b>3,418,932</b>
New Transmission Plant Additions for Year 2 (weighted by months in service)				
				<b>3,418,932</b>

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

	<b>\$ 3,418,932</b>	Input to Formula Line 21
--	---------------------	--------------------------

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

	<b>\$ 4,461,409</b>	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)  

	<b>\$ 4,461,409</b>	
--	---------------------	--

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

	<b>\$ 5,374,771</b>	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	345,000	9.5	3,277,500	273,125
Apr	78,000	8.5	663,000	55,250
May	-	7.5	-	-
Jun	494,284	6.5	3,212,846	267,737
Jul	22,000	5.5	121,000	10,083
Aug	140,000	4.5	630,000	52,500
Sep	419,000	3.5	1,466,500	122,208
Oct	-	2.5	-	-
Nov	-	1.5	-	-
Dec	-	0.5	-	-
<b>Total</b>	<b>1,498,284</b>		<b>9,370,846</b>	<b>780,904</b>
New Transmission Plant Additions for Year 3 (weighted by months in service)				
				<b>780,904</b>
				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 2014  
For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 1,174,099 Input to Formula Line 20

	Actual In Service Date	Weighting	Amount	One 12th
Jan		11.5	-	-
Feb		10.5	-	-
Mar		9.5	-	-
Apr	174,243	8.5	1,481,066	123,422
May	164,034	7.5	1,230,255	102,521
Jun	214,866	6.5	1,396,629	116,386
Jul	72,559	5.5	399,075	33,256
Aug	177,148	4.5	797,166	66,431
Sep	176,175	3.5	616,613	51,384
Oct	195,074	2.5	487,685	40,640
Nov		1.5	-	-
Dec		0.5	-	-
Total	1,174,099		6,408,488	534,041

New Transmission Plant Additions for Year 2 (weighted by months in service) 534,041 Input to Formula Line 21

6,530,586 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 6,530,586 - The forecast in Prior Year 6,417,844 = 112,742

Interest on Amount of Refunds or Surcharges

Interest 35.19a for March Current Yr		0.2800% -March 2015		Surcharge (Refund)		
Month	Yr	1/12 of Step 9	Interest Rate for March of Current Year	Months	Interest	Owed
Jun	Year 1	9,395	0.2800%	11.5	303	9,698
Jul	Year 1	9,395	0.2800%	10.5	276	9,671
Aug	Year 1	9,395	0.2800%	9.5	250	9,645
Sep	Year 1	9,395	0.2800%	8.5	224	9,619
Oct	Year 1	9,395	0.2800%	7.5	197	9,592
Nov	Year 1	9,395	0.2800%	6.5	171	9,566
Dec	Year 1	9,395	0.2800%	5.5	145	9,540
Jan	Year 2	9,395	0.2800%	4.5	118	9,514
Feb	Year 2	9,395	0.2800%	3.5	92	9,487
Mar	Year 2	9,395	0.2800%	2.5	66	9,461
Apr	Year 2	9,395	0.2800%	1.5	39	9,435
May	Year 2	9,395	0.2800%	0.5	13	9,408
Total		112,742				114,636

		Balance	Interest	Amortization over Rate Year	Balance
Jun	Year 2	114,636	0.2800%	9,728	105,229
Jul	Year 2	105,229	0.2800%	9,728	95,796
Aug	Year 2	95,796	0.2800%	9,728	86,337
Sep	Year 2	86,337	0.2800%	9,728	76,851
Oct	Year 2	76,851	0.2800%	9,728	67,338
Nov	Year 2	67,338	0.2800%	9,728	57,799
Dec	Year 2	57,799	0.2800%	9,728	48,233
Jan	Year 3	48,233	0.2800%	9,728	38,640
Feb	Year 3	38,640	0.2800%	9,728	29,021
Mar	Year 3	29,021	0.2800%	9,728	19,374
Apr	Year 3	19,374	0.2800%	9,728	9,701
May	Year 3	9,701	0.2800%	9,728	(0)
Total with interest				116,733	

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest 116,733  
Rev Req based on Year 3 data with estimated Cap Adds for Year 4 \$ 6,672,897  
Revenue Requirement for Year 3 6,789,630

10 May Year 4 Post results of Sept 9 on PJM web site  
\$ 6,789,630 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, 2009 - May 31, 2010)  
\$ 6,789,630



# 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



## EXHIBIT 1

**UGI Utilities, Inc. - Electric Division**  
**Transmission Revenue Requirement Corrections**  
**Using the Re-filed FERC Form 1F and FERC Form 1 Balances in Account 216.1**  
**Filing Years 2007 - 2014**

	Net Revenue Requirement Line 171	Increase/Decrease to Net Revenue Requirement	<u>Cumulative Interest Calculation</u>						
			Year 1 2014/2015	Year 2 2013/2014	Year 3 2012/2013	Year 4 2011/2012	Year 5 2010/2011	Year 6 2009/2010	Year 7 2008/2009
<b><u>Form 1F Year 2006 / Transm. Rate Filing Year 2007</u></b>									
Original Filing	\$4,108,636	\$0							
<b><u>Form 1F Year 2007 / Transm. Rate Filing Year 2008</u></b>									
Original Filing	\$4,757,032								
Corrected Filing	\$4,901,206	\$144,174	\$4,671	\$4,823	\$4,979	\$5,140	\$5,307	\$5,529	\$9,430
<b><u>Form 1F Year 2008 / Transm. Rate Filing Year 2009</u></b>									
Original Filing	\$4,261,782								
Corrected Filing	\$4,370,983	\$109,201	\$3,538	\$3,653	\$3,771	\$3,893	\$4,019	\$4,188	
<b><u>Form 1F Year 2009 / Transm. Rate Filing Year 2010</u></b>									
Original Filing	\$4,773,131								
Corrected Filing	\$4,959,823	\$186,692	\$6,049	\$6,245	\$6,447	\$6,656	\$6,872		
<b><u>Form 1F Year 2010 / Transm. Rate Filing Year 2011</u></b>									
Original Filing	\$4,582,284								
Corrected Filing	\$4,801,582	\$219,298	\$7,105	\$7,335	\$7,573	\$7,818			
<b><u>Form 1F Year 2011 / Transm. Rate Filing Year 2012</u></b>									
Original Filing	\$5,648,169								
Corrected Filing	\$5,934,237	\$286,068	\$9,269	\$9,569	\$9,879				
<b><u>Form 1F Year 2012 / Transm. Rate Filing Year 2013</u></b>									
Original Filing	\$5,434,271								
Corrected Filing	\$5,755,636	\$321,365	\$10,412	\$10,750					
<b><u>Form 1 Year 2013 / Transm. Rate Filing Year 2014</u></b>									
Original Filing	\$6,720,908								
Corrected Filing	\$7,068,688	\$347,780	\$11,268						
	<b>Total</b>	<b>\$1,614,578</b>	<b>\$52,312</b>	<b>\$42,375</b>	<b>\$32,649</b>	<b>\$23,507</b>	<b>\$16,198</b>	<b>\$9,717</b>	<b>\$9,430</b>
	<b>Total With Interest</b>	<b>\$1,800,766</b>							



## EXHIBIT 2

**UGI Utilities, Inc. - Electric Division**  
**Summary of the Original and Re-filed FERC Form 1F and FERC Form 1 Balances in Accounts 216 & 216.1**  
**Filing Years 2007 - 2013**

As filed @ 12.31	2007	2008	2009	2010	2011	2012	2013
Ferc 216	159,096,983	131,284,771	112,885,520	80,876,373	14,247,839	6,009,860	(22,411,738)
Ferc 216.1	37,267,510	76,951,312	115,869,284	163,359,468	192,827,372	259,905,988	319,533,257
	<u>196,364,493</u>	<u>208,236,083</u>	<u>228,754,804</u>	<u>244,235,841</u>	<u>207,075,211</u>	<u>265,915,848</u>	<u>297,121,519</u>
Adjusted @ 12.31	2007	2008	2009	2010	2011	2012	2013
Ferc 216	268,316,983	291,357,771	365,876,057	403,866,910	395,800,775	420,562,796	410,278,055
Ferc 216.1	(71,952,490)	(83,121,688)	(137,121,253)	(159,631,069)	(188,725,564)	(154,646,948)	(113,156,536)
	<u>196,364,493</u>	<u>208,236,083</u>	<u>228,754,804</u>	<u>244,235,841</u>	<u>207,075,211</u>	<u>265,915,848</u>	<u>297,121,519</u>

