

November 7, 2022

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

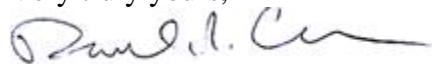
Re: Docket No. 76-03-07RE01 Investigation to Consider Rate Adjustment Procedures and Mechanisms Appropriate to Charge or Reimburse the Consumer for Changes in the Cost of Fossil Fuel – Compliance Filing Placeholder

Dear Mr. Gaudiosi:

The enclosed quarterly report for September 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.

Very truly yours,



Daniel R. Canavan  
Vice President, Regulatory Affairs  
UIL Holdings Corporation  
As Agent for Connecticut Natural Gas Corporation

180 Marsh Hill Road, Orange, CT 06477  
[www.soconngas.com](http://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)

SEPTEMBER 30, 2022

Filing Date: November 7, 2022



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

Total Operating Revenue	<u>\$ 472,761</u>
Operating Expenses	
Purchased Gas Expense	267,143
O & M Expenses	78,182
Depreciation and Amortization Expenses	34,616
Taxes Other than Income	32,547
Income Taxes	<u>10,031</u>
Total Operating Expenses	422,519
Total Operating Income (Loss)	50,242
Total Other (Income) and Deductions	<u>(2,101)</u>
Total Income (Loss) Before Interest Charges	52,344
Interest Charges:	
Interest on Long-Term Debt	13,274
Amortization of Debt Discount and Expense	-
Other Interest Charges	<u>7,812</u>
Total Interest Charges	<u>21,085</u>
Net Income (Loss)	<u><u>\$ 31,258</u></u>

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

Line No.	<u>Description</u>	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,253,020
2	Working Capital	27,615
3	Materials and Supplies	59,784
4	Prepayments	13
5	Deferred Debits / Regulatory Assets	3,182
6	Accumulated Reserve for Depreciation	(473,578)
7	Deferred Income Taxes	(144,899)
8	Reserves / Regulatory Liabilities	(16,003)
9		
10	Total End of Period Rate Base	<u>\$ 709,132</u>

		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,208,104
12	Working Capital	25,498
13	Materials and Supplies	30,730
14	Prepayments	13
15	Deferred Debits / Regulatory Assets	730
16	Accumulated Reserve for Depreciation	(459,108)
17	Deferred Income Taxes	(145,871)
18	Reserves / Regulatory Liabilities	(15,633)
19		
20	Total Average Rate Base	<u>\$ 644,464</u>

**Docket No. 76-03-07RE01**  
**The Southern Connecticut Gas Company**  
**Rate of Return on Common Equity**  
**Twelve Months Ended September 30, 2022**  
**(Thousands of Dollars)**  
**(Unaudited)**

Utility Operating Income	\$ 50,242	
Tax Rectification Adjustment	<u>(1,927)</u>	(1)
Adjusted Utility Operating Income	\$ 48,316	
Average Rate Base	<u>\$ 644,464</u>	
Rate of Return on Rate Base	7.50%	
Exclude Weighted Cost of Debt	<u>-2.19%</u>	
Common Equity Component	5.31%	
Common Equity Percent of Total Capitalization	<u>53.70%</u>	
Adjusted Return on Common Equity	<u>9.89%</u>	
Unadjusted Return on Common Equity (before tax rectification)	<u>10.45%</u>	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 294,769	37.82%	4.78%	1.81%
Short Term Debt	6,383	0.82%	2.22%	(4) 0.02%
Common Equity	<u>478,332</u>	<u>61.37%</u>		
	<u>\$ 779,484</u>	<u>100.00%</u>		<u>1.83%</u>
Adjustments:				
Long Term Debt	(29,699)	(2)		
Short Term Debt	-			
Common Equity	(163,557)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 265,070	45.22%	4.78%	2.16%
Short Term Debt	6,383	1.09%	2.22%	(4) 0.02%
Common Equity	<u>314,775</u>	<u>53.70%</u>		
Total	<u>\$ 586,228</u>	<u>100.00%</u>		<u>2.19%</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.	\$ (1,437)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	<u>(28,262)</u>
Total	<u>\$ (29,699)</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).	<u>178,885</u>
Total	<u>\$ (163,557)</u>

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



November 7, 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 September 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.

Very truly yours,

Daniel R. Canavan  
Vice President, Regulatory Affairs  
UIL Holdings Corporation  
As Agent for Connecticut Natural Gas Corporation

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Docket No. 76-03-07RE01  
CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

SEPTEMBER 30, 2022

Filing Date: November 7, 2022



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

Total Operating Revenue	\$	484,286
Operating Expenses		
Purchased Gas Expense		247,095
O & M Expenses		109,855
Depreciation and Amortization Expenses		43,782
Taxes Other than Income		31,709
Income Taxes		12,144
Total Operating Expenses		<u>444,585</u>
Total Operating Income (Loss)		39,701
Total Other (Income) and Deductions		<u>(1,134)</u>
Total Income (Loss) Before Interest Charges		40,836
Interest Charges:		
Interest on Long-Term Debt		9,078
Amortization of Debt Discount and Expense		-
Other Interest Charges		159
Total Interest Charges		<u>9,237</u>
Net Income (Loss)		31,599
Preferred Stock Dividends		<u>-</u>
Balance for Common Stock	\$	<u><u>31,599</u></u>

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

Line No.	<u>Description</u>	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,184,899
2	Working Capital	37,902
3	Materials and Supplies	65,133
4	Prepayments	54
5	Deferred Debits / Regulatory Assets	(7,463)
6	Accumulated Reserve for Depreciation	(638,922)
7	Deferred Income Taxes	(45,329)
8	Reserves / Regulatory Liabilities	(7,563)
9		
10	Total End of Period Rate Base	<u>\$ 588,711</u>
		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,152,921
12	Working Capital	34,984
13	Materials and Supplies	37,115
14	Prepayments	54
15	Deferred Debits / Regulatory Assets	(1,444)
16	Accumulated Reserve for Depreciation	(631,465)
17	Deferred Income Taxes	(43,424)
18	Reserves / Regulatory Liabilities	(8,652)
19		
20	Total Average Rate Base	<u>\$ 540,089</u>

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

Utility Operating Income	\$	39,701	
Tax Rectification Adjustment		507	(1)
Adjusted Utility Operating Income	\$	40,209	
Average Rate Base	\$	540,089	
Rate of Return on Rate Base		7.44%	
Exclude Weighted Cost of Debt		-2.05%	
Common Equity Component		5.39%	
Common Equity Percent of Total Capitalization		56.36%	
Adjusted Return on Common Equity		9.57%	
Unadjusted Return on Common Equity (before tax rectification)		9.41%	

<u>Average Capital Structure and Cost Rates</u>	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 190,000	30.20%	4.75%	1.44%
Short Term Debt	5,611	0.89%	2.89%	(4) 0.03%
Preferred Stock	78	0.01%	8.00%	0.00%
Common Equity	433,487	68.90%		
	<u>\$ 629,177</u>	<u>100.00%</u>		<u>1.46%</u>
Adjustments:				
Long Term Debt	(789)	(2)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 189,211	42.36%	4.75%	2.01%
Short Term Debt	5,611	1.26%	2.89%	(4) 0.04%
Preferred Stock	78	0.02%	8.00%	0.00%
Common Equity	251,728	56.36%		
Total	<u>\$ 446,629</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.	\$ (789)
		Total	<u>\$ (789)</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).	\$ (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	<u>\$ (181,759)</u>
	(4)	Short-term debt rate includes an apportioned cost of the Avangrid revolving credit facility fee.	