



November 4, 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 United Illuminating Company (“UI or Company”) submits the calculation of rate of return on common stock equity (ROE) on a Distribution-only basis in compliance with Order 1 and the Authority’s letter dated March 27, 2003, both issued in Docket No. 76-03-07.

Exhibits 1a through 1e – Average ROE for UI Distribution of 7.36% for the twelve months ended September 30, 2022.

Exhibit 2a through 2e – Average ROE for UI Distribution of 2.00% for the three months ended September 30, 2022.

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

Attachments

Exhibit 1a

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
TWELVE MONTHS ENDED September 30, 2022
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 251,892,519
Commercial Service	131,337,843
Industrial Service	21,183,523
Other Sales to Ultimate Consumers	7,174,217
Total Sales of Electricity	<u>411,588,102</u>
OTHER ELECTRIC REVENUES	<u>29,076,298</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>440,664,400</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	215,228,582
Depreciation and Amortization	75,016,084
Other Taxes	65,560,545
Income Taxes	8,537,106
Total Electric Operating Expenses	<u>364,342,316</u>
TOTAL UTILITY OPERATING INCOME	76,322,084
OTHER INCOME AND DEDUCTIONS - NET	10,311,115
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	8,152,688
TOTAL INCOME	<u>94,785,886</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on L/T Debt and Amort. Debt Disc., Prem. & Expense	26,846,039
Other Interest Charges	2,053,004
Allowance for Borrowed Funds Used During Construction - Credit	(2,988,502)
Net Interest Charges	<u>25,910,541</u>
NET INCOME	<u>\$ 68,875,345</u>

Exhibit 1b

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(RATEMAKING)
TWELVE MONTHS ENDED September 30, 2022
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 251,892,519
Commercial Service	131,337,843
Industrial Service	21,183,523
Other Sales to Ultimate Consumers	7,174,217
Total Sales of Electricity	<u>411,588,102</u>
OTHER ELECTRIC REVENUES	<u>29,076,298</u>
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Income Taxes	8,537,106
Total Electric Operating Expenses	<u>364,342,316</u>
TOTAL UTILITY OPERATING INCOME	<u>\$ 76,322,084</u>

Exhibit 1c

THE UNITED ILLUMINATING COMPANY
RATE BASE AT SEPTEMBER 30, 2022
AND RATE OF RETURN ON RATE BASE
TWELVE MONTHS ENDED September 30, 2022
REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10
Distribution Company

	Average	End of Period Sept 2022
Rate Base:		
Utility Plant in Service	\$ 2,273,674,944	\$ 2,320,665,024
Plant Held for Future Use	641,172	1,474,530
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	710,298,058	732,422,257
Net Utility Plant in Service	1,564,018,058	1,589,717,298
Add:		
Working Capital	21,837,322	26,094,282
Prepaid Expenses	806,381	(1,077,386)
Regulatory Asset - SFAS 158	89,112,509	78,842,705
Covid Deferral	9,238,102	8,615,865
Property Under Capital Leases	10,905,875	11,130,729
Pension Cost Recovery	13,494,130	15,011,277
Deferred Taxes:		
Pension Costs	2,305,522	2,368,595
Storm Reserve	(5,417,142)	(6,871,189)
Pension Liability (taxes on SFAS 158)	32,112,954	25,271,679
Injuries and Damages	500,074	649,068
Vacation Accrual	806,039	840,344
Allowance for Bad Debt	1,184,700	1,184,700
Deduct:		
Customer Advances for Construction	552,935	552,935
Allowance for Bad Debt	14,053,846	13,100,000
Pension Liabilities	129,658,895	119,863,448
Storm Reserve	(23,183,756)	(25,519,737)
Reserve for Injuries and Damages	1,874,018	2,409,616
Accrued Vacation	3,374,065	3,406,000
Obligations Under Capital Lease - NonCurrent	13,765,695	13,438,628
Tax Rate Remeasurement	3,269,126	3,269,126
Deferred Taxes:		
Accelerated Tax Depreciation	325,415,516	361,256,096
Regulatory Asset - SFAS 158	32,112,954	25,271,679
Regulatory Asset - UPZ	-	-
Pension Cost Recovery	2,329,048	2,487,246
Rate Base	\$ 1,237,682,184	\$ 1,232,242,931
Operating Income	\$ 76,322,084	\$ 76,322,084

Rate of Return on Rate Base

6.17%

6.19%

The United Illuminating C
Rate of Return on Rate Base Comm
TWELVE MONTHS ENDED Sep

Distribution Compar

	<u>Average</u>		
	<u>Capitalization</u> <u>Ratio</u>	<u>Average</u> <u>Rate Base</u>	<u>Embedded</u> <u>Cost</u>
Total		\$ 1,237,682,184	
Less			
Long-term Debt	41.75%	<u>516,732,312</u>	4.50%
Applicable to Common Stock	58.25%	<u><u>\$ 720,949,872</u></u>	
Rate of Return on Rate Base Common Stock Equity			

Company
Return on Stock Equity
September 30, 2022

Exhibit 1d

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<u>End of Period</u>				
<u>Return</u>	<u>Capitalization Ratio</u>	<u>Rate Base</u>	<u>Embedded Cost</u>	<u>Return</u>
\$ 76,322,084		\$ 1,232,242,931		\$ 76,322,084
<u>23,242,554</u>	40.76%	<u>502,262,219</u>	4.35%	<u>21,871,774</u>
<u>\$ 53,079,530</u>	59.24%	<u>\$ 729,980,712</u>		<u>\$ 54,450,310</u>
<u>7.36%</u>				<u>7.46%</u>

The United Illuminating Company
Rate of Return on Common Stock Equity
TWELVE MONTHS ENDED September 30, 2022

Exhibit 1e

Distribution Company

End of Period:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 68,875,345}{\$ 1,318,706,272} = \underline{\underline{5.22\%}}$$

Average:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 68,875,345}{\$ 1,290,177,202} = \underline{\underline{5.34\%}}$$

Exhibit 2a

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
QUARTER ENDED SEP 30, 2022
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 80,786,199
Commercial Service	35,855,110
Industrial Service	5,783,082
Other Sales to Ultimate Consumers	1,550,889
Total Sales of Electricity	<u>123,975,280</u>
OTHER ELECTRIC REVENUES	<u>(373,552)</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>123,601,728</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	60,834,709
Depreciation and Amortization	19,229,245
Other Taxes	20,468,237
Income Taxes	2,617,971
Total Electric Operating Expenses	<u>103,150,163</u>
TOTAL UTILITY OPERATING INCOME	20,451,565
OTHER INCOME AND DEDUCTIONS - NET	634,540
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	1,963,887
TOTAL INCOME	<u>23,049,992</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on L/T Debt and Amort. Debt Disc., Prem. & Expense	6,503,493
Other Interest Charges	363,883
Allowance for Borrowed Funds Used During Construction - Credit	(774,123)
Net Interest Charges	<u>6,093,253</u>
NET INCOME	<u>\$ 16,956,739</u>

Exhibit 2b

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(RATEMAKING)
QUARTER ENDED SEP 30, 2022
Distribution Company

SALES OF ELECTRICITY

Residential Service	\$ 80,786,199
Commercial Service	35,855,110
Industrial Service	5,783,082
Other Sales to Ultimate Consumers	1,550,889
Total Sales of Electricity	<u>123,975,280</u>

OTHER ELECTRIC REVENUES (373,552)

TOTAL ELECTRIC OPERATING REVENUES 123,601,728

ELECTRIC OPERATING EXPENSES:

Operation & Maintenance Expenses	60,834,709
Depreciation and Amortization	19,229,245
Other Taxes	20,468,237
Income Taxes	2,617,971
Total Electric Operating Expenses	<u>103,150,163</u>

TOTAL UTILITY OPERATING INCOME \$ 20,451,565

Exhibit 2c

THE UNITED ILLUMINATING COMPANY
RATE BASE AT SEPTEMBER 30, 2022
AND RATE OF RETURN ON RATE BASE
FOR THE QUARTER ENDED SEPTEMBER 30, 2022
REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10
Distribution Company

	Average	End of Period September 2022
Rate Base:		
Utility Plant in Service	\$ 2,313,466,781	\$ 2,320,665,024
Plant Held for Future Use	1,474,530	1,474,530
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	733,556,381	732,422,257
Net Utility Plant in Service	1,581,384,931	1,589,717,298
Add:		
Working Capital	26,052,465	26,094,282
Prepaid Expenses	(1,816,432)	(1,077,386)
Regulatory Asset - SFAS 158	62,531,725	78,842,705
Covid Deferral	8,097,005	8,615,865
Property Under Capital Leases	10,884,988	11,130,729
Pension Cost Recovery	14,975,983	15,011,277
Deferred Taxes:		
Pension Costs	2,102,110	2,368,595
Storm Reserve	(6,886,438)	(6,871,189)
Pension Liability (taxes on SFAS 158)	20,948,961	25,271,679
Injuries and Damages	524,697	649,068
Vacation Accrual	885,937	840,344
Allowance for Bad Debt	1,184,700	1,184,700
Deduct:		
Customer Advances for Construction	552,935	552,935
Allowance for Bad Debt	14,133,333	13,100,000
Pension Liabilities	103,238,662	119,863,448
Storm Reserve	(25,547,233)	(25,519,737)
Reserve for Injuries and Damages	1,995,940	2,409,616
Accrued Vacation	3,406,000	3,406,000
Obligations Under Capital Lease - NonCurrent	13,369,079	13,438,628
Tax Rate Remeasurement	3,269,126	3,269,126
Deferred Taxes:		
Accelerated Tax Depreciation	338,477,903	361,256,096
Regulatory Asset - SFAS 158	20,948,961	25,271,679
Regulatory Asset - UPZ	-	-
Pension Cost Recovery	2,487,246	2,487,246
Rate Base	\$ 1,244,538,680	\$ 1,232,242,931
Operating Income	\$ 76,322,084	\$ 76,322,084

Rate of Return on Rate Base

6.13%

6.19%

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Rate of Return on Rate Base Comm
FOR THE QUARTER ENDED SEP1
September 30, 2022
Distribution Compar

	<u>Average</u>		
	<u>Capitalization</u> <u>Ratio</u>	<u>Average</u> <u>Rate Base</u>	<u>Embedded</u> <u>Cost</u>
Total		\$ 1,244,538,680	
Less			
Long-term Debt	41.33%	<u>514,367,837</u>	1.14%
Applicable to Common Stock	58.67%	<u><u>\$ 730,170,844</u></u>	
Rate of Return on Rate Base Common Stock Equity			

Company
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EMBER 30, 2022
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Exhibit 2d

<u>End of Period</u>				
<u>Return</u>	<u>Capitalization Ratio</u>	<u>Rate Base</u>	<u>Embedded Cost</u>	<u>Return</u>
\$ 20,451,565		\$ 1,232,242,931		\$ 20,451,565
<u>5,846,708</u>	40.76%	<u>502,262,219</u>	1.12%	<u>5,647,923</u>
<u>\$ 14,604,857</u>	59.24%	<u>\$ 729,980,712</u>		<u>\$ 14,803,642</u>
<u>2.00%</u>				<u>2.03%</u>

The United Illuminating Company
Rate of Return on Common Stock Equity
FOR THE QUARTER ENDED SEPTEMBER 30, 2022
September 30, 2022
Distribution Company

Exhibit 2e

End of Period:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 16,956,739}{\$ 1,312,467,049} = \underline{\underline{1.29\%}}$$

Average:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 16,956,739}{\$ 1,318,706,272} = \underline{\underline{1.29\%}}$$

