

THE SOUTHERN CONNECTICUT GAS COMPANY

REVISED REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

DECEMBER 31, 2020

Filing Date: April 21, 2021

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending December 31, 2020
(In Thousands)
(Unaudited)

REVISED

Total Operating Revenue	<u>\$ 343,868</u>
Operating Expenses	
Purchased Gas Expense	140,161
O & M Expenses	81,555
Depreciation and Amortization Expenses	40,300
Taxes Other than Income	29,624
Income Taxes	<u>11,366</u>
Total Operating Expenses	303,006
Total Operating Income (Loss)	40,862
Total Other (Income) and Deductions	<u>1,486</u>
Total Income (Loss) Before Interest Charges	39,376
Interest Charges:	
Interest on Long-Term Debt	12,939
Amortization of Debt Discount and Expense	247
Other Interest Charges	<u>1,674</u>
Total Interest Charges	<u>14,860</u>
Net Income (Loss)	<u><u>\$ 24,516</u></u>

**The Southern Connecticut Gas Company
Rate Base Summary
As of December 31, 2020
(In Thousands)
(Unaudited)**

REVISED

<u>Line No.</u>	<u>Description</u>	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,107,974
2	Working Capital	20,086
3	Materials and Supplies	19,768
4	Prepayments	13
5	Deferred Debits / Regulatory Assets	(6,902)
6	Accumulated Reserve for Depreciation	(418,709)
7	Deferred Income Taxes	(125,200)
8	Reserves / Regulatory Liabilities	<u>(17,716)</u>
9		
10	Total End of Period Rate Base	<u>\$ 579,313</u>

		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,078,277
12	Working Capital	20,477
13	Materials and Supplies	19,947
14	Prepayments	5
15	Deferred Debits / Regulatory Assets	(2,225)
16	Accumulated Reserve for Depreciation	(406,964)
17	Deferred Income Taxes	(106,135)
18	Reserves / Regulatory Liabilities	<u>(17,642)</u>
19		
20	Total Average Rate Base	<u>\$ 585,741</u>

The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended December 31, 2020
(Thousands of Dollars)
(Unaudited)

REVISED

Utility Operating Income	\$ 40,862	
Tax Rectification Adjustment	(452)	(1)
Adjusted Utility Operating Income	\$ 40,411	
Average Rate Base	\$ 585,741	
Rate of Return on Rate Base	6.90%	
Exclude Weighted Cost of Debt	-2.26%	
Common Equity Component	4.64%	
Common Equity Percent of Total Capitalization	54.97%	
Adjusted Return on Common Equity	8.45%	
Unadjusted Return on Common Equity (before tax rectification)	8.58%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 242,846	33.51%	5.53%	1.85%
Short Term Debt	26,754	3.69%	0.92% (4)	0.03%
Common Equity	455,051	62.80%		
	<u>\$ 724,650</u>	<u>100.00%</u>		<u>1.89%</u>
Adjustments:				
Long Term Debt	(30,860)	(2)		
Short Term Debt	-			
Common Equity	(163,557)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 211,986	39.98%	5.53%	2.21%
Short Term Debt	26,754	5.05%	0.92% (4)	0.05%
Common Equity	291,494	54.97%		
Total	<u>\$ 530,234</u>	<u>100.00%</u>		<u>2.26%</u>

Notes: (1) This adjustment is to exclude the portion of taxes relating to debt expense not included in the return on rate base.

(2) Long Term Debt Adjustments are as follows:
. To deduct unamortized debt expense. \$ (2,597)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition). (28,262)
Total \$ (30,860)

(3) Common Equity Adjustments are as follows:
. To eliminate the effects of the portion of goodwill recorded to paid-in capital (Energy East Acquisition). \$ (245,937)
. To eliminate the effects of goodwill amortizations (Energy East Acquisition). 13,517
. To eliminate the effects of Purchase Accounting pertaining to the UIL Acquisition (110,022)
. To eliminate the effects of goodwill impairments (Iberdrola - Sale of SCG to UIL). 178,885
Total \$ (163,557)

(4) Short-term debt rate includes an apportioned cost of the Avangrid revolving credit facility fee.

CONNECTICUT NATURAL GAS CORPORATION

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Statement of Income
Twelve Months Ending December 31, 2020
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Total Operating Revenue	\$	361,397
Operating Expenses		
Purchased Gas Expense		143,189
O & M Expenses		99,223
Depreciation and Amortization Expenses		43,360
Taxes Other than Income		28,568
Income Taxes		10,988
Total Operating Expenses		<u>325,329</u>
Total Operating Income (Loss)		36,067
Total Other (Income) and Deductions		<u>(148)</u>
Total Income (Loss) Before Interest Charges		36,215
Interest Charges:		
Interest on Long-Term Debt		8,299
Amortization of Debt Discount and Expense		42
Other Interest Charges		422
Total Interest Charges		<u>8,763</u>
Net Income (Loss)		27,452
Preferred Stock Dividends		<u>27</u>
Balance for Common Stock	\$	<u><u>27,425</u></u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
As of December 31, 2020
(In Thousands)
(Unaudited)

		REVISED
Line No.	Description	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,082,445
2	Working Capital	27,422
3	Materials and Supplies	24,967
4	Prepayments	54
5	Deferred Debits / Regulatory Assets	12,782
6	Accumulated Reserve for Depreciation	(583,995)
7	Deferred Income Taxes	(40,313)
8	Reserves / Regulatory Liabilities	(11,592)
9		
10	Total End of Period Rate Base	<u>\$ 511,770</u>
		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,068,139
12	Working Capital	27,832
13	Materials and Supplies	25,039
14	Prepayments	48
15	Deferred Debits / Regulatory Assets	16,613
16	Accumulated Reserve for Depreciation	(572,087)
17	Deferred Income Taxes	(31,817)
18	Reserves / Regulatory Liabilities	(12,083)
19		
20	Total Average Rate Base	<u>\$ 521,683</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ending December 31, 2020
(Thousands of Dollars)
(Unaudited)

REVISED

Utility Operating Income	\$	36,067	
Tax Rectification Adjustment		536	(1)
Adjusted Utility Operating Income	\$	36,603	
Average Rate Base	\$	521,683	
Rate of Return on Rate Base		7.02%	
Exclude Weighted Cost of Debt		-2.05%	
Common Equity Component		4.97%	
Common Equity Percent of Total Capitalization		57.36%	
Adjusted Return on Common Equity		8.67%	
Unadjusted Return on Common Equity (before tax rectification)		8.48%	

Average Capital Structure and Cost Rates

	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 162,308	27.10%	5.20%	1.41%
Short Term Debt	15,699	2.62%	0.79% (4)	0.02%
Preferred Stock	340	0.06%	8.00%	0.00%
Common Equity	420,471	70.22%		
	<u>\$ 598,818</u>	<u>100.00%</u>		<u>1.43%</u>
Adjustments:				
Long Term Debt	(858) (2)			
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759) (3)			
Adjusted Capital Structure:				
Long Term Debt	\$ 161,449	38.79%	5.20%	2.02%
Short Term Debt	15,699	3.77%	0.79% (4)	0.03%
Preferred Stock	340	0.08%	8.00%	0.01%
Common Equity	238,713	57.36%		
Total	<u>\$ 416,201</u>	<u>100.00%</u>		<u>2.05%</u>

Notes: (1) This adjustment is to exclude the portion of taxes relating to debt expense not included in the return on rate base.

(2) Long Term Debt Adjustments are as follows:
. To deduct unamortized debt expense. \$ (858)
Total \$ (858)

(3) Common Equity Adjustments are as follows:
. To eliminate the effects of the portion of goodwill recorded to paid-in capital (Energy East Acquisition). \$ (215,176)
. To eliminate the effects of goodwill amortizations (Energy East Acquisition). 7,812
. To eliminate the effects of Purchase Accounting pertaining to the UIL Acquisition. (65,317)
. To eliminate the effects of goodwill impairments (Iberdrola - Sale of CNG to UIL). 90,923
Total \$ (181,759)

(4) Short-term debt rate includes an apportioned cost of the Avangrid revolving credit facility fee.