AMERIGAS PARTNERS, L.P.

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2019

AmeriGas Partners, L.P. ("AmeriGas") 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 annual 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 annual 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 Annual Report are defined below:

AmeriGas Partners, L.P. and Related Entities

AmeriGas OLP - AmeriGas Propane, L.P., the principal operating subsidiary of AmeriGas Partners; also referred to as the "Operating Partnership"

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

AmeriGas Propane - AmeriGas Propane, Inc., a wholly owned subsidiary of UGI Corporation, the sole general partner of AmeriGas Partners, L.P. and AmeriGas Propane, L.P. (through September 29, 2019); also referred to as the "General Partner"

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 and AmeriGas OLP

Heritage Propane - Retail propane businesses of Energy Transfer Partners, L.P. acquired by AmeriGas Partners, L.P. on January 12, 2012

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

2010 Plan - AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan

ACE - AmeriGas Cylinder Exchange

Adjusted EBITDA - A non-GAAP financial measure comprising the Partnership's EBITDA as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have

Alerian MLP Group - represents the entities in the Alerian MLP Index

AmeriGas 2017 Senior Notes - The underwritten senior facilities agreements issued by AmeriGas Partners comprising $700 million principal amount of 5.50% Senior Notes due May 2025 and $525 million principal amount of 5.75% Senior Notes due May 2027

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

AmeriGas OLP 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

ASC - Accounting Standards Codification

ASC 605 - ASC 605, "Revenue Recognition"

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

***ASU* -** Accounting Standards Update

***ASU 2014-09* -** Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers"

***Btu* -** British thermal unit

***CERCLA* -** Comprehensive Environmental Response, Compensation and Liability Act

***Common Units* -** Limited partnership ownership interests in AmeriGas Partners

***DOT* -** U.S. Department of Transportation

***EBITDA* -** A non-GAAP financial measure comprising the Partnership's earnings before interest expense, income taxes, depreciation and amortization

***EPA* -** Environmental Protection Agency

ERP - Enterprise Resource Planning

***Exchange Act* -** Securities Exchange Act of 1934, as amended

***FASB* -** Financial Accounting Standards Board

***FDIC* -** Federal Deposit Insurance Corporation

FIFO - First-in, first-out inventory valuation method

Fiscal 2017 - The fiscal year ended September 30, 2017

Fiscal 2018 - The fiscal year ended September 30, 2018

Fiscal 2019 - The fiscal year ended September 30, 2019

Fiscal 2020 - The fiscal year ending September 30, 2020

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

***GHG* -** Greenhouse gas

***IDR* -** Incentive distribution right

***LPG* -** Liquefied petroleum gas

***MD&A* -** Management's Discussion and Analysis of Financial Condition and Results of Operations

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

***MLP* -** Master limited partnership

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

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

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

***OSHA* -** Occupational Safety and Health Act

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

Propane MLP Group - Ferrellgas Partners, L.P. and Suburban Propane, L.P.

PRP - Potentially responsible party

ROD - Record of Decision

SEC - U.S. Securities and Exchange Commission

TCJA - Tax Cuts and Jobs Act

Tortoise MLP Group - Represents the entities in the Tortoise MLP Index

TUR - Total Unitholder Return

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

FORWARD-LOOKING INFORMATION

Information contained in this Annual 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 our Risk Factors below and 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.

BUSINESS

General

AmeriGas Partners, L.P. is a limited partnership formed under Delaware law on November 2, 1994. We are the largest retail propane distributor in the U.S. based on the volume of propane gallons distributed annually. The Partnership serves over 1.6 million residential, commercial, industrial, agricultural, wholesale and motor fuel customers in all 50 states from more than 1,800 propane distribution locations.

We are a holding company and we conduct our business principally through our subsidiary, AmeriGas Propane, L.P. ("AmeriGas OLP"), a Delaware limited partnership. AmeriGas OLP is sometimes referred to herein as "the Operating Partnership." AmeriGas Propane, Inc. is our general partner (the "General Partner") and is responsible for managing our operations. The General Partner is a wholly owned subsidiary of UGI Corporation ("UGI"), a publicly traded company listed on the New York Stock Exchange. In this Report, the terms "Partnership" and "AmeriGas Partners," as well as the terms "our," "we," and "its," are used sometimes as abbreviated references to AmeriGas Partners, L.P. itself or collectively, AmeriGas Partners, L.P. and its consolidated subsidiaries, including the Operating Partnership. For further information on the meaning of certain terms used in this Report, see "Glossary of Terms and Abbreviations."

On August 21, 2019, UGI completed the AmeriGas Merger. Following completion of the transaction, the Partnership's Common Units are no longer publicly traded, and the Partnership is now an indirect, wholly owned subsidiary of UGI. See Note 1 to Consolidated Financial Statements.

Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-7000. The Partnership's website can be found at www.amerigas.com. Information on our website is not intended to be incorporated into this Report.

Business Strategy

Our strategy is to grow by (i) developing internal sales and marketing programs to improve customer service and attract and retain customers, (ii) leveraging our scale and driving productivity through the development of technology, and (iii) pursuing opportunistic acquisitions. Although we did not complete any acquisitions during Fiscal 2019, we regularly consider and evaluate opportunities for growth through the acquisition of local, regional, and national propane distributors. We expect that internal growth will be provided in part from the continued expansion of our ACE program, through which consumers can purchase propane cylinders or exchange propane cylinders at various retail locations, and our National Accounts program, through which we encourage multi-location propane users to enter into a supply agreement with us rather than with multiple suppliers.

During Fiscal 2019, we continued to invest in technology to reduce operational costs while improving our customers' experience. For example, (i) following the successful implementation of the AmeriMobile distribution platform to all district locations to more efficiently deploy our drivers in making deliveries to customers, we continued to roll out the platform to our service technicians for service scheduling, job routing, and billing, and (ii) we continue to promote a customer service culture through enhancements to our on-line customer experience, enabling customers to transact with us at any time through self-service account management, to sign up as a new customer and to seek customer support through live on-line chat.

Moreover, in Fiscal 2019, AmeriGas Propane began executing on its multi-year business transformation initiatives. These initiatives are designed to improve long-term operational performance by, among other things, reducing costs and improving efficiency in the areas of sales and marketing, supply and logistics, operations, purchasing, and administration. In addition, these initiatives focus on enhancing the customer experience through, among other things, enhanced customer relationship management and an improved digital customer experience. For further information on these initiatives, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Strategic Initiatives."

Products, Services and Marketing

The Partnership serves over 1.6 million customers in all 50 states from more than 1,800 propane distribution locations. In addition to distributing propane, the Partnership also sells, installs and services propane appliances, including heating systems and propane-powered generators. Typically, propane distribution locations are in suburban and rural areas where natural gas is not readily available. Our local offices generally consist of a business office and propane storage. As part of its overall transportation and distribution infrastructure, the Partnership operates as an interstate carrier in all states throughout the continental U.S.

The Partnership sells propane primarily to residential, commercial/industrial, motor fuel, agricultural and wholesale customers. The Partnership distributed over 1.1 billion gallons of propane in Fiscal 2019. Approximately 93% of the Partnership's Fiscal 2019 sales (based on gallons sold) were to retail accounts and approximately 7% were to wholesale and supply customers. Sales to residential customers in Fiscal 2019 represented approximately 35% of retail gallons sold; commercial/industrial customers 39%; motor fuel customers 18%; and agricultural customers 4%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 4% of Fiscal 2019 retail gallons. No single customer represents, or is anticipated to represent, more than 5% of the Partnership's consolidated revenues.

The Partnership continues to expand its ACE program. At September 30, 2019, ACE cylinders were available at over 62,000 retail locations throughout the U.S. Sales of our ACE cylinders to retailers are included in commercial/industrial sales. The ACE program enables consumers to purchase or exchange propane cylinders at various retail locations such as home centers, gas stations, mass merchandisers and grocery and convenience stores. In addition, in Fiscal 2019, our ACE program completed a roll-out of automated self-serve vending machines, which enable our customers to purchase and exchange ACE cylinders at various retail locations 24/7, and we introduced Cynch, our propane home delivery service for customers in select markets. Additionally, we supply retailers with large propane tanks to enable them to replenish customers' propane cylinders directly at the retailer's location.

Residential and commercial customers use propane primarily for home heating, water heating and cooking purposes. Commercial users include hotels, restaurants, churches, warehouses, and retail stores. Industrial customers use propane to fire furnaces, as a cutting gas and in other process applications. Other industrial customers are large-scale heating accounts and local gas utility customers that use propane as a supplemental fuel to meet peak load deliverability requirements. As a motor fuel, propane is burned in internal combustion engines that power school buses and other over-the-road vehicles, forklifts, and stationary engines. Agricultural uses include tobacco curing, chicken brooding, crop drying, and orchard heating. In its wholesale operations, the Partnership principally sells propane to large industrial end-users and other propane distributors.

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, which generally holds 2,400 to 3,000 gallons of propane, into a stationary storage tank on the customer's premises. The Partnership owns most of these storage tanks and leases them to its customers. The capacity of these tanks ranges from approximately 120 gallons to approximately 1,200 gallons. The Partnership also delivers propane in portable cylinders, including ACE and motor fuel cylinders. Some of these deliveries are made to the customer's location, where cylinders are either picked up or replenished in place.

Propane Supply and Storage

The U.S. propane market has over 250 domestic and international sources of supply, including the spot market. Supplies of propane from the Partnership's sources historically have been readily available. Volatility in the U.S. propane market stabilized in Fiscal 2017 and Fiscal 2018, following record high levels reached in Fiscal 2016 and Fiscal 2015, and the propane industry continued to experience normal inventory levels in Fiscal 2019. The availability and pricing of propane supply is dependent upon, among other things, the severity of winter weather, the price and availability of competing fuels such as natural gas and crude oil, and the amount and availability of exported supply and, to a much lesser extent, imported supply. In recent years, there has been an increase in overseas demand for U.S. propane exports as the U.S. continues to have low cost reliable sources of propane. We utilized our extensive distribution and logistics channels to minimize disruption to our customers as a result of localized supply chain interruptions due to (i) refinery production interruptions in California during the 2018-2019 winter season and (ii) the effects of Hurricane Dorian in Florida in September 2019.

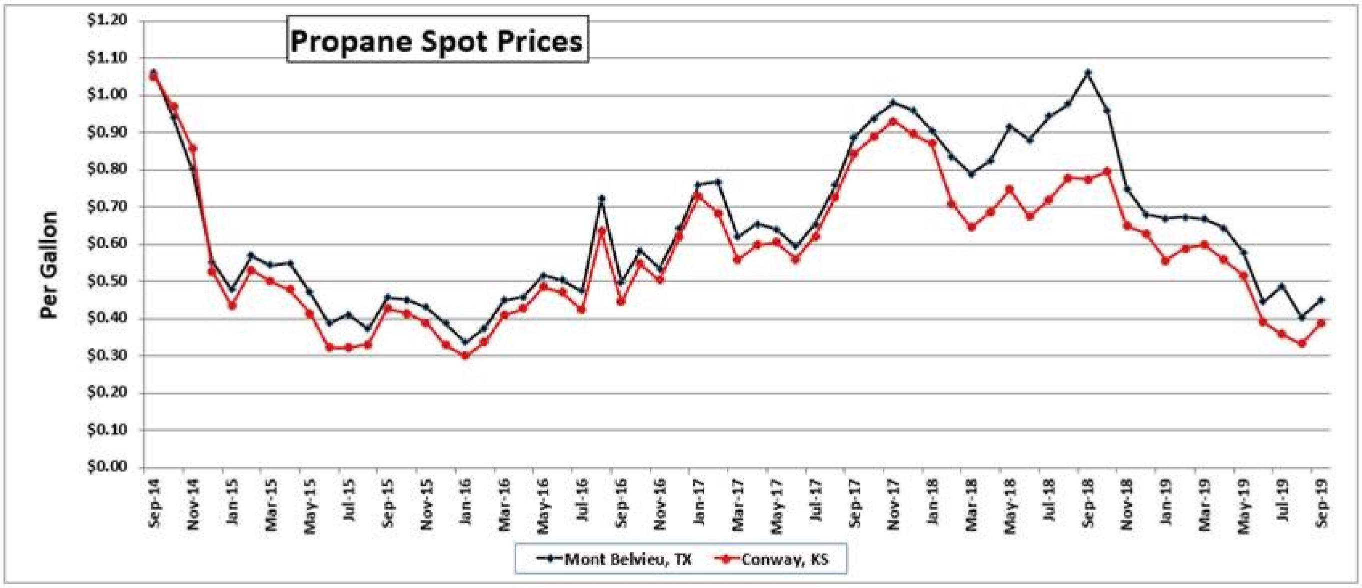
During Fiscal 2019, approximately 98% of the Partnership's propane supply was purchased under supply agreements with terms of one to three years. Although no assurance can be given that supplies of propane will be readily available in the future, management currently expects to be able to secure adequate supplies during Fiscal 2020. If supply from major sources were interrupted, however, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, margins could be adversely affected. Enterprise Products Operating LLC supplied approximately 12% of the Partnership's Fiscal 2019 propane supply. No other single supplier provided more than 10% of the Partnership's total propane supply in Fiscal 2019. In certain geographic areas, however, a single supplier provides more than 50% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

The Partnership's supply contracts typically provide for pricing based upon (i) index formulas using the current prices established at a major storage point such as Mont Belvieu, Texas, or Conway, Kansas, or (ii) posted prices at the time of delivery. In addition, some agreements provide maximum and minimum seasonal purchase volume guidelines. The percentage of contract purchases, and the amount of supply contracted for at fixed prices, will vary from year to year. The Partnership uses a number of interstate pipelines, as well as railroad tank cars, delivery trucks and barges, to transport propane from suppliers to storage and distribution facilities. The Partnership stores propane at various storage facilities and terminals located in strategic areas across the U.S.

Because the Partnership's profitability is sensitive to changes in wholesale propane costs, the Partnership generally seeks to pass on increases in the cost of propane to customers. There is no assurance, however, that the Partnership will always be able to pass on product cost increases fully, or keep pace with such increases, particularly when product costs rise rapidly. Product cost increases can be triggered by periods of severe cold weather, supply interruptions, increases in the prices of base commodities such as crude oil and natural gas, or other unforeseen events. The Partnership has supply acquisition and product cost risk management practices to reduce the effect of volatility on selling prices. These practices currently include the use of summer storage, forward purchases and derivative commodity instruments, such as propane price swaps. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

The following graph shows the average prices of propane on the propane spot market during the last five fiscal years at Mont Belvieu, Texas and Conway, Kansas, both major storage areas.

Average Propane Spot Market Prices



General Industry Information

Propane is separated from crude oil during the refining process and also extracted from natural gas or oil wellhead gas at processing plants. Propane is normally transported and stored in a liquid state under moderate pressure or refrigeration for economy and ease of handling in shipping and distribution. When the pressure is released or the temperature is increased, it is usable as a flammable gas. Propane is colorless and odorless; an odorant is added to allow for its detection. Propane is considered a clean alternative fuel under the Clean Air Act Amendments of 1990, producing negligible amounts of pollutants when properly consumed.

Competition

Propane competes with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers with suppliers of electricity, fuel oil and natural gas, principally on the basis of price, service, availability and portability. Electricity is generally more expensive than propane on a Btu equivalent basis, but the convenience and efficiency of electricity make it an attractive energy source for consumers and developers of new homes. Fuel oil is also a major competitor of propane and, although a less environmentally attractive energy source, is currently less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a significantly less expensive source of energy than propane, although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many areas of the country where propane is sold for heating and cooking purposes.

For motor fuel customers, propane competes with gasoline, diesel fuel, electric batteries, fuel cells and, in certain applications, LNG and compressed natural gas. Wholesale propane distribution is a highly competitive, low margin business. Propane sales to other retail distributors and large-volume, direct-shipment industrial end-users are price sensitive and frequently involve a competitive bidding process.

Retail propane industry volumes have been declining for several years and no or modest growth in total demand is foreseen in the next several years. Therefore, the Partnership's ability to grow within the industry is dependent on the success of its sales and marketing programs designed to attract and retain customers, the success of business transformation initiatives, its ability to achieve internal growth, which includes expansion of the ACE and National Accounts programs (through which multi-location propane users enter into a single AmeriGas Propane supply agreement rather than agreements with multiple suppliers), and its ability to acquire other retail distributors. The failure of the Partnership to retain and grow its customer base would have an adverse effect on its long-term results.

The domestic propane retail distribution business is highly competitive. The Partnership competes in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. Some farm cooperatives, rural electric cooperatives, and fuel oil distributors include propane distribution in their businesses and the Partnership competes with them as well. The ability to compete effectively depends on providing high quality customer service, maintaining competitive retail prices and controlling operating expenses. The Partnership also offers customers various payment and service options, including guaranteed price programs, fixed price arrangements and pricing arrangements based on published propane prices at specified terminals.

In Fiscal 2019, the Partnership's retail propane sales totaled more than 1.0 billion gallons. Based on the most recent annual survey by the American Petroleum Institute, 2017 domestic retail propane sales (annual sales for other than chemical uses) in the U.S. totaled approximately 8.2 billion gallons. Based on LP-GAS magazine rankings, 2017 sales volume of the ten largest propane distribution companies (including AmeriGas Partners) represented approximately 36% of domestic retail propane sales.

Trade Names, Trade and Service Marks

The Partnership markets propane and other services principally under the "AmeriGas®," "America's Propane Company®," "Driving Every Day®" "Heritage Propane®," and "Relationships Matter®" trade names and related service marks. The Partnership also markets propane under various other trade names throughout the U.S. UGI owns, directly or indirectly, all the right, title and interest in the "AmeriGas" name and related trade and service marks. The General Partner owns all right, title and interest in the "America's Propane Company" trade name and related service marks. The Partnership has an exclusive (except for use by UGI, AmeriGas, Inc., AmeriGas Polska Sp. z.o.o. and the General Partner), royalty-free license to use these trade names and related service marks. UGI and the General Partner each have the option to terminate its respective license agreement (except its licenses with permitted transferees and on 12 months' prior notice in the case of UGI), without penalty, if the General Partner is removed as general partner of the Partnership for cause. If the General Partner ceases to serve as the general partner of the Partnership other than for cause, the General Partner has the option to terminate its license agreement upon payment of a fee to AmeriGas Propane, L.P. equal to the fair market value of the licensed trade names. UGI has a similar termination option; however, UGI must provide 12 months prior notice in addition to paying the fee to AmeriGas OLP. UGI and the General Partner each also have the right to terminate its respective license agreement in order to settle any claim of infringement, unfair competition or similar claim or if the agreement has been materially breached without appropriate cure.

Seasonality

Because many customers use propane for heating purposes, the Partnership's retail sales volume is seasonal. During Fiscal 2019, approximately 66% of the Partnership's retail sales volume occurred, and all of the Partnership's operating income was earned, during the peak heating season from October through March. As a result of this seasonality, sales are typically higher in the Partnership's first and second fiscal quarters (October 1 through March 31). Cash receipts are generally greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season. For more information on the risks associated with the seasonality of our business, see "Risk Factors - Our business is seasonal and decreases in the demand for propane because of warmer-than-normal heating season weather or unfavorable weather conditions may adversely affect our results of operations."

Sales volume for the Partnership traditionally fluctuates from year-to-year in response to variations in weather, prices, competition, customer mix and other factors, such as conservation efforts and general economic conditions. For information on national weather statistics, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Government Regulation

The Partnership is subject to various federal, state and local environmental, health, safety and transportation laws and regulations governing the storage, distribution and transportation of propane and the operation of bulk storage propane terminals.

Environmental

Generally, applicable environmental laws impose limitations on the discharge of pollutants, establish standards for the handling of solid and hazardous substances, and require the investigation and cleanup of environmental contamination. These laws include, among others, the Resource Conservation and Recovery Act, CERCLA, the Clean Air Act, the Clean Water Act, the Homeland Security Act of 2002, the Emergency Planning and Community Right-to-Know Act, comparable state statutes and any applicable amendments. The Partnership incurs expenses associated with compliance with its obligations under federal and state environmental laws and regulations, and we believe that the Partnership is in material compliance with its obligations. The Partnership maintains various permits that are necessary to operate its facilities, some of which may be material to its operations. The Partnership continually monitors its operations with respect to potential environmental issues, including changes in legal requirements.

The Partnership is investigating and remediating contamination at a number of present and former operating sites in the U.S., including sites where its predecessor entities operated manufactured gas plants. CERCLA and similar state laws impose joint and several liability on certain classes of persons considered to have contributed to the release or threatened release of a “hazardous substance” into the environment without regard to fault or the legality of the original conduct. Propane is not a hazardous substance within the meaning of CERCLA.

Health and Safety

The Partnership is subject to the requirements of OSHA and comparable state laws that regulate the protection of the health and safety of our workers. These laws require the Partnership, among other things, to maintain information about materials, some of which may be hazardous or toxic, that are used, released, or produced in the course of our operations. Certain portions of this information must be provided to employees, federal and state and local governmental authorities and responders, commercial and industrial customers and local citizens in accordance with applicable federal and state Emergency Planning and Community Right-to-Know Act requirements. The Partnership’s operations are also subject to federal safety hazard communication requirements and reporting obligations.

All states in which the Partnership operates have adopted fire safety codes that regulate the storage, distribution, and use of propane. In some states, these laws are administered by state agencies, and in others they are administered on a municipal level. The Partnership conducts training programs to help ensure that its operations are in compliance with applicable governmental regulations. With respect to general operations, the Partnership is subject in all jurisdictions in which it operates to rules and procedures governing the safe handling of propane, including those established by National Fire Protection Association Pamphlets No. 54 and No. 58, various state, local and international codes (including international fire, building and fuel gas codes), and OSHA fall protection standards. Management believes that the policies and procedures currently in effect at all of its facilities for the handling, storage, distribution and use of propane, as well as its fall protection standards, are consistent with industry standards and are in compliance, in all material respects, with applicable laws and regulations.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under federal legislation, including the Federal Motor Carrier Safety Act, the Hazardous Materials & Transportation Act and the Homeland Security Act of 2002. Regulations under these statutes cover the security and transportation of hazardous materials, including propane for purposes of these regulations, and are administered by the Pipeline and Hazardous Materials Safety Administration of the DOT. The Natural Gas Safety Act of 1968 required the DOT to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT's pipeline safety regulations apply to, among other things, a propane gas system that supplies 10 or more residential customers or two or more commercial customers from a single source and to a propane gas system any portion of which is located in a public place. The DOT’s pipeline safety regulations require operators of all gas systems to provide operator qualification standards and training and written instructions for employees and third party contractors working on covered pipelines and facilities, establish written procedures to minimize the hazards resulting from gas pipeline emergencies, and conduct and keep records of inspections and testing. Operators are subject to the Pipeline Safety Improvement Act of 2002. Management believes that the procedures currently in effect at all of the Partnership’s facilities for the handling, storage, transportation and distribution of propane are consistent with industry standards and are in compliance, in all material respects, with applicable laws and regulations.

Climate Change

There continues to be concern, both nationally and internationally, about climate change and the contribution of GHG emissions, most notably carbon dioxide, to global warming. Because propane is considered a clean alternative fuel under the federal Clean Air Act Amendments of 1990, the Partnership anticipates that this will provide it with a competitive advantage over other sources of energy, such as fuel oil and coal, to the extent new climate change regulations become effective. At the same time, increased regulation of GHG emissions, especially in the transportation sector, could impose significant additional costs on the Partnership, its suppliers, its vendors and its customers. In recent years, there has been an increase in state initiatives aimed at regulating GHG emissions. For example, the California Environmental Protection Agency established a Cap & Trade program that requires certain covered entities, including propane distribution companies, to purchase allowances to compensate for the GHG emissions created by their business operations. Compliance with these types of regulations may increase our operating costs if we are unable to pass on these costs to our customers.

Employees

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides these services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs. At September 30, 2019, the General Partner had over 7,550 employees, including more than 300 part-time, seasonal and temporary employees, working on behalf of the Partnership. UGI also performs, and is reimbursed for, certain financial and administrative services on behalf of the Partnership and AmeriGas OLP.

RISK FACTORS

There are many factors that may affect our business and results of operations. Additional discussion regarding factors that may affect our businesses and operating results is included elsewhere in this Report.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our business is seasonal and decreases in the demand for propane because of warmer-than-normal heating season weather or unfavorable weather conditions may adversely affect our results of operations.

Because many of our customers rely on propane as a heating fuel, our results of operations are adversely affected by warmer-than-normal heating season weather. Weather conditions have a significant impact on the demand for propane for both heating and agricultural purposes. Accordingly, the volume of propane sold is at its highest during the peak heating season of October through March and is directly affected by the severity of the winter weather. For example, historically approximately 60% to 70% of our annual retail propane volumes are sold during these months. There can be no assurance that normal winter weather in our service territories will occur in the future.

The agricultural demand for propane is also affected by weather, as dry or warm weather during the harvest season may reduce the demand for propane. Our ACE operations experience higher volumes in the spring and summer, mainly due to the grilling season. Sustained periods of unfavorable weather conditions, including periods of significant rainfall, can negatively affect our ACE revenues. Unfavorable weather conditions may also cause a reduction in the purchase and use of grills and other propane appliances, which could reduce the demand for our ACE cylinders.

Our efforts to create operational benefits and cost efficiencies through internal business transformation initiatives may be disruptive and adversely affect our business, financial condition and results of operations.

We may make adjustments to our workforce in response to management changes, product changes, performance issues, changes in strategy, acquisitions or other internal and external considerations. These adjustments may result in increased costs and temporarily reduced productivity, as well as a disruption in our ability to perform functions critical to our strategy. The effects of such adjustments could recur in connection with any current or future business transformation initiatives or we may not achieve or sustain the expected growth or cost savings benefits of any such initiatives, or do so within the expected timeframe. As a result, our business, financial condition and results of operations could be negatively affected.

We are currently engaged in business transformation initiatives designed to achieve operational benefits and cost efficiencies and to leverage technology to provide an enhanced customer experience. If we are unable to deliver the strategic and financial benefits that we anticipate, the achievement of these benefits is delayed, or the volume and nature of change overwhelms available resources, then our business operations and financial results could be materially and adversely impacted. Our ability to successfully manage and execute these initiatives and realize expected savings and benefits in the amounts and at the times anticipated is important to our business success. Any failure to do so, which could result from our inability to successfully execute organizational change and business transformation initiatives, unanticipated costs or charges, loss of key personnel and other factors described herein, could have a material adverse effect on our business, financial condition and results of operations. For further information on these initiatives, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Strategic Initiatives."

Our potential to increase revenues may be affected by the decline of the retail propane industry and our ability to retain and grow our customer base.

The retail propane industry has been declining over the past several years, with no or modest growth (or decline) in total demand foreseen in the next several years. Accordingly, we expect that year-to-year industry volumes will be principally affected by weather patterns. Therefore, our ability to grow within the industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of our ACE and National Accounts programs, as well as the success of our sales and marketing programs designed to attract and retain customers. Any failure to retain and grow our customer base would have an adverse effect on our results. Acquisitions may require merger control filings with the Federal Trade Commission, and commitments or divestments of assets may be required to obtain clearance. Such commitments or divestments may influence the overall economics of the transaction.

Our ability to grow our business will be adversely affected if we are not successful in making acquisitions or integrating the acquisitions we have completed.

We have historically expanded our propane business through acquisitions. We regularly consider and evaluate opportunities for growth through the acquisition of local, regional and national propane distributors. We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. We can give no assurances that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms, that we will be able to finance acquisitions on economically acceptable terms or that any acquisitions will not be dilutive to earnings. Moreover, acquisitions may require antitrust and other regulatory clearances. We may have to offer commitments (such as agreements not to compete) or divest assets to obtain clearance, which may adversely affect the overall economics of the transaction.

To the extent we are successful in making acquisitions, such acquisitions involve a number of risks. These risks include, but are not limited to, the assumption of material liabilities, environmental liabilities, the diversion of management's attention from the management of daily operations to the integration of operations, difficulties in the assimilation and retention of employees and difficulties in the assimilation of different cultures and practices and internal controls, as well as in the assimilation of broad and geographically dispersed personnel and operations. Future acquisitions could also result in, among other things, the failure to identify material issues during due diligence, the risk of overpaying for assets, unanticipated capital expenditures, the failure to maintain effective internal control over financial reporting, recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges and fluctuations in quarterly results. There can also be no assurance that our past and future acquisitions will deliver the strategic, financial and operational benefits that we anticipate. The failure to successfully integrate the acquisitions we complete could have an adverse effect on our business, cash flows, financial condition and results of operations.

Our operations may be adversely affected by competition from other energy sources.

Propane competes with other energy sources, some of which are less costly on an equivalent energy basis. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations. We compete for customers against suppliers of electricity, fuel oil and natural gas.

Electricity is a major competitor of propane but is generally more expensive than propane on a Btu equivalent basis for space heating, water heating, and cooking. Notwithstanding cost, the convenience and efficiency of electricity make it an attractive energy source for consumers and developers of new homes. Fuel oil is also a major competitor of propane and, although a less environmentally attractive energy source, is currently less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Our customers generally have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas pipelines already exist because natural gas is generally a significantly less expensive source of energy than propane. As long as natural gas remains a less expensive energy source than propane, our business will lose customers in each region into which natural gas distribution systems are expanded. The gradual expansion of the nation's natural gas distribution systems has resulted, and may continue to result, in the availability of natural gas in some areas that previously depended upon propane.

If we are unable to protect our information technology systems against service interruption, misappropriation of data, or breaches of security resulting from cyber security attacks or other events, or we encounter other unforeseen difficulties in the design, implementation or operation of our information technology systems, our operations could be disrupted, our business and reputation may suffer, and our internal controls could be adversely affected.

In the ordinary course of business, we rely on information technology systems, including the Internet and third-party hosted services, to support a variety of business processes and activities and to store sensitive data, including (i) intellectual property, (ii) our proprietary business information and that of our suppliers and business partners, (iii) personally identifiable information of our customers and employees, and (iv) data with respect to invoicing and the collection of payments, accounting, procurement, and supply chain activities. In addition, we rely on our information technology systems to process financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax requirements. Despite our security measures, our information technology systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, sabotage, or other disruptions. Similarly, our vendors or service providers could sustain the same risks and disruptions as described above. A loss of our information technology systems, or temporary interruptions in the operation of our information technology systems, or those of our vendors or service providers, or any other misappropriation of data, or breaches of security could have a material adverse effect on our business, financial condition, results of operations, and reputation.

Moreover, the efficient execution of our business is dependent upon the proper design, implementation and functioning of our current and future internal systems, such as the information technology system that supports our Order-to-Cash business processes. Any significant failure or malfunction of such information technology systems may result in disruptions of our operations. In addition, the effectiveness of our internal controls could be adversely affected if we encounter unforeseen problems with respect to the operation of our information technology systems. While we have purchased cyber security insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses.

We are dependent on our principal propane suppliers, which increases the risks from an interruption in supply and transportation.

During Fiscal 2019, AmeriGas Propane purchased approximately 84% of its propane needs from 20 suppliers. If supplies from these sources were interrupted, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, our earnings could be affected. Additionally, in certain geographic areas, a single supplier may provide more than 50% of our propane requirements. Disruptions in supply in these geographic areas could also have an adverse impact on our earnings.

Our ability to obtain sufficient quantities of LPG is dependent on transportation facilities and providers.

Spikes in demand caused by weather or other factors can limit our access to port terminals and other transportation and storage facilities, disrupt transportation and limit our ability to obtain sufficient quantities of LPG. A significant increase in port and similar fees and fuel prices may also adversely affect our transportation costs and business. Transportation providers (rail and truck) in some circumstances have limited ability to provide additional resources in times of peak demand. Moreover, our transportation providers maintaining a staff of qualified truck drivers is critical to the success of our business. Regulatory requirements and an improvement in the economy could reduce the number of eligible drivers or require us to pay higher transportation fees as our transportation providers seek to pass on additional labor costs associated with attracting and retaining drivers.

We may not be able to collect on the accounts of our customers.

We depend on the viability of our customers for collections of accounts receivable. Moreover, our businesses serve numerous retail customers, and as we grow our businesses organically and through acquisitions, our retail customer base is expected to significantly expand. There can be no assurance that our customers will not experience financial difficulties in the future or that we will be able to collect all of our outstanding accounts receivable or notes receivable and any such nonpayment by our customers could adversely affect our business.

High propane prices can lead to customer conservation and attrition, resulting in reduced demand for our product.

Prices for propane are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high propane costs our prices generally increase. High prices can lead to customer conservation and attrition, resulting in reduced demand for our product.

Our profitability is subject to propane pricing and inventory risk.

The retail propane business is a “margin-based” business in which gross profits are dependent upon the excess of the sales price over the propane supply costs. Propane is a commodity, and, as such, its unit price is subject to fluctuations in response to changes in supply or other market conditions. We have no control over supplies, commodity prices or market conditions. Consequently, the unit price of the propane that we and other marketers purchase can change rapidly over a short period of time. Most of our propane product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major storage points such as Mont Belvieu, Texas or Conway, Kansas. Because our profitability is sensitive to changes in wholesale propane supply costs, it will be adversely affected if we cannot pass on increases in the cost of propane to our customers, or if there is a delay in passing on such cost increases. Due to competitive pricing in the industry, we may not fully be able to pass on product cost increases to our customers when product costs rise, or when our competitors do not raise their product prices in a timely manner. Finally, market volatility may cause us to sell inventory at less than the price we purchased it, which would adversely affect our operating results.

Changes in commodity market prices may have a significant negative effect on our liquidity.

Depending on the terms of our contracts with suppliers as well as our use of financial instruments to reduce volatility in the cost of propane, changes in the market price of propane can create margin payment obligations for us and expose us to increased liquidity risk. In addition, increased demand for domestically produced propane overseas may, depending on production volumes in the U.S., result in higher domestic propane prices and expose us to additional liquidity risks.

Supplier defaults may have a negative effect on our operating results.

When we enter into fixed-price sales contracts with customers, we typically enter into fixed-price purchase contracts with suppliers. Depending on changes in the market prices of propane compared to the prices secured in our contracts with suppliers of propane, a default of or force majeure by one or more of our suppliers under such contracts could cause us to purchase propane at higher prices, which would have a negative impact on our operating results.

We are subject to operating and litigation risks that may not be covered by insurance.

Our business operations are subject to all of the operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing combustible liquids, such as propane, for use by consumers. These risks could result in substantial losses due to personal injury and/or loss of life, and severe damage to and destruction of property and equipment arising from explosions and other catastrophic events, including acts of terrorism. As a result of these and other incidents, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business, including regulatory investigations, claims, lawsuits and other proceedings. Additionally, environmental contamination could result in future legal proceedings. There can be no assurance that our insurance coverage will be adequate to protect us from all material expenses related to pending and future claims or that such levels of insurance would be available in the future at economical prices. Moreover, defense and settlement costs may be substantial, even with respect to claims and investigations that have no merit. If we cannot resolve these matters favorably, our business, financial condition, results of operations and future prospects may be materially adversely affected.

The risk of natural disasters and catastrophic events, including terrorism, may adversely affect the economy and the price and availability of propane.

Natural disasters and catastrophic events, such as fires, earthquakes, explosions, floods, tornadoes, hurricanes, terrorist attacks, political unrest and other similar occurrences, may adversely impact the price and availability of propane, which could adversely impact our financial condition and results of operations, our ability to raise capital and our future growth. The impact that the foregoing may have on our industries in general, and on us in particular, is not known at this time. A natural disaster or an act of terror could result in disruptions of crude oil or natural gas supplies and markets (the sources of propane), cause price volatility in the cost of propane, and our infrastructure facilities could be direct or indirect targets. A natural disaster or terrorist activity may also hinder our ability to transport propane if our means of supply transportation, such as rail or pipeline, become damaged as a result of an attack. A lower level of economic activity could result in a decline in energy consumption, which could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of a natural disaster or terrorism could also affect our ability to raise capital. We have opted to purchase insurance coverage for natural disasters and terrorist acts within our property and casualty insurance programs, but we can give no assurance that our insurance coverage would be adequate to fully compensate us for any losses to our business or property resulting from natural disasters or terrorist acts.

Our cash flow and net income will decrease if we are required to incur additional costs to comply with new governmental safety, health, transportation, and environmental regulations.

We are subject to various federal, state and local safety, health, transportation, and environmental laws and regulations governing the storage, distribution and transportation of propane. We have implemented safety and environmental programs and policies designed to avoid potential liability and costs under applicable laws. It is possible, however, that we will incur increased costs as a result of complying with new safety, health, transportation and environmental regulations and such costs will reduce our net income. It is also possible that material environmental liabilities will be incurred, including those relating to claims for damages to property and persons.

Our operations, financial results and cash flows may be adversely affected by existing and future climate change laws and regulations, including with respect to GHG emission restrictions, as well as market responses thereto.

Climate change continues to attract considerable public and scientific attention in the U.S. and in foreign countries. As a result, numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit GHG emissions. These efforts have included consideration of cap-and-trade programs, carbon taxes, GHG reporting and tracking programs, and regulations that directly limit GHG emissions from certain sources. Increased regulation of GHG emissions could impose significant additional costs on us, our suppliers, our vendors, and our customers.

In September 2009, the EPA issued a final rule establishing a system for mandatory reporting of GHG emissions. However, there is currently no federal or regional legislation mandating the reduction of GHG emissions in the U.S. Although Congress has not enacted federal climate change legislation, the EPA adopted and implemented regulations to restrict emissions of GHGs from motor vehicles and certain large stationary sources, and to require reporting of GHG emissions by certain regulated facilities on an annual basis. The Partnership's facilities are not currently subject to these regulations, but the potential increased costs of regulatory compliance and mandatory reporting by our customers and suppliers could have an effect on our operations or financial condition.

In addition, some states have adopted laws and regulations regulating the emission of GHGs for some industry sectors. Examples include (i) the California cap-and-trade program that requires certain covered entities, including propane companies, to purchase GHG emission allowances, and (ii) the Regional Northeast Gas Initiative, in which a number of states in the northeastern U.S. participate and have agreed to establish cap and trade programs to reduce power plant emissions.

The adoption and implementation of any U.S. federal, state or local laws or regulations imposing obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur significant costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for our energy products. The potential increase in our operating costs could include new costs to operate and maintain our facilities, install new emission controls on our facilities, acquire allowances to authorize our GHG emissions, pay taxes related to our GHG emissions, and/or administer and manage a GHG emissions program. We may not be able to pass on such increased costs to customers. In addition, changes in regulatory policies that result in a reduction in the demand for hydrocarbon products that are deemed to contribute to GHGs, or restrict their use, may reduce volumes available to us for processing, transportation, marketing and storage. These developments could have a material adverse effect on our results of operations, financial results and cash flows.

Changes in data privacy and data protection laws and regulations, or any failure to comply with such laws and regulations, could adversely affect our business and financial results.

There has been increased public attention regarding the use of personal information and data transfers, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer and personal privacy. The law in these areas continues to develop and the changing nature of privacy laws in the U.S. and other jurisdictions could impact our processing of the personal information of our employees, vendors and customers. We expect that there will continue to be new laws, regulations and industry standards concerning data privacy and data protection in the U.S. and other jurisdictions, and we cannot yet determine the impact such laws, regulations, interpretations and standards may have on our business.

The State of California legislature passed the California Consumer Privacy Act of 2018 ("CCPA"), effective January 1, 2020 which grants certain rights to California residents with respect to their personal information. The CCPA requires companies to make new disclosures to consumers about such companies' data collection, use, and sharing practices and inform consumers of their personal information rights such as deletion rights, allows consumers to opt out of certain data sharing with third parties, and provides a new cause of action for data breaches. The State of Nevada recently amended its online privacy law to allow consumers to submit requests to prevent websites and online service providers from selling personal information that is collected through a website or online service. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data as well as requiring disclosures about these practices.

The emerging and changing data privacy and data protection requirements, including CCPA, may cause us to incur additional substantial costs or require us to change our business practices. While we will strive to comply with all applicable data protection laws and regulations, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or individuals. Moreover, any inquiries or investigations, any other government actions, or any actions by individuals, may be costly to comply with, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines, demands or orders that we modify or cease existing business practices.

Volatility in credit and capital markets may restrict our ability to grow, increase the likelihood of defaults by our customers and counterparties and adversely affect our operating results.

Volatility in credit and capital markets may create additional risks to our business in the future. We are exposed to financial market risk (including refinancing risk) resulting from, among other things, changes in interest rates and conditions in the credit and capital markets. Developments in the credit markets during the past few years increase our possible exposure to the liquidity, default and credit risks of our suppliers and vendors, counterparties associated with derivative financial instruments and our customers. Although we believe that current financial market conditions, if they were to continue for the foreseeable future, will not have a significant impact on our ability to fund our existing operations, less favorable market conditions could restrict our ability to grow through acquisitions, limit the scope of major capital projects if access to credit and capital markets is limited, or adversely affect our operating results.

We depend on our intellectual property and failure to protect that intellectual property could have an adverse effect on us.

We seek trademark protection for our brands in each of our businesses, and we invest significant resources in developing our business brands. Failure to maintain our trademarks and brands could adversely affect our customer-facing businesses and our operational results.

RISKS RELATING TO OUR DEBT SECURITIES

Restrictive covenants in the agreements governing our indebtedness and other financial obligations may reduce our operating flexibility.

The various agreements governing our and the Operating Partnership's indebtedness and other financing transactions contain various negative and affirmative covenants applicable to us and the Operating Partnership and some of these agreements require us and the Operating Partnership to maintain specified financial ratios. If we or the Operating Partnership violate any of these covenants or requirements, a default may result. These covenants limit our and the Operating Partnership's ability to, among other things:

- incur additional indebtedness;
- engage in transactions with affiliates;
- create or incur liens;
- sell assets;
- make restricted payments, loans and investments;
- enter into business combinations and asset sale transactions; and
- engage in other lines of business.

We are a holding company and have no material operations or assets. Accordingly, holders of our notes will be paid only if we receive distributions from the Operating Partnership after it meets its own financial obligations.

We are a holding company for our subsidiaries, with no material operations and only limited assets. Holders of our notes will not receive payments required by our outstanding notes unless the Operating Partnership is able to make distributions to us after it first satisfies its obligations under the terms of its own borrowing arrangements and reserves any necessary amounts to meet its own financial obligations.

In addition, debt securities issued by us or our other subsidiaries contain restrictive covenants, including financial ratio requirements. If we violate any of these covenants or requirements, a default may result and our cash available to pay amounts due under any outstanding notes would be adversely affected.

Holders of our notes may not know whether we are obligated to purchase the notes upon a change of control because of the ambiguity as to the meaning of a sale of "all or substantially all" of our assets.

The indenture for our outstanding notes provides that noteholders may require us to purchase their notes upon the occurrence of any "change of control" event specified in the indenture for the notes. The meaning of "all or substantially all" varies according to the facts and circumstances of the subject transaction and has no clearly established meaning under New York law, which law governs the indenture. This ambiguity as to when a sale of all or substantially all of our assets has occurred may make it difficult for holders of the notes to determine whether the issuers have properly identified a change of control.

We are not likely to be able to purchase all outstanding notes upon a change of control.

We are not likely to be able to purchase all outstanding notes upon a change of control because we may not have access to sufficient funds to purchase all such notes at that time. In addition, we may be unable to purchase outstanding notes because the Operating Partnership's existing credit facility limits the Operating Partnership's ability to make distributions and we are not likely to have sufficient immediate financial resources for the repurchase.

Our substantial debt could impair our financial condition and our ability to operate our business.

Our substantial debt and our ability to incur significant additional indebtedness, subject to the restrictions under AmeriGas OLP's bank credit agreement, the outstanding Heritage Operating, L.P. note agreements and the indentures governing our outstanding notes of the master limited partnership could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and place us at a competitive disadvantage compared to our competitors that have proportionately less debt. If we are unable to meet our debt service obligations, we could be forced to restructure or refinance our indebtedness, seek additional equity capital or sell assets. We may be unable to obtain financing or sell assets on satisfactory terms, or at all.

TAX RISKS

Our tax treatment depends on our status as a partnership for federal income tax purposes. If the IRS were to treat us as a corporation, then our financial condition could be negatively affected.

If we were classified as a corporation for federal income tax purposes, we would be required to pay tax on our income at corporate tax rates (currently a maximum 21% federal rate, in addition to state and local income taxes at varying rates). Because a tax would be imposed upon us as an entity, the cash available to service our debt would be substantially reduced. No ruling from the IRS as to our status as a partnership for federal income tax purposes has been or is expected to be requested.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us, which could negatively affect our financial condition.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our General Partner and our former unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so under all circumstances. If we are required to make payments of taxes, penalties and interest resulting from audit adjustments, our financial condition could be negatively affected.

PROPERTIES

As of September 30, 2019, the Partnership owned approximately 85% of its approximately 570 local offices throughout the country. The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 30, 2019, the Partnership operated a transportation fleet with the following assets:

Approximate Quantity & Equipment Type		% Owned	% Leased
900	Trailers	74%	26%
330	Tractors	3%	97%
500	Railroad tank cars	0%	100%
2,910	Bobtail trucks	23%	77%
390	Rack trucks	25%	75%
3,710	Service and delivery trucks	30%	70%

Other assets owned at September 30, 2019 included approximately 1 million stationary storage tanks with typical capacities of more than 120 gallons, approximately 4.3 million portable propane cylinders with typical capacities of 1 to 120 gallons, 22 terminals and 12 transflow units.

LEGAL PROCEEDINGS

With the exception of the matters set forth in Note 13 to Consolidated Financial Statements, no material legal proceedings are pending involving the Partnership, any of its subsidiaries, or any of their properties, and no such proceedings are known to be contemplated by governmental authorities other than claims arising in the ordinary course of the Partnership's business.

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

MD&A discusses our results of operations and our financial condition. MD&A should be read in conjunction with our sections titled "Business," "Risk Factors," and "Properties" and our Consolidated Financial Statements below.

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 earnings, 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 EBITDA," "adjusted net income attributable to AmeriGas Partners," "adjusted total margin," and "adjusted operating income" (in addition to "net income 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, and certain realized gains and losses, on commodity derivative instruments not associated with current-period transactions and (2) certain other gains and losses that competitors do not necessarily have, to provide additional insight into the comparison of year-over-year profitability to that of similar entities including master limited partnerships. For additional information on these non-GAAP measures as well as the non-GAAP measure, "EBITDA," including reconciliations of these non-GAAP measures to the most closely associated GAAP terms, see the non-GAAP information included in the section "Non-GAAP Financial Measures" below.

Executive Overview

We recorded GAAP net income attributable to AmeriGas Partners for Fiscal 2019 of $95.0 million compared to GAAP net income attributable to AmeriGas Partners for Fiscal 2018 of $190.5 million. GAAP net income in Fiscal 2019 and Fiscal 2018 reflects the effects of net unrealized (losses) gains of $(116.8) million and $12.5 million, respectively, on commodity derivative instruments not associated with current-period transactions. GAAP net income in Fiscal 2019 also reflects $6.3 million of expenses associated with the AmeriGas Merger and $14.5 million of business transformation costs (as further described below) while GAAP net income in Fiscal 2018 reflects a $75 million impairment charge related to Heritage tradenames and trademarks.

Adjusted net income attributable to AmeriGas Partners for Fiscal 2019 was $231.2 million compared with adjusted net income attributable to AmeriGas Partners for Fiscal 2018 of $252.4 million. The lower AmeriGas Propane results reflect the margin impact of lower retail propane volumes sold, particularly lower base business bulk volumes. In addition, AmeriGas Propane operating and administrative expenses were slightly higher reflecting, in part, higher litigation-related expenses and higher vehicle lease expense. Average temperatures based upon heating degree days in our service territories were 3.6% colder than normal during Fiscal 2019 compared with average temperatures that were 0.3% colder than normal during Fiscal 2018. Although average temperatures during Fiscal 2019 were colder than normal, we experienced significantly warmer than normal weather in the southeastern U.S. during January and February.

Looking ahead, our results in Fiscal 2020 will be influenced by a number of factors including, among others, temperatures and the severity of weather in our service territories during the peak heating-season, the level of volatility of commodity prices for propane, the level of customer conservation and the strength of economic activity.

AmeriGas Merger

On August 21, 2019, UGI completed the acquisition of all of the outstanding Common Units representing limited partnership interests in AmeriGas Partners not already held by UGI or its subsidiaries via merger of Merger Sub, an indirect, wholly owned subsidiary of UGI, with and into AmeriGas Partners, with AmeriGas Partners surviving as an indirect, wholly owned subsidiary of UGI. Prior to the AmeriGas Merger, UGI indirectly owned the General Partner, and controlled the Partnership through its ownership of the General Partner. The General Partner held a 1% general partner interest (which included IDRs) in AmeriGas Partners, approximately 25.5% of the outstanding Common Units, and an effective 27% ownership interest in AmeriGas OLP. For further information on the AmeriGas Merger and its impact on our financial statements, see Notes 1 and 5 to Consolidated Financial Statements.

Strategic Initiatives

AmeriGas Propane continues to experience successful expansion of its ACE cylinder and National Accounts programs. Through both of these programs, AmeriGas distinguishes itself by providing exceptional service to key customer groups, leveraging upon its national footprint to serve these customers efficiently and effectively. Fiscal 2019 was another year of strong growth in both programs, with ACE volumes up 8% and National Accounts volumes up more than 5%. During Fiscal 2019, we continued to deliver value-added technologies such as our second generation ACE vending solution for our largest cylinder exchange customers, and we introduced Cynch, our propane home delivery service for customers in select markets. We plan to continue to expand this start-up business to additional major metropolitan markets in Fiscal 2020 and beyond. During Fiscal 2019, AmeriGas Propane continued to focus on cost reduction through operating efficiencies, the application of technology solutions, and organizational management initiatives. AmeriGas Propane continues to experience a significant increase in the number of customer accounts registered for online capabilities and has developed and continued the deployment of other technology-enabled methods to meet the needs of its customers.

Driving operational efficiencies at AmeriGas Partners will be an important component of our strategy for the next several years. We have begun to implement significant strategic and sustainable actions that will increase profitability and provide for an enhanced customer experience. We are focused on efficiency and effectiveness initiatives in the following key areas: customer digital experience; customer relationship management; operating process redesign and specialization; distribution and routing optimization; sales and marketing effectiveness; purchasing and general and administrative efficiencies; and supply and logistics. We expect that our focus on these key business activities over the next two years will, once completed, provide more than $120 million of annual savings that will allow us to improve profitability through operational efficiencies and expense reductions. In addition to improving earnings of the business, this lower cost structure will enable increased investment into base business customer retention and growth initiatives, including the reduction of margins in select segments of our base business. We estimate the total cost of executing on these initiatives, including approximately $100 million of related capital expenditures, to be approximately $175 million.

Non-GAAP Financial Measures

The Partnership's management uses certain non-GAAP financial measures, including adjusted total margin, EBITDA, Adjusted EBITDA, adjusted operating income, and adjusted net income attributable to AmeriGas Partners, when evaluating the Partnership's overall performance. These financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

Management believes Adjusted EBITDA is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership's operating performance with that of other companies within the propane industry and (2) assess the Partnership's ability to meet loan covenants. The Partnership's definition of Adjusted EBITDA may be different from those used by other companies. Management uses Adjusted EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other entities including master limited partnerships without regard to their financing methods, capital structure, income taxes, the effects of gains and losses on commodity derivative instruments not associated with current-period transactions or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization, gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have from Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners for the relevant years.

Our other 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) gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other gains and losses that competitors do not necessarily have to provide insight into the comparison of period-over-period profitability to that of other similar entities including master limited partnerships.

The following tables include reconciliations of adjusted total margin, adjusted operating income, adjusted net income attributable to AmeriGas Partners, EBITDA and Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP for the years presented:

	Year Ended September 30,	
(Millions of dollars)	2019	2018
Adjusted total margin:		
Total revenues	$ 2,682.0	$ 2,823.0
Cost of sales - propane	(1,225.1)	(1,215.6)
Cost of sales - other (a)	(83.0)	(86.6)
Total margin	1,373.9	1,520.8
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	116.8	(12.5)
Adjusted total margin	$ 1,490.7	$ 1,508.3
Adjusted operating income:		
Operating income	$ 267.2	$ 361.3
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	116.8	(12.5)
Impairment of Heritage tradenames and trademarks	—	75.0
AmeriGas Merger expenses	6.3	—
Business transformation expenses	14.5	—
Adjusted operating income	$ 404.8	$ 423.8
Adjusted net income attributable to AmeriGas Partners:		
Net income attributable to AmeriGas Partners	$ 95.0	$ 190.5
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	116.8	(12.5)
Impairment of Heritage tradenames and trademarks	—	75.0
AmeriGas Merger expenses	6.3	—
Business transformation expenses	14.5	
Noncontrolling interest in net losses and gains on commodity derivative instruments not associated with current-period transactions, AmeriGas Merger and Business transformation costs and impairment of Heritage tradenames (a)	(1.4)	(0.6)
Adjusted net income attributable to AmeriGas Partners	$ 231.2	$ 252.4
EBITDA and Adjusted EBITDA:		
Net income attributable to AmeriGas Partners	$ 95.0	$ 190.5
Income tax expense (a)	2.4	4.3
Interest expense	167.4	163.1
Depreciation (a)	139.4	145.8
Amortization	39.9	39.9
EBITDA	444.1	543.6
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	116.8	(12.5)
AmeriGas Merger expenses	6.3	
Impairment of Heritage tradenames and trademarks	—	75.0
Business transformation expenses	14.5	
Noncontrolling interest in net losses and gains on commodity derivative instruments not associated with current-period transactions, AmeriGas Merger and Business transformation costs and impairment of Heritage tradenames (a)	(1.4)	(0.6)
Adjusted EBITDA	$ 580.3	$ 605.5

(a) Includes the impact of rounding.

Analysis of Results of Operations

The following analyses compare the Partnership's results of operations for Fiscal 2019 with Fiscal 2018.

Fiscal 2019 Compared with Fiscal 2018

(Dollars in millions)	2019	2018	Increase (Decrease)	
Gallons sold (millions):				
Retail	1,053.9	1,081.3	(27.4)	(2.5)%
Wholesale	77.4	62.3	15.1	24.2 %
	1,131.3	1,143.6	(12.3)	(1.1)%
Revenues:				
Retail propane	$ 2,340.9	$ 2,480.7	$ (139.8)	(5.6)%
Wholesale propane	63.8	65.1	(1.3)	(2.0)%
Other	277.3	277.2	0.1	— %
	$ 2,682.0	$ 2,823.0	$ (141.0)	(5.0)%
Total margin (a)	$ 1,373.9	$ 1,520.8	$ (146.9)	(9.7)%
Operating and administrative expenses (b)	$ 949.0	$ 923.1	$ 25.9	2.8 %
Impairment of Heritage tradenames and trademarks (c)	$ —	$ 75.0	$ (75.0)	N.M.
Operating income	$ 267.2	$ 361.3	$ (94.1)	(26.0)%
Net income attributable to AmeriGas Partners	$ 95.0	$ 190.5	$ (95.5)	(50.1)%
Non-GAAP financial measures (d):				
Adjusted total margin	$ 1,490.7	$ 1,508.3	$ (17.6)	(1.2)%
EBITDA	$ 444.1	$ 543.6	$ (99.5)	(18.3)%
Adjusted EBITDA	$ 580.3	$ 605.5	$ (25.2)	(4.2)%
Adjusted operating income	$ 404.8	$ 423.8	$ (19.0)	(4.5)%
Adjusted net income attributable to AmeriGas Partners	$ 231.2	$ 252.4	$ (21.2)	(8.4)%
Degree days — % colder than normal (e)	3.6%	0.3%	—	—

(a) Total margin represents total revenues less "Cost of sales — propane" and "Cost of sales — other." Total margin includes the impact of net unrealized (losses) gains of $(116.8) million and $12.5 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) Operating and administrative expenses in Fiscal 2019 include $14.5 million associated with business transformation costs and $6.3 million of expenses associated with the AmeriGas Merger.

(c) Reflects a $75.0 million impairment charge associated with a plan to discontinue the use of Heritage tradenames and trademarks (see Note 11 to Consolidated Financial Statements).

(d) 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.

(e) 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.

N.M. - Variance is not meaningful.

The Partnership's retail gallons sold during Fiscal 2019 were 2.5% lower than Fiscal 2018. Average temperatures based upon heating degree days were 3.6% colder than normal and 3.3% colder than the prior year. Although average temperatures during Fiscal 2019 across our entire service territory were colder than normal and colder than Fiscal 2018, we experienced significantly warmer than normal temperatures in the southeastern U.S. during two of the peak heating season months, January and February.

Retail propane revenues decreased $139.8 million during Fiscal 2019 reflecting the effects of lower average retail selling prices ($76.9 million) and the lower retail volumes sold ($62.9 million). Wholesale propane revenues decreased $1.3 million reflecting lower average wholesale selling prices ($17.1 million) partially offset by higher wholesale volumes sold ($15.8 million). Average daily wholesale propane commodity prices during Fiscal 2019 at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 33% lower than such prices during Fiscal 2018, reflecting declining prices through most of Fiscal 2019 compared to more stable prices in the prior year. Other revenues in Fiscal 2019 were approximately equal to the prior year.

Total cost of sales during Fiscal 2019 increased $5.9 million from Fiscal 2018. Cost of sales in Fiscal 2019 and Fiscal 2018 include (losses) gains of $(116.8) million and $12.5 million on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of these net gains and losses on derivative commodity instruments, total cost of sales decreased $123.4 million principally reflecting the effects of lower average propane product costs ($105.6 million) and lower retail propane volumes sold ($29.5 million) partially offset by higher wholesale propane volumes sold ($15.3 million).

Total margin (which includes (losses) gains of $(116.8) million and $12.5 million on commodity derivative instruments not associated with current-period transactions in Fiscal 2019 and Fiscal 2018, respectively) decreased $146.9 million. Adjusted total margin decreased $17.6 million principally reflecting lower retail propane total margin ($21.7 million) partially offset by higher wholesale and other margin including higher tank rent and service income. The decline in retail propane total margin reflects the lower retail volumes sold ($33.3 million) partially offset by slightly higher average retail propane unit margins ($11.6 million).

EBITDA and operating income (both of which include the effects of the previously mentioned unrealized losses and gains on commodity derivative instruments in Fiscal 2019 and Fiscal 2018; the AmeriGas Merger expenses and business transformation costs in Fiscal 2019; and the impairment charge associated with the Heritage tradenames and trademarks in Fiscal 2018) decreased $99.5 million and $94.1 million, respectively. Adjusted EBITDA decreased $25.2 million in Fiscal 2019 principally reflecting the effects of the lower adjusted total margin ($17.6 million), slightly higher operating and administrative expenses ($5.1 million after excluding the AmeriGas Merger expenses and costs associated with business transformation activities), and slightly lower other operating income ($2.7 million) principally related to lower income on asset sales. These decreases were partially offset by lower depreciation and amortization expense ($6.3 million). The slight increase in Partnership operating and administrative expenses (after excluding the AmeriGas Merger and business transformation costs) reflects, among other things, higher required accruals for litigation ($10.0 million) and higher vehicle lease expense ($9.9 million) which includes $5.0 million related to a vehicle lease expense adjustment associated with a prior period, substantially offset by lower general insurance and self-insured casualty and liability expense, and lower travel and entertainment expenses, professional fees and advertising expenses.

The $21.2 million decrease in adjusted net income attributable to AmeriGas Partners principally reflects the $19.0 million decrease in adjusted operating income and a $4.3 million increase in interest expense on higher average short-term borrowings and interest rates, partially offset by lower income taxes in Fiscal 2019. Income taxes in Fiscal 2018 were higher principally reflecting adjustments to existing deferred income tax assets of our corporate subsidiary resulting from the Tax Cuts and Jobs Act (the "TCJA") signed into law on December 22, 2017.

Financial Condition and Liquidity

Capitalization and Liquidity

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). The Partnership's debt outstanding at September 30, 2018, totaled $2,801.6 million (including current maturities of long-term debt of $8.6 million and short-term borrowings of $232.0 million). Total long-term debt outstanding at September 30, 2019, including current maturities, comprises $2,575.0 million of AmeriGas Partners' Senior Notes, $3.8 million of Heritage Operating, L.P. Senior Notes and $9.5 million of other long-term debt, and is net of $23.7 million of unamortized debt issuance costs.

At September 30, 2019 and 2018, there were $328.0 million and $232.0 million, respectively, of credit agreement borrowings outstanding. The weighted average interest rates on credit agreement borrowings at September 30, 2019 and 2018, were 4.50% and 4.58%, respectively. Issued and outstanding letters of credit under the AmeriGas OLP Credit Agreement, which reduce the amounts available for borrowings, totaled $62.7 million and $63.5 million at September 30, 2019 and 2018, respectively. The average daily and peak short-term borrowings outstanding under the AmeriGas OLP Credit Agreement during Fiscal 2019 were $280.0 million and $422.0 million, respectively. The average daily and peak short-term borrowings outstanding under the credit agreement during Fiscal 2018 were $191.2 million and $349.0 million, respectively. At September 30, 2019, the Partnership's available borrowing capacity under the AmeriGas OLP Credit Agreement was $209.3 million.

Based on existing cash balances, cash expected to be generated from operations, and borrowings available under the AmeriGas OLP Credit Agreement, the Partnership's management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2020. For a more detailed discussion of the AmeriGas OLP Credit Agreement, see Note 7 to Consolidated Financial Statements.

Partnership Distributions

Pursuant to the Partnership Agreement, the Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in a total amount equal to its Available Cash (as defined in the Partnership Agreement) for such quarter. Available Cash is generally defined as:

1. cash on hand at the end of such quarter, plus
2. all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter, less
3. the amount of cash reserves established by the General Partner in its reasonable discretion.

The General Partner may establish reserves for the proper conduct of the Partnership's business and for distributions during the next four quarters.

Prior to the AmeriGas Merger, distributions of Available Cash were made 98% to limited partners and 2% to the General Partner (giving effect to the 1.01% interest of the General Partner in distributions of Available Cash from AmeriGas OLP to AmeriGas Partners) until Available Cash exceeded the Minimum Quarterly Distribution of $0.55 and the First Target Distribution of $0.055 per Common Unit (or a total of $0.605 per Common Unit). When Available Cash exceeded $0.605 per Common Unit in any quarter, the General Partner would receive a greater percentage of the total Partnership distribution ("the incentive distribution") but only with respect to the amount by which the distribution per Common Unit to limited partners exceeded $0.605.

Quarterly distributions of Available Cash per limited partner unit paid during Fiscal 2019 and Fiscal 2018 were as follows:

	2019	2018
1st Quarter	$0.95	$0.95
2nd Quarter	$0.95	$0.95
3rd Quarter	$0.95	$0.95
4th Quarter	$0.95	$0.95

During Fiscal 2019 (prior to the AmeriGas Merger) and Fiscal 2018, the Partnership made quarterly distributions to Common Unitholders in excess of $0.605 per limited partner unit. As a result, the General Partner received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas OLP and AmeriGas Partners. The total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests totaled $54.9 million in Fiscal 2019 and $54.9 million in Fiscal 2018. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2019 and Fiscal 2018 of $45.7 million and $45.3 million, respectively.

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 the AmeriGas OLP Credit Agreement to satisfy its seasonal operating cash flow needs.

Comparisons of year-over-year cash flow from operating activities is affected by the impact on operating cash flow from changes in operating working capital resulting from changes in commodity prices for propane. Cash flow from operating activities in Fiscal 2019 and Fiscal 2018 was $416.1 million and $410.3 million, respectively. Cash flow from operating activities before changes in operating working capital was $416.0 million in Fiscal 2019 and $455.9 million in Fiscal 2018. The year-over-year differences in cash flow from operating activities before changes in operating working capital principally reflects year-over-year changes in adjusted operating income. Changes in operating working capital provided (used) operating cash flow of $0.1 million in Fiscal 2019 and $(45.6) million in Fiscal 2018. Cash flow from changes in operating working capital primarily reflects the impact of propane prices on cash receipts from customers as reflected in changes in accounts receivable, and cash paid for propane purchased as reflected in changes in inventories and accounts payable. The lower cash provided from changes in working capital in Fiscal 2019 reflects, among other things, higher cash from changes in inventory and accounts receivable reflecting, in large part, the impact of a decline in propane commodity costs. In Fiscal 2019, this increase was offset by significantly higher cash collateral payments required which are associated with derivative financial instruments. The higher use of cash from changes in operating working capital in Fiscal 2018 reflects, among other things, the impact on accounts receivable and inventories from generally increasing propane commodity prices.

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. We spent $107.3 million for property, plant and equipment in Fiscal 2019 and $101.3 million in Fiscal 2018. Proceeds from disposals of assets were lower in Fiscal 2019 as the prior year reflects higher proceeds from the sale of non-strategic assets including the sale of certain district locations in late Fiscal 2018.

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. Distributions on Common Units and the General Partner interest totaled $402.7 million and $402.6 million in Fiscal 2019 and Fiscal 2018, respectively.

Capital Expenditures

Capital expenditures include amounts to increase as well as maintain the operating capacity of the Partnership. During Fiscal 2019 and 2018, our capital expenditures totaled $107.3 million and $101.3 million, respectively. We expect capital expenditures of approximately $185 million in Fiscal 2020. We expect to finance Fiscal 2020 capital expenditures principally from cash generated by operations. The increase in Fiscal 2020 capital expenditures reflects incremental capital expenditures associated with business transformation initiatives of approximately $65 million.

Contractual Cash Obligations and Commitments

The Partnership has certain contractual cash obligations that extend beyond Fiscal 2019 including scheduled repayments of long-term debt, interest on long-term debt and lease obligations. The following table presents significant contractual cash obligations as of September 30, 2019:

	Payments Due by Period				
(millions of dollars)	Total	Fiscal 2020	Fiscal 2021 - 2022	Fiscal 2023 - 2024	Thereafter
Long-term debt (a)	$ 2,588.3	$ 7.8	$ 5.2	$ 675.3	$ 1,900.0
Interest on long-term fixed-rate debt (b)	897.3	146.6	292.6	278.9	179.2
Operating leases	412.6	84.0	135.3	98.5	94.8
Propane supply contracts	16.1	16.1	—	—	—
Derivative instruments (c)	43.6	26.2	17.4	—	—
Total	$ 3,957.9	$ 280.7	$ 450.5	$ 1,052.7	$ 2,174.0

(a) Based upon stated maturity dates.
(b) Based upon stated interest rates.
(c) Represents the sum of amounts due if derivative instrument liabilities were settled at the September 30, 2019 amounts reflected on the Consolidated Balance Sheet

The components of other noncurrent liabilities included in our Consolidated Balance Sheet at September 30, 2019, principally consist of property and casualty liabilities and, to a much lesser extent, liabilities associated with executive compensation plans and employee post-employment benefit programs. These liabilities are not included in the table of Contractual Cash Obligations and Commitments because they are estimates of future payments and not contractually fixed as to timing or amount. Certain of our operating lease arrangements, primarily vehicle leases with remaining lease terms of one to ten years, have residual value guarantees. Although such fair values at the end of the leases have historically exceeded the guaranteed amount, at September 30, 2019, the maximum potential amount of future payments under lease guarantees, assuming the leased equipment was deemed worthless at the end of the lease term, was approximately $60 million.

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.

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 Fiscal 2019. Purchases from affiliates of UGI during Fiscal 2018 were not material.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during Fiscal 2019 and Fiscal 2018, respectively.

The following related party amounts are included in our consolidated statements of operations:

(millions of dollars)	Fiscal 2019	Fiscal 2018	Classification on Consolidated Statements of Operations
Partnership and Management Services Agreement:			
Direct and indirect expenses incurred on behalf of Partnership	$ 583.2	$ 575.7	Operating and administrative expenses
Administrative Services:			
Administrative services provided by UGI	$ 15.4	$ 17.2	Operating and administrative expenses
Office space, medical and liability services	$ 2.1	$ 3.4	Operating and administrative expenses

Off-Balance-Sheet Arrangements

We do not have any off-balance-sheet arrangements that are expected to have an effect on the Partnership's financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Market Risk Disclosures

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 September 30, 2019, was a net loss of $64.5 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of $23.8 million.

Interest Rate Risk

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

At September 30, 2019, our variable-rate debt includes borrowings under the AmeriGas OLP Credit Agreement. AmeriGas OLP Credit Agreement borrowings have interest rates that are generally indexed to short-term market interest rates. At September 30, 2019, there were $328.0 million of borrowings outstanding under the AmeriGas OLP Credit Agreement. Based upon the average level of borrowings outstanding under the AmeriGas OLP Credit Agreement during Fiscal 2019, an increase in short-term interest rates of 100 basis points (1%) would have increased our Fiscal 2019 annual interest expense by approximately $2.8 million.

The remainder of our debt outstanding is subject to fixed rates of interest. A 100 basis point increase in market interest rates would result in decreases in the fair value of this fixed-rate debt of approximately $139.8 million at September 30, 2019. A 100 basis point decrease in market interest rates would result in increases in the fair market value of this debt of approximately $135.9 million at September 30, 2019.

Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt.

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 September 30, 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 September 30, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Critical Accounting Policies and Estimates

Accounting policies and estimates discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. Changes in these policies and estimates could have a material effect on the financial statements. The application of these accounting policies and estimates necessarily requires management's most subjective or complex judgments regarding estimates and projected outcomes of future events which could have a material impact on the financial statements. Also, see Note 2 to Consolidated Financial Statements which discusses our significant accounting policies.

Loss Contingencies and Environmental Remediation Liabilities. We are involved in litigation that arises in the normal course of business, and we are subject to risk of loss for general, automobile and product liability and workers' compensation claims for which we obtain insurance coverage subject to self-insured retentions or deductibles. We are also subject to environmental laws and regulations intended to mitigate or remove the effects of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current or former operating sites.

In accordance with GAAP, we establish reserves for loss contingencies including pending litigation, and for pending and incurred but not reported claims associated with general and product liability, automobile and workers' compensation when it is probable that a liability exists and the amount or range of amounts related to such liability can be reasonably estimated. When no amount within a range of possible loss is a better estimate than any other amount within the range, liabilities recorded are based upon the low end of the range. For litigation and pending claims including those covered by insurance policies, the analysis of probable loss is performed on a case by case basis and includes an evaluation of the nature of the claim, the procedural status of the matter, the probability or likelihood of success in prosecuting or defending the claim, the information available with respect to the claim, the opinions and views of outside counsel and other advisors, and past experience in similar matters. With respect to unasserted claims arising from unreported incidents, we may use the work of specialists to estimate the ultimate losses to be incurred using actuarially determined loss development factors applied to actual claims data. Our estimated reserves for loss contingencies may differ materially from the ultimate liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

The likelihood of a loss with respect to a particular loss contingency is often difficult to predict. In addition, a reasonable estimate of the loss, or a range of possible loss, may not be practicable based upon the information available and the potential effects of future events and decisions by third parties that will determine the ultimate resolution of the loss contingency. Reasonable estimates involve management judgments based on a broad range of information and prior experience and include an evaluation of the nature of the claim, the procedural status of the matter, the probability or likelihood of success of prosecuting or defending the claim, the information available with respect to the claim, the opinions and views of outside counsel and other advisors, and past experience in similar matters. These judgments are reviewed quarterly as more information is received, and the amounts reserved are updated as necessary. Our estimated reserves for loss contingencies may differ materially from the ultimate liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

In accordance with GAAP, we accrue reserves for environmental remediation when assessments indicate that it is probable a liability has been incurred and an amount can be reasonably estimated. Amounts recorded as environmental liabilities on the Consolidated Balance Sheets represent our best estimate of costs expected to be incurred or, if no best estimate can be made, the minimum liability associated with a range of expected environmental investigation and remediation costs. These estimates are based upon a number of factors including whether the Partnership will be responsible for such remediation, the scope and cost of the remediation work to be performed, the portion of costs that will be shared with other potentially responsible parties, the timing of the remediation and possible impact of changes in technology, and the regulations and requirements of local governmental authorities. Our estimated reserves for environmental remediation may differ materially from the ultimate liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

Impairment of Long-Lived Assets. Impairment testing for individual long-lived assets, or groups of long-lived assets, is required when circumstances indicate that such assets may be impaired. If it is determined that a triggering event has occurred, we prepare a quantitative evaluation based upon undiscounted cash flow projections expected to be realized over the remaining useful life of the asset or the primary asset of an asset group. A long-lived asset or group of assets is considered impaired when the carrying amount of such assets exceeds the associated undiscounted estimated future cash flows. When determining whether an asset or group of assets has been impaired, management groups assets at the lowest level that has identifiable cash flows. Performing an impairment test on long-lived assets involves judgment in areas such as identifying when a triggering event requiring evaluation occurs; identifying and grouping assets; and, if the asset or group of assets is determined to be impaired based upon an excess of carrying amount over estimated undiscounted future cash flows, determining the fair value of the asset or asset group. Although cash flow estimates are based upon relevant information at the time the estimates are made, estimates of future cash flows are by nature highly uncertain and contemplate factors that change over time such as the expected use of the asset including future production and sales volumes, expected fluctuations in prices of commodities and expected proceeds from disposition. No material provisions for impairments of long-lived assets were recorded during Fiscal 2019, Fiscal 2018 or Fiscal 2017.

Business Combination Purchase Price Allocations. From time to time, the Company enters into material business combinations. In accordance with accounting guidance associated with business combinations, the purchase price is allocated to the various assets acquired and liabilities assumed at their estimated fair value as of the acquisition date. Fair values of assets acquired and liabilities assumed are based upon available information. Estimating fair values is generally subject to significant judgment and assumptions and most commonly impacts property, plant and equipment and intangible assets, including those with indefinite lives. Generally, we have, under certain circumstances, up to one year from the acquisition date to finalize the purchase price allocation. Determining the fair value of assets acquired and liabilities assumed requires management's judgment, often uses independent valuation experts and involves the use of significant estimates and assumptions with respect to the timing and amounts of future cash flows, discount rates, market prices and asset lives, among other things. The judgments made in the determination of the estimated fair value assigned to the assets acquired and liabilities assumed, as well as the estimated useful life of each asset and the duration of each liability, could significantly impact the financial statements in periods after acquisition, such as through depreciation and amortization expense.

Recently Issued Accounting Pronouncements

See Note 3 to Consolidated Financial Statements for a discussion of the effects of recently issued accounting guidance.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

CONTROLS AND PROCEDURES

(a) 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 Annual 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 September 30, 2019, were effective at the reasonable assurance level.

(b) For "Management's Annual Report on Internal Control Over Financial Reporting" see Financial Information included in the Annual Report.

(c) During the most recent fiscal quarter, no change in the Partnership's internal control over financial reporting occurred that has materially affected, or is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees billed by Ernst & Young LLP, the Company's independent auditor in Fiscal 2019 and Fiscal 2018, were as follows:

	2019	2018
Audit Fees (1)	$ 2,045,499	$ 1,734,939
Audit-Related Fees (2)	103,700	148,400
Tax Fees (3)	12,000	-
All Other Fees (4)	-	41,334
Total Fees for Services Provided	$ 2,161,199	$ 1,924,673

(1) Audit Fees for Fiscal 2019 and Fiscal 2018 were for audit services, including (i) the annual audit of the consolidated financial statements of the Partnership, (ii) review of the interim financial statements included in the Quarterly Reports on Form 10-Q of the Partnership previously filed with the SEC, and (iii) services that only the independent registered public accounting firm can reasonably be expected to provide, such as services associated with SEC registration statements and documents issued in connection with securities offerings.

(2) Audit-Related Fees for Fiscal 2019 and Fiscal 2018 relate to audits of subsidiary financial statements, debt compliance letters, and pre-system implementation reviews.

(3) Tax Fees for Fiscal 2019 were for tax compliance or advisory services at the Partnership.

(4) All Other Fees for Fiscal 2018 were for services provided for the implementation of ASC 606.

EXHIBITS, FINANCIAL STATEMENT SCHEDULES

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification by the Chief Executive Officer.
31.2	Certification by the Chief Financial Officer.
32	Certification by the Chief Executive Officer and 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: November 26, 2019

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

This Report has been signed below on November 26, 2019, by the following persons on behalf of the Partnership in the capacities indicated.

Signature	Title
/s/ Hugh J. Gallagher Hugh J. Gallagher	President and Chief Executive Officer (Principal Executive Officer) and Director
/s/ Ann P. Kelly Ann P. Kelly	Vice President - Finance and Chief Financial Officer (Principal Financial Officer)
/s/ Craig M. Dadamo Craig M. Dadamo	Controller and Chief Accounting Officer (Principal Accounting Officer)
/s/ John L. Walsh John L. Walsh	Chairman and Director
/s/ Monica M. Gaudiosi Monica M. Gaudiosi	Director
/s/ Ted J. Jastrzebski Ted J. Jastrzebski	Director
/s/ Roger Perreault Roger Perreault	Director

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

We have omitted all other financial statement schedules because the required information is either (1) not present; (2) not present in amounts sufficient to require submission of the schedule; or (3) included elsewhere in the financial statements or related notes.

General Partner's Reports

Financial Statements

The Partnership's consolidated financial statements and other financial information contained in this Annual Report were prepared by the management of the General Partner, AmeriGas Propane, Inc., which is responsible for their fairness, integrity and objectivity. The consolidated financial statements and related information were prepared in accordance with GAAP and include amounts that are based on management's best judgments and estimates.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Partnership. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, of the Partnership's internal control over financial reporting as of September 30, 2019, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria").

Internal control over financial reporting refers to the process, designed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, and effected by the General Partners' Board of Directors, to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Partnership; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Partnership are being made only in accordance with authorizations of management and directors of the General Partner; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Partnership's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changing conditions, or the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that the Partnership's internal control over financial reporting was effective as of September 30, 2019, based on the COSO criteria.

/s/ Hugh J. Gallagher
Chief Executive Officer

/s/ Ann P. Kelly
Chief Financial Officer

/s/ Craig M. Dadamo
Chief Accounting Officer

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Report of Independent Auditors

To the Partners of AmeriGas Partners, L.P.

We have audited the accompanying consolidated financial statements of AmeriGas Partners, L.P. and subsidiaries (the Partnership), which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of operations, cash flows, and partners' capital for each of the three years in the period ended September 30, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AmeriGas Partners, L.P. and subsidiaries at September 30, 2019 and 2018, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2019, in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule I - Condensed Financial Information of Parent Company and Schedule II – Valuation and Qualifying Accounts are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

November 26, 2019

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Thousands of dollars)

	September 30, 2019	September 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,783	$ 6,878
Accounts receivable (less allowances for doubtful accounts of $12,116 and $12,825, respectively)	173,305	206,576
Accounts receivable — related parties	5,022	3,248
Inventories	97,627	130,527
Derivative instruments	—	38,661
Prepaid expenses	27,470	27,981
Other current assets	37,785	38,020
Total current assets	348,992	451,891
Property, plant and equipment (less accumulated depreciation of $1,240,167 and $1,151,726, respectively)	1,100,595	1,148,383
Goodwill	2,003,671	2,003,671
Intangible assets	239,694	279,608
Derivative instruments	—	6,347
Other assets	58,215	35,918
Total assets	$ 3,751,167	$ 3,925,818
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt	$ 7,717	$ 8,626
Short-term borrowings	328,000	232,000
Accounts payable — trade	104,621	137,050
Accounts payable — related parties	3,089	1,482
Employee compensation and benefits accrued	57,731	56,557
Interest accrued	43,871	44,574
Customer deposits and advances	91,542	91,829
Derivative instruments	26,180	—
Other current liabilities	119,895	105,910
Total current liabilities	782,646	678,028
Long-term debt	2,556,866	2,561,007
Derivative instruments	17,468	—
Other noncurrent liabilities	137,976	117,115
Total liabilities	3,494,956	3,356,150
Commitments and contingencies (Note 13)		
Partners' capital:		
AmeriGas Partners, L.P. partners' capital:		
Common unitholders (units issued — 104,673,783 and 92,977,072, respectively)	256,211	523,925
General partner	—	12,682
Total AmeriGas Partners, L.P. partners' capital	256,211	536,607
Noncontrolling interest	—	33,061
Total partners' capital	256,211	569,668
Total liabilities and partners' capital	$ 3,751,167	$ 3,925,818

See accompanying Notes to Consolidated Financial Statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of dollars)

	Year Ended September 30,		
	2019	2018	2017
Revenues:			
Propane	$ 2,404,710	$ 2,545,794	$ 2,183,538
Other	277,278	277,184	269,957
	2,681,988	2,822,978	2,453,495
Costs and expenses:			
Cost of sales — propane (excluding depreciation and amortization shown below)	1,225,060	1,215,616	891,261
Cost of sales — other (excluding depreciation and amortization shown below)	83,000	86,576	80,611
Operating and administrative expenses	949,019	923,064	915,133
Impairment of tradenames and trademarks	—	75,000	—
Depreciation and amortization	179,421	185,753	190,505
Other operating income, net	(21,704)	(24,373)	(11,873)
	2,414,796	2,461,636	2,065,637
Operating income	267,192	361,342	387,858
Loss on extinguishments of debt	—	—	(59,729)
Interest expense	(167,417)	(163,125)	(160,226)
Income before income taxes	99,775	198,217	167,903
Income tax expense	(2,305)	(4,215)	(2,034)
Net income including noncontrolling interest	97,470	194,002	165,869
Deduct net income attributable to noncontrolling interest	(2,502)	(3,480)	(3,810)
Net income attributable to AmeriGas Partners, L.P.	$ 94,968	$ 190,522	$ 162,059
General partner’s interest in net income attributable to AmeriGas Partners, L.P.	$ 46,758	$ 47,226	$ 45,146
Limited partners’ interest in net income attributable to AmeriGas Partners, L.P.	$ 48,210	$ 143,296	$ 116,913

See accompanying Notes to Consolidated Financial Statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	Year Ended September 30		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interest	$ 97,470	$ 194,002	$ 165,869
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:			
Depreciation and amortization	179,421	185,753	190,505
Provision for uncollectible accounts	13,161	14,016	17,693
Loss on extinguishments of debt	—	—	59,729
Change in unrealized gains and losses on derivative instruments	116,786	(12,473)	(31,062)
Impairment of tradenames and trademarks	—	75,000	—
Other, net	9,156	(389)	15,359
Net change in:			
Accounts receivable	18,336	(22,849)	(35,132)
Inventories	32,900	(13,783)	(37,398)
Accounts payable	(30,822)	18,573	26,325
Collateral deposits	(28,130)	(721)	7,991
Other current assets	(13,087)	(393)	(8,661)
Other current liabilities	20,924	(26,467)	(14,436)
Net cash provided by operating activities	416,115	410,269	356,782
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(107,286)	(101,277)	(98,164)
Proceeds from disposals of assets	12,596	27,180	19,935
Acquisitions of businesses, net of cash acquired	—	(10,090)	(36,824)
Net cash used by investing activities	(94,690)	(84,187)	(115,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions	(402,738)	(402,645)	(398,877)
Noncontrolling interest activity	(5,603)	(5,591)	(3,626)
Increase (decrease) in short-term borrowings	96,000	92,000	(13,200)
Issuance of long-term debt, net of issuance costs	—	—	1,207,727
Repayment of long-term debt, including redemption premiums	(8,900)	(9,054)	(1,043,744)
Proceeds associated with equity based compensation plans, net of tax withheld	714	801	1,465
Capital contributions from General Partner	7	8	15
Other	—	(2,039)	—
Net cash used by financing activities	(320,520)	(326,520)	(250,240)
Cash and cash equivalents increase (decrease)	$ 905	$ (438)	$ (8,511)
CASH AND CASH EQUIVALENTS			
End of year	$ 7,783	$ 6,878	$ 7,316
Beginning of year	6,878	7,316	15,827
Increase (decrease)	$ 905	$ (438)	$ (8,511)
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	$ 163,857	$ 158,421	$ 152,165

See accompanying Notes to Consolidated Financial Statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(Thousands of dollars, except unit data)

	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling Interest	Total partners' capital
Balance September 30, 2016	92,923,410	$ 967,073	$ 17,148	$ 984,221	$ 34,988	$ 1,019,209
Net income including noncontrolling interest		116,913	45,146	162,059	3,810	165,869
Distributions		(351,363)	(47,514)	(398,877)	(5,228)	(404,105)
Unit-based compensation expense		1,237		1,237		1,237
General Partner contribution to AmeriGas Propane, L.P.				—	1,602	1,602
Common Units issued in connection with employee and director plans, net of tax withheld	35,176	(756)	15	(741)		(741)
Balance September 30, 2017	92,958,586	733,104	14,795	747,899	35,172	783,071
Net income including noncontrolling interest		143,296	47,226	190,522	3,480	194,002
Distributions		(353,298)	(49,347)	(402,645)	(5,591)	(408,236)
Unit-based compensation expense		1,273		1,273		1,273
Common Units issued in connection with employee and director plans, net of tax withheld	18,486	(450)	8	(442)		(442)
Balance September 30, 2018	92,977,072	523,925	12,682	536,607	33,061	569,668
Net income including noncontrolling interest		48,210	46,758	94,968	2,502	97,470
Distributions		(353,380)	(49,358)	(402,738)	(5,603)	(408,341)
Unit-based compensation expense		1,199		1,199		1,199
Common Units issued in connection with employee and director plans, net of tax withheld	22,632	(376)	7	(369)		(369)
AmeriGas Merger-related adjustments	10,615,711	6,673	(10,089)	(3,416)		(3,416)
Contribution of General partner interest in AmeriGas OLP	1,058,368	29,960	—	29,960	(29,960)	—
Balance September 30, 2019	104,673,783	$ 256,211	$ —	$ 256,211	$ —	$ 256,211

See accompanying Notes to Consolidated Financial Statements.

AmeriGas Partners and Subsidiaries
Notes to Consolidated Financial Statements
(Thousands of dollars, except per unit amounts and where indicated otherwise)

Index to Notes:

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.

UGI's wholly owned second-tier subsidiary, AmeriGas Propane, Inc. serves as the general partner of AmeriGas Partners. Prior to the AmeriGas Merger described below, the General Partner held IDRs that entitled it to receive distributions from AmeriGas Partners in excess of its general partner interest under certain circumstances (see Note 6).

On August 21, 2019, the AmeriGas Merger was completed in accordance with the terms of the Merger Agreement entered into on April 1, 2019. 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. Also pursuant to the Merger Agreement, on August 21, 2019 Partnership equity-based awards were cancelled and replaced with cash settled restricted stock units relating to UGI Common Stock based upon the terms of conversion included in the Merger Agreement (see Note 12). The AmeriGas Merger had no impact on the book value of the assets and liabilities of the Partnership. For additional information on the AmeriGas Merger, see Note 5.

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 14).

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements are prepared in accordance with GAAP. 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.

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

Principles of Consolidation

The consolidated financial statements include the accounts of AmeriGas Partners, its operating subsidiary AmeriGas OLP, and its finance subsidiaries AmeriGas Finance Corp., AmeriGas Eagle Finance Corp., AP Eagle Finance Corp., and AmeriGas Finance LLC, each of which is 100% owned at September 30, 2019. Prior to September 30, 2019, AmeriGas Partners and AmeriGas OLP were under the common control of the General Partner. The General Partner of AmeriGas Partners, which was also the general partner of AmeriGas OLP, made all decisions for AmeriGas OLP; limited partners of AmeriGas OLP did not have the ability to remove the General Partner or participate in the decision-making for AmeriGas OLP. The accounts of AmeriGas OLP were included in the consolidated financial statements based upon the determination that AmeriGas Partners had a controlling financial interest in, and was the primary beneficiary of AmeriGas OLP. As previously mentioned, 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. As a result, AmeriGas OLP became a wholly owned subsidiary of AmeriGas Partners through AmeriGas Partners' limited partner interest and its indirect 1.01% general partner interest in AmeriGas OLP.

Finance Corps

AmeriGas Finance Corp., AmeriGas Eagle Finance Corp., AP Eagle Finance Corp. and AmeriGas Finance LLC are 100%-owned finance subsidiaries of AmeriGas Partners. Their sole purpose is to serve as issuers or co-obligors for debt securities issued or guaranteed by AmeriGas Partners.

Fair Value Measurements

The Partnership applies fair value measurements on a recurring and, as otherwise required under GAAP, on a nonrecurring basis. Fair value in GAAP is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value measurements performed on a recurring basis principally relate to commodity derivative instruments.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

We use the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets and liabilities that we have the ability to access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means.
- Level 3 — Unobservable inputs for the asset or liability including situations where there is little, if any, market activity for the asset or liability.

Fair value is based upon assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and risks inherent in valuation techniques and inputs to valuations. This includes not only the credit standing of counterparties and credit enhancements but also the impact of our own nonperformance risk on our liabilities. We evaluate the need for credit adjustments to our derivative instrument fair values. These credit adjustments were not material to the fair values of our derivative instruments.

Derivative Instruments

Derivative instruments are reported on the 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 Consolidated Statements of Operations. Cash flows from commodity derivative instruments are included in cash flows from operating activities.

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 17.

Revenue Recognition

Effective October 1, 2018, the Partnership adopted ASU No. 2014-09, "Revenue from Contracts with Customers," which, as amended, is included in ASC 606. This new accounting guidance supersedes previous revenue recognition requirements in ASC 605. ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Partnership adopted this new accounting guidance using the modified retrospective transition method to those contracts which were not completed as of October 1, 2018. Periods prior to October 1, 2018, have not been restated and continue to be reported in accordance with ASC 605. Upon adoption, there were no cumulative effect adjustments made to the October 1, 2018, partners' capital balances. The adoption of ASC 606 did not, and is not expected to, have a material impact on the amount or timing of our revenue recognition and on our consolidated net income, cash flows or financial position.

Certain revenues are not within the scope of ASC 606 such as revenue from leases, financial instruments, other revenues that are not from contracts with customers, and other contractual rights or obligations and we account for such revenues in accordance with other GAAP. Revenue-related taxes collected on behalf of customers and remitted to taxing authorities, principally sales and use taxes, are not included in revenues. The Partnership has elected to use the practical expedient to expense the costs to obtain contracts when incurred as such amounts are generally not material. See Note 4 for additional disclosures regarding the Partnership's revenue from contracts with customers.

Accounts Receivable

Accounts receivable are reported on the Consolidated Balance Sheets at the gross outstanding amount adjusted for an allowance for doubtful accounts. Accounts receivable that are acquired are initially recorded at fair value on the date of acquisition. Provisions for uncollectible accounts are established based upon our collection experience and the assessment of the collectability of specific amounts. Accounts receivable are written off in the period in which the receivable is deemed uncollectible.

Delivery Expenses

Expenses associated with the delivery of propane to customers (including vehicle expenses, expenses of delivery personnel, vehicle repair and maintenance and general liability expenses) are classified as "Operating and administrative expenses" on the Consolidated Statements of Operations. Depreciation expense associated with delivery vehicles is classified in "Depreciation and amortization" on the Consolidated Statements of Operations.

Income Taxes

AmeriGas Partners and AmeriGas OLP are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to their individual partners. AmeriGas OLP has subsidiaries which operate in corporate form and are directly subject to federal and state income taxes. Accordingly, our consolidated financial statements reflect income taxes related to these corporate subsidiaries. Legislation in certain states allows for taxation of partnership income and the accompanying financial statements reflect state income taxes resulting from such legislation. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders. This is a result of (1) differences between the tax basis and financial reporting basis of assets and liabilities and (2) the taxable income allocation requirements of the Partnership Agreement and the Internal Revenue Code.

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and highly liquid investments with maturities of three months or less when purchased.

Inventories

Our inventories are stated at the lower of cost or net realizable value. We determine cost using an average cost method for propane, specific identification for appliances and the FIFO method for all other inventories.

Property, Plant and Equipment and Related Depreciation

We record property, plant and equipment at the lower of original cost or fair value, if impaired. The amounts assigned to property, plant and equipment of acquired businesses are based upon estimated fair value at date of acquisition. When we retire or otherwise dispose of plant and equipment, we eliminate the associated cost and accumulated depreciation and recognize any resulting gain or loss in "Other operating income, net" on the Consolidated Statements of Operations.

We record depreciation expense on plant and equipment on a straight-line basis over estimated economic useful lives. At September 30, 2019, estimated useful lives by asset type were as follows:

Asset Type	Minimum Estimated Useful Life (in years)	Maximum Estimated Useful Life (in years)
Buildings and improvements	15	40
Storage, customer tanks and cylinders and related assets	6	30
Vehicles, equipment and office furniture and fixtures	3	10
Computer software	3	10

We include in property, plant and equipment costs associated with computer software we develop or obtain for use in our businesses. We classify amortization of computer software and related costs included in property, plant and equipment as depreciation expense. Depreciation expense totaled $139,507, $145,826 and $152,511 in Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

No depreciation expense is included in cost of sales on the Consolidated Statements of Operations.

Goodwill and Intangible Assets

Intangible Assets. We amortize intangible assets over their estimated useful lives unless we determine their lives to be indefinite. Estimated useful lives of definite-lived intangible assets, consisting of customer relationships, noncompete agreements and, beginning in April 2018, the carrying amounts of tradenames and trademarks, do not exceed 15 years. We review definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the associated carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset.

Prior to April 2018, our tradenames and trademark intangible assets with indefinite lives were not amortized but were tested annually for impairment (and more frequently if indicators of impairment were present). We tested these indefinite-lived intangible assets by comparing their book values to their estimated fair values. The estimated fair values of the Partnership’s tradenames and trademarks were determined using the “relief from royalty” method. This method requires the Partnership to, among other things, forecast future revenues expected to be derived from the use of these tradenames and trademarks and to determine a fair royalty rate from their use. These future estimated royalties are then discounted to present value using a discount rate based upon a weighted average cost of capital adjusted for the risks inherent in the forecasted financial information and those specific to the asset itself. For further information on these tradenames and trademarks, see Notes 11 and 16.

Goodwill. We do not amortize goodwill, but test it at least annually for impairment at the reporting unit level. A reporting unit is the operating segment, or a business one level below the operating segment (a component) if discrete financial information is prepared and regularly reviewed by segment management. Components are aggregated as a single reporting unit if they have similar economic characteristics. A reporting unit with goodwill is required to perform an impairment test annually or whenever events or circumstances indicate that the value of goodwill may be impaired.

We are required to recognize an impairment charge under GAAP if the carrying amount of a reporting unit exceeds its fair value. From time to time, we may assess qualitative factors to determine whether it is more likely than not that the fair value of such reporting unit is less than its carrying amount. We may bypass the qualitative assessment and perform the quantitative assessment by comparing the fair value of the reporting unit with its carrying amount, including goodwill. We determine fair value generally based on a weighting of income and market approaches. For purposes of the income approach, fair value is determined based upon the present value of the estimated future cash flows, including an estimate of the terminal value based upon these cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows which may include estimates of long-term future growth rates based upon our most recent long-term outlook. Cash flow estimates used to establish fair values under our income approach involve management judgments based on a broad range of information and historical results. In addition, external economic and competitive conditions can influence future performance. For purposes of the market approach, we use valuation multiples for companies comparable to our reporting unit. The market approach requires judgment to determine the appropriate valuation multiple. If the carrying amount of our reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to such excess but not to exceed the total amount of the goodwill.

There were no accumulated goodwill impairment losses at September 30, 2019 and 2018. There were no provisions for goodwill impairments recorded during Fiscal 2019, Fiscal 2018 or Fiscal 2017 and there were no provisions for intangible asset impairment recorded during Fiscal 2019 or Fiscal 2017. No amortization expense of intangible assets is included in cost of sales in the Consolidated Statements of Operations. For further information on our goodwill and intangible assets, see Note 11.

Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We evaluate recoverability based upon undiscounted future cash flows expected to be generated by such assets. If the undiscounted future cash flows indicate that the recorded amounts are not expected to be recoverable, such long-lived assets are reduced to their estimated fair values. No material provisions for impairments of long-lived assets were recorded during Fiscal 2019, Fiscal 2018 or Fiscal 2017.

Debt Issuance Costs

We defer and amortize debt issuance costs and debt premiums and discounts over the expected lives of the respective debt issues considering maturity dates. Deferred debt issuance costs associated with long-term debt are reflected as a direct deduction from the carrying amount of such debt. Deferred debt issuance costs associated with revolving credit facilities are classified as "Other assets" on our Consolidated Balance Sheets. Amortization of the debt issuance costs is reported as interest expense. Unamortized costs associated with redemptions of debt prior to their stated maturity are generally recognized and recorded in "Loss on extinguishments of debt" on the Consolidated Statements of Operations.

Customer Deposits

We offer certain of our customers prepayment programs which require customers to pay a fixed periodic amount or to otherwise prepay a portion of their anticipated propane purchases. Customer prepayments, in excess of associated billings, are classified as "Customer deposits and advances" on the Consolidated Balance Sheets.

Equity-Based Compensation

Prior to the AmeriGas Merger, the General Partner could grant Common Unit awards (as further described in Note 12) to employees and non-employee directors under its Common Unit plans, and employees of the General Partner could be granted stock options for UGI Common Stock and other UGI equity-based awards. All of our equity-based compensation was measured at fair value on the grant date, date of modification or end of the period, as applicable, and recognized in earnings over the requisite service period. Depending upon the settlement terms of the awards, all or a portion of the fair value of equity-based awards could be presented as a liability or as equity on our Consolidated Balance Sheets. Equity-based compensation costs associated with the portion of Common Unit awards classified as equity were measured based upon their estimated fair value on the date of grant or modification. Equity-based compensation costs associated with the portion of Common Unit awards classified as liabilities were measured based upon their estimated fair value at the date of grant and remeasured as of the end of each period. We accounted for forfeitures of equity-based payments when they occurred. For a further description of our equity-based compensation plans and related disclosures, including the impact of the AmeriGas Merger, see Note 12.

Environmental Matters

We are subject to environmental laws and regulations intended to mitigate or remove the effects of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current or former operating sites.

Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. Amounts recorded as environmental liabilities on the Consolidated Balance Sheets represent our best estimate of costs expected to be incurred or, if no best estimate can be made, the minimum liability associated with a range of expected environmental investigation and remediation costs. These estimates are based upon a number of factors including whether the company will be responsible for such remediation, the scope and cost of the remediation work to be performed, the portion of costs that will be shared with other potentially responsible parties, the timing of the remediation and possible impact of changes in technology, and the regulations and requirements of local governmental authorities. Our estimated liability for environmental contamination is reduced to reflect anticipated participation of other responsible parties but is not reduced for possible recovery from insurance carriers. Under GAAP, if the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, such liabilities are discounted to reflect the time value of money. We intend to pursue recovery of incurred costs through all appropriate means.

Loss Contingencies Subject to Insurance

The Partnership is subject to risk of loss for general, automobile and product liability, and workers' compensation claims for which it obtains insurance coverage under insurance policies that are subject to self-insured retentions or deductibles. In accordance with GAAP, the Partnership records accruals when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. When no amount within a range of possible loss is a better estimate than any other amount within the range, liabilities recorded are based upon the low end of the range. For litigation and pending claims including those covered by insurance policies, the analysis of probable loss is performed on a case by case basis and includes an evaluation of the nature of the claim, the procedural status of the matter, the probability or likelihood of success in prosecuting or defending the claim, the information available with respect to the claim, the opinions and views of outside counsel and other advisors, and past experience in similar matters. With respect to unasserted claims arising from unreported incidents, we may use the work of specialists to estimate the ultimate losses to be incurred using actuarially determined loss development factors applied to actual claims data. Our estimated reserves for loss contingencies may differ materially from the ultimate liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted. The Partnership maintains insurance coverage such that its net exposure for claims covered by insurance would be limited to the self-insured retentions or deductibles, claims above which would be paid by the insurance carrier. For such claims, the Partnership records a receivable related to the amount of the liability expected to be paid by insurance.

Allocation of Net Income (Loss)

Prior to the AmeriGas Merger, net income 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 (see Note 6). Effective with the completion of the AmeriGas Merger, the limited partners are allocated 100% of the Partnership's net income.

Correction of Prior Period Errors

During Fiscal 2019, the Partnership determined that it had not properly recorded expenses associated with certain vehicle lease arrangements. The Partnership evaluated the impact of the error on prior periods and determined that the effect was not material to the financial statements for Fiscal 2019, or any prior period financial statements, and recorded the cumulative effect of the error in accounting for certain vehicle lease arrangements as of April 1, 2019. The correction of the error increased "Operating and administrative expenses" for Fiscal 2019 by $5,025, substantially all of which relates to periods prior to Fiscal 2019.

Subsequent Events

Management has evaluated the impact of subsequent events through November 26, 2019, the date these consolidated financial statements were issued and the effects, if any, of such evaluation have been reflected in the consolidated financial statements and related disclosures.

Note 3 — Accounting Changes

New Accounting Standards Adopted in Fiscal 2019

Revenue Recognition. Effective October 1, 2018, the Partnership adopted new accounting guidance regarding revenue recognition. See Notes 2 and 4 for a detailed description of the impact of the new guidance and related disclosures.

Cloud Computing Implementation Costs. In August 2018, the FASB issued ASU No. 2018-15, “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” The new guidance requires a customer in a cloud computing arrangement that is a service contract to capitalize certain implementation costs as if the arrangement was an internal-use software project. These deferred implementation costs are expensed over the fixed, noncancelable term of the service arrangement plus any reasonably certain renewal periods. The new guidance also requires the entity to present the expense related to the capitalized implementation costs in the same income statement line as the hosting service fees; to classify payments for capitalized implementation costs in the statement of cash flows in the same manner as payments for hosting service fees; and to present the capitalized implementation costs in the balance sheet in the same line item in which prepaid hosting service fees are presented. We adopted this ASU effective October 1, 2018, and applied the guidance prospectively to all implementation costs associated with cloud computing arrangements that are service contracts incurred beginning October 1, 2018. The adoption of the new guidance did not have a material impact on our results of operations during Fiscal 2019.

Fair Value Measurements Disclosures. In August 2018, the FASB issued ASU No. 2018-13, “Changes to the Disclosure Requirements for Fair Value Measurement.” This ASU modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. We adopted this ASU during the fourth quarter of Fiscal 2019. The guidance regarding removing and modifying disclosures was adopted on a retrospective basis and the guidance regarding new disclosures has been adopted on a prospective basis. The adoption of the new guidance did not have a material impact on the Partnership’s financial statement disclosures.

New Accounting Standards Adopted Effective October 1, 2019

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. The amendments in this ASU are effective for the Partnership for interim and annual periods beginning October 1, 2019 (Fiscal 2020). For cash flow and net investment hedges as of the adoption date, the guidance requires a modified retrospective approach. The amended presentation and disclosure guidance is required prospectively. The Partnership adopted the new guidance effective October 1, 2019. We do not expect the adoption of this new guidance will have a material impact on the Partnership’s financial statements.

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU, as subsequently updated, amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for the Partnership for interim and annual periods beginning October 1, 2019 (Fiscal 2020). Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements unless an entity chooses the transition option in ASU 2018-11, “Leases: Targeted Improvements” which, among other things, provides entities with a transition option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption.

We adopted this ASU, as updated, effective October 1, 2019, using the transition method which allows the Partnership to maintain historical presentation for periods before October 1, 2019. The Partnership elected to apply the following practical expedients:

- Short-term leases: We have excluded short-term leases (term of 12 months or less) from balance sheet presentation.

- Easements: We did not re-evaluate existing land easements that were not previously accounted for as leases.
- 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 this new guidance.

We enhanced controls and processes and implemented a new lease system that will enable the accumulation and presentation of financial information as required by the new standard. We continue to finalize our implementation efforts and estimate that the adoption will result in the recognition of approximately $400,000 to $500,000 of offsetting operating lease right-of-use assets and operating lease liabilities associated with operating leases in effect at the date of adoption. We do not expect the adoption to have a material impact on the consolidated statements of operations or cash flows.

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 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 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 and determining the period in which the new guidance will be adopted.

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. The Partnership generally has the right to consideration from a customer in an amount that corresponds directly with the value to the customer for our performance completed to date. As such, we elected to recognize revenue in the amount to which we have a right to invoice.

We do not have a significant financing component in our contracts because we receive payment shortly before, at, or shortly after the transfer of control of the good or service. Because the period between the time the performance obligation is satisfied and payment received is one year or less, the Partnership has elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

The Partnership records revenue principally from the sale of propane to retail and wholesale customers. The primary performance obligation associated with the sale of propane is the delivery of propane to (1) the customer's point of delivery for retail customers and (2) the customer's specified location where propane is picked up by wholesale customers, at which point control of the propane is transferred to the customer, the performance obligation is satisfied, and the associated revenue is recognized. For contracts with retail customers that consume propane from a metered tank, the Partnership recognizes revenue as the propane is consumed, at which point we have the right to invoice, and generally invoice monthly based on consumption.

Contracts with customers comprise different types of contracts with varying length terms, fixed or variable prices, and fixed or variable quantities. Contracts with our residential customers, which comprise a substantial number of our customer contracts, are generally one year or less. Customer contracts for the sale of propane include fixed-price, fixed-quantity contracts under which propane is provided to a customer at a fixed price and a fixed volume, and contracts that provide for the sale of propane at market prices at date of delivery with no fixed volumes. The Partnership offers contracts that permit customers to lock in a fixed price for their volumes for a fee and also provide customers with the option to pre-buy a fixed amount of propane at a fixed price. Amounts received under pre-buy arrangements are recorded as a contract liability when received and recorded as revenue when propane is delivered and control is transferred to the customer. Fees associated with fixed-price contracts are recorded as contract liabilities and recorded ratably over the contract period.

The Partnership also distributes propane to customers in portable cylinders. Under certain contracts, filled cylinders are delivered, and control is transferred, to a reseller. In such instances, the reseller is our customer and we record revenue upon delivery to the reseller. Under other contracts, filled cylinders are delivered to a reseller, but the Partnership retains control of the cylinders. In such instances, we record revenue at the time the reseller transfers control of the cylinder to the customer.

Certain retail propane customers receive credits which we account for as variable consideration. We estimate these credits based upon past practices and historical customer experience and we reduce our revenues recognized for these credits.

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Other revenues from contracts with customers are generated primarily from certain fees the Partnership charges associated with the delivery of propane including hazmat safety compliance, inspection, metering, installation, fuel recovery and certain other services. Revenues from fees are typically recorded when the propane is delivered to the customer or the associated service is completed. Other revenues from contracts with customers are also generated from the Partnership's parts and service business. The performance obligations of this business include installation and repair services. The performance obligations under these contracts are satisfied, and revenue is recognized, as control of the product is transferred or the services are rendered.

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 at September 30, 2019. Substantially all of the Partnership's receivables are unconditional rights to consideration and are included in "Accounts receivable" on the 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 $88,569 and $88,989 at September 30, 2019 and October 1, 2018, respectively, and are included in "Customer deposits and advances" and "Other current liabilities" on the Consolidated Balance Sheets. Revenue recognized during Fiscal 2019 from the amount included in contract liabilities at October 1, 2018 was $75,556.

Revenue Disaggregation

The following table presents our disaggregated revenues during Fiscal 2019:

	2019
Revenues from contracts with customers:	
Propane:	
Retail	$ 2,340,859
Wholesale	63,851
Other	213,162
Total revenues from contracts with customers	2,617,872
Other revenues (a)	64,116
Total revenues	$ 2,681,988

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

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.

Note 5 — AmeriGas Merger and Acquisitions

AmeriGas Merger

On August 21, 2019, the AmeriGas Merger was completed in accordance with the terms of the Merger Agreement entered into on April 1, 2019. Under the terms of the Merger Agreement, the Partnership was merged with and into Merger Sub, with the Partnership surviving as an indirect wholly owned subsidiary of UGI. Each outstanding Common Unit other than the Common Units owned by UGI or its subsidiaries, comprising 69,242,822 Common Units, was automatically converted at the effective time of the AmeriGas Merger into the right to receive, at the election of each holder of such Common Units, one of the following forms of merger consideration (subject to proration designed to ensure the number of shares of UGI Common Stock issued would equal approximately 34.6 million):

(Thousands of dollars, except per unit amounts and where indicated otherwise)

(i) 0.6378 shares of UGI Common Stock (the "Share Multiplier");
(ii) $7.63 in cash, without interest, and 0.500 shares of UGI Common Stock; or
(iii) $35.325 in cash, without interest.

Pursuant to the terms of the Merger Agreement, effective on August 21, 2019, UGI issued 34,612,847 shares of UGI Common Stock and paid $528,857 in cash to the holders of Common Units other than UGI, for a total implied consideration of $2,227,656. In addition, 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. Following the completion of the AmeriGas Merger, the General Partner interest was converted to a non-economic interest. Transaction costs incurred by the Partnership totaling $6,347 are reflected in "Operating and administrative expenses" on the 2019 Consolidated Statement of Operations.

Effective upon completion of the AmeriGas Merger, Common Units are no longer publicly traded. Also pursuant to the Merger Agreement, Partnership equity-based awards were canceled and replaced with cash-settled restricted stock units relating to UGI Common Stock using the Share Multiplier ratio. For further information on the effects of the AmeriGas Merger on equity-based awards, see Note 12.

Acquisitions

During Fiscal 2018 and Fiscal 2017, AmeriGas OLP acquired a number of domestic retail propane distribution businesses for total net cash consideration of $10,090 and $36,824, respectively. There were no such acquisitions during Fiscal 2019. In conjunction with these acquisitions, liabilities of $2,695 in Fiscal 2018 and $10,848 in Fiscal 2017 were incurred. The operating results of these businesses have been included in our operating results from their respective dates of acquisition. The total purchase price of these acquisitions has been allocated to the assets acquired and liabilities assumed as follows:

	2018	2017
Net current assets	$ 926	$ 1,176
Property, plant and equipment	2,987	6,712
Goodwill	4,528	23,029
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	4,344	16,714
Other assets	—	41
Total	$ 12,785	$ 47,672

The goodwill above results principally from anticipated synergies between the acquired businesses and our existing propane business. The pro forma effects of these transactions were not material.

Note 6 — Quarterly Distributions of Available Cash

Pursuant to the Partnership Agreement, the Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in a total amount equal to its Available Cash (as defined in the Partnership Agreement) for such quarter. Available Cash is generally defined as:

1. all cash on hand at the end of such quarter, plus
2. all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter, less
3. the amount of cash reserves established by the General Partner in its reasonable discretion.

The General Partner may establish reserves for the proper conduct of the Partnership's business and for distributions during the next four quarters.

Prior to the AmeriGas Merger, distributions of Available Cash were made 98% to limited partners and 2% to the General Partner (giving effect to the 1.01% interest of the General Partner in distributions of Available Cash from AmeriGas OLP to AmeriGas Partners) until Available Cash exceeded the Minimum Quarterly Distribution of $0.55 and the First Target Distribution of $0.055 per Common Unit (or a total of $0.605 per Common Unit). When Available Cash exceeded $0.605 per Common Unit in any quarter, the General Partner would receive a greater percentage of the total Partnership distribution (the "incentive distribution") but only with respect to the amount by which the distribution per Common Unit to limited partners exceeded $0.605.

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Quarterly distributions of Available Cash per limited partner unit paid during Fiscal 2019, Fiscal 2018 and Fiscal 2017 were as follows:

	2019	2018	2017
1st Quarter	$ 0.95	$ 0.95	$ 0.94
2nd Quarter	$ 0.95	$ 0.95	$ 0.94
3rd Quarter	$ 0.95	$ 0.95	$ 0.95
4th Quarter	$ 0.95	$ 0.95	$ 0.95

During Fiscal 2019 (prior to the AmeriGas Merger), Fiscal 2018 and Fiscal 2017, the Partnership made quarterly distributions to Common Unitholders in excess of $0.605 per limited partner unit. As a result, the General Partner received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas OLP and AmeriGas Partners. During Fiscal 2019, Fiscal 2018 and Fiscal 2017, the total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests totaled $54,961, $54,938 and $52,742, respectively. Included in these amounts were incentive distributions received by the General Partner during Fiscal 2019, Fiscal 2018 and Fiscal 2017 of $45,789, $45,321 and $43,525, respectively.

Note 7 — Debt

Significant Financing Activities

AmeriGas Partners Senior Notes. During Fiscal 2017, AmeriGas Partners and AmeriGas Finance Corp. issued, in underwritten offerings, the AmeriGas 2017 Senior Notes, comprising $700,000 principal amount of 5.50% Senior Notes due May 2025 and $525,000 principal amount of 5.75% Senior Notes due May 2027. The AmeriGas 2017 Senior Notes rank equally with AmeriGas Partners' existing outstanding senior notes. The net proceeds from the issuance of the AmeriGas 2017 Senior Notes were used (1) for the early repayment, pursuant to tender offers and notices of redemption, of all of AmeriGas Partners' 7.00% Senior Notes, having an aggregate principal balance of $980,844 plus accrued and unpaid interest and early redemption premiums, and (2) for general corporate purposes.

In connection with the early repayment of the AmeriGas Partners' 7.00% Senior Notes, during Fiscal 2017, the Partnership recognized losses which are reflected in "Loss on extinguishments of debt" on the Consolidated Statements of Operations and comprise the following:

	2017
Early redemption premiums	$ 51,253
Write-off of unamortized debt issuance costs	8,476
Loss on extinguishments of debt	$ 59,729

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Long-term Debt

Long-term debt comprises the following at September 30:

	2019	2018
AmeriGas Partners Senior Notes:		
5.50% due May 2025 (a)	$ 700,000	$ 700,000
5.875% due August 2026 (a)	675,000	675,000
5.625% due May 2024 (a)	675,000	675,000
5.75% due May 2027 (a)	525,000	525,000
Heritage Operating, L.P. Senior Secured Notes due through August 2020 (b)	3,751	7,516
Other	9,510	14,615
Total long-term debt	2,588,261	2,597,131
Less: unamortized debt issuance costs	(23,678)	(27,498)
Less: current maturities	(7,717)	(8,626)
Total long-term debt due after one year	$ 2,556,866	$ 2,561,007

(a) AmeriGas Partners and AmeriGas Finance Corp. co-issued these senior notes.
(b) The effective interest rate on the Heritage Operating, L.P. Notes is 6.75% at September 30, 2019 and 2018. The Heritage Operating, L.P. Senior Secured Notes are collateralized by AmeriGas OLP's receivables, contracts, equipment, inventory, general intangibles and cash.

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: Fiscal 2020 — $7,831; Fiscal 2021 — $3,559; Fiscal 2022 — $1,598; Fiscal 2023 — $270; Fiscal 2024 — $675,003.

AmeriGas OLP Credit Agreement

The AmeriGas OLP Credit Agreement provides for borrowings up to $600,000 (including a $150,000 sublimit for letters of credit) and expires in December 2022. The AmeriGas OLP Credit Agreement permits AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank's prime rate, or at a one-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the AmeriGas OLP Credit Agreement, plus a margin. The applicable margin on base rate borrowings ranges from 0.50% to 1.75%, and the applicable margin on Eurodollar Rate borrowings ranges from 1.50% to 2.75%. The aforementioned margins on borrowings are dependent upon AmeriGas Partners' ratio of debt to EBITDA (each as defined in the AmeriGas OLP Credit Agreement).

At September 30, 2019 and 2018, there were $328,000 and $232,000 of borrowings outstanding under the AmeriGas OLP Credit Agreement, which amounts are reflected as "Short-term borrowings" on the Consolidated Balance Sheets. The weighted-average interest rates on borrowings under the AmeriGas OLP Credit Agreement at September 30, 2019 and 2018 were 4.50% and 4.58%, respectively. Issued and outstanding letters of credit, which reduce available borrowings under the AmeriGas OLP Credit Agreement, totaled $62,688 and $63,497 at September 30, 2019 and 2018, respectively.

Restrictive Covenants

The AmeriGas Partners Senior Notes restrict the ability of the Partnership and AmeriGas OLP to, among other things, incur additional indebtedness, make investments, incur liens, issue preferred interests, prepay subordinated indebtedness, and effect mergers, consolidations and sales of assets. Under the AmeriGas Partners Senior Notes indentures, AmeriGas Partners is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if certain conditions are met. At September 30, 2019, these restrictions did not limit the amount of Available Cash. See Note 6 for the definition of Available Cash included in the Partnership Agreement.

The Heritage Operating, L.P. Senior Secured Notes contain restrictive covenants including the maintenance of financial covenants and limitations on the disposition of assets, changes in ownership, additional indebtedness, restrictive payments and the creation of liens. The financial covenants require AmeriGas OLP to maintain a ratio of consolidated funded indebtedness to consolidated EBITDA (as defined) below certain thresholds and to maintain a minimum ratio of consolidated EBITDA to consolidated interest expense (as defined).

(Thousands of dollars, except per unit amounts and where indicated otherwise)

The AmeriGas OLP Credit Agreement restricts the incurrence of additional indebtedness and also restricts certain liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. The AmeriGas OLP Credit Agreement requires that AmeriGas OLP and AmeriGas Partners maintain ratios of total indebtedness to EBITDA, as defined, below certain thresholds. In addition, the Partnership must maintain a minimum ratio of EBITDA to interest expense, as defined and as calculated on a rolling four-quarter basis. Generally, as long as no default exists or would result therefrom, AmeriGas OLP is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter.

At September 30, 2019, the amount of net assets of the Partnership's subsidiaries that was restricted from transfer as a result of the amount of Available Cash, computed in accordance with the Partnership Agreement, applicable debt agreements and AmeriGas OLP's partnership agreement, totaled approximately $2,700,000.

Note 8 — Employee Retirement Plans

The General Partner sponsors a 401(k) savings plan for eligible employees. Participants in the savings plan may contribute a portion of their compensation on a before-tax basis. Generally, employee contributions are matched on a dollar-for-dollar (100%) basis up to 5% of eligible compensation. The cost of benefits under our savings plan was $11,669 in Fiscal 2019, $11,412 in Fiscal 2018 and $10,775 in Fiscal 2017.

The General Partner also sponsors a nonqualified deferred compensation plan and a nonqualified supplemental executive retirement plan. These plans provide benefits to executives that would otherwise be provided under the Partnership's retirement plans but are prohibited due to Internal Revenue Code limits. Costs associated with these plans were not material in Fiscal 2019, Fiscal 2018 and Fiscal 2017.

Note 9 — Inventories

Inventories comprise the following at September 30:

	2019	2018
Propane gas	$ 78,345	$ 114,005
Materials, supplies and other	11,931	10,546
Appliances for sale	7,351	5,976
Total inventories	$ 97,627	$ 130,527

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 10 — Property, Plant and Equipment

Property, plant and equipment comprise the following at September 30:

	2019	2018
Land	$ 135,323	$ 135,809
Buildings and improvements	200,497	197,148
Transportation equipment	214,658	214,526
Equipment, primarily cylinders and tanks	1,557,437	1,542,735
Work in process	37,207	27,859
Other	195,640	182,032
Gross property, plant and equipment	2,340,762	2,300,109
Less accumulated depreciation	(1,240,167)	(1,151,726)
Net property, plant and equipment	$ 1,100,595	$ 1,148,383

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 11 — Goodwill and Intangible Assets

Changes in the carrying amount of goodwill are as follows:

Balance September 30, 2017	$ 2,002,010
Acquisitions	4,528
Dispositions	(2,867)
Balance September 30, 2018	$ 2,003,671
Balance September 30, 2019	$ 2,003,671

The Partnership's intangible assets comprise the following at September 30:

	2019	2018
Customer relationships	$ 473,695	$ 473,766
Trademarks and tradenames	7,944	7,944
Noncompete agreements	23,207	23,607
Accumulated amortization	(265,152)	(225,709)
Intangible assets, net (definite-lived)	$ 239,694	$ 279,608

Amortization expense of intangible assets was $39,914, $39,927 and $37,994 in Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2020 — $39,152; Fiscal 2021 — $35,914; Fiscal 2022 — $32,963; Fiscal 2023 — $31,627; Fiscal 2024 — $30,823.

In April 2018, a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership's January 2012 acquisition of Heritage Propane, was presented to the Partnership's senior management. After considering the merits of the plan, the Partnership's senior management approved a plan to discontinue the use of these tradenames and trademarks over a period of approximately three years. As a result, during the third quarter of Fiscal 2018, the Partnership determined that these tradenames and trademarks no longer had indefinite lives and, in accordance with GAAP associated with intangible assets, adjusted the carrying amounts of these tradenames and trademarks to their estimated fair values of approximately $7,944. During the third quarter of Fiscal 2018, the Partnership recorded a non-cash impairment charge of $75,000 which amount is reflected in "Impairment of tradenames and trademarks" on the Consolidated Statements of Operations, and is amortizing the remaining fair value of these tradenames and trademarks over their estimated period of benefit of three years. See Note 16 for further information on the determination of fair values for the affected tradenames and trademarks.

Note 12 — Equity Compensation Plans

Under the AmeriGas Propane, Inc. 2010 Plan on Behalf of AmeriGas Partners, L.P., the General Partner could grant equity-based awards to employees and non-employee directors of the General Partner AmeriGas Partners equity instruments as further described below. In addition, certain employees of the General Partner may be granted UGI stock options or other UGI equity-based awards under the UGI Corporation 2013 Omnibus Incentive Compensation Plan. We recognized total pre-tax equity-based compensation expense of $3,521, $3,432 and $3,920 in Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

Prior to the AmeriGas Merger, under the 2010 Plan, the General Partner could award to employees and non-employee directors grants of Common Units (comprising "AmeriGas Stock Units" and "AmeriGas Performance Units"), options, phantom units, unit appreciation rights and other Common Unit-based awards. The total aggregate number of Common Units that could be issued under the 2010 Plan was 2,800,000. Awards granted under the 2010 Plan vested immediately or ratably over a period of years. In addition, the 2010 Plan provided that Common Unit-based awards could also provide for the crediting of Common Unit distribution equivalents to participants' accounts.

AmeriGas Stock Unit and AmeriGas Performance Unit awards entitled the grantee to AmeriGas Partners Common Units or cash once the service condition was met and, with respect to AmeriGas Performance Units, subject to market performance conditions, and for certain awards granted on or after January 1, 2015, actual net customer acquisition and retention performance. Recipients were awarded a target number of AmeriGas Performance Units. The number of AmeriGas Performance Units ultimately paid at the end of the performance period (generally three years) could have been higher or lower than the target number, or it may have been zero. For that portion of Performance Unit awards whose ultimate payout was based upon market-based conditions ("AmeriGas TUR Performance Units"), the number of awards ultimately paid was based upon AmeriGas Partners' TUR percentile rank relative to entities in the Tortoise MLP Group for those awards granted on or after January 1, 2019, and AmeriGas Partners' TUR percentile rank relative to entities in the Alerian MLP Group with certain awards subject to modification as described below for those awards granted prior to January 1, 2019. For Performance Unit awards granted on or after January 1, 2015, the number of AmeriGas Performance Units ultimately paid was based upon AmeriGas Partner's TUR percentile rank relative to entities in the Alerian MLP Group as modified by AmeriGas Partners' performance relative to the Propane MLP Group. Effective with the AmeriGas Merger, all outstanding AmeriGas Stock Units and AmeriGas Performance Units were canceled and converted to cash-settled restricted stock units relating to UGI Common Stock (as further described below).

(Thousands of dollars, except per unit amounts and where indicated otherwise)

With respect to the AmeriGas TUR Performance Unit awards that were subject to measurement compared with the Alerian MLP Group, the awards provided various performance target tiers ranging from 0% to 200%, with 0% payment when the AmeriGas Partners' TUR was below the 25th percentile and up to 200% payment at the 90th percentile or above. The actual amount of the award was interpolated between the percentile rankings of each performance target tier. For Performance Unit awards granted on or after January 1, 2015, but prior to January 1, 2019, the number of AmeriGas TUR Performance Units ultimately paid was based upon AmeriGas Partner's TUR percentile rank relative to entities in the Alerian MLP Group (0% to 200% as described above) as modified by AmeriGas Partners' performance relative to the Propane MLP Group. Such modification ranged from 70% to 130%, but in no event did the amount ultimately paid, after such modification, exceed 200% of the target award. Pursuant to the terms of the AmeriGas Merger Agreement, the performance periods for AmeriGas TUR Performance Units outstanding immediately prior to the AmeriGas Merger ended on August 20, 2019, the last trading day of the Common Units prior to the completion of the AmeriGas Merger.

Generally, except in the event of retirement, death or disability, each unvested grant, terminated when the participant ceased to be employed. There were certain change of control and retirement eligibility conditions that, if met, generally resulted in accelerated vesting or elimination of further service requirements. Common Unit distribution equivalents were paid in cash only on AmeriGas Performance Units that eventually vested.

Under GAAP, AmeriGas TUR Performance Unit awards were recorded as equity awards to the extent they were to be settled in Common Units. This resulted in the recognition of compensation cost equal to the fair value of such award estimated using a Monte Carlo valuation model, over the requisite employee service period regardless of whether the market-based conditions were satisfied. The fair value associated with the target awards, which were to be paid in Common Units, was accounted for as equity and the fair value of the award over the target, as well as all Common Unit distribution equivalents, which were to be paid in cash, was accounted for as a liability. For purposes of valuing AmeriGas TUR Performance Unit awards, expected volatility was based on the historical volatility of Common Units over a three-year period. The risk-free interest rate was based on the rates on U.S. Treasury bonds at the time of grant. Volatility for all entities in the peer group was based on historical volatility. The expected term of the AmeriGas Performance Unit awards was three years based on the performance period. AmeriGas TUR Performance Unit awards whose ultimate payout was based upon net customer acquisition and retention performance measures were recorded as expense if it became probable that all or a portion of the award would be paid. The fair value associated with the target award was the market price of the Common Units on the date of grant and was accounted for as equity. The fair value of the award over the target, as well as all Common Unit distribution equivalents, which were to be paid in cash, was accounted for as a liability.

The following table summarizes the weighted-average assumptions used to determine the fair value of AmeriGas Performance Unit awards subject to market-based conditions and related compensation costs:

	Grants Awarded in Fiscal Year		
	2019	2018	2017
Risk-free rate	2.5%	2.0%	1.5%
Expected life	3 years	3 years	3 years
Expected volatility	22.4%	21.1%	21.7%
Dividend Yield	12.5%	8.2%	7.8%

The General Partner granted awards under the 2010 Plan representing 133,098, 84,811 and 67,563 Common Units in Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively, having weighted-average grant date fair values per Common Unit subject to award of $30.58, $50.05 and $52.37, respectively.

(Thousands of dollars, except per unit amounts and where indicated otherwise)

The following table summarizes AmeriGas Common Unit-based award activity for Fiscal 2019:

	Common Units	Weighted-Average Grant-Date Fair Value (per Unit)
Total Units at September 30, 2018 (a)	236,762	$ 47.12
AmeriGas Performance Units:		
Granted	79,980	$ 30.23
Forfeited	(42,916)	$ 46.83
Awards paid	(17,133)	$ 43.02
Performance criteria not met	(29,394)	$ 34.27
AmeriGas Stock Units:		
Granted	53,118	$ 31.10
Forfeited	(800)	$ 45.30
Awards paid	(16,056)	$ 40.98
Total Units at the date of AmeriGas Merger (a)	263,561	$ 40.89
Units converted to UGI cash-settled restricted units	(263,561)	$ (40.89)
Total Units at September 30, 2019	—	$ —

(a) Total units includes AmeriGas Stock Units issued to non-employee directors, which vest on the grant date, and AmeriGas Performance Units and AmeriGas Stock Units issued to retirement-eligible employees that vest on an accelerated basis. Total vested restricted units at September 30, 2018 were 71,148.

During Fiscal 2019, Fiscal 2018 and Fiscal 2017, the Partnership paid AmeriGas Performance Unit and AmeriGas Stock Unit awards in Common Units and cash as follows:

	2019	2018	2017
AmeriGas Performance Unit awards:			
Number of Common Units subject to original awards granted, net of forfeitures	52,495	65,525	53,800
Performance periods beginning in fiscal year:	2016	2015	2014
Payment of awards:			
AmeriGas Partners Common Units issued, net of units withheld for taxes	10,902	13,164	29,489
Cash paid	$ 802	$ 1,227	$ 2,928
AmeriGas Stock Unit awards:			
Number of Common Units subject to original awards granted, net of forfeitures	20,585	14,811	32,658
Payment of awards:			
AmeriGas Partners Common Units issued, net of units withheld for taxes	9,706	5,322	3,932
Cash paid	$ 185	$ 131	$ 95

The total grant-date fair values of AmeriGas Unit awards that vested during Fiscal 2019, Fiscal 2018 and Fiscal 2017 were $914, $2,156 and $2,056, respectively. As of September 30, 2018, total liabilities of $2,297 associated with Common Unit-based awards are reflected in “Employee compensation and benefits accrued” and “Other noncurrent liabilities” on the Consolidated Balance Sheet.

Effective with the AmeriGas Merger, on August 21, 2019, 137,472 AmeriGas Performance Units and 126,089 AmeriGas Stock Units were canceled and replaced with 215,957 cash-settled restricted stock units relating to UGI Common Stock. With respect to AmeriGas Performance Units that were based upon market performance conditions, the number of such awards canceled and converted to UGI restricted stock units was determined by multiplying the target number of such awards times the performance multiplier as determined based upon a shortened performance period ending August 20, 2019, the last full trading day of the Common Units prior to the AmeriGas Merger. In accordance with the AmeriGas Merger Agreement, the resulting number of cash-settled restricted stock units relating to UGI Common Stock could be more, but not less, than the associated target number of AmeriGas Performance Unit awards.

The UGI cash-settled restricted stock units issued as replacement awards, other than those issued to AmeriGas' independent board directors who terminated their directorship, have been accounted for as modifications in accordance with ASC 718. The replacement awards issued to AmeriGas' independent board members who terminated their directorship on August 21, 2019 and received a cash payment for their replacement awards based upon UGI's stock price as of the close of business on August 21, 2019, were accounted for as a settlement in accordance with ASC 718 which contemplates an exchange of the original award for a new award. Since the modifications changed the fixed portion of the award from an equity to a cash-settled award, any compensation expense related to an increase in the fair value of the award between the original grant date and the modification date was accounted for as equity. All compensation expense on the replacement awards recognized subsequent to the modification will be accounted for as a liability.

The AmeriGas independent board members who terminated their directorship on August 21, 2019, received a cash payment based upon the market price of UGI Common Stock on that date, plus accrued distribution equivalents, totaling $1,762. These payments were accounted for as settlements in accordance with ASC 718.

As a result of the modifications described above, the Partnership recorded $1,043 of additional compensation cost associated with certain replacement awards. The Partnership will recognize cumulative equity-based compensation cost equal to (1) the greater of the grant date fair value of the original AmeriGas Partners' equity awards plus the incremental expense associated with the modification and (2) the fair value of the modified liability award when settled.

All amounts accrued with respect to dividend equivalents relating to AmeriGas equity-compensation awards were carried over to the corresponding replacement awards and will be paid, or forfeited, on the same terms and conditions as applied under the AmeriGas Partners equity awards. In addition, the replacement awards include dividend equivalent rights, if any, to the same extent that distribution equivalent rights applied with respect to the AmeriGas Unit awards, with such dividend equivalent amounts based upon dividends of UGI.

As of September 30, 2019, there was a total of approximately $2,366 of unrecognized compensation cost associated with 212,896 UGI cash-settled restricted stock units, which remained outstanding that is expected to be recognized over a weighted-average period of 1.3 years. As of September 30, 2019, total liabilities of $4,584 associated with UGI cash-settled restricted stock units are reflected in "Employee compensation and benefits accrued" and "Other noncurrent liabilities" on the Consolidated Balance Sheet.

In addition, as of September 30, 2019, there was $1,254 of unrecognized equity-based compensation expense related to non-vested UGI stock options that is expected to be recognized over a weighted-average period of 2.2 years. As of September 30, 2019, the amount of unrecognized compensation expense associated with other UGI equity-based awards held by the employees of the General Partner was not material.

Note 13 — Commitments and Contingencies

Commitments

We lease various buildings and other facilities and vehicles, computer and office equipment under operating leases. Certain of the leases contain renewal and purchase options and also contain step-rent provisions. Our aggregate rental expense for such leases was $91,226 in Fiscal 2019, $83,418 in Fiscal 2018 and $78,880 in Fiscal 2017.

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Minimum future payments under noncancelable operating leases are as follows:

Year Ending September 30,		
2020	$	84,010
2021		73,420
2022		61,862
2023		53,544
2024		45,034
Thereafter		94,778
Total minimum operating lease payments	$	412,648

Certain of our operating lease arrangements, primarily vehicle leases with remaining lease terms of one to ten years, have residual value guarantees. At the end of the lease term, we guarantee that the fair value of the equipment will equal or exceed the guaranteed amount or we will pay the lessors the difference. Although such fair values at the end of the leases have historically exceeded the guaranteed amount, at September 30, 2019, the maximum potential amount of future payments under lease guarantees, assuming the leased equipment was deemed worthless at the end of the lease term, was approximately $60,000. The fair values of residual lease guarantees were not material at September 30, 2019.

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, the Partnership accrued an undiscounted environmental remediation liability of $7,545 related to the site during Fiscal 2017 which amount is included in "Operating and administrative expenses" on the Consolidated Statement of Operations. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

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

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

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

(Thousands of dollars, except per unit amounts and where indicated otherwise)

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 14 — 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.

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 Fiscal 2019 or Fiscal 2017. Purchases from affiliates of UGI during Fiscal 2018 were not material.

In addition, AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI were not material during Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

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

	2019	2018	2017
Partnership and Management Services Agreement:			
Direct and indirect expenses incurred on behalf of Partnership	$ 583,200	$ 575,699	$ 561,574
Administrative Services:			
Administrative services provided by UGI	$ 15,391	$ 17,225	$ 16,862
Office space, medical and liability services	$ 2,095	$ 3,391	$ 3,283

Note 15 — Other Current Liabilities

Other current liabilities comprise the following at September 30:

	2019	2018
Litigation, property and casualty liabilities	$ 70,705	$ 56,860
Taxes other than income taxes	13,019	11,945
Deferred tank rent revenue	16,080	16,336
Other	20,091	20,769
Total other current liabilities	$ 119,895	$ 105,910

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 16 — 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 as described in Note 2:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
September 30, 2019:				
Derivative instruments:				
Assets:				
Commodity contracts	$ —	$ 105	$ —	$ 105
Liabilities:				
Commodity contracts	$ —	$ (64,613)	$ —	$ (64,613)
September 30, 2018:				
Derivative instruments:				
Assets:				
Commodity contracts	$ —	$ 52,529	$ —	$ 52,529
Liabilities:				
Commodity contracts	$ —	$ (251)	$ —	$ (251)

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.

Nonrecurring Fair Value Measurements

As discussed in Note 11, in April 2018, the Partnership's senior management approved a plan to discontinue the use of indefinite-lived tradenames and trademarks, primarily those associated with the Partnership's January 2012 acquisition of Heritage Propane. This action required the Partnership to remeasure the fair values of these tradenames and trademarks based upon their remaining period of benefit. The Partnership used the relief from royalty method to estimate the fair values of the tradenames and trademarks, which method estimates our theoretical royalty savings from ownership of the tradenames and trademarks. Key assumptions used in this method include discount rates, royalty rates, growth rates and sales projections. These assumptions reflect current economic conditions, management expectations and projected future cash flows expected to be generated from these tradenames and trademarks. The Partnership has determined that the lowest level of the input that is significant to the fair value measurement are unobservable inputs that fall within Level 3 of the fair value hierarchy. As of the April 2018 measurement date, these tradenames and trademarks had an estimated fair value of $7,944.

Other Financial Instruments

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

	2019	2018
Carrying amount	$ 2,588,261	$ 2,597,131
Estimated fair value	$ 2,780,768	$ 2,562,206

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.

Note 17 — 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.

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, to reduce propane price volatility associated with a portion of forecasted propane purchases. In addition, the Partnership, from time to time, enters into price swap agreements to reduce the effects of short-term commodity price volatility. At September 30, 2019 and 2018, total volumes associated with propane commodity derivatives totaled 523.2 million gallons and 244.8 million gallons, respectively. At September 30, 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. 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 September 30, 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 September 30, 2019, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the 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.

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Fair Value of Derivative Instruments

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

	2019	2018
Derivative assets:		
Derivatives not designated as hedging instruments:		
Commodity contracts	$ 105	$ 52,529
Total derivative assets — gross	105	52,529
Gross amounts offset in the balance sheet	(105)	(251)
Cash collateral received	—	(7,270)
Total derivative assets — net	$ —	$ 45,008
Derivative liabilities:		
Derivatives not designated as hedging instruments:		
Commodity contracts	$ (64,613)	$ (251)
Total derivative liabilities — gross	(64,613)	(251)
Gross amounts offset in the balance sheet	105	251
Cash collateral pledged	20,860	—
Total derivative liabilities — net	$ (43,648)	$ —

Effects of Derivative Instruments

The following table provides information on the effects of derivative instruments on the Consolidated Statements of Operations for Fiscal 2019, Fiscal 2018 and Fiscal 2017:

	Gain (Loss) Recognized in Income			Location of Gain (Loss) Recognized in Income
	2019	2018	2017	
Derivatives Not Designated as Hedging Instruments:				
Commodity contracts	$ (155,210)	$ 62,316	$ 65,644	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 18 — Other Operating Income, Net

Other operating income, net, comprises the following:

	2019	2018	2017
Finance charges	$ 16,540	$ 16,379	$ 11,805
Gains (losses) on sales of fixed assets (a)	3,041	5,236	(2,197)
Other	2,123	2,758	2,265
Total other operating income, net	$ 21,704	$ 24,373	$ 11,873

(a) Fiscal 2017 amount includes a loss of $8,847 from correction of error.

Note 19 — 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 Fiscal 2019 we incurred $14,500 of costs principally comprising consulting, advisory and employee-related costs. These costs are reflected in Operating and administrative expenses on the 2019 Consolidated Statement of Operations.

AMERIGAS PARTNERS, L.P.
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

BALANCE SHEETS
(Thousands of dollars)

	September 30, 2019	September 30, 2018
ASSETS		
Current assets:		
Cash	$ 1,511	$ 1,105
Total current assets	1,511	1,105
Investment in AmeriGas Propane, L.P.	2,855,108	3,128,927
Other assets	56	56
Total assets	$ 2,856,675	$ 3,130,088
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and other liabilities	$ 6,043	$ 2,879
Accrued interest	42,921	42,921
Total current liabilities	48,964	45,800
Long-term debt	2,551,500	2,547,681
Commitments and contingencies		
Partners' capital:		
Common unitholders	256,211	523,925
General partner	—	12,682
Total partners' capital	256,211	536,607
Total liabilities and partners' capital	$ 2,856,675	$ 3,130,088

Commitments and Contingencies

Scheduled principal repayments of long-term debt during the next five fiscal years include $675,000 in Fiscal 2024.

AMERIGAS PARTNERS, L.P.
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

STATEMENTS OF OPERATIONS
(Thousands of dollars)

	Year Ended September 30,		
	2019	2018	2017
Operating expenses, net	$ (230)	$ (258)	$ (300)
Loss on extinguishments of debt	—	—	(59,729)
Interest expense (including related party interest expense)	(150,132)	(150,204)	(151,294)
Loss before equity in income of AmeriGas Propane, L.P.	(150,362)	(150,462)	(211,323)
Equity in income of AmeriGas Propane, L.P.	245,330	340,984	373,382
Net income attributable to AmeriGas Partners	$ 94,968	$ 190,522	$ 162,059
General partner’s interest in net income attributable to AmeriGas Partners	$ 46,758	$ 47,226	$ 45,146
Limited partners’ interest in net income attributable to AmeriGas Partners	$ 48,210	$ 143,296	$ 116,913

AMERIGAS PARTNERS, L.P.
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	Year Ended September 30,		
	2019	2018	2017
NET CASH PROVIDED BY OPERATING ACTIVITIES (a)	$ 402,423	$ 401,412	$ 368,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Contributions to AmeriGas Propane, L.P.	—	—	(157,000)
Net cash used by investing activities	—	—	(157,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions	(402,738)	(402,645)	(398,877)
Issuance of long-term debt, net of issuance costs	—	—	1,207,727
Repayment of long-term debt, including redemption premiums	—	—	(1,032,097)
Proceeds associated with equity based compensation plans, net of tax withheld	714	801	1,465
Capital contribution from General Partner	7	8	15
Net cash used by financing activities	(402,017)	(401,836)	(221,767)
Increase (decrease) in cash and cash equivalents	$ 406	$ (424)	$ (10,133)
CASH AND CASH EQUIVALENTS:			
End of year	$ 1,511	$ 1,105	$ 1,529
Beginning of year	1,105	1,529	11,662
Increase (decrease) in cash and cash equivalents	$ 406	$ (424)	$ (10,133)

(a) Includes cash distributions received from AmeriGas Propane, L.P. of $549,051, $547,958 and $512,326 for Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(Thousands of dollars)

	Balance at beginning of year	Charged to costs and expenses	Other	Balance at end of year
Year Ended September 30, 2019				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 12,825	$ 13,161	$ (13,870) (1)	$ 12,116
Year Ended September 30, 2018				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 11,820	$ 14,016	$ (13,011) (1)	$ 12,825
Year Ended September 30, 2017				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 11,436	$ 17,693	$ (17,309) (1)	$ 11,820

(1) Uncollectible accounts written off, net of recoveries.

EXHIBIT 31.1

CERTIFICATION

I, Hugh J. Gallagher, certify that:

1. I have reviewed this annual 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 registrant’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: November 26, 2019

/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 annual 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: November 26, 2019

Ann P. Kelly

Ann P. Kelly

Vice President - Finance and Chief Financial Officer of
AmeriGas Propane, Inc.

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 annual report for the period ended September 30, 2019 (the "Annual Report") fully complies, in all material respects, with the requirements of the indentures; and

(2) The information contained in the Annual 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: November 26, 2019	Date: November 26, 2019