Buchanan

Alan M. Seltzer
717 237 4862
Alan.seltzer@bipc.com

409 North Second Street
Suite 500
Harrisburg, PA 17101-1357
T 717 237 4800
F 717 233 0852

June 24, 2026

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: **JOINT APPLICATION OF UGI UTILITIES, INC. AND ARGO INFRASTRUCTURE PARTNERS LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE UNDER CHAPTER 11 OF THE PUBLIC UTILITY CODE AND ALL OTHER NECESSARY APPROVALS (I) FOR THE CONVERSION OF UGI UTILITIES, INC. TO UGI UTILITIES, LLC, (II) TO EFFECT A DIVISION OF THE ASSETS AND LIABILITIES OF UGI UTILITIES, LLC, (III) TO ESTABLISH A NEW ENTITY TO OWN AND OPERATE THE ASSETS OF UGI UTILITIES, LLC – ELECTRIC DIVISION AND PROVIDE RETAIL ELECTRIC SERVICE AS A PUBLIC UTILITY, (IV) FOR THE SALE AND TRANSFER OF THE MEMBERSHIP PURCHASE INTERESTS IN THE NEW ENTITY TO A NEW LIMITED LIABILITY COMPANY TO BE FORMED, OWNED AND CONTROLLED BY AN AFFILIATE OF ARGO INFRASTRUCTURE PARTNERS LLC, AND (V) FOR THE CESSATION AND ABANDONMENT OF ANY AND ALL RETAIL ELECTRIC SERVICE IN PENNSYLVANIA FOR UGI UTILITIES, INC.**
Docket No. A-2026-_____; A-2026-_____

Dear Secretary Homsher:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission") is the Joint Application of UGI Utilities, Inc. ("UGI") and Argo Infrastructure Partners LLC ("Argo" and together with UGI, the "Joint Applicants") for Certificates of Public Convenience under Chapter 11 of the Public Utility Code, approval under Chapter 28 of the Public Utility Code, and all other necessary approvals (i) for the conversion of UGI Utilities, Inc. to UGI Utilities, LLC, (ii) to effect a division of the assets and liabilities of UGI Utilities, LLC, (iii) to establish a new entity to own and operate the assets of UGI Utilities, LLC – Electric Division and provide retail electric service as a public utility, (iv) for the sale and transfer of the membership purchase interests

in the new entity to a new limited liability company to be formed, owned and controlled by an affiliate of Argo Infrastructure Partners LLC, and (v) for the cessation and abandonment of any and all retail electric service in Pennsylvania by UGI Utilities, Inc. ("Joint Application"), along with accompanying Appendices and the Direct Testimony of three witnesses.

The $350.00 filing fee was submitted electronically.

Please note that Confidential Appendix 1 and Highly Confidential Appendix 6 of the Joint Application contain Confidential/Highly Confidential sensitive and commercially valuable information. Accordingly, the Joint Applicants request that these materials be treated as Confidential or Highly Confidential documents, as applicable, and maintained by the Commission under seal. These Confidential/Highly Confidential documents will be electronically uploaded by the Joint Applicants to the Commission separate from the public elements of this filing.

As indicated on the enclosed Certificate of Service, copies of the Joint Application have been served upon the Office of Consumer Advocate, Office of Small Business Advocate, and Bureau of Investigation and Enforcement.

If you have any questions, please call me directly at 717-237-4800. Thank you.

Sincerely,

BUCHANAN INGERSOLL & ROONEY PC

By: _____
Alan M. Seltzer, Esquire

AMS/psm
Enclosures
cc: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

JOINT APPLICATION OF UGI UTILITIES, INC. AND ARGO INFRASTRUCTURE PARTNERS LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE UNDER CHAPTER 11 OF THE PUBLIC UTILITY CODE AND ALL OTHER NECESSARY APPROVALS (I) FOR THE CONVERSION OF UGI UTILITIES, INC. TO UGI UTILITIES, LLC, (II) TO EFFECT A DIVISION OF THE ASSETS AND LIABILITIES OF UGI UTILITIES, LLC, (III) TO ESTABLISH A NEW ENTITY TO OWN AND OPERATE THE ASSETS OF UGI UTILITIES, LLC – ELECTRIC DIVISION AND PROVIDE RETAIL ELECTRIC SERVICE AS A PUBLIC UTILITY, (IV) FOR THE SALE AND TRANSFER OF THE MEMBERSHIP PURCHASE INTERESTS IN THE NEW ENTITY TO A NEW LIMITED LIABILITY COMPANY TO BE FORMED, OWNED AND CONTROLLED BY AN AFFILIATE OF ARGO INFRASTRUCTURE PARTNERS LLC, AND (V) FOR THE CESSATION AND ABANDONMENT OF ANY AND ALL RETAIL ELECTRIC SERVICE IN PENNSYLVANIA FOR UGI UTILITIES, INC.	:	**DOCKET NO. A-2026-** **DOCKET NO. A-2026-**

JOINT APPLICATION

UGI Utilities, Inc. ("UGI") and Argo Infrastructure Partners LLC ("Argo" and, together with UGI, the "Joint Applicants") are filing this Joint Application to request the approval of the Pennsylvania Public Utility Commission ("PUC" or the "Commission") under Chapters 11 and 28 of the Public Utility Code, 66 Pa.C.S. §§101 *et seq.* ("Code") and all other necessary and appropriate approvals for a proposed transaction, the effect of which would allow UGI to transfer its electric utility operations to an Argo-controlled entity and cease and abandon the ownership and operation of the utility assets and retail electric service it is currently providing to the public

through its Electric Division ("UGI Electric") in all or portions of Luzerne and Wyoming Counties, Pennsylvania ("Proposed Transaction"). As further described below, to effectuate the Proposed Transaction, UGI plans to (1) convert from a Pennsylvania corporation to a Pennsylvania limited liability company (the "Conversion"), (2) divide into two entities (the "Division") and allocate to Wyoming Valley Electric LLC, a Pennsylvania limited liability company to be formed as a result of the Division (the "Company"), the assets and related certificates of public convenience ("CPCs") currently possessed by UGI Electric in support of its current retail electric service to the public and (3) sell to Wyoming Valley Electric Holdings LLC, a limited liability company indirectly controlled by Argo[1], 100% of the membership interests in the Company. In support of the Joint Application, the Joint Applicants state as follows:

I. INTRODUCTION

1. UGI and Argo, through Erdinger, entered into a Membership Interest Purchase Agreement ("MIPA") dated as of April 24, 2026, that outlines the Proposed Transaction. The MIPA is attached to this Joint Application as Confidential Appendix 1. Under the MIPA, UGI is the "Seller" and Erdinger is the "Buyer."[2]

2. As described further below, Argo and its various affiliates have owned and operated regulated public utilities in the Commonwealth since May 2017, and the Proposed Transaction is a further step in Argo's continued and longstanding commitment to Pennsylvania's public utility industry.

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[1] Wyoming Valley Electric Holdings LLC ("Holdings") was formerly known as "Erdinger Holdings LLC" ("Erdinger").

[2]The sole member of Holdings, the successor to Erdinger, is WVE Investments LLC, which in turn is owned by ACP Series 3 Partnership, L.P and affiliate vehicles managed by Argo (collectively, "ACP S3").

3. Upon closing of the Proposed Transaction ("Closing"), Argo will utilize its experienced utility team to operate the new public utility that will provide retail electric service in the former service territory of UGI Electric, along with all of the dedicated UGI Electric employees and certain other UGI executives and managers who currently support both UGI Gas (as defined below) and UGI Electric will continue to support retail electric service to the public. The Proposed Transaction will, among other things, allow the new public utility to access capital and other resources untethered from the larger UGI organization that currently includes both the smaller UGI Electric and UGI's larger retail gas public utility business, i.e., UGI Utilities, Inc. – Gas Division ("UGI Gas").

4. The names and addresses of the Joint Applicants are as follows:

Argo Infrastructure Partners LLC
c/o Argo Infrastructure Partners LP
650 Fifth Avenue, 35th Floor
New York, NY 10019
Contact: Richard Klapow

UGI Utilities, Inc.
1 UGI Drive
Denver, PA 17517

5. The names and addresses of attorneys for Argo are as follows:

Alan M. Seltzer
John F. Povilaitis
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101

6. The names and addresses of attorneys for UGI are as follows:

David B. MacGregor
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601

Devin T. Ryan
Post & Schell, P.C.
One Oxford Center
301 Grant Street, Suite 3010
Pittsburgh, PA 15219

Michael S. Swerling
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406

II. DESCRIPTION OF THE JOINT APPLICANTS

A. UGI

7. UGI began its modern corporate existence as part of a consolidation of a number of predecessor natural gas and electric public utilities into The United Gas Improvement Company, as approved by the Commission on June 16, 1952, at Docket No. A.78264. In 1968, The United Gas Improvement Company changed its name to UGI Corporation. In 1971, UGI Corporation's gas operations were consolidated into a gas division, i.e., UGI Gas, located in Reading, Pennsylvania. In 1992, as part of a further corporate restructuring, UGI Corporation changed its name to UGI Utilities, Inc. and became a wholly-owned subsidiary of a new holding company that adopted the name UGI Corporation. On August 18, 2006, the Commission approved UGI's purchase of the PG Energy Division of Southern Union Company, which began operations as UGI Penn Natural Gas, Inc. ("UGI-PNG") on August 24, 2006. Also, effective October 1, 2008, PPL Gas Utilities Corporation was acquired by UGI, which then began operations as UGI Central Penn Gas, Inc. ("UGI-CPG") and a fellow subsidiary of UGI Corporation. The mergers of UGI-PNG and UGI-CPG into UGI were later approved by Commission Order entered September 20, 2018. In January 2019, UGI Gas relocated its headquarters to Denver, Pennsylvania. UGI Corporation's electric business operates in a separate electric division, i.e., UGI Electric, headquartered in northeastern Pennsylvania.

8. UGI Electric traces its origins to the 1925 acquisition by UGI of the American Gas Co., which owned the Luzerne County Gas and Electric Corporation. In 1953, as authorized by a CPC issued by the Commission on June 16, 1952, at Docket No. A.78264, all of UGI's Pennsylvania

public utility subsidiaries, including the Luzerne County Gas and Electric Company, were merged into UGI. In 1967, UGI acquired the Harveys Lake Light Company, whose 113 square mile service territory, along with the electric service territory of the former Luzerne County Gas and Electric Corporation, comprise UGI Electric's current service territory. UGI Electric provides electric distribution service to approximately 63,000 residential, commercial, and industrial electric customers in Luzerne and Wyoming Counties and 35 municipalities.

9. The following are the currently known orders, pleadings, agreements and other documents providing the legal basis for UGI Electric's authority to provide public utility service in its existing Pennsylvania service territory, which are collectively referred to as "UGI CPCs" and attached hereto as Appendix 2:

- Commission Order entered on June 16, 1952, at Docket No. A.78264
- CPC dated June 16, 1952, at Docket No. A. 78264.
- Amendment No. 2 to Application for an Order of the Securities and Exchange Commission for Approval of a Comprehensive Plan of the United Gas Improvement Company, Pursuant to Section 11(e) and Other Sections of The Public Utility Holding Company Act of 1935, July 11, 1952, File No. 54-201.
- *Application of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and the Philadelphia Gas Works Company for the approval of the transfer of all their property, rights, powers, franchises and privileges by merger into the United Gas Improvement Company as the surviving corporation, for the approval of the acquisition by the United Gas Improvement Company of the property, rights, powers, franchises and privileges of the foregoing named corporations and the approval of the beginning of the exercise by the United Gas Improvement Company of said rights, powers, franchises and privileges*. PUC Docket No. A. 78264. Dated January 11, 1952.

  PUC Order dated February 10, 1958 at Docket No. 78264 in In re: Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION AND THE PHILADELHIA GAS WORKS COMPANY – For approval of (1) the transfer by merger of all the property, rights, powers and

franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition of The United Gas Improvement Company by merger into it of all the property, rights, powers and franchises and privileges of the seven last-named companies; and (3) the beginning of the exercise of The United Gas Improvement Company of all the additional rights, powers and franchises and privileges of the seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

B. ARGO

10. Argo, a Delaware limited liability company, is an independent infrastructure investment management firm headquartered in New York City that manages capital from pension funds, insurance companies and other large institutional investors for investments in long-duration infrastructure projects and companies. Argo currently manages approximately $7.4 billion of invested and committed capital on behalf of its institutional investor partners, representing investments in high-quality infrastructure businesses in North America.

11. Argo has a strong track record of investing in high-quality infrastructure businesses and assets that provide essential services to their communities over long operational lives. Argo's portfolio of 18 companies across the United States and Canada includes power generation assets, utilities, electric transmission systems, and an energy storage network.

12. Argo's team includes highly experienced senior principals who have, on average, over 20 years of experience in acquiring and managing many utility businesses, including Pike County Light & Power ("Pike"), Leatherstocking Gas Company, LLC ("Leatherstocking"), DQE Holdings LLC (the parent of Duquesne Light Company), Corning Energy Corporation, The Gas Company d/b/a Hawaii Gas, SourceGas Holdings LLC, Cleco Corporate Holdings LLC, Puget Sound Energy, Inc., Summit Utilities, Inc., and Michigan Electric Transmission Company.

III. OVERVIEW OF THE PROPOSED TRANSACTION

13. Pursuant to the terms of the MIPA, the Proposed Transaction will facilitate – through a multi-step process - UGI's cessation of ownership and operation of UGI Electric, including an abandonment of its present retail electric service in its Pennsylvania service territory. Ultimately, an entity indirectly controlled by Argo will own 100% of the membership interests in the new public utility providing retail electric service in the former service territory of UGI Electric.

14. Currently, UGI owns and operates both gas and electric utility assets as regulated Pennsylvania public utilities. Within UGI, the electric assets are used to support the retail electric service provided by UGI Electric. To facilitate and effectuate the sale of its electric assets and business operated by UGI Electric to a purchaser, UGI will first be converted to a limited liability company.[3] Next, it will effect the Division to separate its assets and liabilities between those remaining with UGI for the continued ownership and operation of UGI Gas, on the one hand, and the electric assets will be allocated to the Company, on the other hand. A list of the UGI Electric assets that will ultimately be allocated to and used by the Company as of the date of such list, is attached hereto as Appendix 3.[4]

15. The Conversion and the Division will be effected after PUC approval of the Proposed Transaction, but prior to the Closing. The Conversion will be effected by adopting a Plan of Conversion and the filing a Certificate of Conversion with the Pennsylvania Department of State, all

[3] As explained in the direct testimony of Christopher Brown (Joint Applicants St. No. 3), which is being submitted with this Joint Application, UGI's conversion to a limited liability company is necessary or proper for the service, accommodation, convenience, or safety of the public. Under the Plan of Division, the Company will be a limited liability company. To effectuate this step in the transaction, it is logical and efficient to convert UGI to limited liability status as well. In addition, UGI's conversion to a limited liability company will enable UGI to maximize financial benefits, thereby financially strengthening UGI without otherwise altering its operations post-Proposed Transaction.

[4] This asset list will be updated as the Proposed Transaction proceeds to Closing, and the final list will be provided to the PUC after Closing.

in accordance with the Pennsylvania Entity Transaction Law ("ETL"), 15 PaC.S. §351-56. The Division will then be effected by the execution of a Plan of Division by UGI and the Company (the "Plan of Division") and the filing of a Statement of Division with the Pennsylvania Department of State, all in accordance with the ETL, 15 Pa.C.S. §361-368. All of the assets, liabilities, contracts and UGI CPCs allocated to the Company in the Plan of Division will be those that are necessary for the Company to provide retail electric service to customers in UGI Electric's current retail electric service territory. The Plan of Division is attached as an exhibit to the MIPA and the Statement of Division that is anticipated to be filed with the Pennsylvania Department of State is attached as an exhibit to the Plan of Division.

16. Under the ETL, 15 Pa.C.S. §367(a)(3)(ii), any property allocated to the Company will vest in the Company "without reversion or impairment, and the division shall not constitute a transfer, directly or indirectly, of that property."

17. The impact of the Plan of Division and the ETL is that (i) the Company will be considered a successor to UGI Electric, (ii) the assets, liabilities, contracts and UGI CPCs allocated to the Company in the Division will not constitute a transfer in any legal sense and (iii) all items allocated to the Company in the Division will become the Company's assets immediately upon the effectiveness of the Division without the need for any deed, bill of sale, assignment or other transfer instrument from UGI to the Company.

18. The Proposed Transaction provides for UGI to sell and transfer -- and Holdings, the new limited liability company indirectly controlled by Argo, to acquire -- 100% of the outstanding membership interests in the Company at Closing, after which Holdings will have full ownership, operation and control of the Company as a fully certificated Pennsylvania retail electric public utility subject to the jurisdiction of the PUC.

19. The Proposed Transaction contemplates that Holdings will make certain payments to UGI post-Closing, as described in Section XII, *infra.*

20. Charts illustrating the current organizational structure of UGI, including UGI Electric, and UGI's revised structure, and the planned post-Closing organizational structure of the Company/Argo are collectively attached hereto as Appendix 4.

21. In connection with the Proposed Transaction, the Joint Applicants are offering a suite of commitments set forth in the direct testimony of Argo witness Richard Klapow in Joint Applicants Statement No. 2, which is attached to this Joint Application. As explained in this Joint Application and in the direct testimony accompanying this Joint Application, those commitments are substantial affirmative public benefits, including benefits for the customers to be served by the Company.

22. Upon consummation of the Proposed Transaction, the Company will provide retail electric service in the former service territory of UGI Electric as a regulated and fully PUC-jurisdictional electric public utility subject to the continuing jurisdiction of the Commission and without any reduction or modification in the Commission's existing oversight of UGI Electric or any diminishment in the authority of the Commission over the Company. Thus, the Proposed Transaction will not adversely impact any of the day-to-day operations and service to the public in the retail service territory of the former UGI Electric. Indeed, as set forth in more detail below, the Proposed Transaction will enhance the Company's ability to fulfill its obligation under the Code to provide safe, adequate, and reliable service to its retail customers in Pennsylvania.

IV. REQUESTED COMMISSION APPROVALS

23. As further described in this Joint Application, the Joint Applicants specifically request the following from the PUC with respect to the Proposed Transaction:

- Confirmation that the Division of UGI does not require the issuance of a new CPC to the Company and that the Company can lawfully provide retail public utility

service as a regulated and jurisdictional public utility in UGI Electric's current service territory in accordance with the UGI CPCs, or in the alternative the issuance of a new CPC for the Company to provide service in UGI Electric's current service territory;

- All necessary and required approvals under Chapter 11 of the Code for UGI to abandon retail electric service in UGI Electric's current service territory in Pennsylvania; and

- All necessary and required approvals under Chapters 11 and 28 of the Code (i) to convert UGI to UGI Utilities, LLC, (ii) for UGI to sell 100% of its membership interest in the Company to Holdings, (iii) for Holdings to acquire such membership interests in the Company and (iv) the Company to commence the provision of retail electric service as a public utility in Pennsylvania in the service territory of the UGI Electric.

V. LEGAL STANDARDS REGARDING REQUESTED COMMISSION APPROVALS

A. Conversion of UGI to an LLC

24. Preceding the Division, UGI will convert from UGI Utilities, Inc. to UGI Utilities, LLC.

25. Even though there is no ultimate change in control of UGI, the conversion requires the Commission to issue a CPC pursuant to Code Section 1102(a)(3).[5]

26. However, an internal restructuring of a public utility does not need to meet the substantial and affirmative public benefits test under the *City of York v. Pa. PUC*[6] and its progeny. *See PPL*, 2020 Pa. Commw. Unpub. at *22-33.

27. Rather, the applicant must establish that the proposed restructuring is "necessary or proper" pursuant to Section 1103(a) of the Public Utility Code. *Id.*; *see* 66 Pa. C.S. § 1103(a).

[5] *See* 66 Pa. C.S. § 1102(a)(3); *PPL Elec. Utils. Corp. v. Pa. PUC*, 2020 Pa. Commw. Unpub. 521, at *8-22 (Pa. Cmwlth. 2020) ("*PPL*").

[6] *See City of York v. Pa. PUC*, 295 A.2d 825 (Pa. 1972).

28. The Commission has found previously that the conversion of a public utility to a limited liability company is necessary or proper.[7]

B. Commencement of Public Utility Service by the Company

29. Based upon the fully effective and approved Division, there is no need or legal requirement for the Company to obtain a new CPC from the PUC to provide retail electric service in the former service territory of UGI Electric because, under the ETL, the Company will hold the items/property allocated to it as the successor to UGI Electric and *not by transfer*. The Division does not operate or constitute a transfer of any items/property, directly or indirectly. In the alternative, if the Commission disagrees, the Commission should issue a CPC for the Division and a CPC for the Company to commence the provision of retail electric service, under the same legal standards addressed for change of control, immediately below, as follows: "In the service territory and areas referenced in, specifically directed by the Commission, and/or reasonably implied in the various applications, pleadings, CPCs, and orders in the Commission proceedings at PUC Docket No. 78264 and Amendment No. 2, July 11, 1952, Securities and Exchange Commission File No. 54-201, the CPC related to UGI's 1925 acquisition of American Gas Co., the CPC related to UGI's 1967 acquisition of Harvey's Lake Light Company, along with all grandfathered rights, the service territory as described in UGI Electric's existing tariff on file with and approved by the PUC, and all locations where any actual service is currently being provided by UGI Electric." .

[7] *See Application of Duquesne Light Co. to Convert to a Limited Liability Co.*, 2017 Pa. PUC LEXIS 68, at *5-12 (Order entered Aug. 31, 2017); *Application of Qwest Communications Corp. for Approval of the Conversion to an LLC*, 2008 Pa. PUC LEXIS 998, at *5-7 (Order entered Dec. 4, 2008).

C. Change of Control – Holdings' Acquisition of All Membership Interests in the Company

30. Before Holdings may acquire 100% of the outstanding membership interests in the Company at Closing, Code Section 1102(a)(3) requires the Commission to issue a CPC, upon application, to authorize a "public utility or an affiliated interest of a public utility" to "acquire from, or transfer to [any other entity by any means whatsoever] the title to, or the possession or use of, any tangible or intangible property used or useful in the public service." 66 Pa. C.S. § 1102(a)(3).

31. The Commission issued a Statement of Policy on October 22, 1994 "to establish clear standards regarding what transfer of voting interest constitutes a change in *de facto* control of the utility" (52 Pa. Code § 69.901). The Statement of Policy provides, in pertinent part, as follows:

> (a) A transaction or series of transactions resulting in a new controlling interest is jurisdictional when the transaction or transactions result in a different entity becoming the beneficial holder of the largest voting interest in the utility or parent, regardless of the tier. A transaction or series of transactions resulting in the elimination of a controlling interest is jurisdictional when the transaction or transactions result in the dissipation of the largest voting interest in the utility or parent, regardless of the tier.
>
> (b) For purposes of this section, a controlling interest is an interest, held by a person or a group acting in concert, which enables the beneficial holders to control at least 20% of the voting interest in the utility or its parent, regardless of the remoteness of the transaction. In determining whether a controlling interest is present, voting power arising from a contingent right shall be disregarded.

32. Under the Proposed Transaction, Holdings will acquire 100% of the membership interests in the Company from UGI. As such, a controlling interest in the Company will transfer from UGI to Holdings.

33. Code Section 1103(a) sets forth the standard an applicant must meet to obtain a CPC evidencing the Commission's approval under Code Section 1102. Under Code Section 1103, a CPC will be issued if the Commission "shall find and determine that the granting of such certificate is

necessary or proper for the service, accommodation, convenience or safety of the public."[8] 66 Pa.C.S. § 1103.

34. An applicant for a CPC must demonstrate that the proposed service will "affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way."[9] The "substantial public interest" standard is satisfied by a simple preponderance of the evidence of benefits, and such burden can be met by showing a likelihood or probability of public benefits that need not be quantified or guaranteed.[10] Further, the substantial public benefit test does not require that every customer receive a benefit.[11]

35. In *City of York*, the Pennsylvania Supreme Court held that those seeking approval of a utility merger[12] must demonstrate that the merger "will affirmatively promote the 'service, accommodation, convenience, or safety of the public' in some substantial way." The Pennsylvania Supreme Court has also made clear that the *City of York* test does not require applicants to prove, or the PUC to find, that a merger or acquisition will generate quantifiable benefits in all aspects of the utility's operations or to all potentially affected stakeholders.[13] Rather, that test is satisfied when the record evidence shows that a proposed transaction, viewed as a whole, will produce an affirmative public benefit.[14]

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[8] The "necessary or proper" standard is to be read in the disjunctive. *Transource Pennsylvania, LLC v. Pa. Pub. Util. Comm'n*, 278 A.3d. 942 (Pa. Cmwlth. 2022).

[9] *City of York v. Pa. PUC,* 449 Pa. 136, 151, 295 A.2d 825, 828 (1972) ("*City of York*").

[10] *Popowsky v. Pa. PUC,* 594 Pa. 583,611, 937 A.2d 1040, 1057 (2007).

[11] *Popowsky,* at 617-18, 937 A.2d at 1061.

[12] *City of York* involved the merger of public utilities themselves, not the merger or change in control of the parent or grandparent of a utility.

[13] *See Popowsky v. Pa. P.U.C.*, 937 A.2d 1040, 1056-60 (Pa. 2007).

[14] *Id.* ("[T]he Commission is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome, or impossible; rather, the PUC properly applies a preponderance of the evidence standard to make factually-based determinations (including predictive ones informed by expert judgment) concerning certification matters.").

36. Code Section 1103 specifies the procedure to obtain CPCs. Under Code Sections 1102 and 1103, the Joint Applicants must demonstrate that the party to whom the assets and service obligations are being transferred is legally, technically, and financially fit.[15]

37. Demonstrating an applicant's "fitness" involves three factors: (i) the technical capacity to meet the need in a satisfactory fashion; (ii) the financial ability to provide reliable and responsible service to the public; and (iii) legal fitness -- the ability to operate safely and legally.[16]

38. In addition to the *City of York* test, the Commission considers the following ten public interest factors, known as the *Penn Estates* factors,[17] when investment fund control of a Pennsylvania utility is involved in a transaction: (1) capital to be allocated to ongoing operating and maintenance expenses; (2) corporate governance/Sarbanes-Oxley compliance; (3) the expected term of ownership; (4) experience as an owner and operator of utilities; (5) community presence; (6) the nature and objectives of the various affiliated relationships involved; (7) fees paid to and services performed by affiliates; (8) limits on use of leverage and other capital structure protections; (9) transparency on corporate structure issues; and (10) creditworthiness.[18] These standards are applicable here since Argo – through its managed investment funds and Holdings – will control the Company via Holding's ownership of 100% of the membership interests in the Company.

39. Code Chapter 28, 66 Pa. C.S. §§ 2801 *et seq*., also requires that the Commission consider the potential anti-competitive effects of a merger or combination "in the exercise of *authority the commission otherwise may have* to approve mergers or consolidations" involving

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[15] *Seaboard Tank Lines*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth.* v. *Pa. Publ. Util. Comm'n*, 138 A. 2d 240, 243 (Pa. Super. 1958).
[16] See *Warminster Twp. Mun. Auth. v. Pa. P.U.C.,* 138 A.2d 240 (Pa. Super. 1958).
[17] *Application of Penn Estates Utils, Inc.*, Docket Nos. A-210072F0003 et al. (Order entered Oct. 2, 2006) ("*Penn Estates*").
[18] *Id.*

electric utilities. *See* 66 Pa. C.S. § 2811(e)(1) (emphasis added). Code Section 2811 does not confer any authority upon the Commission to approve mergers or consolidations of public utilities or a change in control of a public utility beyond the authority the Commission otherwise possesses under Code Chapter 11. As explained below, the Proposed Transaction will have no adverse competitive effects on Pennsylvania's retail electric market.[19]

40. As explained further below, Argo and Holdings – as the controlling interest in and owner of the Company – are and will be technically, financially and legally fit to provide retail electric public utility service in the former service territory of UGI Electric.

41. Further, such service to be provided by the Company – as owned and controlled by Holdings/Argo – will be to or for the public for compensation, and will be necessary or proper for the service, accommodation, convenience or safety of the public.

D. CPC for UGI to Abandon Electric Service

42. An existing certificated public utility like UGI may not abandon or cease the provision of utility service without first seeking and obtaining a CPC from the Commission:

> § 1102. Enumeration of acts requiring certificate.
>
> General rule.--Upon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained, and upon compliance with existing laws, it shall be lawful:
>
> * * *
>
> (2) For any public utility to abandon or surrender, in whole or in part, any service, except that this provision is not

[19] The Company will continue providing retail electric service in the same exclusive service territory previously served by UGI Electric.

> applicable to discontinuance of service to a patron for nonpayment of a bill, or upon request of a patron.

66 Pa. C. S. §1102(a)(2).

43. As noted above, a CPC will be issued – including one seeking an abandonment of service -- if the Commission "shall find and determine that the granting of such certificate is *necessary or proper* for the service, accommodation, convenience or safety of the public." 66 Pa.C.S. § 1103.

E. UGI CPC to Sell Membership Interests in the Company

44. As noted above, the Proposed Transaction contemplates UGI's sale of the entirety of its ownership interest in the Company to Holdings at Closing. As an existing regulated public utility in Pennsylvania, UGI must obtain PUC approval – via the granting of a CPC – before it can sell its membership/ownership interests in the Company which, as noted above, is deemed under the ETL to be the successor to UGI Electric.

45. Code Section 1102 provides in pertinent part as follows:

> § 1102. Enumeration of acts requiring certificate.
>
> General rule.--Upon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained, and upon compliance with existing laws, it shall be lawful:
>
> * * *
>
> (3) For any public utility or an affiliated interest of a public utility as defined in section 2101 (relating to definition of affiliated interest), except a common carrier by railroad subject to the Interstate Commerce Act, to acquire from, or to transfer to, any person or corporation, including a municipal corporation, by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to,

> or the possession or use of, any tangible or intangible property used or useful in the public service. . .

66 Pa. C. S. §1102(a)(3).

VI. AFFILIATED INTEREST AGREEMENTS

46. No affiliated interest approvals are being sought in this Joint Application.

VII. FITNESS

A. FINANCIAL FITNESS

47. As noted above, an applicant for a CPC must establish financial fitness by demonstrating it has sufficient financial resources to provide the proposed service.[20] As an existing certificated Pennsylvania public utility, UGI Electric has been found by the Commission to be fit, including financially. UGI's current financial statements (balance sheet and income statement) are attached to this Joint Application as Appendix 5.

48. Argo, its affiliates and managed funds are financially fit and have substantial financial resources available to assist the Company in the performance of its public utility service obligations.

49. Attached as Appendix 6 is certain Highly Confidential financial information regarding Argo, demonstrating it has sufficient financial resources to own and support the Company's operations.[21]

50. Additionally, Argo has investment experience specific to the energy sector and regulated utilities. Its managed assets include transmission lines, power assets and three utilities.

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[20] *Re: Perry Hassman*, 55 Pa. P.U.C. 661 (1982).

[21] Because most of the relevant financial information is not publicly disclosed, and public disclosure in this Joint Application would raise concerns about compliance with securities regulation, as well as business confidentiality and competitive concerns, Appendix 6 has been marked as Highly Confidential and Public and Confidential versions of the Joint Application are being filed with the Commission in this proceeding.

51. Argo currently manages approximately $7.4 billion of invested and committed capital on behalf of its institutional investor partners, representing investments in 18 high-quality infrastructure businesses in North America. Argo's managed assets include regulated utilities, renewables and energy storage, and contracted power generation assets. Specifically, its portfolio includes investments in the following:

1. REGULATED UTILITIES

- Argo's managed entities are indirect owners of Pike and Leatherstocking, both regulated public utilities in Pennsylvania.[22]
- A 25% ownership interest in DQE Holdings LLC whose wholly-owned subsidiary, Duquesne Light Holdings, Inc., is the owner of Duquesne Light Company ("Duquesne Light"), a regulated Pennsylvania electric public utility serving approximately 600,000 customers in the Pittsburgh area.
- The Cross-Sound Cable ("CSC") Project, a 24-mile-high voltage, direct current transmission line with bi-directional transfer capacity of approximately 330 MW. The CSC Project runs beneath Long Island Sound from the Halvarsson Converter Station in New Haven, Connecticut to the Tomson Converter Station in Shoreham, New York. The CSC Project connects the transmission systems of UIL Holdings Corporation and the Long Island Power Authority. It is one of several interconnections between the ISO New England Inc. ("ISO-NE") and the New York Independent System Operator ("NYISO"). The CSC Project is under the operational control of ISO-NE pursuant to Section 9.3 of Attachment K to the ISO-

[22] *Joint Application of Pike County Light and Power Company and Leatherstocking Gas Company, LLC et al,* PUC Docket Nos. A-2021-3025659 and A-2021 30225662 (Order entered February 3, 2022).

NE open access transmission tariff ("OATT"). Cross Sound Cable Company LLC provides service over the CSC Project under Schedule 18 of the ISO-NE OATT.[23] ISO-NE schedules transmission service on the CSC Project under its OATT in coordination with NYISO.[24]

- Hudson Transmission Project ("HTP"), which includes a 660 MW High Voltage Direct Current electric transmission system connecting the PSEG-North zone of the PJM Interconnection, LLC ("PJM") to the NYISO Zone J power market via a subsea cable beneath the Hudson River. HTP runs approximately 7.1 miles from the Public Service Enterprise Group Bergen Substation in Ridgefield, New Jersey to the Consolidated Edison, Inc. W. 49th Street Substation in New York City. The HTP includes a back-to-back AC/DC/AC converter station in Ridgefield, New Jersey, providing operator control and scheduling capability to the flow of energy between PJM and NYISO.
- Two water utility concessions, including one serving the City of Bayonne, New Jersey and another serving the Borough of Middletown, Pennsylvania.
- Hawaii Gas, the only regulated gas utility in the state and a leading unregulated propane delivery business that serves all the islands in the state.

[23] *See* Cross-Sound Cable Co., LLC, 109 FERC ¶ 61,223 (2004).

[24] *See* generally, Section II, ISO-NE OATT, http://www.iso-ne.com/regulatory/tariff/sect_2/oatt/sect_ii.pdf.

2. RENEWABLES AND ENERGY STORAGE

- A 114 MW solar portfolio with over 150 distributed generating facilities in multiple states serving municipal, commercial and industrial customers.
- An energy storage business serving commercial customers in California.

3. CONTRACTED POWER

- Contracted power investments, including a 200 MW natural gas-fired power plant co-owned and operated by Black Hills Corporation, a 1086 MW natural gas-fired power plant in the SPP region, and a 525 MW gas-fired cogeneration facility in the MISO-South region.

52. As a financially sound and experienced owner of many utility properties and operations throughout the United States, Argo will bring significant financial resources to the Company in the performance of its public service operations.

53. Argo's success in accessing the capital markets is demonstrated by the extensive portfolio of energy and infrastructure projects it owns, controls and/or finances. As noted above, Argo presently manages approximately $7.4 billion of invested and committed capital. Argo is committed to using its financial resources to support the capital needs of the Company. Through these commitments and Argo's scale and expertise in the equity and debt markets, the Company will be able to further pursue necessary system upgrades, address any infrastructure replacement, as well as enhance customer service.

54. Argo further highlights its management of AIA Energy North America, one of the co-owners of DQE Holdings LLC, the parent company of Duquesne Light, an electric utility subject to the Commission's jurisdiction.

B. LEGAL FITNESS

55. An applicant for a CPC before the Commission must show that it is legally fit, i.e., that it has a propensity to operate safely and legally.[25] Holdings is legally fit to own the Company via the structure identified in the Proposed Transaction. Argo's managed entities have complied and continue to comply in all material respects with federal law and state law in the jurisdictions in which they operate. Argo's managed entities have not been prosecuted, indicted, or investigated for criminal activity.

56. Argo has engaged outside law firms to handle various specialized matters, including matters related to the compliance requirements of various administrative and regulatory agencies.

C. TECHNICAL FITNESS

57. An applicant for a CPC can demonstrate "technical fitness" by showing it has sufficient staff, facilities and operating skills to provide the proposed service.[26]

58. Argo is technically fit to control and operate the Company consistent with the public interest. As noted above, Argo and its managed affiliates have substantial experience in investing in, owning and/or overseeing utility and infrastructure businesses across the United States, including its 25% ownership interest in DQE Holdings LLC, whose wholly-owned subsidiary, Duquesne Light Holdings, Inc., is the owner of Duquesne Light, a regulated Pennsylvania electric utility serving approximately 600,000 customers in the Pittsburgh area, as well as Pike County Light and Power Company and Leatherstocking Gas Company, LLC.

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[25] *South Hills Mover, Inc. v. Pennsylvania Public Utility Com.*, 601 A.2d 1308 (Pa. Cmwlth Ct. 1991).
[26] *Re: Perry Hassman,* 55 Pa. P.U.C. 661 (1982) and *Mertz White Ways Tours v. Pa. PUC,* 201 A.2d 446 (Pa. Super. 1964).

59. Argo's role with respect to utility companies owned by its managed entities is one of oversight and support. Argo seeks to maintain the local management teams in the businesses in which it invests and provide them with the tools and capital they need to operate and improve their companies. At the board level, Argo establishes a framework for management that provides a structure for executing on the mutually-agreed business goals and for delivering on our responsibilities to all stakeholders. Argo's key areas of oversight and support include:

- **Business planning**: Argo works with local management to put in place business plans, updated at least annually, which set out the vision for the business over the next 12-60 months and describe the initiatives necessary to reach the stated goals.
- **Governance**: Argo supports the board's oversight of key governance issues such as shareholder engagement, board participation, the role of committees, and critical oversight functions such as internal and external audit.
- **Risk management and mitigation**: Operational and financial risk management is a core responsibility of boards of utility companies. Argo works with senior management at all of its portfolio companies to closely monitor key business risks and the likelihood of such risk occurring, on the one hand, and the impact of such risk if it were to occur. This provides management and the board a tool for assessing and analyzing the operational and financial risks inherent in the business so that these risks can be managed to the greatest extent possible and mitigated as far as can be achieved.
- **Funding and financing**: Argo supports the board's oversight of the capital structure needs of the business and seeks to establish the optimal capital structure at the holding company level. Management's business plan provides the board with

guidance on what the capital needs are for the business, and the board provides advice and support in funding these needs so that the agreed to business plan can be implemented by the management team.

60. Moreover, as a manager of assets and businesses that provide essential services, Argo understands the importance of its role in the communities in which Argo's affiliates operate. Argo's investment philosophy aims to couple sound investment return with responsible and sustainable investing. This includes integrating environmental, social, and governance ("ESG") best practices into asset selection and ongoing asset management processes and providing detailed reporting to investors and stakeholders on ESG performance. Argo's ongoing initiatives and achievements in sustainable investing include: achievement of the first "E1" (highest level) Green Evaluation of an infrastructure investment from Standard & Poors; participation in GRESB, the global ESG benchmark for real assets, as a firm and through our portfolio companies; membership in the LTIIA (Long Term Infrastructure Investors Association) and the GIIA (Global Infrastructure Investor Association).

61. Argo's principals have substantial infrastructure acquisition, financing, operating and asset management experience. For example, one of the key individuals at Argo with such experience is Richard Klapow, who is Managing Director and senior investment professional at Argo. Mr. Klapow has almost two decades of experience as a principal investor in infrastructure and has led and managed investments in a range of sectors including utilities (electric, gas distribution and water), power and renewables, midstream energy, transportation and communications infrastructure. Mr. Klapow leads the Argo investment team in finding, analyzing and acquiring new infrastructure investments.

62. Michael Madia is a Managing Director of Argo and is responsible for asset and investment management of acquired assets, as well as diligence of potential acquisitions and select financing activities. Mr. Madia reviews the technical aspects of investments that Argo is considering for investment, including transition planning, operations coordination, budget and maintenance/outage planning, staff review, review of Key Performance Indicators (KPIs; the metrics that are utilized to measure operational and financial performance), reporting requirements, review of Environmental, Health and Safety programs, and, after investments and important for the Proposed Transaction, participates in a Board/oversight role, including being one of Argo's lead professionals with respect to ESG matters.

63. Argo and its principals have direct knowledge and experience with the ownership and operation of regulated public utilities in Pennsylvania through an Argo managed entity's ownership of a 25% ownership interest in DQE Holdings LLC whose wholly-owned subsidiary, Duquesne Light Holdings, Inc., is the owner of Duquesne Light. Not only is Argo familiar with Pennsylvania public utility regulation and this Commission, the Commission is also familiar with Argo and its principals as a result of its indirect ownership of Pike and Leatherstocking.[27]

64. The Proposed Transaction will continue the beneficial management, day-to-day operations and overall technical expertise within the Company. Additionally, the Proposed Transaction will allow Argo to build on the solid foundation of superior service at reasonable rates that have been the hallmark of UGI Electric for decades. As noted above, Argo and its management team will continue to provide the Company strong access to capital markets and allow Argo to use and focus its experience across numerous utility operations to continue and promote best practices

[27] The Commission should have no concern about Argo's management of entities that have indirect ownership interests in Duquesne Light, Pike and Leatherstocking and the Company from a competitive service perspective. The service territories of these utilities are separate and distinct.

at the Company. This additional knowledge and access to capital will enhance UGI Electric's proven track record of providing adequate, efficient, safe, and reasonable service and facilities to its customers at just and reasonable rates.

VIII. IMPACTS OF THE PROPOSED TRANSACTION ON RATES AND SERVICE

65. The Proposed Transaction will be seamless to customers of UGI Electric. Among other things, it will have no adverse impact on rates and service; it will result in maintaining the current offices in Pennsylvania; and it will provide substantial, affirmative benefits from enhanced opportunity to access capital, and broad utility management and expertise.

66. Upon Closing of the Proposed Transaction, the Company will continue to operate and charge duly authorized rates to customers under terms of service previously approved by this Commission as a Pennsylvania public utility subject to the continuing jurisdiction of the Commission.

67. The Joint Applicants are committed to providing adequate, efficient, safe, and reliable electric service, and the Proposed Transaction will not diminish in any way the Company's obligations to maintain system reliability and satisfy the legal requirements for safe, adequate and efficient utility service. As explained below, Argo's control of the Company through investment funds managed by subsidiaries of Argo will, among other things, enhance the Company's access to low-cost capital to facilitate infrastructure improvements and the use of efficient and innovative technology to improve service. Accordingly, the Company will be well positioned to ensure that the current level of high-quality service is maintained.

68. The Company's Commission-approved rates, rules and regulations and the terms and conditions of service in effect when the PUC enters its final order in this proceeding will not change as a result of the Proposed Transaction. In addition, the Company will not seek rate recovery of any

acquisition premium or "goodwill" associated with the Proposed Transaction or of transaction costs incurred by the Joint Applicants or their affiliates. The Joint Applicants have also committed to establish various measures described in the direct testimony of Richard Klapwow (Joint Applicants Statement No. 2) following Closing of the Proposed Transaction, which will provide further financial protections for the Company's customers.

69. Argo seeks out investments and then supports management with financial, strategic and technical expertise. Therefore, if the Proposed Transaction is approved by the Commission, the Company will hire and retain management and operating personnel as appropriate, and the board of directors will be strengthened and enhanced by support from and through Argo. Argo intends to supplement the employees transferred to the Company with an expanded group of experienced professionals. Argo has identified certain leadership positions, such as chief executive officer and chief financial officer, as well as experts in subjects such as human resources, information technology, regulatory matters, business development, and energy supply, that will be needed to supplement the transferred employees. Some of these positions will need to be filled before Closing, such as in human resources, so that the Company has a subject matter expert and point person in liaising with the employees that will be transferred, while other positions, such as energy supply, will be deferred until after Closing of the Proposed Transaction because the Company will be able to rely on the TSA for such services from UGI for up to one year after Closing. Regardless, Argo, as an experienced owner, operator and/or controller of regulated utility businesses, including Pike County Light and Power, DLH, and Hawaii Gas, has already reached out to its extensive network in the utility industry to identify potential candidates for the various leadership roles and has started the process of engaging with certain individuals with the required subject matter expertise and

leadership and so discussions will continue during the regulatory approval process for this Joint Application.

70. The Proposed Transaction will not result in multiple tiers of management that have to be penetrated to access decision-makers in the organization. The Company will continue to maintain its headquarters within its service area in Pennsylvania. The Commission and stakeholders in Pennsylvania will have the same access to the Company personnel after the Proposed Transaction is completed as they did previously with UGI Electric.

71. In short, the Proposed Transaction will continue and enhance the current beneficial management, day-to-day operations, and overall technical expertise within, and available to, the Company.

IX. AFFIRMATIVE PUBLIC BENEFITS OF THE PROPOSED TRANSACTION

72. Argo is a financially strong, diversified owner and manager of infrastructure assets with the management, employee experience, technical expertise, and financial resources to acquire control of the Company. As explained by Andrew Zaroulis in Joint Applicants Statement No. 1, Argo manages a $7.4 billion investment portfolio and has over 12,700 employees as of year-end 2025. Argo focuses on long-term ownership, development, and management of its diversified group of energy, utility and infrastructure businesses.

73. The Proposed Transaction will allow the Company to maintain its local connection to its Pennsylvania service territory while at the same time obtaining broader access to long-term capital on reasonable terms to invest more robustly in essential utility infrastructure and services. Argo's ownership and control of the Company will produce new, incremental and substantial public benefits in several important ways including, but not limited to, the following:

a. Greater Access to Capital. There are many benefits that will be derived from Argo's scale and expertise in equity and debt markets. The electric industry is highly capital intensive and access to capital markets is one of the key attributes of successful management and growth of those businesses over the long term. The addition of Argo as the controlling entity of the Company will increase the Company's access to capital on favorable terms for necessary system upgrades and replacements that will enhance customer service and reliability. In addition, if the Proposed Transaction is approved, Argo will play an important role in identifying future opportunities to access competitively priced capital. For example, in connection with Pike and Leatherstocking, through Argo's greater access to capital, it was able to secure financing for a permanent, regulatory-approved capital structure to fund operations for the long-term, thereby eliminating the risk profile of shorter term bank debt. UGI Electric currently shares available capital within the UGI corporate organization with its larger gas public utility division. Under Argo control and ownership of the Company, that dynamic will no longer take place, allowing for a most robust approach to raising and accessing capital.

b. System Reliability and Integrity. Argo understands the importance of system improvements needed to provide safe and reliable service. Accordingly, Argo is committed to ensuring that the Company will have the resources to meet its targets for safety, reliability and capital improvements.

c. High-Quality Customer Service. The Proposed Transaction is structured to ensure the continuation of safe, reliable and cost-effective delivery of electric service to the Company's customers. Argo is deeply committed to serving the Company's customers and to maintaining and enhancing the current level of customer service following the Closing of the Proposed Transaction, while seeking to enhance the overall customer experience.

d. Community Involvement. Following Closing of the Proposed Transaction, Argo expects to maintain the Company's community involvement and charitable contributions at pre-acquisition levels. A generous supporter of the communities it serves, the Company will continue to invest locally by way of cash contributions, significant employee volunteer time, and in-kind donations to community and charitable organizations. Joint Applicants commit that the Company will maintain charitable contributions, local community support and economic development at 2025 levels for at least three years after Closing.

e. Strong Relationships with Regulators. Argo understands that the Company has a good relationship with the Commission. Argo has a history of cooperation with and respect for the regulatory bodies in the jurisdictions in which its affiliates operate. Argo looks forward to continuation of existing solid regulatory relationships in Pennsylvania, already established via its indirect ownership of Duquesne Light. Argo will be able to provide whatever regulatory support required by the Company is necessary to maintain and further enhance the relationship with the Commission.

f. Strategy Development and Management Practices. Argo has decades of experience in managing infrastructure investments and will utilize this expertise to support the Company in establishing strategic direction, analyzing growth opportunities, and implementing management best practices.

g. Commitment to Employees. Argo has committed that, upon approval of this Joint Application and for one year after consummation of the Proposed Transaction, there will be no net reductions due to involuntary attrition in the employment levels of the Company compared to the number of employees at UGI Electric. Further, the Joint Applicants have committed to honor all existing the Company's collective bargaining agreements. Finally, Argo has agreed that, for at

least one year after Closing of the Proposed Transaction, the Company will provide current non-union employees' compensation and benefits that are generally comparable in the aggregate to the compensation and benefits provided to those employees immediately before the Proposed Transaction as part of UGI Electric, subject to limited exclusions.

h. Strong Leadership in Local Communities. Under Argo control, the Company will continue its community commitments and remain a responsible corporate citizen.

i. Potential Savings. After Closing of the Proposed Transaction, the Company will examine areas where it may experience incremental savings due to reductions in costs, such as those for an annual shareholder meeting, legal fees for SEC counsel, accounting and audit fees, computer fees and consulting fees. Any such savings would be reflected in future rate cases after the Proposed Transaction closes.

j. Transition Services. In connection with the Proposed Transaction, UGI and the Company will enter into a Transition Services Agreement ("TSA") as of the Closing Date pursuant to which UGI will provide, or cause to be provided, certain administrative and operational services to the Company during a transition period following Closing. The key services to be provided under the TSA include, among others: (i) billing and customer care services; (ii) information technology services; (iii) finance and accounting services; (iv) rates and regulatory services; (v) human resources services; (vi) purchasing and materials management; (vii) energy supply services; (viii) communications and community relations services; and (ix) vehicle fleet maintenance and management services. Unless otherwise specified in the TSA, the default service period is 12 months from the Closing. In addition, UGI will provide office space to the Company on a triple-net lease basis, which will extend beyond this initial 12-month service period. Transition services are limited to those provided by UGI to the electric division during the 12-month period prior the

Closing, and all transition services provided by UGI under the TSA must be provided in accordance with applicable law and with at least the same level of skill, care and efficiency that meets industry standards and, in any event, at a level no less than that which was applied to the same services prior to the Closing.

k. Post-Transition Services Operational Plan. Following expiration or termination of the TSA, the Company will be solely responsible for providing or arranging for the provision of similar or replacement services. Notably, pursuant to the MIPA, certain employees of UGI that are primarily engaged in providing transition services will transfer employment from UGI to the Company at the end of the relevant transition services period. To the extent any additional services are required, the Company intends to (a) hire new personnel with requisite experience and/or (b) enter into arms'-length longer term services agreements with qualified third-party service providers (which may include Argo affiliates).[28]

X. *PENN ESTATES* CONSIDERATIONS FOR INVESTMENT FUND OWNERSHIP

74. In addition to the substantial affirmative public benefits discussed in Section IX above, the Proposed Transaction satisfies the ten public interest considerations set forth by the Commission in *Penn Estates* for investment fund control of Pennsylvania public utilities, as summarized below.

(i) ***The Capital to Be Allocated to Ongoing Operating and Maintenance Expenses***. Argo will ensure a seamless transition to control of the Company and will position the Company for optimal future operations. As explained above, Argo has significant

[28] Any future affiliated interest agreements between the Company and any Argo affiliates will be filed with the PUC in accordance with Code Chapter 21.

experience in accessing equity and debt markets and this access has been one of the key attributes of its successful infrastructure management and growth. In his direct testimony (Joint Applicants Statement No. 2, Richard Klapow, explains why greater access to capital through Argo will enhance the Company's ability to further improve reliability and customer service, while maintaining reasonable rates. Argo's investment teams are also highly focused on executing operational improvements to drive post-transaction value enhancements at its portfolio companies.

(ii) ***Corporate Governance/Sarbanes-Oxley Compliance***. Argo is not subject to Sarbanes-Oxley reporting requirements.

(iii) ***The Expected Term of Ownership***. Argo understands that the various investors intend to be long-term owners of the Company. Indeed, Argo is currently a long-term manager of major infrastructure assets, including energy businesses. Argo operates its asset management business in a highly integrated manner and employs a value-oriented investment strategy for all products (including infrastructure), with flexibility across the capital structure to offer downside protection, and attractive risk-adjusted returns in all market environments. Specifically, Argo's investment teams seek out infrastructure investments that do not require a sale or defined exit strategy to achieve the investment goals of the funds the firm manages. And, any future changes in control of the Company will be subject to all applicable and necessary Commission approvals and authorizations.

(iv) ***Experience as an Owner and Operator of Utilities***. As discussed herein, Argo's technical, legal and financial fitness to manage entities that own and oversee public utilities, its ability to access and raise necessary capital, and its current extensive experience

managing investments in utility businesses confirm and demonstrate that Argo is an ideal acquirer of the indirect interest in the Company.

(v) ***Community Presence***. The Proposed Transaction will maintain the Company's presence in the communities currently served by UGI Electric in Pennsylvania. The Company's commitment to community service activities, charitable and civic contributions and support are not expected to change, thereby solidifying the Company's presence in the communities it will serve. Further, Argo will support the Company's compliance with any applicable current or future diversity and inclusion policies or requirements of the Commission.

(vi) ***The Nature and Objectives of the Various Affiliated Relationships Involved***. No new affiliated agreements are intended to be created by the Proposed Transaction. New affiliates created by the new ownership structure are being established primarily for tax planning purposes.

(vii) ***The Fees Paid to and Service Performed by Affiliates***. Argo does not expect to provide services to the Company that will require the payment of fees. However, should any services be provided by Argo or other affiliated interests to the Company, the services will be provided only after Commission approval of affiliated interest agreements consistent with Code Chapter 21.

(viii) ***Limits on the Use of Leverage and Other Capital Structure Protections***. The Joint Applicants fully recognize that the Commission will not allow the Company to use a capital structure for rate making purposes that is inconsistent with the capital structure of similarly-situated electric distribution companies. The Company will not request a capital structure

for ratemaking purposes that is outside the range of capital structures employed by comparable electric distribution companies operating in the Commonwealth.

(ix) ***Transparency on Corporate Structure Issues***. The Company will not (a) guarantee the debt of Argo or any Argo affiliate not regulated by the Commission, except as approved by the Commission upon a determination that such guarantee provides net benefits to customers; (b) grant liens upon its property other than in conjunction with obtaining financing; or (c) make loans or extend credit to Argo or its affiliates for a term of more than one year without prior Commission approval, if required by the Code. Argo and Holdings will comply with all applicable requirements of the Code.

(x) ***Creditworthiness***. As explained above, Argo is a financially strong, diversified manager of infrastructure assets that is fully capable of maintaining and enhancing the level of service to be provided by the Company and supporting improvements to service where appropriate.

XI. IMPACT ON COMPETITION

75. The Proposed Transaction will not result in the unlawful exercise of market power or otherwise prevent retail electricity customers in Pennsylvania from obtaining the benefits of a properly functioning competitive retail electricity market. Argo does not own or operate any companies that directly or indirectly will compete with the Company or operate in the Company's service area. Therefore, no likely anticompetitive or discriminatory conduct will arise from Argo obtaining control of the Company. The Joint Applicants request that the Commission provide any approvals required by Code Section 2811(e) to the extent deemed necessary.

XII. DATA CENTER PAYMENTS

76. In addition to the Purchase Price payable under Section 3.2(a) of the MIPA, the MIPA provides that Buyer (Erdinger, now Holdings) shall pay to Seller (UGI) certain payments set forth in Appendix 1 of the MIPA (the "Data Center Payments") if and when owed, provided that in no event shall the aggregate Data Center Payments paid by Buyer exceed $50 million. (MIPA, Section 3.2(b)).

77. The Data Center Payment provision was included to bridge a valuation gap based on the perceived value of potential data center customer contracts that were under negotiation at the time that the MIPA was executed. From Argo's perspective, it would have been willing to ascribe additional purchase price to such contracts if such contracts had been effective and enforceable at the time the MIPA purchase price was established. However, because such contracts are contingent, the additional payment obligation only arises if and when one or more data center agreements is executed prior to Closing or within a one-year period after the Closing.

78. Contracts that are eligible for Data Center Payments are contracts entered into between UGI prior to the Closing (or the Company or its controlled affiliates after the Closing) and specified data center customers for interconnection, distribution, or other services in Luzerne County and/or Wyoming County, Pennsylvania, provided that such contracts are executed during the period beginning on the date of execution of the MIPA and ending on the one-year anniversary of the Closing.

79. The Data Center Payment for each eligible contract is calculated quarterly as a percentage (the "Applicable Percentage") multiplied by the contract's gross margin, which is determined by subtracting the data center costs (including cost of goods sold, indemnification

payments, and required refunds) from the data center revenue (including distribution, transmission, and interconnection fee revenue) attributable to such contract.

80. The Applicable Percentage is 35% for eligible data center contracts executed prior to Closing and such percentage declines ratably by 12% for contracts executed after Closing based on the number of days following the Closing (for example, (x) a contract executed 90 days after Closing would have an Applicable Percentage of 32.04% and (y) a contract executed 365 days after the Closing would have an Applicable Percentage of 23%).

81. The Data Center Payments will have no impact on the Company's rates or related ratemaking.

XIII. SUPPORTING TESTIMONY

82. With this Joint Application, the Joint Applicants are submitting the written testimony and supporting exhibits of three witnesses, which, subject to possible supplementation in response to positions, inquiries and issues set forth in the filings by other parties or in interim orders of the Commission, will comprise the Joint Applicants' case-in-chief:

Andrew Zaroulis is a Managing Director and a senior investment professional at Argo. Mr. Zaroulis explains why Argo is entering into the Proposed Transaction with UGI. He also summarizes the benefits of the Proposed Transaction from Argo's perspective, Argo's commitment to the public utility industry in Pennsylvania, and the satisfaction of the *Penn Estates* standards (Joint Applicants Statement No. 1).

Richard Klapow is a Managing Director and senior investment professional at Argo. Mr Klapow explains Argo's experience with and expertise in the ownership and operation of public utilities in Pennsylvania and elsewhere, as well as Argo's financial, legal and operating fitness. (Joint Applicants Statement No. 2).

Christopher Brown is the Vice President of Natural Gas and Electric Operations of UGI. Mr. Brown provides an overview of UGI, summarizes UGI's requested approvals in this proceeding, including UGI Utilities, Inc.'s conversion to UGI Utilities, LLC, and explains the Company's support for the Proposed Transaction. (Joint Applicants Statement No. 3).

XIV. ADDITIONAL SUPPORTING DATA

83. As described above, the following Appendices, containing additional information in support of this Joint Application, are attached hereto and made part hereof:

Appendix 1 (CONFIDENTIAL)	Membership Interest Purchase Agreement and Schedules
Appendix 2	UGI Certificate of Public Convenience
Appendix 3	UGI Electric List of Assets
Appendix 4	Organizational Structure of UGI and Company/Argo Post-Closing Organizational Structure
Appendix 5	UGI Current Balance Sheet and Income Statement
Appendix 6 (HIGHLY CONFIDENTIAL)	Argo Financial Information

XV. REQUEST FOR EXPEDITED APPROVAL

84. As explained in more detail above, the Proposed Transaction will have no adverse impact on the rates or service currently being provided to customers by UGI Electric and will provide substantial affirmative public benefits. The Joint Applicants request that the Commission consider this Joint Application on an expedited basis, so as to allow the Proposed Transaction to close on or before April 2027**.** With that in mind, the Joint Applicants suggest that holding an initial Prehearing Conference early in the process will assist the parties in identifying and resolving issues in the event that Notices of Intervention and/or Protests are filed in this proceeding. A litigation schedule can be

developed, if necessary, after the active parties have been identified, with the assistance of the presiding Administrative Law Judge.

XVI. NOTICE

85. The Joint Applicants are serving copies of this filing on the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate. A service list is attached to the transmittal letter that accompanies this Joint Application. The Joint Applicants respectfully request the Commission publish notice of this filing in the *Pennsylvania Bulletin* with a reasonable deadline for intervention in this proceeding.

XVII. CONCLUSION

86. For all of the reasons set forth in and supported by this Joint Application, the Joint Applicants specifically request that the Commission:

- Confirm that the Division of UGI does not require the issuance of a new CPC to the Company and that the Company can lawfully provide retail public utility service as a regulated and jurisdictional public utility in UGI Electric's current service territory in accordance with the UGI CPCs, or in the alternative, issue a new CPC for the Company to provide service in UGI Electric's current service territory with the specific language specified in paragraph 29 hereof.

- Grant UGI a CPC to abandon retail electric service by UGI Electric in its current service territory in portions of Pennsylvania; and

- Grant all necessary and required approvals under Chapters 11 and 28 of the Code (i) for UGI to convert to UGI Utilities, LLC, (ii) for UGI to sell 100% of its membership interest in the Company to Holdings, (iii) for Holdings to acquire such membership interests in the Company, and (iv) for the Company to commence the provision of retail electric service as a public utility in Pennsylvania in the service territory of the UGI Electric.

WHEREFORE, the Joint Applicants respectfully urge the Commission to grant the approval and authorizations requested herein and such other relief as may be just and reasonable.

Respectfully submitted,

Alan M. Seltzer (Pa. No. 27890)
John F. Povilaitis (Pa. No. 28944)
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101
Email: alan.seltzer@bipc.com
john.povilaitis@bipc.com

Counsel for Argo Infrastructure Partners LLC

/s/ David MacGregor

David MacGregor (Pa. No. 28804)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Email: dmacgregor@postschell.com

Devin T. Ryan (Pa. No. 316602)
Post & Schell, P.C.
One Oxford Center
301 Grant Street, Suite 3010
Pittsburgh, PA 15219
Email: dryan@postschell.com

Michael S. Swerling (Pa. No. 94748)
UGI Corporation
500 North Gulph Road
King of Prussia, PA 19406
Email: swerlingm@ugicorp.com

Counsel for UGI Utilities, Inc.

Date: June 24, 2026

CONFIDENTIAL

APPENDIX 1

MEMBERSHIP INTEREST PURCHASE AGREEMENT AND SCHEDULES

APPENDIX 2

UGI CERTIFICATES OF PUBLIC CONVENIENCE[1]

[1] The Joint Applicants will supplement this Appendix with any additional Certificates of Public Convenience determined to exist.

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PENNSYLVANIA
PUBLIC UTILITY COMMISSION

A. 78264

In the Matter of the Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BEHTLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

CERTIFICATE
OF
PUBLIC CONVENIENCE

The Pennsylvania Public Utility Commission hereby certifies that after an investigation and/or hearing had on the above entitled application, it has, by its report and order made and entered, a copy of which is attached hereto and made a part hereof, found and determined that the granting of said application is necessary or proper for the service, accommodation, convenience and safety of the public, and this certificate is issued evidencing its approval of the said application as set forth in said report and order.

IN TESTIMONY WHEREOF, The Pennsylvania Public Utility Commission has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the City of Harrisburg this SIXTEENTH day of JUNE, 1952.

PENNSYLVANIA
PUBLIC UTILITY COMMISSION

ATTEST:

Acting Chairman

Secretary

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application Docket Nos. 78263 and 78264 and Securities Certificate No. 1325, 1326 and 1327

In re: Application of THE UNITED GAS IMPROVEMENT COMPANY and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by The Philadelphia Gas Works Company to The United Gas Improvement Company and the acquisition by the latter of the right to operate the gas facilities of Northern Liberties Gas Company; (2) the beginning of the exercise by The United Gas Improvement Company of the additional rights, powers, franchises and privileges which it proposes to obtain from The Philadelphia Gas Works Company; (3) the resumption of the supplying and distribution of gas, in that part of the City of Philadelphia which was formerly known as the District of Northern Liberties, by The United Gas Improvement Company, as agent for Northern Liberties Gas Company, under the agreement between them of July 2, 1900; and (4) the abandonment by The Philadelphia Gas Works Company of the right, power, franchise and privilege to operate the facilities of Northern Liberties Gas Company, all in the City of Philadelphia - A. 78263

Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service - A. 78264

Securities Certificate of The United Gas Improvement Company in the matter of the issuance of Cumulative Preferred Stock - S.C.1325

Securities Certificate of The United Gas Improvement Company in the matter of the issuance of Common Stock - S.C.1326

Securities Certificate of The United Gas Improvement Company in the matter of the issuance of First Mortgage Bonds - S.C.1327

O R D E R

BY THE COMMISSION, JUNE 16, 1952:

The matters and things involved in A. 78263 and A. 78264 having been duly submitted and heard, and full consideration having been given thereto, we find and determine that it is necessary or proper for the service, accommodation, convenience, or safety of the public that certificates of public convenience issue evidencing approval thereof; and we further find and determine that the issuance of securities in the amounts, of the character, and for the purposes proposed in S.C. 1325, S.C. 1326, and S.C. 1327 is necessary or proper for the present and probable future capital needs of The United Gas Improvement Company, and that said securities certificates accordingly should be registered; THEREFORE,

IT IS ORDERED:

1. That (a) the transfer by The Philadelphia Gas Works Company to The United Gas Improvement Company and the acquisition by the latter of the right to operate the gas facilities of Northern Liberties Gas Company; (b) the beginning of the exercise by The United Gas Improvement Company of the additional rights, powers, franchises, and privileges which it would obtain from The Philadelphia Gas Works Company by virtue of said transfer; (c) the resumption of the supplying and distribution of gas in that part of the City of Philadelphia which was formerly known as the District of Northern Liberties, by The United Gas Improvement Company as Agent for Northern Liberties Gas Company, under the agreement between them dated July 2, 1900; and (d) the abandonment by The Philadelphia Gas Works Company of the right, power, franchise, and privilege to operate the facilities of Northern Liberties Gas Company, be and are hereby approved, and that a certificate of public convenience evidencing approval issue at A. 78263.

2. That (a) the consolidation and merger of The United

Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company under the name The United Gas Improvement Company, (b) the transfer, by merger, of all the property, rights, powers, franchises, and privileges of the seven last-named companies to The United Gas Improvement Company, (c) the acquisition by The United Gas Improvement Company, by merger into it, of all the rights, powers, franchises, and privileges of the said seven last-named companies, and (d) the beginning of the exercise by The United Gas Improvement Company, as merged and consolidated, of all the additional rights, powers, franchises, and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the areas located in the counties of Lehigh, Northampton, Bucks, Berks, Dauphin, Cumberland, York, Lancaster, Lebanon, Luzerne, and the City and County of Philadelphia shown on the map marked Exhibit "9", including the communities listed in Exhibit "4", both said exhibits being of record at A. 78264, be and are hereby approved, and that a certificate of public convenience evidencing approval issue at A. 78264.

3. That Securities Certificate No. 1325, in the matter of the issuance by The United Gas Improvement Company, as merged and consolidated, of $2,500,000 par value of 4¼% Cumulative Preferred Stock, be and is hereby registered.

4. That Securities Certificate No. 1326, in the matter of the issuance by The United Gas Improvement Company, as merged and consolidated, of $18,271,183.50 par value of Common Stock, be and is hereby registered.

5. That Securities Certificate No. 1327, in the matter of the issuance by The United Gas Improvement Company, as merged and consolidated, of seven series of First Mortgage Bonds of an aggregate principal amount of $15,758,000, as follows:

$ 2,219,000 - 3% Series due 1965
6,549,000 - 3¼% Series due 1966
1,470,000 - 3¼% Series due 1968
2,035,000 - 2-5/8% Series due 1971
985,000 - 3-1/8% Series due 1971
1,000,000 - 3.15% Series due 1976
1,500,000 - 3.348% Series due 1976

be and is hereby registered.

6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records for each of its following divisions: Allentown-Bethlehem, Harrisburg, Lancaster, Lebanon, Luzerne County, Reading, and Northern Liberties which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us.

7. That The United Gas Improvement Company, as merged and consolidated, shall submit the following information in each annual report which it will file with us: The names of the accounts in which, and the amounts at which, are recorded properties to which it has title that are used exclusively in connection with the operation of the gas works owned by the City of Philadelphia; the amounts of depreciation and amortization reserves applicable to said properties; the amounts of current and prepaid assets and current and accrued liabilities arising from said operation; the amount of management fee received or to be received for the reporting year; and the costs and expenses incurred in earning said fee.

8. That, within 30 days after consummation of the transactions involved in A. 78263 and A. 78264 and issuance of the

securities in respect of which S.C. 1325, S.C. 1326, and S.C. 1327 have been submitted, The United Gas Improvement Company, as merged and consolidated, notify us in writing of the date or dates on which said transactions were consummated and said securities issued.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

(signed) B. Frank Morgal

Acting Chairman

ATTEST:

J. A. Walter

Secretary

The Chairman being absent did not participate in the vote on this order.

File No. 54-201
Amendment No. 2

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

Records a 7826 4 OK

Amendment No. 2 to Application for an Order of The Securities and Exchange Commission for Approval of a Comprehensive Plan of The United Gas Improvement Company, Pursuant to Section 11(e) and Other Sections of The Public Utility Holding Company Act of 1935

THE UNITED GAS IMPROVEMENT COMPANY
(Name of company filing amendment)

Name, title, and address of officer to whom notices and correspondence concerning this amendment should be addressed: W. E. Long, President, 1401 Arch Street, Philadelphia 5, Pa. and Kenneth B. Anderson, Esq., 1401 Arch Street, Philadelphia 5, Pa.

The undersigned hereby amends the above document with respect to the following (identify item, statement, schedule, or exhibit of document to which amendment relates):

See list attached

SIGNATURE

The company has caused this amendment to be duly signed on its behalf by its authorized officer in the city of Philadelphia and State of Pennsylvania, on the 11th day of July, 1952.

(SEAL)

THE UNITED GAS IMPROVEMENT COMPANY
(Name of Company)

Attest:

By /s/ W. E. Long
President

/s/ J. H. Mackenzie
(Signature of Officer)

W. E. Long
(Type or print name)

Assistant Secretary
(Title)

VERIFICATION

State of Pennsylvania)
) ss:
County of Philadelphia)

The undersigned being duly sworn deposes and says that he has duly executed the attached amendment dated July 11, 1952, for and on behalf of The United Gas Improvement Company; that he is President of such
(Name of Company) (Title of Officer)
company; and that all action by stockholders, directors, and other bodies necessary to authorize deponent to execute and file such instrument has been taken. Deponent further says that he is familiar with such instrument, and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

(Signature) /s/ W. E. Long
(Officer signing amendment)

Subscribed and sworn to before me a Notary Public, this 11th day of
(Title of officer)
July, 1952.

(Official)
(Seal) My ~~Commission expires~~ January 21, 1953 /s/ Jas. J. Fallon
Notary Public

RECORD FOLDER

O.K. H. M. H. Filed

File No. 54-201
Amendment No. 2

This Amendment contains the following:

Paragraph 5 of the Application (amended) - Supplied.

Part 1 of the Plan, pages 11 and 12 of Exhibit 1 (amended) - Supplied.

First full paragraph of Part 2 of the Plan, page 12 of Exhibit 1 (amended) - Supplied.

Second full paragraph, page 15, of Exhibit 1 (amended) - Supplied.

Second full paragraph, page 18, of Exhibit 1 (amended) - Supplied.

Addition to Exhibit 1, following second full paragraph, page 22 - Supplied.

Paragraph 1, page 22, of Exhibit 1 (amended) - Supplied.

Paragraph 4, page 23, of Exhibit 1 (amended) - Supplied.

First two lines, page 1 of Exhibit A (amended) - Supplied.

Paragraph (d), page 3, of Exhibit A (amended) - Supplied.

Paragraph (d), page 4, of Exhibit A (amended) - Supplied.

Paragraph (d), page 5, of Exhibit A (amended) - Supplied.

Paragraph (c), page 6, of Exhibit A (amended) - Supplied.

Paragraph (d), page 7, of Exhibit A (amended) - Supplied.

First full paragraph, page 9, of Exhibit A (amended) - Supplied.

Paragraphs 5 and 6, page 11, of Exhibit A (amended) - Supplied.

Last paragraph of Paragraph 7, page 12, of Exhibit A (amended) - Supplied.

Addition to Paragraph 14, page 17, of Exhibit A - Supplied.

Additions to Exhibit A, page 46 (following Appendix A thereof) - Supplied.

First sentence of Paragraph 2, page 30, of Appendix A (amended) - Supplied.

Sub-paragraph (a) of Paragraph 8(A), page 36, of Appendix A (amended) - Supplied.

Sub-paragraph (b) of Paragraph 8(B), 3rd and 17th lines of page 37, of Appendix A (amended) - Supplied.

Sub-paragraph (d) of Paragraph 8(B), pages 38 and 39, of Appendix A (amended) - Supplied.

Sub-paragraph (E) of Paragraph 10, pages 42 and 43, of Appendix A (amended) - Supplied.

First full paragraph of Paragraph 14, page 45, of Appendix A (amended) - Supplied.

Exhibit B to Exhibit 1 - proposed Mortgage and Deed of Trust dated as of January 1, 1953, of U.G.I. to Fidelity-Philadelphia Trust Company, Trustee (3rd proof dated 7/9/52) - Supplied.

Exhibit C-3-A to Exhibit 1 - U.G.I. and Subsidiary Companies Consolidated Balance Sheet 12/31/51 (amended) - Supplied.

U.G.I. Pro Forma Balance Sheet 12/31/51 after giving effect to Parts 1 and 2 of the Plan (amended) - Supplied.

Exhibit 3 to Application - U.G.I. Declaration pursuant to Rule U-62 - Supplied.

AMENDMENT TO APPLICATION

Paragraph 5 of the Application is hereby amended to read as follows:

"5. U.G.I. requests the Commission to find that the proposed transactions set forth in parts 1, 2 and 3 of the Plan, and any amendments thereto, are necessary to effectuate the provisions of Section 11(b) of the Act and to be fair and equitable to the persons affected thereby, and to issue its order or orders as more particularly set forth below. U.G.I. further requests the Commission under Section 11(e) of the Act, to apply to a court in accordance with the provisions of Section 18(f) of the Act, to enforce and carry out the terms and provisions of part 2 of the Plan and any amendments thereto.

U.G.I. intends to solicit proxies from its stockholders with respect to the merger referred to in part 2 of the Plan and, accordingly, U.G.I. files herewith, marked Exhibit 3 and made a part hereof, a Declaration pursuant to Rule U-62."

AMENDMENTS TO COMPREHENSIVE PLAN
WHICH IS EXHIBIT 1 TO THE APPLICATION

Part 1 of the Plan, appearing on pages 11 and 12 of Exhibit 1, is hereby amended by adding at the end thereof the following new paragraph:

"S.E.C.'s Order with respect to Part 1 shall become effective immediately upon issuance, and consummation of Part 1 shall take place as soon as practicable after the issuance of such Order."

The first full paragraph of Part 2 of the Plan, commencing on page 12 of Exhibit 1, is hereby amended to read as follows:

"PART 2

MERGER INTO U.G.I.
OF ITS PUBLIC UTILITY SUBSIDIARIES
AND DISSOLUTION OF ITS NON-UTILITY SUBSIDIARIES

After the consummation of Part 1 of this Plan, U.G.I. proposes that its public utility subsidiaries, i.e. Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company, be merged into U.G.I., U.G.I. to be and remain the surviving corporation. As soon as practicable after S.E.C. has approved Part 2 of this Plan, U.G.I. proposes to take appropriate corporate proceedings under the Pennsylvania Merger and Consolidation Act of 1909, as amended, with respect to the proposed merger. U.G.I. will recommend to the Boards of Directors of its respective subsidiary companies so named that the directors of each of said subsidiaries shall approve and enter into a joint agreement substantially in the form annexed hereto as Exhibit A, under the corporate seal of each said subsidiary, for the merger of such companies into U.G.I. on the terms and conditions therein stated, and U.G.I. will vote its holdings of the capital or common stocks of each such subsidiary in favor thereof. The merger will become effective when the agreement of merger is delivered to and approved by the Department of State of the Commonwealth of Pennsylvania. U.G.I. intends that said agreement will be so delivered that the merger shall become effective at the close of business on December 31, 1952."

The second full paragraph on page 15 of Exhibit 1 is hereby amended to read as follows:

> "U.G.I. proposes to execute and deliver to Fidelity-Philadelphia Trust Company, Philadelphia, Pa., as Trustee, a new first mortgage, to be dated as of January 1, 1953, which will be a lien on substantially all of the property of U.G.I. The new mortgage will provide for seven series of bonds to be issued thereunder immediately, all to be dated as of January 1, 1953, and which series, respectively, shall have the same interest rates, interest payment dates, maturity dates, redemption prices, sinking fund and tax provisions as the various series set forth above. The aggregate principal amount of bonds of each new series to be issued initially shall be the aggregate principal amount, respectively, of bonds of the old series described above, to be outstanding on the effective date of the merger."

The second full paragraph, page 18, of Exhibit 1 is hereby amended to read as follows:

> "After the effective date of the merger, all certificates representing outstanding shares of stock of any subsidiary merged into U.G.I. and all outstanding bonds of any such subsidiary shall represent no rights other than the rights of the holders thereof to receive, on surrender thereof for cancellation as set forth above, the shares or bonds of U.G.I. or cash hereinabove stated as the exchange therefor; all other rights of such stockholders or bondholders against or with respect to U.G.I. or such subsidiaries shall cease, determine and become void."

Exhibit 1 is hereby amended by adding thereto, following the second full paragraph on page 22 thereof, the following:

> "ACQUISITION OF CAPITAL STOCK
> OF CONSUMERS GAS COMPANY
>
> On or about July 1, 1951, Drexel & Co. acquired 1,459 shares of the capital stock of Consumers Gas Company at a price of $20.25 per share, and it still owns such shares. Drexel & Co. has offered to sell these shares, at its cost, to U.G.I. on U.G.I.'s request therefor.
>
> At July 11, 1952, the market value of the Consumers Gas Company capital stock was approximately $23.50 per share. U.G.I. proposes to acquire these shares of Consumers capital stock at their cost to Drexel & Co. as soon as practicable following S.E.C. approval of the Plan and prior to the effective date of the merger."

Paragraph numbered 1, page 22, of Exhibit 1 is hereby amended to read as follows:

> "1. The carrying out of the various parts of the Plan is subject to the securing of all necessary approvals and consents of governmental bodies, agencies or authorities having jurisdiction over the various transactions."

Paragraph numbered 4, page 23, of Exhibit 1 is hereby amended to read as follows:

> "4. That S.E.C., pursuant to the request of U.G.I. contained in the Application submitting this Plan, shall apply to a Court, in accordance with the provisions of subsection (f) of Section 18 of the Act, to enforce and carry out the terms and provisions of Part 2 of the Plan, and such Court, after notice and opportunity for hearing, shall enter a decree or order approving Part 2 of the Plan as fair and equitable and as appropriate to effectuate the provisions of Section 11 of the Act, and shall have taken action to enforce and to carry out the terms and provisions of Part 2 of the Plan, and such decree or order is no longer subject to judicial review."

AMENDMENTS TO MERGER AGREEMENT
WHICH IS EXHIBIT A TO EXHIBIT 1 TO THE APPLICATION

The first two lines of the Merger Agreement, page 1 of Exhibit A, shall be amended to read as follows:

"AGREEMENT OF MERGER made and entered into as of the 31st day of December, 1952, by and among ALLENTOWN-BETHLEHEM GAS COMPANY"

Paragraph (d) on page 3 of said Exhibit A is hereby amended to read as follows:

"(d) has an authorized indebtedness of $10,000,000 and has First Mortgage Bonds issued and outstanding consisting of $2,172,000 of 3-3/4% Series (reduced to 3% effective March 1, 1947) due September 1, 1965, $1,455,000 of 3-1/4% Series due December 1, 1968, and $1,500,000 of 3.348% Series due June 1, 1976, or $5,127,000 in the aggregate;"

Paragraph (d) on page 4 of said Exhibit A is hereby amended to read as follows:

"(d) has an authorized indebtedness of $5,000,000 and has issued and outstanding a 4% Promissory Note in the principal amount of $875,000 to U.G.I., due September 1, 1953;"

Paragraph (d) on page 5 of said Exhibit A is hereby amended to read as follows:

"(d) has an authorized indebtedness of $10,000,000, and has issued and outstanding First Mortgage Bonds to the extent of $2,002,000 of 2-5/8% Series due May 1, 1971, $970,000 of 3-1/8% Series due May 1; 1971; and $1,000,000 of 3.15% Series due May 1, 1976, or $3,972,000 in the aggregate;"

Paragraph (c) on page 6 of said Exhibit A is hereby amended to read as follows:

"(c) has an authorized capital stock of 8,000 Preferred shares, each having a par value of $50, or $400,000 in the aggregate, no such shares being now outstanding (but 3,158 of such shares having been issued and redeemed and now held as Treasury shares), and of 20,000 Common shares, each having a par value of $50, or $1,000,000 in the aggregate, of which 19,800 shares, or $990,000 in the aggregate, are issued and outstanding;"

The last Paragraph (d) on page 7 of said Exhibit A is hereby amended to read as follows:

"(d) has an authorized indebtedness of $10,000,000 and has issued and outstanding Promissory Notes in the aggregate principal amount of $ to banks, payable in installments, the last installment being due July 1, 1955."

The first full paragraph on page 9 of said Exhibit A is hereby amended to read as follows:

"NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the premises and of the terms and conditions hereinafter set forth and of other good and valuable considerations, have mutually agreed and do hereby mutually agree, pursuant to said Act of May 3, 1909 and the various supplements and amendments thereto, that, effective as of the close of business on December 31, 1952, Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia shall be merged with and into U.G.I. which shall be the surviving corporation, and all the rights, privileges and franchises (except to the extent hereinafter otherwise provided) and all the estate and property now vested in each of the parties hereto so merged shall be possessed by and vested in U.G.I. as the surviving corporation under the following terms and conditions and with the following mode of carrying said merger into effect:"

Paragraphs numbered 5 and 6 on page 11 of said Exhibit A are hereby amended to read as follows:

"5. The principal office of the Company shall be located at 1401 Arch Street, Philadelphia, Pennsylvania, until such time as it may be changed by proper corporate action duly taken."

"6. The By-Laws of U.G.I., party hereto, shall be the By-Laws of the Company, except that Article XV relating to amendments shall be amended to read as follows:

'Section 1. These By-Laws, except as provided below, may be amended, repealed or added to from time to time, by a vote of a majority of the Board of Directors at any regular meeting, or at any special meeting, when notice of the proposed amendment, repeal or addition shall have been given in the call for such special meeting. Such action by the Board of Directors is subject, however, to the general right of the stockholders to amend or repeal any provision of these By-Laws whether made, amended, repealed or added to by the Board of Directors or otherwise. The provisions of Article I of these By-Laws may only be amended, repealed or added to by the stockholders.'"

The last paragraph of Paragraph 7 on page 12 of said Exhibit A is hereby amended to read as follows:

> "The authorized shares of stock of the Company not needed in converting the stock of the corporations, parties hereto, into that of the Company may be issued and disposed of from time to time by the Board of Directors of the Company to such persons and upon such terms and conditions as in their absolute discretion they may deem advisable, but in no event at less than the par value thereof; except as may be otherwise provided by paragraph 14 of Appendix A hereto attached."

There shall be added to the end of Paragraph 14 on page 17 of said Exhibit A the following:

> "It is the further intention of the parties hereto that the said merger shall become effective at the close of business on December 31, 1952 and that the original or copy of this Agreement and the certificates referred to in this paragraph 14 be delivered to the Department of State of the Commonwealth of Pennsylvania at such time as will ensure its approval of this Agreement as of said date and time."

There shall be added to said Exhibit A, at page 46 following Appendix A thereof, a certificate by each of the Secretaries of the corporations parties to the Agreement of Merger substantially in the following forms:

ALLENTOWN-BETHLEHEM GAS COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of Allentown-Bethlehem Gas Company, do hereby certify that a meeting of the stockholders of said Allentown-Bethlehem Gas Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said Allentown-Bethlehem Gas Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of Allentown-Bethlehem Gas Company held as aforesaid, the said Agreement of Merger was submitted to said stockholders (there being shares of

capital stock of said Allentown-Bethlehem Gas Company entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held there were shares of the entire capital stock of said Allentown-Bethlehem Gas Company voted in favor of said Agreement of Merger and there were shares voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of
ALLENTOWN-BETHLEHEM GAS COMPANY

(SEAL)

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF [redacted] :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of [redacted] who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

CONSUMERS GAS COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of Consumers Gas Company, do hereby certify that a meeting of the stockholders of said Consumers Gas Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said Consumers Gas Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of Consumers Gas Company held as aforesaid, the said Agreement of Merger was submitted to said stockholders (there being shares of

capital stock of said Consumers Gas Company entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held there were shares of the entire capital stock of said Consumers Gas Company voted in favor of said Agreement of Merger and there were shares voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of

(SEAL) CONSUMERS GAS COMPANY

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of [redacted] who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

THE HARRISBURG GAS COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of The Harrisburg Gas Company, do hereby certify that a meeting of the stockholders of said The Harrisburg Gas Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said The Harrisburg Gas Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders, of The Harrisburg Gas Company held as aforesaid, the said

Agreement of Merger was submitted to said stockholders (there being shares of 4½% Preferred Stock and shares of common stock of [illegible] entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held more than a majority in amount of the entire capital stock of said corporation was voted in favor of said Agreement of Merger, to wit:

shares of 4½% Preferred stock of the par value of $ per share, or an aggregate of $, of the total outstanding issue of 4,838 such shares aggregating $, and

shares of the Common stock of the stated value of $ per share, or an aggregate of $, of the total outstanding issue of 41,433 such shares aggregating $, and

shares of said Preferred stock, aggregating $, and shares of said Common stock, aggregating $, were voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

(SEAL)

Secretary of [illegible]

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF [redacted] :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of [redacted], who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

LANCASTER COUNTY GAS COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of Lancaster County Gas Company, do hereby certify that a meeting of the stockholders of said Lancaster County Gas Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said Lancaster County Gas Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of Lancaster County Gas Company held as aforesaid, the said Agreement of Merger was submitted to said stockholders (there being shares of

capital stock of said Lancaster County Gas Company entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held there were shares of the entire capital stock of said Lancaster County Gas Company voted in favor of said Agreement of Merger and there were shares voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of
LANCASTER COUNTY GAS COMPANY

(SEAL)

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF [redacted] :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of [redacted] who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

LEBANON VALLEY GAS COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of Lebanon Valley Gas Company, do hereby certify that a meeting of the stockholders of said Lebanon Valley Gas Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said Lebanon Valley Gas Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of Lebanon Valley Gas Company held as aforesaid, the said Agreement of Merger was submitted to said stockholders (there being shares of

capital stock of said Lebanon Valley Gas Company entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held there were shares of the entire capital stock of said Lebanon Valley Gas Company voted in favor of said Agreement of Merger and there were shares voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of
LEBANON VALLEY GAS COMPANY

(SEAL)

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of [redacted] who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

LUZERNE COUNTY GAS AND ELECTRIC CORPORATION

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of Luzerne County Gas and Electric Corporation, do hereby certify that a meeting of the stockholders of said Luzerne County Gas and Electric Corporation was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said Luzerne County Gas and Electric Corporation at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of Luzerne County Gas and Electric Corporation held as aforesaid, the said

Agreement of Merger was submitted to said stockholders (there being shares of 4¼% Preferred Stock and shares of common stock of Luzerne County Gas and Electric Corporation entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held more than a majority in amount of the entire capital stock of said corporation was voted in favor of said Agreement of Merger, to wit:

shares of 4¼% Preferred stock of the par value of $ per share, or an aggregate of $, of the total outstanding issue of 25,000 such shares aggregating $, and

shares of the Common stock of the stated value of $ per share, or an aggregate of $, of the total outstanding issue of 176,694 such shares aggregating $, and

shares of said Preferred stock, aggregating $, and shares of said Common stock, aggregating $, were voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION

(SEAL)

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF LUZERNE :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

THE PHILADELPHIA GAS WORKS COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of The Philadelphia Gas Works Company, do hereby certify that a meeting of the stockholders of said The Philadelphia Gas Works Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said The Philadelphia Gas Works Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of The Philadelphia Gas Works Company held as aforesaid, the said Agreement of Merger was submitted to said stockholders (there being shares of

capital stock of said The Philadelphia Gas Works Company entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held there were shares of the entire capital stock of said The Philadelphia Gas Works Company voted in favor of said Agreement of Merger and there were shares voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of
THE PHILADELPHIA GAS WORKS COMPANY

(SEAL)

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF PHILADELPHIA :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of THE PHILADELPHIA GAS WORKS COMPANY who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

THE UNITED GAS IMPROVEMENT COMPANY

CERTIFICATE OF SECRETARY

To the Honorable Gene D. Smith,
Secretary of the Commonwealth of Pennsylvania:

I, the undersigned, Secretary of The United Gas Improvement Company, do hereby certify that a meeting of the stockholders of said The United Gas Improvement Company was held at the principal office of the said Company on , 1952, at o'clock .M. (Eastern Daylight Saving Time), for the purpose of taking action on the adoption or rejection of the above and foregoing Agreement of Merger dated , 1952, entered into by and between the Directors of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company, and The United Gas Improvement Company, under their respective corporate seals, for the merger of all of the said corporations into a single corporation to be known by the name, style and title of The United Gas Improvement Company.

That said Agreement of Merger was submitted to the stockholders of said The United Gas Improvement Company at said meeting held on , 1952, which said meeting was called separately for the purpose of taking action on the adoption or rejection of the said Agreement of Merger, notice of the time and place of holding which said meeting and of the object thereof being duly given in writing not less than ten (10) days before the date of said meeting to each stockholder of record of the said Company whether or not entitled to vote on such Agreement of Merger.

That at the said meeting of the stockholders of The United Gas Improvement Company held as aforesaid, the said Agreement of Merger was submitted to said stockholders (there being shares of

capital stock of said The United Gas Improvement Company entitled to vote thereupon) and a vote by ballot was duly taken in the manner prescribed by law, for the adoption or rejection of the same; and at the election so held there were shares of the entire capital stock of said The United Gas Improvement Company voted in favor of said Agreement of Merger and there were shares voted against the approval thereof.

Witness my hand and the seal of said corporation this day of , 1952.

Secretary of
THE UNITED GAS IMPROVEMENT COMPANY

(SEAL)

COMMONWEALTH OF PENNSYLVANIA:
: SS
COUNTY OF PHILADELPHIA :

Before me, a notary public in and for the county aforesaid, personally appeared , Secretary of THE UNITED GAS IMPROVEMENT COMPANY who, having been duly sworn, deposes and says that the statements contained in the foregoing certificate are true and correct.

Sworn to and subscribed:
before me this day:
of , 1952. :

Notary Public

My Commission Expires:

AMENDMENTS TO THE PREFERENCES OF U.G.I. CAPITAL STOCK
WHICH IS APPENDIX A TO EXHIBIT A TO EXHIBIT 1 TO THE APPLICATION

The first sentence of Paragraph numbered 2 on page 30 of said Appendix A is hereby amended to read as follows:

> "2. The holders of each series of the Preferred Stock at the time outstanding shall be entitled to receive, but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential dividends, at the annual dividend rate for the particular series fixed therefor as herein provided, payable quarter-yearly on the first days of January, April, July and October in each year, to stockholders of record on the respective dates, not exceeding seventy (70) days and not less than ten (10) days, preceding such dividend payment dates, fixed for the purpose by the Board of Directors."

Sub-paragraph (a) of Paragraph numbered 8(A) on page 36 of said Appendix A is hereby amended to read as follows:

> "(a) Authorize or issue (any such issuance to be within 180 days after such written consent or vote) any kind of stock (other than a series of the Preferred Stock) ranking prior to or on a parity with the Preferred Stock, or authorize or issue any obligation or security convertible into shares of stock of any such kind; or"

Delete the words "prior to or" in the 3rd and 17th lines of sub-paragraph (b) of Paragraph numbered 8(B) on page 37 of said Appendix A.

Sub-paragraph (d) of Paragraph numbered 8(B) on pages 38 and 39 of said Appendix A is hereby amended to read as follows:

> "(d) Issue any unsecured notes, debentures or other securities representing unsecured indebtedness, or assume any such unsecured securities, for purposes other than the refunding of outstanding unsecured securities theretofore issued or assumed by the Company or the reacquisition, redemption or other retirement of any indebtedness, authorized by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 or by any

successor commission or other regulatory authority of the United States of America having jurisdiction over the reacquisition, redemption or other retirement of such indebtedness, or the reacquisition, redemption or other retirement of all outstanding shares of the Preferred Stock, if, immediately after such issue or assumption, the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Company and then outstanding, including the unsecured securities then to be issued or assumed but excluding unsecured indebtedness maturing within one year after such issue or assumption, would exceed ten per centum (10%) of the aggregate of (i) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Company and then to be outstanding, and (ii) the capital and surplus of the Company as then to be stated on the books of account of the Company; or"

Sub-paragraph (E) of Paragraph numbered 10 on pages 42 and 43 of said Appendix A is hereby amended to read as follows:.

"(E) Whenever under the provisions of subparagraph (B) hereof, the right shall have accrued to the holders of the Preferred Stock to elect directors, it shall be the duty of the president, a vice-president or the secretary of the Company forthwith to call and cause notice to be given to the shareholders entitled to vote at a meeting to be held at such time as the Company's officers may fix, not less than forty-five nor more than sixty days after the accrual of such right, for the purpose of electing directors. The notice so given shall be mailed to each holder of record of the Preferred Stock at his last known address appearing on the books of the Company and shall set forth, among other things, (i) that by reason of the fact that dividends payable on the Preferred Stock are in default in an amount equal to four full quarterly payments or more per share, the holders of the Preferred Stock, voting separately as a class, have the right to elect the smallest number of directors necessary to constitute a majorty of the full Board of Directors of the Company, (ii) that any holder of the Preferred Stock has the right, at any reasonable time, to inspect, and make copies of, the list or lists of holders of the Preferred Stock maintained at the principal office of the Company or at the office of any Transfer Agent of the Preferred Stock, and (iii) either the entirety of this paragraph or the substance thereof with respect to the number of shares of the Preferred Stock required to be represented at any meeting, or adjournment thereof, called for the election of directors of the Company. At the first meeting of stockholders held for the purpose of electing directors during such time as the holders

of the Preferred Stock shall have the special right, voting separately as a class, to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding Common Stock shall be required to constitute a quorum of such class for the election of directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of all Series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors; provided, however, that in the absence of a quorum of the holders of the Preferred Stock, no election of directors shall be held, but a majority of the holders of the Preferred Stock who are present in person or by proxy shall have power to adjourn the election of the directors to a date not less than fifteen nor more than fifty days from the giving of the notice of such adjourned meeting hereinafter provided for; and provided, further, that at such adjourned meeting, the presence in person or by proxy of the holders of 35% of the outstanding shares of all Series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors. In the event such first meeting of stockholders shall be so adjourned, it shall be the duty of the president, a vice-president or the secretary of the Company, within ten days from the date on which such first meeting shall have been adjourned, to cause notice of such adjourned meeting to be given to the shareholders entitled to vote thereat, such adjourned meeting to be held not less than fifteen days nor more than fifty days from the giving of such second notice. Such second notice shall be given in the form and manner hereinabove provided for with respect to the notice required to be given of such first meeting of stockholders, and shall further set forth that a quorum was not present at such first meeting and that the holders of 35% of the outstanding shares of all Series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors at such adjourned meeting. If the requisite quorum of holders of the Preferred Stock shall not be present at said adjourned meeting, then the directors of the Company then in office shall remain in office until the next Annual Meeting of the Company, or special meeting in lieu thereof, and until their successors shall have been elected and shall qualify. Neither such first meeting nor such adjourned meeting shall be held on a date within sixty days of the date of the next Annual Meeting of the Company or special meeting in lieu thereof. At each Annual Meeting of the Company, or special meeting in lieu thereof, held during such time as the holders of the Preferred Stock, voting separately as a class, shall have the right to elect a majority of the Board of Directors, the foregoing provisions of this paragraph shall govern such Annual Meeting, or special meeting in lieu thereof, as if said Annual Meeting or special meeting were the first meeting of stockholders held for the purpose of electing directors after the right of the holders of the Preferred Stock, voting separately as a class, to elect a majority of the Board of Directors, should have accrued,

with the exception that if, at any adjourned Annual Meeting, or special meeting in lieu thereof, 35% of the outstanding shares of all Series of the Preferred Stock is not present in person or by proxy, all the directors shall be elected by a vote of the holders of a majority of the Common Stock of the Company present or represented at the meeting."

The first full paragraph of Paragraph numbered 14 on page 45 of said Appendix A is hereby amended to read as follows:

"14. The holders of shares of the Common Stock shall have the prior right, in proportion to the number of shares of Common Stock held by them respectively, to purchase additional shares of Common Stock and securities convertible into Common Stock issued by the Company upon original issuance and sale for cash. Such prior right may not be altered without the consent (given im writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of at least two-thirds of the total number of shares of the Common Stock then outstanding. Such prior rights shall be exercisable only at the price at which such stock or securities are to be sold as fixed at the time by the Board of Directors of the Company and only within such period of time as shall be prescribed at the time by the Board of Directors of the Company but not less than fifteen (15) days following the mailing to such stockholders of notice of their right to purchase such additional shares. Except as above provided in this paragraph 14, no holder of shares of the Common Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock, or securities convertible into stock, of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services, by way of dividends, or otherwise."

(EXHIBIT B to EXHIBIT 1 - PROPOSED MORTGAGE AND DEED OF TRUST - OMITTED FROM THIS COPY)

Exhibit C 3A
Amended

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1951
AND THE UNITED GAS IMPROVEMENT COMPANY
PRO FORMA BALANCE SHEET, DECEMBER 31, 1951
(after giving effect to Parts I and II of the Plan dated December 18, 1951)

ASSETS AND OTHER DEBITS	The U.G.I.Co. and Subsidiary Companies Consolidated	Adjustment (Increase) Decrease	Pro Forma The U.G.I.Co. After Giving Effect to Parts I and II of Plan
Plant and Equipment (including tangibles):			
Electric and Gas Utility Plant:			
Original Cost	$67,142,527	($5,234,460)	$72,376,987
Acquisition Adjustments	(204,202)	-	(204,202)
Non-Utility Plant, at cost	9,051,728	9,051,728	-
	75,990,053	3,817,268	72,172,785
Less - Reserve for Depreciation and Amortization	20,703,404	2,217,902	18,485,502
	55,286,649	1,599,366	53,687,283
Investments (at cost or less):			
Investment Securities:			
Other Companies	4,642,743	-	4,642,743
Other Physical Property	132,446	(5,020,755)	5,153,201
Less - Reserve for Depreciation and Amortization	-	(2,506,623)	2,506,623
	132,446	(2,514,132)	2,646,578
Other Investments	3,000	-	3,000
	4,778,189	(2,514,132)	7,292,321
Advances to The Philadelphia Gas Works Company, Lessee	5,200,000	5,200,000	-
Loans in Connection with operation of City of Philadelphia Gas Works	-	(5,200,000)	5,200,000
Sinking and Special Funds	256,946	-	256,946
Current and Accrued Assets:			
Cash on Hand and Demand Deposits in Banks	3,060,320	(54,828)	3,115,148
Special Deposits	228,388	(514)	228,902
Temporary Cash Investments	1,800,767	1,500,767	300,000
Accounts Receivable:			
Customers (Service)	1,082,986	(18,788)	1,101,774
Merchandise and Jobbing (Including installment accounts)	531,413	(3,363)	534,776
Others	98,494	-	98,494
Less - Reserve for Uncollectible Accounts	(151,924)	(1,332)	(153,256)
The Philadelphia Gas Works Company, Lessee	1,268,296	1,268,296	-
Receivable in connection with operation of City of Philadelphia Gas Works	-	(1,268,296)	1,268,296
Affiliated Companies	-	-	-
Interest and Rents Receivable	65,100	-	65,100
Materials and Supplies	2,278,864	(7,874)	2,286,738
Prepayments	92,219	(1,310)	93,529
Total Current and Accrued Assets	10,354,923	1,415,422	8,939,501
Deferred Debits:			
Amount Receivable by Ugite Sales Corporation under Agreement	425,000	425,000	-
Other	564,078	-	564,078
	989,078	425,000	564,078
TOTAL ASSETS AND OTHER DEBITS	$76,865,785	$925,656	$75,940,129

LIABILITIES AND OTHER CREDITS	The U.G.I.Co. and Subsidiary Companies Consolidated	Adjustment (Increase) Decrease	Pro Forma The U.G.I.Co. After Giving Effect to Parts I and II of Plan
Capital Stocks and Surplus:			
Preferred stock - 4½% Series - $100 par value	$ -	($2,500,000)	$ 2,500,000
Capital Stock - $13.50 par value	16,614,990	16,614,990	-
Common Stock - $13.50 par value	-	(18,146,727)	18,146,727
Surplus:			
Earned	24,421,978	(237,172)	24,659,150
Reserved for Possible Losses on Investments	3,844,421	3,844,421	-
Capital	824,489	(5,889,407)	6,713,896
Net excess of equity in Capital Stocks of subsidiary companies at dates of acquisition or reorganization over investment therein	317,689	317,689	-
Minority interest in subsidiary companies:			
Capital Stocks	3,004,454	3,004,454	-
Surplus	277,202	277,202	-
Preferred stocks - subsidiary companies	2,986,470	2,986,470	-
Total Capital Stocks and Surplus	52,291,693	271,920	52,019,773
Long-term Debt:			
Bonds - The U.G.I. Co.	-	(15,758,000)	15,758,000
Bonds - subsidiary companies	15,758,000	15,758,000	-
Less - Sinking Fund requirements due in 1952 (estimated)	(110,000)	-	(110,000)
Notes Payable - Banks	1,950,000	-	1,950,000
	17,598,000	-	17,598,000
Current and Accrued Liabilities:			
Notes Payable - banks	2,115,000	915,000	1,200,000
Sinking Fund requirements - estimated	110,000	-	110,000
Accounts Payable	806,399	(30,027)	836,426
Dividends declared	128,010	-	128,010
Matured Interest	107,435	-	107,435
Customers' Deposits	75,879	(7,846)	83,725
Taxes Accrued	2,361,616	(277)	2,361,893
Interest Accrued	82,293	(727)	83,020
Other	134,341	(1,928)	136,269
Total Current and Accrued Liabilities	5,920,973	874,195	5,046,778
Deferred Credits	141,386	(176,572)	317,958
Reserves:			
Other	429,671	(42,179)	471,850
Prior Years' Taxes	210,671	-	210,671
	640,342	(42,179)	682,521
Contributions in Aid of Construction	273,391	(1,708)	275,099
TOTAL LIABILITIES AND OTHER CREDITS	$76,865,785	$925,656	$75,940,129

DECLARATION PURSUANT TO RULE U-62

Declaration with respect to solicitation of proxies for special meeting of stockholders of The United Gas Improvement Company to act on the Agreement of Merger which is Exhibit A to the Comprehensive Plan dated December 18, 1951, as amended

1. The United Gas Improvement Company (U.G.I.) proposes to solicit proxies from its stockholders to act on the adoption or rejection of the agreement for the merger of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company with and into The United Gas Improvement Company as the surviving corporation, which is set out as Exhibit A to the Comprehensive Plan dated December 18, 1951, as amended, of U.G.I., heretofore filed as Exhibit 1 to the Application filed by U.G.I. for an order of the Commission for approval of such Plan pursuant to Section 11(e) and other sections of the Public Utility Holding Company Act of 1935, to which Application this Declaration is Exhibit 3.

2. After securing all necessary Governmental approvals, U.G.I. will make the solicitation by mailing to its stockholders, at least ten days prior to the date fixed for the meeting, a printed booklet containing the letter of solicitation, the Notice of Meeting and the other material referred to in the letter of solicitation, accompanied by a form of Proxy, which booklet and form of Proxy shall be in substantially the forms attached hereto as Exhibit 3-A. The cost of preparing, assembling and mailing the booklet and Proxy will be paid by U.G.I.

3. U.G.I. requests that this Declaration shall become effective immediately upon the issuance of the Commissiom's Order with respect to the Application filed in this proceeding for approval of said Comprehensive Plan.

EXHIBIT 3-A

THE UNITED GAS IMPROVEMENT COMPANY

1401 Arch Street

Philadelphia 5, Pa.

BOOKLET

RELATING TO COMPREHENSIVE PLAN, AS AMENDED,

FILED WITH THE SECURITIES AND EXCHANGE COMMISSION

PURSUANT TO SECTION 11(e)

OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Dated: , 1952.

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4. S.E.C. Report to U.G.I. Stockholders, pursuant to Section 11(g) of the Holding Company Act .....

5. Agreement of Merger dated as of December 31, 1952, providing for the merger into U.G.I. of its public utility subsidiaries.....

6. Formal Notice of Hearing on , 1952, before the District Court of the United States for the Eastern District of Pennsylvania on S.E.C.'s Application to the Court for an enforcement order with respect to Part 2 of the above Plan .....

Enclosure - Form of Proxy to be used by U.G.I. Stockholders for voting on said Agreement of Merger.

THE UNITED GAS IMPROVEMENT COMPANY
1401 Arch Street
Philadelphia 5, Pa.

, 1952.

TO THE HOLDERS OF THE CAPITAL STOCK
OF THE UNITED GAS IMPROVEMENT COMPANY:

Under date of February 8, 1952, we notified you that The United Gas Improvement Company (U.G.I.) had filed on December 19, 1951, with the Securities and Exchange Commission (S.E.C.) an Application for the approval of the Comprehensive Plan (Plan) dated December 18, 1951, of U.G.I., providing, among other things, for the reorganization of the U.G.I. System pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935 (Act), and that the S.E.C. had called a public hearing to be held in its offices on February 27, 1952, on this matter. Your attention was directed to S.E.C.'s Notice of Filing and Order for Hearing dated January 22, 1952, containing a summary of the Plan and other information concerning the hearing, set forth on the pages following the notice. Public hearings were held by S.E.C. on February 27 and 28, 1952.

We now wish to inform you that the Plan, as amended, was approved by S.E.C. by its Order entered on , 1952, in accordance with the Findings and Opinion adopted by S.E.C. on the same date. The Findings, Opinion and Order of S.E.C. are printed in full on pages to of this booklet.

In accordance with U.G.I.'s request, S.E.C. has applied to the District Court of the United States for the Eastern District of Pennsylvania, pursuant to the provisions of Sections 11(e) and 18(f) of the Act, to enforce and carry out the terms and provisions of Part 2 of such Plan, as amended. The United States District Court has ordered a hearing to be held before it in Philadelphia, Pa., on , 1952, in connection with S.E.C.'s application for enforcement of such Part 2. The formal notice of hearing prescribed by the Court's order is printed on page of this booklet.

As we informed you earlier, the purpose of the Plan is to achieve greater efficiency and economy in the operation of U.G.I. and its system companies, to effect a tax saving, to enable the stockholders of U.G.I. to hold directly their investment in its subsidiary companies, to complete compliance by U.G.I. and its system companies with the provisions of Section 11 of the Holding Company Act and for U.G.I. to cease to be a holding company.

The approved Plan is divided into four parts and provides in substance for (1) the conversion of U.G.I. into a Pennsylvania public utility company; (2) the merger into U.G.I. of all of its public utility subsidiaries and for the dissolution of its non-utility subsidiaries, U.G.I. to remain the surviving and continuing corporation and to conduct as one public utility operating company the operations now conducted by U.G.I. and its various subsidiaries in Pennsylvania; (3) the disposal by U.G.I. of its securities in non-subsidiary companies, as required by S.E.C. (except Note of Delaware Coach Company), within one year from the date of the merger referred to above; and (4) the obtaining of an order under the Public Utility Holding Company Act of 1935 that U.G.I. has ceased to be a holding company and that its registration under the Act will cease to be in effect.

Part 1 of this Plan has been consummated and U.G.I. presently is a Pennsylvania public utility company. U.G.I. now proposes to take all requisite action to complete that part of Part 2 of this Plan which contemplates the merger into U.G.I. of all of its public utility subsidiaries, U.G.I. to survive and continue and to conduct as a public utility operating company the operations now conducted by U.G.I. and its various utility subsidiaries.

The Agreement of Merger, under which its public utility subsidiaries would be merged into U.G.I. is printed in full

on pages to of this booklet. The Merger Agreement describes the companies being merged, the capitalization of the merging and merged companies, sets forth the rights and preferences of the new U.G.I. Preferred Stock (in Appendix A to Merger Agreement), provides for the treatment to be accorded the outstanding securities of U.G.I. and subsidiary companies on the merger, provides that upon the merger becoming effective, the outstanding securities affected thereby shall represent no rights other than the rights accrued to them under the Merger Agreement, and all other rights of such holders with respect to their securities shall thereupon cease and become void, and covers many other matters, and your attention is directed to this Agreement for the detailed provisions thereof.

Upon consummation of the merger, U.G.I. will have issued and outstanding $15,648,000 principal amount of First Mortgage Bonds (composed of seven series ranging in interest rates from 2-5/8% to 3.348%), notes payable to banks in the amount of $3,500,000, and will have an authorized capital stock of 2,464,759 shares, consisting of 50,000 shares of Preferred Stock of the par value of $100 per share, including a series to be presently outstanding of 25,000 shares of 4-1/4% Preferred Stock, and 2,414,759 shares of Common Stock of the par value of $13.50 per share, of which 1,344,202 (excluding 9,219 shares held by U.G.I.) shares will be issued and outstanding.

With respect to your U.G.I. stock, the agreement provides that stockholders of U.G.I. shall continue to be such stockholders and enjoy all their rights and privileges as such without surrendering their present certificates of U.G.I. Capital Stock, provided, however, stockholders may, after the Merger Agreement becomes effective, surrender their present certificates and receive in exchange therefor certificates representing a like number of shares of new Common Stock of U.G.I.

While no special ruling on the question has been obtained from the Federal Bureau of Internal Revenue, U.G.I. is advised by its counsel that in their opinion neither gain nor loss will be recognized for Federal income tax purposes by reason of the exchange of securities provided for in the Merger Agreement.

The Board of Directors of U.G.I. has called a special meeting of its stockholders to be held on , 1952, at 12 o'clock Noon in the Auditorium of The Insurance Company of North America Building, 1600 Arch Street, Philadelphia, Pa., for the purpose of considering and acting upon this Merger Agreement. On page of this booklet is printed the formal notice of this special meeting, and a form of proxy for use in connection with this meeting is enclosed.

The Board of Directors of U.G.I., believing the Plan (including the proposed merger) to be necessary and appropriate to effectuate the provisions of Section 11(b) of the Public Utility Holding Company Act of 1935 and to be fair and equitable to the security holders affected thereby, approved the Plan and directed its filing with S.E.C., as you were previously advised. The Board at a meeting on , 1952, approved the Merger Agreement and the directors have duly executed it on behalf of U.G.I. The Boards of Directors of the subsidiary companies have approved the Merger Agreement and each of these Boards of Directors has executed it on behalf of their respective companies.

The S.E.C. has approved the Plan (including the proposed Merger Agreement), as stated above, after finding it is necessary and appropriate to effectuate the provisions of the Act and that it is fair and equitable to all security holders affected thereby.

The Pennsylvania Public Utility Commission, after public hearing, by its Order dated June 16, 1952, approved the

proposed merger. The Federal Power Commission by its Order dated , 1952, gave such approval as was required of it.

There is printed on pages to of this booklet a Report of S.E.C. to you, pursuant to Section 11(g) of the Act, which should be carefully read and considered by you.

For the reasons set forth above, the Directors and Management of U.G.I. recommend that you vote in favor of the merger.

Under the law of Pennsylvania, the favorable vote of the holders of not less than a majority of the outstanding shares of the stock of U.G.I. is required to the merger and therefore you are urged, in the event that you do not expect to attend the meeting in person, to sign, date and mail promptly the accompanying Proxy in the enclosed return envelope, for which no postage is necessary if mailed in the United States.

As indicated above, the hearing by the District Court of the United States will take place on , 1952, after the special meeting of the stockholders of U.G.I. has been held. Subject to the favorable vote of not less than a majority of the outstanding shares of the stock of U.G.I. to the merger and the receipt of an appropriate order from the District Court of the United States enforcing Part 2 of the Plan, U.G.I. intends that the merger will become effective at the close of business on December 31, 1952.

We shall be glad to answer any questions which you may care to ask in regard to the proposed merger.

By order of the Board of Directors.

THE UNITED GAS IMPROVEMENT COMPANY,

By W. E. Long,
President.

THE UNITED GAS IMPROVEMENT COMPANY

Notice of Special Meeting of Stockholders
to be held 1952

To the Stockholders of
The United Gas Improvement Company:

Notice is hereby given that a special meeting of the stockholders of The United Gas Improvement Company will be held in the Auditorium of The Insurance Company of North America Building, 1600 Arch Street, Philadelphia, Pa., on , 1952, at 12 o'clock noon, Eastern Standard Time, for the purpose of considering and acting upon the adoption or rejection of the agreement dated as of December 31, 1952, for the merger of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company with and into The United Gas Improvement Company as the surviving corporation, a copy of which merger agreement accompanies this notice and is hereby incorporated herein by reference thereto; and for the purpose of considering and taking such further action in connection with, or for the purpose of effectuating the foregoing matter, as may be deemed advisable and to transact any and all other business that may properly come before the meeting.

The Board of Directors has fixed , 1952, as the record date for the determination of the stockholders entitled to vote at this meeting.

By order of the Board of Directors.

JOHNS HOPKINS, Secretary.

Philadelphia, Pa., , 1952.

Proxy Solicited by the Management

The undersigned stockholder of THE UNITED GAS IMPROVEMENT COMPANY hereby appoints Wm. W. Bodine, Walter E. Long and T. Leaming Smith, or any one of them, with full power of substitution, as proxy of the undersigned, to attend the Special Meeting of the Stockholders of the Company to be held on , 1952, at 12:00 o'clock Noon, Eastern Standard Time, and any adjournment thereof, and there in the name and behalf of the undersigned to vote upon the following:

1. ( ) In favor of the adoption (as requested by the management) or ( ) rejection of the agreement dated as of December 31, 1952, for the merger of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company with and into The United Gas Improvement Company as the surviving corporation.

   The shares represented hereby will be voted in favor of the adoption of the said agreement dated as of December 31, 1952, unless otherwise specified.

2. Such other business as may properly be brought before said meeting or any adjournment thereof.

The undersigned hereby acknowledges receipt of a booklet containing copies of a letter dated , 1952 and the material referred to therein, including the merger agreement hereinabove mentioned.

Dated , 1952.

_____ (SEAL)
(Signature of Stockholder)

PLEASE NOTE: This Proxy should be dated, signed and mailed promptly. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If the stock is registered in more than one name, each joint owner should sign. If the signer is a corporation, sign in full corporate name by duly authorized officer and attach the corporate seal.

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a 78 Rule 24

The
United Gas Improvement Company

1401 ARCH STREET
PHILADELPHIA 5, PA.

Booklet

Relating to Comprehensive Plan, as Amended,

Filed with the Securities and Exchange Commission

Pursuant to Section 11(e)

of the Public Utility Holding Company Act of 1935

Dated: October 6, 1952

O.K. H.M.H. FILE

RECORD FOLDER

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2. Formal Notice of Special Meeting of U.G.I. Stockholders to be held November 10, 1952, to act upon the Merger Agreement.

3. Findings, Opinion, Report and Order dated September 18, 1952, of S. E. C. approving the Plan.

4. Agreement of Merger dated as of December 31, 1952, providing for the merger into U.G.I. of its public utility subsidiaries.

5. Formal Notice of Hearing on November 12, 1952, before the District Court of the United States for the Eastern District of Pennsylvania on S. E. C.'s Application to the Court for an enforcement order with respect to Part 2 of the above Plan.

Enclosure—Form of Proxy to be used by U.G.I. Stockholders for voting on said Agreement of Merger, together with return envelope.

THE UNITED GAS IMPROVEMENT COMPANY

1401 Arch Street

Philadelphia 5, Pa.

October 6, 1952.

To the Holders of the Capital Stock
of The United Gas Improvement Company:

Under date of February 8, 1952, we notified you that The United Gas Improvement Company (U.G.I.) had filed on December 19, 1951, with the Securities and Exchange Commission (S.E.C.) an Application for the approval of the Comprehensive Plan (Plan) dated December 18, 1951, of U.G.I., providing, among other things, for the reorganization of the U.G.I. System pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935 (Act), and that the S.E.C. had called a public hearing to be held in its offices on February 27, 1952, on this matter. Your attention was directed to S.E.C.'s Notice of Filing and Order for Hearing dated January 22, 1952, containing a summary of the Plan and other information concerning the hearing, set forth on the pages following the notice. Public hearings were held by S.E.C. on February 27 and 28, 1952.

We now wish to inform you that the Plan, as amended, was approved by S.E.C. by its Order entered on September 18, 1952, in accordance with the Findings and Opinion of the S.E.C. with respect to the Plan under Section 11(e) of the Act, and Report of the Commission on such Plan pursuant to Section 11(g) of the Act. The Findings, Opinion, Report and Order of S.E.C. are contained in this booklet. They should be carefully read and considered by you.

In accordance with U.G.I.'s request, S.E.C. has applied to the District Court of the United States for the Eastern District of Pennsylvania, pursuant to the provisions of Sections 11(e) and 18(f) of the Act, to enforce and carry out the terms and provisions of Part 2 of such Plan, as amended. The United States District Court has ordered a hearing to be held before it in Philadelphia, Pa., on November 12, 1952, in connection with S.E.C.'s application for enforcement of such Part 2. The formal notice of hearing prescribed by the Court's order is contained in this booklet.

As we informed you earlier, the purpose of the Plan is to achieve greater efficiency and economy in the operation of U.G.I. and its system companies, to effect a tax saving, to enable the stockholders of U.G.I. to hold directly their investment in its subsidiary companies, to complete compliance by U.G.I. and its system companies with the provisions of Section 11 of the Holding Company Act and for U.G.I. to cease to be a holding company.

The approved Plan is divided into four parts and provides in substance for (1) the conversion of U.G.I. into a Pennsylvania public utility company; (2) the merger into U.G.I. of all of its public utility subsidiaries and for the dissolution of its non-utility subsidiaries, U.G.I. to remain the surviving and continuing corporation and to conduct as one public utility operating company the operations now conducted by U.G.I. and its various subsidiaries in Pennsylvania; (3) the disposal by U.G.I. of its securities in non-subsidiary companies, as required by S.E.C. (except Note of Delaware Coach Company), on or before June 15, 1953; and (4) the obtaining of an order under the Public Utility Holding Company Act of 1935 that U.G.I. has ceased to be a holding company and that its registration under the Act will cease to be in effect.

Part 1 of this Plan has been consummated and U.G.I. presently is a Pennsylvania public utility company. U.G.I., now proposes to take all requisite action to complete that part of Part 2 of this Plan which contemplates the merger into U.G.I. of all of its public utility subsidiaries, U.G.I. to survive and continue and to conduct as a public utility operating company the operations now conducted by U.G.I. and its various utility subsidiaries.

The Agreement of Merger, under which its public utility subsidiaries would be merged into U.G.I., is contained in this booklet. The Merger Agreement describes the companies being merged, the capitalization of the merging and merged companies, sets forth the rights and preferences of the new U.G.I. Preferred Stock (in Appendix A to Merger Agreement), provides for the treatment to be accorded the outstanding stocks of U.G.I. and subsidiary companies on the merger, provides that upon the merger becoming effective, the outstanding securities affected thereby shall represent no rights other than the rights accrued to them under the Merger Agreement, and all other rights of such holders with respect to their securities shall thereupon cease and become void, and covers many other matters, and your attention is directed to this Agreement for the detailed provisions thereof.

Upon consummation of the merger, U.G.I. will have issued and outstanding $15,648,000 principal amount of First Mortgage Bonds (composed of seven series ranging in interest rates from 2⅝% to 3.348%), notes payable to banks in the amount of $3,500,000, and will have an authorized capital stock of 2,464,759 shares, consisting of 50,000 shares of Preferred Stock of the par value of $100 per share, including a series to be presently outstanding of 25,000 shares of 4¼% Preferred Stock, and 2,414,759 shares of Common Stock of the par value of $13.50 per share, of which 1,344,202 shares (excluding 9,219 shares held by U.G.I.) will be issued and outstanding.

With respect to your U.G.I. stock, the agreement provides that stockholders of U.G.I. shall continue to be such stockholders and enjoy all their rights and privileges as such without surrendering their present certificates of U.G.I. Capital Stock, provided, however, stockholders may, after the Merger Agreement becomes effective, surrender their present certificates and receive in exchange therefor certificates representing a like number of shares of new Common Stock of U.G.I.

While no special ruling on the question has been obtained from the Federal Bureau of Internal Revenue, U.G.I. is advised by its counsel that in their opinion neither gain nor loss will be recognized for Federal income tax purposes by reason of the exchange of securities provided for in the Merger Agreement.

The Board of Directors of U.G.I. has called a special meeting of its stockholders to be held on November 10, 1952, at 12 o'clock Noon, in the Auditorium of the Insurance Company of North America Building, 1600 Arch Street, Philadelphia, Pa., for the purpose of considering and acting upon this Merger Agreement. This booklet contains formal notice of this special meeting, and a form of proxy for use in connection with this meeting is enclosed.

The Board of Directors of U.G.I., believing the Plan (including the proposed merger) to be necessary and appropriate to effectuate the provisions of Section 11(b) of the Public Utility Holding Company Act of 1935 and to be fair and equitable to the security holders affected thereby, approved the Plan and directed its filing with S.E.C., as you were previously advised. The Board at a meeting on September 23, 1952, approved the Merger Agreement and the directors have duly executed it on behalf of U.G.I. The Boards of Directors of the subsidiary companies have approved the Merger Agreement and each of these Boards of Directors has executed it on behalf of their respective companies.

The S.E.C. has approved the Plan (including the proposed Merger Agreement), as stated above, after finding it is necessary and appropriate to effectuate the provisions of the Act and that it is fair and equitable to all security holders affected thereby.

The Pennsylvania Public Utility Commission, after public hearing, by its Order dated June 16, 1952, approved the proposed merger. The Federal Power Commission by its Order issued September 4, 1952, gave such approval as was required of it.

For the reasons set forth above, the Directors and Management of U.G.I. recommend that you vote in favor of the merger.

Under the law of Pennsylvania, the favorable vote of the holders of not less than a majority of the outstanding shares of the stock of U.G.I. is required on the merger and therefore you are urged, in the event that you do not expect to attend the meeting in person, to sign, date and mail promptly the accompanying Proxy in the enclosed return envelope, for which no postage is necessary if mailed in the United States.

As indicated above, the hearing by the District Court of the United States will take place on November 12, 1952, after the special meeting of the stockholders of U.G.I. has been held. Subject to the favorable vote of not less than a majority of the outstanding shares of the stock of U.G.I. on the merger and the receipt of an appropriate order from the District Court of the United States enforcing Part 2 of the Plan, U.G.I. intends that the merger will become effective at the close of business on December 31, 1952.

We shall be glad to answer any questions which you may care to ask in regard to the proposed merger.

By order of the Board of Directors.

THE UNITED GAS IMPROVEMENT COMPANY,

By

WALTER E. LONG,
President.

THE UNITED GAS IMPROVEMENT COMPANY

Notice of Special Meeting of Stockholders to be held November 10, 1952

To THE STOCKHOLDERS OF
THE UNITED GAS IMPROVEMENT COMPANY:

Notice is hereby given that a special meeting of the stockholders of The United Gas Improvement Company will be held in the Auditorium of the Insurance Company of North America Building, 1600 Arch Street, Philadelphia, Pa., on November 10, 1952, at 12 o'clock noon, Eastern Standard Time, for the purpose of considering and acting upon the adoption or rejection of the agreement dated as of December 31, 1952, for the merger of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company with and into The United Gas Improvement Company as the surviving corporation, a copy of which merger agreement accompanies this notice and is hereby incorporated herein by reference thereto; and for the purpose of considering and taking such further action in connection with, or for the purpose of effectuating the foregoing matter, as may be deemed advisable and to transact any and all other business that may properly come before the meeting.

The Board of Directors has fixed October 6, 1952 as the record date for the determination of the stockholders entitled to vote at this meeting.

By order of the Board of Directors.

JOHNS HOPKINS,
Secretary.

Philadelphia, Pa., October 6, 1952.

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C.

September 18, 1952

In the Matter of

THE UNITED GAS IMPROVEMENT COMPANY
(File No. 54-201)

and

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES,
Respondents
(File No. 59-6)

(Public Utility Holding Company Act of 1935)

FINDINGS AND OPINION OF THE COMMISSION WITH REFERENCE TO SECTION 11(e) PLAN AND REPORT OF THE COMMISSION PURSUANT TO SECTION 11(g)

SIMPLIFICATION OF HOLDING COMPANY SYSTEM

Plan under Section 11(e)—Necessity

Plan filed by registered holding company pursuant to Section 11(e) of the Public Utility Holding Company Act, under which holding company and all of its subsidiaries would be merged into a single company, and pursuant to which new company would continue to control certain electric utility properties together with gas utility properties, all of which operations were located in a single state, held necessary to effectuate the provisions of Section 11(b) of the Act.

Plan under Section 11(e)—Stockholders Vote and Appraisal Rights

Provision of plan filed by registered holding company pursuant to Section 11(e) of the Public Utility Holding Company Act, contemplating vote of stockholders prior to consummating plan, held, not inconsistent with provisions of Section 11(b) of the Act, and provision in plan eliminating any appraisal rights otherwise provided by state statute held necessary and appropriate to effectuate the provisions of Section 11(b) of the Act.

Plan under Section 11(e)—Fairness

Plan filed by registered holding company pursuant to Section 11(e) of the Public Utility Holding Company Act, under which certain public holders of common stock of two subsidiaries were required to exchange such securities, receiving therefor common stock of the new merged company, and under which certain preferred stock was being retired and other preferred stock and bonds were exchanged for substantially equivalent securities, held, under all the circumstances, to be fair and equitable to the persons affected by such plan.

APPEARANCES:

Kenneth B. Anderson and *Garfield Scott*, and *Morgan, Lewis & Bockius* by *Thomas B. K. Ringe*, for The United Gas Improvement Company.

Percival E. Jackson and *Theodore N. Tarlau*, for Common Stockholders Committee of The United Gas Improvement Company.

Paul S. Davis, for the Division of Public Utilities of the Commission.

The United Gas Improvement Company ("UGI"), a registered holding company, has filed an application for approval of a plan under Section 11(e) of the Public Utility Holding Company Act of 1935 ("Act"). The plan provides, generally speaking, for the merger of UGI with all of its operating

utility subsidiaries and the exchange of UGI securities for all publicly-held securities of UGI's subsidiaries. Upon the filing of the plan (File No. 54-201), we consolidated the matter with our pending proceedings concerning UGI and its subsidiaries under Section 11(b)(1) of the Act (File No. 59-6). Pursuant to public notice a hearing was held and evidence received concerning the plan.[1] Requested findings of fact, briefs and oral argument were waived by all parties and participants, and the matter is now before us for disposition.

THE UGI SYSTEM

UGI, a Pennsylvania corporation and a registered holding company, is one of the oldest holding company systems in the United States. At the time of its registration under the Act in 1938 it controlled approximately thirty-nine public utility subsidiaries which operated electric facilities in eleven states and gas facilities in five states. In addition, it had approximately forty-one non-utility subsidiaries and had investments in numerous other companies. At the time of its registration, UGI had total consolidated assets of approximately $828,000,000.

Since its registration, UGI has, through numerous divestments and plans filed under Section 11(e), reduced its system until at the present time it has only nine subsidiaries and has total consolidated assets of approximately $77,000,000. Six of these subsidiaries are gas utility companies, one an electric and gas utility company and two are non-utility companies. These subsidiaries are all incorporated in Pennsylvania and conduct their operations entirely within that State. The names of the UGI subsidiaries, the percentage of common stock owned by UGI in the separate companies, and the types of business are as follows:

	Percentage of Common Stock Owned by UGI	Type of Business
Allentown-Bethlehem Gas Company	100.00%	Gas Utility
Consumers Gas Company (Reading, Pa.)	63.42%	Gas Utility
Harrisburg Gas Company, The	70.54%	Gas Utility
Lancaster County Gas Company	100.00%	Gas Utility
Lebanon Valley Gas Company	100.00%	Gas Utility
Luzerne County Gas and Electric Corporation	100.00%	Electric and Gas Utility
Philadelphia Gas Works Company, The*	100.00%	Gas Utility
Ugite Sales Corporation	100.00%	Inactive
Utilities Realty Company, The	100.00%	Real estate

* Pursuant to an agreement between the City of Philadelphia and The Philadelphia Gas Works Company, the latter manages and operates the municipally-owned gas works in the City of Philadelphia.

It will be noted that UGI owns all of the common stock of all of its subsidiaries except for Consumers Gas Company and The Harrisburg Gas Company. Consumers Gas Company has outstanding 220,872 shares of common stock, having a par value of $25 per share. Of these shares, 140,085 shares are owned by UGI and the balance by 491 different stockholders. The Harrisburg Gas Company has outstanding 41,433 shares of common stock, of which 29,225 shares are owned by UGI and the remaining shares are owned by 74 different stockholders.

UGI has outstanding 1,230,740 shares of common stock having a par value of $13.50 per share. The Company does not have outstanding any funded debt or preferred stock. Three of its subsidiaries now have outstanding first mortgage bonds aggregating $15,758,000, in the following respective amounts and series:

[1] At the hearing there appeared as an observer an associate of a member of a common stockholder's committee. This committee has indicated that it favors the plan in major respects. No other stockholders or their representatives appeared at the hearing.

Company	Principal Amount	Series
Allentown-Bethlehem Gas Company	$2,219,000	3¾% (now 3%) Series due 1965
Allentown-Bethlehem Gas Company	1,470,000	3¼% Series due 1968
Allentown-Bethlehem Gas Company	1,500,000	3.348% Series due 1976
The Harrisburg Gas Company	2,035,000	2⅝% Series due 1971
The Harrisburg Gas Company	985,000	3⅛% Series due 1971
The Harrisburg Gas Company	1,000,000	3.15% Series due 1976
Luzerne County Gas and Electric Corporation	6,549,000	3¼% Series due 1966

The Luzerne County Gas and Electric Corporation has outstanding 25,000 shares of 4¼% preferred stock, par value $100 per share. The Harrisburg Gas Company has outstanding 4,838 shares of 4½% preferred stock, par value $100 per share.

The operations of UGI and its subsidiaries are confined to the eastern part of the State of Pennsylvania. With the exception of the electric properties owned by Luzerne County Gas and Electric Corporation all of its utility operations are gas. The various subsidiaries serve communities having an aggregate population of 1,035,220 (exclusive of the City of Philadelphia in which UGI's subsidiary, Philadelphia Gas Works Company, operates the municipally-owned gas works under contract with the City). The companies serve 210,294 customers with gas (again exclusive of Philadelphia) and 44,270 customers with electricity. For the year ended December 31, 1951 total consolidated revenues aggregated $18,903,871, of which gas revenues were $12,828,442, electric revenues $4,809,707, and revenues from other sources $1,265,721. These figures as well as all other consolidated figures hereafter referred to do not include the operations of the Philadelphia Gas Works properties. Financial statements are contained in the appendices.

In addition to its interests in its subsidiary companies, UGI owns substantial minority interests in certain companies which are not subsidiaries. These companies, together with the type of securities, number of shares or principal amount of each, and the percentage of voting power represented by securities held by UGI, are as follows:

Name of Company	Security	Shares or Amount	% of Voting Power
Central Illinois Light Company	Common Stock	35,340 shs.	3.493
Consumers Power Company	Common Stock	63,612 shs.	0.918
Delaware Power & Light Company	Common Stock	37,355 shs.	2.295
Niagara Mohawk Power Corporation	Common Stock	159,500 shs.	1.529
Philadelphia Electric Company	Common Stock	16,543 shs.	0.143
Public Service Electric and Gas Company	Preference Common	36,801 shs.	0.357
Public Service Electric and Gas Company	Common Stock	4,861 shs.	
Delaware Coach Company	Note	$916,666.67	—

By our Order entered June 15, 1951, UGI was directed, pursuant to Section 11(b)(1) of the Act, to dispose of its holdings in these securities within one year from the date of that Order.(2)

PROVISIONS OF THE PLAN

The Plan is divided into four parts which, in substance, provide respectively for:

(1) The conversion of UGI into a Pennsylvania public utility company;

(2) Holding Company Act Release No. 10624.

(2) The merger into UGI of all its public utility subsidiaries and the dissolution of UGI's non-utility subsidiaries, with UGI remaining as the surviving and continuing corporation conducting as one public utility operating company the utility operations now conducted by UGI's various subsidiaries in Pennsylvania, such merger being accomplished by exchanges of securities so that the security holders of UGI and its subsidiaries will become the owners of securities of the surviving UGI;

(3) The disposition by UGI of its securities in non-subsidiary companies (except Delaware Coach Company);

(4) The securing of an order pursuant to Section 5(d) of the Act declaring that UGI has ceased to be a holding company and that its registration under the Act shall cease to be in effect.

The various transactions covered by the Plan which are subject to the jurisdiction of the Pennsylvania Public Utility Commission have received the approval of that Commission.

The Plan may be described in more detail as follows:

Part 1—Conversion of UGI into a Public Utility Company

In order to make the merger of UGI and its public utility subsidiaries possible, UGI proposes to convert itself into a public utility company under the laws of Pennsylvania, and will thereby become subject to the provisions of the Pennsylvania General Corporation Law of 1874 as amended and to the jurisdiction of the Pennsylvania Public Utility Commission. For that purpose, UGI proposes to resume the operations of the Northern Liberties Gas Company properties which are presently being operated by The Philadelphia Gas Works Company under an agreement dated May 14, 1937, pursuant to which The Philadelphia Gas Works Company was substituted for UGI as agent to operate such properties. The 1937 agreement will be terminated thereby restoring in effect an agreement dated July 2, 1900 between UGI and Northern Liberties Gas Company, under which UGI operated the gas properties of Northern Liberties Gas Company. The Plan states that the consummation of this step would thereupon qualify UGI and its public utility subsidiaries to merge under the Pennsylvania Merger and Consolidation Act of 1909, as amended.

Part 2—The Merger

Upon consummation of Part 1, UGI and each of its public-utility subsidiaries propose to merge, subject to appropriate corporate proceedings under the Pennsylvania Merger and Consolidation Act of 1909, as amended, including the affirmative vote of the holders of at least a majority of the outstanding shares of the Capital Stock of UGI. UGI proposes to vote its holdings in each of its subsidiary companies in favor of such merger. Under the terms of the merger, all assets and franchises of the constituent companies will vest in the continuing UGI Company, and the liabilities of each of the constituent companies will become liabilities of UGI, except that intercompany indebtedness between UGI and its subsidiaries will be eliminated.

UGI will have an authorized Capital Stock of 2,464,759 shares, consisting of 50,000 shares of Preferred Stock, par value $100 per share, and 2,414,759 shares of Common Stock, par value $13.50 per share. Upon consummation of the merger, UGI will have outstanding 25,000 shares of 4¼% cumulative Preferred Stock, par value $100, and 1,344,202 shares of Common Stock (excluding 9,219 shares held by the Company). The Preferred Stock will have a liquidation or dissolution preference of $100 per share plus accrued or unpaid dividends, and will be redeemable at the option of the Company at $110 per share plus accrued and unpaid dividends.

UGI proposes to issue seven series of new First Mortgage Bonds. Each of the respective series will have the same interest rates, interest payment dates, maturity dates, redemption prices, sinking fund and tax provisions as the various series of subsidiary bonds set forth above. The proposed form of the new First Mortgage Indenture contains provisions complying with the Trust Indenture Act of 1939 and other provisions which this Commission has heretofore found appropriate. Under the terms of the Plan, the holders of the presently outstanding First Mortgage Bonds of the subsidiaries are required to surrender them for cancellation when the merger becomes effective, in return for which such holders will receive in exchange new UGI First Mortgage Bonds of the corresponding series in like principal amounts. The new bonds will be dated as of the effective date of the merger, and interest will be paid on the old bonds up to that date. The various indentures of mortgage and supplements thereto securing the presently outstanding bonds of the subsidiaries will be cancelled and discharged as of the effective date of the merger.

Under the terms of the Plan, the 4½% Preferred Stock of The Harrisburg Gas Company will be redeemed, on or about the effective date of the merger, at the redemption price of $110 per share plus accrued and unpaid dividends thereon. The holders of the 4¼% Preferred Stock of Luzerne County Gas and Electric Corporation shall be required to surrender their shares for cancellation when the merger becomes effective, and shall receive in exchange new UGI 4¼% Preferred Stock on the basis of one share of such new 4¼% Preferred Stock for each share of presently outstanding Luzerne County Gas and Electric Corporation 4¼% Preferred Stock. Holders of Luzerne County Gas and Electric Corporation Preferred Stock will receive cash representing any accrued and unpaid dividends up to the effective date of the merger, and the dividends on the new UGI Preferred Stock will commence to accrue on that date.

Holders of presently outstanding UGI Capital Stock will receive in exchange for such shares new certificates representing a like number of shares of new Common Stock of UGI.

All shares which UGI owns of its utility subsidiary companies will be cancelled, and no securities of UGI issued in place thereof.

Common stockholders of Consumers Gas Company, other than UGI, will receive, in exchange for each share of Capital Stock of Consumers Gas Company, 8/10 of a share of new UGI Common Stock. Common stockholders of The Harrisburg Gas Company, other than UGI, will receive, in exchange for each share of Common Stock of The Harrisburg Gas Company, four shares of new UGI Common Stock.

In lieu of distribution of fractional shares of new UGI Common Stock, holders otherwise entitled thereto will receive a cash equivalent computed on the basis of the average of the daily closing prices of UGI Common Stock (or the bid price, if no sales are made) on the New York Stock Exchange for the period of one calendar week immediately following the effective date of the merger.

Upon the effective date of the merger, all rights of the holders of the present securities of UGI and its subsidiaries, other than the right to receive new securities as provided in the Plan, will cease. Five years after the effective date of the merger, any stock, bonds or cash not exchanged as provided for in the Plan, other than the new UGI Common Stock held for exchange for outstanding UGI Capital Stock, will become the property of UGI. UGI may, in its discretion, appoint an agent or agents in connection with the distribution of new securities.

Ugite Sales Corporation and The Utilities Realty Company will be dissolved under the respective provisions of the Delaware and Pennsylvania Corporation Laws, and the property and assets of such companies will be transferred to UGI and any liabilities assumed by UGI, except that intercompany indebtedness between such companies and UGI will be eliminated.

Part 3—Disposition of Non-Subsidiary Securities

UGI proposes, in accordance with the Commission's Order dated June 15, 1951, to dispose of its direct and indirect ownership, control and holdings of securities issued by Central Illinois Light Company, Consumers Power Company, Delaware Power & Light Company, Niagara Mohawk Power Corporation, Philadelphia Electric Company, and Public Service Electric and Gas Company. UGI proposes to dispose of these securities within one year from the effective date of such merger, and proposes to follow the procedure provided by Rule U-44(c) of the Rules and Regulations under the Act.

UGI represents that the Note of Delaware Coach Company, now outstanding in the amount of $916,666.67, is a self-liquidating security not readily disposable except at a financial sacrifice on the part of UGI, and states that this security was acquired by UGI in a transaction for the purpose of complying with the provisions of Section 11 of the Act. UGI, therefore, proposes that the Commission amend its Order of June 15, 1951, to permit retention by UGI of this Note, subject to the liquidation thereof over a period of years in accordance with the terms of the Note.

Part 4—Section 5(d) Order

Upon the completion of the transactions proposed in Parts 1 to 3 of the Plan, UGI will have become a public utility operating company, incorporated under the laws of Pennsylvania and doing business solely within that State, and subject to the jurisdiction of the Pennsylvania Public Utility Commission. At such time, UGI will not have any subsidiaries.

UGI proposes that it receive at that time an order from the Commission under Section 5(d) of the Act, declaring that it has ceased to be a holding company and that its registration under the Act has ceased to be in effect.

Other Provisions

The Plan provides that UGI will pay such fees, expenses and remuneration in connection with the Plan and any amendments thereto as the Commission shall duly approve, determine, award, allow or allocate.

The consummation of the Plan is subject to certain conditions and reservations as set forth therein, including the requirement that the Commission find the Plan fair and equitable to the persons affected thereby and necessary to effectuate the provisions of Section 11(b) of the Act, and that the Commission enter an order containing findings and recitations conforming to the pertinent provisions of the Internal Revenue Code, as amended, including Supplement R and Section 1808(f) thereof. The Plan also contains the condition that the Commission apply to a Court, in accordance with the provisions of Section 18(f) of the Act, to enforce and carry out the terms and provisions of Part 2 of the Plan, and that the Court, after notice and opportunity for hearing, shall have entered a decree approving and enforcing Part 2 of the Plan, and that such decree or order is no longer subject to judicial review.

STATUTORY STANDARDS

Before the Commission can approve a plan under Section 11(e), we must find the plan "necessary to effectuate the provisions of" Section 11(b) and "fair and equitable to the persons affected by such plan". The transactions involved must meet all of the applicable standards of the Act. Among the problems which must be considered in connection with the necessity standard under Section 11(e) are the acquisition and retention by UGI of the electric properties now owned by Luzerne County Gas and Electric Corporation as part of the same system with the gas properties, and whether the provision in the Plan for a stockholders' vote is consistent with the standards of the Act. In addition the Plan presents questions as to whether the Commission should modify its out-

standing Section 11(b)(1) order to permit the retention and liquidation by UGI of the Note of Delaware Coach Company, whether certain proposed accounting entries are appropriate, and whether, assuming that the Plan may be approved in other respects and is consummated, an order should be entered under Section 5(d) declaring that UGI has ceased to be a holding company.

We shall now discuss the Plan under the necessity standards of the Act.

THE NECESSITY OF THE PLAN

As we have held on previous occasions, the action contemplated by the Plan under Section 11(e) need not be the only means of effectuating compliance with the requirements of Section 11(b). A plan under Section 11(e) may be approved if it is shown to be a suitable means of achieving the results required by the standards of Section 11(b).

At the present time UGI conducts its operations through its various subsidiaries, operating in different areas in eastern Pennsylvania. So far as the provisions of Section 11(b)(1) are concerned, there is no legal objection to a holding company conducting its operations through different subsidiaries, provided that the system as a whole meets the statutory standards. However, Section 11(b)(2) requires the elimination of unnecessary corporate complexities. As has been mentioned there are presently outstanding in the hands of the public minority interests in two of UGI's subsidiaries, Consumers Gas Company and The Harrisburg Gas Company. The existence of these minorities constitutes a corporate complexity in the UGI holding company system resulting in an inequitable distribution of voting power, which would be eliminated by the merger proposed in the Plan.[3] The management of UGI has also determined that the business and operations of its utility properties will be facilitated, and substantial economies effected, if UGI and its utility subsidiaries are merged into a single company. As has been indicated, UGI will, if the proposed merger is completed, become a single operating company confined in its operations entirely to the State of Pennsylvania. It will have a simple capital structure consisting of a limited amount of debt and preferred stock, and common stock. The common stock equity will be approximately 71.0%. Moreover, the merger will result in the elimination of an unnecessary holding company. Accordingly, it is clear that as a result of the merger the requirements of Section 11(b)(2) will be fully met, and the Plan meets the standards of Section 11(b)(2) of the Act.

There remains to consider the extent, if any, to which Section 11(b)(1) of the Act should be applied to the proposed Plan. As has been indicated, all of the utility operations of UGI are gas, with the exception of those conducted by Luzerne County Gas and Electric Corporation. This subsidiary operates both electric and gas facilities. Its electric operations are substantially larger than its gas operations; for the calendar year 1951 electric revenues were $4,809,707 and gas revenues $695,085. The electric revenues of Luzerne comprise 25.4% of all of the consolidated operating revenues of the UGI system. The gas revenues, on the other hand, are the smallest of any of the UGI subsidiaries, with the exception of those conducted by the Lebanon Valley Gas Company, of which the 1951 gas revenues were $485,556.

As has been stated, the UGI merger will result in the retention of electricity and gas under control of the same continuing operating company. Where a holding company system is to continue in existence and to be subject to our continuing jurisdiction under the Act, it is necessary that we apply the standards of Section 11(b)(1), and under the provisions of that Section, electricity and gas can be retained in the same system only if the standards for "additional" systems, contained in

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(3) *Sioux City Gas and Electric Company, et al,*——S.E.C.——(1949), Holding Company Act Release No. 9303, approved and enforced N.D. Iowa, Civil 571 (1949). See also *Georgia Power and Light Company,*——S.E.C.——(1945), Holding Company Act Release No. 5568, approved and enforced N.D. Georgia, Civil action No. 133 (1945).

Clauses (A), (B) and (C) of Section 11(b)(1), can be met. However, where an operating company is to be divested from a holding company system and is no longer to be subject to our jurisdiction, we have not required separation of electricity and gas.

It may be noted that the intrastate character of UGI's operations is such that it might be permitted to apply for an exemption under Section 3(a)(1) as an intrastate holding company. It may also be mentioned that, if the Plan is approved and consummated, UGI will consist of a single operating company and there will remain no holding company system. Accordingly the effect of the merger will be to make it unnecessary to apply the literal standards of Section 11(b)(1) to the new merged company. In its impact on Section 11(b)(1), the situation will be comparable to the dissolution of Public Service Corporation of New Jersey, as to which the Commission said, in the Findings affecting that company:(4)

> "It will, by the same token, eliminate the necessity of any literal application of Section 11(b)(1), since no holding company will survive and there will be no occasion to decide what 'single' or 'additional' system or non-utility business can be retained".

In discussing the applicability of Section 11(b)(1), the Commission, in the same Opinion, after quoting that Section, elaborated its views as follows:

> "Unless there is a holding company system of which the subsidiaries are a part there is no occasion to impose the required limitations. That the limitations are intended to apply only to surviving holding company systems is made amply clear by the provisions 'that the Commission shall permit a registered holding company to continue to control one or more additional integrated public-utility systems' under certain conditions" (emphasis supplied).

The Commission, in the Public Service case, expressed the conclusion that the dissolution of Public Service rendered inapplicable the literal standards of Section 11(b)(1). We find that the same reasoning is equally applicable to UGI, and that accordingly it is not necessary to consider whether the electric operations of Luzerne could be retained as a system additional to the gas properties under the standards of Section 11(b)(1). Accordingly, we find that the Plan meets the standards of Section 11, and is "necessary" within the meaning of Section 11(e) of the Act. In reaching this conclusion we have also given consideration to the approval of the transactions by the State Commission; however, it is unnecessary for us to determine the exact effect of that approval.(5)

UGI proposes to submit the merger to its stockholders and to the stockholders of Consumers Gas Company and of The Harrisburg Gas Company. The statutes of Pennsylvania require that as a prerequisite to a merger there be obtained the affirmative vote of a majority of the outstanding stock. UGI proposes to vote its own holdings in Consumers and Harrisburg in favor of the merger, and will also vote its holdings of stock in all of the other subsidiaries. Since UGI owns a majority of the stock of Consumers and Harrisburg and all of the stock of the other subsidiaries, no problem is presented with respect to obtaining the requisite stockholders' votes of the subsidiary companies since such votes are assured by an express representation in the Plan.

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(4) Holding Company Act Release No. 8002 (February 17, 1948, page 21).

(5) Section 9(b) provides that approval of the Commission shall not be required, with respect to the acquisition by a public utility company of utility assets, where such acquisition has been expressly authorized by a state commission, or to the acquisition of securities of a subsidiary public utility company, where such company, the acquiring company, and all other public utility companies in the same holding company system, are organized in a single state, within which the business of such system is substantially confined, and where the acquisition has been expressly authorized by the state commission of that state.

A somewhat different question is presented with respect to the provision in the Plan contemplating a vote of the UGI stockholders. We have generally held that a plan under Section 11(e) should not be subject to the requirements of a stockholders' vote, where the effect of doing so would be to subject to a decision of the stockholders the question of compliance or noncompliance with the requirements of the Act.(6) UGI has represented that it wishes to obtain a stockholders' vote both to insure that the Plan meets with the approval of its stockholders and to avoid any procedural problems which may be presented under the statutes of Pennsylvania.

It is well settled that a plan which has been approved by this Commission and by a Federal Court under the terms of Section 11 will be binding on all persons affected and enforceable irrespective of the provisions of any state law which might apply in the absence of the Holding Company Act.(7) Since under the terms of the Plan, the approval of the stockholders may not be required it would appear questionable whether the vote is needed. Notwithstanding the provisions of Pennsylvania law, the operation of the Federal statute may well render the vote unnecessary. However, the Company is anxious to avoid any possible litigation or status of legal uncertainty, and the desirability of avoiding any such litigation may properly be recognized. Accordingly, we shall interpose no objection to these particular provisions of the Plan, or to any action the Company may take in requesting the stockholders to vote thereon. We observe, however, that the Plan may still be subject to enforcement irrespective of whether such a vote should be obtained. Furthermore, whether or not as a Section 11(e) plan it would in the absence of such vote be subject to such enforcement, the Company in any event is under an obligation to comply with Section 11. Accordingly, if a vote of stockholders should for any reason not be obtained, the Commission will take whatever action may be necessary, either to enforce the Plan irrespective of the failure to receive such vote, or to enforce the terms of the Act under the compulsory provisions of Section 11, in the light of all applicable standards.

Under the provisions of Pennsylvania law, when a merger of two or more Pennsylvania corporations is effectuated pursuant to a stockholders' vote, a stockholder who has voted against the merger has the right to obtain an appraisal of his shares pursuant to judicial proceedings for that purpose. The proposed Plan makes no reference to any such right of appraisal, and counsel for UGI have expressed the opinion that, if the Plan is approved by the Commission and the Federal Court, it would have the effect of nullifying any appraisal rights of dissenting stockholders. Since, as pointed out hereafter, we find that the proposed Plan is fair to all persons affected, we are of the view that any provision of State law which might have the effect of giving certain stockholders different treatment, under an appraisal procedure, would not be fair and equitable or consistent with the standards of the Act. Under the circumstances, we are of the view that, assuming the Plan is enforced by a Federal Court, stockholders have no right to an appraisal. As pointed out hereafter, since these Findings are to constitute a report to stockholders, to be given to them pursuant to the provisions of Section 11(g) prior to voting upon the Plan, we emphasize for the information of stockholders that in our judgment they will be entitled to no appraisal rights if the Plan is approved and ordered enforced by a Federal Court.

For the reasons indicated, we have concluded that the Plan may be approved notwithstanding the provision therein for a stockholders' vote; and we find the Plan to be necessary to effectuate the provisions of Section 11(b) of the Act, subject to a determination that the Plan is fair and equitable. Accordingly, we turn next to a consideration of the fairness of the Plan.

(6) *The Commonwealth & Southern Corporation*, Holding Company Act Release Nos. 6177, 7377 and 8633 (1945, 1947 and 1948, respectively).

(7) *Kings County Lighting Company*,——S.E.C.——(1946), Holding Company Act Release No. 7060 enforced in 72 F. Supp. 767 (E.D.N.Y. 1947), aff'd *sub. nom.* Public Service Commission of New York *v.* S.E.C. 166 F. (2d) 784 (C.A. 2, 1948), cert. den. 334 U.S. 838 (1948). This case and similar cases are based on the supremacy of Federal law over any inconsistent requirements of a state law. See also *Phillips* v. *S.E.C.* 153 F (2d) 27 (C.A. 2, 1946), cert. den. 328 U.S. 860 (1946).

FAIRNESS OF THE PLAN

Before the Commission can approve a plan filed under Section 11(e), it must find such plan fair and equitable to the persons affected thereby. In applying the fairness standard, we have consistently held that the measure of the security holder's claim is the investment value of his interest, appraised as though in a going concern with primary weight accorded to earnings and dividends. The persons affected by the instant Plan are the bondholders of Allentown, Harrisburg and Luzerne, the preferred stockholders of Luzerne and Harrisburg and the common stockholders of UGI, Consumers and Harrisburg.

We now turn to a discussion of the treatment proposed to be accorded to the various classes of security holders.

Fairness As to Bondholders

As set forth above, three of UGI's subsidiaries now have outstanding First Mortgage Bonds aggregating $15,758,000 in principal amount. Interest rates on these bonds range from 2⅝% to 3.348%. The bonds are in seven different series.

Under the Plan, the merged UGI will issue, under a new indenture, the same principal amount of new bonds divided into seven series, each of the respective series having the same interest rate, interest payment dates, redemption provisions, and sinking fund provisions as the corresponding present series of subsidiary bonds. The mortgage indenture under which the new bonds will be issued contains provisions customarily required by us in connection with financing proposals and as protective of the bondholders as are the provisions of the present indentures.

At the present time, the outstanding bonds are liens on the physical properties of the respective individual subsidiary companies. For each of the three companies which has such bonds outstanding, the respective ratios of bonds to total capitalization as of December 31, 1951, and the earnings coverages for the bonds for the year 1951, are as follows:

Company	Amount of Bonds	Bond Ratio	Earnings Coverage
Allentown-Bethlehem Gas Company.....	$5,189,000	40.9%	4.1
The Harrisburg Gas Company.....	4,020,000	41.5%	4.1
Luzerne County Gas and Electric Corporation.....	6,549,000	40.8%	5.4

The remaining subsidiaries of UGI have no funded debt. The new bonds of UGI, to be issued in exchange for the presently outstanding subsidiary bonds, will constitute first liens on all of the physical property of the merged UGI. On a pro forma basis reflecting the merger, as of December 31, 1951, UGI's debt ratio will be 25.4% of which 22.6% represents mortgage bonds and 2.8% bank loans. Interest on the new bonds of UGI for the year 1951, would have been covered approximately seven times which is substantially better than the coverages of the presently outstanding bonds.

Under the new indenture UGI would be authorized to issue an additional $10,000,000 of bonds without the acquisition of any new property. Assuming that the full amount of such bonds were issued, the ratio of mortgage bonds to capitalization would be increased from 22% to approximately 32% which is lower than the similar ratio for any of the subsidiaries presently having bonds outstanding.(8) Under the circumstances, we conclude that the exchange is fair and equitable to the bondholders affected, and that the Plan may be approved as to this aspect.

(8) We have not attempted to determine precisely what the earnings coverage of the UGI bonds would be if the additional $10,000,000 of bonds were to be issued since the interest rate on such bonds and the income which the company would earn on such funds cannot be ascertained at this time. It is apparent, however, on any reasonable assumptions that such earnings coverage would be more favorable than the present coverages of the subsidiary companies.

Fairness As to Preferred Stockholders

UGI at the present time has no outstanding preferred stock. Of its subsidiaries, the only ones having preferred stocks outstanding are Luzerne County Gas and Electric Corporation, which has outstanding 25,000 shares of 4¼% preferred (par value $100 per share), and The Harrisburg Gas Company, which has outstanding 4,838 shares of 4½% preferred stock (par value $100 per share). Under the Plan, The Harrisburg Gas Company preferred stock will be called at its redemption price, and, accordingly, no question of fairness is presented with respect to this class of stock.

The Luzerne preferred stockholders would, under the Plan, receive new preferred stock of UGI, on a share for share basis, the new stock having the same dividend rate, par value and redemption provisions as the present Luzerne preferred. In addition, the charter will contain all of the protective provisions presently enjoyed by the Luzerne preferred, and also certain additional protective provisions not now in the Luzerne charter.

The capital structure of Luzerne as of December 31, 1951 consisted of $6,549,000 (40.79%) of long-term debt, $2,502,670 (15.59%) of preferred stock and $7,002,423 (43.62%) of common stock and surplus. The capital structure of the new UGI company on a pro forma basis as of December 31, 1951, would have consisted of $17,758,000 (25.4%) of long-term debt, $2,500,000 (3.6%) of preferred stock and $49,519,773 (71.0%) of common stock and surplus. From an earnings standpoint, all income deductions and preferred dividends of Luzerne for the year 1951 were covered 3.65 times. The comparable pro forma coverage for the new UGI company for the year 1951 would have been 5.41 times.

In view of the foregoing, it appears that the new UGI preferred stock represents at least as good a security, from an asset coverage and earnings standpoint, as the present Luzerne preferred stock. Under the circumstances, we conclude that the treatment proposed for such preferred stock is fair and that the Plan may be approved in this aspect.

Fairness As to Common Stockholders

As pointed out in describing the Plan above, each share of old UGI common will receive one share of new common of the merged UGI; each share of Consumers common in the hands of the public will receive 0.8 of a share of new UGI common, and each share of Harrisburg common in the hands of the public will receive 4 shares of new UGI common.

In order to appraise the fairness of the Plan as to the various stockholders affected, it will be helpful first to discuss the operations and pertinent financial information concerning Consumers, Harrisburg and UGI itself. Such information will furnish an appropriate basis for passing upon the fairness of the Plan as to the three classes of public common stockholders affected.

A. UGI

Appendix A, attached hereto, sets forth the corporate balance sheet of UGI at December 31, 1951. Appendix B sets forth the consolidated balance sheet of UGI and its subsidiaries as of December 31, 1951, together with a pro forma balance sheet to reflect the proposed merger and related transactions.

As shown in Appendix B, the consolidated plant of UGI at December 31, 1951, was stated at $75,990,053 which is slightly less than the original cost of such property. Against this plant account there was a depreciation reserve of $20,703,404 which was equal to 27.2% of the total plant account. Of the consolidated plant shown in Appendix B, approximately $25,000,000 represents additions since January 1, 1946.

UGI estimates that the consolidated construction program for the years 1952 and 1953 will amount to approximately $16,800,000. In the estimate submitted by UGI at the hearing, it has been assumed that this construction program will be financed from depreciation accruals, retained earnings and the proceeds from the sale of the Company's miscellaneous investments. It is anticipated that UGI will derive approximately $10,000,000 from the sale of these miscellaneous investments which would be used for construction purposes and to increase the working capital of the Company.

UGI's only outstanding securities consist of 1,230,740 shares of common stock having a par value of $13.50 a share. Table I shows the consolidated capitalization and surplus of UGI at December 31, 1951, together with the pro forma capitalization and surplus as of the same date to reflect the proposed merger and related transactions.

TABLE I

	Actual		Pro Forma	
	Amount	%	Amount	%
Long-Term Debt:				
Mortgage Bonds	$15,758,000	22.6	$15,758,000	22.6
Bank Loans	1,950,000	2.8	1,950,000	2.8
Total Long-Term Debt	$17,708,000	25.4	$17,708,000	25.4
Preferred Stock	$ 2,986,470	4.3	$ 2,500,000	3.6
Minority Interest in Subsidiaries	$ 3,281,656	4.7	—	—
Common Stock and Surplus:				
Common Stock, $13.50 par value	$16,614,990	23.8	$18,146,727	26.0
Capital Surplus	4,668,910	6.7	6,713,896(a)	9.6
Earned Surplus	24,421,978	35.1	24,659,150(b)	35.4
Total Common and Surplus	$45,705,878	65.6	$49,519,773	71.0
Total Capitalization	$69,682,004	100.0	$69,727,773	100.0

(a) The increase in capital surplus is due to the elimination of the minority interest in Consumers and Harrisburg since the par value of the UGI stock being issued therefor is less than the underlying book value of such minority interest.

(b) The increase in earned surplus is primarily due to the inclusion in the accounts of UGI certain accounts with respect to the Northern Liberties Gas Company not presently included in the consolidated balance sheet.

Based on the above capitalization table, the book value of UGI's presently outstanding 1,230,740 shares of common stock amounts to $37.14 per share. On a pro forma basis, the book value of the 1,344,202 shares to be outstanding after the merger will be $36.84 per share. In computing the above book values of UGI stock, the Company's investments in non-subsidiaries are included at their book cost of $4,642,743. At February 25, 1952, the market value of those miscellaneous securities aggregated $11,291,203. If the miscellaneous investments are taken at their market values, the above computed per share values become $42.54 before the merger and $41.78 after the merger.

Appendix C sets forth the corporate income statement of UGI for the year 1951. Appendix D sets forth the consolidated income statement of UGI and its subsidiaries for the year 1951, together with a pro forma income statement for the same period to reflect the proposed merger and related transactions.

Table II shows certain pertinent income data for UGI on a corporate basis for the calendar years 1946–1951, inclusive.

TABLE II

(000 omitted)

Year	Income from Subsidiaries	Dividends from Other Companies	Total Income	Net Income	Earnings per Share of Common Stock	Dividends per Share of Common Stock(a)
1946	$1,278	$1,904	$3,496	$2,388	$1.53	$1.30
1947	1,247	2,249	3,873	2,858	1.83	1.80
1948	1,617	1,445	3,322	2,380	1.52	1.50
1949	1,770	1,081	3,097	2,207	1.41	1.30
1950(b)	1,895	1,197	3,309	2,434	1.55	1.40
1951	2,095	799	3,169	2,288	1.64	1.55

(a) Includes extra dividends of $.50 in 1947, $.20 in 1948 and $.15 in 1951.

(b) Does not include $1,121,250 dividend received from Delaware Coach Company in August 1950 as part of the program for the sale of that company. This dividend was credited to earned surplus.

Table III shows certain pertinent consolidated income data for UGI and its subsidiaries for the years 1946–1951, inclusive, on an actual basis and for the years 1952 and 1953 as estimated by the Company. The table also shows certain income data on a pro forma basis to reflect the proposed merger and related transactions for the years 1950–1953, inclusive. The pro forma information for the years 1950 and 1951 reflects the annual effect of the exchange plan of UGI which was consummated in the summer of 1951(9). The 1950 information excludes any income on the capital stock of Delaware Coach Company which was sold in March of 1951.

TABLE III

(000 omitted)

	Consolidated			Pro Forma		
	Gross Income	Net Income	Earnings per Share	Gross Income	Net Income	Earnings per Share
1946	$3,953	$2,986	$1.91	—	—	—
1947	4,231	3,492	2.23	—	—	—
1948	3,458	2,779	1.77	—	—	—
1949	4,003	3,131	2.00	—	—	—
1950	4,083	3,208	2.05	$3,569	$2,880	$2.14
1951	3,722	2,789	1.99(a)	3,516	2,830	2.11
1952 (estimated)	3,536	2,539	2.06	3,664	2,965	2.21
1953 (estimated)	3,761	2,830	2.30	3,901	3,347	2.49

(a) Based on the average number of shares outstanding during the year. If there is eliminated the income applicable to the securities disposed of in connection with the exchange plan, the per share earnings applicable to the reduced number of shares outstanding at the end of the year amount to $2.05.

(9) Pursuant to this plan, UGI acquired and retired 335,631 shares of its capital stock through the exchange of 201,427 shares of the common stock of Philadelphia Electric Company and 134,288 shares of the common stock of Consumers Power Company and cash (Holding Company Act Release No. 10624, June 15, 1951).

In estimating the earnings for the years 1952 and 1953, the subsidiaries of UGI followed the same procedure as they normally follow in preparing operating budgets. In preparing the estimates, the companies have assumed normal growth in their business, an increased usage of natural gas in 1953, and a Federal income tax rate of 52%. The estimates also reflect rate increases of approximately $400,000 per annum for Allentown-Bethlehem Gas Company and The Harrisburg Gas Company which became effective in February 1952 and a rate increase in the amount of $200,000 per annum for Consumers which became effective in June 1952.

B. Consumers Gas Company

Consumers is a Pennsylvania public utility company engaged principally in the production and purchase of gas and its distribution and sale to the public in parts of Berks County, Pennsylvania, comprising the City of Reading, 20 boroughs and 20 townships. At October 31, 1951, it served 41,429 gas customers in an area having a population of approximately 176,400. In addition, it supplies part of the gas requirements of Lebanon Valley Gas Company, an affiliated company. It leases and operates in the City of Reading certain properties and facilities owned by Reading Gas Company for the manufacture and supply of gas under a lease agreement dated November 19, 1885, for a 99-year period from November 1, 1885.([10])

There is attached hereto as Appendix E a condensed balance sheet of Consumers as of December 31, 1951. As shown in such Appendix, Consumers' gas utility plant was stated at $9,473,224, against which there was a depreciation reserve of $1,605,067 which is equal to 16.9% of the gas utility plant. The gas plant is stated on the basis of an original cost study which was approved by the Pennsylvania Public Utility Commission

Table IV sets forth the capitalization and surplus of Consumers as of December 31, 1951.

TABLE IV

	Amount	%
Long-term Debt:		
4% Note due 1953 (due to UGI).....	$ 875,000	10.17
Open Account Indebtedness to UGI.....	1,455,000	16.91
Notes Payable, banks.....	315,000	3.66
Total Long-term Debt.....	$2,645,000	30.74
Capital Stock and Surplus:		
Capital Stock, 220,872 shares.....	$5,521,800	64.19
Earned Surplus.....	435,912	5.07
Total Capital Stock and Surplus....	$5,957,712	69.26
Total Capitalization.....	$8,602,712	100.00

([10]) Consumers owns 22% of the common stock of Reading Gas Company. In 1940, the Commission declared Reading not to be a subsidiary of Consumers or UGI. *Reading Gas Company* v. *S.E.C.* 7 S.E.C. 755.

Appendix F, attached hereto, sets forth a condensed income statement of Consumers for the calendar year 1951. Table V sets forth certain pertinent income data for Consumers for the years 1946–1951 as per books and for the years 1952 and 1953 as estimated by the Company.

TABLE V

	Actual						Estimated	
	1946	1947	1948	1949	1950	1951	1952	1953
Gross Income	$332,795	$262,328	$250,501	$362,583	$315,614	$423,595	$505,779	$539,636
Income Deductions:								
Interest on 4% Note	—	—	$ 11,667	$ 35,000	$ 35,000	$ 35,000	$35,000	$ 35,000
Other (net)	$ 5,509	$ 2,496	(1,928)	4,271	24,895	55,638	58,548	70,821
Total	$ 5,509	$ 2,496	$ 9,739	$ 39,271	$ 59,895	$ 90,638	$ 93,548	$105,821
Net Income	$327,286	$259,831	$240,762	$323,312	$255,719	$332,957	$412,231	$433,815
Reservation of Income	6,260	7,806	7,772	8,054	8,608	7,953	9,946	9,946
Balance	$321,026	$252,025	$232,989	$315,258	$247,111	$325,004	$402,285	$423,869
Per Share of Capital Stock:								
Earnings	$1.45	$1.14	$1.05	$1.43	$1.12	$1.47	$1.82	$1.92
Dividends	1.20	1.20	1.00	1.00	1.00	1.00	—	—

In considering the earnings of Consumers for the period shown in Table V, it should be noted that in the year 1950 the Company started a conversion program to the use of natural gas. The increased use of natural gas results in substantial economies in the cost of gas distributed and permits of a greater usage of gas with existing facilities. While the Company does not anticipate a complete change-over to the use of natural gas in the foreseeable future, the partial conversion has made it possible to increase the B.T.U. content of the gas distributed from 520 to 800 per cubic foot and in large degree is responsible for the increased earnings shown in 1951. In estimating the earnings for the years 1952 and 1953, the Company has followed the same procedure used in preparing operating budgets. The increases shown for these years are primarily due to anticipated normal growth, a rate increase of approximately $200,000 per annum which became effective on June 1, 1952 and a substantial increased use of natural gas in 1953.

C. The Harrisburg Gas Company

Harrisburg is a Pennsylvania public utility company engaged principally in the production and purchase of gas and its distribution and sale to the public in parts of Dauphin, Cumberland, York and Lancaster Counties, Pennsylvania, comprising the City of Harrisburg, 16 boroughs and 21 townships. At October 31, 1951, it served 49,792 gas customers in an area having a population of approximately 190,000. In addition, it supplies a portion of the gas requirements of Lebanon Valley Gas Company, an affiliated company.

There is attached hereto as Appendix G a condensed balance sheet of Harrisburg as at December 31, 1951. As shown in this Appendix, the gas utility plant of Harrisburg, which is stated at original cost, amounted to $12,087,166, against which there was a depreciation reserve of $2,500,637 which is 20.7% of the gross plant.

Table VI sets forth the capitalization and surplus of Harrisburg at December 31, 1951.

TABLE VI

	Amount	%
Long-Term Debt:		
First Mortgage Bonds, 2⅝%–3.15% due 1971–1976	$4,020,000	41.48
Open Account Indebtedness to UGI	1,245,000	12.85
Notes Payable, banks	200,000	2.06
Total Long-term Debt	$5,465,000	56.39
4½% Preferred Stock, 4,838 shares	$ 483,800	4.99
Common Stock and Surplus:		
Common Stock, 41,433 shares	$3,342,262	34.49
Capital Surplus	38,013	0.40
Earned Surplus	361,660	3.73
Total Common and Surplus	$3,741,935	38.62
Total Capitalization	$9,690,735	100.00

Appendix H, attached hereto, sets forth a condensed income statement of Harrisburg for the calendar year 1951. Table VII shows certain pertinent income data for Harrisburg for the years 1946–1951, as per books, and for the years 1952 and 1953 as estimated by the Company.

TABLE VII

	Actual						Estimated	
	1946	1947	1948	1949	1950	1951	1952	1953
Gross Income	$352,346	$347,648	$308,060	$397,431	$436,992	$436,809	$588,655	$870,476
Income Deductions:								
Interest on Bonds	$ 75,171	$ 57,132	$ 56,225	$ 75,983	$ 85,730	$105,469	$114,730	$113,037
Other (net)	7,373	2,246	(3,780)	2,938	19,534	52,796	67,614	116,291
Total	$ 82,544	$ 59,378	$ 52,445	$ 78,921	$105,264	$158,265	$182,344	$229,328
Net Income	$269,802	$288,270	$255,615	$318,510	$331,728	$278,545	$406,311	$641,148
Preferred Dividends	26,275	21,771	21,771	21,771	21,771	21,771	21,771	21,771
Balance	$243,527	$266,499	$233,844	$296,739	$309,957	$256,774	$384,540	$619,377
Times Earned:								
Interest on Bonds	4.68	6.08	5.48	5.23	5.10	4.14	5.13	7.70
Total Deductions and Preferred Dividends	3.24	4.28	4.15	3.95	3.44	2.43	2.88	3.47
Per Share of common stock:								
Earnings	$8.82	$9.65	$6.77	$7.16	$7.48	$6.20	$9.28	$14.95
Dividends	5.00	7.00	5.50	5.50	5.50	5.50	—	—

Harrisburg is also in the process of converting to the use of natural gas. The Company, like Consumers, does not anticipate a complete changeover, but expects to increase the B.T.U. content of the gas it distributes from 520 to 800 per cubic foot in the summer of 1953. Harrisburg, in estimating its operating income for the years 1952 and 1953, followed the same methods and procedures it normally follows in preparing its operating budgets. These estimates reflect a rate increase of approximately $400,000 per annum which became effective in February 1952, and are based primarily on the assumption that there will be a normal increase in business, and an increased usage of natural gas together with the discontinuance of the purchase of coke oven gas in 1953.

The record is clear that the 1952 and 1953 estimates were not made for the purpose of determining the earnings which Harrisburg would have if it should continue as a separate company; rather they were prepared primarily to determine the contribution which Harrisburg, as an operating division, would make to the estimated earnings of UGI. Although the estimates of operating income appear appropriate for our purposes, estimates of net income and net income per share of common stock which depend upon the security structure which Harrisburg would have if it remained as a separate company (ex the instant reorganization), appear to be questionable, since the management assumed that all additional financing would consist of debt securities in the aggregate amount of $3,000,000. Such a program would increase the ratio of long-term debt (including temporary open-account advances from UGI) to total capitalization from 56.39% at the end of 1951 to 64.38% at the end of 1953. It is extremely doubtful whether, in this case, we could permit the company to finance its construction program in such a manner in view of the deterioration it would have on its capital structure. In fact, the management of Harrisburg itself has stated a contrary intention. In the application of that company filed with this Commission regarding the issuance of bonds, which application was granted by Order dated April 24, 1951,([11]) it was stated that Harrisburg proposed, in the Fall of 1951, to initiate a program of equity financing, the proceeds from which were to be used to repay the balance of advances made by UGI, amounting to $1,245,000 (12.85% of total capitalization and surplus) as of December 31, 1951. The presently proposed merger intervened and the proposed equity financing, therefore, was not consummated.

D. Conclusions as to Fairness to Common Stockholders

As we have heretofore pointed out, there will be distributed under the Plan 1,344,202 shares of new UGI common stock. One share of new UGI common stock will be allocated for each share of UGI common presently outstanding; 0.8 of a share of new common stock will be issued for each share of Consumers common in the hands of the public; and 4 shares of new common will be issued for each share of the common stock of Harrisburg in the hands of the public.

The allocation of the new UGI common stock among the common stockholders of UGI, Consumers, and Harrisburg will be as follows:

Old Security	No. of Shares	Allocation per Share	Aggregate Allocation	%
UGI Common	1,230,740	1.0	1,230,740	91.56
Consumers Common	80,787	0.8	64,630	4.81
Harrisburg Common	12,208	4.0	48,832	3.63
Total			1,344,202	100.00

([11]) *Harrisburg Gas Company*, File No. 70-2604.

We have previously set forth certain pertinent financial data with respect to UGI, Consumers and Harrisburg. These data showed that the present common stockholders of UGI will not be adversely affected by the Plan. The effect of the Plan on the capital structure of UGI will be to increase the common stock equity from 65.6% to 71.0% due principally to the elimination of the minority interest in Consumers and Harrisburg. The effect of the Plan will be to reduce slightly the book value of the common stock of UGI. As we have shown on the basis of book values, the asset value of each share of UGI common stock will be reduced from $37.14 to $36.84. If the miscellaneous investments are included at their market values, such asset values of the UGI common stock will be reduced from $42.54 to $41.78. The effect of the Plan on the earnings applicable to the common stock of UGI, which is the most important criterion in testing the fairness of the Plan, will be favorable. As shown in Table III, the pro forma per share earnings of the common stock of UGI for the years 1950–1953, inclusive, are from 10¢ to 20¢ higher than the per share earnings of the Company absent the merger. Moreover, there is not included in the above pro forma earnings figures any additional amounts for savings which it was testified should develop from the higher degree of integration possible under the merger. Under these circumstances, we find that the proposed Plan is fair to the present common stockholders of UGI.

Although the Plan appears to offer definite advantages to the present common stockholders of UGI, this advantage is not derived at the expense of the minority stockholders of Consumers and Harrisburg for as we show later the Plan also offers definite advantages to these stockholders.

The underlying book value of the common stock of Consumers, as indicated by Table IV, amounts to approximately $27 per share, compared with the pro forma underlying book value of $33 per share applicable to 0.8 shares of common stock of UGI (based on market values of UGI's miscellaneous investments). Similarly the underlying book value of each share of Harrisburg common stock, as indicated in Table VI, amounts to approximately $90 per share compared with a book value of $167 applicable to the four shares of UGI common stock allocated thereto.

There is set forth in the following table the earnings relationship between one share of Consumers and 0.8 shares of new UGI common, and between one share of Harrisburg and 4 shares of new UGI common, for the years 1950 and 1951 on an actual basis, and for the years 1952 and 1953 as estimated by the Company.

	1950	1951	1952	1953
1 share of Consumers.....	$1.12	$1.47	$1.82	$ 1.92
0.8 share of UGI (New).....	1.71	1.69	1.77	1.99
1 share of Harrisburg.....	7.48	6.20	9.28	14.95
4 shares of UGI (New).....	8.56	8.44	8.84	9.96

On the basis of these earnings, it appears that the proposed treatment of the publicly-held Consumers stock, considered strictly from the standpoint of past earnings, is somewhat liberal. However, the allocation appears to be substantially in accord with the projected earnings.

As to Harrisburg stock, the allocation also appears somethat favorable on the basis of past earnings. With respect to the 1952 and 1953 estimates of earnings, however, it must be recognized that the Harrisburg estimates were based on a distorted security structure because of the pendency of the instant merger plans.[12] It should be noted that if only the temporary indebtedness of Harrisburg as at December 31, 1951, were refunded through the issuance of additional common stock (at

[12] Current liabilities of $2,075,290 exceeded current assets of $769,181 as at December 31, 1951.

approxmately the present market price),[13] the effect would be to increase the number of shares outstanding from 41,433 to 55,900 and reduce the per share earnings for 1952 and 1953 to approximately $7.40 and $11.60,[14] respectively.

Edward Hopkinson, a partner of Drexel & Co., who acted as financial adviser for UGI and testified as a financial expert, also recognized that the 1953 estimates of earnings for Harrisburg were distorted because of the security structure used as a basis for determining them. He further stated that, for purposes of comparison, the earnings figures of Harrisburg would have to be adjusted so as to reflect a more normal percentage of debt capitalization and the issuance of additional equity securities for at least a substantial part of the additional money needed by Harrisburg.[15]

At the hearing on the Plan, the president of UGI testified that the board of directors, after careful study, determined that the allocations were fair according to their best judgment. Hopkinson, on the basis of information prepared by the company, analyzed the problem of allocation, and recommended to the board the allocations which the board thereafter adopted.

We have carefully reviewed the proposed allocations in the light of all the pertinent financial information and circumstances of this particular case, including the capital structures, asset values and earnings of UGI as compared with Harrisburg and Consumers.[16] In passing on the fairness of the allocations proposed in the Plan, we are not required to place specific values on each individual security. To do so would create an illusion of mathematical certainty in a field where such certainty cannot exist. All that we are required to do is to determine whether the assets and earnings attaching to the securities being surrendered and received bear a reasonable relationship to each other so as to fall within the permissible limits of fairness. Under all the circumstances, we have concluded that the allocations proposed are within the range of fairness, and we, therefore, find the Plan to be fair and equitable as to the three classes of common stockholders affected. In making this finding we have considered the fact that less than 9% of the new common stock is being allocated to the public common stockholders of Consumers and Harrisburg so that even if such allocation might be considered somewhat generous the effect on the common stockholders of UGI would be relatively *de minimis* and, therefore, would not be such as to render the Plan unfair.

MODIFICATION OF SECTION 11(b)(1) ORDER

By our Order of June 15, 1951, we directed the disposition by UGI within one year from that date of all its holdings in non-subsidiary utility companies, and, in addition, of the note in the amount of $916,666.67 issued by the Delaware Coach Company as part of its reorganization plan in 1951. The time for compliance with this Order expired on June 15, 1952.

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(13) Present market price of approximately $100 is in excess of its book value of $90 per share.

(14) On this basis the ratio of debt to total capitalization as at December 31, 1953 would be about 53% compared with about 25% for UGI pro forma.

(15) It should also be noted that, at the present time, UGI renders substantial services to its subsidiary companies at no cost to the subsidiaries. While it does not appear that this factor was given consideration in arriving at the allocations proposed in the plan, it would appear that UGI's present corporate expenses include substantial amounts for services rendered to Harrisburg at no cost, which services might properly be charged to the Harrisburg operations.

(16) On the basis of market values as of the latter part of December 1951, when the plan was filed, the allocations under the plan were somewhat favorable to the public stockholders of Consumers and Harrisburg. Since that date, the market prices of the common stock of the three companies have, in general, fluctuated in accord with the allocations in the plan. However, neither Harrisburg nor Consumers stock is listed and there is practically no trading in the Harrisburg stock. It should be noted, however, that, based on the latest market value for the UGI common stock, the 8/10 of a share of new UGI common stock being allocated for each share of publicly-held common stock of Consumers will have a market value of about $25 and the four shares of new UGI common stock being allocated for each share of publicly-held common stock of Harrisburg will have an aggregate value of approximately $130.

UGI proposes to dispose of the securities subject to this Order (except Delaware Coach Company) within one year from the effective date of the Plan. In view of the time which has necessarily been involved in connection with preparation for and the proceedings on the comprehensive plan, we believe that good cause has been shown for such extension, and we shall grant an extension of time for disposition of these securities until June 15, 1953.

As to the Delaware Coach Company note, UGI has requested that we modify our Order to permit the retention of this note on the ground that it is a non-voting and self-liquidating security and could be readily disposed of only at a financial sacrifice. On the basis of the record in this case, we are satisfied that this investment is not readily marketable and it may be noted that, unlike the other assets subject to the Section 11(b)(1) Order, this security does not represent an interest in an electric or gas utility company and is a non-voting security. Under all the circumstances, we have concluded that there is some basis for its retention for the purpose of liquidation pursuant to the terms of the note, as an incident to carrying out the provisions of Section 11(b) of the Act. Accordingly, we consider it appropriate to modify our Section 11(b)(1) Order by eliminating the requirement for disposition of the Delaware Coach Company note. Our order with respect to the Plan will provide for an appropriate modification of the June 15, 1951 Order under Section 11(b)(1).

ACQUISITION OF CONSUMERS CAPITAL STOCK

On or about July 1, 1951, Drexel & Co., financial advisers to UGI, acquired 1,459 shares of the capital stock of Consumers at a price of $20.25 per share. This acquisition was made after preliminary discussions regarding the present Plan had been held between UGI and Drexel and at that time Drexel informed UGI that at any time it desired it could acquire such stock of Consumers at Drexel's cost. UGI, in accordance with the offer of Drexel, proposes to acquire these shares of Consumers stock at their cost to Drexel as soon as practicable following Commission approval of the Plan and prior to the effective date of the merger proposed in the Plan. We observe no basis for making any adverse findings with respect to this transaction and find that the acquisition meets the applicable requirements of the Act.

SECTION 5(d) ORDER

UGI has requested that, if the Commission approves the Plan, an order be entered under Section 5(d) of the Act declaring that UGI shall have ceased to be a holding company and that its registration under the Act shall have ceased to be in effect. Upon consummation of the Plan, UGI will no longer have any subsidiaries and will constitute a public utility operating company. Since Section 5(d) specifically requires a finding that a registered holding company has ceased to be a holding company before we may enter an order declaring that the company has attained that status, we are unable to issue such an order at this time. However, on the basis of the record now before us, UGI would appear to be entitled to such an order after the merger has been effected.

We shall reserve jurisdiction to enter a Section 5(d) order at such time as the Plan may have been consummated, and UGI has renewed its request, such order to be subject to such terms and conditions, if any, as the Commission then finds and prescribes as necessary for the protection of investors.

FEES AND EXPENSES

The Plan contains an undertaking by UGI to pay such fees, expenses and remunerations in connection with the Plan as the Commission may approve, determine, award, allow or allocate. Information has not yet been submitted as to fees or expenses requested by the parties or participants in the proceeding. Our order will reserve jurisdiction to pass upon such fees and expenses at such time as the record is completed with respect thereto.

OTHER MATTERS

The Plan provides that any stock, bonds or cash remaining in the hands of UGI or its agent at the expiration of five years after the effective date of the Plan, other than new UGI common stock held for exchange for outstanding UGI Capital Stock, will become the property of UGI, and the persons otherwise entitled thereto will thereafter have no claim against UGI with respect thereto. No provision is contained in the Plan for the hiring of qualified persons, advertising, etc. to locate missing security holders during the five-year period. While it is expected that in this case missing security holders will be few or none at all, we shall reserve jurisdiction to require and supervise such efforts as may appear necessary to locate security holders.

We will, in accordance with applicant's request, make appropriate recitals in our order of approval which will conform to the applicable requirements of the Internal Revenue Code, as amended, including Section 1808(f) and Supplement R thereof.

The Plan contains a request that upon a determination by this Commission that the Plan is fair and equitable the Commission apply to a court of competent jurisdiction in accordance with the provisions of subsection (e) of Section 11 and of subsection (f) of Section 18 of the Act to enforce and carry out the terms and provisions of Part 2 thereof. In accordance with this request, we will institute appropriate action for its enforcement.

CONCLUSION

On the basis of the record, we find that the Plan proposed under Section 11(e) is necessary to effectuate the provisions of Section 11(b) and is fair and equitable to the persons affected thereby. Accordingly, an order will be entered approving the Plan under Section 11(e). As has been stated, the order will provide for extension of the time within which UGI may dispose of its non-subsidiary securities, and will modify the Section 11(b)(1) order to eliminate the requirement for the disposition of the Delaware Coach Company note.

Our order will also reserve jurisdiction with respect to fees and expenses, the efforts of UGI to find missing security holders and with respect to the entry of a Section 5(d) order.

Since the stockholders are being requested to vote upon the Plan, these Findings and Opinion should be considered as a Report with respect to the Plan pursuant to Section 11(g) of the Act and we direct that it be sent to stockholders in connection with any solicitation of their consents to the Plan.

An appropriate order will issue.

By the Commission (Chairman Cook and Commissioners McEntire, Adams and Rossbach), Commissioner Rowen not participating.

ORVAL L. DUBOIS,
Secretary.

(SEAL)

THE UNITED GAS IMPROVEMENT COMPANY

BALANCE SHEET

December 31, 1951

ASSETS AND OTHER DEBITS

Investments (at cost or less):			
Investment Securities and Advances:			
Subsidiary Companies, Majority-Owned:			
Consolidated		$34,445,049	
Other Companies		4,642,743	
Miscellaneous Investments		7,921	$39,095,713
Special Fund (Contra)			40,691
Current Assets:			
Cash, Demand Deposits in Banks		$ 1,296,701	
Special Deposits		99,572	
Temporary Cash Investments—U. S. Treasury Securities		1,500,767	
Accounts Receivable		21,280	
Accrued Interest Receivable		91,479	
Other Current Assets		3,729	3,013,528
Prepayments			6,600
Deferred Charges			51,720
Total Assets and Other Debits			$42,208,252

LIABILITIES AND OTHER CREDITS

Capital Stock—$13.50 par value:			
Authorized	2,414,759 shares		
Issued	1,239,959 shares		$16,739,446
Less—Reacquired	9,219 shares		124,456
Outstanding	1,230,740 shares		$16,614,990
Surplus:			
Earned		$20,501,082	
Reserve for Possible Losses on Investments		3,844,421	
Capital (Arising in connection with change of Capital Stock from No Par to Par and reacquisition of Capital Stock in exchange for investment securities)		824,489	25,169,992
Total Capital Stock and Surplus			$41,784,982
Current Liabilities:			
Accounts Payable		$ 12,059	
Dividends Declared		89,507	
Accrued Taxes:			
Federal Income	$139,134		
Federal Excess Profits	—		
Other Federal	820		
Commonwealth of Pennsylvania	62,980	202,934	
Other Current Liabilities		17,218	
Liability for Redemption of $13.50 Par Scrip		10,065	331,783
Reserves:			
Prior Years' Taxes		$ 50,796	
Special Fund (Contra)		40,691	91,487
Total Liabilities and Other Credits			$42,208,252

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THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
December 31, 1951 And
THE UNITED GAS IMPROVEMENT COMPANY
PRO FORMA BALANCE SHEET
December 31, 1951

	The U.G.I. Co. and Subsidiary Companies Consolidated	Pro Forma The U.G.I. Co. After Giving Effect to the Plan
ASSETS AND OTHER DEBITS		
Plant and Equipment (including intangibles):		
Electric and Gas Utility Plant:		
Original Cost	$67,142,527	$72,376,987
Acquisition Adjustments	(204,202)	(204,202)
Non-Utility Plant, at cost	9,051,728	—
	$75,990,053	$72,172,785
Less—Reserve for Depreciation and Amortization	20,703,404	18,485,502
	$55,286,649	$53,687,283
Investments (at cost or less):		
Investment Securities:		
Other Companies	$ 4,642,743	$ 4,642,743
Other Physical Property	$ 132,446	$ 5,153,201
Less—Reserve for Depreciation and Amortization	—	(2,506,623)
	$ 132,446	$ 2,646,578
Other Investments	$ 3,000	$ 3,000
	$ 4,778,189	$ 7,292,321
Advances to The Philadelphia Gas Works Company, Lessee	$ 5,200,000	—
Loans in Connection with operation of City of Philadelphia Gas Works	$ —	$ 5,200,000
Sinking and Special Funds	$ 256,946	$ 256,946
Current and Accrued Assets:		
Cash on Hand and Demand Deposits in Banks	$ 3,060,320	$ 3,115,148
Special Deposits	228,388	228,902
Temporary Cash Investments	1,800,767	300,000
Other	5,265,448	5,295,451
Total Current and Accrued Assets	$10,354,923	$ 8,939,501
Deferred Debits	$ 989,078	$ 564,078
Total Assets and Other Debits	$76,865,785	$75,940,129

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
December 31, 1951 And
THE UNITED GAS IMPROVEMENT COMPANY
PRO FORMA BALANCE SHEET
December 31, 1951

	The U.G.I. Co. and Subsidiary Companies Consolidated	Pro Forma The U.G.I. Co. After Giving Effect to the Plan
LIABILITIES AND OTHER CREDITS		
Capital Stocks and Surplus:		
Preferred stock—4¼% Series—$100 par value	$ —	$ 2,500,000
Capital Stock—$13.50 par value	16,614,990	—
Common Stock—$13.50 par value	—	18,146,727
Surplus:		
Earned	24,421,978	24,659,150
Reserved for Possible Losses on Investments	3,844,421	—
Capital	824,489	6,713,896
Net excess of equity in Capital Stocks of subsidiary companies at dates of acquisition over investment therein	317,689	—
Preferred stocks—subsidiary companies	2,986,470	—
Minority interest in subsidiary companies	3,281,656	—
Total Capital Stocks and Surplus	$52,291,693	$52,019,773
Long-Term Debt:		
Bonds—The U.G.I. Co.	$ —	$15,758,000
Bonds—subsidiary companies	15,758,000	—
Less—Sinking Fund requirements due in 1952 (estimated)	(110,000)	(110,000)
Notes Payable—Banks	1,950,000	1,950,000
	$17,598,000	$17,598,000
Current and Accrued Liabilities	$ 5,920,973	$ 5,046,778
Deferred Credits	$ 141,386	$ 317,958
Reserves	$ 640,342	$ 682,521
Contributions in Aid of Construction	$ 273,391	$ 275,099
Total Liabilities and Other Credits	$76,865,785	$75,940,129

THE UNITED GAS IMPROVEMENT COMPANY

STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951

Income:		
Dividends:		
Subsidiaries, Majority Owned, Consolidated		$1,794,739
Other Companies		798,603
Total		$2,593,342
Interest:		
Subsidiaries, Majority Owned, Consolidated		$ 300,220
Other Company		43,056
Total		$ 343,276
Income from Special Fund		$ 1,363
Income from Temporary Cash Investments, Royalties, etc.		231,515
Total Income		$3,169,496
Expenses, Other than Income Taxes:		
Salaries, Office Rentals, Supplies, etc.		$ 507,207
General Expenses		145,787
Sub-Total		$ 652,994
Provision for Federal Taxes, Other than Income Taxes		$ 3,981
Provision for State and Local Taxes		75,905
Sub-Total		$ 79,886
Total Expenses, Other than Income Taxes		$ 732,880
Net Operating Income, before Income Taxes		$2,436,616
Other Deductions from Income		23,190
Net Income, before Income Taxes		$2,413,426
Provision for Federal Income and Excess Profits Taxes:		
Income Taxes		$ 125,302
Excess Profits		—
Total		$ 125,302
Net Income		$2,288,124
Income Appropriated to Special Fund Reserve		1,363
Balance Available for Capital Stock and Surplus		$2,286,761

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF INCOME
For the Twelve Months Ended December 31, 1951, and

THE UNITED GAS IMPROVEMENT COMPANY
PRO FORMA STATEMENT OF INCOME
For the Twelve Months Ended December 31, 1951

	Consolidated	The U.G.I. Co. After Giving Effect to the Plan
Operating Revenues:		
Gas	$12,828,443	$13,092,580
Electric	4,809,707	4,809,707
Other	1,265,722	1,260,951
Total	$18,903,872	$19,163,238
Operating Revenue Deductions:		
Operating Expenses	$11,211,855	$11,435,634
Maintenance	1,276,093	1,314,982
Provision for Depreciation	1,646,228	1,653,067
Provision for Taxes:		
Federal Income	1,801,753	1,801,753
Other Federal	155,146	155,597
State and Local	598,158	599,190
Total	$16,689,233	$16,960,223
Operating Income	$ 2,214,639	$ 2,203,015
Other Income:		
Dividends	$ 798,603	$ 798,603
Interest	290,666	279,548
Merchandising and Jobbing	198,734	201,245
Miscellaneous	219,111	223,198
Total	$ 1,507,114	$ 1,502,594
Gross Income	$ 3,721,753	$ 3,705,609
Deductions from Gross Income:		
Interest on Long Term Debt	$ 554,612	$ 554,612
Interest, Other	34,915	9,554
Interest charged to Construction	(28,674)	(28,674)
Miscellaneous Income Deduction	49,105	43,672
Dividends on Preferred Stocks of Subsidiaries	128,031	—
Minority Interest	194,532	—
Total	$ 932,521	$ 579,164
Net Income	$ 2,789,232	$ 3,126,445
Dividends on Preferred Stock		$ 106,260
Net Income Applicable to Common Stock		$ 3,020,185

CONSUMERS GAS COMPANY

CONDENSED BALANCE SHEET

December 31, 1951

ASSETS AND OTHER DEBITS

Gas Utility Plant	$9,473,224
Less Reserve for Depreciation	1,605,068
Net Gas Utility Plant	$7,868,156
Investments (other physical property and miscellaneous)	75,616
Reserve fund	211,152
Current and accrued assets	844,042
Deferred debits	353,941
Total Assets and Other Debits	$9,352,907

LIABILITIES AND OTHER CREDITS

Capital stock and surplus:	
Capital stock, par $25:	
Authorized, 280,000 shares	
Issued and outstanding, 220,872 shares	$5,521,800
Earned surplus	435,912
	$5,957,712
Note payable, parent company, due September 1, 1953, interest at rate of 4 pct. per annum.	$ 875,000
Current and accrued liabilities:	
Notes payable, banks	$ 315,000
Advance payable to parent company	1,455,000
Accounts payable	158,729
Taxes accrued	330,166
Other	48,070
Total current and accrued liabilities	$2,306,965
Deferred credits	$ 11,328
Miscellaneous Reserves	$ 165,384
Contributions in aid of construction	$ 36,518
Total Liabilities and Other Credits	$9,352,907

CONSUMERS GAS COMPANY

STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951

Operating revenues	$3,010,085
Operating revenue deductions:	
Operating expenses, other than maintenance	$2,023,608
Maintenance	122,407
Provision for depreciation	168,000
Provision for taxes:	
Federal income	279,127
Other Federal	8,400
State and local	50,962
Total operating revenue deductions	$2,652,504
Net operating revenues	$ 357,581
Other income, net:	
Merchandising, jobbing and contract work	$ 56,202
Income from U. S. Treasury securities	—
Income from reserve fund	7,953
Miscellaneous	1,859
Total other income, net	$ 66,014
Gross income	$ 423,595
Income deductions:	
Interest on long-term note (parent company)	$ 35,000
Other interest and miscellaneous charges	56,192
Total	$ 91,192
Less interest charged to construction	554
Total income deductions	$ 90,638
Net income	$ 332,957
Reservation of net income (credited to reserve for purchase of leased property)	7,953
Balance of earnings	$ 325,004

THE HARRISBURG GAS COMPANY

CONDENSED BALANCE SHEET

December 31, 1951

ASSETS AND OTHER DEBITS

Gas Utility Plant	$12,087,166
Less Reserve for Depreciation	2,500,637
Net Gas Utility Plant	$ 9,586,529
Investments (other physical property)	15,134
Current and accrued assets	769,181
Deferred Debits	20,588
Total Assets and Other Debits	$10,391,432

LIABILITIES AND OTHER CREDITS

Capital stock and surplus:		
Preferred cumulative stock (par $100) authorized 25,000 shs. of which amount a 4½% series is authorized for 5,000 shs.		
Issued and outstanding	4,838 shares	$ 483,800
Common Stock (no par)		
Authorized	60,000 shares	
Issued and outstanding	41,433 shares	3,342,262
Earned surplus since May 1, 1946		361,660
Capital surplus arising from reduction of capital		38,013
		$ 4,225,735
Long-term debt:		
First mortgage bonds:		
2⅝% series due May 1, 1971		$ 2,035,000
3⅛% series due May 1, 1971		985,000
3.15% series due May 1, 1976		1,000,000
		$ 4,020,000
Less sinking fund requirements		48,000
		$ 3,972,000
Current and Accrued Liabilities		$ 2,075,290
Deferred credits		$ 14,283
Miscellaneous Reserves		$ 61,309
Contributions in aid of construction		$ 42,815
Total Liabilities and Other Credits		$10,391,432

THE HARRISBURG GAS COMPANY

STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951

Operating revenue	$3,293,146
Operating revenue deductions:	
Operating expenses, other than maintenance	$2,052,707
Maintenance	227,979
Provision for depreciation	275,000
Amortization of utility plant acquisition adjustments	910
Provision for Taxes:	
Federal income	273,899
Other Federal	10,545
State and local	48,558
Total operating revenue deductions	$2,889,598
Net operating revenues	$ 403,548
Other income, net:	
Merchandising, jobbing and contract work	$ 33,261
Other	—
Total other income, net	$ 33,261
Gross income	$ 436,809
Income deductions:	
Interest on long-term debt	$ 105,469
Amortization of premium and discount on bonds, net (credit)	(439)
Other interest and miscellaneous charges	53,836
Total	$ 158,866
Less interest charged to construction	602
Total income deductions	$ 158,264
Net income	$ 278,545
Dividends on preferred stocks	21,771
Balance available for common stock	$ 256,774

UNITED STATES OF AMERICA

before the

SECURITIES AND EXCHANGE COMMISSION

September 18, 1952

In the Matter of THE UNITED GAS IMPROVEMENT COMPANY (File No. 54-201) THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES Respondents (File No. 59-6) (Public Utility Holding Company Act of 1935)	ORDER APPROVING PLAN PURSUANT TO SECTION 11(e) OF THE ACT

The United Gas Improvement Company ("UGI"), a registered holding company, having filed a plan, together with an amendment thereto (the "Plan"), pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935 (the "Act"), providing, among other things, for the merger of UGI and its various subsidiary companies, and for other transactions and steps as more fully set forth in said Plan;

The Commission having given public notice with respect to the filing of said Plan and with respect to holding of a hearing thereon, which notice was given by Notice and Order dated January 22, 1952 (Holding Company Act Release No. 11015), and public hearings having been held after such notice, at which hearings all interested persons were afforded an opportunity to be heard;

UGI having requested the Commission to enter an order finding that the Plan is necessary to effectuate the provisions of Section 11(b) of the Act, and is fair and equitable to the persons affected thereby;

UGI having further requested the Commission, pursuant to Section 11(e) of the Act, to apply to an appropriate court, in accordance with the provisions of Section 18(f) of the Act, to enforce and carry out the terms and provisions of Part 2 of the Plan;

The Commission having previously, by Order entered June 15, 1951 (Holding Company Act Release No. 10624) directed that UGI dispose of its direct and indirect ownership, control and holdings of certain securities therein named, including securities of Delaware Coach Company, and UGI having requested that the time for compliance with such Order be extended for one year from June 15, 1952, and that such Order be modified by eliminating therefrom the requirement for disposition by UGI of its securities of Delaware Coach Company (being a note in the amount of $916,666.67), so as to permit the retention of such note and the liquidation thereof in accordance with its terms;

UGI having requested that the Commission, upon approving the Plan, find that UGI shall have ceased to be a holding company, and that an order be entered under Section 5(d) of the Act so declaring, and finding that UGI's registration under the Act shall cease to be in effect; and

UGI having proposed, in connection with such Plan, to acquire 1,459 shares of the capital stock of Consumers Gas Company from Drexel & Co., financial advisers to UGI, at the price of $20.25 per share, being the cost of such shares to Drexel & Co., and such acquisition appearing to meet the standards of the Act.

The Commission being duly advised and having this day issued its Findings and Opinion, and on the basis of such Findings and Opinion and pursuant to the applicable provisions of the Act and the Rules and Regulations thereunder:

IT IS ORDERED that the Plan of UGI be, and it is hereby approved, subject to the terms and conditions in Rule U-24 of the General Rules and Regulations promulgated under the Act, and subject to the following additional terms and conditions:

1. The order entered herein shall not be operative to authorize the consummation of the transactions proposed in Part 2 of the Plan until a court of competent jurisdiction shall, upon application thereto, enter an order enforcing Part 2 of the Plan;

2. Jurisdiction be and it is hereby specifically reserved as to the following matters:

(a) To approve, determine, award, allow or allocate any fees, expenses and remunerations in connection with the Plan, and to pass upon the reasonableness thereof;

(b) To take such further action as the Commission may deem appropriate to effectuate the provisions of the Plan concerning efforts of the company to locate persons entitled to securities or cash by reason of their holdings of the securities of UGI and its subsidiaries;

(c) To entertain such further proceedings, to make such supplemental findings, to enter such further orders, and to take such further action as the Commission may deem appropriate in connection with the Plan, as amended, the transactions incident thereto, and the consummation thereof; and

(d) To consider whether, after all of the transactions provided in Parts 1, 2 and 3 of the Plan shall have been consummated, and UGI shall have renewed its request, an order should be entered under Section 5(d) of the Act, and whether such order should be subject to any terms and conditions as necessary for the protection of investors.

IT IS FURTHER ORDERED that the Commission's Order entered June 15, 1951, be, and hereby is, amended to eliminate the requirement that UGI dispose of its holdings of securities of Delaware Coach Company, and that an extension of time be and is hereby granted until June 15, 1953, for compliance with the remaining provisions of such Order.

IT IS FURTHER ORDERED and RECITED that all transactions proposed in the aforesaid Plan to be effected by UGI, Allentown-Bethlehem Gas Company ("Allentown"), Consumers Gas Company ("Consumers"), The Harrisburg Gas Company ("Harrisburg"), Lancaster County Gas Company ("Lancaster"), Lebanon Valley Gas Company ("Lebanon"), Luzerne County Gas and Electric Corporation ("Luzerne"), and The Philadelphia Gas Works Company ("P.G.W."), or any of them, or by the holders of securities heretofore or hereafter issued or assumed by any of them, including particularly the exchanges, redemptions, issuances, transfers, acquisitions, expenditures, distributions, conveyances, dispositions and sales hereinafter itemized, specified, described, and recited are authorized, approved, and required; that said transactions are necessary or appropriate to the integration or simplification of the holding company system of which said corporations are members and are necessary or appropriate to effectuate the provisions of Subsection (b) of Section 11 of the Public Utility Holding Company Act of 1935; that said transactions or any of them may be effected through and deliveries may be made to or through trustees, exchange agents, or otherwise, and/or the stocks, securities and cash, and other property may be delivered direct to those ultimately entitled thereto, all in any manner consistent with the court order enforcing the Plan and within the time limits

specified in the Plan or in said court order; and that this order is issued under the authority of Subsection (e) of Section 11 of the Public Utility Holding Company Act of 1935 to effectuate the provisions of Subsection (b) of Section 11 of said Act:

1. The resumption by UGI, as agent of Northern Liberties Gas Company, of the conduct of the latter's business and the operation of its gas properties under the July 2, 1900 agreement between UGI and Northern Liberties Gas Company; such resumption to be accomplished by UGI and P.G.W. terminating the existing agreement between them dated May 14, 1937, pursuant to which P.G.W. was substituted for UGI as agent to operate such properties and to supply and distribute gas in that portion of the City of Philadelphia, formerly known as District of Northern Liberties.

2. The merger into UGI of Allentown, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and P.G.W., with UGI remaining as the surviving and continuing corporation, all as more particularly provided and set forth in the proposed Agreement of Merger (which is Exhibit A to the Plan), which Agreement of Merger is incorporated herein by reference, and, in connection therewith, the transfer to and vesting in UGI, as such surviving and continuing corporation, of all the rights, privileges and franchises theretofore vested in each of said constituent subsidiary corporations and all the estate and property, real and personal, and rights of action of each of said corporations, including the transfer to and acquisition by UGI of the securities owned by said corporations, which at present are as follows:

Owned By	Name of Security	Shares or Principal Amount
Consumers Gas Company...	Reading Gas Company Capital Stock.....	3,060 shares
Consumers Gas Company...	U. S. Treasury 2¼% Bonds due 6/15/59-62.....	$10,000
Consumers Gas Company...	Berks County Trust Company Capital Stock.....	1,500 shares
The Philadelphia Gas Works Company.....	U. S. Treasury Certificates of Indebtedness, 1⅞% Series "A" due 2/15/53.....	$300,000

3. The execution, delivery and recording by UGI and Fidelity-Philadelphia Trust Company, Trustee, of a UGI First Mortgage and Deed of Trust dated as of January 1, 1953, substantially in the form set forth as Exhibit B to said Plan, which Mortgage and Deed of Trust is incorporated herein by reference.

4. The surrender by the holders of all First Mortgage Bonds issued respectively by Allentown, Harrisburg and Luzerne and presently outstanding in the aggregate amount of $15,648,000 in the following respective amounts and series:

Company	Principal Amount	Series
Allentown-Bethlehem Gas Co.....	$2,172,000	3¾% (now 3%) Series due 1965
Allentown-Bethlehem Gas Co.....	1,455,000	3¼% Series due 1968
Allentown-Bethlehem Gas Co.....	1,500,000	3.348% Series due 1976
The Harrisburg Gas Company.....	2,002,000	2⅝% Series due 1971
The Harrisburg Gas Company.....	970,000	3⅛% Series due 1971
The Harrisburg Gas Company.....	1,000,000	3.15% Series due 1976
Luzerne County Gas and Electric Corporation..	6,549,000	3¼% Series due 1966

to UGI in exchange for a like principal amount of First Mortgage Bonds issued by UGI of a series corresponding to the series surrendered, together with accrued interest, if any, on their Bonds up to the effective date of the merger, the acquisition and cancellation by UGI of the said First Mortgage Bonds issued respectively by Allentown, Harrisburg and Luzerne, the issuance and delivery of its First Mortgage Bonds and cash for accrued interest by UGI to such holders and the acquisition thereof by such holders in such exchange.

5. The satisfaction, cancellation, release and discharge by the respective trustees thereof of the various indentures of mortgage and the supplements thereto of Allentown, Harrisburg and Luzerne securing, respectively, the aforesaid outstanding bonds issued by said companies; the surrender by such trustees of the securities and/or cash, if any, held by them under the provisions of such indentures and supplements; the acquisition of such securities and/or cash by UGI, and the cancellation of such securities by UGI.

6. The surrender by the holders thereof to Harrisburg for the redemption price thereof ($110 per share plus an amount equal to accrued and unpaid dividends thereon to the redemption date) and the redemption, acquisition and cancellation by Harrisburg of 4,838 shares of the 4½% Preferred Stock of Harrisburg.

7. The surrender by the holders thereof to UGI of 25,000 shares of the 4¼% Preferred Stock of Luzerne in exchange for one share of the 4¼% Preferred Stock of UGI, plus accrued and unpaid dividends on their Luzerne 4¼% Preferred Stock up to the effective date of the merger, for each share of the Luzerne 4¼% Preferred Stock so surrendered, the acquisition and cancellation by UGI of said Luzerne's 4¼% Preferred Stock, the issuance and delivery by UGI of its 4¼% Preferred Stock and cash for such dividends to such holders and the acquisition thereof by such holders in such exchange.

8. The surrender by the holders thereof to UGI of their certificates of UGI Capital Stock in exchange for certificates representing a like number of shares of UGI Common Stock, the acquisition and cancellation by UGI of such certificates of UGI's Capital Stock, the issuance and delivery by UGI of certificates for such UGI Common Stock to such holders and the acquisition thereof by such holders in such exchange.

9. The cancellation by UGI of the following securities now owned by it:

Name of Issuing Company	Security	Shares
Allentown-Bethlehem Gas Company	Common Capital Stock	132,375
Consumers Gas Company	Capital Stock	140,085
The Harrisburg Gas Company	Common Stock	29,225
Lancaster County Gas Company	Capital Stock	50,000
Lebanon Valley Gas Company	Common Stock	19,800
Luzerne County Gas and Electric Corporation	Common Stock	176,694
The Philadelphia Gas Works Company	Capital Stock	50

10. The surrender by the holders thereof to UGI of the 80,787 shares of Consumers Capital Stock, not owned by UGI, in exchange for 8/10ths of a share of UGI Common Stock (and/or cash for fractional interests of less than one share) for each share of Consumers Capital Stock so surrendered, the acquisition and cancellation by UGI of such Consumers Capital Stock, the issuance and delivery of such UGI Common Stock and/or cash to such holders and the acquisition thereof by such holders in such exchange.

11. The surrender by the holders thereof to UGI of the 12,208 shares of Harrisburg Common Stock, not owned by UGI, in exchange for four shares of UGI Common Stock for each share of Harrisburg Common Stock so surrendered, the acquisition and cancellation by UGI of such Harrisburg Common Stock, the issuance and delivery of such UGI Common Stock to such holders and the acquisition thereof by such holders in such exchange.

12. The cancellation by UGI and its utility subsidiaries of all intercompany indebtedness owing by such subsidiaries to UGI; presently as follows:

Name of Debtor Subsidiary	Debt Represented By	Amount of Debt
Allentown-Bethlehem Gas Company	Open book account	—
Consumers Gas Company	4% Promissory Note	$ 875,000
Consumers Gas Company	Open book account	1,455,000
The Harrisburg Gas Company	Open book account	1,270,000
Lancaster County Gas Company	Open book account	1,050,000
The Philadelphia Gas Works Company	Open book account	3,000,000

13. The cancellation by UGI of all its First Mortgage Bonds and of all shares of its 4¼% Preferred Stock and Common Stock reserved, respectively, for issuance on surrender by the holders thereof of the First Mortgage Bonds (referred to in 4 above), the 4¼% Preferred Stock of Luzerne (referred to in 7 above), the Capital Stock of Consumers and the Common Stock of Harrisburg (referred to in 10 and 11 above, respectively), which shall not have been surrendered in exchange therefor within the time limits specified in the Plan or in the court order enforcing the Plan; and the retention by UGI of the cash remaining in its hands reserved for payment on surrender by the holders of First Mortgage Bonds of subsidiary companies, of Luzerne's 4¼% Preferred Stock, and of Consumers Capital Stock and the Harrisburg Common Stock which shall not have been surrendered in exchange therefor within the time limits specified in the Plan or in the court order enforcing the Plan.

14. The disposition by sale or otherwise by UGI of the following securities which it owns:

Name of Company	Security	Shares or Amount
Central Illinois Light Company	Common Stock	35,340 shs.
Consumers Power Company	Common Stock	63,612 shs.
Delaware Power & Light Company	Common Stock	37,355 shs.
Niagara Mohawk Power Corporation	Common Stock	159,500 shs.
Philadelphia Electric Company	Common Stock	16,543 shs.
Public Service Electric and Gas Company	Preference Common	36,801 shs.
Public Service Electric and Gas Company	Common Stock	4,861 shs.

IT IS FURTHER ORDERED that the proposed acquisition by UGI of 1,459 shares of the capital stock of Consumers Gas Company from Drexel & Co., be, and hereby is, approved.

By the Commission.

ORVAL L. DUBOIS
Secretary

(SEAL)

MERGER AGREEMENT

AGREEMENT FOR THE MERGER OF ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION AND THE PHILADELPHIA GAS WORKS COMPANY WITH AND INTO THE UNITED GAS IMPROVEMENT COMPANY, AS THE SURVIVING CORPORATION.

DATED AS OF DECEMBER 31, 1952

AGREEMENT OF MERGER made and entered into as of the 31st day of December, 1952, by and among ALLENTOWN-BETHLEHEM GAS COMPANY (hereinafter called "Allentown-Bethlehem"), Cyrus S. Fleck, John A. Frick, James W. Fuller, 4th, Fred B. Hofft, Henry T. Koch, Russell K. Laros, W. E. Long, L. P. Neuweiler and F. J. Rutledge, the Directors thereof; CONSUMERS GAS COMPANY (hereinafter called "Consumers"), Jere H. Barr, Wellington M. Bertolet, Stanley Bright, John S. Giles, Fred B. Hofft, Irvin F. Impink, W. E. Long, F. J. Rutledge and A. C. Taylor, the Directors thereof; THE HARRISBURG GAS COMPANY (hereinafter called "Harrisburg"), George R. Bailey, Fred B. Hofft, Ritchie Lawrie, Jr., W. E. Long, Leonard B. Richards and F. J. Rutledge, the Directors thereof; LANCASTER COUNTY GAS COMPANY (hereinafter called "Lancaster"), Kenneth B. Anderson, Fred B. Hofft, W. E. Long, Andrew S. Morgan and M. H. Parkinson, the Directors thereof; LEBANON VALLEY GAS COMPANY (hereinafter called "Lebanon"), John S. Bashore, Keefer L. Baum, Fred B. Hofft, Gideon R. Kreider, Jr., W. E. Long, F. J. Rutledge and Charles B. Webb, the Directors thereof; LUZERNE COUNTY GAS AND ELECTRIC CORPORATION (hereinafter called "Luzerne"), Fred B. Hofft, W. E. Long, M. H. Parkinson, F. J. Rutledge and Charles E. Warsaw, the Directors thereof; THE PHILADELPHIA GAS WORKS COMPANY (hereinafter called "Philadelphia"), H. Bruce Andersen, Thomas S. Lever, W. G. Murfit, Hudson W. Reed, F. J. Rutledge and Frank H. Trembly, the Directors thereof; and THE UNITED GAS IMPROVEMENT COMPANY (hereinafter called "U.G.I."), Wm. W. Bodine, Frederick R. Drayton, John A. Frick, W. E. Long, Benjamin F. Pepper, Hudson W. Reed, Leonard B. Richards, T. Leaming Smith and Clarence A. Warden, Jr., the Directors thereof; each of the companies named above being a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania.

WHEREAS, Allentown-Bethlehem:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto by Agreement of Merger and Consolidation dated June 23, 1930 by and among Allentown-Bethlehem Gas Company, East Penn Gas Light Company, and Highland Gas Company, Letters Patent having been duly granted September 9, 1930;

(b) is duly possessed of the right to manufacture and supply gas to the public in certain cities, boroughs and townships within the Counties of Bucks, Lehigh and Northampton, Pennsylvania, as more particularly described in (i) said Agreement by and among Allentown-Bethlehem Gas Company, East Penn Gas Light Company, and Highland Gas Company dated June 23, 1930 and the Agreements of Merger and Consolidation forming said constituent corporations, all of which Agreements are duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) Indentures dated November 10, 1931, January 18, 1945 and January 24, 1945 by which Allentown-Bethlehem acquired respectively all the property and franchises of Silverdale Gas Company, Hamburg Gas Company, and Northampton County Gas Company, said Indentures being recorded respectively in the Office for Recording of Deeds in and for Bucks County in Deed Book No. 602, page 557, in the Office for Recording of Deeds in and for Berks County in Deed Book No. 908, page 387, and in the Office for Recording of Deeds in and for Northampton County in Miscellaneous Book No. 103, page 16;

(c) has an authorized capital stock of 200,000 Common capital shares each having a par value of $50, or $10,000,000 in the aggregate, of which 132,375 shares, or $6,618,750 in the aggregate, are issued and outstanding; and

(d) has an authorized indebtedness of $10,000,000 and has First Mortgage Bonds issued and outstanding consisting of $2,172,000 of 3¾% Series (reduced to 3% effective March 1, 1947) due September 1, 1965, $1,455,000 of 3¼% Series due December 1, 1968, and $1,500,000 of 3.348% Series due June 1, 1976, or $5,127,000 in the aggregate;

AND WHEREAS, Consumers:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 by Agreement of Merger and Consolidation dated February 27, 1913 by and between Birdsboro Gas Company and The Consumers Gas Company, Letters Patent having been duly granted March 20, 1913;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Reading and in certain boroughs and townships within the County of Berks, Pennsylvania, as more particularly described in (i) said Agreement dated February 27, 1913, which has been duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) an Indenture dated May 9, 1950 by which Consumers acquired all the property and franchises of Lancaster-Consumers Gas Company, said Indenture being recorded in the Office for Recording of Deeds in and for Lancaster County in Deed Book W, Volume 40, page 10;

(c) has an authorized capital stock of 280,000 shares each having a par value of $25, or $7,000,000 in the aggregate, of which 220,872 shares, or $5,521,800 in the aggregate, are issued and outstanding; and

(d) has an authorized indebtedness of $5,000,000 and has issued and outstanding a 4% Promissory Note in the principal amount of $875,000 to U.G.I., due September 1, 1953;

AND WHEREAS, Harrisburg:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto by Agreement of Merger and Consolidation dated July 28, 1924 by and between Harrisburg Gas Company and Dauphin County Gas Company, Letters Patent having been duly granted October 2, 1924;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Harrisburg and in certain boroughs and townships within the Counties of Cumberland, Dauphin, and Lancaster, and in one township within the County of York, Pennsylvania, as more particularly described in (i) said Agreement by and between Harrisburg Gas Company and Dauphin County Gas Company dated July 28, 1924 and the Agreements of Merger and Consolidation forming said constituent corporations, all of which Agreements are duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) Indentures dated January 18, 1945, February 1, 1949, May 4, 1950 and September 20, 1951 by which Harrisburg acquired respectively all the property and franchises of Elizabethtown and Marietta Gas Company, Cumberland Valley Gas Company, Cumberland County Gas Company, and Central Cumberland Gas Company, said Indentures being recorded respectively in the Office for Recording of Deeds in and for Lancaster County in Deed Book A, Volume 37, page 207, in the Office for Recording of Deeds in and for Cumberland County in Deed Book A, Volume 14, page 112, in said Office in Miscellaneous Book 92, page 466, and in said Office in Deed Book U, Vol. 14, page 253.

(c) has an authorized capital stock of 25,000 shares of Preferred Stock each having a par value of $100 per share, or $2,500,000 in the aggregate, of which 5,000 shares have been established as a series and designated as 4½% Preferred Stock and 4,838 shares thereof, or $483,800 in the aggregate, are issued and outstanding, and of 60,000 Common shares, no par value, of which 41,433 shares, with a stated capital of $3,342,262 in the aggregate, are issued and outstanding; and

(d) has an authorized indebtedness of $10,000,000, and has issued and outstanding First Mortgage Bonds to the extent of $2,002,000 of 2⅝% Series due May 1, 1971, $970,000 of 3⅛% Series due May 1, 1971, and $1,000,000 of 3.15% Series due May 1, 1976, or $3,972,000 in the aggregate;

AND WHEREAS, Lancaster:

(a) was duly incorporated under "An Act to provide for the incorporation and regulation of certain corporations" approved April 29, 1874 and the supplements and amendments thereto, by Letters Patent duly granted January 20, 1949;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Lancaster and in certain boroughs and townships within the County of Lancaster, Pennsylvania, as more particularly described in its Charter duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania; and

(c) has an authorized and outstanding capital stock of 50,000 shares each having a par value of $50, or $2,500,000 in the aggregate;

AND WHEREAS, Lebanon:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto, by Agreement of Merger and Consolidation dated December 22, 1925 by and among Lebanon Gas & Fuel Company, Annville and Palmyra Gas and Fuel Company, and Hummelstown Gas & Fuel Company, Letters Patent having been duly granted October 1, 1926;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Lebanon and one borough and certain townships within the County of Lebanon and in one borough and certain townships within the County of Dauphin, Pennsylvania, as more particularly described in (i) said Agreement dated December 22, 1925, which has been duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) Indentures dated March 24, 1930 and June 16, 1931 by which Lebanon acquired respectively all the property and franchises of South Londonderry Township Gas Company and Myerstown Gas & Fuel Company, said Indentures being recorded respectively in the Office for Recording of Deeds in and for Lebanon County in Corporation Deed Book, Volume 6, page 109, and in said Office and Book at page 287; and

(c) has an authorized capital stock of 8,000 Preferred shares, each having a par value of $50, or $400,000 in the aggregate, no such shares being now outstanding (but 3,158 of such shares having been issued and redeemed and now held as Treasury shares), and of 20,000 Common shares, each having a par value of $50, or $1,000,000 in the aggregate, of which 19,800 shares, or $990,000 in the aggregate, are issued and outstanding;

AND WHEREAS, Luzerne:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations", approved May 3, 1909 and the supplements and amendments thereto, by Agreement of Merger and Consolidation dated as of September 1, 1924 by and among Luzerne County Gas & Electric Company, Luzerne County Gas and Electric Corporation, Ross Township Electric Co., New Columbus Electric Company, Fairmount Township Electric Co., and Huntington Township Electric Company, Letters Patent having been duly granted December 22, 1924;

(b) is duly possessed of the right to manufacture and supply gas and electricity to the public in certain cities, boroughs, and townships within the County of Luzerne, Pennsylvania, as more particularly described in said Agreement dated as of September 1, 1924 and in the Agreements of Merger and Consolidation dated June 22, 1911 and as of November 1, 1922 forming the two constituent corporations, each known as Luzerne County Gas & Electric Company, all of which Agreements are duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania;

(c) has an authorized capital stock of 36,000 shares of Preferred Stock each having a par value of $100, or $3,600,000 in the aggregate, of which 25,000 shares have been established as a series and designated as 4¼% Preferred Stock, or $2,500,000 in the aggregate, all of which 25,000 shares are issued and outstanding, and of 176,694 Common shares, no par value, all of which are issued and outstanding, with a stated capital of $4,417,350 in the aggregate; and

(d) has an authorized indebtedness of $100,000,000, and has issued and outstanding $6,549,000 of First Mortgage Bonds, 3¼% Series due January 1, 1966;

AND WHEREAS, Philadelphia:

(a) was duly incorporated under "An Act to provide for the incorporation and regulation of certain corporations" approved April 29, 1874 and the supplements and amendments thereto, by Letters Patent duly granted July 14, 1927;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City and County of Philadelphia, Pennsylvania, as more particularly described in its Charter duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania;

(c) has an authorized and outstanding capital stock of 50 shares each having a par value of $100, or $5,000 in the aggregate; and

(d) has an authorized indebtedness of $10,000,000 and has issued and outstanding Promissory Notes in the aggregate principal amount of $2,000,000 to banks, payable in installments, the last installment being due July 1, 1955;

AND WHEREAS, U.G.I.:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto by Agreement of Merger and Consolidation dated May 4, 1925 by and between The United Gas Improvement Company and The American Gas Company, Letters Patent having been duly granted August 21, 1925;

(b) is duly possessed of the right to manufacture and supply gas to the public as more particularly described in said Agreement dated May 4, 1925, which has been duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania; and

(c) has an authorized capital stock of 2,414,759 shares each having a par value of $13.50, or $32,599,246.50 in the aggregate, of which there have been issued 1,239,959 shares, there are presently held in the U.G.I. treasury 9,219 shares, and there are now outstanding 1,230,740 shares, or an aggregate of $16,614,990;

AND WHEREAS, each and every of the corporations, parties hereto, may, as recited above, transact the same or a similar line of business and are so doing;

AND WHEREAS, U.G.I. owns, with power to vote, more than fifty per centum of the outstanding voting stock of each of the other parties hereto, namely Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia;

AND WHEREAS, it is the desire of all the parties hereto that Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia be merged with and into U.G.I. as the surviving corporation as provided by "An Act to provide for the merger and consolidation of certain corporations" approved May 3, 1909 and the various supplements and amendments thereto and by such other laws of the Commonwealth of Pennsylvania as may be thereunto applicable;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the premises and of the terms and conditions hereinafter set forth and of other good and valuable considerations, have mutually agreed and do hereby mutually agree, pursuant to said Act of May 3, 1909 and the various supplements and amendments thereto, that, effective as of the close of business on December 31, 1952, Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia shall be merged with and into U.G.I. which shall be the surviving corporation, and all the rights, privileges and franchises (except to the extent hereinafter otherwise provided) and all the estate and property now vested in each of the parties hereto so merged shall be possessed by and vested in U.G.I. as the surviving corporation under the following terms and conditions and with the following mode of carrying said merger into effect:

1. The name, style and title of the corporation surviving from said merger shall be The United Gas Improvement Company, hereinafter called "the Company".

2. The number of the first Directors of the Company as the surviving corporation shall be nine and their names and addresses shall be:

Name	Address
Wm. W. Bodine	530 Walnut Street, Philadelphia, Pa.
Frederick R. Drayton	1528 Walnut Street, Philadelphia, Pa.
John A. Frick	516 Hamilton Street, Allentown, Pa.
Walter E. Long	1401 Arch Street, Philadelphia, Pa.
Benjamin F. Pepper	655 Madison Avenue, New York, N. Y.
Hudson W. Reed	1401 Arch Street, Philadelphia, Pa.
Leonard B. Richards	14 South Market Square, Harrisburg, Pa.
T. Leaming Smith	401 Woodbine Avenue, Narberth, Pa.
Clarence A. Warden, Jr.	910 Witherspoon Building, Philadelphia, Pa.

who shall continue to serve until their successors are duly elected and qualified pursuant to the By-Laws of the Company.

3. The number of the first Officers of the Company as the surviving corporation shall be eight and their names, titles and addresses shall be:

Name	Title	Address
Walter E. Long	President	1401 Arch Street, Philadelphia, Pa.
Fred B. Hofft	Vice-President	1401 Arch Street, Philadelphia, Pa.
Hudson W. Reed	Vice-President	1401 Arch Street, Philadelphia, Pa.
M. H. Parkinson	Vice-President and Comptroller	1401 Arch Street, Philadelphia, Pa.
Johns Hopkins	Secretary and Treasurer	1401 Arch Street, Philadelphia, Pa.
Earnest MacMorris	Assistant Treasurer	1401 Arch Street, Philadelphia, Pa.
Joseph B. Townsend	Assistant Treasurer	1401 Arch Street, Philadelphia, Pa.
J. H. Mackenzie	Assistant Secretary	1401 Arch Street, Philadelphia, Pa.

who shall continue to serve until their successors are duly elected and qualified, under the conditions specified by the By-Laws of the Company.

4. The Directors shall be elected annually by the stockholders entitled to vote therefor at the time and place prescribed in the By-laws for holding the annual meeting and in the manner prescribed by law and by the By-laws, and shall serve for one year and until their successors are duly elected and qualified.

The Directors shall meet after each annual meeting of the stockholders, and shall choose such officers as may be authorized and directed by the By-Laws of the Company and deemed necessary, who shall serve for one year and until their successors are duly elected and qualified.

5. The principal office of the Company shall be located at 1401 Arch Street, Philadelphia, Pennsylvania, until such time as it may be changed by proper corporate action duly taken.

6. The By-Laws of U.G.I., party hereto, shall be the By-Laws of the Company, except that Article XV relating to amendments shall be amended to read as follows:

> "Section 1. These By-Laws, except as provided below, may be amended, repealed or added to from time to time, by a vote of a majority of the Board of Directors at any regular meeting, or at any special meeting, when notice of the proposed amendment, repeal or addition shall have been given in the call for such special meeting. Such action by the Board of Directors is subject, however, to the general right of the stockholders to amend or repeal any provision of these By-Laws whether made, amended, repealed or added to by the Board of Directors or otherwise. The provisions of Article I of these By-Laws may only be amended, repealed or added to by the stockholders."

7. The authorized capital stock of the Company shall consist of 50,000 shares of Preferred stock each having a par value of $100, including a series of 25,000 shares of 4¼% Preferred stock, or $5,000,000 in the aggregate, and 2,414,759 shares of Common stock each having a par value of $13.50, or $32,599,246.50 in the aggregate.

The designations, terms, relative rights, privileges, limitations, preferences and voting powers, and the prohibitions, restrictions, and qualifications of the voting and other rights and powers of the shares of the Preferred Stock and the Common Stock of the Company shall be those set forth in Appendix A hereto attached and made part hereof.

The authorized shares of stock of the Company not needed in converting the stock of the corporations, parties hereto, into that of the Company may be issued and disposed of from time to time by the Board of Directors of the Company to such persons and upon such terms and conditions as in their absolute discretion they may deem advisable, but in no event at less than the par value thereof; except as may be otherwise provided by paragraph 14 of Appendix A hereto attached.

8. Each share of the capital stock of Lancaster and Philadelphia and each share of the Common capital stock of Allentown-Bethlehem, Lebanon and Luzerne outstanding when the merger becomes effective shall thereupon be cancelled, and no securities of the Company shall be issued in lieu thereof.

Each share of the capital stock of Consumers which is owned by U.G.I. when the merger becomes effective shall thereupon be cancelled, and no securities of the Company shall be issued in lieu thereof.

Each share of the capital stock of Consumers owned by others than U.G.I. when the merger becomes effective shall thereupon be surrendered and cancelled and in lieu and in stead thereof the holders of such stock shall receive 8/10ths of a share of the Common capital stock, par value $13.50 per share, of the Company for each share of the capital stock of Consumers held by them, provided, however, that those holders of such stock who would be entitled to a fractional share of the Common capital stock of the Company, shall receive in lieu of such fractional share cash determined as follows: The average of the daily closing sales price of the Common capital stock of the Company (bid price, if no sales are made) on the New York Stock Exchange for the period of one calendar week immediately following the effective date of the merger shall be considered the value of a whole share of the Common capital stock of the Company, which value per share shall be used as the basis for computing the value of fractional shares and the amount of cash to be distributed in lieu thereof.

Each share of the Common capital stock of Harrisburg which is owned by U.G.I. when the merger becomes effective shall thereupon be cancelled, and no securities of the Company shall be issued in lieu thereof.

Each share of the Common capital stock of Harrisburg owned by others than U.G.I. when the merger becomes effective shall thereupon be surrendered and cancelled and in lieu and in stead thereof the holders of such stock shall receive four shares of the Common capital stock, par value $13.50 per share, of the Company for each share of the Common capital stock of Harrisburg held by them.

Stockholders of U.G.I. shall continue to be such stockholders and enjoy all their rights and privileges as such without surrendering their present certificates of U.G.I. Capital Stock, provided however, stockholders may, after the merger agreement becomes effective, surrender their present certificates and receive in exchange therefor certificates representing a like number of shares of new Common Stock of U.G.I.

9. Each share of the 4½% Preferred stock of Harrisburg, par value $100 per share, outstanding when the merger becomes effective shall thereupon be redeemed at $110 per share plus an amount equal to accrued and unpaid dividends thereon, in accordance with the provisions of the contract between Harrisburg and the holders of said Preferred stock specifying the terms and conditions of the issuance thereof by Harrisburg.

Each share of the 4¼% Preferred stock of Luzerne, par value $100 per share, outstanding when the merger becomes effective shall thereupon be surrendered and cancelled, and in lieu and in stead thereof the holders of such stock shall receive one share of the 4¼% Preferred stock of the Company, par value $100 per share, having the rights, privileges, limitations, preferences, and voting powers set forth in Appendix A hereto, plus accrued and unpaid dividends to the effective date of the merger on the shares surrendered, for each share of such Preferred stock of Luzerne held by them.

10. After the merger becomes effective, (i) all certificates representing shares of the capital stock of Lancaster and Philadelphia, of the Common capital stock of Allentown-Bethlehem, Lebanon, and Luzerne, and of the capital stock of Consumers and Common capital stock of Harrisburg owned by U.G.I. when the merger becomes effective shall represent no rights whatsoever; (ii) all certificates representing shares of the capital stock of Consumers and of the Common capital stock of Harrisburg owned when the merger becomes effective by others than U.G.I. shall represent no rights other than the rights of the holders thereof to receive, on surrender and cancellation thereof as set forth in paragraph 8 above, the shares of the Common capital stock of the Company or cash therein stated as the exchange therefor; and (iii) all certificates representing shares of the Preferred stock of Luzerne outstanding when the merger becomes effective shall represent no rights other than the rights of the holders thereof to receive, on surrender and cancellation thereof as set forth in paragraph 9 above, the shares of Preferred stock of the Company therein stated as the exchange therefor. All other rights of all such stockholders shall, when the merger becomes effective, cease, determine and become void.

The Company may in its discretion appoint an exchange agent or agents in connection with the distribution of the securities and/or cash provided for in paragraphs 8 and 9 above, and may deposit with such exchange agent or agents the stock certificates and/or cash distributable upon surrender of the securities cancelled as aforesaid when the merger becomes effective, together with dividends paid upon shares of the Preferred and Common capital stock of the Company, which dividends shall be held without interest for the persons who shall be entitled to receive the stock to which such dividends relate. Any stock or cash remaining in the hands of the Company or the exchange agent or agents at the expiration of five (5) years after the effective date of the merger (other than Com-

mon capital stock of the Company held for exchange for U.G.I. capital stock) will become the property of the Company as a capital contribution thereto and the persons then otherwise entitled to such stock (other than Common capital stock of the Company as aforesaid) shall thereafter have no right to or claim against the Company or any other persons whatsoever with respect thereto.

11. The charter power of U.G.I. to contract with others to build, construct or maintain any work, public or private, and all rights, privileges and franchises pertaining thereto, shall be surrendered upon consummation of the merger in order that the Company (as the surviving corporation) shall not be authorized to transact dissimilar lines of business.

12. The assets and liabilities of each of Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia shall be taken up on the books of the Company at the amounts at which they are respectively carried on the books of each such constituent corporation when the merger becomes effective, except that inter-company indebtedness existing at that time between any such constituent corporation and U.G.I. and the items of capitalization (exclusive of earned surplus) of each such constituent corporation shall be eliminated. The books of U.G.I. shall remain and be the books of the Company.

The aggregate amount of the net assets of all the corporations, parties hereto, which shall be available for the payment of dividends immediately prior to the merger, to the extent that the value thereof is not capitalized by this Agreement, shall continue to be available for the payment of dividends by the Company thereafter.

13. The authorized indebtedness of the Company of the type required to be authorized by its stockholders shall, after the merger becomes effective, be in the amount of $135,000,000, said amount representing the aggregate of the authorized indebtedness heretofore authorized by the stockholders of certain of the corporations, parties hereto, as recited above. Said authorized indebtedness of the Company may from time to time be increased pursuant to law.

14. This Agreement shall be submitted to the stockholders of each of the corporations, parties hereto, at separate special meetings, or at any annual meetings, of the time, place, and object of which respective meetings written notice shall not less than ten (10) days before any such annual or special meeting be given to each stockholder of record of each such corporation. At said meetings this Agreement shall be considered and a vote of the stockholders in person or by proxy shall be taken by ballot for the adoption or rejection of the same, each share of stock entitling the holder thereof to one (1) vote. If a majority in amount of the entire capital stock of each of said corporations, parties hereto, shall vote in favor of this Agreement, then that fact shall be certified by the Secretary of each corporation under the corporate seal thereof and such certificates, together with one of the originals of this Agreement, or a copy thereof, and a certificate or certificates from the proper department or departments evidencing payment by each such corporation other than U.G.I. of all bonus, taxes, and other charges as required by law, shall be delivered to the Department of State of the Commonwealth of Pennsylvania.

Upon the filing of the foregoing and compliance with any other applicable provisions of law, and upon approval of this Agreement by said Department of State, the said merger shall be deemed to have taken place and the said corporations, parties hereto, to be one corporation, namely The United Gas Improvement Company, which Surviving Corporation shall possess all the rights, privileges and franchises theretofore vested in each of said constituent corporations except to the extent provided in paragraph 11 above and all the estate and property, real and personal, and rights of action of each of said corporations shall be deemed and taken to be transferred to and vested in The United Gas Improvement Company as the Surviving Corporation without any further act or deed.

It is the intention of the parties hereto that the franchise privileges of said Surviving Corporation shall coincide with the aggregate of the franchise privileges of each of the constitutuent corporations, parties hereto, as the same shall exist when the merger becomes effective. It is the further intention of the parties hereto that the said merger shall become effective at the close of business on December 31, 1952 and that the original or copy of this Agreement and the certificates referred to in this paragraph 14 be delivered to the Department of State of the Commonwealth of Pennsylvania at such time as will ensure its approval of this Agreement as of said date and time.

15. If at any time the Surviving Corporation shall deem or be advised that any further transfers, assignments, assurances in law or other acts or things are necessary or desirable to vest or confirm in the Surviving Corporation the title to any property or assets of any of the merged corporations, each such merged corporation and the proper officers and directors thereof shall and will execute any and all such proper transfers, assignments, conveyances, assurances in law, and do all other acts and things necessary or proper to vest or confirm title to such property and assets in the Surviving Corporation and otherwise to carry out the purposes and intent of this Agreement.

16. All expenses incident to completion of the merger contemplated by this Agreement shall be paid by the Company.

IN WITNESS WHEREOF, the parties hereto have duly executed these presents as of the day and year first above written.

ALLENTOWN-BETHLEHEM GAS COMPANY,

Attest: By

(SEAL) Secretary. President.

---(SEAL)
Cyrus S. Fleck

---(SEAL)
John A. Frick

---(SEAL)
James W. Fuller, 4th

---(SEAL)
Fred B. Hofft

---(SEAL)
Henry T. Koch

---(SEAL)
Russell K. Laros

---(SEAL)
W. E. Long

---(SEAL)
L. P. Neuweiler

---(SEAL)
F. J. Rutledge

Directors.

CONSUMERS GAS COMPANY,

Attest:

By

(SEAL) Secretary.

President.

---(SEAL)
Jere H. Barr

---(SEAL)
Wellington M. Bertolet

---(SEAL)
Stanley Bright

---(SEAL)
John S. Giles

---(SEAL)
Fred B. Hofft

---(SEAL)
Irvin F. Impink

---(SEAL)
W. E. Long

---(SEAL)
F. J. Rutledge

---(SEAL)
A. C. Taylor

Directors.

THE HARRISBURG GAS COMPANY,

Attest:

By

(SEAL) Secretary.

President.

---(SEAL)
George R. Bailey

---(SEAL)
Fred B. Hofft

---(SEAL)
Ritchie Lawrie, Jr.

---(SEAL)
W. E. Long

---(SEAL)
Leonard B. Richards

---(SEAL)
F. J. Rutledge

Directors.

LANCASTER COUNTY GAS COMPANY,

Attest: By

.....

(SEAL) Secretary. President.

.....(SEAL)
Kenneth B. Anderson

.....(SEAL)
Fred B. Hofft

.....(SEAL)
W. E. Long

.....(SEAL)
Andrew S. Morgan

.....(SEAL)
M. H. Parkinson

Directors.

LEBANON VALLEY GAS COMPANY,

Attest: By

.....

(SEAL) Secretary. President.

.....(SEAL)
John S. Bashore

.....(SEAL)
Keefer L. Baum

.....(SEAL)
Fred B. Hofft

.....(SEAL)
Gideon R. Kreider, Jr.

.....(SEAL)
W. E. Long

.....(SEAL)
F. J. Rutledge

.....(SEAL)
Charles B. Webb

Directors.

LUZERNE COUNTY GAS AND ELECTRIC CORPORATION,

Attest: By

(SEAL) Secretary. President.

---(SEAL)
Fred B. Hofft

---(SEAL)
W. E. Long

---(SEAL)
M. H. Parkinson

---(SEAL)
F. J. Rutledge

---(SEAL)
Charles E. Warsaw

Directors.

THE PHILADELPHIA GAS WORKS COMPANY,

Attest: By

(SEAL) Secretary. President.

---(SEAL)
H. Bruce Andersen

---(SEAL)
Thomas S. Lever

---(SEAL)
W. G. Murfit

---(SEAL)
Hudson W. Reed

---(SEAL)
F. J. Rutledge

---(SEAL)
Frank H. Trembly

Directors.

THE UNITED GAS IMPROVEMENT COMPANY,

Attest: By

.....

(SEAL) Secretary. President.

.....(SEAL)
Wm. W. Bodine

.....(SEAL)
Frederick R. Drayton

.....(SEAL)
John A. Frick

.....(SEAL)
W. E. Long

.....(SEAL)
Benjamin F. Pepper

.....(SEAL)
Hudson W. Reed

.....(SEAL)
Leonard B. Richards

.....(SEAL)
T. Leaming Smith

.....(SEAL)
Clarence A. Warden, Jr.

Directors.

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS.

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of ALLENTOWN-BETHLEHEM GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by John A. Frick, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said John A. Frick as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....
Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....
Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF LEHIGH } SS.

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Cyrus S. Fleck, John A. Frick, James W. Fuller, 4th, Fred B. Hofft, Henry T. Koch, Russell K. Laros, W. E. Long, L. P. Neuweiler and F. J. Rutledge, Directors of ALLENTOWN-BETHLEHEM GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of ALLENTOWN-BETHLEHEM GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....
Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } *SS.*

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of CONSUMERS GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by A. C. Taylor, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said A. C. Taylor as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....

Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF BERKS } *SS.*

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Jere H. Barr, Wellington M. Bertolet, Stanley Bright, John S. Giles, Fred B. Hofft, Irvin F. Impink, W. E. Long, F. J. Rutledge and A. C. Taylor, Directors of CONSUMERS GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of CONSUMERS GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } *SS.*

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of THE HARRISBURG GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by Leonard B. Richards, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said Leonard B. Richards as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....

Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF DAUPHIN } *SS.*

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared George R. Bailey, Fred B. Hofft, Ritchie Lawrie, Jr., W. E. Long, Leonard B. Richards and F. J. Rutledge, Directors of THE HARRISBURG GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of THE HARRISBURG GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS.

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of LANCASTER COUNTY GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by Andrew S. Morgan, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said Andrew S. Morgan as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....
Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....
Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS.

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Kenneth B. Anderson, Fred B. Hofft, W. E. Long, Andrew S. Morgan and M. H. Parkinson, Directors of LANCASTER COUNTY GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of LANCASTER COUNTY GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....
Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS.

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of LEBANON VALLEY GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by Fred B. Hofft, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said Fred B. Hofft as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....

Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF LEBANON } SS.

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared John S. Bashore, Keefer L. Baum, Fred B. Hofft, Gideon R. Kreider, Jr., W. E. Long, F. J. Rutledge and Charles B. Webb, Directors of LEBANON VALLEY GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of LEBANON VALLEY GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA } SS.

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by Charles E. Warsaw, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said Charles E. Warsaw as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....
Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....
Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA } SS.

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Fred B. Hofft, W. E. Long, M. H. Parkinson, F. J. Rutledge and Charles E. Warsaw, Directors of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....
Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } *SS.*

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of THE PHILADELPHIA GAS WORKS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by Hudson W. Reed, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said Hudson W. Reed as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....

Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } *SS.*

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared H. Bruce Andersen, Thomas S. Lever, W. G. Murfit, Hudson W. Reed, F. J. Rutledge and Frank H. Trembly, Directors of THE PHILADELPHIA GAS WORKS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of THE PHILADELPHIA GAS WORKS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } *SS.*

On this day of , 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally came Johns Hopkins, Secretary of THE UNITED GAS IMPROVEMENT COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by W. E. Long, President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said W. E. Long as President and of Johns Hopkins as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

.....

Johns Hopkins

Sworn to and subscribed before me the day and year aforesaid.

.....

Notary Public.

My Commission expires

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } *SS.*

On this day of September, 1952, before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Wm. W. Bodine, Frederick R. Drayton, John A. Frick, W. E. Long, Benjamin F. Pepper, Hudson W. Reed, Leonard B. Richards, T. Leaming Smith and Clarence A. Warden, Jr., Directors of THE UNITED GAS IMPROVEMENT COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of THE UNITED GAS IMPROVEMENT COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

.....

Notary Public.

My Commission expires

APPENDIX A

The designations, terms, relative rights, privileges, limitations, preferences and voting powers, and the prohibitions, restrictions and qualifications of the voting and other rights and powers of the shares of the Preferred Stock and the Common Stock of the Company shall be as follows:

1. The shares of the Preferred Stock may be divided into and issued in series, from time to time, as herein provided. Each series shall be designated so as to distinguish the shares thereof from the shares of all other series. All shares of the Preferred Stock of all series shall be of equal rank and all shares of any particular series of the Preferred Stock shall be identical except as to the date or dates from which dividends thereon shall be cumulative as provided in paragraph 2 hereof. The shares of the Preferred Stock of different series, subject to any applicable provision of law, may vary as to the following terms, which shall be fixed in the case of each such series, at any time prior to the issuance of the shares thereof, in the manner provided in paragraph 7 hereof:

(a) The annual dividend rate (within such limits as shall be permitted by law) for the particular series and the date from which dividends shall be cumulative on all shares of such series issued on or prior to the record date for the first dividend for such series;

(b) The redemption price or prices, if any, for the particular series;

(c) The amount or amounts per share for the particular series, payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding up of the company, which may be different for voluntary and involuntary liquidation, dissolution or winding up;

(d) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the particular series; and

(e) The conversion, participating or other special rights, and the qualifications, limitations or restrictions thereof, if any, of the particular series.

Each share of the Common Stock shall be equal in all respects to every other share of the Common Stock.

2. The holders of each series of the Preferred Stock at the time outstanding shall be entitled to receive, but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential dividends, at the annual dividend rate for the particular series fixed therefor as herein provided, payable quarter-yearly on the first days of January, April, July and October in each year, to stockholders of record on the respective dates, not exceeding seventy (70) days and not less than ten (10) days, preceding such dividend payment dates, fixed for the purpose by the Board of Directors. No dividends shall be declared on any series of the Preferred Stock in respect of any quarter-yearly dividend period unless there shall likewise be declared on all shares of all series of the Preferred Stock, at the time outstanding, like proportionate dividends, ratably, in proportion to the respective annual dividend rates fixed therefor, in respect of the same quarter-yearly dividend period, to the extent that such shares are entitled to receive dividends for such quarter-yearly dividend period. The term "quarter-yearly dividend period" shall mean the quarter-yearly period ending on the last days of March, June, September and December, respectively, in each year. The dividends on shares of all series of the Preferred Stock shall be cumulative. In the case of all shares of each particular series, the dividends on shares of such series shall be cumulative

(a) if issued on or prior to the record date for the first dividend on the shares of such series, then from the date for the particular series fixed therefor as herein provided;

(b) if issued during the period commencing immediately after a record date for a dividend and terminating at the close of the payment date for such dividend, then from such dividend payment date; and

(c) otherwise from the quarter-yearly dividend payment date next preceding the date of issue of such shares;

so that unless dividends on all outstanding shares of each series of the Preferred Stock, at the annual dividend rate and from the dates for accumulation thereof fixed as herein provided shall have been paid or declared and set apart for payment for all past quarter-yearly dividend periods, but without interest on accrued dividends, no dividends shall be paid or declared and no other distribution shall be made on the Common Stock, and no Common Stock shall be purchased or otherwise acquired for value by the Company. Any accumulation of dividends on the Preferred Stock shall not bear interest. The holders of the Preferred Stock of any series shall not be entitled to receive any dividends thereon other than the dividends referred to in this paragraph 2.

3. The Company, by action of its Board of Directors, may redeem the whole or any part of any series of the Preferred Stock, at any time or from time to time, at the redemption price of the shares of the particular series fixed therefor as herein provided, together with a sum in the case of each share of each series so to be redeemed, computed at the annual dividend rate for the series of which the particular share is a part from the date from which dividends on such share became cumulative to the date fixed for such redemption, less the aggregate of the dividends theretofore or on such redemption date paid thereon or declared and set aside for payment thereon. Notice of every such redemption shall be given by publication at least once in a daily newspaper printed in the English language and published and of general circulation in the city of Philadelphia, Pennsylvania, the first publication in such newspaper to be at least thirty (30) days and not more than ninety (90) days prior to the date fixed for such redemption. At least thirty (30) days' and not more than ninety (90) days' previous notice of every such redemption shall also be mailed to the holders of record of the shares of the Preferred Stock so to be redeemed, at their respective addresses as the same shall appear on the books of the Company; but no failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Preferred Stock so to be redeemed. In case of the redemption of a part only of any series of the Preferred Stock at the time outstanding, the shares to be redeemed shall be selected by lot or pro rata, in such manner as the Board of Directors may determine, by an independent bank or trust company selected for that purpose by the Board of Directors of the Company. The Board of Directors shall have full power and authority, subject to the limitations and provisions herein contained, to prescribe the manner in which and the terms and conditions upon which the shares of the Preferred Stock shall be redeemed from time to time. If such notice of redemption shall have been duly given by publication, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by the Company, separate and apart from its other funds, in trust for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor then, notwithstanding that any certificate for such shares so called for redemption shall not have been surrendered for cancellation, from and after the date fixed for redemption, the shares represented thereby shall no longer be deemed outstanding, the right to receive dividends thereon shall cease to accrue and all rights with respect to such shares so called for redemption shall forthwith on such redemption date cease and terminate except only the right of the holders thereof to receive, out of the funds so set aside in trust, the amount payable upon redemption thereof, without interest; provided, however, that the Company may, after giving notice by publication of any such redemption as hereinbefore provided or after giving to the bank or trust company hereinafter referred to irrevocable authorization to give such notice by publication, and, at any time prior to the redemption date specified in such notice, deposit in trust, for the account of the holders of the shares to be redeemed, funds necessary for such redemption with a bank or trust company in good standing, organized under the laws of the United States of America or of the Commonwealth of Pennsylvania, doing business in the city of Philadelphia, Pennsylvania, having capital, surplus and undivided profits

aggregating at least $2,000,000, designated in such notice of redemption, and, upon such deposit in trust, all shares with respect to which such deposit shall have been made shall no longer be deemed to be outstanding, and all rights with respect to such shares shall forthwith cease and terminate, except only the right of the holders thereof to receive, out of the funds so deposited in trust, from and after the date of such deposit, the amount payable upon the redemption thereof, without interest, provided further that notice of such right shall be included in the notice of redemption hereinabove provided for. If at any time the Company shall have failed to pay dividends in full on any outstanding shares of the Preferred Stock, thereafter and until dividends in full on all shares of the Preferred Stock outstanding shall have been paid, or declared and set aside for payment, for all past quarter-yearly dividend periods, but without interest on accrued dividends, the Company shall not redeem any shares of the Preferred Stock unless all the shares of the Preferred Stock outstanding are redeemed and shall not purchase or otherwise acquire for value any shares of the Preferred Stock except in accordance with an offer (which may vary as to the terms offered with respect to shares of different series of the Preferred Stock) made in writing or by publication (as determined by the Board of Directors) to all holders of shares of the Preferred Stock. Nothing herein contained shall limit any legal right of the Company to purchase or otherwise acquire any shares of the Preferred Stock at not exceeding the price at which the same may be redeemed. All or any shares of Preferred Stock at any time redeemed, purchased or acquired by the Company may thereafter, in the discretion of the Board of Directors, be reissued or otherwise disposed of at any time or from time to time to the extent and in the manner now or hereafter permitted by law, subject, however, to the limitations herein imposed upon the issue of shares of the Preferred Stock.

4. Before any amount shall be paid to, or any assets distributed among, the holders of the Common Stock upon any liquidation, dissolution or winding up of the Company, and after paying or providing for the payment of all creditors of the Company, the holders of all shares of each series of the Preferred Stock at the time outstanding shall be entitled to be paid in cash the amount for the shares of the particular series fixed therefor as herein provided, together with a sum in the case of each such share of each series, computed at the annual dividend rate for the series of which the particular share is a part, from the date from which dividends on such share became cumulative to the date fixed for the payment of such distributive amount, less the aggregate of the dividends theretofore or on such date paid thereon or declared and set aside for payment thereon; but no payments on account of such distributive amounts shall be made to the holders of shares of any series of the Preferred Stock unless there shall likewise be paid at the same time to the holders of shares of each other series of the Preferred Stock at the time outstanding like proportionate distributive amounts, ratably, in proportion to the full distributive amounts to which they are respectively entitled as herein provided. The holders of the Preferred Stock of any series shall not be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Company other than the amounts referred to in this paragraph. Neither the consolidation or merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of all or any part of its assets, shall be deemed to be a liquidation, dissolution or winding up of the Company for the purposes of this paragraph.

5. Whenever the full dividends on the shares of all series of the Preferred Stock at the time outstanding for all past quarter-yearly dividend periods shall have been paid or declared and set apart for payment, then such dividends (payable in cash, stock or otherwise), as may be determined by the Board of Directors may be declared and paid on the Common Stock, but only out of funds legally available for the payment of such dividends.

6. In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company remaining after paying or providing for the payment of all creditors of the Company and after paying or providing for the payment to the holders of shares of all series of the

Preferred Stock of the full distributive amounts to which they are respectively entitled, as herein provided, shall be divided among and paid to the holders of the Common Stock according to their respective shares.

7. The Board of Directors of the Company may, at any time or from time to time, within the then total authorized amount of the Preferred Stock of all series, increase the authorized amount of any series of the Preferred Stock or of any Preferred Stock which is not part of a then existing series, establish or re-establish any unissued shares of the Preferred Stock as shares of the Preferred Stock of any series or as Preferred Stock which is not part of a then existing series, create one or more additional series of the Preferred Stock, fix the authorized amount of any series (which amount shall be subject to change from time to time by like action), and fix the designations and the terms of any series of the Preferred Stock in the respects in which the shares of any series may vary from the shares of other series of the Preferred Stock as provided in paragraph 1 hereof, except and to the extent that the laws of Pennsylvania at the time in effect shall require any of the foregoing to be otherwise accomplished, in which case the procedure thus specified shall be utilized.

8. (A) So long as any shares of the Preferred Stock of any series are outstanding, the Company shall not, without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of at least two-thirds of the total number of shares of the Preferred Stock of all series then outstanding:

(a) Authorize or issue (any such issuance to be within 180 days after such written consent or vote) any kind of stock (other than a series of the Preferred Stock) ranking prior to or on a parity with the Preferred Stock, or authorize or issue any obligation or security convertible into shares of stock of any such kind; or

(b) Amend, alter, change or repeal any of the express terms of the Preferred Stock or of any series of the Preferred Stock then outstanding in a manner substantially prejudicial to the holders thereof; provided, however, that if any such amendment, alteration, change or repeal would be substantially prejudicial to the holders of shares of one or more, but not all of the series of the Preferred Stock at the time outstanding, such consent shall be required only from the holders of two-thirds of the total number of outstanding shares of all series so affected.

(B) So long as any shares of the Preferred Stock of any series are outstanding, the Company shall not, without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of a majority of the total number of shares of the Preferred Stock of all series then outstanding:

(a) Increase the total authorized number of shares of the Preferred Stock of all series; or

(b) Issue any additional shares of any series of the Preferred Stock, or of any kind of stock (other than a series of the Preferred Stock) ranking on a parity with the Preferred Stock, unless the net earnings of the Company applicable to the payment of dividends on shares of the Preferred Stock, after provision for depreciation and all taxes chargeable as operating expense and determined in accordance with sound accounting practice, for any twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the calendar month within which such additional shares of stock shall be issued, shall have been at least two (2) times the dividend requirements for a twelve (12) months' period upon the entire amount of the Preferred Stock to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock and of other kinds of stock (other than a series of the Preferred Stock) ranking on a parity with the Preferred Stock, and unless the gross income of the Company for said period, determined in accordance with sound accounting practice (but in any event after

deducting the amount for said period charged by the Company on its books to depreciation expense and all taxes), applicable for the payment of interest shall have been at least one and one-half (1½) times the aggregate of such dividend requirements and of the interest charges for said period on the entire amount of the indebtedness to be likewise outstanding; but excluding from each of the foregoing computations interest charges on all indebtedness and dividends on all stocks which are to be retired through the issue of such additional shares of Preferred Stock. Where such additional shares of Preferred Stock are to be issued in connection with the acquisition of new property the net earnings of the property to be so acquired may be included on a pro forma basis in the foregoing computation, computed on the same basis as the net earnings of the Company; or

(c) Issue any additional shares of any series of the Preferred Stock, unless the capital of the Company represented by its Common Stock together with its surplus as then stated on its books of account shall in the aggregate be at least equal to the involuntary liquidating value of the Preferred Stock to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock, excluding from the foregoing computation all indebtedness and stock which are to be retired in connection with the issue of such additional shares of Preferred Stock, provided that no portion of the surplus of the Company which shall be used to meet the requirements of this paragraph (c) shall, after the issue of such additional shares of Preferred Stock and until such additional shares or a like number of other shares of Preferred Stock shall have been retired, be available for dividends or other distribution upon the Common Stock; or

(d) Issue any unsecured notes, debentures or other securities representing unsecured indebtedness, or assume any such unsecured securities, for purposes other than the refunding of outstanding unsecured securities theretofore issued or assumed by the Company or the reacquisition, redemption or other retirement of any indebtedness, authorized by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 or by any successor commission or other regulatory authority of the United States of America having jurisdiction over the reacquisition, redemption or other retirement of such indebtedness, or the reacquisition, redemption or other retirement of all outstanding shares of the Preferred Stock, if, immediately after such issue or assumption, the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Company and then outstanding, including the unsecured securities then to be issued or assumed but excluding unsecured indebtedness maturing within one year after such issue or assumption, would exceed ten per centum (10%) of the aggregate of (i) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Company and then to be outstanding, and (ii) the capital and surplus of the Company as then to be stated on the books of account of the Company; or

(e) Merge or consolidate with or into any other corporation or corporations, unless such merger or consolidation, or the exchange, issuance or assumption of all securities to be issued or assumed in connection with any such merger or consolidation, shall have been ordered, exempted, approved, or permitted by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 or by any successor commission or other regulatory authority of the United States of America having jurisdiction in the premises; provided that the provisions of this clause (e) shall not apply to a purchase or other acquisition by the Company of franchises or assets of another corporation pursuant to the provisions of Section 23 of the Act of the General Assembly of the Commonwealth of Pennsylvania, approved April 29, 1874, P. L. 73, as amended, or other similar Acts, or otherwise in any manner which does not involve a statutory merger or consolidation.

(C) So long as any shares of the Preferred Stock of any series are outstanding the Company shall not pay any dividends on or make any other distribution to the holders of shares of its Common Stock if after giving effect to such payment or distribution the capital of the Company represented by its Common Stock together with its surplus as then stated on its books of account shall in the aggregate be less than the involuntary liquidating value of all shares of its then outstanding Preferred Stock.

9. No holder of shares of any series of the Preferred Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock, or securities convertible into stock, of any class, series or kind whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services, by way of dividends, or otherwise.

10. (A) At all meetings of the stockholders of the Company the holders of shares of Common Stock shall be entitled to one vote for each share of Common Stock held by them respectively except as herein otherwise expressly provided. The holders of shares of the Preferred Stock shall have no right to vote and shall not be entitled to notice of any meeting of stockholders of the Company nor to participate in any such meeting except as herein otherwise expressly provided and except for those purposes, if any, for which said rights cannot be denied or waived under some mandatory provision of law which shall be controlling.

(B) If and when dividends payable on the Preferred Stock shall be in default in an amount equivalent to or exceeding four (4) full quarter-yearly dividends on all shares of all series of the Preferred Stock then outstanding, and until all dividends then in default shall have been paid or declared and set apart for payment, the holders of all shares of the Preferred Stock, voting separately as one class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Stock, voting separately as a class, shall be entitled to elect the remaining directors of the Company, anything herein or in the By-Laws to the contrary notwithstanding. The terms of office, as directors, of all persons who may be directors of the Company at the time shall terminate upon the election of a majority of the Board of Directors by the holders of the Preferred Stock, except that if the holders of the Common Stock shall not have elected the remaining directors of the Company, then, and only in that event, the directors of the Company, as constituted just prior to the election of a majority of the Board of Directors by the holders of the Preferred Stock, shall elect the remaining directors of the Company. Thereafter, while such default continues and the majority of directors are being elected by the holders of the Preferred Stock, the remaining directors, whether elected by directors, as aforesaid, or whether originally or later elected by holders of the Common Stock, shall continue in office until their successors are elected by holders of the Common Stock and qualify.

(C) If and when all dividends then in default on the shares of Preferred Stock then outstanding shall be paid or declared and set apart for payment (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practicable), the holders of the Preferred Stock shall thereupon be divested of any special right with respect to the election of directors provided in subparagraph (B) hereof, and the voting power of the holders of shares of Preferred Stock and the holders of shares of Common Stock shall revert to the status existing before the occurrence of such default; but always subject to the same provisions for vesting such special rights in the holders of the Preferred Stock in case of further like default or defaults in dividends thereon. Upon the termination of any such special voting right upon payment or setting apart for payment of all accumulated and defaulted dividends on such Preferred Stock, the terms of office of all persons who may have been elected directors of the Company by vote of the holders of the Preferred Stock, as a class, pursuant to such special voting right shall forthwith terminate, and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

(D) In case of any vacancy in the office of a director occurring among the directors elected by the holders of Preferred Stock, as a class, pursuant to the foregoing provisions of subparagraph (B) hereof, the remaining directors elected by the holders of Preferred Stock may elect, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise in case of any vacancy in the office of a director occurring among the directors not elected by the holders of the Preferred Stock, the remaining directors not elected by the holders of the Preferred Stock, may elect, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(E) Whenever under the provisions of subparagraph (B) hereof, the right shall have accrued to the holders of the Preferred Stock to elect directors, it shall be the duty of the president, a vice-president or the secretary of the Company forthwith to call and cause notice to be given to the shareholders entitled to vote at a meeting to be held at such time as the Company's officers may fix, not less than forty-five nor more than sixty days after the accrual of such right, for the purpose of electing directors. The notice so given shall be mailed to each holder of record of the Preferred Stock at his last known address appearing on the books of the Company and shall set forth, among other things, (i) that by reason of the fact that dividends payable on the Preferred Stock are in default in an amount equal to four full quarterly payments or more per share, the holders of the Preferred Stock, voting separately as a class, have the right to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors of the Company, (ii) that any holder of the Preferred Stock has the right, at any reasonable time, to inspect, and make copies of, the list or lists of holders of the Preferred Stock maintained at the principal office of the Company or at the office of any Transfer Agent of the Preferred Stock, and (iii) either the entirety of this paragraph or the substance thereof with respect to the number of shares of the Preferred Stock required to be represented at any meeting, or adjournment thereof, called for the election of directors of the Company. At the first meeting of stockholders held for the purpose of electing directors during such time as the holders of the Preferred Stock shall have the special right, voting separately as a class, to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding Common Stock shall be required to constitute a quorum of such class for the election of directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of all Series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors; provided, however, that in the absence of a quorum of the holders of the Preferred Stock, no election of directors shall be held, but a majority of the holders of the Preferred Stock who are present in person or by proxy shall have power to adjourn the election of the directors to a date not less than fifteen nor more than fifty days from the giving of the notice of such adjourned meeting hereinafter provided for; and provided, further, that at such adjourned meeting, the presence in person or by proxy of the holders of 35% of the outstanding shares of all Series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors. In the event such first meeting of stockholders shall be so adjourned, it shall be the duty of the president, a vice-president or the secretary of the Company, within ten days from the date on which such first meeting shall have been adjourned, to cause notice of such adjourned meeting to be given to the shareholders entitled to vote thereat, such adjourned meeting to be held not less than fifteen days nor more than fifty days from the giving of such second notice. Such second notice shall be given in the form and manner hereinabove provided for with respect to the notice required to be given of such first meeting of stockholders, and shall further set forth that a quorum was not present at such first meeting and that the holders of 35% of the outstanding shares of all Series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors at such adjourned meeting. If the requisite quorum of holders of the Preferred Stock shall not be present at said adjourned meeting, then the

directors of the Company then in office shall remain in office until the next Annual Meeting of the Company, or special meeting in lieu thereof, and until their successors shall have been elected and shall qualify. Neither such first meeting nor such adjourned meeting shall be held on a date within sixty days of the date of the next Annual Meeting of the Company or special meeting in lieu thereof. At each Annual Meeting of the Company, or special meeting in lieu thereof, held during such time as the holders of the Preferred Stock, voting separately as a class, shall have the right to elect a majority of the Board of Directors, the foregoing provisions of this paragraph shall govern such Annual Meeting, or special meeting in lieu thereof, as if said Annual Meeting or special meeting were the first meeting of stockholders held for the purpose of electing directors after the right of the holders of the Preferred Stock, voting separately as a class, to elect a majority of the Board of Directors, should have accrued, with the exception that if, at any adjourned Annual Meeting, or special meeting in lieu thereof, 35% of the outstanding shares of all Series of the Preferred Stock is not present in person or by proxy, all the directors shall be elected by a vote of the holders of a majority of the Common Stock of the Company present or represented at the meeting.

(F) Except when some mandatory provision of law shall be controlling and except as otherwise provided in clause (b) of paragraph 8 (A) hereof and, as regards the special rights of any series of the Preferred Stock, as provided in the resolutions creating such series, whenever shares of two or more series of the Preferred Stock are outstanding, no particular series of the Preferred Stock shall be entitled to vote as a separate series on any matter and all shares of the Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the stockholders of the Company by classes may now or hereafter be required.

11. From time to time, and without limitation of other rights and powers of the Company as provided by law, the Company may reclassify its capital stock and may create or authorize one or more classes or kinds of stock ranking prior to or on a parity with or subordinate to the Preferred Stock or may increase the authorized amount of the Preferred Stock or of the Common Stock or of any other class of stock of the Company or may amend, alter, change or repeal any of the rights, privileges, terms and conditions of shares of the Preferred Stock or of any series thereof then outstanding or of shares of the Common Stock or of any other class of stock of the Company, upon the vote, given at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof, of the holders of a majority of the shares of stock then entitled to vote thereon or upon such other vote of its stockholders then entitled to vote thereon as may be provided by law; provided that the consent of the holders of shares of the Preferred Stock (or of any series thereof) required by the provisions of subparagraphs (A) and (B) of paragraph 8 hereof, if any such consent be so required, shall have been obtained; and provided further that the rights, privileges, terms and conditions of shares of the Common Stock shall not be subject to amendment, alteration, change or repeal without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of a majority of the total number of shares of the Common Stock then outstanding.

12. Notice of any meeting of stockholders of the Company, or of the holders of any class or series of stock, required or authorized hereunder or by law, setting forth the purpose or purposes of such meeting, shall be mailed by the Company, not less than ten (10) days prior to such meeting, to all stockholders (at their respective addresses appearing on the books of the Company) entitled to vote thereat of record as of a date fixed by the Board of Directors of the Company, not exceeding forty (40) days in advance of such meeting, for the purpose of determining the stockholders entitled to notice of and to vote at such meeting, unless such notice shall have been waived, either before or after the holding of such meeting, by all stockholders entitled to notice thereof and to vote thereat. Any action authorized to be taken at a meeting called for that purpose in accordance with the provisions of this paragraph 12 may be taken either at a special meeting, or at any regular or annual

meeting provided that notice of such proposed action is included in the notice of such regular or annual meeting. Except where some mandatory provision of law shall be controlling, no other, longer or additional notice need be given of any such meeting and all holders of shares of stock of the Company, by becoming such, hereby consent to the holding of any such meeting upon notice given as hereinbefore provided and thereby waive, to the full extent permitted by law, any right to require the giving of or to receive any such other, longer or additional notice.

13. The Company may, at any time, and from time to time, issue and dispose of any of the authorized and unissued shares of the Preferred Stock and Common Stock for such consideration as may be fixed by the Board of Directors, subject to any provisions of law then applicable, and subject to the provisions of any resolutions of the stockholders of the Company entitled to vote thereon relating to the issue and disposition of such shares.

14. The holders of shares of the Common Stock shall have the prior right, in proportion to the number of shares of Common Stock held by them respectively, to purchase additional shares of Common Stock and securities convertible into Common Stock issued by the Company upon original issuance and sale for cash. Such prior right may not be altered without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of at least two-thirds of the total number of shares of the Common Stock then outstanding. Such prior rights shall be exercisable only at the price at which such stock or securities are to be sold as fixed at the time by the Board of Directors of the Company and only within such period of time as shall be prescribed at the time by the Board of Directors of the Company but not less than fifteen (15) days following the mailing to such stockholders of notice of their right to purchase such additional shares. Except as above provided in this paragraph 14, no holder of shares of the Common Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock, or securities convertible into stock, of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services, by way of dividends, or otherwise.

TERMS OF 4¼% PREFERRED STOCK

The initial series of Preferred Stock shall consist of 25,000 shares designated as "4¼% Preferred Stock". The terms of such stock, in the respects in which the shares of such series may vary from shares of other series of the Preferred Stock shall be as follows:

The dividend rate shall be 4¼% per annum and January 1, 1953 shall be the date from and including which dividends shall be cumulative on all shares issued on or prior to the record date for the first dividend, as well as the date upon which all 25,000 shares shall be deemed to have been issued.

The redemption price shall be $110 per share. The amount payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Company shall be $100 per share.

No sinking fund shall be provided for the purchase or redemption of such shares, and such shares shall have no conversion, participating or other special rights.

UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In the Matter of The United Gas Improvement Company	A Proceeding to Enforce A Plan Pursuant to Sections 11(e) and 18(f) of the Public Utility Holding Company Act of 1935 Civil Action No. 14236

NOTICE

To the Security Holders of The United Gas Improvement Company, Consumers Gas Company, The Harrisburg Gas Company, Luzerne County Gas and Electric Corporation and Allentown-Bethlehem Gas Company, and to All Other Persons:

NOTICE IS HEREBY GIVEN, pursuant to an Order of the United States District Court for the Eastern District of Pennsylvania in the above-entitled matter, dated the 22nd day of September, 1952, that the Securities and Exchange Commission has filed an application in said Court to enforce and carry out the terms and provisions of Part 2 of a Plan for the corporate simplification of The United Gas Improvement Company, submitted by said Company and approved by the Securities and Exchange Commission, pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935, by its Order dated September 18, 1952, and that a hearing will be held at the United States Court House, 9th and Chestnut Streets, Philadelphia, Pennsylvania, on the 12th day of November, 1952, at 2:00 o'clock, P. M., E.S.T., before the Honorable William H. Kirkpatrick, United States District Judge, for the purpose of determining whether Part 2 of said Plan is fair and equitable and appropriate to effectuate the provisions of Section 11 of the Public Utility Holding Company Act of 1935, and whether the Court should enforce and carry out the terms and provisions thereof, and for such other purposes as may appear necessary or appropriate in the premises.

Any person who proposes to oppose the application of the Securities and Exchange Commission or the approval by said Court of Part 2 of said Plan, or the enforcement and carrying out of its terms and provisions, is required by said Order of the Court to serve, on or before the 31st day of October, 1952, on Myron S. Isaacs, Chief Counsel, Division of Public Utilities, Securities and Exchange Commission, 425 Second Street, N. W., Washington 25, D. C., and on Kenneth B. Anderson and Garfield Scott, 1401 Arch Street, Philadelphia, Pennsylvania, and Morgan, Lewis & Bockius, 123 S. Broad Street, Philadelphia, Pennsylvania, counsel for The United Gas Improvement Company, copies of a written statement of objections and of any brief proposed to be filed in support thereof, and to file such statement and brief on or before that date with the Clerk of said Court. The Court's Order provides that such statement of objections shall be addressed to the Commission's application to said Court and to its Findings and Opinion and Order dated September 18, 1952, and shall state in detail, and in the manner required for pleadings by the Rules of Civil Procedure for the United States District Court, the extent to which such statement challenges the allegations and findings therein contained, together with any affirmative defenses or objections that may be made to said application.

The Court's Order directs that copies of the Findings and Opinion and Order of the Commission dated September 18, 1952, be sent free of charge to all security holders of The United Gas Improvement Company and its subsidiaries. Copies of the Plan and of the Findings, Opinion and Order will be sent to any interested person upon request addressed to The United Gas Improvement Company, 1401 Arch Street, Philadelphia, Pennsylvania.

NOTICE IS FURTHER GIVEN that during the pendency of these proceedings and until further order of said Court, The United Gas Improvement Company and its subsidiaries and their respective security holders, and all other persons, are enjoined and restrained from doing any act or taking any action interfering or tending to interfere with these proceedings or with the enforcement or carrying out of the terms and provisions of Part 2 of the Plan, or with compliance with the Order of the Securities and Exchange Commission approving it, including the commencement or prosecution of any action, suit, or proceeding, at law or in equity or under any statute, in any court or before any executive or administrative officer, commission, or tribunal, other than such proceedings before the Securities and Exchange Commission or said Court as may be appropriate under the Public Utility Holding Company Act of 1935 and the Rules and Regulations promulgated thereunder, and such review, if any, in an appropriate appellate court of the United States as may be provided by law.

THE UNITED GAS IMPROVEMENT COMPANY

By: WALTER E. LONG,
President.

October 6, 1952.

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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In the Matter of	A PROCEEDING TO ENFORCE A PLAN PURSUANT TO SECTIONS 11(e) AND 18(f) OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935.
THE UNITED GAS IMPROVEMENT COMPANY	CIVIL ACTION NO. 14236

RECORD FOLDER

ORDER ENFORCING PART 2 OF THE PLAN

A certain plan dated December 18, 1951, to effectuate the provisions of Section 11(b) of the Public Utility Holding Company Act of 1935 (hereinafter called the "Act"), providing, inter alia, for the merger of its utility subsidiaries with and into The United Gas Improvement Company (hereinafter called "U.G.I."), having been filed on December 19, 1951, with the Securities and Exchange Commission (hereinafter called the "Commission") pursuant to Section 11(e) of the Act by U.G.I., a registered holding company under the Act; and certain amendments having been filed to said plan on February 26, 1952, and July 14, 1952 (which Plan as so amended will be hereinafter referred to as the "Plan", a copy thereof being Exhibit A to the Commission's Application herein dated September 22, 1952); and the Commission, after notice and hearing, having found the Plan necessary to effectuate the provisions of subsection (b) of Section 11 of the Act and fair and equitable to the persons affected thereby, and having by an appropriate Order dated September 18, 1952, approved the Plan, and having issued its Findings and Opinion dated September 18, 1952, thereon; and U.G.I. having requested the Commission to apply to an appropriate court to enforce and carry out the terms and provisions of Part 2 of the Plan; and the Commission on September 22, 1952, having filed with this Court an application to enforce and carry out the terms and provisions of Part 2 of the Plan; and this Court, by Order dated September 22, 1952, having fixed

O.K. H.M.H. FILE

November 12, 1952 as the date for hearing upon such Part of the Plan, and having prescribed the notice to be given of such hearing, the time within which objections might be made to the Commission's application, and the manner of making such objections; and it appearing that due and sufficient notice of said hearing was given in accordance with the provisions of said Order of the Court dated September 22, 1952; and no objections to the granting of the Commission's application having been filed herein; and a hearing having been duly held on November 12, 1952; and the Commission and U.G.I. having appeared at said hearing by their respective counsel in support of said application and no one having appeared in opposition thereto; and all interested persons having been afforded an opportunity for hearing; and the Court finding that U.G.I. maintains its principal office in the City of Philadelphia, Commonwealth of Pennsylvania, where U.G.I. transacts a substantial portion of its business, and finding further that this Court has jurisdiction over U.G.I. and Part 2 of the Plan pursuant to the provisions of Sections 11(e), 18(f) and 25 of the Act; and the Court having duly considered Part 2 of the Plan and the record herein and being fully advised in the premises;

IT IS HEREBY FOUND, DETERMINED, ORDERED, ADJUDGED AND DECREED:

1. This Court finds and concludes that the findings of fact and conclusions of law embodied in the Findings and Opinion and Order of the Commission dated September 18, 1952, a copy of which is attached to the Commission's application herein as Exhibit C, are supported by substantial evidence and were arrived at in accordance with legal standards.

2. Subject to the terms and conditions of said Order of the Commission dated September 18, 1952, Part 2 of the Plan is approved and confirmed as fair and equitable and as appropriate to effectuate the provisions of Section 11 of the Act, and this Court directs that it be enforced and carried out.

3. Subject to the terms and conditions of said Order of the Commission, this Court, for the purpose of enforcing and carrying out the terms and provisions of Part 2 of the Plan and to the extent necessary for such purpose, hereby takes exclusive jurisdiction of U.G.I. and its subsidiaries, namely -

U.G.I. Subsidiaries	State of Incorporation	Hereinafter called
Allentown-Bethlehem Gas Company	Pennsylvania	"Allentown"
Consumers Gas Company	"	"Consumers"
The Harrisburg Gas Company	"	"Harrisburg"
Lancaster County Gas Company	"	"Lancaster"
Lebanon Valley Gas Company	"	"Lebanon"
Luzerne County Gas and Electric Corporation	"	"Luzerne"
The Philadelphia Gas Works Company	"	"P.G.W."
Ugite Sales Corporation	Delaware	"Ugite"
The Utilities Realty Company	Pennsylvania	"Realty Company"

and their and each of their respective assets, whether now owned or hereafter acquired and wherever located.

4. U.G.I. and its said subsidiaries, respectively, shall retain possession of their assets and continue the operation of their businesses through their respective directors, officers, employees and agents, to the same extent and in substantially the same manner as heretofore, except as may be otherwise provided by this Order or by any subsequent Order herein; and they and each of them may enter into any transaction not inconsistent with Part 2 of the Plan and this Order, including, without prejudice to the generality of the foregoing, the filing of appropriate applications, declarations, and notices with the Commission in conformity with the Act and with the rules, regulations and orders promulgated thereunder, in all cases where such filing would be required if this Court had not taken such jurisdiction.

5. U.G.I. and its subsidiaries aforesaid, acting by or through their respective directors, officers and agents, are hereby authorized, ordered and directed to take and cause to be taken as soon as practicable, in accordance with the provisions, and subject to the terms and conditions, of Part 2 of the Plan and of said Order of the Commission dated September 18, 1952, all action which may be necessary or appropriate to carry into effect the steps and transactions contemplated by and specified in Part 2 of the Plan and in this Order, and to comply with this Order, including specifically, without limiting the generality of the foregoing, the following action:

(a) Allentown, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne and P.G.W. are ordered to merge into U.G.I., with U.G.I. remaining as the surviving and continuing corporation, and U.G.I. is ordered to effect such merger, substantially as contemplated, provided and set forth in the proposed Agreement of Merger (which is Exhibit A to the Plan), which Agreement of Merger is incorporated herein by reference, and, in connection therewith, all the rights, privileges and franchises theretofore vested in each of said constituent subsidiary corporations and all the estate and property, real and personal, and rights of action of each of said corporations shall be transferred to and vested in U.G.I. as such surviving and continuing corporation and U.G.I. shall assume all the liabilities of such merging corporations. The effective date of such merger shall be the date such executed merger agreement is delivered to and approved by the Department of State of the Commonwealth of Pennsylvania.

(b) U.G.I. and Fidelity-Philadelphia Trust Company, Trustee, are ordered to execute, deliver and record a U.G.I. Mortgage and Deed of Trust dated as of January 1, 1953, substantially

in the form set forth as Exhibit B to the Plan, which Mortgage and Deed of Trust is incorporated herein by reference.

(c) U.G.I. is ordered to acquire and cancel all First Mortgage Bonds issued respectively by Allentown, Harrisburg and Luzerne and presently outstanding in the aggregate amount of $15,648,000 in the following respective amounts and series:

Company	Principal Amount	Series
Allentown-Bethlehem Gas Co.	$2,172,000	3-3/4% (now 3%) Series due 1965
Allentown-Bethlehem Gas Co.	1,455,000	3-1/4% Series due 1968
Allentown-Bethlehem Gas Co.	1,500,000	3.348% Series due 1976
The Harrisburg Gas Company	2,002,000	2-5/8% Series due 1971
The Harrisburg Gas Company	970,000	3-1/8% Series due 1971
The Harrisburg Gas Company	1,000,000	3.15% Series due 1976
Luzerne County Gas and Electric Corporation	6,549,000	3-1/4% Series due 1966

with all unmatured coupons, and to issue and deliver to the holders of said First Mortgage Bonds, in exchange for their surrender to U.G.I. with all unmatured coupons attached, a like principal amount of its First Mortgage Bonds issued under its said Mortgage and Deed of Trust, of a series corresponding to the series surrendered, together with accrued interest, if any, on the bonds surrendered for cancellation, up to the effective date of the merger.

(d) The respective trustees of the various indentures of mortgage and the supplements thereto of Allentown, Harrisburg and Luzerne securing, respectively, the aforesaid outstanding bonds issued by said companies are ordered, as soon as practicable following the effective date of the merger, to satisfy, cancel, release and discharge such indentures and supplements thereto, and are further ordered to surrender and deliver to U.G.I. any securities and/or cash, held by them under the provisions of such indentures and supplements thereto.

(e) Harrisburg is ordered to redeem, on or about the effective date of the merger, the outstanding 4,838 shares of the 4-1/2% Preferred Stock of Harrisburg at $110 per share plus an amount equal to accrued and unpaid dividends thereon to the redemption date, being the redemption price thereof.

(f) U.G.I. is ordered to acquire and cancel the 25,000 shares of the 4-1/4% Preferred Stock of Luzerne and to issue and deliver to the holders of such shares, in exchange for their surrender to U.G.I., U.G.I. 4-1/4% Preferred Stock and cash, on the basis of one share of the 4-1/4% Preferred Stock of U.G.I., plus accrued and unpaid dividends on the Luzerne Preferred Stock up to the effective date of the merger, for each share of the Luzerne 4-1/4% Preferred Stock so surrendered.

(g) U.G.I. is ordered to deliver to the holders of U.G.I. Capital Stock, on surrender of their certificates therefor, certificates representing a like number of shares of U.G.I. Common Stock.

(h) U.G.I. is ordered to cancel the following securities now owned by it:

Name of Issuing Company	Security	Shares
Allentown-Bethlehem Gas Company	Common Capital Stock	132,375
Consumers Gas Company	Capital Stock	141,544
The Harrisburg Gas Company	Common Stock	29,225
Lancaster County Gas Company	Capital Stock	50,000
Lebanon Valley Gas Company	Common Stock	19,800
Luzerne County Gas and Electric Corporation	Common Stock	176,694
The Philadelphia Gas Works Company	Capital Stock	50

(i) U.G.I. is ordered to acquire and cancel the 79,328 shares of Consumers Capital Stock, not owned by U.G.I., and to issue and deliver to the holders of such shares, in exchange

for their surrender to U.G.I., U.G.I. Common Stock and/or cash on the basis of 8/10ths of a share of U.G.I. Common Stock (and/or cash for fractional interests of less than one share, determined as set forth below) for each share of Consumers Capital Stock so surrendered. In lieu of distribution of fractional shares of new U.G.I. Common Stock, holders otherwise entitled thereto shall receive a cash equivalent computed on the basis of the average of the daily closing prices of U.G.I. Common Stock (or the bid price, if no sales are made) on the New York Stock Exchange for the period of one calendar week immediately following the effective date of the merger.

(j) U.G.I. is ordered to acquire and cancel the 12,208 shares of Harrisburg Common Stock, not owned by U.G.I., and to issue and deliver to the holders of such shares in exchange for their surrender to U.G.I., U.G.I. Common Stock, on the basis of four shares of U.G.I. Common Stock for each share of Harrisburg Common Stock so surrendered.

(k) U.G.I. and its said utility subsidiaries are ordered to cancel all intercompany indebtedness owing by such subsidiaries to U.G.I.

(l) The said utility subsidiaries of U.G.I. are ordered, respectively, to close their transfer books, for the transfer of any of their stock certificates, on the effective date of the merger and to permit no transfers thereof on such books thereafter.

(m) U.G.I. is ordered, upon the issue of each share of its 4-1/4% Preferred Stock or Common Stock, pursuant to the

provisions of subparagraphs (f), (i) and (j) above, to pay to the person to whom such share is issued an amount equal to the aggregate of all dividends theretofore declared by U.G.I. after the effective date of the merger on such share of stock and payable to holders of record before the date such stock was issued.

(n) Subsequent to the effective date of the merger, Ugite is ordered to assign, transfer, convey and deliver to U.G.I. its property and assets, and U.G.I. is ordered to acquire such property and assets and to assume all of the liabilities of Ugite in settlement pro tanto of U.G.I. advances to Ugite. Thereafter, Ugite is ordered to dissolve and U.G.I., as the sole stockholder of Ugite, is ordered to cause such dissolution to be accomplished and the outstanding Capital Stock of Ugite to be cancelled.

(o) Subsequent to the effective date of the merger, Realty Company and U.G.I. are ordered to cancel all indebtedness owing by Realty Company to U.G.I. and thereafter Realty Company is ordered to dissolve and U.G.I., as the sole stockholder of Realty Company, is further ordered to cause such dissolution to be accomplished, and in the process of such dissolution Realty Company is ordered to assign, convey, transfer and deliver its property and assets to U.G.I., and U.G.I. is ordered to acquire such property and assets, to assume all of the liabilities of Realty Company and to cancel all the outstanding Capital Stock of Realty Company.

6. Upon the effective date of the merger, all rights and claims of the holders of First Mortgage Bonds issued by any of the utility subsidiaries of U.G.I., of shares of the 4-1/4% Preferred Stock of Luzerne and of the Common or Capital Stocks of any of the utility subsidiaries of U.G.I., other than their rights and claims to receive new securities and/or cash as provided herein and in the Plan, shall cease and determine.

7. U.G.I. is ordered, as soon as practicable after the effective date of the merger, to give notice, by mail postage prepaid, to all holders of record of First Mortgage Bonds of such utility subsidiaries, of all shares of Luzerne's 4-1/4% Preferred Stock and of all shares of capital or common stocks of Harrisburg and Consumers, respectively, and by publication once in a daily newspaper of general circulation in the cities of Philadelphia and New York, that the merger has become effective, and calling upon such security holders to surrender their said securities to U.G.I. in exchange for the new securities and/or cash which they are to receive as provided in the Plan.

8. On the expiration of five years from the effective date of the merger, provided that a proper showing shall have been made to this Court of reasonable efforts to locate all holders and owners of such securities, and that this Court shall have entered a further order approving such efforts as reasonable, then, subject to such conditions as the Court may prescribe in such order, all rights and claims of holders of First Mortgage Bonds issued by any of said utility subsidiaries of U.G.I. and of the holders of Luzerne's 4-1/4% Preferred Stock and of the Common or Capital Stocks of any such subsidiaries who have not surrendered their bonds or stock certificates as herein and in the Plan provided, shall cease and determine, all such First Mortgage Bonds, Preferred Stock and Common or Capital Stocks then held by them shall be void for all purposes, and all U.G.I. First Mortgage Bonds, Preferred Stock and Common Stock and cash (other than U.G.I. Common Stock held for exchange for outstanding U.G.I. Capital Stock) not theretofore issued or paid out pursuant hereto and remaining in the hands of U.G.I. or its exchange agent or agents shall become the property of U.G.I. absolutely as a capital contribution.

9. U.G.I. and its subsidiaries and all creditors and security holders of U.G.I. or of any of its said subsidiaries and all other persons, firms and corporations whatsoever, are hereby permanently enjoined and restrained from doing any act or taking any action interfering or tending to interfere with these proceedings, or with the enforcement or carrying out of Part 2 of the Plan or any of the terms and provisions thereof or of this Order, or with compliance with the Order of the Commission approving Part 2 of the Plan or with this Order, including without any limitations on the foregoing, the commencement or prosecution of any action, suit, or proceeding, at law or in equity or under any statute, in any court or before any executive or administrative officer, commission, or tribunal, other than such proceedings before the Commission or this Court as may be appropriate under the Act and the Rules and Regulations promulgated thereunder, and such review, if any, in an appropriate appellate court of the United States as may be provided by law.

10. Jurisdiction is generally reserved to the Court to entertain such further proceedings, to make such further findings, to enter such supplemental orders and decrees, to take such further action, and to grant such other and further relief as it may deem necessary or appropriate in connection with Part 2 of the Plan, the transactions incident thereto and the consummation thereof, including jurisdiction to review, if application therefor is duly made, any subsequent orders of the Commission relating to this proceeding.

11. Upon compliance by U.G.I. and its subsidiaries with subparagraphs (a) to (m) inclusive of Paragraph 5 and with Paragraph 7 of this Order (except for exchanges of new securities and cash if required for securities of U.G.I. and its subsidiaries not yet presented for exchange), U.G.I. may apply to this

Court for an order releasing and discharging it and its subsidiaries and their and each of their assets, in whole or in part, from the jurisdiction of this Court.

By the Court.

(s) Kirkpatrick
United States District Judge

Dated: November 12, 1952
Philadelphia, Pa.

UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

Record a 7826 11

Before Commissioners: Thomas C. Buchanan, Chairman; Claude L. Draper and Nelson Lee Smith.

September 3, 1952

In the Matters of	)	
	)	
Allentown-Bethlehem Gas Company	)	
Consumers Gas Company	)	Docket No. G-1910
The Harrisburg Gas Company	)	
Lancaster County Gas Company	)	
The United Gas Improvement Company	)	

FINDINGS AND ORDER PERMITTING ABANDONMENT OF FACILITIES AND ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On March 6, 1952, Allentown-Bethlehem Gas Company (Allentown), Consumers Gas Company (Consumers), The Harrisburg Gas Company (Harrisburg), Lancaster County Gas Company (Lancaster) and The United Gas Improvement Company (U.G.I.), hereinafter sometimes collectively referred to as Applicants, filed a Joint Application, as supplemented and amended on April 18, April 30, and July 11, 1952, pursuant to Section 7 of the Natural Gas Act.

Allentown, Consumers, Harrisburg and Lancaster seek an order, pursuant to Section 7(b) of the Natural Gas Act, permitting and approving the abandonment of certain facilities and services of the aforementioned companies, as hereinafter described.

The United Gas Improvement Company seeks a certificate of public convenience and necessity, pursuant to Section 7 of the Natural Gas Act, authorizing it to acquire and operate all of the facilities and to render the services proposed to be abandoned by Allentown, Consumers, Harrisburg and Lancaster, including the facilities of the Lebanon Valley Gas Company, under its proposed plan of merger.

Applicants (Allentown, Consumers, Harrisburg and Lancaster) are subsidiaries of U.G.I., which is a holding company registered with the Securities and Exchange Commission. The aforementioned subsidiaries are corporations organized and existing under the laws of the Commonwealth of Pennsylvania and are engaged in the business of supplying and distributing a mixed gas in nine counties located in southeastern Pennsylvania, extending from the Susquehanna River eastward to the Delaware River. Lancaster serves straight natural gas in a portion of the area which it serves.

O.K. H.M.H. FILE

RECORD FOLDER

The proposal of the Applicants will result in the complete dissolution of Allentown, Consumers, Harrisburg and Lancaster, with U.G.I. performing all the present services and operations.

The facilities (all of which are located in southeastern Pennsylvania) and services which are proposed to be abandoned by Applicants (Allentown, Consumers, Harrisburg and Lancaster) and the facilities of Lebanon Valley Gas Company, all of which are proposed to be acquired by U.G.I., are set forth in its application, and include the following pipe lines and services: 1/

Allentown-Bethlehem Gas Company

Line from the 14-inch natural gas line of The Manufacturers Light and Heat Company to Allentown's distribution plant at Didier, which was certificated by the Commission's order issued December 19, 1949, in Docket No. G-1255.

Lines from the distribution plant at Didier to Easton, Nazareth, Butztown, Bath, Allentown, Northampton, Greenawalds, Sterlingworth, Wescoesville, Emmaus, Macungie, Old Zionsville, Vera Cruz, Hellertown, Center Valley, Richlandtown, Quakertown, Trumbauersville, Sellersville, Perkasie, and Silverdale.

Lines from the distribution plant at Easton to the center of the bridge crossing the Delaware River through which gas is supplied to City Gas Company at Phillipsburg, New Jersey. The gas carried by such lines is sold by Allentown-Bethlehem Gas Company to City Gas Company of Phillipsburg, N. J., for resale by the latter company.

Consumers Gas Company

Line from the natural gas line of The Manufacturers Light and Heat Company near Millway to Consumer's distribution plant at Reading, which line was certificated by the Commission's order issued December 19, 1949, in Docket No. G-1256.

Lines from the distribution plant at Reading to Temple, Fleetwood, Kutztown, Topton, Wernersville, Womelsdorf, Mohnton, Baumstown, Birdsboro, and Douglassville.

1/ The map attached to Applicants' supplement filed on April 18, 1952, depicts the pipe-line facilities proposed to be abandoned and all facilities to be acquired under Applicants' plan of merger.

Lines from Womelsdorf to connection points with the lines of the Lebanon Valley Gas Company at the Lebanon County-Berks County line.

Line from Douglassville to the connection point with the line of the Philadelphia Electric Company near Pottstown.

The Harrisburg Gas Company

Line from the natural gas line of The Manufacturers Light and Heat Company near Billmeyer to Harrisburg's distribution plant at Steelton, which line was certificated by the Commission's order issued December 19, 1949, in Docket No. G-1254.

Lines from the distribution plant at Steelton to Hainton, Colonial Park, Harrisburg, Heckton, Enola, Shiremanstown, Mechanicsburg, Carlisle, New Market, Middletown, Royalton, Elizabethtown, and Marietta.

Line from Steelton to the connection point with the line of the Lebanon Valley Gas Company at the Dauphin County-Lebanon County line.

Lebanon Valley Gas Company

Lines from the connection point with the line of the Harrisburg Gas Company at the Dauphin County-Lebanon County Line to Hummelstown, Palmyra, Campbellstown, Annville, Lebanon, and Avon.

Lines from the connection points with the lines of Consumers Gas Company at the Lebanon County-Berks County line to Myerstown, Richland, and Sheridan. 2/

Lancaster County Gas Company

i. Line from the natural gas lines of Texas Eastern Transmission Corporation to Lancaster;

ii. Line from the natural gas lines of Texas Eastern Transmission Corporation to Columbia;

2/ The facilities to be acquired from the Lebanon Valley Gas Company will be an integral part of U.G.I.'s proposed transmission pipeline system under the company's aforementioned plan of merger.

iii. Line from the natural gas lines of The Manufacturers Light and Heat Company to Mount Joy;

iv. Line from the natural gas lines of The Manufacturers Light and Heat Company to Manheim;

v. Line from the natural gas lines of The Manufacturers Light and Heat Company to Lititz.3/

Allentown (which also sells gas for resale to the City Gas Company of Phillipsburg), Harrisburg and Lancaster are the sole distributors of gas in the communities and adjacent areas for which they are named; while Consumers is the sole distributor of gas in Reading, Pennsylvania, and adjacent areas. In addition, Consumers and Harrisburg provide all of the gas requirements of Lebanon Valley Gas Company, an affiliate, for resale in adjacent areas.

Upon acquisition of the above-described facilities, U.G.I. proposes to continue operation of all of such facilities and to render all the services "in exactly the same manner as they are presently being operated and rendered," except that upon consumation of the merger there will no longer be any sale for resale to the Lebanon Valley Gas Company by either Harrisburg or Consumers.

Sale now being made by Allentown to City Gas Company of Phillipsburg, N. J., will now be made by U.G.I. Upon receipt of the authorization herein sought, U.G.I. proposes to seek cancellation of the tariffs covering sales to Lebanon Valley Gas Company and to file a new tariff covering sale of gas to City Gas Company of Phillipsburg, which tariff will be identical to the tariff now on file, with the exception that the name "The United Gas Improvement Company" will be substituted for that of "Allentown-Bethlehem Gas Company."

Allentown, Consumers, Harrisburg and Lancaster purchase their natural gas supply from The Manufacturers Light and Heat Company. In addition, Consumers also purchases natural gas from the Philadelphia Electric Company. 4/ Deliveries of natural gas to Allentown, Consumers, Harrisburg and Lancaster were authorized by the Commission in its order

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3/ The facilities which Lancaster proposes to abandon were certificated by the Commission's order, issued December 19, 1949, in Docket No. G-1253.

4/ The gas delivered to Consumers by Philadelphia Electric Company is a mixture of natural and manufactured gas.

issued June 1, 1948, In the Matter of Philadelphia Electric Company, Docket No. G-1030, 7 FPC 671, and In the Matter of The Manufacturers Light and Heat Company, et al., Docket No. G-1247, by order of the Commission issued December 19, 1949, 8 FPC 426.

Pursuant to due notice, a public hearing was held in Washington, D. C., on August 29, 1952, respecting the matters involved and the issues presented by the application. No protest to the application has been received.

The United Gas Improvement Company states that its proposed plan of merger is for the purpose of achieving greater efficiency and economy in the operation of its facilities, to effect a tax saving, to enable its stockholders to hold directly their investment in properties of the subsidiary companies and to remove U.G.I. from the status of a holding company. The proposed plan provides for the following: (1) Conversion of U.G.I. into a Pennsylvania public utility company, (2) merger into U.G.I. of its public utility subsidiaries and dissolution of its one hundred percent controlled non-utility subsidiaries, and (3) disposal of all investments in other companies, with the exception of a note issued by the Delaware Coach Company in the amount of $916,666.67.

The United Gas Improvement Company will carry out part one of the plan by taking over the operation of the Northern Liberties Gas Company properties which are presently operated by the Philadelphia Gas Works Company. Part two of the plan will be effected by the merger into U.G.I. of its seven subsidiaries 5/ whereupon U.G.I. will remain the only surviving corporation. All assets and liabilities of the subsidiaries will be taken up by U.G.I. and all rights of the subsidiaries will be vested in U.G.I.

It is proposed that no securities will be sold and all securities issued are to be exchanged for outstanding securities of the subsidiary companies. The subsidiaries now have outstanding seven series of bonds in the principal amount of $15,758,000, which bear various interest rates. It is intended that these bonds will be exchanged for identical amounts of the new bonds to be issued by U.G.I. with the same interest rates, maturities, redemptions and similar provisions contained in the now outstanding bonds.

5/ Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas & Electric Corporation and The Philadelphia Gas Works.

Under part three of the plan, U.G.I. proposes to dispose of all of its holdings in other companies within one year, with exception of the note of the Delaware Coach Company in the amount of $916,666.67. It is the contention of U.G.I. that disposition of this note can be made only at a sacrifice.

After consumation of the proposed plan, the capital structure of U.G.I. will be comprised of debt, preferred stock and common equity, as follows:

Long Term Debt		$ 17,598,000	25.3%
Preferred Stock		2,500,000	3.6%
Common Equity:			
Common Stock	$ 18,146,727		
Earned Surplus	28,503,571		
Capital Surplus	2,869,475		
		49,519,773	71.1%
		$ 69,617,773	100.0%

The Pennsylvania Public Utilities Commission, by its order dated June 16, 1952, has approved the plan of merger as outlined herein.

The United Gas Improvement Corporation's comprehensive plan, "which includes its proposed merger" as filed with the Securities and Exchange Commission, after hearings, is now awaiting decision.

The Commission finds:

(1) Allentown, Consumers, Harrisburg and Lancaster own and operate, among other facilities, a natural-gas transmission pipe-line system located in the State of Pennsylvania, and by such operations the afore-mentioned Applicants are engaged in the transportation of natural gas in interstate commerce, subject to the jurisdiction of the Commission and are, therefore, "natural-gas companies" within the meaning of the Natural Gas Act, as heretofore found by the Commission's orders issued December 19, 1949, in Docket Nos. G-1253, G-1254, G-1255 and G-1256. Of the afore-mentioned companies, Allentown, Consumers and Harrisburg are also engaged in the sale of natural gas in interstate commerce for resale for ultimate public consumption.

(2) The properties described above, all as more fully described in the joint application, as supplemented and amended, in Docket No. G-1910, include facilities used in the transportation of natural gas in interstate commerce and in the sale in interstate

commerce of natural gas for resale for ultimate public consumption, and the abandonment, under the plan of merger here proposed, of such facilities to The United Gas Improvement Company is subject to the requirements of subsection (b) of Section 7 of the Natural Gas Act; similarly, their acquisition and operation by U.G.I. are subject to the requirements of subsections (c) and (e) of Section 7 of the Natural Gas Act.

(3) The proposed abandonment by the Applicants (Allentown, Consumers, Harrisburg and Lancaster) of the natural-gas facilities hereinbefore enumerated, and the acquisition and operation thereof by The United Gas Improvement Company are in the public interest; and permission and approval to abandon, and authorization to acquire and operate the same should be given as hereinafter ordered and conditioned.

(4) It is necessary and in the public interest for carrying out the provisions of the Natural Gas Act that appropriate action be taken to modify the orders of the Commission in Docket Nos. G-1030 and G-1247, to effectuate the transfer of the gas supply of Allentown, Consumers, Harrisburg and Lancaster to their successor in interest, The United Gas Improvement Company.

(5) The United Gas Improvement Company, a Pennsylvania corporation, will, upon the acquisition and operation of the facilities above referred to, be engaged in the transportation and sale of natural gas in interstate commerce and will, therefore, be a "natural-gas company" within the meaning of the Natural Gas Act.

(6) Applicant U.G.I. is able and willing properly to do the acts and to perform the services proposed and to conform to the provisions of the Natural Gas Act and the requirements, rules and regulations of the Commission thereunder.

(7) Applicant having requested the omission of the intermediate decision procedure and all the requirements of the provisions of Section 1.32(b) of the Commission's Rules of Practice and Procedure /18 CFR 1.32(b)/ having been satisfied, sufficient cause exists for the Commission forthwith to render its final decision in the instant proceeding.

(8) The present and future public convenience and necessity permit the abandonment under the plan of merger here proposed of the

facilities of Allentown, Consumers, Harrisburg and Lancaster, described herein.

(9) The acquisition and operation by The United Gas Improvement Company of the facilities described herein and more fully set forth in its application, are required by public convenience and necessity, and a certificate therefor should be issued as hereinafter ordered and conditioned.

The Commission orders:

(A) Allentown, Consumers, Harrisburg and Lancaster be and they are hereby granted permission and approval to abandon, under the proposed plan of merger above referred to, the facilities herein described, all as more fully set forth in the joint application, as supplemented and amended, filed by the aforementioned companies in this proceeding.

(B) A certificate of public convenience and necessity be and it is hereby issued to The United Gas Improvement Company to acquire and operate the facilities described above for the transportation and sale of natural gas for resale, all as more fully described in its application, as supplemented and amended, subject to the jurisdiction of the Commission upon the terms and conditions of this order.

(C) The United Gas Improvement Company shall file the necessary motions to modify the Commission's orders issued in Docket Nos. G-1030 and G-1247, to achieve the modification referred to in finding (4) above, within 30 days after the date of issuance of this order, unless extended by further order of the Commission.

(D) The United Gas Improvement Company shall, prior to commencement of the service herein authorized, file with the Commission a tariff and service agreement covering its proposed sale to the City Gas Company of Phillipsburg, New Jersey, which tariff shall include a rate not in excess of that presently charged by Allentown-Bethlehem Gas Company and shall provide the same terms and conditions of service.

(E) The United Gas Improvement Company shall file appropriate accounting entries recording the acquisition of the property of its predecessors in interest, above referred to, in conformity with the provisions of the Commission's Uniform System of Accounts Prescribed for Natural Gas Companies.

(F) The United Gas Improvement Company shall report to the Commission, in writing and under oath, within 30 days from the effective date of this order, unless extended by further order of the Commission, the date of the abandonment of the facilities herein described and the date of acquisition and commencement of operation by The United Gas Improvement Company.

(G) The certificate granted to The United Gas Improvement Company is granted upon condition that U.G.I.'s comprehensive plan of merger be approved by the Securities and Exchange Commission, and the grant of the authorization herein shall be without prejudice to any action which may be taken by that Commission.

(H) The authorization contained in paragraphs (A) and (B) hereof shall be deemed to be effective only upon a modification of the orders in Docket Nos. G-1030 and G-1247, so that U.G.I. will become the recipient of the deliveries of natural gas presently supplied to its subsidiary companies (Allentown, Consumers, Harrisburg and Lancaster) by Philadelphia Electric Company and The Manufacturers Light and Heat Company.

(I) The certificate issued hereby to The United Gas Improvement Company is not transferable, and shall be effective only so long as it shall continue the operations hereby authorized in accordance with the provisions of the Natural Gas Act and any pertinent rules, regulations or orders heretofore or hereafter issued by the Commission.

By the Commission.

Leon M. Fuquay,
Secretary.

Date of Issuance: September 4, 1952

THE UNITED GAS IMPROVEMENT COMPANY

Record A 78264

January 12, 1953.

RECEIVED 1953 JAN 13 9 42 AM

SECRETARY'S OFFICE PUBLIC UTILITY COMM.

In re:

Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service - A. 78264
Securities Certificate of The United Gas Improvement Company in the matter of the issuance of Cumulative Preferred Stock - S.C. 1325
Securities Certificate of The United Gas Improvement Company in the matter of the issuance of Common Stock - S.C. 1326
Securities Certificate of The United Gas Improvement Company in the matter of the issuance of First Mortgage Bonds - S.C. 1327

RECEIVED
BUREAU OF ACCOUNTS
JAN 15 1953
PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Mr. J. A. Walter, Secretary,
Pennsylvania Public Utility Commission,
Harrisburg, Pennsylvania.

FILED

Dear Mr. Walter:

Referring to the Certificate of Public Convenience in the matter of Application at Docket A. 78264 and Order dated June 16, 1952, with respect to said matter, and Securities Certificates Nos. S.C. 1325, S.C. 1326 and S.C. 1327, you are hereby notified as follows:

1. With respect to Docket A. 78264:

On December 31, 1952, Allentown-Bethlehem Gas Company ("Allentown"), Consumers Gas Company ("Consumers"), The Harrisburg Gas Company ("Harrisburg"), Lancaster County Gas Company ("Lancaster"), Lebanon Valley Gas Company ("Lebanon"), Luzerne County Gas and Electric

Corporation ("Luzerne") and The Philadelphia Gas Works Company ("P.G.W.") merged into The United Gas Improvement Company ("U.G.I."), with U.G.I. remaining as the surviving and continuing corporation, all as more particularly provided and set forth in the Agreement of Merger, and, in connection therewith, there were transferred to and vested in U.G.I., as such surviving and continuing corporation, all the rights, privileges and franchises theretofore vested in each of said constituent subsidiary corporations, and all the estate and property, real and personal, and rights of action of each of said corporations, including the transfer to and acquisition by U.G.I. of the securities owned by said corporations; and U.G.I. began the exercise of all the rights, powers, franchises and privileges of the said seven first-named companies necessary and proper for furnishing service to the public in the areas located in the counties of Lehigh, Northampton, Bucks, Berks, Dauphin, Cumberland, York, Lancaster, Lebanon, Luzerne, and the City and County of Philadelphia shown on the map marked Exhibit "9", including the communities listed in Exhibit "4", both said exhibits being of record at A. 78264.

2. With respect to Securities Certificate No. 1325:

As of December 31, 1952, the U.G.I. made available 25,000 shares of its 4-1/4% Preferred Stock to be exchanged, on a share for share basis, for Luzerne's 4-1/4% Preferred Stock to be surrendered.

3. With respect to Securities Certificate No. 1326:

As of December 31, 1952, the U.G.I. made available shares of its Common Stock to be issued in exchange, on a share for share basis, for its Capital Stock.

As of December 31, 1952, the U.G.I. made available shares of its Common Stock to be exchanged for the shares of Capital Stock of Consumers not owned by U.G.I. on the basis of 8/10ths of a share of U.G.I.

Common Stock (and/or cash for fractional interests of less than one share) for each share of Consumers Capital Stock to be surrendered.

As of December 31, 1952, the U.G.I. made available shares of Common Stock to be exchanged for the shares of Common Stock of Harrisburg not owned by U.G.I. on the basis of 4 shares of U.G.I. Common Stock for each share of Harrisburg Common Stock to be surrendered.

4. With respect to Securities Certificate No. 1327:

On and after January 1, 1953, as holders of the First Mortgage Bonds issued respectively by Allentown, Harrisburg and Luzerne surrender such bonds to U.G.I., U.G.I. in exchange therefor, is issuing and delivering to them, as of January 1, 1953, a like principal amount of its First Mortgage Bonds of a series corresponding to the series surrendered together with accrued and unpaid interest, if any, on their bonds up to and including December 31, 1952. The surrendered bonds are being cancelled by U.G.I.

Very truly yours,

THE UNITED GAS IMPROVEMENT COMPANY

By _____
W. E. Long, President

PENNSYLVANIA
PUBLIC UTILITY COMMISSION

RECEIVED
AUG 1 - '53
Secretary's Office
Public Utility Com.

In the Matter of the Application of

THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

APPLICATION

DOCKET NO.

A. 78264

RECEIVED

PETITION FOR MODIFICATION OF PARAGRAPH 6

OF ORDER DATED JUNE 16, 1952

AUG 6 - 1953

1. The name and address of the Petitioner is:

The United Gas Improvement Company,
1401 Arch Street,
Philadelphia 5, Pa.

2. The name and address of Petitioner's attorney is:

Kenneth B. Anderson,
1401 Arch Street,
Philadelphia 5, Pa.

3. By its Order entered June 16, 1952, in the above entitled matter, your Honorable Commission ordered, inter alia, in paragraph 2 thereof -

"2. That (a) the consolidation and merger of The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company under the name of The United Gas Improvement Company, (b) the transfer, by merger, of all the

property, rights, powers, franchises, and privileges of the seven last-named companies to The United Gas Improvement Company, (c) the acquisition by The United Gas Improvement Company, by merger into it, of all the rights, powers, franchises, and privileges of the said seven last-named companies, and (d) the beginning of the exercise by The United Gas Improvement Company, as merged and consolidated, of all the additional rights, powers, franchises, and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the areas located in the counties of Lehigh, Northampton, Bucks, Berks, Dauphin, Cumberland, York, Lancaster, Lebanon, Luzerne, and the City and County of Philadelphia shown on the map marked Exhibit "9", including the communities listed in Exhibit "4", both said exhibits being of record at A. 78264, be and are hereby approved, and that a certificate of public convenience evidencing approval issue at A. 78264."

and in paragraph 6 thereof -

"6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records for each of its following divisions: Allentown-Bethlehem, Harrisburg, Lancaster, Lebanon, Luzerne County, Reading, and Northern Liberties which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us."

4. The merger referred to in the preceding paragraph was duly consummated on December 31, 1952, and your Honorable Commission has been advised to that effect. The Petitioner, The United Gas Improvement Company, as merged and consolidated, has maintained subsidiary records for each of its divisions as prescribed by paragraph 6 of said Order of June 16, 1952, quoted above.

5. The service area of Petitioner's Lebanon Division is physically divided into two parts. The eastern part is wholly within Lebanon County, extends westward from the Berks-Lebanon County line, includes the communities of Myerstown, Richland and

Newmanstown-Sheridan and receives its gas supply from Petitioner's Reading Division gas production plant at Reading. There are 771 customers receiving gas service in this part.

The western part consists of the remainder of the Lebanon Division. It begins at the Borough of Hummelstown in Dauphin County and extends eastward to Avon in Lebanon County and includes the communities of Hershey, Campbellstown, Palmyra, Annville, Cleona, Lebanon and Avon. It receives its gas supply from the gas production plant of the Harrisburg Division at Steelton. There are 9,303 customers receiving gas service in this part.

There is attached hereto as Exhibit A and made a part hereof, a map which shows the service areas described above of Petitioner's Lebanon Division.

A comparison of the number of customers and annual Gross Operating Revenue from gas operations of the Petitioner at June 30, 1953, excluding the operations of the Municipal Gas Works of the City of Philadelphia, before and after the change proposed in Paragraph 6 hereof, is as follows:

Gas Customers Served:

Division	Before	After
Harrisburg	50,863	60,166
Reading	41,689	42,460
Lebanon	10,074	-
Sub-Total	102,626	102,626
Other Gas Divisions (Excluding P.G.W.)	113,721	113,721
Total	216,347	216,347

Gas Operating Revenue:

Harrisburg	$ 3,889,498	$ 4,369,845
Reading	3,567,077	3,601,630
Lebanon	514,900	-
Sub-Total	7,971,475	7,971,475
Other Gas Divisions (Excluding P.G.W.)	7,487,794	7,487,794
Total	$15,459,269	$15,459,269

6. Petitioner desires to eliminate its Lebanon Division as a separate division and to enlarge its Harrisburg Division by adding thereto the present western part of the Lebanon Division, and to enlarge its Reading Division by adding thereto the eastern part of its Lebanon Division. Petitioner believes that the combining of its Harrisburg Division with the western part of its Lebanon Division into a single division, Harrisburg, and the combining of its Reading Division with the eastern part of its Lebanon Division into a single division, Reading, will be beneficial to the Petitioner and to its customers for the following reasons:

(a) The number of accounts, exclusive of Continuing Property Records, to be maintained by the Petitioner (Assets, Liabilities, Income, Operating Revenues, Operating Expenses, etc.) will be reduced by approximately 230 accounts.

(b) Reporting, both for Petitioner's use and for use by regulatory commissions, would be materially simplified.

(c) Continuing Property Records covering the physical property presently in use by the Lebanon Division would be combined with similar records for the Harrisburg and Reading Divisions in such a manner as would clearly identify such property, as required by Rule 4 of the Manufactured Gas Regulations.

(d) The simplification in accounting (General Accounting and Customer Accounting) resulting from the proposed combination of the Lebanon Division with the Harrisburg and Reading Divisions will eventually result in an overall reduction of personnel and operating costs for such activity.

(e) The presentation of data to the Commission in matters involving rates will be simplified in that the source of supply of gas for the Harrisburg and Reading Divisions would be consimilar (parallel) with the service area of the respective Divisions.

(f) The Harrisburg Division and the western part of the Lebanon Division are contiguous and physically interconnected, as will be seen by reference to the map attached hereto as Exhibit A.

(g) The Reading Division and the eastern part of the Lebanon Division are contiguous and physically interconnected, as will be seen by reference to the map attached hereto as Exhibit A.

For the foregoing reasons, Petitioner asserts that it is proper and in the public interest that its prayer hereinafter set forth be granted.

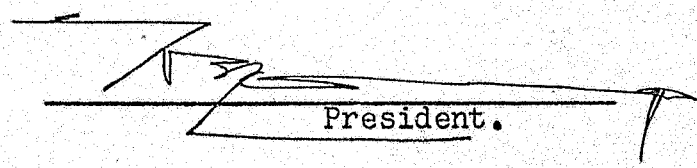
7. In connection with the combination of its Harrisburg Division and the western part of its Lebanon Division and of its Reading Division and the eastern part of the Lebanon Division, as proposed herein, Petitioner further proposes to withdraw the gas service tariff for its Lebanon Division (Supplement No. 3 to Gas Pa. P.U.C. No. 12) and to amend the tariff (Supplement No. 5 to Gas Pa. P.U.C. No. 8) for its Harrisburg Division to include in the service area thereof the western part of the Lebanon Division and to amend the tariff (Supplement No. 4 to Gas Pa. P.U.C. No. 7) for its Reading Division to include in the service area thereof the eastern part of the Lebanon Division. Applications to withdraw the present Lebanon Division tariff and to amend the Harrisburg and Reading Division tariffs, as stated above, will be filed with your Honorable Commission on August 26, 1953, to be effective October 25, 1953.

The gas service tariff for the Harrisburg and Reading Divisions are identical. The approximate effect of the withdrawal of the Lebanon Division tariff and the proposed amendments to the Harrisburg and Reading Division tariffs would be that 3,294 customers (less than 5% of the total gas customers of Petitioner and the revenue therefrom of less than 3% of the

total gas operating revenues of Petitioner) of the Lebanon Division would have their rates increased slightly; 6,437 customers would have their rates decreased; and there would be no change for 343 customers; and the overall effect upon Petitioner's customers in the present Lebanon Division would be a rate decrease, inasmuch as Petitioner would receive $3,819 per year less from such customers if the withdrawal of the Lebanon Division tariff and the amendments of the Harrisburg and Reading Division tariffs become effective, as proposed herein.

WHEREFORE, The United Gas Improvement Company prays your Honorable Commission to permit it to combine the western part of its Lebanon Division with and into its Harrisburg Division, to combine the eastern part of its Lebanon Division with and into its Reading Division, and to modify Paragraph 6 of its said Order dated June 16, 1952, by eliminating therefrom the requirement that it shall maintain subsidiary records for its Lebanon Division.

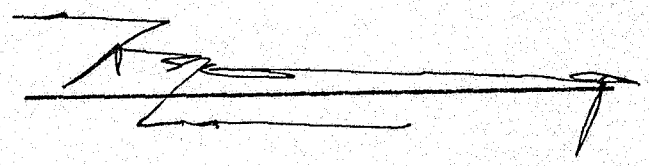
THE UNITED GAS IMPROVEMENT COMPANY,
By



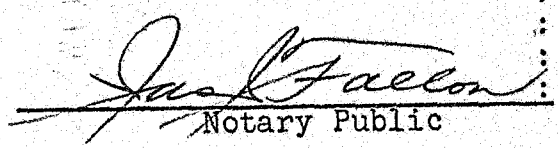
President.

COMMONWEALTH OF PENNSYLVANIA)
: ss.
COUNTY OF PHILADELPHIA)

WALTER E. LONG, being duly sworn according to law, deposes and says that he is President of The United Gas Improvement Company; that he is duly authorized to make this affidavit; that he has read the foregoing Petition; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

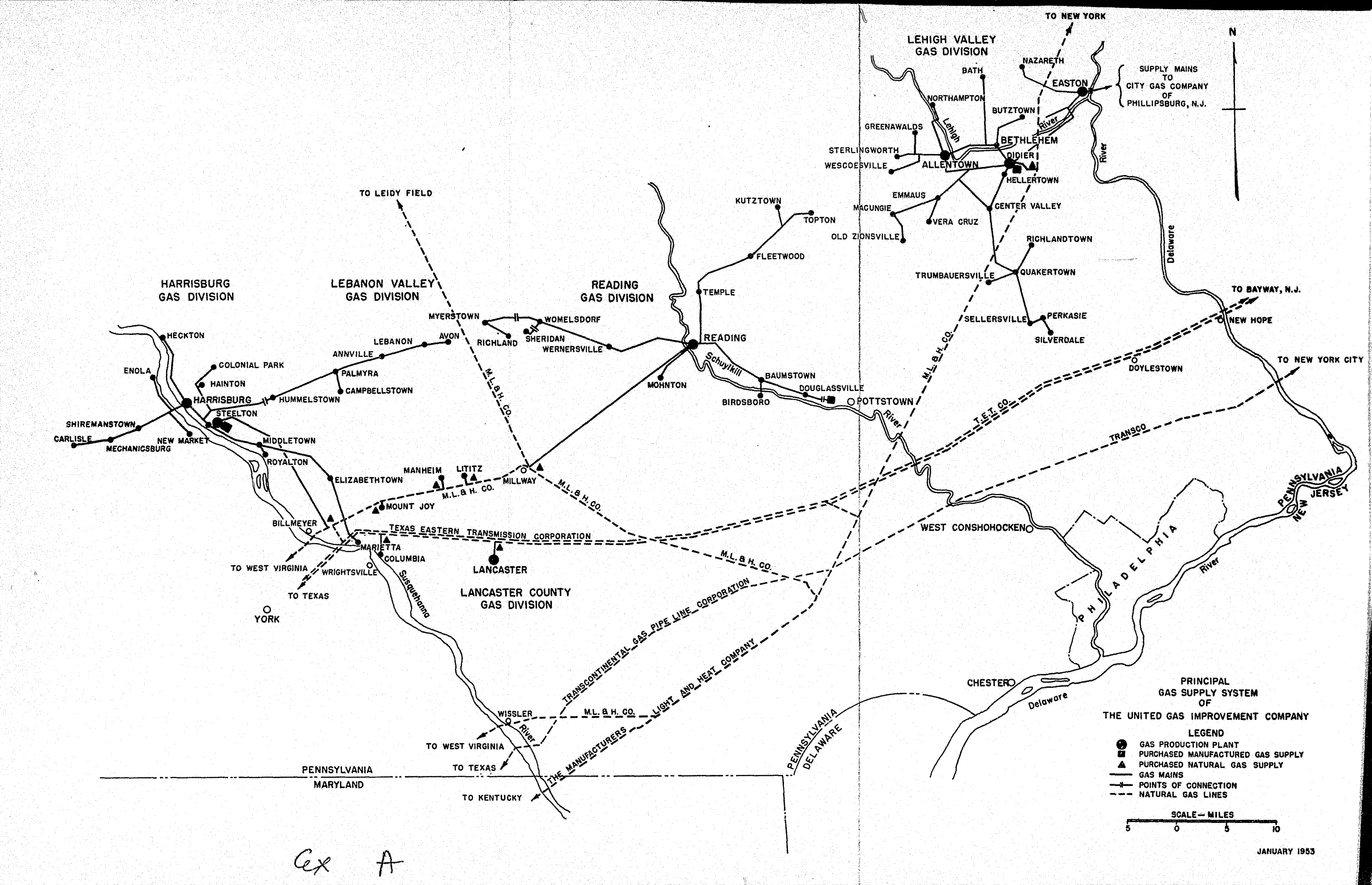


Sworn to and subscribed before me this 31st day of July , 1953.



Notary Public

My commission expires January 21, 1957.


HARRISBURG GAS DIVISION
LEBANON VALLEY GAS DIVISION
READING GAS DIVISION
LEHIGH VALLEY GAS DIVISION
LANCASTER COUNTY GAS DIVISION
TO LEIDY FIELD
TO NEW YORK
HECKTON
ENOLA
COLONIAL PARK
HAINTON
HARRISBURG
STEELTON
HUMMELSTOWN
SHIREMANSTOWN
CARLISLE
MECHANICSBURG
NEW MARKET
MIDDLETOWN
ROYALTON
ELIZABETHTOWN
MANHEIM
LITITZ
MILLWAY
MOUNT JOY
BILLMEYER
MARIETTA
COLUMBIA
WRIGHTSVILLE
YORK
TO WEST VIRGINIA
TO TEXAS
LANCASTER
ANNVILLE
LEBANON
AVON
PALMYRA
CAMPBELLSTOWN
MYERSTOWN
WOMELSDORF
RICHLAND
SHERIDAN
WERNERSVILLE
READING
MOHNTON
KUTZTOWN
TOPTON
FLEETWOOD
TEMPLE
BIRDSBORO
BAUMSTOWN
DOUGLASSVILLE
POTTSTOWN
M.L.&H. CO.
TEXAS EASTERN TRANSMISSION CORPORATION
TRANSCONTINENTAL GAS PIPE LINE CORPORATION
THE MANUFACTURERS LIGHT AND HEAT COMPANY
Schuylkill River
Susquehanna River
WISSLER
TO KENTUCKY
PENNSYLVANIA
MARYLAND
PENNSYLVANIA
DELAWARE
BATH
NAZARETH
EASTON
NORTHAMPTON
BUTZTOWN
GREENAWALDS
STERLINGWORTH
WESCOESVILLE
ALLENTOWN
BETHLEHEM
DIDIER
HELLERTOWN
EMMAUS
MACUNGIE
VERA CRUZ
CENTER VALLEY
OLD ZIONSVILLE
RICHLANDTOWN
TRUMBAUERSVILLE
QUAKERTOWN
SELLERSVILLE
PERKASIE
SILVERDALE
DOYLESTOWN
NEW HOPE
TO BAYWAY, N.J.
TO NEW YORK CITY
Lehigh River
Delaware River
SUPPLY MAINS TO CITY GAS COMPANY OF PHILLIPSBURG, N.J.
N
T.E.T. CO.
TRANSCO
WEST CONSHOHOCKEN
PHILADELPHIA
CHESTER
Delaware River
PENNSYLVANIA
NEW JERSEY
PRINCIPAL
GAS SUPPLY SYSTEM
OF
THE UNITED GAS IMPROVEMENT COMPANY
LEGEND
GAS PRODUCTION PLANT
PURCHASED MANUFACTURED GAS SUPPLY
PURCHASED NATURAL GAS SUPPLY
GAS MAINS
POINTS OF CONNECTION
NATURAL GAS LINES
SCALE — MILES
5 0 5 10
JANUARY 1953

Ex A

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Jura 8-31-53

Application Docket Nos. 78263 and
78264 and Securities Certificate
Nos. 1325, 1326 and 1327

In re: Application of THE UNITED GAS IMPROVEMENT COMPANY and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by The Philadelphia Gas Works Company to The United Gas Improvement Company and the acquisition by the latter of the right to operate the gas facilities of Northern Liberties Gas Company; (2) the beginning of the exercise by The United Gas Improvement Company of the additional rights, powers, franchises and privileges which it proposes to obtain from The Philadelphia Gas Works Company; (3) the resumption of the supplying and distribution of gas, in that part of the City of Philadelphia which was formerly known as the District of Northern Liberties, by The United Gas Improvement Company, as agent for Northern Liberties Gas Company, under the agreement between them of July 2, 1900; and (4) the abandonment by The Philadelphia Gas Works Company of the right, power, franchise and privilege to operate the facilities of Northern Liberties Gas Company, all in the City of Philadelphia - A. 78263
Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service - A. 78264
Securities Certificate of The United Gas Improvement Company in the matter of the issuance of Cumulative Preferred Stock - S. C. 1325
Securities Certificate of The United Gas Improvement Company in the matter of the issuance of Common Stock. - S.C. 1326 Securities Certificate of The United Gas Improvement Company in the matter of the issuance of First Mortgage Bonds - S.C. 1327

O R D E R

BY THE COMMISSION, AUGUST 24, 1953:

Upon further consideration of certain of the matters and things involved in A. 78263 and A. 78264, we find and determine that it is necessary or proper for the service, accommodation, convenience,

APR 1953
RECORD FOLDER

or safety of the public to amend paragraph 6 of our Order of June 16, 1952, at the above captioned dockets, which reads as follows:

> "6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records for each of its following divisions: Allentown-Bethlehem, Harrisburg, Lancaster, Lebanon, Luzerne County, Reading, and Northern Liberties which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us."

THEREFORE, IT IS ORDERED:

1. That paragraph 6 of our Order of June 16, 1952, at the above captioned dockets, be and is hereby amended by deletion of the word Lebanon (and the comma following it) from the fourth line thereof.

2. That, except for the deletion ordered above, the aforesaid paragraph 6 shall otherwise remain in full force and effect.

3. That The United Gas Improvement Company is hereby permitted, for purposes of accounting and reporting, to eliminate its Lebanon Division, and to combine the eastern part thereof with its Reading Division, and the western part thereof with its Harrisburg Division.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Ron Schwartz
Chairman

ATTEST:

Carolyn Walker
Acting Secretary

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SEP 2 8 26 AM 1953

SECRETARY'S OFFICE
PUBLIC UTILITY COMM.

This 1st day of Sept. 1953

the undersigned hereby acknowledges receipt of

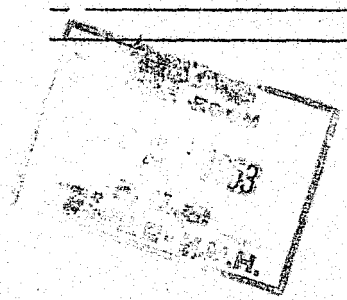
7 executed copies of Order

rendered by the Commission in Application Docket

No. 78264 under date of August 24, 1953,

and accepts service thereof in behalf of

THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY, applicants

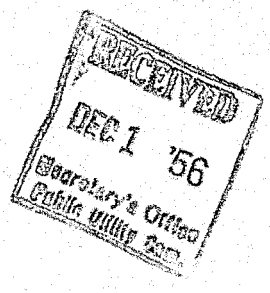


Kenneth Z. Cudemus

Attorney

PENNSYLVANIA
PUBLIC UTILITY COMMISSION

ORIG



In the Matter of the Application of

THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

APPLICATION

DOCKET NO.

A. 78264

PETITION FOR FURTHER MODIFICATION OF PARAGRAPH 6

OF ORDER DATED JUNE 16, 1952

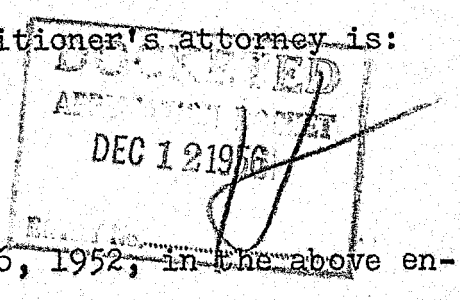
1. The name and address of the Petitioner is:

The United Gas Improvement Company,
1401 Arch Street,
Philadelphia 5, Pa.



2. The name and address of Petitioner's attorney is:

Kenneth B. Anderson, Esq.,
1401 Arch Street,
Philadelphia 5, Pa.



3. By its Order entered June 16, 1952, in the above entitled matter, your Honorable Commission ordered, inter alia, in paragraph 2 thereof -

"2. That (a) the consolidation and merger of The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company under the name of The United Gas Improvement Company, (b) the transfer, by merger, of all the property, rights, powers, franchises and privileges of the seven last-named companies to The United Gas

> Improvement Company, (c) the acquisition by The United Gas Improvement Company, by merger into it, of all the rights, powers, franchises, and privileges of the said seven last-named companies, and (d) the beginning of the exercise by The United Gas Improvement Company, as merged and consolidated, of all the additional rights,,powers, franchises, and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the areas located in the counties of Lehigh, Northampton, Bucks, Berks, Dauphin, Cumberland, York, Lancaster, Lebanon, Luzerne, and the City and County of Philadelphia shown on the map marked Exhibit "9", including the communities listed in Exhibit "4", both said exhibits being of record at A. 78264, be and are hereby approved, and that a certificate of public convenience evidencing approval issue at A. 78264."

and in paragraph 6 thereof -

> "6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records for each of its following divisions: Allentown-Bethlehem, Harrisburg, Lancaster, Lebanon, Luzerne County, Reading, and Northern Liberties which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us."

4. The merger referred to in the preceding paragraph was duly consummated on December 31, 1952, and your Honorable Commission has been advised to that effect. The Petitioner, The United Gas Improvement Company, as merged and consolidated, has maintained subsidiary records for each of its divisions as prescribed by paragraph 6 of said Order of June 16, 1952, quoted above, except as set forth below:

> (a) The Petitioner has ceased to maintain such records for its Lebanon Division pursuant to the authority granted by your Honorable Commission by its Order of August 24, 1953, in Application Docket No. 78264. By such Order your Honorable Commission amended Paragraph 6, quoted above, of its Order of June 16, 1952, by deleting therefrom the word "Lebanon" (and the comma following it) from the fourth line thereof, and permitted the Petitioner, for purposes of accounting and reporting, to eliminate its Lebanon Division and to combine the eastern part thereof with its Reading Division and the western part thereof with its Harrisburg Division;

(b) The Petitioner has ceased to maintain such records forits Northern Liberties Divis ion due to the sale of the Northern Liberties Gas Company properties to The United Gas Improvement Company as operator of the Philadelphia Gas Works, and related transactions, with the approval of your Honorable Commission. Reference is made to your Order of November 21, 1955, in Application Docket Nos. 82371 and 82372, approving such sale and related transactions; and

(c) The Petitioner has ceased to maintain such records for its Kingston Gas District of its Luzerne Electric and Gas Division (referred to in Paragraph 6, quoted above, as its Luzerne County Division) due to the sale by Petitioner of its Kingston Gas District properties and rights to Scranton-Spring Brook Water Service Company, with the approval of your Honorable Commission. Reference is made to your Order of March 12, 1956, in Application Docket No. 82710, approving such sale and related transactions.

5. Following the sale by Petitioner of its gas properties and rights in its Kingston Gas District or area, Luzerne Electric and Gas Division, to Scranton-Spring Brook Water Service Company, as referred to above, there remained in Petitioner's Luzerne Electric and Gas Division, insofar as gas properties and operations are concerned, only Petitioner's gas properties and operations in its Hazleton Gas District of such Luzerne Electric and Gas Division. In its Hazleton District Petitioner manufactures and distributes to 7365 customers a 520 B.t.u. carburetted water gas. The service area of this Hazleton Gas District comprises the City of Hazleton, the Borough of West Hazleton and the second class Township of Hazle, all in Luzerne County.

6. Petitioner desires to eliminate its said Hazleton District from its Luzerne Electric and Gas Division and to enlarge its Lehigh Valley Gas Division by adding thereto said Hazleton District, for the purposes of operation, accounting, reporting, and in all other respects. Petitioner further desires that the name of its Luzerne Electric and Gas Division be changed to Luzerne Electric Division, and that such Division relate solely to the electric operations of Petitioner.

Petitioner further believes that the elimination of its Hazleton District from its Luzerne Electric and Gas Division and the combining of such district with its Lehigh Valley Gas Division will be beneficial to the Petitioner and to its customers for the following reasons:

(a) The number of accounts, exclusive of Continuing Property Records, to be maintained by the Petitioner relating to its Hazleton District (Assets, Liabilities, Income, Operating Revenues, Operating Expenses, etc.) will be reduced approximately 50% from the 236 accounts presently in use. As carburetted water gas is supplied in the Hazleton District, separate accounts will be maintained to show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, as well as separate accounts for Operating Revenues and Direct Production Operating Expenses.

(b) Reporting, both for Petitioner's use and for use by the Commission, would be materially simplified, as the Luzerne Division would be concerned with solely electric operations, whereas information and data for all other Divisions would be solely for gas operations.

(c) Continuing Property Records covering the physical property presently in use by the Hazleton District would be combined with similar records for the Lehigh Division in such a manner as would clearly identify such property as required by Rule 4 of both the Manufactured and Natural Gas Regulations.

(d) The simplification in accounting (General Accounting and Customer Accounting) resulting from the proposed combining of the Hazleton District with the Lehigh Division will eventually result in over-all reduction in operating costs for such activity. For example, certain accounts presently maintained by the Luzerne Division for costs common to both Electric and Gas operations will be eliminated, and accounting processes relating thereto simplified.

(e) The presentation of data to the Commission in matters involving Petitioner's rates will be simplified in that the operations of the Luzerne Division will be solely related to electric operations, whereas the operationsof its other Divisions will be related only to gas operations.

For the foregoing reasons, Petitioner asserts that it is proper and in the public interest that its prayer hereinafter set forth be granted.

7. A comparison of the number of customers and annual Gross Operating Revenue from gas operations of the Petitioner at October 31, 1956, excluding its operations of the Philadelphia Gas Works owned by the City of Philadelphia, before and after the change proposed in Paragraph 6 hereof, is as follows:

Gas Customers Served:

Division	Before	After
Lehigh	69,233	76,598
Luzerne - Hazleton District	7,365	-
Sub-Total	76,598	76,598
Other Gas Divisions (Excluding P.G.W.)	129,552	129,552
Total	206,150	206,150

Gas Operating Revenue:

Lehigh	$6,288,708	$6,622,893
Luzerne- Hazleton District	334,185	-
Sub-Total	$6,622,893	$6,622,893
Other Gas Divisions (Excluding P.G.W.)	12,576,592	12,576,592
TOTAL	$19,199,485	$19,199,485

8. The proposed combining of the Hazleton Gas District of Petitioner's Luzerne Electric and Gas Division with its Lehigh Valley Gas Division will not necessitate any changes in gas service tariffs, as Petitioner's Tariff Gas-Pa. P.U.C. No. 13 only applies to the Hazleton Gas District and will continue in effect.

WHEREFORE, The United Gas Improvement Company prays your Honorable Commission, effective as of December 31, 1956, (1) to permit it, for purposes of accounting and reporting and

for all other purposes, to eliminate its Hazleton Gas District from its Luzerne Electric and Gas Division; (2) to permit it to change the name of its Luzerne Electric and Gas Division to Luzerne Electric Division; (3) to permit it to combine its Hazleton Gas District, for purposes of accounting and reporting and for all other purposes, with its Lehigh Valley Gas Division; and (4) to further modify Paragraph 6 of its said Order dated June 16, 1952, as amended, so that it will properly reflect the matters referred to in paragraph 4(b) and (c) above and the permissions sought by this application.

THE UNITED GAS IMPROVEMENT COMPANY,
By

E. H. Smoker

E. H. Smoker,
President.

COMMONWEALTH OF PENNSYLVANIA)
: ss.
COUNTY OF PHILADELPHIA)

E. H. SMOKER, being duly sworn according to law, deposes and says that he is President of The United Gas Improvement Company; that he is duly authorized to make this affidavit; that he has read the foregoing Petition; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

E H Smoker

Sworn to and subscribed
before me this 30th day
of November, 1956.

Jas L Fallon
Notary Public

My commission expires January 21, 1957.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application Docket No. 78264

In re: Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

O R D E R

BY THE COMMISSION, DECEMBER 17, 1956:

Upon further consideration of the matters and things involved in A. 78264, we find and determine that it is necessary or proper for the service, accommodation, convenience, or safety of the public to further amend Paragraph 6 of our Order entered on June 16, 1952, and amended on August 24, 1953, at the above-captioned docket, which, as amended, reads as follows:

> "6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records for each of its following divisions: Allentown-Bethlehem, Harrisburg, Lancaster, Luzerne County, Reading, and Northern Liberties which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us."

THEREFORE, IT IS ORDERED:

1. That Paragraph 6 of our Order of June 16, 1952, as amended by our Order entered on August 24, 1953, at the above-captioned docket, be and is hereby further amended to read as follows:

ENTERED
JAN 4 1957

6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records by divisions as follows: Harrisburg, Lancaster, Lehigh Valley, and Reading gas divisions and Luzerne electric division, which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us.

2. That The United Gas Improvement Company is hereby permitted, for purposes of accounting and reporting, to eliminate its Hazleton Gas District and its former Kingston Gas District from its Luzerne Electric Division and to combine its Hazleton Gas District with its Lehigh Valley Gas Division.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Leon Schwartz
Chairman

ATTEST:

William P. Roan
Secretary

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SECRETARY'S OFFICE
PUBLIC UTILITY COMM

1957 JAN 7 AM 9:21

This 4th day of January 1957

the undersigned hereby acknowledges receipt of

8 executed copies of Order

rendered by the Commission in Application Docket No. 78264 under date of Dec. 17, 1956,

and accepts service thereof in behalf of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPH A GAS WORKS COMPANY

George S Webster

JAN 7 1956

PENNSYLVANIA
PUBLIC UTILITY COMMISSION

In the Matter of the Application of

THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION AND THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

APPLICATION

DOCKET NO.

A. 78264

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SECRETARY'S OFFICE
PUBLIC UTILITY COMM
1957 JAN 10 AM 9:16

PETITION FOR AMENDMENT OF PARAGRAPH 6 OF ORDER DATED JUNE 16, 1952, AS AMENDED BY ORDERS OF AUGUST 24, 1953, AND DECEMBER 17, 1956

DOCKETED
APPLICATION DOCKET
JAN 16 1957
ENTRY No. 1

1. The name and address of the Petitioner is:

The United Gas Improvement Company,
1401 Arch Street,
Philadelphia 5, Pa.

2. The name and address of Petitioner's attorney is:

Kenneth B. Anderson, Esq.,
1401 Arch Street,
Philadelphia 5, Pa.

RECORD FOLDER

3. By its Order entered December 17, 1956, in the above entitled matter, your Honorable Commission ordered in paragraph 1 thereof that paragraph 6 of its Order of June 16, 1952, as amended by its Order entered on August 24, 1953, at the above-captioned docket, be further amended to read as follows:

> "6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records by divisions as follows: Harrisburg, Lancaster, Lehigh Valley, and Reading gas divisions and Luzerne electric division, which shall show the original cost of utility plant in service therein,

> the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to two or more of said divisions, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each division, in each annual report which it will file with us."

and in paragraph 2 thereof permitted Petitioner,

> "for purposes of accounting and reporting, to eliminate its Hazleton Gas District and its former Kingston Gas District from its Luzerne Electric Division and to combine its Hazleton Gas District with its Lehigh Valley Gas Division".

4. Since the issuance of said Order of December 17, 1956, Petitioner has maintained subsidiary records by divisions as prescribed by paragraph 6 of said Order of June 16, 1952, as amended.

5. Petitioner now desires to be permitted to cease maintaining separate subsidiary records for each of its gas divisions, namely, its Harrisburg, Lancaster County, Lehigh Valley and Reading Gas Divisions and desires to be permitted to maintain its records in the future solely on the basis of the kind of service it renders to the public, namely, gas service and electric service.

This might be accomplished by your Honorable Commission further amending said paragraph 6, as amended, to read substantially as follows:

> "6. ThatThe United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records by kind of service rendered as follows: electric service by Luzerne Electric Division, and gas service by Harrisburg, Lancaster County, Lehigh Valley and Reading Gas Divisions, on a consolidated basis, which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating

and non-operating revenues and expense applicable to both kinds of service, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each kind of service, in each annual report commencing with that for the year 1957 which it will file with us."

6. Your Honorable Commission, in permitting Petitioner's Tariff Gas-Pa. P.U.C. No. 15 to become effective on October 27, 1957, for Petitioner's Harrisburg, Lancaster County, Lehigh Valley and Reading Gas Divisions, established a uniform gas rate for such divisions and recognized that such divisions are being operated as an integrated gas system.

7. Petitioner further believes that the elimination of the requirement for maintaining subsidiary records for each gas division and the combining of such divisions for purposes of accounting and reporting will be beneficial to the Petitioner and to its customers for the following reasons:

(a) The number of accounts to be maintained by the Petitioner will be materially reduced.

(b) Reporting, both for Petitioner's use and for use by regulatory commissions, would be materially simplified.

(c) Simplification of auditing procedures will result in a reduction of cost for such activity.

(d) The combining of divisional records will permit further centralization and mechanization in processing accounting data.

(e) Continuing Property Records covering physical property presently in use by the several gas divisions would be combined but in such a manner as would clearly identify such property geographically, as required by Rule 4 of both the Manufactured and Natural Gas Regulations.

(f) Simplification in accounting resulting from the proposed combining of the several gas divisions

will eventually result in an over-all reduction in operating costs for such activities.

(g) The presentation of data to the Commission in matters involving Petitioner's rates will be simplified in that the gas operations of the Petitioner will be clearly segregated from its electric operations.

For the foregoing reasons, Petitioner asserts that it is proper and in the public interest that its prayer hereinafter set forth be granted.

WHEREFORE, The United Gas Improvement Company prays your Honorable Commission, (1) to permit it, for purposes of accounting and reporting and for all other purposes to combine its gas divisions, namely, Harrisburg, Lancaster County, Lehigh Valley and Reading Gas Divisions; and (2) to further modify paragraph 6 of its said Order dated June 16, 1952, as amended, substantially as set forth in paragraph 5 above, so that it will properly reflect the permissions sought by this application.

THE UNITED GAS IMPROVEMENT COMPANY,
By

E. H. Smoker

E. H. Smoker,
President.

COMMONWEALTH OF PENNSYLVANIA)
: ss.
COUNTY OF PHILADELPHIA)

E. H. SMOKER, being duly sworn according to law, deposes and says that he is President of The United Gas Improvement Company; that he is duly authorized to make this affidavit; that he has read the foregoing Petition; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

E H Smoker

Sworn to and subscribed before me this 9th day of January, 1958.

James J Facon (SEAL)

Notary Public
My Commission Expires January 21, 1961
Philadelphia, Philadelphia County, Pa.

RECEIVED
DEC 19 11 39 AM 1951
PUBLIC UTILITY COMM.
SECRETARY'S OFFICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In Re :

APPLICATION OF ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION AND THE PHILADELPHIA GAS WORKS COMPANY FOR THE APPROVAL OF THE TRANSFER OF ALL OF THEIR PROPERTY, RIGHTS, POWERS, FRANCHISES AND PRIVILEGES BY MERGER INTO THE UNITED GAS IMPROVEMENT COMPANY AS THE SURVIVING CORPORATION, FOR THE APPROVAL OF THE ACQUISITION BY THE UNITED GAS IMPROVEMENT COMPANY OF THE PROPERTY, RIGHTS, POWERS, FRANCHISES AND PRIVILEGES OF THE FOREGOING NAMED CORPORATIONS AND THE APPROVAL OF THE BEGINNING OF THE EXERCISE BY THE UNITED GAS IMPROVEMENT COMPANY OF SAID RIGHTS, POWERS, FRANCHISES AND PRIVILEGES :

Application

Docket No. A78254

1. The names and addresses of the Applicants are:

Allentown-Bethlehem Gas Company
(hereinafter called "Allentown-Bethlehem")
516 Hamilton Street
Allentown, Pa.

Consumers Gas Company
(hereinafter called "Consumers")
441 Penn Street
Reading, Pa.

The Harrisburg Gas Company
(hereinafter called "Harrisburg")
14 South Market Square
Harrisburg, Pa.

Lancaster County Gas Company
(hereinafter called "Lancaster")
70 North Duke Street
Lancaster, Pa.

Lebanon Valley Gas Company
(hereinafter called "Lebanon")
7-11 North 9th Street
Lebanon, Pa.

Luzerne County Gas and Electric Corporation
(hereinafter called "Luzerne")
247 Wyoming Avenue
Kingston, Pa.

RECEIVED
JAN 11 1952
ENTRY No. 108

RECORD FOLDER

RECEIVED 12/24/51 Pgh. 39336 - The United Gas Improvement Co. Phila. Pa. Appl. #10,529 — Rec'd E.P.
ISSUED

The Philadelphia Gas Works Company
(hereinafter called "P.G.W.")
1401 Arch Street
Philadelphia 5, Pa.

The United Gas Improvement Company
(hereinafter called "U.G.I.")
1401 Arch Street
Philadelphia 5, Pa.

Where all of the foregoing applicants are collectively hereinafter referred to, they will be designated as "Applicants."

2. The names and addresses of Applicants' attorneys are:

Morgan, Lewis & Bockius
2107 Fidelity-Philadelphia Trust Building
Philadelphia 9, Pa.

Kenneth B. Anderson
1401 Arch Street
Philadelphia 5, Pa.

3. For detailed information with respect to the corporate history, the purposes for which formed, the charter territory, services rendered and capitalization of Applicants, see recitals 1 through 8 of Exhibit 1-A to Exhibit B attached hereto. Attention is likewise invited to joint Application on behalf of U.G.I. and P.G.W. being filed simultaneously herewith - see paragraph 22 below.

4. The number of consumers by classes to whom Applicants furnish public service is attached hereto as Exhibit A.

5. Balance sheets of the Applicants, as of October 31, 1951, are shown in columnar form in Exhibit 1-C-3 to Exhibit B attached hereto.

6. Income statements of the Applicants for the twelve months ended October 31, 1951, are shown in columnar form in Exhibit 1-C-4 to Exhibit B attached hereto.

7. All the annual reports, tariffs, certificates of notification, applications and certificates of valuation and applica-

tions for approval of the issuance of securities, and securities certificates filed with your Honorable Commission by Applicants and by their predecessor and constituent companies are made a part hereof by reference.

8. All of the property, rights, franchises and privileges now by law vested in Allentown, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne and P.G.W. are to be transferred by merger with and into U.G.I. as the surviving corporation, as provided by "An Act to provide for the merger and consolidation of certain corporations" approved May 3, 1909, and the various supplements and amendments thereto and by such other laws of the Commonwealth of Pennsylvania as may be thereunto applicable. The terms and conditions of the transfer are more fully described in the application of U.G.I. to the Securities and Exchange Commission marked Exhibit B attached hereto and made a part hereof together with the exhibits attached to such application.

9. The consideration for the transfer is set forth in the merger agreement, Exhibit 1-A to Exhibit B, and was determined by mutual agreement between the Boards of Directors of Applicants.

10. There is attached hereto, marked Exhibit C, statement showing, in columnar form, the plant accounts of the Applicants by functional groups as at October 31, 1951, and on a pro-forma basis, the similar data for U.G.I., giving effect to the transfer by merger herein proposed. Said Exhibit C likewise shows the amount of Depreciation Reserve related thereto. Reference is made to Original Cost Studies filed with the Commission at various times by the Applicants, which are incorporated herein by reference.

11. For information converning the investment securities to be transferred, attention is invited to the merger agreement, Exhibit 1-A to Exhibit B.

12. A pro-forma balance sheet, as of October 31, 1951, of U.G.I., giving effect to the transfer, is shown in Exhibit 1-C-3 to Exhibit B attached hereto.

13. A pro-forma income account for the twelve months ended October 31, 1951, of U.G.I., giving effect to the transfer, is shown in Exhibit 1-C-4 to Exhibit B attached hereto.

14. In Exhibit 1-C-3 to Exhibit B, there is shown in columnar form the proposed adjustments to the consolidated accounts of U.G.I. and its Subsidiaries (using October 31, 1951, figures) giving effect to the transfer by merger herein proposed. The journal entries which U.G.I. will actually make to record the transfer in its accounts will be supplied.

15. There is attached hereto as Exhibit 2 to Exhibit B minutes of the meeting of the Board of Directors of U.G.I., authorizing the transfer by merger herein proposed.

16. The transfer herein proposed will have no effect upon the service to customers of Applicants.

17. The transfer herein proposed will have no effect upon the rates for service to customers of Applicants.

18. The transfer herein proposed will be financed by the exchange of capital stock, more fully described in the plan and the merger agreement, Exhibits 1 and 1-A to Exhibit B.

19. The transfer and merger herein referred to is necessary and proper for all of the reasons set forth in Exhibits 1 and 1-A to Exhibit B, being respectively the Comprehensive Plan of U.G.I. pursuant to 11(e) of the Public Utility Holding Act of 1935 and agreement for the merger of Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne and P.G.W. with and into U.G.I. as the surviving corporation.

20. All the Applicants are affiliated with each other as is established by Exhibit 1-D to Exhibit B.

21. The Applicants have paid the special and general assessments made against them by your Honorable Commission pursuant to Section 1201 of the Public Utility Law. U.G.I., as the surviving corporation, will assume and pay the amounts of any and all lawful special and general assessments when due which your Honorable Commission may make pursuant to Section 1201 of said law.

22. Simultaneously with the filing of this Application, there is being filed with your Honorable Commission a joint Application of U.G.I. and P.G.W. seeking your Honorable Commission's approval of the transfer by P.G.W. to U.G.I. of the right to operate the facilities of Northern Liberties Gas Company. Such Application and this Application are inter-related and your Honorable Commission is respectfully requested to consolidate with this Application, for the purposes of hearing and/or disposition of this Application, the joint Application above referred to.

WHEREFORE, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, The Philadelphia Gas Works Company and The United Gas Improvement Company pray your Honorable Commission to issue a Certificate or Certificates of Public Convenience under the provisions of sub-divisions (b), (c), (d) and (e) of Section 202 of the Public Utility Law, evidencing its approval of -

(a) the transfer by merger of all of the property, rights, powers, franchises and privileges of Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne and P.G.W. into U.G.I., all as more particularly set forth in this Application;

(b) the acquisition by U.G.I. by merger into it of all of the rights, powers, franchises and privileges of Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne and P.G.W.; and

(c) the beginning of the exercise by U.G.I. of all of the additional rights, powers, franchises and privileges of Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne and P.G.W.

ALLENTOWN-BETHLEHEM GAS COMPANY

By _____
President

CONSUMERS GAS COMPANY

By _____
President

THE HARRISBURG GAS COMPANY

By _____
President

LANCASTER COUNTY GAS COMPANY

By _____
President

LEBANON VALLEY GAS COMPANY

By _____
President

LUZERNE COUNTY GAS AND ELECTRIC CORPORATION

By _____
President

THE PHILADELPHIA GAS WORKS COMPANY

By _____
President

THE UNITED GAS IMPROVEMENT COMPANY

By _____
President

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

JNO. A FRICK, being duly sworn according to law, deposes and says that he is President of Allentown-Bethelhem Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed :
before me this 18th day :
of December, 1951. :
:
:
Notary Public

My Commission Expires January 21, 1953

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

ALLYN C. TAYLOR, being duly sworn according to law, deposes and says that he is President of Consumers Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed :
before me this 18th day :
of December, 1951. :
:
Notary Public :
My Commission Expires January 21, 1953

Allyn C. Taylor

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

L. B. RICHARDS, being duly sworn according to law, deposes and says that he is President of Harrisburg Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed :
before me this 18th day :
of December, 1951. :
:
:
Notary Public
My Commission Expires January 21, 1953

L. B. Richards

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

ANDREW S. MORGAN, being duly sworn according to law, deposes and says that he is President of Lancaster County Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed before me this 18th day of December, 1951.

Andrew S. Morgan

Notary Public

My Commission Expires January 21, 1953

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

WM. NAILE, being duly sworn according to law, deposes and says that he is President of Lebanon Valley Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed :
before me this 18th day :
of December, 1951. :
:
Notary Public :

My Commission Expires January 21, 1953

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

CHARLES E. WARSAW, being duly sworn according to law, deposes and says that he is President of Luzerne County Gas and Electric Corporation; that he is duly authorized to make this affidavit; that he has read the foregoing application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed before me this 18th day of December, 1951.

Notary Public

My Commission Expires January 21, 1953

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

HUDSON W. REED, being duly sworn according to law, deposes and says that he is President of The Philadelphia Gas Works Company; that he is duly authorized to make this affidavit; that he has read the foregoing Application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Hudson W. Reed

Sworn to and subscribed :
before me this 18th day :
of December, 1951. :
:
Notary Public :

My Commission Expires January 21, 1953

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

WALTER E. LONG, being duly sworn according to law deposes and says that he is President of The United Gas Improvement Company; that he is duly authorized to make this affidavit; that he has read the foregoing Application; that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Sworn to and subscribed :
before me this 18th day :
of December, 1951. :
:

Notary Public

My Commission Expires January 21, 1953

Exhibit "A"

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

STATEMENT SHOWING NUMBER OF CUSTOMERS BY CLASSES TO WHOM

PUBLIC SERVICE IS FURNISHED

AT OCTOBER 31, 1951.

	Allentown-Bethlehem Gas Company	Consumers Gas Company	Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The United Gas Improvement Company(A)	Total	Elimination	Consolidated
GAS										
Residential - General	60,989	36,566	43,132	21,037	9,552	16,622	3,646	191,544	-	191,544
Residential - Heating	3,100	2,940	4,263	1,347	57	-	121	11,828	-	11,828
Commercial - General	2,496	1,526	2,069	1,021	452	984	429	8,977	-	8,977
Commercial - Heating	185	70	149	71	8	-	67	550	-	550
Industrial - General	406	326	178	165	85	69	193	1,422	-	1,422
Industrial - Heating	-	-	-	-	3	-	29	32	-	32
Other Gas Utilities - Non-Affiliated	1	-	-	-	-	-	-	1	-	1
Other Gas Utilities - Affiliated	-	1	1	-	-	-	+	2	2	-
Interdepartmental	-	-	-	-	-	6	+	6	-	6
Total Gas	67,177	41,429	49,792	23,641	10,157	17,681	4,485	214,362	2	214,360
ELECTRIC										
Residential or Domestic	-	-	-	-	-	36,785	-	36,785	-	36,785
Rural	-	-	-	-	-	2,947	-	2,947	-	2,947
Commercial	-	-	-	-	-	4,359	-	4,359	-	4,359
Industrial	-	-	-	-	-	222	-	222	-	222
Public Street and Highway Lighting	-	-	-	-	-	27	-	27	-	27
Other Sales to Public Authorities	-	-	-	-	-	3	-	3	-	3
Other Non-Affiliated Electric Utilities	-	-	-	-	-	3	-	3	-	3
Non-Affiliated Railroads and Railways	-	-	-	-	-	1	-	1	-	1
Interdepartmental	-	-	-	-	-	11	-	11	-	11
Total Electric	-	-	-	-	-	44,358	-	44,358	-	44,358

(A) Assuming resumption of operation of Northern Liberties Gas Company (Part I of Plan)

Exhibit B

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

IN THE MATTER of THE UNITED GAS IMPROVEMENT COMPANY, Applicant, Public Utility Holding Company Act of 1935.	File No.

APPLICATION FOR AN ORDER OF THE SECURITIES AND EXCHANGE COMMISSION FOR APPROVAL OF A COMPREHENSIVE PLAN OF THE UNITED GAS IMPROVEMENT COMPANY, PURSUANT TO SECTION 11(e) AND OTHER SECTIONS OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

1. The United Gas Improvement Company (hereinafter called "U.G.I."), a registered holding company under the Public Utility Holding Company Act of 1935 (hereinafter called the "Act"), desires to achieve greater efficiency and economy in the operation of U.G.I. and its system companies, to effect a tax saving, to enable the stockholders of U.G.I. to hold directly their investment in its subsidiary companies, to complete compliance by U.G.I. and its system companies with the provisions of Section 11 of the Act and for U.G.I. to cease to be a holding company. Accordingly, U.G.I. files herewith, marked Exhibit 1 and made a part hereof, a Comprehensive Plan dated December 18, 1951, (hereinafter called the "Plan") under Section 11(e) of the Act designed to accomplish that purpose.

2. The Plan is divided into four parts and provides in substance for (a) the conversion of U.G.I. into a Pennsylvania public utility company; (b) the merger into U.G.I. of all its public utility subsidiaries and for the dissolution of its

non-utility subsidiaries, U.G.I. to remain the surviving and continuing corporation and to conduct as one public utility operating company the operations now conducted by U.G.I. and its various subsidiaries in Pennsylvania; (c) the disposal by U.G.I. of its securities in non-subsidiary companies (except Delaware Coach Company); and (d) the obtaining of an order under the Act that U.G.I. has ceased to be a holding company and that its registration under the Act shall cease to be in effect. The Plan provides that U.G.I. will pay such expenses and remunerations in connection with the Plan and any amendments thereto that the Securities and Exchange Commission shall duly approve, determine, award, allow or allocate. The Plan also provides that its consummation, or any part thereof, is subject to the conditions and reservations set forth therein.

3. The Plan sets forth a description and capitalization of U.G.I. and its subsidiary companies and other pertinent information, including various financial and other exhibits, all of which are incorporated herein by reference.

4. The Board of Directors of U.G.I. has approved said Plan as fair and equitable to all persons affected thereby, and has authorized and directed the execution and filing in its name and on its behalf with the Securities and Exchange Commission of an application and any amendments thereto and such other documents and papers as may be required by or considered advisable under the provisions of the Act, in order that the Plan may be carried out, as is evidenced by extract from minutes adopted at a meeting of said Board held on December 18, 1951, a copy of which is attached hereto marked Exhibit 2 and made a part hereof.

5. U.G.I. requests the Commission to find that the proposed transactions set forth in parts 1, 2 and 3 of the Plan, and any amendments thereto, are necessary to effectuate the provisions of Section 11(b) of the Act and to be fair and equitable to the persons affected thereby, and to issue its order or orders as more particularly set forth below. U.G.I. further

requests the Commission under Section 11(e) of the Act, to apply to a court in accordance with the provisions of Section 18(f) of the Act, to enforce and carry out the terms and provisions of parts 1 and 2 of the Plan and any amendments thereto.

6. Name and address of persons authorized to receive notices and communications from the Securities and Exchange Commission:

W. E. Long, President,
1401 Arch Street,
Philadelphia 5, Pa.

Kenneth B. Anderson, Esq.,
1401 Arch Street,
Philadelphia 5, Pa.

7. Pursuant to Rule III(e) of the Commission's Rules of Practice, U.G.I. hereby advises the Commission that:

(a) There should not be a recommended decision by a hearing officer;

(b) There should not be a recommended decision by any other responsible officer of the Commission;

(c) The staff of the Public Utilities Division of the Commission may assist in the preparation of the Commission's decision; and

(d) The Commission's Order should become effective immediately upon its issuance.

WHEREFORE, U.G.I. respectfully requests the Commission to enter an order or orders -

(a) pursuant to Section 11(e) and other applicable sections of the Act, together with requisite findings, approving parts 1, 2 and 3 of the Plan and any amendments thereto, and authorizing U.G.I. to carry out and consummate the proposed transactions set forth in such parts, in accordance with their terms, conditions and provisions;

(b) containing findings and recitations conforming to the pertinent provisions and requirements of the Internal Revenue Code, as amended, including Supplement R of Chapter I and Section 1808(f) thereof;

(c) granting and permitting to become effective any applications and declarations and any amendments thereto, pursuant to such Section 11(e) and other sections of the Act.

(d) upon consummation of the proposed transactions under parts 1, 2 and 3 of said Plan and any amendments thereto, under Section 5(d) of the Act, that U.G.I. has ceased to be a holding company and that its registration under the Act has ceased to be in effect.

(e) giving to U.G.I. such other and further relief as may in the premises be just and proper.

Pursuant to the requirements of the Act, U.G.I. has caused this instrument to be duly executed on its behalf by its authorized officers, this 18th day of December, 1951.

THE UNITED GAS IMPROVEMENT COMPANY,
By

W. E. LONG

President.

ATTEST:

JOHNS HOPKINS

Secretary.

STATE OF PENNSYLVANIA)
: ss.
COUNTY OF PHILADELPHIA)

The undersigned, being duly sworn, deposes and says that he has duly executed the attached instrument for and on behalf of The United Gas Improvement Company; that he is the President of such Company; and that all action necessary to authorize deponent to execute and file such instrument has been taken. Deponent further says that he is familiar with such instrument and the transactions referred to therein, and that to the best of his knowledge, information and belief the statements made in such instrument are true.

W. E. LONG

Subscribed and sworn to
before me at Philadelphia,
Pennsylvania, this 18th day
of December, 1951.

JAS. J. FALLON

Notary Public.

My commission expires January 21, 1953.

EXHIBIT 1

COMPREHENSIVE PLAN OF

THE UNITED GAS IMPROVEMENT COMPANY

PURSUANT TO SECTION 11(e)

OF THE PUBLIC UTILITY HOLDING COMPANY ACT

Dated December 18, 1951.

COMPREHENSIVE PLAN OF THE UNITED GAS IMPROVEMENT COMPANY PURSUANT TO SECTION 11(e) OF THE PUBLIC UTILITY HOLDING COMPANY ACT

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EXHIBITS

A - Form of Agreement of Merger to be entered into between U.G.I. and its Utility Subsidiaries.

B - Form of new U.G.I. First Mortgage.

C-1 - Balance Sheet of U.G.I. at October 31, 1951.

C-2 - Statement of Income of U.G.I. for the 12 months ending October 31, 1951.

C-3 - Consolidating Balance Sheet of U.G.I. and Subsidiaries at October 31, 1951, with adjustment giving effect to Parts 1 and 2 of the Plan.

C-4 - Consolidating Statement of Income for U.G.I. and Subsidiaries for the 12 months ending October 31, 1951, with adjustment giving effect to Parts 1 and 2 of the Plan.

D - Chart showing Corporate and Financial Relations of U.G.I. and Subsidiaries as of October 31, 1951, and pro forma giving effect to Parts 1 and 2 of the Plan.

COMPREHENSIVE PLAN OF
THE UNITED GAS IMPROVEMENT COMPANY
PURSUANT TO SECTION 11(e)
OF THE PUBLIC UTILITY HOLDING COMPANY ACT

INTRODUCTORY STATEMENT

The United Gas Improvement Company (hereinafter called "U.G.I."), a Pennsylvania corporation and a registered holding company under the Public Utility Holding Company Act of 1935 (hereinafter called the "Act"), proposes this comprehensive Plan pursuant to Section 11(e) of the Act to fully comply with the provisions of Section 11(b) of the Act and for it to cease to be a holding company. U.G.I. believes this Plan is necessary and appropriate to effectuate the provisions of said Section 11(b) and is fair and equitable to the persons affected thereby. The Board of Directors of U.G.I. has approved this Plan and has directed that it be submitted to the Securities and Exchange Commission (hereinafter called "S.E.C.") pursuant to said Section 11(e).

U.G.I. registered as a holding company under the Act on March 29, 1938. S.E.C. instituted formal integration proceedings against U.G.I. and its subsidiaries on March 4, 1940, when S.E.C. issued a notice of and order for hearing, pursuant to Section 11(b)(1) of the Act. These proceedings have not been completed. Since January 1, 1941, U.G.I. has taken many substantial steps to effect compliance with the provisions of Section 11(b) of the Act. Some of these steps were taken to carry out two divestment orders imposed on U.G.I. in the years 1941 and 1942 by S.E.C. in such proceedings and other steps have been voluntarily taken. During the period January 1, 1941 to date the number of majority owned companies

comprising the U.G.I. system has been reduced from 56 to 9 and substantial investments in other companies have been disposed of. The drastic change in U.G.I. as a result of this divestment program is shown by the following:

At October 31, 1951, U.G.I.'s total assets per books on a consolidated basis amounted to $97,239,789, compared with $846,182,298 at December 31, 1940. For the twelve months ended October 31, 1951, U.G.I.'s net income on a corporate basis amounted to $2,312,933, compared with $26,391,349 for the calendar year 1940. U.G.I. has outstanding 1,230,740 shares of Capital Stock, exclusive of 9,219 shares reacquired by U.G.I., of the par value of $13.50 per share with a stated capital of $16,614,990, compared with 765,216 shares of $5 Dividend Preferred Stock and 23,252,010 shares of Common Stock (all without par value) with an aggregate stated capital of $279,258,154 at December 31, 1940.

U.G.I. believes that the time has now arrived when this comprehensive and final plan should be presented to S.E.C. to complete the integration proceedings, and to transform U.G.I. and its system companies into a single operating company and for it to cease to be a holding company under the Act.

DESCRIPTION AND CAPITALIZATION OF U.G.I. AND ITS SUBSIDIARIES

U.G.I. has engaged in business continuously under the laws of the Commonwealth of Pennsylvania since June 1, 1882. Its charter is perpetual. U.G.I.'s business is the ownership of and furnishing service to, its nine subsidiaries, (seven of which are public utility companies in Pennsylvania, one holds title to U.G.I.'s office building and certain other real estate, and one owns a chemical plant in Chester, Pa., leased for a long term), and ownership of investments in other than subsidiary company securities, principally preferred and common stocks of other utility operating companies. Its income consists almost entirely of dividends and interest from its

subsidiaries and these other companies.

At October 31, 1951, the utility subsidiaries of U.G.I., other than The Philadelphia Gas Works Company, served 209,877 gas customers in an area having an estimated population of 991,000, and 44,358 electric customers in an area having an estimated population of 151,500. At October 31, 1951, The Philadelphia Gas Works Company served 551,101 gas customers in the City of Philadelphia, having an estimated population of 2,090,000. For the twelve months ended October 31, 1951, U.G.I. had consolidated operating revenues of $18,593,777, of which $12,552,892 were from the sale of gas and $4,786,856 from the sale of electricity.

The consolidated plant of U.G.I. at October 31, 1951, was stated at $75,401,914. Against this plant account, there was a depreciation reserve of $20,494,942, which was equal to 27.2% of the total plant account. In the period from January 1, 1946, to October 31, 1951, the consolidated subsidiaries of U.G.I. had gross expenditures for property additions of $24,619,904.

U.G.I.'s present capitalization consists of 2,414,759 shares of authorized Capital Stock, par value $13.50 per share, of which there are presently outstanding 1,230,740 shares, exclusive of 9,219 shares which have been reacquired by U.G.I. Each share is entitled to one vote. All unissued shares of such stock which are issued and sold originally for cash must first be offered as a matter of right to U.G.I.'s shareholders pro rata. U.G.I. has no preferred stock and no funded debt.

U.G.I. Utility Subsidiaries

Allentown-Bethlehem Gas Company

Allentown-Bethlehem Gas Company is a Pennsylvania public utility company engaged principally in the production and purchase of gas and its distribution and sale to the public

in parts of Lehigh, Northampton and Bucks Counties, Pennsylvania, comprising the cities of Allentown, Bethlehem and Easton, 21 boroughs and 22 townships. At October 31, 1951, it served 67,177 gas customers in an area having a population of approximately 300,000. In addition, it supplies gas for resale to the City Gas Company of Phillipsburg, New Jersey, a non-affiliated company. Allentown-Bethlehem Gas Company has notified that company of the cancellation as of December 31, 1952 of the service agreement under which gas is being supplied.

Allentown-Bethlehem Gas Company has outstanding in the hands of the public First Mortgage Bonds in the aggregate principal amount of $5,189,000, consisting of $2,219,000 principal amount of bonds of the 3-3/4% Series (interest reduced to 3% effective March 1, 1947) due 1965, $1,470,000 principal amount of bonds of the 3-1/4% Series due 1968, and $1,500,000 principal amount of bonds of the 3.348% Series due 1976. It has issued and outstanding 132,375 shares of its common capital stock, with a par value of $50 per share, all of which is owned by U.G.I.

Consumers Gas Company

Consumers Gas Company is a Pennsylvania public utility company engaged principally in the production and purchase of gas and its distribution and sale to the public in parts of Berks County, Pennsylvania, comprising the City of Reading, 20 boroughs and 20 townships. At October 31, 1951, it served 41,429 gas customers in an area having a population of approximately 176,400. In addition, it supplies part of the gas required by Lebanon Valley Gas Company, an affiliated company. It leases and operates in the City of Reading certain properties and facilities owned by Reading Gas Company

for the manufacture and supply of gas under a lease agreement dated November 19, 1885, for a 99 year period from November 1, 1885.

Consumers Gas Company has no funded debt. It has outstanding a 4% Promissory Note in the principal amount of $875,000 due September 1, 1953, to U.G.I., and in addition owes U.G.I. $1,455,000 as open book account indebtedness, with an interest rate of 3-1/4% per annum. It has issued and outstanding 220,872 shares of capital stock with a par value of $25 per share, of which 140,085 shares (63.42%) are owned by U.G.I. and the balance is owned by the public.

The Harrisburg Gas Company

The Harrisburg Gas Company is a Pennsylvania public utility company engaged principally in the production and purchase of gas and its distribution and sale to the public in parts of Dauphin, Cumberland, York and Lancaster Counties, Pennsylvania, comprising the City of Harrisburg, 16 boroughs and 21 townships. At October 31, 1951, it served 49,792 gas customers in an area having a population of approximately 190,000. In addition, it supplies a portion of the gas required by Lebanon Valley Gas Company, an affiliated company.

The Harrisburg Gas Company has outstanding in the hands of the public First Mortgage Bonds in the aggregate principal amount of $4,020,000, consisting of $2,035,000 principal amount of bonds of the 2-5/8% Series due 1971, $985,000 principal amount of bonds of the 3-1/8% Series due 1971, and $1,000,000 principal amount of bonds of the 3.15% Series due 1976. It owes its parent, U.G.I., $1,245,000 as open book account indebtedness, which bears interest at the rate of 3-1/4% per annum. It has issued and outstanding 4,838 shares of 4-1/2% Preferred Stock with a par value of $100 per share, all of which shares are outstanding in the hands of the public.

The holders of the 4-1/2% Preferred Stock are entitled to receive, in preference to the Common Stock, cumulative dividends at the rate of $4.50 per share per annum, and in the event of any voluntary or involuntary liquidation, dissolution or winding up, $100 per share plus accrued and unpaid dividends thereon. The shares of 4-1/2% Preferred Stock are redeemable at any time at the option of the Board of Directors at $110 per share plus accrued and unpaid dividends thereon. The Harrisburg Gas Company also has issued and outstanding 41,433 shares of Common Stock without nominal or par value, with a stated capital of $3,342,262, of which 29,225 shares, or 70.54%, are owned by U.G.I. and the balance is owned by the public.

Lancaster County Gas Company

Lancaster County Gas Company is a Pennsylvania public utility company engaged principally in the production and purchase of gas and its distribution and sale to the public in parts of Lancaster County, Pennsylvania, comprising the City of Lancaster, 4 boroughs and 6 townships. At October 31, 1951, it served 23,641 gas customers in an area having a population of approximately 100,000.

It owes its parent, U.G.I., $1,050,000, as open book account indebtedness, which bears interest at the rate of 3-1/4% per annum. It has issued and outstanding 50,000 shares of capital stock of the par value of $50 per share, all of which are owned by U.G.I.

Lebanon Valley Gas Company

Lebanon Valley Gas Company is a Pennsylvania public utility company engaged principally in the purchase of gas and its distribution and sale to the public in parts of Lebanon and Dauphin Counties, Pennsylvania, comprising the City of

Lebanon, 5 boroughs and 13 townships. At October 31, 1951, it served 10,157 gas customers in an area having a population of approximately 61,600. The Company purchases its entire output of gas from The Harrisburg Gas Company and Consumers Gas Company, affiliated companies referred to above.

It has issued and outstanding 19,800 shares of Common Stock with a par value of $50 per share, all of which are owned by U.G.I.

Luzerne County Gas and Electric Corporation

Luzerne County Gas and Electric Corporation is a Pennsylvania public utility company engaged principally in the production and purchase of electricity and gas and their distribution and sale in parts of Luzerne County, Pennsylvania. Electric service only is furnished in 6 boroughs and 12 townships. Gas service only is furnished in the City of Hazleton, 1 borough and 1 township. Both electric and gas are served in the City of Nanticoke, 10 boroughs and 1 township. The total customers served at October 31, 1951, are 44,358 (electric) and 17,681 (gas) in an area having a population of approximately 203,200.

Luzerne County Gas and Electric Corporation has issued and outstanding $6,549,000 principal amount of First Mortgage Bonds, 3-1/4% Series due 1966. It has also issued and outstanding 25,000 shares of 4-1/4% Preferred Stock, $100 par value per share, all of which are outstanding in the hands of the public. The holders of the outstanding 4-1/4% Preferred Stock are entitled to receive, in preference to the Common Stock, cumulative dividends at the rate of $4.25 per share per annum, and in the event of any voluntary or involuntary liquidation, dissolution or winding up $100 per share plus accrued and unpaid dividends thereon. The shares of the 4-1/4% Preferred Stock are redeemable at any time at the option

of the Board of Directors at $110 per share plus accrued and unpaid dividends thereon. It has issued and outstanding 176,694 shares of Common Stock without nominal or par value, with a stated capital of $4,417,350, all of which are owned by U.G.I.

The Philadelphia Gas Works Company

The Philadelphia Gas Works Company is a Pennsylvania public utility company, which operates the municipal gas works owned by the City of Philadelphia, under an agreement dated October 5, 1938, as amended, between the City of Philadelphia and The Philadelphia Gas Works Company. Either party has the right to terminate this agreement on December 31, 1962, or at the expiration of any two-year period thereafter on 12 months notice prior to the date fixed for termination. As such operator, it produces and purchases gas and distributes and sells it to the public in the City of Philadelphia. U.G.I. guarantees the faithful performance of this agreement by The Philadelphia Gas Works Company. The municipally owned gas works of the City of Philadelphia has been operated under an agreement by either U.G.I. or its subsidiary, The Philadelphia Gas Works Company, since 1897. The operations of The Philadelphia Gas Works Company are not consolidated with those of the other U.G.I. subsidiaries, since the operation of the City owned gas property is on a service-at-cost basis at a fee fixed by the terms of the agreement.

By an agreement dated April 2, 1900, between Northern Liberties Gas Company and U.G.I., the latter was employed for a period of 99 years from June 30, 1900, as the agent of Northern Liberties Gas Company to operate its properties and to supply and distribute gas in that portion of the City of Philadelphia which was formerly known as the District of Northern Liberties. The Philadelphia Gas Works Company, under an

agreement dated May 14, 1937, between it and U.G.I., was substituted as such agent, with the consent of Northern Liberties Gas Company. U.G.I. guarantees full performance by The Philadelphia Gas Works Company of all obligations under the said 1937 agreement.

The Philadelphia Gas Works Company has no funded debt, but owes its parent, U.G.I., $3,250,000 as open book account indebtedness, which bears interest at the rate of 4% per annum.

The Philadelphia Gas Works Company has issued and outstanding 50 shares of capital stock of the par value of $100 per share, all of which are owned by U.G.I.

U.G.I. Non-Utility Subsidiaries

Ugite Sales Corporation

Ugite Sales Corporation is a Delaware corporation owning a chemical plant in Chester, Pennsylvania, which, as of July 1, 1945, was leased for a period of 17 years and 6 months at an aggregate rental of $425,000, with an option to the tenant to purchase the property upon payment of the full rental plus $175,000.

Ugite Sales Corporation owes its parent, U.G.I., as open book account indebtedness $3,590,000, which is carried on U.G.I.'s books in the amount of $185,000.

Ugite Sales Corporation has issued and outstanding 2,500 shares of capital stock without nominal or par value with a stated capital of $250,000, all of which are owned by U.G.I.

The Utilities Realty Company

The Utilities Realty Company is a Pennsylvania business corporation, which owns the general office building in Philadelphia, Pennsylvania, of U.G.I. and certain other properties.

The Utilities Realty Company owes its parent, U.G.I., $2,180,000 as open book account indebtedness.

The Utilities Realty Company has issued and outstanding 76,160 shares of capital stock with a par value of $50 per share, all of which are owned by U.G.I.

U.G.I. Investments in Other Than Subsidiary Companies

In addition to its subsidiary companies, U.G.I. owns minority interests in certain companies which are not subsidiaries. The investment in the securities of these companies, a substantial portion of which was received in exchange for U.G.I.'s former investments in holding companies which were reorganized under the Act, is carried on U.G.I.'s books at $4,728,908. These companies together with the type, amount and percentage of class of their securities owned by U.G.I. are as follows:

Name of Company	Security	Shares or Amount	% of Class
Central Illinois Light Co.....	Common Stock.....	35,340 shs.....	3.926
Consumers Power Company	Common Stock.....	63,612 shs.....	1.132
Delaware Power & Light Co.....	Common Stock.....	37,355 shs.....	2.295
Niagara Mohawk Power Corp.....	Class A Stock	145,000 shs.....	—
Philadelphia Electric Co.....	Common Stock.....	16,543 shs.....	0.154
Public Service Electric and Gas Co....	Preference Common...	36,801 shs.....	—
Public Service Electric and Gas Co....	Common Stock.....	4,861 shs.....	0.070
Delaware Coach Company.....	Note.....	$916,666.67.....	—

PURPOSE AND SUMMARY OF THE PLAN

The purpose of the Plan is to achieve greater efficiency and economy in the operation of U.G.I. and its system companies, to effect a tax saving, to enable the stockholders of U.G.I. to hold directly their investment in its subsidiary companies, to complete compliance by U.G.I. and its system companies with the provisions of Section 11 of the Act and for U.G.I. to cease to be a holding company.

The Plan is divided into four parts and provides in substance for (1) the conversion of U.G.I. into a Pennsylvania public utility company; (2) the merger into U.G.I. of all its public utility subsidiaries and for the dissolution of its non-utility subsidiaries, U.G.I. to remain the surviving and continuing corporation and to conduct as one public utility operating company the operations now conducted by U.G.I. and its various subsidiaries in Pennsylvania; (3) the disposal by U.G.I. of its securities in non-subsidiary companies (except Delaware Coach Company); and (4) the obtaining of an order under the Act that U.G.I. has ceased to be a holding company and that its registration under the Act shall cease to be in effect.

THE PLAN

PART 1

CONVERSION OF U.G.I. INTO A PENNSYLVANIA PUBLIC UTILITY COMPANY

U.G.I. is a Pennsylvania business corporation, subject to the provisions of the Pennsylvania Business Corporation Law with respect to corporate action and procedures, such as mergers and consolidations with other companies. On the other hand, its public utility subsidiaries, being subject to the jurisdiction of the Pennsylvania Public Utility Commission, are subject to the provisions of the Pennsylvania General Corporation Law of 1874, as amended and supplemented, with respect to such matters. In order that the merger of U.G.I. and its public utility subsidiaries, referred to in Part 2 below, may be legally accomplished, it is necessary that U.G.I. first become a Pennsylvania public utility company. Therefore, U.G.I., as a first step, proposes that it become a public utility com-

pany by resuming the operation of the Northern Liberties Gas Company properties which are presently being operated by The Philadelphia Gas Works Company. This would be accomplished by U.G.I. and The Philadelphia Gas Works Company terminating the existing agreement between them, dated May 14, 1937, pursuant to which The Philadelphia Gas Works Company was substituted for U.G.I. as agent to operate the properties of Northern Liberties Gas Company and to supply and distribute gas in that portion of the City of Philadelphia which was formerly known as District of Northern Liberties. Upon such termination taking place, the July 2, 1900 agreement between U.G.I. and Northern Liberties Gas Company and all its provisions would be restored and continued in full force and effect, and U.G.I. as agent thereunder would resume the conduct of the Northern Liberties Gas Company business and the operation of its gas properties upon and subject to all the terms and provisions of the July 2, 1900 contract. As a result of this step, U.G.I. and its public utility subsidiaries would be qualified to merge under the Pennsylvania Merger and Consolidation Act of 1909, as amended, the action proposed under Part 2 herein.

PART 2

MERGER INTO U.G.I.
OF ITS PUBLIC UTILITY SUBSIDIARIES
AND DISSOLUTION OF ITS NON-UTILITY SUBSIDIARIES

Upon the consummation of Part 1 of this Plan, U.G.I. proposes, subject to appropriate corporate proceedings under the Pennsylvania Merger and Consolidation Act of 1909, as amended, including the affirmative vote of the holders of at least a majority of the outstanding shares of the capital stock of U.G.I., that its public utility subsidiaries, i.e.:

Allentown-Bethlehem Gas Company,
Consumers Gas Company,
The Harrisburg Gas Company,
Lancaster County Gas Company,
Lebanon Valley Gas Company,
Luzerne County Gas and Electric Corporation, and
The Philadelphia Gas Works Company,

be merged into U.G.I., U.G.I. to be and remain the surviving corporation. U.G.I. will recommend to the Boards of Directors of its respective subsidiary companies so named that the directors of each of said subsidiaries shall approve and enter into a joint agreement substantially in the form annexed hereto as Exhibit A, under the corporate seal of each said subsidiary, for the merger of such companies into U.G.I. on the terms and conditions therein stated, and U.G.I. will vote its holdings of the capital or common stocks of each such subsidiary in favor thereof. The merger will become effective when the agreement of merger is delivered to and approved by the Department of State of the Commonwealth of Pennsylvania.

U.G.I. further proposes and the merger agreement, among other things, shall provide that - on the effective date of the merger -

(a) All the rights, privileges and franchises of the constituent companies shall vest in U.G.I., and all the estate and property, real and personal, and rights of action of each of said constituent companies shall be transferred to and vested in U.G.I.;

(b) The assets and liabilities of each of the utility subsidiaries shall be taken up on the books of U.G.I., the surviving corporation, at the amounts at which they are respectively carried on the books of the subsidiaries when the merger becomes effective, except that intercompany indebtedness between U.G.I. and its subsidiaries would be eliminated as assets and liabilities, and except that the items of capitalization

would not be taken up (earned surplus would not be considered as an item of capitalization for this purpose and would be taken up);

(c) U.G.I., the surviving corporation, shall have an authorized capital stock of 2,464,759 shares, consisting of 50,000 shares of Preferred Stock of the par value of $100 per share, including a series of 25,000 shares of 4-1/4% Preferred Stock, having the rights, privileges and preferences set forth in the merger agreement, referred to above, and 2,414,759 shares of Common Stock of the par value of $13.50 per share. The 4-1/4% Preferred Stock shall have the right to receive, in preference to the Common Stock, cumulative dividends at the rate of $4.25 per share per annum, and, in the event of voluntary or involuntary liquidation, dissolution or winding up, $100 per share plus accrued and unpaid dividends thereon. The shares of 4-1/4% Preferred Stock will be redeemable at any time at the option of the Board of Directors at $110 per share plus accrued and unpaid dividends thereon. They will have no conversion or subscription rights. The holders of such Preferred Stock shall have no right to vote except in the special situations referred to in the preferences set forth in the merger agreement.

The holders of the new U.G.I. Common Stock shall have the same rights as the holders of the present U.G.I. Capital Stock, except as such rights are limited by the rights of the holders of the new Preferred Stock.

The treatment to be afforded the outstanding securities of U.G.I. and the constituent corporations shall be as follows:

First Mortgage Bonds:

As described above, first mortgage bonds of subsidiaries are outstanding as follows:

Company	Principal Amount	Series
Allentown-Bethlehem Gas Company	$ 2,219,000	3-3/4% (now 3%) Series due 1965
"	1,470,000	3-1/4% Series due 1968
"	1,500,000	3.348% Series due 1976
The Harrisburg Gas Company	2,035,000	2-5/8% Series due 1971
"	985,000	3-1/8% Series due 1971
"	1,000,000	3.15% Series due 1976
Luzerne County Gas and Electric Corp.	6,549,000	3-1/4% Series due 1966
Total	$15,758,000	

The aggregate principal amount of the various series of these bonds will be reduced, through operation of their respective sinking funds, to the effective date of the merger.

U.G.I. proposes to execute and deliver to Fidelity-Philadelphia Trust Company, Philadelphia, Pa., as Trustee, a new first mortgage, to be dated as of the effective date of the merger, which will be a lien on substantially all of the property of U.G.I. The new mortgage will provide for seven series of bonds to be issued thereunder immediately, all to be dated as of the effective date of the merger, and which series, respectively, shall have the same interest rates, interest payment dates, maturity dates, redemption prices, sinking fund and tax provisions as the various series set forth above. The aggregate principal amount of bonds of each new series to be issued initially shall be the aggregate principal amount, respectively, of bonds of the old series described above, to be outstanding on the effective date of the merger.

The new mortgage will contain provisions complying with the Trust Indenture Act of 1939 and other provisions which S.E.C. has heretofore found appropriate, including provisions for an annual minimum maintenance fund and the issuance of additional bonds (except for $ * principal amount of new bonds which may be issued and delivered against the order of the U.G.I. Treasurer), up to 60% of the bondable value of property additions, provided net earnings are equal to at least

* To be supplied later

two times the annual interest requirements of all bonds outstanding and of the additional bonds then to be issued.

The new U.G.I. mortgage shall be in substantially the form annexed hereto as Exhibit B, and the form of the bonds to be issued thereunder shall be in substantially the form set out in said new first mortgage.

The holders of the outstanding first mortgage bonds of the subsidiaries referred to above, shall be required to surrender them in negotiable form to U.G.I. for cancellation when the merger becomes effective and shall receive in exchange therefor a like principal amount of new U.G.I. first mortgage bonds of a series corresponding to the series surrendered, together with accrued interest, if any, on their old bonds up to the effective date of the merger. The various indentures of mortgage and the supplements thereto of Allentown-Bethlehem Gas Company, The Harrisburg Gas Company and Luzerne County Gas and Electric Corporation, each securing respectively the outstanding bonds issued by said companies, shall be cancelled and discharged as of the effective date of the merger.

Preferred Stocks:

As described above, preferred stocks of subsidiaries are outstanding as follows:

Company	No. Shares	Amount	Description
The Harrisburg Gas Company	4,838	$ 483,800	4-1/2% Preferred Stock (par $100)
Luzerne County Gas and Electric Corporation	25,000	2,500,000	4-1/4% Preferred Stock (par $100)
Total		$2,983,800	

The Harrisburg Gas Company's 4-1/2% Preferred Stock shall be redeemed on or about the effective date of the merger at the redemption price of $110 per share plus accrued and unpaid dividends thereon. The holders of the certificates representing the

Luzerne County Gas and Electric Corporation's 4-1/4% Preferred Stock shall be required to surrender them for cancellation when the merger becomes effective, and shall receive in exchange new U.G.I. 4-1/4% Preferred Stock on the following basis: 1 share of new U.G.I. 4-1/4% Preferred Stock plus accrued and unpaid dividends, to the effective date of the merger, on the Luzerne Preferred Stock, for 1 share of Luzerne County Gas and Electric Corporation 4-1/4% Preferred Stock. On such date dividends will commence to accrue on the new U.G.I. Preferred Stock, so that there shall be no loss of dividends on the exchange.

Common Stocks:

The stockholders of U.G.I. shall surrender the certificates representing the shares of U.G.I. Capital Stock held by them when the merger becomes effective, and shall receive in exchange therefor certificates representing a like number of shares of new Common Stock of U.G.I.

With respect to Allentown-Bethlehem Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company, where the capital or common stock is all owned by U.G.I., each share of stock outstanding shall be cancelled and no securities of U.G.I., as the surviving corporation, shall be issued in its place.

With respect to Consumers Gas Company and The Harrisburg Gas Company, where some of their outstanding capital or common stock is held by minority interests, each share of such stock owned by U.G.I. shall be cancelled without the issuance of securities in its place, and stockholders other than U.G.I. shall be required to surrender for cancellation the certificates representing such stock owned and shall be entitled to receive in exchange U.G.I. Common Stock on the following basis: 8/10ths of a share of new U.G.I. Common Stock for each

share of Consumers Gas Company Capital Stock; 4 shares of new U.G.I. Common Stock for each share of The Harrisburg Gas Company Common Stock.

Each holder of the Capital Stock of Consumers Gas Company who would be entitled to a fractional share of the new Common Stock of U.G.I., as above provided, shall in lieu thereof receive cash, determined as follows: The average of the daily closing sales price of U.G.I. Common Stock (bid price, if no sales are made) on the New York Stock Exchange for the period of one calendar week immediately following the effective date of the merger, shall be considered the value of the whole shares of the new U.G.I. Common Stock, which value per share shall be used as the basis for computing the value of fractional shares and the amount of cash to be distributed in lieu thereof.

On and after the effective date of the merger, all certificates representing outstanding shares of the common or capital stock of any subsidiary merged into U.G.I. and all outstanding bonds of any such subsidiary shall represent no rights other than the rights of the holders thereof to receive, on surrender thereof for cancellation as set forth above, the shares or bonds of U.G.I. or cash hereinabove stated as the exchange therefor; all other rights of such stockholders or bondholders against or with respect to U.G.I. or such subsidiaries shall cease, determine and become void.

U.G.I. in its discretion may appoint an exchange agent or agents under and for the purposes of Part 2 of the Plan in connection with the distributions of new securities and cash in exchange for present securities of U.G.I. and its utility subsidiaries, as more particularly described above. In case of any such appointment, U.G.I. may deposit with the ex-

change agent or agents the stock certificates, bonds and cash exchangeable to stockholders or bondholders on surrender of their stock certificates or bonds for cancellation, as above provided. U.G.I. may in such case deposit with the exchange agent or agents dividends paid upon shares of the new U.G.I. Preferred and Common Stocks, which shall be held without interest for the persons who shall be entitled to receive the stock to which such dividends relate.

Any stock, bonds or cash remaining in the hands of U.G.I. or the exchange agent or agents at the expiration of five years after the effective date of the merger, other than new U.G.I. Common Stock held for exchange for outstanding U.G.I. Capital Stock, will become the property of U.G.I. as a capital contribution thereto, and the persons otherwise entitled to such stock, bonds or cash (except as aforesaid), as the case may be, will thereafter have no right to or claim against U.G.I. or any other persons whatsoever with respect thereto.

Ugite Sales Corporation, a Delaware corporation, will be dissolved by unanimous written consent of its stockholder, the U.G.I., under the provisions of Section 39 of the Delaware Corporation Law. Its outstanding capital stock will be cancelled, its property transferred and conveyed to U.G.I. and its assets and liabilities will be taken up on the books of U.G.I., except that intercompany indebtedness between U.G.I. and Ugite Sales Corporation will be eliminated.

The Utilities Realty Company, a Pennsylvania business corporation, will be dissolved under the provisions of Article XI of the Pennsylvania Business Corporation Law. Its outstanding capital stock, all owned by U.G.I., would be cancelled, its property transferred and conveyed to U.G.I. and

its assets and liabilities would be taken up on the books of U.G.I., except that intercompany indebtedness between U.G.I. and The Utilities Realty Company would be eliminated.

There are attached hereto and made part hereof, as Exhibits C-1, C-2, C-3 and C-4, the following:

C-1 - Balance Sheet of U.G.I. at October 31, 1951,
C-2 - Statement of Income of U.G.I. for the 12 months ending October 31, 1951,
C-3 - Consolidating Balance Sheet of U.G.I. and subsidiaries at October 31, 1951, with adjustment giving effect to Parts 1 and 2 of the Plan, and
C-4 - Consolidating Statement of Income for U.G.I. and subsidiaries for the 12 months ending October 31, 1951, with adjustment giving effect to Parts 1 and 2 of the Plan.

There is annexed hereto and made part hereof, as Exhibit D, a chart showing the corporate and financial relations of U.G.I. and subsidiaries as of October 31, 1951, and pro forma giving effect to Parts 1 and 2 of the Plan.

PART 3

DISPOSITION OF SECURITIES OWNED BY U.G.I. IN COMPANIES OTHER THAN SUBSIDIARIES

Reference was made on page 10 above to U.G.I.'s ownership of minority interests in certain companies which are not subsidiaries. U.G.I.'s position has been that its continued investment in these securities was of a temporary nature, pending their sale and use of the proceeds for additional investment in U.G.I. subsidiaries for expansion and improvements, necessary working capital, permanent investment in additional utility properties which would fit in naturally with properties already owned and other corporate purposes. U.G.I. believed it was desirable to continue to retain these investments in sound public utility operating companies of the type it owns, with their relatively large yields, in lieu of holding the proceeds of their sales in cash or in government securities, with their low yields; and as such securities are readily marketable, they could be converted into cash as needs would arise.

S.E.C. recently concluded, however, that U.G.I. could not retain such holdings under the standards of Section 11(b)(1) of the Act, and by its Order of June 15, 1951, ordered U.G.I., pursuant to Section 11(b)(1) of the Act, to sever its relationships with the companies hereinafter designated by disposing or causing the disposition, in any appropriate manner not in contravention of the applicable provisions of the Act or the Rules and Regulations promulgated thereunder, of its direct and indirect ownership, control and holding of securities issued by Central Illinois Light Company, Consumers Power Company, Delaware Power & Light Company, Niagara Mohawk Power Corporation, Philadelphia Electric Company, Public Service Electric and Gas Company and Delaware Coach Company.

To comply with this order, U.G.I. proposes to dispose of the securities which it owns in the above named companies (except Delaware Coach Company), within one year from the effective date of the merger proposed in Part 2 hereof. The procedure provided by Rule U-44(c) will be followed.

With respect to the Note of Delaware Coach Company, U.G.I. proposes that S.E.C. amend its Order of June 15, 1951, to permit retention of this Note upon the ground that it is a non-voting, self-liquidating security, not readily disposable except at a financial sacrifice on the part of U.G.I., and that it was only acquired by U.G.I. in a transaction to comply with the provisions of Section 11 of the Act.*

PART 4

U.G.I. TO CEASE TO BE A HOLDING COMPANY AND ITS REGISTRATION UNDER THE ACT TO CEASE TO BE IN EFFECT

Upon the completion of the transactions above specified under Parts 1 to 3 hereof, U.G.I. will in all respects

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* The acquisition of this Note is more fully described in the S.E.C. Findings and Opinion authorizing it - Holding Company Act Release No. 10477 (1951). The principal amount owing on this Note is now $916,666.67 due to payment on December 1, 1951 of $83,333.33 - the annual installment due and payable on December 1 of each year.

have complied not only with S.E.C.'s Order of June 15, 1951, (which is its only outstanding Section 11 disposal order relating to U.G.I.), but also with all provisions of the Act. U.G.I. will then be a public utility operating company incorporated under the laws of the Commonwealth of Pennsylvania and doing business solely within such Commonwealth, subject to the jurisdiction of the Pennsylvania Public Utility Commission. It will not have a single subsidiary.

Accordingly, U.G.I. will be entitled to and proposes that it receive an order of S.E.C. under Section 5(d) of the Act, declaring that it has ceased to be a holding company and that its registration under the Act has ceased to be in effect.

FEES AND EXPENSES

U.G.I. will pay such fees, expenses and remunerations in connection with the Plan and any amendments thereto as S.E.C. shall duly approve, determine, award, allow or allocate.

CONDITIONS AND RESERVATIONS

The consummation of the Plan or any part thereof is subject to the following conditions and reservations:

1. The carrying out of the various parts of the Plan is subject to the securing of all necessary approvals or consents of the stockholders and directors of U.G.I. and its subsidiary companies and to the necessary approvals and consents of governmental bodies, agencies or authorities having jurisdiction over the various transactions.

2. That S.E.C. shall find the proposed transactions set forth in Parts 1, 2 and 3 of the Plan necessary to effectuate the provisions of Section 11(b) of the Act and to be fair and equitable to the persons affected thereby.

3. That S.E.C. shall enter an order or orders, (i) approving the various parts of the Plan; and (ii) containing findings and recitations conforming to the pertinent provisions and requirements of the Internal Revenue Code, as amended, including Supplement R of Chapter I and Section 1808(f) of Chapter II thereof.

4. That S.E.C., pursuant to the request of U.G.I. contained in the Application submitting this Plan, shall apply to a Court, in accordance with the provisions of subsection (f) of Section 18 of the Act, to enforce and carry out the terms and provisions of Parts 1 and 2 of the Plan, and such Court, after notice and opportunity for hearing, shall enter a decree or order approving Parts 1 and 2 of the Plan as fair and equitable and as appropriate to effectuate the provisions of Section 11 of the Act, and shall have taken action to enforce and to carry out the terms and provisions of Parts 1 and 2 of the Plan, and such decree or order is no longer subject to judicial review.

5. That any corporate action in connection with the Plan or the several parts thereof which may be deemed necessary by counsel for U.G.I. shall have been carried out in a manner satisfactory to counsel for U.G.I.

6. Pending the approval of the Plan, U.G.I. and its subsidiaries may dispose of any securities or other assets and use the proceeds thereof or take other action in a manner consistent with the provisions of the Act and other applicable provisions of law.

AMENDMENTS

Until approved by S.E.C., the Plan may be withdrawn, modified, or amended in any respect or particular by U.G.I. After being approved by S.E.C. and before being approved by the Court, the Plan may be withdrawn, modified, or amended in

any respect or particular by U.G.I. with the approval of S.E.C. After being approved by the Court, but before the Plan has been consummated, the Plan may be withdrawn, modified, or amended in any respect or particular by U.G.I. with the approval of S.E.C. and the Court. No amendment to the Plan shall be effective without the consent and agreement of U.G.I.

Any reference to the "Plan" herein shall mean this Plan or as it may be subsequently modified or amended.

THE UNITED GAS IMPROVEMENT COMPANY.
By

(s) W. E. Long

President.

December 18, 1951.

EXHIBIT A

MERGER AGREEMENT

AGREEMENT FOR THE MERGER OF ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, AND THE PHILADELPHIA GAS WORKS COMPANY WITH AND INTO THE UNITED GAS IMPROVEMENT COMPANY AS THE SURVIVING CORPORATION

AGREEMENT OF MERGER made and entered into this day of , 1952, by and among ALLENTOWN-BETHLEHEM GAS COMPANY (hereinafter called "Allentown-Bethlehem"), Cyrus S. Fleck, John A. Frick, James W. Fuller, 4th, Fred B. Hofft, Henry T. Koch, Russell K. Laros, W. E. Long, L. P. Neuweiler and F. J. Rutledge, the Directors thereof; CONSUMERS GAS COMPANY (hereinafter called "Consumers"), Jere H. Barr, Wellington M. Bertolet, Stanley Bright, John S. Giles, Fred B. Hofft, Irvin F. Impink, W. E. Long, F. J. Rutledge, and A. C. Taylor, the Directors thereof; THE HARRISBURG GAS COMPANY (hereinafter called "Harrisburg"), Albert L. Allen, George R. Bailey, Fred B. Hofft, Ritchie Lawrie, Jr., W. E. Long, Leonard B. Richards and F. J. Rutledge, the Directors thereof; LANCASTER COUNTY GAS COMPANY (hereinafter called "Lancaster"), Kenneth B. Anderson, Fred B. Hofft, W. E. Long, Andrew S. Morgan and M. H. Parkinson, the Directors thereof; LEBANON VALLEY GAS COMPANY (hereinafter called "Lebanon"), John S. Bashore, Keefer L. Baum, Fred B. Hofft, Gideon R. Kreider, Jr., Wm. Naile, F. J. Rutledge and Charles B. Webb, the Directors thereof; LUZERNE COUNTY GAS AND ELECTRIC CORPORATION (hereinafter called "Luzerne"), Fred B. Hofft, W. E. Long, M. H. Parkinson, F. J. Rutledge and Charles E. Warsaw, the Directors thereof; THE PHILADELPHIA GAS WORKS COMPANY (hereinafter called "Philadelphia"), H. Bruce Andersen, Thomas S. Lever, W. G. Murfit, John V. Postles, Hudson W. Reed, F. J. Rutledge and Frank H. Trembly, the Directors thereof; and THE UNITED GAS IMPROVEMENT COMPANY (hereinafter called "U.G.I."), Wm. W. Bodine, Frederick R. Drayton, John A. Frick,

W. E. Long, Benjamin F. Pepper, Hudson W. Reed, Leonard B. Richards, T. Leaming Smith and Clarence A. Warden, Jr., the Directors thereof; each of the companies named above being a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania.

WHEREAS, Allentown-Bethlehem:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto by Agreement of Merger and Consolidation dated June 23, 1930 by and among Allentown-Bethlehem Gas Company, East Penn Gas Light Company, and Highland Gas Company, Letters Patent having been duly granted September 9, 1930;

(b) is duly possessed of the right to manufacture and supply gas to the public in certain cities, boroughs and townships within the Counties of Bucks, Lehigh and Northampton, Pennsylvania, as more particularly described in (i) said Agreement by and among Allentown-Bethlehem Gas Company, East Penn Gas Light Company, and Highland Gas Company dated June 23, 1930 and the Agreements of Merger and Consolidation forming said constituent corporations, all of which Agreements are duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) Indentures dated November 10, 1931, January 18, 1945 and January 24, 1945 by which Allentown-Bethlehem acquired respectively all the property and franchises of Silverdale Gas Company, Hamburg Gas Company, and Northampton County Gas Company, said Indentures being recorded respectively in the Office for Recording of Deeds in and for Bucks County in Deed Book No. 602, page 557, in the Office for Recording of Deeds in and for Berks County in Deed Book No. 908, page 387, and in the Office for Recording of Deeds in and for Northampton County in Miscellaneous Book No. 103, page 16;

(c) has an authorized capital stock of 200,000 Common capital shares each having a par value of $50, or $10,000,000 in the aggregate, of which 132,375 shares, or $6,618,750 in the aggregate, are issued and outstanding; and

(d) has an authorized indebtedness of $10,000,000 and has First Mortgage Bonds issued and outstanding consisting of $2,219,000 of 3-3/4% Series (reduced to 3% effective March 1, 1947) due September 1, 1965, $1,470,000 of 3-1/4% Series due December 1, 1968, and $1,500,000 of 3.348% Series due June 1, 1976, or $5,189,000 in the aggregate;

AND WHEREAS, Consumers:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 by Agreement of Merger and Consolidation dated February 27, 1913 by and between Birdsboro Gas Company and The Consumers Gas Company, Letters Patent having been duly granted March 20, 1913;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Reading and in certain boroughs and townships within the County of Berks, Pennsylvania, as more particularly described in (i) said Agreement dated February 27, 1913, which has been duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) an Indenture dated May 9, 1950 by which Consumers acquired all the property and franchises of Lancaster-Consumers Gas Company, said Indenture being recorded in the Office for Recording of Deeds in and for Lancaster County in Deed Book W, Volume 40, page 10;

(c) has an authorized capital stock of 280,000 shares each having a par value of $25, or $7,000,000 in the aggregate, of which 220,872 shares, or $5,521,800 in the aggregate, are issued and outstanding; and

(d) has an authorized indebtedness of $5,000,000;

AND WHEREAS, Harrisburg:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto by Agreement of Merger and Consolidation dated July 28, 1924 by and between Harrisburg Gas Company and Dauphin County Gas Company, Letters Patent having been duly granted October 2, 1924;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Harrisburg and in certain boroughs and townships within the Counties of Cumberland, Dauphin, and Lancaster, and in one township within the County of York, Pennsylvania, as more particularly described in (i) said Agreement by and between Harrisburg Gas Company and Dauphin County Gas Company dated July 28, 1924 and the Agreements of Merger and Consolidation forming said constituent corporations, all of which Agreements are duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) Indentures dated January 18, 1945, February 1, 1949, May 4, 1950 and September 20, 1951 by which Harrisburg acquired respectively all the property and franchises of Elizabethtown and Marietta Gas Company, Cumberland Valley Gas Company, Cumberland County Gas Company, and Central Cumberland Gas Company, said Indentures being recorded respectively in the Office for Recording of Deeds in and for Lancaster County in Deed Book A, Volume 37, page 207, in the Office for Recording of Deeds in and for Cumberland County in Deed Book A, Volume 14, page 112, in said Office in Miscellaneous Book 92, page 466, and in said Office in Deed Book U, Vol. 14, page 253.

(c) has an authorized capital stock of 25,000 shares of Preferred Stock each having a par value of $100 per share, or $2,500,000 in the aggregate, of which 5,000 shares have been established as a series and designated as 4½% Preferred Stock and 4,838

shares thereof, or $483,800 in the aggregate, are issued and outstanding, and of 60,000 Common shares, no par value, of which 41,433 shares, with a stated capital of $3,342,262 in the aggregate, are issued and outstanding; and

(d) has an authorized indebtedness of $10,000,000, and has issued and outstanding First Mortgage Bonds to the extent of $2,035,000 of 2-5/8% Series due May 1, 1971, $985,000 of 3-1/8% Series due May 1, 1971, and $1,000,000 of 3.15% Series due May 1, 1976, or $4,020,000 in the aggregate;

AND WHEREAS, Lancaster:

(a) was duly incorporated under "An Act to provide for the incorporation and regulation of certain corporations" approved April 29, 1874 and the supplements and amendments thereto, by Letters Patent duly granted January 20, 1949;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Lancaster and in certain boroughs and townships within the County of Lancaster, Pennsylvania, as more particularly described in its Charter duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania; and

(c) has an authorized and outstanding capital stock of 50,000 shares each having a par value of $50, or $2,500,000 in the aggregate;

AND WHEREAS, Lebanon:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto, by Agreement of Merger and Consolidation dated December 22, 1925 by and among Lebanon Gas & Fuel Company, Annville and Palmyra Gas and Fuel Company, and Hummelstown Gas & Fuel Company, Letters Patent having been duly granted October 1, 1926;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City of Lebanon and one borough and certain townships within the County of Lebanon and in one borough and certain townships within the County of Dauphin, Pennsylvania, as more particularly described in (i) said Agreement dated December 22, 1925, which has been duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania, and (ii) Indentures dated March 24, 1930 and June 16, 1931 by which Lebanon acquired respectively all the property and franchises of South Londonderry Township Gas Company and Myerstown Gas & Fuel Company, said Indentures being recorded respectively in the Office for Recording of Deeds in and for Lebanon County in Corporation Deed Book, Volume 6, page 109, and in said Office and Book at page 287; and

(c) has an authorized capital stock of 4,842 Preferred shares each having a par value of $50, or $242,100 in the aggregate, no such shares being now outstanding, and of 20,000 Common shares each having a par value of $50, or $1,000,000 in the aggregate, of which 19,800 shares or $990,000 in the aggregate are issued and outstanding;

AND WHEREAS, Luzerne:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations", approved May 3, 1909 and the supplements and amendments thereto, by Agreement of Merger and Consolidation dated as of September 1, 1924 by and among Luzerne County Gas & Electric Company, Luzerne County Gas and Electric Corporation, Ross Township Electric Co., New Columbus Electric Company, Fairmount Township Electric Co., and Huntington Township Electric Company, Letters Patent having been duly granted December 22, 1924;

(b) is duly possessed of the right to manufacture and supply gas and electricity to the public in certain cities, boroughs, and townships within the County of Luzerne, Pennsylvania, as more

particularly described in said Agreement dated as of September 1, 1924 and in the Agreements of Merger and Consolidation dated June 22, 1911 and as of November 1, 1922 forming the two constituent corporations, each known as Luzerne County Gas & Electric Company, all of which Agreements are duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania;

(c) has an authorized capital stock of 36,000 shares of Preferred Stock each having a par value of $100, or $3,600,000 in the aggregate, of which 25,000 shares have been established as a series and designated as 4-1/4% Preferred Stock, or $2,500,000 in the aggregate, all of which 25,000 shares are issued and outstanding, and of 176,694 Common shares, no par value, all of which are issued and outstanding, with a stated capital of $4,417,350 in the aggregate; and

(d) has an authorized indebtedness of $100,000,000, and has issued and outstanding $6,549,000 of First Mortgage Bonds, 3-1/4% Series due January 1, 1966;

AND WHEREAS, Philadelphia:

(a) was duly incorporated under "An Act to provide for the incorporation and regulation of certain corporations" approved April 29, 1874 and the supplements and amendments thereto, by Letters Patent duly granted July 14, 1927;

(b) is duly possessed of the right to manufacture and supply gas to the public in the City and County of Philadelphia, Pennsylvania, as more particularly described in its Charter duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania;

(c) has an authorized and outstanding capital stock of 50 shares each having a par value of $100, or $5,000 in the aggregate; and

(d) has an authorized indebtedness of $10,000,000;

AND WHEREAS, U.G.I.:

(a) is a merged and consolidated corporation duly organized under "An Act authorizing the merger and consolidation of certain corporations" approved May 3, 1909 and the supplements and amendments thereto by Agreement of Merger and Consolidation dated May 4, 1925 by and between The United Gas Improvement Company and The American Gas Company, Letters Patent having been duly granted August 21, 1925;

(b) is duly possessed of the right to manufacture and supply gas to the public as more particularly described in said Agreement dated May 4, 1925, which has been duly filed in the Office of the Secretary of the Commonwealth of Pennsylvania; and

(c) has an authorized capital stock of 2,414,759 shares each having a par value of $13.50, or $32,599,246.50 in the aggregate, of which there have been issued 1,239,959 shares, there are presently held in the U.G.I. treasury 9,219 shares, and there are now outstanding 1,230,740 shares, or an aggregate of $16,614,990;

AND WHEREAS, each and every of the corporations, parties hereto, may, as recited above, transact the same or a similar line of business and are so doing;

AND WHEREAS, U.G.I. owns, with power to vote, more than fifty per centum of the outstanding voting stock of each of the other parties hereto, namely Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia;

AND WHEREAS, it is the desire of all the parties hereto that Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia be merged with and into U.G.I. as the surviving corporation as provided by "An Act to provide for the merger and consolidation of certain corporations" approved May 3, 1909 and the various supplements and amendments thereto and by such other laws of the Commonwealth of Pennsylvania as may be thereunto applicable;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the premises and of the terms and conditions hereinafter set forth and of other good and valuable considerations, have mutually agreed and do hereby mutually agree, pursuant to said Act of May 3, 1909 and the various supplements and amendments thereto, that Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia shall be merged with and into U.G.I. which shall be the surviving corporation, and that all the rights, privileges and franchises (except to the extent hereinafter otherwise provided) and all the estate and property now vested in each of the parties hereto so merged shall be possessed by and vested in U.G.I. as the surviving corporation under the following terms and conditions and with the following mode of carrying said merger into effect:

1. The name, style and title of the corporation surviving from said merger shall be The United Gas Improvement Company, hereinafter called "the Company".

2. The number of the first Directors of the Company as the surviving corporation shall be and their names and addresses shall be:

Name	Address

who shall continue to serve until their successors are duly elected and qualified pursuant to the By-Laws of the Company.

3. The number of the first Officers of the Company as the surviving corporation shall be and their names and addresses shall be:

who shall continue to serve until their successors are duly elected and qualified, under the conditions specified by the By-Laws of the Company.

4. The Directors of the Company shall be elected annually by the stockholders entitled to vote therefor at a meeting to be held at such time and place as may be lawfully prescribed by its By-Laws and shall serve for one year and until their successors are duly elected and qualified.

The Directors shall meet after each annual meeting of the stockholders, and shall choose such officers as may be authorized and directed by the By-Laws of the Company and deemed necessary, who shall serve for one year and until their successors are duly elected and qualified.

5. The principal office of the Company shall be located in the City and County of Philadelphia, Pennsylvania, until such time as it may be changed by proper corporate action duly taken.

6. The By-Laws of U.G.I., party hereto, shall be the By-Laws of the Company and may be made, amended, repealed and added to from time to time by the Directors of the Company subject, however, to the general right of the stockholders to amend or repeal any By-Law, whether made, amended, repealed or added to by the Directors or otherwise, and to limit the authority of the Directors conferred by this article.

7. The authorized capital stock of the Company shall consist of 50,000 shares of Preferred stock each having a par value of $100, including a series of 25,000 shares of 4-1/4% Preferred stock, or $5,000,000 in the aggregate, and 2,414,759 shares of Common stock each having a par value of $13.50, or $32,599,246.50 in the aggregate.

The rights, privileges, limitations, preferences and voting powers, and prohibitions, restrictions and qualifications of the voting and other rights and powers of the shares of the capital stock

of the Company shall be those set forth in "Appendix A" hereto attached and made part hereof.

The authorized shares of stock of the Company not needed in converting the stock of the corporations, parties hereto, into that of the Company may be issued and disposed of from time to time by the Board of Directors of the Company to such persons and upon such terms and conditions as in their absolute discretion they may deem advisable, but in no event at less than the par value thereof.

8. Each share of the capital stock of Lancaster and Philadelphia and each share of the Common capital stock of Allentown-Bethlehem, Lebanon and Luzerne outstanding when the merger becomes effective shall thereupon be cancelled, and no securities of the Company shall be issued in lieu thereof.

Each share of the capital stock of Consumers which is owned by U.G.I. when the merger becomes effective shall thereupon be cancelled, and no securities of the Company shall be issued in lieu thereof.

Each share of the capital stock of Consumers owned by others than U.G.I. when the merger becomes effective shall thereupon be surrendered and cancelled and in lieu and in stead thereof the holders of such stock shall receive 8/10ths of a share of the Common capital stock, par value $13.50 per share, of the Company for each share of the capital stock of Consumers held by them, provided, however, that those holders of such stock who would be entitled to a fractional share of the Common capital stock of the Company, shall receive in lieu of such fractional share cash determined as follows: The average of the daily closing sales price of the Common capital stock of the Company (bid price, if no sales are made) on the New York Stock Exchange for the period of one calendar week immediately following the effective date of the merger shall be considered the value of a whole share of the Common capital stock of the Company, which value per share shall be

used as the basis for computing the value of fractional shares and the amount of cash to be distributed in lieu thereof.

Each share of the Common capital stock of Harrisburg which is owned by U.G.I. when the merger becomes effective shall thereupon be cancelled, and no securities of the Company shall be issued in lieu thereof.

Each share of the Common capital stock of Harrisburg owned by others than U.G.I. when the merger becomes effective shall thereupon be surrendered and cancelled and in lieu and in stead thereof the holders of such stock shall receive four shares of the Common capital stock, par value $13.50 per share, of the Company for each share of the Common capital stock of Harrisburg held by them.

Each share of the capital stock of U.G.I. outstanding when the merger becomes effective shall thereupon be surrendered and cancelled and in lieu and in stead thereof the holders of such stock shall receive one share of the Common capital stock of the Company for each share of the capital stock of U.G.I. held by them.

9. Each share of the 4½% Preferred stock of Harrisburg, par value $100 per share, outstanding when the merger becomes effective shall thereupon be redeemed at $110 per share plus an amount equal to accrued and unpaid dividends thereon, in accordance with the provisions of the contract between Harrisburg and the holders of said Preferred stock specifying the terms and conditions of the issuance thereof by Harrisburg.

Each share of the 4¼% Preferred stock of Luzerne, par value $100 per share, outstanding when the merger becomes effective shall thereupon be surrendered and cancelled, and in lieu and in stead thereof the holders of such stock shall receive one share of the 4¼% Preferred stock of the Company, par value $100 per share, having the rights, privileges, limitations, preferences, and voting powers set

forth in Appendix A hereto, plus accrued and unpaid dividends to the effective date of the merger on the shares surrendered, for each share of such Preferred stock of Luzerne held by them.

10. After the merger becomes effective, (i) all certificates representing shares of the capital stock of Lancaster and Philadelphia, of the Common capital stock of Allentown-Bethlehem, Lebanon, and Luzerne, and of the capital stock of Consumers and Common capital stock of Harrisburg owned by U.G.I. when the merger becomes effective shall represent no rights whatsoever; (ii) all certificates representing shares of the capital stock of Consumers and of the Common capital stock of Harrisburg owned when the merger becomes effective by others than U.G.I. shall represent no rights other than the rights of the holders thereof to receive, on surrender and cancellation thereof as set forth in paragraph 8 above, the shares of the Common capital stock of the Company or cash therein stated as the exchange therefor; and (iii) all certificates representing shares of the Preferred stock of Luzerne outstanding when the merger becomes effective shall represent no rights other than the rights of the holders thereof to receive, on surrender and cancellation thereof as set forth in paragraph 9 above, the shares of Preferred stock of the Company therein stated as the exchange therefor. All other rights of all such stockholders shall, when the merger becomes effective, cease, determine and become void.

The Company may in its discretion appoint an exchange agent or agents in connection with the distribution of the securities and/or cash provided for in paragraphs 8 and 9 above, and may deposit with such exchange agent or agents the stock certificates and/or cash distributable upon surrender of the securities cancelled as aforesaid when the merger becomes effective, together with dividends paid upon shares of the Preferred and Common capital stock of the Company, which dividends shall be held without interest for the persons who shall be

entitled to receive the stock to which such dividends relate. Any stock or cash remaining in the hands of the Company or the exchange agent or agents at the expiration of five (5) years after the effective date of the merger (other than Common capital stock of the Company held for exchange for U.G.I. capital stock) will become the property of the Company as a capital contribution thereto and the persons then otherwise entitled to such stock (other than Common capital stock of the Company as aforesaid) shall thereafter have no right to or claim against the Company or any other persons whatsoever with respect thereto.

11. The charter power of U.G.I. to contract with others to build, construct or maintain any work, public or private, and all rights, privileges and franchises pertaining thereto, shall be surrendered upon consummation of the merger in order that the Company (as the surviving corporation) shall not be authorized to transact dissimilar lines of business.

12. The assets and liabilities of each of Allentown-Bethlehem, Consumers, Harrisburg, Lancaster, Lebanon, Luzerne, and Philadelphia shall be taken up on the books of the Company at the amounts at which they are respectively carried on the books of each such constituent corporation when the merger becomes effective, except that inter-company indebtedness existing at that time between any such constituent corporation and U.G.I. and the items of capitalization (exclusive of earned surplus) of each such constituent corporation shall be eliminated. The books of U.G.I. shall remain and be the books of the Company.

The aggregate amount of the net assets of all the corporations, parties hereto, which shall be available for the payment of dividends immediately prior to the merger, to the extent that the value thereof is not capitalized by this Agreement, shall continue to be available for the payment of dividends by the Company thereafter.

13. The authorized indebtedness of the Company of the type required to be authorized by its stockholders shall, after the merger

becomes effective, be in the amount of $135,000,000, said amount representing the aggregate of the authorized indebtedness heretofore authorized by the stockholders of certain of the corporations, parties hereto, as recited above. Said authorized indebtedness of the Company may from time to time be increased pursuant to law.

14. This Agreement shall be submitted to the stockholders of each of the corporations, parties hereto, at separate special meetings, or at any annual meetings, of the time, place, and object of which respective meetings written notice shall not less than ten (10) days before any such annual or special meeting be given to each stockholder of record of each such corporation. At said meetings this Agreement shall be considered and a vote of the stockholders in person or by proxy shall be taken by ballot for the adoption or rejection of the same, each share of stock entitling the holder thereof to one (1) vote. If a majority in amount of the entire capital stock of each of said corporations, parties hereto, shall vote in favor of this Agreement, then that fact shall be certified by the Secretary of each corporation under the corporate seal thereof and such certificates, together with one of the originals of this Agreement, or a copy thereof, and a certificate or certificates from the proper department or departments evidencing payment by each such corporation other than U.G.I. of all bonus, taxes, and other charges as required by law, shall be delivered to the Department of State of the Commonwealth of Pennsylvania.

Upon the filing of the foregoing and compliance with any other applicable provisions of law, and upon approval of this Agreement by said Department of State, the said merger shall be deemed to have taken place and the said corporations, parties hereto, to be one corporation, namely The United Gas Improvement Company, which Surviving Corporation shall possess all the rights, privileges and franchises theretofore vested in each of said constituent corporations except to the extent provided in paragraph 11 above and all the estate and

property, real and personal, and rights of action of each of said corporations shall be deemed and taken to be transferred to and vested in The United Gas Improvement Company as the Surviving Corporation without any further act or deed.

It is the intention of the parties hereto that the franchise privileges of said Surviving Corporation shall coincide with the aggregate of the franchise privileges of each of the constituent corporations, parties hereto, as the same shall exist when the merger becomes effective.

15. If at any time the Surviving Corporation shall deem or be advised that any further transfers, assignments, assurances in law or other acts or things are necessary or desirable to vest or confirm in the Surviving Corporation the title to any property or assets of any of the merged corporations, each such merged corporation and the proper officers and directors thereof shall and will execute any and all such proper transfers, assignments, conveyances, assurances in law, and do all other acts and things necessary or proper to vest or confirm title to such property and assets in the Surviving Corporation and otherwise to carry out the purposes and intent of this Agreement.

16. All expenses incident to completion of the merger contemplated by this Agreement shall be paid by the Company.

IN WITNESS WHEREOF, the parties hereto have duly executed these presents as of the day and year first above written.

ALLENTOWN-BETHLEHEM GAS COMPANY,

Attest:

By_____

(SEAL) _____ Secretary. President.

CYRUS S. FLECK (SEAL)

JOHN A. FRICK (SEAL)

JAMES W. FULLER, 4th (SEAL)

FRED B. HOFFT (SEAL)

HENRY T. KOCH (SEAL)

RUSSELL K. LAROS (SEAL)

W. E. LONG (SEAL)

L. P. NEUWEILER (SEAL)

F. J. RUTLEDGE (SEAL)

Directors.

CONSUMERS GAS COMPANY,

Attest: By

(SEAL) Secretary. President.

JERE H. BARR (SEAL)

WELLINGTON M. BERTOLET (SEAL)

STANLEY BRIGHT (SEAL)

JOHN S. GILES (SEAL)

FRED B. HOFFT (SEAL)

IRVIN F. IMPINK (SEAL)

W. E. LONG (SEAL)

F. J. RUTLEDGE (SEAL)

A. C. TAYLOR (SEAL)

Directors.

THE HARRISBURG GAS COMPANY,

Attest: By

(SEAL) Secretary. President.

ALBERT L. ALLEN (SEAL)

GEORGE R. BAILEY (SEAL)

FRED B. HOFFT (SEAL)

RITCHIE LAWRIE, JR. (SEAL)

W. E. LONG (SEAL)

LEONARD B. RICHARDS (SEAL)

F. J. RUTLEDGE (SEAL)

Directors.

LANCASTER COUNTY GAS COMPANY,

Attest: By

(SEAL) Secretary. President.

KENNETH B. ANDERSON (SEAL)

FRED B. HOFFT (SEAL)

W. E. LONG (SEAL)

ANDREW S. MORGAN (SEAL)

M. H. PARKINSON (SEAL)

Directors.

LEBANON VALLEY GAS COMPANY,

Attest: By

(SEAL) Secretary. President.

JOHN S. BASHORE (SEAL)

KEEFER L. BAUM (SEAL)

FRED B. HOFFT (SEAL)

GIDEON R. KREIDER, JR. (SEAL)

WM. NAILE (SEAL)

F. J. RUTLEDGE (SEAL)

CHARLES B. WEBB (SEAL)

Directors.

LUZERNE COUNTY GAS AND ELECTRIC CORPORATION,

Attest: By

(SEAL) Secretary. President.

FRED B. HOFFT (SEAL)

W. E. LONG (SEAL)

M. H. PARKINSON (SEAL)

F. J. RUTLEDGE (SEAL)

CHARLES E. WARSAW (SEAL)

Directors.

THE PHILADELPHIA GAS WORKS COMPANY,

Attest: By

(SEAL) Secretary. President.

H. BRUCE ANDERSEN (SEAL)

THOMAS S. LEVER (SEAL)

W. G. MURFIT (SEAL)

JOHN V. POSTLES (SEAL)

HUDSON W. REED (SEAL)

F. J. RUTLEDGE (SEAL)

FRANK H. TREMBLY (SEAL)

Directors.

THE UNITED GAS IMPROVEMENT COMPANY,

Attest: By

(SEAL) Secretary. President.

WM. W. BODINE (SEAL)

FREDERICK R. DRAYTON (SEAL)

JOHN A. FRICK (SEAL)

W. E. LONG (SEAL)

BENJAMIN F. PEPPER (SEAL)

HUDSON W. REED (SEAL)

LEONARD B. RICHARDS (SEAL)

T. LEAMING SMITH (SEAL)

CLARENCE A. WARDEN, JR. (SEAL)

Directors.

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of ALLENTOWN-BETHLEHEM GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Cyrus S. Fleck, John A. Frick, James W. Fuller, 4th, Fred B. Hofft, Henry T. Koch, Russell K. Laros, W. E. Long, L. P. Neuweiler, and F. J. Rutledge, Directors of ALLENTOWN-BETHLEHEM GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of ALLENTOWN-BETHLEHEM GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of CONSUMERS GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Jere H. Barr, Wellington M. Bertolet, Stanley Bright, John S. Giles, Fred B. Hofft, Irvin F. Impink, W. E. Long, F. J. Rutledge, and A. C. Taylor, Directors of CONSUMERS GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of CONSUMERS GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of THE HARRISBURG GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Albert L. Allen, George R. Bailey, Fred B. Hofft, Ritchie Lawrie, Jr., W. E. Long, Leonard B. Richards, and F. J. Rutledge, Directors of THE HARRISBURG GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of THE HARRISBURG GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of LANCASTER COUNTY GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Kenneth B. Anderson, Fred B. Hofft, W. E. Long, Andrew S. Morgan, and M. H. Parkinson, Directors of LANCASTER COUNTY GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of LANCASTER COUNTY GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of LEBANON VALLEY GAS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared John S. Bashore, Keefer L. Baum, Fred B. Hofft, Gideon R. Kreider, Jr., Wm. Naile, F. J. Rutledge, and Charles B. Webb, Directors of LEBANON VALLEY GAS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of LEBANON VALLEY GAS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Fred B. Hofft, W. E. Long, M. H. Parkinson, F. J. Rutledge, and Charles E. Warsaw, Directors of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of LUZERNE COUNTY GAS AND ELECTRIC CORPORATION, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of THE PHILADELPHIA GAS WORKS COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared H. Bruce Andersen, Thomas S. Lever, W. G. Murfit, John V. Postles, Hudson W. Reed, F. J. Rutledge, and Frank H. Trembly, Directors of THE PHILADELPHIA GAS WORKS COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of THE PHILADELPHIA GAS WORKS COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally came , Secretary of THE UNITED GAS IMPROVEMENT COMPANY, and who is personally known to me; and he, being by me duly sworn, did depose and say that he is and at the time of execution of said instrument was the Secretary of the said Company; that he knows the corporate seal of said Company and that the seal affixed to the foregoing instrument as such is said corporate seal; that the foregoing instrument was duly sealed and delivered by , President of said Company, as and for the act and deed of said Company for the uses and purposes therein mentioned, by order of the Board of Directors of said Company; that the names of the said as President and of as Secretary of said Company, subscribed to the foregoing instrument in attestation of its due execution and delivery are of their and each of their respective handwritings; and that the persons who executed the foregoing instrument as Directors of said Company are in fact all the Directors of said Company.

Sworn to and subscribed:
before me the day and :
year aforesaid. :
:
:

Notary Public

My Commission expires:

COMMONWEALTH OF PENNSYLVANIA:
: SS.
COUNTY OF PHILADELPHIA :

On this day of , 195 , before me, the subscriber, a notary public in and for said County and Commonwealth, personally appeared Wm. W. Bodine, Frederick R. Drayton, John A. Frick, W. E. Long, Benjamin F. Pepper, Hudson W. Reed, Leonard B. Richards, T. Leaming Smith, and Clarence A. Warden, Jr., Directors of THE UNITED GAS IMPROVEMENT COMPANY, to me severally known to be persons described in, and who severally executed the foregoing instrument, who in due form of law acknowledged the same to be their act and deed as Directors of THE UNITED GAS IMPROVEMENT COMPANY, to the end that the same might be recorded as such.

Witness my hand and notarial seal the day and year above written.

Notary Public

My Commission expires:

APPENDIX A

The rights, privileges, limitations, preferences and voting powers, and prohibitions, restrictions and qualifications of the voting and other rights and powers of the shares of the capital stock of the Company shall be as follows:

1. The shares of the Preferred Stock may be divided into and issued in series, from time to time, as herein provided. Each series shall be designated so as to distinguish the shares thereof from the shares of all other series. All shares of the Preferred Stock of all series shall be of equal rank and all shares of any particular series of the Preferred Stock shall be identical except as to the date or dates from which dividends thereon shall be cumulative as provided in paragraph 2 hereof. The shares of the Preferred Stock of different series, subject to any applicable provision of law, may vary as to the following terms, which shall be fixed in the case of each such series, at any time prior to the issuance of the shares thereof, in the manner provided in paragraph 7 hereof:

(a) The annual dividend rate (within such limits as shall be permitted by law) for the particular series and the date from which dividends shall be cumulative on all shares of such series issued on or prior to the record date for the first dividend for such series;

(b) The redemption price or prices, if any, for the particular series;

(c) The amount or amounts per share for the particular series, payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, which may be different for voluntary and involuntary liquidation, dissolution or winding up;

(d) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the particular series; and

(e) The conversion, participating or other special rights, and the qualifications, limitations or restrictions thereof, if any, of the particular series.

Each share of the Common Stock shall be equal in all respects to every other share of the Common Stock.

2. The holders of each series of the Preferred Stock at the time outstanding shall be entitled to receive, but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends, cumulative preferential dividends, at the annual dividend rate for the particular series fixed therefor as herein provided, payable quarter-yearly on the fifteenth days of January, April, July and October in each year, to stockholders of record on the respective dates, not exceeding seventy (70) days and not less than ten (10) days, preceding such dividend payment dates, fixed for the purpose by the Board of Directors. No dividends shall be declared on any series of the Preferred Stock in respect of any quarter-yearly dividend period unless there shall likewise be declared on all shares of all series of the Preferred Stock, at the time outstanding, like proportionate dividends, ratably, in proportion to the respective annual dividend rates fixed therefor, in respect of the same quarter-yearly dividend period, to the extent that such shares are entitled to receive dividends for such quarter-yearly dividend period. The term "quarter-yearly dividend period" shall mean the quarter-yearly period ending on the last days of March, June, September and December, respectively, in each year. The dividends on shares of all series of the Preferred Stock shall be cumulative. In the case of all shares of each particular

series, the dividends on shares of such series shall be cumulative

(a) if issued on or prior to the record date for the first dividend on the shares of such series, then from the date for the particular series fixed therefor as herein provided;

(b) if issued during the period commencing immediately after a record date for a dividend and terminating at the close of the payment date for such dividend, then from such dividend payment date; and

(c) otherwise from the quarter-yearly dividend payment date next preceding the date of issue of such shares;

so that unless dividends on all outstanding shares of each series of the Preferred Stock, at the annual dividend rate and from the dates for accumulation thereof fixed as herein provided shall have been paid or declared and set apart for payment for all past quarter-yearly dividend periods, but without interest on accrued dividends, no dividends shall be paid or declared and no other distribution shall be made on the Common Stock, and no Common Stock shall be purchased or otherwise acquired for value by the Company. Any accumulation of dividends on the Preferred Stock shall not bear interest. The holders of the Preferred Stock of any series shall not be entitled to receive any dividends thereon other than the dividends referred to in this paragraph 2.

3. The Company, by action of its Board of Directors, may redeem the whole or any part of any series of the Preferred Stock, at any time or from time to time, at the redemption price of the shares of the particular series fixed therefor as herein provided, together with a sum in the case of each share of each series so to be redeemed, computed at the annual dividend rate for the series of which the particular share is a part from the date from which dividends on such share became cumulative to the date fixed for such redemption, less the aggregate of the dividends theretofore or on such redemption date paid thereon or declared and set aside for payment thereon. Notice of every such redemption shall be given by

publication at least once in a daily newspaper printed in the English language and published and of general circulation in the city of Philadelphia, Pennsylvania, the first publication in such newspaper to be at least thirty (30) days and not more than ninety (90) days prior to the date fixed for such redemption. At least thirty (30) days' and not more than ninety (90) days' previous notice of every such redemption shall also be mailed to the holders of record of the shares of the Preferred Stock so to be redeemed, at their respective addresses as the same shall appear on the books of the Company; but no failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Preferred Stock so to be redeemed. In case of the redemption of a part only of any series of the Preferred Stock at the time outstanding, the shares to be redeemed shall be selected by lot or pro rata, in such manner as the Board of Directors may determine, by an independent bank or trust company selected for that purpose by the Board of Directors of the Company. The Board of Directors shall have full power and authority, subject to the limitations and provisions herein contained, to prescribe the manner in which and the terms and conditions upon which the shares of the Preferred Stock shall be redeemed from time to time. If such notice of redemption shall have been duly given by publication, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by the Company, separate and apart from its other funds, in trust for the account of the holders of the shares to be redeemed, so as to be and continue to be available therefor then, notwithstanding that any certificate for such shares so called for redemption shall not have been surrendered for cancellation, from and after the date fixed for redemption, the shares represented thereby shall no longer be deemed outstanding, the right to receive dividends thereon shall cease to accrue and all rights with respect to such shares so called for

redemption shall forthwith on such redemption date cease and terminate except only the right of the holders thereof to receive, out of the funds so set aside in trust, the amount payable upon redemption thereof, without interest; provided, however, that the Company may, after giving notice by publication of any such redemption as hereinbefore provided or after giving to the bank or trust company hereinafter referred to irrevocable authorization to give such notice by publication, and, at any time prior to the redemption date specified in such notice, deposit in trust, for the account of the holders of the shares to be redeemed, funds necessary for such redemption with a bank or trust company in good standing, organized under the laws of the United States of America or of the Commonwealth of Pennsylvania, doing business in the city of Philadelphia, Pennsylvania, having capital, surplus and undivided profits aggregating at least $2,000,000, designated in such notice of redemption, and, upon such deposit in trust, all shares with respect to which such deposit shall have been made shall no longer be deemed to be outstanding, and all rights with respect to such shares shall forthwith cease and terminate, except only the right of the holders thereof to receive, out of the funds so deposited in trust, from and after the date of such deposit, the amount payable upon the redemption thereof, without interest, provided further that notice of such right shall be included in the notice of redemption hereinabove provided for. If at any time the Company shall have failed to pay dividends in full on any outstanding shares of the Preferred Stock, thereafter and until dividends in full on all shares of the Preferred Stock outstanding shall have been paid, or declared and set aside for payment, for all past quarter-yearly dividend periods, but without interest on accrued dividends, the Company shall not redeem any shares of the Preferred Stock unless all the shares of the Preferred Stock outstanding are redeemed and shall not purchase or otherwise acquire for value any shares of the Preferred Stock except in accordance with an offer (which may vary as to the terms offered with respect to shares of

different series of the Preferred Stock) made in writing or by publication (as determined by the Board of Directors) to all holders of shares of the Preferred Stock. Nothing herein contained shall limit any legal right of the Company to purchase or otherwise acquire any shares of the Preferred Stock at not exceeding the price at which the same may be redeemed. All or any shares of Preferred Stock at any time redeemed, purchased or acquired by the Company may thereafter, in the discretion of the Board of Directors, be reissued or otherwise disposed of at any time or from time to time to the extent and in the manner now or hereafter permitted by law, subject, however, to the limitations herein imposed upon the issue of shares of the Preferred Stock.

4. Before any amount shall be paid to, or any assets distributed among, the holders of the Common Stock upon any liquidation, dissolution or winding up of the Company, and after paying or providing for the payment of all creditors of the Company, the holders of all shares of each series of the Preferred Stock at the time outstanding shall be entitled to be paid in cash the amount for the shares of the particular series fixed therefor as herein provided, together with a sum in the case of each such share of each series, computed at the annual dividend rate for the series of which the particular share is a part, from the date from which dividends on such share became cumulative to the date fixed for the payment of such distributive amount, less the aggregate of the dividends theretofore or on such date paid thereon or declared and set aside for payment thereon; but no payments on account of such distributive amounts shall be made to the holders of shares of any series of the Preferred Stock unless there shall likewise be paid at the same time to the holders of shares of each other series of the Preferred Stock at the time outstanding like proportionate distributive amounts, ratably, in proportion to the full distributive amounts to which they are respectively entitled as herein provided. The holders of the Preferred Stock of any series shall not be entitled to receive any amounts with respect thereto upon any liquidation, dissolution

or winding up of the Company other than the amounts referred to in this paragraph. Neither the consolidation or merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of all or any part of its assets, shall be deemed to be a liquidation, dissolution or winding up of the Company for the purposes of this paragraph.

5. Whenever the full dividends on the shares of all series of the Preferred Stock at the time outstanding for all past quarter-yearly dividend periods shall have been paid or declared and set apart for payment, then such dividends (payable in cash, stock or otherwise), as may be determined by the Board of Directors may be declared and paid on the Common Stock, but only out of funds legally available for the payment of such dividends.

6. In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company remaining after paying or providing for the payment of all creditors of the Company and after paying or providing for the payment to the holders of shares of all series of the Preferred Stock of the full distributive amounts to which they are respectively entitled, as herein provided, shall be divided among and paid to the holders of the Common Stock according to their respective shares.

7. The Company may, at any time or from time to time, within the then total authorized amount of the Preferred Stock of all series, increase the authorized amount of any series of the Preferred Stock or of any Preferred Stock which is not part of a then existing series, establish or reestablish any unissued shares of the Preferred Stock as shares of the Preferred Stock of any series or as Preferred Stock which is not part of a then existing series, create one or more additional series of the Preferred Stock, fix the authorized amount of any series (which amount shall be subject to change from time to time by like action), and fix the designations and the terms of any series of the Preferred Stock in the respects in which the shares of any series may vary from the shares of other series of the Preferred Stock as provided in paragraph 1 hereof, by the vote of the holders

of a majority of the total number of shares of the Common Stock of the Company then outstanding given at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof. In case and to the extent that, under the laws of Pennsylvania at the time in effect, the Board of Directors of the Company shall be authorized by law to create new series of the Preferred Stock or to fix the amounts, designations, and terms of the shares of any series of the Preferred Stock or to take any other action with respect to the Preferred Stock of the Company specified in this paragraph 7, no action of stockholders of the Company with respect thereto shall be required under the provisions of this paragraph 7 and all action authorized by the provisions of this paragraph 7 to be taken by vote of the holders of the Common Stock may be taken by vote of the Board of Directors of the Company.

8. (A) So long as any shares of the Preferred Stock of any series are outstanding, the Company shall not, without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of at least two-thirds of the total number of shares of the Preferred Stock of all series then outstanding:

(a) Create or authorize any kind of stock (other than a series of the Preferred Stock) ranking prior to or on a parity with the Preferred Stock, or create or authorize any obligation or security convertible into shares of stock of any such kind; or

(b) Amend, alter, change or repeal any of the express terms of the Preferred Stock or of any series of the Preferred Stock then outstanding in a manner substantially prejudicial to the holders thereof; provided, however, that if any such amendment, alteration, change or repeal would be substantially prejudicial to the holders of shares of one or more, but not all of the series of the Preferred Stock at the time outstanding, such consent shall be required only from the holders of two-thirds of the total number of outstanding shares of all series so affected.

(B) So long as any shares of the Preferred Stock of any series are outstanding, the Company shall not, without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of a majority of the total number of shares of the Preferred Stock of all series then outstanding:

(a) Increase the total authorized number of shares of the Preferred Stock of all series; or

(b) Issue any additional shares of any series of the Preferred Stock, or of any kind of stock (other than a series of the Preferred Stock) ranking prior to or on a parity with the Preferred Stock, unless the net earnings of the Company applicable to the payment of dividends on shares of the Preferred Stock, after provision for depreciation and all taxes chargeable as operating expense and determined in accordance with sound accounting practice, for any twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the calendar month within which such additional shares of stock shall be issued, shall have been at least two (2) times the dividend requirements for a twelve (12) months' period upon the entire amount of the Preferred Stock to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock and of other kinds of stock (other than a series of the Preferred Stock) ranking prior to or on a parity with the Preferred Stock, and unless the gross income of the Company for said period, determined in accordance with sound accounting practice (but in any event after deducting the amount for said period charged by the Company on its books to depreciation expense and all taxes), applicable for the payment of interest shall have been at least one and one-half (1½) times the aggregate of such dividend requirements and of the interest charges for said period on the entire amount of the indebtedness to be likewise outstanding;

but excluding from each of the foregoing computations interest charges on all indebtedness and dividends on all stocks which are to be retired through the issue of such additional shares of Preferred Stock. Where such additional shares of Preferred Stock are to be issued in connection with the acquisition of new property the net earnings of the property to be so acquired may be included on a pro forma basis in the foregoing computation, computed on the same basis as the net earnings of the Company; or

(c) Issue any additional shares of any series of the Preferred Stock, unless the capital of the Company represented by its Common Stock together with its surplus as then stated on its books of account shall in the aggregate be at least equal to the involuntary liquidating value of the Preferred Stock to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock, excluding from the foregoing computation all indebtedness and stock which are to be retired in connection with the issue of such additional shares of Preferred Stock, provided that no portion of the surplus of the Company which shall be used to meet the requirements of this paragraph (c) shall, after the issue of such additional shares of Preferred Stock and until such additional shares or a like number of other shares of Preferred Stock shall have been retired, be available for dividends or other distribution upon the Common Stock; or

(d) Issue any unsecured notes, debentures or other securities representing unsecured indebtedness, or assume any such unsecured securities, for purposes other than the refunding of outstanding unsecured securities theretofore issued or assumed by the Company or the reacquisition, redemption or other retirement of any indebtedness, authorized by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 or by any successor commission or other regulatory authority of the United States of America

having jurisdiction over the reacquisition, redemption or other retirement of such indebtedness, or the reacquisition, redemption or other retirement of all outstanding shares of the Preferred Stock, if, immediately after such issue or assumption, the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Company and then outstanding, including the unsecured securities then to be issued or assumed, would exceed ten per centum (10%) of the aggregate of (i) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Company and then to be outstanding, and (ii) the capital and surplus of the Company as then to be stated on the books of account of the Company; or

(e) Merge or consolidate with or into any other corporation or corporations, unless such merger or consolidation, or the exchange, issuance or assumption of all securities to be issued or assumed in connection with any such merger or consolidation, shall have been ordered, exempted, approved, or permitted by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 or by any successor commission or other regulatory authority of the United States of America having jurisdiction in the premises; provided that the provisions of this clause (e) shall not apply to a purchase or other acquisition by the Company of franchises or assets of another corporation pursuant to the provisions of Section 23 of the Act of the General Assembly of the Commonwealth of Pennsylvania, approved April 29, 1874, P. L. 73, as amended, or other similar Acts, or otherwise in any manner which does not involve a statutory merger or consolidation.

(C) So long as any shares of the Preferred Stock of any series are outstanding the Company shall not pay any dividends on or make any other distribution to the holders of shares of its Common Stock

if after giving effect to such payment or distribution the capital of the Company represented by its Common Stock together with its surplus as then stated on its books of account shall in the aggregate be less than the involuntary liquidating value of all shares of its then outstanding Preferred Stock.

9. No holder of shares of any series of the Preferred Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock, or securities convertible into stock, of any class, series or kind whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services, by way of dividends, or otherwise.

10. (A) At all meetings of the stockholders of the Company the holders of shares of Common Stock shall be entitled to one vote for each share of Common Stock held by them respectively except as herein otherwise expressly provided. The holders of shares of the Preferred Stock shall have no right to vote and shall not be entitled to notice of any meeting of stockholders of the Company nor to participate in any such meeting except as herein otherwise expressly provided and except for those purposes, if any, for which said rights cannot be denied or waived under some mandatory provision of law which shall be controlling.

(B) If and when dividends payable on the Preferred Stock shall be in default in an amount equivalent to or exceeding four (4) full quarter-yearly dividends on all shares of all series of the Preferred Stock then outstanding, and until all dividends then in default shall have been paid or declared and set apart for payment, the holders of all shares of the Preferred Stock, voting separately as one class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Stock, voting separately as a class, shall be entitled to elect the remaining directors of the Company, anything herein or in the By-Laws to the contrary notwithstanding. The terms of office, as directors, of all persons who may be directors of the Company at the time shall terminate upon the election of a majority

of the Board of Directors by the holders of the Preferred Stock, except that if the holders of the Common Stock shall not have elected the remaining directors of the Company, then, and only in that event, the directors of the Company, as constituted just prior to the election of a majority of the Board of Directors by the holders of the Preferred Stock, shall elect the remaining directors of the Company. Thereafter, while such default continues and the majority of directors are being elected by the holders of the Preferred Stock, the remaining directors, whether elected by directors, as aforesaid, or whether originally or later elected by holders of the Common Stock, shall continue in office until their successors are elected by holders of the Common Stock and qualify.

(C) If and when all dividends then in default on the shares of Preferred Stock then outstanding shall be paid or declared and set apart for payment (and such dividends shall be declared and paid out of any funds legally available therefor as soon as reasonably practicable), the holders of the Preferred Stock shall thereupon be divested of any special right with respect to the election of directors provided in subparagraph (B) hereof, and the voting power of the holders of shares of Preferred Stock and the holders of shares of Common Stock shall revert to the status existing before the occurrence of such default; but always subject to the same provisions for vesting such special rights in the holders of the Preferred Stock in case of further like default or defaults in dividends thereon. Upon the termination of any such special voting right upon payment or setting apart for payment of all accumulated and defaulted dividends on such Preferred Stock, the terms of office of all persons who may have been elected directors of the Company by vote of the holders of the Preferred Stock, as a class, pursuant to such special voting right shall forthwith terminate, and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

(D) In case of any vacancy in the office of a director occurring among the directors elected by the holders of Preferred Stock, as a class, pursuant to the foregoing provisions of subparagraph (B)

hereof, the remaining directors elected by the holders of Preferred Stock may elect, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise in case of any vacancy in the office of a director occurring among the directors not elected by the holders of the Preferred Stock, the remaining directors not elected by the holders of the Preferred Stock, may elect, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(E) Whenever under the provisions of subparagraph (B) hereof, the right shall have accrued to the holders of the Preferred Stock to elect directors, the Board of Directors shall within ten (10) days after delivery to the Company at its principal office of a request to such effect signed by any holder of Preferred Stock entitled to vote, call a special meeting of all stockholders to be held within forty (40) days from the delivery of such request for the purpose of electing directors. At all meetings of stockholders held for the purpose of electing directors during such times as the holders of shares of the Preferred Stock shall have the special right, voting separately as one class, to elect directors pursuant to subparagraph (B) hereof, the presence in person or by proxy of the holders of a majority of the outstanding shares of the Common Stock shall be required to constitute a quorum of such class for the election of directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of all series of the Preferred Stock shall be required to constitute a quorum of such class for the election of directors; provided, however, that the absence of a quorum of the holders of stock of either such class shall not prevent the election at any such meeting or adjournment thereof of directors by the other such class if the necessary quorum of the holders of stock

of such other class is present in person or by proxy at such meeting or adjournment thereof; and provided further that in the event a quorum of the holders of the Common Stock is present but a quorum of the holders of the Preferred Stock is not present then the election of the directors elected by the holders of the Common Stock shall not become effective and the directors so elected by the holders of the Common Stock shall not assume their offices and duties until the holders of the Preferred Stock, with a quorum present, shall have elected the directors they shall be entitled to elect; and provided further that in the absence of a quorum of the holders of stock of either such class, a majority of those holders of the stock of such class who are present in person or by proxy shall have power to adjourn the election of the directors to be elected by such class from time to time without notice other than announcement at the meeting until the requisite amount of holders of such other class shall be present in person or by proxy, but such adjournment shall not be made to a date beyond the date for the mailing of notice of the next annual meeting of the Company or special meeting in lieu thereof.

(F) Except when some mandatory provision of law shall be controlling and except as otherwise provided in clause (b) of paragraph 8 (A) hereof and, as regards the special rights of any series of the Preferred Stock, as provided in the resolutions creating such series, whenever shares of two or more series of the Preferred Stock are outstanding, no particular series of the Preferred Stock shall be entitled to vote as a separate series on any matter and all shares of the Preferred Stock of all series shall be deemed to constitute but one class for any purpose for which a vote of the stockholders of the Company by classes may now or hereafter be required.

11. From time to time, and without limitation of other rights and powers of the Company as provided by law, the Company may reclassify its capital stock and may create or authorize one or more classes or kinds of stock ranking prior to or on a parity with or subordinate to the Preferred Stock or may increase the authorized amount of the

Preferred Stock or of the Common Stock or of any other class of stock of the Company or may amend, alter, change or repeal any of the rights, privileges, terms and conditions of shares of the Preferred Stock or of any series thereof then outstanding or of shares of the Common Stock or of any other class of stock of the Company, upon the vote, given at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof, of the holders of a majority of the shares of stock then entitled to vote thereon or upon such other vote of its stockholders then entitled to vote thereon as may be provided by law; provided that the consent of the holders of shares of the Preferred Stock (or of any series thereof) required by the provisions of subparagraphs (A) and (B) of paragraph 8 hereof, if any such consent be so required, shall have been obtained; and provided further that the rights, privileges, terms and conditions of shares of the Common Stock shall not be subject to amendment, alteration, change or repeal without the consent (given in writing or by vote at a meeting called for that purpose in accordance with the provisions of paragraph 12 hereof) of the holders of a majority of the total number of shares of the Common Stock then outstanding.

12. Notice of any meeting of stockholders of the Company, or of the holders of any class or series of stock, required or authorized hereunder or by law, setting forth the purpose or purposes of such meeting, shall be mailed by the Company, not less than ten (10) days prior to such meeting, to all stockholders (at their respective addresses appearing on the books of the Company) entitled to vote thereat of record as of a date fixed by the Board of Directors of the Company, not exceeding forty (40) days in advance of such meeting, for the purpose of determining the stockholders entitled to notice of and to vote at such meeting, unless such notice shall have been waived, either before or after the holding of such meeting, by all stockholders entitled to notice thereof and to vote thereat. Any action authorized to be taken at a meeting called for that purpose in accordance with the provisions of this paragraph 12 may be taken either at a special meeting, or at any regular or annual meeting provided that notice of

such proposed action is included in the notice of such regular or annual meeting. Except where some mandatory provision of law shall be controlling, no other, longer or additional notice need be given of any such meeting and all holders of shares of stock of the Company, by becoming such, hereby consent to the holding of any such meeting upon notice given as hereinbefore provided and thereby waive, to the full extent permitted by law, any right to require the giving of or to receive any such other, longer or additional notice.

13. The Company may, at any time, and from time to time, issue and dispose of any of the authorized and unissued shares of the Preferred Stock and Common Stock for such consideration as may be fixed by the Board of Directors, subject to any provisions of law then applicable, and subject to the provisions of any resolutions of the stockholders of the Company entitled to vote thereon relating to the issue and disposition of such shares.

14. The holders of shares of the Common Stock shall have the prior right, in proportion to the number of shares of Common Stock held by them respectively, to purchase additional shares of Common Stock and securities convertible into Common Stock issued by the Company upon original issuance and sale for cash. Such prior rights shall be exercisable only at the price at which such stock or securities are to be sold as fixed at the time by the Board of Directors of the Company and only within such period of time as shall be prescribed at the time by the Board of Directors of the Company but not less than fifteen (15) days following the mailing to such stockholders of notice of their right to purchase such additional shares. Except as above provided in this paragraph 14, no holder of shares of the Common Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock, or securities convertible into stock, of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services, by way of dividends, or otherwise.

EXHIBIT B

FORM OF NEW U.G.I. FIRST MORTGAGE

(To be supplied by Amendment)

Exhibit C-1
Interim Statement
Subject to Adjustment and Audit

THE UNITED GAS IMPROVEMENT COMPANY

BALANCE SHEET - OCTOBER 31, 1951

ASSETS AND OTHER DEBITS

INVESTMENTS (At cost or less):		
Investment Securities and Advances:		
Subsidiary Companies, Majority-Owned:		
Consolidated	$34,650,049	
Other Companies	4,728,908	
Miscellaneous Investments	8,288	$39,387,245
SPECIAL FUND (Contra)		40,691
CURRENT ASSETS:		
Cash, Demand Deposits in Banks	940,995	
Special Deposits	41,288	
Temporary Cash Investments -		
U.S. Treasury Securities (At cost)	1,501,406	
Accounts Receivable	8,823	
Accrued Interest Receivable	83,059	
Dividends Receivable	363,416	
Other Current Assets	9,133	2,948,120
PREPAYMENTS		1,568
DEFERRED CHARGES		28,032
TOTAL ASSETS AND OTHER DEBITS		$42,405,656

LIABILITIES AND OTHER CREDITS

CAPITAL STOCK - $13.50 PAR VALUE:			
Authorized	2,414,759	Shares	
Issued	1,239,959	Shares	
Less - Reacquired	9,219	Shares	
Outstanding	1,230,740	Shares	$16,614,990
SURPLUS:			
Earned		$20,163,573	
Reserved for Possible Losses on Investments-		3,844,921	
Capital (Arising in connection with change of Capital Stock from No Par to Par and reacquisition of Capital Stock in exchange for investment securities)		826,989	24,835,483
Total Capital Stock and Surplus			41,450,473
CURRENT LIABILITIES:			
Accounts Payable		6,876	
Dividends Declared		645,553	
Accrued Taxes:			
Federal Income	$132,279		
Federal Excess Profits	-		
Other Federal	784		
Commonwealth of Pennsylvania	52,724	185,787	
Other Current Liabilities		12,412	
Liability for Redemption of $13.50 Par Scrip		11,105	861,733
RESERVES:			
Prior Years' Taxes		52,375	
Special Fund (Contra)		40,691	
Other		384	93,450
TOTAL LIABILITIES AND OTHER CREDITS			$42,405,656

See Notes to Financial Statements, which are an integral part of this Balance Sheet.

THE UNITED GAS IMPROVEMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Investment Securities:

The term "cost" as applied to Investment Securities represents the sum of: (a) cash outlay, (b) amounts based upon par or stated value of the Company's capital stocks issued in exchange for securities, and (c) amounts recorded in prior years, for shares of stock received from certain majority owned subsidiaries as dividends or other distributions on the basis of charges against surplus earned by those subsidiaries subsequent to dates that they were acquired by the Company.

2. Contingent Liabilities of The U.G.I. Company:

(a) The Company is guarantor of $2,752,000 principal amount of long-term debt and interest thereon of companies no longer affiliated, all of which is covered by indemnification agreements of others.

(b) An agreement dated July 2, 1900, provided for the employment of the Company by Northern Liberties Gas Company as its agent to operate its properties and supply and distribute gas in that portion of the City of Philadelphia which was formerly known as the District of Northern Liberties.

By an agreement dated May 14, 1937, between the Company and The Philadelphia Gas Works Company (a subsidiary), the latter company was substituted as agent under the agreement dated July 2, 1900. Concurrently, the Northern Liberties Gas Company consented to this substitution and the Company guaranteed full performance by The Philadelphia Gas Works Company of all obligations under the agency agreement. The Company also guaranteed full payment to the Northern Liberties Gas Company of $39,000 annually and payments for such taxes and assessments, as required in the agreement, for a period of 99 years from July 2, 1900.

(c) The Company, under agreement of suretyship, guarantees the faithful performance by The Philadelphia Gas Works Company of its obligations, under agreement with the City of Philadelphia, for the operation of the municipal gas works.

Exhibit C-2

Interim Statement
Subject to Adjustment and Audit.

THE UNITED GAS IMPROVEMENT COMPANY

STATEMENT OF INCOME

For Twelve Months Ended October 31, 1951

INCOME:	
Dividends:	
Subsidiaries, Majority Owned, Consolidated	$1,748,553
Other Companies	911,954
Total	2,660,507
Interest:	
Subsidiaries, Majority Owned, Consolidated	323,559
Other Companies	36,666
Total	360,225
Income from Special Fund	1,363
Income from Temporary Cash Investments, Royalties, etc.	214,718
Total Income	3,236,813
EXPENSES, OTHER THAN INCOME TAXES:	
Salaries, Office Rentals, Supplies, Etc.	506,242
General Expenses	172,576
Sub-Total	678,818
Provision for Federal Taxes, Other than Income Taxes	3,997
Provision for Pennsylvania State and Municipal Taxes	79,825
Sub-Total	83,822
Total Expenses, Other than Income Taxes	762,640
Net Operating Income, Before Income Taxes	2,474,173
OTHER DEDUCTIONS FROM INCOME	31,791
Net Income, Before Income Taxes	2,442,382
PROVISION FOR INCOME TAXES	128,086
Net Income	2,314,296
INCOME APPROPRIATED TO SPECIAL FUND RESERVE	1,363
Balance Available for Capital Stock and Surplus	$2,312,933

See notes to Financial Statements, which are an integral part of this Statement.
Said notes are attached to Exhibit C-1.

Signed copy

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

0 R 19

MAR 6 2 50 PM 1952

SECRETARY'S OFFICE
PUBLIC UTILITY COMM.

In Re

APPLICATION OF THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION AND THE PHILADELPHIA GAS WORKS COMPANY FOR APPROVAL OF (1) THE TRANSFER BY MERGER OF ALL THE PROPERTY, RIGHTS, POWERS, FRANCHISES AND PRIVILEGES OF THE SEVEN LAST-NAMED COMPANIES INTO THE UNITED GAS IMPROVEMENT COMPANY; (2) THE ACQUISITION BY THE UNITED GAS IMPROVEMENT COMPANY BY MERGER INTO IT OF ALL RIGHTS, POWERS, FRANCHISES AND PRIVILEGES OF THE SAID SEVEN LAST-NAMED COMPANIES, AND (3) THE BEGINNING OF THE EXERCISE BY THE UNITED GAS IMPROVEMENT COMPANY OF ALL THE ADDITIONAL RIGHTS, POWERS, FRANCHISES AND PRIVILEGES OF THE SAID SEVEN LAST-NAMED COMPANIES NECESSARY AND PROPER FOR FURNISHING GAS SERVICE TO THE PUBLIC IN THE TERRITORIES IN WHICH THE SAID SEVEN LAST-NAMED COMPANIES NOW FURNISH SERVICE

Application Docket

No. A 78264

AMENDMENT NO. 1 TO APPLICATION

To The Honorable Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania.

The undersigned respectfully request that the Application which they filed with the Commission at the above Application Docket Number, be amended by the supplying of Amendment No. 1 to Exhibit B.

Dated: March 5, 1952

ALLENTOWN-BETHLEHEM GAS COMPANY

By _____
Vice-President

CONSUMERS GAS COMPANY

By _____
Vice-President

THE HARRISBURG GAS COMPANY

By _____
Vice-President

LANCASTER COUNTY GAS COMPANY

By _____
Vice-President

DOCKETED
MAR 7 1952

RECORD
FOLDER

LEBANON VALLEY GAS COMPANY

By _____
Vice-President

LUZERNE COUNTY GAS AND ELECTRIC
CORPORATION

By _____
Vice-President

THE PHILADELPHIA GAS WORKS COMPANY

By _____
President

~~THE UNITED~~ GAS IMPROVEMENT COMPANY

By _____
President

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

FRED B. HOFFT, being duly sworn according to law, deposes and says that he is Vice-President of Allentown-Bethlehem Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Fred B. Hofft

Sworn to and subscribed :
before me this 5th day :
of March, 1952. :
:
:

Jos. L. Fallon
Notary Public

My Commission expires January 21, 1953.

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

FRED B. HOFFT, being duly sworn according to law, deposes and says that he is Vice-President of Consumers Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Fred B. Hofft

Sworn to and subscribed before me this 5th day of March, 1952.

Notary Public

My Commission expires January 21, 1953

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

FRED B. HOFFT, being duly sworn according to law, deposes and says that he is Vice-President of The Harrisburg Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Fred B. Hofft

Sworn to and subscribed :
before me this 5th day :
of March, 1952. :

Notary Public

My Commission expires January 21, 1953.

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

FRED B. HOFFT, being duly sworn according to law, deposes and says that he is Vice-President of Lancaster County Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Fred B. Hofft

Sworn to and Subscribed :
before me this 5th day :
of March, 1952. :
:
:

Notary Public

My Commission expires January 21, 1953.

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

M. H. PARKINSON, being duly sworn according to law, deposes and says that he is Vice-President of Lebanon Valley Gas Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

M. H. Parkinson

Sworn to and Subscribed:
before me this 5th day :
of March, 1952. :
:
:
Notary Public

My Commission expires January 21, 1953.

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

FRED B. HOFFT, being duly sworn according to law, deposes and says that he is Vice-President of Luzerne County Gas and Electric Corporation; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Fred B Hofft

Sworn to and Subscribed :
before me this 5th day :
of March, 1952 :
:
:

Notary Public

My Commission expires January 21, 1953.

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

HUDSON W. REED, being duly sworn according to law, deposes and says that he is President of The Philadelphia Gas Works Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.

Hudson W. Reed
President

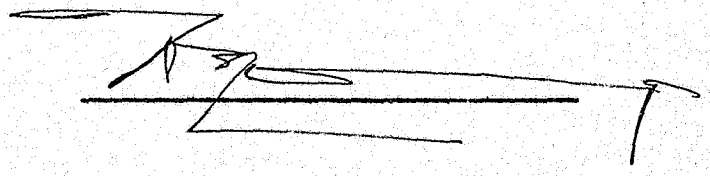
Sworn to and subscribed :
before me this 5th day :
of March, 1952. :

Notary Public

My Commission expires January 21, 1953.

COMMONWEALTH OF PENNSYLVANIA)
) ss
COUNTY OF PHILADELPHIA)

W. E. LONG, being duly sworn according to law, deposes and says that he is President of The United Gas Improvement Company; that he is duly authorized to make this affidavit; that he has read the foregoing Amendment that he is familiar with the facts set forth therein and that such facts are true and correct to the best of his knowledge, information and belief.



Sworn to and subscribed :
before me this 5th day :
of March, 1952. :
:
:

Notary Public

My Commission expires January 21, 1953.

Amendment No. 1 to Exhibit B
File No. 54-201
Amendment No. 1

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

Amendment No. 1 to Application for an Order of The Securities and Exchange Commissio for Approval of a Comprehensive Plan of The United Gas Improvement Company, Pursuant to Section 11(e) and Other Sections of The Public Utility Holding Company Act of 1935

THE UNITED GAS IMPROVEMENT COMPANY
(Name of company filing amendment)

Name, title, and address of officer to whom notices and correspondence concerning this amendment should be addressed: W. E. Long, President, 1401 Arch Street Philadelphia 5, Pa. and Kenneth B. Anderson, Esq., 1401 Arch Street, Philadelphia 5, Pa.

The undersigned hereby amends the above document with respect to the following (identify item, statement, schedule, or exhibit of document to which amendment relates):

See list attached

SIGNATURE

The company has caused this amendment to be duly signed on its behalf by its authorized officer in the city of Philadelphia and State of Pennsylvania, on the 25th day of February, 1952.

(SEAL) THE UNITED GAS IMPROVEMENT COMPANY
(Name of Company)

Attest:

By (Signed) W. E. Long
President

(Signed) Johns Hopkins
(Signature of Officer)

W. E. Long
(Type or print name)

Secretary
(Title)

VERIFICATION

State of Pennsylvania)
) ss:
County of Philadelphia)

The undersigned being duly sworn deposes and says that he has duly executed the attached amendment dated February 25, 1952, for an on behalf of The United Gas Improvement Company (Name of company); that he is President (Title of Officer) of such company; and that all action by stockholders, directors, and other bodies necessary to authorize deponent to execute and file such instrument has been taken. Deponent further says that he is familiar with such instrument, and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

(Signature) (Signed) W. E. Long
(Officer signing amendment)

Subscribed and sworn to before me a Notary Public, this 25th day of February, 1952.
(Title of officer)

(Official)
(Seal) My Commission expires January 21, 1953. (Signed) Jas. J. Fallon
Notary Public

This Amendment contains the following:

Subparagraph (b) of the "Wherefore" paragraph on page 3 of the Application (amended) - Supplied.

Third paragraph, page 15, of Exhibit 1 (amended) - Supplied.

First paragraph, page 17, of Exhibit 1 (amended) - Supplied.

Second and third full paragraphs, page 19, of Exhibit 1 (amended) - Supplied.

Paragraph No. 3, page 23 of Exhibit 1 (amended) - Supplied.

First paragraph, Paragraph No. 4 of Exhibit A to Exhibit 1 (amended) - Supplied.

Second paragraph, Paragraph No. 7 of Exhibit A to Exhibit 1 (amended) - Supplied.

Sixth paragraph of Paragraph No. 8 of Exhibit A to Exhibit 1 (amended) - Supplied.

First paragraph of Appendix A to Exhibit A to Exhibit 1 (amended) - Supplied.

Paragraph No. 7 of Appendix A of Exhibit A to Exhibit 1 (amended) - Supplied.

Appendix A to Exhibit A to Exhibit 1 (amended) - Supplied.

Exhibit B to Exhibit 1 - Proposed Mortgage and Deed of Trust dated as of July 1, 1952, of The United Gas Improvement Company to Fidelity-Philadelphia Trust Company, Trustee - Supplied.

Exhibit (C-1-A) to Exhibit 1 - U.G.I. 12/31/51 Balance Sheet- Supplied.

Exhibit (C-2-A) to Exhibit 1 - U.G.I. Statement of Income for 12 months ended 12/31/51 - Supplied.

Exhibit (C-3-A) to Exhibit 1 - U.G.I. and Subsidiary Companies Consolidating Balance Sheet 12/31/51 - Supplied.

U.G.I. and Subsidiary Companies Consolidated Balance Sheet 12/31/51 - Supplied.

U.G.I. Pro Forma Balance Sheet 12/31/51 after giving effect to Parts 1 and 2 of the Plan - Supplied.

Exhibit C-4-A) to Exhibit 1 - U.G.I. and Subsidiary Companies Consolidating Statement of Income for 12 months ended 12/31/51 - Supplied.

U.G.I. and Subsidiary Companies Consolidated Statement of Income for 12 months ended 12/31/51 - Supplied.

U.G.I. Pro Forma Statement of Income for 12 months ended 12/31/51 after giving effect to Parts 1 and 2 of the Plan - Supplied.

Exhibit (C-5) to Exhibit 1 - U.G.I. and Subsidiary Companies Consolidating Statement of Surplus for 12 months ended 12/31/51 - Supplied.

Subparagraph (b) of the "Wherefore" paragraph on page 3 of the Application, is hereby amended to read as follows:

"(b) containing findings and recitations conforming to the pertinent provisions and requirements of the Internal Revenue Code, as amended, including Supplement R of Chapter I and Section 1808(f) thereof, except with respect to The Utilities Realty Company and Ugite Sales Corporation;"

Third paragraph, page 15, of Exhibit 1, is hereby amended to read as follows:

"The new mortgage will contain provisions complying with the Trust Indenture Act of 1939 and other provisions which S.E.C. has heretofore found appropriate, including provisions for an annual minimum maintenance fund and the issuance of additional bonds (except for $10,000,000 principal amount of new bonds which may be issued and delivered, as provided in Section 4.04 of Exhibit B hereinafter referred to) up to 60% of the future bondable value of property additions, provided net earnings are equal to at least two times the annual interest requirements of all bonds outstanding and of the additional bonds then to be issued."

First paragraph, page 17, of Exhibit 1, is hereby amended to read as follows:

"Stockholders of U.G.I. shall continue to be such stockholders and enjoy all their rights and privileges as such without surrendering their present certificates of U.G.I. Capital Stock, provided however, stockholders may, after the merger agreement becomes effective, surrender their present certificates and receive in exchange therefor certificates representing a like number of shares of new Common Stock of U.G.I."

Second and third full paragraphs, page 19 of Exhibit 1, are hereby amended to read as follows:

"Subsequent to the effective date of the merger, Ugite Sales Corporation, a Delaware corporation, will transfer and convey its property, assets and liabilities to U.G.I. in part settlement of U.G.I.'s advances to Ugite Sales Corporation. Thereafter, Ugite Sales Corporation will be dissolved by unanimous written consent of its stockholder, the U.G.I., under the provisions of Section 39 of the Delaware Corporation Law, and its outstanding capital stock will be cancelled.

Subsequent to the effective date of the merger, the indebtedness of The Utilities Realty Company, a Pennsylvania business corporation, to U.G.I. would be forgiven, and thereafter The Utilities Realty Company would be dissolved under the provisions of Article XI of the Pennsylvania Business Corporation Law, and in the process its property and assets would be transferred and conveyed to U.G.I., its assets and liabilities would be taken up on the books of U.G.I. and its outstanding capital stock, all owned by U.G.I., would be cancelled."

Paragraph No. 3, page 23 of Exhibit 1, is hereby amended to read as follows:

"(3) That S.E.C. shall enter an order or orders, (i) approving the various parts of the Plan; and (ii) containing findings and recitations conforming to the pertinent provisions and requirements of the Internal Revenue Code, as amended, including Supplement R of Chapter I and Section 1808(f) of Chapter II thereof, except with respect to The Utilities Realty Company and Ugite Sales Corporation."

First paragraph, Paragraph No. 4 of Exhibit A to Exhibit 1 is hereby amended to read as follows:

"The Directors shall be elected annually by the stockholders entitled to vote therefor at the time and place prescribed in the By-laws for holding the annual meeting and in the manner prescribed by law and by the By-laws, and shall serve for one year and until their successors are duly elected and qualified."

Second paragraph, Paragraph No. 7 of Exhibit A to Exhibit 1, is hereby amended to read as follows:

"The designations, terms, relative rights, privileges, limitations, preferences and voting powers, and the prohibitions, restrictions, and qualifications of the voting and other rights and powers of the shares of the Preferred Stock and the Common Stock of the Company shall be those set forth in Appendix A hereto attached and made part hereof."

Sixth paragraph of Paragraph No. 8 of Exhibit A to Exhibit 1, is hereby amended to read as follows:

"Stockholders of U.G.I. shall continue to be such stockholders and enjoy all their rights and privileges as such without surrendering their present certificates of U.G.I. Capital Stock, provided however, stockholders may, after the merger agreement becomes effective, surrender their present certificates and receive in exchange therefor certificates representing a like number of shares of new Common Stock of U.G.I."

First paragraph of Appendix A to Exhibit A to Exhibit 1, is hereby amended to read as follows:

"The designations, terms, relative rights, privileges, limitations, preferences and voting powers, and the prohibitions, restrictions and qualifications of the voting and other rights and powers of the shares of the Preferred Stock and the Common Stock of the Company shall be as follows:"

Paragraph No. 7 of Appendix A of Exhibit A to Exhibit 1, is hereby amended to read as follows:

"The Board of Directors of the Company may, at any time or from time to time, within the then total authorized amount of the Preferred Stock of all series, increase the authorized amount of any series of the Preferred Stock or of any Preferred Stock which is not part of a then existing series, establish or re-establish any unissued shares of the Preferred Stock as shares of the Preferred Stock of any series or as Preferred Stock which is not part of a then existing series, create one or more additional series of the Preferred Stock, fix the authorized amount of any series (which amount shall be subject to change from time to time by like action), and fix the designations and the terms of any series of the Preferred Stock in the respects in which the shares of any series may vary from the shares of other series of the Preferred Stock as provided in paragraph 1 hereof, except and to the extent that the laws of Pennsylvania at the time in effect shall require any of the foregoing to be otherwise accomplished, in which case the procedure thus specified shall be utilized."

Appendix A to Exhibit A to Exhibit 1, is hereby amended by adding the following after paragraph No. 14 thereof:

"TERMS OF 4-1/4% PREFERRED STOCK

The initial series of Preferred stock shall consist of 25,000 shares designated as '4-1/4% Preferred Stock'. The terms of such stock, in the respects in which the shares of such series may vary from shares of other series of the Preferred stock shall be as follows:

The dividend rate shall be 4-1/4% per annum and _____ (here insert that date which is the effective date of the merger) shall be the date from and including which dividends shall be cumulative on all shares issued on or prior to the record date for the first dividend, as well as the date upon which all 25,000 shares shall be deemed to have been issued.

The redemption price shall be $110 per share. The amount payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Company shall be $100 per share.

No sinking fund shall be provided for the purchase or redemption ofsuch shares, and such shares shall have no conversion, participating or other special rights."

Exhibit B

Exhibit J to Securities Certificate No. 1327 of The United Gas Improvement Company is incorporated herein by reference.

Exhibit C-1-A
Preliminary
Subject to
Auditors'
Verification

THE UNITED GAS IMPROVEMENT COMPANY

BALANCE SHEET - DECEMBER 31, 1951

ASSETS AND OTHER DEBITS

INVESTMENTS (At cost or less):		
Investment Securities and Advances:		
Subsidiary Companies, Majority-Owned:		
Consolidated	$34,445,049	
Other Companies	4,642,743	
Miscellaneous Investments	7,921	$39,095,713
SPECIAL FUND (Contra)		40,691
CURRENT ASSETS:		
Cash, Demand Deposits in Banks	1,296,701	
Special Deposits	99,572	
Temporary Cash Investments -		
U.S. Treasury Securities	1,500,767	
Accounts Receivable	21,280	
Accrued Interest Receivable	91,479	
Other Current Assets	3,729	3,013,528
PREPAYMENTS		6,600
DEFERRED CHARGES		51,720
TOTAL ASSETS AND OTHER DEBITS		$42,208,252

LIABILITIES AND OTHER CREDITS

CAPITAL STOCK - $13.50 PAR VALUE:			
Authorized	2,414,759 Shares		
Issued	1,239,959 Shares		$16,739,446
Less - Reacquired	9,219 Shares		124,456
Outstanding	1,230,740 Shares		16,614,990
SURPLUS:			
Earned		$20,501,082	
Reserved for Possible Losses on Investments		3,844,421	
Capital (Arising in connection with change of Capital Stock from No Par to Par and reacquisition of Capital Stock in exchange for investment securities)		824,489	25,169,992
Total Capital Stock and Surplus			41,784,982
CURRENT LIABILITIES:			
Accounts Payable		12,059	
Dividends Declared		89,507	
Accrued Taxes:			
Federal Income	$139,134		
Federal Excess Profits	-		
Other Federal	820		
Commonwealth of Pennsylvania	62,980	202,934	
Other Current Liabilities		17,218	
Liability for Redemption of $13.50 Par Scrip		10,065	331,783
RESERVES:			
Prior Years' Taxes		50,796	
Special Fund (Contra)		40,691	91,487
TOTAL LIABILITIES AND OTHER CREDITS			$42,208,252

See Notes to Financial Statements, which are an integral part of this Statement.

THE UNITED GAS IMPROVEMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Reference is made to Comprehensive Plan of U.G.I. and subsidiary companies dated December 18, 1951, filed with the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, File No. 54-201.

2. The term "cost" as applied to Investment Securities represents the sum of: (a) cash outlay, (b) amounts based upon par or stated value of U.G.I.'s capital stocks issued in exchange for securities, and (c) amounts recorded in prior years, for shares of stock received from certain majority owned subsidiaries as dividends or other distributions on the basis of charges against surplus earned by those subsidiaries subsequent to dates that they were acquired by U.G.I.

3. Provision for Federal income tax has been made on the basis of a consolidated return to be filed by U.G.I. and certain (where 95% voting control existed) subsidiary companies. The required provision for such tax is less, and the net income correspondingly greater, by approximately $26,000 as a result of a substantial non-recurring loss sustained by an affiliated non-utility company and deducted in arriving at income subject to Federal income tax.

4. The statement of income for U.G.I. excludes $2,290,000 which, in accordance with requirements of the Uniform System of Accounts presently in effect, has been charged to surplus accounts.

5. Contingent Liabilities of U.G.I.:

   (a) The U.G.I. is guarantor of $2,752,000 principal amount of long term debt and interest thereon of companies no longer affiliated. U.G.I.'s guarantee is, in turn, covered by indemnification agreements of others, and, in one instance, the company furnishing such indemnification has assumed the direct liability for the long term debt covered thereby.

   (b) An agreement dated July 2, 1900, provided for the employment of U.G.I. by Northern Liberties Gas Company as its agent to operate its properties and supply and distribute gas in that portion of the City of Philadelphia which was formerly known as the District of Northern Liberties.

   By an agreement dated May 14, 1937, between U.G.I. and The Philadelphia Gas Works Company (a subsidiary) the latter company was substituted as agent under the agreement dated July 2, 1900. Concurrently, Northern Liberties Gas Company consented to this substitution and U.G.I. guaranteed full performance by The Philadelphia Gas Works Company of all obligations under the agency agreement. U.G.I. also guaranteed full payment to Northern Liberties Gas Company of $39,000 annually and payments for such taxes and assessments, as required in the agreement, for a period of 99 years from July 2, 1900.

   (c) The U.G.I., under agreements of suretyship, guarantees the faithful performance by The Philadelphia Gas Works Company of its obligations, under agreements with the City of Philadelphia, for the operation of the municipal gas works.

Exhibit C-2-A

Preliminary
Subject to
Auditors'
Verification

THE UNITED GAS IMPROVEMENT COMPANY

STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951

INCOME:	
Dividends:	
Subsidiaries, Majority Owned, Consolidated	$1,794,739
Other Companies	798,603
Total	2,593,342
Interest:	
Subsidiaries, Majority Owned, Consolidated	300,220
Other Company	43,056
Total	343,276
Income from Special Fund	1,363
Income from Temporary Cash Investments, Royalties, etc.	231,515
Total Income	3,169,496
EXPENSES, OTHER THAN INCOME TAXES:	
Salaries, Office Rentals, Supplies, Etc.	507,207
General Expenses	145,787
Sub-Total	652,994
Provision for Federal Taxes, Other than Income Taxes	3,981
Provision for State and Local Taxes	75,905
Sub-Total	79,886
Total Expenses, Other than Income Taxes	732,880
Net Operating Income, Before Income Taxes	2,436,616
OTHER DEDUCTIONS FROM INCOME	23,190
Net Income, Before Income Taxes	2,413,426
PROVISION FOR FEDERAL INCOME AND EXCESS PROFITS TAXES:	
Income Taxes	125,302
Excess Profits	-
Total	125,302
Net Income	2,288,124
INCOME APPROPRIATED TO SPECIAL FUND RESERVE	1,363
Balance Available for Capital Stock and Surplus	$2,286,761

See notes to Financial Statements, which are an integral part of this Statement.
Said notes are attached to Exhibit C-1-A.

Preliminary Subject to Auditors' Verification

Exhibit C-3-A

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATING BALANCE SHEET, DECEMBER 31, 1951

ASSETS AND OTHER DEBITS	The United Gas Improvement Company	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Total	Eliminations and Adjustments (Increase) Decrease	Consolidated
Plant and equipment (including intangibles):													
Electric and gas utility plant:													
Original cost	$ -	$16,287,321	$ 9,473,224	$12,075,331	$4,669,139	$1,560,900	$23,076,612	$ -	$ -	$ -	$67,142,527	$ -	$67,142,527
Acquisition adjustments	-	-	-	11,835	(216,037)	-	-	-	-	-	(204,202)	-	(204,202)
Nonutility plant, at cost	-	-	-	-	-	-	-	-	-	9,051,728	9,051,728	-	9,051,728
	-	16,287,321	9,473,224	12,087,166	4,453,102	1,560,900	23,076,612	-	-	9,051,728	75,990,053	-	75,990,053
Investments (at cost or less):													
Investment securities:													
Subsidiary companies, majority owned	25,285,049	-	-	-	-	-	-	-	-	-	25,285,049	25,285,049	-
Other Companies	4,642,743	-	-	-	-	-	-	-	-	-	4,642,743	-	4,642,743
Indebtedness of subsidiary companies, not current	9,160,000	-	-	-	-	-	-	-	-	-	9,160,000	9,160,000	-
Other physical property and miscellaneous investments	7,921	1,946	75,617	15,134	-	-	31,828	-	-	3,000	135,446	-	135,446
	39,095,713	1,946	75,617	15,134	-	-	31,828	-	-	3,000	39,223,238	34,445,049	4,778,189
Advances to The Philadelphia Gas Works Company, Lessee	-	-	-	-	-	-	-	5,200,000	-	-	5,200,000	-	5,200,000
Sinking and special funds	40,691	4,010	211,152	-	-	-	1,093	-	-	-	256,946	-	256,946
Current and accrued assets:													
Cash on hand and demand deposits in banks	1,296,701	184,823	266,122	45,211	88,938	55,500	764,980	285,014	13,809	55,722	3,056,820	(3,500)	3,060,320
Special deposits	99,572	975	1,688	51,096	296	-	107,849	-	-	7,096	268,572	40,184	228,388
Temporary cash investments	1,500,767	-	-	-	-	-	-	300,000	-	-	1,800,767	-	1,800,767
Accounts receivable:													
Customers (service)	-	191,900	166,514	183,801	69,798	20,357	450,616	-	-	-	1,082,986	-	1,082,986
Merchandise and jobbing	-	194,100	120,351	138,043	42,378	19,544	16,997	-	-	-	531,413	-	531,413
Others	7,820	15,398	374	8,489	257	-	54,877	-	493	10,557	98,265	(289)	98,494
Less reserve for uncollectible accounts	-	(18,000)	(6,204)	(7,052)	(3,507)	(3,621)	(113,540)	-	-	-	(151,924)	-	(151,924)
The Philadelphia Gas Works Company, Lessee	-	-	-	-	-	-	-	1,268,296	-	-	1,268,296	-	1,268,296
Affiliated companies	13,460	532	1,241	17,828	1,276	-	-	-	-	1,222	35,559	35,559	-
Interest, rents and dividends receivable:													
Subsidiary companies	76,666	-	-	-	-	-	-	-	-	-	76,666	76,666	-
Other	14,813	-	111	-	-	-	1,947	3,074	-	45,155	65,100	-	65,100
Materials and supplies	-	544,279	279,849	316,940	239,688	34,910	854,321	-	4,995	3,882	2,278,864	-	2,278,864
Prepayments	6,600	23,034	13,995	7,773	5,570	768	27,710	-	-	6,769	92,219	-	92,219
Other	3,729	-	-	-	-	-	-	-	-	-	3,729	3,729	-
Total current and accrued assets	3,020,128	1,137,041	844,041	762,129	444,694	127,458	2,165,757	1,856,384	19,297	130,403	10,507,332	152,409	10,354,923
Deferred debits:													
Expenditures by Ugite Sales Corporation in connection with construction and operation of experimental plants	-	-	-	-	-	-	-	-	4,167,016	-	4,167,016	4,167,016	-
Amount receivable by Ugite Sales Corporation under agreement	-	-	-	-	-	-	-	-	-	-	-	(425,000)	425,000
Other	51,720	69,761	353,941	20,587	66,432	-	241	1,300	50	-	564,032	(46)	564,078
	51,720	69,761	353,941	20,587	66,432	-	241	1,300	4,167,066	-	4,731,048	3,741,970	989,078
Total assets and other debits	$42,208,252	$17,500,079	$10,957,975	$12,885,016	$4,964,228	$1,688,358	$25,275,531	$7,057,684	$4,186,363	$9,185,131	$135,908,617	$38,339,428	$97,569,189

See notes to Consolidating Financial Statements

Preliminary
Subject to
Auditors'
Verification

EXHIBIT C-3-A

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATING BALANCE SHEET, DECEMBER 31, 1951

LIABILITIES AND OTHER CREDITS:	The United Gas Improvement Company	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Total	Eliminations and Adjustments (Increase) Decrease	Consolidated
Capital Stocks and Surplus:													
Capital Stock - $13.50 par value - The U. G. I. Co.	$16,614,990	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$16,614,990	$ -	$16,614,990
Surplus applicable to The U.G.I. Co.:													
Earned	20,501,082	664,805	435,912	361,660	182,085	157,994	2,585,073	247,190	205,193	(480,606)	24,860,388	438,410	24,421,978
Reserved for possible losses on investments	3,844,421	-	-	-	-	-	-	-	-	-	3,844,421	-	3,844,421
Capital	824,489	218,324	-	38,013	-	23,502	-	-	-	-	1,104,328	279,839	824,489
Net excess of equity in capital stocks of subsidiary companies at dates of acquisition or reorganization over investment therein	-	-	-	-	-	-	-	-	-	-	-	(317,689)	317,689
Minority interest in subsidiary companies:													
Capital Stocks	-	-	-	-	-	-	-	-	-	-	-	(3,004,454)	3,004,454
Surplus	-	-	-	-	-	-	-	-	-	-	-	(277,202)	277,202
Capital Stocks - Subsidiary Companies:													
Preferred	-	-	-	483,800	-	-	2,502,670	-	-	-	2,986,470	-	2,986,470
Common	-	6,618,750	5,521,800	3,342,262	2,500,000	990,000	4,417,350	5,000	250,000	3,808,000	27,453,162	27,453,162	-
Total Capital Stocks and Surplus	41,784,982	7,501,879	5,957,712	4,225,735	2,682,085	1,171,496	9,505,093	252,190	455,193	3,327,394	76,863,759	24,572,066	52,291,693
Long-term Debt - Subsidiary companies:													
Bonds	-	5,189,000	-	4,020,000	-	-	6,549,000	-	-	-	15,758,000	-	15,758,000
Less Sinking Fund Requirements due in 1952 (Estimated)	-	(62,000)	-	(48,000)	-	-	-	-	-	-	(110,000)	-	(110,000)
Notes Payable, Banks	-	-	-	-	-	-	-	1,950,000	-	-	1,950,000	-	1,950,000
Indebtedness to Parent Company - Not Current	-	-	875,000	-	-	-	-	3,250,000	3,555,000	2,010,000	9,690,000	9,690,000	-
	-	5,127,000	875,000	3,972,000	-	-	6,549,000	5,200,000	3,555,000	2,010,000	27,288,000	9,690,000	17,598,000
Current and Accrued Liabilities:													
Notes Payable, Banks	-	400,000	315,000	200,000	-	-	-	1,200,000	-	-	2,115,000	-	2,115,000
Sinking Fund Requirements (Estimated)	-	62,000	-	48,000	-	-	-	-	-	-	110,000	-	110,000
Advances Payable to Parent Company	-	-	1,455,000	1,245,000	1,050,000	-	-	-	-	-	3,750,000	3,750,000	-
Accounts Payable:													
Affiliated Companies	1,133	2,558	14,358	4,307	2,501	19,821	2,500	65,000	-	-	112,178	112,178	-
Others	10,926	300,058	144,371	177,237	63,795	2,406	94,090	9,714	-	3,802	806,399	-	806,399
Dividends Declared	89,507	-	1,241	50,512	-	-	26,934	-	-	-	168,194	40,184	128,010
Matured Interest	-	-	-	39	-	-	107,396	-	-	-	107,435	-	107,435
Customers' Deposits	-	17,822	1,486	4,129	4,049	4,020	44,373	-	-	-	75,879	-	75,879
Taxes Accrued	202,934	311,226	330,166	322,536	122,142	42,697	758,448	266,428	1,020	4,019	2,361,616	-	2,361,616
Interest Accrued	-	35,113	44	19,568	334	114	2,651	24,469	-	-	82,293	-	82,293
Other	27,283	22,448	45,300	3,962	15,403	1,325	12,364	460	150	5,646	134,341	-	134,341
Total Current and Accrued Liabilities	331,783	1,151,225	2,306,966	2,075,290	1,258,224	70,383	1,048,756	1,566,071	1,170	13,467	9,823,335	3,902,362	5,920,973
Deferred Credits	-	24,917	11,328	14,283	7,774	6,237	76,847	-	175,000	-	316,386	175,000	141,386
Reserves:													
Depreciation	-	3,467,937	1,605,068	2,500,637	1,013,394	404,507	7,886,890	-	-	3,824,971	20,703,404	-	20,703,404
Other	91,487	86,507	165,383	54,256	-	33,870	160,117	39,423	-	9,299	640,342	-	640,342
Total Reserves	91,487	3,554,444	1,770,451	2,554,893	1,013,394	438,377	8,047,007	39,423	-	3,834,270	21,343,746	-	21,343,746
Contributions in Aid of Construction	-	140,614	36,518	42,815	2,751	1,865	48,828	-	-	-	273,391	-	273,391
Total Liabilities and Other Credits	$42,208,252	$17,500,079	$10,957,975	$12,885,016	$4,964,228	$1,688,358	$25,275,531	$7,057,684	$4,186,363	$9,185,131	$135,908,617	$38,339,428	$97,569,189

THE UNITED GAS IMPROVEMENT COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

1. Reference is made to Comprehensive Plan of U.G.I. and subsidiary companies dated December 18, 1951, filed with the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, File No. 54-201.

2. The term "cost" as applied to Investment Securities represents the sum of: (a) cash outlay, (b) amounts based upon par or stated value of U.G.I.'s capital stocks issued in exchange for securities, and (c) amounts recorded in prior years, for shares of stock received from certain majority owned subsidiaries as dividends or other distributions on the basis of charges against surplus earned by those subsidiaries subsequent to dates that they were acquired by U.G.I.

   The U.G.I.'s equity at December 31, 1951, in net assets of its consolidated subsidiaries, as indicated by their balance sheets at that date, exceeds, by $4,238,586, U.G.I.'s book investment in capital stocks of such subsidiaries.

3. The consolidated statements include those companies of which more than 50 per cent of the voting common stocks was held December 31, 1950.

   The financial statements of The Philadelphia Gas Works Company, which are included in the consolidated statements, relate only to its corporate accounts and do not include those recording its transactions with respect to its lessee accounts in connection with the operation of the municipal gas works of the City of Philadelphia and its agency accounts for operation of the Northern Liberties Gas Company.

4. The balances in the reserves for depreciation have been provided, prior to 1937 and 1939 (for electric and gas properties, respectively) under the retirement-reserve method and subsequently under the depreciation method. Under the latter method provisions were based upon the estimated average service lives of the major classes of property and were approximately equivalent to amounts claimed or to be claimed as deductions for Federal income tax purposes.

5. Provision for Federal income tax has been made on the basis of a consolidated return to be filed by U.G.I. and certain (where 95% voting control existed) subsidiary companies. The required provision for such tax is less, and the net income correspondingly greater, by approximately $26,000 (for U.G.I. and $256,000 for the consolidated group) as a result of a substantial non-recurring loss sustained by an affiliated non-utility company and deducted in arriving at income subject to Federal income tax.

6. The consolidated statement of income excludes $2,612,000 which, in accordance with requirements of Uniform Systems of Accounts presently in effect, have been charged to surplus accounts.

THE UNITED GAS IMPROVEMENT COMPANY
AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Contingent Liabilities of U.G.I.:

(a) The U.G.I. is guarantor of $2,752,000 principal amount of long term debt and interest thereon of companies no longer affiliated. U.G.I.'s guarantee is, in turn, covered by indemnification agreements of others, and, in one instance, the company furnishing such indemnification has assumed the direct liability for the long term debt covered thereby.

(b) An agreement dated July 2, 1900, provided for the employment of U.G.I. by Northern Liberties Gas Company as its agent to operate its properties and supply and distribute gas in that portion of the City of Philadelphia which was formerly known as the District of Northern Liberties.

By an agreement dated May 14, 1937, between U.G.I. and The Philadelphia Gas Works Company (a subsidiary) the latter company was substituted as agent under the agreement dated July 2, 1900. Concurrently, Northern Liberties Gas Company consented to this substitution and U.G.I. guaranteed full performance by The Philadelphia Gas Works Company of all obligations under the agency agreement. U.G.I. also guaranteed full payment to Northern Liberties Gas Company of $39,000 annually and payments for such taxes and assessments, as required in the agreement, for a period of 99 years from July 2, 1900.

(c) The U.G.I., under agreements of suretyship, guarantees the faithful performance by The Philadelphia Gas Works Company of its obligations, under agreements with the City of Philadelphia, for the operation of the municipal gas works.

Preliminary
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Exhibit C-3-A
(Continued)

THE UNITED GAS IMPROVEMENT COMPANY AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)
AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

SUMMARY OF CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS, DECEMBER 31, 1951

ASSETS AND OTHER DEBITS		Investments Subsidiary Companies Majority Owned	Investments - Indebtedness of Subsidiary Companies Not Current	Cash on Hand and Demand Deposits in Banks	Special Deposits	Accounts Receivable Others	Accounts Receivable - Affiliated Companies	Interest and Rents Receivable - Subsidiary Companies	Other Current and Accrued Assets	Deferred Debits: Expenditures by Ugite Sales Corp. In connection with Construction and Operation of Experimental Plants	Deferred Debits: Other	Deferred Debits: Amount Receivable by Ugite Sales Corporation under Agreement
Number	1	$24,410,049.14	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	2	875,000.00	9,160,000.00	-	-	-	-	-	-	3,567,016.52	-	-
	3	-	-	-	-	-	35,558.69	-	-	-	(46.21)	-
	4	-	-	-	-	-	-	76,666.67	-	-	-	-
	5	-	-	(3,500.00)	-	-	-	-	3,500.00	-	-	-
	6	-	-	-	-	-	-	-	-	-	-	-
	7	-	-	-	-	(228.73)	-	-	228.73	-	-	-
	8	-	-	-	-	-	-	-	-	600,000.00	-	(425,000.00)
	9	-	-	-	40,184.38	-	-	-	-	-	-	-
	Totals	$25,285,049.14	$9,160,000.00	$(3,500.00)	$40,184.38	$(228.73)	$35,558.69	$76,666.67	$ 3,728.73	$ 4,167,016.52	$(46.21)	$(425,000.00)

LIABILITIES AND OTHER CREDITS		Surplus Applicable to The U.G.I. Co.: Earned	Capital	Net excess of equity in capital stock of subsidiary companies at dates of acquisition or reorganization over investment thereon	Minority Interest in Subsidiary Companies: Capital Stocks	Surplus	Capital Stocks Subsidiary Companies - Common	Long Term Debt - Subsidiary Companies Indebtedness to Parent Company Not Current	Advances Payable to Parent Company	Accounts Payable - Affiliated Companies	Dividends Declared	Other Deferred Credits
Number	1	$10,391.18	$268,638.95	$(317,689.32)	$ -	$ -	$24,448,708.33	$ -	$ -	$ -	$ -	$ -
	2	162,016.52	-	-	-	-	-	9,690,000.00	3,750,000.00	-	-	-
	3	-	-	-	-	-	-	-	-	35,512.48	-	-
	4	-	-	-	-	-	-	-	-	76,666.67	-	-
	5	-	-	-	-	-	-	-	-	-	-	-
	6	266,002.03	11,200.37	-	(3,004,453.67)	(277,202.40)	3,004,453.67	-	-	-	-	-
	7	-	-	-	-	-	-	-	-	-	-	-
	8	-	-	-	-	-	-	-	-	-	-	175,000.00
	9	-	-	-	-	-	-	-	-	-	40,184.38	-
	Totals	$438,409.73	$279,839.32	$(317,689.32)	$(3,004,453.67)	$(277,202.40)	$27,453,162.00	$9,690,000.00	$3,750,000.00	$112,179.15	$40,184.38	$175,000.00

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THE UNITED GAS IMPROVEMENT COMPANY AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)

AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS, DECEMBER 31, 1951

No. 1

Capital Stocks - Subsidiary Companies - Common	$24,448,708.33	
Earned Surplus Applicable to The U.G.I. Co.	10,391.18	
Capital Surplus Applicable to The U.G.I. Co.	268,638.95	
Net Excess of Equity in Capital Stock of Subsidiary Companies at Dates of Acquisition or Reorganization over Investment therein		$ 317,689.32
Investments - Subsidiary Companies, Majority Owned		24,410,049.14

To eliminate investments of The U.G.I. Co. in capital stocks and adjusted surpluses of subsidiary companies, at dates of acquisition or reorganization, as follows:

	Common Stocks Par or Stated Values	Adjusted Earned Surplus at Dates of Acquisition or Reorganization	Adjusted Capital Surplus at dates of Acquisition or Reorganization	Total	Investments	Net Excess of Equity in Capital Stock of Subsidiary Companies at Dates of Acquisition or Reorganization over Investment therein
Utility Companies:						
Allentown-Bethlehem Gas Company	$ 6,618,750.00	$ -	$ 218,323.80	$6,837,073.80	$6,478,973.68	$ 358,100.12
Consumers Gas Company	3,502,125.00	-	-	3,502,125.00	3,547,175.21	(45,050.21)
Harrisburg Gas Company, The	2,357,483.33	10,391.18	26,812.81	2,394,687.32	2,056,999.30	337,688.02
Lancaster County Gas Company	2,500,000.00	-	-	2,500,000.00	2,500,000.00	-
Lebanon Valley Gas Company	990,000.00	-	23,502.34	1,013,502.34	1,168,736.14	(155,233.80)
Luzerne County Gas and Electric Corporation	4,417,350.00	-	-	4,417,350.00	4,595,164.81	(177,814.81)
Philadelphia Gas Works Company, The	5,000.00	-	-	5,000.00	5,000.00	-
Non-Utility Companies:						
Ugite Sales Corporation	250,000.00	-	-	250,000.00	250,000.00	-
Utilities Realty Company, The	3,808,000.00	-	-	3,808,000.00	3,808,000.00	-
	$24,448,708.33	$10,391.18	$268,638.95	$24,727,738.46	$24,410,049.14	$317,689.32

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THE UNITED GAS IMPROVEMENT COMPANY AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)

AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS, DECEMBER 31, 1951
(Continued)

No. 2

Long-Term Debt - Subsidiary Companies, Indebtedness to Parent Company - Not Current	$9,690,000.00	
Earned Surplus Applicable to The U.G.I. Co.	162,016.52	
Advances Payable to Parent Company	3,750,000.00	
Investments - Subsidiary Companies, Majority Owned		$ 875,000.00
Investments - Indebtedness of Subsidiary Companies - Not Current		9,160,000.00
Deferred Debits - Expenditures by Ugite Sales Corporation in Connection with Construction and Operation of Experimental Plants		3,567,016.52

To eliminate investments of The U.G.I. Co. in loans and advances on open accounts to subsidiary companies and amounts due The U.G.I. Co. from subsidiary companies, as follows:

	Investments - Subsidiary Companies, Majority Owned	Investments - Indebtedness of Subsidiary Companies - Not Current	Deferred Debits	Long-Term Debt - Subsidiary Companies, Indebtedness to Parent Company - Not Current	Earned Surplus Applicable The U.G.I. Co.	Advances Payable to Parent Company
Allentown-Bethlehem Gas Company	$ -	$ -	$ -	$ -	$ -	$ -
Consumers Gas Company	875,000.00	1,455,000.00	-	875,000.00	-	1,455,000.00
Harrisburg Gas Company, The	-	1,245,000.00	-	-	-	1,245,000.00
Lancaster County Gas Company	-	1,050,000.00	-	-	-	1,050,000.00
Philadelphia Gas Works Company, The	-	3,250,000.00	-	3,250,000.00	-	-
Ugite Sales Corporation	-	150,000.00	3,567,016.52	3,555,000.00	162,016.52	-
Utilities Realty Company, The	-	2,010,000.00	-	2,010,000.00	-	-
	$ 875,000.00	$9,160,000.00	$3,567,016.52	$9,690,000.00	$162,016.52	$3,750,000.00

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THE UNITED GAS IMPROVEMENT COMPANY AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)

AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS, DECEMBER 31,1951
(Continued)

No. 3

Accounts Payable - Affiliated Companies	$35,512.48	
Deferred Debits - Other	46.21	
Accounts Receivable - Affiliated Companies		$35,558.69

To eliminate amounts receivable from and payable to affiliated companies, as follows:

	Accounts Receivable - Affiliated Companies	Accounts Payable - Affiliated Companies	Deferred Debits - Other
Receivable by The U.G.I. Co. from:			
Allentown-Bethlehem Gas Company	$ 2,544.13	$ 2,544.13	$ -
Consumers Gas Company	2,500.00	2,500.00	-
Harrisburg Gas Company, The	2,500.00	2,500.00	-
Lebanon Valley Gas Company	915.85	915.85	-
Luzerne County Gas and Electric Corporation	2,500.00	2,500.00	-
Lancaster County Gas Company	2,500.00	2,500.00	-
Receivable by Allentown-Bethlehem Gas Company from:			
Harrisburg Gas Company, The	531.53	531.53	-
Receivable by Consumers Gas Company from:			
Lebanon Valley Gas Company	1,241.22	1,241.22	-
Receivable by The Harrisburg Gas Company from:			
Consumers Gas Company	163.65	163.65	-
Lebanon Valley Gas Company	17,664.20	17,664.20	-
Receivable by Lancaster County Gas Company from:			
The Harrisburg Gas Company	1,275.62	1,275.62	-
Receivable by The Utilities Realty Company from:			
Allentown-Bethlehem Gas Company	27.84	13.65	14.19
Consumers Gas Company	27.72	27.72	-
U.G.I.Co., The	1,133.44	1,133.44	-
Harrisburg Gas Company, The	32.02	-	32.02
Lancaster County Gas Company	1.47	1.47	-
Luzerne County Gas and Electric Corporation	-	-	-
	$35,558.69	$35,512.48	$46.21

THE UNITED GAS IMPROVEMENT COMPANY

AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)

AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS, DECEMBER 31, 1951
(CONTINUED)

No. 4

Accounts Payable - Affiliated Companies ---	$76,666.67	
Interest and Rents Receivable - Subsidiary Companies ----------		$76,666.67

To eliminate accrual of interest on long-term debt and advances to The U.G.I. Co. from the following companies:

Consumers Gas Company -----	$11,666.67
Philadelphia Gas Works Company. The ----------	65,000.00
	$76,666.67

THE UNITED GAS IMPROVEMENT COMPANY

AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)

AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS,

DECEMBER 31, 1951

No. 5

Cash on Hand and Demand Deposits in Banks	$ 3,500.00	
Other Current and Accrued Assets		$ 3,500.00

To reclassify working funds of The U.G.I. Co.

No. 6

Capital Stocks - Subsidiary Companies - Common	3,004,453.67	
Earned Surplus Applicable to The U.G.I. Co.	266,002.03	
Capital Surplus Applicable to The U.G.I. Co.	11,200.37	
Minority Interest in Subsidiary Companies:		
Capital Stocks		3,004,453.67
Surplus		277,202.40

To set up minority interest in capital stocks and surplus of subsidiary companies, as follows:

	Capital Stocks	Capital Surplus	Earned Surplus
Consumers Gas Company	$2,019,675.00	$ -	$159,440.96
Harrisburg Gas Company, The	984,778.67	11,200.37	106,561.07
	$3,004,453.67	$11,200.37	$266,002.03

No. 7

Accounts Receivable - Others	$ 228.73	
Other Current and Accrued Assets		$ 228.73

To reclassify items included in latter account, as follows:

The U.G.I. Co.	$228.73

No. 8

Other Deferred Credits	$175,000.00	
Amount Receivable by Ugite Sales Corporation under Agreement	425,000.00	
Expenditures by Ugite Sales Corporation in Connection with Construction and Operation of Experimental Plants		$600,000.00

To reflect the net amount to be received by Ugite Sales Corporation under conditional sales agreement.

THE UNITED GAS IMPROVEMENT COMPANY

AND ITS SUBSIDIARY COMPANIES (CONSOLIDATED)

AND THE UNITED GAS IMPROVEMENT COMPANY (CORPORATION)

CONSOLIDATING BALANCE SHEET ELIMINATIONS AND ADJUSTMENTS,

DECEMBER 31, 1951
(Continued)

No. 9

Dividends Declared ----------	$40,184.38	
Special Deposits ----------		$40,184.38

To adjust accounts of The Harrisburg Gas Company for amount of dividend paid to The U.G.I. Co. and recorded by that company as dividend income.

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1951,

AND THE UNITED GAS IMPROVEMENT COMPANY

PRO FORMA BALANCE SHEET, DECEMBER 31, 1951

(After giving effect to Parts I and II of the Plan dated December 18, 1951)

Preliminary Subject to Auditors' Verification

Exhibit C-3-A (Continued)

ASSETS AND OTHER DEBITS	Consolidated Before Adjustment (Preceding Page)(4)	Proposed Adjustments by Reason of: Resumption of Operation of Northern Liberties Gas Company	Exchange of Long-Term Debt	Retirement of Preferred Stock of The Harrisburg Gas Company	Exchange of Preferred Stock of Luzerne County Gas and Electric Corporation	Acquisition of Minority Interests	Exchange of The U.G.I. Co. Capital Stock for Common Stock	Sale of Temporary Cash Investments and Payment of Bank Loans	Reclassification	The U.G.I. Co. After Giving Effect to Parts I and II of the Plan
Plant and equipment (including intangibles):										
Electric and gas utility plant:										
Original cost	$67,142,527	$ 440,554	$ -	$ -	$ -	$ -	$ -	$ -	$ 103,932 (1) 4,689,974 (1)	$72,376,987
Acquisition adjustments	(204,202)	-	-	-	-	-	-	-	-	(204,202)
Non-utility plant, at cost	9,051,728	-	-	-	-	-	-	-	(9,051,728)(1)	-
	75,990,053	440,554	-	-	-	-	-	-	(4,257,822)	72,172,785
Investments (at cost or less):										
Investment securities:										
Subsidiary companies, majority owned	-	-	-	-	-	3,574,053 (3,574,053)	-	-	-	-
Other companies	4,642,743	-	-	-	-	-	-	-	-	4,642,743
Other physical property	132,446	66,922	-	-	-	-	-	-	((7,921)(1) (600,000 (1) (4,361,754 (1)	5,153,201
Other investments	3,000	-	-	-	-	-	-	-	-	3,000
	4,778,189	66,922	-	-	-	-	-	-	4,953,833	9,798,944
Advances to The Philadelphia Gas Works Company, Lessee	5,200,000	-	-	-	-	-	-	-	(5,200,000)(2)	-
Loans in connection with operation of City of Philadelphia gas works	-	-	-	-	-	-	-	-	5,200,000 (2)	5,200,000
Sinking and special funds	256,946	-	-	-	-	-	-	-	-	256,946
Current and accrued assets:										
Cash on hand and demand deposits in banks	3,060,320	2,008	-	(532,180)	-	-	-	(915,000) 1,500,000	-	3,115,148
Special deposits	228,388	514	-	-	-	-	-	-	-	228,902
Temporary cash investments	1,800,767	-	-	-	-	-	-	(1,500,767)	-	300,000
Accounts receivable:										
Customers (service)	1,082,986	18,788	-	-	-	-	-	-	-	1,101,774
Merchandise and jobbing	531,413	3,363	-	-	-	-	-	-	-	534,776
Others	98,494	-	-	-	-	-	-	-	-	98,494
Less reserve for uncollectible accounts	(151,924)	(1,332)	-	-	-	-	-	-	-	(153,256)
The Philadelphia Gas Works Company, Lessee	1,268,296	-	-	-	-	-	-	-	(1,268,296)(2)	-
Receivable in connection with operation of City of Philadelphia gas works	-	-	-	-	-	-	-	-	1,268,296 (2)	1,268,296
Interest, rents and dividends receivable	65,100	-	-	-	-	-	-	-	-	65,100
Materials and supplies	2,278,864	7,874	-	-	-	-	-	-	-	2,286,738
Prepayments	92,219	1,310	-	-	-	-	-	-	-	93,529
Total current and accrued assets	10,354,923	32,525	-	(532,180)	-	-	-	(915,767)	-	8,939,501
Deferred debits:										
Amount receivable by Ugite Sales Corporation under agreement	425,000	-	-	-	-	-	-	-	(425,000)(1)	-
Other	564,078	-	-	-	-	-	-	-	-	564,078
	989,078	-	-	-	-	-	-	-	(425,000)	564,078
TOTAL ASSETS AND OTHER DEBITS	$97,569,189	$540,001	$ -	($532,180)	$ -	$ -	$ -	($915,767)	$271,011	$96,932,254

(1) Reclassification of plant and other investments of former non-utility companies.

(2) Change in nomenclature of account.

(3) Restoration of appropriated surplus.

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1951,

AND THE UNITED GAS IMPROVEMENT COMPANY

PRO FORMA BALANCE SHEET, DECEMBER 31, 1951

(After giving effect to Parts I and II of the Plan dated December 18, 1951)

Preliminary Subject to Auditors' Verification

Exhibit C-3-A (Continued)

LIABILITIES AND OTHER CREDITS	Consolidated Before Adjustment (Preceding Page)(4)	Proposed Adjustments by Reason of: Resumption of Operation of Northern Liberties Gas Company	Exchange of Long-Term Debt	Retirement of Preferred Stock of The Harrisburg Gas Company	Exchange of Preferred Stock of Luzerne County Gas and Electric Corporation	Acquisition of Minority Interests	Exchange of The U.G.I. Co. Capital Stock for Common Stock	Sale of Temporary Cash Investments and Payment of Bank Loans	Reclassification	The U.G.I. Co. After Giving Effect to Parts I and II of the Plan
Capital stocks and surplus:										
Preferred stock - 4-1/4% series - $100 par value	$ -	$ -	$ -	$ -	$2,500,000	$ -	$ -	$ -	$ -	$2,500,000
Capital stock - $13.50 par value	16,614,990	-	-	-	-	-	(16,614,990)	-	-	-
Common stock - $13.50 par value	-	-	-	-	-	1,531,737	16,614,990	-	-	18,146,727
Surplus:										
Earned	24,421,978	286,319	-	(48,380)	-	-	-	(767)	3,844,421 (3)	28,503,571
Reserved for possible losses on investments	3,844,421	-	-	-	-	-	-	-	(3,844,421)(3)	-
Capital	824,489	-	-	-	2,670	2,042,316	-	-	-	2,869,475
Net excess of equity in capital stocks of subsidiary companies at dates of acquisition or reorganization over investment therein	317,689	-	-	-	-	(292,397)	-	-	(25,292)(2)	-
Minority interest in subsidiary companies:										
Capital stocks	3,004,454	-	-	-	-	(3,004,454)	-	-	-	-
Surplus	277,202	-	-	-	-	(277,202)	-	-	-	-
Preferred stocks - subsidiary companies	2,986,470	-	-	(483,800)	(2,502,670)	-	-	-	-	-
Total capital stocks and surplus	52,291,693	286,319	-	(532,180)	-	-	-	(767)	(25,292)	52,019,773
Long-term debt:										
Bonds - The U.G.I. Co.	-	-	15,758,000	-	-	-	-	-	-	15,758,000
Bonds - subsidiary companies	15,758,000	-	(15,758,000)	-	-	-	-	-	-	-
Less - sinking fund requirements due in 1952	(110,000)	-	-	-	-	-	-	-	-	(110,000)
Notes payable - banks	1,950,000	-	-	-	-	-	-	-	-	1,950,000
	17,598,000	-	-	-	-	-	-	-	-	17,598,000
Current and accrued liabilities:										
Notes payable - banks	2,115,000	-	-	-	-	-	-	(915,000)	-	1,200,000
Sinking fund requirements - estimated	110,000	-	-	-	-	-	-	-	-	110,000
Accounts payable	806,399	30,027	-	-	-	-	-	-	-	836,426
Dividends declared	128,010	-	-	-	-	-	-	-	-	128,010
Matured interest	107,435	-	-	-	-	-	-	-	-	107,435
Customers' deposits	75,879	7,846	-	-	-	-	-	-	-	83,725
Taxes accrued	2,361,616	277	-	-	-	-	-	-	-	2,361,893
Interest accrued	82,293	727	-	-	-	-	-	-	-	83,020
Other	134,341	1,928	-	-	-	-	-	-	-	136,269
Total current and accrued liabilities	5,920,973	40,805	-	-	-	-	-	(915,000)	-	5,046,778
Deferred credits	141,386	1,572	-	-	-	-	-	-	175,000 (1)	317,958
Reserves:										
Depreciation	20,703,404	-	-	-	-	-	-	-	96,011 (1)	20,799,415
Amortization of other limited-term gas investments	-	104,138	-	-	-	-	-	-	-	104,138
Other	640,342	105,459	-	-	-	-	-	-	25,292 (2)	771,093
	21,343,746	209,597	-	-	-	-	-	-	121,303	21,674,646
Contributions in aid of construction	273,391	1,708	-	-	-	-	-	-	-	275,099
TOTAL LIABILITIES AND OTHER CREDITS	$97,569,189	$540,001	$ -	($532,180)	$ -	$ -	$ -	($915,767)	$271,011	$96,932,254

(1) Reclassification of plant and other investments of former non-utility companies.
(2) Change in nomenclature of account.
(3) Restoration of appropriated surplus.
(4) See Notes to Consolidating Balance Sheet which are

THE UNITED GAS IMPROVEMENT COMPANY

AND SUBSIDIARY COMPANIES

RECLASSIFICATIONS REFLECTED ON PRO FORMA

BALANCE SHEET, DECEMBER 31, 1951

(After giving effect to Parts I and II of the Plan dated December 18, 1951)

(1) Reclassification of plant and other investments of former non-utility companies:

Electric and gas utility plant	$4,689,974	
Other physical property	4,361,754	
To - Non-utility plant		$9,051,728

For reclassification of non-utility plant of the former The Utilities Realty Company, as follows:

	Utility Plant	Other Physical Property
Land, Carbon to Richmond Streets	$ -	$ 59,492
Land, 204-6 Laurel Street	-	6,692
U.G.I. Building	4,572,672	-
Fidelity Building	-	2,113,951
Building - 9th & Berks Sts.	-	1,686,847
Building - 6th & Duncannon Sts.	-	494,772
Building - Lancaster, Pa.	106,949	-
Office furniture and fixtures	1,988	-
Miscellaneous equipment	4,391	-
Dispensary equipment	973	-
Automotive equipment	3,001	-
	4,689,974	4,361,754

Other physical property	600,000	
To - Amount receivable by Ugite Sales Corporation under agreement		425,000
Deferred credit		175,000

For reclassification of plant of the former Ugite Sales Corporation as follows:

Estimated realizable value of plant	$ 600,000
Less amount received to date	175,000
Net amount receivable	425,000

Electric and gas utility plant	103,932	
To - Reserve for depreciation		96,011
Investments in other physical property		7,921

For reclassification of furniture and fixtures of The U.G.I. Co. as follows:

Furniture and fixtures, at cost	$ 103,932
Less reserve for depreciation	96,011
Amount heretofore classified under investments	7,921

Exhibit C-3-A
(Continued)

THE UNITED GAS IMPROVEMENT COMPANY

AND SUBSIDIARY COMPANIES

RECLASSIFICATIONS REFLECTED ON PRO FORMA

BALANCE SHEET, DECEMBER 31, 1951

(After giving effect to Parts I and II of the Plan dated December 18, 1951)

(Continued)

(2) Change in nomenclature of account:

Loans in connection with operation of City of Philadelphia gas works ----------	$5,200,000	
Amount currently receivable in connection with operation of City of Philadelphia gas works ---	1,268,296	
To - Advances to The Philadelphia Gas Works Company, Lessee ----------		$5,200,000
Amount currently receivable from The Philadelphia Gas Works Company, Lessee		1,268,296

For reclassification of amounts receivable by the former The Philadelphia Gas Works Company.

Net excess of equity in capital stocks of subsidiary companies at date of acquisition or reorganization over investment therein -----	25,292	
To - Other Reserves ----------		25,292

For reclassification of former account.

(3) Restoration of appropriated surplus:

Surplus reserved for possible losses on investments ----------	3,844,421	
To - Earned surplus ----------		3,844,421

To close the former account.

Preliminary Subject to Auditors' Verification

Exhibit C-4-A

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATING STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951

	The United Gas Improvement Company	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Total	Eliminations	Consolidated
Operating Revenues:													
Gas	$ -	$4,131,813.00	$3,010,085.19	$3,293,146.18	$1,409,371.87	$485,555.68	$ 695,085.21	$ -	$ -	$ -	$13,025,057.13	$ 196,614.33	$12,828,442.80
Electric	-	-	-	-	-	-	4,809,707.28	-	-	-	4,809,707.28	-	4,809,707.28
Other	-	-	-	-	-	-	-	800,000.00	4,770.53	528,326.65	1,333,097.18	67,375.68	1,265,721.50
Total Operating Revenue	-	4,131,813.00	3,010,085.19	3,293,146.18	1,409,371.87	485,555.68	5,504,792.49	800,000.00	4,770.53	528,326.65	19,167,861.59	263,990.01	18,903,871.58
Operating Revenue Deductions:													
Operating Expenses	647,367.99	2,716,150.97	2,023,608.10	2,052,706.76	882,704.14	331,001.57	2,428,335.74	172,918.13	210.00	234,257.14	11,489,260.54	277,405.86	11,211,854.68
Maintenance	-	274,465.08	122,406.92	227,978.65	128,816.92	19,174.23	390,578.80	-	-	112,672.45	1,276,093.05	-	1,276,093.05
Provision for Depreciation	5,626.02	340,000.00	168,000.00	275,000.00	75,000.00	37,000.00	664,000.00	-	-	97,310.29	1,661,936.31	-	1,661,936.31
Amortization of Utility Plant Acquisition Adjustment	-	-	-	910.41	(16,618.88)	-	-	-	-	-	(15,708.47)	-	(15,708.47)
Provision for Taxes:													
Federal Income	125,301.88	228,324.80	279,127.11	273,898.76	84,494.77	31,323.54	569,263.45	210,018.54	-	-	1,801,752.85	-	1,801,752.85
Federal Excess Profits	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Federal	3,981.22	15,489.72	8,399.76	10,545.54	6,707.10	1,603.77	104,951.68	315.00	-	3,152.95	155,146.74	-	155,146.74
State and Local	75,904.80	70,812.31	50,962.00	48,558.00	26,163.21	9,003.42	194,593.68	40,167.81	1,058.77	80,933.82	598,157.82	-	598,157.82
Total Operating Revenue Deductions	858,181.91	3,645,242.88	2,652,503.89	2,889,598.12	1,187,267.26	429,106.53	4,351,723.35	423,419.48	1,268.77	528,326.65	16,966,638.84	277,405.86	16,689,232.98
Operating Income	(858,181.91)	486,570.12	357,581.30	403,548.06	222,104.61	56,449.15	1,153,069.14	376,580.52	3,501.76	-	2,201,222.75	(13,415.85)	2,214,638.60
Other Income:													
Dividends	2,593,342.09	-	-	-	-	-	-	-	-	-	2,593,342.09	1,794,739.00	798,603.09
Interest	354,393.78	-	-	-	-	-	-	236,492.24	-	-	590,886.02	300,220.26	290,665.76
Merchandising and Jobbing	-	85,243.22	56,201.71	33,261.16	11,824.65	11,873.44	329.91	-	-	-	198,734.09	-	198,734.09
Miscellaneous	221,759.75	(1.27)	9,812.05	-	-	-	956.85	-	-	-	232,527.38	13,415.85	219,111.53
Total Other Income	3,169,495.62	85,241.95	66,013.76	33,261.16	11,824.65	11,873.44	1,286.76	236,492.24	-	-	3,615,489.58	2,108,375.11	1,507,114.47
Gross Income	2,311,313.71	571,812.07	423,595.06	436,809.22	233,929.26	68,322.59	1,154,355.90	613,072.76	3,501.76	-	5,816,712.33	2,094,959.26	3,721,753.07
Income Deductions:													
Interest on Long-Term Debt	-	139,851.96	-	105,469.48	-	-	212,842.50	96,448.26	-	-	554,612.20	-	554,612.20
Interest - Other	690.25	25,402.95	86,818.68	48,584.24	32,224.85	366.32	4,653.17	136,294.60	-	-	335,135.06	300,220.26	34,914.80
Interest charged to construction (credit)	-	(22,454.23)	(554.15)	(602.12)	(7.09)	-	(5,056.24)	-	-	-	(28,673.83)	-	(28,673.83)
Miscellaneous Income Deductions	23,862.87	9,050.83	12,326.59	4,713.00	1,042.76	952.01	(2,842.55)	-	-	-	49,105.51	-	49,105.51
Dividends on Preferred Stocks of Subsidiaries-	-	-	-	21,771.00	-	-	106,260.03	-	-	-	128,031.03	-	128,031.03
Minority Interests	-	-	118,874.70	75,656.90	-	-	-	-	-	-	194,531.60	-	194,531.60
Total	24,553.12	151,851.51	217,465.82	255,692.50	33,260.52	1,318.33	315,856.91	232,742.86	-	-	1,232,741.57	300,220.26	932,521.31
Net Income Applicable to The U.G.I. Company	$2,286,760.59	$419,960.56	$206,129.24	$181,116.72	$200,668.74	$67,004.26	$838,498.99	$380,329.90	$3,501.76	$ -	$4,583,970.76	$1,794,739.00	$2,789,231.76

See Notes to Consolidating Financial Statements which are an integral part of this Statement.

Exhibit C-4-A
(Continued)
Preliminary
Subject to
Auditors'
Verification

THE UNITED GAS IMPROVEMENT COMPANY

CONSOLIDATING STATEMENT OF INCOME

SUMMARY OF ELIMINATIONS

For Twelve Months Ended December 31st

	1951
REVENUE:	
Consumers's sales to Lebanon	$ 13,144.88
Harrisburg's sales to Lebanon	183,469.45
Sub-total	196,614.33
Lancaster's rent to Utilities Realty	9,000.00
P.G.W.'s rent to Utilities Realty	843.72
U.G.I.'s rent to Utilities Realty	57,531.96
Sub-total	67,375.68
Total	263,990.01
EXPENSES:	
Lebanon's purchases from Consumers	13,144.88
Lebanon's purchases from Harrisburg	183,469.45
Lancaster's rent to Utilities Realty	9,000.00
P.G.W.'s rent to Utilities Realty	843.72
U.G.I.'s rent to Utilities Realty	57,531.96
Subsidiaries' payments for Routine and Special Services -	13,415.85
Total	277,405.86
OTHER INCOME: (Dividends - System Companies):	
Subsidiaries' Dividends to U.G.I.	1,794,739.00
OTHER INCOME: (Interest - System Companies):	
Subsidiaries' Interest to U.G.I.	300,220.26
OTHER INCOME (Other - System Companies):	
Subsidiaries' Payments for Routine and Special Services -	13,415.85
Total	2,108,375.11
INCOME DEDUCTIONS:	
Subsidiaries' Interest to U.G.I.	300,220.26
SALES: (Mcf)	
Consumers' to Lebanon	23,548.00
Harrisburg's to Lebanon	366,939.00
Total	390,487.00
CUSTOMERS:	
Consumers, Harrisburg 1 each (Lebanon)	2

Exhibit C-4-A
(Continued)

THE UNITED GAS IMPROVEMENT COMPANY

AND SUBSIDIARY COMPANIES

CONSOLIDATING STATEMENT OF INCOME ELIMINATIONS

FOR TWELVE MONTHS ENDED DECEMBER 31, 1951

Elimination No. 1

Operating Revenues, gas	$196,614.33	
Operating revenues, other	67,375.68	
Other income, miscellaneous	13,415.85	
Operating expenses, other than maintenance		$277,405.86

To eliminate intercompany purchases and sales of gas, rentals and services, as follows:

(a) Sales of gas to Lebanon Valley Gas Company by affiliated companies:

Consumers Gas Company	$13,144.88
The Harrisburg Gas Company	183,469.45
	196,614.33

(b) Rental income of The Utilities Realty Company from affiliated companies:

Lancaster County Gas Company	9,000.00
The Philadelphia Gas Works Company	843.72
The U.G.I. Company	57,531.96
	67,375.68

(c) Income from services rendered by The U.G.I. Company to subsidiary companies:

Allentown-Bethlehem Gas Company	2,500.00
Consumers Gas Company	2,500.00
The Harrisburg Gas Company	2,500.00
Lancaster County Gas Company	2,500.00
Lebanon Valley Gas Company	915.85
Luzerne County Gas and Electric Company	2,500.00
	$13,415.85

THE UNITED GAS IMPROVEMENT COMPANY

AND SUBSIDIARY COMPANIES

CONSOLIDATING STATEMENT OF INCOME ELIMINATIONS

FOR TWELVE MONTHS ENDED DECEMBER 31, 1951
(Continued)

Elimination No. 2

Other income, dividends	$1,794,739.00	
Other income, interest	300,220.26	
Earned surplus, dividends on common stocks of subsidiary companies		$1,794,739.00
Income deductions, interest, other		300,220.26

To eliminate dividends and interest received by The U.G.I. Co. from subsidiary companies, as follows:

Dividends:	
Allentown-Bethlehem Gas Company	$330,937.50
Consumers Gas Company	140,085.00
The Harrisburg Gas Company	160,737.50
Lancaster County Gas Company	100,000.00
Lebanon Valley Gas Company	44,550.00
Luzerne County Gas and Electric Corporation	618,429.00
The Philadelphia Gas Works Company	400,000.00
	$1,794,739.00
Interest:	
Allentown-Bethlehem Gas Company	13,784.86
Consumers Gas Company	77,164.22
The Harrisburg Gas Company	43,906.60
Lancaster County Gas Company	30,089.58
The Philadelphia Gas Works Company	135,275.00
	$300,220.26

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1951,

AND THE UNITED GAS IMPROVEMENT COMPANY

PRO FORMA STATEMENT OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1951.

(After giving effect to Parts I and II of the Plan dated December 18, 1951)

Preliminary Subject to Auditors' Verification

Exhibit C-4-A (Continued)

	Consolidated Before Adjustment (Preceding Page)	Proposed Adjustments by Reason of: Resumption of Operation of Northern Liberties Gas Company	Exchange of Long-Term Debt	Retirement of Preferred Stock of The Harrisburg Gas Company	Exchange of Preferred Stock of Luzerne County Gas and Electric Corporation	Acquisition of Minority Interests	Exchange of The U.G.I. Co. Capital Stock for Common Stock	Sale of Temporary Cash Investment and Payment of Bank Loans	Reclassification	The U.G.I. Co. After Giving Effect to Parts I and II of the Plan
Operating Revenues:										
Gas	$12,828,443	$264,137	-	-	-	-	-	-	-	$13,092,580
Electric	4,809,707	-	-	-	-	-	-	-	-	4,809,707
Other	1,265,722	-	-	-	-	-	-	-	($4,771)	1,260,951
Total	18,903,872	264,137	-	-	-	-	-	-	(4,771)	19,163,238
Operating Revenue Deductions:										
Operating Expenses	11,211,855	223,989	-	-	-	-	-	-	(210)	11,435,634
Maintenance	1,276,093	38,889	-	-	-	-	-	-	-	1,314,982
Provision for Depreciation	1,646,228	6,839	-	-	-	-	-	-	-	1,653,067
Provision for Taxes:										
Federal Income	1,801,753	-	-	-	-	-	-	-	-	1,801,753
Federal Excess Profits	-	-	-	-	-	-	-	-	-	-
Other Federal	155,146	451	-	-	-	-	-	-	-	155,597
State and Local	598,158	2,091	-	-	-	-	-	-	(1,059)	599,190
Total	16,689,233	272,259	-	-	-	-	-	-	(1,269)	16,960,223
Operating Income	2,214,639	(8,122)	-	-	-	-	-	-	(3,502)	2,203,015
Other Income:										
Dividends	798,603	-	-	-	-	-	-	-	-	798,603
Interest	290,666	-	-	-	-	-	-	($11,118)	-	279,548
Merchandising and Jobbing	198,734	2,511	-	-	-	-	-	-	-	201,245
Miscellaneous	219,111	585	-	-	-	-	-	-	3,502	223,198
Total	1,507,114	3,096	-	-	-	-	-	(11,118)	3,502	1,502,594
Gross Income	3,721,753	(5,026)	-	-	-	-	-	(11,118)	-	3,705,609
Deductions from Gross Income:										
Interest on Long Term Debt	554,612	-	-	-	-	-	-	-	-	554,612
Interest, Other	34,915	407	-	-	-	-	-	(25,768)	-	9,554
Interest charged to Construction	(28,674)	-	-	-	-	-	-	-	-	(28,674)
Miscellaneous Income Deduction	49,105	-	-	-	-	-	-	-	(5,433)	43,672
Dividends on Preferred Stocks of Subsidiaries	128,031	-	-	($21,771)	-	-	-	-	(106,260)	-
Minority Interests	194,532	-	-	-	-	($194,532)	-	-	-	-
Total	932,521	407		(21,771)	-	(194,532)	-	(25,768)	(111,693)	579,164
Net Income Applicable to The U.G.I. Company	2,789,232	(5,433)	-	21,771	-	194,532	-	14,650	111,693	3,126,445
Dividends on Preferred Stock, The U.G.I. Company	-	-	-	-	-	-	-	-	106,260	106,260
Net Income Applicable to Common Stock	-	-	-	-	-	-	-	-	-	$3,020,185

Exhibit C-4-A
(Continued)

Preliminary
Subject to
Auditors'
Verification

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951,

and THE UNITED GAS IMPROVEMENT COMPANY

NOTES TO PRO FORMA STATEMENT OF INCOME

For Twelve Months Ended December 31, 1951

(After giving effect to Parts I and II
of the Plan dated December 18, 1951)

1. The Pro Forma Consolidated Statement of Income of The United Gas Improvement Company, giving effect to Parts I and II of the Plan dated December 18, 1951, shows, in columnar form, the effect of the various steps in consummating Parts I and II of the Plan.

2. Reclassification is made to reflect (a) the incidental income of Ugite Sales Corporation as "Other Income", (b) eliminate the deficit of Northern Liberties Gas Company, and (c) preferred dividend requirements of Luzerne County Gas and Electric Corporation as preferred dividend requirements of The United Gas Improvement Company after effecting the exchange.

3. No adjustment has been made to dividend income for dividends actually received during 1951 on 201,427 shares of Philadelphia Electric Company Common Stock and 134,288 shares of Consumers Power Company Common Stock disposed of in connection with Exchange Plan effective June 29, 1951.

4. The provision for Federal Income Taxes has been computed at 50.75% (plus 2% for consolidated return) the effective rate for 1951 Normal and Surtax, on the basis of the liability on a Consolidated Return Basis for The United Gas Improvement Company and its Subsidiary Companies which are entitled to join in such return. The Harrisburg Gas Company and the Consumers Gas Company file separate returns. No adjustment has been made for the tax saving in 1951 arising from a substantial non-recurring loss referred to in the Notes to the Financial Statements attached to Exhibit C-3-A.

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATING STATEMENT OF SURPLUS FOR TWELVE MONTHS ENDED DECEMBER 31, 1951

Preliminary Subject to Auditors' Verification

Exhibit C-5

Earned Surplus:	The United Gas Improvement Company (Corporation)	Allentown-Bethlehem Gas Company	Consumers Gas Company	Delaware Coach Company and Subsidiary Companies	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Totals	Adjustments and Eliminations (Increase) Decrease	Consolidated Totals
Balance January 1, 1951	$20,317,640.98	$553,935.40	$331,780.32	$658,903.49	$332,767.82	$81,415.85	$127,942.63	$2,261,782.28	$220,111.61	$201,691.73	$20,397.82	$25,108,369.93	$391,809.12	$24,716,560.81
Less: Applicable to Minority Interests	-	-	121,353.26	-	98,048.16	-	-	-	-	-	-	219,401.42	219,401.42	-
Applicable to The U.G.I. Co.	20,317,640.98	553,935.40	210,427.06	658,903.49	234,719.66	81,415.85	127,942.63	2,261,782.28	220,111.61	201,691.73	20,397.82	24,888,968.51	172,407.70	24,716,560.81
Deduct Consolidated Surplus at January 1, 1951, of Delaware Coach Company (Capital Stock sold March 30, 1951) and its Subsidiary Companies	-	-	-	658,903.49	-	-	-	-	-	-	-	658,903.49	-	658,903.49
Earned Surplus January 1, 1951, applicable to The U.G.I. Co., adjusted	20,317,640.98	553,935.40	210,427.06	-	234,719.66	81,415.85	127,942.63	2,261,782.28	220,111.61	201,691.73	20,397.82	24,230,065.02	172,407.70	24,057,657.32
Net Income for Twelve Months Ended December 31, 1951:														
Applicable to Capital Stock of The U.G.I. Co.	2,286,760.59	419,960.56	206,129.24	-	181,116.72	200,668.74	67,004.26	838,498.99	380,329.90	3,501.76	-	4,583,970.76	1,794,739.00	2,789,231.76
Applicable to Minority Interests	-	-	118,874.70	-	75,656.90	-	-	-	-	-	-	194,531.60	194,531.60	-
Other Credits:														
The U.G.I. Co.:														
Net adjustment of Federal Income Taxes for Prior Years	30,911.43	-	-	-	-	-	-	-	-	-	-	30,911.43	-	30,911.43
Other	8,357.66	-	-	-	-	-	-	-	-	-	-	8,357.66	-	8,357.66
Subsidiary Companies:														
Net adjustment of Federal Income Taxes for Prior Years -	-	21,846.91	-	-	-	-	7,597.02	103,220.74	46,748.85	-	-	179,413.52	-	179,413.52
Applicable to Minority Interests	-	-	(118,874.70)	-	(75,656.90)	-	-	-	-	-	-	(194,531.60)	(194,531.60)	-
Total	22,643,670.66	995,742.87	416,556.30	-	415,836.38	282,084.59	202,543.91	3,203,502.01	647,190.36	205,193.49	20,397.82	29,032,718.39	1,967,146.70	27,065,571.69
Deductions:														
The U.G.I. Co.:														
Dividend Appropriations on $13.50 Par Capital Stock (Less dividends on reacquired stock)	2,142,588.70	-	-	-	-	-	-	-	-	-	-	2,142,588.70	-	2,142,588.70
Subsidiary Companies:														
Dividends on Common Stocks of Subsidiary Companies:														
Applicable to The U.G.I. Co.	-	330,937.50	140,085.00	-	160,737.50	100,000.00	44,550.00	618,429.00	400,000.00	-	-	1,794,739.00	1,794,739.00	-
Applicable to Minority Interests	-	-	80,787.00	-	67,144.00	-	-	-	-	-	-	147,931.00	147,931.00	-
Loss to The Utilities Realty Company on Sale of Land	-	-	-	-	-	-	-	-	-	-	500,853.23	500,853.23	-	500,853.23
Miscellaneous Debit	-	-	-	-	-	-	-	-	-	-	150.87	150.87	-	150.87
Applicable to Minority Interests	-	-	(80,787.00)	-	(67,144.00)	-	-	-	-	-	-	(147,931.00)	(147,931.00)	-
Total	2,142,588.70	330,937.50	140,085.00	-	160,737.50	100,000.00	44,550.00	618,429.00	400,000.00	-	501,004.10	4,438,331.80	1,794,739.00	2,643,592.80
Balance December 31, 1951, Applicable to The U.G.I. Co.	20,501,081.96	664,805.37	276,471.30	-	255,098.88	182,084.59	157,993.91	2,585,073.01	247,190.36	205,193.49	(480,606.28)	24,594,386.59	172,407.70	24,421,978.89
Earned Surplus December 31, 1951:														
Applicable to The U.G.I. Co.	20,501,081.96	664,805.37	276,471.30	-	255,098.88	182,084.59	157,993.91	2,585,073.01	247,190.36	205,193.49	(480,606.28)	24,594,386.59	172,407.70	24,421,978.89
Applicable to Minority Interests	-	-	159,440.96	-	106,561.06	-	-	-	-	-	-	266,002.02	266,002.02	-
	$20,501,081.96	$664,805.37	$435,912.26	$ -	$361,659.94	$182,084.59	$157,993.91	$2,585,073.01	$247,190.36	$205,193.49	($480,606.28)	$24,860,388.61	$438,409.72	$24,421,978.89

Subject to
Auditors'
Verification

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATING STATEMENT OF SURPLUS FOR TWELVE MONTHS ENDED DECEMBER 31, 1951
(Continued)

	The United Gas Improvement Company (Corporation)
Surplus Reserved for Possible Losses on Investments:	
Balance January 1, 1951	$6,173,966.24
Deductions:	
Loss on sale of capital stock of Delaware Coach Company	2,329,044.79
Loss on dissolution of former subsidiary holding company	500.00
Total Deductions	2,329,544.79
Balance December 31, 1951	$3,844,421.45

	The United Gas Improvement Company (Corporation)	Allentown-Bethlehem Gas Company	The Harrisburg Gas Company	Lebanon Valley Gas Company	Combined Totals	Adjustments and Eliminations (Increase) Decrease	Consolidated Total
Capital Surplus:							
Balance January 1, 1951	$ 493,822.89	$205,212.51	$38,013.18	$23,502.34	$760,550.92	$266,728.03	$493,822.89
Less:							
Applicable to Minority Interests	-	-	11,200.37	-	11,200.37	11,200.37	-
Applicable to The U.G.I. Co.	493,822.89	205,212.51	26,812.81	23,502.34	749,350.55	255,527.66	493,822.89
Credits:							
The U.G.I. Co.:							
Excess of par value of 335,631 shares of U.G.I. stock reacquired over cash and book cost of securities delivered under Plan of Exchange dated April 12, 1951, and related expenses	330,666.16	-	-	-	330,666.16	-	330,666.16
Subsidiary Company:							
Adjustment of Federal Income Taxes for prior years	-	13,111.29	-	-	13,111.29	13,111.29	-
Balance December 31, 1951, applicable to The U.G.I. Co.	824,489.05	218,323.80	26,812.81	23,502.34	1,093,128.00	268,638.95	824,489.05
Capital Surplus December 31, 1951:							
Applicable to The U.G.I. Co.	824,489.05	218,323.80	26,812.81	23,502.34	1,093,128.00	268,638.95	824,489.05
Applicable to Minority Interests-	-	-	11,200.37	-	11,200.37	11,200.37	-
	$824,489.05	$218,323.80	$38,013.18	$23,502.34	$1,104,328.37	$279,839.32	$824,489.05

Notes to Consolidating Financial Statements, which are an integral part of these statements.

THE UNITED GAS IMPROVEMENT COMPANY and SUBSIDIARY COMPANIES

CONSOLIDATING STATEMENT of INCOME

for twelve months ended October 31, 1951.

EXHIBIT C-4

	The United Gas Improvement Company	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Total	Eliminations	Consolidated
Operating revenues:													
Gas	-	$4 057 661	$2 927 289	$3 197 197	$1 392 543	$478 700	$692 382	-	-	-	$12 745 772	$192 880	$12 552 892
Electric	-	-	-	-	-	-	4 786 856	-	-	-	4 786 856	-	4 786 856
Other	-	-	-	-	-	-	-	$800 000	$6 066	$513 201	1 319 267	65 238	1 254 029
Total operating revenue	-	$4 057 661	$2 927 289	$3 197 197	$1 392 543	$478 700	$5 479 238	$800 000	$6 066	$513 201	$18 851 895	$258 118	$18 593 777
Operating revenue deductions:													
Operating expenses	$672 353	2 647 208	2 021 828	1 966 896	867 007	324 005	2 381 772	172 238	207	230 714	11 284 228	271 138	11 013 090
Maintenance	-	268 162	126 329	226 953	132 873	19 109	392 439	-	-	100 346	1 266 211	-	1 266 211
Provision for depreciation	6 465	337 500	171 649	266 667	73 500	36 667	661 666	-	-	97 554	1 651 668	-	1 651 668
Amortization of utility plant acquisition adjustment	-	-	-	911	(17 393)	-	-	-	-	-	(16 482)	-	(16 482)
Provision for taxes:													
Federal income	128 085	236 922	241 454	274 709	85 197	32 490	579 266	213 198	-	-	1 791 321	-	1 791 321
Federal excess profits	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Federal	3 997	15 079	8 047	10 337	6 358	1 611	115 643	315	-	3 122	164 509	-	164 509
State and local	79 825	70 005	47 234	48 751	25 635	8 970	193 292	39 657	805	81 465	595 639	-	595 639
Total operating revenue deductions	$890 725	$3 574 876	$2 616 541	$2 795 224	$1 173 177	$422 852	$4 324 078	$425 408	$1 012	$513 201	$16 737 094	$271 138	$16 465 956
Operating income	($890 725)	$482 785	$310 748	$401 973	$219 366	$55 848	$1 155 160	$374 592	$5 054	-	$2 114 801	($13 020)	$2 127 821
Other income:													
Dividends	2 660 507	-	-	-	-	-	-	-	-	-	2 660 507	1 748 553	911 954
Interest	368 332	-	-	-	-	-	-	256 487	-	-	624 819	323 559	301 260
Merchandising and jobbing	-	95 380	61 448	35 851	12 482	13 006	364	-	-	-	218 531	-	218 531
Miscellaneous	207 974	(6)	11 217	-	-	-	1 003	-	-	-	220 188	13 020	207 168
Total other income	$3 236 813	$95 374	$72 665	$35 851	$12 482	$13 006	$1 367	$256 487	-	-	$3 724 045	$2 085 132	$1 638 913
Gross income	$2 346 088	$578 159	$383 413	$437 824	$231 848	$68 854	$1 156 527	$631 079	$5 054	-	$5 838 846	$2 072 112	$3 766 734
Income deductions:													
Interest on long-term debt	-	131 763	-	100 440	-	-	212 843	98 871	-	-	543 917	-	543 917
Interest - other	691	35 987	84 123	49 876	31 290	210	4 457	154 180	-	-	360 814	323 559	37 255
Interest charged to construction (credit)	-	(26 084)	(1 168)	(4 766)	(10)	-	(2 390)	-	-	-	(34 418)	-	(34 418)
Miscellaneous income deductions	32 464	8 942	11 777	4 978	1 067	1 095	(2 371)	-	-	-	57 952	-	57 952
Dividends on preferred stocks of subsidiaries	-	-	-	21 771	-	-	106 260	-	-	-	128 031	-	128 031
Minority interests	-	-	105 589	78 235	-	-	-	-	-	-	183 824	-	183 824
Total	$33 155	$150 608	$200 321	$250 534	$32 347	$1 305	$318 799	$253 051	-	-	$1 240 120	$323 559	$916 561
Net income applicable to The U.G.I. Co.	$2 312 933	$427 551	$183 092	$187 290	$199 501	$67 549	$837 728	$378 028	$5 054	-	$4 598 726	$1 748 553	$2 850 173

EXHIBIT C-3
(Continued)

THE UNITED GAS IMPROVEMENT COMPANY and SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, October 31, 1951,

and THE UNITED GAS IMPROVEMENT COMPANY

PRO FORMA BALANCE SHEET, October 31, 1951,

(after giving effect to Parts I and II of the Plan dated December 18, 1951)

LIABILITIES and OTHER CREDITS:	Consolidated Before Adjustment (Preceding Page)	Proposed Adjustments by Reason of: Resumption of Operation of Northern Liberties Gas Company	Exchange of Long-Term Debt	Retirement of Preferred Stock of The Harrisburg Gas Company	Exchange of Preferred Stock of Luzerne County Gas and Electric Corporation	Acquisition of Minority Interests	Exchange of The U.G.I. Co. Capital Stock for Common Stock	Sale of Temporary Cash Investments and Payment of Bank Loans	Reclassification	The U.G.I. Co. After Giving Effect to Parts I and II of the Plan
Capital stocks and surplus:										
Preferred stock - 4 1/4% series - $100 par value					$2 500 000		($16 614 990)			$2 500 000
Capital stock - $13.50 par value	$16 614 990					$1 531 738	16 614 990			18 146 728
Common stock - $13.50 par value										
Surplus:										
Earned	24 036 318	$285 632		($48 380)				($1 406)	$3 844 921(3)	28 117 085
Reserved for possible losses on investments	3 844 921								(3 844 921)(3)	
Capital	826 989				2 670	1 645 199				2 474 858
Net excess of equity in capital stocks of subsidiary companies at dates of acquisition or reorganization over investment therein	317 690					107 141			(424 831)(2)	
Minority interest in subsidiary companies:										
Capital stocks	3 004 454					(3 004 454)				
Surplus	279 624					(279 624)				
Preferred stocks - subsidiary companies	2 986 470			(483 800)	(2 502 670)					
Total capital stocks and surplus	$51 911 456	$285 632		($532 180)	-	-	-	($1 406)	($424 831)	$51 238 671
Long-term debt:										
Bonds - The U.G.I. Co.			$15 758 000							15 758 000
Bonds - subsidiary companies	15 758 000		(15 758 000)							
Notes payable - banks	2 200 000									2 200 000
	$17 958 000		-							$17 958 000
Current and accrued liabilities:										
Notes payable - banks	1 945 000							(645 000)		1 300 000
Accounts payable	507 680	21 885								529 565
Dividends declared	672 880									672 880
Matured interest	58 977									58 977
Customers' deposits	77 537	7 154								84 691
Taxes accrued	2 257 559	263								2 257 822
Interest accrued	162 106	1 023								163 129
Other	117 771	4 794								122 565
Total current and accrued liabilities	$5 799 510	$35 119						($645 000)		$5 189 629
Deferred credits	$226 022	$1 458							$150 000(1)	$377 480
Reserves:										
Depreciation	20 494 942								95 643(1)	20 590 585
Amortization of other limited-term gas investments		101 874								101 874
Other	671 796	105 160							424 831(2)	1 201 787
	$21 166 738	$207 034							$520 474	$21 894 246
Contributions in aid of construction	$178 064	$1 708								$179 772
Total liabilities and other credits	$97 239 790(4)	$530 951		($532 180)				($646 406)	$245 643	$96 837 798

(1) Reclassification of plant and other investments of former nonutility companies.
(2) Change in nomenclature of account.
(3) Restoration of appropriated surplus.
(4) See Notes to Consolidating Balance Sheet

EXHIBIT C-3
(Continued)

	Consolidated Before Adjustment (Preceding Page)	Proposed Adjustments by Reason of: Resumption of Operation of Northern Liberties Gas Company	Exchange of Long-Term Debt	Retirement of Preferred Stock of The Harrisburg Gas Company	Exchange of Preferred Stock of Luzerne County Gas and Electric Corporation	Acquisition of Minority Interests	Exchange of The U.G.I. Co. Capital Stock for Common Stock	Sale of Temporary Cash Investments and Payment of Bank Loans	Reclassification	The U.G.I. Co. After Giving Effect to Parts I and II of the Plan
ASSETS and OTHER DEBITS:										
Plant and equipment (including intangibles):										
Electric and gas utility plant:										
Original cost	$66 573 928	$432 233							$103 932 (1)	
Acquisition adjustments	(206 819)								4 687 771 (1)	$71 797 864
Nonutility plant, at cost	9 034 805								(9 034 805)(1)	(206 819)
	$75 401 914	$432 233							($4 243 102)	$71 591 045
Investments (at cost or less):										
Investment securities:										
Subsudiary companies, majority owned						($3 176 936)				
Other companies	4 728 908					3 176 936				4 728 908
Other physical property	131 814	66 922							(8 289)(1)	
Other investments	4 000								600 000 (1)	5 137 481
	$4 864 722	$66 922							4 347 034 (1)	4 000
									$4 938 745	$9 870 389
Advances to The Philadelphia Gas Works Company, Lessee	$5 450 000								($5 450 000)(2)	
									$5 450 000 (2)	$5 450 000
Loans in connection with operation of City of Philadelphia gas works										
Sinking and special funds	$255 161									$255 161
Current and accrued assets:										
Cash on hand and demand deposits in banks	2 729 266	5 232		($532 180)					($645 000)	
Special deposits	136 894	468							1 500 000	3 057 318
Temporary cash investments	1 801 406									137 362
Accounts receivable:									(1 501 406)	300 000
Customers (service)	827 069	11 518								838 587
Merchandise and jobbing	556 850	4 670								561 520
Others	46 413									46 413
Less reserve for uncollectible accounts	(152 916)	(1 366)								(154 282)
The Philadelphia Gas Works Company, Lessee	1 641 996								(1 641 996)(2)	
Receivable in connection with operation of City of Philadelphia gas works									1 641 996 (2)	1 641 996
Interest, rents and dividends receivable	73 822									73 822
Materials and supplies	2 398 952	9 291								2 408 243
Prepayments	122 187	1 983								124 170
Total current and accrued assets	$10 181 939	$31 796		($532 180)					($646 406)	- $9 035 149
Deferred debits:										
Amount receivable by Ugite Sales Corporation under agreement	450 000									
Other	636 054								(450 000)(1)	636 054
	$1 086 054								($450 000)	$636 054
Total assets and other debits	$97 239 790(4)	$530 951		($532 180)					($646 406)	$245 643 $96 837 798

THE UNITED GAS IMPROVEMENT COMPANY and SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET, October 31, 1951,
and THE UNITED GAS IMPROVEMENT COMPANY
PRO FORMA BALANCE SHEET, October 31, 1951
(after giving effect to Parts I and II
of the Plan dated December 18, 1951.)

(1) Reclassification of plant and other investments of former nonutility companies.

(2) Change in nomenclature of account.

(3) Restoration of appropriated surplus.

NOTES to CONSOLIDATING BALANCE SHEET, Continued.

4. Contingent Liabilities of U.G.I.:

(a) The U.G.I. is guarantor of $2,752,000 principal amount of long-term debt and interest thereon of companies no longer affiliated all of which is covered by indemnification agreements of others.

(b) An agreement dated July 2, 1900, provided for the employment of U.G.I. by Northern Liberties Gas Company as its agent to operate its properties and supply and distribute gas in that portion of the City of Philadelphia which was formerly known as the District of Northern Liberties.

By an agreement dated May 14, 1937, between U.G.I. and The Philadelphia Gas Works Company (a subsidiary) the latter company was substituted as agent under the agreement dated July 2, 1900. Concurrently, Northern Liberties Gas Company consented to this substitution and U.G.I. guaranteed full performance by The Philadelphia Gas Works Company of all obligations under the agency agreement. U.G.I. also guaranteed full payment to Northern Liberties Gas Company of $39,000 annually and payments for such taxes and assessments, as required in the agreement, for a period of 99 years from July 2, 1900.

(c) The U.G.I. under agreements of suretyship, guarantees the faithful performance by The Philadelphia Gas Works Company of its obligations, under agreements with the City of Philadelphia, for the operation of the municipal gas works.

THE UNITED GAS IMPROVEMENT COMPANY

and SUBSIDIARY COMPANIES

NOTES to CONSOLIDATING BALANCE SHEET

1. Investment Securities; Equity in Net Assets of Subsidiaries:

The term "cost" as applied to Investment Securities represents the sum of: (a) cash outlay, (b) amounts based upon par or stated value of U.G.I.'s capital stocks issued in exchange for securities, and (c) amounts recorded in prior years, for shares of stock received from certain majority owned subsidiaries as dividends or other distributions on the basis of charges against surplus earned by those subsidiaries subsequent to dates that they were acquired by U.G.I.

The U.G.I.'s equity at October 31, 1951, in net assets of its consolidated subsidiaries, as indicated by their balance sheets at that date, exceeds, by $4,522,730, U.G.I.'s book investment in capital stocks of such subsidiaries.

2. Basis of Consolidation:

The consolidating statements include those companies of which more than 50 per cent of the voting common stocks was held October 31, 1951.

The financial statements of The Philadelphia Gas Works Company, which are included in the consolidating statements, relate only to its corporate accounts and do not include those recording its transactions with respect to its lessee accounts in connection with the operation of the municipal gas works of the City of Philadelphia and its agency accounts for operation of the Northern Liberties Gas Company.

3. Depreciation:

The balances in the reserves for depreciation have been provided, prior to 1937 and 1939 (for electric and gas properties respectively), under the retirement-reserve method and subsequently under the depreciation method. Under the latter method provisions were based upon the estimated average lives of the major classes of property and were approximately equivalent to amounts claimed or to be claimed as deductions for Federal income tax purposes.

THE UNITED GAS IMPROVEMENT COMPANY and SUBSIDIARY COMPANIES

CONSOLIDATING BALANCE SHEET, October 31, 1951.

LIABILITIES and OTHER CREDITS:	The United Gas Improvement Company	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Total	Eliminations	Consolidated
Capital stocks and surplus:													
Capital stock - $13.50 par value - The U.G.I. Co.	$16 614 990	-	-	-	-	-	-	-	-	-	$16 614 990	-	$16 614 990
Surplus applicable to The U.G.I. Co.:													
Earned	20 163 573	$796 232	$429 206	$378 206	$172 589	$159 685	$2 595 904	$392 943	$201 692	($480 584)	24 809 446	$773 128	24 036 318
Reserved for possible losses on investments	3 844 921	-	-	-	-	-	-	-	-	-	3 844 921	-	3 844 921
Capital	826 990	218 324	-	38 013	-	23 502	-	-	-	-	1 106 829	279 840	826 989
Net excess of equity in capital stocks of subsidiary companies at dates of acquisition or reorganization over investment therein	-	-	-	-	-	-	-	-	-	-	-	(317 690)	317 690
Minority interest in subsidiary companies:													
Capital stocks	-	-	-	-	-	-	-	-	-	-	-	(3 004 454)	3 004 454
Surplus	-	-	-	-	-	-	-	-	-	-	-	(279 624)	279 624
Capital stocks - subsidiary companies:													
Preferred	-	-	-	483 800	-	-	2 502 670	-	-	-	2 986 470	-	2 986 470
Common	-	6 618 750	5 521 800	3 342 262	2 500 000	990 000	4 417 350	5 000	250 000	3 808 000	27 453 162	27 453 162	-
Total capital stocks and surplus	$41 450 474	$7 633 306	$5 951 006	$4 242 281	$2 672 589	$1 173 187	$9 515 924	$397 943	$451 692	$3 327 416	$76 815 818	$24 904 362	$51 911 456
Long-term debt - subsidiary companies:													
Bonds	-	5 189 000	-	4 020 000	-	-	6 549 000	-	-	-	15 758 000	-	15 758 000
Notes payable, banks	-	-	-	-	-	-	-	2 200 000	-	-	2 200 000	-	2 200 000
Indebtedness to parent company - not current	-	-	875 000	-	-	-	-	3 250 000	3 590 000	2 180 000	9 895 000	9 895 000	-
	-	$5 189 000	$875 000	$4 020 000	-	-	$6 549 000	$5 450 000	$3 590 000	$2 180 000	$27 853 000	$9 895 000	$17 958 000
Current and accrued liabilities:													
Notes payable, banks	-	200 000	315 000	130 000	-	-	-	1 300 000	-	-	1 945 000	-	1 945 000
Advances payable to parent company	-	-	1 455 000	1 245 000	1 050 000	-	-	-	-	-	3 750 000	3 750 000	-
Accounts payable:													
Affiliated companies	-	-	9 812	3 372	2 844	16 182	-	43 333	-	-	75 543	75 543	-
Others	6 877	146 293	104 341	92 770	45 923	5 834	102 217	1 798	-	1 627	507 680	-	507 680
Dividends declared	645 553	-	127	546	-	-	26 654	-	-	-	672 880	-	672 880
Matured interest	-	-	-	57 855	-	-	1 122	-	-	-	58 977	-	58 977
Customers' deposits	-	18 199	1 376	4 559	4 129	3 911	45 363	-	-	-	77 537	-	77 537
Taxes accrued	185 787	312 460	291 750	323 614	98 338	41 830	745 649	253 890	1 020	3 221	2 257 559	-	2 257 559
Interest accrued	-	55 745	32	625	291	106	73 310	31 997	-	-	162 106	-	162 106
Other	23 517	10 899	57 760	5 990	9 130	1 164	7 111	383	150	1 667	117 771	-	117 771
Total current and accrued liabilities	$861 734	$743 596	$2 235 198	$1 864 331	$1 210 655	$69 027	$1 001 426	$1 631 401	$1 170	$6 515	$9 625 053	$3 825 543	$5 799 510
Deferred credits	-	$112 258	$51	$13 891	$12 023	$6 247	$77 673	-	$152 861	-	$375 004	$148 982	$226 022
Reserves:													
Depreciation	-	3 413 914	1 581 055	2 465 040	1 005 867	398 410	7 812 353	-	-	3 818 303	20 494 942	-	20 494 942
Other	93 449	86 177	165 310	71 550	-	34 700	170 150	41 161	-	9 299	671 796	-	671 796
Total reserves	$93 449	$3 500 091	$1 746 365	$2 536 590	$1 005 867	$433 110	$7 982 503	$41 161	-	$3 827 602	$21 166 738	-	$21 166 738
Contributions in aid of construction	-	$47 738	$36 242	$42 815	$576	$1 865	$48 828	-	-	-	$178 064	-	$178 064
Total liabilities and other credits	$42 405 657	$17 225 989	$10 843 862	$12 719 908	$4 901 710	$1 683 436	$25 175 354	$7 520 505	$4 195 723	$9 341 533	$136 013 677	$38 773 887	$97 239 790

See Notes to Consolidating Balance Sheet, attached hereto.

THE UNITED GAS IMPROVEMENT COMPANY and SUBSIDIARY COMPANIES

EXHIBIT C-3

CONSOLIDATING BALANCE SHEET, October 31, 1951.

ASSETS and OTHER DEBITS:	The United Gas Improvement Company	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Company	Combined Total	Eliminations	Consolidated
Plant and equipment (including intangibles):													
Electric and gas utility plant:													
Original cost	-	$16 049 577	$9 438 366	$11 882 176	$4 619 329	$1 557 519	$23 026 961	-	-	-	$66 573 928	-	$66 573 928
Acquisition adjustments	-	-	-	11 987	(218 806)	-	-	-	-	-	(206 819)	-	(206 819)
Nonutility plant, at cost	-	-	-	-	-	-	-	-	-	$9 034 805	9 034 805	-	9 034 805
	-	$16 049 577	$9 438 366	$11 894 163	$4 400 523	$1 557 519	$23 026 961	-	-	$9 034 805	$75 401 914	-	$75 401 914
Investments (at cost or less):													
Investment securities:													
Subsidiary companies, majority owned	$25 285 049	-	-	-	-	-	-	-	-	-	25 285 049	$25 285 049	-
Other companies	4 728 908	-	-	-	-	-	-	-	-	-	4 728 908	-	4 728 908
Indebtedness of subsidiary companies, not current	9 365 000	-	-	-	-	-	-	-	-	-	9 365 000	9 365 000	-
Other physical property and miscellaneous investments	8 289	1 946	75 617	15 134	-	-	31 828	-	-	4 000	136 814	1 000	135 814
	$39 387 246	$1 946	$75 617	$15 134	-	-	$31 828	-	-	$4 000	$39 515 771	$34 651 049	$4 864 722
Advances to The Philadelphia Gas Works Company, lessee	-	-	-	-	-	-	-	$5 450 000	-	-	$5 450 000	-	$5 450 000
Sinking and special funds	$40 691	$4 010	$209 367	-	-	-	$1 093	-	-	-	$255 161	-	$255 161
Current and accrued assets:													
Cash on hand and demand deposits in banks	940 995	182 469	224 014	63 945	78 255	54 663	815 428	123 584	$26 715	215 698	2 725 766	(3 500)	2 729 266
Special deposits	41 288	842	620	58 974	218	-	27 856	-	-	7 096	136 894	-	136 894
Temporary cash investments	1 501 406	-	-	-	-	-	-	300 000	-	-	1 801 406	-	1 801 406
Accounts receivable:													
Customers (service)	-	120 221	94 504	102 704	52 581	15 115	441 944	-	-	-	827 069	-	827 069
Merchandise and jobbing	-	201 809	126 637	149 056	42 449	19 670	17 229	-	-	-	556 850	-	556 850
Others	8 821	684	144	7 125	1 567	50	16 651	-	29	4 709	39 780	(6 633)	46 413
Less reserve for uncollectible accounts	-	(19 230)	(6 104)	(7 169)	(3 231)	(3 617)	(113 565)	-	-	-	(152 916)	-	(152 916)
The Philadelphia Gas Works Company, lessee	-	-	-	-	-	-	-	1 641 996	-	-	1 641 996	-	1 641 996
Affiliated companies	2	-	1 135	13 888	93	-	-	-	-	84	15 202	15 202	-
Interest, rents and dividends receivable:													
Subsidiary companies	391 619	-	-	-	-	-	-	-	-	-	391 619	391 619	-
Other	54 856	-	64	-	-	-	1 718	2 136	-	15 048	73 822	-	73 822
Materials and supplies	-	570 843	303 170	370 820	244 270	38 000	865 192	-	1 962	4 695	2 398 952	-	2 398 952
Prepayments	1 568	28 652	15 284	11 003	10 396	1 284	33 969	-	-	20 031	122 187	-	122 187
Other	9 133	-	-	-	-	-	-	-	-	-	9 133	9 133	-
Total current and accrued assets	$2 949 688	$1 086 290	$759 468	$770 346	$426 598	$125 165	$2 106 422	$2 067 716	$28 706	$267 361	$10 587 760	$405 821	$10 181 939
Deferred debits:													
Expenditures by Ugite Sales Corporation in connection with construction and operation of experimental plants	-	-	-	-	-	-	-	-	4 167 017	-	4 167 017	4 167 017	-
Amount receivable by Ugite Sales Corporation under agreement	-	-	-	-	-	-	-	-	-	-	-	(450 000)	450 000
Other	28 032	84 166	361 044	40 265	74 589	752	9 050	2 789	-	35 367	636 054	-	636 054
	$28 032	$84 166	$361 044	$40 265	$74 589	$752	$9 050	$2 789	$4 167 017	$35 367	$4 803 071	$3 717 017	$1 086 054
Total assets and other debits	$42 405 657	$17 225 989	$10 843 862	$12 719 908	$4 901 710	$1 683 436	$25 175 354	$7 520 505	$4 195 723	$9 341 533	$136 013 677	$38 773 887	$97 239 790

See notes to Consolidating Balance Sheet

EXHIBIT C-4
(Continued)

THE UNITED GAS IMPROVEMENT COMPANY and SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT of INCOME

for twelve months ended October 31, 1951,

and THE UNITED GAS IMPROVEMENT COMPANY

PRO FORMA STATEMENT of INCOME

for twelve months ended October 31, 1951.

(after giving effect to Parts I and II of the Plan dated December 18, 1951)

	Consolidated Before Adjustment (Preceding Page)	Proposed Adjustments by Reason of: Resumption of Operation of Northern Liberties Gas Company	Exchange of Long-Term Debt	Retirement of Preferred Stock of The Harrisburg Gas Company	Exchange of Preferred Stock of Luzerne County Gas and Electric Corporation	Acquisition of Minority Interests	Exchange of The U.G.I.Co. Capital Stock for Common Stock	Sale of Temporary Cash Investment and Payment of Bank Loans	Reclassification	The U.G.I.Co. After Giving Effect to Parts I and II of the Plan
Operating revenues:										
Gas	$12 552 892	$259 530								$12 812 422
Electric	4 786 856									4 786 856
Other	1 254 029								($6 066)	1 247 963
Total	$18 593 777	$259 530							($6 066)	$18 847 241
Operating revenue deductions:										
Operating expenses	11 013 090	220 862							(207)	11 233 745
Maintenance	1 266 211	40 077								1 306 288
Provision for depreciation	1 635 186	6 687								1 641 873
Provision for taxes:										
Federal income	1 791 321									1 791 321
Federal excess profits	-									-
Other Federal	164 509	430								164 939
State and local	595 639	1 779							(805)	596 613
Total	$16 465 956	$269 835							($1 012)	$16 734 779
Operating income	$2 127 821	($10 305)							($5 054)	$2 112 462
Other income:										
Dividends	911 954									911 954
Interest	301 260								($6 686)	294 574
Merchandising and jobbing	218 531	2 816								221 347
Miscellaneous	207 168	583							5 054	212 805
Total	$1 638 913	$3 399							$5 054	$1 640 680
Gross income	$3 766 734	($6 906)							($6 686)	$3 753 142
Deductions from gross income:										
Interest on long-term debt	543 917									543 917
Interest, other	37 255	395							(28 082)	9 568
Interest charged to construction, credit	(34 418)									(34 418)
Miscellaneous income deductions	57 952									50 651
Dividends on preferred stocks of subsidiaries	128 031			($21 771)					(7 301)	-
Minority interests	183 824				($183 824)				(106 260)	-
Total	$916 561	$395		($21 771)	($183 824)				($113 561)	$569 718
Net income applicable to The U.G.I. Company	$2 850 173	($7 301)		$21 771	$183 824				$21 396	$3 183 424
Dividends on preferred stock, The U.G.I. Company									$113 561	106 260
Net income applicable to common stock									$106 260	$3 077 164

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

CORPORATE AND FINANCIAL RELATIONS

OCTOBER 31, 1951

AS PRESENTLY CONSTITUTED

THE UNITED GAS IMPROVEMENT COMPANY
(Organized June 1, 1882)
Incorporated Pennsylvania August 21, 1925

CAPITALIZATION:	Authorized	Outstanding
Capital Stock, par $13.50	(shs.2,414,759	*shs.1,230,740
	(-	$16,614,990

* Excludes 9,219 shares held by Company.

SUBSIDIARY UTILITY COMPANIES

ALLENTOWN-BETHLEHEM GAS COMPANY
Incorporated Pennsylvania September 9, 1930

CAPITALIZATION:	Authorized	Outstanding
1st Mortgage Bonds	Unlimited	-
*3-3/4% Series, due 9- 1-65 (M-S)	($2,740,000	$2,219,000
3-1/4% Series, due 12-1-68 (J-D) -------- Issued	($1,500,000	$1,470,000
3.348% Series, due 6 -1-76 (J-D)	($1,500,000	$1,500,000
Notes Payable - Banks	-	$200,000
Common Stock, par $50	(shs.200,000	**shs.132,375
	(-	$6,618,750

* Reduced to 3%, effective March 1, 1947.
** The United Gas Improvement Company owns all.

CONSUMERS GAS COMPANY
Incorporated Pennsylvania March 20, 1913

CAPITALIZATION:	Authorized	Outstanding
Notes Payable - Banks	-	$315,000
4% Promissory Note, due 9-1-53 - The U.G.I. Co.	-	$875,000
Advances - The U.G.I. Co.	-	$1,455,000
Capital Stock, par $25	(shs.280,000	*shs.220,872
	(-	$5,521,800

* The United Gas Improvement Company owns 140,085 shares (63.42%)

THE HARRISBURG GAS COMPANY
Incorporated Pennsylvania October 2, 1924

CAPITALIZATION:	Authorized	Outstanding
1st Mortgage Bonds	Unlimited	-
2-5/8% Series, due 5-1-71 (M-N)	($2,200,000	$2,035,000
3-1/8% Series, due 5-1-71 (M-N) --------- Issued	($1,000,000	$985,000
3.15% Series, due 5-1-76 (M-N)	($1,000,000	$1,000,000
Notes Payable - Banks	-	$130,000
Advances - The U.G.I. Co.	-	$1,245,000
Preferred Stock, par $100, Cumulative	shs.25,000	-
4-1/2% Series	(shs. 5,000	shs.4,838
	(-	$483,800
Common Stock, no par	)shs.60,000	*shs.41,433
	) -	$3,342,262

* The United Gas Improvement Company owns 29,225 shares (70.54%).

LANCASTER COUNTY GAS COMPANY
Incorporated Pennsylvania January 20, 1949

CAPITALIZATION:	Authorized	Outstanding
Advances - The U.G.I. Co.	-	$1,050,000
Capital Stock, par $50	(shs.50,000	*shs.50,000
	(-	$2,500,000

* The United Gas Improvement Company owns all.

LEBANON VALLEY GAS COMPANY
Incorporated Pennsylvania October 1, 1926

CAPITALIZATION:	Authorized	Outstanding
Preferred Stock, par $50, Cumulative	shs.4,842	-
Common Stock, par $50	(shs.20,000	*shs.19,800
	(-	$990,000

* The United Gas Improvement Company owns all.

LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
Incorporated Pennsylvania December 22, 1924

CAPITALIZATION:	Authorized	Outstanding
1st Mortgage Bonds	Unlimited	-
3-1/4% Series, due 1-1-66 (J-J) ------ Issued	-$7,500,000	$6,549,000
Preferred Stock, par $100, Cumulative -----	shs.36,000	-
4-1/4% Series	(shs.25,000	shs.25,000
	(-	$2,500,000
Premium on Preferred Stock	-	$2,670
Common Stock, no par	(shs.176,694	*shs.176,694
	(-	$4,417,350

* The United Gas Improvement Company owns all.

THE PHILADELPHIA GAS WORKS COMPANY
Incorporated Pennsylvania July 14, 1927

CAPITALIZATION:	Authorized	Outstanding
Notes Payable - Banks	-	$3,500,000
Advances - The U.G.I. Co.	-	$3,250,000
Capital Stock - par $100	(shs.50	*shs.50
	(-	$5,000

* The United Gas Improvement Company owns all.

SUBSIDIARY NON-UTILITY COMPANIES

THE UTILITIES REALTY COMPANY
Incorporated Pennsylvania February 26, 1925

CAPITALIZATION:	Authorized	Outstanding
Advances - The U.G.I. Co.	-	$2,180,000
Capital Stock, par $50	(shs.150,000	*shs.76,160
	(-	$3,808,000

* The United Gas Improvement Company owns all.

UGITE SALES CORPORATION
Incorporated Delaware January 27, 1928

CAPITALIZATION:	Authorized	Outstanding
Advances - The U.G.I. Co.	-	$185,000
Capital Stock, no par	(shs.2,500	*shs.2,500
	(-	$250,000

* The United Gas Improvement Company owns all.

THE UNITED GAS IMPROVEMENT COMPANY

UNDER PROPOSED PLAN

CAPITALIZATION:	Authorized	Outstanding
1st Mortgage Bonds:	Unlimited	-
2-5/8% Series due 5/1/71 (M-N) - Issued	$2,200,000	$2,035,000
3% Series due 9/1/65 (M-S) - Issued	$2,740,000	$2,219,000
3-1/8% Series due 5/1/71 (M-N) - Issued	$1,000,000	$985,000
3.15% Series due 5/1/76 (M-N) - Issued	$1,000,000	$1,000,000
3-1/4% Series due 1/1/66 (J-J) - Issued	$7,500,000	$6,549,000
3-1/4% Series due 12/1/68 (J-D) - Issued	$1,500,000	$1,470,000
3.348% Series due 6/1/76 (J-D) - Issued	$1,500,000	$1,500,000
Notes Payable - Banks	-	$3,500,000
Preferred Stock, par $100, Cumulative ----	shs.50,000	-
4-1/4% Series	(shs.25,000	shs.25,000
	(-	$2,500,000
Common Stock, par $13.50 ----------	(shs.2,414,759	*shs.1,344,202
	(-	$18,146,727

* Excludes 9,219 shares held by Company.

Extract from minutes of meeting of the Board of Directors of The United Gas Improvement Company held December 18, 1951.

COMPREHENSIVE PLAN PURSUANT TO SECTION 11(e) OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

The President presented a plan, the purpose of which is to achieve greater efficiency and economy in the operation of this Company and its system companies, to effect a tax saving, to enable the stockholders of this Company to hold directly their investment in its subsidiary companies, to complete compliance by this Company and its system companies with the provisions of Section 11 of the Public Utility Holding Company Act of 1935 and for this Company to cease to be a holding company. He stated that the plan is divided into four parts and provides, in substance, for (1) conversion of this Company into a Pennsylvania public utility company; (2) the merger into this Company of all of its public utility subsidiaries and for the dissolution of its non-utility subsidiaries, this Company to remain the surviving and continuing corporation and to conduct as one public utility operating company the operations now conducted by this Company and its various subsidiaries in Pennsylvania; (3) the disposal by this Company of its securities in non-subsidiary companies (except Delaware Coach Company); and (4) the obtaining of an Order under the Public Utility Holding Company Act of 1935 that this Company has ceased to be a holding company and that its registration under the Act will cease to be in effect. The Chairman stated that said plan was subject to the approval of the Securities and Exchange Commission and parts 1 and 2 thereof, to the approval of the proper district court of the United States and the Pennsylvania Public Utility Commission. A copy of said plan was ordered filed in the office of the Secretary.

Whereupon, after full discussion, and on motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the comprehensive plan of this Company pursuant to Section 11(e) of the Public Utility Holding Company Act of 1935, presented at this meeting, be and it hereby is approved in substantially the form submitted, it being deemed that said plan is necessary and appropriate to effectuate the provisions of Section 11(b) of the Public Utility Holding Company Act of 1935, and is fair and equitable to the persons affected thereby.

RESOLVED, that the proper officers of this Company be and they hereby are authorized and directed to execute and file in the name and on behalf of this Company with the Securities and Exchange Commission an application and any amendments thereto and such other documents and papers as may be required by or considered advisable under the provisions of the Public Utility Holding Company Act of 1935, in order that this Company may be in a position to carry out said plan and any amendments thereto.

RESOLVED, that the proper officers of this Company be and they hereby are authorized and directed to execute and file in the name and on behalf of this Company with the Pennsylvania Public Utility Commission an application or applications and any amendments thereto and such other documents and papers as may be required by or considered advisable under the provisions of the Pennsylvania Public Utility Law, in order that this Company may be in a position to carry out parts 1 and 2 of said plan and any amendments thereto.

RESOLVED, that upon obtaining the approval of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 to the plan and any amendments thereto and of the proper district court of the United States, and of the Pennsylvania Public Utility Commission to parts 1 and 2 of the plan and any amendments thereto, the proper officers of this Company be and they hereby are authorized and empowered to execute and deliver in the name and on behalf of this Company such agreements, instruments, securities, documents and other papers, to make such payments, and generally to take any and all such action as may be requisite or desirable to carry out said plan and any amendments th reto in accordance with the terms and provisions thereof.

THE UNITED GAS IMPROVEMENT COMPANY AND SUBSIDIARY COMPANIES

Exhibit C

STATEMENT OF PLANT ACCOUNTS BY FUNCTIONAL GROUPS
OTHER PHYSICAL PROPERTY AND RELATED RESERVES
AT OCTOBER 31, 1951

	Allentown-Bethlehem Gas Company	Consumers Gas Company	The Harrisburg Gas Company	Lancaster County Gas Company	Lebanon Valley Gas Company	Luzerne County Gas and Electric Corporation	The Philadelphia Gas Works Company	Ugite Sales Corporation	The Utilities Realty Co.	The United Improvement Company (A)	The United Gas Improvement Co. ProForma Giving Effect to Parts I and II OF THE PLAN
Gas Plant											
Intangible Plant	$ 41,022.03	$ 15,380.24	$ 49,760.68	$ 6,388.76	$ 6,819.76	$ 2,585.00	$ -	$ -	$ -	$ 1,488.00	$ 123,444.47
Production Plant	3,229,187.51	3,008,926.34	3,062,296.56	1,824,329.52	-	425,165.52	-	-	-	419,660.56	11,969,566.01
Storage Plant	1,033,617.94	684,945.31	765,219.03	164,977.01	55,073.08	149,401.77	-	-	-	-	2,853,234.14
Distribution Plant	9,181,889.39	4,899,654.96	6,365,774.99	2,291,413.87	1,397,252.61	2,198,351.03	-	-	-	-	26,334,336.85
General Plant	864,718.86	434,124.02	699,123.65	257,877.82	96,953.57	64,840.25	-	-	106,948.86	11,084.33	2,535,671.36
Total	14,350,435.73	9,043,030.87	10,942,174.91	4,544,986.98	1,556,099.02	2,840,343.57	-	-	106,948.86	432,232.89	43,816,252.83
Construction Work in Progress	1,699,141.11	395,334.95	940,000.84	74,342.27	1,419.69	19,679.67	-	-	-	-	3,129,918.53
Plant Acquisition Adjustments	-	-	11,987.09	(218,806.30)	-	-	-	-	-	-	(206,819.21)
Total Gas Plant	16,049,576.84	9,438,365.82	11,894,162.84	4,400,522.95	1,557,518.71	2,860,023.24	-	-	106,948.86	432,232.89	46,739,352.15
Electric Plant											
Intangible Plant	-	-	-	-	-	3,490.00	-	-	-	-	3,490.00
Production Plant - Steam	-	-	-	-	-	11,519,399.76	-	-	-	-	11,519,399.76
Transmission Plant	-	-	-	-	-	2,908,776.43	-	-	-	-	2,908,776.43
Distribution Plant	-	-	-	-	-	4,873,018.88	-	-	-	-	4,873,018.88
General Plant	-	-	-	-	-	90,331.51	-	-	-	-	90,331.51
Total	-	-	-	-	-	19,395,016.58	-	-	-	-	19,395,016.58
Construction Work in Progress	-	-	-	-	-	171,012.81	-	-	-	-	171,012.81
Total Electric Plant	-	-	-	-	-	19,566,029.39	-	-	-	-	19,566,029.39
Common Plant											
Intangible Plant	-	-	-	-	-	69,763.02	-	-	-	-	69,763.02
General Plant	-	-	-	-	-	531,145.62	-	-	4,580,822.05	103,932.47	5,215,900.14
Total Common Plant	-	-	-	-	-	600,908.64	-	-	4,580,822.05	103,932.47	5,285,663.16
Total	16,049,576.84	9,438,365.82	11,894,162.84	4,400,522.95	1,557,518.71	23,026,961.27	-	-	4,687,770.91	536,165.36	71,591,044.70
Other Physical Property	1,946.42	75,616.52	15,134.03	-	-	31,828.36	-	600,000	4,346,034.36	66,922.00	5,137,481.69
Total	$16,051,523.26	$9,513,982.34	$11,909,296.87	$4,400,522.95	$1,557,518.71	$23,058,789.63	$ -	$600,000	$9,033,805.27	$603,087.36	$76,728,526.39
Reserve for Depreciation	$ 3,413,914.37	$1,581,054.55	$ 2,465,040.36	$1,005,866.39	$ 398,410.20	$ 7,812,352.54	$ -	$ -	$3,818,303.39	$ 95,643.84	$20,590,585.64
Reserve for Amortization of Other Limited Term Gas Investment	-	-	-	-	-	-	-	-	-	101,874.00	101,874.00

Note (A) Assuming resumption of Operations of Northern Liberties Gas Company (Part I of Plan).

RECEIVED

APR 10 9 07 AM 1952

SECRETARY'S OFFICE
PUBLIC UTILITY COMM.

PROOFS OF PUBLICATION OF NOTICE OF HEARING

RE APPLICATION NO. 78264

Proof of Publication Notice in the Morning Call

Under Act No. 587, Approved May 16, 1929 and its amendments

A 75267

STATE OF PENNSYLVANIA
COUNTY OF LEHIGH } SS:

COPY OF NOTICE OR ADVERTISEMENT

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

R. J. Hummel, Business Manager of the CALL-CHRONICLE NEWSPAPERS, INC. of the County and State aforesaid, being duly sworn, deposes and says that THE MORNING CALL is a newspaper of general circulation as defined by the aforesaid Act, whose place of business is 101 North Sixth Street, City of Allentown, County and State aforesaid, and that the said newspaper was established in 1888 since which date THE MORNING CALL has been regularly issued in said County, and that the printed notice or advertisement attached hereto is exactly the same as was printed and published in regular editions and issues of the said THE MORNING CALL on the following dates, viz.:

Call & Chronicle 24th

..... and the 31st. day of March, A. D. 19 52.

Affiant further deposes that he is the designated agent duly authorized by CALL-CHRONICLE NEWSPAPERS, INC., a corporation, publisher of said THE MORNING CALL, a newspaper of general circulation, to verify the foregoing statement under oath, and that affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statements as to time, place and character of publication are true.

J. Hummel Business Manager

Designated Agent, Call-Chronicle Newspapers, Inc.

SWORN to and subscribed before me this 31st day of March 19 52.

Mrs. Blanche Lucas
Notary Public

My Commission Expires: January 4, 1953

PUBLISHER'S RECEIPT FOR ADVERTISING COSTS

The CALL-CHRONICLE NEWSPAPERS, INC., publisher of THE MORNING CALL, a newspaper of general circulation, hereby acknowledges receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

RECORD FOLDER
A-75A

APR 17 1952

CALL-CHRONICLE NEWSPAPERS, INC., a Corporation,
Publishers of THE MORNING CALL
A Newspaper of General Circulation

By.....

Proof of Publication of Notice in Bethlehem Globe-Times

Under Act No. 587, Approved May 16, 1929

A 78264

State of Pennsylvania }
County of Northampton } SS:

B. Ellis Service, being duly sworn, deposes and says:

1. That he is General Manager of The Bethlehems' Globe Publishing Company, a corporation which is the owner and publisher of the Bethlehem Globe-Times, a daily newspaper, published at No. 202 W. Fourth Street, Bethlehem, Pa., the immediate successor of the Bethlehem Globe, a daily newspaper established in 1894, and of the Bethlehem Times, a daily newspaper established in 1867, which newspapers were merged on October 19, 1925, since which date said Bethlehem Globe-Times has been regularly issued daily in said County, except Sundays; and that the copy of the printed notice or publication attached hereto is exactly as printed and published in the regular editions and issues of the said daily newspaper on the following dates, viz.:

March 24, and 31, 1952

[Copy of Advertisement]

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

2. That the affiant is not interested in the subject matter of the notice or advertising, and that all of the allegations of the statement as to the time, place and character of publication are true.

B. Ellis Service

Sworn to and subscribed before me
this 31 day of March,
A. D. 19 52

B. Mae McCafferty NOTARY PUBLIC
My Commission Expires January 7, 1955

Statement of Advertising Costs

Albert Frank, Guenther Law, Inc.
Packard Building
Philadelphia 2, Penna.

To BETHLEHEM GLOBE-TIMES, Dr.

For publishing the notice or advertisement attached hereto on the above dates . . .	$ 13.64
Affidavits	1.00
Total	14.64

Publisher's Receipts for Advertising Costs

The Bethlehems' Globe Publishing Company, owner of said daily newspaper, hereby acknowledges receipt of the aforesaid advertising and publication costs and certifies that the same has been fully paid.

THE BETHLEHEMS' GLOBE PUBLISHING COMPANY.

APR 17 1952
ENTRY NO.

By

PHILADELPHIA

B-12 1M 3,51 TP

No. _____ Term, 19____

Proof of Publication of Notice in The Easton Express

Under Act No. 587, Approved May 16, 1929.

A78264

State of Pennsylvania,
County of Northampton } ss:

F. Edgar Bossard, Classified Manager of the EASTON PUBLISHING COMPANY, a corporation of the County and State aforesaid, being duly sworn, deposes and says that THE EASTON EXPRESS is a daily newspaper published at 30 No. 4th St., City of Easton, County and State aforesaid, which was established in the year 1855, since which date said daily newspaper has been regularly issued in said County, and that a copy of the printed notice or publication is attached hereto exactly as the same was printed and published in the regular editions and issues of the said daily newspaper on the following dates, viz.: _____

March 24th and the 31st day of March, A. D. 1952

Affiant further deposes that he is an officer duly authorized by the EASTON PUBLISHING COMPANY, a corporation, publisher of The EASTON EXPRESS, a daily newspaper, to verify the foregoing statement under oath and also declares that affiant is not interested in the subject matter of the aforesaid notice or publication and that all allegations in the foregoing statement as to time, place and character of publication are true.

F. Edgar Bossard

Classified Manager, Easton Publishing Company, a corporation

Copy of notice or publication

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

Sworn to and subscribed before me this 31st day of March, 19 52

M. N. Kressman, *Notary Public.*

My Commission Expires March 16, 1953.

Statement of Advertising Costs

Albert Frank-Guenther Law, Inc.,
131 Cedar Street,
New York 6, N. Y.

To Easton Publishing Company, Dr.

For publishing the notice or advertisement attached hereto on the above stated dates - -	$ 31.80
Probating same - - - - - - - - - - - -	$ 1.50
Total - - - - - - - - - - - -	$ 33.30

Publisher's Receipt for Advertising Costs

The EASTON PUBLISHING COMPANY, a corporation, publisher of The EASTON EXPRESS, a daily newspaper, hereby acknowledges receipt of the aforesaid advertising and publication costs, and certifies that the same have been fully paid.

Office
30 No. 4th St.,
Easton, Pa.
Established 1855
Dial 7171

APR 17 1952

EASTON PUBLISHING CO., a Corporation, Publisher of The EASTON EXPRESS, a Daily Newspaper

By _____

No._____ Term, 19____

Proof of Publication of Notice in Reading Eagle and Reading Times

Under Act No. 587, Approved May 16, 1929.

A 78264

State of Pennsylvania,
County of Berks } ss:

Edith L. Turner, Assistant Secretary of the Reading Eagle Co., of the County and State aforesaid, being duly sworn, deposes and says that the READING EAGLE established January 28, 1868 and READING TIMES established July 19, 1858 are newspapers of general circulation published at 30 N. Fourth Street, City of Reading, County and State aforesaid, and that the printed notice or publication attached hereto is exactly the same as printed and published in the regular editions and issues of the said READING EAGLE and READING TIMES on the following dates, viz.:

Reading Eagle March, 24th, and 31st, A. D. 19 52,

Reading Times March, 24th, and 31st, A. D. 19 52.

Affiant further deposes that he is duly authorized by the READING EAGLE COMPANY, a corporation, publisher of said READING EAGLE and READING TIMES, newspapers of general circulation, to verify the foregoing statement under oath, and affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statements as to time, place and character of publication are true.

Edith L. Turner

Sworn to and subscribed before me this 1st day of April, 1952.

Muriel D. Thalner
Notary Public.

My commission expires: MY COMMISSION WILL EXPIRE APRIL 9, 1955

Copy of Notice or Publication

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

Statement of Advertising Costs

Albert Frank - Guenther Law, Inc., Adv.,
Packard Building,
Philadelphia 2, Pa.

To READING EAGLE-TIMES, Dr.

For publishing the notice or publication attached hereto on the above stated dates	$ 22.00
Probating same 2 Affidavits	$ .75
Total	$ 22.75

Publisher's Receipt for Advertising Costs

The READING EAGLE COMPANY, publisher of the READING EAGLE and READING TIMES, newspapers of general circulation, hereby acknowledges receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

READING EAGLE COMPANY, a Corporation.

By_____

Form Ad. 422—11-51—2M

FOLDER

APR 17 1952

Proof of Publication of Notice in The Patriot and The Evening News

Under Act No. 587, Approved May 16, 1929.

A 78264

Commonwealth of Pennsylvania,
County of Dauphin, } ss:

.....Benj. F. Lantz..... being duly sworn according to law, deposes and says:
Ass't.

That he is the....Treasurer.of THE PATRIOT-NEWS CO., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal office and place of business at 11 North Second Street, in the City of Harrisburg, County of Dauphin, State of Pennsylvania, owner and publisher of THE PATRIOT and THE EVENING NEWS, newspapers of general circulation, printed and published at 11 North Second Street, in the City, County and State aforesaid; that THE PATRIOT and THE EVENING NEWS were established March 4th, 1854, and February 15th, 1917, respectively, and both have been continuously published ever since;

That the printed notice or publication which is securely attached hereto is exactly as printed and published in their regular editions and issues which appeared on the...24th and 31st days of March 1952..

That neither he nor said Company is interested in the subject matter of said printed notice or advertising, and that all of the allegations of this statement as to the time, place and character of publication are true; and

That he has personal knowledge of the facts aforesaid and is duly authorized and empowered to verify this statement on behalf of The Patriot-News Co. aforesaid by virtue and pursuant to a resolution unanimously passed and adopted severally by the stockholders and board of directors of the said Company and subsequently duly recorded in the office for the Recording of Deeds in and for the said County of Dauphin in Miscellaneous Book G, Volume 6, Page 512.

Copy of Notice or Publication

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a. m., where and when all persons in interest may appear and be heard, if they so desire.

The United Gas Improvement Company
Allentown-Bethlehem Gas Company
Consumers Gas Company
The Harrisburg Gas Company
Lancaster County Gas Company
Lebanon Valley Gas Company
Luzerne County Gas and Electric Corporation
The Philadelphia Gas Works Company

.....Benj. F. Lantz.....

Sworn to and subscribed before me this..2nd.....day of ...April....., A D.1952

.....John L. Stettaheff
Notary Public

My commission expires...January.22nd, 1953

Statement of Advertising Costs

..Albert Frank-Guenther Law, Inc.
Packard Bldg.
Philadelphia 2, Penna.....

To THE PATRIOT-NEWS CO., Dr.

For publishing the notice or publication attached hereto on the above

stated dates - - - - - - - - - -	$..32.20.....
Probating same - - - - - - - - - -	$.....50.....
Total - - - - - - - - - - - -	$..32.70.....

Publisher's Receipt for Advertising Costs

THE PATRIOT-NEWS CO., publisher of THE PATRIOT and THE EVENING NEWS, newspapers of general circulation, hereby acknowledge receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

RECORD FOLDER

APR 17 1952

EVEN. NO. .....

THE PATRIOT-NEWS CO., a Corporation,
Publisher of THE PATRIOT and THE EVENING NEWS,
Newspapers of General Circulation

By .....

No. _____ Term, 19____

Proof of Publication of Notice in

Under Act No. 587, Approved May 16, 1929

A78264

State of Pennsylvania,
County of Lancaster } ss:

Dorothy Wenninger of the County and State aforesaid, being duly sworn, deposes and says that the Intelligencer Journal and Lancaster New Era, a daily newspaper of general circulation published at Lancaster, County and State aforesaid, was established 1794 1864 since which date said daily newspaper has been regularly issued in said county, and that a copy of the printed notice or publication is attached hereto exactly the same as was printed and published in the regular editions and issues of said daily newspaper on the following dates, viz: March 24 31 1952 and the _____

day of _____ A. D. 19____

Affiant further deposes that he is Adv. Clerk duly authorized by the Lancaster Newspapers Inc., a corporation, publisher of said Intelligencer Journal and Lancaster New Era, a newspaper of general circulation, to verify the foregoing statement under oath, and also declares that affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statement as to time, place and character of publication are true.

Dorothy Wenninger

Copy of Notice or Publication

J LEGAL

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

Sworn and subscribed to before me this 31st day of March 1952

Marianne Anders
Notary Public

My commission expires April 18 1953

ement of Advertising Costs

To _____ Dr.

For publishing the notice or publication attached hereto on the above stated dates ..... $ _____

Probating same ..... $ _____

Total ..... $ _____

Publisher's Receipt for Advertising Costs

The _____, publisher of the _____, a daily newspaper of general circulation, hereby acknowledges receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

By _____

RECORD FOLDER

APR 17 1952

No.....Term, 19....

Proof of Publication of Notice in Lebanon Daily News and Times

Under Act No. 587, Approved May 16, 1929

Commonwealth of Pennsylvania,
County of Lebanon, } ss:

A1826

H. I. HEFFLEY.....being duly sworn according to law deposes and says:

He is....Auditor.....of LEBANON NEWS PUBLISHING COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal office and place of business at 24 South Eighth Street, in the City of Lebanon, County of Lebanon, State of Pennsylvania; that the said Company is the owner and publisher of the Lebanon Daily News and Times, a newspaper of general circulation printed and published at 24 South Eighth Street, in the City, County and State aforesaid; that the Lebanon Daily News and Times was established in 1872, and has been continuously published ever since; that the printed notice or publication which is securely attached hereto is exactly as printed and published in regular editions and issues which appeared on the..March 24 &.... March 31.....A. D. 19.52.

Affiant further deposes and says that he is duly authorized by said Company to verify this statement, and that neither he nor said Company is interested in the subject matter of said printed notice or advertising, and that all of the allegations of this statement as to the time, place and character of publication are true.

RESOLVED. That the President, Secretary, Treasurer, Assistant Treasurer and Auditor of this corporation hereby severally authorized and empowered to execute the verified statement in the proofs of publication on behalf of this corporation as the owner and publisher of the Lebanon Daily News and Times as required by the Newspaper Advertising Act, Act of May 16, 1929, P. L. 1784.

H. I. Heffley

.....

Copy of Notice or Publication

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company, of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

Sworn to and subscribed before me this...31st.day of.March.... A. D. 19.52.

Leonard T. Zimmet

Notary Public.

My commission expires February 1, 1953.

Statement of Advertising Costs

To LEBANON DAILY NEWS AND TIMES, Dr.

For Publishing the notice or publication attached hereto

on the above stated dates..... $..16.43....

Probating same.....2 Affidavits..... $....75....

Total ..... $..17.18....

RECORD FOLDER

Publisher's Receipt for Advertising Costs.

THE LEBANON NEWS PUBLISHING COMPANY, publishers of the LEBANON DAILY NEWS AND TIMES, a newspaper of general circulation, hereby acknowledges receipt of the aforesaid notice and publication costs and certifies that the same have been duly paid.

APR 17 1952

LEBANON NEWS PUBLISHING COMPANY, a Corporation,
Publisher of LEBANON DAILY NEWS AND TIMES, a Newspaper
of General Circulation.

By H. I. Heffley

PROOF OF PUBLICATION

WILKES-BARRE
TIMES LEADER
THE EVENING NEWS

(Under Act No. 587, approved May 16th, 1929)

A 78264

STATE OF PENNSYLVANIA, } ss:
COUNTY OF LUZERNE }

Julia O. Lennon being duly sworn according to law, deposes and says that she is bookkeeper for the TIMES-LEADER-THE EVENING NEWS of Wilkes-Barre, Pa., a daily newspaper published in the city of Wilkes-Barre, County of Luzerne and State aforesaid, by the WILKES-BARRE PUBLISHING COMPANY; that the said TIMES-LEADER-THE EVENING NEWS was established in 1939, and that the printed notice for publication hereto attached is exactly as printed in the regular editions of the TIMES-LEADER-THE EVENING NEWS on the following dates, viz:

March 24-31-1952

Affiant further deposes and says that the TIMES-LEADER-THE EVENING NEWS is a newspaper of general circulation, and that neither the affiant nor the TIMES-LEADER-THE EVENING NEWS is interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statement as to time, place and character of publication are true.

Julia O. Lennon

Sworn to before me this 31st day of March, 1952

James H. Hopper

MY COMMISSION EXPIRES JANUARY 27, 1953

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company, (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

WILKES-BARRE
TIMES LEADER Dr.
THE EVENING NEWS

on above stated dates - - - - - - - - $_____

Printing Costs:

The TIMES-LEADER-THE EVENING NEWS, a newspaper of general circulation, hereby acknowledges receipt of the costs as above and certifies that the same have been duly paid.

TIMES-LEADER-THE EVENING NEWS,

Per_____

RECORD FOLDER

APR 2 1952

ENTRY

PROOF OF PUBLICATION

WILKES BARRE
TIMES LEADER
THE EVENING NEWS

(Under Act No. 587, approved May 16th, 1929)

A 78264

STATE OF PENNSYLVANIA, } ss:
COUNTY OF LUZERNE }

Julia O. K. Lawson being duly sworn according to law, deposes and says that she is bookkeeper for the TIMES-LEADER-THE EVENING NEWS of Wilkes-Barre, Pa., a daily newspaper published in the city of Wilkes-Barre, County of Luzerne and State aforesaid, by the WILKES-BARRE PUBLISHING COMPANY; that the said TIMES-LEADER-THE EVENING NEWS was established in 1939, and that the printed notice for publication hereto attached is exactly as printed in the regular editions of the TIMES-LEADER-THE EVENING NEWS on the following dates, viz:

March 24-31-1952

Affiant further deposes and says that the TIMES-LEADER-THE EVENING NEWS is a newspaper of general circulation, and that neither the affiant nor the TIMES-LEADER-THE EVENING NEWS is interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statement as to time, place and character of publication are true.

RED CROSS WORK OUTLINED

41 Legion Posts Represented At Duryea

Operations of the American Red Cross locally and nationally were

Julia O K Lawson

Sworn to before me this 31st day

of March, 1952

James H. Hopper

MY COMMISSION EXPIRES JANUARY 21, 1953

To. WILKES BARRE TIMES LEADER Dr.
THE EVENING NEWS

For publishing attached notice on above stated dates - - - - - - - - $_____

Publishers Receipt for Advertising Costs:

The TIMES-LEADER-THE EVENING NEWS, a newspaper of general circulation, hereby acknowledges receipt of the costs as above and certifies that the same have been duly paid.

TIMES-LEADER-THE EVENING NEWS,

Per _____

RECORD FOLDER

DC
APR 2 1952
ENTR

PROOF OF PUBLICATION

WILKES BARRE
TIMES LEADER
THE EVENING NEWS

(Under Act No. 587, approved May 16th, 1929)

A. 78264

STATE OF PENNSYLVANIA, }
COUNTY OF LUZERNE } ss:

Kittie O'D Cannon being duly sworn according to law, deposes and says that she is bookkeeper for the TIMES-LEADER-THE EVENING NEWS of Wilkes-Barre, Pa., a daily newspaper published in the city of Wilkes-Barre, County of Luzerne and State aforesaid, by the WILKES-BARRE PUBLISHING COMPANY; that the said TIMES-LEADER-THE EVENING NEWS was established in 1939, and that the printed notice for publication hereto attached is exactly as printed in the regular editions of the TIMES-LEADER-THE EVENING NEWS on the following dates, viz:

March 24 - 31 - 1952

Affiant further deposes and says that the TIMES-LEADER-THE EVENING NEWS is a newspaper of general circulation, and that neither the affiant nor the TIMES-LEADER-THE EVENING NEWS is interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statement as to time, place and character of publication are true.

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

OR

Kittie O'D Cannon

Sworn to before me this 31st day

of March, 1952

James H. Hopper

MY COMMISSION EXPIRES
JANUARY 22, 1953

o. WILKES BARRE TIMES LEADER Dr.
THE EVENING NEWS

tice on above stated dates - - - - - - - - - $_____

tising Costs:

The TIMES-LEADER-THE EVENING NEWS, a newspaper of general circulation, hereby acknowledges receipt of the costs as above and certifies that the same have been duly paid.

TIMES-LEADER-THE EVENING NEWS,

Per_____

RECORD FOLDER

APR 17 19

PROOF OF PUBLICATION

WILKES BARRE
TIMES LEADER
THE EVENING NEWS

(Under Act No. 587, approved May 16th, 1929)

A. 78264

STATE OF PENNSYLVANIA, }
COUNTY OF LUZERNE } ss:

Kittie O'D Cannon being duly sworn according to law, deposes and says that she is bookkeeper for the TIMES-LEADER-THE EVENING NEWS of Wilkes-Barre, Pa., a daily newspaper published in the city of Wilkes-Barre, County of Luzerne and State aforesaid, by the WILKES-BARRE PUBLISHING COMPANY; that the said TIMES-LEADER-THE EVENING NEWS was established in 1939, and that the printed notice for publication hereto attached is exactly as printed in the regular editions of the TIMES-LEADER-THE EVENING NEWS on the following dates, viz:

March 24 - 31 - 1952

Affiant further deposes and says that the TIMES-LEADER-THE EVENING NEWS is a newspaper of general circulation, and that neither the affiant nor the TIMES-LEADER-THE EVENING NEWS is interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statement as to time, place and character of publication are true.

Kittie O'D Cannon

Sworn to before me this 31st day

of March, 1952

James H. Hopper

MY COMMISSION EXPIRES
JANUARY 27, 1953

OR

Epworth League
Plans Banquet

Former members of the Epworth League of Wyomin Conference of

Dilworth, a Democrat and staunch foe of Meade's says the shots were fired from inside the lobby. Meade contends they came from outside the lobby. Dilworth has concluded "from information presented him" that the shots were fired by Miss Carroll. Both Meade and Miss Carroll deny this contention.

To. WILKES BARRE TIMES LEADER Dr.
THE EVENING NEWS

For publishing attached notice on above stated dates - - - - - - - - $_____

Publishers Receipt for Advertising Costs:

The TIMES-LEADER-THE EVENING NEWS, a newspaper of general circulation, hereby acknowledges receipt of the costs as above and certifies that the same have been duly paid.

TIMES-LEADER-THE EVENING NEWS,

Per_____

RECORD FOLDER

APR 17 19

No._____ Term, 19____

Proof of Publication of Notice in The Philadelphia Inquirer

Under Act No. 587, Approved May 16, 1929

A78264

State of Pennsylvania,
County of Philadelphia. } *ss.:*

W O HARPER, being duly sworn, deposes and says that THE PHILADELPHIA INQUIRER is a daily newspaper published at Broad and Callowhill Streets, Philadelphia County and State aforesaid, which was established in the year 1829, since which date said daily newspaper has been regularly issued in said County, and that a copy of the printed notice or publication is attached hereto exactly as the same was printed and published in the regular editions and issues of said daily newspaper on the following dates, viz.:

March 24,

and the 31st day of March, A. D. 19 52

Affiant further deposes that he is duly authorized by Triangle Publications, Inc., THE PHILADELPHIA INQUIRER DIVISION, a corporation, publisher of THE PHILADELPHIA INQUIRER, a daily newspaper, to verify the foregoing statement under oath, and also declares that affiant is not interested in the subject matter of the aforesaid notice or publication, and that all allegations in the foregoing statement as to time, place and character of publication are true.

W. O. Harper

Copy of notice or publication

NOTICE IS HEREBY GIVEN THAT AN application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A, 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 A. M, where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

Sworn to and subscribed before me this 1st day of April, 19 52.

A. C. PFAFF
NOTARY PUBLIC
My Commission Expires: My Commission Expires January 29, 1955.

Statement of Advertising Costs

ALBERT FRANK GUENTHER LAW INC
PACKARD BLDG
PHILA PA

To Triangle Publications, Inc., THE PHILADELPHIA INQUIRER DIVISION, Dr.

For publishing the notice or advertisement attached hereto on the above stated dates.....$_____

Affadavit thereto .....$_____

Total .....$_____

Publisher's Receipt for Advertising Costs

Triangle Publications, Inc., THE PHILADELPHIA INQUIRER DIVISION, a corporation, publisher of THE PHILADELPHIA INQUIRER, a daily newspaper, hereby acknowledges receipt of the aforesaid advertising and publication costs, and certifies that the same have been fully paid.

Triangle Publications, Inc., THE PHILADELPHIA INQUIRER DIVISION, a Corporation,
Publisher of THE PHILADELPHIA INQUIRER, a Daily Newspaper.

By_____

Office
Broad and Callowhill Sts.
Phila., Pa.
Established 1829

RECORD
POLICE

APR 17 1952

1012—10-51-15C

Commonwealth of Pennsylvania }
County of Philadelphia, } ss.

A 78264

Margaret B. Farley of **Bulletin Company**

being duly sworn according to law, says: that a notice, of which the adver-

ESTABLISHED 1847

tisement hereto attached is a copy, was published in **The Evening Bulletin**

a daily newspaper. and/or The Sunday Bulletin, a Sunday newspaper,

published in the City and County of Philadelphia Two

times, viz. March 24 + 31 1952

That this affiant is not interested in the subject matter of the aforesaid notice or publication, and that all of the allegations of the statement as to the time, place and character of publication are true.

Sworn and Subscribed before me, this 31st *day of* March *A.D.* 1952

Grace A. Kelaher
Notary Public

Commission Expires Mar. 5 1953

Margaret B. Farley

NOTICE is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation, and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company, (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A. 78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 A. M., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY
ALLENTOWN-BETHLEHEM GAS COMPANY
CONSUMERS GAS COMPANY
THE HARRISBURG GAS COMPANY
LANCASTER COUNTY GAS COMPANY
LEBANON VALLEY GAS COMPANY
LUZERNE COUNTY GAS AND ELECTRIC CORPORATION
THE PHILADELPHIA GAS WORKS COMPANY

440-B

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

APR 10 9 07 AM 1952

SECRETARY'S OFFICE
PUBLIC UTILITY COMM.

Application of The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

Application

Docket No. 78264

APR 17 1952

RECORD FOLDER

AFFIDAVIT OF MAILING OF NOTICE
OF HEARING TO BE HELD ON APRIL 8, 1952

COMMONWEALTH OF PENNSYLVANIA)
: ss.
COUNTY OF PHILADELPHIA)

Personally came before me, a Notary Public in and for said Commonwealth and County, Fred B. Hofft, a Vice-President of The United Gas Improvement Company, who being by me duly sworn, deposes and says that for and on behalf of said Company, he caused a notice in the form attached hereto to be mailed on or before March 22, 1952, under his direction, first class postage prepaid, (1) to all individuals, partnerships or corporations furnishing a similar service in the territories in which the seven last-named companies, as shown in the caption above, presently render service; and (2) to the authorities of all municipalities in which the said seven last-named companies presently render service.

Fred B. Hofft

Sworn to and subscribed before
me this 26th day of March, 1952.

Jas. J. Fallon
Notary Public
My Commission expires January 21, 1953.

Notice is hereby given that an application has been filed with the Pennsylvania Public Utility Commission, under the provisions of the Public Utility Law, by The United Gas Improvement Company, Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and The Philadelphia Gas Works Company for an order evidencing the Commission's approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies, and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service. (A.78264)

A public hearing upon this application will be held in Rooms 201-209 Harrison Building, 15th and Market Streets, Philadelphia, on Tuesday, April 8, 1952, at 10:00 a.m., where and when all persons in interest may appear and be heard, if they so desire.

THE UNITED GAS IMPROVEMENT COMPANY

ALLENTOWN-BETHLEHEM GAS COMPANY

CONSUMERS GAS COMPANY

THE HARRISBURG GAS COMPANY

LANCASTER COUNTY GAS COMPANY

LEBANON VALLEY GAS COMPANY

LUZERNE COUNTY GAS AND ELECTRIC CORPORATION

THE PHILADELPHIA GAS WORKS COMPANY

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application Docket No. 78264

In re: Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

O R D E R

BY THE COMMISSION, FEBRUARY 10, 1958:

The United Gas Improvement Company (U.G.I.) has submitted to us a petition for further amendment of our Order entered at A. 78264 on June 16, 1952 (as amended by orders entered on August 24, 1953, and December 17, 1956) approving the merger into U.G.I. of Allentown-Bethlehem Gas Company, Consumers Gas Company (of Reading), The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Company, and The Philadelphia Gas Works Company. The last-named company had been operator for the City of Philadelphia of the city-owned gas works, whose operations are beyond the purview of our jurisdiction.

The order of June 16, 1952, as amended, requires, in paragraph 6 as amended, that U.G.I. keep separate accounting records for each of its four public-utility gas divisions--the Harrisburg Division, the Lancaster County Division, the Lehigh Valley Division, and the Reading Division.

DOCKETED
APPLICATION DOCKET
FEB 20 1958
ENTRY No. 1343

In permitting U.G.I.'s Tariff Gas--Pa. P.U.C. No. 15 to become effective on October 27, 1957, for said four gas divisions, we

established, U.G.I. asserts, a uniform gas rate for those divisions, and recognized that they are being operated as an integrated gas system. That is substantially true, with the minor exception of the Lehigh Valley Division's Hazleton District, in which manufactured gas is furnished to the public at rates provided in Tariff Gas--Pa. P.U.C. No. 13, which differ from those in Tariff No. 15, supra. Costs applicable to the furnishing of manufactured-gas service in the Hazleton District would continue to be ascertainable for rate-making purposes.

Elimination of the requirement for maintaining subsidiary records for each gas division and the combining of the four divisions for purposes of accounting and reporting, would, in the opinion of U.G.I., be beneficial to U.G.I. and to its customers, for the following reasons:

1. The number of accounts to be maintained by the petitioner will be materially reduced.

2. Reporting, both for petitioner's use and for use by regulatory commissions, would be materially simplified.

3. Simplification of auditing procedures will result in a reduction of cost for such activity.

4. The combining of divisional records will permit further centralization and mechanization in processing accounting data.

5. Continuing Property Records covering physical property presently in use by the several gas divisions would be combined but in such a manner as would clearly identify such property geographically, as required by Rule 4 of both the Manufactured and Natural Gas Regulations.

6. Simplification in accounting resulting from the proposed combining of the several gas divisions will eventually result in an over-all reduction in operating cost for such activities.

7. The presentation of data to the Commission in matters involving petitioner's rates will be simplified in that the gas operations of the petitioner will be clearly segregated from its electric operations.

For the foregoing reasons, U.G.I. asserts it would be proper and in the public interest that we appropriately further amend paragraph 6 of our order of June 16, 1952, as amended, supra, so as to permit it, for purposes of accounting and reporting and for all other purposes, to combine its four gas divisions into one division.

The matters and things involved in the petition for amendment having been duly submitted, and full consideration having been given thereto, we find and determine that it is necessary or proper in the public interest that paragraph No. 6 of our said order entered on June 16, 1952, as amended, be and is hereby further amended to read as follows:

> 6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records by kind of service rendered as follows: electric service by Luzerne Electric Division, and gas service by Harrisburg, Lancaster County, Lehigh Valley and Reading Gas divisions, on a consolidated basis, which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to both kinds of service, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each kind of service, in each annual report commencing with that for the year 1957 which it will file with us.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Leo Scheerer
Chairman

ATTEST:

William P. Boas
Secretary

APPENDIX 3
UGI ELECTRIC ASSETS

Appendix 3
LIST OF ASSETS

All of the properties, assets, rights and entitlements of UGI exclusively or primarily relating to UGI Electric, including without limitation the following:

1. *Current Assets*. All of the current assets in categories that are not described as excluded in the Working Capital Example set forth on Appendix 2 attached to the MIPA.

2. *CPCs*. The following Certificates of Public Convenience ("CPC"):

    a. CPC related to UGI's 1925 acquisition of the American Gas Co.
    b. CPC issued by the PaPUC on June 16, 1952, at Docket No. A.78264.
    c. CPC related to UGI's 1967 acquisition of Harvey's Lake Light Company.

3. *Property, Plant and Equipment.* The property, plant and equipment in service in the Electric Territory under the following FERC Accounts:

    a. (352) Structures and Improvements
    b. (353) Station Equipment
    c. (354) Towers and Fixtures
    d. (355) Poles and Fixtures
    e. (356) Overhead Conductors and Devices
    f. (357) Underground Conduit
    g. (358) Underground Conductors and Devices
    h. (359) Roads and Trails
    i. (360) Land and Land Rights
    j. (361) Structures and Improvements
    k. (362) Station Equipment
    l. (363) Energy Storage Equipment – Distribution
    m. (364) Poles, Towers, and Fixtures
    n. (365) Overhead Conductors and Devices
    o. (366) Underground Conduit
    p. (367) Underground Conductors and Devices
    q. (368) Line Transformers
    r. (369) Services
    s. (370) Meters
    t. (371) Installations on Customer Premises
    u. (373) Street Lighting and Signal Systems
    v. (389) Land and Land Rights

4. *Software.* The following software used by UGI Electric:

Application Name	**Description**
eOMS	Electric Outage Management System (OSI AspenTech)
iTOA	Electric Transmission Outage Application

ESP	Electric Scheduling Program
Partner MapViewer	Map & Data Viewer
ESRI	Geospatial Information System (GIS) and geodatabase management application
SCADA	Electric Division stand-alone SCADA
PLS CADD	Transmission Design Software
PSSE Load Flow Analysis	Power flow analysis software
DTA Pro	Substation Testing software
Prime Read	Data collection system for Electric Commercial, Industrial, and Residential meters
ETDS	This is data that is stored on a non-Electric premises mainframe.
Samsara	replacing Intellishift for drive tracking software
TFMR	This is data only that is stored on a non-Electric premises mainframe.
TRES	Electric use to track vegetation work performed by contractors.

5. *Furniture*. All office furniture and equipment located in offices of UGI located at:

    a. One UGI Center, Wilkes Barre PA 18701. The office locations include:

        i. Entire second floor of Building A

        ii. Entire first floor of Building G

        iii. Electric Meter Department Workshop (including prefab building)

    b. Electric Division System Operations Control Center located at 20 Vine St. Edwardsville, PA 18704

    c. Electric Division Forty Fort Warehouse Facility and associated property located at 1730 Murray St. Forty Fort, PA 18704

    d. Dundee Service Center located at 2289 San Souci Parkway Hanover Township, PA 18706

6. *Other Equipment*. The following equipment owned by UGI:

    a. The computers, monitors, network servers and other equipment used by the UGI Electric[1]

    b. The trucks, trailers and ATVs used by UGI Electric, together with any equipment attached to such vehicles [2]

[1] Lists of specific equipment to be provided upon request.
[2] Lists of specific equipment to be provided upon request.

c. All tools, shop and garage equipment located at scheduled locations in 6a and vehicles in 5b

d. All communication and phone systems used by UGI Electric.[3]

7. *Real Property.* All real property owned, leased or subleased and any easements or other real property rights owned by UGI that is used held for use in connection with, or necessary for the conduct of, the business of UGI Electric.[4]

8. *Warranty Rights*.

   a. Purchase Orders are subject to a 2-year warranty period.

9. *Contracts*. All rights and interests of UGI under each of the following contracts:

   a) <u>UGI Utilities, Inc. - Operations Contracts</u>

      1) Master Services Agreements, dated May 19, 2016, by and between UGI Utilities, Inc., on behalf of its subsidiaries, UGI Penn Natural Gas Inc. and UGI Central Penn Gas, Inc., and ABB Inc. High Voltage Service – c/o Primary Lines.

         i. Scope of Work dated May 19, 2016.

      2) The following agreements by and between UGI Utilities, Inc. and Above and Beyond Lawncare, LLC:

         i. Master Services Agreement, dated April 28, 2023
         ii. Amendment to Purchase Order dated May 12, 2025(PO#46008713)

      3) Material Purchase Order, dated December 16, 2025, by and between UGI Utilities and Aclara Technologies LLC (PO#40035567).

      4) The following Purchase Orders by and between UGI Utilities, Inc. and Acuity Brands Lighting Inc.:

         i. Material Purchaser Order dated February 24, 2026 (PO#40036514).
         ii. Material Purchaser Order dated February 24, 2026 (PO#40036515).
         iii. Material Purchaser Order dated February 24, 2026 (PO#40036517).
         iv. Material Purchaser Order dated February 24, 2026 (PO#40036518).
         v. Material Purchase Order, dated February 18, 2026 (PO#40036475).
         vi. Material Purchase Order dated February 3, 2026 (PO#40036260).
         vii. Change to Purchase Order, dated December 22, 2025 (PO#40035458).
         viii. Change to Purchase Order, dated March 4, 2026 (PO#40036663).
         ix. Material Purchase Order dated March 9, 2026 (PO#40036701)

[3] Lists of specific equipment to be provided upon request.
[4] List of real property interests to be provided upon request.

5) Material Purchase Order, dated November 6, 2025, by and between UGI Utilities and AFL Telecommunications LLC (PO#40035253).

6) The following agreements by and between UGI Utilities, Inc. and Agency for Community Empowerment NEPA:

    i. Master Agreement for LIURP Services dated January 1, 2020
    ii. Form of Work Authorization dated December 5, 2025 (LIURP Electric)
    iii. Form of Work Authorization dated December 5, 2025 (LIURP North)
    iv. Form of Work Authorization dated January 6, 2025 (Electric Base Rate Case)
    v. Amendment to Purchase Order dated January 21, 2025 (PO#46005793)
    vi. Service Purchase Order dated February 19, 2020 (PO#46004029)
    vii. Amendment to Purchase Order dated December 18, 2019 (PO#46001425)

7) Master Services Agreement, dated July 1, 2022, by and between UGI Utilities, Inc. and Agostino Utilities LLC.

    i. Purchase Order/Work Authorization:

8) Service Purchase Order, dated December 18, 2024, by and between UGI Utilities and Apple ST Welding & Manufacturing (PO#46009673).

9) The following agreements by and between UGI Utilities, Inc. and ARM Group, LLC:

    i. Master Engineering Services Agreement, dated March, 14, 2020.
    ii. Service Purchase Order, dated February 10, 2023 (PO#46008521).
    iii. Service Purchase Order dated August 19, 2025 (PO#46010027).

10) The following agreements by and between UGI Utilities, Inc. and Asplundh Construction LLC:

    i. Master Services Agreement dated March 31, 2022
    ii. Scope of Services Purchase Order #TBD dated April 26, 2022 (effective April 1, 2022 – March 31, 2025)
    iii. Work Authorization dated April 28, 2025 (effective April 1, 2026 – March 31, 2029)
    iv. Service Purchase Order dated December 2, 2025 (PO#46010295)
    v. Master Services Agreement, dated November 28, 2018

11) Master Technical Services Agreement, dated September 16, 2022, by and between UGI Utilities, Inc. and Asplundh Engineering Services LLC.

    i. Purchase Order/Work Authorization:

12) The following agreements by and between UGI Utilities, Inc. and Asplundh Tree Experts, LLC

    i. Master Services Agreement, dated November 19, 2018, as amended on December 3, 2021, and as further amended on December 17, 2024, by and between UGI Utilities, Inc. and Asplundh Tree Experts, LLC.
    ii. Work Authorization dated December 20, 2024 (effective January 1, 2025 – December 31, 2028).
    iii. Work Authorization dated January 30, 2025
    iv. Amendment to Purchase Order dated November 12, 2024 (PO#46007079).
    v. Amendment to Purchase Order dated March 13, 2025 (PO#46009732).
    vi. Amendment to Purchase Order dated September 16, 2021 (PO#46006135).
    vii. Scope of Services Purchase Order #TBD dated November17, 2021 (effective November 19, 2021 through September 28, 2024).

13) The following agreements by and between UGI Utilities, Inc. and Automotive Rentals, Inc.:

    i. Fleet Management Services Agreement, dated September 8, 2014, as amended by that certain First Amendment to Fleet Management Services Agreement on October 1, 2014, as further amended by that certain Second Amendment to Fleet Management Services Agreement on December 17, 2014, as further amended by that certain Third Amendment to Fleet Management Services Agreement dated February 20, 2015, as further amended by that certain Fourth Amendment to Fleet Management Services Agreement dated June 23, 2017, as further amended by that certain Fifth Amendment to Fleet Management Services Agreement dated March 12, 2019, as amended by that certain Sixth Amendment to Fleet Management Services Agreement dated January 9, 2018, as amended by that certain Seventh Amendment to Fleet Management Services Agreement dated June 1, 2020, as amended by that certain Eight Amendment to Fleet Management Services Agreement dated October 6, 2021, and as further amended by that certain Ninth Amendment to Fleet Management Services Agreement dated March 25, 2022, by and between UGI Utilities, Inc. and Automotive Rentals, Inc.
    ii. Vehicle Purchase Agreement, dated May 26, 2015, as amended by that certain First Amendment to Vehicle Purchase Agreement dated July 2,

2018, as further amended by that certain Second Amendment to Vehicle Purchase Agreement dated March 12, 2019, as further amended by that certain Third Amendment to Vehicle Purchase Agreement dated May 12, 2020, as further amended by that certain Fourth Amendment to Vehicle Purchase Agreement dated June 23, 2021, as further amended by that certain Fifth Amendment to Vehicle Purchase Agreement dated June 7, 2023, and as further amended by that Sixth Amendment dated September 30, 2025.

iii. Collateral Agency Agreement, dated May 26, 2015, by and between UGI Utilities, Inc. Automotive Rentals, Inc. and Citizens Asset Finance, Inc.
iv. Interim Financing Agreement, dated May 26, 2015, by and between UGI Utilities, Inc., Automotive Rentals, Inc. and Citizens Asset Finance, Inc.
v. Service Purchase Order dated October 24, 2025 (PO#46010210).
vi. Purchase Order dated November 8, 2024 (PO#46009625).

14) Master Lease Agreement, dated May 26, 2015, by and between UGI Utilities, Inc. and Citizens Asset Finance, Inc.

15) The following agreements by and between UGI Utilities, Inc. and Davis-Ulmer Sprinkler Co., Inc., d/b/a Beach Lake Sprinkler:

i. Master Services Agreement dated August 24, 2022.
ii. Service Purchase Order dated September 16, 2025 (PO#46010098).
iii. Amendment to Purchase Order dated September 8, 2022 (PO#46008085)

16) The following agreements by and between UGI Utilities, Inc. and Bennie's Nursery Inc.:

i. Master Services Agreement, dated April 10, 2023
ii. Service Purchase Order dated February 2, 2026 (PO#46010404)
iii. Amendment to Purchase Order dated October 23, 2025 (PO#46008772)

17) Master Engineering Services Agreement, dated November 11, 2019, by and between UGI Utilities, Inc. and Black & Veatch.

i. Purchase Order/Work Authorization:

18) Master Engineering Services Agreement, dated April 27, 2017, as amended on June 27, 2019, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. And Borton Lawson Engineer, Inc.

i. Purchase Order/Work Authorization:

19) The following agreements by and between UGI Utilities, Inc. and Bridgewell Resources LLC:

i. Independent Contractor Agreement, dated January 18, 2012, by and between UGI Utilities, Inc. and Bridgewell Resources LLC.
ii. Change to Purchase Order dated March 10, 2026 (PO#40036592)
iii. Change to Purchase Order dated March 10, 2026 (PO#47023836)
iv. Material Purchase Order dated March 3, 2026 (PO#47023837)
v. Services Agreement (Collection of Wood), dated December 5, 2014.

20) Master Services Agreement, by and between UGI Utilities, Inc., on behalf of its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. and Central Penn Directional Drilling.

i. Purchase Order/Work Authorization:

21) Material Purchase Order, dated January 26, 2026, by and between UGI Utilities, Inc. and Colony Hardware (PO#40036106).

22) The following agreements by and between UGI Utilities, Inc. and the Commission on Economic Opportunity

i. Master Agreement for LIURP Services, dated January 1, 2020, by and between UGI Utilities, Inc. (Electric) – Gas Division and the Commission on Economic Opportunity
ii. Master Agreement for LIURP Services, dated January 1, 2013, by and between UGI Utilities, Inc.– Gas Division and the Commission on Economic Opportunity
iii. Master Agreement for LIURP Services, dated January 1, 2013, by and between UGI Penn Natural Gas, Inc. and the Commission on Economic Opportunity
iv. Master Agreement for LIURP Services, dated January 1, 2020, by and between UGI Utilities, Inc. (North) – Gas Division and the Commission on Economic Opportunity
v. Master Agreement for LIURP Services, dated January 1, 2020, by and between UGI Utilities, Inc. (South) – Gas Division and the Commission on Economic Opportunity
vi. Amendment to Purchase Order dated December 18, 2019 (PO#46001430)
vii. Service Purchase Order dated February 19, 2020 dated February 19, 2020 (PO#46004030)

viii. Amendment to Purchase Order dated January 13, 2026 (PO#46005783)
ix. Service Purchase Order dated June 27, 2023 (PO#46008822)
x. Form of Work Authorization dated December 31, 2024 (LIURP North)
xi. Form of Work Authorization dated December 23, 2024 (LIURP Electric)
xii. Form of Work Authorization dated December 23, 2024 (South)
xiii. Form of Work Authorization dated December 10, 2025 (LIURP Electric)
xiv. Form of Work Authorization dated December 10, 2025 (LIURP North)
xv. Form of Work Authorization dated December 10, 2025 (LIURP South)

23) The following agreements by and between UGI Utilities, Inc. and Convergence Communications LLC

i. Amendment to Purchase Order dated September 28, 2023 (PO#46008375)

ii. Service Purchase Order dated December 14, 2022 (PO#46008375)

24) The following agreements by and between UGI Utilities, Inc. and Cooper Power Systems, LLC:

i. Master Goods Agreement, dated September 29, 2011, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. and Cooper Power Systems, LLC.
ii. Material Purchase Order dated March 5, 2026 (PO#40036668)
iii. Material Purchase Order dated March 4, 2026 (PO#40036630)
iv. Material Purchase Order dated February 24, 2026 (PO#40036524)
v. Material Purchase Order dated January 20, 2026 (PO#400360024)
vi. Material Purchase Order dated September 9, 2025 (PO#40034613)
vii. Change to Purchase Order dated November 8, 2024 (PO#40029176)
viii. Change to Purchase Order dated May 29, 2024 (PO#40028952)

25) Material Purchase Order, dated September 30, 2025, by and between UGI Utilities, Inc. and Creative Pultrusions, Inc. (PO#40034842)

26) Purchase Order, dated February 25, 2026, by and between UGI Utilities, Inc. and Current Lighting Solutions LLC (PO#40036538)

27) Service Purchase Order, dated February 28, 2024, by and between UGI Utilities, Inc. and Custom Truck One Source LP (PO#46009213)

28) The following agreements by and between UGI Utilities, Inc. and Davey Resources Group, Inc.:

    i. Master Services Agreement, dated March 22, 2019, by and between UGI Utilities, Inc. and Davey Resource Group, Inc.
    ii. Statement of Work dated March 29, 2019
    iii. Service Purchase Order dated February 18, 2025 (PO#46009739)
    iv. Amendments #1 and #2 to Purchase Order, each dated January 21, 2025 (PO#46007645)
    v. Service Purchase Order dated January 22, 2026 (PO#46010384)
    vi. Service Purchase Order dated February 18, 2025 (PO#46009738)
    vii. Service Purchase Order dated March 5, 2025 (PO#46009766)
    viii. Service Purchase Order dated March 27, 2025 (PO#46009809)
    ix. Service Purchase Order dated March 3, 2022 (PO#46007363)
    x. Amendment to Purchase Order dated August 26, 2022 (PO#46005697)
    xi. Service Purchase Order dated December 7, 2022, as amended by that certain Amendment to Purchase Order dated October 2, 2024 (PO#46008362)
    xii. Service Purchase Order dated February 28, 2023 (PO#46008575)
    xiii. 2021 Annual Work Authorization dated January 21, 2021
    xiv. Work Authorization dated April 6, 2020

29) The following Purchase Orders by and between UGI Utilities, Inc. and EN Engineering LLC:

    i. Master Technical Services Agreement dated June 18, 2025.
    ii. Master Engineering Services Agreement dated November 8, 2007.
    iii. Amendment to Purchase Order, dated January 22, 2024 (PO#46008751).
    iv. Service Purchase Order, dated January 30, 2026, by and between UGI Utilities, Inc., and EN Engineering LLC (PO#46010396).

30) The following agreements by and between UGI Utilities, Inc. and Environmental Protection Services LLC:

    i. Master Services Agreement by and between UGI Utilities Inc. and its subsidiaries, UGI Penn Natural Gas, Inc., UGI Central Penn Gas, Inc. and Environmental Protection Services LLC.
    ii. Amendment to Purchase Order dated August 7, 2024

iii. Service Purchase Order dated June 13, 2025

31) The following agreements by and between UGI Utilities, Inc. and EPAWA Weather Consulting LLC

i. Service Purchase Order, dated March 7, 2023, by and between UGI Utilities, Inc. and EPAWA Weather Consulting LLC (PO#46008599)

ii. Service Purchase Order, dated May, 6, 2025 (PO#46009864)

32) Master Goods Agreement, dated August 24, 2011, by and between UGI Utilities, Inc. on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. and ERMCO.

i. SOW/PO:

33) Master Services Agreement dated May 8, 2020, by and between UGI Utilities, Inc. and Evercor Facility Management.

i. Statement of Work, dated May 8, 2020

ii. PO

34) Service Purchase Order, dated November 20, 2025, by and between UGI Utilities and Exponential Power Inc. (PO#46010277)

35) The following agreements by and between UGI Utilities, Inc. and FMP, Inc.:

i. Master Services Agreement, dated January 25, 2022.
ii. Service Purchase Order dated March 6, 2026.
iii. Service Purchase Order dated October 2, 2025.

36) Master Environmental Services Agreement, dated September 2, 2022, by and between UGI Utilities, Inc. and Forrester Environmental Inc.

i. PO/Work Authorization:

37) Material Purchase Order, dated March 23, 2022, by and between UGI Utilities, Inc. and GE Grid Solutions LLC (PO#40017215)

38) Material Purchase Order, dated March 18, 2026, by and between UGI Utilities, Inc. and GEOTEK LLC (PO#40036873)

39) Change to Purchase Order dated January 20, 2026 by and between UGI Utilities, Inc. and GE-Prolec Transformers Inc. (PO#40036023).

40) Master Pipeline Support Services Agreement, dated August 5, 2020, by and between UGI Utilities, Inc. and Geo-Science Engineering & Testing, LLC.

    i. Purchase Order/Work Authorization:

41) The following Purchase Orders by and between UGI Utilities, Inc. and Graybar Electric Co Inc.

    i. Purchase Order dated March 4, 2026 (PO#47023846)
    ii. Purchase Order dated February 25, 2026 (PO#47023783)
    iii. Purchase Order dated February 18, 2026 (PO#47023735)
    iv. Purchase Order dated February 11, 2026 (PO#47023651)
    v. Purchase Order dated February 11, 2026 (PO#47023652)
    vi. Purchase Order dated February 11, 2026 (PO#47023652)
    vii. Purchase Order dated February 4, 2026 (PO#47023594)
    viii. Material Purchase Order dated January 28, 2026 (PO#47023510)
    ix. Purchase Order dated January 21, 2026 (PO#47023431)
    x. Purchase Order dated January 21, 2026 (PO#47023430)
    xi. Purchase Order dated January 14, 2026 (PO#47023354)
    xii. Purchase Order dated October 29, 2025 (PO#47022792)
    xiii. Material Purchase Order dated July 23, 2025 (PO#47021765)
    xiv. Purchase Order dated May 14, 2025 (PO#47021075)
    xv. Purchase Order dated April 16, 2025 (PO#47020692)
    xvi. Purchase Order dated March 12, 2025 (PO#47020200)
    xvii. Change to Purchase Order dated March 7, 2025 (PO#47020036)
    xviii. Material Purchase Order dated October 2, 2024 (PO#47018704)
    xix. Purchase Order dated August 30, 2021 (PO#47008905)
    xx. Change to Purchase Order dated July 10, 2023 (PO#40025553).

42) The following agreements by and between UGI Utilities, Inc. and Harlan Electric Company:

    i. Master Services Agreement, dated March 14, 2025, by and between UGI Utilities, Inc. and Harlan Electric Company.

    ii. Purchase Order dated March 28, 2025 (PO#46009811), as amended by that certain Change Order Documentation dated October, 14, 2025, as further amended by that certain Change Order Documentation dated September 9, 2025, as further amended by that certain Change Order Documentation, and as further amended by that certain Amendment to Purchase Order dated December 18, 2025.

43) Master Pipeline Construction Agreement, dated April 1, 2018, by and between UGI Utilities Inc. and its subsidiaries, UGI Penn Natural Gas, Inc., UGI Central Penn Gas, Inc. and Henkels & McCoy, Inc.

    i. Purchase Order/Work Authorization:

44) The following Purchase Orders by and between UGI Utilities, Inc. and Hitachi Energy USA

    i. Material Purchase Order dated February 3, 2026 (PO#40036282)
    ii. Material Purchase Order dated June 10, 2025 (PO#40033600)
    iii. Material Purchase Order dated May 8, 2024 (PO#40028717)

45) The following Purchase Orders by and between UGI Utilities, Inc. and Howard Industries Inc.

    i. Change to Purchase Order dated September 21, 2022 (PO#40020364)
    ii. Change to Purchase Order dated August 9, 2022 (PO#40019646)

46) Amendment to Purchase Order, dated March 7, 2024, by and between UGI Utilities, Inc. and HSI Workplace Compliance (PO#46009188)

47) The following agreements by and between UGI Utilities, Inc. and I.B. Abel, Inc.:

    i. Master Services Agreement, dated May 19, 2023, by and between UGI Utilities, Inc. and I.B. Abel, Inc.
    ii. Statement of Work dated October 23, 2025
    iii. Service Purchase Order dated October 28, 2025 (PO#46010222)

48) Master Services Agreement, dated May 20, 2026, by and between UGI Utilities, Inc. and JJM Power, LLC

49) Master Services Agreement, dated December 17, 2019, by and between UGI Utilities, Inc. and Johnson Controls.

    i. Purchase Order/Work Authorization:

50) The following agreements by and between UGI Utilities, Inc. and John Schenck Construction

    i. Master Services Agreement dated April 24, 2020
    ii. Service Purchase Order, dated August 16, 2024, as amended by that certain Amendment to Purchase Order dated September 11, 2024 (PO#46009476)

iii. Amendment to Purchase Order

51) The following agreements by and between UGI Utilities Inc. and K. Moorea Co., LLC d/b/a Traffic Plan

i. Master Pipeline Support Services Agreement, dated January 1 2014, by and between UGI Utilities, Inc. and its subsidiaries UGI Penn Natural Gas Inc. and UGI Central Penn Gas, Inc. and K. Moorea Co., LLC d/b/a Traffic Plan.
ii. Master Pipeline Support Services Agreement, dated April 1, 2022, by and between UGI Utilities Inc. and K. Moorea Co., LLC d/b/a Traffic Plan.
iii. Work Authorization dated November 15, 2022.
iv. Purchase Order No. 49121940 dated September 2025 – Seller does not have a traditional Purchase Order for this; instead, Seller emailed this job request and associated scope of work to the contractor. It is for approximately $1,950,000.

52) Master Services Agreement, dated July 12, 2024, by and between UGI Utilities, Inc. and K&R Utilities, LLC.

i. Purchase Order/Work Authorization:

53) The following agreements by and between UGI Utilities, Inc. and Labella Associates, P.C.

i. Master Services Agreement dated November 21, 2022
ii. Master Services Agreement dated February 10, 2017
iii. Service Purchase Order dated August 15, 2023 (PO#46008921)
iv. Amendment to Purchase Order dated April 10, 2025 (PO#46008926)
v. Amendment to Purchase Order dated May 7, 2024 (PO#46008271)
vi. Service Purchase Order dated February 2, 2026 (PO#46010403)
vii. Amendment to Purchase Order dated August 17, 2020 (PO#46004979)
viii. Service Purchase Order dated November 17, 2021 (PO#46006965)
ix. Service Purchase Order dated August 15, 2022 (PO#46008006)
x. Service Purchase Order dated October 18, 2022 (PO#46008215)

54) Amendment to Purchase Order, dated October 6, 2020 (PO# 46003376), by and between UGI Utilities, Inc. and LAC Holdings Inc DBA Zemar Tran.

55) Master Agreement for Services, dated May 23, 2011, by and between UGI Utilities, Inc. and Lane's Crane Service.

i. Purchase Order/Work Authorization:

56) The following agreements by and between UGI Utilities, Inc. and Leonard Crawford Electric LLC:

   i. Master Services Agreement, dated December 19, 2019, by and between UGI Utilities, Inc. and Leonard Crawford Electric LLC.
   ii. Service Purchase Order dated July 28, 2025 (PO#46009990).

57) Material Purchase Order dated February 4, 2026 (PO#40036291).

58) Master Services Agreement, dated March 21, 2024, by and between UGI Utilities, Inc. and LRP Power, LLC.

   i. Purchase Order/Work Authorization:

59) The following agreements by and between UGI Utilities, Inc. and M&L Mechanical Company

   i. Master Services Agreement by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. and M&L Mechanical Company
   ii. Amendment to Purchase Order dated December 4, 2024 (PO#46009523)
   iii. Service Purchase Order dated June 14, 2024 (PO#46009363)
   iv. Amendment to Purchase Order dated September 5, 2024 (PO#46008928)

60) The following Purchase Orders by and between UGI Utilities, Inc. and Marmon Utility LLC:

   i. Master Services Agreement dated September 1, 2021.
   ii. Material Purchase Order dated January 27, 2026 (PO#40036141)
   iii. Material Purchase Order dated March 3, 2026 (PO#40036603)
   iv. Purchase Order dated September 8, 2021 (PO#46006625)

61) The following agreements by and between UGI Utilities, Inc. and MasTec Professional Services, LLC (f/k/a HMI Technical Solutions, LLC)

   i. Master Engineer Services Agreement, dated June 5, 2017, as amended on January 1, 2023.
   ii. Service Purchase Order dated February 20, 2024 (PO#46009190)
   iii. Service Purchase Order dated January 16, 2026 (PO#46010372)
   iv. Master Pipeline Support Services Agreement dated November 28, 2016.

62) The following agreements by and between UGI Utilities, Inc. and Matrix North American Construction, Inc.

    i. Transmission Line Construction Agreement, dated May 20, 2019, as amended on February 4, 2020.

    ii. PO/Work Authorization:

63) The following agreements by and between UGI Utilities, Inc. and Mechanical X Advantage LLC:

    i. Master Services Agreement dated February 21, 2022
    ii. Service Purchase Order dated April 24, 2024 by and between UGI Utilities Inc. and Mechanical X Advantage LLC.

64) The following agreements by and between UGI Utilities, Inc. and Midlantic Engineering:

    i. Master Pipeline Support Services Agreement, dated June 13, 2017, by and between UGI Utilities, Inc. and its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc., and Midlantic Engineering.
    ii. PO/Work Authorization:

65) The following Purchase Orders by and between UGI Utilities, Inc. and Mitsubishi Electric Power Products:

    i. Change to Purchase Order dated February 1, 2024 (PO#40027538)
    ii. Change to Purchase Order dated February 1, 2024 (PO#40027539)
    iii. Change to Purchase Order dated February 1, 2024 (PO#40027540)
    iv. Material Purchase Order dated October 9, 2025 (PO#40034940)
    v. Change to Purchase Order dated October 29, 2025 (PO#40035162)
    vi. Material Purchase Order dated December 16, 2025 (PO#40035561)

66) Master Services Agreement, dated July 15, 2024, by and between UGI Utilities, Inc. and Public Utilities Maintenance, Inc.

    i. Purchase Order/Work Authorization:

67) The following agreements by and between UGI Utilities, Inc. and Neal Lynn Inc.:

    i. Master Services Agreement, dated December 12, 2018, by and between UGI Utilities, Inc. and Neal Lynn Inc.
    ii. Service Purchase Order dated February 29, 2024 (PO#46009214)
    iii. Service Purchase Order dated February 27, 2023, as amended by that certain Amendment to Purchase Order dated January 13, 2025, and as

further amended by that certain Amendment to Purchase Order dated January 13, 2026 (PO#46008574)

iv. Service Purchase Order dated January 14, 2021 (PO#46005658)
v. Service Purchase Order dated July 12, 2023 (PO#46008851)
vi. Service Purchase Order dated December 29, 2025 (PO#46010328)
vii. Service Purchase Order dated August 26, 2025 (PO#46010052)
viii. Service Purchase Order dated January 19, 2026 (PO#46010376)
ix. Service Purchase Order dated January 22, 2026 (PO#46010382)
x. Amendment to Purchase Order dated March 10, 2026 (PO#46010389)
xi. Amendment to Purchase Order dated January 15, 2025 (PO#46008517)
xii. Service Purchase Order dated October 17, 2023, as amended by the certain Amendment to Purchase Order dated September 19, 2024 (PO#46009054)
xiii. Service Purchase Order dated July 30, 2024 (PO#46009441)
xiv. Service Purchase Order dated August 29, 2024 (PO#46009504)
xv. Service Purchase Order dated October 10, 2024 (PO#46009591)
xvi. Service Purchase Order dated October 22, 2024 (PO#46009600)
xvii. Service Purchase Order dated December 23, 2024 (PO#46009679)
xviii. Amendment to Purchase Order dated January 28, 2025 (PO#46009715)
xix. Service Purchase Order dated April 28, 2025 (PO#46009848)
xx. Service Purchase Order dated June 26, 2025 (PO#46009950)
xxi. Service Purchase Order dated August 5, 2025 (PO#46010003)
xxii. Service Purchase Order dated August 5, 2025 (PO#46010003)
xxiii. Service Purchase Order dated November 6, 2025 (PO#46010233)
xxiv. Purchase Order, dated January 20, 2022, as amended by that certain Amendment to Purchase Order dated September 28, 2022, and as further amended by that certain Amendment to Purchase Order dated August 28, 2024 (PO#46007170)
xxv. Service Purchase Order dated April 3, 2025 (PO#46009823)
xxvi. Service Purchase Order dated February 27, 2026 (PO#46010442)
xxvii. Service Purchase Order dated March 3, 2026 (PO#46010454)

68) The following Purchase Orders by and between UGI Utilities, Inc. and Nehring Electrical Works:

i. Change to Purchase Order dated July 23, 2025 (PO#40034038)
ii. Change to Purchase Order dated December 8, 2025 (PO#40035474)

69) The following agreements by and between UGI Utilities, Inc. and New Era Technologies, Inc.

    i. Master Services Agreement, dated February 12, 2020
    ii. Statement of Work dated February 12, 2020
    iii. PO

70) The following agreements by and between UGI Utilities, Inc. and Northeast Transformer Services Inc.

    i. Service Purchase Order, dated January 4, 2022, by and between UGI Utilities, Inc. and Northeast Transformer Service. (PO#46007103)
    ii. Amendment to Purchase Order dated October 22, 2020 (PO#46003375)
    iii. Material Purchase Order dated February 10, 2026 (PO#40036370)

71) The following agreements by and between UGI Utilities, Inc. and Osmose Utilities Services, Inc.:

    i. Master Services Agreement, dated February 4, 2022
    ii. Service Purchase Order dated February 23, 2024 (PO#46009202)
    iii. Service Purchase Order dated January 19, 2026 (PO#46010375)
    iv. Service Purchase Order dated January 14, 2026 (PO#46010362)
    v. Service Purchase Order dated March 28, 2025 (PO#46009813)
    vi. Amendment to Purchase Order dated January 22, 2026 (PO#46010381)
    vii. Amendment to Purchase Order dated March 20, 2025 (PO#46009796)
    viii. Service Purchase Order dated March 9, 2022
    ix. Service Purchase Order dated February 23, 2024
    x. Work Authorization 2021 Pole Inspection Services dated February 2, 2021
    xi. Master Pipeline Support Services Agreement dated November 30, 2010

72) The following agreements by and between UGI Utilities, Inc. and OTT Consulting, Inc.

    i. Master Technical Services Agreement dated December 8, 2021
    ii. Consulting Services Agreement dated May 29, 2018
    iii. Amendment to Purchase Order dated September 1, 2022

73) Master Agreement for Purchase of Products & Services, dated April 16, 2013, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI

Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc., and Penncat Corporation.

i. PO/Work Authorization:

74) Vehicle Maintenance Agreement, dated May 22, 2008, as amended on September 22, 2015, by and between UGI Utilities, Inc. and Penske Truck Leasing Co., L.P.

75) Master Services Agreement, dated February 2, 2022, by and between UGI Utilities, Inc. and Pinnacle Roofing & Sheet Metal, Inc.

i. Purchase Order/Work Authorization:

76) Master Services Agreement, dated February 22, 2018, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc and UGI Central Penn Gas, Inc. and Phasor Corporation.

i. Purchase Order/Work Authorization:

77) The following agreements by and between UGI Utilities, Inc. and Power Line Supply

i. Master Goods Agreement, dated March 23, 2012, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. and Power Line Supply.
ii. Material Purchase Order dated March 12, 2026 (PO#47023985)
iii. Material Purchase Order dated March 11, 2026 (PO#47023915)
iv. Material Purchase Order dated March 11, 2026 (PO#47023914)
v. Change to Purchase Order dated March 12, 2026 (PO#47023913)
vi. Change to Purchase Order dated March 10, 2026 (PO#47023851)
vii. Material Purchase Order dated March 4, 2026 (PO#47023849)
viii. Material Purchase Order dated February 25, 2026 (PO#47023785)
ix. Material Purchase Order dated February 18, 2026 (PO#47023738)
x. Change to Purchase Order dated February 25, 2026 (PO#47023737)
xi. Change to Purchase Order dated February 11, 2026 (PO#47023653)
xii. Change to Purchase Order dated February 19, 2026 (PO#47023598)
xiii. Purchase Order dated January 28, 2026 (PO#47023512)
xiv. Change to Purchase Order dated January 23, 2026 (PO#47023357)
xv. Material Purchase Order dated December 31, 2025 (PO#47023294)
xvi. Purchase Order dated December 24, 2025 (PO#47023253)
xvii. Purchase Order dated December 24, 2025 (PO#47023251)
xviii. Change to Purchase Order dated December 18, 2025 (PO#47023018)
xix. Purchase Order dated November 26, 2025 (PO#47023017)

xx. Material Purchase Order dated November 5, 2025 (PO#47022805)
xxi. Change to Purchase Order dated November 20, 2025 (PO#47022754)
xxii. Change to Purchase Order dated January 13, 2026 (PO#47022662)
xxiii. Change to Purchase Order dated November 5, 2025 (PO#47022660)
xxiv. Material Purchase Order dated March 3, 2026 (PO#40036622)
xxv. Change to Purchase Order dated December 1, 2025 (PO#40035434)
xxvi. Material Purchase Order dated August 6, 2025 (PO#40034188)
xxvii. Material Purchase Order dated April 10, 2025 (PO#40032910)
xxviii. Change to Purchase Order dated October 10, 2025 (PO#40032820)
xxix. Material Purchase Order dated May 10, 2022 (PO#40018247)

78) Material Purchase Order, dated August 3, 2023, by and between UGI Utilities, Inc. and Power Monitors Inc. (PO#400252913)

79) The following agreements by and between UGI Utilities, Inc. and Power Substation Services LLC

i. Master Services Agreement dated January 17, 2023.
ii. Service Purchase Order dated December 11, 2024.

80) Master Services Agreement, dated July 15, 2024, by and between UGI Utilities, Inc. and Public Utilities Maintenance, Inc.

i. Purchase Order/Work Authorization:

81) The following agreements by and between UGI Utilities, Inc. and Quality Electric of Northeast PA, Inc.

i. Master Services Agreement dated December 12, 2019
ii. Service Purchase Order dated May 23, 2022, as amended by that certain Amendment to Purchase Order dated March 6, 2023 (PO#46007699)
iii. Service Purchase Order dated March 7, 2023 (PO#46008601)

82) The following Purchase Orders by and between UGI Utilities, Inc. and Reliable Equipment & Serv Co.

i. Material Purchase Order dated February 10, 2026 (PO#40036364)

ii. Material Purchase Order dated February 18, 2026 (PO#40036486)

83) Master Agreement for Purchase of Products and Services, dated July 28, 2014, by and between UGI Utilities, on behalf of itself and its subsidiaries UGI Penn

Natural Gas, Inc. and UGI Central Penn Gas, Inc. and Reliable Equipment and Supply.

84) The following agreements by and between UGI Utilities, Inc. and RETTEW Associates, Inc.

    i. Master Engineering Services Agreement.

    ii. Master Pipeline Support Services Agreement dated August 6, 2020

85) Master Pipeline Construction Agreement, dated June 28, 2022, by and between UGI Utilities, Inc. and RETTEW Field Services, Inc.

86) The following agreements by and between UGI Utilities, Inc. and RGRID Power PLLC

    i. Master Technical Services Agreement dated February 22, 2024

    ii. Service Purchase Order dated May 13, 2024, as amended by that certain Amendment to Purchase Order dated December 8, 2025 (PO#46009324)

87) Material Purchase Order, dated April 24, 2025, by and between UGI Utilities, Inc. and Rhino Products Inc.

88) The following agreements by and between UGI Utilities, Inc. and Schneider Electric Systems USA:

    i. Material Purchase Order dated March 18, 2025 (PO#40032607)
    ii. Amendment to Purchase Order dated September 13, 2024 (PO#46009533)
    iii. Change to Purchase Order dated November 30, 2022 (PO#40021150)
    iv. AVEVA Flex Agreement dated February 25, 2025.

89) The following agreements by and between UGI Utilities, Inc. and Schweitzer Engineering Laboratories, Inc.

    i. Master Agreement for Service, dated October 10, 2011
    ii. Purchase Order/Work Authorization
    iii. Master Technical Services Agreement dated March 11, 2024.
    iv. Software License Agreement, dated March 14, 2024.
    v. Material Purchase Order dated March 9, 2026 (PO#40036700)
    vi. Change to Purchase Order dated January 21, 2026 (PO#40036031)
    vii. Material Purchase Order dated October 14, 2025 (PO#40034984)

90) The following agreements by and between UGI Utilities, Inc. and SEDA Council of Governments:

i. Master Agreement for LIURP Services, dated January 1, 2020
ii. Amendment to Purchase Order dated January 19, 2024 (PO#46005811)
iii. Form of Work Authorization dated February 20, 2020
iv. Form of Work Authorization dated February 5, 2021
v. Form of Work Authorization dated January 1, 2023
vi. Form of Work Authorization dated January 1, 2024
vii. Form of Work Authorization dated December 23, 2024
viii. Form of Work Authorization dated December 12, 2025

91) The following agreements by and between UGI Utilities, Inc. and SEL Engineering Services, Inc.:

i. Master Agreement for Services dated October 10, 2011
ii. Master Technical Services Agreement dated March 11, 2024
iii. Service Purchase Order dated April 20, 2021 (PO#46006041)
iv. Service Purchase Order dated October 27, 2020 (PO#46005391)
v. Service Purchase Order dated November 25, 2025 (PO#46010283)

92) Material Purchase Order, dated February 4, 2026, by and between UGI Utilities, Inc. and Sherman & Reilly Inc. (PO#40036289)

93) Service Purchase Order, dated March 18, 2026, by and between UGI Utilities, Inc. and RF Ideas Inc. (PO#46010493).

94) Material Purchase Order, dated April 10, 2023, by and between UGI Utilities, Inc. and Siemens Industry Incorporated (PO#40023843)

95) The following agreements by and between UGI Utilities, Inc. and Site Pro Construction, Inc.:

i. Substation Construction Agreement dated April 25, 2019, as amended on May 19, 2019, and as further amended on June 16, 2019.
ii. Work Authorization dated April 25, 2019
iii. Master Services Agreement, dated July 12, 2018
iv. Service Purchase Order dated November 12, 2024 (PO#46009627)

96) The following agreements by and between UGI Utilities, Inc. and Site Pro Surveying Contractor:

i. Master Services Agreement dated October 4, 2021

ii. Amendment to Purchase Order dated October 18, 2022, as further amended by that certain Amendment to Purchase Order dated February 20, 2025 (PO#46008207)

97) The following agreements by and between UGI Utilities, Inc. and Solaire Energy Inc.:

i. Master Agreement for LIURP Services dated January 1, 2020
ii. Amendment to Purchase Order dated December 18, 2019 (PO#46001432)
iii. Service Purchase Order dated February 19, 2020 (PO#46004033)
iv. Service Purchase Order dated February 19, 2020 (PO#46004035)
v. Amendment to Purchase Order dated January 16, 2024 (PO#46005786)

98) The following agreements by and between UGI Utilities, Inc. and Southern States LLC

i. Consulting Services Agreement, dated September 1, 2015, by and between UGI Utilities, Inc. and Southern States LLC.
ii. Change to Purchase Order dated February 5, 2026 (PO#40031504)
iii. Material Purchase Order dated January 26, 2026 (PO#40036114)

99) Master Services Agreement, dated November 29, 2016, by and between UGI Utilities Inc., on behalf of itself and its subsidiaries, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc., and Sovereign Commercial Services.

i. Purchase Order/Work Authorization

100) The following agreements by and between UGI Utilities, Inc. and Stafursky Paving Company, Inc.:

i. Master Restoration Services Agreement dated April 1, 2022, as amended on April 1, 2025.
ii. Work Authorization dated November 1, 2025.
iii. Service Purchase Order dated July 11, 2025 (PO#46009967)

101) The following agreements by and between UGI Utilities, Inc. and Stauffer Glove and Safety:

i. Master Goods Agreement, dated September 18, 2012, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas Inc., and Stauffer Glove and Safety

ii. Master Agreement for Purchase of Products & Services, dated August 11, 2016, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc. and UGI Central Penn Gas Inc., and Stauffer Glove and Safety
iii. Vending Pilot Agreement dated June 10, 2016

iv. Seller Affiliation Agreement dated July 25, 2023, by and between UGI Utilities, Inc., Procurement Advisors LLC n/k/a Procure Analytics and Staffer Manufacturing Co Inc. d/b/a Stauffer Glove Safety.

102) The following agreements by and between UGI Utilities, Inc. and Samsara Inc.:

i. Master License and Services Agreement dated January 28, 2026
ii. Service Purchase Order, dated February 9, 2026, by and between UGI Utilities, Inc. and Samsara Inc (PO#46010414)

103) The following agreements by and between UGI Utilities, Inc. and Stuart C. Irby Co.:

i. Master Goods Agreement, dated August 28, 2012, by and between UGI Utilities Inc., on behalf of itself and its subsidiaries UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. and Stuart C. Irby Co.
ii. Material Purchase Order dated April 11, 2023 (PO#40023898)
iii. Change to Purchase Order dated July 6, 2023 (PO#40025488)
iv. Change to Purchase Order dated November 7, 2023 (PO#40026882)
v. Change to Purchase Order dated March 13, 2024 (PO#40027993)
vi. Material Purchase Order dated September 12, 2025 (PO#40034678)
vii. Material Purchase Order dated October 30, 2025 (PO#40035167)
viii. Change to Purchase Order dated January 16, 2026 (PO#40035242)
ix. Material Purchase Order dated February 4, 2026 (PO#40036294)
x. Material Purchase Order dated February 12, 2026 (PO#40036411)
xi. Material Purchase Order dated March 10, 2026 (PO#40036733)
xii. Material Purchase Order dated March 10, 2026 (PO#40036738)
xiii. Material Purchase Order dated March 10, 2026 (PO#40036739)
xiv. Material Purchase Order dated October 8, 2025 (PO#47022575)
xv. Material Purchase Order dated October 22, 2025 (PO#47022702)
xvi. Material Purchase Order dated December 24, 2025 (PO#47023274)
xvii. Change to Purchase Order dated February 4, 2026 (PO#47023386)
xviii. Material Purchase Order dated January 21, 2026 (PO#47023464)
xix. Change to Purchase Order dated March 4, 2026 (PO#47023883)
xx. Material Purchase Order dated March 4, 2026 (PO#47023886)
xxi. Material Purchase Order dated March 11, 2026 (PO#47023943)

104) The following Purchase Orders by and between UGI Utilities, Inc. and Tesco-The Eastern Specialty Company

i. Material Purchase Order dated March 10, 2025 (PO#40032504)
ii. Material Purchase Order dated February 5, 2026 (PO#40036324)

105) The following agreements by and between UGI Utilities, Inc. and Tetra Tech Inc.:

i. Master Environmental Services Agreement dated September 12, 2016.
ii. Amendment to Purchase Order dated November 18, 2024 (PO#46007497)

106) The following agreements by and between UGI Utilities, Inc. and Traffic Regulators, LLC

i. Master Pipeline Support Services Agreement, dated December 31, 2014, by and between UGI Utilities, Inc. and its subsidiaries, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. and Traffic Regulators, LLC.

ii. Work Authorization dated November 15, 2022, as amended on August 1, 2025.

iii. Purchase Order No. 49121941 dated September 2025 – Seller does not have a traditional Purchase Order for this; instead, Seller emailed this job request and associated scope of work to the contractor. It is for approximately $635,000.

107) The following agreements by and between UGI Utilities, Inc. and Tristate Scrap Metal:

i. Master Services Agreement dated August 29, 2017
ii. Change to Purchase Order dated July 10, 2024 (PO#40029448)
iii. Amendment to Purchase Order dated January 15, 2025 (PO#46003674)

108) Material Purchase Order, dated February 10, 2026, by and between UGI Utilities, Inc. and Tydenbrooks (PO#40036365).

109) Master Services Agreement by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc and United Electric Systems, Inc.

i. Purchase Order/Work Authorization:

110) The following agreements by and between UGI Utilities, Inc. and Utility Engineers, P.C.:

i. Master Services Agreement dated March 15, 2022.
ii. Service Purchase Order dated September 12, 2025 (PO#46010085)
iii. Service Purchase Order dated September 12, 2025 (PO#46010086)
iv. Service Purchase Order dated March 2, 2026 (PO#46010446)
v. Service Purchase Order dated March 2, 2026 (PO#46010447)
vi. Service Purchase Order dated July 23, 2024 (PO#46009430)
vii. Service Purchase Order dated September 16, 2025 (PO#46010088)
viii. Service Purchase Order dated October 9, 2025 (PO#46010171)
ix. Service Purchase Order dated January 6, 2023 (PO#46008432)
x. Consulting Services Agreement, dated April 1, 2014, as amended on March 12, 2021
xi. Master Engineering Services Agreement dated April 1, 2014.
xii. Service Purchase Order dated February 25, 2021 (PO#46005819)
xiii. Service Purchase Order dated February 25, 2021 (PO#46005819)
xiv. Service Purchase Order dated February 17, 2022 (PO#46007297)
xv. Amendment to Purchase Order dated January 6, 2023 (PO#46008431)
xvi. Service Purchase Order dated January 10, 2023 (PO#46008441)
xvii. Service Purchase Order dated January 10, 2023 (PO#46008442)
xviii. Service Purchase Order dated January 31, 2024 (PO#46009173)
xix. Service Purchase Order dated February 25, 2021 (PO#46005819)
xx. Service Purchase Order dated January 6, 2023 (PO#46008433)
xxi. Service Purchase Order dated February 17, 2022 (PO#46007298)

111) The following Purchase Orders by and between UGI Utilities, Inc. and Valmont Composite Structures:

i. Material Purchase Order dated January 7, 2026 (PO#40035757)
ii. Material Purchase Order dated March 4, 2026 (PO#40036632)

112) The following agreements by and between UGI Utilities, Inc. and Virginia Transformer Corp.:

i. Master Agreement for Purchase Products & Services, dated October 29, 2015, by and between UGI Utilities, Inc., on behalf of itself and its subsidiaries UGI Penn natural Gas, Inc. and UGI Central Penn Gas, Inc. and Virginia Transformer Corp.
ii. Amendment to Purchase Order dated September 15, 2022 (PO#46006063)
iii. Change to Purchase Order dated March 10, 2026 (PO#40036287)

113) The following agreements by and between UGI Utilities, Inc. and Warkentin Transformer Service:

i. Master Services Agreement dated January 28, 2014
ii. Service Purchase Order dated March 21, 2025 (PO#46009798)
iii. Service Purchase Order dated September 8, 2025 (PO#46010073)
iv. Service Purchase Order dated August 12, 2021 (PO#46006526)

114) Material Purchase Order, dated July 18, 2024, by and between UGI Utilities, Inc. and WESCO Distribution Inc.

b) <u>UGI Utilities Electric Supply Contracts</u>

1) Master Power Purchase and Sale Agreement, dated April 30, 2025, by and between Constellation Energy Generation, LLC and UGI Utilities, Inc. – Electric Division

i. Transaction Confirmation, dated April 30, 2025, by and between Constellation Energy Generation, LLC and UGI Utilities, Inc. – Electric Division.

2) Master Power Purchase and Sale Agreement, dated August 1, 2025, by and between ENGIE Energy Marketing NA, Inc. and UGI Utilities, Inc. – Electric Division.

i. Transaction Confirmation, dated August 1, 2025, by and between ENGIE Energy Marketing NA, Inc. and UGI Utilities, Inc. – Electric Division.

3) Master Power Purchase and Sale Agreement, dated August 1, 2025, by and between Five Elements Energy II LLC and UGI Utilities, Inc. – Electric Division

i. Transaction Confirmation, dated August 1, 2025, by and between Five Elements Energy II LLC and UGI Utilities, Inc. – Electric Division.

4) Master Power Purchase and Sale Agreement, dated April 30, 2025, by and between NextEra Marketing, LLC and UGI Utilities, Inc. – Electric Division.

i. Transaction Confirmation, dated April 29, 2025 (June 1, 2025 – May 31, 2026), by and between NextEra Marketing, LLC and UGI Utilities, Inc. – Electric Division.

ii. Transaction Confirmation, dated April 29, 2025 (June 1, 2025 – Nov. 30, 2025) by and between NextEra Marketing, LLC and UGI Utilities, Inc. – Electric Division.

5) Master Power Purchase and Sale Agreement, dated August 28, 2008, by and between NextEra Marketing, LLC and UGI Utilities, Inc.

   i. Transaction Confirmation, dated October 15, 2024 (Dec. 1 2024 – Nov. 30, 2025), by and between UGI Utilities, Inc. – Electric Division and NextEra Marketing, LLC

   ii. Transaction Confirmation, dated October 15, 2024 (June 1 2024 – May 31, 2025), by and between UGI Utilities, Inc. – Electric Division and NextEra Marketing, LLC

6) Master Power Purchase and Sale Agreement, dated January 23, 2026, by and between Shell Energy North America (US), L.P. and UGI Utilities, Inc. – Electric Division.

   i. Transaction Confirmation, dated January 23, 2026, by and between Shell Energy North America (US), L.P. and UGI Utilities, Inc. – Electric Division.

7) Purchase and Sale Contract (Transaction Confirmation), dated May 15, 2025, by and between Seward Generation, LLC and UGI Utilities, Inc. – Electric Division.

8) EEI, dated November 14, 2014, by and between UGI Utilities, Inc. and TransAlta Energy Marketing (U.S.) Inc.
   i. Physical Power Confirmation dated April 17, 2024 (deliver period October 1, 2024 – October 31 –2024)
   ii. Physical Power Confirmation dated April 17, 2024 (deliver period September 1, 2024 – September 31 –2024)

9) Master Power Purchase and Sale Agreement, dated April 8, 2014, by and between AEP Energy Partners, Inc. And UGI Utilities, Inc.
   i. Letter of Confirmation (reference number 13127)
   ii. Letter of Confirmation (reference number 13128)
   iii. Letter of Confirmation (reference number 13129)
   iv. Letter of Confirmation (reference number 13130)
   v. Letter of Confirmation (reference number 13131)
   vi. Letter of Confirmation (reference number 14200)

10) Master Power Purchase and Sale Agreement, dated September 23, 2010, by and between UGI Utilities, Inc. and Macquarie Energy LLC.

i. Transaction Confirmation, dated April 9, 2024, by and between UGI Utilities, Inc. and Macquarie Energy LLC (Aug 2024)
ii. Transaction Confirmation, dated April 9, 2024, by and between UGI Utilities, Inc. and Macquarie Energy LLC (Oct 2024)
iii. Transaction Confirmation, dated April 9, 2024, by and between UGI Utilities, Inc. and Macquarie Energy LLC (July 2024)
iv. Transaction Confirmation, dated April 9, 2024, by and between UGI Utilities, Inc. and Macquarie Energy LLC (June 2024)
v. Transaction Confirmation, dated October 3, 2023, by and between UGI Utilities, Inc. and Macquarie Energy LLC (Feb 2024)
vi. Transaction Confirmation, dated October 3, 2023, by and between UGI Utilities, Inc. and Macquarie Energy LLC (Jan 2024)

c) UGI Utilities Customer Contracts

1) Polyphase Supply Line Customer Agreement, dated August 7, 2024, by and between Jayce Inc. and UGI Utilities, Inc.
2) Polyphase Supply Line Customer Agreement, dated October 16, 2024, by and between Dollar General and UGI Utilities, Inc.
3) Polyphase Supply Line Customer Agreement, dated March 20, 2025, by and between Mt. Everett's Frozen Creations and UGI Utilities, Inc.
4) Polyphase Supply Line Customer Agreement, dated May 29, 2025, by and between CC Kingston PA LLC and UGI Utilities, Inc.
5) Polyphase Supply Line Customer Agreement, dated May 20, 2025, by and between Loop Internet Holding Company and UGI Utilities, Inc.
6) Polyphase Supply Line Customer Agreement, dated February 20, 2025, by and between Wawa, Inc. and UGI Utilities, Inc.
7) Polyphase Supply Line Customer Agreement, dated September 23, 2025, by and between Dancheck's Fire Extinguishers and UGI Utilities, Inc.
8) Polyphase Supply Line Customer Agreement, dated November 12, 2025, by and between Northern Cabinetry and UGI Utilities, Inc.
9) Polyphase Supply Line Customer Agreement, dated July 18, 2025, by and between Luzerne County Flood Protection and UGI Utilities, Inc.
10) Polyphase Supply Line Customer Agreement, dated October 15, 2025, by and between Amazon.com Services LLC and UGI Utilities, Inc.
11) Polyphase Supply Line Customer Agreement, dated December 3, 2025, by and between PSV Holding LLC Waste Reduction & Recycling and UGI Utilities, Inc.
12) Polyphase Supply Line Customer Agreement, dated November 21, 2025, by and between NEPAC LLC and UGI Utilities, Inc.
13) Polyphase Supply Line Customer Agreement, dated October 8, 2025, by and between Acme Enterprises Inc. and UGI Utilities, Inc.

14) Polyphase Supply Line Customer Agreement, dated September 12, 2024, by and between Sunlight Pet Crematory of Northeast PA LLC and UGI Utilities, Inc.
15) Polyphase Supply Line Customer Agreement, dated December 18, 2024, by and between Itoh Denki USA Inc and UGI Utilities, Inc.
16) Polyphase Supply Line Customer Agreement, dated March 20, 2025, by and between David Nockley and UGI Utilities, Inc.
17) Polyphase Supply Line Customer Agreement, dated June 4, 2025, by and between Cryo Therapy Restore and Rejuvenate and UGI Utilities, Inc.
18) Polyphase Supply Line Customer Agreement, dated August 3, 2024, by and between Dallas Area Municipal Authority and UGI Utilities, Inc.
19) Polyphase Supply Line Customer Agreement, dated August 3, 2024, by and between Dallas Area Municipal Authority and UGI Utilities, Inc.
20) Polyphase Supply Line Customer Agreement, dated August 2, 2024, by and between Dallas Area Municipal Authority and UGI Utilities, Inc.

d) UGI Utilities Company Owned Service Agreements[5]

e) UGI Utilities Interconnection Agreements

1) Memorandum of Understanding by and among Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Potomac Electric Power Company, PPL Electric Utilities Corporation, Public Service Electric and Gas Company, and UGI Utilities, Inc.

2) Memorandum of Understanding, dated August 30, 2021, by and among Mid-Atlantic Interstate Transmission, LLC in its individual capacity and as agent for Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company, Metropolitan Edison Company, PECO Energy Company, Potomac Electric Power Company, PPL Electric Utilities Corporation, Public Service Electric and Gas Company, UGI Utilities, Inc., Trans-Alleghany Interstate Line Company, and Chief Conemaugh Power, LLC, Chief Conemaugh Power II, LLC, Conemaugh Power LLC, Conemaugh Power Pass-Through Holders, LLC, Montour, LLC, and Keystone-Conemaugh Projects and KeyCon Operating, LLC.

3) Interconnection Agreement, dated May 29, 2018, by and between Mid-Atlantic Interstate Transmission, LLC and Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company, Mid-Atlantic Interstate Transmission, LLC, PPL Electric Utilities Corporation, PECO

[5] List of Company Owned Services Agreements to be provided upon request.

Energy Company, Potomac Electric Power Company, Public Service Electric and Gas Company, and UGI Utilities, Inc.

4) Information Sharing Protocol and Confidentiality Agreement, dated June 20, 2017, by and between UGI Utilities, Inc., UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. and PJM Interconnection, L.L.C.

5) Service Agreement for Network Integration Transmission Service, dated December 29, 1998, by and between UGI Utilities, Inc. and PJM Interconnection, L.L.C.

6) Service Agreement for Regional Network Integration Transmission Service, dated as of October 30, 2025, by and between the Office of the Interconnection of PJM Interconnection, L.L.C., PJM Settlement Inc., and UGI Utilities, Inc.

7) Interconnection Agreement, dated July 12, 1999, by and between PP&L, Inc. and UGI Utilities, Inc. -- Electric Division.

8) Interconnection and Operating Agreement, dated December 13, 2017, by and between UGI Utilities, Inc. And Hunlock Energy, LLC.

9) Interconnection Service Agreement, dated August 17, 2009, by and among PJM Interconnection, L.L.C. and UGI Development Company and UGI Utilities, Inc.

10) Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. dated as of June 2, 1997.

11) Consolidated Transmission Owners Agreement, dated December 15, 2005, by and between the Transmission Owners (as defined therein) and PJM Interconnection, L.L.C.

12) Amended and Restated Non-Disclosure Agreement by and between the Transmission Owners (as defined therein) PJM Interconnection, L.L.C.

13) Reliability Assurance Agreement, dated June 1, 2007, by and among Load Serving Entities (as defined therein) and PJM Region.

14) Letter of Agreement, dated September 22, 2022, by and between PPL Electric Utilities Corporation and UGI Utilities, Inc. -- Electric Division.

15) Interconnection Agreement, dated April 30, 2015, by and between Commonwealth of Pennsylvania, Department of Military & Veteran's Affairs, Plymouth Readiness Center and UGI Utilities, Inc. -- Electric Division.

16) Interconnection Agreement, dated December 20, 2016, by and between Local Union 1319 IBEW OSHE and UGI Utilities, Inc. -- Electric Division.

17) Certificate of Completion for a Level 2, 3, or 4 Review Interconnection Agreement, dated May 14, 2011, by and between Local Union 1319 IBEW and UGI Utilities, Inc.

18) Interconnection Agreement, dated October 1, 2011, by and between UGI Utilities, Inc. -- Electric Division and Amato Properties, LLC.

19) UGI Interconnection Application/Agreements with the following individuals:
    i. Walter Glogowski dated June 8, 2011 (1 Marilyn Drive)
    ii. Roert Deluca dated May 26, 2011 (1004 Center Street)
    iii. Robert Schueller dated March 8, 2012 (109 Mitchell Road)
    iv. 110 Ondish Road
    v. Brandi Brace dated May 21, 2014 (114 Hartman Road)
    vi. Stephen Scharding dated April 10, 2013 (1242 Hillside Road)
    vii. Sandra Goodwin dated April 7, 2011 (1327 Plattsburg Road)
    viii. Catherine Tasco dated May 26, 2011 (1474 Old Route 115)
    ix. Tom McGrory dated April 18, 2013 (1552 N 2nd Street)
    x. Joe Kashula dated June 3, 2011 (1608 SR 239)
    xi. Charles Ghilani dated May 10, 2011 (1685 SR 118)
    xii. Larry McDonald dated August 19, 2013 (180 Hillcrest)
    xiii. Michael Pitcavage dated March 8, 2012 (196 East Hillside Street)
    xiv. Tony Fioti dated May 4, 2011 (204 Woodbine Road)
    xv. Bernadette Rushmer dated June 10, 2014 (216 Manor Drive)
    xvi. 232 Hughes Street
    xvii. David Wasilewski dated September 17, 2013 (239 Golf Course Road)
    xviii. Eugene Martinchak dated August 24, 2015 (25 Goodman Road)
    xix. Thomas Jiunta dated February 6, 2012 (252 Hayfield Road)
    xx. Rodney Mahoney dated July 21, 2011 (254 Mahoney Road)
    xxi. Gerald Mikielski Jr dated October 5, 2011 (26 Heights Drive)
    xxii. William Height dated May 6, 2011 (285 Mountain View)
    xxiii. Joe Kester dated July 31, 2012 (29 Idlewood Drive)
    xxiv. Christopher W. and Kimberly Keller dated March 14, 2012 (29 Idlewood Drive)
    xxv. Dawn Martinez dated January 4, 2018 (3 Marion Lane)
    xxvi. Norman Tomchak dated June 14, 2013 (321 Country Club Road)
    xxvii. Donald Cleary dated January 10, 2011 (324 Dodson Cemetery Road)
    xxviii. Michael Redak dated March 25, 2015 (325 Union Street)
    xxix. Thomas Jiunta dated February 6, 2012 (33 Covert Street)
    xxx. Wayne Swire dated February 15, 2013 (33 Juniper Lane)
    xxxi. Michael & Jaime Pitcavage dated January 3, 2018 (338 Orange Road)
    xxxii. Christopher Lent dated February 13, 2012 (346 Baer Road)
    xxxiii. 37 Trojan Road
    xxxiv. Jason Johnson dated March 28, 2019 (402 Hoyt Street)

xxxv. Larry Chapin dated February 9, 2015 (414 South Main Street)
xxxvi. Leonard and Shirley Tomchak dated October 21, 2013 (43 Lisa Drive)
xxxvii. Joseph Gruver dated May 19, 2011 (432 Cliffside Avenue)
xxxviii. Robert and/or Heather Novak dated August 7, 2013 (470 Pond Hill Road)
xxxix. Thad Wadas dated August 29, 2016 (525 East Union Street)
xl. Charles Miller dated March 16, 2011 (530 Route 239)
xli. William & Denise Elmers dated August 2, 2012 (57 Thorny Apple Drive)
xlii. Frank and Marian Shedlarski dated April 25, 2012 (6 Hill Street)
xliii. Mary Jancuska dated June 12, 2018 (621 Miller Street)
xliv. James & Dawn Shedlarski dated March 14, 2012 (67 Durkee Street)
xlv. Robert and Mary Hidlay dated March 16, 2011 (67 Fire Hall)
xlvi. Daniel Manzoni dated April 6, 2015 (716 Follies Road)
xlvii. Karl & Patricia Thiele dated June 22, 2012 (83 Burds Lane)
xlviii. Richard Williams dated March 18, 2015 (9 Goeringer Road)
xlix. Len Romanowski dated March 7, 2011 (974 Kasko Road)
l. A Rifkin dated May 2, 2011 (1400 San Souci Parkway)

f) UGI Utilities, Inc. IT Agreements

1) The following agreements by and between UGI Utilities, Inc. and ARCOS, LLC:
   i. Master Service Agreement dated September 23, 2016, as amended by that certain Amendment No. 2 on June 15, 2024, and as further amended by that certain Amendment No. 3 on September 30, 2025
   ii. Work Order No. 100 dated September 23, as amended on June 15, 2024
   iii. Material Purchase Order dated September 24, 2024 (PO#40030592)

2) The following agreements by and between UGI Utilities, Inc. and Open Systems International, Inc.:
   i. Software License Agreement, dated April 30, 2021, as amended on August 7, 2025
   ii. Quotation dated September 26, 2025 (Quote Number 36328)

3) The following agreements by and between UGI Utilities, Inc. and Wholesale Hosting Service Provider, Universal e-Business Solutions, LLC
   i. Master Service Agreement dated August 1, 2019
   ii. Quote dated October 4, 2024
   iii. Service Purchase Order dated October 8, 2024 (PO#46009575)
   iv. Service Purchase Order dated March 3, 2026 (PO#46010452)

4) Doble Service and Equipment Agreement Contract No. 1581, dated October 22, 2025, by and between UGI Utilities, Inc. and Doble Engineering Company.

5) The following agreements by and between UGI Utilities, Inc. and Daniel L Sun Inc. d/b/a Sun-Net Inc.:

i. Master Services Agreement dated September 9, 2021.
ii. Sun-Net TOA Maintenance Service Plans and Agreement dated September 9, 2021.

6) The following agreements by and between UGI Utilities, Inc. and Itron Inc.:
   i. Master Services Agreement dated October 16, 2020
   ii. SAAS Addendum dated April 22, 2021
   iii. Statement of Work dated April 13, 2021.
   iv. Purchase Order dated December 29, 2025 (PO#40035682)
   v. Material Purchase Order dated January 14, 2026 (PO#40035929)

7) The following agreements by and between Siemens Industry, Inc. and UGI Utilities, Inc.
   i. Renewal Notice dated November 24, 2025
   ii. Renewal Notice dated November 25, 2024
   iii. Change to Purchase Order dated December 12, 2025 (PO#40035534)
   iv. License Agreement dated May 27, 2022

8) License Agreement, dated November 6, 2012, by and between Partner Software, Inc. and UGI Utilities, Inc.

g) <u>UGI Corporation IT Agreements</u>
   1) Enterprise Agreement, dated May 25, 2021, as amended by that certain Amendment No. 1 dated May 25, 2024, by and between UGI Corporation and Environmental Systems Research Institute, Inc.
      i. Service Purchase Order dated June 17, 2025 (PO#46009935)
      ii. Service Purchase Order dated January 3, 2025 (PO#46009688)
      iii. Service Purchase Order dated June 23, 2021 (PO#46006297)
      iv. Task Order No.2 dated May 15, 2025
      v. Task Order No. 1 dated May 15, 2025

h) <u>UGI Utilities Affiliate Agreements</u>
   1) Shared Services Agreement, dated November 11, 2025, by and between UGI Utilities, Inc. and Mountaineer Gas Company, UGI Corporation and its subsidiaries UGIES Energy Services, LLC, UGI Enterprises, LLC, and AmeriGas Propane, Inc.
   2) Affiliated Interest Agreement between UGI Utilities, Inc., dated June 10, 1993, and an as yet unformed Affiliated Insurance Company, whose primary purpose will be to provide insurance coverage to all UGI Utilities.

i) <u>UGI Utilities Lighting Contracts</u>
   1) Street Lights[6]
   2) Government Street Light List[7]

[6] List of street lights to be provided upon request.
[7] List of government street lights to be provided upon request.

j) UGI Utilities, Inc. Labor Agreements

1) Agreement between UGI Utilities, Inc. Electric Utility Division and Local Union No. 262 of the Utility Workers Union of America Affiliated with the American Federation of Labor Congress of Industrial Organizations, as executed on January 1, 2026.

k) UGI Corporation Master Services Agreements

1) Master Services Agreement, dated April 3, 2025, by and between UGI Corporation and Accurate Calibration Services, LLC
    i. Service Purchase Order, dated September 9, 2025, by and between UGI Utilities, Inc. and Accurate Calibration Services, LLC (PO#46010074)

2) Master Services Agreement, dated August 12, 2025, by and between UGI Corporation and BelCom LLC.
    i. Service Purchase Order, dated September 17, 2025, by and between UGI Utilities, Inc. and BelCom LLC (PO#46010099).

3) Master Services Agreement, dated October 10, 2025, by and between UGI Corporation and Champion Builders, Inc.
    i. Amendment to Purchase Order, dated March 3, 2026, by and between UGI Utilities, Inc. and Champion Builders, Inc. (PO#46010175)

4) Master Services Agreement, dated April 29, 2025, by and between UGI Corporation and David Stochla Electric Inc.
    i. Service Purchase Order, dated July 22, 2025, by and between UGI Utilities, Inc. and David Stochla Electric Inc. (PO#46009980)
    ii. Amendment to Purchase Order, dated October 3, 2025, by and between UGI Utilities, Inc. and David Stochla Electric Inc. (PO#46009262)
    iii. Work Authorization, dated May 1, 2025, by and between UGI Utilities, Inc. and David Stochla Electric Inc.

5) Master Services Agreement, dated November 24, 2020, by and between UGI Corporation and David Stochla Electric Inc.
    i. Service Purchase Order, dated March 27, 2024, by and between UGI Utilities, Inc. and David Stochla Electric Inc. (PO#46009266)

6) Master Services Agreement, dated May 5, 2025, by and between UGI Corporation and Gene Metchulat Electrical Contractors, Inc.
    i. Work Authorization, dated May 1, 2025, by and between UGI Utilities, Inc. and Gene Metschulat Electrical Contractors, Inc.

7) Master Services Agreement, dated February 1, 2024, by and between UGI Corporation and Industrial Electronics, Inc.

i. Service Purchase Order, dated September 22, 2021, by and between UGI Utilities Inc. and Industrial Electronics, Inc. (PO#46006726)
ii. Service Purchase Order, dated February 4, 2020, by and between UGI Utilities Inc. and Industrial Electronics, Inc. (PO#460063963)
iii. Material Purchase Order, dated July 26, 2024, by and between UGI Utilities, Inc. and Industrial Electronics, Inc. (PO#40029713)

8) Master Services Agreement, dated June 25, 2025, by and between UGI Corporation and K Rowlands Enterprises, LLC
    i. Service Purchase Order, dated July 18, 2025, by and between UGI Utilities, Inc. and K Rowlands Enterprises, LLC (PO#46009976)
    ii. Work Authorization, dated July 8, 2025, by and between UGI Utilities, Inc. and K Rowlands Enterprises, LLC

9) Master Purchase and Services Agreement, dated July 19, 2023, by and between UGI Corporation and NextGen Security.
    i. UGIU PO/Work Authorization:

10) Master Purchasing Agreement, dated September 5, 2025, by and between UGI Corporation and Nucor Towers & Structures, Inc.
    i. Change to Purchase Order, dated August 7, 2025, by and between UGI Utilities, Inc. and Nucor Towers & Structures Inc. (PO#40034214)

11) Master Services Agreement, dated October 14, 2025, by and between UGI Corporation and O'Connell Electric Company, Inc.
    i. UGIU PO/Work Authorization:

12) Master Services Agreement, dated May 14, 2025, by and between UGI Corporation and Power Substation Services LLC
    i. UGIU PO/Work Authorization:

13) Master Services Agreement, dated May 14, 2025, by and between UGI Corporation and Premium Utility Contractor, LLC
    i. UGIU PO/Work Authorization:

14) Master Services Agreement, dated October 9, 2024, by and between UGI Corporation and Southwire Company, LLC, D/B/A Novinum.
    i. Service Purchase Order, dated July 1, 2025, by and between UGI Utilities, Inc. and Southwire Co Utility Sales (PO#46009958)
    ii. Amendment to Purchase Order dated October 15, 2024, by and between UGI Utilities, Inc. and Southwire Co Utility Sales (PO#46009559)

15) Master Services Agreement, dated January 30, 2025, by and between UGI Corporation and Steward Industrial, LLC
    i. Service Purchase Order, dated August 11, 2025, by and between UGI Utilities, Inc. and Steward Industrial LLC (PO#46010011)

ii. Service Purchase Order, dated February 19, 2025, by and between UGI Utilities, Inc. and Steward Industrial LLC (PO#46009741)
iii. Amendment to Purchase Order, dated August 21, 2025, by and between UGI Utilities, Inc. and Steward Industrial LLC (PO#46009819)
iv. Service Purchase Order, dated January 22, 2026, by and between UGI Utilities, Inc. and Steward Industrial LLC (PO#46010383).

16) Master Technical Services Agreement, dated May 14, 2025, as amended on July 17, 2025, by and between UGI Corporation and TechServ Consulting and Training, Ltd.
    i. Service Purchase Order, dated June 5, 2025, by and between UGI Utilities, Inc. and TechServ Consulting and Training, Ltd. (PO#46009920).

17) Master Services Agreement, dated February 19, 2025, by and between UGI Corporation and Terminix
    i. UGIU PO/Work Authorization:

18) Master Services Agreement, dated May 20, 2025, by and between UGI Corporation and Transmission and Distribution Services, LLC
    i. Service Purchase Order, dated May 29, 2025, by and between UGI Utilities, Inc. and Transmission and Distribution Services, LLC (PO#46009908)

19) Master Technical Services Agreement, dated July 25, 2024, by and between UGI Corporation and Verdantas LLC
    i. UGIU PO/Work Authorization:

l) The Closed Purchase Orders

10. *Permits.* All Permits and Environmental Permits that relate exclusively or primarily to the business of UGI Electric, including the following:

a. <u>National Pollutant Discharge Elimination System (NPDES)</u>

1) NPDES Permit No:PAC400353. Authorization to discharge from project site UGI Plymouth Tower Replacement in Hanover Township and Sugar Notch Borough in Luzerne County

b. <u>Construction Stormwater E&S Permits</u>
c. <u>Highway Occupancy Permits</u>

1) Luzerne County Permit #04072722 for Sugar Notch Borough issued September 25, 2025

d. <u>Navigable Water Crossing Permits</u>

1) Pennsylvania Department of Environmental Protection No:GP054004403. Issued December 17, 2004.

e. Pole Attachment Permits

1) Master Facilities License Agreement between UGI Utilities and Windstream Communications LLC. Issued June 27, 2025

f. Pennsylvania Natural Diversity & Cultural Review (PNDI Clearance)

1) PNDI Clearance Permit No:PNDI-824426. Date of Review October 9, 2024

11. *Business Employees.* See VDR 9.10 for the most recent census

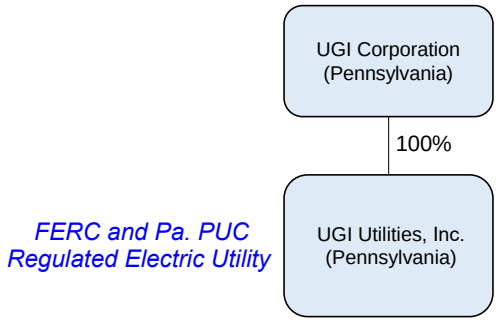
12. *Electric Documents*. All electronic and physical copies of the UGI Electric Documents. This includes files stored on UGI Utilities servers, laptops or other electronic devices and physical documents located at ONE UGI Center Wilkes-Barre, Forty Fort Warehouse, Control Center and Dundee, and the Denver Utilities office.

a. ETDS: Data from ETDS will be conveyed to Buyer. The mainframe will not transfer.

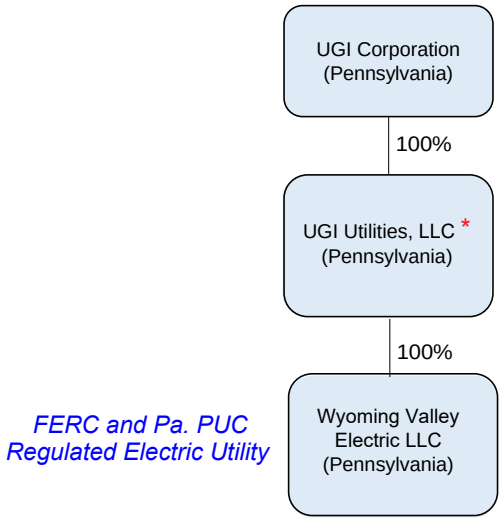
b. TFMR: Data from TFMR will be conveyed to Buyer. The mainframe will not transfer.

APPENDIX 4
ORGANIZATIONAL STRUCTURE OF UGI AND COMPANY/ARGO POST-CLOSING ORGANIZATIONAL STRUCTURE

UGI
Pre -Transaction Organizational Structure

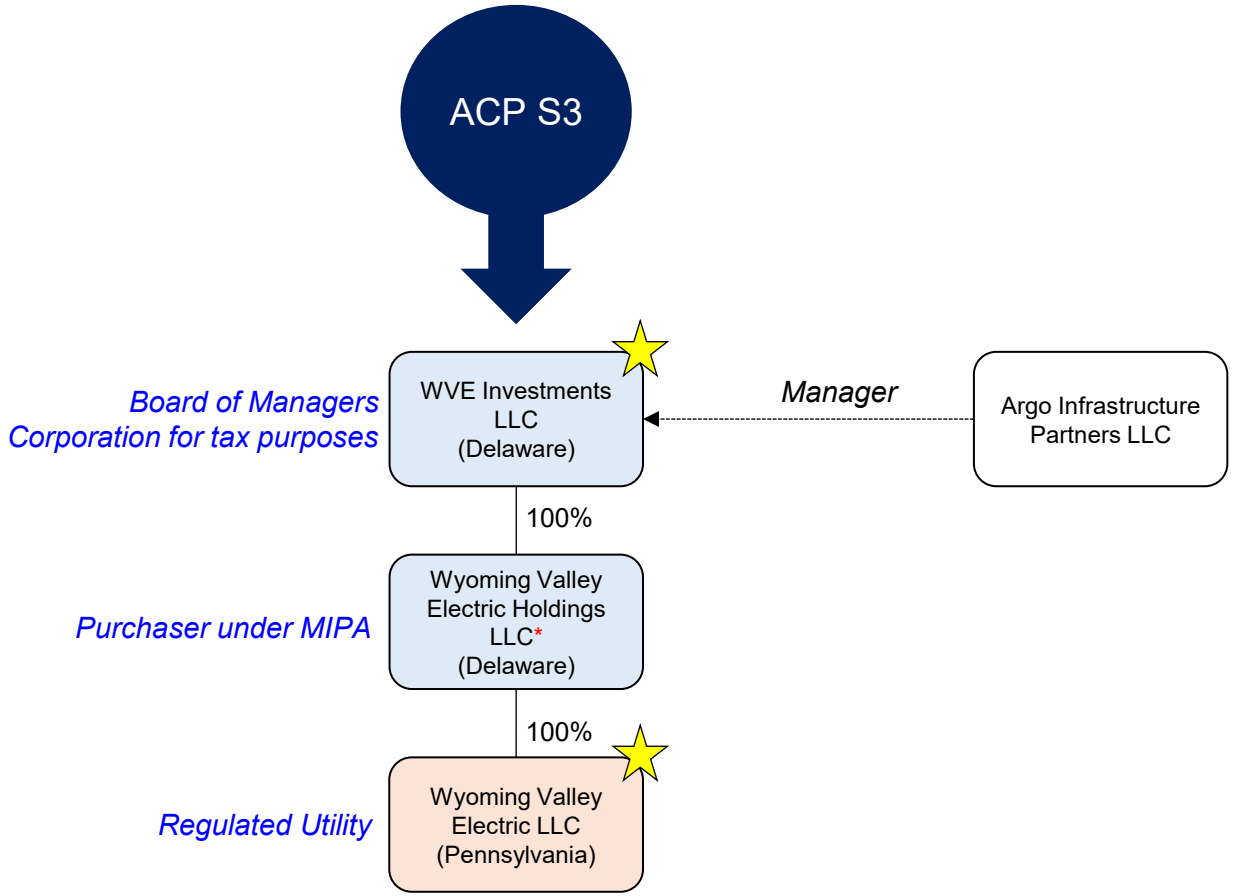


UGI
Post-Division Organizational Structure



*Requested to be converted to an LLC

Post Transactional Organizational Structure



Entity to be formed

* Formerly known as Erdinger Holdings LLC

APPENDIX 5
UGI CURRENT BALANCE SHEET AND INCOME STATEMENT

UGI Utilities, Inc. - Electric Division (Distribution & Transmission)
Fiscal Year Income Statement: 3 and 6 Months Ending March 2026
$s in millions

		Q2 Results QTD	March YTD Results YTD
Gross Revenue		$47.5	$89.1
Cost Of Sales		27.3	50.7
Gross Margin (Including Other Revenue)		**20.1**	**38.4**
Pass-thru Taxes (GRT)		2.6	4.8
Net Margin		**$ 17.5**	**$ 33.6**
Salaries and Wages		2.0	4.0
Employee Benefits		0.8	1.4
Transportation		0.1	0.2
Contracted Labor		1.9	4.2
Other Professional Services		0.4	0.7
Materials, Equipment and Maintenance		0.2	0.4
Information Technology		0.7	1.4
Bad Debt		1.0	1.9
Administrative and General		0.5	1.2
Taxes Other		0.4	0.7
Corporate Alloc		0.9	1.7
Total OPEX		**9.0**	**17.8**
Operating Income		**$ 8.5**	**$ 15.8**
Other Operating Expense (Inc)		(0.2)	(0.0)
Pension/OPEB Non-Service Exp (Inc)		(0.1)	(0.1)
Other Exp/(Inc)		(0.3)	(0.2)
Depreciation	(a)	2.1	4.9
EBIT		**$ 6.7**	**$ 11.1**
Interest Expense		1.0	2.1
EBT		**$ 5.7**	**$ 8.9**
Income Taxes		1.2	1.8
Net Income		**$4.5**	**$7.1**

(a) Depreciation expense on shared Gas / Electric assets was under-allocated to Electric through the end of March. A correcting entry of ~$1.6M was recorded in April.

UGI Utilities, Inc. – Electric Division
Balance Sheet
As of March 31, 2026
$s in millions

Account Description		Amount
ASSETS		
Current Assets		
Accounts Receivable, Net	$	30.3
Accrued Utility Revenues		6.3
Inventories		6.4
Prepaid Expenses		3.8
Current Derivative Assets		-
Current Regulatory Assets		0.3
Other Current Assets		1.6
Total Current Assets		**48.7**
Non-Current Assets		
Property, Plant & Equipment, Net		271.6
Non-Current Regulatory Assets		20.3
Other Non-Current Assets		20.7
TOTAL ASSETS	**$**	**361.3**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable	$	45.1
Employee Compensation & Benefits Accrued		1.3
Customer Deposits and Advances		2.7
Accrued Interest		0.3
Current Regulatory Liabilities		7.2
Other Current Liabilities		0.5
Total Current Liabilities		**57.1**
Non-Current Liabilities		
Deferred Income Taxes		46.9
Non-Current Regulatory Liabilities		21.9
Other Non-Current Liabilities		0.2
Total Liabilities		**126.1**
Stockholder's Equity		
Retained Earnings		235.2
Total Stockholder's Equity		**235.2**
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**361.3**

HIGHLY CONFIDENTIAL

APPENDIX 6
ARGO FINANCIAL INFORMATION

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

JOINT APPLICATION OF UGI UTILITIES, INC. AND ARGO INFRASTRUCTURE PARTNERS LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE UNDER CHAPTER 11 OF THE PUBLIC UTILITY CODE AND ALL OTHER NECESSARY APPROVALS (I) FOR THE CONVERSION OF UGI UTILITIES, INC. TO UGI UTILITIES, LLC, (II) TO EFFECT A DIVISION OF THE ASSETS AND LIABILITIES OF UGI UTILITIES, LLC, (III) TO ESTABLISH A NEW ENTITY TO OWN AND OPERATE THE ASSETS OF UGI UTILITIES, LLC – ELECTRIC DIVISION AND PROVIDE RETAIL ELECTRIC SERVICE AS A PUBLIC UTILITY, (IV) FOR THE SALE AND TRANSFER OF THE MEMBERSHIP PURCHASE INTERESTS IN THE NEW ENTITY TO A NEW LIMITED LIABILITY COMPANY TO BE FORMED, OWNED AND CONTROLLED BY AN AFFILIATE OF ARGO INFRASTRUCTURE PARTNERS LLC, AND (V) FOR THE CESSATION AND ABANDONMENT OF ANY AND ALL RETAIL ELECTRIC SERVICE IN PENNSYLVANIA FOR UGI UTILITIES, INC	**DOCKET NO. A-2026-** **DOCKET NO. A-2026-**

DIRECT TESTIMONY
OF
ANDREW ZAROULIS

Dated: June 24, 2026

DIRECT TESTIMONY
OF
ANDREW ZAROULIS

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your full name and business address.

A. My name is Andrew Zaroulis and my business address is 650 Fifth Ave, 35th floor, New York, NY 10019.

Q. By whom are you employed and in what capacity?

A. I am a Managing Director and a senior investment professional at Argo Infrastructure Partners LP ("Argo"). Argo is an infrastructure investment manager with a long-term investment horizon and extensive investment and asset management experience in the energy sector and with regulated utilities.

Q. Please briefly describe your educational and professional background.

A. I earned a BA *cum laude* from Harvard University. I have two decades of experience investing in and managing infrastructure assets across a range of sectors including utilities (electric, gas distribution and water), power and renewables, midstream energy, transportation and communications infrastructure. In 2014, I joined a core team of highly experienced investment professionals at Argo, and I today have oversight responsibilities for the asset management of Argo's investments in 18 infrastructure projects and businesses, including our investment in Corning Energy Corporation, which we completed in 2022. In addition, I led or participated in Argo's investments in the following portfolio companies: DQE

Holdings LLC ("DQE"), the parent company of Duquesne Light Company ("Duquesne Light"), an electric transmission and distribution utility serving 600,000 customers in southwestern Pennsylvania; Bayonne Water and Middletown Water, water and wastewater concessions with the City of Bayonne (NJ) and the Borough of Middletown (PA), respectively; Cross-Sound Cable Company ("CSC"), a vital electric interconnection in the Northeast U.S.; Colorado IPP ("CIPP"), a 200 MW combined-cycle power plant owned in partnership with Black Hills Corp.; Hawaii Gas, a regulated gas and propane distribution business in Hawaii; TierPoint, a leading owner and provider of colocation data centers throughout the U.S.; LAZ Parking ("LAZ"), a nationwide parking services operator; and Smoky Mountain Hydro, a 378-MW hydroelectric power portfolio in the Tennessee Valley region. I currently serve or have served on the boards of TierPoint, CIPP, LAZ and other Argo portfolio companies.

Prior to Argo, I was a member of Macquarie Group's infrastructure investment team in the United States. Among other transactions with Macquarie, in 2007-08 I participated in the $3.5 billion acquisition by an investor group led by Macquarie of Puget Energy, the parent of Puget Sound Energy, an electric and gas transmission and distribution utility in Washington State.

Q. What are your duties at Argo?

A. I am a Managing Director at Argo and one of the three members of the firm's Management Committee. Day-to-day I have oversight responsibilities for many aspects of Argo's operations, in particular our asset management activities. I serve as Chair of the Risk and Performance Management Committee, which is

responsible for the oversight of financial and operating performance of each of the investments in our managed portfolio, as well as activities involving fund operations, fund-level performance, finance, and reporting. I am also a member of the firm's Investment Committee, which oversees the investment teams in finding, analyzing and acquiring new infrastructure investments.

Q. Have you previously testified before the Pennsylvania Utility Commission ("PUC" or "Commission")?

A. Yes. I testified in the *Joint Application Pike County Light and Power Company, Leatherstocking Gas Company, LLC, Corning Energy Corporation, ACP Series 3Partnership L.P., Argo Capital Platform (P) 2017, L.P., Argo Capital Platform (K) Series 3, L.P, ACP Crotona Holdings L.P., ACP Crotona Corp., Argo Infrastructure Partners LLC*, PUC Docket Nos*:* A-2025-3055264, A-2025-3055265 and A-2025-3055335.

Q. What is the purpose of your testimony?

A. My testimony supports the Joint Application of UGI Utilities, Inc. ("UGI") and Argo Infrastructure Partners LLC ("Argo"), (collectively, the "Joint Applicants") ("Joint Application') requesting the approval of the PUC under Chapters 11 and 28 of the Public Utility Code, 66 Pa.C.S. §§101 *et seq.* ("Code") and all other necessary and appropriate approvals for a proposed transaction, the effect of which would allow UGI to transfer its electric utility operations to an Argo-controlled entity and would allow UGI to cease and abandon the ownership and operation of the utility assets and retail electric service it is currently providing to the public

through UGI Utilities, Inc. – Electric Division ("UGI Electric") in all or portions of Luzerne and Wyoming Counties, Pennsylvania ("Proposed Transaction). Under the Proposed Transaction, a new limited liability company that has been formed by Argo, initially called Erdinger Holdings LLC ("Erdinger") and now called Wyoming Valley Electric Holdings LLC" ("Holdings"), will own 100% of the membership interests of a limited liability company to be formed by UGI called Wyoming Valley Electric LLC ("Company") to hold the assets and related certificates of public convenience ("CPCs") currently possessed by UGI Electric in support of its current retail electric service to the public.

In this testimony, I address:

- The Proposed Transaction, including how the Company will be structured and operated;
- Argo's background and experience in the utility and infrastructure business, including its business philosophy and practices;
- The standards applicable to a utility acquisition/change of control in Pennsylvania and Argo's financial, technical and legal fitness to own and manage a public utility; and
- The Proposed Transaction's compliance with the provisions of Code Chapter 28, Section 2811(e)(1).

My colleague, Richard Klapow, will address in Joint Applicants Statement No. 2 Argo's commitments in support of the Proposed Transaction, the related substantial affirmative benefits to all stakeholders and the *Penn Estates*[1] factors.

Q. Are you sponsoring any exhibits with your testimony?

A. No, although I reference several of the Appendices to the Joint Application that are incorporated by reference into this testimony.

II. THE PROPOSED TRANSACTION

Q. What is UGI Electric's current ownership structure?

A. As its name implies, UGI Electric is operated as a separate division within UGI. UGI Electric is not a separate legal entity, although it has assets, liabilities, contracts and other facilities allocated to it that are used in operating the existing business in support of its provision of retail electric service.

Q. Please describe the Proposed Transaction.

A. UGI and Argo, through Erdinger (now Holdings), entered into a Membership Interest Purchase Agreement ("MIPA") dated as of April 24, 2026 that outlines the Proposed Transaction. The MIPA is attached to the Joint Application as Confidential Appendix 1. Under the MIPA, UGI is the "Seller" and Erdinger[2] (now

[1] *Application of Penn Estates Utils, Inc.*, Docket Nos. A-210072F0003 et al. (Order entered Oct. 2, 2006) ("*Penn Estates*").

[2] The sole member of Erdinger (now Holdings) is WVE Investments LLC, which in turn is owned by ACP S3, investment vehicles managed by Argo.

Holdings) is the "Buyer. The Proposed Transaction will facilitate – through a multi-step process - UGI's cessation of ownership and operation of UGI Electric, including an abandonment of its present retail electric service in its Pennsylvania service territory. Ultimately, Holdings will own 100% of the membership interests in the new public utility providing retail electric service in the former service territory of UGI Electric.

Currently, UGI owns and operates both gas and electric utility assets as regulated Pennsylvania public utilities under the common ownership of UGI. Within UGI, the electric assets are used to support the retail electric service provided by UGI Electric. For UGI to sell its electric assets and business operated by UGI Electric to a purchaser, it must first separate its assets between (i) those which will remain with UGI for the continued ownership and operation of its gas utility, and (ii) the electric assets that will become part of a new legal entity that can be purchased. To effectuate the Proposed Transaction, UGI plans to convert to a limited liability company and then separate and allocate to the Company, a new limited liability company to be formed by Pennsylvania statute as a result of a Plan of Division executed by UGI and the Company (the "Division"), after PUC approval of the relief requested in the Joint Application, but before closing on the Proposed Transaction ("Closing"), certain specific assets, liabilities, contracts and UGI's CPCs necessary to manage and operate UGI Electric.

The Division will be filed with the Pennsylvania Department of State in accordance with the Pennsylvania Entity Transaction Law ("ETL"), 15 Pa.C.S. §367(a)(3)(ii),

after PUC approval, but before Closing. All of the assets, liabilities, contracts and UGI CPCs specified in the Division, together with the services provided by UGI under the TSA (as defined below) and various transferring employees, will be those necessary for the Company to provide retail electric service to customers in UGI Electric's current retail electric service territory. The Division that is anticipated to be filed with the Pennsylvania Department of State is attached hereto as Joint Applicants Exhibit AZ-1.

Under the ETL, the Division will be effectuated by (1) adopting a Plan of Division (ETL §362); (2) obtaining the required approvals (ETL §§363-364); and (3) filing a Statement of Division with the Pennsylvania Department of State (ETL §366). Upon effectiveness, the Division will allocate the assets and liabilities of the dividing association, here UGI, between UGI and the Company.

The impact of the Division and the ETL is that (i) the Company will be considered a successor to UGI Electric, (ii) the assets, liabilities, contracts and UGI CPCs allocated to the Company in the Division will not constitute a transfer in any legal sense and (iii) all items allocated to the Company in the Division will become the Company's assets immediately upon the effectiveness of the Division without the need for any deed, bill of sale, assignment or other transfer instrument from UGI to the Company.

Since the UGI CPCs are included in the Division, they too will be held by the Company without any further action by UGI or the Commission upon the effectiveness of the Division.

The Proposed Transaction provides that UGI will sell and transfer to Holdings, and Holdings will acquire from UGI, 100% of the outstanding membership interests in the Company at Closing, after which Holdings will have full ownership, operation and control of the Company as a fully certificated Pennsylvania retail electric public utility subject to the jurisdiction of the PUC.

Q. Does UGI have existing CPCs that govern the right of UGI Electric to provide retail electric service in portions of Pennsylvania?

A. Yes. The following are the currently known orders, pleadings, agreements and other documents providing the legal basis for UGI Electric's authority to provide public utility service in its existing Pennsylvania service territory, which are collectively referred to as the "UGI CPCs" and attached to the Joint Application as Appendix 2:

- Commission Order entered on June 16, 1952, at Docket No. A.78264
- CPC dated June 16, 1952 at Docket No. A. 78264
- Amendment No. 2 to Application for an Order of the Securities and Exchange Commission for Approval of a Comprehensive Plan of the United Gas Improvement Company, Pursuant to Section 11(e) and Other Sections of The Public Utility Holding Company Act of 1935, July 11, 1952, File No. 54-201
- The Order in *Application of Allentown-Bethlehem Gas Company, Consumers Gas Company, The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Corporation and the Philadelphia Gas Works Company for the approval of the transfer of all their property, rights, powers, franchises and privileges by merger into the United Gas Improvement Company as the surviving corporation, for the approval of the acquisition by the United Gas Improvement Company of the property, rights, powers, franchises and privileges of the foregoing named corporations and the approval of the beginning of the exercise by the United Gas Improvement Company of said rights, powers, franchises and privileges*. PUC Docket No. A. 78264. Dated January 11, 1952

- PUC Order dated February 10, 1958 at Docket No. 78264 in In re: Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORTAION AND THE PHILADELHIA GAS WORKS COMPANY – For approval of (1) the transfer by merger of all the property, rights, powers and franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition of The United Gas Improvement Company by merger into it of all the property, rights, powers and franchises and privileges of the seven last-named companies; and (3) the beginning of the exercise of The United Gas Improvement Company of all the additional rights, powers and franchises and privileges of the seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

Q. How do the Joint Applicants propose to handle the UGI CPCs for the Electric Division?

A. As I noted above, since the UGI CPCs are included in the Division, and the Division, when effective, will not result in a formal legal transfer, the UGI CPCs will be held by the Company without any further action by UGI or the PUC. However, in the event the PUC disagrees, the Joint Applicants request all CPCs and Commission approvals to effectuate the transfer. Also, if the Commission determines that it must issue a new CPC to the Company covering the existing UGI Electric service territory, the Joint Applicants request that the Company be issued a new CPC from the Commission in the service territory as specifically described in the Joint Application.

Q. What will be the Company's structure after the Proposed Transaction closes?

A. Charts illustrating the current organizational structure of UGI and UGI Electric and the planned post-Closing organizational structure of the Company are attached as Appendix 4 to the Joint Application. After Closing, Holdings will own 100% of the outstanding membership interests in the Company and will have full ownership, operation and control of the Company as a fully certificated Pennsylvania retail electric public utility subject to the jurisdiction of the PUC.

Q. When do you expect the Proposed Transaction to close?

A. The Proposed Transaction will close upon receipt of all approvals, including that of the Commission.

Q. What approvals are required before the proposed Transaction can be consummated?

A. In addition to approval from the PUC, pursuant to Code Chapters 11 and 28 as requested in the Joint Application, approval for the Proposed Transaction is required from the Federal Energy Regulatory Commission, the Federal Communications Commission, and the Federal Trade Commission ("TFC") and the Department of Justice ("DOJ") under the Hart-Scott-Rodino ("HSR") Act.

III. ARGO, ITS BUSINESS PRACTICES AND EXPECTED THE COMPANY OPERATIONS

Q. Please provide an overview of Argo and its current operations.

A. Argo, a Delaware limited liability company, is an independent infrastructure investment management firm headquartered in New York City that manages capital from pension funds, insurance companies and other large institutional investors for investments in long-duration infrastructure projects and companies. Argo currently manages approximately $7.4 billion of invested and committed capital on behalf of its institutional investor partners, representing investments in high-quality infrastructure businesses in North America.

Argo has a strong track record of investing in high-quality infrastructure businesses and assets that provide essential services to their communities over long operational lives. Argo's portfolio of 18 companies across the United States and Canada includes power generation assets, utilities, electric transmission systems, and an energy storage network.

Argo's team includes highly experienced senior professionals who have, on average, over 20 years of experience in acquiring and managing many utility businesses, including Corning Energy Corporation, Pike County Light & Power, Leatherstocking Gas Company, LLC, DQE Holdings LLC (the parent of Duquesne Light), Hawaii Gas, SourceGas, CLECO, Puget Energy, Summit Utilities and Michigan Electric Transmission Company.

Q. Please describe Argo's ability to access capital.

A. Argo currently manages approximately $7.4 billion of invested and committed capital on behalf of its institutional investor partners. Since closing of Argo's first investment partnership in 2015, Argo has consistently grown its assets under management and has a strong financial track record. Today, Argo's investment portfolio consists of 18 high-quality infrastructure businesses in North America. HIGHLY CONFIDENTIAL Appendix 6 to the Joint Application, which is incorporated herein, contains certain financial information regarding Argo, demonstrating sufficient financial resources to acquire, own and support the Company via Holdings, post-Closing of the Proposed Transaction.

Argo raises capital from pension funds, insurance companies and other large institutional investors, including those from the Organization for Economic Co-Operation and Development ("OECD"), to invest in long-duration infrastructure investments such as utility companies. Argo provides access to capital to its portfolio companies for the long term, seeking to benefit from the attractive investment characteristics of these businesses over decades, and not merely the next "market cycle." Argo's goal is to generate sustainable long-duration returns based on the underlying strength of its high-quality investments, not "flip" type returns as is common in private "buyout" funds.

Q. Please describe Argo's investments, including other energy companies.

A. Argo's investment focus is high-quality infrastructure assets that provide essential services to the communities they serve, including regulated utilities, contracted

power and renewables and other long duration assets or concessions. Argo currently manages investments in 18 infrastructure businesses in North America. Argo's managed assets include regulated utilities, renewables and energy storage, and contracted power generation assets. Specifically, its portfolio includes investments in the following:

REGULATED UTILITIES

- Argo's managed entities are indirect owners of Pike County Light and Power Company ("Pike") and Leatherstocking Gas Company, LLC ("Leatherstocking"), both regulated public utilities in Pennsylvania.3
- A 25% ownership interest in DQE Holdings LLC whose wholly-owned subsidiary, Duquesne Light Holdings, Inc., is the owner of Duquesne Light Company ("Duquesne Light"), a regulated Pennsylvania electric public utility serving approximately 600,000 customers in the Pittsburgh area.
- The Cross-Sound Cable ("CSC") Project, operated by Cross Sound Cable Co., LLC ("CSCC"), a 24 mile high voltage, direct current transmission line with bi-directional transfer capacity of approximately 330 MW. The CSC Project runs beneath Long Island Sound from the Halvarsson Converter Station in New Haven, Connecticut to the Tomson Converter Station in Shoreham, New York. The CSC Project connects the transmission systems of UIL Holdings Corporation and the Long Island Power Authority. It is one of several interconnections between the ISO-NE and the NYISO. The CSC Project is under the operational control of ISO-

3 *Joint Application of Pike Count Light and Power Company and Leatherstocking Gas Company, LLC et al,* PUC Docket Nos. A-2021-3025659 and A-2021 30225662 (Order entered February 3, 2022).

NE pursuant to Section 9.3 of Attachment K to the ISO-NE open access transmission tariff ("OATT"). Cross Sound Cable Company LLC provides service through the CSC Project under Schedule 18 of the ISO-NE OATT.[4] ISO-NE schedules transmission service on the CSC Project under its OATT in coordination with NYISO.[5]

- Hudson Transmission Project ("HTP"), which includes a 660 MW High Voltage Direct Current electric transmission system connecting the PSEG-North zone of the PJM Interconnection, LLC ("PJM") to the New York Independent System Operator ("NYISO") Zone J power market via a subsea cable beneath the Hudson River. HTP runs approximately 7.1 miles from the Public Service Enterprise Group Bergen Substation in Ridgefield, New Jersey to the Consolidated Edison, Inc. W. 49th Street Substation in New York City. The HTP includes a back-to-back AC/DC/AC converter station in Ridgefield, New Jersey, providing operator control and scheduling capability to the flow of energy between PJM and NYISO.
- Two water utility concessions, including one serving the City of Bayonne, New Jersey and another serving the Borough of Middletown, Pennsylvania.
- Hawaii Gas, the only regulated gas utility in the state and a leading unregulated propane delivery business that serves all the islands in the state.

RENEWABLES AND ENERGY STORAGE

- A 114 MW solar portfolio with over 150 distributed generating facilities in multiple states serving municipal, commercial and industrial customers.

[4] *See* Cross-Sound Cable Co., LLC, 109 FERC ¶ 61,223 (2004).
[5] *See* generally, Section II, ISO-NE OATT, http://www.iso-ne.com/regulatory/tariff/sect_2/oatt/sect_ii.pdf.

- An energy storage business serving commercial customers in California.

CONTRACTED POWER

- Contracted power investments including a 200 MW natural gas-fired power plant co-owned and operated by Black Hills Corporation, a 1086 MW natural gas-fired power plant in the SPP region, and a 525 MW gas-fired cogeneration facility in the MISO-South region.

Q. How will Argo finance the acquisition of the Company?

A. It is intended that Holdings will close the acquisition of the Company by drawing down an equity commitment from ACP Series 3 Partnership, L.P and affiliate vehicles managed by Argo (collectively, "ACP S3") as well as the net proceeds from debt issuances at the Company and Holdings to fund all of the Proposed Transaction consideration to UGI. ACP S3 intends to fund Holdings' equity commitment with capital committed to it from its institutional investors.

The Company will not assume any debt from UGI as part of the Proposed Transaction. As a result, the Company will need to issue new debt to implement a capital structure that is within the Commission's traditional parameters and consistent with utility company market practice in Pennsylvania. The Joint Applicants fully recognize that the Commission will not allow the Company to use a capital structure for ratemaking purposes that is outside the range of the capital structures of similarly situated electric distribution companies. The aggregate proceeds from ACP S3 and the debt issuances will enable Holdings to fund all of the Proposed Transaction consideration to UGI.

Q. What is Argo's overall philosophy regarding operation of regulated utility businesses in which it has a substantial ownership interest?

A. Argo's role with respect to utility companies is one of oversight and support. Argo invests in such businesses and provides them with the best practices, tools and capital they need to operate and improve their companies. Argo establishes a framework for management that provides a structure for executing on the mutually-agreed business goals and for delivering on its responsibilities to all stakeholders. Argo's key areas of oversight and support include:

- **Business planning**: Argo works with management to put in place business plans, updated at least annually, which set out the vision for the business over the next 12-60 months and describe the initiatives necessary to reach the stated goals.
- **Governance**: Argo supports the board's oversight of key governance issues, such as shareholder engagement, board participation, role of committees, and critical oversight functions such as internal and external audit.
- **Risk management and mitigation**: Operational and financial risk management is a core responsibility of utility boards of directors. Argo works with senior management at all of its portfolio companies to keep up-to-date on key business risks and the likelihood of such risk occurring, on the one hand, and the impact of such risk if it were to occur. This provides management and the board a tool for assessing and analyzing the operational and financial risks inherent in the business so that these risks can be managed to the greatest extent possible and mitigated as far as can be achieved.

- **Funding and financing**: Argo's established practice is to hold its portfolio companies as separate, stand-alone entities with individual dedicated governance structures, stand-alone management teams that are integrated into local communities, and dedicated boards with strong governance protocols. Argo supports the board's oversight of the capital structure needs of the business and seeks to establish the optimal capital structure at the holding company level. Management's business plan provides the board with guidance on what the capital needs are for the business, and the board provides advice and support in funding these needs so that the agreed business plan can be implemented by the management team.

Moreover, as a manager of assets and businesses that provide essential services, Argo understands the importance of its role in the communities in which Argo's affiliates operate. Argo's investment philosophy aims to couple sound investment return with responsible and sustainable investing. This includes integrating environmental, social, and governance ("ESG") best practices into asset selection and on-going asset management processes and providing detailed reporting to investors and stakeholders on ESG performance. Argo's on-going initiatives and achievements in sustainable investing include achievement of the first "E1" (highest level) Green Evaluation of an infrastructure investment from Standard & Poor's; participation in the Global ESG Benchmark for Real Assets ("GRESB")[6], the global ESG benchmark for real assets, as a firm and through its portfolio

[6] GRESB is a mission driven and investor led organization providing standardized and validated ESG data to the capital markets. *See* https://gresb.com/.

companies; membership in the Long Term Infrastructure Investors Association ("LTIIA") and the Global Infrastructure Investor Association ("GIIA").

Q. What is the approach of Argo and/or the regulated utilities in which it has a substantial interest to maintaining and enhancing system reliability and integrity?

A. Argo manages a diversified portfolio of investments in high-quality infrastructure businesses, including utilities such as Pike, Leatherstocking, DLC, HTP, CSCC and its two water and wastewater concessions. As a steward of essential assets across the U.S., Argo takes its responsibilities for providing safe and reliable service very seriously. This includes, but is not limited to, prudent planning with the asset's management team and operations personnel and adherence to tracking/monitoring performance, including use of Key Performance Indicators ("KPIs"). In addition, single point failures of systems/components are assessed, spare parts kept on hand, and personnel are trained to mitigate downtime and draw upon third-party experts if needed. For example, Cross-Sound Cable, operated by CSCC, was the first interconnection to Long Island that was energized after Hurricane Sandy, allowing other assets that needed electricity in the area to start accessing electric power from the grid.

Q. Please describe the philosophy of Argo and the regulated utilities in which it has a substantial interest with regard to customer service.

A. The philosophy is that customers are paramount, as they are the lifeblood of regulated utilities. Each customer should be able to contact the utility, if necessary,

have their service needs met and understand the components of their bill. In addition, any program offering savings or advantages for customers should be easily accessible. Argo exercises oversight through representation on its portfolio companies' boards. The local management teams are empowered to operate the day-to-day business, and this includes important functions such as customer service and communication. As Argo manages several customer-facing utility businesses in the U.S., it understands the critical importance of maintaining reliable service to the end users and ensuring that communication with these stakeholders is clear and consistent. For example, during the COVID-19 crisis, Argo was an avid supporter of eliminating late fees, interest charges, and shut-offs for its electric and water utilities' customers.

Q. Please describe how Argo and/or the regulated utilities in which it has a substantial interest support the communities they serve.

A. It is important to develop and enhance relationships with local stakeholders. This involves a combination of employee volunteer time, corporate donations, corporate training and education outreach. In addition, it is important to retain local talent and support the communities where service is provided. Argo strives to be a good corporate citizen in all aspects of its business, and it understands and takes to heart the responsibilities that come with being an investor and manager of important public utility businesses.

Q. Please describe Argo's experience with employing codes of conduct and dealing with affiliate relations.

A. Argo has worked with codes of conduct and affiliate restrictions associated with various assets. For example, no information on transmission cable availability or usage can be discussed or conveyed to power marketing personnel affiliated with its customer on the CSCC project. With respect to DLH and DLC, no discussions on power supply requirements for the regulated entity can be held with personnel that are involved with aspects of the non-regulated entities.

Q. Please identify the regulatory bodies with which Argo and/or the regulated utilities in which it has a substantial interest deal on a regular basis and describe the relationship with those regulatory bodies.

A. Through its utility investments noted above, Argo's subsidiaries deal with several regulatory bodies. CSCC and HTP are regulated by the New York Public Service Commission, Hawaii Gas is regulated by the Hawaii Public Service Commission, and DLC, Pike and Leatherstocking are regulated by the PUC. Thus, Argo is already familiar with and has secured acquisition approvals from commissions in Pennsylvania, New York and Hawaii. Moreover, in each of these transactions Argo received all regulatory approvals (federal and state) in a timely manner. As an experienced owner of regulated assets, Argo understands and values the ongoing relationship with regulators, customers and other local stakeholders and expects to continue that positive relationship with the PUC and its staff after Closing of the Proposed Transaction.

IV. REASONS FOR THE PROPOSED TRANSACTION

Q. Please explain why Argo has caused Holdings to enter into the MIPA.

A. Argo's managed funds invest in high quality infrastructure assets and businesses, including regulated utilities that generally possess a risk, return and growth profile consistent with its long-term investment targets. UGI Electric fits well into Argo's existing portfolio of infrastructure assets and business and financial risk profile. We therefore elected to respond to UGI's Request for Proposal to sell UGI Electric. Through the diligence process Argo came to the view that UGI Electric is a well-run utility that aligns with its investment strategy, including its high-quality asset base, leadership, and customer commitment. Argo also came to believe that the decades of experience managing gas and electric utility investments of Argo's management team, combined with Argo's access to long-term capital, placed Argo in an ideal position to support UGI Electric's ongoing infrastructure investment program, customer service goals and overall management direction in Pennsylvania.

Q. Please explain why Argo – via Holdings -- is the right acquirer for UGI Electric.

A. In addition to the discussion above, Argo has valuable experience with regulated entities and the economic and regulatory environments in which they operate. Real benefits will be brought to UGI Electric and its customers via the Company as discussed in greater detail by Richard Klapow in Joint Applicants Statement No. 2.

Argo is well known and has substantial relationships in the financial markets, having raised over $ 7.7 billion in bank and debt capital markets debt on behalf of its portfolio companies. All of such debt that has been rated by credit rating agencies has received investment grade ratings. With enhanced access to the type of capital needed for a utility business, and additional financial backing from funds managed by Argo, the Company will be well positioned to continue making new appropriate investments in capital improvement, reliability and customer service projects. The Company will have access to additional equity capital indirectly from Argo, without the additional expense and uncertainty of accessing the public markets. In addition, with decades of experience managing and investing in utility companies across North America, the Argo management team can provide insight into best practices and help the Company execute on its business plan and further build a strong long-term utility company for all of the many stakeholders in Pennsylvania.

As I stated earlier, Argo's role with respect to utility companies is one of oversight and support. Argo seeks to maintain and expand the local management teams when investing in such businesses, and to provide them with the tools and capital they need to operate and improve their companies. At the board level, Argo establishes a framework for management that provides a structure for implementing the mutually-agreed business goals and for delivering on its responsibilities to all stakeholders.

Q. What is Argo's overall objective in the consummation of the Proposed Transaction?

A. Argo's objective is to have the ownership transition to the Company be as seamless as possible to customers from a reliability, customer service, rates and operational perspective. That objective will be served by Argo's emphasis on the importance of local management and local control of day-to-day business operations. Argo's view is that the Company is and will be capable of operating mostly on a stand-alone basis, with enhanced access to long-term capital and oversight and support from a board experienced with best practices and ESG investing.

VI. IMPACTS OF THE PROPOSED TRANSACTION ON RATES AND SERVICE

Q. How will consummation of the Proposed Transaction impact the rates and service currently being provided to the customers of UGI Electric?

A. The Proposed Transaction will be seamless to customers of UGI Electric. Among other things, it will have no adverse impact on rates and service; it will result in maintaining the current offices in Pennsylvania; and it will provide substantial, affirmative benefits from enhanced opportunity to access capital, broad utility management and expertise as described further by Richard Klapow in Joint Applicants Statement No. 2.

Upon Closing of the Proposed Transaction, the Company will continue to operate and charge duly authorized rates to customers under terms of service previously approved by this Commission as a Pennsylvania public utility subject to the continuing jurisdiction of the Commission and the outcome of its pending rate case.

Argo (via Holdings) is committed to providing adequate, efficient, safe, and reliable electric service, and the Proposed Transaction will not diminish in any way the Company's obligations to maintain system reliability and satisfy the legal requirements for safe, adequate and efficient utility service.

The Company's Commission-approved rates, rules and regulations and the terms and conditions of service in effect when the PUC enters its final order in this proceeding will not change as a result of the Proposed Transaction. In addition, as discussed by Mr. Klapow in Joint Applicants Statement No. 2, the Company will not seek rate recovery of any acquisition premium or "goodwill" associated with the Proposed Transaction or of transaction costs incurred by the Joint Applicants or their affiliates.

As I discussed earlier, Argo seeks out investments and then supports management with financial, strategic and technical expertise. Therefore, if the Proposed Transaction is approved by the PUC, the Company will hire and retain management and operating personnel as appropriate and institute a board of directors with strong governance protocols. As discussed by Richard Klapow Joint Applicants Statement No. 2, Argo, as an experienced owner of utilities, has access to a broad network of utility industry professionals. And Argo has already begun the process of reaching out to these professionals for potential leadership roles during the regulatory approval period, or as potential employees or board members of the Company after Closing.

Q. Will the Proposed Transaction have any anti-competitive impacts or otherwise violate Code Section 2811(e)(1)?

A. No. Based on advice of counsel, I understand that Code Chapter 28 requires that the PUC consider the potential anti-competitive effects of a merger or combination "in the exercise of *authority the commission otherwise may have* to approve mergers or consolidations" involving electric utilities. *See* 66 Pa. C.S. § 2811(e)(1) (emphasis added). Code Section 2811 does not confer any authority upon the Commission to approve mergers or consolidations of public utilities or a change in control of a public utility beyond the authority the Commission otherwise possesses under Code Chapter 11. The Proposed Transaction will have no adverse competitive effects on Pennsylvania's retail electric market. The Company will continue providing retail electric service in the same exclusive territory previously served by UGI Electric and will not serve customers in another certificated public utility's franchised territory. Further, customers will retain all of their existing rights to shop with competitive retail electric generation suppliers in the Company's service territory.

Q. Have UGI and Argo established any arrangements to address services necessary for the operation of the Company post-Closing of the Proposed Transaction?

A. Yes. In connection with the Proposed Transaction, UGI and the Company will enter into a Transition Services Agreement ("TSA") as of the Closing under which UGI will provide, or cause to be provided, certain administrative and operational services to the Company during a transition period following Closing. The key

services to be provided under the TSA include, among others: (i) billing and customer care services; (ii) information technology services; (iii) finance and accounting services; (iv) rates and regulatory services; (v) human resources services; (vi) purchasing and materials management; (vii) energy supply services; (viii) communications and community relations services; and (ix) vehicle fleet maintenance and management services. Unless otherwise specified in the TSA, the service period is 12 months from the Closing. In addition, UGI will provide office space to the Company on a triple-net lease basis, which will extend beyond this initial 12-month service period. Transition services are limited to those provided by UGI to UGI Electric during the 12-month period prior Closing, and all transition services provided by UGI under the TSA must be provided in accordance with applicable law and with at least the same level of skill, care and efficiency that meets industry standards and, in any event, at a level no less than that which was applied to the same services prior to the Closing.

Q. What happens after the TSA expires or terminates?

A. Following expiration or termination of the TSA, the Company will be solely responsible for providing or arranging for the provision of similar or replacement services. Importantly, certain employees of UGI that are primarily engaged in providing transition services will transfer employment from UGI to the Company at the end of the relevant transition services period. As discussed further by Richard Klapow in Joint Applicants Statement No. 2, Argo has identified certain leadership positions and subject matter experts who need to be retained to supplement the employees and management team that are transferring to the Company as part of

the Proposed Transaction. Argo has begun the process of reaching out to its broad network of utility industry professionals to identify potential candidates for these new positions and intends to fill these new positions before the expiration or termination of the TSA. In addition, Argo envisions certain positions will be outsourced (e.g., legal) and plans to enter into arm's length long-term service agreements with qualified third-party service providers shortly after Closing of the Proposed Transaction.

VII. STANDARDS FOR APPROVAL OF ACQUISITION

A. The "Public Interest" Standard

Q. Are you familiar with the legal standard that governs the PUC's consideration of utility acquisitions/changes of control in Pennsylvania?

A. Yes. I have been advised by counsel that Code Section 1102(a)(3), 66 Pa.C.S. §1102(a)(3), requires the PUC to issue a CPC, upon proper application, to authorize a "public utility or an affiliated interest of a public utility" to acquire from or transfer to [any other entity by any means whatsoever] "the title to, or the possession or use of, any tangible or intangible property used or useful in public service." I understand that the PUC has further clarified, under 52 Pa. Code §69.901, that, regardless of the tier, a CPC is required, pursuant to 66 Pa.C.S. §1102(a)(3), when a new controlling interest results from "a different entity becoming the beneficial holder of the largest voting interest in the utility or the parent." The PUC is required to issue a CPC upon finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience or safety of public." 66 Pa.C.S §1103(a). And, the Pennsylvania courts have

concluded that the PUC cannot grant a CPC without finding that the proposed merger will affirmatively benefit/promote the service, accommodation, convenience or safety of the public in some substantial way.

Q. In applying the foregoing analytical framework, what conclusions did you derive?

A. Argo concluded that there are numerous substantial affirmative public benefits inherent in this Transaction. As noted previously, these substantial affirmative public benefits and Argo's suite of commitments are addressed by Richard Klapow in Joint Applicants Statement No. 2.

B. Financial, Technical and Legal Fitness

Q. Does Argo have the required fitness to be granted a CPC in this proceeding?

A. Yes, it does. As I understand it (based on advice of counsel), an applicant for a CPC in Pennsylvania like Argo must demonstrate that it is (i) financially fit (i.e., has sufficient resources to provide the proposed utility service); (ii) legally fit (i.e., has the propensity to operate safely and legally); and (iii) technically fit (i.e., sufficient staff, facilities and operating skills to provide the proposed utility service. As stated elsewhere in this testimony and the Joint Application, we have demonstrated that based on Argo's deep financial resources and access to capital and its prior long-standing investments and experience in owning, operating and/or managing other energy and utility assets, it satisfies all three of the fitness components in Pennsylvania for purposes of being entitled to a CPC in this proceeding.

An applicant for a CPC before the PUC must show that it is legally fit, i.e., that it has a propensity to operate safely and legally. Argo is legally fit to own the Company. Argo's managed entities have complied and continue to comply in all material respects with federal law and state law in the jurisdictions in which they operate. Argo's managed entities have not been prosecuted, indicted, or investigated for criminal activity.

An applicant for a CPC can demonstrate "technical fitness" by showing it has sufficient staff, facilities and operating skills to provide the proposed service. As demonstrated by my earlier testimony, Argo is technically fit to own and operate the Company (via Holdings) and such ownership and operation is consistent with the public interest. As noted above, among other things, Argo and its managed affiliates have substantial experience in investing in, owning and overseeing utility and infrastructure businesses across the United States, including its 25% ownership interest in DQE Holdings LLC whose wholly-owned subsidiary, Duquesne Light Holdings, Inc., is the owner of Duquesne Light, a regulated Pennsylvania electric utility serving approximately 600,000 customers in the Pittsburgh area, as well as Pike County Light and Power Company and Leatherstocking Gas Company, LLC.

Q. Does this conclude your direct testimony?

A. Yes, it does. However, I reserve the right to supplement this testimony or file additional testimony as deemed necessary or appropriate.

VERIFICATION

I, Andrew Zaroulis, Managing Director and a senior investment professional at Argo Infrastructure Partners LP ("Argo"), hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 24, 2026

By: _____

Andrew Zaroulis, Managing Director and Senior Investment Professional at Argo Infrastructure Partners LP ("Argo")

JOINT APPLICANTS STATEMENT NO. 2

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

JOINT APPLICATION OF UGI UTILITIES, INC. AND ARGO INFRASTRUCTURE PARTNERS LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE UNDER CHAPTER 11 OF THE PUBLIC UTILITY CODE AND ALL OTHER NECESSARY APPROVALS (I) FOR THE CONVERSION OF UGI UTILITIES, INC. TO UGI UTILITIES, LLC, (II) TO EFFECT A DIVISION OF THE ASSETS AND LIABILITIES OF UGI UTILITIES, LLC, (III) TO ESTABLISH A NEW ENTITY TO OWN AND OPERATE THE ASSETS OF UGI UTILITIES, LLC – ELECTRIC DIVISION AND PROVIDE RETAIL ELECTRIC SERVICE AS A PUBLIC UTILITY, (IV) FOR THE SALE AND TRANSFER OF THE MEMBERSHIP PURCHASE INTERESTS IN THE NEW ENTITY TO A NEW LIMITED LIABILITY COMPANY TO BE FORMED, OWNED AND CONTROLLED BY AN AFFILIATE OF ARGO INFRASTRUCTURE PARTNERS LLC, AND (V) FOR THE CESSATION AND ABANDONMENT OF ANY AND ALL RETAIL ELECTRIC SERVICE IN PENNSYLVANIA FOR UGI UTILITIES, INC	**DOCKET NO. A-2026-** **DOCKET NO. A-2026-**

DIRECT TESTIMONY
OF
RICHARD KLAPOW

Dated: June 24, 2026

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your full name and business address.

A. My name is Richard Klapow and my business address is 650 Fifth Ave, 35th floor, New York, NY 10019.

Q. By whom are you employed and in what capacity?

A. I am a Managing Director and senior investment professional at Argo Infrastructure Partners, LP ("Argo"). Argo is an infrastructure investment manager with a long-term investment horizon and extensive investment and asset management experience in the energy sector and with regulated utilities.

Q. Please briefly describe your educational and professional background.

A. I earned a Bachelor of Science degree from the State University of New York at Albany, a Master of Business Administration degree from Boston University, and a Juris Doctor degree from Brooklyn Law School.

I have almost two decades of experience as a principal investor in infrastructure and have led and managed investments in a range of sectors, including utilities (electric, gas distribution and water), power and renewables, midstream energy, transportation and communications infrastructure. In 2014, I joined a core team of highly experienced investment professionals who formed Argo, and the following year, I led Argo's inaugural investment in Cross-Sound Cable Company ("CSC"), a vital electric interconnection in the Northeast power markets, where I currently serve as Chairman. In addition to Argo's proposed investment in UGI Utilities,

Inc.'s ("UGI") Electric Division, I also lead Argo's investments in the following companies: Corning Energy Company, a holding company for two utilities serving northeastern Pennsylvania, Duquesne Light Holdings ("DLH"), an electric transmission and distribution utility serving 600,000 customers in southwestern Pennsylvania; two water and wastewater concessions with the City of Bayonne Water (NJ) and the Borough of Middletown Water (PA); Hudson Transmission Partners ("HTP"), a 660 MW electric transmission link to New York City; Hawaii Gas; which owns a regulated gas and propane distribution business in Hawaii; TierPoint, a leading owner and provider of colocation data centers throughout the U.S.; and Smokey Mountain Holdings, a 378MW renewable and hydroelectric portfolio in the Tennessee Valley region. I currently serve or have served on the boards of Corning Energy Company, DLH, HTP, TierPoint and Bayonne and Middletown Water. I currently serve as chairman of Hawaii Gas and CSC.

Prior to Argo, I was an original member of Macquarie Group's infrastructure investment team in the United States. Among other transactions with Macquarie, in 2006-2007, I sourced and led the $3.15 billion acquisition of DLH, the first take-private acquisition of a U.S. utility by an infrastructure investor (in which Argo acquired a 25.2% interest in 2017).

Q. What are your duties as Managing Director at Argo?

A. As a Managing Director, I lead the investment team at Argo in finding, analyzing and acquiring new infrastructure investments.

Q. Have you previously testified before the Pennsylvania Utility Commission ("Commission")?

A. Yes. I previously submitted direct and rebuttal testimony in the proceedings before the Commission at Docket Nos. A-2021-3025659 and A-2021-3025662 to support the Joint Application of Pike County Light and Power Company ("Pike"), Leatherstocking Gas Company, LLC ("Leatherstocking"), Corning Natural Gas Holding Corporation, ACP Series 3 Partnership L.P., Argo Capital Platform (K) Series 3, L.P., ACP Crotona Holdings LP, and ACP Crotona Corp. for Certificates of Public Convenience ("CPC") under Sections 1102(a)(3) and 1103 of the Public Utility Code that was filed with this Commission on April 30, 2021 in connection with the acquisition by ACP Crotona Corp. of all of the outstanding shares of Corning Natural Gas Holding Corporation by way of a merger transaction. The Commission approved that transaction on February 3, 2022. I also testified in the 2025 Commission proceeding regarding an indirect change of control of Pike County Light and Power Company's and Leatherstocking Gas Company's parent company, Corning Energy Company. That transaction ultimately was terminated and did not close.

Q. What is the purpose of your testimony in this proceeding?

A. In addition to the Direct Testimony of Andrew Zaroulis in Joint Applicants Statement No. 1, my testimony supports the Joint Application of UGI and Argo Infrastructure Partners LLC ("Argo"), (collectively, the "Joint Applicants") filed on June 24, 2026 ("Application") requesting the approval of the Commission under Chapters 11 and 28 of the Public Utility Code, 66 Pa.C.S. §§101 *et seq.* ("Code")

and all other necessary and appropriate approvals for a proposed transaction, the effect of which would allow would allow UGI to transfer its electric utility operations to Argo and UGI to cease and abandon the ownership and operation of the utility assets and retail electric service it is currently providing to the public through UGI Utilities, Inc - Electric Division ("UGI Electric") in all or portions of Luzerne and Wyoming Counties, Pennsylvania ("Proposed Transaction"). Under the Proposed Transaction, a new limited liability company that has been formed by Argo, Erdinger Holdings LLC ("Erdinger") and now called Wyoming Valley Electric Holdings LLC" ("Holdings"), will own 100% of the membership interests of a limited liability company to be formed by UGI called Wyoming Valley Electric LLC ("Company") to hold the assets and related certificates of public convenience ("CPCs") currently possessed by UGI Electric in support of its current retail electric service to the public.

Specifically, I will address the following matters:

- The Commission's *Penn Estates*[1] issues;
- The benefits of the Proposed Transaction;
- Proposed Transaction commitments; and
- Potential synergies cost savings of the Proposed Transaction.

[1] *Application of Penn Estates Utilities, Inc.,* Docket Nos. A-210072F0003 *et al.* (Order entered Oct. 2, 2006) ("*Penn Estates").*

***Penn Estates* Criteria**

Q. Do the Joint Applicants satisfy the so-called "*Penn Estates* Criteria"?

A. Yes, they do. Based on advice of counsel, in addition to the public benefits test, the Commission considers the following ten public interest factors when investment fund control of a Pennsylvania utility is involved in the transaction: (a) capital to be allocated to ongoing operating and maintenance expenses; (b) corporate governance/Sarbanes-Oxley compliance; (c) expected term of ownership; (d) experience as an owner and operator of utilities; (e) community presence; (f) nature and objectives of the various affiliated relationships involved; (g) fees paid to and services performed by affiliates; (h) limits on use of leverage and other capital structure protections; (i) transparency on corporate structure issues; and (j) creditworthiness. In addition to my testimony addressing these criteria, the Joint Applicants discuss the satisfaction of these components of *Penn Estates* in the Joint Application, which as noted previously, I am supporting along with Andrew Zaroulis. In the Joint Application we demonstrate that the control of the Company by an affiliate of Argo Infrastructure Partners LLC, Erdinger (now Holdings), is in the public interest and satisfies the *Penn Estates* criteria.

Q. How does the Proposed Transaction satisfy the ten public interest considerations adopted by the Commission in *Penn Estates* when an investment fund is involved in a transaction?

A. First, sufficient capital will be allocated to the Company's ongoing operational and maintenance needs. Argo will ensure a seamless transition to control of the Company and will position the Company for optimal future operations. Argo has

significant experience in accessing equity and debt markets and this access has been one of the key attributes of its successful infrastructure management and growth. Later in this direct testimony, I explain why greater access to capital through Argo will enhance the Company's ability to further improve reliability and customer service, while maintaining reasonable rates. Argo's investment teams are also highly focused on executing operational improvements to drive post-transaction value enhancements at its portfolio companies.

Second, there is no issue regarding Sarbanes-Oxley compliance. Argo is not subject to Sarbanes-Oxley reporting requirements.

Third, Argo views the Proposed Transaction as a long-term opportunity. Argo understands that the various investors intend to be long-term owners of the Company. Indeed, Argo is currently a long-term manager of major infrastructure assets, including energy businesses. Argo operates its asset management business in a highly integrated manner and employs a value-oriented investment strategy, with flexibility across the capital structure to offer downside protection, and attractive risk-adjusted returns in all market environments. Specifically, Argo's investment teams seek out infrastructure investments that do not require a sale or defined exit strategy to achieve the investment goals of the funds the firm manages. And any future changes in control of the Company will be subject to all applicable and necessary Commission approvals and authorizations.

Fourth, Argo has extensive utility operational experience. As discussed herein and by Andrew Zaroulis in Joint Applicants Statement No. 1, Argo's technical, legal and financial fitness to manage entities that own and oversee public utilities, its

ability to access and raise necessary capital, and its current extensive experience managing investments in utility businesses confirm and demonstrate that Argo is an ideal acquirer of the Company via Holdings.

Fifth, Argo is committed to a community presence. The Proposed Transaction will maintain the Company's presence in the communities currently served by UGI Electric in Pennsylvania. The Company's commitment to community service activities, charitable and civic contributions and support are not expected to change, thereby solidifying the Company's presence in the communities it will serve. Further, Argo will support the Company's compliance with any applicable current or future diversity and inclusion policies or requirements of the Commission.

Sixth, there are no issues of concern regarding affiliated interests. No new affiliated agreements are intended to be created by the Proposed Transaction. New affiliates created by the new ownership structure are being established primarily for tax planning purposes.

Seventh, regulatory approval of any needed services from affiliates will be sought and obtained from the Commission under the applicable provisions of the Code. Argo does not expect to provide services to the Company that will require the payment of fees. However, should any services be provided by Argo or other affiliated interests to the Company, the services will be provided only after Commission approval of affiliated interest agreements consistent with Code Chapter 21.

Eighth, Argo will utilize a reasonable capital structure within Commission traditional parameters. The Joint Applicants fully recognize that the Commission

will not allow the Company to use a capital structure for rate making purposes that is outside the range of the capital structures of similarly situated electric distribution companies. The Company will not request a capital structure for ratemaking purposes that is outside the range of capital structures employed by comparable electric distribution companies.

Ninth, Argo will maintain transparency on corporate structure issues. The Company will not (a) guarantee the debt of Argo or any Argo affiliate not regulated by the Commission, except as approved by the Commission upon a determination that such guarantee provides net benefits to customers; (b) grant liens upon its property other than in conjunction with obtaining financing; or (c) make loans or extend credit to Argo or its affiliates for a term of more than one year without prior Commission approval, if required by the Code. Argo and Holdings will comply with all applicable requirements of the Code.

Regarding creditworthiness, Argo is a financially strong, diversified manager of infrastructure assets that is fully capable of maintaining and enhancing the level of service to be provided by the Company and supporting improvements to service where appropriate.

The *Penn Estates* factors are satisfactorily met in the Proposed Transaction.

Benefits of the Proposed Transaction

Q. What benefits will result from the Proposed Transaction?

A. As discussed in the Joint Application and throughout this Testimony, the principal benefits to the Company's customers that will result from the Proposed Transaction can be described under the following categories:

1) Access to capital: In the past and continuing through the present day, UGI Electric has had to share available capital with much larger gas operations, creating internal competition regarding access to the capital needed to carry out their public service functions on favorable terms. Given UGI's infrastructure investment goals for UGI Electric, access to capital at competitive prices will be an important benefit to the Company and its customers going forward. Based on Argo's financial strength, it is expected that the Company will be provided with competitively priced debt and equity capital. The Company will be financed on a stand-alone basis, with the sole focus of financing the electric utility without having to share the available capital with other business units as UGI Electric has to do today. Through its investor commitments, Argo – through Holdings -- can provide the Company with access to substantial capital. Argo is committed to supporting the capital needs of the Company. Through Argo's scale and expertise in equity and debt markets, the Company will be able to further pursue any required system upgrades, and address any infrastructure replacement, thereby enhancing reliability, resiliency and customer service. Argo's access to capital will provide major advantages to the Company and its customers. As noted above, Argo has the ability to bring significant financial resources to the Company. The Proposed Transaction, therefore, will improve the Company's access to both debt and equity funding for future needed capital initiatives via Argo's scale and expertise, thereby ensuring the Company's continued ability to meet its present and future funding needs.

2) Decentralized and Local Approach to Management and Operations: Argo is committed to supporting the Company as a stand-alone operation with strategic support from Argo. It will undertake this support by recognizing and assisting the Company's

existing and expanded management team that is attuned to local needs and concerns, and at the same time providing corporate support services. This philosophy has proven successful for Argo in each of its prior utility investments where it has obtained regulatory approval for and has implemented acquisitions in a smooth and efficient manner. UGI will transfer dedicated UGI Electric employees into the Company as part of the Proposed Transaction (consistent with the MIPA). Argo intends to supplement the transferred employees with an expanded group of experienced professionals. Argo has identified certain leadership positions, such as chief executive officer and chief financial officer, as well as experts in subjects such as human resources, information technology, regulatory matters, business development, and energy supply, that will be needed to supplement the transferred employees. Some of these positions will need to be filled before closing of the Proposed Transaction ("Closing"), such as in human resources such that the Company has a subject matter expert and point person in liaising with the employees that will be transferred, while other positions such as energy supply can wait until after close as the Company will enter into a Transition Service Agreement with UGI for such services for up to one year after Closing. Regardless, Argo, as an experienced owner of regulated utility businesses, including Pike, Leatherstocking DLH, and Hawaii Gas, has already reached out to its extensive network in the utility industry in identifying potential candidates for the various leadership roles and has started the process of engaging with certain individuals to start providing subject matter expertise and leadership during the regulatory approval process. Hence, the Proposed Transaction will not only maintain the existing level of direct employees after Closing but will also create jobs and increase the level of employment at the Company. In addition, Argo, as the upstream controlling entity of the Company, will

share the experience and best practices among the various utilities under Argo's ownership, providing added support for the operations and management of the Company.

3) System Reliability and Integrity: Argo understands the importance of system improvements needed to provide safe and reliable service. Included in this commitment is ensuring that the Company has the resources to meet applicable requirements for safety, service reliability and capital improvements.

4) Customer Service: Argo is committed to maintaining and enhancing the customer service experience by supporting the Company's locally managed customer service teams. Those teams are performing at a high level as part of UGI Electric and Argo intends to help them maintain their superior performance as part of the Company by offering additional training opportunities and seeking to incorporate best practices by studying other utilities that have superior customer service.

5) Community Involvement: Argo will seek to ensure that the Company will continue to meet expectations and commitments previously made by UGI Electric in the communities it serves. Argo and its affiliates have a long-standing tradition of supporting local community organizations and being a good corporate citizen/neighbor in the areas where it does business. For example, its power generation asset in Oklahoma has contributed and continues to contribute to multiple community groups and non-profit organizations, such as the Coweta fire department, Coweta Rescue Dogs, Coweta police department, Coweta RD Training Center, Wagoner County Blood Drive, the Teacher of the Year award in the local school district, and other groups. In Louisiana, the cogeneration asset has contributed and continues to contribute to the various community groups and non-profit organizations, such as the City of St. Gabriel – Council on Aging, River Parishes Community College,

Geaux Teal Ovarian Cancer Walk, St. Jude's Walk, Alzheimer's Services, and Iberville, Louisiana MSA - East campus. These types of local relationships will be enhanced by Argo's commitment to maintain the Company's headquarters within its service territory.

6) <u>Regulatory Relations</u>: Argo has a history of cooperation with and respect for the regulatory bodies in the jurisdictions in which its affiliates operate. The members of the Argo family of companies enjoy excellent reputations in their respective jurisdictions and Argo looks forward to the continuation of solid relationships in Pennsylvania with the Commission.

<u>Transaction Commitments</u>

Q. Is Argo making specific commitments to support the conclusion that the Proposed Transaction is in the public interest and to satisfy the substantial affirmative public benefits standard in Pennsylvania?

A. Yes, it is. Argo believes the comprehensive set of Proposed Transaction Commitments ("Commitments") detailed below and applicable to the Proposed Transaction provide immediate and long-term customer benefits, protect employment, preserve local management control, support economic development, among other things:

1. Corporate Structure: Holdings and Argo will implement a capital structure at the Company that is consistent with market practice for electric utilities in Pennsylvania. The Company will not request a capital structure for ratemaking purposes that is outside the range of capital structures employed by comparable electric distribution companies operating in the Commonwealth.

2. Financial Protections:

a. Goodwill: Argo will not pass on to the Company's customers the premium above book value paid by Argo to acquire the Company (i.e., goodwill) or the transaction costs attributable to the Proposed Transaction. Thus, the goodwill associated with the Proposed Transaction will not be shown in the Company's annual reports or included in the equity component of the Company's capitalization for purposes of calculating its return, future revenue requirements, or any other component of their rates. Following Closing of the Proposed Transaction, the Company will file the goodwill calculation as soon as it is available, subject to the time frame determined in accordance with U.S. Generally Accepted Accounting Principles.

b. Separate Debt: Holdings, managed by Argo, intends to continue to operate the Company as a standalone utility, including by maintaining separate debt financing, and preserving an overall cost of capital consistent with UGI Electric's current capital structure, absent any external influences. The Company will not loan any funds to Holdings, Argo or to any other affiliates.

c. The Company will not: (i) guarantee the debt of Argo or Argo's affiliates not regulated by the Commission, except as approved by the Commission upon a determination that such guarantee provides net benefits to customers; (ii) grant liens upon its property other than in conjunction with obtaining financing for each such entity; or (iii) make loans or extend credit

to Argo, or Argo's affiliates for a term of more than one year, without prior Commission approval, if required, by the Code.

3. **Employee Matters:** Upon the Proposed Transaction Closing and for at least 12 months following Proposed Transaction Closing, (i) Argo (through Holdings) will not permit a net reduction, due to involuntary attrition as a result of the Proposed Transaction, in the employment levels at the Company, (ii) the Company will provide current non-union employees compensation and benefits (including retirement benefits; provided vested rights under the defined benefit pension plan will continue to be maintained in accordance with applicable legal requirements) that are generally comparable in the aggregate to the compensation and benefits provided to those employees immediately before Closing of the Proposed Transaction as part of UGI Electric, subject to limited exclusions, and (iii) the Company will honor the same or similar terms outlined in the existing labor agreements for unionized employees.

4. **Staffing and Employment**: The Company will maintain current staffing levels that pertained for UGI Electric for one year from the date of Commission approval of the Proposed Transaction. During that period, if a current employee voluntarily leaves their employment position, or is discharged for performance, safety, or other business reasons, the Company will fill that position or create another similar position with an individual qualified for the position. As noted above, the Company will continue to honor obligations under applicable collective bargaining agreements and will honor the collective bargaining agreement(s) previously negotiated for UGI Electric employees.

5. **Charitable Giving**: Following approval and Closing of the Proposed Transaction and for three (3) years thereafter, Argo will cause the Company to continue to maintain the existing levels of corporate charitable contributions, community support and economic development that UGI Electric currently provides.

6. **Capital Expenditures**: Argo, through its management of the Company, is committed to causing the Company to make capital expenditures in accordance with UGI's current plans. Any post-closing capital raising and debt offerings involving the Company are expected to be undertaken solely for the benefit of the Company. If the Company pursues capital raises or debt offerings, Argo will provide notice to the OCA, I&E and OSBA of no less than 90 days in advance of the offering with details of the envisioned transaction. Such details should allow the Commission and statutory parties to verify that the costs and fees are consistent with current market conditions. In the event that Holdings or Argo does provide capital to the Company, they will provide the funds to the Company on the same terms and conditions applicable to Argo or Holdings, including an interest rate equal to the stated interest rate extended to Argo or Holdings, and a pro rata assignment of transaction fees to the Company.

7. **Dividends:** Dividend payments/Distributions from the Company to Holdings will comport with maintaining adequate available funding for utility operations to maintain safe and reliable electric service at just and reasonable rates in accordance with the Code.

8. **Potential Savings**: Upon consummation of the Proposed Transaction, the Company will no longer be subject to certain costs specifically associated with

being a publicly traded company. These costs may include certain legal, accounting, exchange and regulatory costs. Argo will attempt to quantify these cost savings in the future.

9. **Affiliate Standards:** The Company will abide by any existing or future Commission-approved Affiliated Interest Agreements and any Code provisions regarding Affiliated Interest arrangements.

10. **Headquarters:** The Company's corporate headquarters will remain in the same general location as it is now with UGI Electric. Further, Argo agrees that if it intends to cause the Company to relocate its corporate headquarters outside of its service territory it will apply to the Commission to do so, but no earlier than five (5) years following the Closing of the Proposed Transaction.

11. **Commission Jurisdiction:** The Company will be subject to the jurisdiction of the Commission pursuant to the Code. The Commission's existing oversight or authority over UGI Electric will be unchanged by the Proposed Transaction and the provision of service by the Company. Nothing in these Commitments will limit the Commission's jurisdiction under the Code or applicable law. Argo will make key decision makers available to meet with the Commission upon reasonable request and at mutually agreeable times.

12. **Books and Records:** Upon request, Argo will provide the Commission and its staff access to the original books and records of the Company and its other affiliates to the extent those books and records relate to the operations of the Company.

Q. Does Argo anticipate realizing any "synergy savings" as a result of the Transaction?

A. As I understand the term "synergy savings," it refers to savings that can be achieved when two operating utilities combine. These savings are primarily achieved through elimination of redundant jobs, usually at the entity being acquired and through consolidation of management functions, usually by reducing the presence of the acquired utility in its current headquarters location. These types of savings are not part the Proposed Transaction. As I indicated, Argo is recognized as a global leader in infrastructure investments and the management of infrastructure investments. We generally participate at the board level, develop an agreed business plan with the management team at the invested business, and empower the management team to operate the business in accordance with the agreed business plan. We have not historically provided personnel to operate our investments. For this reason, Argo seeks out long-term investments with highly competent and established management teams and employees, as such teams will be expanded in this case to reflect the Company's operations, and then supports them with its financial and technical expertise. Here, we identified UGI Electric as a strong potential partner based upon its consistent track record of providing exceptional service in Pennsylvania. This fact is underscored by our commitment to maintain certain of UGI Electric's senior management, while adding to an already well-established team, along with UGI Electric's existing complement of employees. Therefore, while we do not anticipate that the Proposed Transaction will result in synergy savings, it will ensure that the Company and its customers will continue to

benefit from the expertise of the existing and expanded management and employees in addition to gaining access to the local and global resources of Argo.

Q. Does this complete your Direct Testimony?

A. Yes. However, I reserve the right to submit such additional testimony as may be necessary or appropriate in this proceeding.

VERIFICATION

I, Richard Klapow, Managing Director and a senior investment professional at Argo Infrastructure Partners LP ("Argo"), hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 24, 2026

By: 

Richard Klapow, Managing Director and
Senior Investment Professional at Argo
Infrastructure Partners LP ("Argo")

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

JOINT APPLICATION OF UGI UTILITIES, INC. AND ARGO INFRASTRUCTURE PARTNERS LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE UNDER CHAPTER 11 OF THE PUBLIC UTILITY CODE AND ALL OTHER NECESSARY APPROVALS (I) FOR THE CONVERSION OF UGI UTILITIES, INC. TO UGI UTILITIES, LLC, (II) TO EFFECT A DIVISION OF THE ASSETS AND LIABILITIES OF UGI UTILITIES, LLC, (III) TO ESTABLISH A NEW ENTITY TO OWN AND OPERATE THE ASSETS OF UGI UTILITIES, LLC – ELECTRIC DIVISION AND PROVIDE RETAIL ELECTRIC SERVICE AS A PUBLIC UTILITY, (IV) FOR THE SALE AND TRANSFER OF THE MEMBERSHIP PURCHASE INTERESTS IN THE NEW ENTITY TO A NEW LIMITED LIABILITY COMPANY TO BE FORMED, OWNED AND CONTROLLED BY AN AFFILIATE OF ARGO INFRASTRUCTURE PARTNERS LLC, AND (V) FOR THE CESSATION AND ABANDONMENT OF ANY AND ALL RETAIL ELECTRIC SERVICE IN PENNSYLVANIA FOR UGI UTILITIES, INC.	**DOCKET NO. A-2026-** **DOCKET NO. A-2026-**

DIRECT TESTIMONY
OF
CHRISTOPHER BROWN

Dated: June 24, 2026

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Christopher R. Brown. My current business address is 1 UGI Drive, Denver, Pennsylvania 17517.

Q. By whom are you employed and in what capacity?

A. I am employed as the Vice President of Natural Gas and Electric Operations by UGI Utilities, Inc. ("UGI"). UGI is a wholly-owned subsidiary of UGI Corporation ("UGI Corp."). UGI has two operating divisions, the Gas Division ("UGI Gas") and the Electric Division ("UGI Electric"), each of which is a public utility regulated by the Pennsylvania Public Utility Commission ("Commission" or "PUC").

Q. Please describe your educational background and work experience.

A. They are set forth in my resume attached as Joint Applicants Exhibit CRB-1 to my testimony.

Q. What are your responsibilities as Vice President of Operations?

A. As Vice President – Natural Gas and Electric Operations, I am UGI's senior executive accountable for over 1200 individuals including management, clerical, field technicians, and subcontractors that operate and maintain UGI's gas and electric transmission and distribution system. I am also responsible for overseeing activities and personnel involved with UGI's capital planning department, buildings and grounds, fleet, physical security, and business continuity programs.

Q. Have you presented testimony in proceedings before the Commission?

A. Yes. Joint Applicants Exhibit CRB-1 identifies my prior testimony before the Commission.

Q. What is the purpose of your testimony?

A. I am providing testimony on behalf of UGI. In my testimony, I will address the following topics: (1) Overview of UGI Utilities, Inc.; (2) UGI's Requested Approvals; and (3) UGI's Support for the Proposed Transaction. As described further in the Joint Application filed by UGI and Argo Infrastructure Partners LLC ("Argo"), the Proposed Transaction involves UGI's efforts to transfer its electric utility operations to an Argo-controlled entity and cease and abandon the ownership and operation of the utility assets and retail electric service it is currently providing to the public through UGI Electric in all or portions of Luzerne and Wyoming Counties, Pennsylvania. As described in the Joint Application, UGI plans to (1) convert from a Pennsylvania corporation to a Pennsylvania limited liability company (the "Conversion"), (2) divide into two entities (the "Division") and allocate to Wyoming Valley Electric LLC, a Pennsylvania limited liability company to be formed by UGI as a result of the Division (the "Company"), the assets and related certificates of public convenience ("CPCs") currently possessed by UGI Electric in support of its current retail electric service to the public and (3) sell to Wyoming Valley Electric Holdings LLC (formerly Erdinger Holdings LLC), a limited liability company indirectly controlled by Argo ("Holdings"), 100% of the membership interests in the Company.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring Joint Applicants Exhibit CRB-1.

Q. Are you sponsoring any other information being supplied with the Joint Application?

A. Yes. I am sponsoring the UGI Electric CPCs (see Appendix 2 of the Joint Application), UGI Electric's List of Assets (see Appendix 3 of the Joint Application), UGI Electric's balance sheet and income statement as of March 31, 2026 (see Appendix 5 of the Joint Application), and UGI's organizational structure before and after the transaction (included in Appendix 4 of the Joint Application).

II. OVERVIEW OF UGI UTILITIES, INC.

Q. Please provide an overview of UGI and its current operations.

A. UGI has two operating divisions: UGI Gas and UGI Electric.

UGI Gas provides service to more than 700,000 residential, commercial, and industrial customers located in 45 of Pennsylvania's 67 counties and spanning more than 700 municipalities. As of September 30, 2025, the Company operates more than 12,000 miles of gas distribution mains and 300 miles of natural gas transmission mains in the Commonwealth of Pennsylvania.

UGI Electric provides electric service to approximately 63,000 customers in Luzerne and Wyoming Counties within a service territory encompassing approximately 410 square miles. The UGI Electric service territory is mainly rural, with urban areas located on the outskirts of the city of Wilkes-Barre. UGI Electric owns, operates, and maintains approximately 1,250 circuit miles of overhead and underground primary

distribution lines; 13 distribution substations; and 55 distribution circuits. In addition to distribution facilities, UGI Electric owns and operates one Bulk Electric System substation, 16.5 miles of double circuit 230 kV transmission lines, and 126 miles of 66 kV transmission lines. UGI Electric is a member of the PJM Interconnection LLC ("PJM"), a regional transmission organization, and sits on the PJM Transmission Owners Agreement-Administrative Committee.

Q. Please describe UGI Electric's operations.

A. UGI Electric's main office is located in Wilkes-Barre, Pennsylvania and houses most of its electric employees, including operations management, engineering, clerical, and a number of field personnel. UGI Electric also maintains a combined warehouse and linemen service location in Forty Fort, Pennsylvania, as well as a substation service center in Hanover Township, Luzerne County. Further, UGI Electric operates two fully redundant (primary and backup) System Operations control centers located in Edwardsville, Pennsylvania.

Q. How does UGI Electric currently staff its operations?

A. UGI Electric uses a combination of dedicated electric division staff and staff that are shared with UGI Gas. The employees shared with UGI Gas provide various management and support services to both of UGI's Divisions (e.g., finance and accounting, payroll, supply, rates, purchasing, fleet, marketing, administrative duties, customer service, credit and collection, and information technology). In addition, UGI Electric receives management and support services provided by its parent company, UGI Corp. (e.g., insurance, finance

and accounting, human resources, legal, treasury operations, information technology, communications, and corporate governance).

Q. Could you please provide an overview of UGI's role in the Proposed Transaction, including the agreements that are related to the Proposed Transaction?

A. As I explained above, UGI owns and operates two divisions, UGI Gas and UGI Electric. Recently, UGI has entered into a Membership Interest Purchase Agreement ("MIPA") with Holdings and agreed to sell the UGI Electric. As noted above, UGI will first be converted to a limited liability company and then divided into two entities whereby all of the assets and liabilities for UGI Electric will be allocated to the Company, a new Pennsylvania limited liability company to be formed as a result of the Division prior to closing of the Proposed Transaction. As of closing of the Proposed Transaction, UGI will be entering into a transition services agreement ("TSA") with the Company whereby UGI will provide transition services for a period of up to 12 months after closing, unless otherwise specified for a particular service. The Company has the option to terminate individual transition services earlier upon 10 days' notice if it chooses to do so. UGI is committed to ensuring a seamless transition for customers served by UGI Electric after closing of the Proposed Transaction with Holdings, and is prepared to support the transition post-closing, assuming all of the necessary approvals are obtained for the Proposed Transaction.

III. UGI'S REQUESTED APPROVALS

Q. What approvals is UGI requesting as part of the Joint Application filed in this proceeding?

A. UGI is requesting approval to cease ownership and operation of UGI Electric, including abandonment of UGI's present retail electric service in Pennsylvania. To facilitate the Proposed Transaction and sale to Holdings, UGI will first convert to a limited liability company ("LLC") and then separate its assets and allocate them to the Company. This division of assets will occur after PUC approval of the Proposed Transaction but before closing with Holdings. At closing, Holdings will acquire 100% of the membership interest in the Company.

Q. Why is it reasonable and in the public interest for UGI to abandon electric service as part of the Proposed Transaction?

A. UGI is intending to sell the entirety of UGI Electric to Holdings and not retain any rights to provide electric utility service to customers in the UGI Electric service territory. As such, UGI has no need to retain any certificated or grandfathered rights to provide electric service in Luzerne or Wyoming Counties. This is customary practice in the utility industry and helps avoid any confusion over the entity that can serve customers in a particular territory. Also, I am advised by counsel that PUC approval to abandon electric service is required in these circumstances. As explained by Argo's witnesses and further described in the Joint Application, Argo is an experienced, qualified investment management firm with the financial and other resources and expertise to fully support UGI Electric and its customers and provide safe and reliable service now and into the future via the Company.

Q. Please explain the proposal to convert UGI Utilities, Inc. to UGI Utilities LLC as part of the Proposed Transaction.

A. UGI proposes to convert from a Pennsylvania business corporation to a Pennsylvania LLC by adopting a Plan of Conversion[1] and a Statement of Conversion[2] with the Pennsylvania Department of State. Pursuant thereto, UGI Utilities, LLC will be divided into two entities whereby all of the assets and liabilities for UGI Electric will be allocated to the Company, also a limited liability company, prior to closing of the Proposed Transaction.

Q. Why is it necessary or proper for UGI to convert to an LLC?

A. The conversion will simplify transitioning assets and CPCs from UGI to the Company. The assets will automatically change hands by operation of law when both companies are LLCs. This eliminates the need to develop a specific assignment arrangement so the assets can move from UGI and the Company prior to the Company's membership interest being transferred to Holdings. It also provides continuity in the corporate structures for an efficient transition. Transitioning UGI to an LLC will have no effect on the management or operations of UGI Electric. All assets, tariffs, service obligations, and regulatory authorizations will seamlessly continue in UGI Utilities as an LLC without impairment. Furthermore, UGI's conversion to an LLC will have no impact on its gas operations.

[1] 15 Pa. C.S. § 353(a).
[2] 15 Pa. C.S. § 355(a).

IV. UGI'S SUPPORT FOR THE PROPOSED TRANSACTION

Q. Why did UGI decide to participate in the Proposed Transaction?

A. UGI's decision to participate in the Proposed Transaction is a strategic one and not related to any operational or other shortcoming of this part of UGI's business. UGI Electric has been operationally and financially successful for many years. UGI Electric, however, has been a relatively small part of UGI's overall business and has at times been competing for allocated capital and other resource needs with UGI's larger natural gas business. By divesting the electric utility business, UGI will have greater financial flexibility for natural gas capital investment and sharpen its focus where it believes it has the greatest competitive advantage. Accordingly, UGI began a process to review and evaluate whether (1) UGI Electric would be a better strategic fit with another owner; and (2) UGI Gas would be better situated for growing and providing safe and reliable service. As a result of that process, UGI decided to sell the UGI Electric business to Argo, a qualified and experienced infrastructure investment management firm that owns a number of other utility businesses as described in the Joint Application and accompanying testimony. Proceeds from the Proposed Transaction will be used to reduce debt at UGI, for general corporate purposes, and to strengthen UGI's balance sheet.

Q. Why does UGI support the Proposed Transaction proposed in the Joint Application?

A. UGI supports and requests approval of the Proposed Transaction given the strategic decision I mentioned above. UGI Electric's existing customers will benefit from having an experienced owner with significant financial resources that can be strategically focused on electric operations. Further, there are a number of emerging issues developing at UGI

Electric, as well as the larger electric utility industry in general, around distribution and transmission system investments needed to replace aging infrastructure, and support growing electrical demand on the power supply system (due to data centers and other new large loads projected in the future). The projected investments required from a financial, engineering, and project management standpoint are expected to grow significantly in the future. UGI has concluded that these future needs will be best supported under Argo's management while UGI continues to support its larger natural gas business.

Q. Will UGI have a role in helping ensure that UGI Electric's customers continue to receive safe, reliable, reasonable, and adequate service now and after the Proposed Transaction closes?

A. Yes. As mentioned above, the TSA is expected to be executed at closing of the Proposed Transaction. The draft TSA describes the various services that UGI will provide to the Company, post-closing, for a period of up to 12 months, or longer, if mutually agreed to between UGI and the Company. UGI is committed to providing these services to ensure that: (1) there is a seamless transition; and (2) UGI Electric's customers are not impacted by the proposed change in ownership from UGI to Holdings. Prior to and up to closing, UGI Electric is being operated "business as usual" and UGI is continuing to provide safe and reliable service while executing on all compliance and capital construction work, while the Proposed Transaction is being reviewed by the PUC and others.

Q. Does that conclude your direct testimony?

A. Yes. However, I reserve the right to submit such other testimony as may be necessary or appropriate.

CHRISTOPHER R. BROWN

VICE PRESIDENT – NATURAL GAS AND ELECTRIC OPERATIONS

UGI Utilities, Inc.

Vice President – Natural Gas and Electric Operations	March 2025 - Present
Vice President – Operations	November 2023 – March 2025
Vice President – Finance and Chief Financial Officer	January 2023 – November 2023
Vice President and General Manager, Rates and Supply (Denver, Pa.)	May 2019 – January 2023
Sr. Director- Operations South Region (Reading, Pa.)	July 2015- May 2019
Manager - Operations (Reading, Pa.)	July 2013 – July 2015
Director- Central Services (Reading, Pa.)	October 2010 – July 2013
Manager – Strategy Processes and Implementation (Reading, Pa.)	February 2010 – October 2010
Manager – Customer Accounting Services (Reading, Pa.)	May 2009 – February 2010
Marketing Manager – East Region (Allentown, Pa.)	April 2008 – May 2009

Amerigas Propane, Inc.

Market Manager (Stroudsburg, Pa.)	June 2005 to April 2008

UGI Utilities, Inc.

Supervisor – Gas Supply and Transportation (Reading, Pa.)	September 2003 – June 2005
Distribution Superintendent (Harrisburg, Pa.)	September 2001 – September 2003
Staff Engineer – Commercial Marketing (Reading, Pa.)	September 1999 – September 2001
New Business Engineer (Allentown, Pa.)	June 1997 – September 1999

Education

MBA, Lebanon Valley College, Annville, Pa.
BS, Civil Engineering, Lehigh University, Bethlehem, Pa.

Previous testimony provided before the Pennsylvania Public Utility Commission:

Docket No. R-00050539	UGI Utilities Inc. - Annual 1307(f) Filing
Docket No. C-2015-2516051	Centre Park Historic District v. UGI Utilities, Inc.
Docket No. C-2016-2530475	City of Reading v. UGI Utilities, Inc.
Docket No. R-2019-3015162	UGI Utilities, Inc. Gas Division - Base Rate Case Proceeding
Docket No. R-2021-3023618	UGI Utilities, Inc. Electric Division - Base Rate Case Proceeding
Docket No. R-2021-3030218	UGI Utilities, Inc. Gas Division – Base Rate Case Proceeding
Docket No. R-2022-3037368	UGI Utilities, Inc. Electric Division – Base Rate Case Proceeding
Docket No. R-2024-3052716	UGI Utilities, Inc. Gas Division – Base Rate Case Proceeding

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VERIFICATION

I, Christopher R. Brown, Vice President of Natural Gas and Electric Operations, of UGI Utilities, Inc., hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 24, 2026

Signed by:
Christopher Brown
4417AC245D4D4CC...

Christopher R. Brown

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

JOINT APPLICATION OF UGI UTILITIES, INC. AND ARGO INFRASTRUCTURE PARTNERS LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE UNDER CHAPTER 11 OF THE PUBLIC UTILITY CODE AND ALL OTHER NECESSARY APPROVALS (I) FOR THE CONVERSION OF UGI UTILITIES, INC. TO UGI UTILITIES, LLC, (II) TO EFFECT A DIVISION OF THE ASSETS AND LIABILITIES OF UGI UTILITIES, LLC, (III) TO ESTABLISH A NEW ENTITY TO OWN AND OPERATE THE ASSETS OF UGI UTILITIES, LLC – ELECTRIC DIVISION AND PROVIDE RETAIL ELECTRIC SERVICE AS A PUBLIC UTILITY, (IV) FOR THE SALE AND TRANSFER OF THE MEMBERSHIP PURCHASE INTERESTS IN THE NEW ENTITY TO A NEW LIMITED LIABILITY COMPANY TO BE FORMED, OWNED AND CONTROLLED BY AN AFFILIATE OF ARGO INFRASTRUCTURE PARTNERS LLC, AND (V) FOR THE CESSATION AND ABANDONMENT OF ANY AND ALL RETAIL ELECTRIC SERVICE IN PENNSYLVANIA FOR UGI UTILITIES, INC.	:	**DOCKET NO. A-2026_____** **DOCKET NO. A-2026-_____**

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Joint Application of** UGI Utilities, Inc. and Argo Infrastructure Partners LLC for a Certificate of Public Convenience under Chapter 11 of the Public Utility Code, approval under Chapter 28 of the Public Utility Code, and all other necessary approvals (i) for the conversion of UGI Utilities, Inc. to UGI Utilities, LLC, (ii) to effect a division of the assets and liabilities of UGI Utilities, LLC, (iii) to establish a new entity to own and operate the assets of UGI Utilities, LLC – electric division and provide retail electric service as a public utility, (iv) for the sale and transfer of the membership purchase interests in the new entity to a new limited liability company to be formed, owned and controlled by an affiliate of Argo Infrastructure Partners LLC, and (v) for the cessation and abandonment of any and all retail electric service in Pennsylvania for UGI Utilities, Inc. on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA FIRST CLASS MAIL AND ELECTRONIC MAIL

Darryl A. Lawrence
Office of Consumer Advocate
555 Walnut Street
Forum Place – 5th Floor
Harrisburg, PA 17101-1921
ra-oca@paoca.org

Allison C. Kaster, Director
Bureau of Investigation and Enforcement
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
akaster@pa.gov

NazAarah Sabree
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
ra-sba@pa.gov

BUCHANAN INGERSOLL & ROONEY PC

Dated: June 24, 2026

By: _____
Alan M. Seltzer, Esquire