

**UGI ENERGY SERVICES, LLC
AND SUBSIDIARIES**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
and MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
for the three and nine months ended June 30, 2022 and 2021
(Unaudited)

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

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UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this document are defined below:

UGI Energy Services and Related Entities

AmeriGas - AmeriGas Propane, L.P., an indirect wholly-owned subsidiary of UGI

Company - UGI Energy Services, LLC and its consolidated subsidiaries collectively

Energy Services - UGI Energy Services, LLC, a wholly-owned subsidiary of Enterprises, or collectively, UGI Energy Services, LLC and its consolidated subsidiaries

Enterprises - UGI Enterprises, LLC, a wholly-owned subsidiary of UGI

GHI - GHI Energy, LLC, a Houston-based RNG company and indirect wholly owned subsidiary of Energy Services

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

PennEast - PennEast Pipeline Company, LLC

Pine Run - Pine Run Gathering, LLC

Stonehenge - Stonehenge Appalachia, LLC, a midstream natural gas gathering business, which includes 47 miles of pipeline and associated compression assets

UGI - UGI Corporation

UGI Moraine East - UGI Moraine East Gathering LLC, a wholly owned subsidiary comprising the assets acquired in the Stonehenge Acquisition

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

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

Other Terms and Abbreviations

2021 Annual Report - Energy Services' Annual Report for the fiscal year ended September 30, 2021

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

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

2022 nine-month period - Nine months ended June 30, 2022

2022 three-month period - Three months ended June 30, 2022

AOCI - Accumulated Other Comprehensive Income (Loss)

ASC - Accounting Standards Codification

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

ASU - Accounting Standards Update

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

CDC - Centers for Disease Control and Prevention

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

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

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

FERC - Federal Energy Regulatory Commission

Fiscal 2021 - The fiscal year ended September 30, 2021

Fiscal 2022 - The fiscal year ending September 30, 2022

GAAP - U.S. generally accepted accounting principles

ICE - Intercontinental Exchange

LNG - Liquefied natural gas

NPNS - Normal purchase and normal sale

NYMEX - New York Mercantile Exchange

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

RNG - Renewable natural gas

SCAA - Storage Contract Administrative Agreements

Stonehenge Acquisition - Acquisition of Stonehenge Appalachia, LLC, which closed January 27, 2022

U.S. - United States of America

USD - U.S. dollar

WHO - World Health Organization

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions of dollars)

	June 30, 2022	September 30, 2021	June 30, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 147	\$ 197	\$ 87
Restricted cash	11	21	31
Accounts receivable (less allowances for doubtful accounts of \$1, \$4 and \$2, respectively)	254	130	109
Inventories	34	36	22
Derivative instruments	54	50	53
Prepaid expenses and other current assets	35	51	71
Total current assets	<u>535</u>	<u>485</u>	<u>373</u>
Property, plant and equipment (less accumulated depreciation of \$359, \$310 and \$304, respectively)	1,841	1,678	1,692
Goodwill	337	337	337
Intangible assets, net	253	262	266
Derivative instruments	21	34	17
Investments in equity method investees	149	163	174
Other assets	51	42	39
Total assets	<u>\$ 3,187</u>	<u>\$ 3,001</u>	<u>\$ 2,898</u>
LIABILITIES AND MEMBER'S EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 10	\$ 10	\$ 10
Accounts payable	220	140	117
Derivative instruments	10	23	45
Other current liabilities	65	41	51
Total current liabilities	<u>305</u>	<u>214</u>	<u>223</u>
Long-term debt	702	706	707
Deferred income taxes	278	290	242
Derivative instruments	31	21	33
Other noncurrent liabilities	15	13	16
Total liabilities	<u>1,331</u>	<u>1,244</u>	<u>1,221</u>
Member's equity	<u>1,856</u>	<u>1,757</u>	<u>1,677</u>
Total liabilities and member's equity	<u>\$ 3,187</u>	<u>\$ 3,001</u>	<u>\$ 2,898</u>

See accompanying notes to condensed consolidated financial statements.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Millions of dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 521	\$ 257	\$ 1,725	\$ 1,082
Costs and expenses:				
Cost of sales (excluding depreciation and amortization shown below)	487	153	1,418	760
Operating and administrative expenses	30	31	88	90
Depreciation and amortization	20	19	57	56
Other operating expense, net	1	—	—	7
	<u>538</u>	<u>203</u>	<u>1,563</u>	<u>913</u>
Operating (loss) income	(17)	54	162	169
Loss from equity method investees	(44)	(86)	(31)	(69)
Interest expense	(11)	(10)	(31)	(31)
(Loss) income before income taxes	(72)	(42)	100	69
Income tax benefit (expense)	21	16	(28)	(2)
Net (loss) income	<u>\$ (51)</u>	<u>\$ (26)</u>	<u>\$ 72</u>	<u>\$ 67</u>
Other comprehensive income:				
Net gains on derivative instruments (net of tax of \$(1), \$0, \$(9) and \$(1), respectively)	\$ 4	\$ —	\$ 23	\$ 3
Reclassifications of net losses on derivative instruments (net of tax of \$(1), \$(1), \$(2) and \$(2), respectively)	—	1	4	5
Other comprehensive income	4	1	27	8
Comprehensive (loss) income	<u>\$ (47)</u>	<u>\$ (25)</u>	<u>\$ 99</u>	<u>\$ 75</u>

See accompanying notes to condensed consolidated financial statements.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions of dollars)

	Nine Months Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 72	\$ 67
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57	56
Deferred income tax expense, net	(24)	39
Changes in unrealized gains and losses on derivative instruments	35	(12)
Loss from equity method investees	31	69
Other, net	—	19
Net change in:		
Accounts receivable	(134)	(17)
Inventories	2	3
Accounts payable	78	34
Derivative instruments collateral deposits received	31	—
Other current assets	15	(32)
Other current liabilities	24	9
Net cash provided by operating activities	187	235
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(22)	(44)
Acquisitions of businesses and assets, net of cash acquired	(188)	—
Investments in equity method investees	(32)	(61)
Other	—	5
Net cash used by investing activities	(242)	(100)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions paid	—	(25)
Receivables Facility net repayments	—	(19)
Repayments of long-term debt and finance leases	(5)	(5)
Net cash used by financing activities	(5)	(49)
Cash, cash equivalents and restricted cash (decrease) increase	\$ (60)	\$ 86
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
End of period	\$ 158	\$ 118
Beginning of period	218	32
Cash, cash equivalents and restricted cash (decrease) increase	\$ (60)	\$ 86

See accompanying notes to condensed consolidated financial statements.

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Unaudited)
(Millions of dollars)

	Member's Equity
Balance at September 30, 2021	\$ 1,757
Net income	72
Other comprehensive income	27
Balance at June 30, 2022	\$ 1,856
	Member's Equity
Balance at September 30, 2020	\$ 1,627
Net income	67
Cash distributions	(25)
Other comprehensive income	8
Balance at June 30, 2021	\$ 1,677

See accompanying notes to condensed consolidated financial statements.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Note 1 — Nature of Operations

Energy Services is a Pennsylvania limited liability company and a wholly-owned subsidiary of Enterprises. Enterprises is a wholly-owned subsidiary of UGI.

Energy Services conducts, directly and through subsidiaries and affiliates, energy marketing, including RNG, midstream transmission, LNG storage, natural gas gathering and processing, natural gas and RNG production, electricity generation and energy services businesses primarily in the eastern region of the U.S., eastern Ohio, the panhandle of West Virginia and California. UGID owns 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.

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with GAAP. They include all adjustments 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, 2021, 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 2021 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.

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.

	June 30, 2022	June 30, 2021
Cash and cash equivalents	\$ 147	\$ 87
Restricted cash	11	31
Cash, cash equivalents and restricted cash	<u>\$ 158</u>	<u>\$ 118</u>

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 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 derivative instruments as hedges under GAAP. Changes in the fair values of these derivative instruments are reflected in net income. Cash flows from derivative instruments are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information see Note 7.

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

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Reclassifications. For purposes of comparability, certain prior-period amounts have been reclassified to conform to current-period presentation.

Subsequent Events. Management has evaluated the impact of subsequent events through August 9, 2022, the date these condensed consolidated financial statements were issued, and the effects, if any, of such evaluation have been reflected in the condensed consolidated financial statements and related disclosures.

Note 3 — Accounting Changes

New Accounting Standard Adopted in Fiscal 2022

Income Taxes. Effective October 1, 2021, the Company adopted ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes” prospectively and retrospectively where deemed applicable. 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. The adoption of the new guidance did not have a material impact on our consolidated financial statements.

Note 4 — Revenue from Contracts with Customers

The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. See Note 4 in the Company’s 2021 Annual Report for additional information on our revenues from contracts with customers.

Revenue Disaggregation

The following table presents our disaggregated revenues:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
Revenues from contracts with customers:				
Energy Marketing	455	\$ 206	\$ 1,415	\$ 824
Midstream:				
Pipeline	53	45	149	138
Peaking	14	6	139	106
Other	2	2	6	6
Electricity Generation	1	1	20	8
Total revenues from contracts with customers	525	260	1,729	1,082
Other revenues (a)	(4)	(3)	(4)	—
Total revenues	\$ 521	\$ 257	\$ 1,725	\$ 1,082

(a) Represents revenues from certain gathering assets and gains and losses on commodity derivative instruments not associated with current-period transactions that are not within the scope of ASC 606 and are accounted for in accordance with other GAAP.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to customers or cash receipts. Contract assets represent our right to consideration after the performance obligations have been satisfied when such right is conditioned on something other than the passage of time. There were no contract assets for all periods presented. Substantially all of our receivables are unconditional rights to consideration and are included in “Accounts receivable” on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

UGI Energy Services, LLC and Subsidiaries
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(Unaudited)
(Millions of dollars, except where indicated otherwise)

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 \$14, \$5 and \$7 at June 30, 2022, September 30, 2021 and June 30, 2021, respectively, and are included in "Other current liabilities" on the Condensed Consolidated Balance Sheets.

Note 5 — Commitments and Contingencies

There are currently no pending claims or legal actions that could have a material adverse effect on our financial statements.

Note 6 — Fair Value Measurements

Derivative Instruments

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

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2022:				
Assets:				
Commodity contracts	\$ 337	\$ 30	\$ —	\$ 367
Interest rate contracts	\$ —	\$ 20	\$ —	\$ 20
Liabilities:				
Commodity contracts	\$ (230)	\$ (13)	\$ —	\$ (243)
September 30, 2021:				
Assets:				
Commodity contracts	\$ 314	\$ 31	\$ —	\$ 345
Liabilities:				
Commodity contracts	\$ (196)	\$ (12)	\$ —	\$ (208)
Interest rate contracts	\$ —	\$ (18)	\$ —	\$ (18)
June 30, 2021:				
Assets:				
Commodity contracts	\$ 125	\$ 10	\$ —	\$ 135
Liabilities:				
Commodity contracts	\$ (114)	\$ (9)	\$ —	\$ (123)
Interest rate contracts	\$ —	\$ (20)	\$ —	\$ (20)

The fair values of our Level 1 exchange-traded commodity futures 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 are based upon third-party quotes or indicative values based on recent market transactions.

Note 7 — 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: (1) commodity price risk; and (2) interest 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

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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 information on the accounting for our derivative instruments, see Note 2.

The following summarizes the types of derivative instruments used by the Company to manage certain market risks:

Commodity Price Risk

In order to manage market price risk relating to fixed-price sales contracts for natural gas and electricity, the Company enters into NYMEX and over-the-counter natural gas futures, forward and options contracts, ICE natural gas basis swap contracts, and electricity futures and forward physical contracts. The Company 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. Also, Energy Services, 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. For all periods presented, volumes associated with these propane contracts were not material.

Interest Rate Risk

Energy Services has a variable-rate term loan that is indexed to a short-term market interest rate. In order to fix the underlying short-term market interest rate, Energy Services has entered into a pay-fixed, receive-variable interest rate swap to effectively fix the underlying variable rate on a significant portion of the loan's tenor through July 2024. We have designated this interest rate swap as a cash flow hedge.

Quantitative Disclosures Related to Derivative Instruments

The following table summarizes by derivative type the gross notional amounts related to open derivative contracts at June 30, 2022, September 30, 2021, and June 30, 2021, and the final settlement dates of the Company's open derivative contracts as of June 30, 2022, excluding those derivatives that qualified for the NPNS exception:

Type	Units	Settlements Extending Through	Notional Amounts (in millions)		
			June 30, 2022	September 30, 2021	June 30, 2021
Commodity Price Risk:					
Natural gas futures, forward, basis swap, options and pipeline contracts	Dekatherms	June 2026	323	310	303
Electricity forward and futures contracts	Kilowatt hours	November 2026	724	879	1,003
Interest Rate Risk:					
Interest rate swaps	USD	July 2024	\$ 644	\$ 649	\$ 651

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.

We have concentrations of credit risk associated with derivative instruments and we evaluate the creditworthiness of our derivative counterparties on an ongoing basis. As of June 30, 2022, 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 \$387. In general, many of our over-the-counter derivative instruments and all exchange contracts call for the posting of collateral by the counterparty or by the Company in the forms of letters of credit, parental guarantees or cash. At June 30, 2022, we had received cash collateral from derivative instrument counterparties totaling \$123. In addition, we may

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

have offsetting derivative liabilities and certain accounts payable balances with certain of these counterparties, which further mitigates the previously mentioned maximum amount of losses.

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, many 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.

Fair Value of Derivative Instruments

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

	June 30, 2022	September 30, 2021	June 30, 2021
Derivative assets:			
Derivatives designated as hedging instruments:			
Interest rate contracts	\$ 20	\$ —	\$ —
Derivatives not designated as hedging instruments:			
Commodity contracts	367	345	135
Total derivative assets - gross	387	345	135
Gross amounts offset in balance sheet	(189)	(182)	(65)
Cash collateral received	(123)	(79)	—
Total derivative assets - net	<u>\$ 75</u>	<u>\$ 84</u>	<u>\$ 70</u>
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Interest rate contracts	\$ —	\$ (18)	\$ (20)
Derivatives not designated as hedging instruments:			
Commodity contracts	(243)	(208)	(123)
Total derivative liabilities - gross	(243)	(226)	(143)
Gross amounts offset in balance sheet	189	182	65
Cash collateral pledged	13	—	—
Total derivative liabilities - net	<u>\$ (41)</u>	<u>\$ (44)</u>	<u>\$ (78)</u>

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Effects of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Comprehensive Income:

Three Months Ended June 30,	Gain Recognized in AOCI		Loss Reclassified from AOCI into Income		Location of Loss Reclassified from AOCI into Income
	2022	2021	2022	2021	
Cash Flow Hedges:					
Interest rate contracts	\$ 5	\$ —	\$ (1)	\$ (2)	Interest expense
			Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
			2022	2021	
Derivatives Not Designated As Hedging Instruments:					
Commodity contracts		\$ (7)	\$ (5)		Revenues
Commodity contracts			35	42	Cost of sales
Total		\$ 28	\$ 37		
Nine Months Ended June 30,	Gain Recognized in AOCI		Loss Reclassified from AOCI into Income		Location of Loss Reclassified from AOCI into Income
	2022	2021	2022	2021	
Cash Flow Hedges:					
Interest rate contracts	\$ 32	\$ 4	\$ (6)	\$ (7)	Interest expense
			Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
			2022	2021	
Derivatives Not Designated As Hedging Instruments:					
Commodity contracts		\$ (12)	\$ (4)		Revenues
Commodity contracts			143	(14)	Cost of sales
Total		\$ 131	\$ (18)		

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 under GAAP because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold. 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.

UGI Energy Services, LLC and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Millions of dollars, except where indicated otherwise)

Note 8 — Accumulated Other Comprehensive Income (Loss)

The tables below present changes in AOCI, net of tax:

Three Months Ended June 30, 2022	Derivative Instruments
AOCI — March 31, 2022	\$ 11
Other comprehensive income before reclassification adjustments	4
AOCI — June 30, 2022	<u>\$ 15</u>

Three Months Ended June 30, 2021	Derivative Instruments
AOCI — March 31, 2021	\$ (15)
Amounts reclassified from AOCI	1
AOCI — June 30, 2021	<u>\$ (14)</u>

Nine Months Ended June 30, 2022	Derivative Instruments
AOCI — September 30, 2021	\$ (12)
Other comprehensive income before reclassification adjustments	23
Amounts reclassified from AOCI	4
AOCI — June 30, 2022	<u>\$ 15</u>

Nine Months Ended June 30, 2021	Derivative Instruments
AOCI — September 30, 2020	\$ (22)
Other comprehensive income before reclassification adjustments	3
Amounts reclassified from AOCI	5
AOCI — June 30, 2021	<u>\$ (14)</u>

Note 9 — Related Party Transactions

SCAA Activities. From time to time, Energy Services is a party to SCAAs with UGI Utilities which have terms of up to three years. Under the SCAAs, UGI Utilities has, among other things, released certain natural gas storage and transportation contracts (subject to recall for operational purposes) to Energy Services for the terms of the SCAAs. UGI Utilities also transferred certain associated natural gas storage inventories upon the commencement of the SCAAs, receives a transfer of storage inventories at the end of the SCAAs, and makes payments associated with refilling storage inventories during the term of the SCAAs. Energy Services receives payments from UGI Utilities for storage inventories and pipeline transportation and storage capacity charges associated with SCAAs. Energy Services, in turn, provides a firm delivery service and makes certain payments to UGI Utilities for its various obligations under the SCAAs. In conjunction with the SCAAs, Energy Services pays UGI Utilities security deposits.

Gas Supply and Delivery Services. UGI Utilities purchases natural gas and pipeline capacity from Energy Services. Additionally, UGI Utilities has gas supply and delivery service agreements with Energy Services pursuant to which Energy Services provides certain gas supply and related delivery service to UGI Utilities.

From time to time, Energy Services purchases natural gas or pipeline capacity from UGI Utilities. Also from time to time, Energy Services sells natural gas and pipeline capacity to UGI Utilities (in addition to those transactions already described above) and sells a firm storage service from a subsidiary of Energy Services, under one-year agreements.

Administrative Services. UGI provides certain financial and administrative services to the Company. UGI bills the Company monthly for all direct expenses and for an allocated share of indirect corporate expenses incurred or paid on behalf of the Company. The allocation of indirect UGI corporate expenses to the Company utilizes a weighted, three-component formula

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comprising revenues, operating expenses and net assets employed and considers the Company's relative percentage of such items to the total of such items for all UGI operating subsidiaries for which general and administrative services were provided. Management believes that this allocation method is reasonable and equitable to the Company.

Propane Sales. From time to time, Energy Services sells propane to AmeriGas on an as needed basis. The sales price is generally based on market prices at the time of sale. There were no sales of propane by Energy Services to AmeriGas during the three and nine months ended June 30, 2022 and 2021.

The following related party amounts and balances are included in our condensed consolidated financial statements:

	Three Months Ended June 30,		Nine Months Ended June 30,		Classification on Condensed Consolidated Statements of Comprehensive Income
	2022	2021	2022	2021	
SCAA Activities:					
SCAA revenues	\$ 17	\$ 6	\$ 22	\$ 9	Revenues
Costs of SCAA and firm delivery service	\$ —	\$ 1	\$ 1	\$ 2	Cost of sales
Gas Supply and Delivery Service:					
Gas supply and delivery service revenues	\$ 58	\$ 22	\$ 285	\$ 174	Revenues
Costs of natural gas and pipeline capacity purchases	\$ 24	\$ 11	\$ 86	\$ 49	Cost of sales
Administrative Services:					
Administrative services provided by UGI	\$ 3	\$ 4	\$ 11	\$ 12	Operating and administrative expenses
	June 30, 2022	September 30, 2021	June 30, 2021	Classification on Condensed Consolidated Balance Sheets	
SCAA security deposits	\$ 8	\$ 7	\$ 7	Prepaid expenses and other current assets	

Note 10 — Impact of Global Pandemic

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

Note 11 — Acquisition

Stonehenge Acquisition

On January 27, 2022, Energy Services completed the Stonehenge Acquisition in which it acquired all of the equity interests in Stonehenge, for total cash consideration of approximately \$190. The Stonehenge business includes a natural gas gathering system, located in western Pennsylvania, with more than 47 miles of pipeline and associated compression assets. The Stonehenge Acquisition is consistent with our growth strategies, including expanding our midstream natural gas gathering

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assets within the Appalachian basin production region. The Stonehenge Acquisition was funded using available cash. The Company has accounted for the Stonehenge Acquisition using the acquisition method and the purchase price has been primarily allocated to property, plant and equipment. We refer to Stonehenge and its assets as "UGI Moraine East."

Note 12 — Impairments Associated with Certain Equity Method Investments

Pennant. Energy Services holds a 47% membership interest in Pennant, a natural gas gathering system located in northeast Ohio and western Pennsylvania. In connection with ongoing negotiations related to the acquisition of a controlling financial interest in Pennant, as of June 30, 2022, the Company recognized an other-than-temporary pre-tax impairment charge of \$50 related to its current 47% membership interest, which was recorded in "Loss from equity investees" in the Condensed Consolidated Statements of Comprehensive Income. Subject to agency approvals and other customary closing conditions, the Company expects to acquire a controlling financial interest in Pennant in the fourth quarter of Fiscal 2022.

PennEast. UGI PennEast, LLC holds a 20% membership interest in PennEast, a partnership formed to construct an approximate 120-mile natural gas pipeline from Luzerne County, Pennsylvania to the Trenton-Woodbury interconnection in New Jersey. Due to remaining legal and regulatory contingencies that existed as of June 30, 2021, the Company concluded that its investment in PennEast was impaired at that time. The Company recognized an other-than-temporary pre-tax impairment charge of \$93 in June 2021, which was recorded in "Loss from equity investees" in the Condensed Consolidated Statements of Comprehensive Income. On September 27, 2021, PennEast ceased further development of the proposed pipeline project. The carrying values of our investment in PennEast at June 30, 2022, September 30, 2021, and June 30, 2021 were not material.

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Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)

EXECUTIVE OVERVIEW

Recent Developments

Macroeconomic Conditions. During Fiscal 2021 and continuing into the current fiscal year, commodity and labor markets have experienced significant inflationary pressures attributable to various economic and political factors, including: the economic recovery and evolving consumer patterns associated with the ongoing COVID-19 pandemic (see Note 10 to the Condensed Consolidated Financial Statements); supply chain issues associated with labor shortages; and significant inflationary pressures on commodity prices, among others. These factors have led to significant volatility across various consumer price indices during Fiscal 2021 and have continued during the 2022 three- and nine-month periods. We have experienced substantial shifts in commodity prices, particularly in natural gas and electricity prices, which, in turn, have led to extensive mark-to-market impacts on commodity derivative instruments not associated with current-period activity. The ongoing strain on supply costs has resulted in increased inventory costs and certain distribution expenses across all of our businesses. It has also affected requirements around cash collateral and restricted cash associated with our outstanding derivatives. We cannot predict the duration or total magnitude of these factors and the total effects on our business, financial position, results of operations, liquidity or cash flows at this time. However, we continue to evaluate and react to these global economic and political conditions and remain focused on managing our financial condition and liquidity as these conditions continue to evolve.

2022 three-month period compared with 2021 three-month period

Energy Services' net loss was \$51 million in the 2022 three-month period compared to \$26 million in the prior-year period. These results reflect (losses) gains on commodity derivative instruments not associated with current-period transactions of \$(39) million and \$28 million, respectively. These results also reflect impairments associated with certain equity method investments of \$36 million and \$93 million, respectively. Although these items are reflected in our GAAP results, we have excluded these items from our non-GAAP measures. See "Non-GAAP Financial Measures" below.

Excluding the impacts of commodity derivative instruments not associated with current-period transactions and impairments associated with certain equity method investments, adjusted net income decreased \$15 million in the 2022 three-month period primarily attributable to the absence of a benefit from the prior period related to the CARES Act partially offset by higher natural gas marketing margin and incremental earnings attributable UGI Moraine East, which comprises the assets acquired in the Stonehenge Acquisition.

2022 nine-month period compared with 2021 nine-month period

Energy Services' net income was \$72 million in the 2022 nine-month period compared to \$67 million in the prior-year period. These results reflect (losses) gains on commodity derivative instruments not associated with current-period transactions of \$(25) million and \$9 million, respectively. These results also reflect impairments associated with certain equity method investments of \$36 million and \$93 million, respectively. Although these items are reflected in our GAAP results, we have excluded these items from our non-GAAP measures. See "Non-GAAP Financial Measures" below.

Excluding the impacts of commodity derivative instruments not associated with current-period transactions and impairments associated with certain equity method investments, adjusted net income decreased \$18 million in the 2022 nine-month period primarily attributable to the absence of a benefit from the prior period related to the CARES Act partially offset by higher margins related to natural gas marketing activities, higher total earnings from renewable energy marketing activities, and incremental contributions from UGI Moraine East.

Non-GAAP Financial Measures

We present the non-GAAP measures adjusted total margin, adjusted operating income, adjusted income before income taxes and adjusted net income, in order to assist in the evaluation of our overall performance. We believe that these non-GAAP measures provide meaningful information to investors about our performance because they eliminate the impact of (1) gains and losses on commodity derivative instruments not associated with current-period transactions, principally comprising unrealized gains and losses on such derivative instruments, and (2) other significant discrete items that can affect the comparisons of period-over-period results. These financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

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

(Millions of dollars)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2022	2021	2022	2021
Adjusted total margin:				
Total revenues	\$ 521	\$ 257	\$ 1,725	\$ 1,082
Cost of sales	(487)	(153)	(1,418)	(760)
Total margin	34	104	307	322
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	55	(39)	35	(12)
Adjusted total margin	\$ 89	\$ 65	\$ 342	\$ 310
Adjusted operating income:				
Operating (loss) income	\$ (17)	\$ 54	\$ 162	\$ 169
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	55	(39)	35	(12)
Adjusted operating income	\$ 38	\$ 15	\$ 197	\$ 157
Adjusted income before income taxes:				
(Loss) income before income taxes	\$ (72)	\$ (42)	\$ 100	\$ 69
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	55	(39)	35	(12)
Impairment of certain equity method investments	50	93	50	93
Adjusted income before income taxes	\$ 33	\$ 12	\$ 185	\$ 150
Adjusted net income:				
Net (loss) income	\$ (51)	\$ (26)	\$ 72	\$ 67
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	39	(28)	25	(9)
Impairment of certain equity method investments	36	93	36	93
Adjusted net income	\$ 24	\$ 39	\$ 133	\$ 151

UGI ENERGY SERVICES, LLC AND SUBSIDIARIES

Analysis of Results of Operations

2022 three-month period compared with the 2021 three-month period

Three Months Ended June 30,	2022	2021	Increase (Decrease)	
(Dollars in millions)				
Revenues	\$ 521	\$ 257	\$ 264	103 %
Total margin (a)	\$ 34	104	\$ (70)	(67)%
Operating and administrative expenses	\$ 30	31	\$ (1)	(3)%
Operating (loss) income	\$ (17)	\$ 54	\$ (71)	(131)%
Loss before income taxes	\$ (72)	\$ (42)	\$ (30)	71 %
Non-GAAP financial measures (b):				
Adjusted total margin	\$ 89	\$ 65	\$ 24	37 %
Adjusted operating income	\$ 38	\$ 15	\$ 23	153 %
Adjusted income before income taxes	\$ 33	\$ 12	\$ 21	175 %
Adjusted net income	\$ 24	\$ 39	\$ (15)	(38)%

- (a) Total margin represents total revenues less total cost of sales and includes the impact of net unrealized (losses) gains of \$(55) million and \$39 million, respectively, on commodity derivative instruments not associated with current-period transactions for the 2022 and 2021 three-month periods.
- (b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See “Non-GAAP Financial Measures” above.

Average temperatures across Energy Services’ energy marketing territory during the 2022 three-month period were 5.2% warmer than normal and 5.8% warmer than the prior-year period.

Revenues and cost of sales for the 2022 three-month period increased \$264 million and \$334 million, respectively, compared to the prior-year period. Excluding the effects of commodity derivative instruments not associated with current-period transactions, revenues and cost of sales increased \$264 million and \$240 million, respectively, compared to the prior-year period. These increases were largely driven by natural gas marketing, including the effects of peaking and capacity management activities, which were impacted by significantly higher average natural gas prices compared to the prior-year period. As a result, revenues and cost of sales attributable to natural gas marketing activities increased \$239 million and \$236 million, respectively, during the 2022 three-month period.

Total margin decreased \$70 million in the 2022 three-month period. Adjusted total margin increased \$24 million in the 2022 three-month period largely reflecting higher margin attributable to natural gas marketing activities (\$19 million) and incremental margin attributable to UGI Moraine East (\$5 million). The increase in margin related to natural gas marketing activities largely reflects the effects of capacity management including the positive impact of settlement timing of certain multi-year commodity storage hedge contracts during the 2022 three-month period.

Operating income decreased \$71 million and the loss before income taxes increased \$30 million, respectively, during the 2022 three-month period. Adjusted operating income and adjusted income before income taxes increased \$23 million and \$21 million, respectively, compared to the prior-year period. These improvements were largely attributable to the higher total margin including incremental contributions related to UGI Moraine East.

Interest Expense and Income Taxes

Interest expense in the 2022 three-month period was consistent with the prior-year period, reflecting comparable average borrowings outstanding in both periods.

The decrease in the Company's effective income tax rates for the 2022 three-month period was principally related to the impact of significant losses on commodity derivative instruments compared to the prior-year period, partially offset by the absence of a benefit under the CARES Act during the 2022 three-month period. The Company continues to evaluate the elections available

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under current regulations and pending legislation. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to these items are subject to change.

2022 nine-month period compared with the 2021 nine-month period

Nine Months Ended June 30,	2022	2021	Increase (Decrease)	
(Dollars in millions)				
Revenues	\$ 1,725	\$ 1,082	\$ 643	59 %
Total margin (a)	\$ 307	\$ 322	\$ (15)	(5)%
Operating and administrative expenses	\$ 88	\$ 90	\$ (2)	(2)%
Operating income	\$ 162	\$ 169	\$ (7)	(4)%
Income before income taxes	\$ 100	\$ 69	\$ 31	45 %
Non-GAAP financial measures (b):				
Adjusted total margin	\$ 342	\$ 310	\$ 32	10 %
Adjusted operating income	\$ 197	\$ 157	\$ 40	25 %
Adjusted income before income taxes	\$ 185	\$ 150	\$ 35	23 %
Adjusted net income	\$ 133	\$ 151	\$ (18)	(12)%

- (a) Total margin represents total revenues less total cost of sales and includes the impact of net unrealized (losses) gains of \$(35) million and \$12 million, respectively, on commodity derivative instruments not associated with current-period transactions for the 2022 and 2021 nine-month periods.
- (b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See "Non-GAAP Financial Measures" above.

Average temperatures across Energy Services' energy marketing territory during the 2022 nine-month period were 8.0% warmer than normal and 4.6% warmer than the prior-year period.

Revenues and cost of sales for the 2022 nine-month period increased \$643 million and \$658 million, respectively, compared to the prior-year period. Excluding the effects of commodity derivative instruments not associated with current-period transactions, revenues and cost of sales increased \$645 million and \$613 million, respectively, compared to the prior-year period. These increases were largely driven by natural gas marketing, including the effects of peaking and capacity management activities, which were impacted by significantly higher average natural gas prices compared to the prior-year period, partially offset by lower volumes attributable to the warmer weather. As a result, natural gas marketing revenues and cost of sales increased \$592 million and \$596 million, respectively, during the 2022 nine-month period. Higher retail power and generation revenues and cost of sales (\$30 million and \$26 million, respectively) also contributed to these increases during the 2022 nine-month period.

Total margin decreased \$15 million in the 2022 nine-month period. Adjusted total margin increased \$32 million in the 2022 nine-month period reflecting higher margin from peaking and capacity management activities (\$14 million) and increased total margin from renewable energy marketing activities (\$9 million) including the impact of increased volumes and average pricing related to environmental credits compared to the prior-year period. Incremental margin attributable to UGI Moraine East (\$9 million) also contributed to the improvement during the 2022 nine-month period.

Operating income decreased \$7 million and income before income taxes increased \$31 million, respectively, during the 2022 nine-month period. Adjusted operating income and adjusted income before income taxes increased \$40 million and \$35 million, respectively, compared to the prior-year period. The increase in adjusted operating income is largely attributable to the increase in total margin, the absence of a contingent consideration adjustment related to the GHI acquisition in the prior-year period, and lower operating and administrative expenses. The increase in adjusted income before income taxes principally reflects the increase in adjusted operating income partially offset by lower income from equity-method investments compared to the prior-year period.

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Interest Expense and Income Taxes

Interest expense in the 2022 nine-month period was consistent with the prior-year period, reflecting comparable average borrowings outstanding in both periods.

The increase in the Company's effective income tax rates for the 2022 nine-month period was principally related to the absence of a benefit under the CARES Act during the 2022 nine-month period. The Company continues to evaluate the elections available under current regulations and pending legislation. Accordingly, the impacts on the Company's income tax provisions and taxes payable or refundable related to these items are subject to change.

Financial Condition and Liquidity

The Company expects to have sufficient liquidity including cash on hand and available borrowing capacity to continue to support long-term commitments and ongoing operations despite uncertainties associated with the COVID-19 pandemic, the inflationary cost environment and ongoing commodity price volatility. The Company does not have any near-term term loan maturities. The Company cannot predict the duration or magnitude that the COVID-19 pandemic and ongoing commodity price volatility will have on its liquidity, debt covenants, financial condition or the timing of capital expenditures. Energy Services was in compliance with all debt covenants as of June 30, 2022.

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 our Receivables Facility and the Energy Services Credit Agreement. Long-term cash requirements are generally met through the issuance of long-term debt and capital contributions. We believe that we have 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 securities in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

Our cash and cash equivalents totaled \$147 million at June 30, 2022 compared to \$197 million at September 30, 2021. Our restricted cash balances was \$11 million at June 30, 2022 and \$21 million at September 30, 2021, principally comprising cash in brokerage accounts that are restricted from withdrawal. The decrease in cash and cash equivalents since September 30, 2021 is primarily attributable to commodity price volatility experienced in the 2022 nine-month period and the seasonality of our business as further described in "Cash Flows" below. Our debt outstanding at June 30, 2022, totaled \$712 million (including current maturities of long-term debt of \$10 million). Our debt outstanding at September 30, 2021, totaled \$716 million (including current maturities of long-term debt of \$10 million). Total long-term debt outstanding at June 30, 2022, including current maturities, comprises \$679 million of term loan borrowings and \$41 million of other long-term debt comprising a finance lease liability, and is net of \$8 million of unamortized debt issuance costs.

Credit Facilities

During the 2022 nine-month period and at June 30, 2022, there were no borrowings outstanding under the Energy Services Credit Agreement and the available borrowing capacity was \$260 million. The average daily and peak short-term borrowings outstanding under the Energy Services Credit Agreement during the 2021 nine-month period were \$5 million and \$32 million, respectively.

Energy Services also has a Receivables Facility with an issuer of receivables-backed commercial paper currently scheduled to expire on October 21, 2022. At June 30, 2022, the outstanding balance of trade receivables was \$88 million, none of which was sold to the bank. At June 30, 2021, the outstanding balance of trade receivables was \$48 million, none of which was sold to the bank. Amounts sold to the bank are reflected as "Short-term borrowings" on the Condensed Consolidated Balance Sheets. During the six months ended June 30, 2022 and 2021, peak sales of receivables were \$98 million and \$87 million, respectively, and average daily amounts sold were \$2 million and \$27 million, respectively.

Cash Flows

Due to the seasonal nature of the Company's businesses, cash flows from operating activities are generally strongest during the first and second fiscal quarters when customers pay for natural gas, electricity and other energy products consumed during the peak heating season months. In addition, cash flows from operating activities can be significantly affected by year-to-year variations in changes in operating working capital reflecting changes in energy commodity prices, principally changes in prices

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for natural gas. Cash flow from investing activities is principally affected by cash expenditures for property, plant and equipment, cash paid for acquisitions of businesses and assets and investments in equity method investees. Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt, short-term borrowings and capital contributions from, and cash distributions to Enterprises.

Operating Activities: Cash flow provided by operating activities was \$187 million in the 2022 nine-month period compared to \$235 million in the prior-year period. Cash flow from operating activities before changes in operating working capital was \$171 million in the 2022 nine-month period compared to \$238 million in the prior-year period. Cash provided by changes in operating working capital totaled \$16 million in the 2022 nine-month period compared to cash used to fund operating capital of \$3 million in the prior-year period. Changes in operating working capital during the 2022 nine-month period reflect an increase in cash provided by changes in accounts payable, other current assets and other current liabilities. Additionally, the 2022 nine-month period includes \$31 million of cash collateral received from derivative counterparties. These increases in cash provided by changes in working capital were partially offset by an increase in cash used to fund accounts receivable. The impact of commodity price volatility is pervasive throughout these changes in working capital.

Investing Activities: Cash flow used by investing activities was \$242 million in the 2022 nine-month period compared to \$100 million in the prior-year period. Capital expenditures for property, plant and equipment were \$22 million in the 2022 nine-month period compared to \$44 million in the prior-year period. Cash used for acquisitions of businesses and assets reflects the Stonehenge Acquisition in the 2022 nine-month period. Cash used for investments in equity method investees in the 2022 nine-month period reflects our investments in renewables businesses. Such cash used for investing activities in the 2021 nine-month period includes contributions to Pine Run of \$56 million to fund the acquisition of Pine Run Midstream, LLC.

Financing Activities: Cash flow used to fund financing activities was \$5 million in the 2022 nine-month period compared to \$49 million in the prior-year period. The cash used by financing activities in the prior-year period primarily reflects \$25 million of distributions paid and net repayments on the Receivables Facility.