

May 5, 2023

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

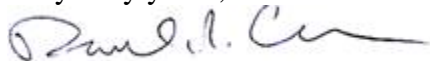
Re: Docket No. 76-03-07RE01 Investigation to Consider Rate Adjustment Procedures and Mechanisms Appropriate to Charge or Reimburse the Consumer for Changes in the Cost of Fossil Fuel – Compliance Filing Placeholder

Dear Mr. Gaudiosi:

The enclosed quarterly report for March 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

180 Marsh Hill Road, Orange, CT 06477
www.socongas.com

An equal opportunity employer



Docket No. 76-03-07RE01
THE SOUTHERN CONNECTICUT GAS COMPANY

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

MARCH 31, 2023

Filing Date: May 5, 2023

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

| | |
|---|-----------------------------|
| Total Operating Revenue | <u>\$ 517,909</u> |
| Operating Expenses | |
| Purchased Gas Expense | 288,460 |
| O & M Expenses | 93,984 |
| Depreciation and Amortization Expenses | 36,438 |
| Taxes Other than Income | 31,613 |
| Income Taxes | <u>8,604</u> |
| Total Operating Expenses | 459,099 |
| Total Operating Income (Loss) | 58,810 |
| Total Other (Income) and Deductions | <u>2,338</u> |
| Total Income (Loss) Before Interest Charges | 56,471 |
| Interest Charges: | |
| Interest on Long-Term Debt | 13,457 |
| Amortization of Debt Discount and Expense | - |
| Other Interest Charges | <u>5,256</u> |
| Total Interest Charges | <u>18,713</u> |
| Net Income (Loss) | <u><u>\$ 37,758</u></u> |

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

| Line No. | <u>Description</u> | <u>End of Period Rate Base</u> |
|-------------|--------------------------------------|--------------------------------|
| 1 | Utility Plant in Service | \$ 1,307,833 |
| 2 | Working Capital | 30,252 |
| 3 | Materials and Supplies | 38,325 |
| 4 | Prepayments | 13 |
| 5 | Deferred Debits / Regulatory Assets | 2,752 |
| 6 | Accumulated Reserve for Depreciation | (489,947) |
| 7 | Deferred Income Taxes | (147,956) |
| 8 | Reserves / Regulatory Liabilities | (16,604) |
| 9 | | |
| 10 | Total End of Period Rate Base | <u>\$ 724,666</u> |
| | | |
| | | <u>Average Rate Base</u> |
| 11 | Utility Plant in Service | \$ 1,257,126 |
| 12 | Working Capital | 28,042 |
| 13 | Materials and Supplies | 41,623 |
| 14 | Prepayments | 13 |
| 15 | Deferred Debits / Regulatory Assets | 2,867 |
| 16 | Accumulated Reserve for Depreciation | (474,009) |
| 17 | Deferred Income Taxes | (143,699) |
| 18 | Reserves / Regulatory Liabilities | (16,317) |
| 19 | | |
| 20 | Total Average Rate Base | <u>\$ 695,646</u> |

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

| | | |
|---|-------------------|-----|
| Utility Operating Income | \$ 58,810 | |
| Tax Rectification Adjustment | <u>(684)</u> | (1) |
| Adjusted Utility Operating Income | \$ 58,125 | |
| Average Rate Base | <u>\$ 695,646</u> | |
| Rate of Return on Rate Base | 8.36% | |
| Exclude Weighted Cost of Debt | <u>-2.10%</u> | |
| Common Equity Component | 6.26% | |
| Common Equity Percent of Total Capitalization | <u>54.53%</u> | |
| Adjusted Return on Common Equity | <u>11.47%</u> | |
| Unadjusted Return on Common Equity (before tax rectification) | <u>11.66%</u> | |

| Average Capital Structure and Cost Rates | Capital Structure | | Cost of Debt | |
|--|-------------------|----------------|--------------|---------------|
| | Amount | Weighting | Rate | Weighted Rate |
| Capital Structure per Books: | | | | |
| Long Term Debt | \$ 304,000 | 36.92% | 4.62% | 1.71% |
| Short Term Debt | 12,130 | 1.47% | 4.51% | (4) 0.07% |
| Common Equity | <u>507,231</u> | <u>61.60%</u> | | |
| | <u>\$ 823,361</u> | <u>100.00%</u> | | <u>1.77%</u> |
| Adjustments: | | | | |
| Long Term Debt | (29,501) | (2) | | |
| Short Term Debt | - | | | |
| Common Equity | (163,557) | (3) | | |
| Adjusted Capital Structure: | | | | |
| Long Term Debt | \$ 274,499 | 43.55% | 4.62% | 2.01% |
| Short Term Debt | 12,130 | 1.92% | 4.51% | (4) 0.09% |
| Common Equity | <u>343,674</u> | <u>54.53%</u> | | |
| Total | <u>\$ 630,303</u> | <u>100.00%</u> | | <u>2.10%</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. | \$ (1,239) |
| . To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition). | <u>(28,262)</u> |
| Total | <u>\$ (29,501)</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.



May 5, 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 March 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

180 Marsh Hill Road, Orange, CT 06477
www.cngcorp.com

An equal opportunity employer



CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

MARCH 31, 2023

Filing Date: May 5, 2023

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

| | | |
|---|----|----------------------|
| Total Operating Revenue | \$ | 515,839 |
| Operating Expenses | | |
| Purchased Gas Expense | | 274,988 |
| O & M Expenses | | 111,954 |
| Depreciation and Amortization Expenses | | 45,244 |
| Taxes Other than Income | | 32,134 |
| Income Taxes | | 9,570 |
| Total Operating Expenses | | <u>473,892</u> |
| Total Operating Income (Loss) | | 41,947 |
| Total Other (Income) and Deductions | | <u>1,250</u> |
| Total Income (Loss) Before Interest Charges | | 40,698 |
| Interest Charges: | | |
| Interest on Long-Term Debt | | 9,565 |
| Amortization of Debt Discount and Expense | | - |
| Other Interest Charges | | 39 |
| Total Interest Charges | | <u>9,604</u> |
| Net Income (Loss) | | 31,094 |
| Preferred Stock Dividends | | <u>-</u> |
| Balance for Common Stock | \$ | <u><u>31,094</u></u> |

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

| Line No. | Description | <u>End of Period Rate Base</u> |
|-------------|--------------------------------------|--------------------------------|
| 1 | Utility Plant in Service | \$ 1,224,997 |
| 2 | Working Capital | 40,371 |
| 3 | Materials and Supplies | 44,364 |
| 4 | Prepayments | 54 |
| 5 | Deferred Debits / Regulatory Assets | (6,232) |
| 6 | Accumulated Reserve for Depreciation | (661,246) |
| 7 | Deferred Income Taxes | (39,129) |
| 8 | Reserves / Regulatory Liabilities | (7,218) |
| 9 | | |
| 10 | Total End of Period Rate Base | <u>\$ 595,961</u> |

| | | <u>Average Rate Base</u> |
|----|--------------------------------------|--------------------------|
| 11 | Utility Plant in Service | \$ 1,187,590 |
| 12 | Working Capital | 38,594 |
| 13 | Materials and Supplies | 48,370 |
| 14 | Prepayments | 54 |
| 15 | Deferred Debits / Regulatory Assets | (5,352) |
| 16 | Accumulated Reserve for Depreciation | (644,122) |
| 17 | Deferred Income Taxes | (41,016) |
| 18 | Reserves / Regulatory Liabilities | (7,672) |
| 19 | | |
| 20 | Total Average Rate Base | <u>\$ 576,446</u> |

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ended March 31, 2023
(Thousands of Dollars)
(Unaudited)

| | | |
|---|-------------------|-----|
| Utility Operating Income | \$ 41,947 | |
| Tax Rectification Adjustment | <u>1,058</u> | (1) |
| Adjusted Utility Operating Income | \$ 43,005 | |
| Average Rate Base | <u>\$ 576,446</u> | |
| Rate of Return on Rate Base | 7.46% | |
| Exclude Weighted Cost of Debt | <u>-2.04%</u> | |
| Common Equity Component | 5.42% | |
| Common Equity Percent of Total Capitalization | <u>56.85%</u> | |
| Adjusted Return on Common Equity | <u>9.53%</u> | |
| Unadjusted Return on Common Equity (before tax rectification) | <u>9.21%</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 Rat</u> |
| Capital Structure per Books: | | | | |
| Long Term Debt | \$ 190,000 | 28.97% | 4.74% | 1.37% |
| Short Term Debt | 14,662 | 2.24% | 4.49% | (4) 0.10% |
| Preferred Stock | 340 | 0.05% | 8.00% | 0.00% |
| Common Equity | <u>450,845</u> | <u>68.74%</u> | | |
| | <u>\$ 655,846</u> | <u>100.00%</u> | | <u>1.48%</u> |
| Adjustments: | | | | |
| Long Term Debt | (756) | (2) | | |
| Short Term Debt | - | | | |
| Preferred Stock | - | | | |
| Common Equity | (181,759) | (3) | | |
| Adjusted Capital Structure: | | | | |
| Long Term Debt | \$ 189,244 | 39.98% | 4.74% | 1.90% |
| Short Term Debt | 14,662 | 3.10% | 4.49% | (4) 0.14% |
| Preferred Stock | 340 | 0.07% | 8.00% | 0.01% |
| Common Equity | <u>269,086</u> | <u>56.85%</u> | | |
| Total | <u>\$ 473,331</u> | <u>100.00%</u> | | <u>2.04%</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. | \$ (756) |
| | Total | <u>\$ (756)</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). | \$ (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). | <u>90,923</u> |
| | Total | <u>\$ (181,759)</u> |
| (4) | Short-term debt rate includes an apportioned cost of the Avangrid revolving credit facility fee. | |