UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2668356**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

460 North Gulph Road, King of Prussia, PA 19406
(Address of Principal Executive Offices) (Zip Code)

(610) 337-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Common Stock, without par value	UGI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 31, 2020, there were 208,320,881 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Form 10-Q are defined below:

UGI Corporation and Related Entities

AmeriGas OLP - AmeriGas Propane, L.P., the principal operating subsidiary of AmeriGas Partners

AmeriGas Partners - AmeriGas Partners, L.P., a Delaware limited partnership and an indirect wholly-owned subsidiary of UGI; also referred to as the "Partnership"

AmeriGas Propane - Reportable segment comprising AmeriGas Propane, Inc. and its subsidiaries, including AmeriGas Partners and AmeriGas OLP

AmeriGas Propane, Inc. - A wholly owned second-tier subsidiary of UGI and the general partner of AmeriGas Partners; also referred to as the "General Partner"

AvantiGas - AvantiGas Limited, an indirect wholly owned subsidiary of UGI International, LLC

Company - UGI and its consolidated subsidiaries collectively

CMG - Columbia Midstream Group, LLC

CPG - UGI Central Penn Gas, Inc., a wholly owned subsidiary of UGI Utilities prior to the Utility Merger

DVEP - DVEP Investeringen B.V., an indirect wholly owned subsidiary of UGI International, LLC

Electric Utility - UGI Utilities' regulated electric distribution utility

Energy Services - UGI Energy Services, LLC, a wholly owned second-tier subsidiary of UGI

ESFC - Energy Services Funding Corporation, a wholly owned subsidiary of Energy Services

Flaga - Flaga GmbH, an indirect wholly owned subsidiary of UGI International, LLC

Gas Utility - UGI Utilities' regulated natural gas distribution business, comprising the natural gas utility businesses owned and operated by UGI Utilities and, prior to the Utility Merger, PNG and CPG

General Partner - AmeriGas Propane, Inc., the general partner of AmeriGas Partners

GHI Energy, LLC - a Houston based renewable natural gas company acquired by Energy Services

Midstream & Marketing - Reportable segment principally comprising Energy Services and its subsidiaries, including UGID

Partnership - AmeriGas Partners and its consolidated subsidiaries, including AmeriGas OLP

Pennant - Pennant Midstream, LLC

PennEast - PennEast Pipeline Company, LLC

PNG - UGI Penn Natural Gas, Inc., a wholly owned subsidiary of UGI Utilities prior to the Utility Merger

UGI - UGI Corporation

UGI Appalachia - UGI Appalachia, LLC, a wholly owned subsidiary of Energy Services, comprising the natural gas gathering and processing business of CMG and its equity interest in Pennant

UGI Central - The natural gas rate district of CPG subsequent to the Utility Merger

UGI France - UGI France SAS (*a Société par actions simplifiée*), an indirect wholly owned subsidiary of UGI International, LLC

UGI International - Reportable segment principally comprising UGI's foreign operations

UGI International, LLC - UGI International, LLC, a wholly owned second-tier subsidiary of UGI

UGI PennEast, LLC - A wholly owned subsidiary of Energy Services that holds a 20% membership interest in PennEast

UGI Utilities - UGI Utilities, Inc., a wholly owned subsidiary of UGI. Also a reportable segment of UGI comprising UGI Utilities, Inc. and its subsidiaries

UGID - UGI Development Company, a wholly owned subsidiary of Energy Services

UniverGas - UniverGas Italia S.r.l, an indirect wholly owned subsidiary of UGI International, LLC

Other Terms and Abbreviations

2018 UGI International Credit Facilities Agreement - A five-year unsecured Senior Facilities Agreement entered into in October 2018, by UGI International, LLC comprising a €300 million term loan facility and a €300 million revolving credit facility maturing October 2023

2019 Annual Report - UGI Annual Report on Form 10-K for the fiscal year ended September 30, 2019

2019 nine-month period - Nine months ended June 30, 2019

2019 three-month period - Three months ended June 30, 2019

2020 nine-month period - Nine months ended June 30, 2020

2020 three-month period - Three months ended June 30, 2020

Adjusted LIBOR - A rate derived from LIBOR

AFUDC - Allowance for Funds Used During Construction

AmeriGas Merger - The transaction contemplated by the Merger Agreement pursuant to which AmeriGas Propane Holdings, LLC merged with and into the Partnership on August 21, 2019, with the Partnership surviving as an indirect wholly owned subsidiary of UGI

AOCI - Accumulated Other Comprehensive Income (Loss)

ASC - Accounting Standards Codification

ASC 606 - ASC 606, “Revenue from Contracts with Customers”

ASC 805 - ASC 805, “Business Combinations”

ASC 840 - ASC 840, “Leases”

ASC 842 - ASC 842, “Leases” (effective October 1, 2019)

ASU - Accounting Standards Update

Bcf - Billions of cubic feet

BIE - Pennsylvania Public Utility Commission Bureau of Investigation and Enforcement

CARES Act - Coronavirus Aid, Relief, and Economic Security Act

CDC - Centers for Disease Control and Prevention

CMG Acquisition - Acquisition of CMG and Columbia Pennant, LLC on August 1, 2019 pursuant to the CMG Acquisition Agreements

CMG Acquisition Agreements - Agreements related to the CMG Acquisition comprising (1) a purchase and sale agreement related to the CMG acquisition, dated July 2, 2019, by and among Columbia Midstream & Minerals Group, LLC, Energy

Services, UGI and TransCanada PipeLine USA Ltd., and (2) a purchase and sale agreement related to the Columbia Pennant, LLC acquisition, dated July 2, 2019, by and among Columbia Midstream & Minerals Group, LLC, Energy Services, and TransCanada PipeLine USA Ltd.

COA - Consent Order and Agreement

CODM - Chief Operating Decision Maker as defined in ASC 280, “Segment Reporting”

Common Stock - shares of UGI common stock

Common Units - Limited partnership ownership interests in AmeriGas Partners

Core market - Comprises (1) firm residential, commercial and industrial customers to whom UGI Utilities has a statutory obligation to provide service who purchase their natural gas or electricity from UGI Utilities; and (2) residential, commercial and industrial customers to whom UGI Utilities has a statutory obligation to provide service who purchase their natural gas or electricity from others

COVID-19 - A novel strain of coronavirus disease discovered in 2019

DS - Default service

DSIC - Distribution system improvement charge

EBITDA - Earnings before interest expense, income taxes, depreciation, and amortization

Eighth Circuit - United States Court of Appeals for the Eighth Circuit

Energy Services Term Loan - A seven-year $700 million senior secured term loan agreement entered into on August 13, 2019, with a group of lenders

Energy Services 2020 Credit Agreement - Third Amended and Restated Credit Agreement entered into on March 6, 2020 by Energy Services, as borrower, providing for borrowings up to $260 million, including a letter of credit subfacility of up to $50 million, scheduled to expire in March 2025

Energy Services Credit Agreement - Second Amended and Restated Credit Agreement entered into by Energy Services, as borrower, providing for borrowings up to $200 million, including a letter of credit subfacility of up to $50 million prior to its replacement by the Energy Services 2020 Credit Agreement

Exchange Act - Securities Exchange Act of 1934, as amended

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

FERC - Federal Energy Regulatory Commission

Fiscal 2019 - The fiscal year ended September 30, 2019

Fiscal 2020 - The fiscal year ending September 30, 2020

Fiscal 2021 - The fiscal year ending September 30, 2021

Fiscal 2022 - The fiscal year ending September 30, 2022

Fiscal 2023 - The fiscal year ending September 30, 2023

Fiscal 2024 - The fiscal year ending September 30, 2024

GAAP - U.S. generally accepted accounting principles

Gwh - Millions of kilowatt hours

Hunlock - Hunlock Station, a 130-megawatt natural gas-fueled electricity generating station located near Wilkes-Barre, Pennsylvania

ICE - Intercontinental Exchange

IDR - Incentive distribution right

IRC - Internal Revenue Code

IRPA - Interest rate protection agreement

IRS - Internal Revenue Service

IT - Information technology

LIBOR - London Inter-bank Offered Rate

LNG - Liquefied natural gas

LPG - Liquefied petroleum gas

MDPSC - Maryland Public Service Commission

Merger Agreement - Agreement and Plan of Merger, dated as of April 1, 2019, among UGI, AmeriGas Propane Holdings, Inc., AmeriGas Propane Holdings, LLC, AmeriGas Partners and AmeriGas Propane

MGP - Manufactured gas plant

NOAA - National Oceanic and Atmospheric Administration

NOL - Net operating loss

NPNS - Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

NYMEX - New York Mercantile Exchange

PADEP - Pennsylvania Department of Environmental Protection

PAPUC - Pennsylvania Public Utility Commission

PGC - Purchased gas costs

PRP - Potentially Responsible Party

Receivables Facility - A receivables purchase facility of Energy Services with an issuer of receivables-backed commercial paper

Retail core-market - Comprises firm residential, commercial and industrial customers to whom UGI Utilities has a statutory obligation to provide service that purchase their natural gas from Gas Utility

ROU - Right-of-use

ROD - Record of Decision

SCAA - Storage Contract Administrative Agreements

SEC - U.S. Securities and Exchange Commission

TCJA - Tax Cuts and Jobs Act

Temporary Rates Order - Order issued by the PAPUC on March 15, 2018, that converted PAPUC approved rates of a defined group of large Pennsylvania public utilities into temporary rates for a period of not more than 12 months while the PAPUC reviewed effects of the TCJA

UGI Corporation Senior Credit Facility - An unsecured senior facilities agreement entered into on August 1, 2019, by UGI comprising (1) a five-year $250 million term loan facility; (2) a three-year $300 million term loan facility; and (3) a five-year $300 million revolving credit facility (including a $10 million sublimit for letters of credit)

UGI International 3.25% Senior Notes - An underwritten private placement of €350 million principal amount of senior unsecured notes due November 1, 2025, issued by UGI International, LLC

UGI Utilities 3.12% Senior Notes - A private placement of $150 million principal amount of senior unsecured notes due April 2050, issued by UGI Utilities

USD - U.S. dollar

U.S. Pension Plan - Defined benefit pension plan for employees hired prior to January 1, 2009 of UGI, UGI Utilities and certain of UGI's other domestic wholly owned subsidiaries

Utility Merger - The merger, effective October 1, 2018, of CPG and PNG with and into UGI Utilities

VEBA - Voluntary Employees' Beneficiary Association

Western Missouri District Court - The United States District Court for the Western District of Missouri

WHO - World Health Organization

UGI CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(Millions of dollars)

	June 30, 2020	September 30, 2019	June 30, 2019
ASSETS			
Current assets:			
Cash and cash equivalents	$ 487.3	$ 447.1	$ 533.7
Restricted cash	44.5	63.7	42.3
Accounts receivable (less allowances for doubtful accounts of $41.7, $31.6 and $42.8, respectively)	674.6	640.7	779.8
Accrued utility revenues	13.7	14.6	14.6
Inventories	200.8	229.9	215.1
Utility regulatory assets	4.0	9.1	3.5
Derivative instruments	36.7	28.9	28.5
Prepaid expenses and other current assets	138.3	132.2	100.1
Total current assets	1,599.9	1,566.2	1,717.6
Property, plant and equipment, at cost (less accumulated depreciation of $3,599.7, $3,385.2 and $3,353.0, respectively)	6,805.7	6,687.8	6,009.8
Goodwill	3,482.7	3,456.4	3,159.1
Intangible assets, net	669.5	708.6	480.0
Utility regulatory assets	394.6	386.5	297.1
Derivative instruments	37.5	43.2	29.9
Other assets	853.5	497.9	325.4
Total assets	$ 13,843.4	$ 13,346.6	$ 12,018.9
LIABILITIES AND EQUITY			
Current liabilities:			
Current maturities of long-term debt	$ 25.8	$ 24.1	$ 17.4
Short-term borrowings	423.1	796.3	380.2
Accounts payable	381.7	438.8	444.4
Derivative instruments	108.7	84.9	70.3
Other current liabilities	739.7	682.8	682.4
Total current liabilities	1,679.0	2,026.9	1,594.7
Long-term debt	5,961.4	5,779.9	4,291.7
Deferred income taxes	612.6	541.4	956.0
Derivative instruments	66.1	48.4	22.1
Other noncurrent liabilities	1,388.9	1,122.8	980.7
Total liabilities	9,708.0	9,519.4	7,845.2
Commitments and contingencies (Note 11)			
Equity:			
UGI Corporation stockholders’ equity:			
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 209,504,994, 209,304,129 and 174,678,299 shares, respectively)	1,412.8	1,396.9	1,223.9
Retained earnings	2,969.7	2,653.1	2,761.2
Accumulated other comprehensive loss	(204.6)	(216.6)	(145.4)
Treasury stock, at cost	(51.2)	(15.9)	(18.8)
Total UGI Corporation stockholders’ equity	4,126.7	3,817.5	3,820.9
Noncontrolling interests	8.7	9.7	352.8
Total equity	4,135.4	3,827.2	4,173.7
Total liabilities and equity	$ 13,843.4	$ 13,346.6	$ 12,018.9

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(Millions of dollars, except per share amounts)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
Revenues	$ 1,199.3	$ 1,363.7	$ 5,434.8	$ 6,170.0
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	416.6	781.4	2,672.8	3,633.3
Operating and administrative expenses	437.9	476.9	1,452.5	1,516.8
Impairment of assets held-for-sale	51.6	—	51.6	—
Depreciation and amortization	122.5	109.9	362.1	330.0
Other operating income, net	(3.2)	(14.1)	(17.2)	(26.2)
	1,025.4	1,354.1	4,521.8	5,453.9
Operating income	173.9	9.6	913.0	716.1
Income from equity investees	7.5	1.5	22.0	4.6
Loss on extinguishments of debt	—	—	—	(6.1)
Other non-operating (expense) income, net	(3.9)	0.7	(3.7)	17.6
Interest expense	(80.8)	(60.5)	(247.3)	(181.7)
Income (loss) before income taxes	96.7	(48.7)	684.0	550.5
Income tax (expense) benefit	(12.0)	2.2	(161.7)	(111.8)
Net income (loss) including noncontrolling interests	84.7	(46.5)	522.3	438.7
Add net loss (deduct net income) attributable to noncontrolling interests, principally in AmeriGas Partners prior to the AmeriGas Merger	0.6	44.6	0.5	(131.0)
Net income (loss) attributable to UGI Corporation	$ 85.3	$ (1.9)	$ 522.8	$ 307.7
Earnings (loss) per common share attributable to UGI Corporation stockholders:				
Basic	$ 0.41	$ (0.01)	$ 2.50	$ 1.76
Diluted	$ 0.41	$ (0.01)	$ 2.49	$ 1.73
Weighted-average common shares outstanding (thousands):				
Basic	208,598	174,759	208,989	174,541
Diluted	208,975	174,759	210,009	177,389

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss) including noncontrolling interests	$ 84.7	$ (46.5)	$ 522.3	$ 438.7
Other comprehensive income (loss):				
Net losses on derivative instruments (net of tax of $3.1, $0.6, $15.0, and $2.0, respectively)	(7.6)	(1.6)	(37.6)	(4.3)
Reclassifications of net losses on derivative instruments (net of tax of $(1.9), $(0.2), $(2.4), and $(0.5), respectively)	4.7	0.7	6.0	1.4
Foreign currency adjustments (net of tax of $4.0, $2.7, $4.1, and $(2.2), respectively)	27.6	16.1	41.9	(26.3)
Benefit plans (net of tax of $(0.1), $(0.1), $(0.6), and $(0.3), respectively)	0.4	0.2	1.7	0.8
Other comprehensive income (loss)	25.1	15.4	12.0	(28.4)
Comprehensive income (loss) including noncontrolling interests	109.8	(31.1)	534.3	410.3
Add comprehensive loss (deduct comprehensive income) attributable to noncontrolling interests, principally in AmeriGas Partners prior to the AmeriGas Merger	0.6	44.6	0.5	(131.0)
Comprehensive income attributable to UGI Corporation	$ 110.4	$ 13.5	$ 534.8	$ 279.3

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Millions of dollars)

	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interests	$ 522.3	$ 438.7
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	362.1	330.0
Deferred income tax benefit, net	(5.1)	(38.6)
Provision for uncollectible accounts	30.7	25.3
Changes in unrealized gains and losses on derivative instruments	(1.1)	200.7
Impairment of assets held-for-sale	51.6	—
Loss on extinguishments of debt	—	6.1
Income from equity investees	(22.0)	(4.6)
Other, net	(11.5)	7.2
Net change in:		
Accounts receivable and accrued utility revenues	(69.7)	(51.3)
Inventories	28.0	101.2
Utility deferred fuel and power costs, net of changes in unsettled derivatives	21.8	(19.3)
Accounts payable	(37.3)	(97.9)
Derivative instruments collateral deposits received (paid)	8.6	(14.5)
Other current assets	77.4	79.4
Other current liabilities	7.0	(37.8)
Net cash provided by operating activities	962.8	924.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(471.1)	(510.2)
Acquisitions of businesses and assets, net of cash and restricted cash acquired	(0.4)	(58.4)
Other, net	21.5	5.1
Net cash used by investing activities	(450.0)	(563.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(204.4)	(142.8)
Distributions on AmeriGas Partners publicly held Common Units	—	(198.1)
Issuances of long-term debt, net of issuance costs	179.2	878.1
Repayments of long-term debt and finance leases	(66.9)	(728.5)
Decrease in short-term borrowings	(366.8)	(99.6)
Receivables Facility net (repayments) borrowings	(6.4)	55.0
Issuances of UGI Common Stock	2.3	15.3
Repurchases of UGI Common Stock	(38.3)	(16.9)
Other, net	—	(4.1)
Net cash used by financing activities	(501.3)	(241.6)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	9.5	(5.7)
Cash, cash equivalents and restricted cash increase	$ 21.0	$ 113.8
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash, cash equivalents and restricted cash at end of period	$ 531.8	$ 576.0
Cash, cash equivalents and restricted cash at beginning of period	510.8	462.2
Cash, cash equivalents and restricted cash increase	$ 21.0	$ 113.8

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)
(Millions of dollars, except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Common stock, without par value				
Balance, beginning of period	$ 1,408.6	$ 1,219.0	$ 1,396.9	$ 1,200.8
Common Stock issued in connection with employee and director plans, net of tax withheld	—	1.3	1.7	10.7
Equity-based compensation expense	4.2	3.6	14.9	12.4
Other	—	—	(0.7)	—
Balance, end of period	$ 1,412.8	$ 1,223.9	$ 1,412.8	$ 1,223.9
Retained earnings				
Balance, beginning of period	$ 2,953.3	$ 2,818.2	$ 2,653.1	$ 2,610.7
Cumulative effect of change in accounting principle - ASC 606	—	—	—	(7.1)
Reclassification of stranded income tax effects related to TCJA	—	—	—	6.6
Losses on common stock transactions in connection with employee and director plans	(0.1)	(2.8)	(2.8)	(13.9)
Net income (loss) attributable to UGI	85.3	(1.9)	522.8	307.7
Cash dividends on UGI Common Stock ($0.33, $0.30, $0.98, and $0.82, respectively)	(68.8)	(52.3)	(204.4)	(142.8)
Other	—	—	1.0	—
Balance, end of period	$ 2,969.7	$ 2,761.2	$ 2,969.7	$ 2,761.2
Accumulated other comprehensive income (loss)				
Balance, beginning of period	$ (229.7)	$ (160.8)	$ (216.6)	$ (110.4)
Reclassification of stranded income tax effects related to TCJA	—	—	—	(6.6)
Net losses on derivative instruments	(7.6)	(1.6)	(37.6)	(4.3)
Reclassification of net losses on derivative instruments	4.7	0.7	6.0	1.4
Benefit plans	0.4	0.2	1.7	0.8
Foreign currency adjustments	27.6	16.1	41.9	(26.3)
Balance, end of period	$ (204.6)	$ (145.4)	$ (204.6)	$ (145.4)
Treasury stock				
Balance, beginning of period	$ (51.7)	$ (23.4)	$ (15.9)	$ (19.7)
Common Stock issued in connection with employee and director plans, net of tax withheld	0.5	4.6	4.9	20.6
Repurchases of UGI Common Stock	—	—	(38.3)	(16.9)
Reacquired UGI Common Stock - employee and director plans	—	—	(1.9)	(2.8)
Balance, end of period	$ (51.2)	$ (18.8)	$ (51.2)	$ (18.8)
Total UGI stockholders' equity	$ 4,126.7	$ 3,820.9	$ 4,126.7	$ 3,820.9
Noncontrolling interests				
Balance, beginning of period	$ 9.1	$ 463.0	$ 9.7	$ 418.6
Net (loss) income attributable to noncontrolling interests, principally in AmeriGas Partners prior to the AmeriGas Merger	(0.6)	(44.6)	(0.5)	131.0
Dividends and distributions	—	(65.8)	—	(197.3)
Other	0.2	0.2	(0.5)	0.5
Balance, end of period	$ 8.7	$ 352.8	$ 8.7	$ 352.8
Total equity	$ 4,135.4	$ 4,173.7	$ 4,135.4	$ 4,173.7

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Note 1 — Nature of Operations

UGI is a holding company that, through subsidiaries and affiliates, distributes, stores, transports and markets energy products and related services. In the United States, we own and operate (1) a retail propane marketing and distribution business; (2) natural gas and electric distribution utilities; and (3) an energy marketing, midstream infrastructure, storage, natural gas gathering, natural gas production, electricity generation and energy services business. In Europe, we market and distribute propane and other LPG and market energy products and services.

We conduct a domestic propane marketing and distribution business through AmeriGas Partners. AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary, AmeriGas Propane, Inc., serves as the General Partner of AmeriGas Partners. On August 21, 2019, we completed the AmeriGas Merger pursuant to which we issued 34,612,847 shares of UGI Common Stock and paid $528.9 in cash to acquire all of the outstanding Common Units in AmeriGas Partners not already held by UGI or its subsidiaries, with the Partnership surviving as a wholly owned subsidiary of UGI. Prior to the AmeriGas Merger, UGI controlled the Partnership through its ownership of the General Partner, which held a 1% general partner interest (which included IDRs) and approximately 25.5% of the outstanding Common Units in AmeriGas Partners, and held an effective 27.0% ownership interest in AmeriGas OLP. The IDRs held by the General Partner prior to the AmeriGas Merger entitled it to receive distributions from AmeriGas Partners in excess of its general partner interest under certain circumstances. Incentive distributions received by the General Partner during the nine months ended June 30, 2019 were $34.3.

UGI International, through subsidiaries and affiliates, conducts (1) an LPG distribution business throughout much of Europe and (2) an energy marketing business in France, Belgium, the Netherlands and the United Kingdom. These businesses are conducted principally through our subsidiaries, UGI France, Flaga, AvantiGas, DVEP and UniverGas.

Energy Services conducts, directly and through subsidiaries, energy marketing, midstream transmission, LNG storage, natural gas gathering and processing, natural gas production, electricity generation and energy services businesses primarily in the Mid-Atlantic region of the U.S., eastern Ohio and the panhandle of West Virginia. UGID owns all or a portion of electricity generation facilities principally located in Pennsylvania. Energy Services and its subsidiaries' storage and portions of its LNG and midstream transmission operations are subject to regulation by the FERC. In July 2020, Energy Services acquired GHI Energy, LLC, a Houston based renewable natural gas company. GHI Energy, LLC is primarily focused on providing vehicle fleets with renewable natural gas by coordinating supply from a portfolio of sources throughout the country.

UGI Utilities directly owns and operates Gas Utility, a natural gas distribution utility business in eastern and central Pennsylvania and in a portion of one Maryland county. Gas Utility is subject to regulation by the PAPUC and the FERC and, with respect to a small service territory in one Maryland county, the MDPSC. UGI Utilities also owns and operates Electric Utility, an electric distribution utility located in northeastern Pennsylvania. Electric Utility is subject to regulation by the PAPUC and the FERC.

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the SEC. They include all adjustments that we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consisted only of normal recurring items unless otherwise disclosed. The September 30, 2019, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all footnote disclosures from the annual financial statements.

These financial statements should be read in conjunction with the financial statements and related notes included in the Company's 2019 Annual Report. Due to the seasonal nature of our businesses, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Leases. Effective October 1, 2019, the Company adopted ASU No. 2016-02, "Leases," which, as amended, is included in ASC 842. This new accounting guidance supersedes previous lease accounting guidance in ASC 840 and requires entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on its balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases.

(Currency in millions, except per share amounts and where indicated otherwise)

We adopted this new guidance using the modified retrospective transition method. Amounts and disclosures related to periods prior to October 1, 2019 have not been restated and continue to be reported in accordance with ASC 840. We elected to apply the following practical expedients in accordance with the guidance upon adoption:

- Short-term leases: We did not recognize short-term leases (term of 12 months or less) on the balance sheet;
- Easements: We did not re-evaluate existing land easements that were not previously accounted for as leases; and
- Other: We did not reassess the classification of expired or existing contracts or determine whether they are or contain a lease. We also did not reassess whether initial direct costs qualify for capitalization under ASC 842.

Upon adoption, we recorded ROU assets and lease liabilities of $451.9 related to our operating leases. Our accounting for finance leases remained substantially unchanged. There were no cumulative effect adjustments made to opening retained earnings as of October 1, 2019. The adoption did not, and is not expected to, have a significant impact on our condensed consolidated statements of income or cash flows. See Note 9 for additional disclosures regarding our leases.

Equity Method Investments. We account for privately held equity securities of entities without readily determinable fair values in which we do not have control, but have significant influence over operating and financial policies, under the equity method. Our equity method investments are primarily comprised of PennEast and Pennant.

UGI PennEast, LLC and four other members comprising wholly owned subsidiaries of Southern Company, New Jersey Resources, South Jersey Industries, and Enbridge, Inc., each hold a 20% membership interest in PennEast. In September 2019, a panel of the U.S. Court of Appeals for the Third Circuit ruled that New Jersey’s Eleventh Amendment immunity barred PennEast from bringing an eminent domain lawsuit in federal court, under the Natural Gas Act, against New Jersey or its agencies. The Third Circuit subsequently denied PennEast’s petition for rehearing en banc. PennEast also filed a petition for declaratory order with the FERC regarding interpretation of the Natural Gas Act; the FERC issued an order favorable to PennEast’s position on January 30, 2020. PennEast filed a petition for a writ of certiorari to seek U.S. Supreme Court review of the Third Circuit decision on February 18, 2020. On June 29, 2020, the U.S. Supreme Court invited the U.S. Solicitor General to file a brief in the case expressing the views of the U.S. The ultimate outcome of these matters cannot be determined at this time, and could result in delays, additional costs, or the inability to move forward with the project, resulting in an impairment of all or a portion of our investment in PennEast.

Restricted Cash. Restricted cash principally represents those cash balances in our commodity futures brokerage accounts that are restricted from withdrawal. The following table provides a reconciliation of the total cash, cash equivalents and restricted cash reported on the Condensed Consolidated Balance Sheets to the corresponding amounts reported on the Condensed Consolidated Statements of Cash Flows.

	Cash, Cash Equivalents and Restricted Cash			
	June 30, 2020	June 30, 2019	September 30, 2019	September 30, 2018
Cash and cash equivalents	$ 487.3	$ 533.7	$ 447.1	$ 452.6
Restricted cash	44.5	42.3	63.7	9.6
Cash, cash equivalents and restricted cash	$ 531.8	$ 576.0	$ 510.8	$ 462.2

Earnings Per Common Share. Basic earnings per share attributable to UGI stockholders reflect the weighted-average number of common shares outstanding. Diluted earnings per share attributable to UGI stockholders include the effects of dilutive stock options and common stock awards.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Denominator (thousands of shares):				
Weighted-average common shares outstanding — basic (a)	208,598	174,759	208,989	174,541
Incremental shares issuable for stock options and awards (b)	377	—	1,020	2,848
Weighted-average common shares outstanding — diluted	208,975	174,759	210,009	177,389

(a) The three and nine months ended June 30, 2020, reflects the August 2019 issuance of 34,613 shares of UGI Common Stock in connection with the AmeriGas Merger.

(b) For the three and nine months ended June 30, 2020, 7,083 shares associated with outstanding stock option awards were excluded from the computation of diluted earnings per share above because their effect was antidilutive. For the three months ended June 30, 2019, 2,576 of such shares have been excluded as such incremental shares would be antidilutive due to the net loss for the period. For the nine months ended June 30, 2019, 244 shares associated with outstanding stock option awards were excluded from the computation of diluted earnings per share above because their effect was antidilutive.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument, whether it is subject to regulatory ratemaking mechanisms or if it qualifies and is designated as a hedge for accounting purposes.

Certain of our derivative instruments qualify and are designated as cash flow hedges. For cash flow hedges, changes in the fair values of the derivative instruments are recorded in AOCI, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. We discontinue cash flow hedge accounting if occurrence of the forecasted transaction is determined to be no longer probable. Hedge accounting is also discontinued for derivatives that cease to be highly effective. We do not designate our commodity and certain foreign currency derivative instruments as hedges under GAAP. Changes in the fair values of these derivative instruments are reflected in net income. Gains and losses on substantially all of the commodity derivative instruments used by UGI Utilities are included in regulatory assets or liabilities because it is probable such gains and losses will be recoverable from, or refundable to, customers. From time to time, we also enter into net investment hedges. Gains and losses on net investment hedges that relate to our foreign operations are included in the cumulative translation adjustment component in AOCI until such foreign net investment is sold or liquidated.

Cash flows from derivative instruments, other than certain cross-currency swaps and net investment hedges, if any, are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows. Cash flows from the interest portion of our cross-currency hedges, if any, are included in cash flows from operating activities while cash flows from the currency portion of such hedges, if any, are included in cash flows from financing activities. Cash flows from net investment hedges, if any, are included in cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 14.

Business Combination Purchase Price Allocations. From time to time, the Company enters into business combinations. In accordance with ASC 805, the purchase price is allocated to the various assets acquired and liabilities assumed at their estimated fair value as of the acquisition date. Fair values of assets acquired and liabilities assumed are based upon available information. Estimating fair values is generally subject to significant judgment and assumptions and most commonly impacts property, plant and equipment and intangible assets, including those with indefinite lives. Generally, we have, under certain circumstances, up to one year from the acquisition date to finalize the purchase price allocation.

Impairment of long-lived assets held for sale. On July 21, 2020, Energy Services, through a wholly owned subsidiary, entered into an agreement to sell its approximate 5.97% ownership interest in the Conemaugh generation station, a 1,711-megawatt, coal-fired electricity generation station located near Johnstown, Pennsylvania. As a result of this agreement to sell, the

Company adjusted the carrying amount of these assets to their fair value and classified these assets as held for sale within the Midstream & Marketing segment as of June 30, 2020. The Company determined the fair value of such assets falls within Level 2 of the fair value hierarchy and was based upon the agreed upon sales price. During the three and nine months ended June 30, 2020, we recognized a non-cash, pre-tax impairment charge of $51.6 which amount is reflected in “Impairment of assets held-for-sale” on the Condensed Consolidated Statements of Income.

Other Non-Operating (Expense) Income, Net. Included in “Other non-operating (expense) income, net,” on the Condensed Consolidated Statements of Income are net gains (losses) on forward foreign currency contracts used to reduce volatility in net income associated with our foreign operations, amortization of excluded components of certain net investment hedges and non-service income (expense) associated with our pension and other postretirement plans.

Use of Estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and costs. These estimates are based on management’s knowledge of current events, historical experience and various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may be different from these estimates and assumptions.

Reclassifications. Certain prior-period amounts have been reclassified to conform to the current-period presentation.

Note 3 — Accounting Changes

New Accounting Standards Adopted in Fiscal 2020

Derivatives and Hedging. Effective October 1, 2019, the Company adopted ASU No. 2017-12, “Targeted Improvements to Accounting for Hedging Activities.” This ASU amends and simplifies existing guidance to allow companies to more accurately present the economic effects of risk management activities in the financial statements. For cash flow and net investment hedges as of the adoption date, the guidance required a modified retrospective approach. The amended presentation and disclosure guidance was required prospectively. The adoption of the new guidance did not have a material impact on our consolidated financial statements.

Leases. Effective October 1, 2019, the Company adopted new accounting guidance for leases in accordance with ASC 842. See Notes 2 and 9 for a detailed description of the impact of the new guidance and related disclosures.

Accounting Standards Not Yet Adopted

Credit Losses. In June 2016, the FASB issued ASU 2016-13, “Measurement of Credit Losses on Financial Instruments.*”* This ASU, as subsequently amended, requires entities to estimate lifetime expected credit losses for financial instruments not measured at fair value through net income, including trade and other receivables, net investments in leases, financial receivables, debt securities, and other financial instruments, which may result in earlier recognition of credit losses. Further, the new current expected credit loss model may affect how entities estimate their allowance for losses related to receivables that are current with respect to their payment terms. ASU 2016-13 is effective for the Company for interim and annual periods beginning October 1, 2020 (Fiscal 2021). Early adoption is permitted, however, the Company expects to adopt the new guidance in the first quarter of Fiscal 2021. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance.

Income Taxes. In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” This ASU simplifies the accounting for income taxes by eliminating certain exceptions within the existing guidance for recognizing deferred taxes for equity method investments, performing intraperiod allocations and calculating income taxes in interim periods. Further, this ASU clarifies existing guidance related to, among other things, recognizing deferred taxes for goodwill and allocated taxes to members of a consolidated group. ASU 2019-12 is effective for the Company for interim and annual periods beginning October 1, 2021 (Fiscal 2022). Early adoption is permitted. The Company is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Reference Rate Reform. In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” This ASU provides entities with temporary optional guidance to ease potential accounting burdens to transition away from LIBOR or other reference rates that are expected to be discontinued and replaced with alternative reference rates. This ASU applies to all entities that have contracts, hedging relationships and other transactions affected by reference rate reform. The provisions in this ASU, among other things, simplify contract modification accounting and allow hedging relationships affected by reference rate reform to continue. ASU 2020-04 is effective upon issuance and entities are able to apply the amendments prospectively through December 31, 2022. During the third quarter of Fiscal 2020, the Company elected certain optional expedients related to all outstanding cash flow hedging relationships and such elections did not have a material impact on its financial statements. The Company is in the process of determining the period in which other optional expedients will be elected.

(Currency in millions, except per share amounts and where indicated otherwise)

Note 4 — Revenue from Contracts with Customers

The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. See Note 4 in the Company's 2019 Annual Report for additional information on our revenues from contracts with customers.

Revenue Disaggregation

The following tables present our disaggregated revenues by reportable segment for the three and nine months ended June 30, 2020 and 2019:

Three Months Ended June 30, 2020	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 103.3	$ —	$ —	$ —	$ —	$ 103.3	$ —
Commercial & Industrial	29.9	—	—	—	—	29.9	—
Large delivery service	30.5	—	—	—	—	30.5	—
Off-system sales and capacity releases	4.9	(6.9)	—	—	—	11.8	—
Other	2.5	(0.6)	—	—	—	3.1	—
Total Utility	171.1	(7.5)	—	—	—	178.6	—
Non-Utility:							
LPG:							
Retail	622.0	—	371.4	250.6	—	—	—
Wholesale	32.4	—	10.3	22.1	—	—	—
Energy Marketing	222.9	(15.7)	—	80.2	158.4	—	—
Midstream:							
Pipeline	39.7	—	—	—	39.7	—	—
Peaking	(1.1)	(4.6)	—	—	3.5	—	—
Other	2.0	—	—	—	2.0	—	—
Electricity Generation	6.5	—	—	—	6.5	—	—
Other	75.5	(0.5)	53.2	13.8	9.0	—	—
Total Non-Utility	999.9	(20.8)	434.9	366.7	219.1	—	—
Total revenues from contracts with customers	1,171.0	(28.3)	434.9	366.7	219.1	178.6	—
Other revenues (b)	28.3	(0.7)	16.0	4.8	3.4	0.5	4.3
Total revenues	$ 1,199.3	$ (29.0)	$ 450.9	$ 371.5	$ 222.5	$ 179.1	$ 4.3

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Three Months Ended June 30, 2019	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 78.1	$ —	$ —	$ —	$ —	$ 78.1	$ —
Commercial & Industrial	34.2	—	—	—	—	34.2	—
Large delivery service	27.8	—	—	—	—	27.8	—
Off-system sales and capacity releases	4.0	(10.1)	—	—	—	14.1	—
Other (c)	8.3	(0.8)	—	—	—	9.1	—
Total Utility	152.4	(10.9)	—	—	—	163.3	—
Non-Utility:							
LPG:							
Retail	754.1	—	405.9	348.2	—	—	—
Wholesale	44.5	—	8.8	35.7	—	—	—
Energy Marketing	274.8	(23.7)	—	80.4	218.1	—	—
Midstream:							
Pipeline	17.6	—	—	—	17.6	—	—
Peaking	3.2	(3.2)	—	—	6.4	—	—
Other	0.1	—	—	—	0.1	—	—
Electricity Generation	8.9	—	—	—	8.9	—	—
Other	76.2	(1.1)	48.2	14.6	14.5	—	—
Total Non-Utility	1,179.4	(28.0)	462.9	478.9	265.6	—	—
Total revenues from contracts with customers	1,331.8	(38.9)	462.9	478.9	265.6	163.3	—
Other revenues (b)	31.9	(0.7)	15.8	7.7	1.7	0.6	6.8
Total revenues	$ 1,363.7	$ (39.6)	$ 478.7	$ 486.6	$ 267.3	$ 163.9	$ 6.8

Notes to Condensed Consolidated Financial Statements

(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Nine Months Ended June 30, 2020	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 498.9	$ —	$ —	$ —	$ —	$ 498.9	$ —
Commercial & Industrial	192.9	—	—	—	—	192.9	—
Large delivery service	113.2	—	—	—	—	113.2	—
Off-system sales and capacity releases	44.1	(36.9)	—	—	—	81.0	—
Other	11.4	(1.8)	—	—	—	13.2	—
Total Utility	860.5	(38.7)	—	—	—	899.2	—
Non-Utility:							
LPG:							
Retail	2,910.7	—	1,714.8	1,195.9	—	—	—
Wholesale	172.2	—	51.1	121.1	—	—	—
Energy Marketing	1,004.9	(63.6)	—	348.6	719.9	—	—
Midstream:							
Pipeline	128.0	—	—	—	128.0	—	—
Peaking	5.6	(96.6)	—	—	102.2	—	—
Other	5.5	—	—	—	5.5	—	—
Electricity Generation	23.1	—	—	—	23.1	—	—
Other	238.2	(2.1)	168.3	43.5	28.5	—	—
Total Non-Utility	4,488.2	(162.3)	1,934.2	1,709.1	1,007.2	—	—
Total revenues from contracts with customers	5,348.7	(201.0)	1,934.2	1,709.1	1,007.2	899.2	—
Other revenues (b)	86.1	(2.2)	49.1	17.2	10.0	1.8	10.2
Total revenues	$ 5,434.8	$ (203.2)	$ 1,983.3	$ 1,726.3	$ 1,017.2	$ 901.0	$ 10.2

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Currency in millions, except per share amounts and where indicated otherwise)

Nine Months Ended June 30, 2019	Total	Eliminations (a)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 494.1	$ —	$ —	$ —	$ —	$ 494.1	$ —
Commercial & Industrial	202.5	—	—	—	—	202.5	—
Large delivery service	111.4	—	—	—	—	111.4	—
Off-system sales and capacity releases	41.1	(57.5)	—	—	—	98.6	—
Other (c)	5.5	(2.3)	—	—	—	7.8	—
Total Utility	854.6	(59.8)	—	—	—	914.4	—
Non-Utility:							
LPG:							
Retail	3,389.4	—	2,002.4	1,387.0	—	—	—
Wholesale	198.3	—	55.0	143.3	—	—	—
Energy Marketing	1,295.8	(117.6)	—	386.2	1,027.2	—	—
Midstream:							
Pipeline	59.4	—	—	—	59.4	—	—
Peaking	13.3	(93.6)	—	—	106.9	—	—
Other	1.8	—	—	—	1.8	—	—
Electricity Generation	32.2	—	—	—	32.2	—	—
Other	239.7	(2.5)	165.9	39.7	36.6	—	—
Total Non-Utility	5,229.9	(213.7)	2,223.3	1,956.2	1,264.1	—	—
Total revenues from contracts with customers	6,084.5	(273.5)	2,223.3	1,956.2	1,264.1	914.4	—
Other revenues (b)	85.5	(2.5)	47.2	24.3	5.0	1.8	9.7
Total revenues	$ 6,170.0	$ (276.0)	$ 2,270.5	$ 1,980.5	$ 1,269.1	$ 916.2	$ 9.7

(a) Includes intersegment revenues principally among Midstream & Marketing, UGI Utilities and AmeriGas Propane.
(b) Primarily represents revenues from tank rentals at AmeriGas Propane and UGI International, revenues from certain gathering assets at Midstream & Marketing, and gains and losses on commodity derivative instruments not associated with current-period transactions reflected in Corporate & Other, none of which are within the scope of ASC 606 and are accounted for in accordance with other GAAP.
(c) UGI Utilities includes an unallocated negative surcharge revenue increase (reduction) of $3.3 and $(11.3) for the three and nine months ended June 30, 2019, respectively, as a result of a PAPUC Order issued May 17, 2018, related to the TCJA.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to customers or cash receipts. Contract assets represent our right to consideration after the performance obligations have been satisfied when such right is conditioned on something other than the passage of time. Contract assets were not material for all periods presented. Substantially all of our receivables are unconditional rights to consideration and are included in “Accounts receivable” and, in the case of UGI Utilities, “Accrued utility revenues” on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Company’s obligations to transfer goods or services to a customer for which we have received consideration. The balances of contract liabilities were $76.5, $114.1 and $75.0 at June 30, 2020, September 30, 2019 and June 30, 2019, respectively, and are included in “Other current liabilities” and “Other noncurrent liabilities” on the Condensed Consolidated

(Currency in millions, except per share amounts and where indicated otherwise)

Balance Sheets. Revenues recognized for the nine months ended June 30, 2020 and 2019, from the amounts included in contract liabilities at September 30, 2019 and October 1, 2018, were $87.9 and $89.3, respectively.

Remaining Performance Obligations

The Company has elected to use practical expedients as allowed in ASC 606 to exclude disclosures related to the aggregate amount of the transaction price allocated to certain performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less, or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date. Certain contracts with customers at Midstream & Marketing and UGI Utilities contain minimum future performance obligations through 2047 and 2053, respectively. At June 30, 2020, Midstream & Marketing and UGI Utilities expect to record approximately $1.9 billion and $0.2 billion of revenues, respectively, related to the minimum future performance obligations over the remaining terms of the related contracts.

Note 5 — CMG Acquisition

On August 1, 2019, UGI through its wholly owned indirect subsidiary, Energy Services, completed the CMG Acquisition in which Energy Services acquired all of the equity interests in CMG and CMG’s approximately 47% interest in Pennant, for total cash consideration of $1,284.4. The CMG Acquisition was consummated pursuant to the CMG Acquisition Agreements. CMG and Pennant provide natural gas gathering and processing services through five discrete systems located in western Pennsylvania, eastern Ohio and the panhandle of West Virginia. The CMG Acquisition is consistent with our growth strategies, including expanding our midstream natural gas gathering and processing assets within the Marcellus and Utica Shale production regions. The CMG Acquisition was funded with cash from borrowings under the Energy Services Term Loan and the UGI Corporation Senior Credit Facility and cash on hand. We refer to CMG and its equity interest in Pennant as "UGI Appalachia".

The Company has accounted for the CMG Acquisition using the acquisition method. The components of the final CMG purchase price allocations are as follows:

Assets acquired:		
Cash	$	0.3
Accounts receivable		10.2
Prepaid expenses and other current assets		1.1
Property, plant and equipment		613.6
Investment in Pennant		88.0
Intangible assets (a)		250.0
Total assets acquired	$	963.2
Liabilities assumed:		
Accounts payable	$	3.3
Other noncurrent liabilities		0.1
Total liabilities assumed		3.4
Goodwill		324.6
Net consideration transferred (including working capital adjustments)	$	1,284.4

(a) Represents customer relationships having an average amortization period of 35 years.

(Currency in millions, except per share amounts and where indicated otherwise)

We allocated the purchase price of the acquisition to identifiable intangible assets and property, plant and equipment based on estimated fair values as follows:

- Customer relationships were valued using a multi-period, excess earnings method. Key assumptions used in this method include discount rates, growth rates and cash flow projections. These assumptions are most sensitive and susceptible to change as they require significant management judgment; and

- Property, plant and equipment were valued based on estimated fair values primarily using depreciated replacement cost and market value methods.

The excess of the purchase price for the CMG Acquisition over the fair values of the assets acquired and liabilities assumed has been reflected as goodwill, assigned to the Midstream & Marketing reportable segment, and results principally from anticipated future capital investment opportunities and value creation resulting from new natural gas processing assets in the Marcellus and Utica Shale production regions. The goodwill recognized from the CMG Acquisition is deductible for income tax purposes.

The impact of the CMG Acquisition on a pro forma basis as if the CMG Acquisition had occurred on October 1, 2018 was not material to the Company's revenues or net income for the three and nine months ended June 30, 2019.

Note 6 — Inventories

Inventories comprise the following:

	June 30, 2020	September 30, 2019	June 30, 2019
Non-utility LPG and natural gas	$ 134.7	$ 150.2	$ 141.6
Gas Utility natural gas	10.7	26.6	15.5
Materials, supplies and other	55.4	53.1	58.0
Total inventories	$ 200.8	$ 229.9	$ 215.1

At June 30, 2020, UGI Utilities was party to three principal SCAAs with terms of up to three years. Pursuant to the SCAAs, UGI Utilities has, among other things, released certain natural gas storage and transportation contracts for the terms of the SCAAs. UGI Utilities also transferred certain associated natural gas storage inventories upon commencement of the SCAAs, will receive a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the terms of the SCAAs. The historical cost of natural gas storage inventories released under the SCAAs, which represents a portion of Gas Utility's total natural gas storage inventories, and any exchange receivable (representing amounts of natural gas inventories used by the other parties to the agreement but not yet replenished for which UGI Utilities has the rights), are included in the caption "Gas Utility natural gas" in the table above. For all periods presented, all of UGI Utilities' SCAAs were with Energy Services, the effects of which are eliminated in consolidation.

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Note 7 — Goodwill and Intangible Assets

Goodwill and intangible assets comprise the following:

	June 30, 2020	September 30, 2019	June 30, 2019
Goodwill	$ 3,482.7	$ 3,456.4	$ 3,159.1
Intangible assets:			
Customer relationships	$ 1,046.2	$ 1,038.4	$ 789.3
Trademarks and tradenames	11.8	16.2	16.4
Noncompete agreements and other	68.1	46.4	55.4
Accumulated amortization	(503.7)	(441.8)	(432.7)
Intangible assets, net (definite-lived)	622.4	659.2	428.4
Trademarks and tradenames (indefinite-lived)	47.1	49.4	51.6
Total intangible assets, net	$ 669.5	$ 708.6	$ 480.0

Amortization expense of intangible assets was $22.1 and $14.6 for the three months ended June 30, 2020 and 2019, respectively, and $61.5 and $43.7 for the nine months ended June 30, 2020 and 2019, respectively. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2020 and for the next four fiscal years is as follows: remainder of Fiscal 2020 — $20.2; Fiscal 2021 — $67.5; Fiscal 2022 — $59.6; Fiscal 2023 — $57.1; Fiscal 2024 — $55.8.

Note 8 — Utility Regulatory Assets and Liabilities and Regulatory Matters

For a description of the Company's regulatory assets and liabilities other than those described below, see Note 9 in the Company's 2019 Annual Report. Other than removal costs, UGI Utilities currently does not recover a rate of return on its regulatory assets listed below. The following regulatory assets and liabilities associated with UGI Utilities are included on the Condensed Consolidated Balance Sheets:

	June 30, 2020	September 30, 2019	June 30, 2019
Regulatory assets:			
Income taxes recoverable	$ 133.3	$ 115.2	$ 123.9
Underfunded pension and postretirement plans	168.5	178.6	81.8
Environmental costs	61.8	59.5	56.6
Removal costs, net	22.1	28.3	29.3
Other	12.9	14.0	9.0
Total regulatory assets	$ 398.6	$ 395.6	$ 300.6
Regulatory liabilities (a):			
Postretirement benefit overcollections	$ 13.4	$ 14.5	$ 16.5
Deferred fuel and power refunds	27.9	6.1	12.4
State tax benefits — distribution system repairs	29.0	25.0	25.2
PAPUC Temporary Rates Order	10.0	31.3	25.4
Excess federal deferred income taxes	275.3	279.5	282.7
Other	2.0	2.4	14.0
Total regulatory liabilities	$ 357.6	$ 358.8	$ 376.2

(a) Regulatory liabilities are included in "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

Deferred Fuel and Power Refunds. Gas Utility's and Electric Utility's tariffs contain clauses that permit recovery of all prudently incurred purchased gas and power costs through the application of PGC rates in the case of Gas Utility and DS tariffs in the case of Electric Utility. These clauses provide for periodic adjustments to PGC and DS rates for differences between the total amount of purchased gas and electric generation supply costs collected from customers and recoverable costs incurred. Net undercollected costs are classified as a regulatory asset and net overcollections are classified as a regulatory liability.

Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for retail core-market customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel and power costs or refunds. Net unrealized gains (losses) on such contracts at June 30, 2020, September 30, 2019 and June 30, 2019 were $1.0, $(2.2) and $(2.1), respectively.

Other Regulatory Matters

Base Rate Filings. On January 28, 2020, Gas Utility filed a request with the PAPUC to increase its annual base distribution operating revenues by $74.6 annually, which was suspended by the PAPUC for a period extending to October 28, 2020, in accordance with standard regulatory practice. Thereafter, in response to a COVID-19 related motion to extend the suspension period indefinitely, the Company voluntarily extended the end of the suspension period to November 19, 2020. On August 3, 2020, a joint petition for settlement of all issues supported, or not opposed by all active parties, was filed with the PAPUC (the “Joint Petition”). Under the terms of the Joint Petition, Gas Utility will be permitted to increase its annual base distribution rates by $20.0, through a phased approach, with $10.0 beginning January 1, 2021 and an additional $10.0 beginning July 1, 2021. Additionally, Gas Utility will be authorized to implement a DSIC once Gas Utility total property, plant and equipment less accumulated depreciation reaches $2,875.0, with this threshold being unchanged from Gas Utility’s 2019 base rate case. The Joint Petition also includes enhanced COVID-19 customer assistance measures, including the establishment of an Emergency Relief Program for a defined set of payment troubled customers (“ERP”). Additionally, the Joint Petition would permit the Gas Utility to establish a regulatory asset for certain incremental expenses attributable to the ongoing COVID-19 pandemic, most notably expenses related to the ERP and uncollectible accounts expense, through the effective date of rates in the next Gas Utility base rate case, to be recovered and amortized over a 10-year period. The Joint Petition is subject to receipt of a recommended decision by a PAPUC administrative law judge and an order of the PAPUC approving the settlement. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 28, 2019, Gas Utility filed a rate request with the PAPUC to increase the base operating revenues for residential, commercial, and industrial customers throughout its Pennsylvania service territory by an aggregate $71.1. On October 4, 2019, the PAPUC issued a final Order approving a settlement that permitted Gas Utility, effective October 11, 2019, to increase its base distribution revenues by $30.0 under a single consolidated tariff, approved a plan for uniform class rates, and permitted Gas Utility to extend its Energy Efficiency and Conservation and Growth Extension Tariff programs by an additional term of five years. The PAPUC’s final Order approved a negative surcharge, to return to customers $24.0 of tax benefits experienced by Gas Utility over the period January 1, 2018 to June 30, 2018, plus applicable interest, in accordance with the May 17, 2018 PAPUC Order, which became effective for a twelve-month period beginning on October 11, 2019, the effective date of Gas Utility’s new base rates.

On October 25, 2018, the PAPUC approved a final order providing for a $3.2 annual base distribution rate increase for Electric Utility, effective October 27, 2018. As part of the final PAPUC Order, Electric Utility provided customers with a one-time $0.2 billing credit associated with 2018 TCJA tax benefits. On November 26, 2018, the Pennsylvania Office of Consumer Advocate filed an appeal to the Pennsylvania Commonwealth Court challenging the PAPUC’s acceptance of UGI Utilities’ use of a fully projected future test year and handling of consolidated federal income tax benefits. On January 15, 2020, the Pennsylvania Commonwealth Court issued a decision affirming the PAPUC Order adopting UGI Utilities’ position on both issues. No party exercised their right to seek an appeal of the Commonwealth Court decision.

Note 9 — Leases

Lessee

We lease various buildings and other facilities, real estate, vehicles, rail cars and other equipment, the majority of which are operating leases. We determine if a contract is or contains a lease by evaluating whether the contract explicitly or implicitly identifies an asset, whether we have the right to obtain substantially all of the economic benefits of the identified leased asset and to direct its use.

Notes to Condensed Consolidated Financial Statements
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ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. We recognize ROU assets at the lease commencement date at the value of the lease liability adjusted for any prepayments, lease incentives received, and initial direct costs incurred. Lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. These payments are discounted using the discount rate implicit in the lease, when available. We apply an incremental borrowing rate, which is developed utilizing a credit notching approach based on information available at the lease commencement date, to substantially all of our leases as the implicit rate is often not available.

Lease expense is recognized on a straight-line basis over the expected lease term. Renewal and termination options are not included in the lease term unless we are reasonably certain that such options will be exercised. Leases with an original lease term of one year or less, including consideration of any renewal options assumed to be exercised, are not included in the Condensed Consolidated Balance Sheets.

Certain lease arrangements, primarily fleet vehicle leases with lease terms of one to ten years, contain purchase options. The Company generally excludes purchase options in evaluating its leases unless it is reasonably certain that such options will be exercised. Additionally, leases of fleet vehicles often contain residual value guarantees that are due at the end of the lease. Such amounts are included in the determination of lease liabilities when we are reasonably certain that they will be owed.

Certain leasing arrangements require variable payments that are dependent on asset usage or are based on changes in index rates, such as the Consumer Price Index. The variable payments component of such leases cannot be determined at lease commencement and is not recognized in the measurement of ROU assets or lease liabilities, but is recognized in earnings in the period in which the obligation occurs.

ROU assets and lease liabilities recorded in the Condensed Consolidated Balance Sheet are as follows:

	June 30, 2020	Location on the Balance Sheet
ROU assets:		
Operating lease ROU assets	$ 397.4	Other assets
Finance lease ROU assets	52.8	Property, plant and equipment
Total ROU assets	$ 450.2	
Lease liabilities:		
Operating lease liabilities — current	$ 83.2	Other current liabilities
Operating lease liabilities — noncurrent	320.8	Other noncurrent liabilities
Finance lease liabilities — current	5.6	Current maturities of long-term debt
Finance lease liabilities — noncurrent	41.0	Long-term debt
Total lease liabilities	$ 450.6	

The components of lease cost are as follows:

	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2020
Operating lease cost	$ 22.4	$ 76.1
Finance lease cost:		
Amortization of ROU assets	0.5	3.7
Interest on lease liabilities	0.7	1.9
Variable lease cost	1.6	4.4
Short-term lease cost	0.8	2.4
Total lease cost	$ 26.0	$ 88.5

Notes to Condensed Consolidated Financial Statements
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The following table presents the cash and non-cash activity related to lease liabilities included in the Condensed Consolidated Statement of Cash Flows occurring during the period:

	Nine Months Ended June 30, 2020
Cash paid related to lease liabilities:	
Operating cash flows — operating leases	$ 76.3
Operating cash flows — finance leases	$ 1.9
Financing cash flows — finance leases	$ 2.7
Non-cash lease liability activities:	
ROU assets obtained in exchange for operating lease liabilities (including the impact upon adoption)	$ 464.3
ROU assets obtained in exchange for finance lease liabilities	$ 21.5

The following table presents the weighted-average remaining lease term and weighted-average discount rate as of June 30, 2020:

Weighted-average remaining lease term	In years
Operating leases	6.2
Finance leases	2.3
Weighted-average discount rate	**%**
Operating leases	3.9%
Finance leases	2.0%

Expected annual lease payments based on maturities of operating and finance leases, as well as a reconciliation to the lease liabilities on the Condensed Consolidated Balance Sheet, as of June 30, 2020, were as follows:

	Remainder of Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	After Fiscal 2024	Total Lease Payments	Imputed Interest	Lease Liabilities
Operating leases:	$ 24.9	$ 92.9	$ 77.7	$ 68.4	$ 58.6	$ 133.5	$ 456.0	$ (52.0)	$ 404.0
Finance leases:	$ 1.6	$ 5.1	$ 4.0	$ 3.4	$ 3.1	$ 85.9	$ 103.1	$ (56.5)	$ 46.6

Approximately 85% of the operating lease liabilities presented above relates to AmeriGas Propane.

At June 30, 2020, operating and finance leases that had not yet commenced were not material.

Disclosures Related to Periods Prior to Adoption of ASC 842

As discussed above, the Company adopted ASC 842 effective October 1, 2019, using a modified retrospective approach. As required, the following disclosure is provided for periods prior to adoption. The Company's future minimum payments under non-cancelable operating leases at September 30, 2019, which were accounted for under ASC 840, were as follows:

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	After Fiscal 2024
Total	$ 100.4	$ 85.9	$ 71.0	$ 61.7	$ 53.6	$ 139.2

Lessor

We enter into lessor arrangements for the purposes of storing, gathering or distributing natural gas and propane. AmeriGas Propane and UGI International have lessor arrangements that grant customers the right to use small, medium and large storage tanks, which we classify as operating leases. These agreements contain renewal options for periods up to nine years and certain agreements at UGI International contain a purchase option. Energy Services leases certain natural gas gathering assets to customers, which we classify as operating leases. Lease income is generally recognized on a straight-line basis over the lease term and included in "Revenues" on the Condensed Consolidated Statements of Income (see Note 4).

Note 10 — Debt

Energy Services. On March 6, 2020, Energy Services entered into the Energy Services 2020 Credit Agreement, as borrower, with a group of lenders. The Energy Services 2020 Credit Agreement amends and restates the Energy Services Credit Agreement. The Energy Services 2020 Credit Agreement provides for borrowings up to $260, including a $50 sublimit for letters of credit. Energy Services may request an increase in the amount of loan commitments under the Energy Services 2020 Credit Agreement to a maximum aggregate amount of $325, subject to certain terms and conditions. Borrowings under the Energy Services 2020 Credit Agreement can be used to fund acquisitions and investments and for general corporate purposes. The Energy Services 2020 Credit Agreement is scheduled to expire in March 2025.

Borrowings under the Energy Services 2020 Credit Agreement bear interest at either (i) the Alternate Base Rate plus a margin or (ii) the Adjusted LIBOR plus a margin. The Alternate Base Rate, as defined, is the highest of (a) the prime rate, (b) the federal funds rate plus 0.50%, and (c) the Adjusted LIBOR for a one-month interest period plus 1% but in no event shall the Alternative Base Rate be less than 1%. The margins on borrowings ranges from 0.75% to 2.75% and are dependent upon Energy Services' ratio of Consolidated Total Indebtedness to Consolidated EBITDA, as defined. The initial margin on the Alternate Base Rate and Adjusted LIBOR on borrowings under the Energy Services 2020 Credit Agreement were 1.50% and 2.50%, respectively. The Energy Services 2020 Credit Agreement includes customary provisions with respect to the replacement of LIBOR.

The Energy Services 2020 Credit Agreement requires that Energy Services not exceed ratios of Consolidated Total Indebtedness to Consolidated EBITDA, as defined, of 4.00 to 1.00, and maintain a minimum ratio of Consolidated EBITDA to Consolidated Interest Expense, as defined, of 3.50 to 1.00. The Energy Services 2020 Credit Agreement is guaranteed by certain subsidiaries of Energy Services and is collateralized by substantially all of the assets of Energy Services, subject to certain exceptions and carveouts including, but not limited to, accounts receivables and certain real property. The Energy Services 2020 Credit Agreement is subject to customary covenants and default provisions including restrictions on the incurrence of additional indebtedness and also restricts liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions.

UGI Utilities. On April 16, 2020, UGI Utilities issued in a private placement $150 of UGI Utilities 3.12% Senior Notes due April 16, 2050 pursuant to a Note Purchase Agreement dated March 19, 2020, between UGI Utilities and certain note purchasers. The UGI Utilities 3.12% Senior Notes are unsecured and rank equally with UGI Utilities' existing outstanding senior debt. The net proceeds from the issuance of the UGI Utilities 3.12% Senior Notes were used to reduce short-term borrowings and for general corporate purposes. The UGI Utilities 3.12% Senior Notes include the usual and customary covenants for similar type notes including, among others, maintenance of existence, payment of taxes when due, compliance with laws and maintenance of insurance. The UGI Utilities 3.12% Senior Notes require UGI Utilities not to exceed a ratio of Consolidated Debt to Consolidated Total Capital, as defined, of 0.65 to 1.00.

Note 11 — Commitments and Contingencies

Environmental Matters

UGI Utilities

From the late 1800s through the mid-1900s, UGI Utilities and its former subsidiaries owned and operated a number of MGPs prior to the general availability of natural gas. Some constituents of coal tars and other residues of the manufactured gas process are today considered hazardous substances under the Superfund Law and may be present on the sites of former MGPs. Between 1882 and 1953, UGI Utilities owned the stock of subsidiary gas companies in Pennsylvania and elsewhere and also operated the businesses of some gas companies under agreement. By the early 1950s, UGI Utilities divested all of its utility operations other than certain gas and electric operations. Beginning in 2006 and 2008, UGI Utilities also owned and operated two acquired subsidiaries (CPG and PNG), with similar histories of owning, and in some cases operating, MGPs in Pennsylvania. CPG and PNG merged into UGI Utilities effective October 1, 2018.

Prior to the Utility Merger, each of UGI Utilities and its subsidiaries, CPG and PNG, were subject to COAs with the PADEP to address the remediation of specified former MGP sites in Pennsylvania. In accordance with the COAs, as amended to recognize the Utility Merger, UGI Utilities, as the successor to CPG and PNG, is required to either obtain a certain number of points per calendar year based on defined eligible environmental investigatory and/or remedial activities at the MGPs and in the case of one COA, an additional obligation to plug specific natural gas wells, or make expenditures for such activities in an amount equal to an annual environmental cost cap (i.e. minimum expenditure threshold). The annual cost cap of the three COAs, in the aggregate, is $5.4. The three COAs are currently scheduled to terminate at the end of 2031, 2020 and 2020. UGI Utilities has initiated discussions with the PADEP to consolidate the three COAs into one agreement that, when finalized, would supersede the existing agreements as of the effective date and have a termination date of 2031. At June 30, 2020, September 30, 2019 and June 30, 2019, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the COAs totaled $55.3, $50.4 and $47.6, respectively.

We do not expect the costs for investigation and remediation of hazardous substances at Pennsylvania MGP sites to be material to UGI Utilities' results of operations because UGI Utilities receives ratemaking recovery of actual environmental investigation and remediation costs associated with the sites covered by the COAs. This ratemaking recognition reconciles the accumulated difference between historical costs and rate recoveries with an estimate of future costs associated with the sites. As such, UGI Utilities has recorded an associated regulatory asset for these costs because recovery of these costs from customers is probable (see Note 8).

From time to time, UGI Utilities is notified of sites outside Pennsylvania on which private parties allege MGPs were formerly owned or operated by UGI Utilities or owned or operated by a former subsidiary. Such parties generally investigate the extent of environmental contamination or perform environmental remediation. Management believes that under applicable law UGI Utilities should not be liable in those instances in which a former subsidiary owned or operated an MGP. There could be, however, significant future costs of an uncertain amount associated with environmental damage caused by MGPs outside Pennsylvania that UGI Utilities directly operated, or that were owned or operated by a former subsidiary of UGI Utilities if a court were to conclude that (1) the subsidiary's separate corporate form should be disregarded, or (2) UGI Utilities should be considered to have been an operator because of its conduct with respect to its subsidiary's MGP. Neither the undiscounted nor the accrued liability for environmental investigation and cleanup costs for UGI Utilities' MGP sites outside Pennsylvania was material for all periods presented.

AmeriGas Propane

AmeriGas OLP Saranac Lake. In 2008, the NYDEC notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former MGP. AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a PRP as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three RODs related to remediation of the site totaling approximately $27.7 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas OLP renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of June 30, 2020, the Partnership has an undiscounted environmental remediation liability of $7.5 related to the site. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Other Matters

Purported Class Action Lawsuits. Between May and October of 2014, purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI and a competitor by certain of their direct and indirect customers. The class action lawsuits allege, among other things, that the Partnership and its competitor colluded, beginning in 2008, to reduce the fill level of portable propane cylinders from 17 pounds to 15 pounds and combined to persuade their common customer, Walmart Stores, Inc., to accept that fill reduction, resulting in increased cylinder costs to retailers and end-user customers in violation of federal and certain state antitrust laws. The claims seek treble damages, injunctive relief, attorneys' fees and costs on behalf of the putative classes.

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Missouri District Court. As the result of rulings on a series of procedural filings, including petitions filed with the Eighth Circuit and the U.S. Supreme Court, both the federal and state law claims of the direct customer plaintiffs and the state law claims of the indirect customer plaintiffs were remanded to the Western Missouri District Court. The decision of the Western Missouri District Court to dismiss the federal antitrust claims of the indirect customer plaintiffs was upheld by the Eighth Circuit. On April 15, 2019, the Western Missouri District Court ruled that it has jurisdiction over the indirect purchasers' state law claims and that the indirect customer plaintiffs have standing to pursue those claims. On August 21, 2019, the District Court partially granted the Company's motion for judgment on the pleadings and dismissed the claims of indirect customer plaintiffs from ten states and the District of Columbia.

On October 2, 2019, the Partnership reached an agreement to resolve the claims of the direct purchaser class of plaintiffs; the agreement received final court approval on June 18, 2020.

Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

Note 12 — Defined Benefit Pension and Other Postretirement Plans

The U.S. Pension Plan is a defined benefit pension plan for employees hired prior to January 1, 2009, of UGI, UGI Utilities, and certain of UGI's other domestic wholly owned subsidiaries. U.S. Pension Plan benefits are based on years of service, age and employee compensation. We also provide postretirement health care benefits to certain retirees and postretirement life insurance benefits to certain U.S. active and retired employees. In addition, certain UGI International employees in France, Belgium and the Netherlands are covered by defined benefit pension and postretirement plans. Although the disclosures in the tables below include amounts related to the UGI International plans, such amounts are not material.

The service cost component of our pension and other postretirement plans, net of amounts capitalized, is reflected in "Operating and administrative expenses" on the Condensed Consolidated Statements of Income. The non-service cost component, net of amounts capitalized by UGI Utilities as a regulatory asset, is reflected in "Other non-operating (expense) income, net" on the

(Currency in millions, except per share amounts and where indicated otherwise)

Condensed Consolidated Statements of Income. Net periodic pension cost and other postretirement benefit cost include the following components:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended June 30,	2020	2019	2020	2019
Service cost	$ 2.8	$ 2.5	$ 0.1	$ —
Interest cost	5.7	6.8	0.1	0.2
Expected return on assets	(9.4)	(9.0)	(0.2)	(0.2)
Amortization of:				
Prior service cost (benefit)	0.1	0.1	(0.1)	(0.1)
Actuarial loss	3.8	1.9	—	—
Net cost (benefit)	3.0	2.3	(0.1)	(0.1)
Change in associated regulatory liabilities	—	—	(0.3)	(0.3)
Net cost (benefit) after change in regulatory liabilities	$ 3.0	$ 2.3	$ (0.4)	$ (0.4)

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended June 30,	2020	2019	2020	2019
Service cost	$ 8.4	$ 7.6	$ 0.2	$ 0.1
Interest cost	17.3	20.4	0.4	0.5
Expected return on assets	(28.2)	(27.1)	(0.6)	(0.6)
Curtailment gain	(1.1)	—	—	—
Amortization of:				
Prior service cost (benefit)	0.2	0.2	(0.3)	(0.3)
Actuarial loss (gain)	11.3	5.8	0.1	(0.1)
Net cost (benefit)	7.9	6.9	(0.2)	(0.4)
Change in associated regulatory liabilities	—	—	(1.0)	(1.0)
Net cost (benefit) after change in regulatory liabilities	$ 7.9	$ 6.9	$ (1.2)	$ (1.4)

The U.S. Pension Plan's assets are held in trust and consist principally of publicly traded, diversified equity and fixed income mutual funds and, to a much lesser extent, UGI Common Stock. It is our general policy to fund amounts for U.S. Pension Plan benefits equal to at least the minimum required contribution set forth in applicable employee benefit laws. During the nine months ended June 30, 2020 and 2019, the Company made cash contributions to the U.S. Pension Plan of $9.5 and $8.2, respectively. The Company expects to make additional cash contributions of approximately $3.0 to the U.S. Pension Plan during the remainder of Fiscal 2020.

UGI Utilities has established a VEBA trust to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs, if any, determined under GAAP. There were no required contributions to the VEBA during the nine months ended June 30, 2020 and 2019.

We also sponsor unfunded and non-qualified supplemental executive defined benefit retirement plans. Net costs associated with these plans for the three and nine months ended June 30, 2020 and 2019, were not material.

(Currency in millions, except per share amounts and where indicated otherwise)

Note 13 — Fair Value Measurements

Recurring Fair Value Measurements

The following table presents, on a gross basis, our financial assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2020:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 38.3	$ 29.3	$ —	$ 67.6
Foreign currency contracts	$ —	$ 49.0	$ —	$ 49.0
Liabilities:				
Commodity contracts	$ (57.7)	$ (114.2)	$ —	$ (171.9)
Foreign currency contracts	$ —	$ (7.0)	$ —	$ (7.0)
Interest rate contracts	$ —	$ (59.0)	$ —	$ (59.0)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 41.4	$ —	$ —	$ 41.4
September 30, 2019:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 32.0	$ 10.1	$ —	$ 42.1
Foreign currency contracts	$ —	$ 59.0	$ —	$ 59.0
Liabilities:				
Commodity contracts	$ (62.3)	$ (112.7)	$ —	$ (175.0)
Foreign currency contracts	$ —	$ (4.3)	$ —	$ (4.3)
Interest rate contracts	$ —	$ (12.3)	$ —	$ (12.3)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 39.7	$ —	$ —	$ 39.7
June 30, 2019:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 30.1	$ 24.3	$ —	$ 54.4
Foreign currency contracts	$ —	$ 29.5	$ —	$ 29.5
Liabilities:				
Commodity contracts	$ (44.8)	$ (62.4)	$ —	$ (107.2)
Foreign currency contracts	$ —	$ (5.2)	$ —	$ (5.2)
Interest rate contracts	$ —	$ (7.8)	$ —	$ (7.8)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 40.8	$ —	$ —	$ 40.8

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans (see Note 12).

The fair values of our Level 1 exchange-traded commodity futures and option contracts and non-exchange-traded commodity futures and forward contracts are based upon actively quoted market prices for identical assets and liabilities. The remainder of our derivative instruments are designated as Level 2. The fair values of certain non-exchange-traded commodity derivatives designated as Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. The fair values of our Level 2 interest rate contracts and foreign currency contracts are based upon third-party quotes or indicative values based on recent market transactions. The fair values of investments held in grantor trusts are derived from quoted market prices as substantially all of the investments in these trusts have active markets.

(Currency in millions, except per share amounts and where indicated otherwise)

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amounts and estimated fair values of our long-term debt (including current maturities but excluding unamortized debt issuance costs) were as follows:

	June 30, 2020	September 30, 2019	June 30, 2019
Carrying amount	$ 6,036.2	$ 5,856.6	$ 4,347.1
Estimated fair value	$ 6,208.1	$ 6,189.3	$ 4,571.3

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets and a number of foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 14.

Note 14 — Derivative Instruments and Hedging Activities

We are exposed to certain market risks related to our ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risks managed by derivative instruments are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies, which govern, among other things, the derivative instruments we can use, counterparty credit limits and contract authorization limits. Although our commodity derivative instruments extend over a number of years, a significant portion of our commodity derivative instruments economically hedge commodity price risk during the next twelve months. For additional information on the accounting for our derivative instruments, see Note 2.

Commodity Price Risk

Regulated Utility Operations

Natural Gas

Gas Utility's tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. As permitted and agreed to by the PAPUC pursuant to Gas Utility's annual PGC filings, Gas Utility currently uses NYMEX natural gas futures and option contracts to reduce commodity price volatility associated with a portion of the natural gas it purchases for its retail core-market customers. Gains and losses on Gas Utility's natural gas futures contracts and natural gas option contracts are recorded in regulatory assets or liabilities on the Condensed Consolidated Balance Sheets because it is probable such gains or losses will be recoverable from, or refundable to, customers through the PGC recovery mechanism (see Note 8).

Non-utility Operations

LPG

In order to manage market price risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership, certain other domestic businesses and our UGI International operations also use over-the-counter price swap contracts to reduce commodity price volatility associated with a portion of their forecasted LPG purchases. The Partnership, from time to time, enters into price swap agreements to reduce the effects of short-term commodity price volatility. Also, Midstream & Marketing, from time to time, uses NYMEX futures contracts to economically hedge the gross margin associated with the purchase and anticipated later near-term sale of propane.

Natural Gas

In order to manage market price risk relating to fixed-price sales contracts for physical natural gas, Midstream & Marketing enters into NYMEX and over-the-counter natural gas futures and over-the-counter and ICE natural gas basis swap contracts. In addition, Midstream & Marketing uses NYMEX and over-the-counter futures and options contracts to economically hedge price volatility associated with the gross margin derived from the purchase and anticipated later near-term sale of natural gas storage inventories. Outside of the financial market, Midstream & Marketing also uses ICE and over-the-counter forward physical contracts. UGI International also uses natural gas futures and forward contracts to economically hedge market price risk associated with fixed-price sales contracts with its customers.

Electricity

In order to manage market price risk relating to fixed-price sales contracts for electricity, Midstream & Marketing enters into electricity futures and forward contracts. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge the price of a portion of its anticipated future sales of electricity from its electric generation facilities. UGI International also uses electricity futures and forward contracts to economically hedge market price risk associated with fixed-price sales and purchase contracts for electricity.

Interest Rate Risk

Certain of our long-term debt agreements have interest rates that are generally indexed to short-term market interest rates. In order to fix the underlying short-term market interest rates, we may enter into pay-fixed, receive-variable interest rate swap agreements and designate such swaps as cash flow hedges.

The remainder of our long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time, we enter into IRPAs. We account for IRPAs as cash flow hedges. There were no unsettled IRPAs during any of the periods presented. At June 30, 2020, the amount of pre-tax net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is $3.5.

Foreign Currency Exchange Rate Risk

Forward Foreign Currency Exchange Contracts

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate to the euro and British pound sterling, we enter into forward foreign currency exchange contracts. We layer in these foreign currency exchange contracts over a multi-year period to eventually equal approximately 90% of anticipated UGI International local currency earnings before income taxes. Because these contracts are not designated as hedging instruments, realized and unrealized gains and losses on these contracts are recorded in “Other non-operating (expense) income, net,” on the Condensed Consolidated Statements of Income.

In order to reduce exposure to foreign exchange rate volatility related to our foreign LPG operations, we previously entered into forward foreign currency exchange contracts to hedge a portion of anticipated U.S. dollar-denominated LPG product purchases primarily during the heating-season months of October through March. The last such contracts expired in September 2019. We accounted for these foreign currency exchange contracts as cash flow hedges.

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From time to time, we also enter into forward foreign currency exchange contracts to reduce the volatility of the U.S. dollar value of a portion of our UGI International euro-denominated net investments. We account for these foreign currency exchange contracts as net investment hedges and all changes in the fair value of these contracts are reported in the cumulative translation adjustment component in AOCI. During the third quarter of Fiscal 2020, we changed the method used for measuring ineffectiveness of our net investment hedges from the forward rate method to the spot rate method and the income statement impact of the change was not material.

Certain euro-denominated long-term debt issued under the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes have been designated as net investment hedges of a portion of our UGI International euro-denominated net investment. We recognized pre-tax (losses) gains associated with these net investment hedges in the cumulative translation adjustment component in AOCI of $(13.2) and $(9.8) during the three months ended June 30, 2020 and 2019, respectively, and $(21.7) and $0.5 during the nine months ended June 30, 2020 and 2019, respectively.

Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts at June 30, 2020, September 30, 2019 and June 30, 2019, and the final settlement date of the Company's open derivative transactions as of June 30, 2020, excluding those derivatives that qualified for the NPNS exception:

			Notional Amounts (in millions)		
Type	Units	Settlements Extending Through	June 30, 2020	September 30, 2019	June 30, 2019
Commodity Price Risk:					
Regulated Utility Operations					
Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	June 2021	15.5	23.3	16.5
Non-utility Operations					
LPG swaps	Gallons	September 2022	889.6	800.4	635.2
Natural gas futures, forward and pipeline contracts	Dekatherms	December 2024	180.8	196.1	191.4
Natural gas basis swap contracts	Dekatherms	December 2024	159.0	131.1	90.3
NYMEX natural gas storage futures contracts	Dekatherms	March 2021	2.5	0.3	1.7
NYMEX natural gas option contracts	Dekatherms	N/A	—	2.4	—
NYMEX propane storage futures contracts	Gallons	September 2020	0.9	0.5	0.5
Electricity long forward and futures contracts	Kilowatt hours	January 2024	4,549.5	3,098.1	3,140.0
Electricity short forward and futures contracts	Kilowatt hours	April 2024	405.5	366.7	589.3
Interest Rate Risk:					
Interest rate swaps	Euro	October 2022	€ 300.0	€ 300.0	€ 300.0
Interest rate swaps	USD	July 2024	$ 1,347.4	$ 1,357.3	$ 114.1
Foreign Currency Exchange Rate Risk:					
Forward foreign currency exchange contracts	USD	September 2023	$ 439.5	$ 516.0	$ 436.7
Net investment hedge forward foreign exchange contracts	Euro	October 2024	€ 172.8	€ 172.8	€ 172.8

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Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. Certain of these agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. Additionally, our commodity exchange traded futures contracts generally require cash deposits in margin accounts. Restricted cash in brokerage accounts is reported in "Restricted cash" on the Condensed Consolidated Balance Sheets. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss we would incur if these counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at June 30, 2020. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At June 30, 2020, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Condensed Consolidated Balance Sheets if the right of offset exists. We offset amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty. Our derivative instruments include both those that are executed on an exchange through brokers and centrally cleared and over-the-counter transactions. Exchange contracts utilize a financial intermediary, exchange or clearinghouse to enter, execute or clear the transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter and exchange contracts contain contractual rights of offset through master netting arrangements, derivative clearing agreements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency or other conditions.

In general, most of our over-the-counter transactions and all exchange contracts are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Condensed Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

(Currency in millions, except per share amounts and where indicated otherwise)

Fair Value of Derivative Instruments

The following table presents the Company’s derivative assets and liabilities by type, as well as the effects of offsetting:

	June 30, 2020	September 30, 2019	June 30, 2019
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	$ 24.8	$ 17.4	$ 7.3
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	2.6	1.4	1.0
Derivatives not designated as hedging instruments:			
Commodity contracts	65.0	40.7	53.4
Foreign currency contracts	24.2	41.6	22.2
	89.2	82.3	75.6
Total derivative assets — gross	116.6	101.1	83.9
Gross amounts offset in the balance sheet	(42.4)	(29.0)	(25.5)
Total derivative assets — net	$ 74.2	$ 72.1	$ 58.4
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Interest rate contracts	$ (59.0)	$ (12.3)	$ (7.8)
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	(1.6)	(3.7)	(3.1)
Derivatives not designated as hedging instruments:			
Commodity contracts	(170.3)	(171.3)	(104.1)
Foreign currency contracts	(7.0)	(4.3)	(5.2)
	(177.3)	(175.6)	(109.3)
Total derivative liabilities — gross	(237.9)	(191.6)	(120.2)
Gross amounts offset in the balance sheet	42.4	29.0	25.5
Cash collateral pledged	20.7	29.3	2.3
Total derivative liabilities — net	$ (174.8)	$ (133.3)	$ (92.4)

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Effects of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Income and changes in AOCI for the three and nine months ended June 30, 2020 and 2019:

Three Months Ended June 30,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:	2020	2019	2020	2019	
Foreign currency contracts	$ —	$ —	$ —	$ 0.2	Cost of sales
Interest rate contracts	(10.7)	(2.2)	(6.6)	(1.1)	Interest expense
Total	$ (10.7)	$ (2.2)	$ (6.6)	$ (0.9)	
Net Investment Hedges:					
Foreign currency contracts	$ (2.4)	$ 0.4			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2020	2019	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ 126.4	$ (58.6)	Cost of sales
Commodity contracts	6.0	7.2	Revenues
Commodity contracts	1.2	—	Operating and administrative expenses
Foreign currency contracts	(5.1)	0.4	Other non-operating (expense) income, net
Total	$ 128.5	$ (51.0)	

Nine Months Ended June 30,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:	2020	2019	2020	2019	
Foreign currency contracts	$ —	$ 1.2	$ —	$ 2.3	Cost of sales
Cross-currency contracts	—	(0.1)	—	(0.3)	Interest expense/other operating income, net
Interest rate contracts	(52.6)	(7.4)	(8.4)	(3.9)	Interest expense
Total	$ (52.6)	$ (6.3)	$ (8.4)	$ (1.9)	
Net Investment Hedges:					
Foreign currency contracts	$ 7.4	$ 7.2			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2020	2019	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ (112.2)	$ (244.5)	Cost of sales
Commodity contracts	14.1	9.0	Revenues
Commodity contracts	0.9	(0.3)	Operating and administrative expenses
Foreign currency contracts	(4.7)	17.1	Other non-operating (expense) income, net
Total	$ (101.9)	$ (218.7)	

We are also a party to a number of other contracts that have elements of a derivative instrument. However, these contracts qualify for NPNS exception accounting because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery, or sale, of energy products, and service contracts that require the counterparty to provide commodity storage, transportation or capacity service to meet our normal sales commitments.

(Currency in millions, except per share amounts and where indicated otherwise)

Note 15 — Accumulated Other Comprehensive Income (Loss)

The tables below present changes in AOCI, net of tax, during the three and nine months ended June 30, 2020 and 2019:

Three Months Ended June 30, 2020	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2020	$ (24.4)	$ (54.1)	$ (151.2)	$ (229.7)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	—	(7.6)	27.6	20.0
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.5	6.6	—	7.1
Reclassification adjustments tax benefit	(0.1)	(1.9)	—	(2.0)
Reclassification adjustments (after-tax)	0.4	4.7	—	5.1
Other comprehensive income (loss) attributable to UGI	0.4	(2.9)	27.6	25.1
AOCI — June 30, 2020	$ (24.0)	$ (57.0)	$ (123.6)	$ (204.6)

Three Months Ended June 30, 2019	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — March 31, 2019	$ (13.3)	$ (21.8)	$ (125.7)	$ (160.8)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	—	(1.6)	16.1	14.5
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.3	0.9	—	1.2
Reclassification adjustments tax benefit	(0.1)	(0.2)	—	(0.3)
Reclassification adjustments (after-tax)	0.2	0.7	—	0.9
Other comprehensive income (loss) attributable to UGI	0.2	(0.9)	16.1	15.4
AOCI — June 30, 2019	$ (13.1)	$ (22.7)	$ (109.6)	$ (145.4)

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Nine Months Ended June 30, 2020	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2019	$ (25.7)	$ (25.4)	$ (165.5)	$ (216.6)
Other comprehensive (loss) income before reclassification adjustments (after-tax)	—	(37.6)	41.9	4.3
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	2.3	8.4	—	10.7
Reclassification adjustments tax benefit	(0.6)	(2.4)	—	(3.0)
Reclassification adjustments (after-tax)	1.7	6.0	—	7.7
Other comprehensive income (loss) attributable to UGI	1.7	(31.6)	41.9	12.0
AOCI — June 30, 2020	$ (24.0)	$ (57.0)	$ (123.6)	$ (204.6)

Nine Months Ended June 30, 2019	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2018	$ (11.0)	$ (16.1)	$ (83.3)	$ (110.4)
Other comprehensive loss before reclassification adjustments (after-tax)	—	(4.3)	(26.3)	(30.6)
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	1.1	1.9	—	3.0
Reclassification adjustments tax benefit	(0.3)	(0.5)	—	(0.8)
Reclassification adjustments (after-tax)	0.8	1.4	—	2.2
Other comprehensive income (loss) attributable to UGI	0.8	(2.9)	(26.3)	(28.4)
Reclassification of stranded income tax effects related to TCJA	(2.9)	(3.7)	—	(6.6)
AOCI — June 30, 2019	$ (13.1)	$ (22.7)	$ (109.6)	$ (145.4)

For additional information on amounts reclassified from AOCI relating to derivative instruments, see Note 14.

Note 16 — Segment Information

Our operations comprise four reportable segments generally based upon products or services sold, geographic location and regulatory environment: (1) AmeriGas Propane; (2) UGI International; (3) Midstream & Marketing; and (4) UGI Utilities.

During the fourth quarter of Fiscal 2019, the measurement of segment profit used by our CODM was revised to exclude certain items that are now included in Corporate & Other (in addition to net gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions, which had previously been excluded). The revision to our segment profit measures aligns with the financial information used by our CODM in evaluating our reportable segments' performance and allocating resources. Prior period amounts have been recast to reflect the change in segment measure of profit. Also during the fourth quarter of Fiscal 2019, principally as a result of the AmeriGas Merger and the CMG Acquisition and related transactions, our CODM began evaluating the performance of all of our reportable segments based upon earnings before interest expense and income taxes, excluding the items noted above.

In addition to the items described above, Corporate & Other includes the net expenses of UGI's captive general liability insurance company, UGI's corporate headquarters facility and UGI's unallocated corporate and general expenses as well as interest expense on UGI debt that is not allocated. Corporate & Other assets principally comprise cash and cash equivalents of UGI and its captive insurance company, and UGI corporate headquarters' assets. The accounting policies of our reportable segments are the same as those described in Note 2, "Summary of Significant Accounting Policies," in the Company's 2019 Annual Report.

(Currency in millions, except per share amounts and where indicated otherwise)

Three Months Ended June 30, 2020	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 1,199.3	$ —	$ 450.9	$ 371.5	$ 201.7	$ 171.6	$ 3.6
Intersegment revenues	$ —	$ (29.0) (b)	$ —	$ —	$ 20.8	$ 7.5	$ 0.7
Cost of sales	$ 416.6	$ (28.2) (b)	$ 177.9	$ 198.6	$ 159.2	$ 67.9	$ (158.8)
Operating income	$ 173.9	$ 0.1	$ 18.8	$ 17.5 (c)	$ 12.8	$ 20.9	$ 103.8
Income (loss) from equity investees	7.5	—	—	(0.1)	7.6 (d)	—	—
Other non-operating (expense) income, net	(3.9)	—	—	2.9	—	—	(6.8)
Earnings before interest expense and income taxes	177.5	0.1	18.8	20.3	20.4	20.9	97.0
Interest expense	(80.8)	—	(40.2)	(7.9)	(11.5)	(13.8)	(7.4)
Income (loss) before income taxes	$ 96.7	$ 0.1	$ (21.4)	$ 12.4	$ 8.9	$ 7.1	$ 89.6
Noncontrolling interests' net loss	$ (0.6)	$ —	$ —	$ (0.6)	$ —	$ —	$ —
Depreciation and amortization	$ 122.5	$ (0.1)	$ 45.0	$ 30.8	$ 19.4	$ 26.6	$ 0.8
Capital expenditures (including the effects of accruals)	$ 133.6	$ —	$ 30.0	$ 20.0	$ 15.2	$ 68.3	$ 0.1

Three Months Ended June 30, 2019 (e)	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 1,363.7	$ —	$ 478.7	$ 486.6	$ 239.3	$ 153.0	$ 6.1
Intersegment revenues	$ —	$ (39.6) (b)	$ —	$ —	$ 28.0	$ 10.9	$ 0.7
Cost of sales	$ 781.4	$ (38.5) (b)	$ 210.3	$ 278.5	$ 225.4	$ 61.0	$ 44.7
Operating income (loss)	$ 9.6	$ 0.2	$ (1.2)	$ 27.5	$ 2.7	$ 20.4	$ (40.0)
Income from equity investees	1.5	—	—	—	1.5 (d)	—	—
Other non-operating income (expense), net	0.7	—	—	1.2	0.1	0.4	(1.0)
Earnings (loss) before interest expense and income taxes	11.8	0.2	(1.2)	28.7	4.3	20.8	(41.0)
Interest expense	(60.5)	—	(41.6)	(5.8)	(0.7)	(12.4)	—
(Loss) income before income taxes	$ (48.7)	$ 0.2	$ (42.8)	$ 22.9	$ 3.6	$ 8.4	$ (41.0)
Noncontrolling interests' net loss	$ (44.6)	$ —	$ (40.7)	$ (0.1)	$ —	$ —	$ (3.8)
Depreciation and amortization	$ 109.9	$ (0.2)	$ 44.0	$ 30.8	$ 11.8	$ 23.2	$ 0.3
Capital expenditures (including the effects of accruals)	$ 166.0	$ —	$ 21.0	$ 24.1	$ 36.4	$ 84.5	$ —

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Nine Months Ended June 30, 2020	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 5,434.8	$ —	$ 1,983.3	$ 1,726.3	$ 854.8	$ 862.3	$ 8.1
Intersegment revenues	$ —	$ (203.2) (b)	$ —	$ —	$ 162.4	$ 38.7	$ 2.1
Cost of sales	$ 2,672.8	$ (200.7) (b)	$ 792.7	$ 968.6	$ 721.7	$ 403.5	$ (13.0)
Operating income (loss)	$ 913.0	$ 0.1	$ 390.1	$ 230.1 (c)	$ 139.2	$ 228.7	$ (75.2)
Income from equity investees	22.0	—	—	—	22.0 (d)	—	—
Other non-operating (expense) income, net	(3.7)	—	—	16.6	—	(0.2)	(20.1)
Earnings (loss) before interest expense and income taxes	931.3	0.1	390.1	246.7	161.2	228.5	(95.3)
Interest expense	(247.3)	—	(123.9)	(23.2)	(34.4)	(40.9)	(24.9)
Income (loss) before income taxes	$ 684.0	$ 0.1	$ 266.2	$ 223.5	$ 126.8	$ 187.6	$ (120.2)
Noncontrolling interests' net loss	$ (0.5)	$ —	$ —	$ (0.5)	$ —	$ —	$ —
Depreciation and amortization	$ 362.1	$ (0.3)	$ 133.8	$ 92.4	$ 56.8	$ 78.1	$ 1.3
Capital expenditures (including the effects of accruals)	$ 444.4	$ —	$ 104.4	$ 61.9	$ 61.2	$ 216.8	$ 0.1
As of June 30, 2020							
Total assets	$ 13,843.4	$ (364.7)	$ 4,311.0	$ 3,208.1	$ 2,740.2	$ 3,708.5	$ 240.3
Short-term borrowings	$ 423.1	$ —	$ 162.0	$ 181.1	$ 40.0	$ 40.0	$ —
Goodwill	$ 3,482.7	$ —	$ 2,003.0	$ 955.4	$ 342.2	$ 182.1	$ —

Nine Months Ended June 30, 2019 (e)	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 6,170.0	$ —	$ 2,270.5	$ 1,980.5	$ 1,055.4	$ 856.4	$ 7.2
Intersegment revenues	$ —	$ (276.0) (b)	$ —	$ —	$ 213.7	$ 59.8	$ 2.5
Cost of sales	$ 3,633.3	$ (272.9) (b)	$ 1,024.0	$ 1,171.8	$ 1,052.2	$ 438.5	$ 219.7
Operating income (loss)	$ 716.1	$ 0.2	$ 412.7	$ 212.7	$ 95.1	$ 217.3	$ (221.9)
Income from equity investees	4.6	—	—	0.1	4.5 (d)	—	—
Loss on extinguishments of debt	(6.1)	—	—	—	—	—	(6.1)
Other non-operating income, net	17.6	—	—	5.0	0.1	1.2	11.3
Earnings (loss) before interest expense and income taxes	732.2	0.2	412.7	217.8	99.7	218.5	(216.7)
Interest expense	(181.7)	—	(126.2)	(17.3)	(1.7)	(36.3)	(0.2)
Income (loss) before income taxes	$ 550.5	$ 0.2	$ 286.5	$ 200.5	$ 98.0	$ 182.2	$ (216.9)
Noncontrolling interests' net income (loss)	$ 131.0	$ —	$ 180.1	$ 0.2	$ —	$ —	$ (49.3)
Depreciation and amortization	$ 330.0	$ (0.3)	$ 134.0	$ 92.8	$ 34.8	$ 68.0	$ 0.7
Capital expenditures (including the effects of accruals)	$ 479.0	$ —	$ 77.8	$ 74.0	$ 93.8	$ 232.6	$ 0.8
As of June 30, 2019							
Total assets	$ 12,018.9	$ (116.9)	$ 3,789.4	$ 3,168.0	$ 1,444.7	$ 3,375.6	$ 358.1
Short-term borrowings	$ 380.2	$ —	$ 248.5	$ 0.7	$ 55.0	$ 76.0	$ —
Goodwill	$ 3,159.1	$ —	$ 2,003.0	$ 956.2	$ 17.8	$ 182.1	$ —

(Currency in millions, except per share amounts and where indicated otherwise)

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(a) Corporate & Other includes specific items attributable to our reportable segments that are not included in the segment profit measures used by our CODM in assessing our reportable segments' performance or allocating resources. The following table presents such pre-tax gains (losses) which have been included in Corporate & Other, and the reportable segments to which they relate, for the three and nine months ended June 30, 2020 and 2019:

Three Months Ended June 30, 2020	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains on commodity derivative instruments not associated with current-period transactions	Revenues / Cost of sales	$ 59.9	$ 77.8	$ 24.8
Unrealized losses on foreign currency derivative instruments	Other non-operating (expense) income, net	$ —	$ (6.8)	$ —
Acquisition and integration expenses associated with the CMG Acquisition	Operating and administrative expenses	$ —	$ —	$ (0.2)
LPG business transformation expenses	Operating and administrative expenses	$ (2.7)	$ (3.7)	$ —
Impairment of assets held-for-sale	Impairment of assets held-for-sale	$ —	$ —	$ (51.6)

Three Months Ended June 30, 2019	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net losses on commodity derivative instruments not associated with current-period transactions	Revenues / Cost of sales	$ (3.4)	$ (10.8)	$ (24.5)
Unrealized losses on foreign currency derivative instruments	Other non-operating (expense) income, net	$ —	$ (0.8)	$ —
AmeriGas Merger expenses	Operating and other administrative expenses	$ (1.8)	$ —	$ —

Nine Months Ended June 30, 2020	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Revenues / Cost of sales	$ 48.2	$ (53.8)	$ 26.8
Unrealized losses on foreign currency derivative instruments	Other non-operating (expense) income, net	$ —	$ (20.1)	$ —
Acquisition and integration expenses associated with the CMG Acquisition	Operating and administrative expenses	$ —	$ —	$ (1.9)
LPG business transformation expenses	Operating and administrative expenses	$ (26.7)	$ (15.9)	$ —
Impairment of assets held-for-sale	Impairment of assets held-for-sale	$ —	$ —	$ (51.6)

Nine Months Ended June 30, 2019	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net losses on commodity derivative instruments not associated with current-period transactions	Revenues / Cost of sales	$ (64.8)	$ (136.7)	$ (11.1)
Unrealized gains on foreign currency derivative instruments	Other non-operating (expense) income, net	$ —	$ 11.9	$ —
Loss on extinguishments of debt	Loss on extinguishments of debt	$ —	$ (6.1)	$ —
AmeriGas Merger expenses	Operating and administrative expenses	$ (2.7)	$ —	$ —

(b) Represents the elimination of intersegment transactions principally among Midstream & Marketing, UGI Utilities and AmeriGas Propane.

(c) Beginning October 1, 2019, UGI International is allocated a portion of indirect corporate expenses. Prior to October 1, 2019, these expenses were billed to its parent company, which is included in Corporate & Other.

(d) Includes AFUDC associated with PennEast. The three and nine months ended June 30, 2020 also includes equity income from Pennant (see Note 5).

(e) Segment information recast to reflect the changes adopted during the fourth quarter of Fiscal 2019 in the segment measure of profit used by our CODM to evaluate the performance of our reportable segments.

Note 17 — Global LPG Business Transformation Initiatives

During the fourth quarter of Fiscal 2019, we began executing on multi-year business transformation initiatives at our AmeriGas Propane and UGI International business segments. These initiatives are designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, these business transformation initiatives focus on enhancing the customer experience through, among other things, enhanced customer relationship management and an improved digital customer experience. In connection with these initiatives, during the three and nine months ended June 30, 2020, we recognized $6.4 and $42.6, respectively, of expenses principally comprising consulting, advisory, marketing and employee-related costs. These expenses are primarily reflected in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income.

Note 18 — Impact of Global Pandemic

In March 2020, the WHO declared a global pandemic attributable to the outbreak and continued spread of COVID-19 that has had a significant impact throughout the global economy. In connection with the mitigation and containment procedures recommended by the WHO, the CDC, and as imposed by federal, state, and local governmental authorities, including shelter-in-place orders, quarantines and similar restrictions, the Company implemented a variety of procedures to protect its employees, third-party business partners, and customers worldwide. The Company continues to provide essential products and services to its global customers in a safe and reliable manner, and will continue to do so in compliance with mandated restrictions presented by each of the markets it serves. The Company continues to evaluate and react to the potential effects of a prolonged disruption and the continued impact on its results of operations. These items may include, but are not limited to: the financial condition of its customers; decreased availability and demand for its products and services; realization of accounts receivable; impairment considerations related to certain current assets, long-lived assets and goodwill; delays related to current and future projects; and the effects of government stimulus efforts including tax legislation in response to COVID-19. While its operational and financial performance have been significantly impacted by COVID-19 in Fiscal 2020, the Company cannot predict the duration or magnitude of the outbreak and the total effects on its business, financial position, results of operations, liquidity or cash flows at this time.

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. Among other things, the CARES Act includes provisions which modify the NOL limitation and carryback rules including a five-year carryback for NOLs and the temporary removal of the 80 percent limitation on NOL utilization for taxable years beginning before January 1, 2021. The Company’s annual effective income tax rate for Fiscal 2020 reflects anticipated tax benefits resulting from the carryback of an NOL for Fiscal 2020 pursuant to the provisions of the CARES Act.

On July 20, 2020, the U.S. Department of the Treasury and the IRS released regulations which modify the Global Intangible Low-Taxed Income (“GILTI”) provisions of the IRC, as well as proposed regulations related to other IRC provisions. The Company is evaluating the elections available under these revised and proposed regulations, including any impact on anticipated benefits under the CARES Act, and expects the effects of these changes to provide a significant tax benefit in the fourth quarter of Fiscal 2020.

However, the Company has not yet filed its U.S. income tax return for Fiscal 2020, and continues to evaluate other U.S. tax positions or strategies that could affect U.S. taxable income or loss. Accordingly, the impacts on the Company’s income tax provisions and taxes payable or refundable related to the CARES Act and the GILTI provisions are subject to change.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions resulting in reduced demand and the seasonal nature of our business; (2) cost volatility and availability of propane and other LPG, electricity, and natural gas and the capacity to transport product to our customers; (3) changes in domestic and foreign laws and regulations, including safety, tax, consumer protection, data privacy, accounting matters, and environmental, including regulatory responses to climate change; (4) inability to timely recover costs through utility rate proceedings; (5) the impact of pending and future legal proceedings; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers or retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, natural disasters, pandemics and other catastrophic events that may result from operating hazards and risks incidental to generating and distributing electricity and transporting, storing and distributing natural gas and LPG; (13) transmission or distribution system service interruptions; (14) political, regulatory and economic conditions in the United States, Europe and other foreign countries, including the current conflicts in the Middle East and the withdrawal of the United Kingdom from the European Union, and foreign currency exchange rate fluctuations, particularly the euro; (15) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (16) changes in commodity market prices resulting in significantly higher cash collateral requirements; (17) reduced distributions from subsidiaries impacting the ability to pay dividends; (18) changes in Marcellus and Utica Shale gas production; (19) the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our businesses; (20) our ability to successfully integrate acquired businesses and achieve anticipated synergies; (21) the interruption, disruption, failure or malfunction of our information technology systems, including due to cyber attack; (22) the inability to complete pending or future energy infrastructure projects; (23) our ability to achieve the operational benefits and cost efficiencies expected from the completion of pending and future transformation initiatives at our business units; and (24) uncertainties related to a global pandemic, including the duration and/or impact of the COVID-19 pandemic.

These factors, and those factors set forth in Item 1A. Risk Factors in the Company's 2019 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Company's results of operations for the 2020 three-month period with the 2019 three-month period and the 2020 nine-month period with the 2019 nine-month period. Our analyses of results of operations should be read in conjunction with the segment information included in Note 16 to Condensed Consolidated Financial Statements.

Because most of our businesses sell or distribute energy products used in large part for heating purposes, our results are significantly influenced by temperatures in our service territories, particularly during the heating-season months of October through March. As a result, our operating results, excluding the effects of gains and losses on commodity derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

Recent Developments

In March 2020, the WHO declared a global pandemic attributable to the outbreak and continued spread of COVID-19 that has had a significant impact throughout the global economy. In connection with the mitigation and containment procedures recommended by the WHO, the CDC, and as imposed by federal, state, and local governmental authorities, including shelter-in-place orders, quarantines and similar restrictions, we implemented a variety of procedures to protect our employees, third-party business partners, and customers worldwide. Although our results for Fiscal 2020 have been negatively impacted by COVID-19, we continue to provide essential products and services to our global customers in a safe and reliable manner and will continue to do so in compliance with mandated restrictions presented by each of the markets we serve. We continue to evaluate and react to the potential effects of a prolonged disruption and the continued impact on our results of operations. These items may include, but are not limited to: the financial condition of our customers; decreased availability and demand for our products and services; realization of accounts receivable; impairment considerations related to certain current assets, long-lived assets and goodwill; delays related to current and future projects; and the effects of government stimulus efforts including tax legislation in response to COVID-19. We also remain focused on managing our financial condition and liquidity throughout this global crisis.

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. Among other things, the CARES Act includes provisions which modify the NOL limitation and carryback rules including a five-year carryback for NOLs and the temporary removal of the 80 percent limitation on NOL utilization for taxable years beginning before January 1, 2021.

On July 20, 2020, the U.S. Department of the Treasury and the IRS released regulations which modify the GILTI provisions of the IRC, as well as proposed regulations related to other IRC provisions. The Company is evaluating the elections available under these revised and proposed regulations, including any impact on anticipated benefits under the CARES Act, and expects the effects of these changes to provide a significant tax benefit in the fourth quarter of Fiscal 2020.

For additional information related to the CARES Act and its impact on our results of operations, see "Interest Expense and Income Taxes" below.

While our operational and financial performance have been significantly impacted by COVID-19 in Fiscal 2020, we cannot predict the duration or total magnitude of the pandemic and the total effects on our business, financial position, results of operations, liquidity or cash flows at this time.

Impact of Strategic Initiatives

Our Fiscal 2020 results reflect the impacts of two strategic transactions completed in late Fiscal 2019. The larger of these transactions was the purchase of all of the public's ownership interest in AmeriGas Partners for 34.6 million shares of UGI Common Stock and $529 million in cash, resulting in UGI owning 100% of the Partnership effective August 21, 2019. The second significant strategic transaction was the acquisition of CMG from TC Energy on August 1, 2019, resulting in a substantial increase in our natural gas gathering assets as well as the acquisition of important gas processing assets in the Marcellus and Utica Shale formations. We anticipate executing on a number of future system expansion projects associated with the CMG assets. We refer to CMG and its equity interest in Pennant as "UGI Appalachia."

Also in Fiscal 2019, we began executing on our Global LPG Business Transformation Initiatives at AmeriGas Propane and UGI International. These initiatives are designed to drive operational efficiencies, increase profitability and provide for an enhanced customer experience at both of our global LPG businesses. We have engaged strategic partners to assist us in the identification and execution of these initiatives.

At AmeriGas Propane, we are focused on efficiency and effectiveness initiatives in the following key areas: customer digital experience; customer relationship management; operating process redesign and specialization; distribution and routing optimization; sales and marketing effectiveness; purchasing and general and administrative efficiencies; and supply and logistics. The business activities will be carried out over the next two years and, once completed, are expected to provide more than $120 million of annual savings that will allow us to improve profitability and cash flow through operational efficiencies and expense reductions and enable increased investment into base business customer retention and growth initiatives, including the reduction of margins in select segments of our base business. We estimate the total cost of executing on these initiatives, including approximately $100 million of related capital expenditures, to be approximately $175 million.

At our UGI International LPG business, we launched an initiative in Fiscal 2019 and embarked on a process of identifying operational synergies across all 17 countries in which we currently do business. We call this initiative Project Alliance, the goal of which is to focus attention on enhanced customer service and safe and efficient operations through the establishment of two centers of excellence. One such center will be focused on commercial excellence to identify and execute projects that improve the customer's experience. The second center will be focused on operational excellence across our distribution network and our filling centers. These efforts will be executed primarily over the next two years and, once completed, are expected to generate over €30 million of annual savings. We estimate the total cumulative cost of executing on these Project Alliance initiatives, including approximately €20 million related to IT capital expenditures, to be approximately €55 million.

Non-GAAP Financial Measures

UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and other significant discrete items that can affect the comparison of period-over-period results.

UGI does not designate its commodity and certain foreign currency derivative instruments as hedges under GAAP. Volatility in net income attributable to UGI Corporation as determined in accordance with GAAP can occur as a result of gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions. These gains and losses result principally from recording changes in unrealized gains and losses on unsettled commodity and certain foreign currency derivative instruments and, to a much lesser extent, certain realized gains and losses on settled commodity derivative instruments that are not associated with current-period transactions. However, because these derivative instruments economically hedge anticipated future purchases or sales of energy commodities, or in the case of certain foreign currency derivatives reduce volatility in anticipated future earnings associated with our foreign operations, we expect that such gains or losses will be largely offset by gains or losses on anticipated future energy commodity transactions or mitigate volatility in anticipated future earnings. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

The following tables reconcile net income attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income attributable to UGI Corporation, and reconcile diluted earnings per share, the most comparable GAAP measure, to adjusted diluted earnings per share, to reflect the adjustments referred to above:

Adjusted net income attributable to UGI Corporation	Three Months Ended June 30,		Nine Months Ended June 30,	
(Dollars in millions)	2020	2019	2020	2019
AmeriGas Propane	$ (15.1)	$ (2.0)	$ 197.5	$ 76.3
UGI International	(11.3)	14.8	137.0	141.2
Midstream & Marketing	6.7	2.2	92.7	71.3
UGI Utilities	4.1	6.7	147.3	139.4
Corporate & Other (a)	100.9	(23.6)	(51.7)	(120.5)
Net income (loss) attributable to UGI Corporation	85.3	(1.9)	522.8	307.7
Net (gains) losses on commodity derivative instruments not associated with current-period transactions (net of tax of $46.8, $(11.1), $5.2, and $(47.5), respectively)	(115.7)	25.0	(16.0)	117.7
Unrealized losses (gains) on foreign currency derivative instruments (net of tax of $(1.9), $(0.3), $(5.7), and $3.4, respectively)	4.9	0.5	14.4	(8.5)
Loss on extinguishments of debt (net of tax of $0, $0, $0, and $(1.9), respectively)	—	—	—	4.2
AmeriGas Merger expenses (net of tax of $0, $(0.1), $0, and $(0.2), respectively)	—	0.3	—	0.5
Acquisition and integration expenses associated with the CMG Acquisition (net of tax of $0, $0, $(0.5), and $0, respectively)	0.2	—	1.4	—
LPG business transformation expenses (net of tax of $(1.9), $0, $(12.2), and $0, respectively)	4.5	—	30.4	—
Impairment of assets held-for-sale (net of tax of $(14.9), $0, $(14.9), and $0, respectively)	36.7	—	36.7	—
Total adjustments (a) (b)	(69.4)	25.8	66.9	113.9
Adjusted net income attributable to UGI Corporation	$ 15.9	$ 23.9	$ 589.7	$ 421.6

	Three Months Ended June 30,		Nine Months Ended June 30,	
Adjusted diluted earnings (loss) per share	2020	2019	2020	2019
AmeriGas Propane	$ (0.07)	$ (0.01)	$ 0.94	$ 0.43
UGI International	(0.05)	0.08	0.65	0.79
Midstream & Marketing	0.03	0.01	0.44	0.40
UGI Utilities	0.02	0.04	0.70	0.79
Corporate & Other (a)	0.48	(0.13)	(0.24)	(0.68)
Earnings (loss) per share - diluted (c)	0.41	(0.01)	2.49	1.73
Net (gains) losses on commodity derivative instruments not associated with current-period transactions (d)	(0.55)	0.14	(0.07)	0.67
Unrealized losses (gains) on foreign currency derivative instruments	0.02	—	0.07	(0.04)
Loss on extinguishments of debt	—	—	—	0.02
AmeriGas Merger expenses	—	—	—	—
Acquisition and integration expenses associated with the CMG Acquisition	—	—	0.01	—
LPG business transformation expenses	0.02	—	0.14	—
Impairment of assets held-for-sale	0.18	—	0.17	—
Total adjustments (a) (c)	(0.33)	0.14	0.32	0.65
Adjusted earnings per share - diluted (c) (e)	$ 0.08	$ 0.13	$ 2.81	$ 2.38

(a) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income attributable to UGI Corporation, including the impact of the anticipated tax benefits resulting from the carryback of an NOL for Fiscal 2020 pursuant to the provisions of the CARES Act. These adjustments have been excluded from the segment results to align with the measure used by our CODM in assessing segment performance and allocating resources. See “Interest Expense and Income Taxes” below and Note 16 to Condensed Consolidated Financial Statements for additional information related to these adjustments, as well as other items included within Corporate & Other.
(b) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.
(c) Earnings per share for the 2020 three- and nine-month periods reflect 34.6 million incremental shares of UGI Common Stock issued in conjunction with the AmeriGas Merger.
(d) Includes the effects of rounding.
(e) Adjusted earnings per share for the three months ended June 30, 2019, is based upon fully diluted shares of 177.336 million.

EXECUTIVE OVERVIEW

Three months ended June 30, 2020 and 2019

Discussion. Net income attributable to UGI Corporation in accordance with GAAP for the 2020 three-month period was $85.3 million (equal to $0.41 per diluted share) compared to net loss attributable to UGI Corporation for the 2019 three-month period of $1.9 million (equal to $(0.01) per diluted share). GAAP net income in the 2020 three-month period reflects higher net gains from changes in unrealized gains and losses on commodity derivative instruments and a tax benefit resulting from the carryback of an NOL under the CARES Act. The effect of these items was partially offset by an impairment charge related to assets held for sale, the impacts of COVID-19 on business unit operating results, LPG business transformation expenses recorded in the 2020 three-month period, and higher interest and depreciation and amortization expense compared to the prior-year period. Fiscal 2020 results also reflect the full ownership of AmeriGas Partners as a result of the AmeriGas Merger completed in August 2019, as well as the earnings per share impact of 34.6 million shares of UGI Common Stock issued in connection with this transaction.

Adjusted net income attributable to UGI Corporation for the 2020 three-month period was $15.9 million (equal to $0.08 per diluted share) compared to adjusted net income attributable to UGI Corporation for the 2019 three-month period of $23.9 million (equal to $0.13 per diluted share). The decrease in adjusted net income attributable to UGI Corporation during the 2020 three-month period principally reflects a larger net loss attributable to the full ownership of AmeriGas Partners, the effects of COVID-19 on volumes and business unit operating results, and higher interest and depreciation and amortization expense compared to the prior-year period. These factors were partially offset by incremental net income related to UGI Appalachia, the effects of significantly colder weather in the U.S. compared to the prior-year period, and a lower effective income tax rate in the 2020 three-month period which includes a current-year NOL benefit resulting from the CARES Act partially offset by higher taxes on foreign source income related to lower anticipated utilization of foreign tax attributes.

While our results for the three months ended June 30, 2020, reflect average temperatures that were significantly colder than the prior year at our domestic reportable segments, there are significantly fewer heating degree days in our fiscal third quarter than in our fiscal first and second quarters. As a result, year-over-year variances in temperatures during the three months ended June 30 have less of an impact on the comparison of our results than variances in temperatures during the fiscal first and second quarters.

The increase in adjusted net loss from AmeriGas Propane in the 2020 three-month period reflects the inclusion of 100% of AmeriGas Propane’s seasonal loss in the current-year period as a result of the AmeriGas Merger. Operating results for the Partnership improved principally reflecting lower operating and administrative expenses and a slight improvement in total margin.

UGI International adjusted net loss was $11.3 million in the 2020 three month period as compared to adjusted net income of $14.8 million in the 2019 three-month period reflecting the effects of significantly warmer weather and the impacts of COVID-19 on margin during the current-year period, partially offset by lower operating and administrative expenses.

Midstream & Marketing adjusted net income in the 2020 three-month period increased $4.5 million compared to the prior-year period. This increase principally reflects incremental net income from UGI Appalachia, which includes the effects of increased depreciation and amortization expense and interest expense related to debt issued to finance a portion of its acquisition.

UGI Utilities 2020 three-month period adjusted net income decreased $2.6 million compared to the prior-year period. Increases in depreciation expense, operating and administrative expenses, and interest expense in the 2020 three-month period were largely offset by higher total margin which benefited from colder weather compared to the prior-year period.

Nine months ended June 30, 2020 and 2019

Discussion. Net income attributable to UGI Corporation in accordance with GAAP for the 2020 nine-month period was $522.8 million (equal to $2.49 per diluted share) compared to net income attributable to UGI Corporation for the 2019 nine-month period of $307.7 million (equal to $1.73 per diluted share). GAAP net income in the 2020 nine-month period reflects lower net losses from changes in unrealized gains and losses on commodity derivative instruments and certain foreign currency derivative instruments, the full ownership of AmeriGas Partners as a result of the AmeriGas Merger completed in August 2019, and a tax benefit resulting from the carryback of an NOL under the CARES Act. These factors were partially offset by an impairment charge related to assets held for sale, higher interest and depreciation and amortization expense compared to the prior-year period, and the effects of LPG business transformation expenses in the 2020 nine-month period. Fiscal 2020 earnings per share amounts include the impact of 34.6 million shares of UGI Common Stock issued in connection with the AmeriGas Merger transaction.

Adjusted net income attributable to UGI Corporation for the 2020 nine-month period was $589.7 million (equal to $2.81 per diluted share) compared to adjusted net income attributable to UGI Corporation for the 2019 nine-month period of $421.6 million (equal to $2.38 per diluted share). The increase in adjusted net income attributable to UGI Corporation during the 2020 nine-month period reflects higher earnings contributions from our domestic business segments despite the effects of warmer weather and COVID-19 on business unit operating results. The higher adjusted net income attributable to UGI includes the effects of the previously mentioned AmeriGas Merger and incremental earnings from UGI Appalachia, including increased interest expense from debt issued in conjunction with these transactions. Adjusted net income in the 2020 nine-month period also reflects an NOL benefit resulting from the CARES Act partially offset by higher taxes on foreign source income related to lower anticipated utilization of foreign tax attributes.

The significant increase in adjusted net income attributable to UGI from AmeriGas Propane in the 2020 nine-month period reflects the inclusion of 100% of AmeriGas Propane’s results in the current-year period as a result of the AmeriGas Merger and lower operating and administrative expenses. These positive factors were partially offset by lower total margin.

UGI International adjusted net income was $4.2 million lower in the 2020 nine-month period reflecting higher income taxes, the effects of significantly warmer weather and the impacts of COVID-19 on margin, and higher interest expense during the current-year period, partially offset by decreased operating and administrative expenses. Although UGI International 2020 nine-month period adjusted net income was impacted by a weaker euro compared to the prior-year period, adjusted net income also benefited from higher realized gains on foreign currency exchange contracts.

Midstream & Marketing adjusted net income in the 2020 nine-month period was $21.4 million higher than the prior-year period. This increase principally reflects incremental net income from UGI Appalachia, which includes the effects of increased depreciation and amortization expense and interest expense related to debt issued to finance a portion of its acquisition.

UGI Utilities 2020 nine-month period adjusted net income increased $7.9 million compared to the prior-year period principally attributable to an increase in total margin, reflecting incremental margin from an increase in Gas Utility base rates effective October 11, 2019, and lower operating and administrative expenses. The increase in total margin resulting from the increase in Gas Utility base rates was partially offset by the effects of warmer weather compared to the prior-year and reduced volumes attributable to COVID-19. Depreciation and interest expense also increased during the current-year period.

SEGMENT RESULTS OF OPERATIONS

2020 Three-Month Period Compared to the 2019 Three-Month Period

AmeriGas Propane

For the three months ended June 30,	2020	2019	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 450.9	$ 478.7	$ (27.8)	(5.8)%
Total margin (a)	$ 273.0	$ 268.4	$ 4.6	1.7 %
Operating and administrative expenses	$ 209.7	$ 232.3	$ (22.6)	(9.7)%
Operating income (loss)/earnings (loss) before interest expense and income taxes	$ 18.8	$ (1.2)	$ 20.0	N.M.
Retail gallons sold (millions)	182.4	188.5	(6.1)	(3.2)%
Heating degree days—% colder than normal (b)	14.5 %	— %	—	—

(a) Total margin represents total revenues less total cost of sales.
(b) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.
N.M. – Variance is not meaningful

Average temperatures during the 2020 three-month period were 14.5% colder than normal and the prior-year period. Total retail gallons sold during the 2020 three-month period were 3.2% lower than the prior-year period principally reflecting the effects of COVID-19, structural conservation and other residual volume loss. These decreases were partially offset by increased cylinder exchange volumes and higher volumes related to colder weather compared to the prior-year period.

Total revenues decreased $27.8 million during the 2020 three-month period reflecting lower retail propane revenues ($34.4 million) compared to the prior-year period, partially offset by higher other revenues related primarily to new cylinder tank sales ($5.0 million) and higher wholesale propane revenues ($1.6 million). The decrease in retail propane revenues reflects lower average retail selling prices ($21.6 million) and the lower total retail volumes sold ($12.9 million) compared to the prior-year period. Average daily wholesale propane commodity prices during the 2020 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 26% lower than such prices during the 2019 three-month period. Total cost of sales decreased $32.4 million during the 2020 three-month period principally reflecting the effects of the lower average propane product costs ($35.5 million) partially offset by higher wholesale propane volumes ($2.9 million).

AmeriGas Propane total margin increased $4.6 million in the 2020 three-month period primarily attributable to higher average retail unit margins ($11.9 million), including higher margin from the cylinder exchange program, partially offset by the previously mentioned decrease in total retail volumes sold ($7.2 million).

Operating income and earnings before interest expense and income taxes each increased $20.0 million in the 2020 three-month period reflecting the previously mentioned increase in total margin and lower operating and administrative expenses ($22.6 million) compared to the prior-year period, partially offset by lower other income attributable to the suspension of customer late payment fees as part of our response to COVID-19. The decrease in operating and administrative expenses in the 2020 three-month period reflects, among other things, lower litigation expense ($10.0 million), lower employee compensation and benefits-related costs ($7.8 million), and decreased vehicle operating and maintenance expenses ($3.5 million). The lower operating and administrative expenses reflect the partial benefits related to the previously mentioned ongoing LPG transformation initiatives.

UGI International

For the three months ended June 30,	2020	2019	Decrease	
(Dollars in millions)				
Revenues	$ 371.5	$ 486.6	$ (115.1)	(23.7)%
Total margin (a)	$ 172.9	$ 203.1	$ (30.2)	(14.9)%
Operating and administrative expenses	$ 127.6	$ 151.0	$ (23.4)	(15.5)%
Operating income	$ 17.5	$ 27.5	$ (10.0)	(36.4)%
Earnings before interest expense and income taxes	$ 20.3	$ 28.7	$ (8.4)	(29.3)%
LPG retail gallons sold (millions)	137.1	175.7	(38.6)	(22.0)%
Heating degree days—% (warmer) than normal (b)	(12.3)%	10.8 %	—	—

(a) Total margin represents revenues less cost of sales and, in the 2019 three-month period, French energy certificate costs of $5.0 million. For financial statement purposes, French energy certificate costs in the 2019 three-month period are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above). In the 2020 three-month period, French energy certificate costs are included in “Cost of sales” on the Condensed Consolidated Statements of Income.
(b) Deviation from average heating degree days for the 15-year period 2002-2016 at locations in our UGI International service territories.

Average temperatures during the 2020 three-month period were 12.3% warmer than normal and 20.8% warmer than the prior-year period. Total LPG retail gallons sold during the 2020 three-month period were 22.0% lower principally reflecting the effects of the warmer weather on heating-related bulk sales, the impacts of COVID-19 on commercial and industrial volumes, and the termination of a low-margin autogas contract in Italy. During the 2020 three-month period, average wholesale prices for propane and butane in northwest Europe were approximately 34% and 37% lower, respectively, compared with the prior-year period.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. Differences in these translation rates affect the comparison of line item amounts presented in the table above. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2020 and 2019 three-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.10 and $1.12, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.24 and $1.28, respectively.

UGI International revenues and cost of sales decreased by $115.1 million and $84.9 million, respectively, during the 2020 three-month period compared to the prior year. These decreases to both revenues and cost of sales principally reflect the effects of the lower total retail and wholesale LPG volumes, lower average LPG selling prices and product costs, and the translation effects of the weaker euro (approximately $11 million impact on revenues and $6 million impact on cost of sales, respectively).

UGI International total margin decreased $30.2 million during the 2020 three-month period compared to the prior year. This decrease reflects the previously mentioned lower total retail and wholesale LPG volumes, the translation effects of the weaker euro (approximately $5 million), and lower margins from energy marketing compared to the prior-year period. The effect of these factors was partially offset by higher average LPG unit margins including margin management efforts and lower LPG product costs.

UGI International operating income and earnings before interest expense and income taxes decreased $10.0 million and $8.4 million, respectively, during the 2020 three-month period. The decrease in operating income largely reflects the decrease in total margin and the absence of a customer contract settlement recorded in the prior-year period partially offset by lower operating and administrative expenses ($23.4 million) compared to the prior-year period. The decrease in operating and administrative expenses is largely attributable to decreased distribution and maintenance costs attributable to the reduced LPG volumes, lower compensation and employee benefits-related costs, and the translation effects of the weaker euro (approximately $4 million). The decrease in UGI International earnings before interest expense and income taxes in the 2020 three-month period reflects the lower operating income partially offset by a non-service pension benefit compared to the prior-year period.

Midstream & Marketing

For the three months ended June 30,	2020	2019	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 222.5	$ 267.3	$ (44.8)	(16.8)%
Total margin (a)	$ 63.3	$ 41.9	$ 21.4	51.1 %
Operating and administrative expenses	$ 31.2	$ 27.4	$ 3.8	13.9 %
Operating income	$ 12.8	$ 2.7	$ 10.1	374.1 %
Earnings before interest expense and income taxes	$ 20.4	$ 4.3	$ 16.1	374.4 %

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing's energy marketing territory during the three months ended June 30, 2020 were 21.4% colder than normal and 43.0% colder than the prior-year period.

Midstream & Marketing's 2020 three-month period revenues were $44.8 million lower than the prior-year period principally reflecting decreased natural gas revenues ($58.3 million) and, to a much lesser extent, lower services-related revenues ($7.4 million) and peaking revenues ($2.9 million). The effect of these factors was partially offset by higher natural gas gathering revenues ($24.6 million) primarily attributable to incremental revenues from UGI Appalachia. The significant decrease in natural gas revenues is primarily attributable to significantly lower average natural gas prices during the 2020 three-month period and, to a much lesser extent, lower natural gas volumes. Midstream & Marketing cost of sales were $159.2 million in the 2020 three-month period compared to $225.4 million in the prior-year period. The $66.2 million decrease in cost of sales principally reflects decreased natural gas costs ($57.0 million) largely attributable to lower average natural gas commodity prices and, to a much lesser extent, lower services-related costs ($5.4 million) and peaking costs ($2.0 million).

Midstream & Marketing total margin increased $21.4 million in the 2020 three-month period principally reflecting higher natural gas gathering total margin ($24.6 million) largely attributable to incremental margin from UGI Appalachia and, to a much lesser extent, higher capacity management margin ($2.4 million). The effect of these increases was partially offset by decreased retail commodity margin ($2.3 million) largely related to lower commercial volumes attributable to COVID-19, lower services-related margin ($2.0 million) and decreased electric generation margin ($1.5 million) compared to the prior-year period.

Midstream & Marketing operating income and earnings before interest expense and income taxes increased $10.1 million and $16.1 million, respectively, during the 2020 three-month period. The increase in operating income principally reflects the previously mentioned increase in total margin partially offset by higher depreciation and amortization expense ($7.6 million) and increased operating and administrative expenses ($3.8 million). The higher depreciation and amortization expense and operating and administrative expenses are largely attributable to UGI Appalachia. The increase in earnings before interest expense and income taxes principally reflects the increase in operating income ($10.1 million) and equity income from Pennant, a natural gas gathering and processing equity interest that was acquired as part of UGI Appalachia.

UGI Utilities

For the three months ended June 30,		2020		2019		Increase	
(Dollars in millions)							
Revenues	$	179.1	$	163.9	$	15.2	9.3 %
Total margin (a)	$	110.2	$	102.0	$	8.2	8.0 %
Operating and administrative expenses (a)	$	61.7	$	58.5	$	3.2	5.5 %
Operating income	$	20.9	$	20.4	$	0.5	2.5 %
Earnings before interest expense and income taxes	$	20.9	$	20.8	$	0.1	0.5 %
Gas Utility system throughput—bcf							
Core market		11.5		9.0		2.5	27.8 %
Total		60.6		59.1		1.5	2.5 %
Electric Utility distribution sales - gwh		219.4		209.0		10.4	5.0 %
Gas Utility heating degree days—% colder (warmer) than normal (b)		12.6 %		(27.1)%		—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., Electric Utility gross receipts taxes) of $1.0 million and $0.9 million during the three months ended June 30, 2020 and 2019, respectively. For financial statement purposes, revenue-related taxes are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above).
(b) Deviation from average heating degree days for the 15-year period 2000-2014 based upon weather statistics provided by NOAA for airports located within Gas Utility’s service territory.

Temperatures in Gas Utility’s service territory during the 2020 three-month period were 12.6% colder than normal and 54.4% colder than the prior-year period. Gas Utility core market volumes increased during the 2020 three-month period (2.5 bcf) reflecting the effects of the colder weather, growth in the number of core market customers and higher average use per customer, partially offset by volume reductions attributable to COVID-19. Total Gas Utility distribution system throughput increased 1.5 bcf during the 2020 three-month period reflecting the higher core market volumes and higher large firm delivery service volumes (1.8 bcf), partially offset by lower interruptible delivery service volumes (2.8 bcf). Electric Utility distribution sales volumes were higher than the prior-year period principally reflecting the impact of colder weather.

UGI Utilities revenues increased $15.2 million in the 2020 three-month period compared to the prior-year period primarily attributable to increased Gas Utility revenues. Higher Gas Utility core market revenues ($20.3 million), which reflect the increase in base rates which became effective October 11, 2019 and the higher core market throughput, were partially offset by lower revenues associated with off-system sales ($2.8 million) and the effects of an adjustment in the 2019 three-month period ($3.3 million) related to credits provided to customers in connection with the TCJA.

UGI Utilities cost of sales was $67.9 million in the 2020 three-month period compared with $61.0 million in the three months ended June 30, 2019, principally reflecting an increase in Gas Utility cost of sales ($6.8 million). The higher Gas Utility cost of sales is largely attributable to the effects of the increased core market volumes ($10.2 million) partially offset by lower PGC rates.

UGI Utilities total margin increased $8.2 million during the 2020 three-month period primarily attributable to higher total margin from Gas Utility core market customers ($14.6 million) partially offset by the previously mentioned customer credit adjustment ($3.3 million) reflected in the 2019 three-month period and lower revenues from customer account fees in response to COVID-19. The increased margin attributable to core market customers was largely related to the previously mentioned increases in core market volumes and base rates.

UGI Utilities operating income and earnings before interest expense and income taxes increased $0.5 million and $0.1 million, respectively, during the 2020 three-month period. The slight improvement in operating income largely reflects the previously mentioned increase in total margin largely offset by higher depreciation expense ($3.4 million) and higher operating and administrative expenses ($3.2 million). The increased depreciation expense is attributable to continued IT and distribution system capital expenditure activity. The higher operating and administrative expenses reflect, among other things, increases in uncollectible accounts expense related to the effects of COVID-19, IT maintenance and consulting expenses, and employee compensation and benefits-related expenses compared to the prior-year period. The slight improvement in earnings before interest expense and income taxes reflects the higher operating income and the absence of a non-service pension benefit compared to the prior-year period.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2020 three-month period was $80.8 million, compared to $60.5 million during the 2019 three-month period. The significant increase in interest expense principally reflects higher interest expense on long-term debt outstanding including debt incurred by UGI Corporation and Energy Services to fund a portion of the CMG Acquisition and the cash portion of the AmeriGas Merger, as well as interest on the $150 million Senior Notes issued by UGI Utilities in April 2020.

Income tax expense for the 2020 three-month period reflects a tax benefit resulting from the carryback of an NOL under the CARES Act ($16.1 million) and the impact on income taxes of our 100% ownership of the Partnership in the current-year period compared to our approximately 26% ownership interest in the 2019 three-month period. This increase in the effective tax rate for the 2020 three-month period compared to the prior-year period was affected by the impacts of the CARES Act and discrete tax items on lower pre-tax income (loss) during the respective periods.

On July 20, 2020, the U.S. Department of the Treasury and the IRS released regulations which modify the GILTI provisions of the IRC, as well as proposed regulations related to other IRC provisions. The Company is evaluating the elections available under these revised and proposed regulations, including any impact on anticipated benefits under the CARES Act, and expects the effects of these changes to provide a significant tax benefit in the fourth quarter of Fiscal 2020. However, the Company has not yet filed its income tax return for Fiscal 2020, and continues to evaluate other tax positions or strategies that could affect taxable income or loss. Accordingly, the impacts on the Company’s income tax provisions and taxes payable or refundable related to the CARES Act and the GILTI provisions are subject to change.

2020 Nine-Month Period Compared to the 2019 Nine-Month Period

AmeriGas Propane

For the nine months ended June 30,	2020	2019	Decrease	
(Dollars in millions)				
Revenues	$ 1,983.3	$ 2,270.5	$ (287.2)	(12.6)%
Total margin (a)	$ 1,190.6	$ 1,246.5	$ (55.9)	(4.5)%
Operating and administrative expenses	$ 679.9	$ 717.6	$ (37.7)	(5.3)%
Operating income/earnings before interest expense and income taxes	$ 390.1	$ 412.7	$ (22.6)	(5.5)%
Retail gallons sold (millions)	826.8	882.4	(55.6)	(6.3)%
Heating degree days—% (warmer) colder than normal (b)	(1.5)%	4.0 %	—	—

(a) Total margin represents total revenues less total cost of sales.
(b) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

Average temperatures during the 2020 nine-month period were 1.5% warmer than normal and 5.3% warmer than the prior-year period. Total retail gallons sold during the 2020 nine-month period were 6.3% lower than the prior-year period reflecting the effects of COVID-19, structural conservation and other residual volume loss, and the effects of the warmer weather on heating-related sales. The decrease in total retail volumes was partially offset by higher cylinder exchange volumes compared to the prior-year period.

Total revenues decreased $287.2 million during the 2020 nine-month period principally related to lower retail propane revenues ($287.6 million) reflecting the effects of lower average retail selling prices ($161.4 million) and the lower retail volumes sold ($126.2 million). Average daily wholesale propane commodity prices during the 2020 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 37% lower than such prices during the prior-year period. Total cost of sales decreased $231.3 million during the 2020 nine-month period principally reflecting the effects of lower average retail product costs ($174.5 million) and the lower retail propane volumes sold ($57.3 million).

AmeriGas Propane total margin decreased $55.9 million in the 2020 nine-month period largely attributable to the previously mentioned lower retail volumes sold ($68.9 million) partially offset by slightly higher average retail unit margins ($13.1 million) compared to the prior-year period.

Operating income and earnings before interest expense and income taxes decreased $22.6 million during the 2020 nine-month period principally reflecting the previously mentioned decrease in total margin and lower other income ($4.6 million) attributable to the suspension of customer late payment fees as part of our response to COVID-19, partially offset by lower operating and administrative expenses ($37.7 million). The decrease in operating and administrative expenses in the 2020 nine-month period reflects, among other things, lower employee compensation and benefits-related costs ($17.6 million), lower litigation expense ($10.0 million), decreased vehicle operating and maintenance expenses ($7.2 million) and lower business travel expenses ($4.1 million). The lower operating and administrative expenses reflect the partial benefits related to the previously mentioned ongoing LPG transformation initiatives.

UGI International

For the nine months ended June 30,	2020	2019	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 1,726.3	$ 1,980.5	$ (254.2)	(12.8)%
Total margin (a)	$ 757.7	$ 777.5	$ (19.8)	(2.5)%
Operating and administrative expenses	$ 440.0	$ 480.5	$ (40.5)	(8.4)%
Operating income	$ 230.1	$ 212.7	$ 17.4	8.2 %
Earnings before interest expense and income taxes	$ 246.7	$ 217.8	$ 28.9	13.3 %
LPG retail gallons sold (millions)	614.0	672.0	(58.0)	(8.6)%
Heating degree days—% (warmer) than normal (b)	(11.8)%	(5.0)%	—	—

(a) Total margin represents revenues less cost of sales and, in the 2019 nine-month period, French energy certificate costs of $31.2 million. For financial statement purposes, French energy certificate costs in the 2019 nine-month period are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above). In the 2020 nine-month period, French energy certificate costs are included in “Cost of sales” on the Condensed Consolidated Statements of Income.
(b) Deviation from average heating degree days for the 15-year period 2002-2016 at locations in our UGI International service territories.

Average temperatures during the 2020 nine-month period were 11.8% warmer than normal and 7.1% warmer than the prior-year period. Total LPG retail gallons sold during the 2020 nine-month period were 8.6% lower principally reflecting the effects of the warmer weather on heating-related bulk sales, the impacts of COVID-19 on commercial and industrial volumes, and the termination of a low-margin autogas contract in Italy. During the 2020 nine-month period, average wholesale prices for propane and butane in northwest Europe were approximately 23% and 13% lower, respectively, compared with the prior-year period.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. Differences in these translation rates affect the comparison of line item amounts presented in the table above. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2020 and 2019 nine-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.10 and $1.14, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.27 and $1.29, respectively.

UGI International revenues and cost of sales decreased $254.2 million and $234.4 million, respectively, during the 2020 nine-month period compared to the prior year. These decreases to both revenues and cost of sales principally reflect the effects of lower average LPG selling prices and product costs, lower total LPG retail and wholesale volumes, and the translation effects of the weaker euro (approximately $51 million impact on revenues and $29 million impact on cost of sales, respectively). Energy marketing activities also contributed to the decreased revenues and cost of sales during the current year-period.

UGI International total margin decreased $19.8 million during the 2020 nine-month period largely attributable to the previously mentioned lower total volumes and the translation effects of the weaker euro (approximately $22 million) compared to the prior-year period. These decreases were partially offset by higher average LPG unit margins including the effects of margin management efforts and lower LPG product costs.

UGI International operating income and earnings before interest expense and income taxes increased $17.4 million and $28.9 million, respectively, during the 2020 nine-month period compared to the prior year. The increase in operating income principally reflects the lower operating and administrative expenses ($40.5 million) partially offset by the decrease in total margin and the absence of a customer contract settlement recorded in the 2019 nine-month period. The decrease in operating and administrative expenses is largely attributable to lower outside services, maintenance and distribution costs compared to the prior-year period and the translation effects of the weaker euro (approximately $13 million). The increase in earnings before interest expense and income taxes in the 2020 nine-month period largely reflects the higher operating income, increased pre-tax realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International net income resulting from the translation effects of changes in foreign currency exchange rates ($10.2 million) and a non-service pension benefit compared to the prior-year period.

Midstream & Marketing

For the nine months ended June 30,	2020		2019		Increase (Decrease)		
(Dollars in millions)							
Revenues	$	1,017.2	$	1,269.1	$	(251.9)	(19.8)%
Total margin (a)	$	295.5	$	216.9	$	78.6	36.2 %
Operating and administrative expenses	$	99.9	$	88.1	$	11.8	13.4 %
Operating income	$	139.2	$	95.1	$	44.1	46.4 %
Earnings before interest expense and income taxes	$	161.2	$	99.7	$	61.5	61.7 %

(a) Total margin represents revenues less cost of sales.

Average temperatures across Midstream & Marketing's energy marketing territory during the nine months ended June 30, 2020 were 8.0% warmer than normal and 7.4% warmer than the prior-year period.

Midstream & Marketing's revenues for the 2020 nine-month period were $251.9 million lower than the prior-year period principally reflecting decreased natural gas revenues ($305.2 million) and, to a much lesser extent, lower services-related revenues ($11.4 million) and electric generation revenues ($8.3 million). The effect of these revenue decreases was partially offset by higher natural gas gathering revenues ($76.6 million) largely attributable to incremental revenues from UGI Appalachia. Midstream & Marketing cost of sales were $721.7 million in the 2020 nine-month period compared to $1,052.2 million in the prior-year period. The $330.5 million decrease in cost of sales principally reflects decreased natural gas costs ($302.8 million), lower peaking costs ($11.6 million) and lower services-related costs ($8.9 million). The significant decreases in both natural gas revenues and cost of sales is largely attributable to lower average natural gas prices during the 2020 nine-month period and, to a much lesser extent, lower natural gas volumes.

Midstream & Marketing total margin increased $78.6 million in the 2020 nine-month period reflecting higher natural gas gathering total margin ($76.6 million) largely attributable to incremental margin from UGI Appalachia and, to a much lesser extent, increased peaking and capacity management margins ($11.2 million). The effect of these increases was partially offset by lower electric generation margin ($4.4 million) largely related to lower volumes at the Hunlock generating facility compared to the prior-year period and lower retail commodity margin ($2.9 million) largely related to lower volumes attributable to COVID-19.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2020 nine-month period increased $44.1 million and $61.5 million, respectively, compared to the prior-year period. The increase in operating income principally reflects the increase in total margin partially offset by higher depreciation and amortization expense ($22.0 million) and increased operating and administrative expenses ($11.8 million). The higher depreciation and amortization expense and operating and administrative expenses are largely attributable to UGI Appalachia. The increase in earnings before interest expense and income taxes largely reflects the previously mentioned increase in operating income ($44.1 million) and equity income from Pennant, a natural gas gathering and processing equity interest that was acquired as part of UGI Appalachia.

UGI Utilities

For the nine months ended June 30,	2020	2019	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 901.0	$ 916.2	$ (15.2)	(1.7)%
Total margin (a)	$ 494.1	$ 474.1	$ 20.0	4.2 %
Operating and administrative expenses (a)	$ 185.1	$ 187.4	$ (2.3)	(1.2)%
Operating income	$ 228.7	$ 217.3	$ 11.4	5.2 %
Earnings before interest expense and income taxes	$ 228.5	$ 218.5	$ 10.0	4.6 %
Gas Utility system throughput—bcf				
Core market	70.8	75.7	(4.9)	(6.5)%
Total	243.0	231.4	11.6	5.0 %
Electric Utility distribution sales - gwh	724.0	737.8	(13.8)	(1.9)%
Gas Utility heating degree days—% (warmer) than normal (b)	(10.8)%	(3.7)%	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., Electric Utility gross receipts taxes) of $3.4 million and $3.6 million during the nine months ended June 30, 2020 and 2019, respectively. For financial statement purposes, revenue-related taxes are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above).

(b) Deviation from average heating degree days for the 15-year period 2000-2014 based upon weather statistics provided by NOAA for airports located within Gas Utility’s service territory.

Temperatures in Gas Utility’s service territory during the nine months ended June 30, 2020, were 10.8% warmer than normal and 6.8% warmer than the prior-year period. Gas Utility core market volumes decreased during the 2020 nine-month period (4.9 bcf) reflecting the effects of the warmer weather and reduced volumes attributable to COVID-19, partially offset by growth in the number of core market customers and higher average use per customer. Total Gas Utility distribution system throughput increased 11.6 bcf during the 2020 nine-month period reflecting higher interruptible delivery service volumes (8.3 bcf) and higher large firm delivery service volumes (8.2 bcf) partially offset by the lower core market volumes. Electric Utility distribution sales volumes were lower than the prior-year period principally reflecting the impact of warmer weather.

UGI Utilities revenues decreased $15.2 million in the 2020 nine-month period reflecting a $9.1 million decrease in Gas Utility revenues and $6.1 million decrease in Electric Utility revenues. The decrease in Gas Utility revenues principally reflects lower off-system sales and capacity release revenues ($20.4 million) partially offset by the effects of an adjustment in the 2019 nine-month period ($11.3 million) related to credits provided to customers in connection with the TCJA. Gas Utility core market revenues increased slightly during the 2020 nine-month period as the effects of the increase in base rates effective October 11, 2019 were largely offset by the decrease in core market volumes. The decrease in Electric Utility revenues during the 2020 nine-month period is largely attributable to the lower distribution sales volumes and lower DS rates.

UGI Utilities cost of sales was $403.5 million in the 2020 nine-month period compared with $438.5 million in the prior-year period reflecting lower Gas Utility cost of sales ($29.3 million) and lower Electric Utility cost of sales ($5.7 million). The lower Gas Utility cost of sales is largely attributable to the effect of decreased core market volumes ($18.3 million) and lower cost of sales associated with off-system sales ($19.8 million), partially offset by higher PGC rates. The decrease in Electric Utility cost of sales is largely attributable to the lower distribution sales volumes and lower average DS rates.

UGI Utilities total margin increased $20.0 million during the 2020 nine-month period primarily reflecting higher margin from Gas Utility. The increase in total Gas Utility margin reflects higher core market margin ($14.1 million) and the effects of the previously mentioned customer credit adjustment in the 2019 nine-month period ($11.3 million), partially offset by lower margin from large firm and interruptible delivery service ($2.1 million). The increase in core market margin reflects the increase in base rates which became effective October 11, 2019 partially offset by the lower core market volumes.

UGI Utilities operating income and earnings before interest expense and income taxes increased $11.4 million and $10.0 million, respectively, during the 2020 nine-month period. The increase in operating income reflects the previously mentioned increase in total margin and lower operating and administrative expenses ($2.3 million), partially offset by higher depreciation expense ($10.1 million). The lower operating and administrative expenses reflect, among other things, decreases in contractor costs and transportation expenses, partially offset by higher IT maintenance and consulting expenses. The increase in depreciation expense relates to continued IT and distribution system capital expenditure activity. The increase in earnings before interest expense and income taxes largely reflects the increase in operating income partially offset by the absence of a non-service pension benefit reflected in the prior-year period.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2020 nine-month period was $247.3 million, compared to $181.7 million during the 2019 nine-month period. The significant increase in interest expense principally reflects higher interest expense on long-term debt outstanding including debt incurred by UGI Corporation and Energy Services to fund a portion of the CMG Acquisition and the cash portion of the AmeriGas Merger, and higher interest on short-term borrowings.

The higher effective income tax rate for the 2020 nine-month period reflects the impact on income taxes of our 100% ownership of the Partnership in the current-year period compared to our approximately 26% ownership interest in the 2019 nine-month period and higher U.S. taxes on foreign source income ($22.6 million) due to lower anticipated utilization of foreign tax attributes. These increases were partially offset by a tax benefit resulting from the carryback of an NOL under the CARES Act ($35.3 million) and incremental discrete tax benefits ($8.0 million) compared to the prior-year period largely related to the release of reserves in connection with the closure of prior-period tax audits and the lapse of statutes of limitation.

On July 20, 2020, the U.S. Department of the Treasury and the IRS released regulations which modify the GILTI provisions of the IRC, as well as proposed regulations related to other IRC provisions. The Company is evaluating the elections available under these revised and proposed regulations, including any impact on anticipated benefits under the CARES Act, and expects the effects of these changes to provide a significant tax benefit in the fourth quarter of Fiscal 2020. However, the Company has not yet filed its income tax return for Fiscal 2020, and continues to evaluate other tax positions or strategies that could affect taxable income or loss. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to the CARES Act and the GILTI provisions are subject to change.

FINANCIAL CONDITION AND LIQUIDITY

The Company expects to have sufficient liquidity including cash on hand and available borrowing capacity to continue to support long-term commitments and ongoing operations despite uncertainties associated with the outbreak and continued spread of COVID-19. Our total available liquidity balance, comprising cash and cash equivalents and available borrowing capacity on our revolving credit facilities, totaled approximately $1.6 billion and $1.1 billion at June 30, 2020 and September 30, 2019, respectively. The Company's liquidity has been positively influenced by continued low commodity prices experienced during the nine months ended June 30, 2020, overall decreased margin calls and collateral deposits associated with derivative instruments, and anticipates continued lower working capital requirements that typically occurs in the second half of the Company's fiscal year. In addition, the Company does not have any near-term senior note or term loan maturities. While the Company's operational and financial performance has been significantly impacted by COVID-19 in Fiscal 2020, it is a rapidly evolving situation and the Company cannot predict the ultimate impact that COVID-19 will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. UGI and its subsidiaries were in compliance with all debt covenants as of June 30, 2020.

We depend on both internal and external sources of liquidity to provide funds for working capital and to fund capital requirements. Our short-term cash requirements not met by cash from operations are generally satisfied with borrowings under credit facilities and, in the case of Midstream & Marketing, also from a Receivables Facility. Long-term cash requirements are generally met through the issuance of long-term debt or equity securities. We believe that each of our business units has sufficient liquidity in the forms of cash and cash equivalents on hand; cash expected to be generated from operations; credit facility and Receivables Facility borrowing capacity; and the ability to obtain long-term financing to meet anticipated contractual and projected cash commitments. Issuances of debt and equity securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

The primary sources of UGI's cash and cash equivalents are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business units. Our cash and cash equivalents totaled $487.3 million at June 30, 2020, compared with $447.1 million at September 30, 2019. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at June 30, 2020 and September 30, 2019, UGI had $223.1 million and $224.9 million of cash and cash equivalents, respectively. Such cash is available to pay dividends on UGI Common Stock and for investment purposes.

Long-term Debt and Credit Facilities

Long-term Debt

The Company’s debt outstanding at June 30, 2020 and September 30, 2019, comprises the following:

	June 30, 2020							September 30, 2019
(Millions of dollars)	AmeriGas Propane	UGI International	Midstream & Marketing		UGI Utilities	Corp & Other	Total	Total
Short-term borrowings	$ 162.0	$ 181.1	$ 40.0		$ 40.0	$ —	$ 423.1	$ 796.3
Long-term debt (including current maturities):								
Senior notes	$ 2,575.0	$ 393.2	$ —		$ 975.0	$ —	$ 3,943.2	$ 3,781.5
Term loans	—	337.0	693.0		149.4	550.0	1,729.4	1,729.4
Other long-term debt	10.0	21.9	41.1	(a)	3.0	287.6	363.6	345.7
Unamortized debt issuance costs	(20.8)	(7.2)	(12.6)		(5.1)	(3.3)	(49.0)	(52.6)
Total long-term debt	$ 2,564.2	$ 744.9	$ 721.5		$ 1,122.3	$ 834.3	$ 5,987.2	$ 5,804.0
Total debt	$ 2,726.2	$ 926.0	$ 761.5		$ 1,162.3	$ 834.3	$ 6,410.3	$ 6,600.3

(a) Midstream & Marketing includes finance lease liabilities recognized as a result of the adoption of ASU 2016-02. For additional information, see Notes 2 and 9 to Condensed Consolidated Financial Statements.

Significant Financing Activities

UGI Utilities. On April 16, 2020, UGI Utilities issued in a private placement $150 million of UGI Utilities 3.12% Senior Notes due April 16, 2050 pursuant to a Note Purchase Agreement dated March 19, 2020, between UGI Utilities and certain note purchasers. The UGI Utilities 3.12% Senior Notes are unsecured and rank equally with UGI Utilities’ existing outstanding senior debt. The net proceeds from the issuance of the UGI Utilities 3.12% Senior Notes were used to reduce short-term borrowings and for general corporate purposes.

Credit Facilities

Energy Services. On March 6, 2020, Energy Services entered into the Energy Services 2020 Credit Agreement, as borrower, with a group of lenders. The Energy Services 2020 Credit Agreement amends and restates the Energy Services Credit Agreement. The Energy Services 2020 Credit Agreement provides for borrowings up to $260 million, including a $50 million sublimit for letters of credit. Energy Services may request an increase in the amount of loan commitments under the Energy Services 2020 Credit Agreement to a maximum aggregate amount of $325 million, subject to certain terms and conditions. Borrowings under the Energy Services 2020 Credit Agreement can be used to fund acquisitions and investments and for general corporate purposes. The Energy Services 2020 Credit Agreement is scheduled to expire in March 2025.

Additional information related to the Company’s credit agreements can be found in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and Note 6 to Consolidated Financial Statements in the Company’s 2019 Annual Report.

Information about the Company's principal credit agreements (excluding the Energy Services Receivables Facility discussed below) as of June 30, 2020 and 2019, is presented in the table below.

(Currency in millions)	Total Capacity		Borrowings Outstanding		Letters of Credit and Guarantees Outstanding		Available Borrowing Capacity	
As of June 30, 2020								
AmeriGas OLP	$	600.0	$	162.0	$	62.7	$	375.3
UGI International, LLC (a)	€	300.0	€	160.2	€	—	€	139.8
Energy Services	$	260.0	$	—	$	—	$	260.0
UGI Utilities	$	350.0	$	40.0	$	—	$	310.0
UGI Corporation (b)	$	300.0	$	280.0	$	—	$	20.0
As of June 30, 2019								
AmeriGas OLP	$	600.0	$	248.5	$	62.8	$	288.7
UGI International, LLC	€	300.0	€	—	€	—	€	300.0
Energy Services	$	240.0	$	—	$	—	$	240.0
UGI Utilities	$	350.0	$	76.0	$	—	$	274.0

(a) The 2018 UGI International Credit Facilities Agreement permits UGI International, LLC to borrow in euros or dollars. At June 30, 2020, the amount borrowed comprised USD-denominated borrowings of $180.0 million, equal to €160.2 million.
(b) Borrowings outstanding have been classified as "Long-term debt" on the Condensed Consolidated Balance Sheets.

The average daily and peak short-term borrowings under the Company's principal credit agreements during the nine months ended June 30, 2020 and 2019 are as follows:

	For the nine months ended June 30, 2020				For the nine months ended June 30, 2019			
(Millions of dollars or euros)	Average		Peak		Average		Peak	
AmeriGas OLP	$	265.5	$	359.0	$	281.8	$	422.0
UGI International, LLC	€	169.1	€	186.9	€	—	€	—
Energy Services	$	20.1	$	76.5	$	0.2	$	25.0
UGI Utilities	$	215.0	$	324.0	$	174.0	$	311.0
UGI Corporation	$	286.6	$	300.0	$	—	$	—

Receivables Facility. Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire on October 23, 2020. Energy Services intends to extend the Receivables Facility prior to its scheduled expiration. At June 30, 2020, the outstanding balance of ESFC trade receivables was $50.1 million, of which $40.0 million was sold to the bank. At June 30, 2019, the outstanding balance of ESFC trade receivables was $74.2 million, of which $55.0 million was sold to the bank. Amounts sold to the bank are reflected as "Short-term borrowings" on the Condensed Consolidated Balance Sheets. During the nine months ended June 30, 2020 and 2019, peak sales of receivables were $97.0 million and $68.0 million, respectively, and average daily amounts sold were $50.0 million and $10.7 million, respectively.

Dividends

On April 21, 2020, UGI's Board of Directors approved an increase in the quarterly dividend rate on UGI Common Stock to $0.33 per Common Share, or $1.32 on an annual basis, reflecting, an approximate 1.5% increase from the previous quarterly rate of $0.325. The dividend was paid on July 1, 2020, to shareholders of record on June 15, 2020. On July 21, 2020, UGI's Board of Directors declared a quarterly dividend of $0.33 per common share. The dividend is payable October 1, 2020, to shareholders of record on September 15, 2020.

Cash Flows

Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the second and third fiscal quarters when customers pay for natural gas, LPG, electricity and other energy products and services consumed during the peak heating season months. Conversely, operating cash flows are generally at their lowest levels during the fourth and first fiscal quarters when the Company’s investment in working capital, principally inventories and accounts receivable, is generally greatest.

Operating Activities. Year-to-year variations in our cash flows from operating activities can be significantly affected by changes in operating working capital especially during periods with significant changes in energy commodity prices. Cash flow provided by operating activities was $962.8 million in the 2020 nine-month period compared to $924.6 million in the 2019 nine-month period. Cash flow from operating activities before changes in operating working capital was $927.0 million in the 2020 nine-month period compared to $964.8 million in the prior-year period. The lower cash flow from operating activities before changes in operating working capital reflects, in large part, lower cash contributions from AmeriGas Propane, partially offset by incremental cash flow from UGI Appalachia. Cash provided by changes in operating working capital totaled $35.8 million in the 2020 nine-month period compared to $40.2 million of cash used to fund changes in operating working capital in the prior-year period. Changes in operating working capital during the 2020 nine-month period reflects, among other things, net recoveries of deferred fuel and power costs compared to net refunds during the prior-year period, net cash collateral deposits received as compared to net cash collateral paid in the prior-year period and less cash used to fund changes in accounts payable and other current liabilities as compared to the prior-year period. This increase in cash provided by changes in operating working capital were partially offset by an increase in cash required to fund changes in accounts receivable and inventories.

Investing Activities. Cash flow used by investing activities was $450.0 million in the 2020 nine-month period compared with $563.5 million in the prior-year period. Investing activity cash flow is principally affected by cash expenditures for property, plant and equipment; cash paid for acquisitions of businesses and assets; investments in investees; and proceeds from sales of assets and businesses. Cash expenditures for property, plant and equipment were $471.1 million in the 2020 nine-month period compared to $510.2 million in the prior-year period. Cash used for acquisitions of businesses and assets in the 2019 nine-month period reflects Energy Services’ acquisition of South Jersey Energy Company’s natural gas marketing business and natural gas gathering assets in Pennsylvania, and UGI International’s acquisitions of several smaller LPG retail businesses in Europe.

Financing Activities. Cash flow used by financing activities was $501.3 million in the 2020 nine-month period compared with $241.6 million in the prior-year period. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings/repayments; dividends and distributions on UGI Common Stock and, in the 2019 nine-month period, AmeriGas Partners publicly held Common Units; and issuances and repurchases of UGI Common Stock. Cash flows used by financing activities in the 2020 nine-month period include $366.8 million of net repayments of short-term borrowings as compared to $99.6 million in the 2019 nine-month period, principally reflecting greater repayments at AmeriGas Partners and UGI Utilities. Cash flow from financing activities in the 2020 nine-month period also reflects dividends on UGI Common Stock of $204.4 million compared to combined dividends and distributions on UGI Common Stock and AmeriGas Common Units of $340.9 million in the prior-year period.

In both the 2020 and 2019 nine-month periods, UGI Utilities issued, in separate private placements, $150 million of senior notes due in April 2050 and February 2049, respectively. Cash flows from financing activities in the 2019 nine-month period reflect significant UGI International refinancing transactions during the month of October 2018 including €300 million borrowed under a variable-rate term loan facility and €350 million principal amount of 3.25% senior unsecured notes issued in an underwritten private placement. The net proceeds from these borrowings plus cash on hand were used principally to repay €540 million outstanding principal of UGI France’s variable-rate term loan; €45.8 million of outstanding principal of Flaga’s variable-rate term loan; and $49.9 million of outstanding principal of Flaga’s U.S. Dollar Term loan, plus accrued and unpaid interest.

UTILITY REGULATORY MATTERS

Base Rate Filings. On January 28, 2020, Gas Utility filed a request with the PAPUC to increase its annual base distribution operating revenues by $74.6 million annually, which was suspended by the PAPUC for a period extending to October 28, 2020, in accordance with standard regulatory practice. Thereafter, in response to a COVID-19 related motion to extend the suspension period indefinitely, the Company voluntarily extended the end of the suspension period to November 19, 2020. On August 3, 2020, a joint petition for settlement of all issues supported, or not opposed by all active parties, was filed with the PAPUC. Under the terms of the Joint Petition, Gas Utility will be permitted to increase its annual base distribution rates by $20.0 million, through a phased approach, with $10.0 million beginning January 1, 2021 and an additional $10.0 million beginning July 1, 2021. Additionally, Gas Utility will be authorized to implement a DSIC once Gas Utility total property, plant and equipment less accumulated depreciation reaches $2,875.0 million, with this threshold being unchanged from Gas Utility’s 2019 base rate case. The Joint Petition also includes enhanced COVID-19 customer assistance measures, including the establishment of an Emergency Relief Program for a defined set of payment troubled customers. Additionally, the Joint Petition would permit the Gas Utility to establish a regulatory asset for certain incremental expenses attributable to the ongoing COVID-19 pandemic, most notably expenses related to the ERP and uncollectible accounts expense, through the effective date of rates in the next Gas Utility base rate case, to be recovered and amortized over a 10-year period. The Joint Petition is subject to receipt of a recommended decision by a PAPUC administrative law judge and an order of the PAPUC approving the settlement. The Company cannot predict the timing or the ultimate outcome of the rate case review process.

On January 28, 2019, Gas Utility filed a rate request with the PAPUC to increase the base operating revenues for residential, commercial, and industrial customers throughout its Pennsylvania service territory by an aggregate $71.1 million. On October 4, 2019, the PAPUC issued a final Order approving a settlement that permitted Gas Utility, effective October 11, 2019, to increase its base distribution revenues by $30.0 million under a single consolidated tariff, approved a plan for uniform class rates, and permitted Gas Utility to extend its Energy Efficiency and Conservation and Growth Extension Tariff programs by an additional term of five years. The PAPUC's final Order approved a negative surcharge, to return to customers $24.0 million of tax benefits experienced by Gas Utility over the period January 1, 2018 to June 30, 2018, plus applicable interest, in accordance with the May 17, 2018 PAPUC Order, which became effective for a twelve-month period beginning on October 11, 2019, the effective date of Gas Utility's new base rates.

On October 25, 2018, the PAPUC approved a final order providing for a $3.2 million annual base distribution rate increase for Electric Utility, effective October 27, 2018. As part of the final PAPUC Order, Electric Utility provided customers with a one-time $0.2 million billing credit associated with 2018 TCJA tax benefits. On November 26, 2018, the Pennsylvania Office of Consumer Advocate filed an appeal to the Pennsylvania Commonwealth Court challenging the PAPUC's acceptance of UGI Utilities' use of a fully projected future test year and handling of consolidated federal income tax benefits. On January 15, 2020, the Pennsylvania Commonwealth Court issued a decision affirming the PAPUC Order adopting UGI Utilities' position on both issues. No party exercised their right to seek an appeal of the Commonwealth Court decision.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposures are (1) commodity price risk; (2) interest rate risk; and (3) foreign currency exchange rate risk. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership and our UGI International operations pay for LPG is principally a result of market forces reflecting changes in supply and demand for LPG and other energy commodities. Their profitability is sensitive to changes in LPG supply costs. Increases in supply costs are generally passed on to customers. The Partnership and UGI International may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of LPG market price risk, the Partnership uses contracts for the forward purchase or sale of propane, propane fixed-price supply agreements and over-the-counter derivative commodity instruments including price swap contracts. Our UGI International operations use over-the-counter derivative commodity instruments and may from time to time enter into other derivative contracts, similar to those used by the Partnership, to reduce market risk associated with a portion of their LPG purchases. Over-the-counter derivative commodity instruments used to economically hedge forecasted purchases of LPG are generally settled at expiration of the contract.

Gas Utility's tariffs contain clauses that permit recovery of all prudently incurred costs of natural gas it sells to its retail core-market customers, including the cost of financial instruments used to hedge purchased gas costs. The recovery clauses provide for periodic adjustments for the difference between the total amounts actually collected from customers through PGC rates and the recoverable costs incurred. Because of this ratemaking mechanism, there is limited commodity price risk associated with our Gas Utility operations. Gas Utility uses derivative financial instruments, including natural gas futures and option contracts traded on the NYMEX, to reduce volatility in the cost of gas it purchases for its retail core-market customers. The cost of these derivative financial instruments, net of any associated gains or losses, is included in Gas Utility's PGC recovery mechanism.

In addition, Gas Utility and Electric Utility from time to time enter into exchange-traded gasoline futures contracts for a portion of gasoline volumes expected to be used in their operations. These gasoline futures contracts are recorded at fair value with changes in fair value reflected in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income.

In order to manage market price risk relating to substantially all of Midstream & Marketing’s fixed-price sale contracts for physical natural gas and electricity, Midstream & Marketing enters into NYMEX, ICE and over-the-counter natural gas and electricity futures and option contracts, and natural gas basis swap contracts or enters into fixed-price supply arrangements. Midstream & Marketing also uses NYMEX and over-the-counter electricity futures contracts to economically hedge a portion of its anticipated sales of electricity from its electricity generation facilities. Although Midstream & Marketing’s fixed-price supply arrangements mitigate most risks associated with its fixed-price sales contracts, should any of the suppliers under these arrangements fail to perform, increases, if any, in the cost of replacement natural gas or electricity would adversely impact Midstream & Marketing’s results. In order to reduce this risk of supplier nonperformance, Midstream & Marketing has diversified its purchases across a number of suppliers. UGI International’s natural gas and electricity marketing businesses also use natural gas and electricity futures and forward contracts to economically hedge market risk associated with fixed-price sales and purchase contracts.

Midstream & Marketing also uses NYMEX and over-the-counter futures and options contracts to economically hedge price volatility associated with the gross margin derived from the purchase and anticipated later near-term sale of natural gas storage inventories.

Midstream & Marketing has entered into fixed-price sales agreements for a portion of the electricity expected to be generated by its electric generation assets. In the event that these generation assets would not be able to produce all of the electricity needed to supply electricity under these agreements, Midstream & Marketing would be required to purchase electricity on the spot market or under contract with other electricity suppliers. Accordingly, increases in the cost of replacement power could negatively impact Midstream & Marketing’s results.

Interest Rate Risk

We have both fixed-rate and variable-rate debt. Changes in interest rates impact the cash flows of variable-rate debt but generally do not impact their fair value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact their cash flows.

Our variable-rate debt at June 30, 2020, includes revolving credit facility borrowings and variable-rate term loans at UGI International, LLC, UGI Utilities, Energy Services and UGI Corporation. These debt agreements have interest rates that are generally indexed to short-term market interest rates. We have entered into pay-fixed, receive-variable interest rate swap agreements on all or a significant portion of the term loans' principal balances and all or a significant portion of the term loans' tenor. We have designated these interest rate swaps as cash flow hedges. At June 30, 2020, combined borrowings outstanding under variable-rate debt agreements, excluding the previously mentioned effectively fixed-rate debt, totaled $653.1 million.

Long-term debt associated with our domestic businesses is typically issued at fixed rates of interest based upon market rates for debt with similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce interest rate risk associated with near- to medium-term forecasted issuances of fixed rate debt, from time to time we enter into IRPAs.

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the U.S. dollar versus the euro and, to a lesser extent, the U.S. dollar versus the British pound sterling. The U.S. dollar value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries. Gains or losses on these net investment hedges remain in AOCI until such foreign operations are sold or liquidated. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated foreign currencies versus the U.S. dollar would reduce their aggregate net book value at June 30, 2020, by approximately $110 million, which amount would be reflected in other comprehensive income. We have designated euro-denominated borrowings under the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes as net investment hedges.

In order to reduce the volatility in net income associated with our foreign operations, principally as a result of changes in the U.S. dollar exchange rate between the euro and British pound sterling, we enter into forward foreign currency exchange contracts. We layer in these foreign currency exchange contracts over a multi-year period to eventually equal approximately 90% of anticipated UGI International local currency earnings before income taxes.

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate.

Certain of these derivative instrument agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At June 30, 2020, we had pledged net cash collateral with derivative instrument counterparties totaling $20.7 million. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At June 30, 2020, restricted cash in brokerage accounts totaled $44.5 million. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at June 30, 2020. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At June 30, 2020, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

The following table summarizes the fair values of unsettled market risk sensitive derivative instrument assets (liabilities) held at June 30, 2020. The table also includes the changes in fair values of derivative instruments that would result if there were (1) a 10% adverse change in the market prices of LPG, gasoline, natural gas, electricity and electricity transmission congestion charges; (2) a 50 basis point adverse change in prevailing market interest rates; and (3) a 10% adverse change in the value of the euro and the British pound sterling versus the U.S. dollar. Gas Utility's and Electric Utility's commodity derivative instruments other than gasoline futures contracts are excluded from the table below because any associated net gains or losses are refundable to or recoverable from customers in accordance with Gas Utility and Electric Utility ratemaking.

	Asset (Liability)	
(Millions of dollars)	Fair Value	Change in Fair Value
June 30, 2020		
Commodity price risk	$ (105.3)	$ (113.6)
Interest rate risk	$ (59.0)	$ (9.5)
Foreign currency exchange rate risk	$ 42.0	$ (42.2)

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Report, were effective at the reasonable assurance level.

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the information presented in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2019 Annual Report and the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020, which could materially affect our business, financial condition or future results. The risks described in our 2019 Annual Report or in the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

ITEM 6. EXHIBITS

The exhibits filed as part of this report are as follows (exhibits incorporated by reference are set forth with the name of the registrant, the type of report and last date of the period for which it was filed, and the exhibit number in such filing):

		Incorporation by Reference		
Exhibit No.	**Exhibit**	**Registrant**	**Filing**	**Exhibit**
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2020, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2020, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2020, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Labels Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

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EXHIBIT INDEX

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	UGI Corporation (Registrant)	
Date: August 4, 2020	By:	/s/ Ted J. Jastrzebski
		Ted J. Jastrzebski Chief Financial Officer
Date: August 4, 2020	By:	/s/ Laurie A. Bergman
		Laurie A. Bergman Vice President, Chief Accounting Officer and Corporate Controller

EXHIBIT 31.1

CERTIFICATION

I, John L. Walsh, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2020

/s/ John L. Walsh

John L. Walsh
President and Chief Executive Officer of
UGI Corporation

EXHIBIT 31.2

CERTIFICATION

I, Ted J. Jastrzebski, certify that:

1. I have reviewed this periodic report on Form 10-Q of UGI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2020

/s/ Ted J. Jastrzebski

Ted J. Jastrzebski
Chief Financial Officer of UGI Corporation

EXHIBIT 32

Certification by the Chief Executive Officer and Chief Financial Officer
Relating to a Periodic Report Containing Financial Statements

I, John L. Walsh, Chief Executive Officer, and I, Ted J. Jastrzebski, Chief Financial Officer, of UGI Corporation, a Pennsylvania corporation (the “Company”), hereby certify that to our knowledge:

(1) The Company’s periodic report on Form 10-Q for the period ended June 30, 2020 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
/s/ John L. Walsh	/s/ Ted J. Jastrzebski
John L. Walsh	Ted J. Jastrzebski
Date: August 4, 2020	Date: August 4, 2020