



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

A UIL Holdings Company

April 15, 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 February 29, 2016 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. 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 FEBRUARY 29, 2016**

**DATED: April 15, 2016**

**CONNECTICUT NATURAL GAS CORPORATION**  
**Statement of Income**  
**Twelve Months Ending February 29, 2016**  
**(UNAUDITED)**

Total Operating Revenue	\$	301,548,013
Operating Expenses		
Purchased Gas Expense		126,611,985
O & M Expenses		84,397,235
Depreciation and Amort Expenses		29,832,329
Taxes Other than Income		21,183,326
Income Taxes		9,405,795
Total Operating Expenses		<u>271,430,670</u>
Total Operating Income (Loss)		30,117,343
Total Other (Income) and Deductions		<u>10,544,005</u>
Total Income (Loss) Before Interest Charges		19,573,337
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		92,521
Other Interest Charges		907,056
Total Interest Charges		<u>9,740,577</u>
Net Income (Loss)		9,832,761
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u><u>9,805,584</u></u>

**CONNECTICUT NATURAL GAS CORPORATION**  
**Rate Base Summary**  
**Twelve Months Ending February 29, 2016**  
**(UNAUDITED)**

LINE NO.	DESCRIPTION	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	797,958,365
2	PLUS WORKING CAPITAL		12,479,153
3	PLUS MATERIALS AND SUPPLIES		20,354,979
4	PLUS PREPAYMENT RESERVES		53,888
5	PLUS DEFERRED DEBITS		35,141,834
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(438,525,355)
7	LESS DEFERRED INCOME TAXES		(1,392,203)
8	LESS RESERVES / REGULATORY LIABILITIES		(12,773,043)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>413,297,618</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	770,033,711
12	PLUS WORKING CAPITAL		13,972,505
13	PLUS MATERIALS AND SUPPLIES		23,737,748
14	PLUS PREPAYMENT RESERVES		50,932
15	PLUS DEFERRED DEBITS		33,782,213
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(426,053,885)
17	LESS DEFERRED INCOME TAXES		(1,097,151)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,521,014)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>401,905,059</u>

**CONNECTICUT NATURAL GAS CORPORATION**  
**Rate of Return on Common Equity**  
**Twelve Months Ending February 29, 2016**  
**(UNAUDITED)**  
**(\$000)**

Utility Operating Income	\$ 30,117	
Tax Rectification Adjustment	896	(1)
Adjusted Utility Operating Income	\$ 31,013	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	31,013	
Average Rate Base	\$ 401,905	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.72%	
Exclude Weighted Cost of Debt	-2.84%	
Common Equity Component	4.88%	
Common Equity Percent of Total Capitalization	55.44%	
Adjusted Return on Common Equity (before weather impact)	8.80%	
Weather-Adjusted Return on Common Equity	8.80%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	8.39%	

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	28.00%	6.34%	1.78%
Short Term Debt	1,825	0.37%	8.18% (5)	0.03%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	357,788	71.56%		
	<u>\$ 499,953</u>	<u>100.00%</u>		<u>1.81%</u>
Adjustments:				
Long Term Debt	(663) (3)			
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 139,337	43.88%	6.34%	2.78%
Short Term Debt	1,825	0.57%	8.18% (5)	0.05%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	176,029	55.44%		
Total	<u>\$ 317,531</u>	<u>100.00%</u>		<u>2.84%</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. 13-08-08.
- (3) Long Term Debt Adjustments are as follows:
- |                                       |                 |
|---------------------------------------|-----------------|
| . To deduct unamortized debt expense. | \$ (663)        |
| Total                                 | <u>\$ (663)</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). | \$ (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 (Bardrola - Sale of CNG to UIL).                          | 90,923              |
| Total  | <u>\$ (181,759)</u> |
- (5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.



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

A UIL Holdings Company

April 15, 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 February 29, 2016 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. 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 FEBRUARY 29, 2016**

**DATED: April 15, 2016**

**THE SOUTHERN CONNECTICUT GAS COMPANY**

**Statement of Income**

**Twelve Months Ending February 29, 2016**

**(UNAUDITED)**

Total Operating Revenue	<u>\$ 316,507,470</u>
Operating Expenses	
Purchased Gas Expense	132,600,096
O & M Expenses	95,303,368
Depreciation and Amort Expenses	22,829,344
Taxes Other than Income	21,995,975
Income Taxes	10,634,363
Total Operating Expenses	<u>283,363,146</u>
Leased Land Income	<u>286,617</u>
Total Operating Income (Loss)	33,430,941
Total Other (Income) and Deductions	<u>5,060,673</u>
Total Income (Loss) Before Interest Charges	28,370,268
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,308
Other Interest Charges	684,633
Total Interest Charges	<u>14,365,041</u>
Net Income (Loss)	<u>\$ 14,005,227</u>



**Southern Connecticut Gas Company  
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Feb-16</u>	<u>Mcf</u> <u>Feb-16</u>	<u>Cost / Unit</u>
<b>Residential</b>				
General (RSG)	RSG	1,361,422	77,923	\$17.47
Heating (RSH)	RSH	24,648,388	2,308,736	10.68
Housing (RMDS)	RMDS	1,152,224	156,893	7.34
<b>Total Firm Residential</b>		<b>27,162,033</b>	<b>2,543,552</b>	<b>\$10.68</b>
<b>Commercial &amp; Industrial</b>				
Small General Service (SGS)	SGSS	3,726,790	339,120	\$10.99
General Service (GS)	MGSS	3,398,193	462,244	7.35
Large General Service (LGS)	LGSS	3,617,492	656,872	5.51
<b>Total Commercial &amp; Industrial</b>		<b>10,742,475</b>	<b>1,458,236</b>	<b>\$7.37</b>
<b>Sub-Total Firm Sales</b>		<b>37,904,509</b>	<b>4,001,787</b>	<b>\$9.47</b>
<b>Firm Transportation</b>				
Housing (RMDS)	RMDT	295,369	104,286	\$2.83
Small General Service (SGS)	SGST	88,315	17,970	4.91
General Service (GS)	MGST	335,134	103,013	3.25
Large General Service (LGS)	LGST	904,992	353,669	2.56
<b>Sub-Total Firm Transportation</b>		<b>1,623,809</b>	<b>578,937</b>	<b>\$2.80</b>
<b>Special Contracts (FTA)</b>	<b>SPC</b>	<b>711,705</b>	<b>-</b>	
<b>Sub-Total Transportation</b>		<b>2,335,514</b>	<b>578,939</b>	<b>\$4.03</b>
<b>Interruptible Service</b>				
Manual Interruptible (IS)	MIS	3,669,437	341,042	\$10.76
Interruptible Transportation (ITS)	ITS	51,748	13,561	\$3.82
Natural Gas Vehicles (NGV)	NGV	959	83	11.54
<b>Sub-Total Interruptible</b>		<b>3,722,145</b>	<b>354,686</b>	<b>\$10.49</b>
<b>Off System Sales</b>	<b>OFFSYS</b>	<b>1,060,398</b>	<b>-</b>	
<b>Total Operating Revenues</b>		<b>45,022,566</b>	<b>4,935,413</b>	<b>\$9.12</b>

**The Southern Connecticut Gas Company  
Rate Base Summary  
Twelve Months Ended February 29, 2016  
(UNAUDITED)**

LINE NO.	DESCRIPTION	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	812,111,802
2	PLUS WORKING CAPITAL		27,977,117
3	PLUS MATERIALS AND SUPPLIES		17,610,175
4	PLUS PREPAYMENT RESERVES		6,673
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		5,615,225
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(301,099,392)
7	LESS DEFERRED INCOME TAXES		(47,125,894)
8	LESS RESERVES / REGULATORY LIABILITIES		(9,610,766)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>505,484,939</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	773,387,154
12	PLUS WORKING CAPITAL		30,162,384
13	PLUS MATERIALS AND SUPPLIES		21,384,365
14	PLUS PREPAYMENT RESERVES		66,231
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		7,865,480
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(292,623,524)
17	LESS DEFERRED INCOME TAXES		(46,676,699)
18	LESS RESERVES / REGULATORY LIABILITIES		(10,206,130)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>483,359,262</u>

**The Southern Connecticut Gas Company**  
**Rate of Return on Common Equity**  
**Twelve Months Ended February 29, 2016**  
**(UNAUDITED)**  
**(\$000)**

Utility Operating Income	\$ 33,431	
Tax Rectification Adjustment	(334)	(1)
Adjusted Utility Operating Income	\$ 33,097	
Weather Impact on Utility Operating Income	3,806	(2)
Weather-Adjusted Utility Operating Income	36,903	
Average Rate Base	\$ 483,359	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.85%	
Exclude Weighted Cost of Debt	-2.77%	
Common Equity Component	4.08%	
Common Equity Percent of Total Capitalization	54.77%	
Adjusted Return on Common Equity (before weather impact)	7.45%	
Weather-Adjusted Return on Common Equity	8.89%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.58%	

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	33.85%	6.50%	2.20%
Short Term Debt	14,970	2.37%	1.44% (5)	0.03%
Common Equity	403,285	63.79%		
	<u>\$ 632,255</u>	<u>100.00%</u>		<u>2.23%</u>
Adjustments:				
Long Term Debt	(31,021)	(3)		
Short Term Debt	-			
Common Equity	(163,557)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 182,979	41.81%	6.50%	2.72%
Short Term Debt	14,970	3.42%	1.44% (5)	0.05%
Common Equity	239,729	54.77%		
Total	<u>\$ 437,678</u>	<u>100.00%</u>		<u>2.77%</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.	\$ (3,509)
To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(27,512)
Total	<u>\$ (31,021)</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>

(5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.