UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2019

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file numbers: 001-11331, 333-06693, 000-50182 and 000-50183

Ferrellgas Partners, L.P.
Ferrellgas Partners Finance Corp.
Ferrellgas, L.P.
Ferrellgas Finance Corp.

(Exact name of registrants as specified in their charters)

Delaware	43-1698480
Delaware	43-1742520
Delaware	43-1698481
Delaware	14-1866671
(States or other jurisdictions of incorporation or organization)	(I.R.S. Employer Identification Nos.)
7500 College Boulevard, Suite 1000, Overland Park, Kansas	66210
(Address of principal executive office)	(Zip Code)

Registrants' telephone number, including area code: (913) 661-1500

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "Large Accelerated Filer," "Accelerated Filer," "Smaller Reporting Company," and "Emerging Growth Company" in Rule 12b-2 of the Exchange Act.

Ferrellgas Partners, L.P.:

Large Accelerated Filer ☐	Accelerated Filer ☒	Non-accelerated Filer ☐	Smaller Reporting Company ☐
			Emerging Growth Company ☐

Ferrellgas Partners Finance Corp, Ferrellgas, L.P. and Ferrellgas Finance Corp.:

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐
			Emerging Growth Company ☐

If an Emerging Growth Company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Ferrellgas Partners, L.P. and Ferrellgas, L.P. ☐

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Ferrellgas Partners, L.P. and Ferrellgas, L.P. Yes ☐ No ☒

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. Yes ☒ No ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Common Units	FGP	New York Stock Exchange

At November 30, 2019, the registrants had common units or shares of common stock outstanding as follows:

Ferrellgas Partners, L.P.	97,152,665	Common Units
Ferrellgas Partners Finance Corp.	1,000	Common Stock
Ferrellgas, L.P.	n/a	n/a
Ferrellgas Finance Corp.	1,000	Common Stock

Documents Incorporated by Reference: None

EACH OF FERRELLGAS PARTNERS FINANCE CORP. AND FERRELLGAS FINANCE CORP. MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(A) AND (B) OF FORM 10-Q AND ARE THEREFORE, WITH RESPECT TO EACH SUCH REGISTRANT, FILING THIS FORM 10-Q WITH THE REDUCED DISCLOSURE FORMAT.

FERRELLGAS PARTNERS, L.P.
FERRELLGAS PARTNERS FINANCE CORP.
FERRELLGAS, L.P.
FERRELLGAS FINANCE CORP.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)
(unaudited)

	October 31, 2019	July 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,805	$ 11,054
Accounts and notes receivable, net (including $118,164 and $106,145 of accounts receivable pledged as collateral at October 31, 2019 and July 31, 2019, respectively)	123,841	107,596
Inventories	84,995	80,454
Prepaid expenses and other current assets	50,582	42,275
Total current assets	289,223	241,379
Property, plant and equipment, net	598,887	596,723
Goodwill, net	247,195	247,195
Intangible assets (net of accumulated amortization of $416,512 and $414,210 at October 31, 2019 and July 31, 2019, respectively)	108,493	108,557
Operating lease right-of-use assets	124,047	—
Other assets, net	75,443	69,105
Total assets	$ 1,443,288	$ 1,262,959
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 44,421	$ 33,364
Short-term borrowings	80,000	43,000
Collateralized note payable	73,000	62,000
Current portion of long-term debt	358,080	631,756
Current operating lease liabilities	33,832	—
Other current liabilities	187,731	138,237
Total current liabilities	777,064	908,357
Long-term debt	1,731,920	1,457,004
Operating lease liabilities	88,773	—
Other liabilities	36,915	36,536
Contingencies and commitments (Note L)		
Partners' deficit:		
Common unitholders (97,152,665 units outstanding at October 31, 2019 and July 31, 2019)	(1,091,704)	(1,046,245)
General partner unitholder (989,926 units outstanding at October 31, 2019 and July 31, 2019)	(70,935)	(70,476)
Accumulated other comprehensive loss	(20,598)	(14,512)
Total Ferrellgas Partners, L.P. partners' deficit	(1,183,237)	(1,131,233)
Noncontrolling interest	(8,147)	(7,705)
Total partners' deficit	(1,191,384)	(1,138,938)
Total liabilities and partners' deficit	$ 1,443,288	$ 1,262,959

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except unit data)
(unaudited)

	For the three months ended October 31, 2019	For the three months ended October 31, 2018
Revenues:		
Propane and other gas liquids sales	$ 273,385	$ 334,966
Other	19,829	17,343
Total revenues	293,214	352,309
Costs and expenses:		
Cost of sales - propane and other gas liquids sales	134,028	204,136
Cost of sales - other	3,681	3,047
Operating expense - personnel, vehicle, plant and other	114,543	110,331
Operating expense - equipment lease expense	8,388	7,863
Depreciation and amortization expense	19,219	18,992
General and administrative expense	9,695	14,179
Non-cash employee stock ownership plan compensation charge	795	2,748
Loss on asset sales and disposals	2,235	4,504
Operating income (loss)	630	(13,491)
Interest expense	(45,697)	(43,878)
Other income (expense), net	(132)	19
Loss before income taxes	(45,199)	(57,350)
Income tax expense	518	158
Net loss	(45,717)	(57,508)
Net loss attributable to noncontrolling interest	(373)	(493)
Net loss attributable to Ferrellgas Partners, L.P.	(45,344)	(57,015)
Less: General partner's interest in net loss	(453)	(570)
Common unitholders' interest in net loss	$ (44,891)	$ (56,445)
Basic and diluted loss per common unit	$ (0.46)	$ (0.58)
Cash distributions declared per common unit	$ —	$ —

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	For the three months ended October 31,	
	2019	2018
Net loss	$ (45,717)	$ (57,508)
Other comprehensive income (loss):		
Change in value of risk management derivatives	(13,627)	(8,154)
Reclassification of (gains) losses on derivatives to earnings, net	7,479	(4,433)
Other comprehensive loss	(6,148)	(12,587)
Comprehensive loss	(51,865)	(70,095)
Less: Comprehensive loss attributable to noncontrolling interest	(435)	(620)
Comprehensive loss attributable to Ferrellgas Partners, L.P.	$ (51,430)	$ (69,475)

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' DEFICIT
(in thousands)
(unaudited)

	Number of units							
	Common unitholders	General Partner unitholder	Common unitholders	General Partner unitholder	Accumulated other comprehensive income (loss)	Total Ferrellgas Partner, L.P. partners' deficit	Non-controlling interest	Total partners' deficit
Balance at July 31, 2019	97,152.7	989.9	$ (1,046,245)	$ (70,476)	$ (14,512)	$ (1,131,233)	$ (7,705)	$ (1,138,938)
Contributions in connection with non-cash ESOP compensation charges	—	—	779	8	—	787	8	795
Distributions	—	—	—	—	—	—	(1)	(1)
Cumulative adjustment for lease accounting standard	—	—	(1,347)	(14)	—	(1,361)	(14)	(1,375)
Net loss	—	—	(44,891)	(453)	—	(45,344)	(373)	(45,717)
Other comprehensive loss	—	—	—	—	(6,086)	(6,086)	(62)	(6,148)
Balance at October 31, 2019	97,152.7	989.9	$ (1,091,704)	$ (70,935)	$ (20,598)	$ (1,183,237)	$ (8,147)	$ (1,191,384)

	Number of units							
	Common unitholders	General Partner unitholder	Common unitholders	General Partner unitholder	Accumulated other comprehensive income (loss)	Total Ferrellgas Partner, L.P. partners' deficit	Non-controlling interest	Total partners' deficit
Balance at July 31, 2018	97,152.7	989.9	$ (978,503)	$ (69,792)	$ 20,510	$ (1,027,785)	$ (6,692)	$ (1,034,477)
Contributions in connection with non-cash ESOP compensation charges	—	—	2,693	27	—	2,720	28	2,748
Distributions	—	—	(9,716)	(98)	—	(9,814)	(101)	(9,915)
Net loss	—	—	(56,445)	(570)	—	(57,015)	(493)	(57,508)
Other comprehensive loss	—	—	—	—	(12,460)	(12,460)	(127)	(12,587)
Balance at October 31, 2018	97,152.7	989.9	$ (1,041,971)	$ (70,433)	$ 8,050	$ (1,104,354)	$ (7,385)	$ (1,111,739)

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the three months ended October 31, 2019	2018
Cash flows from operating activities:		
Net loss	$ (45,717)	$ (57,508)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	19,219	18,992
Non-cash employee stock ownership plan compensation charge	795	2,748
Loss on asset sales and disposals	2,235	4,504
Provision for doubtful accounts	665	519
Deferred income tax expense	554	150
Other	3,450	3,193
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(14,410)	(10,654)
Inventories	(4,541)	(22,866)
Prepaid expenses and other current assets	(8,008)	(6,391)
Accounts payable	11,360	13,159
Accrued interest expense	34,167	31,987
Other current liabilities	8,214	6,677
Other assets and liabilities	(872)	(2,124)
Net cash provided by (used in) operating activities	7,111	(17,614)
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(6,400)	(4,625)
Capital expenditures	(18,126)	(23,433)
Proceeds from sale of assets	835	1,061
Cash payments to construct assets in connection with future lease transactions	(16,879)	—
Cash receipts in connection with leased vehicles	5,863	—
Other	—	(292)
Net cash used in investing activities	(34,707)	(27,289)
Cash flows from financing activities:		
Distributions	—	(9,814)
Payments on long-term debt	(512)	(281)
Net additions to (reductions in) short-term borrowings	37,000	(32,800)
Net additions to collateralized short-term borrowings	11,000	32,000
Cash paid for financing costs and other	(1,140)	(224)
Noncontrolling interest activity	(1)	(101)
Net cash provided by (used in) financing activities	46,347	(11,220)
Net change in cash and cash equivalents	18,751	(56,123)
Cash and cash equivalents - beginning of period	11,054	119,311
Cash and cash equivalents - end of period	$ 29,805	$ 63,188

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per unit data, unless otherwise designated)
(unaudited)

A. Partnership organization and formation

Ferrellgas Partners, L.P. (“Ferrellgas Partners”) was formed April 19, 1994, and is a publicly traded limited partnership, owning an approximate 99% limited partner interest in Ferrellgas, L.P. (the "operating partnership"). Ferrellgas Partners and the operating partnership, collectively referred to as “Ferrellgas,” are both Delaware limited partnerships and are governed by their respective partnership agreements. Ferrellgas Partners was formed to acquire and hold a limited partner interest in the operating partnership. As of October 31, 2019, Ferrell Companies, Inc. ("Ferrell Companies") beneficially owns 22.8 million Ferrellgas Partners common units. Ferrellgas, Inc. (the "general partner"), a wholly-owned subsidiary of Ferrell Companies, has retained an approximate 1% general partner interest in Ferrellgas Partners and also holds an approximate 1% general partner interest in the operating partnership, representing an effective 2% general partner interest in Ferrellgas on a combined basis. As general partner, it performs all management functions required by Ferrellgas. Unless contractually provided for, creditors of the operating partnership have no recourse with regards to Ferrellgas Partners.

Ferrellgas Partners is a holding entity that conducts no operations and has two subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners owns a 100% equity interest in Ferrellgas Partners Finance Corp., whose only business activity is to act as the co-issuer and co-obligor of debt issued by Ferrellgas Partners. The operating partnership is the only operating subsidiary of Ferrellgas Partners.

Ferrellgas is primarily engaged in the retail distribution of propane and related equipment sales. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Ferrellgas serves residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia, and Puerto Rico.

Due to seasonality, the results of operations for the three months ended October 31, 2019 are not necessarily indicative of the results to be expected for the full fiscal year ending July 31, 2020.

The condensed consolidated financial statements of Ferrellgas reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (ii) the consolidated financial statements and accompanying notes included in Ferrellgas’ Annual Report on Form 10-K for fiscal 2019.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. Ferrellgas Partners has $357.0 million in unsecured notes due June 15, 2020 that are classified as current in the condensed consolidated financial statements. The ability of Ferrellgas Partners to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. Given these concerns, Ferrellgas Partners believes there is substantial doubt about the entity’s ability to continue as a going concern. Ferrellgas has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist in our ongoing process to address our upcoming debt maturities. The successful outcome of Ferrellgas’ debt reduction strategy continues to remain uncertain. Additionally, see Note F – Debt below for further discussion of the outstanding debt.

B. Summary of significant accounting policies

(1) Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for doubtful accounts, fair value of reporting units, recoverability of long-lived assets, assumptions used to value business combinations, fair values of derivative contracts and stock-based compensation calculations.

(2) New accounting standards:

FASB Accounting Standard Update No. 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 became effective for Ferrellgas for its annual reporting period beginning August 1, 2019, including interim periods within that reporting period. Ferrellgas adopted the standard using the transition relief option in ASU 2018-11, “Leases: Targeted Improvements” which, among other things, provides entities with an option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption and consequently, to continue to report comparative periods in compliance with the prior guidance (ASC 840).

Ferrellgas elected the short-term lease recognition exemption for all leases that qualify, meaning it does not recognize right-of-use assets or lease liabilities for those leases. Ferrellgas also elected the practical expedient to not separate lease and non-lease components for its most significant leasing activity, which includes vehicle and real estate leases.

Additionally, Ferrellgas elected the package of three practical expedients which allows entities to not reassess initial direct costs, lease classification for existing or expired leases, and lease definition for existing or expired contracts as of the effective date of August 1, 2019. Ferrellgas did not, however, elect the hindsight method practical expedient which would have allowed it to reassess lease terms and impairment.

FASB Accounting Standard Update No. 2016-13

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326),* which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Entities will apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. Ferrellgas is currently evaluating the impact of its pending adoption of this standard on the consolidated financial statements.

FASB Accounting Standard Update No. 2017-12

In August 2017, the FASB issued ASU 2017-12, *Financial Instruments - Derivatives and Hedging (Topic 815) - Targeted Improvements to Accounting for Hedging Activities,* which is intended to improve the financial reporting for hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements. This standard became effective for Ferrellgas for its annual reporting period beginning August 1, 2019, including interim periods within that reporting period. Ferrellgas applied ASU No. 2017-12 using a modified retrospective approach for cash flow hedges existing at the date of adoption and prospectively for the presentation and disclosure guidance. The adoption of this standard did not have a material impact on our consolidated financial statements.

C. Leases

Ferrellgas determines if an arrangement is a lease or contains a lease at inception. Ferrellgas leases certain transportation and computer equipment and real estate, predominantly through operating leases. Ferrellgas has an immaterial amount of leases in which it is the lessor. Operating lease rentals are expensed on a straight-line basis over the life of the lease beginning on the lease commencement date. Ferrellgas determines the lease term by assuming the exercise of renewal options that are reasonably certain. The lease term is used to determine whether a lease is finance or operating and is used to calculate rent expense. Additionally, the depreciable life of leased assets and leasehold improvements is limited by the expected lease term. Operating lease balances are classified as operating lease right-of-use ("ROU") assets, and current and long-term operating lease liabilities on Ferrellgas' condensed consolidated balance sheet. Ferrellgas has an immaterial amount of finance leases that are included in "Other assets, net", "Other current liabilities", and "Other liabilities" on its condensed consolidated balance sheet.

ROU assets represent Ferrellgas' right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of Ferrellgas' leases do not provide an implicit discount rate, Ferrellgas uses its incremental borrowing rate adjusted for the lease term to represent the rate it would have to pay to borrow on a collateralized basis based on the information available at the commencement date in determining the present value of lease payments. Ferrellgas' lease terms may include options to extend or terminate the lease and it will adjust the life of the lease when it is reasonably certain that it will exercise these options.

Ferrellgas has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. Ferrellgas has variable lease components, including lease payments with payment escalation based on the Consumer Price Index, and other variable items, such as common area maintenance and taxes.

Key assumptions include the discount rate, the impact of purchase options and renewal options on Ferrellgas' lease term, as well as the assessment of residual value guarantees.

Ferrellgas' transportation equipment leases generally have purchase options. However, in most circumstances Ferrellgas is not certain if it will exercise the purchase option. As circumstances dictate, it may instead return the existing equipment to the lessor and sign a new lease. Ferrellgas' transportation equipment leases often contain residual value guarantees, but they are not reflected in Ferrellgas' lease liabilities as its lease rates are such that residual value guarantees are not expected to be owed at the end of its leases.

Ferrellgas' real estate leases will often have an option to extend the lease, but it is typically not reasonably certain of exercising options to extend. As customer demand changes over time, Ferrellgas typically maintains the ability to move to more advantageous locations, relocate to other leased and owned locations, or discontinue service from particular locations.

The following table provides the operating and financing ROU assets and lease liabilities as of October 31, 2019:

Leases	Classification		October 31, 2019
Assets			
Operating lease assets	Operating lease right-of-use assets	$	124,047
Financing lease assets	Other assets, net		5,719
Total leased assets		$	129,766
Liabilities			
Current			
Operating	Current operating lease liabilities	$	33,832
Financing	Other current liabilities		1,817
Noncurrent			
Operating	Operating lease liabilities		88,773
Financing	Other liabilities		3,949
Total leased liabilities		$	128,371

The following table provides the lease expenses for the three months ended October 31, 2019:

Leases Expense	Classification	For the three months ended October 31, 2019
Operating lease expense	Operating expenses - personnel, vehicle, plant and other	$ 1,741
	Operating expense - equipment lease expense	7,607
	Cost of sales - propane and other gas liquids sales	389
	General and administrative expense	266
Total operating lease expense		$ 10,003
Short-term expense	Operating expenses - personnel, vehicle, plant and other	$ 1,954
	General and administrative expense	110
Total short-term expense		$ 2,064
Variable lease expense	Operating expenses - personnel, vehicle, plant and other	$ 675
	Operating expense - equipment lease expense	733
Total variable lease expense		$ 1,408
Finance lease expense		
Amortization of leased assets	Depreciation and amortization expense	$ 40
Interest on lease liabilities	Interest expense	42
Total finance lease expense		$ 82
Total lease expense		$ 13,557

Minimum annual payments under existing operating and finance lease liabilities as of October 31, 2019 are as follows:

Maturities of lease liabilities	Operating leases	Finance leases	Total
2020	$ 31,711	$ 1,233	$ 32,944
2021	35,187	1,568	36,755
2022	25,864	1,177	27,041
2023	19,938	893	20,831
2024	17,092	812	17,904
Thereafter	34,326	1,735	36,061
Total lease payments	$ 164,118	$ 7,418	$ 171,536
Less: Imputed interest	41,513	1,652	43,165
Present value of lease liabilities	$ 122,605	$ 5,766	$ 128,371

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

	As of October 31, 2019	
Lease type	Weighted-average remaining lease term (years)	Weighted-average discount rate
Operating leases	5.7	8.2%
Finance leases	5.8	8.0%

Cash flow information is presented below:

	For the three months ended October 31, 2019
Cash paid for amounts included in the measurement of lease liabilities for operating leases:	
Operating cash flows	$ 11,049
Cash paid for amounts included in the measurement of lease liabilities for financing leases:	
Operating cash flows	$ 42
Financing cash flows	$ 28

D. Supplemental financial statement information

Inventories consist of the following:

	October 31, 2019	July 31, 2019
Propane gas and related products	$ 70,067	$ 66,001
Appliances, parts and supplies, and other	14,928	14,453
Inventories	$ 84,995	$ 80,454

In addition to inventories on hand, Ferrellgas enters into contracts to take delivery of propane for supply procurement purposes with terms that generally do not exceed 36 months. Most of these contracts call for payment based on market prices at the date of delivery. As of October 31, 2019, Ferrellgas had committed, for supply procurement purposes, to deliver approximately 1.3 million gallons of propane at fixed prices, net of contracts to take delivery.

Prepaid expenses and other current assets consist of the following:

	October 31, 2019	July 31, 2019
Broker margin deposit assets	$ 33,519	$ 25,028
Other	17,063	17,247
Prepaid expenses and other current assets	$ 50,582	$ 42,275

Other assets, net consist of the following:

	October 31, 2019	July 31, 2019
Notes receivable, less current portion	$ 13,809	$ 16,216
Other	61,634	52,889
Other assets, net	$ 75,443	$ 69,105

Other current liabilities consist of the following:

	October 31, 2019	July 31, 2019
Accrued interest	$ 54,651	$ 20,484
Customer deposits and advances	35,625	24,686
Accrued payroll	23,918	17,356
Accrued insurance	13,980	18,524
Price risk management liabilities	19,745	14,198
Other	39,812	42,989
Other current liabilities	$ 187,731	$ 138,237

Shipping and handling expenses are classified in the following condensed consolidated statements of operations line items:

	For the three months ended October 31,	
	2019	2018
Operating expense - personnel, vehicle, plant and other	$ 48,015	$ 47,443
Depreciation and amortization expense	1,840	1,072
Operating expense - equipment lease expense	7,642	7,519
	$ 57,497	$ 56,034

Certain cash flow and significant non-cash activities are presented below:

	For the three months ended October 31, 2019	2018
Cash paid (refunded) for:		
Interest	$ 8,284	$ 8,930
Income taxes	$ —	$ 2
Non-cash investing and financing activities:		
Liabilities incurred in connection with acquisitions	$ 520	$ 1,096
Change in accruals for property, plant and equipment additions	$ (43)	$ (315)
Right-of-use assets arising from operating and finance lease liabilities	$ 17,177	$ —

E. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	October 31, 2019	July 31, 2019
Accounts receivable pledged as collateral	$ 118,164	$ 106,145
Accounts receivable not pledged as collateral (including other reserves)	2,817	1,218
Note receivable	5,292	2,660
Other	36	36
Less: Allowance for doubtful accounts	(2,468)	(2,463)
Accounts and notes receivable, net	$ 123,841	$ 107,596

At October 31, 2019, $118.2 million of trade accounts receivable were pledged as collateral against $73.0 million of collateralized notes payable due to a commercial paper conduit. At July 31, 2019, $106.1 million of trade accounts receivable were pledged as collateral against $62.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from the operating partnership. The operating partnership does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

As of October 31, 2019, Ferrellgas had received cash proceeds of $73.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds or issue letters of credit. As of July 31, 2019, Ferrellgas had received cash proceeds of $62.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 5.2% and 5.5% as of October 31, 2019 and July 31, 2019, respectively.

F. Debt

Short-term borrowings

Ferrellgas classifies borrowings on the Revolving Facility portion of its Senior Secured Credit Facility (each, as defined below) as short-term because they are primarily used to fund working capital needs that management intends to pay down within the twelve month period following the balance sheet date. As of October 31, 2019 and July 31, 2019, $80.0 million and $43.0 million, respectively, were classified as short-term borrowings. For further discussion see the "Senior secured credit facilities" section below.

Long-term debt

Long-term debt consists of the following:

	October 31, 2019	July 31, 2019
Senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ 500,000
Fixed rate, 6.75%, due 2023 (2)	500,000	500,000
Fixed rate, 6.75%, due 2022, net of unamortized premium of $1,455 and $1,633 at October 31, 2019 and July 31, 2019, respectively (3)	476,455	476,633
Fixed rate, 8.625%, due 2020, net of unamortized discount of $668 and $1,319 at October 31, 2019 and July 31, 2019, respectively (4)	356,332	355,681
Senior secured term loan		
Variable interest rate, Term Loan, expected to mature May 2023 (5)	275,000	275,000
Notes payable		
10.4% and 10.7% weighted average interest rate at October 31, 2019 and July 31, 2019, respectively, due 2020 to 2029, net of unamortized discount of $683 and $711 at October 31, 2019 and July 31, 2019, respectively	6,080	5,962
Total debt, excluding unamortized debt issuance and other costs	2,113,867	2,113,276
Unamortized debt issuance and other costs	(23,867)	(24,516)
Less: current portion of long-term debt	358,080	631,756
Long-term debt	$ 1,731,920	$ 1,457,004

(1) During November 2010, the operating partnership issued $500.0 million in aggregate principal amount of 6.50% senior notes due 2021. These notes are general unsecured senior obligations of the operating partnership and are effectively junior to all existing and future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing such debt. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on May 1 and November 1 of each year. The outstanding principal amount is due on May 1, 2021.

(2) During June 2015, the operating partnership issued $500.0 million in aggregate principal amount of 6.75% senior notes due 2023. These notes are general unsecured senior obligations of the operating partnership and are effectively junior to all existing and future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing such debt. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. The operating partnership would incur prepayment penalties if it were to repay the notes prior to June 2021.

(3) During fiscal 2014, the operating partnership issued $475.0 million in aggregate principal amount of 6.75% senior notes due 2022. These notes are general unsecured senior obligations of the operating partnership and are effectively junior to all existing and future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing such debt. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on January 15 and July 15 of each year.

(4) During January 2017, Ferrellgas Partners issued $175.0 million in aggregate principal amount of additional 8.625% unsecured senior notes due 2020, issued at 96% of par. Ferrellgas Partners contributed the net proceeds from the offering of approximately $166.1 million to the operating partnership, which used such amounts to repay borrowings under its previous senior secured credit facility. During April 2010, Ferrellgas Partners issued $280.0 million of its fixed rate senior notes. During March 2011, Ferrellgas Partners redeemed $98.0 million of these fixed rate senior notes. These notes are general unsecured senior obligations of Ferrellgas Partners and are structurally subordinated to all existing and future indebtedness and obligations of the operating partnership. The unsecured senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year.

(5) The Senior Secured Credit Facility, including the Term Loan, will mature on the earlier of (i) May 4, 2023 and (ii) the date that is 90 days prior to the earliest maturity date of any series of the operating partnership's outstanding notes after giving effect to any extensions or refinancings thereof. As of July 31, 2019, the earliest maturity date of any series of the operating partnership's outstanding notes was May 1, 2021, except for the reclassification of the Term Loan from long-term to current. As of October 31, 2019, the Term Loan was reclassified to long-term.

Senior secured credit facilities

On May 4, 2018, the operating partnership entered into a new $575.0 million senior secured credit facility (the "Senior Secured Credit Facility"), consisting of a $300.0 million revolving line of credit (the "Revolving Facility") and a $275.0 million term loan (the "Term Loan"), which mature on the earlier of (i) May 4, 2023 and (ii) the date that is 90 days prior to the earliest maturity date of any series of the operating partnership's outstanding notes after giving effect to any extensions or refinancings thereof. As of this filing, the earliest maturity date of any series of the operating partnership's outstanding notes is May 1, 2021. Revolving Facility borrowings bear interest at the Prime Rate + 4.75% and Term Loan borrowings bear interest at LIBOR + 5.75%. The Revolving Facility, as amended, includes a $140.0 million sublimit for the issuance of letters of credit. Borrowings under the Senior Secured Credit Facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness and acquisitions, within certain limits.

The Term Loan does not include any scheduled principal payments and the Revolving Facility does not have any scheduled commitment reductions before maturity; however, the Term Loan requires prepayments pursuant to the following: 1) certain asset sales, 2) 50% of any excess cash flow, as defined by the Term Loan, in any fiscal year beginning with fiscal year 2019, 3) certain insurance proceeds, and 4) certain tax refunds.

On June 6, 2019, the operating partnership entered into a first amendment to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the first amendment updated the calculation of the fixed charge coverage ratio for purposes of the fixed charge coverage ratio in the agreement to exclude certain maintenance capital expenditures related to the purchase during fiscal 2019 of new propane delivery trucks which have historically been leased. The first amendment provides that up to a specified amount of such maintenance capital expenditures will not be deducted from consolidated EBITDA for purposes of the calculation.

On November 7, 2019, the operating partnership entered into a second amendment (the "Second Amendment") to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the Second Amendment (i) increased from $125.0 million to $140.0 million the sub-limit for issuance of letters of credit that exists within the $300.0 million Revolving Facility; and (ii) modified a component of the fixed charge coverage ratio calculation to exclude payments related to the manufacture of vehicles used for propane delivery or related service up to specified amounts if operating lease commitments sufficient to cover such excluded amounts have been obtained and those payments are in fact reimbursed under such operating leases within nine months thereafter. In addition, the Second Amendment provided waivers for any event of default that has or would otherwise arise with respect to the delivery of an unqualified report of Grant Thornton LLP as to going concern with respect to the audited financial statements of Ferrellgas, L.P. and with respect to the timely delivery of financial information for fiscal 2019, thereby resolving the disagreement with the agent under the Senior Secured Credit Facility regarding alleged events of default described in the Annual Report on Form 10-K for fiscal 2019. As a result of the Second Amendment, the Term Loan was reclassified from current to long-term, consistent with its underlying maturity.

The Senior Secured Credit Facility is secured with substantially all of the assets of Ferrellgas, L.P. and its subsidiaries, and Ferrellgas Partners' and the general partner's partnership interests in Ferrellgas, L.P., and contains various affirmative and negative covenants and default provisions, as well as requirements with respect to the maintenance of specified financial ratios and limitations on the making of loans and investments.

As of October 31, 2019, the operating partnership had borrowings of $275.0 million under the Term Loan at an interest rate of 7.89%, which was classified as long-term debt, and $80.0 million of borrowings under the Revolving Facility at a weighted average interest rate of 9.09%, which was classified as short-term borrowings. As of October 31, 2019, the operating partnership had available borrowing capacity under the Revolving Facility of $101.9 million. As of July 31, 2019, the operating partnership had borrowings of $275.0 million under the Term Loan at an interest rate of 8.16%, which was classified as current, and $43.0 million under the Revolving Facility at an interest rate of 9.47%, which was classified as short-term borrowings. As of July 31, 2019, the operating partnership had available borrowing capacity under the Revolving Facility of $155.1 million.

Letters of credit outstanding at October 31, 2019 and July 31, 2019 totaled $118.1 million and $101.9 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. At October 31, 2019, Ferrellgas had remaining available letter of credit capacity of $6.9 million (or $21.9 million, if the Second Amendment had been effective as of October 31, 2019). At July 31, 2019, Ferrellgas had remaining available letter of credit capacity of $23.1 million.

Financial covenants

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness contain various covenants that limit Ferrellgas Partners' ability and the ability of specified subsidiaries to, among other things, make restricted payments and incur additional indebtedness. The general partner believes that the most restrictive of these covenants are the restricted payments covenants in the indenture governing the outstanding notes of Ferrellgas Partners and the indentures governing the outstanding notes of the operating partnership, which are discussed below.

Ferrellgas Partners, L.P., the master limited partnership

The indenture governing the outstanding notes of Ferrellgas Partners due June 15, 2020 contains a covenant that restricts the ability of Ferrellgas Partners to make certain restricted payments, including distributions on its common units.

Under this covenant, subject to the limited exception described below, Ferrellgas Partners may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indenture generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2019, Ferrellgas Partners' consolidated fixed charge coverage ratio was 1.35x.

If the consolidated fixed charge coverage ratio is below 1.75x, Ferrellgas Partners may make restricted payments of up to $50.0 million in total over a sixteen quarter period. As a result of distributions paid to common unitholders in September 2017, December 2017, March 2018, June 2018, and September 2018, while this ratio was less than 1.75x, Ferrellgas Partners has used substantially all of its capacity under the limited exception and therefore is currently restricted by this covenant from making future restricted payments, including distributions to common unitholders. Accordingly, no distributions have been or will be paid to common unitholders for the three months ended October 31, 2019, and, unless this indenture is amended or replaced or Ferrellgas Partners' consolidated fixed charge coverage ratio improves to at least 1.75x, this covenant will continue to prohibit Ferrellgas Partners from making common unit distributions.

Ferrellgas, L.P., the operating partnership

Similar to the indenture governing the outstanding notes of Ferrellgas Partners, the indentures governing the outstanding notes of the operating partnership contain covenants that restrict the ability of the operating partnership to make certain restricted payments, including distributions to Ferrellgas Partners. Under these covenants, subject to the limited exception described below, the operating partnership may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indentures generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2019, the operating partnership's consolidated fixed charge coverage ratio was 1.68x.

If the consolidated fixed charge coverage ratio is below 1.75x, the operating partnership may make restricted payments in limited amounts determined under the indentures. If the operating partnership's consolidated fixed charge coverage ratio remains below 1.75x, the distribution to be made by the operating partnership on December 15, 2019 for payment of interest on Ferrellgas Partners' unsecured senior notes due 2020 would be made from capacity under the limited exception to the ratio requirement.

Although the operating partnership believes that its remaining capacity under the limited exception to the ratio requirement under the operating partnership's indentures, and its ability to comply with the limitations on distributions under our Senior Secured Credit Facility, will allow it to make distributions to Ferrellgas Partners to cover interest payments on Ferrellgas Partners' unsecured senior notes due 2020 through the maturity of those notes, the restrictions in these debt agreements may prevent the operating partnership from making distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders.

Debt and interest expense reduction and refinancing strategy

Ferrellgas continues to pursue a strategy to further reduce its debt and interest expense. Achievements under this strategy during fiscal 2018 included entering into the Senior Secured Credit Facility, amending our accounts receivable securitization facility and selling certain assets. Other opportunities include the generation of additional cash flows organically or through accretive acquisitions, restructuring or refinancing existing indebtedness, selling additional assets, maintaining the suspension of Ferrellgas' common unit distributions, issuing equity or executing one or more debt exchanges. Ferrellgas expects to maintain its debt and interest expense reduction strategy until its consolidated leverage ratio reaches a level that it deems appropriate for its business. During fiscal 2019, Ferrellgas engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist us in our ongoing process to address our upcoming debt maturities.

G. Partners' deficit

As of October 31, 2019 and July 31, 2019, Ferrellgas Partners limited partner units, which are listed on the New York Stock Exchange under the symbol "FGP," were beneficially owned by the following:

	October 31, 2019	July 31, 2019
Public common unitholders (1)	69,612,939	69,612,939
Ferrell Companies (2)	22,529,361	22,529,361
FCI Trading Corp. (3)	195,686	195,686
Ferrell Propane, Inc. (4)	51,204	51,204
James E. Ferrell (5)	4,763,475	4,763,475

(1) These common units are listed on the New York Stock Exchange under the symbol "FGP".
(2) Ferrell Companies is the owner of the general partner and is an approximate 23.2% direct owner of Ferrellgas Partners' common units and thus a related party. Ferrell Companies also beneficially owns 195,686 and 51,204 common units of Ferrellgas Partners held by FCI Trading Corp. ("FCI Trading") and Ferrell Propane, Inc. ("Ferrell Propane"), respectively, bringing Ferrell Companies' beneficial ownership to 23.4% at October 31, 2019.
(3) FCI Trading is an affiliate of the general partner and thus a related party.
(4) Ferrell Propane is controlled by the general partner and thus a related party.
(5) James E. Ferrell is the Interim Chief Executive Officer and President of our general partner; and is the Chairman of the Board of Directors of our general partner and a related party. JEF Capital Management owns 4,758,859 of these common units and is owned by the James E. Ferrell Revocable Trust Two and other family trusts, all of which James E. Ferrell and/or his family members or their related entities are the trustees and beneficiaries. James E. Ferrell holds all voting common stock of JEF Capital Management. The remaining 4,616 common units are held by Ferrell Resources Holdings, Inc., which is wholly-owned by the James E. Ferrell Revocable Trust One, for which James E. Ferrell is the trustee and sole beneficiary.

Partnership distributions

Ferrellgas Partners has recognized the following distributions:

	For the three months ended October 31,	
	2019	2018
Public common unitholders	$ —	$ 6,962
Ferrell Companies	—	2,253
FCI Trading Corp.	—	20
Ferrell Propane, Inc.	—	5
James E. Ferrell	—	476
General partner	—	98
	$ —	$ 9,814

Ferrellgas Partners paid cash distributions as detailed in the table above. Ferrellgas Partners did not declare a cash distribution related to the three months ended October 31, 2019. Ferrellgas has not paid any cash distributions to our unitholders since the distribution paid in the first quarter of fiscal 2019 for the three months ended July 31, 2018. As discussed in Note F – Debt, Ferrellgas Partners was not permitted, pursuant to the consolidated fixed charge coverage ratio under its note indenture, to make restricted payments, including distributions to unitholders.

See additional discussions about transactions with related parties in Note K – Transactions with related parties.

Accumulated other comprehensive income (loss) ("AOCI")

See Note J – Derivative instruments and hedging activities – for details regarding changes in the fair value of risk management financial derivatives recorded within AOCI for the three months ended October 31, 2019 and 2018.

General partner's commitment to maintain its capital account

Ferrellgas' partnership agreements allow the general partner to have an option to maintain its effective 2% general partner interest concurrent with the issuance of other additional equity.

During the three months ended October 31, 2019, the general partner made non-cash contributions of $16 thousand to Ferrellgas to maintain its effective 2% general partner interest.

During the three months ended October 31, 2018, the general partner made non-cash contributions of $0.1 million to Ferrellgas to maintain its effective 2% general partner interest.

H. Revenue from contracts with customers

Ferrellgas earns revenue from contracts with customers primarily through the distribution of propane, as well as through the sale of propane related equipment and supplies. Revenues from propane and other gas liquids sales are comprised of revenue earned from the delivery of propane to tanks on customers' premises, from the delivery of propane filled cylinders to customers, or from the sale of portable propane tanks to nationwide and local retailers and end use customers. Other revenues primarily include sales of appliances and other materials as well as other fees charged to customers.

Contracts with customers

Ferrellgas' contracts with customers are principally for the bulk delivery of propane to tanks, delivery of propane filled cylinders or the delivery of portable propane tanks to retailers. Ferrellgas sells propane to a wide variety of customers, including residential, industrial/commercial, portable tank exchange, agricultural, wholesale and others. Ferrellgas' performance obligations in these contracts are generally limited to the delivery of propane, and therefore revenues from these contracts are earned at the time product is delivered, or in the case of some of Ferrellgas' portable tank exchange retailers who have consignment agreements, at the time the tanks are sold to the end use customer. Payment is generally due within 30 days. Revenues from sales of propane are included in Propane and other gas liquids sales on the consolidated statements of operations.

Typically, Ferrellgas bills customers upon delivery and payment is generally due within 30 days. With its residential customers, Ferrellgas offers customers the ability to spread their annual heating costs over a longer period, typically twelve months. Customers who opt to spread their heating costs over a longer period are referred to as “even-pay” customers.

Ferrellgas charges other amounts to customers associated with the delivery of propane including hazardous materials fees and fuel surcharge fees. In some regions, Ferrellgas also sells appliances and related parts and fittings as well as other retail propane related services. Ferrellgas charges on an annual basis tank and equipment rental charges for customers that are using our equipment to store propane. Other revenues associated with deliveries of propane are earned at the time product is delivered. Revenues associated with sales of appliances and other materials or services are earned at the time of delivery or installation. Revenues associated with tank and equipment rentals are generally recognized on a straight-line basis over one year.

Accounting estimates related to recognition of revenue require that Ferrellgas make estimates and assumptions about various factors including credits issued for completed sales, future returns and total consideration payable in instances where we have customer incentives payable to the customer.

Disaggregation of revenue

Ferrellgas disaggregates revenues based upon the type of customer and on the type of revenue. The following table presents retail propane revenues, wholesale propane revenues and other revenues. Retail revenues result from sales to end use customers, wholesale revenues result from sales to or through resellers and all other revenues include sales of appliances and other materials, other fees charged to customers and equipment rental charges.

	For the three months ended October 31,	
	2019	2018
Retail - Sales to End Users	$ 180,417	$ 217,764
Wholesale - Sales to Resellers	82,704	93,944
Other Gas Sales	10,264	23,258
Other	19,829	17,343
Propane and related equipment revenues	$ 293,214	$ 352,309

Contract assets and liabilities

Ferrellgas’ performance obligations are generally limited to the delivery of propane for our retail and wholesale contracts. Ferrellgas’ performance obligations with respect to sales of appliances and other materials and other revenues are limited to the delivery of the agreed upon good or service. Ferrellgas does not have material performance obligations that are delivered over time, thus all of our revenue is recognized at the time the goods, including propane, are delivered or installed. Ferrellgas offers “even pay” billing programs that can create customer deposits or advances, depending on whether Ferrellgas has delivered more propane than the customer has paid for or whether the customer has paid for more propane than what has been delivered. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. The advance or deposit is considered to be a contract asset or liability. Additionally, from time to time, we have customers that pay in advance for goods or services, and such amounts result in contract liabilities.

Ferrellgas incurs incremental commissions directly related to the acquisition or renewal of customer contracts. The commissions are calculated and paid based upon the number of gallons sold to the acquired or renewed customer. The total amount of commissions that we incur is not material, and the commissions are expensed commensurate with the deliveries to which they relate; therefore, Ferrellgas does not capitalize these costs.

The following table presents the opening and closing balances of Ferrellgas Partners' receivables, contract assets, and contract liabilities:

	October 31, 2019	July 31, 2019
Accounts receivable	$ 119,609	$ 96,450
Contract assets	$ 6,700	$ 13,609
Contract liabilities		
Deferred revenue (1)	$ 43,821	$ 31,974

(1) Of the beginning balance of deferred revenue, $9.2 million was recognized as revenue during the three months ended October 31, 2019.

Remaining performance obligations

Ferrellgas' remaining performance obligations are generally limited to situations where its customers have remitted payment but have not yet received deliveries of propane. This most commonly occurs in Ferrellgas' even pay billing programs and Ferrellgas expects that these balances will be recognized within a year or less as the customer takes delivery of propane.

I. Fair value measurements

Derivative financial instruments

The following table presents Ferrellgas' financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of October 31, 2019 and July 31, 2019:

	Asset (Liability)			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
October 31, 2019:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 453	$ —	$ 453
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (21,358)	$ —	$ (21,358)
July 31, 2019:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 1,259	$ —	$ 1,259
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (16,015)	$ —	$ (16,015)

Methodology

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

Other financial instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. The estimated fair value of the note receivable financial instrument classified in "Other assets, net" on the condensed consolidated balance sheets, is approximately $13.3 million, or $0.5 million less than its carrying amount as of October 31, 2019. The estimated fair value of the note receivable was calculated using a discounted cash flow method which relied on significant unobservable inputs. At October 31, 2019 and July 31, 2019, the estimated fair value of Ferrellgas' long-term debt instruments was $1,735.5 million and $1,824.6 million, respectively. Ferrellgas estimates the fair value of long-term debt based on quoted market prices. The fair value of our consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Ferrellgas has other financial instruments such as trade accounts receivable which could expose it to concentrations of credit risk. The credit risk from trade accounts receivable is limited because of a large customer base which extends across many different U.S. markets.

J. Derivative instruments and hedging activities

Ferrellgas is exposed to certain market risks related to its ongoing business operations. These risks include exposure to changing commodity prices as well as fluctuations in interest rates. Ferrellgas utilizes derivative instruments to manage its exposure to fluctuations in commodity prices. Of these, the propane commodity derivative instruments are designated as cash flow hedges.

Derivative instruments and hedging activity

During the three months ended October 31, 2019 and 2018, Ferrellgas did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of financial derivative contract gains or losses from the assessment of hedge effectiveness related to commodity cash flow hedges.

The following tables provide a summary of the fair value of derivatives in Ferrellgas' condensed consolidated balance sheets as of October 31, 2019 and July 31, 2019:

		October 31, 2019			
		Asset Derivatives		Liability Derivatives	
Derivative Instrument	Final Maturity Date	Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 444	Other current liabilities	$19,745
Commodity derivatives-propane		Other assets, net	9	Other liabilities	1,613
		Total	$ 453	Total	$21,358

		July 31, 2019			
		Asset Derivatives		Liability Derivatives	
Derivative Instrument	Final Maturity Date	Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 910	Other current liabilities	$ 14,198
Commodity derivatives-propane		Other assets, net	349	Other liabilities	1,817
		Total	$ 1,259	Total	$ 16,015

Ferrellgas' exchange traded commodity derivative contracts require cash margin deposit as collateral for contracts that are in a negative mark-to-market position. These cash margin deposits will be returned if mark-to-market conditions improve or will be applied against cash settlement when the contracts are settled. Liabilities represent cash margin deposits received by Ferrellgas for contracts that are in a positive mark-to-market position. The following tables provide a summary of cash margin balances as of October 31, 2019 and July 31, 2019, respectively:

	October 31, 2019			
	Assets		Liabilities	
Description	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 33,519	Other current liabilities	$ 2,112
	Other assets, net	2,674	Other liabilities	—
		$ 36,193		$ 2,112

	July 31, 2019			
	Assets		Liabilities	
Description	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 25,028	Other current liabilities	$ 1,217
	Other assets, net	2,969	Other liabilities	—
		$ 27,997		$ 1,217

The following tables provide a summary of the effect on Ferrellgas' condensed consolidated statements of comprehensive income (loss) for the three months ended October 31, 2019 and 2018 due to derivatives designated as cash flow hedging instruments:

	For the three months ended October 31, 2019			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ (13,627)	Cost of product sold-propane and other gas liquids sales	$ (7,479)	$ —
	$ (13,627)		$ (7,479)	$ —

	For the three months ended October 31, 2018			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ (8,154)	Cost of sales-propane and other gas liquids sales	$ 4,433	$ —
	$ (8,154)		$ 4,433	$ —

The changes in derivatives included in AOCI for the three months ended October 31, 2019 and 2018 were as follows:

	For the three months ended October 31,	
Gains and losses on derivatives included in AOCI	2019	2018
Beginning balance	$ (14,756)	$ 20,560
Change in value of risk management commodity derivatives	(13,627)	(8,154)
Reclassification of (gains) losses on commodity hedges to cost of sales - propane and other gas liquids sales, net	7,479	(4,433)
Ending balance	$ (20,904)	$ 7,973

Ferrellgas expects to reclassify net losses related to the risk management commodity derivatives of approximately $19.3 million to earnings during the next 12 months. These net losses are expected to be offset by increased margins on propane sales commitments Ferrellgas has with its customers that qualify for the normal purchase normal sale exception.

During the three months ended October 31, 2019 and 2018, Ferrellgas had no reclassifications to operations resulting from the discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of October 31, 2019, Ferrellgas had financial derivative contracts covering 4.5 million gallons of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

Derivative financial instruments credit risk

Ferrellgas is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Ferrellgas' counterparties principally consist of major energy companies and major U.S. financial institutions. Ferrellgas maintains credit policies with regard to its counterparties that it believes reduce its overall credit risk. These policies include evaluating and monitoring its 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 Ferrellgas in the forms of letters of credit, parent guarantees or cash. Ferrellgas has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties. If these counterparties that make up the concentration failed to perform according to the terms of their contracts at October 31, 2019, the maximum amount of loss due to credit risk that Ferrellgas would incur is zero, which is based upon the gross fair values of the derivative financial instruments.

From time to time Ferrellgas enters into derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon Ferrellgas' debt rating. There were no open derivative contracts with credit-risk-related contingent features as of October 31, 2019.

K. <u>Transactions with related parties</u>

Ferrellgas has no employees and is managed and controlled by its general partner. Pursuant to Ferrellgas' partnership agreements, the general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of Ferrellgas and all other necessary or appropriate expenses allocable to Ferrellgas or otherwise reasonably incurred by the general partner in connection with operating Ferrellgas' business. These costs primarily include compensation and benefits paid to employees of the general partner who perform services on Ferrellgas' behalf and are reported in the condensed consolidated statements of operations as follows:

	For the three months ended October 31,	
	2019	2018
Operating expense	$ 63,471	$ 59,958
General and administrative expense	$ 6,487	$ 6,112

See additional discussions about transactions with the general partner and related parties in Note G – Partners' deficit.

L. Contingencies and commitments

Litigation

Ferrellgas' operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, Ferrellgas can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, Ferrellgas is not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on the consolidated financial condition, results of operations and cash flows of Ferrellgas.

Ferrellgas has been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The lawsuits, which were consolidated in the Western District of Missouri on October 16, 2014, allege that Ferrellgas and a competitor coordinated in 2008 to reduce the fill level in barbeque cylinders and combined to persuade a common customer to accept that fill reduction, resulting in increased cylinder costs to direct customers and end-user customers in violation of federal and certain state antitrust laws. The lawsuits seek treble damages, attorneys' fees, injunctive relief and costs on behalf of the putative class. These lawsuits have been coordinated for pretrial purposes by the multidistrict litigation panel. The Federal Court for the Western District of Missouri initially dismissed all claims brought by direct and indirect customers other than state law claims of indirect customers under Wisconsin, Maine and Vermont law. The direct customer plaintiffs filed an appeal, which resulted in a reversal of the district court's dismissal. We filed a petition for a writ of certiorari which was denied. An appeal by the indirect customer plaintiffs resulted in the court of appeals affirming the dismissal of the federal claims and remanding the case to the district court to decide whether to exercise supplemental jurisdiction over the remaining state law claims. Thereafter, in August 2019, Ferrellgas reached a settlement with the direct customers, pursuant to which it agreed to pay a total of $6.25 million to resolve all claims asserted by the putative direct purchaser class. With respect to the indirect customers, the district court exercised supplemental jurisdiction over the remaining state law claims, but then granted in part Ferrellgas' pleadings-based motion and dismissed 11 of the 24 remaining state law claims. As a result, there are 13 remaining state law claims brought by a putative class of indirect customers. Ferrellgas believes it has strong defenses and intends to vigorously defend itself against these remaining claims. Ferrellgas does not believe loss is probable or reasonably estimable at this time related to the putative class action lawsuit.

Ferrellgas and Bridger Logistics, LLC, have been named, along with two former officers, in a lawsuit filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the Eastern District of Pennsylvania (the "EDPA Lawsuit"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services ("JTS"), previously named Bridger Transfer Services, a former subsidiary of Bridger Logistics, LLC ("Bridger"). The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an "alter ego" of Bridger and Ferrellgas and that Bridger and Ferrellgas breached fiduciary duties owed to Eddystone as a creditor of JTS. Ferrellgas believes that Ferrellgas and Bridger have valid defenses to these claims and to Eddystone's primary claim against JTS for breach of contract. The lawsuit does not specify a specific amount of damages that Eddystone is seeking; however, Ferrellgas believes that the amount of such damages, if ultimately owed to Eddystone, could be material to Ferrellgas. Ferrellgas intends to vigorously defend this claim. On August 24, 2017, Ferrellgas filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, Ferrellgas entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit. The lawsuit is in the discovery stage; as such, management does not currently believe a loss is probable or reasonably estimable at this time.

M. Net earnings (loss) per common unit

Ferrellgas Partners is currently restricted by its debt covenants from making distributions to common unitholders. See Note F – Debt – for details regarding these restrictions. Below is a calculation of the basic and diluted net earnings (loss) per common unit in the condensed consolidated statements of operations for the periods indicated. In accordance with guidance issued by the FASB regarding participating securities and the two-class method, Ferrellgas calculates net earnings (loss) per common unit for each period presented according to distributions declared and participation rights in undistributed earnings, as if all of the earnings or loss for the period had been distributed according to the incentive distribution rights in the Ferrellgas partnership agreement. Due to the seasonality of the propane business, the dilutive effect of the two-class method typically impacts only the three months ending January 31. In periods with undistributed earnings above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the general partner and a dilution of the earnings to the limited partners as follows:

	Ratio of total distributions payable to:	
Quarterly distribution per common unit	**Common unitholder**	**General partner**
$0.56 to $0.63	86.9 %	13.1 %
$0.64 to $0.82	76.8 %	23.2 %
$0.83 and above	51.5 %	48.5 %

There was no dilutive effect resulting from this method on basic and diluted net earnings (loss) per common unit for the three months ended October 31, 2019 or 2018.

In periods with net losses, the allocation of the net losses to the limited partners and the general partner will be determined based on the same allocation basis specified in Ferrellgas Partners' partnership agreement that would apply to periods in which there were no undistributed earnings. Additionally, there are no dilutive securities in periods with net losses.

	For the three months ended October 31,	
	2019	**2018**
Common unitholders' interest in net loss	$ (44,891)	$ (56,445)
Weighted average common units outstanding (in thousands)	97,152.7	97,152.7
Basic and diluted net loss per common unit	$ (0.46)	$ (0.58)

N. Subsequent events

Ferrellgas evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas' condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements except as described below.

On November 7, 2019, the operating partnership entered into a second amendment to the financing agreement governing its Senior Secured Credit Facility. See Note F – Debt for further discussion.

On December 5, 2019, the operating partnership entered into an eighth amendment to its accounts receivable securitization facility in order to align certain deliverables under the accounts receivable securitization facility with similar requirements under the second amendment to the financing agreement governing the Senior Secured Credit Facility, noted above.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
CONDENSED BALANCE SHEETS
(unaudited)

	October 31, 2019	July 31, 2019
ASSETS		
Cash	$ 1,000	$ 1,000
Prepaid expenses and other current assets	1,021	1,858
Total assets	$ 2,021	$ 2,858
Contingencies and commitments (Note B)		
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$ 1,000	$ 1,000
Additional paid in capital	33,081	33,027
Accumulated deficit	(32,060)	(31,169)
Total stockholder's equity	$ 2,021	$ 2,858

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended October 31,	
	2019	2018
General and administrative expense	$ 891	$ 1,941
Net loss	$ (891)	$ (1,941)

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended October 31, 2019	For the three months ended October 31, 2018
Cash flows from operating activities:		
Net loss	$ (891)	$ (1,941)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	838	1,850
Cash used in operating activities	(53)	(91)
Cash flows from financing activities:		
Capital contribution	53	91
Cash provided by financing activities	53	91
Net change in cash	—	—
Cash - beginning of period	1,000	1,000
Cash - end of period	$ 1,000	$ 1,000

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas Partners, L.P.)
(unaudited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Formation

Ferrellgas Partners Finance Corp. (the “Finance Corp.”), a Delaware corporation, was formed on March 28, 1996, and is a wholly-owned subsidiary of Ferrellgas Partners, L.P. (the “Partnership”).

The condensed financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed financial statements were of a normal recurring nature.

The Finance Corp. has nominal assets, does not conduct any operations and has no employees.

Going Concern

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note B – Contingencies and commitments, the Finance Corp serves as co-issuer and co-obligor for debt securities of the Partnership. The Partnership has $357.0 million aggregate principal amount of unsecured senior notes due June 15, 2020 that are classified as current. This obligation is only reported on the Partnership’s condensed consolidated balance sheet. The ability of the Partnership to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. Additionally, the Finance Corp. does not have sufficient cash reserves or the ability to generate sufficient future cash flows to satisfy its obligations as co-obligor of the debt securities of the Partnership. Given these concerns, the Finance Corp. believes there is substantial doubt about the entity’s ability to continue as a going concern. The Partnership has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist with the Partnership’s ongoing process to address its upcoming debt maturities. The successful outcome of the Partnership’s debt reduction strategy continues to remain uncertain.

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership. The Finance Corp. is liable as co-issuer and co-obligor for the $357 million aggregate principal amount of the Partnership’s unsecured senior notes due June 15, 2020, which obligation is only reported on the Partnership’s consolidated balance sheet.

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FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	October 31, 2019	July 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,733	$ 11,046
Accounts and notes receivable, net (including $118,164 and $106,145 of accounts receivable pledged as collateral at October 31, 2019 and July 31, 2019, respectively)	123,841	107,596
Inventories	84,995	80,454
Prepaid expenses and other current assets	50,426	42,157
Total current assets	288,995	241,253
Property, plant and equipment, net	598,887	596,723
Goodwill, net	247,195	247,195
Intangible assets (net of accumulated amortization of $416,512 and $414,210 at October 31, 2019 and July 31, 2019, respectively)	108,493	108,557
Operating lease right-of-use assets	124,047	—
Other assets, net	75,443	69,105
Total assets	$ 1,443,060	$ 1,262,833
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 44,421	$ 33,364
Short-term borrowings	80,000	43,000
Collateralized note payable	73,000	62,000
Current portion of long-term debt	2,230	277,029
Current operating lease liabilities	33,832	—
Other current liabilities	176,099	134,303
Total current liabilities	409,582	549,696
Long-term debt	1,731,920	1,457,004
Operating lease liabilities	88,773	—
Other liabilities	36,915	36,536
Contingencies and commitments (Note L)		
Partners' deficit:		
Limited partner	(795,385)	(758,186)
General partner	(7,950)	(7,570)
Accumulated other comprehensive loss	(20,795)	(14,647)
Total partners' deficit	(824,130)	(780,403)
Total liabilities and partners' deficit	$ 1,443,060	$ 1,262,833

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)
(unaudited)

	For the three months ended October 31, 2019	2018
Revenues:		
Propane and other gas liquids sales	$ 273,385	$ 334,966
Other	19,829	17,343
Total revenues	293,214	352,309
Costs and expenses:		
Cost of sales - propane and other gas liquids sales	134,028	204,136
Cost of sales - other	3,681	3,047
Operating expense - personnel, vehicle, plant and other	114,543	110,331
Operating expense - equipment lease expense	8,388	7,863
Depreciation and amortization expense	19,219	18,992
General and administrative expense	9,696	14,175
Non-cash employee stock ownership plan compensation charge	795	2,748
Loss on asset sales and disposals	2,235	4,504
Operating income (loss)	629	(13,487)
Interest expense	(36,877)	(35,195)
Other income (expense), net	(132)	19
Loss before income taxes	(36,380)	(48,663)
Income tax expense	518	151
Net Loss	$ (36,898)	$ (48,814)

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	For the three months ended October 31, 2019	2018
Net loss	$ (36,898)	$ (48,814)
Other comprehensive income (loss):		
Change in value of risk management derivatives	(13,627)	(8,154)
Reclassification of (gains) losses on derivatives to earnings, net	7,479	(4,433)
Other comprehensive loss	(6,148)	(12,587)
Comprehensive loss	$ (43,046)	$ (61,401)

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' DEFICIT
(in thousands)
(unaudited)

	Limited partner	General partner	Accumulated other comprehensive loss	Total partners' deficit
Balance at July 31, 2019	$(758,186)	$ (7,570)	$ (14,647)	$(780,403)
Contributions in connection with non-cash ESOP compensation charges	787	8	—	795
Cumulative adjustment for lease accounting standard	(1,361)	(14)	—	(1,375)
Distributions	(100)	(1)	—	(101)
Net loss	(36,525)	(373)	—	(36,898)
Other comprehensive loss	—	—	(6,148)	(6,148)
Balance at October 31, 2019	$(795,385)	$ (7,950)	$ (20,795)	$(824,130)

	Limited partner	General partner	Accumulated other comprehensive income (loss)	Total partners' deficit
Balance at July 31, 2018	$ (693,896)	$ (6,915)	$ 20,733	$ (680,078)
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	2,720	28	—	2,748
Distributions	(9,914)	(101)	—	(10,015)
Net loss	(48,321)	(493)	—	(48,814)
Other comprehensive loss	—	—	(12,587)	(12,587)
Balance at October 31, 2018	$ (749,411)	$ (7,481)	$ 8,146	$ (748,746)

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the three months ended October 31, 2019	2018
Cash flows from operating activities:		
Net loss	$ (36,898)	$ (48,814)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	19,219	18,992
Non-cash employee stock ownership plan compensation charge	795	2,748
Loss on asset sales and disposals	2,235	4,504
Provision for doubtful accounts	665	519
Deferred income tax expense	554	150
Other	2,327	2,174
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(14,410)	(10,654)
Inventories	(4,541)	(22,866)
Prepaid expenses and other current assets	(7,970)	(6,361)
Accounts payable	11,360	13,159
Accrued interest expense	26,469	24,290
Other current liabilities	8,214	6,677
Other assets and liabilities	(872)	(2,124)
Net cash provided by (used in) operating activities	7,147	(17,606)
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(6,400)	(4,625)
Capital expenditures	(18,126)	(23,433)
Proceeds from sale of assets	835	1,061
Cash payments to construct assets in connection with future lease transactions	(16,879)	—
Cash receipts in connection with leased vehicles	5,863	—
Other	—	(292)
Net cash used in investing activities	(34,707)	(27,289)
Cash flows from financing activities:		
Distributions	(101)	(10,015)
Payments on long-term debt	(512)	(281)
Net additions to (reductions in) short-term borrowings	37,000	(32,800)
Net additions to collateralized short-term borrowings	11,000	32,000
Cash paid for financing costs and other	(1,140)	(224)
Net cash provided by (used in) financing activities	46,247	(11,320)
Net change in cash and cash equivalents	18,687	(56,215)
Cash and cash equivalents - beginning of period	11,046	119,308
Cash and cash equivalents - end of period	$ 29,733	$ 63,093

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise designated)
(unaudited)

A. Partnership organization and formation

Ferrellgas, L.P. is a limited partnership that owns and operates propane distribution and related assets. Ferrellgas Partners, L.P. ("Ferrellgas Partners"), a publicly traded limited partnership, holds an approximate 99% limited partner interest in, and consolidates, Ferrellgas, L.P. Ferrellgas, Inc. (the "general partner"), a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell Companies"), holds an approximate 1% general partner interest in Ferrellgas, L.P. and performs all management functions required by Ferrellgas, L.P. Ferrellgas Partners and Ferrellgas, L.P., collectively referred to as "Ferrellgas," are governed by their respective partnership agreements. These agreements contain specific provisions for the allocation of net earnings and loss to each of the partners for purposes of maintaining the partner capital accounts.

Ferrellgas, L.P. owns a 100% equity interest in Ferrellgas Finance Corp., whose only business activity is to act as the co-issuer and co-obligor of debt issued by Ferrellgas, L.P.

Ferrellgas, L.P. is primarily engaged in the retail distribution of propane and related equipment sales. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Ferrellgas serves residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia, and Puerto Rico.

Due to seasonality, the results of operations for the three months ended October 31, 2019 are not necessarily indicative of the results to be expected for the full fiscal year ending July 31, 2020.

The condensed consolidated financial statements of Ferrellgas, L.P. and subsidiaries reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (ii) the consolidated financial statements and accompanying notes included in Ferrellgas, L.P.'s Annual Report on Form 10-K for fiscal 2019.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. Ferrellgas Partners has $357.0 million in unsecured notes due June 15, 2020 that are classified as current in its condensed consolidated financial statements. Ferrellgas Partners' ability to restructure, refinance or otherwise satisfy these notes is directly impacted by the cash flows of Ferrellgas, L.P. The ability of Ferrellgas Partners to restructure or refinance these notes is uncertain considering the level of other outstanding indebtedness. In certain circumstances, the failure to repay the $357.0 million in unsecured notes on their contractual maturity date may result in an event of default under the operating partnership's Senior Secured Credit Facility and the indentures governing the operating partnership's outstanding notes. Given these concerns, Ferrellgas, L.P., believes there is substantial doubt about the entity's ability to continue as a going concern. Ferrellgas has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist with its ongoing process to address its upcoming debt maturities. The successful outcome of Ferrellgas' debt reduction strategy continues to remain uncertain. Additionally, see Note F – Debt below for further discussion of the outstanding debt.

B. Summary of significant accounting policies

(1) Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for doubtful accounts, fair value of reporting units, recoverability of long-lived assets, assumptions used to value business combinations, fair values of derivative contracts and stock-based compensation calculations.

(2) New accounting standards:

FASB Accounting Standard Update No. 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 became effective for Ferrellgas, L.P. for its annual reporting period beginning August 1, 2019, including interim periods within that reporting period. Ferrellgas, L.P. adopted the standard using the transition relief option in ASU 2018-11, "Leases: Targeted Improvements" which, among other things, provides entities with an option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption and consequently, to continue to report comparative periods in compliance with the prior guidance (ASC 840).

Ferrellgas, L.P. elected the short-term lease recognition exemption for all leases that qualify, meaning it does not recognize right-of-use assets or lease liabilities for those leases. Ferrellgas, L.P. also elected the practical expedient to not separate lease and non-lease components for its most significant leasing activity, which includes vehicle and real estate leases.

Additionally, Ferrellgas, L.P. elected the package of three practical expedients which allows entities to not reassess initial direct costs, lease classification for existing or expired leases, and lease definition for existing or expired contracts as of the effective date of August 1, 2019. Ferrellgas, L.P. did not, however, elect the hindsight method practical expedient which would have allowed it to reassess lease terms and impairment.

FASB Accounting Standard Update No. 2016-13

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. Ferrellgas, L.P. is currently evaluating the impact of its pending adoption of this standard on the consolidated financial statements.

FASB Accounting Standard Update No. 2017-12

In August 2017, the FASB issued ASU 2017-12, *Financial Instruments - Derivatives and Hedging (Topic 815) - Targeted Improvements to Accounting for Hedging Activities*, which is intended to improve the financial reporting for hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. This standard became effective for Ferrellgas, L.P. for its annual reporting period beginning August 1, 2019, including interim periods within that reporting period. Ferrellgas, L.P. applied ASU No. 2017-12 using a modified retrospective approach for cash flow hedges existing at the date of adoption and prospectively for the presentation and disclosure guidance. The adoption of this standard did not have a material impact on our consolidated financial statements.

C. Leases

Ferrellgas, L.P. determines if an arrangement is a lease or contains a lease at inception. Ferrellgas, L.P. leases certain transportation and computer equipment and real estate, predominantly through operating leases. Ferrellgas, L.P. has an immaterial amount of leases in which it is the lessor. Operating lease rentals are expensed on a straight-line basis over the life of the lease beginning on the lease commencement date. Ferrellgas, L.P. determines the lease term by assuming the exercise of renewal options that are reasonably certain. The lease term is used to determine whether a lease is finance or operating and is used to calculate rent expense. Additionally, the depreciable life of leased assets and leasehold improvements is limited by the expected lease term. Operating lease balances are classified as operating lease right-of-use ("ROU") assets, and current and long-term operating lease liabilities on Ferrellgas, L.P.'s condensed consolidated balance sheet. Ferrellgas, L.P. has an immaterial amount of finance leases that are included in "Other assets, net", "Other current liabilities", and "Other liabilities" on its condensed consolidated balance sheet.

ROU assets represent Ferrellgas, L.P. right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of Ferrellgas, L.P.'s leases do not provide an implicit discount rate, Ferrellgas, L.P. uses its incremental borrowing rate adjusted for the lease term to represent the rate it would have to pay to borrow on a collateralized basis based on the information available at the commencement date in determining the present value of lease payments. Ferrellgas, L.P.'s lease terms may include options to extend or terminate the lease and it will adjust the life of the lease when it is reasonably certain that it will exercise these options.

Ferrellgas, L.P. has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. Ferrellgas, L.P. has variable lease components, including lease payments with payment escalation based on the Consumer Price Index, and other variable items, such as common area maintenance and taxes.

Key assumptions include the discount rate, the impact of purchase options and renewal options on Ferrellgas, L.P.'s lease term, as well as the assessment of residual value guarantees.

Ferrellgas, L.P.'s transportation equipment leases generally have purchase options. However, in most circumstances Ferrellgas, L.P. is not certain if it will exercise the purchase option. As circumstances dictate, it may instead return the existing equipment to the lessor and sign a new lease. Ferrellgas, L.P.'s transportation equipment leases often contain residual value guarantees, but they are not reflected in Ferrellgas, L.P.'s lease liabilities as its lease rates are such that residual value guarantees are not expected to be owed at the end of its leases.

Ferrellgas, L.P.'s real estate leases will often have an option to extend the lease, but it is typically not reasonably certain of exercising options to extend. As customer demand changes over time, Ferrellgas, L.P. typically maintains the ability to move to more advantageous locations, relocate to other leased and owned locations, or discontinue service from particular locations.

The following table provides the operating and financing ROU assets and lease liabilities as of October 31, 2019:

Leases	Classification		October 31, 2019
Assets			
Operating lease assets	Operating lease right-of-use assets	$	124,047
Financing lease assets	Other assets, net		5,719
Total leased assets		$	129,766
Liabilities			
Current			
Operating	Current operating lease liabilities	$	33,832
Financing	Other current liabilities		1,817
Noncurrent			
Operating	Operating lease liabilities		88,773
Financing	Other liabilities		3,949
Total leased liabilities		$	128,371

The following table provides the lease expenses for the three months ended October 31, 2019:

Leases Expense	**Classification**	**For the three months ended October 31, 2019**
Operating lease expense	Operating expenses - personnel, vehicle, plant and other	$ 1,741
	Operating expense - equipment lease expense	7,607
	Cost of sales - propane and other gas liquids sales	389
	General and administrative expense	266
Total operating lease expense		$ 10,003
Short-term expense	Operating expenses - personnel, vehicle, plant and other	$ 1,954
	General and administrative expense	110
Total short-term expense		$ 2,064
Variable lease expense	Operating expenses - personnel, vehicle, plant and other	$ 675
	Operating expense - equipment lease expense	733
Total variable lease expense		$ 1,408
Finance lease expense		
Amortization of leased assets	Depreciation and amortization expense	$ 40
Interest on lease liabilities	Interest expense	42
Total finance lease expense		$ 82
Total lease expense		$ 13,557

Minimum annual payments under existing operating and finance lease liabilities as of October 31, 2019 are as follows:

Maturities of lease liabilities	**Operating leases**	**Finance leases**	**Total**
2020	$ 31,711	$ 1,233	$ 32,944
2021	35,187	1,568	36,755
2022	25,864	1,177	27,041
2023	19,938	893	20,831
2024	17,092	812	17,904
Thereafter	34,326	1,735	36,061
Total lease payments	$ 164,118	$ 7,418	$ 171,536
Less: Imputed interest	41,513	1,652	43,165
Present value of lease liabilities	$ 122,605	$ 5,766	$ 128,371

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

	As of October 31, 2019	
Lease type	**Weighted-average remaining lease term (years)**	**Weighted-average discount rate**
Operating leases	5.7	8.2%
Finance leases	5.8	8.0%

Cash flow information is presented below:

	For the three months ended October 31, 2019
Cash paid for amounts included in the measurement of lease liabilities for operating leases:	
Operating cash flows	$ 11,049
Cash paid for amounts included in the measurement of lease liabilities for financing leases:	
Operating cash flows	$ 42
Financing cash flows	$ 28

D. Supplemental financial statement information

Inventories consist of the following:

	October 31, 2019	July 31, 2019
Propane gas and related products	$ 70,067	$ 66,001
Appliances, parts and supplies, and other	14,928	14,453
Inventories	$ 84,995	$ 80,454

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts to take delivery of propane for supply procurement purposes with terms that generally do not exceed 36 months. Most of these contracts call for payment based on market prices at the date of delivery. As of October 31, 2019, Ferrellgas, L.P. had committed, for supply procurement purposes, to deliver approximately 1.3 million gallons of propane at fixed prices, net of contracts to take delivery.

Prepaid expenses and other current assets consist of the following:

	October 31, 2019	July 31, 2019
Broker margin deposit assets	$ 33,519	$ 25,028
Other	16,907	17,129
Prepaid expenses and other current assets	$ 50,426	$ 42,157

Other assets, net consist of the following:

	October 31, 2019	July 31, 2019
Notes receivable, less current portion	$ 13,809	$ 16,216
Other	61,634	52,889
Other assets, net	$ 75,443	$ 69,105

Other current liabilities consist of the following:

	October 31, 2019	July 31, 2019
Accrued interest	$ 43,019	$ 16,550
Customer deposits and advances	35,625	24,686
Accrued payroll	23,918	17,356
Accrued insurance	13,980	18,524
Price risk management liabilities	19,745	14,198
Other	39,812	42,989
Other current liabilities	$ 176,099	$ 134,303

Shipping and handling expenses are classified in the following condensed consolidated statements of operations line items:

	For the three months ended October 31,	
	2019	2018
Operating expense - personnel, vehicle, plant and other	$ 48,015	$ 47,443
Depreciation and amortization expense	1,840	1,072
Operating expense - equipment lease expense	7,642	7,519
	$ 57,497	$ 56,034

Certain cash flow and significant non-cash activities are presented below:

	For the three months ended October 31,	
	2019	2018
Cash paid (refunded) for:		
Interest	$ 8,284	$ 8,930
Income taxes	$ —	$ (5)
Non-cash investing and financing activities:		
Liabilities incurred in connection with acquisitions	$ 520	$ 1,096
Change in accruals for property, plant and equipment additions	$ (43)	$ (315)
Right-of-use assets arising from operating and finance lease liabilities	$ 17,177	$ —

E. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	October 31, 2019	July 31, 2019
Accounts receivable pledged as collateral	$ 118,164	$ 106,145
Accounts receivable not pledged as collateral (including other reserves)	2,817	1,218
Note receivable	5,292	2,660
Other	36	36
Less: Allowance for doubtful accounts	(2,468)	(2,463)
Accounts and notes receivable, net	$ 123,841	$ 107,596

At October 31, 2019, $118.2 million of trade accounts receivable were pledged as collateral against $73.0 million of collateralized notes payable due to a commercial paper conduit. At July 31, 2019, $106.1 million of trade accounts receivable were pledged as collateral against $62.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from Ferrellgas, L.P. Ferrellgas, L.P. does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

As of October 31, 2019, Ferrellgas, L.P. had received cash proceeds of $73.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds or issue letters of credit. As of July 31, 2019, Ferrellgas, L.P. had received cash proceeds of $62.0 million from trade accounts receivables securitized, with no remaining capacity to receive additional proceeds. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 5.2% and 5.5% as of October 31, 2019 and July 31, 2019, respectively.

F. Debt

Short-term borrowings

Ferrellgas, L.P. classifies borrowings on the Revolving Facility portion of its Senior Secured Credit Facility (each, as defined below) as short-term because they are primarily used to fund working capital needs that management intends to pay down within the twelve month period following the balance sheet date. As of October 31, 2019 and July 31, 2019,

$80.0 million and $43.0 million, respectively, were classified as short-term borrowings. For further discussion see the "Senior secured credit facilities" section below.

Long-term debt

Long-term debt consists of the following:

	October 31, 2019	July 31, 2019
Senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ 500,000
Fixed rate, 6.75%, due 2023 (2)	500,000	500,000
Fixed rate, 6.75%, due 2022, net of unamortized premium of $1,455 and $1,633 at October 31, 2019 and July 31, 2019, respectively (3)	476,455	476,633
Senior secured term loan		
Variable interest rate, Term Loan, expected to mature May 2023 (4)	275,000	275,000
Notes payable		
10.4% and 10.7% weighted average interest rate at October 31, 2019 and July 31, 2019, respectively, due 2020 to 2029, net of unamortized discount of $683 and $711 at October 31, 2019 and July 31, 2019, respectively	6,080	5,962
Total debt, excluding unamortized debt issuance and other costs	1,757,535	1,757,595
Unamortized debt issuance and other costs	(23,385)	(23,562)
Less: current portion of long-term debt	2,230	277,029
Long-term debt	$ 1,731,920	$ 1,457,004

(1) During November 2010, Ferrellgas, L.P. issued $500.0 million in aggregate principal amount of 6.50% senior notes due 2021.These notes are general unsecured senior obligations of Ferrellgas, L.P. and are effectively junior to all existing and future senior secured indebtedness of Ferrellgas, L.P., to the extent of the value of the assets securing such debt. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on May 1 and November 1 of each year. The outstanding principal amount is due on May 1, 2021.

(2) During June 2015, Ferrellgas, L.P. issued $500.0 million in aggregate principal amount of 6.75% senior notes due 2023. These notes are general unsecured senior obligations of Ferrellgas, L.P. and are effectively junior to all existing and future senior secured indebtedness of Ferrellgas, L.P., to the extent of the value of the assets securing such debt. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. Ferrellgas, L.P. would incur prepayment penalties if it were to repay the notes prior to June 2021.

(3) During fiscal 2014, Ferrellgas, L.P. issued $475.0 million in aggregate principal amount of 6.75% senior notes due 2022. These notes are general unsecured senior obligations of Ferrellgas, L.P. and are effectively junior to all existing and future senior secured indebtedness of Ferrellgas, L.P., to the extent of the value of the assets securing such debt. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on January 15 and July 15 of each year.

(4) The Senior Secured Credit Facility, including the Term Loan, will mature on the earlier of (i) May 4, 2023 and (ii) the date that is 90 days prior to the earliest maturity date of any series of the operating partnership's outstanding notes after giving effect to any extensions or refinancings thereof. As of July 31, 2019, the earliest maturity date of any series of the operating partnership's outstanding notes was May 1, 2021, except for the reclassification of the Term Loan from long-term to current. As of October 31, 2019, the Term Loan was reclassified to long-term.

Senior secured credit facilities

On May 4, 2018, Ferrellgas, L.P. entered into a new $575.0 million senior secured credit facility (the "Senior Secured Credit Facility"), consisting of a $300.0 million revolving line of credit (the "Revolving Facility") and a $275.0 million term loan (the “Term Loan”) which mature on the earlier of (i) May 4, 2023 and (ii) the date that is 90 days prior to the earliest maturity date of any series of the operating partnership’s outstanding notes after giving effect to any extensions or refinancings thereof. As of this filing, the earliest maturity date of any series of the operating partnership’s outstanding notes is May 1, 2021. Revolving Facility borrowings bear interest at the Prime Rate + 4.75% and Term Loan borrowings bear interest at LIBOR + 5.75%. The Revolving Facility, as amended, includes a $140.0 million sublimit for the issuance of letters of credit. Borrowings under the Senior Secured Credit Facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness and acquisitions, within certain limits.

The Term Loan does not include any scheduled principal payments and the Revolving Facility does not have any scheduled commitment reductions before maturity; however, the Term Loan requires prepayments pursuant to the following: 1) certain asset sales, 2) 50% of any excess cash flow, as defined by the Term Loan, in any fiscal year beginning with fiscal year 2019, 3) certain insurance proceeds, and 4) certain tax refunds.

On June 6, 2019, Ferrellgas, L.P. entered into a first amendment to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the first amendment updated the calculation of the fixed charge coverage ratio for purposes of the fixed charge coverage ratio in the agreement to exclude certain maintenance capital expenditures related to the purchase during fiscal 2019 of new propane delivery trucks which have historically been leased. The first amendment provides that up to a specified amount of such maintenance capital expenditures will not be deducted from consolidated EBITDA for purposes of the calculation.

On November 7, 2019, Ferrellgas, L.P. entered into a second amendment (the “Second Amendment”) to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the Second Amendment (i) increased from $125.0 million to $140.0 million the sub-limit for issuance of letters of credit that exists within the $300.0 million Revolving Facility; and (ii) modified a component of the fixed charge coverage ratio calculation to exclude payments related to the manufacture of vehicles used for propane delivery or related service up to specified amounts if operating lease commitments sufficient to cover such excluded amounts have been obtained and those payments are in fact reimbursed under such operating leases within nine months thereafter. In addition, the Second Amendment provided waivers for any event of default that has or would otherwise arise with respect to the delivery of an unqualified report of Grant Thornton LLP as to going concern with respect to the audited financial statements of Ferrellgas, L.P. and with respect to the timely delivery of financial information for fiscal 2019, thereby resolving the disagreement with the agent under the Senior Secured Credit Facility regarding alleged events of default described in the Annual Report on Form 10-K for fiscal 2019. As a result of the Second Amendment, the Term Loan was reclassified from current to long-term, consistent with its underlying maturity.

The Senior Secured Credit Facility is secured with substantially all of the assets of Ferrellgas, L.P. and its subsidiaries, and Ferrellgas Partners’ and the general partner’s partnership interests in Ferrellgas, L.P., and contains various affirmative and negative covenants and default provisions, as well as requirements with respect to the maintenance of specified financial ratios and limitations on the making of loans and investments.

As of October 31, 2019, Ferrellgas, L.P. had borrowings of $275.0 million under the Term Loan at an interest rate of 7.89%, which was classified as long-term debt, and $80.0 million of borrowings under the Revolving Facility, at a weighted average interest rate of 9.09%, which was classified as short-term borrowings. As of October 31, 2019, Ferrellgas, L.P. had available borrowing capacity under the Revolving Facility of $101.9 million. As of July 31, 2019, Ferrellgas, L.P. had borrowings of $275.0 million under the Term Loan at an interest rate of 8.16%, which was classified as current, and $43.0 million under the Revolving Facility at an interest rate of 9.47%, which was classified as short-term borrowings. As of July 31, 2019, Ferrellgas, L.P. had available borrowing capacity under the Revolving Facility of $155.1 million.

Letters of credit outstanding at October 31, 2019 and July 31, 2019 totaled $118.1 million and $101.9 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. At October 31, 2019, Ferrellgas, L.P. had remaining available letter of credit capacity of $6.9 million (or $21.9 million, if the Second Amendment had been effective as of October 31, 2019). At July 31, 2019, Ferrellgas, L.P. had remaining available letter of credit capacity of $23.1 million.

Financial covenants

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness contain various covenants that limit Ferrellgas Partners' ability and the ability of specified subsidiaries to, among other things, make restricted payments and incur additional indebtedness. The general partner believes that the most restrictive of these covenants are the restricted payments covenants in the indenture governing the outstanding notes of the operating partnership, which are discussed below.

Similar to the indenture governing the outstanding notes of Ferrellgas Partners, the indentures governing the outstanding notes of the operating partnership contain covenants that restrict the ability of the operating partnership to make certain restricted payments, including distributions to Ferrellgas Partners. Under these covenants, subject to the limited exception described below, the operating partnership may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indentures generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x , on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2019, the operating partnership's consolidated fixed charge coverage ratio was 1.68x.

If the consolidated fixed charge coverage ratio is below 1.75x, the operating partnership may make restricted payments in limited amounts determined under the indentures. If the operating partnership's consolidated fixed charge coverage ratio remains below 1.75x, the distribution to be made by the operating partnership on December 15, 2019 for payment of interest on Ferrellgas Partners' unsecured senior notes due 2020 would be made from capacity under the limited exception to the ratio requirement.

Although the operating partnership believes that its remaining capacity under the limited exception to the ratio requirement under the operating partnership's indentures, and its ability to comply with the limitations on distributions under our Senior Secured Credit Facility, will allow it to make distributions to Ferrellgas Partners to cover interest payments on Ferrellgas Partners' unsecured senior notes due 2020 through the maturity of those notes, the restrictions in these debt agreements may prevent the operating partnership from making distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders.

Debt and interest expense reduction and refinancing strategy

Ferrellgas, L.P. continues to pursue a strategy to further reduce its debt and interest expense. Achievements under this strategy during fiscal 2018 included entering into the Senior Secured Credit Facility, amending our accounts receivable securitization facility and selling certain assets. Other opportunities include the generation of additional cash flows organically or through accretive acquisitions, restructuring or refinancing existing indebtedness, selling additional assets, maintaining the suspension of Ferrellgas Partners' common unit distributions, issuing equity or executing one or more debt exchanges. Ferrellgas, L.P. expects to maintain its debt and interest expense reduction strategy until the consolidated leverage ratio reaches a level that it deems appropriate for its business. During fiscal 2019, Ferrellgas, L.P. engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist with its ongoing process to address its upcoming debt maturities.

G. <u>Partners' deficit</u>

Partnership distributions

Ferrellgas, L.P. has recognized the following distributions:

	For the three months ended October 31,	
	2019	2018
Ferrellgas Partners	$ 100	$ 9,914
General partner	1	101
	$ 101	$ 10,015

See additional discussions about transactions with related parties in Note K – Transactions with related parties.

Accumulated other comprehensive income (loss) (“AOCI”)

See Note J – Derivative instruments and hedging activities for details regarding changes in the fair value of risk management financial derivatives recorded within AOCI for the three months ended October 31, 2019 and 2018.

General partner’s commitment to maintain its capital account

Ferrellgas, L.P.’s partnership agreement allows the general partner to have an option to maintain its 1.0101% general partner interest concurrent with the issuance of other additional equity.

During the three months ended October 31, 2019, the general partner made non-cash contributions of $8 thousand to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

During the three months ended October 31, 2018, the general partner made non-cash contributions of $0.1 million to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

H. Revenue from contracts with customers

Ferrellgas, L.P. earns revenue from contracts with customers primarily through the distribution of propane, as well as through the sale of propane related equipment and supplies. Revenues from propane and other gas liquids sales are comprised of revenue earned from the delivery of propane to tanks on customers’ premises, from the delivery of propane filled cylinders to customers, or from the sale of portable propane tanks to nationwide and local retailers and end use customers. Other revenues primarily include sales of appliances and other materials as well as other fees charged to customers.

Contracts with customers

Ferrellgas, L.P.’s contracts with customers are principally for the bulk delivery of propane to tanks, delivery of propane filled cylinders or the delivery of portable propane tanks to retailers. Ferrellgas, L.P. sells propane to a wide variety of customers, including residential, industrial/commercial, portable tank exchange, agricultural, wholesale and others. Ferrellgas, L.P.’s performance obligations in these contracts are generally limited to the delivery of propane, and therefore revenues from these contracts are earned at the time product is delivered or in the case of some of Ferrellgas, L.P.’s portable tank exchange retailers who have consignment agreements, at the time the tanks are sold to the end use customer. Payment is generally due within 30 days. Revenues from sales of propane are included in Propane and other gas liquids sales on the consolidated statements of operations.

Typically, Ferrellgas, L.P. bills customers upon delivery and payment is generally due within 30 days. With its residential customers, Ferrellgas, L.P offers customers the ability to spread their annual heating costs over a longer period, typically twelve months. Customers who opt to spread their heating costs over a longer period are referred to as “even-pay” customers.

Ferrellgas, L.P. charges other amounts to customers associated with the delivery of propane including hazardous materials fees and fuel surcharge fees. In some regions, Ferrellgas, L.P. also sells appliances and related parts and fittings as well as other retail propane related services. Ferrellgas, L.P. charges on an annual basis tank and equipment rental charges for customers that are using our equipment to store propane. Other revenues associated with deliveries of propane are earned at the time product is delivered. Revenues associated with sales of appliances and other materials or services are earned at the time of delivery or installation. Revenues associated with tank and equipment rentals are generally recognized on a straight-line basis over one year.

Accounting estimates related to recognition of revenue require that Ferrellgas, L.P. make estimates and assumptions about various factors including credits issued for completed sales, future returns and total consideration payable in instances where we have customer incentives payable to the customer.

Disaggregation of revenue

Ferrellgas, L.P. disaggregates revenues based upon the type of customer and on the type of revenue. The following table presents retail propane revenues, wholesale propane revenues and other revenues. Retail revenues result from sales to end use customers, wholesale revenues result from sales to or through resellers and all other revenues include sales of appliances and other materials, other fees charged to customers and equipment rental charges.

	For the three months ended October 31,	
	2019	2018
Retail - Sales to End Users	$ 180,417	$ 217,764
Wholesale - Sales to Resellers	82,704	93,944
Other Gas Sales	10,264	23,258
Other	19,829	17,343
Propane and related equipment revenues	$ 293,214	$ 352,309

Contract assets and liabilities

Ferrellgas, L.P.'s performance obligations are generally limited to the delivery of propane for our retail and wholesale contracts. Ferrellgas, L.P.'s performance obligations with respect to sales of appliances and other materials and other revenues are limited to the delivery of the agreed upon good or service. Ferrellgas, L.P. does not have material performance obligations that are delivered over time, thus all of our revenue is recognized at the time the goods, including propane, are delivered or installed. Ferrellgas, L.P. offers "even pay" billing programs that can create customer deposits or advances, depending on whether Ferrellgas, L.P. has delivered more propane than the customer has paid for or whether the customer has paid for more propane than what has been delivered. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. The advance or deposit is considered to be a contract asset or liability. Additionally, from time to time, we have customers that pay in advance for goods or services, and such amounts result in contract liabilities.

Ferrellgas, L.P. incurs incremental commissions directly related to the acquisition or renewal of customer contracts. The commissions are calculated and paid based upon the number of gallons sold to the acquired or renewed customer. The total amount of commissions that we incur is not material and the commissions are expensed commensurate with the deliveries to which they relate; therefore, Ferrellgas, L.P. does not capitalize these costs.

The following table presents the opening and closing balances of its receivables, contract assets, and contract liabilities:

	October 31, 2019	July 31, 2019
Accounts receivable	$ 119,609	$ 96,450
Contract assets	$ 6,700	$ 13,609
Contract liabilities		
Deferred revenue (1)	$ 43,821	$ 31,974

(1) Of the beginning balance of deferred revenue, $9.2 million was recognized as revenue during the three months ended October 31, 2019.

Remaining performance obligations

Ferrellgas, L.P.'s remaining performance obligations are generally limited to situations where its customers have remitted payment but have not yet received deliveries of propane. This most commonly occurs in Ferrellgas, L.P.'s even pay billing programs and Ferrellgas, L.P. expects that these balances will be recognized within a year or less as the customer takes delivery of propane.

I. Fair value measurements

Derivative financial instruments

The following table presents Ferrellgas, L.P.'s financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of October 31, 2019 and July 31, 2019:

	Asset (Liability)			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
October 31, 2019:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 453	$ —	$ 453
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (21,358)	$ —	$ (21,358)
July 31, 2019:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ 1,259	$ —	$ 1,259
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	$ —	$ (16,015)	$ —	$ (16,015)

Methodology

The fair values of Ferrellgas, L.P.'s non-exchange traded commodity derivative contracts are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Other financial instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. The estimated fair value of the note receivable financial instrument classified in "Other assets, net" on the condensed consolidated balance sheets, is approximately $13.3 million, or $0.5 million less than its carrying amount as of October 31, 2019. The estimated fair value of the note receivable was calculated using a discounted cash flow method which relied on significant unobservable inputs. At October 31, 2019 and July 31, 2019, the estimated fair value of Ferrellgas, L.P.'s long-term debt instruments was $1,514.2 million and $1,562.2 million, respectively. Ferrellgas, L.P. estimates the fair value of long-term debt based on quoted market prices. The fair value of our consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Ferrellgas, L.P. has other financial instruments such as trade accounts receivable which could expose it to concentrations of credit risk. The credit risk from trade accounts receivable is limited because of a large customer base which extends across many different U.S. markets.

J. Derivative instruments and hedging activities

Ferrellgas, L.P. is exposed to certain market risks related to its ongoing business operations. These risks include exposure to changing commodity prices as well as fluctuations in interest rates. Ferrellgas, L.P. utilizes derivative instruments to manage its exposure to fluctuations in commodity prices. Of these, the propane commodity derivative instruments are designated as cash flow hedges.

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Derivative instruments and hedging activity

During the three months ended October 31, 2019 and 2018, Ferrellgas, L.P. did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of financial derivative contract gains or losses from the assessment of hedge effectiveness related to commodity cash flow hedges.

The following tables provide a summary of the fair value of derivatives in Ferrellgas, L.P.'s condensed consolidated balance sheets as of October 31, 2019 and July 31, 2019:

Derivative Instrument	Final Maturity Date	October 31, 2019			
		Asset Derivatives		Liability Derivatives	
		Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 444	Other current liabilities	$ 19,745
Commodity derivatives-propane		Other assets, net	9	Other liabilities	1,613
		Total	$ 453	Total	$ 21,358

Derivative Instrument	Final Maturity Date	July 31, 2019			
		Asset Derivatives		Liability Derivatives	
		Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2021				
Commodity derivatives-propane		Prepaid expenses and other current assets	$ 910	Other current liabilities	$ 14,198
Commodity derivatives-propane		Other assets, net	349	Other liabilities	1,817
		Total	$ 1,259	Total	$ 16,015

Ferrellgas, L.P.'s exchange traded commodity derivative contracts require cash margin deposit as collateral for contracts that are in a negative mark-to-market position. These cash margin deposits will be returned if mark-to-market conditions improve or will be applied against cash settlement when the contracts are settled. Liabilities represent cash margin deposits received by Ferrellgas, L.P. for contracts that are in a positive mark-to-market position. The following tables provide a summary of cash margin balances as of October 31, 2019 and July 31, 2019, respectively:

Description	October 31, 2019			
	Assets		Liabilities	
	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 33,519	Other current liabilities	$ 2,112
	Other assets, net	2,674	Other liabilities	—
		$ 36,193		$ 2,112

Description	July 31, 2019			
	Assets		Liabilities	
	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	$ 25,028	Other current liabilities	$ 1,217
	Other assets, net	2,969	Other liabilities	—
		$ 27,997		$ 1,217

The following tables provide a summary of the effect on Ferrellgas, L.P.'s condensed consolidated statements of comprehensive income (loss) for the three months ended October 31, 2019 and 2018 due to derivatives designated as cash flow hedging instruments:

	For the three months ended October 31, 2019			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ (13,627)	Cost of product sold- propane and other gas liquids sales	$ (7,479)	$ —
	$ (13,627)		$ (7,479)	$ —

	For the three months ended October 31, 2018			
			Amount of Gain (Loss) Reclassified from AOCI into Income	
Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI	Location of Gain (Loss) Reclassified from AOCI into Income	Effective portion	Ineffective portion
Commodity derivatives	$ (8,154)	Cost of product sold- propane and other gas liquids sales	$ 4,433	$ —
	$ (8,154)		$ 4,433	$ —

The changes in derivatives included in AOCI for the three months ended October 31, 2019 and 2018 were as follows:

	For the three months ended October 31,	
Gains and losses on derivatives included in AOCI	2019	2018
Beginning balance	$ (14,756)	$ 20,560
Change in value of risk management commodity derivatives	(13,627)	(8,154)
Reclassification of (gains) losses on commodity hedges to cost of sales - propane and other gas liquids sales, net	7,479	(4,433)
Ending balance	$ (20,904)	$ 7,973

Ferrellgas, L.P. expects to reclassify net losses related to the risk management commodity derivatives of approximately $19.3 million to earnings during the next 12 months. These net losses are expected to be offset by increased margins on propane sales commitments Ferrellgas, L.P. has with its customers that qualify for the normal purchase normal sale exception.

During the three months ended October 31, 2019 and 2018, Ferrellgas, L.P. had no reclassifications to operations resulting from the discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of October 31, 2019, Ferrellgas, L.P. had financial derivative contracts covering 4.5 million gallons of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

Derivative financial instruments credit risk

Ferrellgas, L.P. is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Ferrellgas, L.P.'s counterparties principally consist of major energy companies and major U.S. financial institutions. Ferrellgas, L.P. maintains credit policies with regard to its counterparties that it believes reduce its overall credit risk. These policies include evaluating and monitoring its 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 Ferrellgas, L.P. in the forms of letters of credit, parent guarantees or cash. Ferrellgas, L.P. has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties. If these counterparties that make up the concentration failed to perform according to the terms of their contracts at October 31, 2019, the maximum amount of loss due to credit risk that Ferrellgas, L.P. would incur is zero, which is based upon the gross fair values of the derivative financial instruments.

From time to time Ferrellgas, L.P. enters into derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon Ferrellgas, L.P.'s debt rating. There were no open derivative contracts with credit-risk-related contingent features as of October 31, 2019.

K. Transactions with related parties

Ferrellgas, L.P. has no employees and is managed and controlled by its general partner. Pursuant to Ferrellgas, L.P.'s partnership agreement, the general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of Ferrellgas, L.P. and all other necessary or appropriate expenses allocable to Ferrellgas, L.P. or otherwise reasonably incurred by the general partner in connection with operating Ferrellgas, L.P.'s business. These costs primarily include compensation and benefits paid to employees of the general partner who perform services on Ferrellgas, L.P.'s behalf and are reported in the condensed consolidated statements of operations as follows:

	For the three months ended October 31,	
	2019	2018
Operating expense	$ 63,471	$ 59,958
General and administrative expense	$ 6,487	$ 6,112

See additional discussions about transactions with the general partner and related parties in Note G – Partners' deficit.

L. Contingencies and commitments

Litigation

Ferrellgas, L.P.'s operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, Ferrellgas, L.P. can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, Ferrellgas, L.P. is not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on the consolidated financial condition, results of operations and cash flows of Ferrellgas, L.P.

Ferrellgas, L.P. has been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The lawsuits, which were consolidated in the Western District of Missouri on October 16, 2014, allege that Ferrellgas and a competitor coordinated in 2008 to reduce the fill level in barbeque cylinders and combined to persuade a common customer to accept that fill reduction, resulting in increased cylinder costs to direct customers and end-user customers in violation of federal and certain state antitrust laws. The lawsuits seek treble damages, attorneys' fees, injunctive relief and costs on behalf of the putative class. These lawsuits have been coordinated for pretrial purposes by the multidistrict litigation panel. The Federal Court for the Western District of Missouri initially dismissed all claims brought by direct and indirect customers other than state law claims of indirect customers under Wisconsin, Maine and Vermont law. The direct customer plaintiffs filed an appeal, which resulted in a reversal of the district court's dismissal. We filed a petition for a writ of certiorari which was denied. An appeal by the indirect customer plaintiffs resulted in the court of appeals affirming the dismissal of the federal claims and remanding the case to the district court to decide whether to exercise supplemental jurisdiction over the remaining state law claims. Thereafter, in August 2019, Ferrellgas, L.P. reached a settlement with the direct customers, pursuant to which it agreed to pay a total of $6.25 million to resolve all claims asserted by the putative direct purchaser class. With respect to the indirect customers, the district court exercised supplemental jurisdiction over the remaining state law claims, but then granted in part Ferrellgas' pleadings-based motion and dismissed 11 of the 24 remaining state law claims. As a result, there are 13 remaining state law claims brought by a putative class of indirect customers. Ferrellgas, L.P. believes it has strong defenses and intends to vigorously defend itself against these remaining claims. Ferrellgas, L.P. does not believe loss is probable or reasonably estimable at this time related to the putative class action lawsuit.

Ferrellgas, L.P. and Bridger Logistics, LLC, have been named, along with two former officers, in a lawsuit filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the Eastern District of Pennsylvania (the "EDPA

Lawsuit"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services (“JTS”), previously named Bridger Transfer Services, a former subsidiary of Bridger Logistics, LLC (“Bridger”). The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an “alter ego” of Bridger and Ferrellgas and that Bridger and Ferrellgas breached fiduciary duties owed to Eddystone as a creditor of JTS. Ferrellgas believes that Ferrellgas and Bridger have valid defenses to these claims and to Eddystone’s primary claim against JTS for breach of contract. The lawsuit does not specify a specific amount of damages that Eddystone is seeking; however, Ferrellgas believes that the amount of such damages, if ultimately owed to Eddystone, could be material to Ferrellgas. Ferrellgas intends to vigorously defend this claim. On August 24, 2017, Ferrellgas filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, Ferrellgas entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit. The lawsuit is in the discovery stage; as such, management does not currently believe a loss is probable or reasonably estimable at this time.

N. Guarantor financial information

The $500.0 million aggregate principal amount of 6.75% senior notes due 2023 co-issued by Ferrellgas, L.P. and Ferrellgas Finance Corp. are fully and unconditionally and jointly and severally guaranteed by all of Ferrellgas, L.P.’s 100% owned subsidiaries except: (i) Ferrellgas Finance Corp; (ii) certain special purposes subsidiaries formed for use in connection with our accounts receivable securitization; and (iii) foreign subsidiaries. Guarantees of these senior notes will be released under certain circumstances, including (i) in connection with any sale or other disposition of (a) all or substantially all of the assets of a guarantor or (b) all of the capital stock of such guarantor (including by way of merger or consolidation), in each case, to a person that is not Ferrellgas, L.P. or a restricted subsidiary of Ferrellgas, L.P., (ii) if Ferrellgas, L.P. designates any restricted subsidiary that is a guarantor as an unrestricted subsidiary, (iii) upon defeasance or discharge of the notes, (iv) upon the liquidation or dissolution of such guarantor, or (v) at such time as such guarantor ceases to guarantee any other indebtedness of either of the issuers and any other guarantor.

The guarantor financial information discloses in separate columns the financial position, results of operations and the cash flows of Ferrellgas, L.P. (Parent), Ferrellgas Finance Corp. (co-issuer), Ferrellgas, L.P.’s guarantor subsidiaries on a combined basis, and Ferrellgas, L.P.’s non-guarantor subsidiaries on a combined basis. The dates and the periods presented in the guarantor financial information are consistent with the periods presented in Ferrellgas, L.P.’s condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	As of October 31, 2019					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
ASSETS						
Current assets:						
Cash and cash equivalents	$ 29,732	$ 1	$ —	$ —	$ —	$ 29,733
Accounts and notes receivable, net	7,891	—	30	115,920	—	123,841
Intercompany receivables	(7,736)	—	—	—	7,736	—
Inventories	84,995	—	—	—	—	84,995
Prepaid expenses and other current assets	50,426	—	—	—	—	50,426
Total current assets	165,308	1	30	115,920	7,736	288,995
Property, plant and equipment, net	598,887	—	—	—	—	598,887
Goodwill, net	247,195	—	—	—	—	247,195
Intangible assets, net	108,493	—	—	—	—	108,493
Investments in consolidated subsidiaries	55,600	—	—	—	(55,600)	—
Operating lease right-of-use assets	124,047	—	—	—	—	124,047
Other assets, net	72,517	—	2,255	671	—	75,443
Total assets	$ 1,372,047	$ 1	$ 2,285	$ 116,591	$ (47,864)	$ 1,443,060
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)						
Current liabilities:						
Accounts payable	$ 44,421	$ —	$ —	$ —	$ —	$ 44,421
Short-term borrowings	80,000	—	—	—	—	80,000
Collateralized note payable	—	—	—	73,000	—	73,000
Intercompany payables	—	—	—	(7,736)	7,736	—
Current portion of long-term debt	2,230	—	—	—	—	2,230
Current operating lease liabilities	33,832	—	—	—	—	33,832
Other current liabilities	178,086	—	13	(2,000)	—	176,099
Total current liabilities	338,569	—	13	63,264	7,736	409,582
Long-term debt	1,731,920	—	—	—	—	1,731,920
Operating lease liabilities	88,773	—	—	—	—	88,773
Other liabilities	36,915	—	—	—	—	36,915
Contingencies and commitments						
Partners' capital (deficit):						
Partners' equity	(803,335)	1	2,272	53,327	(55,600)	(803,335)
Accumulated other comprehensive loss	(20,795)	—	—	—	—	(20,795)
Total partners' capital (deficit)	(824,130)	1	2,272	53,327	(55,600)	(824,130)
Total liabilities and partners' capital (deficit)	$ 1,372,047	$ 1	$ 2,285	$ 116,591	$ (47,864)	$ 1,443,060

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	As of July 31, 2019					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
ASSETS						
Current assets:						
Cash and cash equivalents	$ 11,045	$ 1	$ —	$ —	$ —	$ 11,046
Accounts and notes receivable, net	(3,912)	—	35	111,473	—	107,596
Intercompany receivables	(5,650)	—	—	—	5,650	—
Inventories	80,454	—	—	—	—	80,454
Prepaid expenses and other current assets	42,158	—	(1)	—	—	42,157
Total current assets	124,095	1	34	111,473	5,650	241,253
Property, plant and equipment, net	596,724	—	(1)	—	—	596,723
Goodwill, net	247,195	—	—	—	—	247,195
Intangible assets, net	108,557	—	—	—	—	108,557
Investments in consolidated subsidiaries	52,999	—	—	—	(52,999)	—
Other assets, net	65,447	—	2,875	783	—	69,105
Total assets	$ 1,195,017	$ 1	$ 2,908	$ 112,256	$ (47,349)	$ 1,262,833
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)						
Current liabilities:						
Accounts payable	$ 33,252	$ —	$ —	$ 112	$ —	$ 33,364
Short-term borrowings	43,000	—	—	—	—	43,000
Collateralized note payable	—	—	—	62,000	—	62,000
Intercompany payables	—	—	(192)	(5,458)	5,650	—
Current portion of long-term debt	277,029	—	—	—	—	277,029
Other current liabilities	128,666	—	20	5,617	—	134,303
Total current liabilities	481,947	—	(172)	62,271	5,650	549,696
Long-term debt	1,457,004	—	—	—	—	1,457,004
Other liabilities	36,469	—	67	—	—	36,536
Contingencies and commitments						
Partners' capital (deficit):						
Partners' equity	(765,756)	1	3,013	49,985	(52,999)	(765,756)
Accumulated other comprehensive income	(14,647)	—	—	—	—	(14,647)
Total partners' capital (deficit)	(780,403)	1	3,013	49,985	(52,999)	(780,403)
Total liabilities and partners' capital (deficit)	$ 1,195,017	$ 1	$ 2,908	$ 112,256	$ (47,349)	$ 1,262,833

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FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(in thousands)

	For the three months ended October 31, 2019					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Revenues:						
Propane and other gas liquids sales	$ 273,385	$ —	$ —	$ —	$ —	$ 273,385
Other	19,829	—	—	—	—	19,829
Total revenues	293,214	—	—	—	—	293,214
Costs and expenses:						
Cost of sales - propane and other gas liquids sales	134,028	—	—	—	—	134,028
Cost of sales - other	3,681	—	—	—	—	3,681
Operating expense - personnel, vehicle, plant and other	114,543	—	—	885	(885)	114,543
Depreciation and amortization expense	19,107	—	—	112	—	19,219
General and administrative expense	9,695	1	—	—	—	9,696
Operating expense - equipment lease expense	8,388	—	—	—	—	8,388
Non-cash employee stock ownership plan compensation charge	795	—	—	—	—	795
Loss on asset sales and disposals	2,235	—	—	—	—	2,235
Operating income (loss)	742	(1)	—	(997)	885	629
Interest expense	(35,691)	—	—	(1,186)	—	(36,877)
Other income (expense), net	(132)	—	—	720	(720)	(132)
Earnings (loss) before income taxes	(35,081)	(1)	—	(1,463)	165	(36,380)
Income tax expense	518	—	—	—	—	518
Equity in earnings (loss) of subsidiaries	(1,464)	—	—	—	1,464	—
Net earnings (loss)	(37,063)	(1)	—	(1,463)	1,629	(36,898)
Other comprehensive loss	(6,148)	—	—	—	—	(6,148)
Comprehensive income (loss)	$ (43,211)	$ (1)	$ —	$ (1,463)	$ 1,629	$ (43,046)

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(in thousands)

	For the three months ended October 31, 2018					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Revenues:						
Propane and other gas liquids sales	$ 334,966	$ —	$ —	$ —	$ —	$ 334,966
Other	17,343	—	—	—	—	17,343
Total revenues	352,309	—	—	—	—	352,309
Costs and expenses:						
Cost of sales - propane and other gas liquids sales	204,136	—	—	—	—	204,136
Cost of sales - other	3,047	—	—	—	—	3,047
Operating expense	110,331	—	—	1,017	(1,017)	110,331
Depreciation and amortization expense	18,881	—	—	111	—	18,992
General and administrative expense	14,173	2	—	—	—	14,175
Equipment lease expense	7,863	—	—	—	—	7,863
Non-cash employee stock ownership plan compensation charge	2,748	—	—	—	—	2,748
Loss on asset sales and disposals	1,996	—	2,508	—	—	4,504
Operating income (loss)	(10,866)	(2)	(2,508)	(1,128)	1,017	(13,487)
Interest expense	(34,348)	—	—	(847)	—	(35,195)
Other income (expense), net	19	—	—	2,203	(2,203)	19
Earnings (loss) before income taxes	(45,195)	(2)	(2,508)	228	(1,186)	(48,663)
Income tax expense	151	—	—	—	—	151
Equity in earnings (loss) of subsidiary	(2,282)	—	—	—	2,282	—
Net earnings (loss)	(47,628)	(2)	(2,508)	228	1,096	(48,814)
Other comprehensive loss	(12,587)	—	—	—	—	(12,587)
Comprehensive income (loss)	$ (60,215)	$ (2)	$ (2,508)	$ 228	$ 1,096	$ (61,401)

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	For the three months ended October 31, 2019					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Cash flows from operating activities:						
Net cash provided by (used in) operating activities	$ 21,350	$ (1)	$ 506	$ (3,708)	$ (11,000)	$ 7,147
Cash flows from investing activities:						
Business acquisitions, net of cash acquired	(6,400)	—	—	—	—	(6,400)
Capital expenditures	(18,126)	—	—	—	—	(18,126)
Proceeds from sale of assets	835	—	—	—	—	835
Cash collected for purchase of interest in accounts receivable	—	—	—	161,600	(161,600)	—
Cash remitted to Ferrellgas, L.P. for accounts receivable	—	—	—	(172,600)	172,600	—
Intercompany loan to affiliate	(3,203)	—	—	—	3,203	—
Cash payments to construct assets in connection with future lease transactions	(16,879)	—	—	—	—	(16,879)
Cash receipts in connection with leased vehicles	5,863	—	—	—	—	5,863
Other	—	—	—	—	—	—
Net cash used in investing activities	(37,910)	—	—	(11,000)	14,203	(34,707)
Cash flows from financing activities:						
Distributions	(101)	—	—	—	—	(101)
Reductions in long-term debt	(512)	—	—	—	—	(512)
Net additions to short-term borrowings	37,000	—	—	—	—	37,000
Net additions to collateralized short-term borrowings	—	—	—	11,000	—	11,000
Cash payments on lease liabilities	—	—	—	—	—	—
Net changes in advances with consolidated entities	—	1	(506)	3,708	(3,203)	—
Cash paid for financing costs and other	(1,140)	—	—	—	—	(1,140)
Net cash provided by (used in) financing activities	35,247	1	(506)	14,708	(3,203)	46,247
Net change in cash and cash equivalents	18,687	—	—	—	—	18,687
Cash and cash equivalents - beginning of year	11,045	1	—	—	—	11,046
Cash and cash equivalents - end of year	$ 29,732	$ 1	$ —	$ —	$ —	$ 29,733

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	For the three months ended October 31, 2018					
	Ferrellgas, L.P. (Parent and Co-Issuer)	*Ferrellgas Finance Corp. (Co-Issuer)*	*Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Eliminations*	*Consolidated*
Cash flows from operating activities:						
Net cash provided by (used in) operating activities	$ 11,666	$ (2)	$ 19,961	$ (17,231)	$ (32,000)	$ (17,606)
Cash flows from investing activities:						
Business acquisitions, net of cash acquired	(4,625)	—	—	—	—	(4,625)
Capital expenditures	(23,433)	—	—	—	—	(23,433)
Proceeds from sale of assets	1,061	—	—	—	—	1,061
Cash collected for purchase of interest in accounts receivable	—	—	—	242,912	(242,912)	—
Cash remitted to Ferrellgas, L.P. for accounts receivable	—	—	—	(274,912)	274,912	—
Net changes in advances with consolidated entities	2,585	—	—	—	(2,585)	—
Other	(292)	—	—	—	—	(292)
Net cash provided by (used in) investing activities	(24,704)	—	—	(32,000)	29,415	(27,289)
Cash flows from financing activities:						
Distributions	(10,015)	—	—	—	—	(10,015)
Proceeds from increase in long-term debt	—	—	—	—	—	—
Payments on long-term debt	(281)	—	—	—	—	(281)
Net reductions in short-term borrowings	(32,800)	—	—	—	—	(32,800)
Net additions to collateralized short-term borrowings	—	—	—	32,000	—	32,000
Net changes in advances with parent	—	2	(19,829)	17,242	2,585	—
Cash paid for financing costs	(213)	—	—	(11)	—	(224)
Net cash provided by (used in) financing activities	(43,309)	2	(19,829)	49,231	2,585	(11,320)
Net change in cash and cash equivalents	(56,347)	—	132	—	—	(56,215)
Cash and cash equivalents - beginning of year	119,133	1	174	—	—	119,308
Cash and cash equivalents - end of year	$ 62,786	$ 1	$ 306	$ —	$ —	$ 63,093

N. Subsequent events

Ferrellgas, L.P. evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas, L.P.'s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements except as described below.

On November 7, 2019, Ferrellgas, L.P. entered into a second amendment to the financing agreement governing its Senior Secured Credit Facility. See Note F – Debt for further discussion.

On December 5, 2019, Ferrellgas, L.P. entered into an eighth amendment to its accounts receivable securitization facility in order to align certain deliverables under the accounts receivable securitization facility with similar requirements under the second amendment to the financing agreement governing the Senior Secured Credit Facility, noted above.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
CONDENSED BALANCE SHEETS
(unaudited)

	October 31, 2019	July 31, 2019
ASSETS		
Cash	$ 1,100	$ 1,100
Prepaid expenses and other current assets	875	1,841
Total assets	$ 1,975	$ 2,941
Contingencies and commitments (Note B)		
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$ 1,000	$ 1,000
Additional paid in capital	78,571	78,518
Accumulated deficit	(77,596)	(76,577)
Total stockholder's equity	$ 1,975	$ 2,941

See notes to condensed financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended October 31,	
	2019	**2018**
General and administrative expense	$ 1,019	$ 1,550
Net loss	$ (1,019)	$ (1,550)

See notes to condensed financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended October 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (1,019)	$ (1,550)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	966	1,500
Cash used in operating activities	(53)	(50)
Cash flows from financing activities:		
Capital contribution	53	50
Cash provided by financing activities	53	50
Net change in cash	—	—
Cash - beginning of period	1,100	1,100
Cash - end of period	$ 1,100	$ 1,100

See notes to condensed financial statements.

FERRELLGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrellgas, L.P.)
(unaudited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Formation

Ferrellgas Finance Corp. (the "Finance Corp."), a Delaware corporation, was formed on January 16, 2003, and is a wholly-owned subsidiary of Ferrellgas, L.P. (the "Partnership").

The condensed financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed financial statements were of a normal recurring nature.

The Finance Corp. has nominal assets, does not conduct any operations and has no employees.

Going Concern

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note B – Contingencies and commitments, the Finance Corp serves as co-issuer and co-obligor for debt securities of the Partnership. Ferrellgas Partners has $357.0 million aggregate principal amount of unsecured senior notes due June 15, 2020 that are classified as current in its consolidated financial statements. This obligation is only reported on the consolidated balance sheet of Ferrellgas Partners. The ability of Ferrellgas Partners to restructure, refinance or otherwise satisfy these notes is uncertain considering the level of other outstanding indebtedness. In certain circumstances, the failure to repay the $357 million in unsecured notes on their contractual maturity date may result in an event of default under the Partnership's Senior Secured Credit Facility and the indentures governing the Partnership's outstanding notes. Additionally, the Finance Corp. does not have sufficient cash reserves or the ability to generate sufficient future cash flows to satisfy its obligations as co-obligor of the debt securities of the Partnership. Given these concerns, the Finance Corp. believes there is substantial doubt about the entity's ability to continue as a going concern. The Partnership has engaged Moelis & Company LLC as its financial advisor and the law firm of Squire Patton Boggs LLP to assist with the Partnership's ongoing process to address its upcoming debt maturities. The successful outcome of the Partnership's debt reduction strategy continues to remain uncertain.

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the Partnership. The Finance Corp. is liable as co-issuer and co-obligor for (i) the $500 million aggregate principal amount of the Partnership's unsecured senior notes due 2021, (ii) the $475 million aggregate principal amount of the Partnership's unsecured senior notes due 2022, and (iii) the $500 million aggregate principal amount of the Partnership's unsecured senior notes due 2023, which obligations are only reported on the Partnership's consolidated balance sheet.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Our management's discussion and analysis of financial condition and results of operations relates to Ferrellgas Partners and the operating partnership.

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. have nominal assets, do not conduct any operations and have no employees other than officers. Ferrellgas Partners Finance Corp. serves as co-issuer and co-obligor for debt securities of Ferrellgas Partners, while Ferrellgas Finance Corp. serves as co-issuer and co-obligor for debt securities of the operating partnership. Accordingly, and due to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. is not presented.

In this Item 2 of the Quarterly Report on Form 10-Q, unless the context indicates otherwise:

- "us," "we," "our," "ours," "consolidated," or "Ferrellgas" are references exclusively to Ferrellgas Partners, L.P. together with its consolidated subsidiaries, including Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp., except when used in connection with "common units," in which case these terms refer to Ferrellgas Partners, L.P. without its consolidated subsidiaries;

- "Ferrellgas Partners" refers to Ferrellgas Partners, L.P. itself, without its consolidated subsidiaries;

- the "operating partnership" refers to Ferrellgas, L.P., together with its consolidated subsidiaries, including Ferrellgas Finance Corp.;

- our "general partner" refers to Ferrellgas, Inc.;

- "Ferrell Companies" refers to Ferrell Companies, Inc., the sole shareholder of our general partner;

- "unitholders" refers to holders of common units of Ferrellgas Partners;

- "GAAP" refers to accounting principles generally accepted in the United States;

- "retail sales" refers to Propane and other gas liquid sales: Retail - Sales to End Users or the volume of propane sold primarily to our residential, industrial/commercial and agricultural customers;

- "wholesale sales" refers to Propane and other gas liquid sales: Wholesale - Sales to Resellers or the volume of propane sold primarily to our portable tank exchange customers and bulk propane sold to wholesale customers;

- "other gas sales" refers to Propane and other gas liquid sales: Other Gas Sales or the volume of bulk propane sold to other third-party propane distributors or marketers and the volume of refined fuel sold;

- "propane sales volume" refers to the volume of propane sold to our retail sales and wholesale sales customers;

- "Notes" refers to the notes of the condensed consolidated financial statements of Ferrellgas Partners or the operating partnership, as applicable; and

- "fiscal 2021" means the fiscal year ended July 31, 2021, "fiscal 2020" means the fiscal year ended July 31, 2020, "fiscal 2019" means the fiscal year ended July 31, 2019, and "fiscal 2018" means the fiscal year ended July 31, 2018.

Ferrellgas Partners is a holding entity that conducts no operations and has two direct subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners' only assets are its approximate 99% limited partnership interest in the operating partnership and its 100% equity interest in Ferrellgas Partners Finance Corp. The common units of Ferrellgas Partners are listed on the New York Stock Exchange and our activities are primarily conducted through the operating partnership.

The operating partnership was formed on April 22, 1994, and accounts for substantially all of our consolidated assets, sales and operating earnings, except for interest expense related to the senior notes co-issued by Ferrellgas Partners and Ferrellgas Partners Finance Corp.

Our general partner performs all management functions for us and our subsidiaries and holds an approximate 1% general partner interest in Ferrellgas Partners and an approximate 1% general partner interest in the operating partnership. The parent company of our general partner, Ferrell Companies, beneficially owns approximately 23.4% of our outstanding common units. Ferrell Companies is owned 100% by an employee stock ownership trust.

We file annual, quarterly, and current reports and other information with the Securities and Exchange Commission (the "SEC"). You may read and download our SEC filings over the Internet from several commercial document retrieval services as well as at the SEC's website at www.sec.gov. Our SEC filings are also available on our website at www.ferrellgas.com at no cost as soon as reasonably practicable after our electronic filing or furnishing thereof with the SEC. Please note that any Internet addresses provided in this Quarterly Report on Form 10-Q are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such Internet addresses is intended or deemed to be incorporated by reference herein.

The following is a discussion of our historical financial condition and results of operations and should be read in conjunction with our historical consolidated financial statements and accompanying Notes thereto included in our Annual Report on Form 10-K for fiscal 2019 and in our historical condensed consolidated financial statements and accompanying Notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

The discussions set forth in the "Results of Operations" and "Liquidity and Capital Resources" sections generally refer to Ferrellgas Partners and its consolidated subsidiaries. However, in these discussions there exists one material difference between Ferrellgas Partners and the operating partnership: Ferrellgas Partners has outstanding $357.0 million aggregate principal amount of 8.625% senior notes due June 15, 2020, and accordingly has interest expense that the operating partnership does not have. Ferrellgas Partners' access to liquidity is dependent on distributions from the operating partnership. See the statements of operations in their respective condensed consolidated financial statements.

Cautionary Note Regarding Forward-looking Statements

Statements included in this report include forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. These statements often use words such as "anticipate," "believe," "intend," "plan," "projection," "forecast," "strategy," "position," "continue," "estimate," "expect," "may," "will," or the negative of those terms or other variations of them or comparable terminology. These statements often discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future and are based upon the beliefs and assumptions of our management and on the information currently available to them. In particular, statements, express or implied, concerning our future operating results or our ability to generate sales, income or cash flow are forward-looking statements.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on any forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially from those expressed in or implied by these forward-looking statements. Many of the factors that will affect our future results are beyond our ability to control or predict. Some of the risk factors that may affect our business, financial condition or results of operations include:

- the effect of weather conditions on the demand for propane;
- the prices of wholesale propane, motor fuel and crude oil;
- disruptions to the supply of propane;
- competition from other industry participants and other energy sources;

- energy efficiency and technology advances;
- adverse changes in our relationships with our national tank exchange customers;
- significant delays in the collection of accounts or notes receivable;
- customer, counterparty, supplier or vendor defaults;
- changes in demand for, and production of, hydrocarbon products;
- disruptions to railroad operations on the railroads we use;
- increased trucking and rail regulations;
- inherent operating and litigation risks in gathering, transporting, handling and storing propane;
- our inability to complete acquisitions or to successfully integrate acquired operations;
- costs of complying with, or liabilities imposed under, environmental, health and safety laws;
- the impact of pending and future legal proceedings;
- the interruption, disruption, failure or malfunction of our information technology systems including due to cyber attack;
- the impact of changes in tax law that could adversely affect the tax treatment of Ferrellgas Partners for federal income tax purposes;
- economic and political instability, particularly in areas of the world tied to the energy industry;
- disruptions in the capital and credit markets;
- access to available capital to meet our operating requirements up to and including the refinancing of maturing debt instruments; and
- the impact of the inclusion in the report of our auditor of an "emphasis of matter" paragraph regarding substantial doubt as to our ability to continue as a going concern.

When considering any forward-looking statement, you should also keep in mind the risk factors set forth in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for fiscal 2019. Any of these risks could impair our business, financial condition or results of operations. Any such impairment may affect our ability to make distributions to our unitholders or pay interest on the principal of any of our debt securities. In addition, the trading price of our securities could decline as a result of any such impairment.

Except for our ongoing obligations to disclose material information as required by federal securities laws, we undertake no obligation to update any forward-looking statements or risk factors after the date of this Quarterly Report on Form 10-Q.

Recent developments

We have engaged Moelis & Company LLC as our financial advisor and the law firm of Squire Patton Boggs LLP to assist us in our ongoing process to address our upcoming debt maturities.

On November 7, 2019, Ferrellgas, L.P. entered into a second amendment (the "Second Amendment") to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the second amendment (i) increased from

$125.0 million to $140.0 million the sub-limit for issuance of letters of credit that exists within the $300.0 million Revolving Facility; and (ii) modified a component of the fixed charge coverage ratio calculation to exclude payments related to the manufacture of vehicles used for propane delivery or related service up to specified amounts if operating lease commitments sufficient to cover such excluded amounts have been obtained and those payments are in fact reimbursed under such operating leases within nine months thereafter. In addition, the Second Amendment provided waivers for any event of default that has or would otherwise arise with respect to the delivery of an unqualified report of Grant Thornton LLP as to going concern with respect to the audited financial statements of Ferrellgas, L.P. and with respect to the timely delivery of financial information for fiscal 2019, thereby resolving the disagreement with the agent under the Senior Secured Credit Facility regarding alleged events of default described in the Annual Report on Form 10-K for fiscal 2019. As a result of the Second Amendment, the Term Loan was reclassified from current to long-term, consistent with its underlying maturity.

Debt and interest expense reduction and refinancing strategy

We continue to pursue a strategy to further reduce our debt and interest expense. Achievements under this strategy during fiscal 2018 include refinancing our senior secured credit facility, amending our accounts receivable securitization facility, and selling certain assets. Other opportunities include the generation of additional cash flows organically or through accretive acquisitions, restructuring or refinancing existing indebtedness, selling additional assets, maintaining the suspension of Ferrellgas Partners' common unit distributions, issuing equity or executing one or more debt exchanges. We expect to maintain our debt and interest expense reduction strategy until our consolidated leverage ratio reaches a level that we deem appropriate for our business. During fiscal 2019, we engaged Moelis & Company LLC as our financial advisor and the law firm of Squire Patton Boggs LLP to assist us with our ongoing process to address our upcoming debt maturities.

Financial covenants

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness contain various covenants that limit our ability to, among other things, make restricted payments and incur additional indebtedness. Our general partner believes that the most restrictive of these covenants are the restricted payments covenants in the indenture governing the outstanding notes of Ferrellgas Partners and the indentures governing the outstanding notes of the operating partnership, which are discussed below.

Ferrellgas Partners, L.P., the master limited partnership

The indenture governing the outstanding notes of Ferrellgas Partners due June 15, 2020 contains a covenant that restricts the ability of Ferrellgas Partners to make certain restricted payments, including distributions on its common units. Under this covenant, subject to the limited exception described below, Ferrellgas Partners may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indenture generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2019, Ferrellgas Partners' consolidated fixed charge coverage ratio was 1.35x.

If the consolidated fixed charge coverage ratio is below 1.75x, Ferrellgas Partners may make restricted payments of up to $50.0 million in total over a sixteen quarter period. As a result of distributions paid to common unitholders in September 2017, December 2017, March 2018, June 2018 and September 2018, while this ratio was less than 1.75x, Ferrellgas Partners has used substantially all of its capacity under the limited exception and therefore is currently restricted by this covenant from making future restricted payments, including distributions to common unitholders. Accordingly, no distributions have been or will be paid to common unitholders for the three months ended October 31, 2019, and, unless this indenture is amended or replaced or Ferrellgas Partners' consolidated fixed charge coverage ratio improves to at least 1.75x this covenant will continue to prohibit Ferrellgas Partners from making common unit distributions. While there can be no assurance of successfully resolving the distribution limitation under this covenant, we are presently considering potential solutions to address the limitation on distributions. The potential solutions include, among others, restructuring, refinancing or a transaction to exchange new notes for some or all of the outstanding notes of Ferrellgas Partners due June 15, 2020.

Ferrellgas, L.P., the operating partnership

Similar to the indenture governing the outstanding notes of Ferrellgas Partners, the indentures governing the outstanding notes of the operating partnership contain covenants that restrict the ability of the operating partnership to make certain restricted payments, including distributions to Ferrellgas Partners. Under these covenants, subject to the limited exception described below, the operating partnership may not make a restricted payment unless its consolidated fixed charge coverage ratio (defined in the indentures generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated interest expense, both as adjusted for certain, specified items) is at least 1.75x, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. As of October 31, 2019, the operating partnership's consolidated fixed charge coverage ratio was 1.68x.

If the consolidated fixed charge coverage ratio is below 1.75x, the operating partnership may make restricted payments in limited amounts determined under the indentures. If the operating partnership's consolidated fixed charge coverage ratio remains below 1.75x, the distribution to be made by the operating partnership on December 15, 2019 for payment of interest on Ferrellgas Partners' unsecured senior notes due 2020 would be made from capacity under the limited exception to the ratio requirement.

Although the operating partnership believes that its remaining capacity under the limited exception to the ratio requirement under the operating partnership's indentures, and its ability to comply with the limitations on distributions under our Senior Secured Credit Facility, will allow it to make distributions to Ferrellgas Partners to cover interest payments on Ferrellgas Partners' unsecured senior notes due 2020 through the maturity of those notes, the restrictions in these debt agreements may prevent the operating partnership from making distributions to Ferrellgas Partners to enable it to pay cash distributions to its unitholders.

Distributions

As discussed above, no distributions will be paid to common unitholders in December 2019 for the three months ended October 31, 2019. Unless the indenture governing Ferrellgas Partners' unsecured senior notes due 2020 is amended or replaced, if our consolidated fixed charge coverage ratio under that indenture does not improve to at least 1.75x, this covenant will not allow us to make common unit distributions for our quarter ending October 31, 2019 and beyond.

How We Evaluate Our Operations

We evaluate our overall business performance based primarily on a metric we refer to as “Adjusted EBITDA”, which is not defined by GAAP and should not be considered an alternative to earnings measures defined by GAAP. We do not utilize depreciation, depletion and amortization expense in our key measures because we focus our performance management on cash flow generation and our revenue generating assets have long useful lives. For the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to Net earnings (loss) attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, see the subheading “Non-GAAP Financial Measures” below.

Based on our propane sales volumes in fiscal 2019, we believe that we are the second largest retail marketer of propane in the United States and a leading national provider of propane by portable tank exchange. We serve residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia and Puerto Rico. Our operations primarily include the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States.

We use information on temperatures to understand how our results of operations are affected by temperatures that are warmer or colder than normal. Normal temperatures computed by us are the average of the last 10 years of information published by the National Oceanic and Atmospheric Administration. Based on this information we calculate a ratio of actual heating degree days to normal heating degree days. Heating degree days are a general indicator of weather impacting propane usage.

Weather conditions have a significant impact on demand for propane for heating purposes primarily during the months of November through March (the “winter heating season”). Accordingly, the volume of propane used by our customers for this purpose is directly affected by the severity of the winter weather in the regions we serve and can vary substantially from year to year. In any given region, sustained warmer-than-normal temperatures will tend to result in reduced propane usage, while sustained colder-than-normal temperatures will tend to result in greater usage. Although there is a strong correlation between weather and customer usage, general economic conditions in the United States and the wholesale price of propane can have a significant impact on this correlation. Additionally, there is a natural time lag between the onset of cold weather and increased sales to customers. If the United States were to experience a cooling trend we could expect nationwide demand for propane to increase which could lead to greater sales, income and liquidity availability. Conversely, if the United States were to experience a continued warming trend, we could expect nationwide demand for propane for heating purposes to decrease which could lead to a reduction in our sales, income and liquidity availability as well as impact our ability to maintain compliance with our debt covenants.

We employ risk management activities that attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies. We attempt to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts. We enter into propane sales commitments with a portion of our customers that provide for a contracted price agreement for a specified period of time. These commitments can expose us to product price risk if not immediately hedged with an offsetting propane purchase commitment.

Our open financial derivative propane purchase commitments are designated as hedges primarily for fiscal 2020 and 2021 sales commitments and, as of October 31, 2019, have experienced net mark-to-market losses of approximately $20.9 million. Because these financial derivative purchase commitments qualify for hedge accounting treatment, the resulting asset, liability and related mark-to-market gains or losses are recorded on the condensed consolidated balance sheets as “Prepaid expenses and other current assets,” "Other assets, net," “Other current liabilities,” "Other liabilities" and “Accumulated other comprehensive loss,” respectively, until settled. Upon settlement, realized gains or losses on these contracts will be reclassified to “Cost of sales-propane and other gas liquid sales” in the condensed consolidated statements of operations as the underlying inventory is sold. These financial derivative purchase commitment net losses are expected to be offset by increased margins on propane sales commitments that qualify for the normal purchase normal sale exception. At October 31, 2019, we estimate 90% of currently open financial derivative purchase commitments, the related propane sales commitments and the resulting gross margin will be realized into earnings during the next twelve months.

Summary Discussion of Results of Operations:

Executive Overview

For the three months ended October 31, 2019

During the three months ended October 31, 2019, we generated net loss attributable to Ferrellgas Partners L.P. of $45.3 million, compared to net loss attributable to Ferrellgas Partners L.P. of $57.0 million during the three months ended October 31, 2018. The decrease in net loss attributable to Ferrellgas Partners principally reflects an $8.5 million increase in gross margin on propane and other gas liquid sales and decreased general and administrative costs, partially offset by slightly higher operating expenses. These results reflect the effects of legal fees and settlements related to non-core businesses of $2.0 million and $3.6 million, in the three months ended October 31, 2019 and 2018, respectively. The three-month period ended October 31, 2018 also includes $1.5 million of expenses associated with the multi-employer pension plan withdrawal settlement.

Non-GAAP Financial Measures

In this Quarterly Report we present the following non-GAAP financial measures: Adjusted EBITDA, Distributable cash flow attributable to equity investors, Distributable cash flow attributable to common unitholders, and Distributable cash flow excess.

Adjusted EBITDA. Adjusted EBITDA is calculated as net loss attributable to Ferrellgas Partners, L.P., plus the sum of the following: income tax expense, interest expense, depreciation and amortization expense, non-cash employee stock ownership plan compensation charge, loss on asset sales and disposals, other income (expense), net, legal fees and settlements related to non-core businesses, multi-employer pension withdrawal settlement, lease accounting standard adjustment, and net loss attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership's performance in a manner similar to the method management uses, adjusted for items management believes make it easier to compare its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be comparable to Adjusted EBITDA or similarly titled measurements used by other corporations and partnerships. Items added into our calculation of adjusted EBITDA that will not occur on a continuing basis may have associated cash payments. This method of calculating Adjusted EBITDA should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Attributable to Equity Investors. Distributable cash flow attributable to equity investors is calculated as Adjusted EBITDA minus net cash interest expense, maintenance capital expenditures and cash paid for taxes, plus proceeds from certain asset sales. Management considers distributable cash flow attributable to equity investors a meaningful measure of the partnership's ability to declare and pay quarterly distributions to equity investors. Distributable cash flow attributable to equity investors, as management defines it, may not be comparable to distributable cash flow attributable to equity investors or similarly titled measurements used by other corporations and partnerships. Items added into our calculation of distributable cash flow attributable to equity investors that will not occur on a continuing basis may have associated cash payments. Distributable cash flow attributable to equity investors should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Attributable to Common Unitholders. Distributable cash flow attributable to common unitholders is calculated as Distributable cash flow attributable to equity investors minus distributable cash flow attributable to general partner and noncontrolling interest. Management considers Distributable cash flow attributable to common unitholders a meaningful measure of the partnership's ability to declare and pay quarterly distributions to common unitholders. Distributable cash flow attributable to common unitholders, as management defines it, may not be comparable to distributable cash flow attributable to common unitholders or similarly titled measurements used by other corporations and partnerships. Items added into our calculation of distributable cash flow attributable to common unitholders that will not occur on a continuing basis may have associated cash payments. Distributable cash flow attributable to common unitholders should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Excess. Distributable cash flow excess is calculated as Distributable cash flow attributable to common unitholders minus Distributions paid to common unitholders. Distributable cash flow excess, if any, is retained to establish reserves to reduce debt, fund capital expenditures and for other partnership purposes and any shortage is funded from previously established reserves, cash on hand or borrowings under our Senior Secured Credit Facility or accounts receivable securitization facility. Management considers Distributable cash flow excess a meaningful measure of the partnership's ability to effectuate those purposes. Distributable cash flow excess, as management defines it, may not be comparable to distributable cash flow excess or similarly titled measurements used by other corporations and partnerships. Items added into our calculation of distributable cash flow excess that will not occur on a continuing basis may have associated cash payments. Distributable cash flow excess should be viewed in conjunction with measurements that are computed in accordance with GAAP.

The following table reconciles EBITDA, Adjusted EBITDA, Distributable cash flow attributable to equity investors, Distributable cash flow attributable to common unitholders and Distributable cash flow excess to Net loss attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, for the three months ended October 31, 2019 and 2018:

	Three months ended October 31,	
(amounts in thousands)	**2019**	**2018**
Net loss attributable to Ferrellgas Partners, L.P.	$ (45,344)	$ (57,015)
Income tax expense	518	158
Interest expense	45,697	43,878
Depreciation and amortization expense	19,219	18,992
EBITDA	20,090	6,013
Non-cash employee stock ownership plan compensation charge	795	2,748
Loss on asset sales and disposals	2,235	4,504
Other income (expense), net	132	(19)
Legal fees and settlements related to non-core businesses	2,043	3,564
Multi-employer pension plan withdrawal settlement	—	1,524
Lease accounting standard adjustment	170	—
Net loss attributable to noncontrolling interest	(373)	(493)
Adjusted EBITDA	25,092	17,841
Net cash interest expense (a)	(42,583)	(40,899)
Maintenance capital expenditures (b)	(6,467)	(5,385)
Cash paid for taxes	—	(2)
Proceeds from certain asset sales	835	1,061
Distributable cash flow attributable to equity investors	(23,123)	(27,384)
Distributable cash flow attributable to general partner and non-controlling interest	462	548
Distributable cash flow attributable to common unitholders	(22,661)	(26,836)
Less: Distributions paid to common unitholders	—	9,715
Distributable cash flow excess/(shortage)	$ (22,661)	$ (36,551)

(a) Net cash interest expense is the sum of interest expense less non-cash interest expense and other income (expense), net. This amount includes interest expense related to the accounts receivable securitization facility.

(b) Maintenance capital expenditures include capitalized expenditures for betterment and replacement of property, plant and equipment, and may include the purchase of assets that are typically leased.

Operating Results for the three months ended October 31, 2019 and 2018

The following table summarizes propane sales volumes and Adjusted EBITDA results for the periods indicated:

	2019	2018	Increase (Decrease)	
As of October 31,				
Retail customers	696,592	678,209	18,383	3 %
Tank exchange selling locations	55,952	53,809	2,143	4 %
(amounts in thousands)				
Three months ended October 31,				
Propane sales volumes (gallons):				
Retail - Sales to End Users	129,901	129,667	234	0 %
Wholesale - Sales to Resellers	50,039	48,960	1,079	2 %
	179,940	178,627	1,313	1 %
Revenues -				
Propane and other gas liquids sales:				
Retail - Sales to End Users	$ 180,417	$ 217,764	$ (37,347)	(17)%
Wholesale - Sales to Resellers	82,704	93,944	(11,240)	(12)%
Other Gas Sales (a)	10,264	23,258	(12,994)	(56)%
Other (b)	19,829	17,343	2,486	14 %
Propane and related equipment revenues	$ 293,214	$ 352,309	$ (59,095)	(17)%
Gross Margin -				
Propane and other gas liquids sales: (c)				
Retail - Sales to End Users (a)	$ 97,936	$ 90,475	$ 7,461	8 %
Wholesale - Sales to Resellers (a)	41,421	40,355	1,066	3 %
Other (b)	16,148	14,296	1,852	13 %
Propane and related equipment gross margin	$ 155,505	$ 145,126	$ 10,379	7 %
Operating, general and administrative expense (d)	$ 124,238	$ 124,510	$ (272)	(0)%
Operating expense - equipment lease expense	8,388	7,863	525	7 %
Operating income (loss)	$ 630	$ (13,491)	$ 14,121	NM
Depreciation and amortization expense	19,219	18,992	227	1 %
Non-cash employee stock ownership plan compensation charge	795	2,748	(1,953)	(71)%
Loss on asset sales and disposals	2,235	4,504	(2,269)	(50)%
Multi-employer pension plan withdrawal settlement	—	1,524	(1,524)	NM
Legal fees and settlements related to non-core businesses	2,043	3,564	(1,521)	(43)%
Lease accounting standard adjustment (e)	170	—	170	NM
Adjusted EBITDA	$ 25,092	$ 17,841	$ 7,251	41 %

(a) Gross margin for Other Gas Sales is allocated to Gross margin "Retail - Sales to End Users" and "Wholesale - Sales to Resellers" based on the volumes in each respective category.
(b) Other primarily includes appliance and material sales, and various customer fee income.
(c) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of sales - Propane and other gas liquids sales" and does not include depreciation and amortization.
(d) Operating, general and administrative expense” above includes both the “Operating expense – personnel, vehicle, plant and other” and the “General and administrative expense” captions in the condensed consolidated statement of operations.
(e) Lease accounting standard adjustment reflects the additional expense recognized in excess of cash paid.

Propane sales volumes during the three months ended October 31, 2019 increased 1%, or 1.3 million gallons, from the prior year period due to increased sales volumes to both retail and wholesale customers. The increase in propane sales volumes to retail customers was primarily due to the 3% increase in retail customer count.

Our wholesale sales price per gallon partially correlates to the change in the wholesale market price of propane. The wholesale market price at major supply points in Mt. Belvieu, Texas during the three months ended October 31, 2019 averaged 56% less than the prior year period, while at the Conway, Kansas major supply point prices averaged 51% less than the prior period. The wholesale market price at Mt. Belvieu, Texas averaged $0.44 and $0.99 per gallon during the three months ended October 31, 2019 and 2018, respectively, while the wholesale market price at Conway, Kansas averaged $0.38 and $0.78 per gallon during the three months ended October 31, 2019 and 2018, respectively. This decrease in the wholesale cost of propane contributed to our decrease in revenues, but an increase in gross margin.

Revenues

Retail sales decreased $37.3 million compared to the prior period. This decrease resulted from a $37.7 million decrease in sales price per gallon.

Wholesale sales decreased $11.2 million compared to the prior period. This decrease primarily resulted from a $13.7 million decrease in sales price per gallon partially offset by a $2.4 million increase in sales volumes, as discussed above, and due to the impact of increased competitive pressures related to fixed priced contracts, some of which are long term. This is a trend that continues from the prior year period.

Other gas sales decreased $13.0 million compared to the prior year period primarily due to decreased sales price per gallon.

Other revenues increased $2.5 million compared to the prior year period primarily due to increased fees from service labor related to the 3% increase in retail customer count as discussed above.

Gross margin - Propane and other gas liquids sales

Gross margin increased $8.5 million primarily due to the increase in gross margin per gallon, as discussed above. The increase in retail gross margin of $7.5 million resulted from an increase in gross margin and to a lesser extent an increase in retail customer counts, as discussed above. The $1.1 million increase in wholesale gross margin primarily relates to increased volumes, as discussed above, partially offset by decreased gross margin per gallon due to the impact of increased competitive pressures on the sales price per gallon, as discussed above.

Gross margin - other

Gross margin increased $1.9 million compared to the prior year period primarily due to increased fees from service labor related to the 3% increase in retail customer count as discussed above.

Operating income

Operating income increased $14.1 million primarily due to an $8.5 million increase in "Gross margin - Propane and other gas liquid sales", as discussed above, a $2.3 million decrease in “Loss on asset sales and disposals”, a $2.0 million decrease in “Non-cash employee stock ownership plan compensation charge” and a $0.3 million decrease in “Operating, general and administrative expense”.   "Operating, general and administrative expense" decreased due to a $4.5 million decrease in “General and administrative expense”, partially offset by a $4.2 million increase in “Operating expense – personnel, vehicle, plant and other”. “General and administrative expense” decreased primarily due to a $4.4 million decrease in legal costs. “Operating expense – personnel, vehicle, plant and other” increased primarily due to a $3.8 million increase in field personnel costs, a $0.7 million increase in plant and office costs, and a $0.5 million increase in vehicle and fuel costs, partially offset by a previous $1.5 million pension settlement charge associated with the withdrawal from a multi-employer pension plan that was not repeated in the current period.

Adjusted EBITDA

Adjusted EBITDA increased $7.3 million primarily due to an $8.5 million increase in "Gross margin - Propane and other gas liquid sales", as discussed above, and a $1.9 million increase in “Gross margin – other” as discussed above, partially offset by a $2.8 million increase in “Operating, general and administrative”. "Operating, general and administrative expense" increased due to a $5.8 million increase in “Operating expense – personnel, vehicle, plant and other”, partially offset by a $3.0 million decrease in “General and administrative expense”. “Operating expense – personnel, vehicle, plant and other" increased primarily due to a $3.8 million increase in field personnel costs, a $0.7 million increase in plant and office costs, and a $0.5 million increase in vehicle and fuel costs. "General and administrative expense" decreased primarily due to a $2.9 million decrease in legal costs.

Liquidity and Capital Resources

General

Our primary sources of liquidity and capital resources are cash flows from operating activities, borrowings under our Senior Secured Credit Facility and our accounts receivable securitization facility and funds received from sales of debt and equity securities. As of October 31, 2019, our total liquidity was $131.7 million, which is comprised of $29.8 million in cash and $101.9 million of availability under our Senior Secured Credit Facility and accounts receivable securitization facility. These sources of liquidity and short term capital resources are intended to fund our working capital requirements, letter of credit requirements, and acquisition and capital expenditures. Our access to long term capital resources, in order to address our leverage, may be affected by our ability to access the capital markets, covenants in our debt agreements, unforeseen demands on cash, or other events beyond our control. We have engaged Moelis & Company LLC as our financial advisor and the law firm of Squire Patton Boggs LLP to assist us in our ongoing process to address our upcoming debt maturities.

Financial Covenants

As more fully described in this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations under the subheading "Financial Covenants" above, the indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness contain various covenants that limit our ability to, among other things, incur additional indebtedness and make distribution payments to our common unitholders. Given the limitations of these covenants, we continue to pursue a strategy to reduce our debt and interest expense. If we are unsuccessful with our strategy to further reduce debt and interest expense, we will continue to be restricted from making distribution payments to our common unitholders.

We may not meet the applicable financial tests in future quarters if we were to experience:

- significantly warmer than normal temperatures during the winter heating season;
- significant and sustained increases in the wholesale cost of propane that we are unable to pass along to our customers;
- a more volatile energy commodity cost environment;
- an unexpected downturn in business operations;
- a significant delay in the collection of accounts or notes receivable;
- a failure to execute our debt and interest expense reduction and refinancing initiatives;
- a change in customer retention or purchasing patterns due to economic or other factors in the United States;
- a material downturn in the credit and/or equity markets; or
- a large uninsured, unfavorable lawsuit judgment or settlement.

We may seek additional capital as part of our debt reduction strategy.

As discussed above, no distributions will be paid to common unitholders in December 2019 for the three months ended October 31, 2019. Unless the indenture governing the outstanding notes due 2020 is amended or replaced, or the Ferrellgas Partners' consolidated fixed charge coverage ratio improves to at least 1.75x, this covenant will continue to restrict us from making common unit distributions.

Distributable Cash Flow

Distributable cash flow attributable to equity investors is reconciled to net earnings (loss) attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, in this Item 2. Management's Discuss and Analysis of Financial Condition and Results of Operations under the subheading "Non-GAAP Financial Measures" above. A comparison of distributable cash flow attributable to equity investors to cash distributions paid to equity investors for the twelve months ended October 31, 2019 to the twelve months ended July 31, 2019 is as follows (in thousands):

	Distributable cash flow attributable to equity investors	Cash reserves (deficiency) approved by our General Partner	Cash distributions paid to equity investors	DCF ratio (a)
Three months ended October 31, 2019	$ (23,123)	$ (23,124)	$ 1	
Fiscal 2019	22,567	12,338	10,229	
Less: Three months ended October 31, 2018	(27,384)	(37,299)	9,915	
Twelve months ended October 31, 2019	$ 26,828	$ 26,513	$ 315	NM
Twelve months ended July 31, 2019	22,567	12,338	10,229	2.21
Change	$ 4,261	$ 14,175	$ (9,914)	NM

(a) DCF ratio is calculated as Distributable cash flow attributable to equity investors divided by Cash distributions paid to equity investors.

(b) NM – Not Meaningful.

For the twelve months ended October 31, 2019, distributable cash flow attributable to equity investors increased $4.3 million compared to the twelve months ended July 31, 2019. Cash distributions paid to equity investors decreased by $9.9 million during that twelve month period, because no distributions have been paid since the three months ended October 31, 2018, which were declared in connection with the three month period ended July 31, 2018. Cash reserves, which we utilize to meet future anticipated expenditures, increased by $26.5 million during the twelve months ended October 31, 2019 compared to an increase of $12.3 million in the twelve months ended July 31, 2019.

We believe that the liquidity available from cash flows from operating activities, our Senior Secured Credit Facility, and the accounts receivable securitization facility, combined with our other debt and interest expense reduction initiatives, will be sufficient to meet our capital expenditure, working capital and letter of credit requirements.

During periods of high volatility, our risk management activities may expose us to the risk of counterparty margin calls in amounts greater than we have the capacity to fund. Likewise, our counterparties may not be able to fulfill their margin calls from us or may default on the settlement of positions with us.

Our working capital requirements are subject to, among other things, the price of propane, delays in the collection of receivables, volatility in energy commodity prices, liquidity imposed by insurance providers, downgrades in our credit ratings, decreased trade credit, significant acquisitions, the weather, customer retention and purchasing patterns and other changes in the demand for propane. Relatively colder weather or higher propane prices during the winter heating season are factors that could significantly increase our working capital requirements.

Our ability to satisfy our obligations is dependent upon our future performance, which will be subject to prevailing weather, economic, financial and business conditions and other factors, many of which are beyond our control. Due to the seasonality of the retail propane distribution business, a significant portion of our propane operations and related products cash flows from operations is generated during the winter heating season. Our net cash provided by operating activities primarily reflects earnings from our business activities adjusted for depreciation and amortization and changes in our working capital accounts. Historically, we generate significantly lower net cash from operating activities in our first and fourth fiscal quarters as compared to the second and third fiscal quarters due to the seasonality of our propane operations and related equipment sales operations.

Operating Activities

Ferrellgas Partners

Net cash provided by operating activities was $7.1 million for the three months ended October 31, 2019, compared to net cash used in operating activities of $17.6 million for the three months ended October 31, 2018. This increase in cash provided by operating activities was primarily due to a $14.9 million decrease in working capital requirements, an $8.6 million increase in cash flow from operations and a $1.3 million inflow associated with other assets and other liabilities.

The decrease in working capital requirements for the three months ended October 31, 2019 compared to the three months ended October 31, 2018 was primarily due to an $18.3 million decrease in requirements for inventory due to declining propane prices in the current quarter compared to the prior quarter, partially offset by a $3.8 million increase in requirements for accounts and notes receivable, partially due to increases in the volume of propane sold.

The increase in cash flow from operations is primarily due to a $10.4 million increase in gross profit, a $2.3 million decrease in “Loss on asset sales and disposals”, partially offset by a $1.8 million increase in "Interest expense," due to increased borrowings on our Senior Secured Credit Facility, and by a net increase in "Operating expense – personnel, plant, vehicle and other", "General and administrative expense" and "Operating expense – equipment lease expense" of $0.3 million.

The operating partnership

Net cash provided by operating activities was $7.1 million for the three months ended October 31, 2019, compared to net cash used in operating activities of $17.6 million for the three months ended October 31, 2018. This increase in cash provided by operating activities was primarily due to a $14.9 million decrease in working capital requirements, an $8.6 million increase in cash flow from operations and a $1.3 million inflow associated with other assets and other liabilities.

The decrease in working capital requirements for the three months ended October 31, 2019 compared to the three months ended October 31, 2018 was primarily due to an $18.3 million decrease in requirements for inventory due to declining propane prices in the current quarter compared to the prior quarter, partially offset by a $3.8 million increase in requirements for accounts and notes receivable, partially due to increases in the volume of propane sold.

The increase in cash flow from operations is primarily due to a $10.4 million increase in gross profit, a $2.3 million decrease in “Loss on asset sales and disposals”, partially offset by a $1.7 million increase in "Interest expense," due to increased borrowings on our Senior Secured Credit Facility, and by a net increase in "Operating expense – personnel, plant, vehicle and other", "General and administrative expense" and "Operating expense – equipment lease expense" of $0.3 million.

Investing Activities

Ferrellgas Partners

Capital Requirements

Our business requires continual investments to upgrade or enhance existing operations and to ensure compliance with safety and environmental regulations. Capital expenditures for our business consist primarily of:

- Maintenance capital expenditures. These capital expenditures include expenditures for betterment and replacement of property, plant and equipment, and from time to time may include the purchase of assets that are typically leased, rather than to generate incremental distributable cash flow. Examples of maintenance capital expenditures include a routine replacement of a worn-out asset or replacement of major vehicle components; and

- Growth capital expenditures. These expenditures are undertaken primarily to generate incremental distributable cash flow. Examples include expenditures for purchases of both bulk and portable propane tanks and other equipment to facilitate expansion of our customer base and operating capacity.

Net cash used in investing activities was $34.7 million for the three months ended October 31, 2019, compared to net cash used in investing activities of $27.3 million for the three months ended October 31, 2018. This increase in net cash used in investing activities is primarily due to a $16.9 million increase in "Cash payments to construct assets in connection with future lease transactions" and a $1.8 million increase in "Business acquisitions, net of cash acquired", partially offset by a $5.9 million increase in "Cash receipts in connection with leased vehicles" and a $5.3 million decrease in "Capital expenditures".

The decrease in "Capital expenditures" is primarily due to decreases in growth capital expenditures, partially offset by increases in maintenance capital expenditures during the three months ended October 31, 2019. The decrease in growth capital expenditures is primarily due to expenditures for the construction of new portable tank exchange production plants that occurred during the three months ended October 31, 2018. This decrease was partially offset by an increase in maintenance capital expenditures, primarily due to an increase in lease buyouts on propane delivery trucks and the purchase of new propane delivery trucks, compared to the three months ended October 31, 2018.

Due to the mature nature of our operations we do not anticipate significant fluctuations in maintenance capital expenditures, with the exception of future decisions regarding lease versus buy financing options. However, future fluctuations in growth capital expenditures could occur due to the opportunistic nature of these projects.

The operating partnership

The investing activities discussed above also apply to the operating partnership.

Financing Activities

Ferrellgas Partners

Net cash provided by financing activities was $46.3 million for the three months ended October 31, 2019, compared to net cash used in financing activities of $11.2 million for the three months ended October 31, 2018. This increase in cash flow provided by financing activities was primarily due to a $48.8 million net increase in short-term borrowings and a $9.8 million reduction in distributions, partially offset by a $0.9 million increase in cash paid for financing costs.

Senior secured credit facility

The Senior Secured Credit Facility consists of a $300.0 million revolving line of credit (the "Revolving Facility") as well as a $275.0 million term loan (the "Term Loan"), which mature on the earlier of (i) May 4, 2023 and (ii) the date that is 90 days prior to the earliest maturity date of any series of the operating partnership's outstanding notes after giving effect to any extensions or refinancings thereof. As of this filing, the earliest maturity date of any series of the operating partnership's outstanding notes is May 1, 2021. The Revolving Facility borrowings bear interest at the Prime Rate + 4.75% and Term Loan borrowings bear interest at LIBOR + 5.75%. The Revolving Facility, as amended, includes a $140.0 million sublimit for the issuance of letters of credit. Borrowings under the Senior Secured Credit Facility are available for working capital needs, capital expenditures and other general partnership purposes, including the refinancing of existing indebtedness and acquisitions, within certain limits.

The Term Loan does not include any scheduled principal payments and the Revolving Facility does not have any scheduled commitment reductions before maturity; however, the Term Loan requires prepayments pursuant to the following: 1) certain asset sales, 2) 50% of any excess cash flow, as defined by the Term Loan, in any fiscal year beginning with fiscal year 2019, 3) certain insurance proceeds, and 4) certain tax refunds.

On June 6, 2019, the operating partnership entered into a first amendment to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the first amendment updated the calculation of the fixed charge coverage ratio for purposes of the fixed charge coverage ratio in the agreement to exclude certain maintenance capital expenditures related to the purchase during fiscal 2019 of new propane delivery trucks which have historically been leased. The first amendment provides that up to a specified amount of such maintenance capital expenditures will not be deducted from consolidated EBITDA for purposes of the calculation.

On November 7, 2019, the operating partnership entered into a second amendment (the "Second Amendment") to the financing agreement governing its Senior Secured Credit Facility. Among other matters, the Second Amendment (i) increased from $125.0 million to $140.0 million the sub-limit for issuance of letters of credit that exists within the $300.0 million Revolving Facility; and (ii) modified a component of the fixed charge coverage ratio calculation to exclude payments related to the manufacture of vehicles used for propane delivery or related service up to specified amounts if operating lease commitments sufficient to cover such excluded amounts have been obtained and those payments are in fact reimbursed under such operating leases within nine months thereafter. In addition, the Second Amendment provided waivers for any event of default that has or would otherwise arise with respect to the delivery of an unqualified report of Grant Thornton LLP as to going concern with respect to the audited financial statements of Ferrellgas, L.P. and with respect to the timely delivery of financial information for fiscal 2019, thereby resolving the disagreement with the agent under the Senior Secured Credit Facility regarding alleged events of default described in the Annual Report on Form 10-K for fiscal 2019. As a result of the Second Amendment, the Term Loan was reclassified from current to long-term, consistent with its underlying maturity.

The Senior Secured Credit Facility is secured with substantially all of the assets of the operating partnership and its subsidiaries, and Ferrellgas Partners' and the general partner's partnership interests in the operating partnership, and contains various affirmative and negative covenants and default provisions, as well as requirements with respect to the maintenance of specified financial ratios and limitations on the making of loans and investments.

As of October 31, 2019, the operating partnership had borrowings of $275.0 million under the Term Loan at an interest rate of 7.89%, which was classified as long-term debt, and $80.0 million under the Revolving Facility, at a weighted average interest rate of 9.09%. As of October 31, 2019, Ferrellgas had available borrowing capacity under the Revolving Facility of $101.9 million. As of July 31, 2019, the operating partnership had borrowings of $275.0 million under the Term Loan at an interest rate of 8.16%, which was classified as current and $43.0 million under the Revolving Facility at a weighted average interest rate of 9.47%, which was classified as short-term borrowings. As of July 31, 2019, Ferrellgas had available borrowing capacity under the Revolving Facility of $155.1 million.

Letters of credit outstanding at October 31, 2019 totaled $118.1 million and were used to secure insurance arrangements, product purchases, and commodity hedges. At October 31, 2019, Ferrellgas had remaining available letter of credit capacity of $6.9 million (or $21.9 million, if the Second Amendment had been effective as of October 31, 2019).

Accounts receivable securitization

Ferrellgas Receivables is a consolidated subsidiary. Expenses associated with accounts receivable securitization transactions are recorded in "Interest expense" in the condensed consolidated statements of operations. Additionally, borrowings and repayments associated with these transactions are recorded in "Cash flows from financing activities" in the condensed consolidated statements of cash flows.

Cash flows from our accounts receivable securitization facility decreased $21.0 million, as we received net funding of $11.0 million from this facility during the three months ended October 31, 2019 as compared to receiving net funding of $32.0 million from this facility during the three months ended October 31, 2018.

Our utilization of the accounts receivable securitization facility is limited by the amount of accounts receivable that we are permitted to securitize according to the facility agreement. As of October 31, 2019, we had received cash proceeds of $73.0 million related to the securitization of our trade accounts receivable, with no remaining capacity to receive additional proceeds. As of October 31, 2019, the weighted average interest rate was 5.2%. As our trade accounts receivable increase during the winter heating season, the securitization facility permits us to receive greater proceeds as eligible trade accounts receivable increase, thereby providing additional cash for working capital needs.

On December 5, 2019, we entered into an eighth amendment to the accounts receivable securitization facility in order to align certain deliverables under the accounts receivable securitization facility with similar requirements under the financing agreement governing the Senior Secured Credit Facility.

Distributions

During the three months ended October 31, 2018, Ferrellgas Partners paid a per unit distribution on all common units of $0.10 in connection with the distributions declared for the three month period ended July 31, 2018. No distribution on common units was made for the three month periods ended October 31, 2018, January 31, 2019, April 30, 2019, July 31, 2019 or October 31, 2019.

Total distributions paid to common unitholders during fiscal 2019, including the related general partner distributions, was $9.8 million. As discussed above, no distribution on common units was made in December 2018, March 2019, June 2019, September 2019 and will not be made in December 2019 for the three months ended October 31, 2019 or for any future quarterly period until Ferrellgas Partners' fixed charge coverage ratio is at least 1.75x, or the indenture governing the notes of Ferrellgas Partners is amended or replaced.

The operating partnership

The financing activities discussed above also apply to the operating partnership except for cash flows related to distributions paid, as discussed below.

Cash distribution paid

The operating partnership paid cash distributions of $0.1 million and $10.0 million during the three months ended October 31, 2019 and 2018, respectively. The operating partnership is scheduled to make a distribution of $15.4 million to Ferrellgas Partners L.P. and $0.2 million to the general partner on December 15, 2019 related to the three month period ended October 31, 2019.

Disclosures about Effects of Transactions with Related Parties

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreements, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled $70.0 million for the three months ended October 31, 2019, include operating expenses such as compensation and benefits paid to employees of our general partner who perform services on our behalf as well as related general and administrative expenses.

During the three months ended October 31, 2019, Ferrellgas Partners and the operating partnership together paid the general partner distributions of $1.0 thousand.

As discussed previously, Ferrellgas Partners continues to be not in compliance with the consolidated fixed charge coverage ratio under its note indenture, and thus remains unable to make restricted payments, including distributions to unitholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We did not enter into any risk management trading activities during the three months ended October 31, 2019. Our remaining market risk sensitive instruments and positions have been determined to be "other than trading."

Commodity price risk management

Our risk management activities primarily attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies. We attempt to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts.

Our risk management strategy involves taking positions in the forward or financial markets that are equal and opposite to our positions in the physical products market in order to minimize the risk of financial loss from an adverse price change. This risk management strategy is successful when our gains or losses in the physical product markets are offset by our losses or gains in the forward or financial markets. Propane related financial derivatives are designated as cash flow hedges.

Our risk management activities include the use of financial derivative instruments including, but not limited to, price futures, swaps, options and basis swaps to seek protection from adverse price movements and to minimize potential losses. We enter into these financial derivative instruments with brokers who are clearing members with the Intercontinental Exchange or the Chicago Mercantile Exchange and, to a lesser extent, directly with third parties in the over-the-counter market. We also enter into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sale exception within GAAP guidance and are therefore not recorded on our financial statements until settled.

Transportation Fuel Price Risk

From time to time, our risk management activities also attempt to mitigate price risks related to the purchase of gasoline and diesel fuel for use in the transport of propane from retail fueling stations. When employed, we attempt to mitigate these price risks through the use of financial derivative instruments.

When employed, our risk management strategy involves taking positions in the financial markets that are not more than the forecasted purchases of fuel for our internal use in the retail and supply propane delivery fleet in order to minimize the risk of decreased earnings from an adverse price change. This risk management strategy locks in our purchase price and is successful when our gains or losses in the physical product markets are offset by our losses or gains in the financial markets. Our transport fuel financial derivatives are not designated as cash flow hedges.

Risk Policy and Sensitivity Analysis

Market risks associated with energy commodities are monitored daily by senior management for compliance with our commodity risk management policy. This policy includes an aggregate dollar loss limit and limits on the term of various contracts. We also utilize volume limits for various energy commodities and review our positions daily where we remain exposed to market risk, so as to manage exposures to changing market prices.

We have prepared a sensitivity analysis to estimate the exposure to market risk of our energy commodity positions. Forward contracts, futures, swaps and options outstanding as of October 31, 2019 and July 31, 2019, that were used in our risk management activities were analyzed assuming a hypothetical 10% adverse change in prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions due to a 10% adverse movement in market prices of the underlying energy commodities was estimated at $9.3 million and $8.0 million as of October 31, 2019 and July 31, 2019, respectively. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%, thus actual results may differ. Our sensitivity analysis does not include the anticipated transactions associated with these transactions, which we anticipate will be 100% effective.

Credit risk

We maintain credit policies with regard to our counterparties that we believe significantly reduce overall credit risk. These policies include evaluating and monitoring of counterparties’ financial condition (including credit ratings), and entering into agreements with counterparties that govern credit guidelines.

Our other counterparties principally consist of major energy companies that are suppliers, marketers, wholesalers, retailers and end users; and major U.S. financial institutions. The overall impact due to certain changes in economic, regulatory and other events may impact our overall exposure to credit risk, either positively or negatively in that counterparties may be similarly impacted. Based on our policies, exposures, credit and other reserves, management does not anticipate a material adverse effect on financial position or results of operations as a result of counterparty performance.

Interest rate risk

At October 31, 2019, we had a total of $428.0 million in variable rate Senior Secured Credit Facility and collateralized note payable borrowings. Thus, assuming a one percent increase in our variable interest rate, our interest rate risk related to these borrowings would result in a reduction to future earnings of $4.3 million for the twelve months ending October 31, 2020. The preceding hypothetical analysis is limited because changes in interest rates may or may not equal one percent, thus actual results may differ. Our results of operations, cash flows and financial condition could be materially adversely affected by significant increases in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed by the management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp., with the participation of the principal executive officer and principal financial officer of our general partner, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act, were effective as of October 31, 2019.

The management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp. does not expect that our disclosure controls and procedures will prevent all errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the above mentioned partnerships and corporations have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and the principal executive officer and principal financial officer of our general partner have concluded, as of October 31, 2019, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

During the most recent fiscal quarter ended October 31, 2019, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We implemented internal controls to ensure we adequately evaluated our lease contracts and properly assessed the impact of the new accounting standard related to leases on our financial statements to facilitate its adoption on August 1, 2019. There were no significant changes to our internal control over financial reporting due to the adoption of the new standard.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Our operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, we can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, we are not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

We have been named as a defendant, along with a competitor, in putative class action lawsuits filed in multiple jurisdictions. The lawsuits, which were consolidated in the Western District of Missouri on October 16, 2014, allege that Ferrellgas and a competitor coordinated in 2008 to reduce the fill level in barbeque cylinders and combined to persuade a common customer to accept that fill reduction, resulting in increased cylinder costs to direct customers and end-user customers in violation of federal and certain state antitrust laws. The lawsuits seek treble damages, attorneys' fees, injunctive relief and costs on behalf of the putative class. These lawsuits have been coordinated for pretrial purposes by the multidistrict litigation panel. The Federal Court for the Western District of Missouri initially dismissed all claims brought by direct and indirect customers other than state law claims of indirect customers under Wisconsin, Maine and Vermont law. The direct customer plaintiffs filed an appeal, which resulted in a reversal of the district court's dismissal. We filed a petition for a writ of certiorari which was denied. An appeal by the indirect customer plaintiffs resulted in the court of appeals affirming the dismissal of the federal claims and remanding the case to the district court to decide whether to exercise supplemental jurisdiction over the remaining state law claims. Thereafter, in August 2019, we reached a settlement with the direct customers, pursuant to which it agreed to pay a total of $6.25 million to resolve all claims asserted by the putative direct purchaser class. With respect to the indirect customers, the district court exercised supplemental jurisdiction over the remaining state law claims, but then granted in part our pleadings-based motion and dismissed 11 of the 24 remaining state law claims. As a result, there are 13 remaining state law claims brought by a putative class of indirect customers. We believe we have strong defenses and intend to vigorously defend against these remaining claims. We do not believe loss is probable or reasonably estimable at this time related to the putative class action lawsuit.

We and Bridger Logistics, LLC, have been named, along with two former officers, in a lawsuit filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the Eastern District of Pennsylvania (the "EDPA Lawsuit"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services ("JTS"), previously named Bridger Transfer Services, a former subsidiary of Bridger Logistics, LLC ("Bridger"). The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an "alter ego" of Bridger and Ferrellgas and that Bridger and Ferrellgas breached fiduciary duties owed to Eddystone as a creditor of JTS. We believe that we and Bridger have valid defenses to these claims and to Eddystone's primary claim against JTS for breach of contract. The lawsuit does not specify a specific amount of damages that Eddystone is seeking; however, we believe that the amount of such damages, if ultimately owed to Eddystone, could be material to Ferrellgas. We intend to vigorously defend this claim. On August 24, 2017, we filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, we entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit. The lawsuit is in the discovery stage; as such, management does not currently believe a loss is probable or reasonably estimable at this time.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors set forth under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for fiscal 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Notice of Proposed Voluntary Dismissal of Derivative Action

On March 16, 2017, plaintiff Justin Pierce ("Plaintiff") filed his Verified Class and Derivative Action Complaint in the U.S. District Court for the District of Kansas, *Pierce v. Ferrell, et al.*, Case No. 17 Civ. 02160 (JWL) (GEB), against our general partner, Ferrellgas, Inc., and certain of the general partner's current and former officers (the "Derivative Action"). The Derivative Action alleges causes of action for breach of contract and breach of the duty of good faith and fair dealing against the defendants in connection with disclosures and alleged failures to disclose information regarding the Company's acquisition of Bridger Logistics, LLC ("Bridger") and Bridger's operations and performance, which was the subject of an earlier-filed securities class action pending in the U.S. District Court for the Southern District of New York, *In re Ferrellgas Partners, L.P. Securities Litigation*, No. 1:16-CV-07840 RJS (the "Securities Action").

Because the disclosure claims in the Securities Action were based on the same essential facts and issues, the parties to the Derivative Action agreed to stay proceedings pending resolution of the Securities Action. On March 30, 2018, the Securities Action was dismissed with prejudice on a motion to dismiss, and, on April 24, 2019, the dismissal of the Securities Action was affirmed by the U.S. Court of Appeals for the Second Circuit.

In light of the dismissal of the Securities Action, Plaintiff has sought leave to voluntarily dismiss the Derivative Action without prejudice. On August 2, 2019, the parties filed a Stipulation and Proposed Order for Voluntary Dismissal.

Ferrellgas unitholders are hereby advised:

Ferrellgas unitholders may intervene and continue prosecution of the Derivative Action. Any unitholder who wishes to intervene must file a motion with the U.S. District Court for the District of Kansas, 500 State Avenue, Rm 259, Kansas City, Kansas 66101, not later than 45 days after the date of the filing of this quarterly report. Any motion to intervene must be filed in writing, and must include: (i) the caption of the Derivative Action; (ii) the name of the unitholder; (iii) proof or certification of the date the intervening unitholder purchased Ferrellgas unit(s), and that the intervening unitholder has held its common unit(s) continuously since the date of purchase; and (iv) a statement of the basis for the intervention.

ITEM 6. EXHIBITS

The exhibits listed below are furnished as part of this Quarterly Report on Form 10-Q. Exhibits required by Item 601 of Regulation S-K of the Securities Act, which are not listed, are not applicable.

Exhibit Number	Description
3.1	Certificate of Limited Partnership of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K filed September 29, 2015.
3.2	Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 3.14 to our Quarterly Report on Form 10-Q filed June 7, 2018.
3.3	Certificate of Incorporation of Ferrellgas Partners Finance Corp. filed with the Delaware Division of Corporations on March 28, 1996. Incorporated by reference to Exhibit 3.6 to our registration statement on Form S-3 filed March 6, 2009.
3.4	Bylaws of Ferrellgas Partners Finance Corp. adopted as of April 1, 1996. Incorporated by reference to Exhibit 3.7 to our registration statement on Form S-3 filed March 6, 2009.
3.5	Certificate of Limited Partnership of Ferrellgas, L.P. Incorporated by reference to Exhibit 3.9 to our Annual Report on Form 10-K filed September 29, 2015.
3.6	Third Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. dated as of April 7, 2004. Incorporated by reference to Exhibit 3.5 to our registration statement on Form S-3 filed March 6, 2009.
3.7	Certificate of Incorporation of Ferrellgas Finance Corp. filed with the Delaware Division of Corporations on January 16, 2003. Incorporated by reference to Exhibit 3.8 to our registration statement on Form S-3 filed March 6, 2009.
3.8	Bylaws of Ferrellgas Finance Corp. adopted as of January 16, 2003. Incorporated by reference to Exhibit 3.9 to our registration statement on Form S-3 filed March 6, 2009.
4.1	Specimen Certificate evidencing Common Units representing Limited Partner Interests. Incorporated by reference to Exhibit A of Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.
4.2	Indenture dated as of November 4, 2013 with form of Note attached, by and among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $475 million aggregate amount of the Registrant's 6 3/4% Senior Notes due 2022. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 5, 2013; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.3	Indenture dated as of April 13, 2010, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to $280 million aggregate amount of the Registrant's 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 13, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.4	First Supplemental Indenture dated as of April 13, 2010, with form of Note attached, by and among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to $280 million aggregate amount of the Registrant's 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed April 13, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.5	Second Supplemental Indenture dated as of January 30, 2017, by and among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed January 30, 2017.
4.6	Indenture dated as of November 24, 2010, by and among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $500 million aggregate amount of the Registrant's 6 1/2% Senior Notes due 2021. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 30, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.7	Registration Rights Agreement dated as of December 17, 1999, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.6 to our Annual Report on Form 10-K filed September 29, 2014.
4.8	First Amendment to Registration Rights Agreement dated as of March 14, 2000, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.7 to our Annual Report on Form 10-K filed September 29, 2014.

4.9	Second Amendment to Registration Rights Agreement dated as of April 6, 2001, by and between Ferrellgas Partners, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 4.8 to our Annual Report on Form 10-K filed September 29, 2014.
4.10	Third Amendment to Registration Rights Agreement dated as of June 29, 2005, by and between Ferrellgas Partners, L.P. and JEF Capital Management, Inc. Incorporated by reference to Exhibit 4.13 to our Quarterly Report on Form 10-Q filed June 9, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
4.11	Indenture, dated June 8, 2015, by and among Ferrellgas, L.P., Ferrellgas, Finance Corp. the subsidiary guarantors party thereto, and U.S. Bank National Association, as trustee, relating to $500 million aggregate amount of the Registrant's 6 3/4% Senior Notes due 2023. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed June 8, 2015.
4.12	Registration Rights Agreement dated as of January 30, 2017 by and among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the initial purchasers referred to therein. Incorporated by reference to Exhibit 4.4 to our Current Report on Form 8-K filed January 30, 2017.
10.1	Credit Agreement dated as of November 2, 2009, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Annual Report on Form 10-K filed September 29, 2014.
10.2	Amendment No. 1 to Credit Agreement dated as of September 23, 2011, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K filed September 26, 2011; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.3	Amendment No. 2 to Credit Agreement dated as of October 21, 2013, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 23, 2013; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.4	Amendment No. 3 to Credit Agreement dated as of June 6, 2014, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 9, 2014.
10.5	Amendment No. 4 to Credit Agreement and Amendment No. 2 to Security Agreement, dated as of May 29, 2015, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed June 9, 2015.
10.6	Amendment No. 5 to Credit Agreement dated as of September 27, 2016, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.37 to our Current Report on Form 10-K filed September 28, 2016.
10.7	Amendment No. 6 to Credit Agreement and Amendment No. 3 to Security Agreement, dated as of April 28, 2017, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed May 2, 2017.
+10.8	Financing Agreement, dated as of May 4, 2018, among Ferrellgas, L.P., Ferrellgas, Inc., as the general partner of Ferrellgas, L.P., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, TPG Specialty Lending, Inc. as administrative agent, collateral agent and lead arranger, and PNC Bank, National Association, as syndication agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 7, 2018.
10.9	Amended and Restated Receivable Sale Agreement dated as of January 19, 2012, between Ferrellgas, L.P. and Blue Rhino Global Sourcing, Inc., as originators, and Ferrellgas Receivables, LLC, as buyer. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 20, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.

10.10	Receivables Purchase Agreement dated as of January 19, 2012, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed January 20, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.11	First Amendment to Receivables Purchase Agreement dated as of April 30, 2012, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed June 8, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
10.12	Second Amendment to Receivables Purchase Agreement dated as of April 1, 2014, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed April 4, 2014.
10.13	Third Amendment to Receivables Purchase Agreement dated as of July 27, 2016, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed July 27, 2016.
10.14	Fourth Amendment to Receivables Purchase Agreement dated as of September 27, 2016, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.38 to our Current Report on Form 10-K filed September 28, 2016.
10.15	Amendment No. 5 to Receivables Purchase Agreement dated as of April 28, 2017, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and SunTrust Bank, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed May 2, 2017.
+ 10.16	Amendment No. 7 to Receivables Purchase Agreement, dated as of May 14, 2018, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers party thereto, Fifth Third Bank and PNC Bank, National Association, as co-agents, and Wells Fargo Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed September 7, 2018.
* 10.17	Amendment No. 8 to Receivables Purchase Agreement, dated as of December 5, 2019, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, Fifth Third Bank and PNC Bank, National Association, as co-agents and purchasers, and Wells Fargo Bank, N.A. as administrative agent.
# 10.18	Ferrell Companies, Inc. Supplemental Savings Plan, as amended and restated effective January 1, 2010. Incorporated by reference to Exhibit 10.14 to our Quarterly Report on Form 10-Q filed March 10, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.19	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by reference to Exhibit 10.9 to our Annual Report on Form 10-K filed September 29, 2014.
# 10.20	Amendment to Ferrell Companies, Inc. 1998 Incentive Compensation Plan, dated as of March 7, 2010. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed June 9, 2010; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.21	Employment, Confidentiality, and Noncompete Agreement dated as of July 17, 1998 by and among Ferrell Companies, Inc. as the company, Ferrellgas, Inc. as the company, James E. Ferrell as the executive and LaSalle National Bank as trustee of the Ferrell Companies, Inc. Employee Stock Ownership Trust. Incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K filed September 29, 2014.
# 10.22	Form of Director/Officer Indemnification Agreement, by and between Ferrellgas, Inc. and each director and executive officer. Incorporated by reference to Exhibit 10.16 to our Quarterly Report on Form 10-Q filed March 9, 2012; File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.23	Ferrell Companies, Inc. 2015 Deferred Appreciation Rights Plan, dated as of July 31, 2015. Incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K filed September 29, 2015.
# 10.24	Employment agreement dated July 10, 2015 by and between Ferrellgas, Inc. as the company and Alan C. Heitmann as the executive. Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed July 15, 2015.
# 10.25	Employment agreement dated as of May 28, 2015 by and between Ferrellgas, Inc. as the company and Thomas M. Van Buren as the executive. Incorporated by reference to Exhibit 10.27 to our Annual Report on Form 10-K filed September 29, 2015.

# 10.26	Thomas M. Van Buren Agreement and Release. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 15, 2017.
10.27	Purchase Agreement dated January 24, 2017 by and among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., Ferrellgas, Inc. and the initial purchasers named therein. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 30, 2017.
# 10.28	Doran N. Schwartz offer letter dated as of September 8, 2017. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 22, 2017.
# 10.29	Voluntary Retirement and Release dated March 8, 2018 by and between Randy V. Schott and Ferrellgas, Inc., Ferrell Companies, Inc., Ferrellgas Partners, L.P. and Ferrellgas, L.P. Incorporated by reference to Exhibit 10.45 to our Quarterly Report on Form 10-Q filed March 8, 2018.
# 10.30	Separation Agreement and release dated December 1, 2018 by and between Doran Schwartz and Ferrellgas, Inc., Ferrell Companies, Inc., Ferrellgas Partners, L.P. and Ferrellgas, L.P. Incorporated by reference to Exhibit 10.29 to our Quarterly Report on Form 10-Q filed March 8, 2019.
# 10.31	Separation Agreement and release dated December 1, 2018 by and between Trenton D. Hampton and Ferrellgas, Inc., Ferrell Companies, Inc., Ferrellgas Partners, L.P. and Ferrellgas, L.P. Incorporated by reference to Exhibit 10.30 to our Quarterly Report on Form 10-Q filed March 8, 2019.
10.32	First Amendment to Financing Agreement, dated as of June 6, 2019, by and among Ferrellgas, L.P., Ferrellgas, Inc., as the general partner of Ferrellgas, L.P., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, and TPG Specialty Lending, Inc., as collateral agent. Incorporated by reference to Exhibit 10.31to our Quarterly Report on Form 10-Q filed June 10, 2019.
10.33	Second Amendment to Financing Agreement, dated as of November 7, 2019, by and among Ferrellgas, L.P., Ferrellgas, Inc., as the general partner of Ferrellgas, L.P., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, and TPG Specialty Lending, Inc., as collateral agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 12, 2019.
* 10.34	Form of Indemnification Agreement, dated as of November 19, 2019, by and between Ferrellgas Partners, LP and each director and executive officer of Ferrellgas, Inc., its general partner.
* 31.1	Certification of Ferrellgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.2	Certification of Ferrellgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.3	Certification of Ferrellgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.4	Certification of Ferrellgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 32.1	Certification of Ferrellgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
* 32.2	Certification of Ferrellgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
* 32.3	Certification of Ferrellgas, L.P. pursuant to 18 U.S.C. Section 1350.
* 32.4	Certification of Ferrellgas Finance Corp. pursuant to 18 U.S.C. Section 1350.
* 101.INS	XBRL Instance Document.
* 101.SCH	XBRL Taxonomy Extension Schema Document.
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
* 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

*Filed herewith

#Management contracts or compensatory plans.

+Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS, L.P.
By Ferrellgas, Inc. (General Partner)

Date: December 6, 2019

By /s/ William E. Ruisinger
William E. Ruisinger

Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer)

FERRELLGAS PARTNERS FINANCE CORP.

Date: December 6, 2019

By /s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer and Sole Director

FERRELLGAS, L.P.
By Ferrellgas, Inc. (General Partner)

Date: December 6, 2019

By /s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer)

FERRELLGAS FINANCE CORP.

Date: December 6, 2019

By /s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer and Sole Director

AMENDMENT NO. 8 TO RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 8 TO RECEIVABLES PURCHASE AGREEMENT, dated as of December 5, 2019 (this "***Amendment***"), is among:

(a) Ferrellgas Receivables, LLC, a Delaware limited liability company ("***Seller***"),

(b) Ferrellgas, L.P., a Delaware limited partnership ("***Ferrellgas***"), as initial Servicer (the initial Servicer together with Seller, the "***Seller Parties***" and each a "***Seller Party***"),

(c) Wells Fargo Bank, N.A., individually ("***Wells***" or a "***Purchaser***") and as LC Issuer (in such capacity, the ***"LC Issuer"***),

(d) Fifth Third Bank, National Association, individually ("***Fifth Third***" or a "***Purchaser***"),

(e) PNC Bank, National Association, individually ("***PNC***" or a "***Purchaser***"), and

(f) Wells, as administrative agent for the Purchasers and the LC Issuer (together with its successors and assigns in such capacity, the "***Administrative Agent***").

PRELIMINARY STATEMENTS

A. The Seller Parties, the Purchasers, the LC Issuer and the Administrative Agent are parties to that certain Receivables Purchase Agreement dated as of January 19, 2012 (as amended or otherwise modified from time to time, the ***"Purchase Agreement"***; capitalized terms used and not otherwise defined herein shall have the meanings attributed thereto in the Purchase Agreement).

B. On the terms and subject to the conditions set forth below, the parties wish to amend the Purchase Agreement as hereinafter provided.

NOW, ***THEREFORE***, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto hereby agree as follows:

Section 1. <u>Amendments</u>.

1.1 Section 7.1(b) of the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

(b) Each of the financial statements, compliance certificates, reconciliations, notices, reports, financial plans, cash balance certificates and other deliverables required under Sections 5.1(b), (c), (d), (e), (f), (g), (h), and (i) of the Credit Agreement on the dates specified in such sections.

1.2 In order to coordinate with the amendment to the Credit Agreement dated as of November 7, 2019, Section 9.1(m) of the Purchase Agreement is hereby amended to delete "May 14, 2018" in each place where it appears and to substitute in lieu thereof "November 7, 2019".

1.3 As of November 14, 2019, all references in the Purchase Agreement to "Fifth Third Bank" are hereby replaced with "Fifth Third Bank, National Association".

Section 2. **Representations and Warranties**. Each Seller Party hereby represents and warrants to the Investor Parties, as to itself, as of the date hereof that:

2.1. Current Representation and Warranty. The execution and delivery by such Seller Party of this Amendment, and the performance of its obligations under the Purchase Agreement as amended hereby, are within its organizational powers and authority and have been duly authorized by all necessary action on its part. This Amendment has been duly executed and delivered by such Seller Party.

2.2. Existing Representations and Warranties. After giving effect to this Amendment, each of the representations and warranties of such Seller Party contained in Article V of the Purchase Agreement shall be true and correct in all material respects, it being understood that the foregoing materiality qualifier shall not apply to any representation that itself contains a materiality threshold.

Section 3. **Conditions Precedent.** This Amendment shall become effective as of the date specified in the preamble hereto the ***"Effective Date"***) upon satisfaction of each of the following conditions precedent:

3.1. Closing Documents. The Administrative Agent shall have received: (i) counterparts hereof, duly executed by each of the parties hereto, and (ii) counterparts of the Amendment Fee Letter of even date herewith, duly executed by each of the parties thereto (the ***"Amendment Fee Letter"***);

3.2. Payment of Amendment Fees. Each of the Purchasers shall have received payment of its Amendment Fee (as defined in the Amendment Fee Letter) in immediately available funds; and

3.3. Representations and Warranties. After giving prospective effect to this Amendment, each of the representations and warranties of each Seller Party contained in this Amendment or in Article V of the Purchase Agreement shall be true and correct in all material respects, it being understood that the foregoing materiality qualifier shall not apply to any representation that itself contains a materiality threshold.

Section 4. Miscellaneous.

4.1. Governing Law. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

4.2. Submission to Jurisdiction. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST ANY AGENT OR ANY PURCHASER OR ANY AFFILIATE OF ANY AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT OR THE PURCHASE AGREEMENT AS AMENDED HEREBY SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

4.3. **Waiver of Right to Jury Trial. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, THE PURCHASE AGREEMENT AS AMENDED HEREBY OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.**

4.4. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy).

4.5. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Any executed counterpart of this Amendment that is delivered by facsimile or electronic mail message attaching a .PDF or other image of such executed counterpart shall, to the fullest extent permitted by applicable law, have the same force and effect as an original of such executed counterpart.

4.6. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.7. Legal Fees. The Seller agrees to pay all reasonable fees and disbursements of Clark Hill PLC and Mayer Brown LLP in connection with the preparation, negotiation and closing of this Amendment not later than December 20, 2019; ***provided*** an invoice therefor is received not later than December 6, 2019.

4.8. Waiver; Effect of this Amendment. For the avoidance of doubt, if any of the events described in Section 3(a) of the Second Amendment to the Credit Agreement gave rise to an Amortization Event or a Potential Amortization Event under the Purchase Agreement, each such Amortization Event or Potential Amortization Event, solely to the extent resulting from such events, is hereby expressly waived. Such waiver shall be effective only in this specific instance and for the specific purpose set forth herein and does not allow for any other or further departure from the terms and conditions of the Purchase Agreement or any other Transaction Document, which terms and conditions shall continue in full force and effect. Except as specifically amended and modified by this Amendment, the Purchase Agreement and all exhibits and schedules attached thereto shall remain in full force and effect. This Amendment shall not constitute a novation of the Purchase Agreement, but shall constitute an amendment thereof to the extent set forth herein.

4.9 Release. In consideration of the Investor Parties entering into this Amendment, each Seller Party hereby fully and unconditionally releases and forever discharges each of the Investor Parties, and their respective directors, officers, employees, subsidiaries, branches, affiliates, attorneys, agents, representatives, successors and assigns and all persons, firms, corporations and organizations acting on any of their behalves (collectively, the "Released Parties"), of and from any and all claims, allegations, causes of action, costs or demands and liabilities, of whatever kind or nature, from the beginning of the world to the date on which this Amendment is executed, whether known or unknown, liquidated or unliquidated, fixed or contingent, asserted or unasserted, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, anticipated or unanticipated, which any Seller Party has, had, claims to have had or hereafter claims to have against the Released Parties by reason of any act or omission on the part of the Released Parties, or any of them, occurring prior to the date on which this Amendment is executed, including all such loss or damage of any kind heretofore sustained or that may arise as a consequence of the dealings among the parties up to and including the date on which this Amendment is executed, including the administration or enforcement of the Purchase Agreement, any of the Transaction Documents or the transactions contemplated thereby, in each case, regarding or relating to the Purchase Agreement and the other Transaction Documents (collectively, all of the foregoing, the "Claims"). Each Seller Party represents and warrants that it has no knowledge of any claim by it against the Released Parties or of any facts or acts of omissions of the Released Parties which on the date hereof would be the basis of a claim by any Seller Party against the Released Parties which is not released hereby, in each case, regarding or relating to the Purchase Agreement and the other Transaction Documents. Each Seller Party represents and warrants that the foregoing constitutes a full and complete release of all such Claims.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date hereof.

FERRELLGAS RECEIVABLES, LLC

By: /s/ William E. Ruisinger
Name: William E. Ruisinger
Title: Chief Financial Officer

FERRELLGAS, L.P.

BY: FERRELLGAS, INC., ITS GENERAL PARTNER

By: /s/ William E. Ruisinger
Name: William E. Ruisinger
Title: Chief Financial Officer

WELLS FARGO BANK, N.A.,
individually as a Purchaser, as LC Issuer and as Administrative Agent

By: /s/ Eero Maki
Name: Eero Maki
Title: Director

PNC BANK, NATIONAL ASSOCIATION,
individually as a Purchaser

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

FIFTH THIRD BANK, NATIONAL ASSOCIATION, individually as a Purchaser

By: /s/ Andrew D. Jones
Name: Andrew D. Jones
Title: Director

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the “**Agreement**”) is made and entered into as of November ___, 2019 between FERRELLGAS PARTNERS, LP, a Delaware limited partnership (the “**Company**”), and _________________ (“**Indemnitee**”).

RECITALS:

WHEREAS, highly competent persons have become more reluctant to serve business enterprises as directors or officers or in other executive or management capacities, including serving as a director, officer or agent for the general partner of a limited partnership, unless they are provided with adequate protection through insurance or indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the business enterprise;

WHEREAS, Ferrellgas, Inc., a Delaware corporation that is the sole general partner of the Partnership (the “**GP**”) has determined that, in order to attract and retain qualified individuals to provide services on behalf of the Partnership, the Partnership will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Partnership and its affiliates from certain liabilities. Although the maintenance of such insurance has been a customary and widespread practice among United States-based business enterprises, the Partnership believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the business enterprise itself. Section 6.7 of the Fifth Amended and Restated Agreement of Limited Partnership of the Partnership ("LPA") requires indemnification of the officers and directors of the Partnership and of the GP. Section 6.7 of the LPA expressly provides that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Partnership and persons such as the Indemnitee with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the GP has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Partnership and its partners and that the Partnership should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Partnership contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Partnership and the GP on behalf of the Partnership free from undue concern that they will not be so indemnified or have expenses advanced;

WHEREAS, this Agreement is a supplement to and in furtherance of the Section 6.7 of the LPA and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of

Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Section 6.7 of the LPA and insurance as adequate in the present circumstances, and may not be willing to serve, or to continue to serve, as an officer or director without adequate protection, and the Partnership desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Partnership on the condition that he be so indemnified; and

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve, or to continue to serve, as an officer, director, agent or representative of the GP in connection with the provision of services to and to undertake activities relating to the Partnership's business and affairs from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Partnership hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof.

(a) Proceedings Other Than Proceedings by or in the Right of the Partnership. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of Indemnitee's Official Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Partnership. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Partnership, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Partnership. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of Indemnitee's Official Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Partnership. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Partnership; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Partnership unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Official Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Partnership shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 1(c) and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Partnership shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf if, by reason of Indemnitee's Official Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Partnership), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of or attributed to Indemnitee. The only limitation that shall exist upon the Partnership's obligations pursuant to this Agreement shall be that the Partnership shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Partnership is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Partnership shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Partnership hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Partnership shall not enter into any settlement of any action, suit or proceeding in which the Partnership is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee and is otherwise reasonably acceptable to Indemnitee and Indemnitee's counsel. For all purposes of this Agreement, "settlement" shall include any pretrial diversion agreement, deferred prosecution agreement, non-prosecution agreement, corporate plea agreement or similar arrangement with regulatory personnel or governmental prosecutors or agencies.

(b) Without diminishing or impairing the obligations of the Partnership set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Partnership is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Partnership shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Partnership and all officers, directors or employees of the Partnership, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand,

and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Partnership and all officers, directors or employees of the Partnership and the GP other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Partnership and all officers, directors or employees of the Partnership and the GP, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Partnership hereby agrees to fully indemnify and hold Indemnitee harmless from, and advance all Expenses to Indemnitee in connection with, any claims of or for contribution which may be brought by officers, directors, or employees of the Partnership and the GP, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Partnership, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Partnership and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding and/or (ii) the relative fault of the Partnership and the GP (and their respective directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Official Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Partnership shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee’s Official Status within thirty (30) days after the receipt by the Partnership of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the Delaware Revised Uniform Limited Partnership Act ("DRULPA") and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Partnership a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The GP of the Partnership shall, promptly upon receipt of such a request for indemnification, advise the Audit Committee of the Partnership (as described and defined in the LPA) in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Partnership, or to provide such a request in a timely fashion, shall not relieve the Partnership of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Partnership.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Audit Committee or, with respect to (3) only, after the occurrence of a "change in control" of the Company, at the election of the Indemnitee (1) by a majority vote of the Audit Committee, even though less than a quorum, (2) by a sub-committee of Audit Committee designated by a majority vote of the Audit Committee, even though less than a quorum, (3) if there are no disinterested members of the Audit Committee or if the Audit Committee so directs or at the specific request of Indemnitee after the occurrence of a "change in control" of the Company, by independent legal counsel in a written opinion to the Audit Committee, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Audit Committee, by the holders of the Outstanding Units (as defined in the LPA) of the Partnership. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee. For purposes of this Section 6(b), "change in control" of the Company shall mean (i) a change (whether occasioned by resignation or removal of directors in place as of the date of this Agreement, by the addition of new directors or otherwise) occurring after the date of this Agreement in the persons constituting a majority of the Board of the GP or of the board of the GP's sole shareholder, Ferrellgas Companies, Inc. ("FCI"); or (ii) the occurrence after the date of this Agreement of an issuance, sale or other transfer or other disposition, whether by merger, conversion transaction, foreclosure, reorganization or otherwise, of shares or other securities that constitute 50% or more of the outstanding shares of the GP or of FCI; or (iii) the occurrence after the date of this Agreement of a sale, or other transfer, however effected, in one transaction or in a series of related transactions, of all or substantially all the assets of the GP, of FCI or of the Company.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Audit

Committee. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Partnership a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Partnership or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Partnership's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Partnership shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Partnership shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Partnership (including by the Audit Committee or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor the identification by the Partnership in any settlement of Indemnitee as a wrongdoer or other admission by the Partnership with respect to Indemnitee in any settlement, nor an actual determination by the Partnership (including by the Audit Committee or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Without limiting the effects of the LPA, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Partnership. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Partnership of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the holders of the Outstanding Units pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Partnership of the request for such determination, the Audit Committee resolves to submit such determination to the holders of the Outstanding Units for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of holders of the Outstanding Units is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Audit Committee or holders of the Outstanding Units of the Partnership shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Partnership (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Partnership hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Partnership acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement, corporate plea agreement, pretrial diversion agreement, deferred prosecution agreement, non-prosecution agreement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Partnership or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Partnership of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Partnership of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee’s entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Partnership shall not oppose Indemnitee’s right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Partnership shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee’s misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of the Indemnitee's rights under, or to recover damages for breach of, this Agreement, or to recover under any directors’ and officers’ liability insurance policies maintained by the Partnership, the Partnership shall pay on Indemnitee's behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this

Agreement) actually and reasonably incurred by Indemnitee in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Partnership shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Partnership is bound by all the provisions of this Agreement. The Partnership shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Partnership of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Partnership under this Agreement or under any directors' and officers' liability insurance policies maintained by the Partnership, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the LPA, any agreement, a vote of the holders of the Outstanding Units, a resolution of directors of the GP, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Official Status prior to such amendment, alteration or repeal. To the extent that a change in the DRULPA, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the LPA and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Partnership maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Partnership or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Partnership, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Partnership has directors' and officers' liability insurance in effect, the Partnership shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Partnership shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) The Partnership hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by or on behalf of the GP. The Partnership hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the GP to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and Section 6.7 of the LPA, without regard to any rights Indemnitee may have against the GP, and (iii) that it irrevocably waives, relinquishes and releases the GP from any and all claims against the GP for contribution, subrogation or any other recovery of any kind in respect thereof. The Partnership further agrees that no advancement or payment by the GP on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Partnership shall affect the foregoing and the GP shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Partnership. The Partnership and Indemnitee agree that the GP is an express third party beneficiary of the terms of this Section 8(c).

(d) Except as provided in paragraph (c) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the GP), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Partnership shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) The Partnership's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Partnership as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. <u>Exception to Right of Indemnification</u>. Notwithstanding any provision in this Agreement, the Partnership shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision, provided, that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors set forth in Section 8(c) above; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Partnership within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Partnership or its directors, officers, employees or other indemnitees, unless (i) the GP authorized the Proceeding (or any part of any Proceeding) prior to its initiation, or (ii) the Partnership provides the indemnification, in its sole discretion, pursuant to the powers vested in the Partnership under applicable law.

10. Duration of Agreement. All agreements and obligations of the Partnership contained herein shall continue during the period Indemnitee is an officer or director of the GP or the Partnership (or is or was serving at the request of the Partnership as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and for a further period of four (4) years and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Official Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Partnership), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the GP, the Partnership may at any time and from time to time provide security to Indemnitee for the Partnership's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Partnership expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Partnership and agent of the Partnership with respect to the MLP, and the Partnership acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Partnership and agent of the Partnership with respect to the MLP.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Partnership shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a) “**Official Status**” describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Partnership, the GP or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Partnership. Proceedings relating to acts or omissions of Indemnitee as a GP representative or agent in the affairs of the Partnership are, for all purposes of this Agreement, deemed to be Proceedings made against Indemnitee by reason of Indemnitee's Official Status.

(b) “**Enterprise**” shall mean the Partnership and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Partnership as a director, officer, employee, agent or fiduciary.

(c) “**Expenses**” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(d) “**Independent Counsel**” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Partnership or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Partnership or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Partnership agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(e) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Partnership or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his or her Official Status, by reason of any action taken by Indemnitee or of any inaction on his part while acting in his or her Official Status; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Partnership in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Partnership shall not relieve the Partnership of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Partnership.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Partnership at:

One Liberty Plaza

Liberty, MO 64068
Attention: General Counsel

or to such other address as may have been furnished to Indemnitee by the Partnership or to the Partnership by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Partnership and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

FERRELLGAS PARTNERS, L.P.

By: FERRELLGAS, INC., its Sole General Partner

By: ______________________________
Name: ______________________________
Title: ______________________________

INDEMNITEE

____
Name: ______________________________

Address: ______________________________
____
____
____

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas Partners, L.P. (the “Registrant”);

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant’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 Registrant’s most recent fiscal quarter (the Registrant’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 Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    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 Registrant’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 Registrant’s internal control over financial reporting.

Date: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President;
Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, William E. Ruisinger, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas Partners, L.P. (the “Registrant”);

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant’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 Registrant’s most recent fiscal quarter (the Registrant’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 Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    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 Registrant’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 Registrant’s internal control over financial reporting.

Date: December 6, 2019

/s/ William E. Ruisinger

William E. Ruisinger
Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.2

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas Partners Finance Corp. (the "Registrant");

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant'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 Registrant's most recent fiscal quarter (the Registrant'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 Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    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 Registrant'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 Registrant's internal control over financial reporting.

Date: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, William E. Ruisinger, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas Partners Finance Corp. (the “Registrant”);

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant’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 Registrant’s most recent fiscal quarter (the Registrant’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 Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    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 Registrant’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 Registrant’s internal control over financial reporting.

Date: December 6, 2019

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer and Sole Director

EXHIBIT 31.3

CERTIFICATIONS
FERRELLGAS, L.P.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas, L.P. (the "Registrant");

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant'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 Registrant's most recent fiscal quarter (the Registrant'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 Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    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 Registrant'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 Registrant's internal control over financial reporting.

Date: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS, L.P.

I, William E. Ruisinger, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas, L.P. (the “Registrant”);

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant’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 Registrant’s most recent fiscal quarter (the Registrant’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 Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    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 Registrant’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 Registrant’s internal control over financial reporting.

Date: December 6, 2019

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.4

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas Finance Corp. (the “Registrant”);

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant’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 Registrant’s most recent fiscal quarter (the Registrant’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 Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    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 Registrant’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 Registrant’s internal control over financial reporting.

Date: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, William E. Ruisinger, certify that:

1. I have reviewed this report on Form 10-Q for the three month period ended October 31, 2019 of Ferrellgas Finance Corp. (the “Registrant”);

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 Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant 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 Registrant, 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 Registrant’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 Registrant’s most recent fiscal quarter (the Registrant’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 Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   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 Registrant’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 Registrant’s internal control over financial reporting.

Date: December 6, 2019

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer and Sole Director

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. (the "Partnership") for the three month period ended October 31, 2019, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

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

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of the Partnership or other filing of the Partnership made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. for the three month period ended October 31, 2019, as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Partners Finance Corp.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the “knowledge” and “willfulness” qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of Ferrellgas Partners Finance Corp. or other filing of Ferrellgas Partners Finance Corp. made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer and Sole Director

EXHIBIT 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas, L.P. (the “Partnership”) for the three month period ended October 31, 2019, as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

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

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the “knowledge” and “willfulness” qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of the Partnership or other filing of the Partnership made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 32.4

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. for the three month period ended October 31, 2019, as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Finance Corp.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the “knowledge” and “willfulness” qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of Ferrellgas Finance Corp. or other filing of Ferrellgas Finance Corp. made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: December 6, 2019

/s/ James E. Ferrell
James E. Ferrell
Interim Chief Executive Officer and President

/s/ William E. Ruisinger
William E. Ruisinger
Chief Financial Officer and Sole Director