PA Public Utility Commission Winter Reliability Meeting

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Vice President – Supply and Operations

UGI Energy Services Inc.

UGI Corporation

Domestic Propane

- AmeriGas LP (NYSE: APU)
- Largest U.S. retail propane marketer
- 1,200 locations in all 50 states
- Annual sales of 1.0 billion gallons

International Propane

- Antargaz; Flaga
- France, Austria, Switzerland & Eastern Europe
- Annual sales of 403 million gallons
- Start-up operations in China

Regulated Utilities

- UGI Utilities, Inc.
- UGI Penn Natural Gas
- UGI Central Penn Gas
- 566,000 natural gas customers
- 62,000 electric customers

Energy Services

- UGI Energy Services, Inc.
- UGI Storage Company
- UGI LNG, Inc.
- UGI Development Company (power gen)
- Deliveries to 30+ Mid-Atlantic LDC markets
- 8,000+ customers

UGI Energy Services

Retail Energy Sales

- Natural Gas
- Electricity
- Fuel Oil
- Wholesale propane (4 million gals)
- Commercial and industrial customer focus
- Serving 25,000 locations

Power Generation

- Conemaugh -- 102 MW coal (PJM))
- Hunlock Repower -- 130 MW natural gas
- Broad Mountain – 11 MW landfill gas (PJM)
- 5.5 MW solar (built or under construction)

Midstream Services

- Gathering systems
- Pennsylvania Natural gas storage 15 BCF Transco, Tenn., Dom.

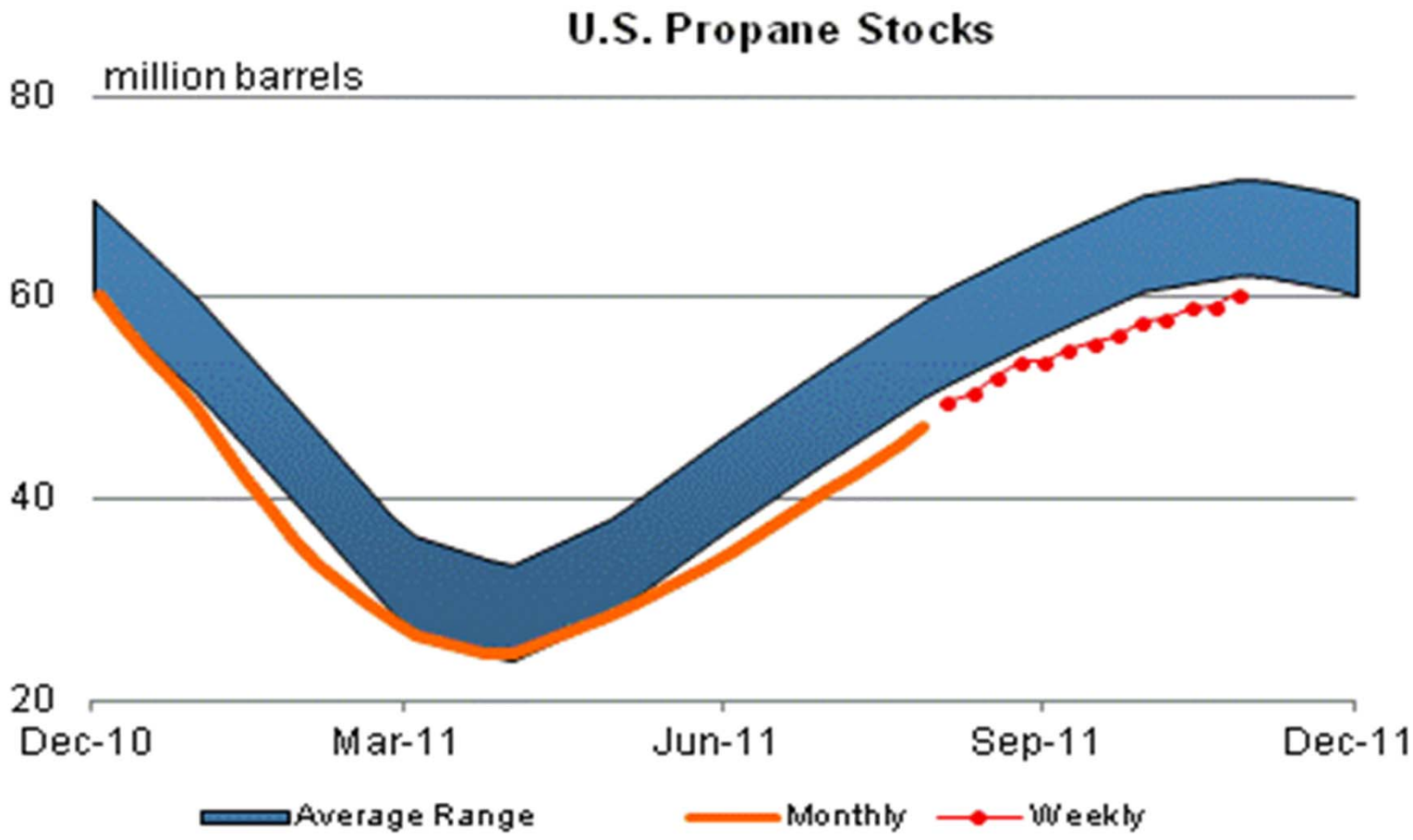
Peaking & Asset Mgt.

- Storage & pipeline contract management
- Propane air plants
- UGI LNG, Inc

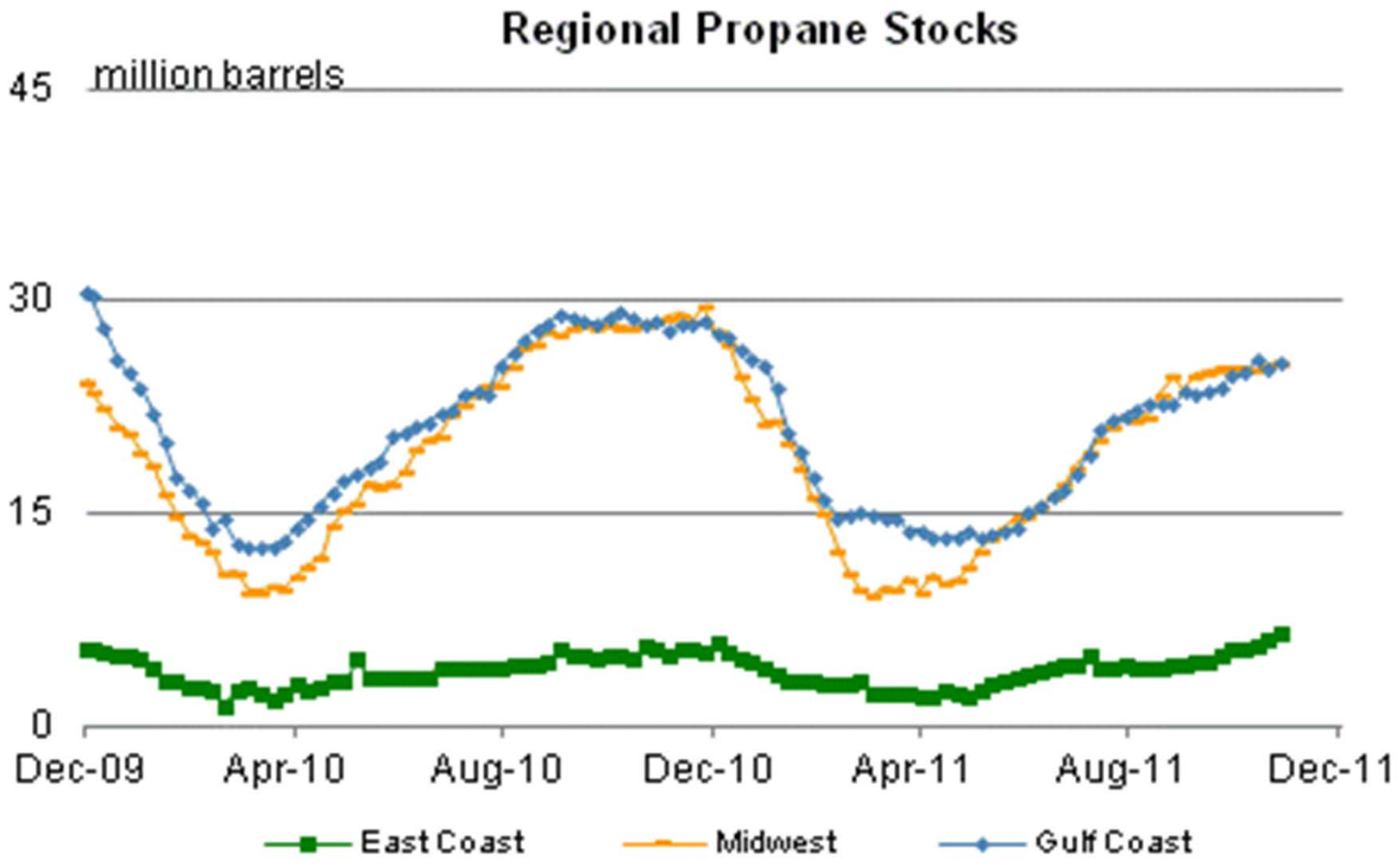
Market Factors Summary

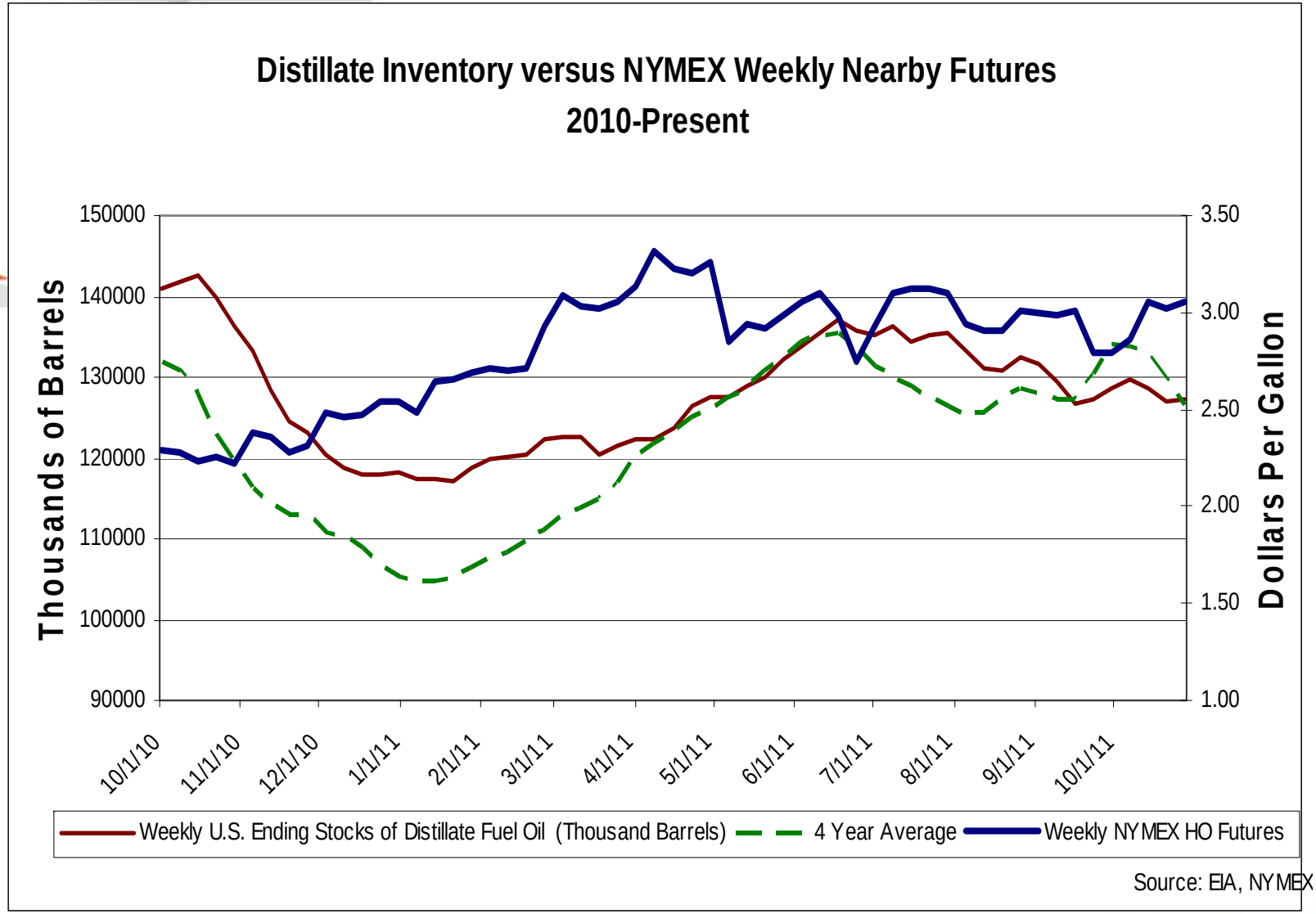
- Propane inventory (-10%) to 5 year average and (-8%) to last year
    - **Central Atlantic Region is 22% over last year**, deficit is driven by Gulf Coast (exports) and Midwest storage
- Propane demand is down 1.5% to last year
- Crude oil stocks down 28.5 million barrels to last year
- Heating oil stocks down 15.3 million barrels or (-29%) to last year and (-25%) to the five year average
- Distillate stocks down 23 million barrels to last year
    - Light sweet crude is going to the European refineries to replace what they normally get from Libya. They use this to make diesel fuel.

Propane Inventory

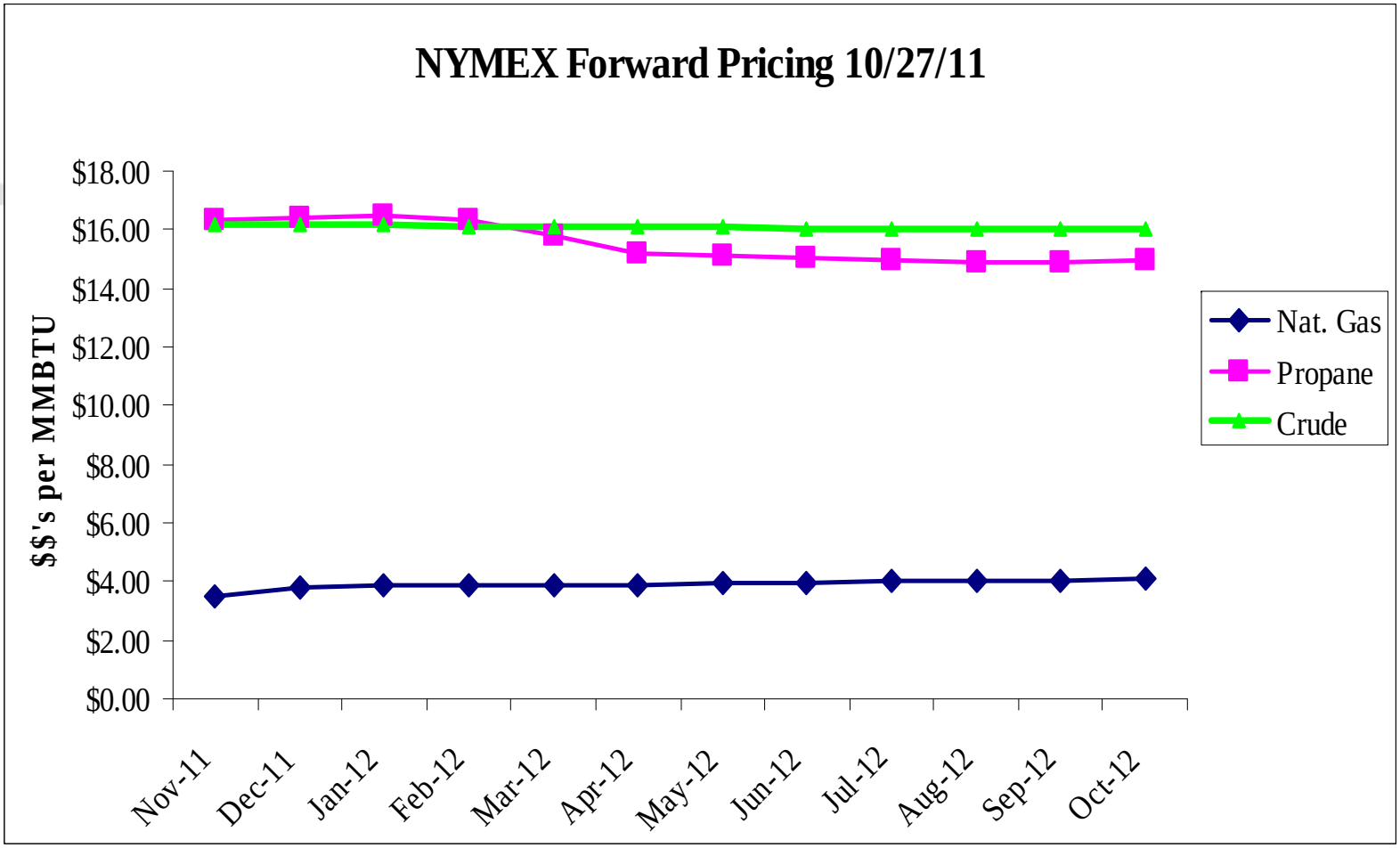


Propane Inventory By Region

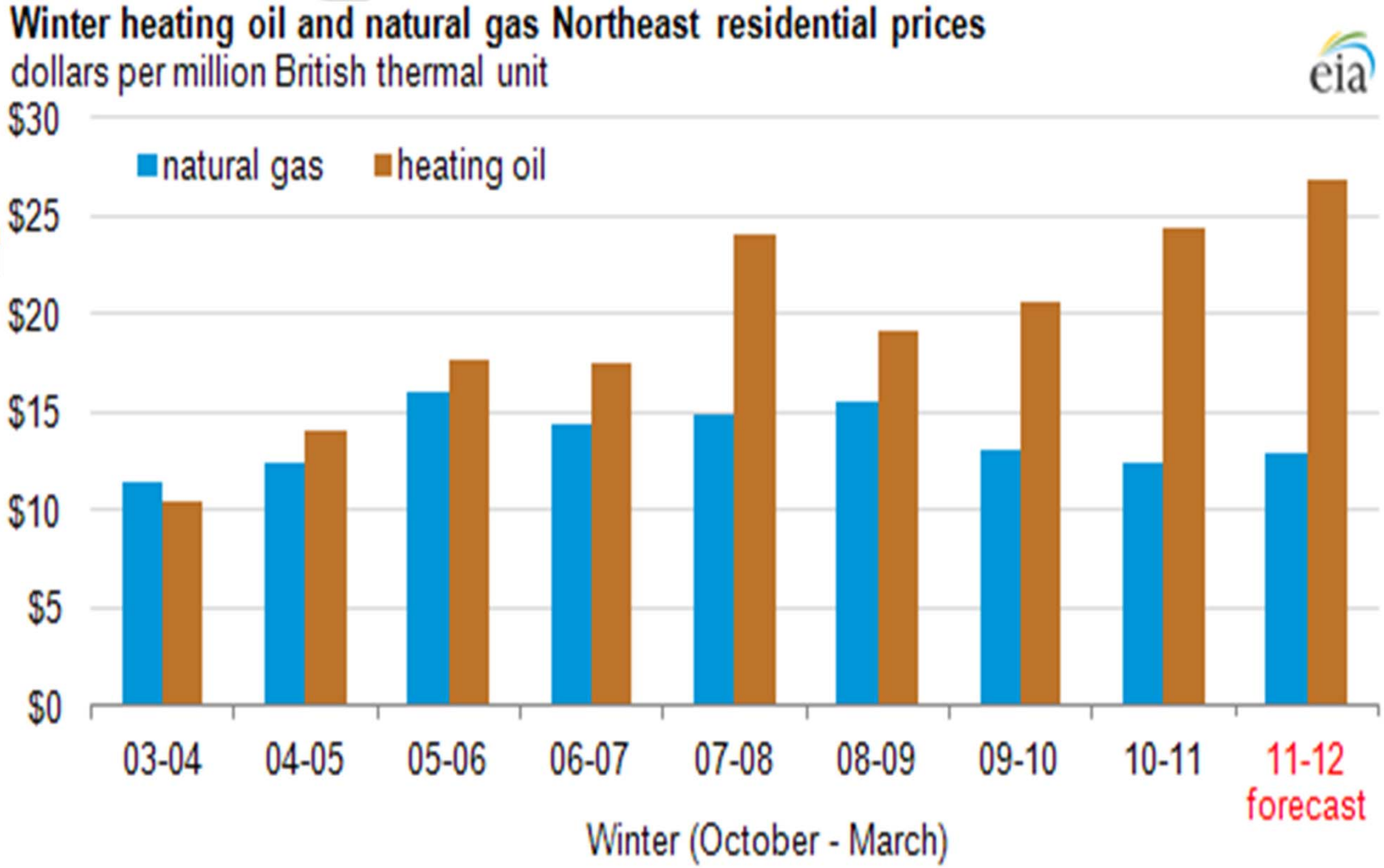



Distillate Inventory versus NYMEX Weekly Nearby Futures
2010-Present
Thousands of Barrels
Dollars Per Gallon
150000
140000
130000
120000
110000
100000
90000
3.50
3.00
2.50
2.00
1.50
1.00
10/1/10
11/1/10
12/1/10
1/1/11
2/1/11
3/1/11
4/1/11
5/1/11
6/1/11
7/1/11
8/1/11
9/1/11
10/1/11
Weekly U.S. Ending Stocks of Distillate Fuel Oil (Thousand Barrels)
4 Year Average
Weekly NYMEX HO Futures
Source: EIA, NYMEX

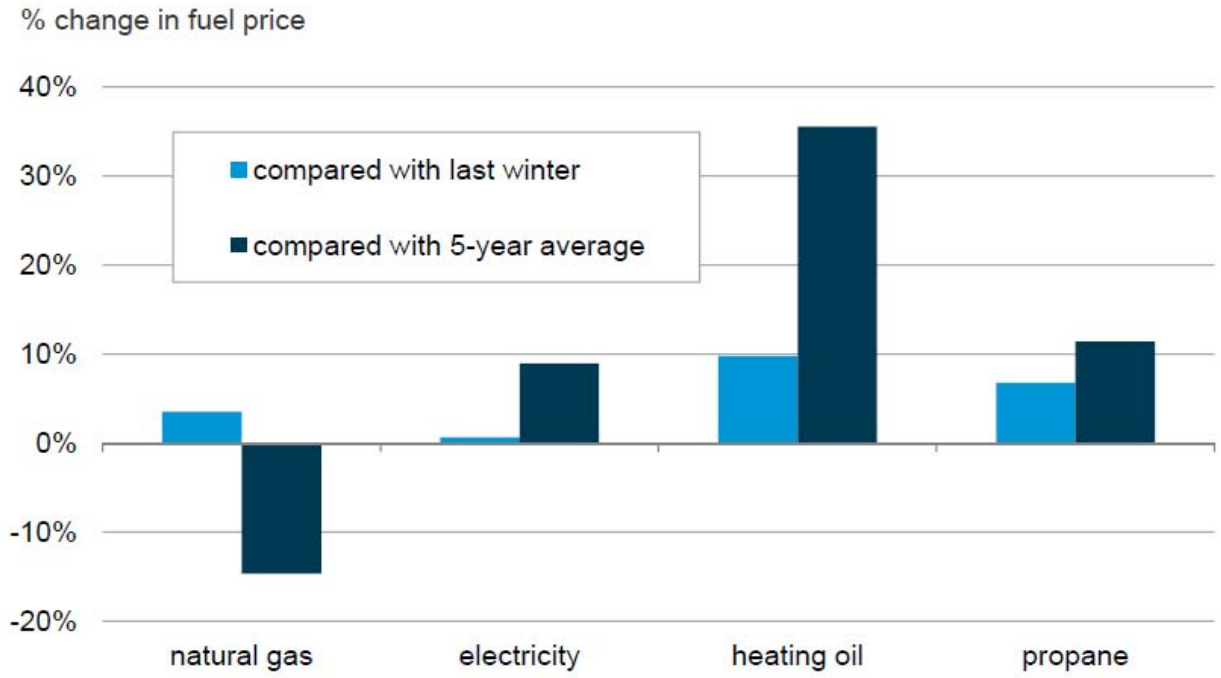
Natural Gas Price Advantage



UGI Energy Services Inc.

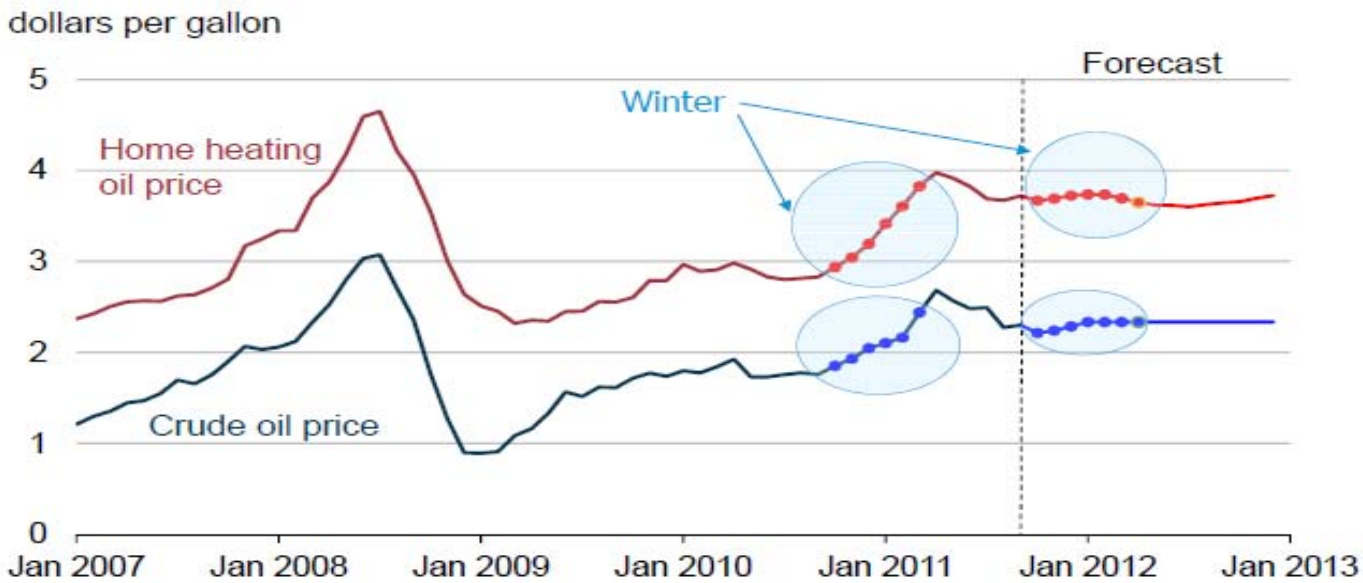


Fuel prices increase this winter; natural gas remains lower than 2005-2010 average



Source: EIA Short-Term Energy Outlook, October 2011

EIA expects residential heating oil prices to average 10% higher this winter than last



Crude oil price is average refiner acquisition cost. Retail price includes taxes.

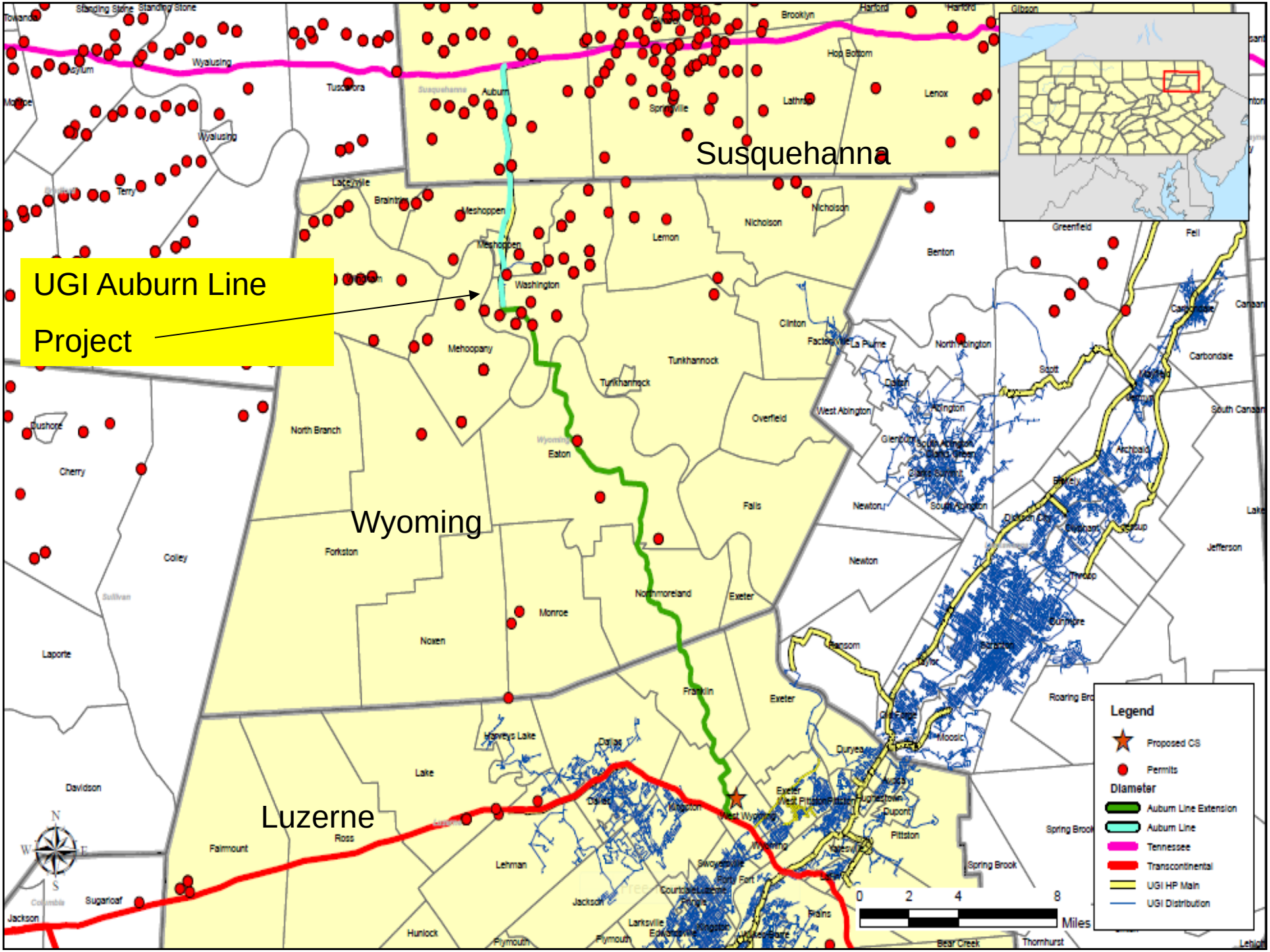
Source: EIA Short-Term Energy Outlook, October 2011

Conclusion

- The EIA expects higher average fuel bills this winter heating season for heating oil and propane users
    - Higher prices are the main driver for this increase
- Inventories of crude, heating oil and distillates are down compared to last year but should be enough to meet normal winter expectations
    - Return of Libyan crude oil supply should allow U.S. refineries to grow inventories
- Propane stocks for the Central Atlantic are in good shape to meet potential supply disruptions or demand increases

UGIES Midstream Strategy

- Link supply hubs to markets
  - Leverage existing pipeline infrastructure and build new capacity from prolific Marcellus areas to market centers in northeastern and southeastern PA (and beyond).
- Integrate pipeline infrastructure with other midstream assets such as storage, peaking, interstate contracts, (and power generation).
- Provide timely, competitive gathering services to producers


UGI Auburn Line Project
Susquehanna
Wyoming
Luzerne
Legend
Proposed CS
Permits
Diameter
Auburn Line Extension
Auburn Line
Tennessee
Transcontinental
UGI HP Main
UGI Distribution
0 2 4 8
Miles

Auburn Marcellus Gathering Projects

- Conversion of 9 mile existing pipeline infrastructure to a Marcellus Shale gas gathering service
- Beneficiaries of the project are a Fortune 500 manufacturer and a producer drilling for gas on the plant owned property
- Move the gas produced above the plant requirements to a market on the Tennessee pipeline
- Required installation of 6,000 HP (4 units) compressor station
- Line flow capacity is 120,000 Dth/day
- 60,000Dth/day on line October 2011, additional 60,000 Dth/day will be added around year end

Auburn Marcellus Gathering Extension

- 28 mile new pipeline construction to connect the Auburn line with the Transco pipeline
- Provide producers with options away from the oversupplied Tennessee pipeline
- Provide supply options to retail markets for UGIES and other markets off Transco pipe
- 300,000 Dth/day capacity
- In service late summer 2013