

The United Illuminating Company
157 Church Street
P. O. Box 1564
New Haven, CT 06506-0901
203.499.2000



August 8, 2016

Mr. Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 76-03-07 Investigation to Consider Rate Adjustment Procedures and Mechanisms Appropriate to Charge or Reimburse the Consumer for Changes in the Cost of Fossil Fuel and/or Purchased Gas for Electric and Gas Public Service Companies –Order No. 1

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 (i.e., total Company excluding Transmission) in compliance with the above-referenced proceedings and in response to the Authority’s letter request dated March 27, 2003.

Exhibits 1a through 1e – Average ROE for UI Distribution of 7.85% for the twelve months ended June 30, 2016.

Exhibit 2a through 2e – Average ROE for UI Distribution of 0.54% for the three months ended June 30, 2016.

If the Authority or the Staff has any questions regarding this filing, please call me at 203-499-2323.

Very truly yours,

Steven P. Favuzza
Vice President, Controller & Treasurer of UIL Holdings Corporation on behalf of
The United Illuminating Company

Attachments

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
TWELVE MONTHS ENDED June 30, 2016
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 217,749,265
Commercial Service	128,654,477
Industrial Service	19,061,119
Other Sales to Ultimate Consumers	8,764,444
Total Sales of Electricity	<u>374,229,306</u>
OTHER ELECTRIC REVENUES	<u>14,634,991</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>388,864,297</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	192,093,842
Depreciation and Amortization	65,258,858
Total Taxes	<u>68,884,307</u>
Total Electric Operating Expenses	<u>326,237,007</u>
TOTAL UTILITY OPERATING INCOME	62,627,290
OTHER INCOME AND DEDUCTIONS - NET	13,182,915
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	4,125,852
TOTAL INCOME	<u>79,936,056</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on Long-Term Debt	29,368,458
Amort. Debt Disc., Prem. & Expense	1,503,438
Other Interest Charges	1,247,425
Allowance for Borrowed Funds Used During Construction - Credit	<u>(2,275,727)</u>
Net Interest Charges	<u>29,843,595</u>
NET INCOME	<u>\$ 50,092,460</u>

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(RATEMAKING)
TWELVE MONTHS ENDED June 30, 2016
Distribution Company

OPERATING REVENUES	
Residential Service	\$ 217,749,265
Commercial Service	128,654,477
Industrial Service	19,061,119
Other Sales to Ultimate Consumers	8,764,444
Total Sales of Electricity	<u>374,229,306</u>
OTHER ELECTRIC REVENUES	<u>14,634,991</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>388,864,297</u>
<hr/>	
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	192,093,842
Depreciation and Amortization	65,258,858
Total Taxes	68,884,307
Total Electric Operating Expenses	<u>326,237,007</u>
ELECTRIC UTILITY OPERATING INCOME	<u>\$ 62,627,290</u>

THE UNITED ILLUMINATING COMPANY
 RATE BASE AT June 30, 2016
 AND RATE OF RETURN ON RATE BASE
 FOR THE TWELVE MONTHS ENDED June 30, 2016
 REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10
 Distribution Company

	Average	End of Period June 2016
Rate Base:		
Utility Plant in Service	\$ 1,588,404,723	\$ 1,613,207,619
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	431,517,938	434,039,040
Net Utility Plant in Service	1,156,886,784	1,179,168,579
Add:		
Working Capital	28,696,512	27,229,751
Prepaid Expenses	1,909,282	1,367,217
Regulatory Asset - SFAS 158	183,437,952	181,029,680
Regulatory Asset - UPZ	17,604,451	20,481,415
Deferred Taxes:		
Pension Costs	(21,461,996)	(21,249,235)
2013 Rate Case Storm Reserve	1,942,825	2,354,365
Pension Liability (taxes on SFAS 158)	74,410,538	69,347,714
Injuries and Damages	1,595,120	1,688,612
Vacation Accrual	1,026,050	1,026,050
Allowance for Bad Debt	1,352,414	1,276,999
Regulatory Liability - UPZ Amortization	170,885	2,221,505
Deduct:		
Customer Advances for Construction	1,220,878	3,782,781
Allowance for Bad Debt	3,384,615	3,200,000
Pension Liabilities	158,655,328	157,534,056
2013 Rate Case Storm Reserve	4,755,997	5,763,441
Reserve for Injuries and Damages	3,812,898	4,041,762
Accrued Vacation	2,568,947	2,568,947
Regulatory Liability - UPZ Amortization	418,323	5,438,200
Deferred Taxes:		
Accelerated Tax Depreciation	126,133,770	132,970,401
Regulatory Asset - SFAS 158	74,410,538	69,347,714
Pensions (account 282)	(8,869,577)	(10,962,692)
Regulatory Asset - UPZ	6,802,880	8,222,410
Repairs and maintenance deduction	118,628,764	127,848,643
Rate Base	\$ 955,647,456	\$ 956,186,989
Returns on Ratebase:		
Operating Income	\$ 62,627,290	\$ 62,627,290
Rate of Return on Rate Base	6.55%	6.55%

The United Illuminating Company
 Rate of Return on Rate Base Common Stock Equity
 For Twelve Months Ended
 June 30, 2016
 Distribution Company

	Average			End of Period				
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 955,647,456		\$ 62,627,290		\$ 956,186,989		\$ 62,627,290
Less								
Long-term Debt	49.21%	470,274,113	5.22%	24,534,232	48.56%	464,324,402	5.23%	24,299,689
Applicable to Common Stock	50.79%	\$ 485,373,343		\$ 38,093,057	51.44%	\$ 491,862,587		\$ 38,327,601
Rate of Return on Rate Base Common Stock Equity				7.85%				7.79%

**The United Illuminating Company
Rate of Return on Common Stock Equity
For the Twelve Months Ended
June 30, 2016
Distribution Company**

Exhibit 1e

End of Period:

<u>Income for Common Stock</u>	<u>\$ 50,092,460</u>		
Common Stock Equity	\$ 908,530,571	=	<u>5.51%</u>

Average:

<u>Income for Common Stock</u>	<u>\$ 50,092,460</u>		
Common Stock Equity	\$ 884,976,454	=	<u>5.66%</u>

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
THREE MONTHS ENDED June 30, 2016
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 49,517,373
Commercial Service	31,544,013
Industrial Service	4,567,192
Other Sales to Ultimate Consumers	2,042,163
Total Sales of Electricity	<u>87,670,740</u>
OTHER ELECTRIC REVENUES	<u>689,343</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>88,360,083</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	44,476,119
Depreciation and Amortization	21,451,231
Total Taxes	<u>13,587,214</u>
Total Electric Operating Expenses	<u>79,514,564</u>
TOTAL UTILITY OPERATING INCOME	8,845,519
OTHER INCOME AND DEDUCTIONS - NET	3,065,387
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	808,347
TOTAL INCOME	<u>12,719,253</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on Long-Term Debt	7,296,407
Amort. Debt Disc., Prem. & Expense	451,873
Other Interest Charges	(170,659)
Allowance for Borrowed Funds Used During Construction - Credit	(477,960)
Net Interest Charges	<u>7,099,661</u>
NET INCOME	<u>\$ 5,619,592</u>

THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(RATEMAKING)
THREE MONTHS ENDED June 30, 2016
Distribution Company

OPERATING REVENUES	
Residential Service	\$ 49,517,373
Commercial Service	31,544,013
Industrial Service	4,567,192
Other Sales to Ultimate Consumers	2,042,163
Total Sales of Electricity	<u>87,670,740</u>
OTHER ELECTRIC REVENUES	<u>689,343</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>88,360,083</u>
<hr/>	
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	44,476,119
Depreciation and Amortization	21,451,231
Total Taxes	13,587,214
Total Electric Operating Expenses	<u>79,514,564</u>
ELECTRIC UTILITY OPERATING INCOME	<u>\$ 8,845,519</u>

THE UNITED ILLUMINATING COMPANY
 RATE BASE AT June 30, 2016
 AND RATE OF RETURN ON RATE BASE
 FOR THE THREE MONTHS ENDED June 30, 2016
 REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10
 Distribution Compay

	Average	End of Period June 2016
	<u> </u>	<u> </u>
Rate Base:		
Utility Plant in Service	\$ 1,616,851,617	\$ 1,613,207,619
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	<u>432,883,299</u>	<u>434,039,040</u>
Net Utility Plant in Service	1,183,968,318	1,179,168,579
Add:		
Working Capital	29,376,273	27,229,751
Prepaid Expenses	1,219,055	1,367,217
Regulatory Asset - SFAS 158	177,761,122	181,029,680
Regulatory Asset - UPZ	19,624,667	20,481,415
Deferred Taxes:		
Pension Costs	(21,302,369)	(21,249,235)
2013 Rate Case Storm Reserve	2,252,240	2,354,365
Pension Liability (taxes on SFAS 158)	69,347,714	69,347,714
Injuries and Damages	1,647,909	1,688,612
Vacation Accrual	1,026,050	1,026,050
Allowance for Bad Debt	1,368,911	1,276,999
Regulatory Liability - UPZ Amortization	555,376	2,221,505
Deduct:		
Customer Advances for Construction	2,154,052	3,782,781
Allowance for Bad Debt	3,425,000	3,200,000
Pension Liabilities	159,029,149	157,534,056
2013 Rate Case Storm Reserve	5,513,441	5,763,441
Reserve for Injuries and Damages	3,942,123	4,041,762
Accrued Vacation	2,568,947	2,568,947
Regulatory Liability - UPZ Amortization	1,359,550	5,438,200
Deferred Taxes:		
Accelerated Tax Depreciation	132,044,242	132,970,401
Regulatory Asset - SFAS 158	69,347,714	69,347,714
Pensions (account 282)	(9,651,565)	(10,962,692)
Regulatory Asset - UPZ	7,980,586	8,222,410
Repairs and maintenance deduction	125,666,248	127,848,643
Rate Base	<u><u>\$ 963,465,781</u></u>	<u><u>\$ 956,186,989</u></u>
Returns on Ratebase:		
Operating Income	<u>\$ 8,845,519</u>	<u>\$ 8,845,519</u>
Rate of Return on Rate Base	<u>0.92%</u>	<u>0.93%</u>

The United Illuminating Company
 Rate of Return on Rate Base Common Stock Equity
 For Three Months Ended
 June 30, 2016
 Distribution Company

	Average			End of Period				
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 963,465,781		\$ 8,845,519		\$ 956,186,989		\$ 8,845,519
Less								
Long-term Debt	48.74%	469,593,222	1.31%	6,173,884	48.56%	464,324,402	1.31%	6,074,922
Applicable to Common Stock	51.26%	\$ 493,872,559		\$ 2,671,635	51.44%	\$ 491,862,587		\$ 2,770,597
Rate of Return on Rate Base Common Stock Equity				0.54%				0.56%

**The United Illuminating Company
Rate of Return on Common Stock Equity
For the Three Months Ended
June 30, 2016
Distribution Company**

Exhibit 2e

End of Period:

<u>Income for Common Stock</u>	<u>\$ 5,619,592</u>		
Common Stock Equity	\$ 908,530,571	=	<u>0.62%</u>

Average:

<u>Income for Common Stock</u>	<u>\$ 5,619,592</u>		
Common Stock Equity	\$ 901,874,370	=	<u>0.62%</u>