

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



August 2, 2017

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 – **Compliance 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 7.93% for the twelve months ended June 30, 2017.

Exhibit 2a through 2e – Average ROE for UI Distribution of 2.10% for the three months ended June 30, 2017.

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, 2017  
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 232,889,003
Commercial Service	133,735,179
Industrial Service	20,013,757
Other Sales to Ultimate Consumers	8,388,783
Total Sales of Electricity	<u>395,026,723</u>
OTHER ELECTRIC REVENUES	<u>2,804,649</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>397,831,372</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	199,782,698
Depreciation and Amortization	48,926,422
Total Taxes	82,246,935
Total Electric Operating Expenses	<u>330,956,054</u>
TOTAL UTILITY OPERATING INCOME	66,875,317
OTHER INCOME AND DEDUCTIONS - NET	12,773,601
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	1,769,696
TOTAL INCOME	<u>81,418,615</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on Long-Term Debt	28,289,452
Amort. Debt Disc., Prem. & Expense	1,235,744
Other Interest Charges	315,665
Allowance for Borrowed Funds Used During Construction - Credit	(1,078,494)
Net Interest Charges	<u>28,762,368</u>
NET INCOME	<u>\$ 52,656,248</u>

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
(RATEMAKING)  
TWELVE MONTHS ENDED June 30, 2017  
Distribution Company

OPERATING REVENUES	
Residential Service	\$ 232,889,003
Commercial Service	133,735,179
Industrial Service	20,013,757
Other Sales to Ultimate Consumers	8,388,783
Total Sales of Electricity	<u>395,026,723</u>
OTHER ELECTRIC REVENUES	<u>2,804,649</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>397,831,372</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	199,540,499
Depreciation and Amortization	48,926,422
Total Taxes	82,345,873
Total Electric Operating Expenses	<u>330,812,794</u>
ELECTRIC UTILITY OPERATING INCOME	<u>\$ 67,018,578</u>

THE UNITED ILLUMINATING COMPANY  
RATE BASE AT JUNE 30, 2017  
AND RATE OF RETURN ON RATE BASE  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2017  
REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10  
Distribution Company

	Average	End of Period June 2017
Rate Base:		
Utility Plant in Service	\$ 1,656,129,112	\$ 1,695,477,183
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	428,165,558	440,839,651
Net Utility Plant in Service	1,227,963,554	1,254,637,532
Add:		
Working Capital	28,197,848	26,478,942
Prepaid Expenses	1,907,241	1,772,533
Regulatory Asset - SFAS 158	210,999,478	236,687,876
Regulatory Asset - UPZ	21,225,611	19,083,414
Deferred Taxes:		
Pension Costs	(20,066,856)	(19,884,977)
2013 Rate Case Storm Reserve	2,675,133	3,256,348
Pension Liability (taxes on SFAS 158)	77,178,622	83,890,830
Injuries and Damages	1,839,042	1,928,088
Vacation Accrual	1,026,050	1,026,050
Allowance for Bad Debt	1,145,022	1,031,899
Regulatory Liability - UPZ Amortization	1,922,456	1,110,752
Deduct:		
Customer Advances for Construction	3,398,608	2,633,526
Allowance for Bad Debt	2,876,923	2,600,000
Pension Liabilities	194,414,268	224,786,042
2013 Rate Case Storm Reserve	6,471,751	6,971,477
Reserve for Injuries and Damages	4,406,321	4,615,996
Accrued Vacation	2,568,947	2,568,947
Regulatory Liability - UPZ Amortization	4,706,135	2,719,100
Deferred Taxes:		
Accelerated Tax Depreciation	146,568,425	154,330,522
Regulatory Asset - SFAS 158	77,178,622	83,890,830
Pensions (account 282)	(12,839,254)	(16,309,701)
Regulatory Asset - UPZ	8,639,529	7,886,833

**The United Illuminating Company**  
**Rate of Return on Rate Base Common Stock Equity**  
**For Twelve Months Ended**  
**June 30, 2017**  
**Distribution Company**

Exhibit 1d

	Average			End of Period				
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 990,397,315		\$ 67,018,578		\$ 1,004,626,720		\$ 67,018,578
Less								
Long-term Debt	46.65%	462,020,348	5.44%	25,143,385	47.53%	477,499,080	5.58%	26,623,458
Applicable to Common Stock	53.35%	<u>\$ 528,376,968</u>		<u>\$ 41,875,193</u>	52.47%	<u>\$ 527,127,640</u>		<u>\$ 40,395,120</u>
Rate of Return on Rate Base Common Stock Equity				<u>7.93%</u>				<u>7.66%</u>

**The United Illuminating Company**  
**Rate of Return on Common Stock Equity**  
**For the Twelve Months Ended**  
**June 30, 2017**  
**Distribution Company**

**End of Period:**

<u>Income for Common Stock</u>	\$ 52,656,248		
Common Stock Equity	\$ 876,427,972	=	<u>6.01%</u>

**Average:**

<u>Income for Common Stock</u>	\$ 52,656,248		
Common Stock Equity	\$ 938,294,747	=	<u>5.61%</u>

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
THREE MONTHS ENDED June 30, 2017  
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 54,206,349
Commercial Service	34,087,933
Industrial Service	5,262,081
Other Sales to Ultimate Consumers	2,097,811
Total Sales of Electricity	<u>95,654,173</u>
OTHER ELECTRIC REVENUES	<u>1,109,521</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>96,763,695</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	44,639,078
Depreciation and Amortization	14,015,906
Total Taxes	20,300,609
Total Electric Operating Expenses	<u>78,955,593</u>
TOTAL UTILITY OPERATING INCOME	17,808,102
OTHER INCOME AND DEDUCTIONS - NET	3,015,311
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	283,239
TOTAL INCOME	<u>21,106,651</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on Long-Term Debt	6,902,336
Amort. Debt Disc., Prem. & Expense	309,312
Other Interest Charges	90,830
Allowance for Borrowed Funds Used During Construction - Credit	(229,127)
Net Interest Charges	<u>7,073,351</u>
NET INCOME	<u>\$ 14,033,301</u>

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
(RATEMAKING)  
THREE MONTHS ENDED June 30, 2017  
Distribution Company

OPERATING REVENUES	
Residential Service	\$ 54,206,349
Commercial Service	34,087,933
Industrial Service	5,262,081
Other Sales to Ultimate Consumers	2,097,811
Total Sales of Electricity	<u>95,654,173</u>
OTHER ELECTRIC REVENUES	<u>1,109,521</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>96,763,695</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	44,639,078
Depreciation and Amortization	14,015,906
Total Taxes	20,300,609
Total Electric Operating Expenses	<u>78,955,593</u>
ELECTRIC UTILITY OPERATING INCOME	<u>\$ 17,808,102</u>



THE UNITED ILLUMINATING COMPANY  
 RATE BASE AT JUNE 30, 2017  
 AND RATE OF RETURN ON RATE BASE  
 FOR THE THREE MONTHS ENDED JUNE 30, 2017  
 REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10  
 Distribution Company

	Average	End of Period June 2017
Rate Base:		
Utility Plant in Service	\$ 1,688,520,799	\$ 1,695,477,183
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	436,197,088	440,839,651
Net Utility Plant in Service	1,252,323,711	1,254,637,532
Add:		
Working Capital	26,862,250	26,478,942
Prepaid Expenses	1,646,247	1,772,533
Regulatory Asset - SFAS 158	236,687,876	236,687,876
Regulatory Asset - UPZ	19,893,934	19,083,414
Deferred Taxes:		
Pension Costs	(19,937,200)	(19,884,977)
2013 Rate Case Storm Reserve	2,784,111	3,256,348
Pension Liability (taxes on SFAS 158)	69,347,714	83,890,830
Injuries and Damages	1,925,995	1,928,088
Vacation Accrual	1,026,050	1,026,050
Allowance for Bad Debt	1,031,899	1,031,899
Regulatory Liability - UPZ Amortization	1,388,440	1,110,752
Deduct:		
Customer Advances for Construction	2,948,977	2,633,526
Allowance for Bad Debt	2,600,000	2,600,000
Pension Liabilities	223,387,139	224,786,042
2013 Rate Case Storm Reserve	6,565,450	6,971,477
Reserve for Injuries and Damages	4,610,872	4,615,996
Accrued Vacation	2,568,947	2,568,947
Regulatory Liability - UPZ Amortization	3,398,875	2,719,100
Deferred Taxes:		

**The United Illuminating Company**  
**Rate of Return on Rate Base Common Stock Equity**  
**For Three Months Ended**  
**June 30, 2017**  
**Distribution Company**

Exhibit 2d

	Average			End of Period				
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 1,004,151,813		\$ 17,808,102		\$ 1,004,626,720		\$ 17,808,102
Less								
Long-term Debt	46.12%	463,114,816	1.39%	6,453,839	47.53%	477,499,080	1.39%	6,655,865
Applicable to Common Stock	53.88%	<u>\$ 541,036,997</u>		<u>\$ 11,354,263</u>	52.47%	<u>\$ 527,127,640</u>		<u>\$ 11,152,237</u>
Rate of Return on Rate Base Common Stock Equity				<u>2.10%</u>				<u>2.12%</u>

**The United Illuminating Company**  
**Rate of Return on Common Stock Equity**  
**For the Three Months Ended**  
**June 30, 2017**  
**Distribution Company**

**Exhibit 2e**

**End of Period:**

<u>Income for Common Stock</u> Common Stock Equity	<u>\$ 14,033,301</u>		<u>\$ 876,427,972</u>	=	<u>1.60%</u>
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**Average:**

<u>Income for Common Stock</u> Common Stock Equity	<u>\$ 14,033,301</u>		<u>\$ 927,912,562</u>	=	<u>1.51%</u>
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