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, 2018

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 1-13692

AMERIGAS PARTNERS, L.P.

(Exact name of registrant as specified in its charters)

Delaware	**23-2787918**
(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) 337-7000
(Registrant's Telephone Number, Including Area Code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 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, 2018, there were 92,977,072 Common Units of AmeriGas Partners, L.P. outstanding.

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AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2018	September 30, 2017	June 30, 2017
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,082	$ 7,316	$ 4,710
Accounts receivable (less allowances for doubtful accounts of $15,127, $11,820 and $12,801, respectively)	215,424	197,776	205,039
Accounts receivable — related parties	4,036	3,665	3,236
Inventories	116,133	116,679	93,892
Derivative instruments	26,821	30,483	2,080
Prepaid expenses and other current assets	59,725	57,855	52,129
Total current assets	427,221	413,774	361,086
Property, plant and equipment (less accumulated depreciation and amortization of $1,162,119, $1,511,890 and $1,584,416, respectively)	1,158,045	1,206,710	1,231,653
Goodwill	2,006,139	2,002,010	2,002,046
Intangible assets, net	290,023	390,040	399,738
Derivative instruments	2,845	1,320	279
Other assets	42,068	45,407	43,172
Total assets	$ 3,926,341	$ 4,059,261	$ 4,037,974
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities:			
Current maturities of long-term debt	$ 9,176	$ 8,447	$ 11,332
Short-term borrowings	177,000	140,000	75,500
Accounts payable — trade	101,182	119,686	89,097
Accounts payable — related parties	241	304	869
Customer deposits and advances	52,191	109,453	69,024
Other current liabilities	189,782	203,642	184,655
Total current liabilities	529,572	581,532	430,477
Long-term debt	2,565,181	2,563,832	2,567,994
Other noncurrent liabilities	128,943	130,826	136,746
Total liabilities	3,223,696	3,276,190	3,135,217
Commitments and contingencies (Note 6)			
Partners' capital:			
AmeriGas Partners, L.P. partners' capital:			
Common unitholders (units issued — 92,977,072, 92,958,586 and 92,958,063, respectively)	654,418	733,104	850,578
General partner	14,001	14,795	15,973
Total AmeriGas Partners, L.P. partners' capital	668,419	747,899	866,551
Noncontrolling interest	34,226	35,172	36,206
Total partners' capital	702,645	783,071	902,757
Total liabilities and partners' capital	$ 3,926,341	$ 4,059,261	$ 4,037,974

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(Thousands of dollars, except per unit amounts)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Nine Months Ended June 30, 2018	Nine Months Ended June 30, 2017
Revenues:				
Propane	$ 461,875	$ 403,954	$ 2,141,128	$ 1,803,816
Other	66,528	63,542	214,903	204,506
	528,403	467,496	2,356,031	2,008,322
Costs and expenses:				
Cost of sales — propane (excluding depreciation shown below)	199,652	181,047	1,039,647	762,531
Cost of sales — other (excluding depreciation shown below)	24,492	22,367	64,770	60,276
Operating and administrative expenses	222,358	227,372	704,146	694,180
Impairment of tradenames and trademarks	75,000	—	75,000	—
Depreciation	36,005	35,482	109,400	103,891
Amortization	10,388	10,659	29,568	31,873
Other operating income, net	(5,793)	(8,294)	(17,443)	(10,787)
	562,102	468,633	2,005,088	1,641,964
Operating (loss) income	(33,699)	(1,137)	350,943	366,358
Loss on extinguishments of debt	—	(4,434)	—	(59,729)
Interest expense	(40,449)	(40,577)	(122,021)	(120,596)
(Loss) income before income taxes	(74,148)	(46,148)	228,922	186,033
Income tax expense	(624)	(646)	(3,658)	(2,129)
Net (loss) income including noncontrolling interest	(74,772)	(46,794)	225,264	183,904
Add net loss (deduct net income) attributable to noncontrolling interest	376	42	(3,415)	(3,614)
Net (loss) income attributable to AmeriGas Partners, L.P.	$ (74,396)	$ (46,752)	$ 221,849	$ 180,290
General partner's interest in net (loss) income attributable to AmeriGas Partners, L.P.	$ 10,587	$ 10,862	$ 36,208	$ 34,000
Limited partners' interest in net (loss) income attributable to AmeriGas Partners, L.P.	$ (84,983)	$ (57,614)	$ 185,641	$ 146,290
(Loss) income per limited partner unit:				
Basic	$ (0.91)	$ (0.62)	$ 2.00	$ 1.56
Diluted	$ (0.91)	$ (0.62)	$ 1.99	$ 1.56
Weighted average limited partner units outstanding (thousands):				
Basic	93,042	93,009	93,031	92,993
Diluted	93,042	93,009	93,082	93,045

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Nine Months Ended June 30, 2018	Nine Months Ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interest	$ 225,264	$ 183,904
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:		
Depreciation and amortization	138,968	135,764
Provision for uncollectible accounts	11,769	9,667
Changes in unrealized losses gains and losses on derivative instruments	10,138	8,853
Impairment of tradenames and trademarks	75,000	—
Loss on extinguishments of debt	—	59,729
Other, net	(1,846)	16,534
Net change in:		
Accounts receivable	(28,987)	(33,942)
Inventories	598	(14,648)
Accounts payable	(18,538)	(3,699)
Other current assets	3,361	(3,272)
Other current liabilities	(71,400)	(70,402)
Net cash provided by operating activities	344,327	288,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(72,893)	(74,482)
Proceeds from disposals of assets	10,260	16,252
Acquisitions of businesses, net of cash acquired	(9,382)	(36,824)
Net cash used by investing activities	(72,015)	(95,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(301,980)	(298,232)
Noncontrolling interest activity	(4,361)	(2,396)
Increase (decrease) in short-term borrowings	37,000	(77,700)
Issuances of long-term debt, net of issuance costs	—	1,207,727
Repayments of long-term debt, including redemption premiums	(3,174)	(1,035,430)
Proceeds associated with equity-based compensation plans, net of tax withheld	—	1,465
Capital contributions from General Partner	8	15
Other	(2,039)	—
Net cash used by financing activities	(274,546)	(204,551)
Cash and cash equivalents decrease	$ (2,234)	$ (11,117)
CASH AND CASH EQUIVALENTS		
End of period	$ 5,082	$ 4,710
Beginning of period	7,316	15,827
Decrease	$ (2,234)	$ (11,117)

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

(unaudited)
(Thousands of dollars, except unit amounts)

For the nine months ended June 30, 2018:	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling interest	Total partners' capital
Balance September 30, 2017	92,958,586	$ 733,104	$ 14,795	$ 747,899	$ 35,172	$ 783,071
Net income including noncontrolling interest		185,641	36,208	221,849	3,415	225,264
Distributions		(264,970)	(37,010)	(301,980)	(4,361)	(306,341)
Unit-based compensation expense		983		983		983
Common Units issued in connection with employee and director plans, net of tax withheld	18,486	(340)	8	(332)		(332)
Balance June 30, 2018	92,977,072	$ 654,418	$ 14,001	$ 668,419	$ 34,226	$ 702,645

For the nine months ended June 30, 2017:	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling interest	Total partners' capital
Balance September 30, 2016	92,923,410	$ 967,073	$ 17,148	$ 984,221	$ 34,988	$ 1,019,209
Net income including noncontrolling interest		146,290	34,000	180,290	3,614	183,904
Distributions		(263,042)	(35,190)	(298,232)	(3,998)	(302,230)
Unit-based compensation expense		1,013		1,013		1,013
General Partner contribution to AmeriGas Propane, L.P.				—	1,602	1,602
Common Units issued in connection with employee and director plans, net of tax withheld	34,653	(756)	15	(741)		(741)
Balance June 30, 2017	92,958,063	$ 850,578	$ 15,973	$ 866,551	$ 36,206	$ 902,757

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 1 — Nature of Operations

AmeriGas Partners, L.P. ("AmeriGas Partners") is a publicly traded limited partnership that conducts a national propane distribution business through its principal operating subsidiary AmeriGas Propane, L.P. ("AmeriGas OLP"). AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. AmeriGas Partners, AmeriGas OLP and all of their subsidiaries are collectively referred to herein as "the Partnership" or "we."

AmeriGas OLP is engaged in the distribution of propane and related equipment and supplies. AmeriGas OLP comprises the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers in all 50 states.

At June 30, 2018, AmeriGas Propane, Inc. (the "General Partner"), an indirect wholly owned subsidiary of UGI Corporation ("UGI"), held a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in AmeriGas OLP. The General Partner also owns AmeriGas Partners Common Units ("Common Units"). The remaining Common Units outstanding represent publicly held Common Units. Common Units represent limited partner interests in AmeriGas Partners. AmeriGas Partners holds a 98.99% limited partner interest in AmeriGas OLP.

AmeriGas Partners and AmeriGas OLP have no employees. Employees of the General Partner conduct, direct and manage our operations. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on our behalf (see Note 9).

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 U.S. Securities and Exchange Commission ("SEC"). They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consist only of normal recurring items unless otherwise disclosed. The September 30, 2017, condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP").

These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2017 ("the Partnership's 2017 Annual Report"). Weather significantly impacts demand for propane and profitability because many customers use propane for heating purposes. Due to the seasonal nature of the Partnership's propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Principles of Consolidation. The consolidated financial statements include the accounts of AmeriGas Partners, its majority-owned subsidiary AmeriGas OLP, and its 100%-owned finance subsidiaries AmeriGas Finance Corp., AmeriGas Eagle Finance Corp., AP Eagle Finance Corp., and AmeriGas Finance LLC. AmeriGas Partners and AmeriGas OLP are under the common control of the General Partner. The General Partner of AmeriGas OLP, which is also the General Partner of AmeriGas Partners, makes all decisions for AmeriGas OLP; limited partners of AmeriGas OLP do not have the ability to remove the General Partner or participate in the decision-making for AmeriGas OLP. The accounts of AmeriGas OLP are included based upon the determination that AmeriGas Partners has a controlling financial interest in and is the primary beneficiary of AmeriGas OLP.

Allocation of Net Income (Loss). Net income (loss) attributable to AmeriGas Partners, L.P. is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages after giving effect to amounts distributed to the General Partner in excess of its 1% general partner interest in AmeriGas Partners based on its incentive distribution rights ("IDRs") under the Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., as amended ("Partnership Agreement").

Income (Loss) Per Unit. Income (loss) per limited partner unit is computed in accordance with GAAP regarding the application of the two-class method for determining income (loss) per unit for master limited partnerships ("MLPs") when IDRs are present. The two-class method requires that income per limited partner unit be calculated as if all earnings for the period were distributed and requires a separate calculation for each quarter and year-to-date period. In periods when our net income attributable to AmeriGas Partners exceeds our Available Cash, as defined in the Partnership Agreement, and is above certain levels, the calculation according

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Thousands of dollars, except per unit amounts and where indicated otherwise)

to the two-class method results in an increased allocation of undistributed earnings to the General Partner. Generally, in periods when our Available Cash in respect of the quarter or year-to-date periods exceeds our net income (loss) attributable to AmeriGas Partners, the calculation according to the two-class method results in an allocation of earnings to the General Partner greater than its relative ownership interest in the Partnership (or in the case of a net loss attributable to AmeriGas Partners, an allocation of such net loss to the Common Unitholders greater than their relative ownership interest in the Partnership).

The following table sets forth reconciliations of the numerators and denominators of the basic and diluted income per limited partner unit computations:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Net (loss) income attributable to AmeriGas Partners, L.P.	$ (74,396)	$ (46,752)	$ 221,849	$ 180,290
Adjust for general partner share and theoretical distributions of net income attributable to AmeriGas Partners, L.P. to the general partner in accordance with the two-class method for MLPs	(10,587)	(10,862)	(36,215)	(34,908)
Common Unitholders' interest in net (loss) income attributable to AmeriGas Partners, L.P. under the two-class method for MLPs	$ (84,983)	$ (57,614)	$ 185,634	$ 145,382
Weighted average Common Units outstanding — basic (thousands)	93,042	93,009	93,031	92,993
Potentially dilutive Common Units (thousands)	—	—	51	52
Weighted average Common Units outstanding — diluted (thousands)	93,042	93,009	93,082	93,045

Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for the nine months ended June 30, 2017, resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by $0.01. There was no dilutive effect based upon the computation of income (loss) per limited partner unit in accordance with the two-class method for the three and nine months ended June 30, 2018 and for the three months ended June 30, 2017.

Potentially dilutive Common Units included in the diluted limited partner units outstanding computation reflect the effects of restricted Common Unit awards granted under the General Partner's incentive compensation plans.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the normal purchase and normal sale ("NPNS") exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it qualifies and is designated as a hedge for accounting purposes. Changes in the fair values of these derivative instruments are reflected in "Cost of sales — propane" on the Condensed Consolidated Statements of Operations. Cash flows from derivative instruments are included in cash flows from operating activities.

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 8.

Intangible Assets. Intangible assets with indefinite lives are not amortized but are tested annually for impairment (and more frequently if indicators of impairment are present) and written down to fair value, if impaired. In April 2018, the Partnership's senior management approved a plan to discontinue the use of tradenames and trademarks, primarily associated with its January 2012 acquisition of Heritage Propane, over a period of approximately three years. As a result, during the three months ended June 30, 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values. For further information, see Notes 4 and 7.

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

Accounting Standards Not Yet Adopted

Derivatives and Hedging. In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2018 (Fiscal 2020). Early adoption is permitted. For cash flow and net investment hedges as of the adoption date, the guidance requires a modified retrospective approach. The amended presentation and disclosure guidance is required only prospectively. The Partnership 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.

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU, as subsequently updated, amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU No. 2018-11, "Leases: Targeted Improvements." Among other things, this ASU provides entities with a transition option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption rather than the earliest period presented in the financial statements. The Partnership currently expects to adopt ASU No. 2016-02, as updated, effective October 1, 2019. The Partnership has not yet selected a transition method and is currently in the process of assessing the impact on its financial statements from the adoption of ASU No. 2016-02 but anticipates an increase in the recognition of right-of-use assets and lease liabilities.

Revenue Recognition. In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). The guidance provided under ASU 2014-09, as amended, supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") No. 605, "Revenue Recognition," and most industry-specific guidance included in the ASC. ASU 2014-09 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for the Partnership for interim and annual periods beginning after December 15, 2017 (Fiscal 2019) and allows for either full retrospective adoption or modified retrospective adoption.

The Partnership is in the process of analyzing the impact of the new guidance using an integrated approach which includes evaluating differences in the amount and timing of revenue recognition from applying the requirements of the new guidance, reviewing its accounting policies and practices, and assessing the need for changes to its processes, accounting systems and design of internal controls. The Partnership has completed the assessment of a significant number of its contracts with customers under the new guidance to determine the effect of the adoption of the new guidance. Although the Partnership has not completed its assessment of the impact of the new guidance, the Partnership does not expect its adoption will have a material impact on its consolidated financial statements.

The Partnership anticipates that it will adopt the new standard using the modified retrospective transition method effective October 1, 2018.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 4 — Goodwill and Intangible Assets

The Partnership’s goodwill and intangible assets comprise the following:

	June 30, 2018	September 30, 2017	June 30, 2017
Goodwill (not subject to amortization)	$ 2,006,139	$ 2,002,010	$ 2,002,046
Intangible assets:			
Customer relationships and noncompete agreements	$ 499,579	$ 497,385	$ 536,894
Trademarks and tradenames	7,944	—	—
Accumulated amortization	(217,500)	(190,289)	(220,100)
Intangible assets, net (definite-lived)	290,023	307,096	316,794
Trademarks and tradenames (indefinite-lived)	—	82,944	82,944
Total intangible assets, net	$ 290,023	$ 390,040	$ 399,738

Amortization expense of intangible assets was $10,388 and $9,466 for the three months ended June 30, 2018 and 2017, respectively. Amortization expense of intangible assets was $29,568 and $28,295 for the nine months ended June 30, 2018 and 2017, respectively. No amortization expense is included in cost of sales on the condensed consolidated statements of operations. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2018 and the next four fiscal years is as follows: remainder of Fiscal 2018 — $10,360; Fiscal 2019 — $40,379; Fiscal 2020 — $39,133; Fiscal 2021 — $35,940; Fiscal 2022 — $32,984.

In April 2018, a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership’s January 2012 acquisition of Heritage Propane, was presented to the Partnership’s senior management. After considering the merits of the plan, the Partnership’s senior management approved a plan to discontinue the use of these tradenames and trademarks over a period of approximately three years. As a result, during the three months ended June 30, 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values of approximately $7,944. During the three months ended June 30, 2018, the Partnership recorded a non-cash impairment charge of $75,000 which amount is reflected in “Impairment of tradenames and trademarks” on the Condensed Consolidated Statements of Operations, and is amortizing the remaining fair value of these tradenames and trademarks of $7,944 over their estimated period of benefit of three years. See Note 7 for further information on the determination of fair values for the affected tradenames and trademarks.

Note 5 — Debt

In December 2017, AmeriGas OLP entered into the Second Amended and Restated Credit Agreement (“Second Amended Credit Agreement”) with a group of banks. The Second Amended Credit Agreement amends and restates a previous credit agreement. The Second Amended Credit Agreement provides for borrowings up to $600,000 (including a $150,000 sublimit for letters of credit) and expires in December 2022. The Second Amended Credit Agreement permits AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank’s prime rate, or at a one-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Second Amended Credit Agreement, plus a margin. The applicable margin on base rate borrowings ranges from 0.50% to 1.75%, and the applicable margin on Eurodollar Rate borrowings ranges from 1.50% to 2.75%. The aforementioned margins on borrowings are dependent upon AmeriGas Partners’ ratio of debt to earnings before interest expense, income taxes, depreciation and amortization (each as defined in the Second Amended Credit Agreement).

During the three and nine months ended June 30, 2017, the Partnership recognized losses of $4,434 and $59,729, respectively, in connection with early repayments of its 7.00% Senior Notes. These losses are reflected in “Loss on extinguishments of debt” on the Condensed Consolidated Statements of Operations.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 6 — Commitments and Contingencies

Contingencies

Saranac Lake Environmental Matter. By letter dated March 6, 2008, the New York State Department of Environmental Conservation ("DEC") notified AmeriGas OLP that the DEC 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 DEC disclosed contamination related to a former manufactured gas plant ("MGP"). At that time, AmeriGas OLP reviewed the study and researched the history of the site, including the extent of AmeriGas OLP's ownership. In its written response to the DEC in early 2009, AmeriGas OLP disputed DEC's contention it was a potentially responsible party ("PRP") as it did not operate the MGP and appeared to only own a portion of the site. The DEC did not respond to the 2009 communication. In March 2017, the DEC communicated to AmeriGas OLP that the DEC had previously issued three Records of Decision ("RODs") related to remediation of the site and requested additional information regarding AmeriGas OLP's purported ownership. The selected remedies identified in the RODs total approximately $27,700. AmeriGas OLP responded to the DEC's March 2017 request for ownership information, renewing its challenge to designation as a PRP and identifying potential defenses. In October 2017, the DEC identified a third party PRP with respect to the site. The DEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information, the Partnership accrued an environmental remediation liability of $7,545 related to the site during the third quarter of Fiscal 2017. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

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 Division of the United States District Court for the Western District of Missouri ("District Court"). In July 2015, the District Court dismissed all claims brought by direct customers. In June 2017, the United States Court of Appeals for the Eighth Circuit ("Eighth Circuit") ruled en banc to reverse the dismissal by the District Court, which had previously been affirmed by a panel of the Eighth Circuit. In September 2017, we filed a Petition for a Writ of Certiorari to the U.S. Supreme Court appealing the decision of the Eighth Circuit. The petition was denied in January 2018 and, as a result, the case was transferred back to the District Court for further proceedings.

In July 2015, the District Court also dismissed all claims brought by the indirect customers other than claims for injunctive relief. The indirect customers filed an amended complaint with the District Court claiming injunctive relief and state law claims under Wisconsin, Maine and Vermont law. In September 2016, the District Court dismissed the amended complaint in its entirety. The indirect customers appealed this decision to the Eighth Circuit. On July 21, 2016, several new indirect customer plaintiffs filed an antitrust class action lawsuit against the Partnership in the Western District of Missouri. The new indirect customer class action lawsuit was dismissed in September 2016 and certain indirect customer plaintiffs appealed the decision, consolidating their appeal with the indirect customer appeal then pending in the Eighth Circuit. In June 2018, the Eighth Circuit issued its decision affirming the District Court's decision dismissing the federal antitrust claims, and remanded the case back to the District Court for further proceedings related to the state law claims.

We are unable to reasonably estimate the impact, if any, arising from such litigation. We believe we have strong defenses to the claims and intend to vigorously defend against them.

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.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 7 — Fair Value Measurements

Recurring Fair Value Measurements - Derivative Instruments

The following table presents on a gross basis our derivative assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy, as of June 30, 2018, September 30, 2017 and June 30, 2017:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2018:				
Assets:				
Commodity contracts	$ —	$ 30,086	$ —	$ 30,086
Liabilities:				
Commodity contracts	$ —	$ (420)	$ —	$ (420)
September 30, 2017:				
Assets:				
Commodity contracts	$ —	$ 40,714	$ —	$ 40,714
Liabilities:				
Commodity contracts	$ —	$ (920)	$ —	$ (920)
June 30, 2017:				
Assets:				
Commodity contracts	$ —	$ 6,369	$ —	$ 6,369
Liabilities:				
Commodity contracts	$ —	$ (6,481)	$ —	$ (6,481)

The fair values of our non-exchange traded commodity derivative contracts included in Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. For commodity option contracts not traded on an exchange, we use a Black Scholes option pricing model that considers time value and volatility of the underlying commodity.

Nonrecurring Fair Value Measurements

As discussed in Note 4, in April 2018, the Partnership's senior management approved a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership's January 2012 acquisition of Heritage Propane. This action required the Partnership to remeasure the fair values of these tradenames and trademarks based upon their remaining period of benefit. The Partnership used the relief from royalty method to estimate the fair values of the tradenames and trademarks, which method estimates our theoretical royalty savings from ownership of the tradenames and trademarks. Key assumptions used in this method include discount rates, royalty rates, growth rates and sales projections. These assumptions reflect current economic conditions, management expectations and projected future cash flows expected to be generated from these tradenames and trademarks. The Partnership has determined that the lowest level of the input that is significant to the fair value measurement are unobservable inputs that fall within Level 3 of the fair value hierarchy. As of the April 2018 measurement date, these tradenames and trademarks had an estimated fair value of $7,944.

Notes to Condensed Consolidated Financial Statements
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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 amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) at June 30, 2018, September 30, 2017 and June 30, 2017 were as follows:

	June 30, 2018	September 30, 2017	June 30, 2017
Carrying amount	$ 2,602,827	$ 2,603,610	$ 2,611,981
Estimated fair value	$ 2,519,411	$ 2,699,428	$ 2,667,681

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.

Note 8 — Derivative Instruments and Hedging Activities

The Partnership is exposed to certain market risks associated with its ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risk managed by derivative instruments is commodity price 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 the Partnership 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.

Commodity Price Risk

In order to manage market 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 uses over-the-counter price swap and option contracts to reduce propane price volatility associated with a portion of forecasted propane purchases. The Partnership, from time to time, enters into price swap and put option agreements to reduce the effects of short-term commodity price volatility. At June 30, 2018, September 30, 2017 and June 30, 2017, total volumes associated with propane commodity derivatives totaled 226.6 million gallons, 213.6 million gallons and 213.8 million gallons, respectively. At June 30, 2018, the maximum period over which we are economically hedging propane market price risk is 23 months.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. 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. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at June 30, 2018. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At June 30, 2018, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Thousands of dollars, except per unit amounts and where indicated otherwise)

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. Our derivative instruments comprise over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contracts contain contractual rights of offset through master netting arrangements 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 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.

Fair Value of Derivative Instruments

The following table presents our derivative assets and liabilities by type, as well as the effects of offsetting, as of June 30, 2018, September 30, 2017 and June 30, 2017:

	June 30, 2018	September 30, 2017	June 30, 2017
Derivative assets not designated as hedging instruments:			
Commodity contracts	$ 30,086	$ 40,714	$ 6,369
Total derivative assets — gross	30,086	40,714	6,369
Gross amounts offset in the balance sheet	(420)	(920)	(4,010)
Cash collateral received	—	(7,991)	—
Total derivative assets — net	$ 29,666	$ 31,803	$ 2,359
Derivative liabilities not designated as hedging instruments:			
Commodity contracts	$ (420)	$ (920)	$ (6,481)
Total derivative liabilities — gross	(420)	(920)	(6,481)
Gross amounts offset in the balance sheet	420	920	4,010
Total derivative liabilities — net (a)	$ —	$ —	$ (2,471)

(a) Derivative liabilities are recorded in “Other current liabilities” and “Other noncurrent liabilities” on the Condensed Consolidated Balance Sheets.

Notes to Condensed Consolidated Financial Statements
(unaudited)
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Effect of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the condensed consolidated statements of operations for the three and nine months ended June 30, 2018 and 2017:

Three Months Ended June 30,	Gain/(Loss) Recognized in Income 2018	Gain/(Loss) Recognized in Income 2017	Location of Gain/(Loss) Recognized in Income
Derivatives Not Designated as Hedging Instruments:			
Commodity contracts	$ 28,545	$ (2,744)	Cost of sales — propane

Nine Months Ended June 30,	Gain Recognized in Income 2018	Gain Recognized in Income 2017	Location of Gain Recognized in Income
Derivatives Not Designated as Hedging Instruments:			
Commodity contracts	$ 30,544	$ 18,650	Cost of sales — propane

We are also a party to a number of contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery of propane and service contracts that require the counterparty to provide commodity storage or transportation service to meet our normal sales commitments. Although certain of these contracts have the requisite elements of a derivative instrument, these contracts qualify for NPNS accounting under GAAP 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.

Note 9 — Related Party Transactions

Pursuant to the Partnership Agreement and a management services agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. These costs, which totaled $134,986 and $131,501 for the three months ended June 30, 2018 and 2017, respectively, and $439,386 and $428,919 for the nine months ended June 30, 2018 and 2017, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled $4,979 and $4,173 for the three months ended June 30, 2018 and 2017, respectively, and $12,997 and $13,554 for the nine months ended June 30, 2018 and 2017, respectively. In addition, UGI and certain of its subsidiaries provide office space and stop loss medical coverage to the Partnership. The costs incurred related to these items during the three and nine months ended June 30, 2018 and 2017, were not material.

From time to time, AmeriGas OLP purchases propane on an as needed basis from UGI Energy Services, LLC ("Energy Services"). The price of the purchases is generally based on the market price at the time of purchase. Purchases of propane by AmeriGas OLP from Energy Services during the three and nine months ended June 30, 2018 and 2017, were not material.

In addition, the AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI during the three and nine months ended June 30, 2018 and 2017 were not material.

Notes to Condensed Consolidated Financial Statements
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UGI Standby Commitment to Purchase AmeriGas Partners Class B Common Units

On November 7, 2017, AmeriGas Partners entered into a Standby Equity Commitment Agreement (the "Commitment Agreement") with the General Partner and UGI. Under the terms of the Commitment Agreement, UGI has committed to make up to $225,000 of capital contributions to the Partnership through July 1, 2019 (the "Commitment Period"). UGI's capital contributions may be made from time to time during the Commitment Period upon request of the Partnership. There have been no capital contributions made to the Partnership under the Commitment Agreement.

In consideration for any capital contributions pursuant to the Commitment Agreement, AmeriGas Partners will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in AmeriGas Partners ("Class B Units"). The Class B Units will be issued at a price per unit equal to the 20-day volume-weighted average price of AmeriGas Partners Common Units prior to the date of the Partnership's related capital call. The Class B Units will be entitled to cumulative quarterly distributions at a rate equal to the annualized Common Unit yield at the time of the applicable capital call, plus 130 basis points. The Partnership may choose to make the distributions in cash or in kind in the form of additional Class B Units. While outstanding, the Class B Units will not be subject to any incentive distributions from the Partnership.

At any time after five years from the initial issuance of the Class B Units, holders may elect to convert all or any portion of the Class B Units they own into Common Units on a one-for-one basis. At any time after six years from the initial issuance of the Class B Units, the Partnership may elect to convert all or any portion of the Class B Units into Common Units if (i) the closing trading price of the Common Units is greater than 110% of the applicable purchase price for the Class B Units and (ii) the Common Units are listed or admitted for trading on a National Securities Exchange. Upon certain events involving a change of control, and immediately prior to a liquidation or winding up of the Partnership, the Class B Units will automatically convert into Common Units on a one-for-one basis.

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 Securities Exchange Act of 1934, as amended (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) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane, and the capacity to transport propane to our customers; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses and achievement of anticipated synergies; (5) changes in laws and regulations, including safety, tax, consumer protection, environmental, and accounting matters; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers and 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, and other catastrophic events that may result from operating hazards and risks incidental to transporting, storing and distributing propane, butane and ammonia; (13) political, regulatory and economic conditions in the United States and foreign countries; (14) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (15) changes in commodity market prices resulting in significantly higher cash collateral requirements; (16) the impact of pending and future legal proceedings; (17) the availability, timing, and success of our acquisitions and investments to grow our business; and (18) the interruption, disruption, failure, malfunction, or breach of our information technology systems, including due to cyber attack.

These factors, and those factors set forth in Item 1A. Risk Factors in the Partnership’s 2017 Annual Report, 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 Partnership’s results of operations for the three months ended June 30, 2018 (“2018 three-month period”) with the three months ended June 30, 2017 (“2017 three-month period”) and the nine months ended June 30, 2018 (“2018 nine-month period”) with the nine months ended June 30, 2017 (“2017 nine-month period”).

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, after adjusting for 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.

AmeriGas Partners does not designate its propane commodity derivative instruments as hedges under U.S. generally accepted accounting principles (“GAAP”). As a result, volatility in net income attributable to AmeriGas Partners as determined in accordance with GAAP can occur as gains and losses on commodity derivative instruments not associated with current-period transactions, principally comprising non-cash changes in unrealized gains and losses, are reflected in cost of sales.

AmeriGas Partners’ management presents the non-GAAP measures “Adjusted EBITDA,” “adjusted net income attributable to AmeriGas Partners,” “adjusted total margin,” and “adjusted operating income” (in addition to “net income attributable to AmeriGas Partners” determined in accordance with GAAP) in order to assist in the evaluation of the Partnership’s overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about AmeriGas Partners’ performance because they eliminate the impact of (1) changes in unrealized gains and losses, and certain realized gains and losses, on commodity derivative instruments not associated with current-period transactions and (2) certain other gains and losses that competitors do not necessarily have, to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. For additional information on these non-GAAP measures as well as the non-GAAP measure, "EBITDA," including reconciliations of these non-GAAP measures to the most closely associated GAAP measures, see "Non-GAAP Financial Measures" below.

Executive Overview

Three Months Ended June 30, 2018

We recorded GAAP net loss attributable to AmeriGas Partners for the 2018 three-month period of $74.4 million compared to GAAP net loss attributable to AmeriGas Partners for the 2017 three-month period of $46.8 million. GAAP net loss in the 2018 three-month period reflects the effects of (1) a $75.0 million non-cash impairment charge related to the planned discontinuance of Heritage tradenames and trademarks and (2) $20.3 million of unrealized gains on commodity derivative instruments not associated with current-period transactions. GAAP net loss in the 2017 three-month period reflects the effects of (1) $6.0 million of unrealized losses on commodity derivative instruments not associated with current-period transactions; (2) a $4.4 million loss on early extinguishments of debt; and (3) a $7.5 million environmental accrual associated with a former manufactured gas plant ("MGP").

In April 2018, a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily associated with the Partnership's January 2012 acquisition of Heritage Propane, was presented to the Partnership's senior management. After considering the merits of the plan, the Partnership's senior management approved a plan to discontinue the use of these tradenames and trademarks over a period of approximately three years. In accordance with GAAP, during the three months ended June 30, 2018, the Partnership recorded a non-cash impairment charge of $75.0 million which amount is reflected in "Impairment of tradenames and trademarks" on the Condensed Consolidated Statements of Operations (see Note 4 to condensed consolidated financial statements).

Adjusted net loss attributable to AmeriGas Partners for the 2018 three-month period was $20.2 million compared with adjusted net loss attributable to AmeriGas Partners for the 2017 three-month period of $28.9 million. The decrease in adjusted net loss principally reflects the impact of higher adjusted total margin in the 2018 three-month period. The higher adjusted total margin reflects a 3.6% increase in retail volumes sold due to temperatures based upon heating degree days that were 9.6% colder than normal and 21.3% colder than the prior-year three-month period. In particular, temperatures in April 2018 were nearly 36% colder than normal compared to temperatures in April 2017 which were 14% warmer than normal. The benefits from the colder April weather were tempered by weather in May that was significantly warmer than normal and warmer than the prior year.

Nine Months Ended June 30, 2018

We recorded GAAP net income attributable to AmeriGas Partners for the 2018 nine-month period of $221.8 million compared to GAAP net income attributable to AmeriGas Partners for the 2017 nine-month period of $180.3 million. GAAP net income in the 2018 nine-month period reflects the effects of (1) the previously mentioned $75.0 million impairment charge related to the decision to discontinue the use of tradenames and trademarks and (2) $10.1 million of unrealized losses on commodity derivative instruments not associated with current-period transactions. GAAP net income in the 2017 nine-month period reflects the effects of (1) $8.9 million of unrealized losses on commodity derivative instruments not associated with current-period transactions; (2) $59.7 million of losses on early extinguishments of debt; and (3) the previously mentioned $7.5 million environmental accrual. Net income attributable to AmeriGas Propane for the 2017 nine-month period was reduced also by the impact of net adjustments of $7.7 million to correct previously recorded gains on sales of fixed assets ($8.8 million) and to decrease depreciation expense ($1.1 million) relating to certain assets acquired with the Heritage Propane acquisition in 2012.

Adjusted net income attributable to AmeriGas Partners for the 2018 nine-month period was $306.1 million compared with adjusted net income attributable to AmeriGas Partners for the 2017 nine-month period of $256.3 million. The $49.8 million increase in adjusted net income attributable to AmeriGas Partners reflects a $67.4 million increase in adjusted total margin on higher retail volumes sold and the absence of the previously mentioned $7.7 million of net adjustments recorded in the prior-year period to correct previously recorded gains on sales of fixed assets and associated depreciation. These increases in adjusted net income were partially offset by, among other things, higher operating and administrative expenses. Average temperatures based upon heating degree days in our service territories were approximately normal during the 2018 nine-month period compared with average temperatures during the prior-year period that were 11.5% warmer than normal.

Non-GAAP Financial Measures

The Partnership’s management uses certain non-GAAP financial measures, including adjusted total margin, EBITDA, Adjusted EBITDA, adjusted operating income, and adjusted net income attributable to AmeriGas Partners, when evaluating the Partnership’s overall performance. These 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.

Management believes earnings before interest, income taxes, depreciation and amortization (“EBITDA”), as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have (“Adjusted EBITDA”), is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership’s operating performance with that of other companies within the propane industry and (2) assess the Partnership’s ability to meet loan covenants. The Partnership’s definition of Adjusted EBITDA may be different from those used by other companies. Management uses Adjusted EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes, the effects of gains and losses on commodity derivative instruments not associated with current-period transactions or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization, gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have from Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners for the relevant periods. Management also uses Adjusted EBITDA to assess the Partnership’s profitability because its parent, UGI Corporation, uses the Partnership’s Adjusted EBITDA to assess the profitability of the Partnership which is one of UGI Corporation’s reportable segments. UGI Corporation discloses the Partnership’s Adjusted EBITDA in its disclosure about reportable segments as the profitability measure for its domestic propane segment.

Our other non-GAAP financial measures comprise adjusted total margin, adjusted operating income and adjusted net income attributable to AmeriGas Partners. Management believes the presentations of these non-GAAP financial measures provide useful information to investors to more effectively evaluate the period-over-period results of operations of the Partnership. Management uses these non-GAAP financial measures because they eliminate the impact of (1) gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other gains and losses that competitors do not necessarily have to provide insight into the comparison of period-over-period profitability to that of other master limited partnerships.

The following table includes reconciliations of adjusted total margin, adjusted operating income, adjusted net income attributable to AmeriGas Partners, EBITDA and Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP for the periods presented:

(Dollars in millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Nine Months Ended June 30, 2018	Nine Months Ended June 30, 2017
Adjusted total margin:				
Total revenues	$ 528.4	$ 467.5	$ 2,356.0	$ 2,008.3
Cost of sales — propane	(199.7)	(181.0)	(1,039.6)	(762.5)
Cost of sales — other (a)	(24.4)	(22.4)	(64.8)	(60.3)
Total margin	304.3	264.1	1,251.6	1,185.5
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions (a)	(20.3)	5.9	10.2	8.9
Adjusted total margin	$ 284.0	$ 270.0	$ 1,261.8	$ 1,194.4
Adjusted operating income:				
Operating (loss) income	$ (33.7)	$ (1.1)	$ 350.9	$ 366.4
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions	(20.3)	6.0	10.1	8.9
Impairment of Heritage tradenames and trademarks	75.0	—	75.0	—
MGP environmental accrual	—	7.5	—	7.5
Adjusted operating income	$ 21.0	$ 12.4	$ 436.0	$ 382.8
Adjusted net income (loss) attributable to AmeriGas Partners:				
Net (loss) income attributable to AmeriGas Partners	$ (74.4)	$ (46.8)	$ 221.8	$ 180.3
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions	(20.3)	6.0	10.1	8.9
Loss on extinguishments of debt	—	4.4	—	59.7
Impairment of Heritage tradenames and trademarks	75.0	—	75.0	—
MGP environmental accrual	—	7.5	—	7.5
Noncontrolling interest in net gains and losses on commodity derivative instruments, impairment of Heritage tradenames and trademarks and MGP accrual (a)	(0.5)	—	(0.8)	(0.1)
Adjusted net (loss) income attributable to AmeriGas Partners	$ (20.2)	$ (28.9)	$ 306.1	$ 256.3
EBITDA and Adjusted EBITDA:				
Net (loss) income attributable to AmeriGas Partners	$ (74.4)	$ (46.8)	$ 221.8	$ 180.3
Income tax expense (a)	0.7	0.6	3.7	2.1
Interest expense	40.4	40.6	122.0	120.6
Depreciation	36.0	35.5	109.4	103.9
Amortization	10.4	10.7	29.6	31.9
EBITDA	13.1	40.6	486.5	438.8
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions	(20.3)	6.0	10.1	8.9
Loss on extinguishments of debt	—	4.4	—	59.7
MGP environmental accrual	—	7.5	—	7.5
Impairment of Heritage tradenames and trademarks	75.0	—	75.0	—
Noncontrolling interest in net gains and losses on commodity derivative instruments, impairment of Heritage tradenames and trademarks and MGP accrual (a)	(0.6)	(0.1)	(0.8)	(0.2)
Adjusted EBITDA	$ 67.2	$ 58.4	$ 570.8	$ 514.7

(a) Includes the impact of rounding.

RESULTS OF OPERATIONS

2018 three-month period compared with 2017 three-month period

Three Months Ended June 30,	2018	2017	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	202.0	195.0	7.0	3.6 %
Wholesale	12.1	9.0	3.1	34.4 %
	214.1	204.0	10.1	5.0 %
Revenues:				
Retail propane	$ 450.5	$ 396.9	53.6	13.5 %
Wholesale propane	11.4	7.0	4.4	62.9 %
Other	66.5	63.6	2.9	4.6 %
	$ 528.4	$ 467.5	$ 60.9	13.0 %
Total margin (a)(b)	$ 304.3	$ 264.1	$ 40.2	15.2 %
Operating and administrative expenses (c)	$ 222.4	$ 227.4	$ (5.0)	(2.2)%
Impairment of Heritage tradenames and trademarks (d)	$ 75.0	$ —	$ 75.0	N.M.
Operating loss (b)	$ (33.7)	$ (1.1)	$ 32.6	N.M.
Net loss attributable to AmeriGas Partners (b)(f)	$ (74.4)	$ (46.8)	$ 27.6	59.0 %
Non-GAAP financial measures (e):				
Adjusted total margin	$ 284.0	$ 270.0	$ 14.0	5.2 %
EBITDA (b)	$ 13.1	$ 40.6	$ (27.5)	(67.7)%
Adjusted EBITDA	$ 67.2	$ 58.4	$ 8.8	15.1 %
Adjusted operating income	$ 21.0	$ 12.4	$ 8.6	69.4 %
Adjusted net loss attributable to AmeriGas Partners	$ (20.2)	$ (28.9)	$ (8.7)	(30.1)%
Heating degree days — % colder (warmer) than normal (g)	9.6%	(9.6)%	—	—

(a) Total margin represents "total revenues" less "cost of sales — propane" and "cost of sales — other."
(b) Total margin, EBITDA, operating loss and net loss attributable to AmeriGas Partners for the 2018 and 2017 three-month periods include the impact of net unrealized gains (losses) of $20.3 million and $(6.0) million, respectively, on commodity derivative instruments not associated with current-period transactions.
(c) Operating and administrative expenses in the 2017 three-month period include a $7.5 million environmental accrual associated with the site of a former manufactured gas plant ("MGP") obtained in a prior year acquisition.
(d) The 2018 three-month period includes the impact of a $75.0 million impairment charge associated with the plan to discontinue the use of Heritage tradenames and trademarks (see Note 4 to condensed consolidated financial statements).
(e) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section "Non-GAAP Financial Measures" above.
(f) The three months ended June 30, 2017, includes the impact of a $4.4 million loss on extinguishment of debt (see Note 5 to condensed consolidated financial statements).
(g) Deviation from average heating degree days for the 15-year period 2002 - 2016 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 344 Geo Regions in the United States, excluding Alaska and Hawaii.
N.M. - Variance is not meaningful.

The Partnership's retail gallons sold during the 2018 three-month period increased 3.6% compared with the prior-year period. The increase in retail gallons sold reflects average temperatures based upon heating degree days that were 9.6% colder than normal and 21.3% colder than the prior-year period. The colder average weather during the 2018 three-month period resulted from average temperatures during April 2018 that were nearly 36% colder than normal compared to average temperatures during April 2017 that were approximately 14% warmer than normal. The benefits from the colder April weather were tempered by significantly warmer temperatures during May.

Retail propane revenues increased $53.6 million during the 2018 three-month period reflecting the effects of higher average retail selling prices ($39.2 million) and the higher retail volumes sold ($14.4 million). Wholesale propane revenues increased $4.4 million reflecting higher wholesale volumes sold ($2.4 million) and the effects of higher average wholesale selling prices ($2.0 million). Average daily wholesale propane commodity prices during the 2018 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were nearly 40% higher than such prices during the 2017 three-month period. Other revenues in the 2018 three-month period were $2.9 million higher than in the prior-year period principally reflecting higher service and ancillary revenues.

Total cost of sales during the 2018 three-month period increased $20.7 million from the prior-year period. Cost of sales in the 2018 and 2017 three-month periods includes gains (losses) of $20.3 million and $(6.0) million on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of the net gains and losses on derivative commodity instruments, total cost of sales increased $47.0 million principally reflecting the effects of higher Partnership average propane product costs ($36.6 million) and the higher propane volumes sold ($8.4 million).

Total margin (which includes gains (losses) of $20.3 million and $(6.0) million on commodity derivative instruments not associated with current-period transactions in the 2018 and 2017 three-month periods, respectively) increased $40.2 million. Adjusted total margin increased $14.0 million in the 2018 three-month period principally reflecting higher retail propane total margin. The increase in retail propane total margin principally reflects the higher retail volumes sold as a result of the colder early spring weather and slightly higher retail propane unit margins.

EBITDA and operating loss (both of which include the effects of the previously mentioned unrealized gains and losses on commodity derivative instruments not associated with current period transactions, the impairment charge associated with the plan to discontinue the use of Heritage tradenames and trademarks, the environmental accrual in the 2017 three-month period and, with respect to EBITDA, the loss on extinguishments of debt), (decreased) increased by $(27.5) million and $32.6 million, respectively. Adjusted EBITDA increased $8.8 million in the 2018 three-month period principally reflecting the effects of the higher adjusted total margin ($14.0 million) partially offset by lower gains on sales of assets ($3.1 million) and a $2.5 million increase in Partnership operating and administrative expenses excluding the effects of the $7.5 million MGP accrual in the prior-year period. Operating and administrative expenses were slightly higher reflecting, among other things, higher total compensation and benefits ($5.2 million) and higher vehicle expenses ($3.5 million) offset by lower general insurance and self-insured casualty and liability expense principally reflecting the absence of a settlement with an insurance carrier recorded in the prior-year period. Adjusted operating income increased $8.6 million in the 2018 three-month period principally reflecting the $8.8 million increase in Adjusted EBITDA. The $8.7 million decrease in adjusted net loss attributable to AmeriGas Partners principally reflects the $8.6 million increase in adjusted operating income.

2018 nine-month period compared with the 2017 nine-month period

Nine Months Ended June 30,	2018	2017	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	905.5	863.4	42.1	4.9 %
Wholesale	49.1	38.5	10.6	27.5 %
	954.6	901.9	52.7	5.8 %
Revenues:				
Retail propane	$ 2,089.7	$ 1,772.3	$ 317.4	17.9 %
Wholesale propane	51.5	31.5	20.0	63.5 %
Other	214.8	204.5	10.3	5.0 %
	$ 2,356.0	$ 2,008.3	$ 347.7	17.3 %
Total margin (a)(b)	$ 1,251.6	$ 1,185.5	$ 66.1	5.6 %
Operating and administrative expenses (c)	$ 704.1	$ 694.2	$ 9.9	1.4 %
Impairment of Heritage tradenames and trademarks (d)	$ 75.0	$ —	$ 75.0	N.M.
Operating income (b)(f)	$ 350.9	$ 366.4	$ (15.5)	(4.2)%
Net income attributable to AmeriGas Partners (b)(f)(g)	$ 221.8	$ 180.3	$ 41.5	23.0 %
Non-GAAP financial measures (e):				
Adjusted total margin	$ 1,261.8	$ 1,194.4	$ 67.4	5.6 %
EBITDA (b)(f)	$ 486.5	$ 438.8	$ 47.7	10.9 %
Adjusted EBITDA (f)	$ 570.8	$ 514.7	$ 56.1	10.9 %
Adjusted operating income (f)	$ 436.0	$ 382.8	$ 53.2	13.9 %
Adjusted net income attributable to AmeriGas Partners (f)	$ 306.1	$ 256.3	$ 49.8	19.4 %
Heating degree days — % colder (warmer) than normal (h)	0.4%	(11.5)%	—	—

(a) Total margin represents total revenues less “Cost of sales — propane” and “Cost of sales — other.”
(b) Total margin, operating income, net income attributable to AmeriGas Partners and EBITDA for the 2018 and 2017 nine-month periods include the impact of net unrealized losses of $10.1 million and $8.9 million, respectively, on commodity derivative instruments not associated with current-period transactions.
(c) Operating and administrative expenses in the 2017 nine-month period include a $7.5 million environmental accrual associated with the site of a former MGP obtained in a prior year acquisition.
(d) The 2018 nine-month period includes the impact of a $75.0 million impairment charge associated with the plan to discontinue the use of Heritage tradenames and trademarks (see Note 4 to condensed consolidated financial statements).
(e) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section “Non-GAAP Financial Measures” above.
(f) Amounts for the nine months ended June 30, 2017, reflect adjustments to correct previously recorded gains on sales of fixed assets ($8.8 million) and decreased depreciation expense ($1.1 million) relating to certain assets acquired with the Heritage Propane acquisition in 2012, which reduced operating income, adjusted operating income, net income attributable to AmeriGas Partners and adjusted net income attributable to AmeriGas Partners by $7.7 million; and reduced EBITDA and Adjusted EBITDA by $8.8 million.
(g) The nine months ended June 30, 2017, include losses on extinguishments of debt of $59.7 million.
(h) 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.

The Partnership’s retail gallons sold during the 2018 nine-month period were 4.9% higher than in the prior-year period. Average temperatures based upon heating degree days during the 2018 nine-month period were 0.4% colder than normal and 13.5% colder than the prior-year period.

Retail propane revenues increased $317.4 million during the 2018 nine-month period reflecting the effects of higher average retail selling prices ($231.0 million) and higher retail volumes sold ($86.4 million). Wholesale propane revenues increased $20.0 million reflecting the effects of higher average wholesale selling prices ($11.3 million) and higher wholesale volumes sold ($8.7 million). Average daily wholesale propane commodity prices during the 2018 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were nearly 40% higher than such prices during the 2017 nine-month period. Other revenues in the 2018 nine-month period were slightly higher than in the prior-year period principally reflecting higher service and ancillary revenues.

Total cost of sales during the 2018 nine-month period increased $281.6 million from the prior-year period. Cost of sales in the 2018 and 2017 nine-month periods include $10.1 million and $8.9 million of losses on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of the net losses on derivative commodity instruments, total cost of sales increased $280.3 million principally reflecting the effects on propane cost of sales of higher average total propane product costs ($232.3 million) and, to a much lesser extent, the effects of the higher retail and wholesale propane volumes sold ($43.5 million).

Total margin (which includes $10.1 million and $8.9 million of losses on commodity derivative instruments not associated with current-period transactions in the 2018 and 2017 nine-month periods, respectively) increased $66.1 million during the nine-months ended June 30, 2018. Adjusted total margin increased $67.4 million principally reflecting slightly higher retail propane total margin ($61.6 million) and slightly higher non-propane total margin ($5.8 million). The increase in retail propane total margin reflects the higher retail volumes sold and, to a much lesser extent, slightly higher average retail propane unit margins.

EBITDA and operating income (both of which include the effects of the previously mentioned unrealized losses on commodity derivative instruments, the impairment charge associated with the plan to discontinue the use of Heritage tradenames and trademarks, and the environmental accrual in the 2017 nine-month period and, with respect to EBITDA, the loss on extinguishments of debt), increased (decreased) $47.7 million and $(15.5) million, respectively. Adjusted EBITDA increased $56.1 million in the 2018 nine-month period principally reflecting the effects of the higher adjusted total margin ($67.4 million) and higher other operating income ($6.7 million) partially offset by a $17.4 million increase in operating and administrative expenses excluding the effects of the $7.5 million MGP accrual in the prior-year period. The increase in other operating income principally reflects the absence of an $8.8 million adjustment recorded in the prior-year period to correct previously recorded gains on sales of fixed assets acquired with the Heritage Propane acquisition in 2012. The increase in operating and administrative expenses reflects, among other things, higher total compensation and benefits cost ($15.6 million), principally higher labor, overtime and incentive compensation costs associated with the increased activity and improved performance; higher vehicle expenses ($8.7 million); and higher outside services expense ($5.9 million). These increases in operating expenses were partially offset by lower general insurance and self-insured casualty and liability expense. Adjusted operating income increased $53.2 million in the 2018 nine-month period reflecting the $56.1 million increase in Adjusted EBITDA partially offset by higher depreciation and amortization expense ($3.2 million).

The $49.8 million increase in adjusted net income attributable to AmeriGas Partners principally reflects the $53.2 million increase in adjusted operating income partially offset by slightly higher interest expense on higher short-term borrowings, and a $1.5 million increase in income taxes. The increase in income taxes principally reflects adjustments to existing deferred income tax assets of our corporate subsidiary resulting from the Tax Cuts and Jobs Act (the “TCJA”) signed into law on December 22, 2017 which reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. Other than this one-time adjustment to the deferred income tax assets of our corporate subsidiary, we do not expect the TCJA to have a material impact on our results.

FINANCIAL CONDITION AND LIQUIDITY

The Partnership’s cash and cash equivalents at June 30, 2018, were $5.1 million compared to cash and cash equivalents at September 30, 2017, of $7.3 million. The Partnership’s debt outstanding at June 30, 2018, totaled $2,751.4 million (including current maturities of long-term debt of $9.2 million and short-term borrowings of $177.0 million under its revolving credit agreement). The Partnership’s debt outstanding at September 30, 2017, totaled $2,712.3 million (including current maturities of long-term debt of $8.4 million and short-term borrowings of $140.0 million under its revolving credit agreement). Total long-term debt outstanding at June 30, 2018, including current maturities, comprises $2,575.0 million of AmeriGas Partners’ Senior Notes, $11.2 million of HOLP Senior Notes and $16.6 million of other long-term debt, and is net of $28.5 million of unamortized debt issuance costs.

In December 2017, AmeriGas OLP entered into the Second Amended and Restated Credit Agreement (“Second Amended Credit Agreement”) with a group of banks. The Second Amended Credit Agreement amends and restates a previous credit agreement. The Second Amended Credit Agreement provides for borrowings up to $600 million (including a $150 million sublimit for letters of credit) and expires in December 2022. The Second Amended Credit Agreement permits AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank’s prime rate, or at a one-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Second Amended Credit Agreement, plus a margin. The applicable margin on base rate borrowings ranges from 0.50% to 1.75%, and the applicable margin on Eurodollar

Rate borrowings ranges from 1.50% to 2.75%. For additional information regarding the Second Amended Credit Agreement, see Note 5 to the condensed consolidated financial statements.

At June 30, 2018, there were $177.0 million borrowings outstanding under the Second Amended Credit Agreement. Issued and outstanding letters of credit under the Second Amended Credit Agreement, which reduce the amounts available for borrowings, totaled $67.2 million at June 30, 2018. At June 30, 2018, the Partnership’s available borrowing capacity under the Second Amended Credit Agreement was $355.8 million. The average daily and peak short-term borrowings outstanding under the Second Amended Credit Agreement during the 2018 nine-month period were $186.3 million and $349.0 million, respectively. The average daily and peak short-term borrowings outstanding under the previous credit agreement during the 2017 nine-month period were $83.0 million and $292.5 million, respectively.

The Partnership’s management believes that the Partnership has sufficient liquidity in the forms of cash and cash equivalents on hand, cash expected to be generated from operations, and short-term borrowings available under the Second Amended Credit Agreement to meet its anticipated contractual and projected cash commitments.

UGI Standby Commitment to Purchase AmeriGas Partners Class B Common Units

On November 7, 2017, AmeriGas Partners entered into a Standby Equity Commitment Agreement (the “Commitment Agreement”) with the General Partner and UGI. Under the terms of the Commitment Agreement, UGI has committed to make up to $225 million of capital contributions to the Partnership through July 1, 2019 (the “Commitment Period”). UGI’s capital contributions may be made from time to time during the Commitment Period upon request of the Partnership. There have been no capital contributions made to the Partnership under the Commitment Agreement.

In consideration for any capital contributions pursuant to the Commitment Agreement, the Partnership will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in the Partnership (“Class B Units”). The Class B Units will be issued at a price per unit equal to the 20-day volume-weighted average price of AmeriGas Partners Common Units prior to the date of the Partnership’s related capital call. The Class B Units will be entitled to cumulative quarterly distributions at a rate equal to the annualized Common Unit yield at the time of the applicable capital call, plus 130 basis points. The Partnership may choose to make the distributions in cash or in kind in the form of additional Class B Units. While outstanding, the Class B Units will not be subject to any incentive distributions from the Partnership.

Generally, at any time after five years from the initial issuance of the Class B Units, holders may elect to convert all or any portion of the Class B Units they own into Common Units on a one-for-one basis, and at any time after six years from the initial issuance of the Class B Units, subject to certain conditions, the Partnership may elect to convert all or any portion of the Class B Units into Common Units.

Partnership Distributions

On July 23, 2018, the General Partner’s Board of Directors approved a quarterly distribution of $0.95 per Common Unit, equal to an annual rate of $3.80. The distribution is payable on August 17, 2018, to unitholders of record on August 10, 2018. During the nine months ended June 30, 2018, the General Partner’s Board of Directors declared and the Partnership paid a quarterly distribution on all limited partner units at a rate of $0.95 per Common Unit for the quarters ended March 31, 2018, December 31, 2017, and September 30, 2017.

The ability of the Partnership to declare and pay the quarterly distribution on its Common Units in the future depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the Partnership’s ability to borrow under its Second Amended Credit Agreement, refinance maturing debt, and increase its long-term debt. Some of these factors are affected by conditions beyond the Partnership’s control including weather, competition in markets we serve, the cost of propane and changes in capital market conditions.

Cash Flows

Operating activities. Due to the seasonal nature of the Partnership’s business, cash flows from operating activities are generally greatest during the second and third fiscal quarters when customers pay for propane consumed during the heating-season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Partnership’s investment in working capital, principally accounts receivable and inventories, is generally greatest. The Partnership may use its Credit Agreement to satisfy its seasonal operating cash flow needs.

Cash flow provided by operating activities was $344.3 million in the 2018 nine-month period compared to $288.5 million in the 2017 nine-month period. Cash flow from operating activities before changes in operating working capital was $459.3 million in the 2018 nine-month period compared with $414.5 million in the prior-year period. The higher cash flow from operating activities before changes in operating working capital in the current-year period reflects, in large part, the higher net income (after adjusting net income for the noncash effects of the impairment of tradenames and trademarks, the unrealized gains and losses on derivative instruments and the loss on extinguishments of debt in the 2017 nine-month period, which is reflected in cash flow from financing activities) and, to a lesser extent, the impact of slightly higher noncash charges for depreciation and amortization. Cash used to fund changes in operating working capital was $115.0 million in the 2018 nine-month period, comparable to the $126.0 million of cash flow used to fund changes in working capital in the 2017 nine-month period.

Investing activities. Investing activity cash flow principally comprises expenditures for property, plant and equipment, cash paid for acquisitions of businesses and proceeds from disposals of assets. Cash flow used in investing activities was $72.0 million in the 2018 nine-month period compared with $95.1 million in the prior-year period. The Partnership spent $72.9 million for property, plant and equipment (comprising $35.3 million of maintenance capital expenditures and $37.6 million of growth capital expenditures) in the 2018 nine-month period compared with $74.5 million (comprising $39.9 million of maintenance capital expenditures and $34.6 million of growth capital expenditures) in the 2017 nine-month period. Net cash used in investing activities in the 2018 nine-month period and the 2017 nine-month period includes $9.4 million and $36.8 million, respectively, of cash used for acquisitions.

Financing activities. Financing activity cash flow principally comprises distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, short-term borrowings, and issuances of AmeriGas Partners Common Units. Cash used by financing activities was $274.5 million in the 2018 nine-month period compared with cash used of $204.6 million in the prior-year period. Distributions in the 2018 nine-month period totaled $302.0 million compared with $298.2 million in the prior-year period. Cash provided by credit agreement borrowings in the 2018 nine-month period totaled $37.0 million compared with cash used for credit agreement repayments of $77.7 million in the prior-year period. During the prior-year nine-month period, the Partnership repaid its 7.00% Senior Notes having an aggregate principal balance of $980.8 million, plus accrued and unpaid interest and early redemption premiums, with proceeds from the issuance of $1.225 billion face amount of AmeriGas Partners Senior Notes. The prior-year credit agreement repayments reflect the use of excess cash proceeds from the issuance of the AmeriGas Partners Senior Notes.

Impairment of Tradenames and Trademarks

In April 2018, a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership’s January 2012 acquisition of Heritage Propane, was presented to the Partnership’s senior management. After considering the merits of the plan, the Partnership’s senior management approved a plan to discontinue the use of these tradenames and trademarks over a period of approximately three years. As a result, during the three months ended June 30, 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values of approximately $7.9 million. During the three months ended June 30, 2018, the Partnership recorded a non-cash impairment charge of $75.0 million which amount is reflected in “Impairment of tradenames and trademarks” on the Condensed Consolidated Statements of Operations. For further information, see Notes 4 and 7 to condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary financial market risks include commodity prices for propane. 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 pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership’s profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership 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 the Partnership’s propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. The fair value of unsettled commodity price risk sensitive instruments at June 30, 2018, was a net gain of $29.7 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of approximately $19.4 million.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. 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. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at June 30, 2018. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership’s debt rating. At June 30, 2018, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The General Partner’s disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Partnership 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 General Partner’s management, with the participation of the General Partner’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Partnership’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 Partnership’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 Partnership’s internal control over financial reporting occurred during the Partnership’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Partnership’s internal control over financial reporting.

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 Annual Report on Form 10-K for the fiscal year ended September 30, 2017, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing the Partnership. 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):

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, 2018, 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, 2018, 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, 2018, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	XBRL Instance			
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			

EXHIBIT INDEX

31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2018, 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, 2018, 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, 2018, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance
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

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.

			AMERIGAS PARTNERS, L.P.
			(Registrant)
		By:	AmeriGas Propane, Inc. as General Partner
Date:	August 7, 2018	By:	/s/ Hugh J. Gallagher
			Hugh J. Gallagher Vice President - Finance and Chief Financial Officer
Date:	August 7, 2018	By:	/s/ Laurie A. Bergman
			Laurie A. Bergman Controller and Chief Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Jerry E. Sheridan, certify that:

1. I have reviewed this periodic report on Form 10-Q of AmeriGas Partners, L.P;

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 7, 2018

/s/ Jerry E. Sheridan

Jerry E. Sheridan

President and Chief Executive Officer of
AmeriGas Propane, Inc.

Exhibit 31.2

CERTIFICATION

I, Hugh J. Gallagher, certify that:

1. I have reviewed this periodic report on Form 10-Q of AmeriGas Partners, L.P;

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 7, 2018

/s/ Hugh J. Gallagher

Hugh J. Gallagher

Vice President - Finance and Chief Financial Officer of AmeriGas Propane, Inc.

Exhibit 32

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

I, Jerry E. Sheridan, Chief Executive Officer, and I, Hugh J. Gallagher, Chief Financial Officer, of AmeriGas Propane, Inc., a Pennsylvania corporation, the General Partner of AmeriGas Partners, L.P. (the "Company"), hereby certify that to our knowledge:

(1) The Company's periodic report on Form 10-Q for the period ended June 30, 2018 (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/ Jerry E. Sheridan	/s/ Hugh J. Gallagher
Jerry E. Sheridan	Hugh J. Gallagher
Date: August 7, 2018	Date: August 7, 2018