



August 5, 2022

Mr. Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

RE: Docket No. 76-03-07RE01; Investigation to Consider Rate Adjustment Procedures and Mechanisms Appropriate to Charge or Reimburse the Consumer for Changes in the Cost of Fossil Fuel – Compliance Filing Placeholder

Dear Mr. Gaudiosi:

The enclosed quarterly report for June 30, 2022 of Connecticut Natural Gas Corporation (the “Company”) is furnished in compliance with Order No. 1 of the Decision in Docket No. 92-10-09, and a directive of the Public Utilities Regulatory Authority (“PURA”). This report contains financial information that is unaudited and preliminary and, as such, may be subject to subsequent adjustment.

I hereby certify service of this filing upon all parties and interveners of record in this proceeding.

Sincerely,

Eileen Sheehan
Manager, Regulatory Services
UIL Holdings Corporation
As Agent for Connecticut Natural Gas Corporation

180 Marsh Hill Road, Orange, CT 06477
www.cngcorp.com

An equal opportunity employer



Docket No. 76-03-07RE01

CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

JUNE 30, 2022

Filing Date: August 5, 2022

Docket No. 76-03-07RE01
CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending June 30, 2022
(In Thousands)
(Unaudited)

Total Operating Revenue	\$	475,584
Operating Expenses		
Purchased Gas Expense		238,625
O & M Expenses		109,580
Depreciation and Amortization Expenses		43,562
Taxes Other than Income		31,690
Income Taxes		11,560
Total Operating Expenses		<u>435,017</u>
Total Operating Income (Loss)		40,567
Total Other (Income) and Deductions		<u>(528)</u>
Total Income (Loss) Before Interest Charges		41,095
Interest Charges:		
Interest on Long-Term Debt		8,979
Amortization of Debt Discount and Expense		-
Other Interest Charges		245
Total Interest Charges		<u>9,224</u>
Net Income (Loss)		31,871
Preferred Stock Dividends		<u>-</u>
Balance for Common Stock	\$	<u><u>31,871</u></u>

Docket No. 76-03-07RE01
CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
As of June 30, 2022
(In Thousands)
(Unaudited)

Line No.	Description	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,161,671
2	Working Capital	37,221
3	Materials and Supplies	40,557
4	Prepayments	54
5	Deferred Debits / Regulatory Assets	(3,901)
6	Accumulated Reserve for Depreciation	(644,246)
7	Deferred Income Taxes	(32,918)
8	Reserves / Regulatory Liabilities	(8,072)
9		<hr/>
10	Total End of Period Rate Base	<u>\$ 550,366</u>

		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,137,421
12	Working Capital	33,324
13	Materials and Supplies	30,531
14	Prepayments	54
15	Deferred Debits / Regulatory Assets	1,066
16	Accumulated Reserve for Depreciation	(626,087)
17	Deferred Income Taxes	(46,435)
18	Reserves / Regulatory Liabilities	(9,219)
19		<hr/>
20	Total Average Rate Base	<u>\$ 520,655</u>

Docket No. 76-03-07RE01
CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ended June 30, 2022
(Thousands of Dollars)
(Unaudited)

Utility Operating Income	\$ 40,567	
Tax Rectification Adjustment	440	(1)
Adjusted Utility Operating Income	\$ 41,008	
Average Rate Base	\$ 520,655	
Rate of Return on Rate Base	7.88%	
Exclude Weighted Cost of Debt	-2.08%	
Common Equity Component	5.80%	
Common Equity Percent of Total Capitalization	56.17%	
Adjusted Return on Common Equity	10.32%	
Unadjusted Return on Common Equity (before tax rectification)	10.17%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rat
Capital Structure per Books:				
Long Term Debt	\$ 190,000	30.69%	4.75%	1.46%
Short Term Debt	1,897	0.31%	3.28%	(4) 0.01%
Preferred Stock	235	0.04%	8.00%	0.00%
Common Equity	426,933	68.96%		
	<u>\$ 619,066</u>	<u>100.00%</u>		<u>1.47%</u>
Adjustments:				
Long Term Debt	(806)	(2)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 189,194	43.34%	4.75%	2.06%
Short Term Debt	1,897	0.43%	3.28%	(4) 0.01%
Preferred Stock	235	0.05%	8.00%	0.00%
Common Equity	245,175	56.17%		
Total	<u>\$ 436,501</u>	<u>100.00%</u>		<u>2.08%</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.

\$ (806)

Total

\$ (806)

(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.



August 5, 2022

Mr. Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 76-03-07RE01 Investigation to Consider Rate Adjustment Procedures and Mechanisms Appropriate to Charge or Reimburse the Consumer for Changes in the Cost of Fossil Fuel – Compliance Filing Placeholder

Dear Mr. Gaudiosi:

The enclosed quarterly report for June 2022 of The Southern Connecticut Gas Company (the “Company”) is furnished in compliance with a directive of the Public Utilities Regulatory Authority (“PURA”). This report contains financial information that is unaudited and preliminary and, as such, may be subject to subsequent adjustment.

I hereby certify service of this filing upon all parties and interveners of record in this proceeding.

Sincerely,

A handwritten signature in blue ink that reads "Eileen Sheehan".

Eileen Sheehan
Manager, Regulatory Services
UIL Holdings Corporation
As Agent for The Southern Connecticut Gas Company

180 Marsh Hill Road, Orange, CT 06477
www.soconngas.com

An equal opportunity employer



Docket No. 76-03-07RE01

THE SOUTHERN CONNECTICUT GAS COMPANY

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

JUNE 30, 2022

Filing Date: August 5, 2022

Docket No. 76-03-07RE01
THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending June 30, 2022
(In Thousands)
(Unaudited)

Total Operating Revenue	<u>\$ 460,178</u>
Operating Expenses	
Purchased Gas Expense	251,195
O & M Expenses	86,887
Depreciation and Amortization Expenses	34,351
Taxes Other than Income	31,945
Income Taxes	<u>8,974</u>
Total Operating Expenses	413,352
Total Operating Income (Loss)	46,826
Total Other (Income) and Deductions	<u>(1,658)</u>
Total Income (Loss) Before Interest Charges	48,484
Interest Charges:	
Interest on Long-Term Debt	13,279
Amortization of Debt Discount and Expense	-
Other Interest Charges	<u>7,260</u>
Total Interest Charges	<u>20,539</u>
Net Income (Loss)	<u><u>\$ 27,946</u></u>

Docket No. 76-03-07RE01
The Southern Connecticut Gas Company
Rate Base Summary
As of June 30, 2022
(In Thousands)
(Unaudited)

Line No.	<u>Description</u>		<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$	1,229,041
2	Working Capital		26,880
3	Materials and Supplies		33,174
4	Prepayments		13
5	Deferred Debits / Regulatory Assets		3,067
6	Accumulated Reserve for Depreciation		(466,846)
7	Deferred Income Taxes		(133,379)
8	Reserves / Regulatory Liabilities		(16,383)
9			
10	Total End of Period Rate Base	\$	<u><u>675,566</u></u>
			<u>Average Rate Base</u>
11	Utility Plant in Service	\$	1,186,163
12	Working Capital		24,338
13	Materials and Supplies		24,152
14	Prepayments		13
15	Deferred Debits / Regulatory Assets		(1,937)
16	Accumulated Reserve for Depreciation		(451,688)
17	Deferred Income Taxes		(142,533)
18	Reserves / Regulatory Liabilities		(15,462)
19			
20	Total Average Rate Base	\$	<u><u>623,047</u></u>

Docket No. 76-03-07RE01
The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended March 31, 2022
(Thousands of Dollars)
(Unaudited)

Utility Operating Income	\$ 46,826	
Tax Rectification Adjustment	(1,862)	(1)
Adjusted Utility Operating Income	\$ 44,964	
Average Rate Base	\$ 623,047	
Rate of Return on Rate Base	7.22%	
Exclude Weighted Cost of Debt	-2.21%	
Common Equity Component	5.01%	
Common Equity Percent of Total Capitalization	54.23%	
Adjusted Return on Common Equity	9.23%	
Unadjusted Return on Common Equity (before tax rectification)	9.78%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 291,308	37.74%	4.86%	1.84%
Short Term Debt	3,294	0.43%	2.01%	(4) 0.01%
Common Equity	<u>477,232</u>	<u>61.83%</u>		
	<u>\$ 771,833</u>	<u>100.00%</u>		<u>1.84%</u>
Adjustments:				
Long Term Debt	(29,820)	(2)		
Short Term Debt	-			
Common Equity	(163,557)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 261,488	45.20%	4.86%	2.20%
Short Term Debt	3,294	0.57%	2.01%	(4) 0.01%
Common Equity	<u>313,675</u>	<u>54.23%</u>		
Total	<u>\$ 578,457</u>	<u>100.00%</u>		<u>2.21%</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.	\$ (1,557)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(28,262)
Total	<u>\$ (29,820)</u>

(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	<u>\$ (163,557)</u>

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