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 December 31, 2019

OR

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

For the transition period from ________ to ________

Commission file number 1-11071

UGI CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

At January 31, 2020, there were 208,548,324 shares of UGI Corporation Common Stock, without par value, outstanding.

UGI CORPORATION AND SUBSIDIARIES

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GLOSSARY OF TERMS AND ABBREVIATIONS

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

UGI Corporation and Related Entities

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

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

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

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

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

Company - UGI and its consolidated subsidiaries collectively

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

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

Electric Utility - UGI Utilities' regulated electric distribution utility

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

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

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

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

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

Midstream & Marketing - Reportable segment principally comprising Energy Services and UGID

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

Pennant - Pennant Midstream, LLC, a Delaware limited liability company

PennEast - PennEast Pipeline Company, LLC

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

UGI - UGI Corporation

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

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

UGI Gas - UGI Utilities' natural gas utility

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

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

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

UGI Utilities - UGI Utilities, Inc., a wholly owned subsidiary of UGI. Also a reportable segment of UGI

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

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

Other Terms and Abbreviations

2018 three-month period - Three-month period ended December 31, 2018

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

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

2019 three-month period - Three-month period ended December 31, 2019

AFUDC - Allowance for Funds Used During Construction

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

AOCI - Accumulated Other Comprehensive Income (Loss)

ASC - Accounting Standards Codification

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

ASC 840 - ASC 840, “Leases”

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

ASU - Accounting Standards Update

Bcf - Billions of cubic feet

CMG - Columbia Midstream Group, LLC

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

CMG Acquisition Agreements - Agreements related to the CMG Acquisition comprising (1) a purchase and sale agreement related to the CMG acquisition, dated July 2, 2019, by and among Columbia Midstream & Minerals Group, LLC, Energy Services, UGI and TransCanada PipeLine USA Ltd., and (2) a purchase and sale agreement related to the Columbia Pennant, LLC acquisition, dated July 2, 2019, by and among Columbia Midstream & Minerals Group, LLC, Energy Services, and TransCanada PipeLine USA Ltd.

COA - Consent Order and Agreement

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

Common Stock - shares of UGI common stock

Common Units - Limited partnership ownership interests in AmeriGas Partners

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

DS - Default service

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

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

EPS - Earnings Per Share

Exchange Act - Securities Exchange Act of 1934, as amended

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

FERC - Federal Energy Regulatory Commission

Fiscal 2019 **-** The fiscal year ended September 30, 2019

Fiscal 2020 - The fiscal year ending September 30, 2020

Fiscal 2021 - The fiscal year ending September 30, 2021

Fiscal 2022 - The fiscal year ending September 30, 2022

Fiscal 2023 - The fiscal year ending September 30, 2023

Fiscal 2024 **-** The fiscal year ending September 30, 2024

GAAP - U.S. generally accepted accounting principles

Gwh - Millions of kilowatt hours

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

ICE - Intercontinental Exchange

IDR **-** Incentive distribution right

IRPA - Interest rate protection agreement

IT - Information technology

LNG - Liquefied natural gas

LPG - Liquefied petroleum gas

MDPSC - Maryland Public Service Commission

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

MGP - Manufactured gas plant

NOAA - National Oceanic and Atmospheric Administration

NPNS - Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

NYMEX - New York Mercantile Exchange

PADEP - Pennsylvania Department of Environmental Protection

PAPUC - Pennsylvania Public Utility Commission

PGC - Purchased gas costs

PRP - Potentially Responsible Party

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

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

ROU - Right-of-use

ROD - Record of Decision

SCAA - Storage Contract Administrative Agreements

SEC - U.S. Securities and Exchange Commission

TCJA - Tax Cuts and Jobs Act

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

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

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

USD - U.S. dollar

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

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

VEBA - Voluntary Employees’ Beneficiary Association

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

UGI CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	December 31, 2019	September 30, 2019	December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	$ 333.4	$ 447.1	$ 477.6
Restricted cash	95.8	63.7	17.4
Accounts receivable (less allowances for doubtful accounts of $35.6, $31.6 and $38.5, respectively)	1,011.1	640.7	1,144.3
Accrued utility revenues	80.2	14.6	64.7
Inventories	247.5	229.9	293.7
Utility regulatory assets	4.7	9.1	3.3
Derivative instruments	28.4	28.9	60.2
Prepaid expenses and other current assets	145.9	132.2	181.0
Total current assets	1,947.0	1,566.2	2,242.2
Property, plant and equipment, at cost (less accumulated depreciation of $3,490.1, $3,385.2 and $3,228.3, respectively)	6,783.6	6,687.8	5,855.1
Goodwill	3,482.9	3,456.4	3,154.8
Intangible assets, net	703.4	708.6	505.2
Utility regulatory assets	385.8	386.5	295.5
Derivative instruments	32.0	43.2	29.9
Other assets	951.0	497.9	285.6
Total assets	$ 14,285.7	$ 13,346.6	$ 12,368.3
LIABILITIES AND EQUITY			
Current liabilities:			
Current maturities of long-term debt	$ 27.8	$ 24.1	$ 19.5
Short-term borrowings	869.7	796.3	676.3
Accounts payable	598.3	438.8	753.3
Derivative instruments	113.3	84.9	56.8
Other current liabilities	782.4	682.8	677.2
Total current liabilities	2,391.5	2,026.9	2,183.1
Long-term debt	5,827.6	5,779.9	4,150.7
Deferred income taxes	562.5	541.4	973.4
Derivative instruments	46.6	48.4	25.0
Other noncurrent liabilities	1,452.9	1,122.8	989.5
Total liabilities	10,281.1	9,519.4	8,321.7
Commitments and contingencies (Note 10)			
Equity:			
UGI Corporation stockholders' equity:			
UGI Common Stock, without par value (authorized — 450,000,000 shares; issued — 209,310,342, 209,304,129 and 174,262,763 shares, respectively)	1,398.4	1,396.9	1,206.5
Retained earnings	2,797.5	2,653.1	2,620.8
Accumulated other comprehensive loss	(163.1)	(216.6)	(133.1)
Treasury stock, at cost	(37.4)	(15.9)	(24.8)
Total UGI Corporation stockholders' equity	3,995.4	3,817.5	3,669.4
Noncontrolling interests	9.2	9.7	377.2
Total equity	4,004.6	3,827.2	4,046.6
Total liabilities and equity	$ 14,285.7	$ 13,346.6	$ 12,368.3

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Three Months Ended December 31,	
	2019	2018
Revenues	$ 2,006.6	$ 2,200.2
Costs and expenses:		
Cost of sales (excluding depreciation and amortization shown below)	1,008.0	1,425.0
Operating and administrative expenses	511.2	503.2
Depreciation and amortization	119.4	111.2
Other operating income, net	(9.2)	(6.9)
	1,629.4	2,032.5
Operating income	377.2	167.7
Income from equity investees	6.5	1.5
Loss on extinguishments of debt	—	(6.1)
Other non-operating (expense) income, net	(11.5)	9.0
Interest expense	(84.1)	(60.2)
Income before income taxes	288.1	111.9
Income tax expense	(76.1)	(23.4)
Net income including noncontrolling interests	212.0	88.5
Deduct net income attributable to noncontrolling interests, principally in AmeriGas Partners	—	(24.3)
Net income attributable to UGI Corporation	$ 212.0	$ 64.2
Earnings per common share attributable to UGI Corporation stockholders:		
Basic	$ 1.01	$ 0.37
Diluted	$ 1.00	$ 0.36
Weighted-average common shares outstanding (thousands):		
Basic	209,439	174,413
Diluted	211,258	177,566

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Three Months Ended December 31,	
	2019	2018
Net income including noncontrolling interests	$ 212.0	$ 88.5
Other comprehensive income (loss):		
Net gains (losses) on derivative instruments (net of tax of $(2.2) and $0.4, respectively)	5.6	(1.5)
Reclassifications of net losses on derivative instruments (net of tax of $(0.3) and $(0.3), respectively)	0.7	0.7
Foreign currency adjustments (net of tax of $7.2 and $2.8, respectively)	47.0	(15.6)
Benefit plans (net of tax of $(0.1) and $(0.1), respectively)	0.2	0.3
Other comprehensive income (loss)	53.5	(16.1)
Comprehensive income including noncontrolling interests	265.5	72.4
Deduct comprehensive income attributable to noncontrolling interests, principally in AmeriGas Partners	—	(24.3)
Comprehensive income attributable to UGI Corporation	$ 265.5	$ 48.1

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

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

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interests	$ 212.0	$ 88.5
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	119.4	111.2
Deferred income tax expense (benefit), net	5.0	(20.7)
Provision for uncollectible accounts	7.8	10.3
Changes in unrealized gains and losses on derivative instruments	27.3	165.9
Loss on extinguishments of debt	—	6.1
Income from equity investees	(6.5)	(1.5)
Other, net	(9.4)	12.4
Net change in:		
Accounts receivable and accrued utility revenues	(431.6)	(457.6)
Inventories	(15.6)	23.0
Utility deferred fuel and power costs, net of changes in unsettled derivatives	4.8	(12.5)
Accounts payable	182.6	217.4
Derivative instruments collateral deposits received (paid)	20.4	(22.2)
Other current assets	(8.0)	(11.4)
Other current liabilities	10.2	(12.3)
Net cash provided by operating activities	118.4	96.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(182.0)	(183.3)
Acquisitions of businesses and assets, net of cash and restricted cash acquired	—	(15.0)
Other, net	6.1	4.3
Net cash used by investing activities	(175.9)	(194.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends on UGI Common Stock	(67.9)	(45.3)
Distributions on AmeriGas Partners publicly held Common Units	—	(65.7)
Issuances of long-term debt, net of issuance costs	15.0	728.9
Repayments of long-term debt	(31.1)	(721.1)
Increase in short-term borrowings	51.4	243.4
Receivables Facility net borrowings	22.0	8.0
Issuances of UGI Common Stock	0.6	6.9
Repurchases of UGI Common Stock	(22.6)	(16.9)
Other, net	—	(4.2)
Net cash (used) provided by financing activities	(32.6)	134.0
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8.5	(3.8)
Cash, cash equivalents and restricted cash (decrease) increase	$ (81.6)	$ 32.8
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash, cash equivalents and restricted cash at end of period	$ 429.2	$ 495.0
Cash, cash equivalents and restricted cash at beginning of period	510.8	462.2
Cash, cash equivalents and restricted cash (decrease) increase	$ (81.6)	$ 32.8

See accompanying notes to condensed consolidated financial statements.

UGI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

(Millions of dollars, except per share amounts)

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Common stock, without par value		
Balance, beginning of period	$ 1,396.9	$ 1,200.8
Common Stock issued in connection with employee and director plans, net of tax withheld	0.3	3.7
Equity-based compensation expense	1.9	2.0
Other	(0.7)	—
Balance, end of period	$ 1,398.4	$ 1,206.5
Retained earnings		
Balance, beginning of period	$ 2,653.1	$ 2,610.7
Cumulative effect of change in accounting principle - ASC 606	—	(7.1)
Reclassification of stranded income tax effects related to TCJA	—	6.6
Losses on common stock transactions in connection with employee and director plans	(0.7)	(8.3)
Net income attributable to UGI	212.0	64.2
Cash dividends on UGI Common Stock ($0.325 and $0.260 per share, respectively)	(67.9)	(45.3)
Other	1.0	—
Balance, end of period	$ 2,797.5	$ 2,620.8
Accumulated other comprehensive income (loss)		
Balance, beginning of period	$ (216.6)	$ (110.4)
Reclassification of stranded income tax effects related to TCJA	—	(6.6)
Net gains (losses) on derivative instruments	5.6	(1.5)
Reclassification of net losses on derivative instruments	0.7	0.7
Benefit plans	0.2	0.3
Foreign currency adjustments	47.0	(15.6)
Balance, end of period	$ (163.1)	$ (133.1)
Treasury stock		
Balance, beginning of period	$ (15.9)	$ (19.7)
Common Stock issued in connection with employee and director plans, net of tax withheld	1.1	12.2
Repurchases of UGI Common Stock	(22.6)	(16.9)
Reacquired UGI Common Stock - employee and director plans	—	(0.4)
Balance, end of period	$ (37.4)	$ (24.8)
Total UGI stockholders' equity	$ 3,995.4	$ 3,669.4
Noncontrolling interests		
Balance, beginning of period	$ 9.7	$ 418.6
Net income attributable to noncontrolling interests, principally in AmeriGas Partners	—	24.3
Dividends and distributions	—	(65.7)
Other	(0.5)	—
Balance, end of period	$ 9.2	$ 377.2
Total equity	$ 4,004.6	$ 4,046.6

See accompanying notes to condensed consolidated financial statements.

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

Note 1 — Nature of Operations

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

We conduct a domestic propane marketing and distribution business through AmeriGas Partners. AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. UGI's wholly owned second-tier subsidiary, AmeriGas Propane, Inc., serves as the General Partner of AmeriGas Partners. On August 21, 2019, we completed the AmeriGas Merger pursuant to which we issued 34,612,847 shares of UGI Common Stock and paid $528.9 in cash to acquire all of the outstanding Common Units in AmeriGas Partners not already held by UGI or its subsidiaries, with the Partnership surviving as a wholly owned subsidiary of UGI. Prior to the AmeriGas Merger, UGI controlled the Partnership through its ownership of the General Partner, which held a 1% general partner interest (which included IDRs) and approximately 25.5% of the outstanding Common Units in AmeriGas Partners, and held an effective 27.0% ownership interest in AmeriGas OLP. The IDRs held by the General Partner prior to the AmeriGas Merger entitled it to receive distributions from AmeriGas Partners in excess of its general partner interest under certain circumstances. Incentive distributions received by the General Partner during the three months ended December 31, 2018 were $11.3.

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

Energy Services conducts, directly and through subsidiaries, energy marketing, midstream transmission, LNG storage, natural gas gathering and processing, natural gas production, electricity generation and energy services businesses primarily in the Mid-Atlantic region of the U.S., eastern Ohio and the panhandle of West Virginia. UGID owns all or a portion of electricity generation facilities principally located in Pennsylvania. Energy Services and its subsidiaries' storage, LNG and portions of its midstream transmission operations are subject to regulation by the FERC.

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

Note 2 — Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

	Cash, Cash Equivalents and Restricted Cash			
	December 31, 2019	December 31, 2018	September 30, 2019	September 30, 2018
Cash and cash equivalents	$ 333.4	$ 477.6	$ 447.1	$ 452.6
Restricted cash	95.8	17.4	63.7	9.6
Cash, cash equivalents and restricted cash	$ 429.2	$ 495.0	$ 510.8	$ 462.2

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

Notes to Condensed Consolidated Financial Statements
(unaudited)
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Shares used in computing basic and diluted earnings per share are as follows:

	Three Months Ended December 31,	
	2019	2018
Denominator (thousands of shares):		
Weighted-average common shares outstanding — basic (a)	209,439	174,413
Incremental shares issuable for stock options and awards (b)	1,819	3,153
Weighted-average common shares outstanding — diluted	211,258	177,566

(a) The three months ended December 31, 2019, reflects the August 2019 issuance of 34,613 shares of UGI Common Stock in connection with the AmeriGas Merger.

(b) For the three months ended December 31, 2019 and 2018, there were 3,499 and 30 shares, respectively, associated with outstanding stock option awards that were excluded from the computation of diluted earnings per share above because their effect was antidilutive.

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

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

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

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 13.

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

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

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

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

Note 3 — Accounting Changes

New Accounting Standards Adopted in Fiscal 2020

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

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

Accounting Standards Not Yet Adopted

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

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

Note 4 — Revenue from Contracts with Customers

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

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(unaudited)
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Revenue Disaggregation

The following tables present our disaggregated revenues by reportable segment for the three months ended December 31, 2019 and 2018:

Three Months Ended December 31, 2019	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing (a)	UGI Utilities (a)	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 184.1	$ —	$ —	$ —	$ —	$ 184.1	$ —
Commercial & Industrial	67.9	—	—	—	—	67.9	—
Large delivery service	41.3	—	—	—	—	41.3	—
Off-system sales and capacity releases	16.4	(14.1)	—	—	—	30.5	—
Other	4.4	(0.6)	—	—	—	5.0	—
Total Utility	314.1	(14.7)	—	—	—	328.8	—
Non-Utility:							
LPG:							
Retail	1,094.4	—	631.2	463.2	—	—	—
Wholesale	65.8	—	22.0	43.8	—	—	—
Energy Marketing	362.9	(25.6)	—	123.9	264.6	—	—
Midstream:							
Pipeline	43.2	—	—	—	43.2	—	—
Peaking	3.9	(37.7)	—	—	41.6	—	—
Other	1.8	—	—	—	1.8	—	—
Electricity Generation	8.8	—	—	—	8.8	—	—
Other	80.9	(0.9)	59.2	12.3	10.3	—	—
Total Non-Utility	1,661.7	(64.2)	712.4	643.2	370.3	—	—
Total revenues from contracts with customers	1,975.8	(78.9)	712.4	643.2	370.3	328.8	—
Other revenues (b)	30.8	(0.8)	18.0	8.2	2.2	0.5	2.7
Total revenues	$ 2,006.6	$ (79.7)	$ 730.4	$ 651.4	$ 372.5	$ 329.3	$ 2.7

UGI CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
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Three Months Ended December 31, 2018	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing (a)	UGI Utilities (a)	Corporate & Other
Revenues from contracts with customers:							
Utility:							
Core Market:							
Residential	$ 175.7	$ —	$ —	$ —	$ —	$ 175.7	$ —
Commercial & Industrial	67.6	—	—	—	—	67.6	—
Large delivery service	39.5	—	—	—	—	39.5	—
Off-system sales and capacity releases	15.2	(22.9)	—	—	—	38.1	—
Other (c)	0.5	(0.7)	—	—	—	1.2	—
Total Utility	298.5	(23.6)	—	—	—	322.1	—
Non-Utility:							
LPG:							
Retail	1,229.7	—	721.9	507.8	—	—	—
Wholesale	60.0	—	21.0	39.0	—	—	—
Energy Marketing	468.9	(47.5)	—	143.1	373.3	—	—
Midstream:							
Pipeline	19.4	—	—	—	19.4	—	—
Peaking	2.0	(38.7)	—	—	40.7	—	—
Other	1.0	—	—	—	1.0	—	—
Electricity Generation	11.7	—	—	—	11.7	—	—
Other	84.0	(0.7)	60.6	12.4	11.7	—	—
Total Non-Utility	1,876.7	(86.9)	803.5	702.3	457.8	—	—
Total revenues from contracts with customers	2,175.2	(110.5)	803.5	702.3	457.8	322.1	—
Other revenues (b)	25.0	(1.1)	16.7	8.4	1.6	0.6	(1.2)
Total revenues	$ 2,200.2	$ (111.6)	$ 820.2	$ 710.7	$ 459.4	$ 322.7	$ (1.2)

(a) Includes intersegment revenues principally among Midstream & Marketing, UGI Utilities and AmeriGas Propane.
(b) Primarily represents revenues from tank rentals at AmeriGas Propane and UGI International, revenues from certain gathering assets at Midstream & Marketing, and gains and losses on commodity derivative instruments not associated with current-period transactions reflected in Corporate & Other, none of which are within the scope of ASC 606 and are accounted for in accordance with other GAAP.
(c) UGI Utilities includes an unallocated negative surcharge revenue reduction of $(4.1) for the three months ended December 31, 2018 as a result of a PAPUC Order issued May 17, 2018, related to the TCJA.

Contract Balances

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

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Company’s obligations to transfer goods or services to a customer for which we have received consideration. The balances of contract liabilities were $93.1, $114.1 and $94.0 at December 31, 2019, September 30, 2019 and December 31, 2018, respectively, and are included in “Other current liabilities” and “Other noncurrent liabilities” on the Condensed Consolidated Balance Sheets. Revenue recognized for the three months ended December 31, 2019 and 2018, from the amount included in contract liabilities at September 30, 2019 and 2018, was $61.0 and $58.1, respectively.

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

Remaining Performance Obligations

The Company has elected to use practical expedients as allowed in ASC 606 to exclude disclosures related to the aggregate amount of the transaction price allocated to certain performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less, or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date. Certain contracts with customers at Midstream & Marketing and UGI Utilities contain minimum future performance obligations through 2047 and 2053, respectively. At December 31, 2019, Midstream & Marketing and UGI Utilities expect to record approximately $2.0 billion and $0.2 billion of revenues, respectively, related to the minimum future performance obligations over the remaining terms of the related contracts.

Note 5 — CMG Acquisition

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

The Company has accounted for the CMG Acquisition using the acquisition method. At December 31, 2019, the allocation of the purchase price is substantially complete but remains preliminary pending the completion of our third-party valuation report and with regard to the identification and resolution of certain pre-acquisition contingencies and disputes. These amounts are preliminary pending the receipt of additional information. The purchase price allocation will be finalized once these items have been resolved. Accordingly, the fair value estimates presented below relating to these items are subject to change within the measurement period not to exceed one year from the date of acquisition.

The components of the preliminary CMG purchase price allocations are as follows:

Assets acquired:		
Cash	$	0.3
Accounts receivable		11.3
Prepaid expenses and other current assets		1.1
Property, plant and equipment		613.2
Investment in Pennant		88.0
Intangible assets (a)		250.0
Total assets acquired	$	963.9
Liabilities assumed:		
Accounts payable		3.3
Other noncurrent liabilities		0.1
Total liabilities assumed	$	3.4
Goodwill		323.9
Net consideration transferred (including preliminary working capital adjustments)	$	1,284.4

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

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

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

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

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

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

The impact of the CMG Acquisition on a pro forma basis as if the CMG Acquisition had occurred on October 1, 2018 was not material to the Company's consolidated results for the three months ended December 31, 2018.

Note 6 — Inventories

Inventories comprise the following:

	December 31, 2019	September 30, 2019	December 31, 2018
Non-utility LPG and natural gas	$ 163.7	$ 150.2	$ 206.7
Gas Utility natural gas	24.3	26.6	34.9
Materials, supplies and other	59.5	53.1	52.1
Total inventories	$ 247.5	$ 229.9	$ 293.7

At December 31, 2019, UGI Utilities was party to three principal SCAAs with terms of up to three years. Pursuant to the SCAAs, UGI Utilities has, among other things, released certain natural gas storage and transportation contracts for the terms of the SCAAs. UGI Utilities also transferred certain associated natural gas storage inventories upon commencement of the SCAAs, will receive a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the terms of the SCAAs. The historical cost of natural gas storage inventories released under the SCAAs, which represents a portion of Gas Utility's total natural gas storage inventories, and any exchange receivable (representing amounts of natural gas inventories used by the other parties to the agreement but not yet replenished for which UGI Utilities has the rights), are included in the caption "Gas Utility natural gas" in the table above.

As of December 31, 2019 and September 30, 2019, all of UGI Utilities' SCAAs were with Energy Services, the effects of which are eliminated in consolidation. The carrying value of gas storage inventories released under the SCAAs with non-affiliates at December 31, 2018 comprising 1.9 bcf of natural gas was $4.6.

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Note 7 — Goodwill and Intangible Assets

Goodwill and intangible assets comprise the following:

	December 31, 2019	September 30, 2019	December 31, 2018
Goodwill	$ 3,482.9	$ 3,456.4	$ 3,154.8
Intangible assets:			
Customer relationships	$ 1,054.9	$ 1,038.4	$ 795.4
Trademarks and tradenames	16.4	16.2	7.9
Noncompete agreements and other	54.8	46.4	57.6
Accumulated amortization	(473.5)	(441.8)	(405.4)
Intangible assets, net (definite-lived)	652.6	659.2	455.5
Trademarks and tradenames (indefinite-lived)	50.8	49.4	49.7
Total intangible assets, net	$ 703.4	$ 708.6	$ 505.2

The change in goodwill since September 30, 2019 is primarily due to the effects of foreign currency translation. Amortization expense of intangible assets was $16.8 and $14.6 for the three months ended December 31, 2019 and 2018, respectively. Amortization expense included in “Cost of sales” on the Condensed Consolidated Statements of Income was not material. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2020 and for the next four fiscal years is as follows: remainder of Fiscal 2020 — $48.7; Fiscal 2021 — $61.8; Fiscal 2022 — $58.8; Fiscal 2023 — $57.3; Fiscal 2024 — $56.1.

Note 8 — Utility Regulatory Assets and Liabilities and Regulatory Matters

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

	December 31, 2019	September 30, 2019	December 31, 2018
Regulatory assets:			
Income taxes recoverable	$ 121.2	$ 115.2	$ 115.2
Underfunded pension and postretirement plans	175.2	178.6	85.3
Environmental costs	57.5	59.5	58.5
Removal costs, net	26.7	28.3	31.3
Other	9.9	14.0	8.5
Total regulatory assets	$ 390.5	$ 395.6	$ 298.8
Regulatory liabilities (a):			
Postretirement benefit overcollections	$ 14.1	$ 14.5	$ 17.3
Deferred fuel and power refunds	6.3	6.1	22.2
State tax benefits — distribution system repairs	26.3	25.0	23.5
PAPUC Temporary Rates Order	25.0	31.3	24.8
Excess federal deferred income taxes	278.1	279.5	280.9
Other	1.4	2.4	4.8
Total regulatory liabilities	$ 351.2	$ 358.8	$ 373.5

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

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

Gas Utility uses derivative instruments to reduce volatility in the cost of gas it purchases for retail core-market customers. Realized and unrealized gains or losses on natural gas derivative instruments are included in deferred fuel and power costs or refunds. Net unrealized (losses) gains on such contracts at December 31, 2019, September 30, 2019 and December 31, 2018 were $(2.9), $(2.2) and $0.8, respectively.

Other Regulatory Matters

Base Rate Filings. On January 28, 2020, Gas Utility filed a request with the PAPUC to increase its base operating revenues for residential, commercial and industrial customers by $74.6 annually. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service and to continue funding programs designed to promote and reward customers' efforts to increase efficient use of natural gas. Gas Utility requested that the new gas rates become effective March 28, 2020. However, the PAPUC typically suspends the effective date for general base rate proceedings for a period not to exceed nine months after the filing date to allow for investigation and public hearings. UGI Utilities cannot predict the timing or the ultimate outcome of the rate case review process.

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

On October 25, 2018, the PAPUC approved a final order providing for a $3.2 annual base distribution rate increase for Electric Utility, effective October 27, 2018. As part of the final PAPUC Order, Electric Utility provided customers with a one-time $0.2 billing credit associated with 2018 TCJA tax benefits. On November 26, 2018, the Pennsylvania Office of Consumer Advocate filed an appeal to the Pennsylvania Commonwealth Court challenging the PAPUC's acceptance of UGI Utilities' use of a fully projected future test year and handling of consolidated federal income tax benefits. On January 15, 2020, the Pennsylvania Commonwealth Court affirmed the PAPUC Order adopting UGI Utilities' position on both issues. The Office of Consumer Advocate has the right to seek an appeal of the Pennsylvania Commonwealth Court Order to the Pennsylvania Supreme Court.

Note 9 — Leases

Lessee

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

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

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

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

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

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

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

	December 31, 2019	Location on the Balance Sheet
ROU assets:		
Operating lease ROU assets	$ 429.6	Other assets
Finance lease ROU assets	55.3	Property, plant and equipment
Total ROU assets	$ 484.9	
Lease liabilities:		
Operating lease liabilities - current	$ 85.5	Other current liabilities
Operating lease liabilities - noncurrent	344.1	Other noncurrent liabilities
Finance lease liabilities - current	6.4	Current maturities of long-term debt
Finance lease liabilities - noncurrent	42.2	Long-term debt
Total lease liabilities	$ 478.2	

The components of lease cost are as follows:

	Three Months Ended December 31, 2019
Operating lease cost	$ 25.6
Finance lease cost:	
Amortization of ROU assets	1.6
Interest on lease liabilities	0.5
Variable lease cost	1.4
Short-term lease cost	1.0
Total lease cost	$ 30.1

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

	Three Months Ended December 31, 2019
Cash paid related to lease liabilities:	
Operating cash flows from operating leases	$ 25.5
Operating cash flows from finance leases	$ 0.5
Financing cash flows from finance leases	$ 1.0
Non-cash lease liability activities:	
ROU assets obtained in exchange for operating lease liabilities	$ 451.9
ROU assets obtained in exchange for finance lease liabilities	$ 21.5

The following table presents the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2019:

Weighted-average remaining lease term	In years
Operating leases	6.3
Finance leases	2.5
Weighted-average discount rate	%
Operating leases	3.9%
Finance leases	2.0%

Expected annual lease payments based on maturities of operating and finance leases, as well as a reconciliation to the lease liabilities on the Condensed Consolidated Balance Sheet, as of December 31, 2019, were as follows:

	Remainder of Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	After Fiscal 2024	Total Lease Payments	Imputed Interest	Lease Liabilities
Operating leases:	$ 75.4	$ 89.8	$ 74.6	$ 66.3	$ 56.1	$ 126.5	$ 488.7	$ (59.1)	$ 429.6
Finance leases:	$ 4.6	$ 5.1	$ 4.1	$ 3.4	$ 3.1	$ 85.9	$ 106.2	$ (57.6)	$ 48.6

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

At December 31, 2019, operating and finance leases that had not yet commenced were insignificant.

Disclosures related to periods prior to adoption of ASC 842

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

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

Lessor

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

Note 10 — Commitments and Contingencies

Environmental Matters

UGI Utilities

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

Prior to the Utility Merger, each of UGI Utilities and its subsidiaries, CPG and PNG, were subject to COAs with the PADEP to address the remediation of specified former MGP sites in Pennsylvania. In accordance with the COAs, as amended to recognize the Utility Merger, UGI Utilities, as the successor to CPG and PNG, is required to either obtain a certain number of points per calendar year based on defined eligible environmental investigatory and/or remedial activities at the MGPs and in the case of one COA, an additional obligation to plug specific natural gas wells, or make expenditures for such activities in an amount equal to an annual environmental cost cap (i.e. minimum expenditure threshold). The cost cap of the three COAs, in the aggregate, is $5.4. The three COAs are currently scheduled to terminate at the end of 2031, 2020 and 2020. At December 31, 2019, September 30, 2019 and December 31, 2018, our aggregate estimated accrued liabilities for environmental investigation and remediation costs related to the COAs totaled $49.5, $50.4 and $50.5, respectively.

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

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

AmeriGas Propane

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

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of December 31, 2019, the Partnership has an undiscounted environmental remediation liability of $7.5 related to the site. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Other Matters

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

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

On October 2, 2019, the Company reached an agreement to resolve the claims of the direct purchaser class of plaintiffs, subject to court approval.

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

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

Note 11 — Defined Benefit Pension and Other Postretirement Plans

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

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

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended December 31,	2019	2018	2019	2018
Service cost	$ 2.8	$ 2.5	$ 0.1	$ —
Interest cost	5.8	6.8	0.2	0.2
Expected return on assets	(9.4)	(9.0)	(0.2)	(0.2)
Amortization of:				
Prior service cost (benefit)	0.1	0.1	(0.1)	(0.1)
Actuarial loss	3.7	1.9	—	—
Net benefit cost (benefit)	3.0	2.3	—	(0.1)
Change in associated regulatory liabilities	—	—	(0.3)	(0.3)
Net benefit cost (benefit) after change in regulatory liabilities	$ 3.0	$ 2.3	$ (0.3)	$ (0.4)

The U.S. Pension Plan's assets are held in trust and consist principally of publicly traded, diversified equity and fixed income mutual funds and, to a much lesser extent, UGI Common Stock. It is our general policy to fund amounts for U.S. Pension Plan benefits equal to at least the minimum required contribution set forth in applicable employee benefit laws. During the three months ended December 31, 2019, the Company made cash contributions to the U.S. Pension Plan of $3.2. During the three months ended December 31, 2018, the Company made no cash contributions to the U.S. Pension Plan. The Company expects to make additional cash contributions of approximately $9.5 to the U.S. Pension Plan during the remainder of Fiscal 2020.

UGI Utilities has established a VEBA trust to pay retiree health care and life insurance benefits by depositing into the VEBA the annual amount of postretirement benefits costs, if any, determined under GAAP. There were no required contributions to the VEBA during the three months ended December 31, 2019 and 2018.

We also sponsor unfunded and non-qualified supplemental executive defined benefit retirement plans. Net costs associated with these plans for the three months ended December 31, 2019 and 2018, were not material.

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

Note 12 — Fair Value Measurements

Recurring Fair Value Measurements

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

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
December 31, 2019:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 26.6	$ 20.5	$ —	$ 47.1
Foreign currency contracts	$ —	$ 39.9	$ —	$ 39.9
Interest rate contracts	$ —	$ 2.7	$ —	$ 2.7
Liabilities:				
Commodity contracts	$ (76.6)	$ (110.2)	$ —	$ (186.8)
Foreign currency contracts	$ —	$ (4.4)	$ —	$ (4.4)
Interest rate contracts	$ —	$ (6.9)	$ —	$ (6.9)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 42.1	$ —	$ —	$ 42.1
September 30, 2019:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 32.0	$ 10.1	$ —	$ 42.1
Foreign currency contracts	$ —	$ 59.0	$ —	$ 59.0
Liabilities:				
Commodity contracts	$ (62.3)	$ (112.7)	$ —	$ (175.0)
Foreign currency contracts	$ —	$ (4.3)	$ —	$ (4.3)
Interest rate contracts	$ —	$ (12.3)	$ —	$ (12.3)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 39.7	$ —	$ —	$ 39.7
December 31, 2018:				
Derivative instruments:				
Assets:				
Commodity contracts	$ 72.1	$ 27.9	$ —	$ 100.0
Foreign currency contracts	$ —	$ 24.4	$ —	$ 24.4
Liabilities:				
Commodity contracts	$ (35.6)	$ (78.0)	$ —	$ (113.6)
Foreign currency contracts	$ —	$ (8.8)	$ —	$ (8.8)
Interest rate contracts	$ —	$ (3.7)	$ —	$ (3.7)
Non-qualified supplemental postretirement grantor trust investments (a)	$ 38.0	$ —	$ —	$ 38.0

(a) Consists primarily of mutual fund investments held in grantor trusts associated with non-qualified supplemental retirement plans (see Note 11).

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

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

Other Financial Instruments

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

	December 31, 2019	September 30, 2019	December 31, 2018
Carrying amount	$ 5,905.8	$ 5,856.6	$ 4,211.0
Estimated fair value	$ 6,248.9	$ 6,189.3	$ 3,970.8

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 13.

Note 13 — Derivative Instruments and Hedging Activities

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

Commodity Price Risk

Regulated Utility Operations

Natural Gas

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

Electricity

Electric Utility's DS tariffs permit the recovery of all prudently incurred costs of electricity it sells to DS customers, including the cost of financial instruments used to hedge electricity costs. Electric Utility enters into forward electricity purchase contracts to meet a substantial portion of its electricity supply needs. All Electric Utility forward electricity purchase contracts were subject to the NPNS exception for all periods presented.

Non-utility Operations

LPG

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

Natural Gas

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

Electricity

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

Interest Rate Risk

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

The remainder of our long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time, we enter into IRPAs. We account for IRPAs as cash flow hedges. There were no unsettled IRPAs during any of the periods presented. At December 31, 2019, the amount of pre-tax net losses associated with interest rate hedges (excluding pay-fixed, receive-variable interest rate swaps) expected to be reclassified into earnings during the next twelve months is $3.5.

Foreign Currency Exchange Rate Risk

Forward Foreign Currency Exchange Contracts

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

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

From time to time, we also enter into forward foreign currency exchange contracts to reduce the volatility of the U.S. dollar value of a portion of our UGI International euro-denominated net investments. We account for these foreign currency exchange contracts as net investment hedges. We use the forward rate method for measuring ineffectiveness for these net investment hedges and all changes in the fair value of the forward foreign currency contracts are reported in the cumulative translation adjustment component of AOCI.

Certain euro-denominated long-term debt issued under the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes in October 2018 have been designated as net investment hedges of a portion of our UGI International euro-denominated net investment. During the three months ended December 31, 2019 and 2018, we recognized pre-tax losses associated with these net investment hedges of $20.4 and $6.1, respectively, in the cumulative translation adjustment component of AOCI.

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Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts at December 31, 2019, September 30, 2019 and December 31, 2018, and the final settlement date of the Company's open derivative transactions as of December 31, 2019, excluding those derivatives that qualified for the NPNS exception:

			Notional Amounts (in millions)		
Type	Units	Settlements Extending Through	December 31, 2019	September 30, 2019	December 31, 2018
Commodity Price Risk:					
Regulated Utility Operations					
Gas Utility NYMEX natural gas futures and option contracts	Dekatherms	October 2020	14.5	23.3	14.7
Non-utility Operations					
LPG swaps	Gallons	December 2021	772.0	800.4	450.4
Natural gas futures, forward and pipeline contracts	Dekatherms	December 2024	201.4	196.1	188.0
Natural gas basis swap contracts	Dekatherms	December 2024	154.7	131.1	81.2
NYMEX natural gas storage futures contracts	Dekatherms	March 2020	0.4	0.3	0.7
NYMEX natural gas option contracts	Dekatherms	March 2020	2.0	2.4	—
NYMEX propane storage futures contracts	Gallons	April 2020	0.1	0.5	0.3
Electricity long forward and futures contracts	Kilowatt hours	April 2024	4,145.1	3,098.1	3,974.7
Electricity short forward and futures contracts	Kilowatt hours	April 2024	555.8	366.7	366.7
Interest Rate Risk:					
Interest rate swaps	Euro	October 2022	€ 300.0	€ 300.0	€ 300.0
Interest rate swaps	USD	July 2024	$ 1,354.0	$ 1,357.3	$ 114.1
Foreign Currency Exchange Rate Risk:					
Forward foreign currency exchange contracts	USD	September 2022	$ 431.2	$ 516.0	$ 408.6
Net investment hedge forward foreign exchange contracts	Euro	October 2024	€ 172.8	€ 172.8	€ 172.8

Derivative Instrument Credit Risk

We are exposed to risk of loss in the event of nonperformance by our derivative instrument counterparties. Our derivative instrument counterparties principally comprise large energy companies and major U.S. and international financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties’ financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits or entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. Certain of these agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At December 31, 2019, September 30, 2019 and December 31, 2018, the Company pledged net cash collateral of $8.9, $29.3, and $10.0, respectively. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At December 31, 2019, September 30, 2019 and December 31, 2018, restricted cash in brokerage accounts totaled $95.8, $63.7 and $17.4, respectively.

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Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss we would incur if these counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at December 31, 2019. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At December 31, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

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

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

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Fair Value of Derivative Instruments

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

	December 31, 2019	September 30, 2019	December 31, 2018
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	$ 13.9	$ 17.4	$ 2.3
Interest rate contracts	2.7	—	—
	16.6	17.4	2.3
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	0.2	1.4	1.3
Derivatives not designated as hedging instruments:			
Commodity contracts	46.9	40.7	98.7
Foreign currency contracts	26.0	41.6	22.1
	72.9	82.3	120.8
Total derivative assets — gross	89.7	101.1	124.4
Gross amounts offset in the balance sheet	(27.2)	(29.0)	(34.3)
Cash collateral received	(2.1)	—	—
Total derivative assets — net	$ 60.4	$ 72.1	$ 90.1
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Interest rate contracts	$ (6.9)	$ (12.3)	$ (3.7)
Derivatives subject to PGC and DS mechanisms:			
Commodity contracts	(3.2)	(3.7)	(0.5)
Derivatives not designated as hedging instruments:			
Commodity contracts	(183.6)	(171.3)	(113.1)
Foreign currency contracts	(4.4)	(4.3)	(8.8)
	(188.0)	(175.6)	(121.9)
Total derivative liabilities — gross	(198.1)	(191.6)	(126.1)
Gross amounts offset in the balance sheet	27.2	29.0	34.3
Cash collateral pledged	11.0	29.3	10.0
Total derivative liabilities — net	$ (159.9)	$ (133.3)	$ (81.8)

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

Effects of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Income and changes in AOCI for the three months ended December 31, 2019 and 2018:

Three Months Ended December 31,:

	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI into Income		Location of Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:	2019	2018	2019	2018	
Foreign currency contracts	$ —	$ 1.0	$ —	$ 0.8	Cost of sales
Cross-currency contracts	—	(0.1)	—	(0.3)	Interest expense/other operating income, net
Interest rate contracts	7.8	(2.8)	(1.0)	(1.5)	Interest expense
Total	$ 7.8	$ (1.9)	$ (1.0)	$ (1.0)	
Net Investment Hedges:					
Foreign currency contracts	$ (3.5)	$ 0.9			

	Gain (Loss) Recognized in Income		
Derivatives Not Designated as Hedging Instruments:	2019	2018	Location of Gain (Loss) Recognized in Income
Commodity contracts	$ (33.1)	$ (159.7)	Cost of sales
Commodity contracts	2.5	(2.8)	Revenues
Commodity contracts	0.1	(0.4)	Operating and administrative expenses
Foreign currency contracts	(11.3)	8.9	Other non-operating (expense) income, net
Total	$ (41.8)	$ (154.0)	

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

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Note 14 — Accumulated Other Comprehensive Income (Loss)

The tables below present changes in AOCI, net of tax, during the three months ended December 31, 2019 and 2018:

Three Months Ended December 31, 2019	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2019	$ (25.7)	$ (25.4)	$ (165.5)	$ (216.6)
Other comprehensive income before reclassification adjustments (after-tax)	—	5.6	47.0	52.6
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.3	1.0	—	1.3
Reclassification adjustments tax benefit	(0.1)	(0.3)	—	(0.4)
Reclassification adjustments (after-tax)	0.2	0.7	—	0.9
Other comprehensive income attributable to UGI	0.2	6.3	47.0	53.5
AOCI — December 31, 2019	$ (25.5)	$ (19.1)	$ (118.5)	$ (163.1)

Three Months Ended December 31, 2018	Postretirement Benefit Plans	Derivative Instruments	Foreign Currency	Total
AOCI — September 30, 2018	$ (11.0)	$ (16.1)	$ (83.3)	$ (110.4)
Other comprehensive loss before reclassification adjustments (after-tax)	—	(1.5)	(15.6)	(17.1)
Amounts reclassified from AOCI:				
Reclassification adjustments (pre-tax)	0.4	1.0	—	1.4
Reclassification adjustments tax benefit	(0.1)	(0.3)	—	(0.4)
Reclassification adjustments (after-tax)	0.3	0.7	—	1.0
Other comprehensive income (loss) attributable to UGI	0.3	(0.8)	(15.6)	(16.1)
Reclassification of stranded income tax effects related to TCJA	(2.9)	(3.7)	—	(6.6)
AOCI — December 31, 2018	$ (13.6)	$ (20.6)	$ (98.9)	$ (133.1)

For additional information on amounts reclassified from AOCI relating to derivative instruments, see Note 13.

Note 15 — Segment Information

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

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

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

UGI CORPORATION AND SUBSIDIARIES

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

Three Months Ended December 31, 2019	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 2,006.6	$ —	$ 730.4	$ 651.4	$ 308.3	$ 314.6	$ 1.9
Intersegment revenues	$ —	$ (79.7) (b)	$ —	$ —	$ 64.2	$ 14.7	$ 0.8
Cost of sales	$ 1,008.0	$ (79.1) (b)	$ 289.2	$ 368.4	$ 264.2	$ 151.6	$ 13.7
Operating income (loss)	$ 377.2	$ 0.3	$ 165.3	$ 95.8 (c)	$ 55.1	$ 91.8	$ (31.1)
Income from equity investees	6.5	—	—	—	6.5 (d)	—	—
Other non-operating (expense) income, net	(11.5)	—	—	4.4	—	(0.2)	(15.7)
Earnings (loss) before interest expense and income taxes	372.2	0.3	165.3	100.2	61.6	91.6	(46.8)
Interest expense	(84.1)	—	(42.5)	(7.6)	(11.5)	(13.6)	(8.9)
Income (loss) before income taxes	$ 288.1	$ 0.3	$ 122.8	$ 92.6	$ 50.1	$ 78.0	$ (55.7)
Depreciation and amortization	$ 119.4	$ —	$ 43.9	$ 31.2	$ 18.4	$ 25.7	$ 0.2
Capital expenditures (including the effects of accruals)	$ 151.8	$ —	$ 38.5	$ 20.3	$ 22.5	$ 70.5	$ —
As of December 31, 2019							
Total assets	$ 14,285.7	$ (365.5)	$ 4,609.4	$ 3,243.3	$ 2,859.6	$ 3,710.9	$ 228.0
Short-term borrowings	$ 869.7	$ —	$ 321.0	$ 181.3	$ 88.4	$ 279.0	$ —
Goodwill	$ 3,482.9	$ —	$ 2,003.0	$ 956.8	$ 341.0	$ 182.1	$ —

Three Months Ended December 31, 2018 (e)	Total	Eliminations	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other (a)
Revenues from external customers	$ 2,200.2	$ —	$ 820.2	$ 710.7	$ 372.5	$ 299.1	$ (2.3)
Intersegment revenues	$ —	$ (111.6) (b)	$ —	$ —	$ 86.9	$ 23.6	$ 1.1
Cost of sales	$ 1,425.0	$ (110.8) (b)	$ 378.5	$ 448.6	$ 377.5	$ 159.5	$ 171.7
Operating income (loss)	$ 167.7	$ 0.4	$ 166.6	$ 58.3	$ 41.1	$ 77.0	$ (175.7)
Income from equity investees	1.5	—	—	—	1.5 (d)	—	—
Loss on extinguishments of debt	(6.1)	—	—	—	—	—	(6.1)
Other non-operating income, net	9.0	—	—	0.7	—	0.4	7.9
Earnings (loss) before interest expense and income taxes	172.1	0.4	166.6	59.0	42.6	77.4	(173.9)
Interest expense	(60.2)	—	(42.4)	(5.4)	(0.5)	(11.7)	(0.2)
Income (loss) before income taxes	$ 111.9	$ 0.4	$ 124.2	$ 53.6	$ 42.1	$ 65.7	$ (174.1)
Noncontrolling interests' net income (loss)	$ 24.3	$ —	$ 81.5	$ 0.1	$ —	$ —	$ (57.3)
Depreciation and amortization	$ 111.2	$ —	$ 45.7	$ 31.4	$ 11.5	$ 22.5	$ 0.1
Capital expenditures (including the effects of accruals)	$ 161.8	$ —	$ 31.0	$ 27.8	$ 25.1	$ 77.3	$ 0.6
As of December 31, 2018							
Total assets	$ 12,368.3	$ (144.3)	$ 4,020.6	$ 3,287.5	$ 1,504.9	$ 3,424.8	$ 274.8
Short-term borrowings	$ 676.3	$ —	$ 368.5	$ 1.8	$ 10.0	$ 296.0	$ —
Goodwill	$ 3,154.8	$ —	$ 2,003.0	$ 951.9	$ 17.8	$ 182.1	$ —

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

(a) Corporate & Other includes specific items attributable to our reportable segments that are not included in the segment profit measures used by our CODM in assessing our reportable segments' performance or allocating resources. The following table presents such pre-tax gains (losses) which have been included in Corporate & Other, and the reportable segments to which they relate, for the three months ended December 31, 2019 and 2018:

Three Months Ended December 31, 2019	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net gains (losses) on commodity derivative instruments not associated with current-period transactions	Revenues / Cost of sales	$ 9.4	$ (13.5)	$ (7.5)
Unrealized losses on foreign currency derivative instruments	Other non-operating (expense) income, net	$ —	$ (15.7)	$ —
Acquisition and integration expenses associated with the CMG Acquisition	Operating and administrative expenses	$ —	$ —	$ (0.7)
LPG business transformation expenses	Operating and administrative expenses	$ (11.2)	$ (5.5)	$ —

Three Months Ended December 31, 2018	Location on Income Statement	AmeriGas Propane	UGI International	Midstream & Marketing
Net (losses) gains on commodity derivative instruments not associated with current-period transactions	Revenues / Cost of sales	$ (78.5)	$ (97.3)	$ 1.8
Unrealized gains on foreign currency derivative instruments	Other non-operating (expense) income, net	$ —	$ 8.1	$ —
Loss on extinguishments of debt	Loss on extinguishment of debt	$ —	$ (6.1)	$ —

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

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

(d) Includes AFUDC associated with PennEast. The three months ended December 31, 2019 also includes equity income from Pennant (see Note 5).

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

Note 16 — Global LPG Business Transformation Initiatives

During the fourth quarter of Fiscal 2019, we began executing on multi-year business transformation initiatives at our AmeriGas Propane and UGI International business segments. These initiatives are designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, these business transformation initiatives focus on enhancing the customer experience through, among other things, enhanced customer relationship management and an improved digital customer experience. In connection with these initiatives, during the three months ended December 31, 2019, we recognized $16.7 of expenses principally comprising consulting, advisory and employee-related costs. These expenses are reflected in "Operating and administrative expenses" on the Condensed Consolidated Statement of Income.

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

Forward-Looking Statements

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

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

These factors, and those factors set forth in Item 1A. Risk Factors in the Company's 2019 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 Company's results of operations for the 2019 three-month period with the 2018 three-month period. Our analyses of results of operations should be read in conjunction with the segment information included in Note 15 to Condensed Consolidated Financial Statements.

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

UGI management uses "adjusted net income attributable to UGI Corporation" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors. For further information on these non-GAAP financial measures including reconciliations of such non-GAAP financial measures to the most directly comparable GAAP measures, see "Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Diluted Earnings Per Share" below.

Impact of Fiscal 2019 Strategic Initiatives

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

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

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

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

EXECUTIVE OVERVIEW

THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

Net Income Attributable to UGI Corporation and Diluted EPS by Segment (GAAP):

For the three months ended December 31,	2019		2018	
(Dollars in millions, except per share amounts)	Net Income (Loss)	Diluted EPS (a)	Net Income (Loss)	Diluted EPS
AmeriGas Propane	$ 91.1	$ 0.43	$ 30.6	$ 0.17
UGI International	72.7	0.34	36.7	0.20
Midstream & Marketing	36.0	0.17	31.0	0.17
UGI Utilities	60.8	0.29	49.9	0.28
Corporate & Other (b) (c)	(48.6)	(0.23)	(84.0)	(0.46)
Net income attributable to UGI Corporation	$ 212.0	$ 1.00	$ 64.2	$ 0.36

(a) EPS for the 2019 three-month period reflects 34.6 million incremental shares of UGI Common Stock issued in conjunction with the AmeriGas Merger.

(b) Corporate & Other includes certain adjustments made to our reporting segments in arriving at net income attributable to UGI Corporation. These adjustments have been excluded from the segment results to align with the measure used by our CODM in assessing segment performance and allocating resources. See “Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Diluted Earnings Per Share” below and Note 15 to Condensed Consolidated Financial Statements for additional information related to these adjustments, as well as other items included within Corporate & Other.

(c) Includes the impact of rounding.

Adjusted Net Income Attributable to UGI Corporation and Diluted EPS by Segment (Non-GAAP):

For the three months ended December 31,	2019		2018	
(Dollars in millions, except per share amounts)	Adjusted Net Income (Loss)	Adjusted Diluted EPS (a)	Adjusted Net Income (Loss)	Adjusted Diluted EPS
AmeriGas Propane	$ 91.1	$ 0.43	$ 30.6	$ 0.17
UGI International	72.7	0.34	36.7	0.20
Midstream & Marketing	36.0	0.17	31.0	0.17
UGI Utilities	60.8	0.29	49.9	0.28
Total reportable segments	260.6	1.23	148.2	0.82
Corporate & Other (b)	(14.4)	(0.06)	(4.4)	(0.01)
Adjusted net income attributable to UGI Corporation (b)	$ 246.2	$ 1.17	$ 143.8	$ 0.81

(a) EPS for the 2019 three-month period reflects 34.6 million incremental shares of UGI Common Stock issued in conjunction with the AmeriGas Merger.

(b) See “Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Diluted Earnings Per Share” below for additional information related to these non-GAAP financial measures, as well as other items included within Corporate & Other.

Discussion. Net income attributable to UGI Corporation in accordance with GAAP for the 2019 three-month period was $212.0 million (equal to $1.00 per diluted share) compared to net income attributable to UGI Corporation for the 2018 three-month period of $64.2 million (equal to $0.36 per diluted share). The higher GAAP net income in the 2019 three-month period reflects, in large part, lower net losses from changes in unrealized gains and losses on commodity derivative instruments, higher earnings contributions from each of our business segments including the effects of the AmeriGas Merger and CMG Acquisition, and the absence of a loss from debt extinguishments recorded in the prior-year period. These positive factors were partially offset by higher interest expense, higher income taxes, and the effects of LPG transformation expenses recorded in the current-year period. Earnings per share in the 2019 three-month period reflects the impact of 34.6 million shares of UGI Common Stock issued as a result of the AmeriGas Merger.

Adjusted net income attributable to UGI Corporation for the 2019 three-month period was $246.2 million (equal to $1.17 per diluted share) compared to adjusted net income attributable to UGI Corporation for the 2018 three-month period of $143.8 million (equal to $0.81 per diluted share).

Our results for the three months ended December 31, 2019, reflect average temperatures that were warmer than the prior year at each of our reportable segments, and warmer than normal at our UGI International, Midstream & Marketing and UGI Utilities reportable segments. In particular, average temperatures in the critical heating-season month of December were warmer than normal at AmeriGas Propane, UGI International, and UGI Utilities, and warmer than the average temperatures in December 2018 at AmeriGas Propane and UGI International.

The significant increase in adjusted net income attributable to UGI from AmeriGas Propane in the 2019 three-month period was largely attributable to the inclusion of 100% of AmeriGas Propane’s results due to the AmeriGas Merger transaction completed in August 2019.

UGI International adjusted net income was $36.0 million higher in the 2019 three-month period reflecting higher total margin and lower operating and administrative expenses. Although UGI International 2019 three-month period adjusted net income was impacted by a weaker euro compared to the prior-year period, adjusted net income benefited from higher realized gains on foreign currency exchange contracts.

Midstream & Marketing adjusted net income in the 2019 three-month period was $5.0 million higher than the prior-year period. This increase principally reflects incremental net income from CMG which was acquired in August 2019, including income from an equity method investment that was included as part of the acquisition, partially offset by increased interest expense related to debt issued to finance a portion of the CMG Acquisition.

UGI Utilities 2019 three-month period adjusted net income was $10.9 million higher than the prior-year period principally reflecting higher margins from Gas Utility's core market customers reflecting the Gas Utility base rates increase that became effective in October 2019 and lower operating and administrative expenses. The effect of these items was partially offset by higher depreciation expense attributable to increased capital expenditures and higher interest expense.

Non-GAAP Financial Measures - Adjusted Net Income Attributable to UGI and Adjusted Diluted Earnings Per Share

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

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

Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

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

(Millions of dollars, except per share amounts)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Adjusted net income attributable to UGI Corporation:		
Net income attributable to UGI Corporation	$ 212.0	$ 64.2
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of $(1.4) and $(35.5), respectively) (a) (b)	10.2	81.2
Unrealized losses (gains) on foreign currency derivative instruments (net of tax of $(4.4) and $2.3, respectively) (a)	11.3	(5.8)
Loss on extinguishments of debt (net of tax of $0 and $(1.9), respectively) (a)	—	4.2
Acquisition and integration expenses associated with the CMG Acquisition (net of tax of $(0.2) and $0, respectively) (a)	0.5	—
LPG business transformation expenses (net of tax of $(4.5) and $0, respectively) (a)	12.2	—
Total adjustments	34.2	79.6
Adjusted net income attributable to UGI Corporation	$ 246.2	$ 143.8
Adjusted diluted earnings per share:		
UGI Corporation earnings per share - diluted	$ 1.00	$ 0.36
Net losses on commodity derivative instruments not associated with current-period transactions	0.05	0.46
Unrealized losses (gains) on foreign currency derivative instruments (b)	0.06	(0.03)
Loss on extinguishments of debt	—	0.02
Acquisition and integration expenses associated with the CMG Acquisition	—	—
LPG business transformation expenses	0.06	—
Total adjustments	0.17	0.45
Adjusted diluted earnings per share	$ 1.17	$ 0.81

(a) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.
(b) Includes the effects of rounding associated with per share amounts.

SEGMENT RESULTS OF OPERATIONS

2019 Three-Month Period Compared to the 2018 Three-Month Period

AmeriGas Propane

For the three months ended December 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 730.4	$ 820.2	$ (89.8)	(10.9)%
Total margin (a)	$ 441.2	$ 441.7	$ (0.5)	(0.1)%
Operating and administrative expenses	$ 240.0	$ 235.1	$ 4.9	2.1 %
Operating income/earnings before interest expense and income taxes	$ 165.3	$ 166.6	$ (1.3)	(0.8)%
Retail gallons sold (millions)	304.4	310.3	(5.9)	(1.9)%
Heating degree days—% colder than normal (b)	3.7%	4.9%	—	—

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

AmeriGas Propane retail gallons sold during the 2019 three-month period were 1.9% lower than the prior-year period. Average temperatures based upon heating degree days were 3.7% colder than normal for the 2019 three-month period but 1.2% warmer than the prior-year period. Although average temperatures during the 2019 three-month period were colder than normal, average temperatures in the critical heating-season month of December 2019 were 8.6% warmer than normal.

Retail propane revenues decreased $90.7 million during the 2019 three-month period reflecting the effects of lower average retail selling prices ($77.0 million) and the lower retail volumes sold ($13.7 million). Wholesale propane revenues increased $1.0 million reflecting higher wholesale volumes ($5.6 million) largely offset by lower average wholesale selling prices ($4.6 million). Average daily wholesale propane commodity prices during the 2019 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 38% lower than such prices during the 2018 three-month period. Other revenues in the 2019 three-month period were slightly lower than the prior-year period. Total cost of sales decreased $89.3 million during the 2019 three-month period principally reflecting the effects of the lower average propane product costs ($88.4 million) and lower retail propane volumes sold ($6.4 million) partially offset by the higher wholesale propane volumes sold ($5.5 million).

AmeriGas Propane total margin decreased $0.5 million in the 2019 three-month period principally reflecting lower retail volumes sold ($7.3 million) largely offset by higher average retail unit margins ($5.5 million) and, to a much lesser extent, higher average wholesale unit margins ($1.3 million).

Operating income and earnings before interest expense and income taxes decreased $1.3 million principally reflecting higher operating and administrative expenses ($4.9 million) and the previously mentioned lower total margin ($0.5 million), partially offset by an increase in other operating income ($2.3 million) largely related to higher income on sales of excess real estate and lower depreciation and amortization expense ($1.8 million). The increase in operating and administrative expenses in the 2019 three-month period reflects, among other things, higher general insurance and self-insured casualty and liability expense ($2.7 million) and higher vehicle lease expense ($2.1 million).

UGI International

For the three months ended December 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 651.4	$ 710.7	$ (59.3)	(8.3)%
Total margin (a)	$ 283.0	$ 252.1	$ 30.9	12.3 %
Operating and administrative expenses	$ 157.5	$ 164.4	$ (6.9)	(4.2)%
Operating income	$ 95.8	$ 58.3	$ 37.5	64.3 %
Earnings before interest expense and income taxes	$ 100.2	$ 59.0	$ 41.2	69.8 %
LPG retail gallons sold (millions)	246.4	237.6	8.8	3.7 %
Heating degree days—% (warmer) than normal (b)	(10.3)%	(8.0)%	—	—

(a) Total margin represents revenues less cost of sales and, in the 2018 three-month period, French energy certificate costs of $10.0 million. For financial statement purposes, French energy certificate costs in the 2018 three-month period are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above). In the 2019 three-month period, French energy certificate costs are included in cost of sales on the Condensed Consolidated Statements of Income.

(b) Deviation from average heating degree days for the 15-year period 2002-2016 at locations in our UGI International service territories.

Average temperatures during the 2019 three-month period were 10.3% warmer than normal and 2.7% warmer than the prior-year period. Notwithstanding the warmer temperatures, total LPG retail gallons sold during the 2019 three-month period were 3.7% higher reflecting strong bulk volumes associated with crop drying partially offset by lower cylinder volumes and the effects of the warmer weather on heating-related bulk sales. During the 2019 three-month period, average wholesale prices for propane in northwest Europe were approximately 15% lower than the prior-year period. Average wholesale butane prices in northwest Europe for the 2019 three-month period were slightly lower than the prior-year period.

UGI International base-currency results are translated into U.S. dollars based upon exchange rates experienced during the reporting periods. Differences in these translation rates affect the comparison of line item amounts presented in the table above. The functional currency of a significant portion of our UGI International results is the euro and, to a much lesser extent, the British pound sterling. During the 2019 and 2018 three-month periods, the average unweighted euro-to-dollar translation rates were approximately $1.11 and $1.14, respectively, and the average unweighted British pound sterling-to-dollar translation rates were approximately $1.29 during both periods.

UGI International revenues decreased $59.3 million during the 2019 three-month period principally reflecting the effects of lower average LPG selling prices and the translation effects of the weaker euro (approximately $19 million) partially offset by the previously mentioned increase in LPG retail volumes. UGI International cost of sales decreased $90.2 million during the 2019 three-month period principally reflecting lower average LPG product costs and the translation effects of the weaker euro (approximately $11 million).

UGI International total margin increased $30.9 million reflecting higher average LPG unit margins including margin management efforts and increased recovery of costs associated with energy conservation certificates, higher retail volumes associated with crop drying and, to a much lesser extent, higher natural gas margins. The effect of these increases was partially offset by the translation effects of the weaker euro (approximately $8 million), lower cylinder volumes and the effects of the warmer weather on heating-related bulk sales.

UGI International operating income increased $37.5 million principally reflecting the previously mentioned $30.9 million increase in total margin and lower operating and administrative expenses ($6.9 million). The decrease in operating and administrative expenses largely reflects the translation effects of the weaker euro (approximately $4 million) and lower maintenance and outside services costs. UGI International earnings before interest expense and income taxes in the 2019 three-month period increased $41.2 million principally reflecting the increase in operating income ($37.5 million) and higher pre-tax realized gains on foreign currency exchange contracts entered into in order to reduce volatility in UGI International net income resulting from the translation effects of changes in foreign currency exchange rates ($3.6 million).

Midstream & Marketing

For the three months ended December 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 372.5	$ 459.4	$ (86.9)	(18.9)%
Total margin (a)	$ 108.3	$ 81.9	$ 26.4	32.2 %
Operating and administrative expenses	$ 34.9	$ 29.2	$ 5.7	19.5 %
Operating income	$ 55.1	$ 41.1	$ 14.0	34.1 %
Earnings before interest expense and income taxes	$ 61.6	$ 42.6	$ 19.0	44.6 %

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

Average temperatures across Midstream & Marketing's energy marketing territory during the three months ended December 31, 2019 were slightly warmer than normal and approximately 4.6% warmer than the prior-year period.

Midstream & Marketing's 2019 three-month period revenues were $86.9 million lower than the prior-year period principally reflecting decreased natural gas revenues ($108.1 million) and, to a much lesser extent, lower electric generation ($3.0 million), retail power ($1.6 million) and capacity revenues ($1.6 million). The significant decrease in natural gas revenues is primarily attributable to lower average natural gas prices during the 2019 three-month period. The effect of these revenue decreases were partially offset by higher natural gas gathering revenues ($32.8 million) largely attributable to incremental revenues from CMG which was acquired on August 1, 2019. Midstream & Marketing cost of sales were $264.2 million in the 2019 three-month period compared to $377.5 million in the 2018 three-month period. The $113.3 million decrease in cost of sales principally reflects lower natural gas costs.

Midstream & Marketing total margin increased $26.4 million in the 2019 three-month period reflecting higher natural gas gathering total margin ($32.8 million) largely attributable to incremental margins from CMG and, to a much lesser extent, our Auburn IV natural gas gathering system which was placed into service in November 2019. The effect of these increases was partially offset by lower capacity management margin and lower margin from the Hunlock generating facility reflecting lower volumes.

Midstream & Marketing operating income and earnings before interest expense and income taxes during the 2019 three-month period increased $14.0 million and $19.0 million, respectively. The increase in operating income principally reflects the previously mentioned increase in total margin ($26.4 million) partially offset by higher depreciation and amortization expense ($6.9 million) and increased operating and administrative expenses ($5.7 million). The higher depreciation and amortization expense and operating and administrative expenses are largely attributable to CMG. The increase in earnings before interest expense and income taxes reflects the increase in operating income and equity income from Pennant, a natural gas gathering and processing equity interest that was acquired as part of the CMG Acquisition.

UGI Utilities

For the three months ended December 31,	2019	2018	Increase (Decrease)	
(Dollars in millions)				
Revenues	$ 329.3	$ 322.7	$ 6.6	2.0 %
Total margin (a)	$ 176.6	$ 161.9	$ 14.7	9.1 %
Operating and administrative expenses (a)	$ 58.1	$ 61.2	$ (3.1)	(5.1)%
Operating income	$ 91.8	$ 77.0	$ 14.8	19.2 %
Earnings before interest expense and income taxes	$ 91.6	$ 77.4	$ 14.2	18.3 %
Gas Utility system throughput—bcf				
Core market	26.1	26.5	(0.4)	(1.5)%
Total	84.5	75.7	8.8	11.6 %
Electric Utility distribution sales - gwh	245.6	249.7	(4.1)	(1.6)%
Gas Utility heating degree days—% (warmer) than normal (b)	(4.2)%	(0.5)%	—	—

(a) Total margin represents revenues less cost of sales and revenue-related taxes (i.e., Electric Utility gross receipts taxes) of $1.1 million and $1.3 million during the three months ended December 31, 2019 and 2018, respectively. For financial statement purposes, revenue-related taxes are included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Income (but are excluded from operating and administrative expenses presented above).

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

Temperatures in Gas Utility’s service territory during the three months ended December 31, 2019, were 4.2% warmer than normal and 3.7% warmer than the prior-year period. Gas Utility core market volumes decreased slightly (0.5 bcf and 1.9%) principally reflecting the effects of the warmer weather partially offset by growth in the number of core market customers and higher average use per customer. Total Gas Utility distribution system throughput increased 8.8 bcf reflecting higher interruptible delivery service volumes (5.1 bcf) and higher large firm delivery service volumes (4.1 bcf) partially offset by the previously mentioned slight decrease in core market volumes. Electric Utility kilowatt-hour sales were lower than the prior-year period principally reflecting the impact of warmer weather on Electric Utility heating-related sales.

UGI Utilities revenues increased $6.6 million in the three months ended December 31, 2019, reflecting a $9.2 million increase in Gas Utility revenues partially offset by a $2.6 million decrease in Electric Utility revenues. The increase in Gas Utility revenues principally reflects higher core market revenues ($11.1 million) and higher large firm and interruptible delivery service revenues ($2.3 million), partially offset by lower off-system sales and capacity release revenues ($6.8 million). The $11.1 million increase in Gas Utility core market revenues principally reflects the effects of the increase in base rates effective October 11, 2019 and slightly higher PGC rates partially offset by slightly lower core market throughput. The $2.6 million decrease in Electric Utility revenues during the 2019 three-month period is largely attributable to lower DS rates and, to a much lesser extent, the lower kilowatt-hour sales.

UGI Utilities cost of sales was $151.6 million in the three months ended December 31, 2019 compared with $159.5 million in the three months ended December 31, 2018, reflecting lower Gas Utility cost of sales ($5.3 million) and lower Electric Utility cost of sales ($2.6 million). The lower Gas Utility cost of sales principally reflects the effects of the lower costs of sales associated with off-system sales ($7.7 million) partially offset by increased cost of sales related to core market volumes ($1.8 million) reflecting higher PGC rates.

UGI Utilities total margin increased $14.7 million during the 2019 three-month period reflecting higher total margin from Gas Utility core market customers ($9.2 million) including the impact of the increase in base rates which became effective October 11, 2019. The margin increase was also impacted by an unallocated negative surcharge revenue reduction ($4.1 million) in the 2018 three-month period as a result of a PAPUC Order related to the TCJA and higher large firm and interruptible delivery service total margin ($1.0 million).

UGI Utilities operating income and earnings before interest expense and income taxes increased $14.8 million and $14.2 million, respectively, during the 2019 three-month period principally reflecting the previously mentioned increase in total margin ($14.7 million) and lower operating and administrative expenses ($3.1 million). The decrease in UGI Utilities operating and administrative expenses reflects, among other things, lower uncollectible accounts expense ($1.8 million) and lower compensation and benefits expenses ($1.2 million). The effect of these increases was partially offset by greater depreciation expense ($3.2 million) attributable to increased IT and distribution system capital expenditure activity.

Interest Expense and Income Taxes

Our consolidated interest expense during the 2019 three-month period was $84.1 million, compared to $60.2 million during the 2018 three-month period. The significant increase in interest expense principally reflects higher interest expense on long-term debt outstanding including debt incurred by UGI Corporation and Energy Services to fund a portion of the CMG Acquisition and the cash portion of the AmeriGas Merger, higher long-term debt at UGI Utilities and higher interest on short-term borrowings.

The higher effective income tax rate for the 2019 three-month period reflects income taxes on our 100% ownership of the Partnerships compared to income taxes on our approximately 26% ownership interest during the 2018 three-month period.

FINANCIAL CONDITION AND LIQUIDITY

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

The primary sources of UGI's cash and cash equivalents are the dividends and other cash payments made to UGI or its corporate subsidiaries by its principal business units. Our cash and cash equivalents totaled $333.4 million at December 31, 2019, compared with $447.1 million at September 30, 2019. Excluding cash and cash equivalents that reside at UGI's operating subsidiaries, at December 31, 2019 and September 30, 2019, UGI had $96.1 million and $224.9 million of cash and cash equivalents, respectively, a substantial portion of which is located in the U.S. Such cash is available to pay dividends on UGI Common Stock and for investment purposes.

Long-term Debt and Credit Facilities

Long-term Debt

The Company's debt outstanding at December 31, 2019 and September 30, 2019, comprises the following:

	December 31, 2019						September 30, 2019
(Millions of dollars)	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corp & Other	Total	Total
Short-term borrowings	$ 321.0	$ 181.3	$ 88.4	$ 279.0	$ —	$ 869.7	$ 796.3
Long-term debt (including current maturities):							
Senior notes	$ 2,575.0	$ 392.5	$ —	$ 825.0	$ —	$ 3,792.5	$ 3,781.5
Term loans	—	336.4	696.5	152.5	550.0	1,735.4	1,729.4
Other long-term debt	12.0	22.5	41.3 (a)	4.2	297.9	377.9	345.7
Unamortized debt issuance costs	(22.7)	(7.9)	(11.5)	(4.5)	(3.8)	(50.4)	(52.6)
Total long-term debt	$ 2,564.3	$ 743.5	$ 726.3	$ 977.2	$ 844.1	$ 5,855.4	$ 5,804.0
Total debt	$ 2,885.3	$ 924.8	$ 814.7	$ 1,256.2	$ 844.1	$ 6,725.1	$ 6,600.3

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

Credit Facilities

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

Information about the Company's principal credit agreements (excluding the Energy Services Receivables Facility discussed below) as of December 31, 2019 and 2018, is presented in the table below.

(Currency in millions)	Total Capacity	Borrowings Outstanding	Letters of Credit and Guarantees Outstanding	Available Borrowing Capacity
As of December 31, 2019				
AmeriGas OLP	$ 600.0	$ 321.0	$ 62.7	$ 216.3
UGI International, LLC (a)	€ 300.0	€ 160.5	€ —	€ 139.5
Energy Services	$ 200.0	$ 20.0	$ —	$ 180.0
UGI Utilities	$ 350.0	$ 279.0	$ —	$ 71.0
UGI Corporation (b)	$ 300.0	$ 290.0	$ —	$ 10.0
As of December 31, 2018				
AmeriGas OLP	$ 600.0	$ 368.5	$ 63.5	$ 168.0
UGI International, LLC	€ 300.0	€ —	€ —	€ 300.0
Energy Services	$ 240.0	$ —	$ —	$ 240.0
UGI Utilities	$ 450.0	$ 296.0	$ 2.0	$ 152.0

(a) The 2018 UGI International Credit Facilities Agreement permits UGI International, LLC to borrow in euros or dollars. At December 31, 2019, the amount borrowed was USD-denominated borrowings of $180.0 million, equal to €160.5 million.
(b) Borrowings outstanding have been classified as "Long-term debt" on the Condensed Consolidated Balance Sheets.

The average daily and peak short-term borrowings under the Company's principal credit agreements during the three months ended December 31, 2019 and 2018 are as follows:

	For the three months ended December 31, 2019		For the three months ended December 31, 2018	
(Millions of dollars or euros)	Average	Peak	Average	Peak
AmeriGas OLP	$ 322.0	$ 359.0	$ 306.3	$ 401.0
UGI International, LLC	€ 187.0	€ 187.3	€ —	€ —
Energy Services	$ 40.5	$ 76.5	$ —	$ —
UGI Utilities	$ 225.6	$ 281.0	$ 250.7	$ 311.0
UGI Corporation	$ 293.9	$ 300.0	$ —	$ —

Receivables Facility. Energy Services has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire on October 23, 2020. At December 31, 2019, the outstanding balance of ESFC trade receivables was $86.0 million, of which $68.4 million was sold to the bank. At December 31, 2018, the outstanding balance of ESFC trade receivables was $135.4 million, of which $10.0 million was sold to the bank. Amounts sold to the bank are reflected as "Short-term borrowings" on the Condensed Consolidated Balance Sheets. During the three months ended December 31, 2019 and 2018, peak sales of receivables were $68.4 million and $15.0 million, respectively, and average daily amounts sold were $49.8 million and $1.5 million, respectively.

Dividends and Distributions

On November 22, 2019, UGI's Board of Directors declared a cash dividend equal to $0.325 per common share. The dividend was paid on January 1, 2020, to shareholders of record on December 16, 2019. On January 22, 2020, UGI's Board of Directors declared a quarterly dividend of $0.325 per common share. The dividend is payable April 1, 2020, to shareholders of record on March 16, 2020.

Cash Flows

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

Operating Activities. Year-to-year variations in our cash flows from operating activities can be significantly affected by changes in operating working capital especially during periods with significant changes in energy commodity prices. Cash flow from operating activities was $118.4 million in the 2019 three-month period compared to $96.6 million in the 2018 three-month period. Cash flow from operating activities before changes in operating working capital was $355.6 million in the 2019 three-month period compared to $372.2 million in the prior-year period. Cash used to fund changes in operating working capital totaled $237.2 million in the 2019 three-month period compared to $275.6 million in the prior-year period. The lower net cash used to fund changes in operating working capital in the 2019 three-month period reflects, among other things, collateral deposits received from commodity derivative instrument counterparties in the current year compared with collateral deposits paid in the prior year, and net recoveries of Gas Utility purchased gas costs in the current year compared to net repayments in the prior year. These positive cash flow effects were partially offset by greater cash used to fund net changes in other operating working capital accounts including, among other things, lower cash flow from changes in inventories and accounts payable.

Investing Activities. Cash flow used by investing activities was $175.9 million in the 2019 three-month period compared with $194.0 million in the prior-year period. Investing activity cash flow is principally affected by cash expenditures for property, plant and equipment; cash paid for acquisitions of businesses and assets; investments in investees; and proceeds from sales of assets and businesses. Cash expenditures for property, plant and equipment were $182.0 million in the 2019 three-month period compared to $183.3 million in the prior-year period. Cash used for acquisitions of businesses and assets in the 2018 three-month period reflects Energy Services' acquisition of South Jersey Energy Company's natural gas marketing business.

Financing Activities. Cash flow used by financing activities was $32.6 million in the 2019 three-month period compared with cash flow provided by financing activities of $134.0 million in the prior-year period. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt; net short-term borrowings; dividends and distributions on UGI Common Stock and, in the 2018 three-month period, AmeriGas Partners publicly held Common Units; and issuances of UGI Common stock. Cash flows from financing activities in the prior-year period reflect significant UGI International refinancing transactions during the month of October 2018. On October 25, 2018, UGI International, LLC, pursuant to a new five-year unsecured Senior Facilities Agreement, borrowed €300 million under a variable-rate term loan facility. Also on October 25, 2018, UGI International, LLC issued in an underwritten private placement €350 million principal amount of 3.25% senior unsecured notes due November 1, 2025. The net proceeds from these borrowings plus cash on hand were used principally to repay €540 million outstanding principal of UGI France's variable-rate term loan; €45.8 million of outstanding principal of Flaga's variable-rate term loan; and $49.9 million of outstanding principal of Flaga's U.S. Dollar Term loan, plus accrued and unpaid interest.

UTILITY REGULATORY MATTERS

Base Rate Filings. On January 28, 2020, Gas Utility filed a request with the PAPUC to increase its base operating revenues for residential, commercial and industrial customers by $74.6 million annually. The increased revenues would fund ongoing system improvements and operations necessary to maintain safe and reliable natural gas service and to continue funding programs designed to promote and reward customers' efforts to increase efficient use of natural gas. Gas Utility requested that the new gas rates become effective March 28, 2020. However, the PAPUC typically suspends the effective date for general base rate proceedings for a period not to exceed nine months after the filing date to allow for investigation and public hearings. UGI Utilities cannot predict the timing or the ultimate outcome of the rate case review process.

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

On October 25, 2018, the PAPUC approved a final order providing for a $3.2 million annual base distribution rate increase for Electric Utility, effective October 27, 2018. As part of the final PAPUC Order, Electric Utility provided customers with a one-time $0.2 million billing credit associated with 2018 TCJA tax benefits. On November 26, 2018, the Pennsylvania Office of Consumer Advocate filed an appeal to the Pennsylvania Commonwealth Court challenging the PAPUC's acceptance of UGI Utilities' use of a fully projected future test year and handling of consolidated federal income tax benefits. On January 15, 2020, the Pennsylvania Commonwealth Court affirmed the PAPUC Order adopting the UGI Utilities' position on both issues. The Pennsylvania Office of Consumer Advocate has the right to seek an appeal of the Pennsylvania Commonwealth Court Order to the Pennsylvania Supreme Court.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Commodity Price Risk

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

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

Electric Utility's DS tariffs contain clauses that permit recovery of all prudently incurred power costs, including the cost of financial instruments used to hedge electricity costs, through the application of DS rates. Because of this ratemaking mechanism, there is limited power cost risk, including the cost of forward electricity purchase contracts, associated with our Electric Utility operations. At December 31, 2019, all of Electric Utility’s forward electricity purchase contracts were subject to the NPNS exception.

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

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

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

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

Interest Rate Risk

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

Our variable-rate debt at December 31, 2019, includes revolving credit facility borrowings and variable-rate term loans at UGI International, LLC, UGI Utilities, Energy Services and UGI Corporation. These debt agreements have interest rates that are generally indexed to short-term market interest rates. We have entered into pay-fixed, receive-variable interest rate swap agreements on all or a significant portion of the term loans' principal balances and all or a significant portion of the term loans' tenor. We have designated these interest rate swaps as cash flow hedges. At December 31, 2019, combined borrowings outstanding under variable-rate debt agreements, excluding the previously mentioned effectively fixed-rate debt, totaled $1,159.7 million.

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

Foreign Currency Exchange Rate Risk

Our primary currency exchange rate risk is associated with the U.S. dollar versus the euro and, to a lesser extent, the U.S. dollar versus the British pound sterling. The U.S. dollar value of our foreign currency denominated assets and liabilities will fluctuate with changes in the associated foreign currency exchange rates. From time to time, we use derivative instruments to hedge portions of our net investments in foreign subsidiaries. Gains or losses on these net investment hedges remain in AOCI until such foreign operations are sold or liquidated. With respect to our net investments in our UGI International operations, a 10% decline in the value of the associated foreign currencies versus the U.S. dollar would reduce their aggregate net book value at December 31, 2019, by approximately $110 million, which amount would be reflected in other comprehensive income. We have designated euro-denominated borrowings under the 2018 UGI International Credit Facilities Agreement and the UGI International 3.25% Senior Notes as net investment hedges.

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

Derivative Instrument Credit Risk

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

Certain of these derivative instrument agreements call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At December 31, 2019, we had pledged net cash collateral with derivative instrument counterparties totaling $8.9. Additionally, our commodity exchange-traded futures contracts generally require cash deposits in margin accounts. At December 31, 2019, restricted cash in brokerage accounts totaled $95.8 million. Although we have concentrations of credit risk associated with derivative instruments, the maximum amount of loss, based upon the gross fair values of the derivative instruments, we would incur if these counterparties failed to perform according to the terms of their contracts was not material at December 31, 2019. Certain of the Partnership's derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade of the Partnership's debt rating. At December 31, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

The following table summarizes the fair values of unsettled market risk sensitive derivative instrument assets (liabilities) held at December 31, 2019. The table also includes the changes in fair values of derivative instruments that would result if there were (1) a 10% adverse change in the market prices of LPG, gasoline, natural gas, electricity and electricity transmission congestion charges; (2) a 50 basis point adverse change in prevailing market interest rates; and (3) a 10% change in the value of the euro and the British pound sterling versus the U.S. dollar. Gas Utility's and Electric Utility's commodity derivative instruments other than gasoline futures contracts are excluded from the table below because any associated net gains or losses are refundable to or recoverable from customers in accordance with Gas Utility and Electric Utility ratemaking.

	Asset (Liability)	
(Millions of dollars)	Fair Value	Change in Fair Value
December 31, 2019		
Commodity price risk	$ (136.7)	$ (107.5)
Interest rate risk	$ (4.2)	$ (22.0)
Foreign currency exchange rate risk	$ 35.5	$ (41.0)

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

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

(b) Change in Internal Control over Financial Reporting

Effective October 1, 2019, the Company adopted ASU 2016-02, "Leases" (Topic 842), which required changes in the Company's internal control over financial reporting, including implementation of new software to track and account for leases.

No changes in the Company's internal control over financial reporting during the Company's most recent fiscal quarter have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

UGI CORPORATION AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to the Company's repurchases of its common stock during the quarter ended December 31, 2019.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
October 1, 2019 to October 31, 2019	—	$0.00	—	6.80 million
November 1, 2019 to November 30, 2019	—	$0.00	—	6.80 million
December 1, 2019 to December 31, 2019	500,000	$45.15	500,000	6.30 million
Total	500,000		500,000	

(1) Shares of UGI Corporation Common Stock are repurchased through an extension of a previous share repurchase program announced by the Company on January 25, 2018. The UGI Board of Directors authorized the repurchase of up to 8 million shares of UGI Corporation Common Stock over a four-year period expiring in January 2022.

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ITEM 6. EXHIBITS

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

		Incorporation by Reference		
Exhibit No.	**Exhibit**	**Registrant**	**Filing**	**Exhibit**
4.14	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.			
10.1	Amended and Restated Change in Control Agreement, dated December 6, 2019, between UGI Corporation and Mr. John L. Walsh.			
10.2	First Amendment, dated as of December 17, 2019, to Credit Agreement, dated as of August 1, 2019, by and among UGI Corporation, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto.			
10.3	First Amendment, dated as of December 17, 2019, to Second Amended and Restated Credit Agreement, dated as of December 15, 2017, by and among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as a Guarantor, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender, and Issuing Lender, Wells Fargo Securities, LLC, as Sole Lead Arranger and Sole Bookrunner, and the other financial institutions from time to time party thereto.			
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended December 31, 2019, 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 December 31, 2019, 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 December 31, 2019, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Labels Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

UGI CORPORATION AND SUBSIDIARIES

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UGI CORPORATION AND SUBSIDIARIES

SIGNATURES

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

	UGI Corporation (Registrant)
Date: February 6, 2020	By: /s/ Ted J. Jastrzebski Ted J. Jastrzebski Chief Financial Officer
Date: February 6, 2020	By: /s/ Laurie A. Bergman Laurie A. Bergman Vice President, Chief Accounting Officer and Corporate Controller

EXHIBIT 4.14

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

UGI Corporation ("our," "UGI" or the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, our common stock, without par value.

DESCRIPTION OF COMMON STOCK

The following is a description of the terms of our common stock based on the Company's second amended and restated articles of incorporation (the "Articles"), the Company's bylaws (the "Bylaws") and relevant provisions of the laws of the Commonwealth of Pennsylvania. This summary is not complete, and is qualified in its entirety by reference to the Articles, Bylaws and the laws of the Commonwealth of Pennsylvania.

Authorized Capital Stock

The Company is authorized to issue 450,000000 shares of common stock, without par value, 1,000 shares of restructuring stock, without par value ("restructuring stock"), 5,000,000 shares of series preference stock, without par value ("preference stock") and 5,000,000 shares of series preferred, without par value ("preferred stock", and the restructuring stock, the preference stock, and the preferred stock, collectively the "senior stock"). There are no shares of restructuring stock, preference stock, or preferred stock issued and outstanding. The outstanding shares of the Company's common stock are fully paid and nonassessable.

Common Stock

Voting Rights

Pursuant to Pennsylvania law and the Articles, each holder of a UGI common stock is entitled to one vote for each share of common stock held of record on all matters on which shareholders are entitled to vote. No holder of UGI common stock is entitled to cumulative voting with regard to the election of the directors.

Dividend Rights

The holders of the Company's common stock are entitled to receive dividends as and when declared by the UGI board of directors (the "board") out of legally available funds, subject to any preferential dividend rights of holders of outstanding shares of senior stock. Pennsylvania law generally prohibits the payment of dividends and the repurchase of capital stock if the Company is insolvent or if the Company would become insolvent after the dividend or repurchase.

Liquidation and Other Rights

In the event of the liquidation, dissolution or winding up, either voluntarily or involuntarily, of the Company, subject to the rights and preferences of the holders of any outstanding shares of senior stock, holders of common stock will be entitled to share pro rata in all of the Company's remaining assets available for distribution.

Miscellaneous

The holders of the Company's common stock do not have preemptive rights or conversion rights, and there are no redemption or sinking fund provisions applicable to the Company's common stock. Holders of fully paid shares of the Company's common stock are not subject to any liability for further calls or assessments.

Ability to Issue Preference Stock and Preferred Stock

The board may in its discretion, without shareholder approval, at any time or from time to time, issue or cause to be issued all or any part of the authorized and unissued shares of preference stock or preferred stock. The following description of the authorized preference stock and preferred stock is provided to explain the impact any such issuance may have on the rights of the common stock. The description is not a complete description of the preference stock and preferred stock, and is qualified in its entirety by reference to the Articles and Bylaws.

Except as otherwise provided in a board resolution, all preference stock of all series will be identical to each other. With respect to the preference stock of all series which rank equally as to payment of dividends and distributions on liquidation, if such amounts are not paid in full, all preference stock of such series will participate ratably in the payment of dividends and in any distribution of assets other than by way of dividends, in accordance with the sums which would be payable on such distribution if all sums payable to holders of such series of preference stock were discharged in full.

Pursuant to the Articles, 1,000,000 shares of preference stock have been designated as “First Series Preference Stock.”

Preference Stock

The Articles provide that that following general terms of the preference stock apply to the First Series Preference Stock and, if included in a resolution of the board or any committee thereof establishing any other series of preference stock, to any other preference stock issued by UGI.

Dividends

Dividends on the preference stock will be cumulative and only after dividends on all outstanding preference stock for all past quarterly periods has been paid and full dividends for the current dividend period declared and a sum sufficient for the payment set apart (and any sinking fund obligations are not in arrears) may any dividends be paid to the holders of the common stock and other shares ranking junior to the preference stock with respect to the payment of dividends.

Liquidation

On any liquidation, before any payment or distribution is made to the holders of any common stock or shares of any other class which, with respect to distributions on liquidation, rank junior to the preference stock, the holders of the preference stock, subject to any preference of the preferred stock, will be entitled to be paid the stated amount fixed by the board in respect of each outstanding series of preference stock plus in each case an amount equal to all accumulated and unpaid dividends to the date of the liquidation payment, whether or not such dividends have been earned or declared. After the liquidation payment has been made in full to the holders of preference stock, they will be entitled to no further payment or distribution.

Voting Rights

Holders of the preference stock generally have no voting rights. However, in the event that dividends on any of the preference stock are in arrears for an amount equal to six full quarterly dividends, the holders of the preference stock for which dividends are in arrears, subject to the terms of the preferred stock, will be entitled to vote non-cumulatively at all elections of directors of UGI, and to receive notice of all shareholders meetings to be held for such purpose. At such meetings the holders of such preference stock, voting separately as a class, will be entitled to elect two members of the board of UGI; and all other directors of UGI will be elected by the other shareholders of UGI entitled to vote in the election of directors. The voting rights of the holders of such preference stock will continue until all accumulated and unpaid dividends have been paid.

Without the consent of the holders of at least a majority of the preference stock at the time outstanding, the Company will not merge into or consolidate with any other corporation or corporations, become a party to a share exchange or division, or sell, lease or otherwise dispose of all or substantially all of its assets, unless such merger, consolidation, share exchange, division, sale, lease or other disposition has been ordered, permitted or approved by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 as now in effect or as hereafter amended or by any successor commission.

First Series Preference Stock

Ranking

The First Series Preference Stock will rank junior to all other series of senior stock as to the payment of dividends and the distribution of assets, unless the terms of any such series provides otherwise.

Dividends

The quarterly dividend rate on the shares of First Series Preference Stock will be the greater of (x) $50.00 or (y) subject to the provision for adjustment for events such as stock splits, stock dividends and recapitalizations with respect to the common stock set forth in the Articles, 200 times the aggregate per share amount of all cash and non-cash dividends or other distributions other than a dividend payable in shares of common stock or a subdivision of the outstanding shares of common stock (by reclassification or otherwise).

Voting Rights

Subject to the provision for adjustment for events such as stock splits, stock dividends and recapitalizations with respect to the common stock set forth in the Articles, each share of First Series Preference Stock will entitle the holder to 200 votes on all matters submitted to a vote of the shareholders of the Corporation.

Except as otherwise provided in in the Articles or by law, the holders of shares of First Series Preference Stock and the holders of shares of common stock will vote together as one class on all matters submitted to a vote of shareholders of UGI.

Liquidation

In the event of any voluntary liquidation, dissolution or winding up of UGI and subject to the distributions to be made with respect to preferred or preference stock senior to the First Series Preference Stock, no distribution will be made to the holders of shares of stock ranking junior (either as to dividends or liquidation) to the First Series Preference Stock unless, prior thereto, the holders of shares of First Series Preference Stock have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions, whether or not declared, to the date of such payment. Following the payment of the full amount of this liquidation preference, no additional distributions will be made to the holders of shares of First Series Preference Stock unless, prior thereto, the holders of common stock have received certain payments as described in the Articles.

Consolidation Merger

If UGI enters into any consolidation, merger, combination, share exchange, division or other transaction in which the shares of common stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of First Series Preference Stock will at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment for events such as stock splits, stock dividends and recapitalizations with respect to the common stock set forth in the Articles) equal to 200 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

Other Preferred Stock and Preference Stock

The board is authorized, at any time or from time to time, to divide any or all of such other shares of preference stock or any shares of preferred stock into one or more other series or classes, to fix and determine the number of shares and the designation of such series or class, and to fix and determine the voting rights, designations, preferences, limitations and special rights of any such class or series, to the fullest extent permitted by the laws of the Commonwealth of Pennsylvania.

The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preference stock or preferred stock so issued.

Restructuring Stock

Shares of Restructuring Stock may be issued or transferred only to a corporation of which substantially all of the common or residual securities are owned, directly or indirectly, by UGI. The description below is not complete and is qualified in its entirety by reference to the Articles.

Voting Rights

At all meetings of the shareholders of UGI, the holders of restructuring stock will be entitled to one vote for each share of restructuring stock held by them. Except as otherwise provided in the Articles or by law, holders of restructuring stock and common stock, and any other series of the senior stock having voting rights as a single class with the common stock, will vote together as a single class.

Dividends

Whenever full dividends or other distributions on all series of preferred stock and preference stock at the time outstanding having preferential dividend or other distribution rights have been paid or declared and set apart for payment, then dividends or other distributions, as may be determined by the board of directors may be declared and paid on the restructuring stock, out of legally available funds.

Liquidation

In the event of any liquidation, dissolution or winding up of UGI, after paying or providing for the payment to the holders of shares of all series of preferred stock and preference stock of the full distributive amounts to which they are entitled, the holders of restructuring stock will be entitled to receive, as a liquidating distribution and in lieu of any other share in the net assets of UGI, all equity securities owned by the Corporation other than any “voting security” of any “public utility company” or “holding company,” as those terms are then defined in the Public Utility Holding Company Act of 1935 or any successor statute.

Exchange Rights

Upon written notice to the Corporation, accompanied by a certificate or certificates representing all of the then outstanding shares of restructuring stock, holders of restructuring stock will be entitled to exchange such shares for all equity securities then owned by the Corporation other than any “voting security” of any “public utility company” or “holding company,” as those terms are then defined in the Public Utility Holding Company Act of 1935 or any successor statute,

Anti-Takeover Effect of the Company's Governing Documents and Pennsylvania Business Corporation Law

The Articles and the Bylaws contain a number of provisions relating to corporate governance and to the rights of the Company shareholders. Certain of these provisions may have a potential “anti-takeover” effect by delaying, deferring or preventing a change of control of the Company. In addition, certain provisions of Pennsylvania law may have a similar effect.

Anti-Takeover Law Provisions under the Pennsylvania Business Corporation Law

The Company is subject to provisions of Chapter 25 of the Pennsylvania Business Corporation Law (the “PBCL”), which may have the effect of discouraging or rendering more difficult a hostile takeover attempt against the Company. These include:

- certain transactions with interested shareholders (such as mergers or sales of assets between UGI and a shareholder) where the interested shareholder is a party to the transaction or is treated differently from other shareholders generally require approval by a majority of the disinterested shareholders (Section 2538),
- shareholders have a right to “put” their shares to a 20% shareholder at a “fair value” as determined in an appraisal proceeding for a reasonable period after the 20% stake is acquired (Subchapter E - Sections 2541-2547),
- a five-year moratorium exists on certain business combinations with a 20% or more shareholder (Subchapter F - Sections 2551-2556),
- existing shareholders of a corporation in certain circumstances are able to block the voting rights of an acquiring person who makes or proposes to make a control-share acquisition (Subchapter G - Sections 2561-2568),
- enable UGI to recover certain payments made to shareholders who have evidenced an intent to acquire control of UGI (Subchapter H, Sections 2571-2576),

Existence of the above provisions could result in UGI being less attractive to a potential acquirer, or result in our shareholders receiving less for their shares of common stock than otherwise might be available if there is a takeover attempt.

Shareholder Action by Written Consent

The Bylaws provide that except when acting by unanimous consent to remove a director or directors, the shareholders of UGI may act only at a duly organized meeting.

Advance Notice Requirements

The UGI Bylaws allow shareholders to propose business to be brought before an annual meeting by giving prior written notice in proper form to the secretary of the company.

A nomination proposed to be at an annual meeting will be timely submitted, which generally means being submitted in writing to the secretary of UGI no later than the close of business on the 45th calendar day prior to the one-year anniversary of the date that the definitive proxy statement was filed with the SEC for the immediately preceding year’s annual meeting of shareholders or special meeting held in lieu thereof.

Nomination may be made at a meeting of shareholders called for the purpose of election of directors only upon written notice of the shareholder’s intent to make such nominations at the meeting delivered to the secretary of UGI (i) not later than the close of business on the 45th calendar day prior to the one-year anniversary of the date that the definitive proxy statement was filed with the SEC for the immediately preceding year’s annual meeting of shareholders or special meeting held in lieu thereof; or (ii) in the case of a special meeting called by shareholders, not later than the later of (y) 90 calendar days prior to the date of such meeting and (z) 10 calendar days following the date such date is first publicly disclosed.

Special Meetings of Shareholders

The Bylaws provide that special meetings of the shareholders may only be called (i) at any time and for any purpose or purposes by the chief executive officer or the board pursuant to a resolution adopted by the board, or (ii) by the secretary of UGI upon the written request of the record shareholders of the corporation who hold, in the aggregate, not less than 20% of the outstanding shares of the corporation that would be entitled to vote at the meeting.

Exercise of Director Powers Generally

Under Pennsylvania law, a corporation's directors must act in good faith in a manner which they reasonably believe to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would exercise under the circumstances.

In considering the best interests of the corporation, Section 1715 of the PBCL provides that the directors of a corporation are not required to regard the interests of the shareholders as being dominant or controlling in making decisions concerning takeovers or any other matters. The directors may consider, to the extent they deem appropriate, among other things, (1) the effects of any proposed action upon any or all groups affected by the action, including, among others, shareholders, employees, creditors, customers and suppliers, (2) the short-term and long-term interests of the corporation, (3) the resources, intent and conduct of any person or group seeking to acquire control of the corporation and (4) all other pertinent factors. Under Pennsylvania law, the fiduciary duty of directors does not require them to take action (including under any of the anti-takeover laws) solely because of the effect that such action might have on a potential or proposed acquisition of control of the corporation, or on the consideration that might be offered or paid to shareholders in such an acquisition.

Exclusive Forum

Unless UGI consents in writing to the selection of an alternative forum, the sole and exclusive judicial forum for the following actions and proceedings will be any state court located in Montgomery County, Pennsylvania, unless no state court located within such county has jurisdiction over a particular action or proceeding, in which case the sole and exclusive judicial forum for such action or proceeding will be the federal United States District Court for the Eastern District of Pennsylvania:

- any derivative action or proceeding brought on behalf of UGI;
- any action or proceeding asserting a claim of breach of duty owed by any director, officer or other employee of UGI to UGI or UGI shareholders;
- any action or proceeding asserting a claim against UGI, or any director, officer or other employee of UGI arising pursuant to, or involving any interpretation or enforcement of, any provision of the PBCL, UGI Articles of Incorporation or the Bylaws; or
- any action or proceeding asserting a claim peculiar to the relationships between or among UGI and its officers, directors and shareholders, or otherwise governed by or involving the internal affairs doctrine.

Authorized but Unissued Shares

Subject to applicable law and stock exchange rules, the Company's authorized but unissued shares of common stock, preference stock, and preferred stock are available for future issuance without your approval. The existence of authorized but unissued shares of common stock, preference stock, and preferred stock could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise.

Exchange Listing

UGI Shares are listed on the NYSE under the symbol "UGI."

Transfer Agent and Registrar

The transfer agent and registrar for the Company's common stock is Computershare Inc.

Exhibit 10.1

CHANGE IN CONTROL AGREEMENT
Amended and Restated as of December 6, 2019

This CHANGE IN CONTROL AGREEMENT ("Agreement") is made as of December 6, 2019, between UGI Corporation (the "Company") and John L. Walsh (the "Employee").

WHEREAS, the Company and the Employee previously entered into a Change in Control Agreement, as amended and restated as of May 12, 2008 (the "Existing Agreement");

WHEREAS, the Company and Employee wish to enter into this Agreement, which is an amendment and restatement of the Existing Agreement pursuant to which the Agreement is amended to eliminate any tax gross up provision under Internal Revenue Code Section 280G and to make certain other modifications;

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of the Company's management to their assigned duties without distraction arising from the possibility of a Change in Control (as defined below), although no such change is now contemplated;

WHEREAS, in order to induce the Employee to remain in the employ of the Company, the Company agrees that the Employee shall receive the compensation set forth in this Agreement in the event the Employee's employment with the Company is terminated in connection with a Change in Control as a cushion against the financial and career impact on the Employee of any such Change in Control;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereby agree that the Existing Agreement is amended and restated as follows:

1. Definitions. For all purposes of this Agreement, the following terms shall have the meanings specified in this Section unless the context clearly otherwise requires:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of Regulation 12B under the Exchange Act.

(b) A Person shall be deemed the "Beneficial Owner" of any securities: (i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has “beneficial ownership” of (as determined pursuant to Rule 13d-3 of Regulation 13D-G under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the “Beneficial Owner” of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the Proxy Rules under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person’s Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this Section 1(b) shall cause a Person engaged in business as an underwriter of securities to be the “Beneficial Owner” of any securities acquired through such Person’s participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition.

(c) “Board” shall mean the Board of Directors of the Company.

(d) “Cause” shall mean (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. The determination of Cause shall be made by an affirmative vote of at least two-thirds of the members of the Board at a duly called meeting of the Board.

(e) “Change in Control” shall have the meaning set forth in the attached Exhibit A to this Agreement.

(f) “COBRA Cost” shall mean 100% of the “applicable premium” under section 4980B(f)(4) of the Code for continued medical and dental COBRA Coverage under the Company’s benefit plans.

(g) “COBRA Coverage” shall mean continued medical and dental coverage under the Company’s benefit plans, as determined under section 4980B of the Code.

(h) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(i) “Compensation Committee” shall mean the Compensation and Management Development Committee of the Board.

(j) “Continuation Period” shall mean the three-year period beginning on the Employee’s Termination Date.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(l) "Executive Severance Plan" shall mean the Company's Senior Executive Employee Severance Pay Plan, as in effect from time to time.

(m) "Good Reason Termination" shall mean a Termination of Employment initiated by the Employee upon one or more of the following occurrences:

(i) a material breach by the Company of any terms of this Agreement, including without limitation a material breach of Section 2 or 13 of this Agreement;

(ii) a material diminution in the authority, duties or responsibilities held by the Employee immediately prior to the Change in Control;

(iii) a material diminution in the Employee's base compensation as in effect immediately prior to the Change in Control; or

(iv) a material change in the geographic location at which the Employee must perform services (which, for purposes of this Agreement, means the Employee is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Employee's principal place of business immediately preceding the Change in Control, without the Employee's express written consent).

Notwithstanding the foregoing, the Employee shall be considered to have a Good Reason Termination only if the Employee provides written notice to the Company, pursuant to Section 3, specifying in reasonable detail the events or conditions upon which the Employee is basing such Good Reason Termination and the Employee provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Employee may terminate employment with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

(n) "Key Employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.

(o) "Postponement Period" shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by section 409A of the Code), during which severance payments may not be paid to the Key Employee under section 409A of the Code.

(p) "Release" shall mean a release of any and all claims against the Company, its Affiliates, its Subsidiaries and all related parties with respect to all matters arising out of the Employee's employment by the Company and its Affiliates and Subsidiaries, or the termination thereof (other than claims relating to amounts payable under this Agreement or benefits accrued under any plan, program or arrangement of the Company or any of its Subsidiaries or Affiliates) and shall be in the form required by the Company of its terminating executives immediately prior to the Change in Control.

(q) "Subsidiary" shall mean any corporation in which the Company, directly or indirectly, owns at least a 50% interest or an unincorporated entity of which the Company, directly or indirectly, owns at least 50% of the profits or capital interests.

(r) "Termination Date" shall mean the effective date of the Employee's Termination of Employment, as specified in the Notice of Termination.

(s) "Termination of Employment" shall mean the termination of the Employee's actual employment relationship with the Company and its Subsidiaries and Affiliates.

2. Employment. After a Change in Control, during the term of the Agreement, Employee shall continue to serve in the same or a comparable executive position with the Company as in effect immediately before the Change in Control, and with the same or a greater target level of annual and long-term compensation as in effect immediately before the Change in Control.

3. Notice of Termination. Any Termination of Employment upon or following a Change in Control shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 14 hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific provision in this Agreement relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for the Employee's Termination of Employment under the provision so indicated, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice) except as provided in Section 1(m) above).

4. Severance Compensation upon Termination of Employment.

(a) In the event of the Employee's involuntary Termination of Employment by the Company or a Subsidiary or Affiliate for any reason other than Cause or in the event of a Good Reason Termination, in either event upon or within two years after a Change in Control, the Employee will receive the following amounts in lieu of any severance compensation and benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate:

(i) The Company shall pay to the Employee a lump sum cash payment equal to the greater of (A) or (B) as set forth below:

(A) The Separation Pay and Paid Notice as calculated under the terms of the Executive Severance Plan based on the Employee's compensation and service as of the Termination Date, or

(B) Three multiplied by the sum of (1) the Employee's annual base salary plus (2) the Employee's annual bonus. The annual base salary for this purpose shall be the Employee's annual base salary in effect as of the Employee's Termination Date. The annual bonus shall be calculated for this purpose as the greater of (x) the average annual cash bonus paid to the Employee for the three full fiscal years of the Company preceding the fiscal year in which the Termination Date occurs or (y) the Employee's target annual cash bonus for the fiscal year in which the Termination Date occurs. For purposes of the preceding sentence, if the Employee has not received an annual cash bonus for three full fiscal years, the Employee's average annual cash bonus shall be determined by dividing the total annual cash bonuses received by the Employee during the preceding three full fiscal years by the number of full and fractional years for which the Employee received an annual cash bonus during such three-year period.

(ii) The Company shall pay to the Employee a single lump sum payment equal to the COBRA Cost that the Employee would incur if the Employee continued medical and dental coverage under the Company's benefit plans during the Continuation Period, based on the benefits in effect for the Employee (and, if applicable, his or her spouse and dependents) at the Termination Date, less the amount that the Employee would be required to contribute for medical and dental coverage if the Employee were an active employee. The cash payment shall include a tax gross up payment equal to 75% of the lump sum amount described in the preceding sentence. The Employee may elect continuation coverage under the Company's applicable medical and dental plans during the Continuation Period by paying the COBRA Cost of such coverage. COBRA Coverage shall run concurrently with the Continuation Period, and nothing in this Section shall limit the Employee's right to elect COBRA Coverage for the full period permitted by law.

(iii) The Employee's benefit under the Company's executive retirement plan in which the Employee participates shall be calculated as if the Employee had continued in employment during the Continuation Period, earning base salary and bonus at the annual rate calculated under subsection (i)(B) above.

(iv) The Company shall pay to the Employee an amount equal to the Employee's target annual cash bonus amount for the Company's fiscal year in which the Termination Date occurs, multiplied by the number of months (with a partial month counting as a full month) elapsed in the fiscal year to the Termination Date and divided by 12, as well as any amounts due but not yet paid from the prior year under such plan.

(b) Notwithstanding the foregoing, no payments shall be made to the Employee under this Section 4 unless the Employee signs and does not revoke a Release. The amounts described in subsections (a) (i), (ii) and (iv) above shall be paid on the 30th day after the Termination Date subject to the Company's receipt of a Release and expiration of the revocation period for the

Release. Payments under this Agreement shall be made by mail to the last address provided for notices to the Employee pursuant to Section 14 of this Agreement.

5. Other Payments.

Upon any Termination of Employment entitling the Employee to payments under this Agreement, the Employee shall receive all accrued but unpaid salary and all benefits accrued and payable under any plans, policies and programs of the Company and its Subsidiaries or Affiliates, provided that the Employee shall not receive severance benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate.

6. Interest; Enforcement.

(a) If the Company shall fail or refuse to pay any amounts due the Employee under Section 4 on the applicable due date, the Company shall pay interest at the rate described below on the unpaid payments from the applicable due date to the date on which such amounts are paid. Interest shall be credited at an annual rate equal to the rate listed in the *Wall Street Journal* as the "prime rate" as of the Employee's Termination Date, plus 1%, compounded annually.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of the Employee's rights under this Agreement by arbitration, litigation or other legal action, because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Employee hereunder. Accordingly, the Company shall pay the Employee on demand the amount necessary to reimburse the Employee in full for all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Employee in enforcing any of the obligations of the Company under this Agreement. The Employee shall notify the Company of the expenses for which the Employee demands reimbursement within 60 days after the Employee receives an invoice for such expenses, and the Company shall pay the reimbursement amount within 15 days after receipt of such notice.

7. No Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

8. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company, or any of its Subsidiaries or Affiliates, and for which the Employee may qualify.

9. No Set-Off. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Employee or others.

10. Taxation. All payments under this Agreement shall be subject to all requirements of the law with regard to tax withholding and reporting and filing requirements, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Effect of Section 280G on Payments.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide the Employee with a greater net after-tax amount than would be the case if no reduction was made. The Payments shall be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which the Employee would be subject with respect to the unreduced Payments). Only amounts payable under this Agreement shall be reduced pursuant to this subsection (a). The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) All determinations to be made under this Section 11 shall be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to the Change in Control, which shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Change in Control. Any such determination by such firm shall be binding upon the Company and the Employee.

(c) All of the fees and expenses of the firm in performing the determinations referred to in this Section shall be borne solely by the Company.

12. Term of Agreement. The term of this Agreement shall be for three years from the date hereof and shall be automatically renewed for successive one-year periods unless the Company notifies the Employee in writing that this Agreement will not be renewed at least 60 days prior to the end of the then current term; provided, however, that (i) if a Change in Control occurs during the term of this Agreement, this Agreement shall remain in effect for two years following such Change in Control or until all of the obligations of the parties hereunder are satisfied or have expired, if later, and (ii) this Agreement shall terminate if the Employee's

employment with the Company terminates for any reason before a Change in Control (regardless of whether the Employee is thereafter employed by a Subsidiary or Affiliate of the Company).

13. Successor Company. The Company shall require any successor or successors (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Employee, to acknowledge expressly that this Agreement is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally obligated with the Company to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or successions had taken place. Failure of the Company to notify the Employee in writing as to such successorship, to provide the Employee the opportunity to review and agree to the successor's assumption of this Agreement or to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. As used in this Agreement, the Company shall mean the Company as defined above and any such successor or successors to its business or assets, jointly and severally.

14. Notice. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service, as follows:

If to the Company, to:

460 North Gulph Road
King of Prussia, PA 19406
Attention: Corporate Secretary

If to the Employee, to the most recent address provided by the Employee to the Company or a Subsidiary or Affiliate for payroll purposes,

or to such other address as the Company or the Employee, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section; provided, however, that if no such notice is given by the Company following a Change in Control, notice at the last address of the Company or any successor pursuant to Section 13 shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

15. Section 409A of the Code.

(a) This Agreement is intended to meet the requirements of the "short-term deferral exception," "separation pay exception" and other exceptions under section 409A of the Code, as applicable. However, if the Employee is a Key Employee and if required by section 409A of the Code, no payments or benefits under this Agreement shall be paid to the Employee during the

Postponement Period. If payment is required to be delayed for the Postponement Period pursuant to section 409A, the accumulated amounts withheld on account of section 409A, with interest as described in Section 6 above, shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Employee dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A, with interest as described above, shall be paid to the Employee’s estate within 60 days after the Employee’s death.

(b) Notwithstanding anything in this Agreement to the contrary, if required by section 409A, payments may only be made under this Agreement upon an event and in a manner permitted by section 409A, to the extent applicable. As used in the Agreement, the term “termination of employment” shall mean the Employee’s separation from service with the Company and its Subsidiaries and Affiliates within the meaning of section 409A and the regulations promulgated thereunder. For purposes of section 409A, each payment under the Agreement shall be treated as a separate payment. In no event may the Employee designate the year of payment for any amounts payable under the Agreement. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of section 409A of the Code.

16. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

17. Contents of Agreement; Amendment. This Agreement supersedes all prior agreements with respect to the subject matter hereof (including without limitation the Existing Agreement and any other change in control agreement in effect between the Company or a Subsidiary or Affiliate and the Employee) and sets forth the entire understanding between the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended except pursuant to approval by the Board and a written amendment executed by the Employee and the Chair of the Compensation Committee. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Employee. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by the Company or the Board.

18. No Right to Continued Employment. Nothing in this Agreement shall be construed as giving the Employee any right to be retained in the employ of the Company or a Subsidiary or Affiliate.

19. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee and the Company hereunder shall not be assignable in whole or in part.

20. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Agreement which can be given effect without the invalid or unenforceable provision or application.

21. Remedies Cumulative; No Waiver. No right conferred upon the Employee by this Agreement is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission by the Employee in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

22. Miscellaneous. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

23. Arbitration. In the event of any dispute under the provisions of this Agreement other than a dispute in which the sole relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in Montgomery County, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first written above. By executing this Agreement, the undersigned acknowledge that this Agreement replaces and supersedes the Existing Agreement and any other understanding regarding the matters described herein.

UGI Corporation

By: /s/ Erika A. Spott
Name: Erika A. Spott
Title: Vice President – Human Resources
and Global Leadership Development

/s/ John L. Walsh

John L. Walsh
President and Chief Executive Officer

EXHIBIT A
UGI CORPORATION
CHANGE IN CONTROL

For purposes of this Agreement, "Change in Control" shall mean:

(i) Any Person (except the Employee, his Affiliates and Associates, the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company, or any Person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of 20% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"); or

(ii) Individuals who, as of the beginning of any 24-month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company; or

(iii) Consummation by the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Company Voting Securities, as the case may be; or

(iv) (A) Consummation of a complete liquidation or dissolution of the Company or (B) sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition.

Exhibit 10.2

FIRST AMENDMENT to the CREDIT AGREEMENT, dated as of December 17, 2019 (this "Amendment"), among UGI CORPORATION, a Pennsylvania corporation (the "Borrower"), the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

W I T N E S S E T H :

WHEREAS, the parties hereto have entered into that certain Credit Agreement, dated as of August 1, 2019 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement as amended by this Amendment, the "Amended Credit Agreement"), among the Borrower, the Lenders party thereto, the Administrative Agent and the other parties thereto;

WHEREAS, the parties hereto desire to amend the Existing Credit Agreement as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. *Amendments to the Existing Credit Agreement.* With effect on and after the Amendment Effective Date, the Existing Credit Agreement is hereby amended as follows:

(a) Clause (a)(v) of the definition of "Consolidated EBITDA" now appearing in Section 1.01 of the Existing Credit Agreement is amended and restated in its entirety as follows:

> "(v) cash and non-cash extraordinary, unusual or non-recurring expenses or losses incurred during such period other than in the ordinary course of business, provided that the amount of cash expenditures added back as a result of this clause (v) shall not exceed $85,000,000 for such period,"

(b) Section 5.01(a) of the Existing Credit Agreement is amended to delete the following parenthetical now appearing therein: "(or, if earlier, by the date that the Annual Report on Form 10-K of the Borrower for such fiscal year would be required to be filed under the rules and regulations of the SEC, giving effect to any extension available thereunder for the filing of such form)".

(c) Section 5.01(b) of the Existing Credit Agreement is amended to delete the following parenthetical now appearing therein: "(or, if earlier, by the date that the Quarterly Report on Form 10-Q of the Borrower for such fiscal quarter would be required to be filed under the rules and regulations of the SEC, giving effect to any extension available thereunder for the filing of such form)".

Section 2. *Conditions to Amendment Effective Date.* This Amendment shall become effective as of the date hereof (the "Amendment Effective Date") upon satisfaction of the following conditions precedent:

(a) the Administrative Agent shall have received, from each of the Borrower, the Administrative Agent and the Required Lenders under the Existing Credit Agreement as of the Amendment Effective Date, a counterpart of this Amendment, signed on behalf of such party; and

(b) the Administrative Agent shall have received payment of all fees and other amounts due and payable on or prior to the Amendment Effective Date, including the Administrative Agent's and its affiliates' reasonable out-of-pocket expenses (including reasonable out-of-pocket fees and expenses of counsel for the Administrative Agent) in connection with this Amendment.

Section 3. *Representations and Warranties of the Borrower*. The Borrower hereby represents and warrants as follows:

(a) The execution of this Amendment is within the Borrower's organizational powers and has been duly authorized by all necessary organizational actions and, if required, actions by equity holders. This Amendment has been duly executed and delivered by the Borrower and this Amendment and the Existing Credit Agreement as modified hereby constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and after giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties contained in Article III of the Existing Credit Agreement, as amended hereby, are true and correct in all material respects (except that any such representations and warranties specifically which are already qualified as to materiality or by reference to Material Adverse Effect shall be treated as correct in all respects), except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties were true and correct in all material respects (except that any representation or warranty which is already qualified as to materiality or by reference to Material Adverse Effect shall be true and correct in all respects) as of such earlier date.

Section 4. *Reference to and Effect on the Credit Agreement*.

(a) The execution of this Amendment is within the Borrower's organizational powers and has been duly authorized by all necessary organizational actions and, if required, actions by equity holders. This Amendment has been duly executed and delivered by the Borrower and this Amendment and the Existing Credit Agreement as modified hereby constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) Except as specifically amended above, each Loan Document and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except with respect to the subject matter hereof, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Existing Credit Agreement, the Loan Documents or any other documents, instruments and agreements executed and/or delivered in connection therewith. This Amendment shall constitute a Loan Document.

Section 5. *Governing Law*. This Amendment shall be construed in accordance with and governed by the laws of the State of New York.

Section 6. *Headings*. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

Section 7. *Counterparts*. Delivery of an executed counterpart of a signature page of this Amendment by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

UGI CORPORATION, as the Borrower

By: /s/ Ted J. Jastrzebski
Name: Ted J. Jastrzebski
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A., as a Lender and as Administrative Agent

By: /s/ Helen D. Davis
Name: Helen D. Davis
Title: Authorized Officer

HSBC BANK USA, NATIONAL ASSOCIATION,
individually, as a Lender

By:/s/ Steve Zambriczki
Name: Steve Zambriczki #22548
Title: Vice President

Name of Lender:
BANK OF AMERICA, N.A.

By: /s/ Kimberly Miller
Name: Kimberly Miller
Title: Vice President

Name of Lender:
BNP Paribas

By:/s/ Joseph Onischuk
Name: Joseph Onischuk
Title: Managing Director

By:/s/ Nicolas Anberree
Name: Nicolas Anberree
Title: Vice President

Name of Lender:
CITIZENS BANK, N.A.

By:/s/ David W. Dinella
Name: David W. Dinella
Title: Senior Vice President

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By:/s/ William O’Daly
Name: William O’Daly
Title: Authorized Signatory

By:/s/ D. Andrew Maletta
Name: D. Andrew Maletta
Title: Authorized Signatory

PNC BANK, N.A., as a Lender

By: /s/ Alex Rolfe
Name: Alex Rolfe
Title: Vice President

Name of Lender:
Regions Bank

By: /s/ Tedrick Tarver
Name: Tedrick Tarver
Title: Director

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By:/s/ Francois Coussot
Name: Francois Coussot
Title: Managing Director

For any Lender requiring a second signature line:

By:/s/ Jean-Michel Fatovic
Name: Jean-Michel Fatovic
Title: Managing Director

Name of Lender:
Wells Fargo Bank, National Association

By:/s/ Patrick Engel
Name: Patrick Engel
Title: Managing Director

Exhibit 10.3

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of December 17, 2019, is entered into by and among AMERIGAS PROPANE, L.P., a Delaware limited partnership (the "Borrower"), AMERIGAS PROPANE, INC., a Pennsylvania corporation (the "General Partner"), the Lenders (as defined below) party hereto, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent for the Lenders (the "Administrative Agent").

RECITALS

A. The Borrower, the General Partner, the Subsidiary Guarantors (collectively, the "Credit Parties"), the several lenders from time to time party thereto (the "Lenders"), and the Administrative Agent are party to the Second Amended and Restated Credit Agreement, dated as of December 15, 2017 (the "Credit Agreement"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement as amended by this Amendment.

B. The Borrower has requested that the Lenders amend the Credit Agreement and the Lenders are willing to consent to such amendments to the Credit Agreement on the terms and subject to conditions set forth herein.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS TO CREDIT AGREEMENT

Effective upon the First Amendment Effective Date (as hereinafter defined), the Credit Agreement is hereby amended as follows:

(a) The following definitions are hereby inserted in Section 1.1 of the Credit Agreement in proper alphabetical order:

"First Amendment" means that certain First Amendment to Second Amended and Restated Credit Agreement, dated as of December 17, 2019, among the Credit Parties, the Administrative Agent and the Lenders party thereto.

"First Amendment Effective Date" means December 17, 2019.

(b) The following definitions in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety as follows:

""Consolidated EBITDA" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for any Person and its Subsidiaries in accordance with GAAP: (a) Consolidated Net Income for such period plus
the sum of the following, without duplication, to the extent deducted in determining Consolidated Net Income for such period: (i) Consolidated Interest Expense,
(ii) Consolidated Income Tax Expense, (iii) depreciation and amortization of property, plant and equipment and intangible assets, and (iv) cash and non-cash extraordinary, unusual or non-recurring expenses or losses incurred during such period other than in the ordinary course of business, provided that the amount of cash expenditures added back as a result of this clause (iv) shall not exceed $50,000,000 for such period, minus (c) the sum of the following, without duplication, to the extent included in determining Consolidated Net Income for such period: (i) interest income, (ii) income tax credits and refunds (to the extent not netted from tax expense), (iii) any cash payments made during such period in respect of items described in clause (b)(iv) subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were incurred, it being understood that the related non-cash items described in clause (b)(iv) may still be added back to Consolidated Net Income, and (iv) extraordinary, unusual or non-recurring income or gains realized during such period other than in the ordinary course of business. For purposes of the Consolidated MLP Total Leverage Ratio and the Consolidated Borrower Total Leverage Ratio, Consolidated EBITDA (x) shall be adjusted on a Pro Forma Basis for (1) any Permitted Acquisition which is in excess of $25,000,000 or (2) Asset Dispositions which, individually or in the aggregate, are in excess of $25,000,000 and (y) may be adjusted on a Pro Forma Basis for any Permitted Acquisition which individually is less than $25,000,000 but, when taken together with all other Permitted Acquisitions, is in excess of $25,000,000."

""Consolidated Net Income" means, for any period, the net income of any Person and its Subsidiaries for such period, determined on a Consolidated basis, without duplication, in accordance with GAAP; provided, in calculating Consolidated Net Income of any Person (the "CNI Person") and its Subsidiaries for any period, there shall be excluded (i) [Reserved], (ii) net after-tax gains or losses attributable to Asset Dispositions, (iii) the net income or loss of any Person which is not a Subsidiary of such CNI Person and which is accounted for by the equity method of accounting; provided, that Consolidated Net Income shall include the amount of dividends or distributions actually paid to such CNI Person or any Subsidiary of such CNI Person, (iv) the net income of any Subsidiary of such CNI Person to the extent that dividends or distributions of such net income are not at the date of determination permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or other regulation, (v) the net after-tax gains or losses attributable to the early extinguishment of Indebtedness, (vi) the net after-tax gains or losses attributable to the early termination of any Hedge Agreement,

(vii) unrealized gains or losses attributable to any Hedge Agreement and (viii) the cumulative effect of any changes in accounting principles."

(c) Article I of the Credit Agreement is hereby amended by adding the following new Section 1.8 at the end thereof:

"Section 1.8 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time."

(d) Article XIII of the Credit Agreement is hereby amended by adding the following new Section 13.26 at the end thereof:

"Section 13.26 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 12.25, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D)."

ARTICLE II
CONDITIONS OF EFFECTIVENESS

2.1 The amendments set forth in ARTICLE I shall become effective as of the date (the "First Amendment Effective Date") when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received an executed counterpart of this Amendment from each of the Credit Parties and Lenders constituting the Required Lenders.

(b) The Borrower shall have paid all fees and expenses due with this Amendment and under the other Loan Documents required to have been paid on or prior to the effectiveness of this Amendment, including all fees, charges and disbursements of counsel to the Administrative Agent.

(c) Both immediately before and after giving effect to this Amendment, each of the representations and warranties contained in Article III herein shall be true and correct as of the First Amendment Effective Date, with the same effect as if made on and as of such date.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties hereby represents and warrants, on and as of the First Amendment Effective Date, that (i) the representations and warranties contained in the Credit Agreement and the other Loan Documents qualified as to materiality are true and correct in all respects and those not so qualified are true and correct in all material respects, both immediately before and after giving effect to this Amendment (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty is true and correct in all respects (if qualified as to materiality) or true and correct in all material respects (if not so qualified), in each case only on and as of such specific date), (ii) this Amendment has been duly authorized, executed and delivered by such Person and constitutes the legal, valid and binding obligation of such Person enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles or by principles of good faith and fair dealing (regardless of whether enforcement is sought in equity or at law) (iii) such Credit Party has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance by such Person of this Amendment, (iv) the execution, delivery and performance of this Amendment and the transactions contemplated hereby do not and will not, by the passage of time, the giving of notice or otherwise, (a) require any Governmental Approval or violate any Applicable Law relating to such Credit Party where the failure to obtain such Governmental Approval or such violation would reasonably be expected to have a Material Adverse Effect, (b) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of such Credit Party, (c) conflict with, result in a breach of or constitute a default under any indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person, which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (d) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Permitted Liens or (e) require any consent or authorization of, filing with, or other act in respect of, an arbitrator or Governmental Authority and no consent of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement other than consents, authorizations, filings or other acts or consents for which the failure to obtain or make would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (v) no Default or Event of Default shall have occurred and be continuing on the First Amendment Effective Date, both immediately before and immediately after giving effect to this Amendment and the amendments contemplated hereby.

ARTICLE IV
ACKNOWLEDGEMENT AND CONFIRMATION

Each Credit Party hereby ratifies the Credit Agreement as amended by this Amendment and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement and Loan Documents applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

ARTICLE V
MISCELLANEOUS

5.1 Governing Law. This Amendment and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

5.2 Loan Document. As used in the Credit Agreement, "hereinafter," "hereto," "hereof," and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement after amendment by this Amendment. Any reference to the Credit Agreement or any of the other Loan Documents herein or in any such documents shall refer to the Credit Agreement and the other Loan Documents as amended hereby. This Amendment is limited to the matters expressly set forth herein, and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Credit Agreement except as expressly set forth herein. Except to the extent expressly set forth herein, all of the terms and conditions of the Credit Agreement and the other Loan Documents remain unchanged and shall continue in full force and effect. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

5.3 Expenses. The Borrower shall pay all reasonable and documented out-of-pocket fees and expenses of counsel to the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Amendment.

5.4 Severability. To the extent any provision of this Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in any such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

5.5 Successors and Assigns. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto.

5.6 Construction. The headings of the various sections and subsections of this Amendment have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

5.7 Counterparts; Integration. This Amendment may be executed and delivered via facsimile or other electronic method of transmission with the same force and effect as if an original were executed and may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures hereto were upon the same instrument. This Amendment constitutes the entire contract among the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the date first above written.

AMERIGAS PROPANE, L.P., as Borrower

By: /s/ Ann P. Kelly

Name: Ann P. Kelly

Title: VP - Finance and Chief Financial Officer

AMERIGAS PROPANE, INC., as Guarantor

By: /s/ Ann P. Kelly

Name: Ann P. Kelly

Title: VP - Finance and Chief Financial Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Swingline Lender, Issuing Lender and Lender

By: /s/ Patrick Engel

Name: Patrick Engel

Title: Managing Director

BANK OF AMERICA, N.A., as a Lender

By: /s/ Kimberly Miller
Name: Kimberly Miller
Title: Vice President

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ William O'Daly
Name: William O'Daly
Title: Authorized Signatory

By: /s/ D. Andrew Maletta
Name: D. Andrew Maletta
Title: Authorized Signatory

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Helen D. Davis
Name: Helen D. Davis
Title: Authorized Officer

TRUIST BANK, FORMERLY KNOWN AS BRANCH BANKING AND TRUST COMPANY, as a Lender

By: /s/ Ryan T. Hamilton
Name: Ryan T. Hamilton
Title: Senior Vice President

CITIBANK N.A., as a Lender

By: /s/ Peter Kardos
Name: Peter Kardos
Title: Vice President

CITIZENS BANK, N.A. (as successor by merger to CITIZENS BANK OF PENNSYLVANIA), as a Lender

By: /s/ David W. Dinella

Name: David W. Dinella

Title: Senior Vice President

PNC BANK, N.A., as a Lender

By: /s/ Alex Rolfe
Name: Alex Rolfe
Title: Vice President

TD Bank, N.A., as a Lender

By: /s/ Shannon Batchman

Name: Shannon Batchman

Title: Executive Director

The Bank of New York Mellon, as a Lender

By: /s/ Richard K. Fronapfel, Jr.
Name: Richard K. Fronapfel, Jr.
Title: Director

BNP Paribas, as a Lender

By: /s/ Joseph Onischuk
Name: Joseph Onischuk
Title: Managing Director

By: /s/ Nicolas Anberree
Name: Nicolas Anberree
Title: Vice President

Manufacturers and Traders Trust Company, as a Lender

By: /s/ Nick Richards
Name: Nick Richards
Title: Vice President

EXHIBIT 31.1

CERTIFICATION

I, John L. Walsh, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 6, 2020

/s/ John L. Walsh

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

EXHIBIT 31.2

CERTIFICATION

I, Ted J. Jastrzebski, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 6, 2020

/s/ Ted J. Jastrzebski

Ted J. Jastrzebski
Chief Financial Officer of UGI Corporation

EXHIBIT 32

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

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

(1) The Company's periodic report on Form 10-Q for the period ended December 31, 2019 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

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

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
/s/ John L. Walsh	/s/ Ted J. Jastrzebski
John L. Walsh	Ted J. Jastrzebski
Date: February 6, 2020	Date: February 6, 2020