



May 5, 2023

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 5.12% for the twelve months ended March 31, 2023.

Exhibit 2a through 2e – Average ROE for UI Distribution of 1.33% for the three months ended March 31, 2023.

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 March 31, 2023
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 245,577,507
Commercial Service	128,856,781
Industrial Service	20,783,352
Other Sales to Ultimate Consumers	6,805,774
Total Sales of Electricity	<u>402,023,414</u>
OTHER ELECTRIC REVENUES	<u>50,693,816</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>452,717,230</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	242,300,142
Depreciation and Amortization	76,370,710
Other Taxes	62,529,912
Income Taxes	10,569,868
Total Electric Operating Expenses	<u>391,770,632</u>
TOTAL UTILITY OPERATING INCOME	60,946,598
OTHER INCOME AND DEDUCTIONS - NET	(2,323,771)
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	7,780,305
TOTAL INCOME	<u>66,403,131</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on L/T Debt and Amort. Debt Disc., Prem. & Expense	25,821,229
Other Interest Charges	2,763,579
Allowance for Borrowed Funds Used During Construction - Credit	(2,785,873)
Net Interest Charges	<u>25,798,934</u>
NET INCOME	<u>\$ 40,604,197</u>

Exhibit 1b

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(RATEMAKING)
TWELVE MONTHS ENDED March 31, 2023
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 245,577,507
Commercial Service	128,856,781
Industrial Service	20,783,352
Other Sales to Ultimate Consumers	6,805,774
Total Sales of Electricity	<u>402,023,414</u>
OTHER ELECTRIC REVENUES	<u>50,693,816</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>452,717,230</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	242,300,142
Depreciation and Amortization	76,370,710
Other Taxes	62,529,912
Income Taxes	10,569,868
Total Electric Operating Expenses	<u>391,770,632</u>
TOTAL UTILITY OPERATING INCOME	<u>\$ 60,946,598</u>

THE UNITED ILLUMINATING COMPANY
 RATE BASE AT DECEMBER 31, 2022
 AND RATE OF RETURN ON RATE BASE
 TWELVE MONTHS ENDED March 31, 2023
 REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10
 Distribution Company

	Average	End of Period March 2023
Rate Base:		
Utility Plant in Service	\$ 2,330,845,300	\$ 2,382,568,756
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	746,925,303	783,684,388
Net Utility Plant in Service	1,583,919,997	1,598,884,368
Add:		
Working Capital	24,220,462	26,389,016
Prepaid Expenses	(381,150)	(1,016,673)
Regulatory Asset - SFAS 158	63,496,940	65,030,794
Covid Deferral	9,225,755	8,852,573
Pension Cost Recovery	16,170,957	19,007,411
Deferred Taxes:		
Total UI-Distribution ADITs	(316,202,238)	(312,860,714)
Deduct:		
Customer Advances for Construction	552,935	552,935
Allowance for Bad Debt	13,723,077	12,800,000
Pension Liabilities	116,152,261	122,545,548
Storm Reserve	(25,875,698)	(26,779,686)
Reserve for Injuries and Damages	3,860,934	8,505,120
Accrued Vacation	3,357,692	3,249,000
Rate Base	\$ 1,268,679,522	\$ 1,283,413,858
Operating Income	\$ 60,946,598	\$ 60,946,598
Rate of Return on Rate Base	4.80%	4.75%

The United Illuminating Company
Rate of Return on Rate Base Common Stock Equity
TWELVE MONTHS ENDED March 31, 2023

Exhibit 1d

Distribution Company

	<u>Average</u>				<u>End of Period</u>			
	<u>Capitalization Ratio</u>	<u>Average Rate Base</u>	<u>Embedded Cost</u>	<u>Return</u>	<u>Capitalization Ratio</u>	<u>Rate Base</u>	<u>Embedded Cost</u>	<u>Return</u>
Total		\$ 1,268,679,522		\$ 60,946,598		\$ 1,283,413,858		\$ 60,946,598
Less								
Long-term Debt	40.63%	<u>515,464,490</u>	4.35%	<u>22,404,150</u>	39.64%	<u>508,745,253</u>	4.59%	<u>23,353,256</u>
Applicable to Common Stock	59.37%	<u>\$ 753,215,032</u>		<u>\$ 38,542,448</u>	60.36%	<u>\$ 774,668,605</u>		<u>\$ 37,593,342</u>
Rate of Return on Rate Base Common Stock Equity				<u>5.12%</u>				<u>4.85%</u>

The United Illuminating Company
Rate of Return on Common Stock Equity
TWELVE MONTHS ENDED March 31, 2023

Exhibit 1e

Distribution Company

End of Period:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 40,604,197}{\$ 1,407,324,486} = \underline{\underline{2.89\%}}$$

Average:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 40,604,197}{\$ 1,357,786,393} = \underline{\underline{2.99\%}}$$

Exhibit 2a

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
QUARTER ENDED March 31, 2023
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 62,850,793
Commercial Service	30,068,027
Industrial Service	4,849,682
Other Sales to Ultimate Consumers	1,612,763
Total Sales of Electricity	<u>99,381,265</u>
OTHER ELECTRIC REVENUES	<u>17,826,969</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>117,208,234</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	62,763,097
Depreciation and Amortization	19,859,340
Other Taxes	16,363,991
Income Taxes	1,874,907
Total Electric Operating Expenses	<u>100,861,336</u>
TOTAL UTILITY OPERATING INCOME	16,346,898
OTHER INCOME AND DEDUCTIONS - NET	3,825
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	1,664,144
TOTAL INCOME	<u>18,014,867</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on L/T Debt and Amort. Debt Disc., Prem. & Expense	6,323,959
Other Interest Charges	582,249
Allowance for Borrowed Funds Used During Construction - Credit	(571,449)
Net Interest Charges	<u>6,334,760</u>
NET INCOME	<u><u>\$ 11,680,107</u></u>

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(RATEMAKING)
QUARTER ENDED March 31, 2023
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 62,850,793
Commercial Service	30,068,027
Industrial Service	4,849,682
Other Sales to Ultimate Consumers	1,612,763
Total Sales of Electricity	<u>99,381,265</u>
OTHER ELECTRIC REVENUES	<u>17,826,969</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>117,208,234</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	62,763,097
Depreciation and Amortization	19,859,340
Other Taxes	16,363,991
Income Taxes	1,874,907
Total Electric Operating Expenses	<u>100,861,336</u>
TOTAL UTILITY OPERATING INCOME	<u><u>\$ 16,346,898</u></u>

AND RATE OF RETURN ON RATE BASE
FOR THE QUARTER ENDED March 31, 2023
REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10
Distribution Company

	Average	End of Period March 2023
Rate Base:		
Utility Plant in Service	\$ 2,390,224,079	\$ 2,382,568,756
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	778,278,691	783,684,388
Net Utility Plant in Service	1,611,945,388	1,598,884,368
Add:		
Working Capital	24,894,327	26,389,016
Prepaid Expenses	(706,436)	(1,016,673)
Regulatory Asset - SFAS 158	65,458,274	65,030,794
Covid Deferral	8,817,521	8,852,573
Pension Cost Recovery	18,897,235	19,007,411
Deferred Taxes:		
Total UI-Distribution ADITs	(307,778,727)	(312,860,714)
Deduct:		
Customer Advances for Construction	552,935	552,935
Allowance for Bad Debt	13,025,000	12,800,000
Pension Liabilities	122,507,340	122,545,548
Storm Reserve	(26,825,494)	(26,779,686)
Reserve for Injuries and Damages	7,966,029	8,505,120
Accrued Vacation	3,249,000	3,249,000
Rate Base	\$ 1,301,052,771	\$ 1,283,413,858
Operating Income	\$ 16,346,898	\$ 16,346,898
Rate of Return on Rate Base	1.26%	1.27%

The United Illuminating Company
Rate of Return on Rate Base Common Stock Equity
FOR THE QUARTER ENDED March 31, 2023
March 31, 2023
Distribution Company

Exhibit 2d

	Average				End of Period			
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 1,301,052,771		\$ 16,346,898		\$ 1,283,413,858		\$ 16,346,898
Less								
Long-term Debt	40.01%	520,551,214	1.15%	5,973,798	39.64%	508,745,253	1.09%	5,528,026
Applicable to Common Stock	59.99%	\$ 780,501,557		\$ 10,373,100	60.36%	\$ 774,668,605		\$ 10,818,872
Rate of Return on Rate Base Common Stock Equity				1.33%				1.40%

The United Illuminating Company
Rate of Return on Common Stock Equity
FOR THE QUARTER ENDED March 31, 2023
March 31, 2023
Distribution Company

Exhibit 2e

End of Period:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 11,680,107}{\$ 1,407,324,486} = \underline{\underline{0.83\%}}$$

Average:

$$\frac{\text{Income for Common Stock}}{\text{Common Stock Equity}} = \frac{\$ 11,680,107}{\$ 1,393,427,549} = \underline{\underline{0.84\%}}$$