



August 4, 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 enclosed quarterly report for June 2023 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 The Southern Connecticut Gas Company

Docket No. 76-03-07RE01
THE SOUTHERN CONNECTICUT GAS COMPANY

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

JUNE 30, 2023

Filing Date: August 4, 2023

Docket No. 76-03-07RE01
THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending June 30, 2023
(In Thousands)
(Unaudited)

Total Operating Revenue	<u>\$ 502,955</u>
Operating Expenses	
Purchased Gas Expense	275,489
O & M Expenses	95,807
Depreciation and Amortization Expenses	37,307
Taxes Other than Income	32,820
Income Taxes	<u>8,739</u>
Total Operating Expenses	450,161
 Total Operating Income (Loss)	 52,794
 Total Other (Income) and Deductions	 <u>1,339</u>
 Total Income (Loss) Before Interest Charges	 51,456
Interest Charges:	
Interest on Long-Term Debt	13,460
Amortization of Debt Discount and Expense	-
Other Interest Charges	<u>4,706</u>
Total Interest Charges	<u>18,166</u>
 Net Income (Loss)	 <u><u>\$ 33,289</u></u>

Docket No. 76-03-07RE01
The Southern Connecticut Gas Company
Rate Base Summary
As of June 30, 2023
(In Thousands)
(Unaudited)

Line No.	<u>Description</u>	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,330,614
2	Working Capital	29,378
3	Materials and Supplies	38,696
4	Prepayments	13
5	Deferred Debits / Regulatory Assets	4,593
6	Accumulated Reserve for Depreciation	(499,523)
7	Deferred Income Taxes	(155,219)
8	Reserves / Regulatory Liabilities	<u>(17,959)</u>
9		
10	Total End of Period Rate Base	<u><u>\$ 730,593</u></u>

		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,281,787
12	Working Capital	28,899
13	Materials and Supplies	46,129
14	Prepayments	13
15	Deferred Debits / Regulatory Assets	4,078
16	Accumulated Reserve for Depreciation	(482,075)
17	Deferred Income Taxes	(147,755)
18	Reserves / Regulatory Liabilities	<u>(16,679)</u>
19		
20	Total Average Rate Base	<u><u>\$ 714,396</u></u>

Docket No. 76-03-07RE01
The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ending June 30, 2023
(Thousands of Dollars)
(Unaudited)

Utility Operating Income	\$ 52,794	
Tax Rectification Adjustment	(500)	(1)
Adjusted Utility Operating Income	\$ 52,294	
Average Rate Base	\$ 714,396	
Rate of Return on Rate Base	7.32%	
Exclude Weighted Cost of Debt	-2.03%	
Common Equity Component	5.29%	
Common Equity Percent of Total Capitalization	56.13%	
Adjusted Return on Common Equity	9.43%	
Unadjusted Return on Common Equity (before tax rectification)	9.56%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 304,000	35.95%	4.62%	1.66%
Short Term Debt	11,765	1.39%	4.63%	(4) 0.06%
Common Equity	529,874	62.66%		
	<u>\$ 845,638</u>	<u>100.00%</u>		<u>1.72%</u>
Adjustments:				
Long Term Debt	(29,475)	(2)		
Short Term Debt	-			
Common Equity	(163,557)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 274,525	42.07%	4.62%	1.94%
Short Term Debt	11,765	1.80%	4.63%	(4) 0.08%
Common Equity	366,317	56.13%		
Total	<u>\$ 652,607</u>	<u>100.00%</u>		<u>2.03%</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.	\$ (1,212)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(28,262)
Total	<u>\$ (29,475)</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.



August 4, 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 enclosed quarterly report for June 30, 2023, 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

CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

JUNE 30, 2023

Filing Date: August 4, 2023

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending June 30, 2023
(In Thousands)
(Unaudited)

Total Operating Revenue	\$	499,098
Operating Expenses		
Purchased Gas Expense		257,342
O & M Expenses		114,365
Depreciation and Amortization Expenses		45,849
Taxes Other than Income		31,602
Income Taxes		9,707
Total Operating Expenses		<u>458,866</u>
Total Operating Income (Loss)		40,232
Total Other (Income) and Deductions		<u>(501)</u>
Total Income (Loss) Before Interest Charges		40,734
Interest Charges:		
Interest on Long-Term Debt		9,563
Amortization of Debt Discount and Expense		-
Other Interest Charges		199
Total Interest Charges		<u>9,762</u>
Net Income (Loss)		30,971
Preferred Stock Dividends		<u>-</u>
Balance for Common Stock	<u>\$</u>	<u>30,971</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
As of June 30, 2023
(In Thousands)
(Unaudited)

Line No.	Description	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,235,410
2	Working Capital	39,061
3	Materials and Supplies	44,575
4	Prepayments	54
5	Deferred Debits / Regulatory Assets	(5,930)
6	Accumulated Reserve for Depreciation	(672,878)
7	Deferred Income Taxes	(46,966)
8	Reserves / Regulatory Liabilities	(6,788)
9		
10	Total End of Period Rate Base	<u>\$ 586,536</u>
		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,205,421
12	Working Capital	39,300
13	Materials and Supplies	52,326
14	Prepayments	54
15	Deferred Debits / Regulatory Assets	(5,883)
16	Accumulated Reserve for Depreciation	(651,405)
17	Deferred Income Taxes	(43,237)
18	Reserves / Regulatory Liabilities	(7,330)
19		
20	Total Average Rate Base	<u>\$ 589,245</u>

CONNECTICUT NATURAL GAS CORPORATION

**Rate of Return on Common Equity
Twelve Months Ended June 30, 2023
(Thousands of Dollars)
(Unaudited)**

Utility Operating Income	\$	40,232	
Tax Rectification Adjustment		<u>1,047</u>	(1)
Adjusted Utility Operating Income	\$	41,279	
Average Rate Base	\$	<u>589,245</u>	
Rate of Return on Rate Base		7.01%	
Exclude Weighted Cost of Debt		<u>-1.98%</u>	
Common Equity Component		5.03%	
Common Equity Percent of Total Capitalization		<u>58.13%</u>	
Adjusted Return on Common Equity		<u>8.65%</u>	
Unadjusted Return on Common Equity (before tax rectification)		<u>8.34%</u>	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 190,000	28.34%	4.74%	1.34%
Short Term Debt	14,698	2.19%	4.49%	(4) 0.10%
Preferred Stock	340	0.05%	8.00%	0.00%
Common Equity	<u>465,340</u>	<u>69.41%</u>		
	<u>\$ 670,377</u>	<u>100.00%</u>		<u>1.45%</u>
Adjustments:				
Long Term Debt	(749)	(2)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 189,251	38.79%	4.74%	1.84%
Short Term Debt	14,698	3.01%	4.49%	(4) 0.14%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	<u>283,582</u>	<u>58.13%</u>		
Total	<u>\$ 487,869</u>	<u>100.00%</u>		<u>1.98%</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. \$ (749)
 Total \$ (749)

(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.