



February 28, 2024

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 December 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)

DECEMBER 31, 2023

Filing Date: February 28, 2024

Docket No. 76-03-07RE01
THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending December 31, 2023
(In Thousands)
(Unaudited)

Total Operating Revenue	<u>\$ 432,239</u>
Operating Expenses	
Purchased Gas Expense	206,054
O & M Expenses	95,540
Depreciation and Amortization Expenses	39,179
Taxes Other than Income	32,146
Income Taxes	<u>7,892</u>
Total Operating Expenses	380,810
Total Operating Income (Loss)	51,429
Total Other (Income) and Deductions	<u>227</u>
Total Income (Loss) Before Interest Charges	51,201
Interest Charges:	
Interest on Long-Term Debt	13,648
Amortization of Debt Discount and Expense	-
Other Interest Charges	<u>5,188</u>
Total Interest Charges	<u>18,836</u>
Net Income (Loss)	<u><u>\$ 32,365</u></u>

Docket No. 76-03-07RE01
The Southern Connecticut Gas Company
Rate Base Summary
As of December 31, 2023
(In Thousands)
(Unaudited)

Line No.	<u>Description</u>	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,389,575
2	Working Capital	25,248
3	Materials and Supplies	40,346
4	Prepayments	-
5	Deferred Debits / Regulatory Assets	63
6	Accumulated Reserve for Depreciation	(510,076)
7	Deferred Income Taxes	(156,137)
8	Reserves / Regulatory Liabilities	(10,445)
9		
10	Total End of Period Rate Base	<u>\$ 778,573</u>

		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,332,666
12	Working Capital	28,920
13	Materials and Supplies	41,985
14	Prepayments	10
15	Deferred Debits / Regulatory Assets	374
16	Accumulated Reserve for Depreciation	(497,929)
17	Deferred Income Taxes	(153,250)
18	Reserves / Regulatory Liabilities	(14,733)
19		
20	Total Average Rate Base	<u>\$ 738,042</u>

Docket No. 76-03-07RE01
The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ending December 31, 2023
(Thousands of Dollars)
(Unaudited)

Utility Operating Income	\$ 51,429	
Tax Rectification Adjustment	<u>(730)</u>	(1)
Adjusted Utility Operating Income	\$ 50,699	
Average Rate Base	<u>\$ 738,042</u>	
Rate of Return on Rate Base	6.87%	
Exclude Weighted Cost of Debt	<u>-2.02%</u>	
Common Equity Component	4.85%	
Common Equity Percent of Total Capitalization	<u>57.64%</u>	
Adjusted Return on Common Equity	<u>8.41%</u>	
Unadjusted Return on Common Equity (before tax rectification)	<u>8.58%</u>	

<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	\$ 308,615	35.19%	4.73%	1.66%
Short Term Debt	10,536	1.20%	6.19%	(4) 0.07%
Common Equity	<u>557,756</u>	<u>63.60%</u>		
	<u>\$ 876,907</u>	<u>100.00%</u>		<u>1.74%</u>
Adjustments:				
Long Term Debt	(29,438)	(2)		
Short Term Debt	-			
Common Equity	(163,557)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 279,178	40.82%	4.73%	1.93%
Short Term Debt	10,536	1.54%	6.19%	(4) 0.10%
Common Equity	<u>394,199</u>	<u>57.64%</u>		
Total	<u>\$ 683,912</u>	<u>100.00%</u>		<u>2.02%</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.	\$ (1,175)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	<u>(28,262)</u>
Total	<u>\$ (29,438)</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.



February 28, 2024

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 December 31, 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
Rate of Return on Common Equity
Twelve Months Ending December 31, 2023
(Thousands of Dollars)
(Unaudited)

Utility Operating Income	\$ 39,690	
Tax Rectification Adjustment	642	(1)
Adjusted Utility Operating Income	\$ 40,332	
Average Rate Base	\$ 591,820	
Rate of Return on Rate Base	6.81%	
Exclude Weighted Cost of Debt	-1.87%	
Common Equity Component	4.94%	
Common Equity Percent of Total Capitalization	60.16%	
Adjusted Return on Common Equity	8.21%	
Unadjusted Return on Common Equity (before tax rectification)	8.04%	

<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	\$ 194,231	28.41%	4.65%	1.32%
Short Term Debt	5,885	0.86%	6.23%	(4) 0.05%
Preferred Stock	340	0.05%	8.00%	0.00%
Common Equity	483,242	70.68%		
	<u>\$ 683,698</u>	<u>100.00%</u>		<u>1.38%</u>
Adjustments:				
Long Term Debt	(771)	(2)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(3)		
Adjusted Capital Structure:				
Long Term Debt	\$ 193,460	38.60%	4.65%	1.80%
Short Term Debt	5,885	1.17%	6.23%	(4) 0.07%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	301,483	60.16%		
Total	<u>\$ 501,168</u>	<u>100.00%</u>		<u>1.87%</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. \$ (771)
Total \$ (771)

(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.

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

REPORT TO THE CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

DECEMBER 31, 2023

Filing Date: February 28, 2023

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending December 31, 2023
(In Thousands)
(Unaudited)

Total Operating Revenue	\$	424,899
Operating Expenses		
Purchased Gas Expense		194,175
O & M Expenses		106,101
Depreciation and Amortization Expenses		47,355
Taxes Other than Income		29,261
Income Taxes		8,318
Total Operating Expenses		<u>385,209</u>
Total Operating Income (Loss)		39,690
Total Other (Income) and Deductions		<u>(1,038)</u>
Total Income (Loss) Before Interest Charges		40,728
Interest Charges:		
Interest on Long-Term Debt		9,333
Amortization of Debt Discount and Expense		-
Other Interest Charges		821
Total Interest Charges		<u>10,154</u>
Net Income (Loss)		30,574
Preferred Stock Dividends		<u>-</u>
Balance for Common Stock	\$	<u><u>30,574</u></u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
As of December 31, 2023
(In Thousands)
(Unaudited)

Line No.	Description	<u>End of Period Rate Base</u>
1	Utility Plant in Service	\$ 1,275,415
2	Working Capital	33,254
3	Materials and Supplies	47,601
4	Prepayments	-
5	Deferred Debits / Regulatory Assets	(15,006)
6	Accumulated Reserve for Depreciation	(692,103)
7	Deferred Income Taxes	(52,400)
8	Reserves / Regulatory Liabilities	(5,118)
9		
10	Total End of Period Rate Base	<u>\$ 591,643</u>
		<u>Average Rate Base</u>
11	Utility Plant in Service	\$ 1,240,103
12	Working Capital	38,461
13	Materials and Supplies	48,505
14	Prepayments	41
15	Deferred Debits / Regulatory Assets	(10,251)
16	Accumulated Reserve for Depreciation	(672,175)
17	Deferred Income Taxes	(46,427)
18	Reserves / Regulatory Liabilities	(6,438)
19		
20	Total Average Rate Base	<u>\$ 591,820</u>