

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



A UIL Holdings Company

April 4, 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 8.52% for the twelve months ended December 31, 2015.

Exhibit 2a through 2e – Average ROE for UI Distribution of 1.75% for the three months ended December 31, 2015.

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, Treasurer & Controller  
UIL Holdings Corporation  
As Agent for The United Illuminating Company

Attachments

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
TWELVE MONTHS ENDED December 31, 2015  
Distribution Company

SALES OF ELECTRICITY	
Residential Service	\$ 222,901,450
Commercial Service	129,641,234
Industrial Service	19,185,338
Other Sales to Ultimate Consumers	9,066,488
Total Sales to Ultimate Consumers	<u>380,794,510</u>
Sales for Resale	-
Total Sales of Electricity	<u>380,794,510</u>
OTHER ELECTRIC REVENUES	<u>10,949,167</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>391,743,677</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	199,777,601
Depreciation and Amortization	55,090,161
Total Taxes	73,640,453
Other interest charges	-
Total Electric Operating Expenses	<u>328,508,216</u>
NET ELECTRIC OPERATING REVENUES	63,235,462
INCOME FROM ELECTRIC PLANT LEASED TO OTHERS	-
ELECTRIC UTILITY OPERATING INCOME	63,235,462
OTHER UTILITY OPERATING INCOME	-
DISPOSITION OF UTILITY PROPERTY	-
TOTAL UTILITY OPERATING INCOME	<u>63,235,462</u>
OTHER INCOME AND DEDUCTIONS - NET	14,377,046
ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	<u>4,271,920</u>
TOTAL INCOME	<u>81,884,428</u>
INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES	
Interest on Long-Term Debt	29,559,362
Amort. Debt Disc., Prem. & Expense	1,440,949
Interest expense from associated companies	-
Other Interest Charges	2,116,953
Interest income on Seabrook obligation bonds	-
Dividends on Preferred Securities	-
Allowance for Borrowed Funds Used During Construction - Credit	(2,303,256)
Net Interest Charges	<u>30,814,007</u>
INCOME BEFORE EXTRAORDINARY ITEMS	51,070,421
EXTRAORDINARY ITEMS - NET	-
NET INCOME	<u>51,070,421</u>
PREMIUM (DISCOUNT) ON REDEMPTION OF PREFERRED STOCK	-
DIVIDENDS ON PREFERRED STOCK	-
BALANCE FOR COMMON STOCK	<u>\$ 51,070,421</u>

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
(RATEMAKING)  
TWELVE MONTHS ENDED December 31, 2015  
Distribution Company

OPERATING REVENUES	
Residential Service	\$ 222,901,450
Commercial Service	129,641,234
Industrial Service	19,185,338
Other Sales to Ultimate Consumers	9,066,488
Total Sales to Ultimate Consumers	<u>380,794,510</u>
Sales for Resale	-
Total Sales of Electricity	<u>380,794,510</u>
OTHER ELECTRIC REVENUES	<u>10,949,167</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>391,743,677</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	<u>197,970,536</u>
Depreciation and Amortization	<u>55,090,161</u>
Total Taxes	<u>74,378,639</u>
Other Interest Expense	-
Total Electric Operating Expenses	<u>327,439,336</u>
NET ELECTRIC OPERATING REVENUES	64,304,341
INCOME FROM ELECTRIC PLANT LEASED TO OTHERS	<u>                    </u>
ELECTRIC UTILITY OPERATING INCOME	64,304,341
OTHER UTILITY OPERATING INCOME	
DISPOSITION OF UTILITY PROPERTY	
UTILITY OPERATING INCOME	<u><u>\$ 64,304,341</u></u>

THE UNITED ILLUMINATING COMPANY  
 RATE BASE AT December 31, 2015  
 AND RATE OF RETURN ON RATE BASE  
 FOR THE TWELVE MONTHS ENDED December 31, 2015  
 REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10

	Average	End of Period December 2015
<b>Rate Base:</b>		
Utility Plant in Service	\$ 1,548,982,344	\$ 1,600,142,796
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	435,390,610	430,196,905
Net Utility Plant in Service	1,113,591,734	1,169,945,892
<b>Add:</b>		
Working Capital	27,682,064	29,334,638
Prepaid Expenses	2,892,856	1,669,677
Regulatory Asset - SFAS 158	190,371,919	174,492,564
Regulatory Asset - Enhanced Tree Trimming	13,589,600	17,760,370
<b>Deferred Taxes:</b>		
Pension Costs	(21,940,640)	(21,461,235)
2013 Rate Case Storm Reserve	1,534,325	1,945,866
Pension Liability (taxes on SFAS 158)	79,473,362	69,347,714
Injuries and Damages	1,536,515	1,528,558
Vacation Accrual	1,026,050	1,026,050
Allowance for Bad Debt	1,248,718	1,399,549
<b>Deduct:</b>		
Customer Advances for Construction	957,651	516,470
Allowance for Bad Debt	3,130,769	3,500,000
Pension Liabilities	157,291,239	153,844,266
2013 Rate Case Storm Reserve	3,755,997	4,763,441
Reserve for Injuries and Damages	3,669,433	3,649,955
Accrued Vacation	2,568,947	2,568,947
<b>Deferred Taxes:</b>		
Accelerated Tax Depreciation	118,486,861	130,028,995
Regulatory Asset - SFAS 158	79,473,362	69,347,714
Pensions (account 282)	(7,558,250)	(5,718,184)
Regulatory Asset - Enhanced Tree Trimming	5,051,964	7,255,111
Repairs and maintenance deduction	108,781,010	119,119,063
<b>Rate Base</b>	<b>\$ 935,397,520</b>	<b>\$ 958,113,865</b>
<b>Returns on Ratebase:</b>		
Operating Income	<b>\$ 64,304,341</b>	<b>\$ 64,304,341</b>
Rate of Return on Rate Base	<b>6.87%</b>	<b>6.71%</b>

Exhibit 1d

The United Illuminating Company  
 Rate of Return on Rate Base Common Stock Equity  
 For Twelve Months Ended  
 December 31, 2015  
 Distribution Company

	Average			End of Period				
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 935,397,520	\$ 64,304,341			\$ 958,113,865	\$ 64,304,341	
Less								
Long-term Debt	49.29%	461,057,438	5.18%	23,898,750	49.66%	475,799,345	5.21%	24,772,989
Preferred Stock and Preferred Securities	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Applicable to Common Stock	50.71%	\$ 474,340,082	\$ 40,405,591		50.34%	\$ 482,314,520	\$ 39,531,352	
Rate of Return on Rate Base Common Stock Equity				<u>8.52%</u>				<u>8.20%</u>

**The United Illuminating Company**  
**Rate of Return on Common Stock Equity**  
**For the Twelve Months Ended**  
**December 31, 2015**  
**Distribution Company**

**Exhibit 1e**

**End of Period:**

<u>Income for Common Stock</u>	\$ 51,070,421		
Common Stock Equity	<u>\$ 868,944,112</u>	=	<u>5.88%</u>

**Average:**

<u>Income for Common Stock</u>	\$ 51,070,421		
Common Stock Equity	<u>\$ 874,524,299</u>	=	<u>5.84%</u>

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
THREE MONTHS ENDED December 31, 2015  
Distribution Company

<b>SALES OF ELECTRICITY</b>	
Residential Service	\$ 50,180,332
Commercial Service	30,553,295
Industrial Service	4,810,636
Other Sales to Ultimate Consumers	2,276,431
Total Sales to Ultimate Consumers	<u>87,820,693</u>
Sales for Resale	
Total Sales of Electricity	<u>87,820,693</u>
<b>OTHER ELECTRIC REVENUES</b>	<u>8,386,519</u>
<b>TOTAL ELECTRIC OPERATING REVENUES</b>	<u>96,207,212</u>
<b>ELECTRIC OPERATING EXPENSES:</b>	
Operation & Maintenance Expenses	<u>50,083,602</u>
Depreciation and Amortization	<u>14,594,273</u>
Total Taxes	<u>17,293,081</u>
Other interest charges	-
Total Electric Operating Expenses	<u>81,970,957</u>
<b>NET ELECTRIC OPERATING REVENUES</b>	14,236,255
<b>INCOME FROM ELECTRIC PLANT LEASED TO OTHERS</b>	-
<b>ELECTRIC UTILITY OPERATING INCOME</b>	14,236,255
<b>OTHER UTILITY OPERATING INCOME</b>	-
<b>DISPOSITION OF UTILITY PROPERTY</b>	-
<b>TOTAL UTILITY OPERATING INCOME</b>	<u>14,236,255</u>
<b>OTHER INCOME AND DEDUCTIONS - NET</b>	4,147,740
<b>ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION</b>	<u>1,263,654</u>
<b>TOTAL INCOME</b>	<u>19,647,649</u>
<b>INTEREST CHARGES AND DIVIDENDS ON PREFERRED SECURITIES</b>	
Interest on Long-Term Debt	7,497,813
Amort. Debt Disc., Prem. & Expense	350,372
Interest expense from associated companies	-
Other Interest Charges	530,658
Interest income on Seabrook obligation bonds	-
Dividends on Preferred Securities	-
Allowance for Borrowed Funds Used During Construction - Credit	(677,106)
Net Interest Charges	<u>7,701,738</u>
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	11,945,911
<b>EXTRAORDINARY ITEMS - NET</b>	-
<b>NET INCOME</b>	<u>11,945,911</u>
<b>PREMIUM (DISCOUNT) ON REDEMPTION OF PREFERRED STOCK</b>	-
<b>DIVIDENDS ON PREFERRED STOCK</b>	-
<b>BALANCE FOR COMMON STOCK</b>	<u>\$ 11,945,911</u>

THE UNITED ILLUMINATING COMPANY  
STATEMENT OF INCOME  
(RATEMAKING)  
THREE MONTHS ENDED December 31, 2015  
Distribution Company

OPERATING REVENUES	
Residential Service	\$ 50,180,332
Commercial Service	30,553,295
Industrial Service	4,810,636
Other Sales to Ultimate Consumers	2,276,431
Total Sales to Ultimate Consumers	<u>87,820,694</u>
Sales for Resale	-
Total Sales of Electricity	<u>87,820,694</u>
OTHER ELECTRIC REVENUES	<u>8,386,519</u>
TOTAL ELECTRIC OPERATING REVENUES	<u>96,207,213</u>
ELECTRIC OPERATING EXPENSES:	
Operation & Maintenance Expenses	<u>49,477,724</u>
Depreciation and Amortization	<u>14,594,298</u>
Total Taxes	<u>17,540,582</u>
Other Interest Expense	-
Total Electric Operating Expenses	<u>81,612,604</u>
NET ELECTRIC OPERATING REVENUES	14,594,609
INCOME FROM ELECTRIC PLANT LEASED TO OTHERS	<u>-</u>
ELECTRIC UTILITY OPERATING INCOME	14,594,609
OTHER UTILITY OPERATING INCOME	-
DISPOSITION OF UTILITY PROPERTY	-
UTILITY OPERATING INCOME	<u><u>14,594,609</u></u>



THE UNITED ILLUMINATING COMPANY  
 RATE BASE AT December 31, 2015  
 AND RATE OF RETURN ON RATE BASE  
 FOR THE THREE MONTHS ENDED December 31, 2015  
 REFLECTING THE DECISION TO DOCKET NOS. 840601, 880914, 920605, 960329, 990304, 990335 AND 01-10-10

	Average	End of Period December 2015
<b>Rate Base:</b>		
Utility Plant in Service	\$ 1,576,634,952	\$ 1,600,142,796
Less: Accum. Prov. For Depr. & Amort. & Cost of Removal	430,933,663	430,196,905
Net Utility Plant in Service	1,145,701,289	1,169,945,892
<b>Add:</b>		
Working Capital	29,845,486	29,334,638
Prepaid Expenses	1,900,419	1,669,677
Regulatory Asset - SFAS 158	187,394,540	174,492,564
Regulatory Asset - Enhanced Tree Trimming	17,208,271	17,760,370
<b>Deferred Taxes:</b>		
Pension Costs	(21,515,366)	(21,461,235)
2013 Rate Case Storm Reserve	1,833,857	1,945,866
Pension Liability (taxes on SFAS 158)	77,574,803	69,347,714
Injuries and Damages	1,595,860	1,528,558
Vacation Accrual	1,026,050	1,026,050
Allowance for Bad Debt	1,368,911	1,399,549
<b>Deduct:</b>		
Customer Advances for Construction	777,168	516,470
Allowance for Bad Debt	3,425,000	3,500,000
Pension Liabilities	159,499,408	153,844,266
2013 Rate Case Storm Reserve	4,489,247	4,763,441
Reserve for Injuries and Damages	3,814,709	3,649,955
Accrued Vacation	2,568,947	2,568,947
<b>Deferred Taxes:</b>		
Accelerated Tax Depreciation	122,512,233	130,028,995
Regulatory Asset - SFAS 158	77,574,803	69,347,714
Pensions (account 282)	(9,256,640)	(5,718,184)
Regulatory Asset - Enhanced Tree Trimming	6,390,584	7,255,111
Repairs and maintenance deduction	116,205,423	119,119,063
<b>Rate Base</b>	<b>\$ 955,933,239</b>	<b>\$ 958,113,865</b>
<b>Returns on Ratebase:</b>		
Operating Income	\$ 14,594,609	\$ 14,594,609
Rate of Return on Rate Base	1.53%	1.52%

The United Illuminating Company  
 Rate of Return on Rate Base Common Stock Equity  
 For Three Months Ended  
 December 31, 2015  
 Distribution Company

	Average			End of Period				
	Capitalization Ratio	Average Rate Base	Embedded Cost	Return	Capitalization Ratio	Rate Base	Embedded Cost	Return
Total		\$ 955,933,239		\$ 14,594,609		\$ 958,113,865		\$ 14,594,609
Less								
Long-term Debt	49.48%	472,995,767	1.30%	6,150,583	49.66%	475,799,345	1.30%	6,193,247
Preferred Stock and Preferred Securities	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Applicable to Common Stock	50.52%	\$ 482,937,472		\$ 8,444,026	50.34%	\$ 482,314,520		\$ 8,401,362
Rate of Return on Rate Base Common Stock Equity				1.75%				1.74%

**The United Illuminating Company**  
**Rate of Return on Common Stock Equity**  
**For the Three Months Ended**  
**December 31, 2015**  
**Distribution Company**

Exhibit 2e

**End of Period:**

<u>Income for Common Stock</u>	\$ 11,945,911		
Common Stock Equity	<u>\$ 868,944,112</u>	=	<u>1.37%</u>

**Average:**

<u>Income for Common Stock</u>	\$ 11,945,911		
Common Stock Equity	<u>\$ 875,288,164</u>	=	<u>1.36%</u>