



November 6, 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 September 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)

SEPTEMBER 30, 2023

Filing Date: November 3, 2023

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

Total Operating Revenue	<u>\$ 481,801</u>
Operating Expenses	
Purchased Gas Expense	250,756
O & M Expenses	96,562
Depreciation and Amortization Expenses	38,228
Taxes Other than Income	31,604
Income Taxes	<u>9,875</u>
Total Operating Expenses	<u>427,025</u>
Total Operating Income (Loss)	54,777
Total Other (Income) and Deductions	<u>1,750</u>
Total Income (Loss) Before Interest Charges	53,026
Interest Charges:	
Interest on Long-Term Debt	13,461
Amortization of Debt Discount and Expense	-
Other Interest Charges	<u>4,966</u>
Total Interest Charges	<u>18,427</u>
Net Income (Loss)	<u><u>\$ 34,599</u></u>

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

Line No.	<u>Description</u>	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,354,446
2	Working Capital	28,143
3	Materials and Supplies	41,309
4	Prepayments	13
5	Deferred Debits / Regulatory Assets	(3,949)
6	Accumulated Reserve for Depreciation	(508,486)
7	Deferred Income Taxes	(159,343)
8	Reserves / Regulatory Liabilities	(12,329)
9		
10	Total End of Period Rate Base	<u>\$ 739,803</u>

		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,307,282
12	Working Capital	29,226
13	Materials and Supplies	46,185
14	Prepayments	13
15	Deferred Debits / Regulatory Assets	1,815
16	Accumulated Reserve for Depreciation	(490,428)
17	Deferred Income Taxes	(150,863)
18	Reserves / Regulatory Liabilities	(15,781)
19		
20	Total Average Rate Base	<u>\$ 727,448</u>

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

Utility Operating Income	\$ 54,777	
Tax Rectification Adjustment	(608)	(1)
Adjusted Utility Operating Income	\$ 54,168	
Average Rate Base	\$ 727,448	
Rate of Return on Rate Base	7.45%	
Exclude Weighted Cost of Debt	-1.98%	
Common Equity Component	5.47%	
Common Equity Percent of Total Capitalization	57.54%	
Adjusted Return on Common Equity	9.51%	
Unadjusted Return on Common Equity (before tax rectification)	9.65%	

<u>Average Capital Structure and Cost Rates</u>	<u>Capital Structure</u>		<u>Cost of Debt</u>	
	<u>Amount</u>	<u>Weighting</u>	<u>Rate</u>	<u>Weighted Rate</u>
Capital Structure per Books:				
Long Term Debt	\$ 304,000	35.29%	4.62%	1.63%
Short Term Debt	9,320	1.08%	5.66%	(4) 0.06%
Common Equity	<u>548,233</u>	<u>63.63%</u>		
	<u>\$ 861,553</u>	<u>100.00%</u>		<u>1.69%</u>
Adjustments:				
Long Term Debt	(29,470)	(2)		
Short Term Debt	-			
Common Equity	(163,557)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 274,530	41.06%	4.62%	1.90%
Short Term Debt	9,320	1.39%	5.66%	(4) 0.08%
Common Equity	<u>384,677</u>	<u>57.54%</u>		
Total	<u>\$ 668,527</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.	\$ (1,207)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	<u>(28,262)</u>
Total	<u>\$ (29,470)</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 6, 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 September 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)

SEPTEMBER 30, 2023

Filing Date: November 3, 2023

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

Total Operating Revenue	\$	483,885
Operating Expenses		
Purchased Gas Expense		243,363
O & M Expenses		108,220
Depreciation and Amortization Expenses		46,566
Taxes Other than Income		30,676
Income Taxes		11,715
Total Operating Expenses		<u>440,540</u>
Total Operating Income (Loss)		43,344
Total Other (Income) and Deductions		<u>(815)</u>
Total Income (Loss) Before Interest Charges		44,159
Interest Charges:		
Interest on Long-Term Debt		9,464
Amortization of Debt Discount and Expense		-
Other Interest Charges		351
Total Interest Charges		<u>9,815</u>
Net Income (Loss)		34,344
Preferred Stock Dividends		<u>-</u>
Balance for Common Stock	\$	<u><u>34,344</u></u>

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

Line No.	Description	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,254,413
2	Working Capital	37,870
3	Materials and Supplies	47,576
4	Prepayments	54
5	Deferred Debits / Regulatory Assets	(15,588)
6	Accumulated Reserve for Depreciation	(684,942)
7	Deferred Income Taxes	(52,311)
8	Reserves / Regulatory Liabilities	(6,271)
9		
10	Total End of Period Rate Base	<u>\$ 580,801</u>
		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,222,598
12	Working Capital	39,440
13	Materials and Supplies	52,558
14	Prepayments	54
15	Deferred Debits / Regulatory Assets	(8,552)
16	Accumulated Reserve for Depreciation	(661,494)
17	Deferred Income Taxes	(45,345)
18	Reserves / Regulatory Liabilities	(6,988)
19		
20	Total Average Rate Base	<u>\$ 592,270</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ended September 30, 2023
(Thousands of Dollars)
(Unaudited)

Utility Operating Income	\$	43,344	
Tax Rectification Adjustment		949	(1)
Adjusted Utility Operating Income	\$	44,294	
Average Rate Base	\$	592,270	
Rate of Return on Rate Base		7.48%	
Exclude Weighted Cost of Debt		-1.93%	
Common Equity Component		5.55%	
Common Equity Percent of Total Capitalization		59.45%	
Adjusted Return on Common Equity		9.33%	
Unadjusted Return on Common Equity (before tax rectification)		9.06%	

<u>Average Capital Structure and Cost Rates</u>	<u>Capital Structure</u>		<u>Cost of Debt</u>	
	<u>Amount</u>	<u>Weighting</u>	<u>Rate</u>	<u>Weighted Rate</u>
Capital Structure per Books:				
Long Term Debt	\$ 190,000	27.97%	4.74%	1.33%
Short Term Debt	11,843	1.74%	4.99%	(4) 0.09%
Preferred Stock	340	0.05%	8.00%	0.00%
Common Equity	477,121	70.24%		
	<u>\$ 679,304</u>	<u>100.00%</u>		<u>1.42%</u>
Adjustments:				
Long Term Debt	(748)	(2)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 189,252	38.09%	4.74%	1.81%
Short Term Debt	11,843	2.38%	4.99%	(4) 0.12%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	295,362	59.45%		
Total	<u>\$ 496,797</u>	<u>100.00%</u>		<u>1.93%</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.

Total

\$ (748)

\$ (748)

(3) Common Equity Adjustments are as follows:

. To eliminate the effects of the portion of goodwill recorded to paid-in capital (Energy East Acquisition).

. To eliminate the effects of goodwill amortizations (Energy East Acquisition).

. To eliminate the effects of Purchase Accounting pertaining to the UIL Acquisition.

. To eliminate the effects of goodwill impairments (Iberdrola - Sale of CNG to UIL).

Total

\$ (215,176)

7,812

(65,317)

90,923

\$ (181,759)

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