AMERIGAS PARTNERS, L.P.
AND SUBSIDIARIES

QUARTERLY REPORT

for the three and nine months ended June 30, 2021 and 2020

AmeriGas Partners, L.P. ("AmeriGas Partners") is an indirect, wholly owned subsidiary of UGI Corporation ("UGI"), with no class of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, AmeriGas Partners is not subject to the current and periodic reporting requirements of the Exchange Act. This quarterly report is provided to bondholders for informational purposes only pursuant to contractual requirements under certain indentures governing the rights of bondholders, and shall not constitute an offer to sell or the solicitation of an offer to buy any securities. As a result, none of UGI, AmeriGas Partners nor any of their respective affiliates accepts, and each specifically disclaims, any liability under federal securities laws whatsoever in connection with the provision of this quarterly report, including any liability under the Exchange Act or the Securities Act of 1933, as amended.

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GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Quarterly Report are defined below:

AmeriGas Partners, L.P. and Related Entities

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

***AmeriGas Partners* -** AmeriGas Partners, L.P., a Delaware limited partnership and an indirect wholly-owned subsidiary of UGI

***Energy Services* -** UGI Energy Services, LLC, an indirect wholly owned subsidiary of UGI

***General Partner* -** AmeriGas Propane, Inc., an indirect wholly owned subsidiary of UGI and the general partner of AmeriGas Partners

***Partnership* -** AmeriGas Partners, AmeriGas OLP and all of their subsidiaries collectively

***UGI* -** UGI Corporation

***UGI Europe* -** UGI Europe, Inc., an indirect wholly owned subsidiary of UGI

Other Terms and Abbreviations

***2020 Annual Report* -** AmeriGas Partners' Annual Report for the fiscal year ended September 30, 2020

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

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

***2021 nine-month period* -** Nine months ended June 30, 2021

***2021 three-month period* -** Three months ended June 30, 2021

***ASC* -** Accounting Standards Codification

***ASC 606* -** ASC 606, "Revenue from Contracts with Customers"

***ASU* -** Accounting Standards Update

CDC - Centers for Disease Control and Prevention

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

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

***FDIC* -** Federal Deposit Insurance Corporation

Fiscal 2019 - The fiscal year ended September 30, 2019

Fiscal 2020 - The fiscal year ended September 30, 2020

Fiscal 2021 - The fiscal year ending September 30, 2021

Fiscal 2022 - The fiscal year ending September 30, 2022

***GAAP* -** U.S. generally accepted accounting principles

***MGP* -** Manufactured gas plant

***NOAA* -** National Oceanic and Atmospheric Administration

***NPNS* -** Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

PRP - Potentially responsible party

ROD - Record of Decision

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

WHO - World Health Organization

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

FINANCIAL INFORMATION

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

	June 30, 2021	September 30, 2020	June 30, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	$ 6	$ 5	$ 8
Accounts receivable (less allowances for doubtful accounts of $14, $11 and $11, respectively)	217	182	173
Inventories	126	108	98
Derivative instruments	90	4	—
Prepaid expenses and other current assets	72	52	47
Total current assets	511	351	326
Property, plant and equipment (less accumulated depreciation of $1,397, $1,340 and $1,318, respectively)	1,065	1,097	1,103
Goodwill	2,004	2,004	2,004
Intangible assets, net	172	200	210
Other assets	425	405	386
Total assets	$ 4,177	$ 4,057	$ 4,029
LIABILITIES AND PARTNER'S CAPITAL			
Current liabilities:			
Current maturities of long-term debt	$ 3	$ 3	$ 6
Short-term borrowings	107	186	162
Accounts payable	149	132	133
Customer deposits and advances	63	96	66
Derivative instruments	—	6	18
Other current liabilities	253	295	247
Total current liabilities	575	718	632
Long-term debt	2,558	2,557	2,558
Other noncurrent liabilities	383	399	397
Total liabilities	3,516	3,674	3,587
Commitments and contingencies (Note 6)			
Partner's capital	661	383	442
Total liabilities and partner's capital	$ 4,177	$ 4,057	$ 4,029

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Propane	$ 459	$ 382	$ 1,921	$ 1,766
Other	67	69	211	217
	526	451	2,132	1,983
Costs and expenses:				
Cost of sales — propane (excluding depreciation and amortization shown below)	181	91	776	676
Cost of sales — other (excluding depreciation and amortization shown below)	27	28	71	69
Operating and administrative expenses	223	213	703	707
Depreciation and amortization	43	45	130	134
Other operating income, net	(9)	(3)	(26)	(15)
	465	374	1,654	1,571
Operating income	61	77	478	412
Interest expense	(40)	(41)	(120)	(124)
Income before income taxes	21	36	358	288
Income tax expense	—	(1)	(1)	(2)
Net income	$ 21	$ 35	$ 357	$ 286

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Nine Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 357	$ 286
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	130	134
Provision for uncollectible accounts	12	11
Change in unrealized gains and losses on derivatives instruments	(123)	(48)
Other, net	(9)	(11)
Net change in:		
Accounts receivable	(47)	(6)
Inventories	(18)	—
Accounts payable	17	25
Derivative instruments collateral deposits received	12	21
Other current assets	(20)	54
Other current liabilities	(81)	(104)
Net cash provided by operating activities	230	362
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(83)	(104)
Proceeds from disposals of assets	14	12
Net cash used by investing activities	(69)	(92)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(88)	(101)
Decrease in short-term borrowings	(79)	(166)
Repayment of long-term debt	(2)	(3)
Contribution related to common control transaction (see Note 10)	9	—
Net cash used by financing activities	(160)	(270)
Cash and cash equivalents increase	$ 1	$ —
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at end of period	$ 6	$ 8
Cash and cash equivalents at beginning of period	5	8
Cash and cash equivalents increase	$ 1	$ —

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNER'S CAPITAL
(unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Balance, beginning of period	$ 682	$ 463	$ 383	$ 256
Net income	21	35	357	286
Distributions	(42)	(56)	(88)	(101)
Equity-based compensation	—	—	—	1
Contribution related to common control transaction (see Note 10)	—	—	9	—
Balance, end of period	$ 661	$ 442	$ 661	$ 442

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Note 1 — Nature of Operations

AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. 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. AmeriGas Propane, Inc., currently serves as the General Partner of AmeriGas Partners through its non-economic general partner interest in AmeriGas Partners.

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 the Partnership's behalf (see Note 10).

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with GAAP. 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, 2020, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all footnote disclosures from the annual financial statements. These financial statements should be read in conjunction with the Partnership's 2020 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.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. Since we do not currently have derivative instruments that are designated and qualify as cash flow hedges, changes in fair value of our commodity derivative instruments that are not subject to the NPNS exception are reflected in "Cost of sales — propane" on the Condensed Consolidated Statements of Operations. Cash flows from commodity derivative instruments are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 8.

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.

Subsequent Events. Management has evaluated the impact of subsequent events through August 5, 2021, the date these condensed consolidated financial statements were issued and the effects, if any, of such evaluation have been reflected in the condensed consolidated financial statements and related disclosures.

Note 3 — Accounting Changes

New Accounting Standard Adopted in Fiscal 2021

Credit Losses. Effective October 1, 2020, the Partnership adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," including subsequent amendments, using a modified retrospective transition approach. This ASU, as subsequently amended, requires entities to estimate lifetime expected credit losses for financial instruments not measured at fair value through net income, including trade and other receivables, net investments in leases, financial receivables, debt securities, and other financial instruments, which may result in earlier recognition of credit losses. Further, the new current expected credit loss model may affect how entities estimate their allowance for losses for receivables that are current with respect to their payment terms. The adoption of the new guidance did not have a material impact on our consolidated financial statements.

(Millions of dollars, except where indicated otherwise)

Note 4 — Revenue from Contracts with Customers

We recognize revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. See Note 4 in the Partnership's 2020 Annual Report for additional information on our revenues from contracts with customers.

Revenue Disaggregation

The following table presents our disaggregated revenues:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Revenues from contracts with customers:				
Propane:				
Retail	$ 424	$ 372	$ 1,829	$ 1,715
Wholesale	35	10	92	51
Other	51	53	161	168
Total revenues from contracts with customers	510	435	2,082	1,934
Other revenues (a)	16	16	50	49
Total revenues	$ 526	$ 451	$ 2,132	$ 1,983

(a) Primarily represents revenues from tank rentals that are not within the scope of ASC 606 and accounted for in accordance with other GAAP.

Contract Balances

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

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Partnership's obligations to transfer goods or services to a customer for which the Partnership has received consideration from the customer. The balances of contract liabilities were $55, $87 and $57 at June 30, 2021, September 30, 2020 and June 30, 2020, respectively, and are included in "Customer deposits and advances" and "Other current liabilities" on the Condensed Consolidated Balance Sheets. Revenues recognized for the nine months ended June 30, 2021 and 2020, from the amounts included in contract liabilities at September 30, 2020 and 2019, were $70 and $70, respectively.

Remaining Performance Obligations

The Partnership excludes disclosures related to the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Note 5 — Inventories

Inventories comprise the following:

	June 30, 2021	September 30, 2020	June 30, 2020
Propane gas	$ 106	$ 90	$ 77
Materials, supplies and other	12	10	14
Appliances for sale	8	8	7
Total inventories	$ 126	$ 108	$ 98

Note 6 — Commitments and Contingencies

Contingencies

Saranac Lake Environmental Matter. In 2008, the NYDEC notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former MGP. AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a PRP as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three RODs related to remediation of the site totaling approximately $28 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas OLP renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of June 30, 2021, the Partnership has an undiscounted environmental remediation liability of $8 related to the site. 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 Missouri District Court. As the result of rulings on a series of procedural filings, including petitions filed with the Eighth Circuit and the U.S. Supreme Court, both the federal and state law claims of the direct customer plaintiffs and the state law claims of the indirect customer plaintiffs were remanded to the Western Missouri District Court. The decision of the Western Missouri District Court to dismiss the federal antitrust claims of the indirect customer plaintiffs was upheld by the Eighth Circuit. On April 15, 2019, the Western Missouri District Court ruled that it has jurisdiction over the indirect purchasers' state law claims and that the indirect customer plaintiffs have standing to pursue those claims. On August 21, 2019, the District Court partially granted the Partnership's motion for judgment on the pleadings and dismissed the claims of indirect customer plaintiffs from ten states and the District of Columbia.

On October 2, 2019, the Partnership reached an agreement to resolve the claims of the direct purchaser class of plaintiffs; the agreement received final court approval on June 18, 2020. On September 18, 2020, the Partnership and counsel for the indirect purchaser plaintiffs filed a joint statement with the court that they had reached an agreement in principle to settle the claims of the remaining classes and plaintiffs; the settlement received final court approval on March 30, 2021.

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.

(Millions of dollars, except where indicated otherwise)

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

Note 7 — Fair Value Measurements

Recurring Fair Value Measurements

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:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2021:				
Assets:				
Commodity contracts	$ —	$ 131	$ —	$ 131
September 30, 2020:				
Assets:				
Commodity contracts	$ —	$ 20	$ —	$ 20
Liabilities:				
Commodity contracts	$ —	$ (13)	$ —	$ (13)
June 30, 2020:				
Assets:				
Commodity contracts	$ —	$ 12	$ —	$ 12
Liabilities:				
Commodity contracts	$ —	$ (28)	$ —	$ (28)

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.

Other Financial Instruments

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

	June 30, 2021	September 30, 2020	June 30, 2020
Carrying amount	$ 2,578	$ 2,580	$ 2,585
Estimated fair value	$ 2,848	$ 2,789	$ 2,698

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets and a number of foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 8.

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 primarily manage 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. For additional information on the accounting for our derivative instruments, see Note 2.

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, from time to time, enters into price swap agreements to reduce the effects of short-term commodity price volatility. At June 30, 2021, September 30, 2020 and June 30, 2020, total volumes associated with propane commodity derivatives totaled 350 million gallons, 487 million gallons and 519 million gallons, respectively. At June 30, 2021, the maximum period over which we are economically hedging propane market price risk is 27 months.

To mitigate short-term market volatility associated with commodity instruments, the Partnership from time to time enters into diesel swap contracts for a portion of diesel volumes expected to be used in the operation of vehicles and equipment. The volumes associated with diesel swap contracts were not material for all periods presented.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument 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, the maximum amount of loss we would incur if the counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at June 30, 2021. 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, 2021, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Condensed Consolidated Balance Sheets if the right of offset exists. 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.

Notes to Condensed Consolidated Financial Statements
(unaudited)
(Millions of dollars, except where indicated otherwise)

Fair Value of Derivative Instruments

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

	June 30, 2021	September 30, 2020	June 30, 2020
Derivative assets:			
Derivative assets not designated as hedging instruments:			
Commodity contracts	$ 131	$ 20	$ 12
Total derivative assets — gross	131	20	12
Gross amounts offset in the balance sheet	—	(7)	(8)
Cash collateral received	(12)	—	—
Total derivative assets — net (a)	$ 119	$ 13	$ 4
Derivative liabilities:			
Derivative liabilities not designated as hedging instruments:			
Commodity contracts	$ —	$ (13)	$ (28)
Total derivative liabilities — gross	—	(13)	(28)
Gross amounts offset in the balance sheet	—	7	8
Total derivative liabilities — net (a)	$ —	$ (6)	$ (20)

(a) Derivative assets and derivative liabilities with maturities greater than one year are included in "Other assets" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets.

Effects of Derivative Instruments

Derivative instruments gains (losses) reflected on the Condensed Consolidated Statements of Operations comprise the following:

	Three Months Ended June 30,		Nine Months Ended June 30,		
Derivatives Not Designated as Hedging Instruments:	2021	2020	2021	2020	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ 78	$ 52	$ 197	$ (4)	Cost of sales — propane
Commodity contracts	—	—	5	—	Other operating income, net
Total	$ 78	$ 52	$ 202	$ (4)	

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 — Business Transformation Initiatives

Beginning in Fiscal 2019, we began executing on a multi-year business transformation initiative. This initiative is designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, this business transformation initiative also focuses on enhancing the customer experience through, among other things, enhanced sales and marketing initiatives and an improved digital customer experience. In connection with these initiatives, we recognized expenses of $11 and $3 during the three months ended June 30, 2021 and 2020, respectively, and $37 and $27 during the nine months ended June 30, 2021 and 2020, respectively. These costs principally comprise consulting, advisory, and employee-related costs and are reflected in “Operating and administrative expenses” on the Condensed Consolidated Statements of Operations.

(Millions of dollars, except where indicated otherwise)

Note 10 — Related Party Transactions

Partnership and 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 include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

Administrative Services. 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.

In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. These costs were not material during the three and nine months ended June 30, 2021 and 2020.

Propane Purchases and Sales. AmeriGas OLP purchases propane on an as needed basis from Energy Services. The price of the purchases is generally based on 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, 2021 and 2020 were not material.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during the three and nine months ended June 30, 2021 and 2020.

The following related party transactions are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Operations:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Partnership and Management Services Agreement:				
Direct and indirect expenses incurred on behalf of the Partnership	$ 126	$ 127	$ 411	$ 424
Administrative Services:				
Administrative services provided by UGI	$ 6	$ 5	$ 18	$ 15

Platform Contribution Agreement. Pursuant to a Platform Contribution Agreement, on October 1, 2020, AmeriGas OLP sold the right to use certain business strategies, models, technology and other similar proprietary information used in operating its business to UGI Europe for $9. Because the transaction was between entities under common control, the proceeds received by AmeriGas OLP in excess of the carrying value of such assets transferred was considered an equity transaction and has been recorded as an increase in “Partner’s capital” on the June 30, 2021 Condensed Consolidated Balance Sheet.

Note 11 — Impact of Global Pandemic

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Information contained in this Quarterly Report may contain forward-looking statements. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions, including increasingly uncertain weather patterns due to climate change, resulting in reduced demand and the seasonal nature of our business; (2) cost volatility and availability of propane and propane cylinders, 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, data privacy, accounting matters, and environmental, including regulatory responses to climate change; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers or retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, natural disasters, pandemics and other catastrophic events that may result from operating hazards and risks incidental to transporting, storing and distributing propane and butane; (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 or regulatory proceedings, inquiries or investigations; (17) the availability, timing, and success of our acquisitions and investments to grow our business; (18) the interruption, disruption, failure or malfunction of our information technology systems, and those of our third-party vendors or service providers, including due to cyber attack; (19) our ability to achieve the operational benefits and cost efficiencies expected from the completion of pending and future internal business transformation initiatives including the impact of customer service disruptions resulting in potential customer loss due to the transformation activities; and (20) uncertainties related to a global pandemic, including the duration and/or impact of the COVID-19 pandemic.

These factors 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 any forward-looking statement whether as a result of new information or future events.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Partnership's results of operations for the 2021 three-month period with the 2020 three-month period and the 2021 nine-month period with the 2020 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 GAAP. As a result, volatility in net income attributable to AmeriGas Partners 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. However, we expect that such gains and losses on such derivative instruments will be largely offset by gains and losses on anticipated future propane purchases.

AmeriGas Partners' management presents the non-GAAP measures "adjusted net (loss) income," "adjusted total margin," and "adjusted operating income" 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 on commodity derivative instruments not associated with current-period transactions and (2) other significant discrete items that can affect the comparison of year-over-year results. For additional information on these non-GAAP measures including reconciliations of these non-GAAP measures to the most closely associated GAAP measures, see "Non-GAAP Financial Measures" below.

Recent Developments

In March 2020, the WHO declared a global pandemic attributable to the outbreak and continued spread of COVID-19 that has had a significant impact throughout the global economy. In connection with the mitigation and containment procedures recommended by the WHO, the CDC, and as imposed by federal, state, and local governmental authorities, including shelter-in-place orders, quarantines and similar restrictions, we implemented a variety of procedures to protect our employees, third-party business partners, and customers. Although our results continue to be impacted by COVID-19 in Fiscal 2021, we continue to provide essential products and services to our customers in a safe and reliable manner and will continue to do so in compliance with mandated restrictions presented by each of the markets we serve. We continue to evaluate and react to the potential effects of a prolonged disruption and the continued impact on our results of operations. These items may include, but are not limited to: the financial condition of our customers; decreased availability and demand for our products and services; realization of accounts receivable; impairment considerations related to certain current assets, long-lived assets and goodwill; delays related to current and future projects; and the effects of government stimulus efforts.

We cannot predict the duration or magnitude of the pandemic and its total effects on our business, financial position, results of operations, liquidity or cash flows at this time, but we remain focused on managing our financial condition and liquidity throughout this global crisis.

Impact of Strategic Initiatives

We began executing on Business Transformation Initiatives during Fiscal 2019 designed to drive operational efficiencies, increase profitability and provide for an enhanced customer experience.

We are focused on efficiency and effectiveness initiatives in the following key areas: customer digital experience; customer relationship management; operating process redesign and specialization; distribution and routing optimization; sales and marketing effectiveness; purchasing and general and administrative efficiencies; and supply and logistics. The transformation activities will continue to be carried out over Fiscal 2021 and may result in customer service disruptions over the near term. However, once completed, these initiatives are expected to provide total annual benefits of more than $140 million by the end of Fiscal 2022 which will allow us to improve profitability and cash flow through operational efficiencies and expense reductions and enable increased investment into base business customer retention and growth initiatives, including the reduction of margins in select segments of our base business. We estimate the total cost of executing on these initiatives, including approximately $100 million of related capital expenditures, to be approximately $200 million.

Non-GAAP Financial Measures

Our non-GAAP financial measures comprise adjusted total margin, adjusted operating income and adjusted net (loss) 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) changes in unrealized gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other significant discrete items that can affect the comparison of year-over-year results.

The following table includes reconciliations of adjusted total margin, adjusted operating income, and adjusted net (loss) income to the most directly comparable financial measures calculated and presented in accordance with GAAP for the periods presented:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(Dollars in millions)	2021	2020	2021	2020
Adjusted total margin:				
Total revenues	$ 526	$ 451	$ 2,132	$ 1,983
Cost of sales — propane	(181)	(91)	(776)	(676)
Cost of sales — other	(27)	(28)	(71)	(69)
Total margin	318	332	$ 1,285	$ 1,238
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(59)	(60)	(123)	(48)
Adjusted total margin	$ 259	$ 272	$ 1,162	$ 1,190
Adjusted operating income:				
Operating income	$ 61	$ 77	$ 478	$ 412
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(59)	(60)	(123)	(48)
Business transformation expenses	11	3	37	27
Adjusted operating income	$ 13	$ 20	$ 392	$ 391
Adjusted net (loss) income:				
Net income	$ 21	$ 35	$ 357	$ 286
Subtract net gains on commodity derivative instruments not associated with current-period transactions	(59)	(60)	(123)	(48)
Business transformation expenses	11	3	37	27
Adjusted net (loss) income	$ (27)	$ (22)	$ 271	$ 265

Executive Overview

Three Months Ended June 30, 2021 and 2020

Net income for the 2021 three-month period was $21 million compared to $35 million in the prior-year period. Net income in the 2021 and 2020 three-month periods reflects the effects of net unrealized gains of $59 million and $60 million, respectively, on commodity derivative instruments not associated with current-period transactions. Net income also reflects business transformation expenses of $11 million and $3 million, respectively, in the 2021 and 2020 three-month periods.

The adjusted net loss for the 2021 three-month period was $27 million compared with $22 million in the prior-year period. This decrease in results principally reflects lower adjusted total margin primarily due to lower cylinder exchange volumes compared to the significant increase in volumes experienced in the prior-year period partially offset by growth in national account volumes resulting in slightly lower average retail unit margins, higher other income from fees associated with customer accounts and gains related to the sale of select assets, and lower depreciation and amortization expense. During the 2021 three-month period, average temperatures were 2.5% colder than normal but 12.3% warmer than the prior-year period.

Nine Months Ended June 30, 2021 and 2020

Net income for the 2021 nine-month period was $357 million compared to $286 million in the prior-year period. Net income in the 2021 and 2020 nine-month periods reflects the effects of net unrealized gains of $123 million and $48 million, respectively, on commodity derivative instruments not associated with current-period transactions. Net income also reflects business transformation expenses of $37 million and $27 million, respectively, in the 2021 and 2020 nine-month periods.

Adjusted net income for the 2021 nine-month period was $271 million compared with $265 million in the prior-year period. This increase principally reflects lower operating and administrative expenses compared to the prior-year period and higher other income attributable to customer fees and gains on the early settlement of certain commodity derivative instruments during the 2021 nine-month period. Lower interest expense and depreciation and amortization expense compared to the prior-year period also contributed to the improvement. These positive impacts were partially offset by a decrease in total adjusted margin. During the 2021 nine-month period, average temperatures were 2.6% warmer than normal and 1.6% warmer than the prior-year period.

RESULTS OF OPERATIONS

2021 three-month period compared with the 2020 three-month period

Three Months Ended June 30,	2021	2020	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	184	182	2	1 %
Wholesale	35	17	18	106 %
	219	199	20	10 %
Revenues:				
Retail propane	$ 424	$ 372	$ 52	14 %
Wholesale propane	35	10	25	250 %
Other	67	69	(2)	(3)%
	$ 526	$ 451	$ 75	17 %
Total margin (a)	$ 318	$ 332	$ (14)	(4)%
Operating and administrative expenses	$ 223	$ 213	$ 10	5 %
Depreciation and amortization	$ 43	$ 45	$ (2)	(4)%
Operating income	$ 61	$ 77	$ (16)	(21)%
Net income	$ 21	$ 35	$ (14)	(40)%
Non-GAAP financial measures (b):				
Adjusted total margin	$ 259	$ 272	$ (13)	(5)%
Adjusted operating income	$ 13	$ 20	$ (7)	(35)%
Adjusted net loss	$ (27)	$ (22)	$ (5)	23 %
Heating degree days — % colder than normal (c)	2.5 %	16.9 %	—	—

(a) Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin for the 2021 and 2020 three-month periods includes the impact of net unrealized gains of $59 million and $60 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) 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.

(c) Beginning in Fiscal 2021, deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the United States, excluding Alaska and Hawaii. Prior-period amounts have been restated to conform to the current-period presentation.

Average temperatures during the 2021 three-month period were 2.5% colder than normal but 12.3% warmer than the prior-year period. Total retail gallons sold increased slightly during the 2021 three-month period principally reflecting higher national account volumes, partially offset by lower cylinder exchange volumes compared to the significant volume increase experienced in the prior-year period, lower residential volumes and the continued effects of structural conservation and other residual volume loss.

Total revenues increased $75 million during the 2021 three-month period largely reflecting higher average retail and wholesale propane selling prices ($63 million) and higher wholesale propane volumes ($11 million) compared to the prior-year period. Average daily wholesale propane commodity prices at Mont Belvieu, Texas, one of the major supply points in the U.S., were significantly higher during the 2021 three-month period (approximately 112%) compared to such prices during the prior-year period.

Total cost of sales during the 2021 three-month period increased $89 million from the prior-year period. Cost of sales in the 2021 and 2020 three-month periods include net unrealized gains of $59 million and $60 million, respectively, on commodity derivative instruments not associated with current-period transactions. Excluding the effects on cost of sales of these commodity derivative instruments, total cost of sales increased $88 million principally reflecting the higher average total propane product costs ($78 million) and higher wholesale propane volumes ($10 million).

Total margin (which includes the effects of the unrealized gains on commodity derivative instruments not associated with current-period transactions) decreased $14 million during the 2021 three-month period. Adjusted total margin in the 2021 three-month period decreased $13 million largely attributable to the lower cylinder exchange volumes partially offset by the growth in national account volumes. These year-over-year changes in customer segment volumes resulted in slightly lower average retail unit margins compared to the prior-year period. This impact was partially offset by the higher retail propane volumes ($2 million).

Operating income (which includes the effects of the unrealized gains on commodity derivative instruments not associated with current-period transactions and business transformation expenses) decreased $16 million compared to the prior-year period. Adjusted operating income decreased $7 million compared to the 2020 three-month period principally reflecting the decrease in total margin partially offset by higher other income from fees associated with customer accounts and gains related to the sale of select assets. Operating and administrative expenses, excluding the effects of business transformation expenses, were slightly higher in the 2021 three-month period reflecting, among other things, higher vehicle fuel, operating and lease expenses ($3 million), increased advertising costs ($2 million), and higher general insurance costs ($2 million), partially offset by lower employee-related costs ($3 million). Operating and administrative expenses continue to reflect the partial benefits related to the previously mentioned ongoing business transformation initiatives.

Net income (which includes the effects of the unrealized gains on commodity derivative instruments not associated with current-period transactions and business transformation expenses) decreased $14 million compared to the prior-year period. The adjusted net loss was $27 million in the 2021 three-month period compared to $22 million in the prior-year period largely reflecting the decrease in adjusted operating income partially offset by a slight decrease in interest expense compared to the prior-year period.

2021 nine-month period compared with the 2020 nine-month period

Nine Months Ended June 30,	2021	2020	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	815	827	(12)	(1)%
Wholesale	92	73	19	26 %
	907	900	7	1 %
Revenues:				
Retail propane	$ 1,829	1,715	$ 114	7 %
Wholesale propane	92	51	41	80 %
Other	211	217	(6)	(3)%
	$ 2,132	$ 1,983	$ 149	8 %
Total margin (a)	$ 1,285	$ 1,238	$ 47	4 %
Operating and administrative expenses	$ 703	$ 707	$ (4)	(1)%
Depreciation and amortization	$ 130	$ 134	$ (4)	(3)%
Operating income	$ 478	$ 412	$ 66	16 %
Net income	$ 357	$ 286	$ 71	25 %
Non-GAAP financial measures (b):				
Adjusted total margin	$ 1,162	$ 1,190	$ (28)	(2)%
Adjusted operating income	$ 392	$ 391	$ 1	— %
Adjusted net income attributable to AmeriGas Partners	$ 271	$ 265	$ 6	2 %
Heating degree days — % warmer than normal (c)	(2.6)%	(1.5)%	—	—

(a) Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin for the 2021 and 2020 nine-month periods includes the impact of net unrealized gains of $123 million and $48 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) 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.

(c) Beginning in Fiscal 2021, deviation from average heating degree days is determined on a rolling 10-year period utilizing volume-weighted weather data based on weather statistics provided by NOAA for 344 regions in the United States, excluding Alaska and Hawaii. Prior-period amounts have been restated to conform to the current-period presentation.

Average temperatures during the 2021 nine-month period were 2.6% warmer than normal and 1.6% warmer than the prior-year period. Total retail gallons sold decreased slightly during the 2021 nine-month period principally reflecting structural conservation and other residual volume loss and the greater impact of COVID-19 on commercial volumes compared to the prior-year period. These decreases were partially offset by higher resale and motor fuel volumes during the 2021 nine-month period.

Total revenues increased $149 million during the 2021 nine-month period largely reflecting higher average propane selling prices ($165 million) partially offset by the lower retail propane volumes ($24 million) compared to the prior-year period. Average daily wholesale propane commodity prices during the 2021 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 83% higher than such prices during the 2020 nine-month period.

Total cost of sales during the 2021 nine-month period increased $102 million compared to the prior-year period. Cost of sales in the 2021 and 2020 nine-month periods include net unrealized gains of $123 million and $48 million, respectively, on commodity derivative instruments not associated with current-period transactions. Excluding the effects on cost of sales of these commodity derivative instruments, total cost of sales increased $177 million largely attributable to the higher average propane product costs ($172 million) and higher wholesale propane volumes ($12 million).

Total margin (which includes the effects of the unrealized gains on commodity derivative instruments not associated with current-period transactions) increased $47 million during the 2021 nine-month period. Adjusted total margin in the 2021 nine-month period decreased $28 million largely attributable to the lower retail propane volumes ($14 million), lower average retail unit margins ($6 million) and decreased non-propane margin ($9 million) principally reflecting lower fees and services partially offset by increased cylinder sales. Total margin for the current-year period also includes the continued impact of effective margin management efforts.

Operating income (which includes the effects of the unrealized gains on commodity derivative instruments not associated with current-period transactions and business transformation expenses) increased $66 million compared to the prior-year period. Adjusted operating income increased slightly during the 2021 nine-month period reflecting lower operating and administrative expenses ($14 million) compared to the prior-year period, higher other income ($12 million) attributable to customer fees and gains on the early settlement of certain commodity derivative instruments during the 2021 nine-month period, and lower depreciation and amortization expense ($4 million). These positive impacts were partially offset by the previously mentioned decrease in total adjusted margin ($28 million). The decrease in operating and administrative expenses, excluding the effects of business transformation expenses, in the 2021 nine-month period reflects, among other things, lower employee compensation and benefits-related costs ($11 million), decreased vehicle and equipment operating and maintenance expenses ($8 million), and lower general insurance costs ($7 million) compared to the prior-year period. These decreases were partially offset by increased advertising expenses ($4 million), higher telecommunications expenses ($4 million), and higher allocated corporate costs ($3 million) compared to the prior-year period. The lower operating and administrative expenses reflect the partial benefits related to the previously mentioned ongoing business transformation initiatives.

Net income (which includes the effects of the unrealized gains on commodity derivative instruments not associated with current-period transactions and business transformation expenses) increased $71 million compared to the prior-year period. Adjusted net income increased $6 million in the 2021 nine-month period largely reflecting the slight increase in adjusted operating income and lower interest expense attributable to lower average short-term borrowings outstanding compared to the prior-year period.

FINANCIAL CONDITION AND LIQUIDITY

The Partnership expects to have sufficient liquidity including cash on hand and available credit agreement borrowings to continue to support long-term commitments and ongoing operations despite uncertainties associated with the outbreak and continued spread of COVID-19. The Partnership does not have any near-term senior note maturities. While the Partnership's operations and financial performance has been impacted by COVID-19 in the 2021 three and nine month periods, it is a rapidly evolving situation and the Partnership cannot predict the ultimate impact that COVID-19 will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. The Partnership was in compliance with its debt covenants as of June 30, 2021.

The Partnership's cash and cash equivalents at June 30, 2021 and September 30, 2020 were $6 million and $5 million, respectively. The Partnership's debt outstanding at June 30, 2021, totaled $2,668 million (including current maturities of long-term debt of $3 million and short-term borrowings of $107 million). The Partnership's debt outstanding at September 30, 2020, totaled $2,746 million (including current maturities of long-term debt of $3 million and short-term borrowings of $186 million). Total long-term debt outstanding at June 30, 2021, including current maturities, comprises $2,575 million of AmeriGas Partners' Senior Notes and $3 million of other long-term debt, and is net of $17 million of unamortized debt issuance costs.

At June 30, 2021, there were $107 million of borrowings outstanding under the credit agreement. Issued and outstanding letters of credit under the credit agreement, which reduce the amounts available for borrowings, totaled $60 million at June 30, 2021. At June 30, 2021, the Partnership's available borrowing capacity under the credit agreement was $433 million. The average daily and peak short-term borrowings outstanding under the credit agreement during the 2021 nine-month period were $177 million and $293 million, respectively. The average daily and peak short-term borrowings outstanding under the credit agreement during the 2020 nine-month period were $266 million and $359 million, respectively.

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 $230 million in the 2021 nine-month period compared to $362 million in the 2020 nine-month period. Cash flow from operating activities before changes in operating working capital was $367 million in the 2021 nine-month period compared to $372 million in the prior-year period. Cash used to fund changes in operating working capital was $137 million in the 2021 nine-month period compared to $10 million in the 2020 nine-month period. This increase reflects, among other things, an increase in cash required to fund changes in accounts receivable and inventories due to rising commodity prices during the 2021 nine-month period, lower cash collateral received in the 2021 nine-month period and increases in cash required to fund changes in accounts payable and other current assets. These changes were partially offset by greater cash generated from changes in other current liabilities during the 2021 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 by investing activities was $69 million in the 2021 nine-month period compared with $92 million in the prior-year period. The Partnership spent $83 million for property, plant and equipment in the 2021 nine-month period compared to $104 million in the 2020 nine-month period.

Financing activities. Financing activity cash flow principally comprises distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, and short-term borrowings/repayments. Cash required to fund financing activities was $160 million in the 2021 nine-month period compared with $270 million in the prior-year period. Net repayments on the credit agreement were $79 million in the 2021 nine-month period compared to $166 million in the 2020 nine-month period. Also, during the 2021 nine-month period, AmeriGas Partners received $9 million pursuant to a Platform Contribution Agreement with UGI International, as further described in Note 10 to the condensed consolidated financial statements.

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 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, 2021, was a net gain of $131 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of approximately $27 million.

In addition, the Partnership from time to time enters into diesel swap contracts for a portion of diesel volumes expected to be used in the operation of vehicles and equipment. The volumes associated with these price swap contracts were not material for all periods presented.

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 derivative instrument 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 this concentration failed to perform according to the terms of their contracts was not material at June 30, 2021. 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, 2021, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

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 this Quarterly Report is (i) recorded, processed, summarized, and reported within the time periods specified in the indentures, 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.

RISK FACTORS

In addition to the information presented in this report, you should carefully consider the factors discussed in "Risk Factors" in our 2020 Annual Report, which could materially affect our business, financial condition or future results. The risks described below and in our 2020 Annual Report are not the only risks facing the Partnership. Other unknown or unpredictable factors could also have material adverse effects on future results.

Our information technology systems and those of our third-party vendors or service providers have been the target of cyber-security attacks in the past. If we are unable to protect our information technology systems against future service interruption, misappropriation of data, or breaches of security resulting from cyber-security attacks or other events, or if we encounter other unforeseen difficulties in the design, implementation or operation of our information technology systems, or if our third-party vendors or service providers experience compromises to their information technology systems, our operations could be disrupted, our business and reputation may suffer, and our internal controls could be adversely affected.

In the ordinary course of business, we rely on information technology systems, including the Internet and third-party hosted services, to support a variety of business processes and activities and to store sensitive data, including (i) intellectual property, (ii) our proprietary business information and that of our suppliers and business partners, (iii) personally identifiable information of our customers and employees, and (iv) data with respect to invoicing and the collection of payments, accounting, procurement, and supply chain activities. In addition, we rely on our information technology systems to process financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax requirements.

Cyber-security incidents have recently increased in both frequency and magnitude and have involved malicious software and attempts to gain unauthorized access to data and systems, including ransomware attacks where a target's access to its information systems is blocked until a ransom has been paid. Despite our security measures, our technologies, systems, and networks have been and may continue to be the target of cyber-security attacks or information security breaches that could result in the unauthorized release, misuse, loss or destruction of proprietary and other information, or other disruption of our business operations. Similarly, our third-party vendors or service providers have been impacted by cyber-security incidents and could sustain the same risks and disruptions as described above. A loss of our information technology systems, or temporary interruptions in the operation of our information technology systems, or those of our third-party vendors or service providers, or any other misappropriation of data, or breaches of security could have a material adverse effect on our business, financial condition, results of operations, and reputation. In addition, a cyber-security attack could provide a cyber-intruder with the ability to control or alter our pipeline operations. Such an act could result in critical pipeline failures.

The efficient execution of the Partnership's businesses is dependent upon the proper design, implementation and functioning of its current and future internal systems, such as the information technology systems that support the Partnership's underlying business processes. Any significant failure or malfunction of such information technology systems may result in disruptions of our operations. In addition, the effectiveness of our internal controls could be adversely affected if we encounter unforeseen problems with respect to the operation of our information technology systems.

While we have purchased cyber-security insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyber incidents increase in frequency and magnitude, we may be unable to obtain cyber-security insurance in amounts and on terms we view as adequate for our operations, including the agreement to certain indemnification provisions by our insurance providers.

EXHIBIT INDEX

31.1	Certification by the President.
31.2	Certification by the Chief Financial Officer.
32	Certification by the President and the Chief Financial Officer.

SIGNATURES

The Partnership has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIGAS PARTNERS, L.P.

By: AmeriGas Propane, Inc.
Its General Partner

Date: August 5, 2021

By: /s/ Ann P. Kelly
Ann P. Kelly
Vice President - Finance and Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Paul Ladner, certify that:

1. I have reviewed this quarterly report of AmeriGas Partners, L.P. (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company 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 Company, 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 Company’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 Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’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 Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors:

   (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 Company’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 Company’s internal control over financial reporting.

Date: August 5, 2021

/s/ Paul Ladner

Paul Ladner

President of AmeriGas Propane, Inc.

Exhibit 31.2

CERTIFICATION

I, Ann P. Kelly, certify that:

1. I have reviewed this quarterly report of AmeriGas Partners, L.P. (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company 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 Company, 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 Company’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 Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors:

    (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 Company’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 Company’s internal control over financial reporting.

Date: August 5, 2021

/s/ Ann P. Kelly

Ann P. Kelly

Chief Financial Officer

Exhibit 32

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

I, Paul Ladner, President, and I, Ann P. Kelly, 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 quarterly for the period ended June 30, 2021 (the “Quarterly Report”) fully complies, in all material respects, with the requirements of the indentures; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

PRESIDENT	CHIEF FINANCIAL OFFICER
/s/ Paul Ladner	/s/ Ann P. Kelly
Paul Ladner	Ann P. Kelly
Date August 5, 2021	Date: August 5, 2021