



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

A UIL Holdings Company

April 1, 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 January 31, 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 JANUARY 31, 2016

DATED: April 1, 2016

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending January 31, 2016
(UNAUDITED)

| | | |
|---|----|-------------------------|
| Total Operating Revenue | \$ | 309,803,185 |
| Operating Expenses | | |
| Purchased Gas Expense | | 134,977,984 |
| O & M Expenses | | 84,820,120 |
| Depreciation and Amort Expenses | | 29,655,696 |
| Taxes Other than Income | | 21,310,332 |
| Income Taxes | | 9,414,747 |
| Total Operating Expenses | | <u>280,178,879</u> |
| Total Operating Income (Loss) | | 29,624,307 |
| Total Other (Income) and Deductions | | <u>10,570,827</u> |
| Total Income (Loss) Before Interest Charges | | 19,053,480 |
| Interest Charges: | | |
| Interest on Long-Term Debt | | 8,741,000 |
| Amortization of Debt Discount and Exp. | | 92,521 |
| Other Interest Charges | | 898,836 |
| Total Interest Charges | | <u>9,732,357</u> |
| Net Income (Loss) | | 9,321,123 |
| Preferred Stock Dividends | | <u>27,177</u> |
| BALANCE FOR COMMON STOCK | \$ | <u><u>9,293,947</u></u> |

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
Twelve Months Ending January 31, 2016
(UNAUDITED)

| LINE NO. | DESCRIPTION | <u>END OF PERIOD RATE BASE</u> | |
|-------------|---|--------------------------------|---------------------|
| 1 | UTILITY PLANT IN SERVICE | \$ | 795,186,987 |
| 2 | PLUS WORKING CAPITAL | | 12,820,782 |
| 3 | PLUS MATERIALS AND SUPPLIES | | 24,884,218 |
| 4 | PLUS PREPAYMENT RESERVES | | 54,434 |
| 5 | PLUS DEFERRED DEBITS | | 36,337,866 |
| 6 | LESS ACCUMULATED RESERVE FOR DEPRECIATION | | (436,056,425) |
| 7 | LESS DEFERRED INCOME TAXES | | (811,455) |
| 8 | LESS RESERVES / REGULATORY LIABILITIES | | <u>(12,786,273)</u> |
| 9 | | | |
| 10 | TOTAL END OF PERIOD RATE BASE | \$ | <u>419,630,136</u> |

| | | <u>TOTAL AVERAGE RATE BASE</u> | |
|----|---|--------------------------------|---------------------|
| 11 | UTILITY PLANT IN SERVICE | \$ | 765,431,287 |
| 12 | PLUS WORKING CAPITAL | | 14,181,320 |
| 13 | PLUS MATERIALS AND SUPPLIES | | 24,584,954 |
| 14 | PLUS PREPAYMENT RESERVES | | 50,857 |
| 15 | PLUS DEFERRED DEBITS | | 33,707,560 |
| 16 | LESS ACCUMULATED RESERVE FOR DEPRECIATION | | (423,994,692) |
| 17 | LESS DEFERRED INCOME TAXES | | (1,088,909) |
| 18 | LESS RESERVES / REGULATORY LIABILITIES | | <u>(12,495,593)</u> |
| 19 | | | |
| 20 | TOTAL AVERAGE RATE BASE | \$ | <u>400,376,784</u> |

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ending January 31, 2016
(UNAUDITED)
(\$000)

| | | |
|---|------------|-----|
| Utility Operating Income | \$ 29,824 | |
| Tax Rectification Adjustment | 829 | (1) |
| Adjusted Utility Operating Income | \$ 30,453 | |
| Weather Impact on Utility Operating Income | - | (2) |
| Weather-Adjusted Utility Operating Income | 30,453 | |
| Average Rate Base | \$ 400,377 | |
| Rate of Return on Rate Base (Adjusted UOI before weather impact) | 7.61% | |
| Exclude Weighted Cost of Debt | -2.81% | |
| Common Equity Component | 4.80% | |
| Common Equity Percent of Total Capitalization | 55.77% | |
| Adjusted Return on Common Equity (before weather impact) | 8.61% | |
| Weather-Adjusted Return on Common Equity | 8.61% | |
| Unadjusted Return on Common Equity (before tax rectification and impact of weather) | 8.23% | |

| 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 | 357,904 | 71.83% | | |
| | <u>\$ 498,243</u> | <u>100.00%</u> | | <u>1.79%</u> |
| Adjustments: | | | | |
| Long Term Debt | (671) | (3) | | |
| Short Term Debt | - | | | |
| Preferred Stock | - | | | |
| Common Equity | (181,759) | (4) | | |
| Adjusted Capital Structure: | | | | |
| Long Term Debt | \$ 139,329 | 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 | 176,145 | 55.77% | | |
| Total | <u>\$ 315,814</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. 13-08-08.
- (3) Long Term Debt Adjustments are as follows:
- | | |
|-------------------------------------|-----------------|
| To deduct unamortized debt expense. | \$ (671) |
| Total | <u>\$ (671)</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. | (85,317) |
| 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

April 1, 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 January 31, 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 JANUARY 31, 2016

DATED: April 1, 2016

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending January 31, 2016
(UNAUDITED)

| | |
|---|-----------------------|
| Total Operating Revenue | <u>\$ 319,358,204</u> |
| Operating Expenses | |
| Purchased Gas Expense | 134,248,102 |
| O & M Expenses | 94,582,537 |
| Depreciation and Amort Expenses | 22,603,301 |
| Taxes Other than Income | 22,260,304 |
| Income Taxes | 11,418,707 |
| Total Operating Expenses | <u>285,112,950</u> |
| Leased Land Income | <u>286,132</u> |
| Total Operating Income (Loss) | 34,531,386 |
| Total Other (Income) and Deductions | <u>5,044,935</u> |
| Total Income (Loss) Before Interest Charges | 29,486,451 |
| Interest Charges: | |
| Interest on Long-Term Debt | 13,374,100 |
| Amortization of Debt Discount and Exp. | 306,231 |
| Other Interest Charges | 668,628 |
| Total Interest Charges | <u>14,348,960</u> |
| Net Income (Loss) | <u>\$ 15,137,491</u> |

Southern Connecticut Gas Company Summary by Tariff

| | <u>KEY</u> | <u>Revenue</u> <u>Jan-16</u> | <u>Mcf</u> <u>Jan-16</u> | <u>Cost / Unit</u> |
|--|---------------|---------------------------------|-----------------------------|--------------------|
| Residential | | | | |
| General (RSG) | RSG | 1,131,021 | 61,807 | \$18.30 |
| Heating (RSH) | RSH | 21,126,256 | 1,948,507 | 10.84 |
| Housing (RMDS) | RMDS | 971,848 | 133,602 | 7.27 |
| Total Firm Residential | | 23,229,125 | 2,143,917 | \$10.83 |
| Commercial & Industrial | | | | |
| Small General Service (SGS) | SGSS | 2,969,360 | 253,420 | \$11.72 |
| General Service (GS) | MGSS | 2,851,594 | 376,636 | 7.57 |
| Large General Service (LGS) | LGSS | 3,026,762 | 545,952 | 5.54 |
| Total Commercial & Industrial | | 8,847,716 | 1,176,008 | \$7.52 |
| Sub-Total Firm Sales | | 32,076,841 | 3,319,925 | \$9.66 |
| Firm Transportation | | | | |
| Housing (RMDS) | RMDT | 228,924 | 76,124 | \$3.01 |
| Small General Service (SGS) | SGST | 74,539 | 13,049 | 5.71 |
| General Service (GS) | MGST | 320,219 | 92,987 | 3.44 |
| Large General Service (LGS) | LGST | 849,175 | 338,980 | 2.51 |
| Sub-Total Firm Transportation | | 1,472,857 | 521,141 | \$2.83 |
| Special Contracts (FTA) | SPC | 711,692 | - | - |
| Sub-Total Transportation | | 2,184,548 | 521,141 | \$4.19 |
| Interruptible Service | | | | |
| Manual Interruptible (IS) | MIS | 4,496,602 | 407,356 | \$11.04 |
| Natural Gas Vehicles (NGV) | NGV | 953 | 75 | 12.76 |
| Sub-Total Interruptible | | 4,497,555 | 407,431 | \$11.04 |
| Off System Sales | OFFSYS | 1,395,248 | - | |
| Total Operating Revenues | | 40,154,192 | 4,248,497 | \$9.45 |

**The Southern Connecticut Gas Company
Rate Base Summary
Twelve Months Ended January 31, 2016
(UNAUDITED)**

| LINE NO. | <u>DESCRIPTION</u> | <u>END OF PERIOD RATE BASE</u> | |
|-------------|---|--------------------------------|--------------------|
| 1 | UTILITY PLANT IN SERVICE | \$ | 808,228,118 |
| 2 | PLUS WORKING CAPITAL | | 28,229,102 |
| 3 | PLUS MATERIALS AND SUPPLIES | | 21,254,621 |
| 4 | PLUS PREPAYMENT RESERVES | | 7,627 |
| 5 | PLUS DEFERRED DEBITS / REGULATORY ASSETS | | 7,979,580 |
| 6 | LESS ACCUMULATED RESERVE FOR DEPRECIATION | | (299,199,063) |
| 7 | LESS DEFERRED INCOME TAXES | | (42,460,158) |
| 8 | LESS RESERVES / REGULATORY LIABILITIES | | (9,563,509) |
| 9 | | | |
| 10 | TOTAL END OF PERIOD RATE BASE | <u>\$</u> | <u>514,476,318</u> |

| | | <u>TOTAL AVERAGE RATE BASE</u> | |
|----|---|--------------------------------|--------------------|
| 11 | UTILITY PLANT IN SERVICE | \$ | 767,640,595 |
| 12 | PLUS WORKING CAPITAL | | 30,539,653 |
| 13 | PLUS MATERIALS AND SUPPLIES | | 22,152,373 |
| 14 | PLUS PREPAYMENT RESERVES | | 78,280 |
| 15 | PLUS DEFERRED DEBITS / REGULATORY ASSETS | | 8,478,017 |
| 16 | LESS ACCUMULATED RESERVE FOR DEPRECIATION | | (291,300,604) |
| 17 | LESS DEFERRED INCOME TAXES | | (45,409,990) |
| 18 | LESS RESERVES / REGULATORY LIABILITIES | | (10,338,595) |
| 19 | | | |
| 20 | TOTAL AVERAGE RATE BASE | <u>\$</u> | <u>481,839,729</u> |

The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended January 31, 2016
(UNAUDITED)
(\$000)

| | | |
|---|------------|-----|
| Utility Operating Income | \$ 34,531 | |
| Tax Rectification Adjustment | (253) | (1) |
| Adjusted Utility Operating Income | \$ 34,278 | |
| Weather Impact on Utility Operating Income | 1,274 | (2) |
| Weather-Adjusted Utility Operating Income | 35,552 | |
| Average Rate Base | \$ 481,840 | |
| Rate of Return on Rate Base (Adjusted UOI before weather impact) | 7.11% | |
| Exclude Weighted Cost of Debt | -2.81% | |
| Common Equity Component | 4.30% | |
| Common Equity Percent of Total Capitalization | 56.76% | |
| Adjusted Return on Common Equity (before weather impact) | 7.57% | |
| Weather-Adjusted Return on Common Equity | 8.05% | |
| Unadjusted Return on Common Equity (before tax rectification and impact of weather) | 7.67% | |

| 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 | 34.64% | 6.50% | 2.25% |
| Short Term Debt | - | 0.00% | 0.00% | 0.00% |
| Common Equity | 403,761 | 65.36% | | |
| | <u>\$ 617,761</u> | <u>100.00%</u> | | <u>2.25%</u> |
| Adjustments: | | | | |
| Long Term Debt | (31,043) | (3) | | |
| Short Term Debt | - | | | |
| Common Equity | (163,557) | (4) | | |
| Adjusted Capital Structure: | | | | |
| Long Term Debt | \$ 182,957 | 43.24% | 6.50% | 2.81% |
| Short Term Debt | - | 0.00% | 0.00% | 0.00% |
| Common Equity | 240,204 | 56.76% | | |
| Total | <u>\$ 423,161</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. | \$ (3,537) |
| To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition). | (27,507) |
| Total | <u>\$ (31,043)</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> |