AMERIGAS PARTNERS, L.P.

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED

December 31, 2019

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

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GLOSSARY OF TERMS AND ABBREVIATIONS

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

AmeriGas Partners, L.P. and Related Entities

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

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

AmeriGas Propane Holdings, Inc. - A Delaware corporation and an indirect wholly-owned subsidiary of UGI

AmeriGas Propane Holdings, LLC - A Delaware limited liability company and an indirect wholly owned subsidiary of UGI

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

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

Merger Sub - AmeriGas Propane Holdings, LLC, an indirect wholly owned subsidiary of UGI

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

UGI - UGI Corporation

Other Terms and Abbreviations

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

2019 Annual Report - AmeriGas Partners' Annual Report for the fiscal year ended September 30, 2019

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

ACE - AmeriGas Cylinder Exchange

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

ASC - Accounting Standards Codification

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

ASC 840 - ASC 840, "Leases"

ASC 842 - ASC 842, "Leases" (effective October 1, 2019)

ASU - Accounting Standards Update

Common Units - Limited partnership ownership interests in AmeriGas Partners

Credit Agreement - The second amended and restated credit agreement entered into by AmeriGas OLP providing for borrowings of up to $600 million, including a letter of credit subfacility of up to $150 million

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

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

Fiscal 2019 - The fiscal year ended September 30, 2019

Fiscal 2020 - The fiscal year ending September 30, 2020

Fiscal 2021 - The fiscal year ending September 30, 2021

Fiscal 2022 - The fiscal year ending September 30, 2022

Fiscal 2023 - The fiscal year ending September 30, 2023

Fiscal 2024 - The fiscal year ending September 30, 2024

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

***IDR* -** Incentive distribution right

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

***MGP* -** Manufactured gas plant

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

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

***NYDEC* -** New York State Department of Environmental Conservation

***Partnership Agreement* -** Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners dated as of July 27, 2009, as amended

***PRP* -** Potentially responsible party

ROU - Right-of-use

***ROD* -** Record of Decision

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

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

FINANCIAL INFORMATION

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

	December 31, 2019	September 30, 2019	December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	$ 10,825	$ 7,783	$ 8,298
Accounts receivable (less allowances for doubtful accounts of $13,429, $12,116 and $14,776, respectively)	295,582	173,305	344,124
Accounts receivable — related parties	4,669	5,022	3,049
Inventories	110,421	97,627	128,925
Prepaid expenses and other current assets	70,828	65,255	66,147
Total current assets	492,325	348,992	550,543
Property, plant and equipment (less accumulated depreciation of $1,265,394, $1,240,167 and $1,180,798, respectively)	1,104,154	1,100,595	1,141,149
Goodwill	2,003,671	2,003,671	2,003,671
Intangible assets, net	230,034	239,694	269,467
Other assets	436,236	58,215	40,701
Total assets	$ 4,266,420	$ 3,751,167	$ 4,005,531
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities:			
Current maturities of long-term debt	$ 7,449	$ 7,717	$ 8,349
Short-term borrowings	321,000	328,000	368,500
Accounts payable — trade	175,795	104,621	171,811
Accounts payable — related parties	3,831	3,089	582
Customer deposits and advances	75,815	91,542	74,185
Derivative instruments	31,557	26,180	14,015
Other current liabilities	256,607	221,497	176,428
Total current liabilities	872,054	782,646	813,870
Long-term debt	2,556,830	2,556,866	2,560,696
Derivative instruments	12,796	17,468	2,209
Other noncurrent liabilities	448,054	137,976	115,841
Total liabilities	3,889,734	3,494,956	3,492,616
Commitments and contingencies (Note 8)			
Partners' capital:			
AmeriGas Partners, L.P. partners' capital:			
Common unitholders (units issued — 104,673,783, 104,673,783 and 92,987,318, respectively)	376,686	256,211	468,470
General partner	—	—	12,120
Total AmeriGas Partners, L.P. partners' capital	376,686	256,211	480,590
Noncontrolling interest	—	—	32,325
Total partners' capital	376,686	256,211	512,915
Total liabilities and partners' capital	$ 4,266,420	$ 3,751,167	$ 4,005,531

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Revenues:		
Propane	$ 653,252	$ 742,900
Other	77,124	77,313
	730,376	820,213
Costs and expenses:		
Cost of sales — propane (excluding depreciation and amortization shown below)	258,086	435,415
Cost of sales — other (excluding depreciation and amortization shown below)	21,724	21,586
Operating and administrative expenses	251,186	235,138
Depreciation and amortization	43,932	45,709
Other operating income, net	(7,973)	(5,719)
	566,955	732,129
Operating income	163,421	88,084
Interest expense	(42,453)	(42,354)
Income before income taxes	120,968	45,730
Income tax expense	(627)	(409)
Net income including noncontrolling interest	120,341	45,321
Deduct net income attributable to noncontrolling interest	—	(835)
Net income attributable to AmeriGas Partners, L.P.	$ 120,341	$ 44,486
General partner’s interest in net income attributable to AmeriGas Partners, L.P.	$ —	$ 11,776
Limited partners’ interest in net income attributable to AmeriGas Partners, L.P.	$ 120,341	$ 32,710

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interest	$ 120,341	$ 45,321
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:		
Depreciation and amortization	43,932	45,709
Provision for uncollectible accounts	3,638	4,246
Change in unrealized gains and losses on derivatives instruments	(9,366)	78,502
Other, net	(4,240)	(585)
Net change in:		
Accounts receivable	(125,562)	(141,596)
Inventories	(12,794)	1,602
Accounts payable	71,916	33,861
Derivative instruments collateral deposits received (paid)	10,070	(17,270)
Other current assets	(5,572)	(4,975)
Other current liabilities	(48,408)	(48,676)
Net cash provided (used) by operating activities	43,955	(3,861)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(38,537)	(31,011)
Proceeds from disposals of assets	5,884	3,562
Net cash used by investing activities	(32,653)	(27,449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	—	(100,671)
Noncontrolling interest activity	—	(1,571)
(Decrease) increase in short-term borrowings	(7,000)	136,500
Repayment of long-term debt	(1,260)	(1,528)
Net cash (used) provided by financing activities	(8,260)	32,730
Cash and cash equivalents increase	$ 3,042	$ 1,420
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at end of period	$ 10,825	$ 8,298
Cash and cash equivalents at beginning of period	7,783	6,878
Cash and cash equivalents increase	$ 3,042	$ 1,420

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(unaudited)
(Thousands of dollars, except unit amounts)

For the three months ended December 31, 2019:	Number of Common Units	Common unitholders
Balance September 30, 2019	104,673,783	$ 256,211
Net income		120,341
Equity-based compensation expense		134
Balance December 31, 2019	104,673,783	$ 376,686

For the three months ended December 31, 2018:	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling interest	Total partners' capital
Balance September 30, 2018	92,977,072	$ 523,925	$ 12,682	$ 536,607	$ 33,061	$ 569,668
Net income including noncontrolling interest		32,710	11,776	44,486	835	45,321
Distributions		(88,333)	(12,338)	(100,671)	(1,571)	(102,242)
Unit-based compensation expense		168		168		168
Common Units issued in connection with employee and director plans, net of tax withheld	10,246	—	—	—		—
Balance December 31, 2018	92,987,318	$ 468,470	$ 12,120	$ 480,590	$ 32,325	$ 512,915

See accompanying notes to condensed consolidated financial statements.

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

Note 1 — Nature of Operations

AmeriGas Partners conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. AmeriGas OLP is engaged in the distribution of propane and related equipment and supplies. AmeriGas OLP comprises the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers in all 50 states. AmeriGas Propane, Inc., currently serves as the General Partner of AmeriGas Partners through its' non-economic general partner interest in AmeriGas Partners and, prior to the AmeriGas Merger, its' 1% general partner interest in AmeriGas Partners.

On August 21, 2019, the AmeriGas Merger was completed in accordance with the terms of the Merger Agreement. Under the terms of the Merger Agreement, UGI acquired all of the outstanding Common Units not already held by UGI or its subsidiaries for cash and shares of UGI Common stock, and AmeriGas Partners was merged with and into Merger Sub, with AmeriGas Partners surviving as an indirect wholly owned subsidiary of UGI. Also as a result of the AmeriGas Merger, the IDRs held by the General Partner were canceled and the General Partner received 10,615,711 Common Units in conjunction with the cancellation of the IDRs. In addition, the General Partner interest was converted to a non-economic general partner interest in AmeriGas Partners. Effective with completion of the AmeriGas Merger, Common Units are no longer publicly traded. The AmeriGas merger had no impact on the book value of the assets and liabilities of the Partnership.

On September 30, 2019, the General Partner contributed its 1.01% general partner interest in AmeriGas OLP to AmeriGas Partners which contributed such general partner interest to its newly formed, wholly owned subsidiary, AmeriGas Propane GP, LLC. The General Partner received 1,058,368 Common Units in AmeriGas Partners in consideration for the contribution of the 1.01% general partner interest in AmeriGas OLP.

AmeriGas Partners and AmeriGas OLP have no employees. Employees of the General Partner conduct, direct and manage our operations. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on our behalf (see Note 12).

Note 2 — Summary of Significant Accounting Policies

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

These financial statements should be read in conjunction with the Partnership's 2019 Annual Report. Weather significantly impacts demand for propane and profitability because many customers use propane for heating purposes. Due to the seasonal nature of the Partnership's propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Allocation of Net Income (Loss). Prior to the AmeriGas Merger, net income (loss) attributable to AmeriGas Partners, L.P. for partners' capital and statement of operations presentation purposes was allocated to the General Partner and the limited partners in accordance with their respective ownership percentages after giving effect to amounts distributed to the General Partner in excess of its general partner interest in AmeriGas Partners based on its IDRs under the Partnership Agreement. Effective with the completion of the AmeriGas Merger, the limited partners are allocated 100% of the Partnership's net income.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it qualifies and is designated as a hedge for accounting purposes. We do not currently have derivative instruments that are designated and qualify as cash flow hedges. Changes in the fair values of our commodity derivative instruments are reflected in "Cost of sales — propane" on the Condensed Consolidated Statements of Operations. Cash flows from commodity derivative instruments are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 10.

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

We adopted ASC 842 using the modified retrospective transition method. Amounts and disclosures related to periods prior to October 1, 2019 have not been restated and continue to be reported in accordance with ASC 840. Upon adoption of ASC 842, we elected to apply the following practical expedients in accordance with the guidance:

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

Upon adoption, we recorded ROU assets and lease liabilities of $388,260 related to our operating leases. There were no cumulative effect adjustments made to opening retained earnings as of October 1, 2019. The adoption did not, and is not expected to, have a significant impact on our condensed consolidated statements of operations or cash flows. See Note 7 for additional disclosures regarding our leases.

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

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

Subsequent Events. Management has evaluated the impact of subsequent events through February 6, 2020, the date these condensed consolidated financial statements were issued and the effects, if any, of such evaluation have been reflected in the condensed consolidated financial statements and related disclosures.

Note 3 — Accounting Changes

New Accounting Standards Adopted in Fiscal 2020

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

Leases. Effective October 1, 2019, the Partnership adopted new accounting guidance for leases in accordance with ASC 842. See Notes 2 and 7 for a detailed description of the impact of the new guidance and related disclosures.

Accounting Standard Not Yet Adopted

Credit Losses. In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments." This ASU, as subsequently amended, requires entities to estimate lifetime expected credit losses for financial instruments not measured at fair value through net income, including trade and other receivables, net investments in leases, financial receivables, debt securities, and other financial instruments, which may result in earlier recognition of credit losses. Further, the new current expected credit loss model may affect how entities estimate their allowance for loss for receivables that are current with respect to their

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

payment terms. ASU 2016-13 is effective for the Partnership for interim and annual periods beginning October 1, 2020 (Fiscal 2021). Early adoption is permitted. The Partnership is in the process of assessing the impact on its financial statements from the adoption of the new guidance.

Note 4 — Revenue from Contracts with Customers

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

Revenue Disaggregation

The following table presents our disaggregated revenues for the three months ended December 31, 2019 and 2018:

	Three Months Ended December 31,	
	2019	2018
Revenues from contracts with customers:		
Propane:		
Retail	$ 631,214	$ 721,897
Wholesale	22,038	21,003
Other	59,225	60,558
Total revenues from contracts with customers	712,477	803,458
Other revenues (a)	17,899	16,755
Total revenues	$ 730,376	$ 820,213

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

Contract Balances

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

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Partnership's obligations to transfer goods or services to a customer for which the Partnership has received consideration from the customer. The balances of contract liabilities were $70,712, $88,569 and $73,461 at December 31, 2019, September 30, 2019 and December 31, 2018, respectively, and are included in "Customer deposits and advances" and "Other current liabilities" on the Condensed Consolidated Balance Sheets. Revenue recognized for the three months ended December 31, 2019 and 2018, from the amount included in contract liabilities at September 30, 2019 and 2018, was $42,660 and $45,136, respectively.

Remaining Performance Obligations

The Partnership has elected to use practical expedients as allowed in ASC 606 to exclude disclosures related to the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date.

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

Note 5 — Inventories

Inventories comprise the following at:

	December 31, 2019	September 30, 2019	December 31, 2018
Propane gas	$ 87,750	$ 78,345	$ 110,089
Materials, supplies and other	15,251	11,931	12,844
Appliances for sale	7,420	7,351	5,992
Total inventories	$ 110,421	$ 97,627	$ 128,925

In addition to inventories on hand, we also enter into contracts to purchase propane to meet a portion of our supply requirements. Generally, these contracts are one- to three-year agreements subject to annual price and quantity adjustments.

Note 6 — Goodwill and Intangible Assets

The Partnership's goodwill and intangible assets comprise the following:

	December 31, 2019	September 30, 2019	December 31, 2018
Goodwill	$ 2,003,671	$ 2,003,671	$ 2,003,671
Intangible assets:			
Customer relationships	$ 473,695	$ 473,695	$ 473,695
Trademarks and tradenames	7,944	7,944	7,944
Noncompete agreements	23,207	23,207	23,207
Accumulated amortization	(274,812)	(265,152)	(235,379)
Intangible assets, net (definite-lived)	$ 230,034	$ 239,694	$ 269,467

Amortization expense of intangible assets was $9,660 and $10,140 for the three months ended December 31, 2019 and 2018, respectively. No amortization expense is included in cost of sales on the Condensed Consolidated Statements of Operations. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2020 and the next four fiscal years is as follows: remainder of Fiscal 2020 — $29,266; Fiscal 2021 — $35,914; Fiscal 2022 — $32,963; Fiscal 2023 — $31,627; Fiscal 2024 — $30,823.

Note 7 — Leases

Lessee

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

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

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

(Thousands of dollars, except where indicated otherwise)

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

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

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

	December 31, 2019	Location on the Balance Sheet
Operating lease ROU assets	$ 370,925	Other assets
Lease liabilities:		
Operating lease liabilities - current	$ 68,321	Other current liabilities
Operating lease liabilities - noncurrent	302,604	Other noncurrent liabilities
Total lease liabilities	$ 370,925	

The components of lease cost are as follows:

	Three Months Ended December 31, 2019
Operating lease cost	$ 20,591
Variable lease cost	1,424
Short-term lease cost	811
Total lease cost	$ 22,826

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

	Three Months Ended December 31, 2019
Cash paid related to lease liabilities:	
Operating cash flows from operating leases	$ 20,429
Non-cash lease liability activities:	
ROU assets obtained in exchange for operating lease liabilities	$ 388,260

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

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

	Weighted - Average Remaining Term	Weighted - Average Discount Rate
Operating Leases	6.3 years	4.3%

Expected annual lease payments based on maturities of operating leases, as well as a reconciliation to the lease liabilities on the condensed consolidated balance sheet, as of December 31, 2019, were as follows:

	Remainder of Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	After Fiscal 2024	Total Lease Payments	Imputed Interest	Lease Liabilities
Operating leases	$ 61,766	$ 75,857	$ 65,358	$ 58,015	$ 49,825	$ 115,442	$ 426,263	$ (55,338)	$ 370,925

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

Disclosures related to periods prior to adoption of ASC 842

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

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	After Fiscal 2024
Minimum operating lease payments	$ 84,010	$ 73,420	$ 61,862	$ 53,544	$ 45,034	$ 94,778

Lessor

We enter into lessor arrangements that grant customers the right to use small, medium and large storage tanks to store propane, which we classify as operating leases. In general, these arrangements are typically short-term (12 months or less) and can be extended on a year-to-year basis. Lease income is generally recognized on a straight-line basis over the lease term and included in "Revenues – Other" on the Condensed Consolidated Statement of Operations (see Note 4).

Note 8 — Commitments and Contingencies

Contingencies

Saranac Lake Environmental Matter. In 2008, the NYDEC notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former MGP. AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a PRP as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three RODs related to remediation of the site totaling approximately $27,700 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on our evaluation of the available information as of December 31, 2019, the Partnership has an undiscounted environmental remediation liability of $7,545 related to the site. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

(Thousands of dollars, except where indicated otherwise)

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

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

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

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

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

Note 9 — Fair Value Measurements

Recurring Fair Value Measurements - Derivative Instruments

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

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
December 31, 2019:				
Assets:				
Commodity contracts	$ —	$ 155	$ —	$ 155
Liabilities:				
Commodity contracts	$ —	$ (55,298)	$ —	$ (55,298)
September 30, 2019:				
Assets:				
Commodity contracts	$ —	$ 105	$ —	$ 105
Liabilities:				
Commodity contracts	$ —	$ (64,613)	$ —	$ (64,613)
December 31, 2018:				
Assets:				
Commodity contracts	$ —	$ 958	$ —	$ 958
Liabilities:				
Commodity contracts	$ —	$ (27,182)	$ —	$ (27,182)

(Thousands of dollars, except where indicated otherwise)

The fair values of our non-exchange traded commodity derivative contracts included in Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) at December 31, 2019, September 30, 2019 and December 31, 2018 were as follows:

	December 31, 2019	September 30, 2019	December 31, 2018
Carrying amount	$ 2,586,985	$ 2,588,261	$ 2,595,570
Estimated fair value	$ 2,813,877	$ 2,780,768	$ 2,364,251

Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets and a number of foreign countries. For information regarding concentrations of credit risk associated with our derivative instruments, see Note 10.

Note 10 — Derivative Instruments and Hedging Activities

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

Commodity Price Risk

In order to manage market risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership, from time to time, enters into price swap agreements to reduce the effects of short-term commodity price volatility. At December 31, 2019, September 30, 2019 and December 31, 2018, total volumes associated with propane commodity derivatives totaled 475.9 million gallons, 523.2 million gallons and 248.7 million gallons, respectively. At December 31, 2019, the maximum period over which we are economically hedging propane market price risk is 24 months.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. At December 31, 2019, September 30, 2019 and December 31, 2018, the Partnership pledged cash collateral of $10,790, $20,860, and $10,000, respectively. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at December 31, 2019. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At December 31, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

(Thousands of dollars, except where indicated otherwise)

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Consolidated Balance Sheets if the right of offset exists. Our derivative instruments comprise over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contracts contain contractual rights of offset through master netting arrangements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency, or other conditions.

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

Fair Value of Derivative Instruments

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

	December 31, 2019	September 30, 2019	December 31, 2018
Derivative assets:			
Derivative assets not designated as hedging instruments:			
Commodity contracts	$ 155	$ 105	$ 958
Total derivative assets — gross	155	105	958
Gross amounts offset in the balance sheet	(155)	(105)	(958)
Total derivative assets — net	$ —	$ —	$ —
Derivative liabilities:			
Derivative liabilities not designated as hedging instruments:			
Commodity contracts	$ (55,298)	$ (64,613)	$ (27,182)
Total derivative liabilities — gross	(55,298)	(64,613)	(27,182)
Gross amounts offset in the balance sheet	155	105	958
Cash collateral pledged	10,790	20,860	10,000
Total derivative liabilities — net	$ (44,353)	$ (43,648)	$ (16,224)

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

Effects of Derivative Instruments

The following table provides information on the effects of derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended December 31, 2019 and 2018:

Three Months Ended December 31,	Gain (Loss) Recognized in Income 2019	Gain (Loss) Recognized in Income 2018	Location of Gain (Loss) Recognized in Income
Derivatives Not Designated as Hedging Instruments:			
Commodity contracts	$ (1,422)	$ (82,762)	Cost of sales — propane

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

Note 11 — Business Transformation Initiatives

During the fourth quarter of Fiscal 2019, we began executing on a multi-year business transformation initiative. This initiative is designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, this business transformation initiative also focuses on enhancing the customer experience through, among other things, enhanced sales and marketing initiatives and an improved digital customer experience. In connection with these initiatives, during the three months ended December 31, 2019, we incurred $11,221 of costs principally comprising consulting, advisory and employee-related costs. These costs are reflected in "Operating and administrative expenses" on the Condensed Consolidated Statement of Operations.

Note 12 — Related Party Transactions

Partnership and Management Services Agreement. The General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. These costs include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

Administrative Services. UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership.

In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. These costs were not material during the three months ended December 31, 2019 and 2018.

Propane Purchases and Sales. AmeriGas OLP purchases propane on an as needed basis from Energy Services. The price of the purchases is generally based on market price at the time of purchase. There were no purchases of propane by AmeriGas OLP from Energy Services during the three months ended December 31, 2019 and 2018.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during the three months ended December 31, 2019 and 2018.

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

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

	Three Months Ended December 31,	
	2019	2018
Partnership and Management Services Agreement:		
Direct and indirect expenses incurred on behalf of Partnership	$ 149,544	$ 152,047
Administrative Services:		
Administrative services provided by UGI	$ 3,747	$ 3,943

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

Forward-Looking Statements

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

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) weather conditions resulting in reduced demand and the seasonal nature of our business; (2) cost volatility and availability of propane, and the capacity to transport propane to our customers; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses and achievement of anticipated synergies; (5) changes in laws and regulations, including safety, tax, consumer protection, data privacy, accounting matters, and environmental, including regulatory responses to climate change; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers or retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, natural disasters and other catastrophic events that may result from operating hazards and risks incidental to transporting, storing and distributing propane and butane; (13) political, regulatory and economic conditions in the United States and foreign countries; (14) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (15) changes in commodity market prices resulting in significantly higher cash collateral requirements; (16) the impact of pending and future legal proceedings; (17) the availability, timing, and success of our acquisitions and investments to grow our business; (18) the interruption, disruption, failure or malfunction of our information technology systems, including due to cyber attack; and (19) our ability to achieve the operational benefits and cost efficiencies expected from the completion of pending and future internal business transformation initiatives.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update any forward-looking statement whether as a result of new information or future events.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compares the Partnership's results of operations for the 2019 three-month period with the 2018 three-month period.

Our results are significantly influenced by temperatures in our service territories particularly during the heating season months of October through March. As a result, our operating results, after adjusting for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

AmeriGas Partners does not designate its propane commodity derivative instruments as hedges under GAAP. As a result, volatility in net income attributable to AmeriGas Partners as determined in accordance with GAAP can occur as gains and losses on commodity derivative instruments not associated with current-period transactions, principally comprising non-cash changes in unrealized gains and losses, are reflected in cost of sales.

AmeriGas Partners' management presents the non-GAAP measures "adjusted net income (loss) attributable to AmeriGas Partners," "adjusted total margin," and "adjusted operating income (loss)" (in addition to "net income (loss) attributable to AmeriGas Partners" determined in accordance with GAAP) in order to assist in the evaluation of the Partnership's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about AmeriGas Partners' performance because they eliminate the impact of (1) changes in unrealized gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other significant discrete items that can affect the comparison of year-over-year results.

For additional information on these non-GAAP measures including reconciliations of these non-GAAP measures to the most closely associated GAAP measures, see "Non-GAAP Financial Measures" below.

Executive Overview

Three Months Ended December 31, 2019

We recorded GAAP net income attributable to AmeriGas Partners for the 2019 three-month period of $120.3 million compared to GAAP net income attributable to AmeriGas Partners for the 2018 three-month period of $44.5 million. GAAP net income in the 2019 and 2018 three-month periods reflects the effects of net unrealized gains (losses) of $9.4 million and $(78.5) million, respectively, on commodity derivative instruments not associated with current-period transactions. GAAP net income in the 2019 three-month period also reflects $11.2 million of expenses associated with the business transformation initiatives.

Adjusted net income attributable to AmeriGas Partners for the 2019 three-month period was $122.1 million compared with adjusted net income attributable to AmeriGas Partners for the 2018 three-month period of $122.2 million reflecting the effects of higher operating and administrative expenses and slightly lower adjusted total margin largely offset by lower depreciation and amortization expense and higher income on sales of excess real estate. Average temperatures based upon heating degree days in our service territories were 3.7% colder than normal during the 2019 three-month period compared with average temperatures that were 4.9% colder than normal during the prior-year period.

Non-GAAP Financial Measures

Our non-GAAP financial measures comprise adjusted total margin, adjusted operating income and adjusted net income attributable to AmeriGas Partners. Management believes the presentations of these non-GAAP financial measures provide useful information to investors to more effectively evaluate the period-over-period results of operations of the Partnership. Management uses these non-GAAP financial measures because they eliminate the impact of (1) changes in unrealized gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other significant discrete items that can affect the comparison of year-over-year results.

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

(Dollars in millions)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Adjusted total margin:		
Total revenues	$ 730.4	$ 820.2
Cost of sales — propane	(258.1)	(435.4)
Cost of sales — other (a)	(21.7)	(21.6)
Total margin	450.6	363.2
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions (a)	(9.4)	78.5
Adjusted total margin	$ 441.2	$ 441.7
Adjusted operating income:		
Operating income	$ 163.4	$ 88.1
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions	(9.4)	78.5
Business transformation expenses	11.2	—
Adjusted operating income	$ 165.2	$ 166.6
Adjusted net income attributable to AmeriGas Partners:		
Net income attributable to AmeriGas Partners	$ 120.3	$ 44.5
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions	(9.4)	78.5
Business transformation expenses	11.2	—
Noncontrolling interest in net gains and losses on commodity derivative instruments (a)	—	(0.8)
Adjusted net income attributable to AmeriGas Partners	$ 122.1	$ 122.2

(a) Certain amounts include the impact of rounding.

RESULTS OF OPERATIONS

2019 three-month period compared with the 2018 three-month period

Three Months Ended December 31,	2019	2018	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	304.4	310.3	(5.9)	(1.9)%
Wholesale	27.6	21.9	5.7	26.0 %
	332.0	332.2	(0.2)	(0.1)%
Revenues:				
Retail propane	$ 631.2	$ 721.9	$ (90.7)	(12.6)%
Wholesale propane	22.0	21.0	1.0	4.8 %
Other	77.2	77.3	(0.1)	(0.1)%
	$ 730.4	$ 820.2	$ (89.8)	(10.9)%
Total margin (a)	$ 450.6	$ 363.2	$ 87.4	24.1 %
Operating and administrative expenses	$ 251.2	$ 235.1	$ 16.1	6.8 %
Depreciation and amortization	$ 43.9	$ 45.7	$ (1.8)	(3.9)%
Operating income	$ 163.4	$ 88.1	$ 75.3	85.5 %
Net income attributable to AmeriGas Partners	$ 120.3	$ 44.5	$ 75.8	170.3 %
Non-GAAP financial measures (b):				
Adjusted total margin	$ 441.2	$ 441.7	$ (0.5)	(0.1)%
Adjusted operating income	$ 165.2	$ 166.6	$ (1.4)	(0.8)%
Adjusted net income attributable to AmeriGas Partners	$ 122.1	$ 122.2	$ (0.1)	(0.1)%
Heating degree days — % colder than normal (c)	3.7%	4.9%	—	—

(a) Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin for the 2019 and 2018 three-month periods include the impact of net unrealized gains (losses) of $9.4 million and $(78.5) million, respectively, on commodity derivative instruments not associated with current-period transactions..

(b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section "Non-GAAP Financial Measures" above.

(c) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

The Partnership's retail gallons sold during the 2019 three-month period were 1.9% lower than the prior-year period. Average temperatures based upon heating degree days were 3.7% colder than normal but 1.2% warmer than the prior-year period. Although average temperatures during the 2019 three-month period were colder than normal, temperatures in the critical heating-season month of December 2019 were 8.6% warmer than normal and 2.3% warmer than average temperatures in the month of December 2018.

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

Total cost of sales during the 2019 three-month period decreased $177.2 million from the prior-year period. Cost of sales in the 2019 and 2018 three-month periods include $9.4 million of gains and $78.5 million of losses commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of these net gains (losses) on derivative commodity instruments, total cost of sales decreased $89.3 million principally reflecting the effects of lower average propane product costs ($88.4 million) and lower retail propane volumes sold ($6.4 million) partially offset by higher wholesale propane volumes sold ($5.5 million).

Total margin (which includes $9.4 million of gains and $78.5 million of losses on commodity derivative instruments not associated with current-period transactions in the 2019 and 2018 three-month periods, respectively) increased $87.4 million during the 2019 three-month period. Adjusted total margin in the 2019 three-month period decreased $0.5 million reflecting lower retail volumes sold ($7.3 million) largely offset by higher average retail propane unit margins ($5.5 million) and, to a much lesser extent, higher average wholesale unit margins ($1.3 million).

Operating income (which includes the effects of the unrealized gains and losses on commodity derivative instruments in both periods and expenses associated with business transformation initiatives in the 2019 three-month period) was $75.3 million higher than the prior-year period. Adjusted operating income was $1.4 million lower than the 2018 three-month period principally reflecting higher operating and administrative expenses ($4.9 million, excluding $11.2 million of expenses associated with business transformation initiatives in the 2019 three-month period) and the previously mentioned lower adjusted total margin ($0.5 million). The effect of these decreases was partially offset by an increase in other operating income ($2.3 million) largely related to higher income on sales of excess real estate and lower depreciation and amortization expense ($1.8 million). The increase in operating and administrative expenses in the 2019 three-month period (excluding the $11.2 million of business transformation expenses) reflects, among other things, higher general insurance and self-insured casualty and liability expense ($2.7 million) and higher vehicle lease expense ($2.1 million).

The $0.1 million decrease in adjusted net income attributable to AmeriGas Partners reflects the $1.4 million decrease in adjusted operating income largely offset by the absence of noncontrolling interest impacts in the 2019 three-month period.

FINANCIAL CONDITION AND LIQUIDITY

The Partnership's cash and cash equivalents at December 31, 2019, were $10.8 million compared to cash and cash equivalents at September 30, 2019, of $7.8 million. The Partnership's debt outstanding at December 31, 2019, totaled $2,885.3 million (including current maturities of long-term debt of $7.4 million and short-term borrowings of $321.0 million). The Partnership's debt outstanding at September 30, 2019, totaled $2,892.6 million (including current maturities of long-term debt of $7.7 million and short-term borrowings of $328.0 million). Total long-term debt outstanding at December 31, 2019, including current maturities, comprises $2,575.0 million of AmeriGas Partners' Senior Notes and $12.0 million of other long-term debt, and is net of $22.7 million of unamortized debt issuance costs.

At December 31, 2019, there were $321.0 million borrowings outstanding under the Credit Agreement. Issued and outstanding letters of credit under the Credit Agreement, which reduce the amounts available for borrowings, totaled $62.7 million at December 31, 2019. At December 31, 2019, the Partnership's available borrowing capacity under the Credit Agreement was $216.3 million. The average daily and peak short-term borrowings outstanding under the Credit Agreement during the 2019 three-month period were $322.0 million and $359.0 million, respectively. The average daily and peak short-term borrowings outstanding under the Credit Agreement during the 2018 three-month period were $306.3 million and $401.0 million, respectively.

The Partnership's management believes that the Partnership has sufficient liquidity in the forms of cash and cash equivalents on hand, cash expected to be generated from operations, and short-term borrowings available under the Credit Agreement to meet its anticipated contractual and projected cash commitments.

Cash Flows

Operating activities. Due to the seasonal nature of the Partnership's business, cash flows from operating activities are generally greatest during the second and third fiscal quarters when customers pay for propane consumed during the heating-season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Partnership's investment in working capital, principally accounts receivable and inventories, is generally greatest. The Partnership may use its Credit Agreement to satisfy its seasonal operating cash flow needs.

Cash flow provided (used) by operating activities was $44.0 million in the 2019 three-month period compared to $(3.9) million in the 2018 three-month period. Cash flow from operating activities before changes in operating working capital was $154.3 million in the 2019 three-month period compared to $173.2 million in the prior-year period. The lower cash flow from operating activities before changes in working capital principally reflects higher operating and administrative expenses principally expenses associated with business transformation activities. Cash used to fund changes in operating working capital was $110.4 million in the 2019 three-month period compared to $177.1 million in the 2018 three-month period. The lower cash required to fund changes in operating working capital reflects, among other things, cash collateral deposits received from derivative counterparties during the 2019 three-month period compared to net collateral deposits paid during the prior-year period, and lower cash required to fund net changes in other operating working capital reflecting, in large part, greater cash flow from changes in accounts payable.

Investing activities. Investing activity cash flow principally comprises expenditures for property, plant and equipment, cash paid for acquisitions of businesses and proceeds from disposals of assets. Cash flow used by investing activities was $32.7 million in the 2019 three-month period compared with $27.4 million in the prior-year period. The Partnership spent $38.5 million for property, plant and equipment in the 2019 three-month period compared with $31.0 million in the 2018 three-month period. Capital expenditures in the 2019 three-month period include higher capital expenditures associated with business transformation initiatives and ACE vending machines.

Financing activities. Financing activity cash flow principally comprises distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, short-term borrowings, and issuances of AmeriGas Partners Common Units. Cash used by financing activities was $8.3 million in the 2019 three-month period compared with $32.7 million in the prior-year three-month period. Distributions paid during the prior-year period totaled $100.7 million which included $65.7 million of distributions on publicly held Common Units. Cash used for repayments of Credit Agreement borrowings in the 2019 three-month period totaled $7.0 million compared to cash provided by Credit Agreement borrowings of $136.5 million in the prior-year period.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary financial market risks include commodity prices for propane and interest rates on borrowings. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully, or keep pace with such increases, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. The fair value of unsettled commodity price risk sensitive instruments at December 31, 2019, was a net loss of $55.1 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of approximately $21.5 million.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at December 31, 2019. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At December 31, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The General Partner's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Partnership in this Quarterly Report is (i) recorded, processed, summarized, and reported within the time periods specified in the indentures, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The General Partner's management, with the participation of the General Partner's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Partnership's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Partnership's disclosure controls and procedures, as of the end of the period covered by this report, were effective at the reasonable assurance level.

(b) Change in Internal Control over Financial Reporting

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

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

RISK FACTORS

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

EXHIBIT INDEX

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

SIGNATURES

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

AMERIGAS PARTNERS, L.P.

By: AmeriGas Propane, Inc.
Its General Partner

Date: February 6, 2020

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

Date: February 6, 2020

By: /s/ Craig M. Dadamo
Craig M. Dadamo
Controller and Chief Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Hugh J. Gallagher, certify that:

1. I have reviewed this quarterly report of AmeriGas Partners, L.P. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 6, 2020

/s/ Hugh J. Gallagher

Hugh J. Gallagher

President and Chief Executive Officer of AmeriGas Propane, Inc.

Exhibit 31.2

CERTIFICATION

I, Ann P. Kelly, certify that:

1. I have reviewed this quarterly report of AmeriGas Partners, L.P. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 6, 2020

/s/ Ann P. Kelly

Ann P. Kelly
Chief Financial Officer

Exhibit 32

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

I, Hugh J. Gallagher, Chief Executive Officer, and I, Ann P. Kelly, Chief Financial Officer, of AmeriGas Propane, Inc., a Pennsylvania corporation, the General Partner of AmeriGas Partners, L.P. (the "Company"), hereby certify that to our knowledge:

(1) The Company's quarterly for the period ended December 31, 2019 (the "Quarterly Report") fully complies, in all material respects, with the requirements of the indentures; and

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

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
/s/ Hugh J. Gallagher	/s/ Ann P. Kelly
Hugh J. Gallagher	Ann P. Kelly
Date: February 6, 2020	Date: February 6, 2020