



Connecticut Natural Gas Corporation
PO Box 1500
Hartford, CT 06144-1500

A UIL Holdings Company

March 18, 2016

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

RE: Docket No. 92-10-09; DPUC Review of the Need for an Interim Rate Decrease for Connecticut Natural Gas Corporation, Order No. 1

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

Dear Mr. Gaudiosi:

The enclosed monthly report for December 31, 2015 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.

By letter dated March 9, 2016, the Authority granted the requested extension in Motion 26 to submit its quarterly dividend information by March 18, 2016.

I hereby certify service of this filing upon all parties and interveners of record in this proceeding. Since the electronic copy filed via the Web Filing System is the complete filing, only the original file is being submitted herewith.

Sincerely,

Michael A. Coretto
Vice President, Regulatory Affairs
UIL Holdings Corporation
As Agent for Connecticut Natural Gas Corporation

CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

FOR THE MONTH ENDED DECEMBER 31, 2015

DATED: March 18, 2016

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending December 31, 2015
(UNAUDITED)

Total Operating Revenue	\$	325,541,780
Operating Expenses		
Purchased Gas Expense		151,055,402
O & M Expenses		84,224,830
Depreciation and Amort Expenses		29,471,328
Taxes Other than Income		21,714,193
Income Taxes		9,642,333
Total Operating Expenses		<u>296,108,087</u>
<hr/>		
Leased Land Income		<u>-</u>
Total Operating Income (Loss)		29,433,693
Total Other (Income) and Deductions		<u>10,667,055</u>
Total Income (Loss) Before Interest Charges		18,766,638
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		92,521
Other Interest Charges		911,991
Total Interest Charges		<u>9,745,512</u>
Net Income (Loss)		9,021,126
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u><u>8,993,949</u></u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
Twelve Months Ending December 31, 2015
(UNAUDITED)

LINE NO.	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	793,726,468
2	PLUS WORKING CAPITAL		13,472,102
3	PLUS MATERIALS AND SUPPLIES		30,231,689
4	PLUS PREPAYMENT RESERVES		48,880
5	PLUS DEFERRED DEBITS		37,250,229
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(433,718,174)
7	LESS DEFERRED INCOME TAXES		(2,220,689)
8	LESS RESERVES / REGULATORY LIABILITIES		(12,884,842)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>425,905,663</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	760,861,224
12	PLUS WORKING CAPITAL		14,375,881
13	PLUS MATERIALS AND SUPPLIES		25,815,316
14	PLUS PREPAYMENT RESERVES		51,908
15	PLUS DEFERRED DEBITS		33,646,095
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(421,950,633)
17	LESS DEFERRED INCOME TAXES		(1,521,877)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,459,888)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>398,818,025</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ending December 31, 2015
(UNAUDITED)
(\$000)

Utility Operating Income	\$ 29,434	
Tax Rectification Adjustment	811	(1)
Adjusted Utility Operating Income	\$ 30,245	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	30,245	
Average Rate Base	\$ 398,818	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.58%	
Exclude Weighted Cost of Debt	-2.81%	
Common Equity Component	4.77%	
Common Equity Percent of Total Capitalization	55.77%	
Adjusted Return on Common Equity (before weather impact)	8.55%	
Weather-Adjusted Return on Common Equity	8.55%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	8.19%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 140,000	28.10%	6.34%	1.78%
Short Term Debt	-	0.00%	0.00%	0.00%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	357,883	71.83%		
	<u>\$ 498,223</u>	<u>100.00%</u>		<u>1.79%</u>
Adjustments:				
Long Term Debt	(679)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 139,321	44.12%	6.34%	2.80%
Short Term Debt	-	0.00%	0.00%	0.00%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	176,124	55.77%		
Total	<u>\$ 315,786</u>	<u>100.00%</u>		<u>2.81%</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) Weather impact on Utility Operating Income is adjusted through CNG's decoupling mechanism from Docket No. 13-06-08.
- (3) Long Term Debt Adjustments are as follows:
- | | |
|-------------------------------------|-----------------|
| To deduct unamortized debt expense. | \$ (679) |
| Total | <u>\$ (679)</u> |
- (4) Common Equity Adjustments are as follows:
- | | |
|--|---------------------|
| To eliminate the effects of the portion of goodwill recorded to paid-in capital (Energy East Acquisition). | \$ (225,225) |
| To eliminate the effects of goodwill amortizations (Energy East Acquisition). | 7,812 |
| To eliminate the effects of Purchase Accounting pertaining to the UIL Acquisition. | (55,268) |
| To eliminate the effects of goodwill impairments (Iberdrola - Sale of CNG to UIL). | 90,923 |
| Total | <u>\$ (181,759)</u> |



The Southern Connecticut Gas Company
PO Box 1500
Hartford, CT 06144-1500

A UIL Holdings Company

March 18, 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

Dear Mr. Gaudiosi:

The enclosed monthly report for December 31, 2015 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.

By letter dated March 9, 2016, the Authority granted the requested extension in Motion 27 to submit its quarterly dividend information by March 18, 2016.

I hereby certify service of this filing upon all parties and interveners of record in this proceeding. Since the electronic copy filed via the Web Filing System is the complete filing, only the original file is being submitted herewith.

Sincerely,

Michael A. Coretto
Vice President, Regulatory Affairs
UIL Holdings Corporation
As Agent for The Southern Connecticut Gas Company

THE SOUTHERN CONNECTICUT GAS COMPANY

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

FOR THE MONTH ENDED DECEMBER 31, 2015

DATED: March 18, 2016

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending December 31, 2015
(UNAUDITED)

Total Operating Revenue	<u>\$ 327,673,063</u>
Operating Expenses	
Purchased Gas Expense	142,457,136
O & M Expenses	91,946,771
Depreciation and Amort Expenses	22,376,388
Taxes Other than Income	22,595,802
Income Taxes	12,434,005
Total Operating Expenses	<u>291,810,102</u>
Leased Land Income	<u>285,647</u>
Total Operating Income (Loss)	36,148,608
Total Other (Income) and Deductions	<u>5,149,694</u>
Total Income (Loss) Before Interest Charges	30,998,914
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,154
Other Interest Charges	738,195
Total Interest Charges	<u>14,418,449</u>
Net Income (Loss)	<u>\$ 16,580,465</u>

**Southern Connecticut Gas Company
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Dec-15</u>	<u>Mcf</u> <u>Dec-15</u>	<u>Cost / Unit</u>
Residential				
General (RSG)	RSG	1,047,318	53,998	\$19.40
Heating (RSH)	RSH	15,089,456	1,258,306	11.99
Housing (RMDS)	RMDS	772,715	100,944	7.65
Total Firm Residential		16,909,489	1,413,248	\$11.96
Commercial & Industrial				
Small General Service (SGS)	SGSS	2,211,786	158,482	\$13.96
General Service (GS)	MGSS	2,185,460	252,050	8.67
Large General Service (LGS)	LGSS	3,695,169	674,940	5.47
Total Commercial & Industrial		8,092,415	1,085,472	\$7.46
<hr/>				
Sub-Total Firm-Sales		25,001,904	2,498,720	\$10.01
Firm Transportation				
Housing (RMDS)	RMDT	178,521	54,659	\$3.27
Small General Service (SGS)	SGST	60,594	8,188	7.40
General Service (GS)	MGST	283,649	66,874	4.24
Large General Service (LGS)	LGST	861,774	300,664	2.87
Sub-Total Firm Transportation		1,384,538	430,384	\$3.22
Special Contracts (FTA)				
	SPC	711,699	-	
Sub-Total Transportation		2,096,237	430,384	\$4.87
Interruptible Service				
Manual Interruptible (IS)	MIS	2,960,963	259,778	\$11.40
Interruptible Transportation (ITS)	ITS	6,424	1,593	4.03
Natural Gas Vehicles (NGV)	NGV	925	72	12.83
Sub-Total Interruptible		2,968,311	261,442	\$11.35
Off System Sales				
	OFFSYS	968,326	-	
Total Operating Revenues		31,034,777	3,190,546	\$9.73

The Southern Connecticut Gas Company
Rate Base Summary
Twelve Months Ended December 31, 2015
(UNAUDITED)

LINE NO.	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	805,214,085
2	PLUS WORKING CAPITAL		28,964,079
3	PLUS MATERIALS AND SUPPLIES		25,907,802
4	PLUS PREPAYMENT RESERVES		-
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		10,684,023
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(297,364,043)
7	LESS DEFERRED INCOME TAXES		(48,955,734)
8	LESS RESERVES / REGULATORY LIABILITIES		(9,866,837)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>514,583,375</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	761,936,631
12	PLUS WORKING CAPITAL		31,068,088
13	PLUS MATERIALS AND SUPPLIES		23,271,135
14	PLUS PREPAYMENT RESERVES		91,470
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		9,175,871
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(290,003,314)
17	LESS DEFERRED INCOME TAXES		(45,816,868)
18	LESS RESERVES / REGULATORY LIABILITIES		(10,479,716)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>479,243,296</u>

The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended December 31, 2015
(UNAUDITED)
(\$000)

Utility Operating Income	\$ 36,149	
Tax Rectification Adjustment	(308)	(1)
Adjusted Utility Operating Income	\$ 35,841	
Weather Impact on Utility Operating Income	100	(2)
Weather-Adjusted Utility Operating Income	35,941	
Average Rate Base	\$ 479,243	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.48%	
Exclude Weighted Cost of Debt	-2.81%	
Common Equity Component	4.67%	
Common Equity Percent of Total Capitalization	56.80%	
Adjusted Return on Common Equity (before weather impact)	8.22%	
Weather-Adjusted Return on Common Equity	8.26%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	8.33%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 214,000	34.62%	6.50%	2.25%
Short Term Debt	-	0.00%	0.00%	0.00%
Common Equity	404,112	65.38%		
	<u>\$ 618,112</u>	<u>100.00%</u>		<u>2.25%</u>
Adjustments:				
Long Term Debt	(31,060)	(3)		
Short Term Debt	-			
Common Equity	(163,557)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 182,940	43.20%	6.50%	2.81%
Short Term Debt	-	0.00%	0.00%	0.00%
Common Equity	240,555	56.80%		
Total	<u>\$ 423,495</u>	<u>100.00%</u>		<u>2.81%</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) This adjusts for the impact of (colder) or warmer than normal weather on Utility Operating Income.

(3) Long Term Debt Adjustments are as follows:

To deduct unamortized debt expense	\$ (3,564)
To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition)	(27,496)
Total	<u>\$ (31,060)</u>

(4) 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>