

Thank you for giving AmeriGas an opportunity to provide additional information related to your investigation into propane pricing and services.

Although it is difficult for us to provide specific details of an action taken by our districts when we do not have those facts, we can provide more general information relating to our policies and practices.

You specifically asked us to provide more details on why we would have reduced a customer's market price significantly when the customer contacted our office and you further questioned what our policies are regarding tank removal when a customer chooses to terminate service with us. Again, without specific details, our response will be a general discussion of our policies.

To provide more clarity on our pricing: we highlight that AmeriGas strives to be competitive in our pricing, in light of the premium service we provide our customers. AmeriGas specifically denies that it is engaging or has engaged in price gouging.

To meet our customer's needs, we offer many types of pricing programs. If a customer chooses not to participate in one of those programs, they are deemed a market based customer. As outlined in our Terms & Conditions, our daily market price per gallon is set at AmeriGas' discretion, which includes, among other things and without limitation, our costs to procure the propane, freight and transportation, and may vary depending upon the volume of propane purchased by the customer, customer classification, ownership of propane tank and competitive conditions. More specifically, AmeriGas (as well as many other propane companies) uses many factors to determine the price to charge its customers. For example, consumers who use a smaller volume of propane generally pay a higher price per gallon because smaller accounts, on a per gallon basis, involve substantially higher costs to deliver than a larger volume customer. To compensate for the higher costs to deliver and service small accounts, volume pricing is a common practice in the industry and customers are placed in a pricing tier structure based on their annual usage.

We further advise our customers that they may contact their local AmeriGas office to receive current pricing information as pricing changes frequently and without prior notice to the customer. Notably, the term "market" does not refer to the overall industry market, but rather AmeriGas' market. As propane companies are not generally required to post or advertise their propane rates publicly (as do gasoline stations for instance), we are not always aware of what price our competitors are charging for propane at any given time. Further, there can be varied pricing differences between customers and companies because customers who "shop" around with other propane companies will usually be offered a "new customer" rate. This is a normal and accepted practice in the industry to attract and gain new business.

Like any company in a very competitive market, if a customer brings a pricing issue to our attention, we try very hard to be competitive by verifying their information and adjusting the price as much as feasible to be in line with the competition. Our local managers and employees are given wide discretion to adjust pricing with our customers because we know they have many

choices in propane companies. We suspect that is what occurred with the specific customer you had discussions with. Our employees know that if customers do not like our prices, despite our commitment to safety and reliable service, customers are free to leave us.

If a customer does choose to leave us, however, our Terms & Conditions outline what fees may apply. It is standard industry policy to charge pick-up, disconnect, and restocking fees when a customer terminates service. These fees cover the labor to dispatch a trained and qualified service technician to the location and the heavy equipment required to shut off (disconnect) and/or remove the AmeriGas tank at the customer location. Moreover, under Paragraph 11 – Termination of Propane Service, it is explained that AmeriGas does not repurchase the propane remaining in the tank when a customer terminates service with us, unless required by law. We encourage our customers to use the remaining propane before requesting the tank to be picked up, in addition to avoiding any fees related to pumping out the tank. If the volume of propane remaining in the tank at the time of termination of service exceeds 5% of the water capacity of the tank, AmeriGas is required to pump-out the tank before transporting it over the roads. Federal Pipeline & Hazardous Material Safety Administration regulations prohibit the transportation of certain containers with more than 5% volume of propane.

To address your question regarding removal of an underground tank, we would first review any applicable contract to determine if this process was defined. If no contract or the contract is silent, the general practice is that the customer is responsible for the costs of excavating and removing leased underground tanks. This is disclosed in our Terms and Conditions. We normally either provide the customer a referral to an outside contractor who can provide these services or hire an outside contractor directly and bill the customer for the costs of such work.

I hope this answers your specific questions. If not, I would appreciate the opportunity to continue to engage in discussions.