



December 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 October 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 OCTOBER 31, 2016**

**DATED: December 15, 2016**

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

Total Operating Revenue	<u>\$ 322,515,978</u>
Operating Expenses	
Purchased Gas Expense	141,967,948
O & M Expenses	92,946,635
Depreciation and Amort Expenses	24,395,929
Taxes Other than Income	22,762,241
Income Taxes	8,761,603
Total Operating Expenses	<u>290,834,356</u>
Leased Land Income	<u>290,534</u>
Total Operating Income (Loss)	31,972,155
Total Other (Income) and Deductions	<u>6,058,917</u>
Total Income (Loss) Before Interest Charges	25,913,238
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,939
Other Interest Charges	1,070,510
Total Interest Charges	<u>14,751,549</u>
Net Income (Loss)	<u><u>\$ 11,161,689</u></u>

**Southern Connecticut Gas Company  
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Oct-16</u>	<u>Mcf</u> <u>Oct-16</u>	<u>Cost / Unit</u>
<b>Residential</b>				
General (RSG)	RSG	642,809	22,353	\$28.76
Heating (RSH)	RSH	7,093,841	352,448	20.13
Housing (RMDS)	RMDS	360,970	32,442	11.13
<b>Total Firm Residential</b>		<b>8,097,620</b>	<b>407,243</b>	<b>\$19.88</b>
<b>Commercial &amp; Industrial</b>				
Small General Service (SGS)	SGSS	1,163,321	38,648	\$30.10
General Service (GS)	MGSS	1,464,028	101,156	14.47
Large General Service (LGS)	LGSS	2,440,979	360,283	6.78
<b>Total Commercial &amp; Industrial</b>		<b>5,068,329</b>	<b>500,086</b>	<b>\$10.13</b>
<b>Sub-Total Firm Sales</b>		<b>13,165,949</b>	<b>907,329</b>	<b>\$14.51</b>
<b>Firm Transportation</b>				
Housing (RMDS)	RMDT	95,627	20,171	\$4.74
Small General Service (SGS)	SGST	36,742	2,427	15.14
General Service (GS)	MGST	192,710	23,223	8.30
Large General Service (LGS)	LGST	560,791	130,881	4.28
<b>Sub-Total Firm Transportation</b>		<b>885,870</b>	<b>176,703</b>	<b>\$5.01</b>
<b>Special Contracts (FTA)</b>	<b>SPC</b>	<b>1,153,110</b>	<b>107,347</b>	<b>\$10.74</b>
<b>Sub-Total Transportation</b>		<b>2,038,980</b>	<b>284,050</b>	<b>\$7.18</b>
<b>Interruptible Service</b>				
Manual Interruptible (IS)	MIS	998,600	234,550	\$4.26
Interruptible Transportation (ITS)	ITS	3,159	815	3.88
Natural Gas Vehicles (NGV)	NGV	376	28	13.32
<b>Sub-Total Interruptible</b>		<b>1,002,135</b>	<b>235,393</b>	<b>\$4.26</b>
<b>Off System Sales</b>	<b>OFFSYS</b>	<b>939,029</b>	<b>-</b>	
<b>Total Operating Revenues</b>		<b>17,146,092</b>	<b>1,426,772</b>	<b>\$12.02</b>

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	848,543,010
2	PLUS WORKING CAPITAL		28,508,228
3	PLUS MATERIALS AND SUPPLIES		23,044,047
4	PLUS PREPAYMENT RESERVES		(0)
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		1,744,757
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(313,430,676)
7	LESS DEFERRED INCOME TAXES		(60,391,156)
8	LESS RESERVES / REGULATORY LIABILITIES		(10,968,421)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>517,049,789</u>
<u>TOTAL AVERAGE RATE BASE</u>			
11	UTILITY PLANT IN SERVICE	\$	820,873,845
12	PLUS WORKING CAPITAL		28,225,578
13	PLUS MATERIALS AND SUPPLIES		21,105,231
14	PLUS PREPAYMENT RESERVES		6,049
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		4,069,038
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(304,213,697)
17	LESS DEFERRED INCOME TAXES		(54,738,124)
18	LESS RESERVES / REGULATORY LIABILITIES		(9,850,003)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>505,477,917</u>

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

Utility Operating Income	\$ 31,972	
Tax Rectification Adjustment	(344)	(1)
Adjusted Utility Operating Income	\$ 31,628	
Weather Impact on Utility Operating Income	4,714	(2)
Weather-Adjusted Utility Operating Income	36,342	
Average Rate Base	\$ 505,478	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.26%	
Exclude Weighted Cost of Debt	-2.74%	
Common Equity Component	3.52%	
Common Equity Percent of Total Capitalization	54.34%	
Adjusted Return on Common Equity (before weather impact)	6.49%	
Weather-Adjusted Return on Common Equity	8.20%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	6.61%	

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	33.60%	6.49%	2.18%
Short Term Debt	18,969.4	2.98%	1.14% (5)	0.03%
Common Equity	403,973	63.42%		
	<u>\$ 636,942</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(30,984) (3)			
Short Term Debt	-			
Common Equity	(163,557) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 183,016	41.37%	6.49%	2.69%
Short Term Debt	18,969	4.29%	1.14% (5)	0.05%
Common Equity	240,416	54.34%		
Total	<u>\$ 442,401</u>	<u>100.00%</u>		<u>2.74%</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.	\$ (3,328)
	To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(27,656)
	Total	<u>\$ (30,984)</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.	



December 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 October 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 OCTOBER 31, 2016**

**DATED: December 15, 2016**



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

Total Operating Revenue	\$	307,183,101
Operating Expenses		
Purchased Gas Expense		127,480,855
O & M Expenses		83,781,782
Depreciation and Amort Expenses		31,279,805
Taxes Other than Income		21,866,143
Income Taxes		10,718,341
Total Operating Expenses		<u>275,126,926</u>
Total Operating Income (Loss)		32,056,175
Total Other (Income) and Deductions		<u>10,730,119</u>
Total Income (Loss) Before Interest Charges		21,326,057
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		119,363
Other Interest Charges		911,653
Total Interest Charges		<u>9,772,016</u>
Net Income (Loss)		11,554,040
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u><u>11,526,864</u></u>

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	846,056,335
2	PLUS WORKING CAPITAL		12,712,353
3	PLUS MATERIALS AND SUPPLIES		27,264,614
4	PLUS PREPAYMENT RESERVES		50,519
5	PLUS DEFERRED DEBITS		32,967,469
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(455,099,161)
7	LESS DEFERRED INCOME TAXES		(7,852,729)
8	LESS RESERVES / REGULATORY LIABILITIES		(13,206,057)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>442,893,344</u>
 <u>TOTAL AVERAGE RATE BASE</u>			
11	UTILITY PLANT IN SERVICE	\$	811,461,936
12	PLUS WORKING CAPITAL		12,830,822
13	PLUS MATERIALS AND SUPPLIES		24,727,118
14	PLUS PREPAYMENT RESERVES		51,386
15	PLUS DEFERRED DEBITS		34,616,690
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(442,807,243)
17	LESS DEFERRED INCOME TAXES		(3,736,085)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,533,691)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>424,610,933</u>

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

Utility Operating Income	\$ 32,056	
Tax Rectification Adjustment	1,002	(1)
Adjusted Utility Operating Income	\$ 33,058	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	33,058	
Average Rate Base	\$ 424,611	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.79%	
Exclude Weighted Cost of Debt	-2.81%	
Common Equity Component	4.98%	
Common Equity Percent of Total Capitalization	55.75%	
Adjusted Return on Common Equity (before weather impact)	8.93%	
Weather-Adjusted Return on Common Equity	8.93%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	8.50%	

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	27.85%	6.35%	1.77%
Short Term Debt	1,987	0.40%	5.64%	0.02%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	360,280	71.68%		
	\$ 502,606	100.00%		1.80%
Adjustments:				
Long Term Debt	(637)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 139,363	43.52%	6.35%	2.76%
Short Term Debt	1,987	0.62%	5.64%	(5) 0.04%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	178,522	55.75%		
Total	\$ 320,211	100.00%		2.81%

- 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. | \$ (637) |
| Total                               | \$ (637) |
- (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 (Iberdrola - Sale of CNG to UIL).                         | 80,923       |
| Total  | \$ (181,759) |
- (5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.