Natural Gas Expansion
UGI’s Pilot - GET Gas

October 14, 2015

Michael Fessler, Director of Regulatory Affairs
UGI Is A Leading Gas Utility In PA

<table>
<thead>
<tr>
<th>Total Gas Customers</th>
<th>606,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Electric Customers</td>
<td>62,000</td>
</tr>
<tr>
<td>Miles of UGI Gas Main Infrastructure</td>
<td>13,000 miles</td>
</tr>
</tbody>
</table>
Natural Gas Conversion Statistics

• Since 2008 UGI converted:
  • 45,000 households
  • 45 large commercial & Industrial facilities
  • ~ $40 million annually to extend service to new customers ($70 million in ‘15)

• In 2014, the 45,000 households that converted to natural gas saved approximately $50 Million compared to their prior fuel
PA Natural Gas Benefits

• UGI residential customer annual savings due to lower gas costs (Marcellus Shale Impact):
  • $700 a customer per year
  • $350 Million saved in 2014 compared to 2008

• Approximately 90% of the natural gas UGI delivers through our system is produced in the Marcellus Shale Region
What is “GET” and How Did We GET Here Today?

- High Potential for New Gas Conversion Customers
  - Market conditions fueling demand
- April 2012 - First Brainstorming Session
  - Goal: Develop an innovative and creative way to expand natural gas service outside of current tariff extension guidelines
- Result - GET Gas
  - GET “Growth Extension Tariff” - New concept/proposal
  - Focused on facilitating natural gas service expansion into un-served and under-served areas
  - Expand the benefits of natural gas service to new areas within Pennsylvania
What is “GET Gas”?

  - Benefit of **anticipated** future customer additions provided
  - Benefit of a **10 year payment** schedule which is **premise based**

- UGI proposal includes a 5 year GET Gas pilot funded at $15 Million per Pilot Year - Total $75 Million
  - ½ allocated to Unserved & ½ allocated to Underserved

- **Class based surcharge**
  - Pass/Fail test based on consistent guidelines
Get Gas Project Guidelines

• 50% Market Share
• Estimated Cost per Customer < $10,000
• Estimated Main Cost > $15,000

Note: UGI has Ability to Suspend Program if Gas Oil Spread Decreases
## GET Gas Pilot - Settlement Rates

### Summary of GET Gas Charges by Company

<table>
<thead>
<tr>
<th></th>
<th>UGI</th>
<th>PNG</th>
<th>CPG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Monthly GET Gas</td>
<td>$54.95</td>
<td>$44.90</td>
<td>$21.75</td>
</tr>
<tr>
<td>Customer Charge (Rates R,RT)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Monthly GET Gas</td>
<td>$7.86</td>
<td>$23.01</td>
<td>$13.08</td>
</tr>
<tr>
<td>Customer Charge (Rates N,NT)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Volumetric Charge</td>
<td>$7.37</td>
<td>$2.71</td>
<td>$1.07</td>
</tr>
<tr>
<td>(Rates N,NT)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Forecasted Underserved and Unserved Lead Saturation Demand

- GET Leads 3000
- Potential Exceeding $200 Million vs. Pilot of $75 Million
Challenges

- Lead Tracking System (MLTS) Interface
- Micro-Site
  - Informational, lead entry, economics, etc.
- Community Outreach & Marketing Materials
  - Municipality Support?
- Preliminary Project Analysis & Process
  - Unserved/Underserved
- Internal Resources - Engineering, Sales, Field
- Billing System Enhancements
GET Gas Lead Tracking System
Making natural gas more available and affordable

Natural gas is one of the cleanest, most abundant and least expensive energy sources in Pennsylvania. Now UGI is helping to give more consumers greater access to natural gas and make the conversion process more affordable with the new GET Gas pilot program.

The UGI Growth Extension Tariff (GET) is an innovative pilot program designed to provide natural gas service to regions without access today. The pilot program is available to homeowners and businesses within the UGI Utilities gas divisions (UGI Utilities Gas Division, UGI Penn Natural Gas and UGI Central Penn Gas).

Get more information about GET Gas today.

Download our FAQ sheet, call us at 1-800-276-2722, or e-mail us at getgas@ugi.com.
GET Gas Outreach Materials: Doorhanger

- Canvass neighborhood
- QR code goes to website
- Personalized with Conversion Rep information
GET Gas Program Demand - Riverside

• GET Gas Unserved Community Example: *Riverside Community*
  • Proactive Community Leadership
  • Outreach to potential customers
  • Permit Fees to be waived - Declaration Signed
  • Low cost installations

• Prequalifies for GET Gas
  • 636 Parcels
  • Estimated GET Market Share = 356
  • Estimated Cost per Customer maximum = $7,433
  • Current Leads = 162 or 25% of the community has already reached out to UGI
Very Restrictive Mill and Overlay Requirements - Estimated $30,000 Additional Cost does not qualify!
New Paving Requirements Forced Project to be Split
90 + Leads in Area - ~ 400 Parcels
Wynnewood Dr - Lancaster

<table>
<thead>
<tr>
<th>Project Location</th>
<th>Total Parcels</th>
<th>Projected Customers</th>
<th>Projected Year 1 Customers</th>
<th>Actual Year 1 Customers</th>
<th>Estimated Cost per Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wynnewood</td>
<td>40</td>
<td>20</td>
<td>5</td>
<td>9</td>
<td>$7,500</td>
</tr>
</tbody>
</table>
Montieth - Reading

<table>
<thead>
<tr>
<th>Project Location</th>
<th>Total Parcels</th>
<th>Projected Customers</th>
<th>Projected Year 1 Customers</th>
<th>Actual Year 1 Customers</th>
<th>Estimated Cost per Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montieth</td>
<td>26</td>
<td>17</td>
<td>4</td>
<td>8</td>
<td>$5,317</td>
</tr>
</tbody>
</table>
Infrastructure Replacement & Betterment
UGI - Pipeline System Materials

UGI has an aggressive capital replacement plan

- EOY 2026 – All Cast Iron Eliminated
- EOY 2041 – All Bare Steel and Wrought Iron Eliminated
- Estimated cost of $1.2 Billion
UGI Replacement & Betterment Investment

Accelerated infrastructure replacement: record level of capital expenditure
- Replaced 37 miles Cast Iron in FY 2014
- Replaced 26 miles Bare Steel / Wrought Iron in FY 2014
- 28% increase in construction crews August 2013 to August 2014
UGI - Natural Gas Demand

Questions