



August 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 June 30, 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 JUNE 30, 2016

DATED: August 15, 2016

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending June 30, 2016
(UNAUDITED)

Total Operating Revenue	\$	299,984,921
Operating Expenses		
Purchased Gas Expense		121,059,054
O & M Expenses		84,269,905
Depreciation and Amort Expenses		30,552,958
Taxes Other than Income		21,325,811
Income Taxes		10,412,556
Total Operating Expenses		<u>267,620,284</u>
Total Operating Income (Loss)		32,364,636
Total Other (Income) and Deductions		<u>10,562,593</u>
Total Income (Loss) Before Interest Charges		21,802,043
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		92,521
Other Interest Charges		896,193
Total Interest Charges		<u>9,729,714</u>
Net Income (Loss)		12,072,330
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u><u>12,045,153</u></u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
Twelve Months Ending June 30, 2016
(UNAUDITED)

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	824,530,544
2	PLUS WORKING CAPITAL		12,414,466
3	PLUS MATERIALS AND SUPPLIES		22,568,558
4	PLUS PREPAYMENT RESERVES		48,182
5	PLUS DEFERRED DEBITS		35,263,788
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(447,445,043)
7	LESS DEFERRED INCOME TAXES		(6,120,111)
8	LESS RESERVES / REGULATORY LIABILITIES		(12,154,582)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>429,105,801</u>
<u>TOTAL AVERAGE RATE BASE</u>			
11	UTILITY PLANT IN SERVICE	\$	790,043,599
12	PLUS WORKING CAPITAL		13,255,610
13	PLUS MATERIALS AND SUPPLIES		24,663,930
14	PLUS PREPAYMENT RESERVES		51,080
15	PLUS DEFERRED DEBITS		34,678,538
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(434,455,126)
17	LESS DEFERRED INCOME TAXES		(2,343,736)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,489,444)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>413,404,450</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ending June 30, 2016
(UNAUDITED)
(\$000)

Utility Operating Income	\$ 32,365	
Tax Rectification Adjustment	938	(1)
Adjusted Utility Operating Income	\$ 33,303	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	33,303	
Average Rate Base	\$ 413,404	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	8.06%	
Exclude Weighted Cost of Debt	-2.82%	
Common Equity Component	5.24%	
Common Equity Percent of Total Capitalization	55.58%	
Adjusted Return on Common Equity (before weather impact)	9.43%	
Weather-Adjusted Return on Common Equity	9.43%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	9.01%	

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	27.93%	6.34%	1.77%
Short Term Debt	1,934	0.39%	7.23%	0.03%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	358,963	71.62%		
	\$ 501,237	100.00%		1.80%
Adjustments:				
Long Term Debt	(632)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 139,368	43.71%	6.34%	2.77%
Short Term Debt	1,934	0.61%	7.23%	(5) 0.04%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	177,204	55.58%		
Total	\$ 318,846	100.00%		2.82%

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.	\$ (632)
Total	\$ (632)

(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).	7,612
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).	90,923
Total	\$ (181,759)

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



August 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 June 30, 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 JUNE 30, 2016

DATED: August 15, 2016

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending JUNE 30, 2016
(UNAUDITED)

Total Operating Revenue	<u>\$ 310,891,989</u>
Operating Expenses	
Purchased Gas Expense	129,979,199
O & M Expenses	91,802,517
Depreciation and Amort Expenses	23,755,793
Taxes Other than Income	21,947,868
Income Taxes	10,507,652
Total Operating Expenses	<u>277,993,029</u>
Leased Land Income	<u>288,557</u>
Total Operating Income (Loss)	33,187,517
Total Other (Income) and Deductions	<u>4,954,642</u>
Total Income (Loss) Before Interest Charges	28,232,875
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,621
Other Interest Charges	663,552
Total Interest Charges	<u>14,344,274</u>
Net Income (Loss)	<u><u>\$ 13,888,601</u></u>

Southern Connecticut Gas Company Summary by Tariff

	<u>KEY</u>	<u>Revenue</u> <u>Jun-16</u>	<u>Mcf</u> <u>Jun-16</u>	<u>Cost / Unit</u>
Residential				
General (RSG)	RSG	682,718	25,078	\$27.22
Heating (RSH)	RSH	7,634,850	402,413	18.97
Housing (RMDS)	RMDS	353,446	33,252	10.63
Total Firm Residential		8,671,014	460,743	\$18.82
Commercial & Industrial				
Small General Service (SGS)	SGSS	1,214,257	41,773	\$29.07
General Service (GS)	MGSS	1,519,676	111,928	13.58
Large General Service (LGS)	LGSS	2,402,453	318,811	7.54
Total Commercial & Industrial		5,136,386	472,513	\$10.87
Sub-Total Firm Sales		13,807,400	933,256	\$14.79
Firm Transportation				
Housing (RMDS)	RMDT	99,283	22,439	\$4.42
Small General Service (SGS)	SGST	39,119	2,775	14.10
General Service (GS)	MGST	186,226	21,093	8.83
Large General Service (LGS)	LGST	566,978	135,566	4.18
Sub-Total Firm Transportation		891,606	181,872	\$4.90
Special Contracts (FTA)	SPC	958,110	83,745	\$11.44
Sub-Total Transportation		1,849,717	265,618	\$6.96
Interruptible Service				
Manual Interruptible (IS)	MIS	847,792	288,947	\$2.93
Interruptible Transportation (ITS)	ITS	906	169	5.36
Natural Gas Vehicles (NGV)	NGV	365	28	13.14
Sub-Total Interruptible		849,064	289,144	\$2.94
Off System Sales	OFFSYS	474,804	-	
Total Operating Revenues		16,980,984	1,488,017	\$11.41

The Southern Connecticut Gas Company
Rate Base Summary
Twelve Months Ended JUNE 30, 2016
(UNAUDITED)

LINE NO.	<u>DESCRIPTION</u>		<u>END OF PERIOD RATE BASE</u>
1	UTILITY PLANT IN SERVICE	\$	832,136,401
2	PLUS WORKING CAPITAL		27,480,746
3	PLUS MATERIALS AND SUPPLIES		18,790,075
4	PLUS PREPAYMENT RESERVES		2,860
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(307,724,189)
7	LESS DEFERRED INCOME TAXES		(57,520,004)
8	LESS RESERVES / REGULATORY LIABILITIES		-
9			<hr/>
10	TOTAL END OF PERIOD RATE BASE	\$	<u><u>513,165,889</u></u>
			<u>TOTAL AVERAGE RATE BASE</u>
11	UTILITY PLANT IN SERVICE	\$	797,808,937
12	PLUS WORKING CAPITAL		28,866,300
13	PLUS MATERIALS AND SUPPLIES		21,632,987
14	PLUS PREPAYMENT RESERVES		27,940
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		6,417,970
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(298,019,905)
17	LESS DEFERRED INCOME TAXES		(51,022,811)
18	LESS RESERVES / REGULATORY LIABILITIES		(9,208,625)
19			<hr/>
20	TOTAL AVERAGE RATE BASE	\$	<u><u>496,502,795</u></u>

The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended JUNE 30, 2016
(UNAUDITED)
(\$000)

Utility Operating Income	\$	33,188	
Tax Rectification Adjustment		(266)	(1)
Adjusted Utility Operating Income	\$	32,922	
Weather Impact on Utility Operating Income		4,727	(2)
Weather-Adjusted Utility Operating Income		37,649	
Average Rate Base	\$	496,503	
Rate of Return on Rate Base (Adjusted UOI before weather impact)		6.63%	
Exclude Weighted Cost of Debt		-2.74%	
Common Equity Component		3.89%	
Common Equity Percent of Total Capitalization		54.31%	
Adjusted Return on Common Equity (before weather impact)		7.15%	
Weather-Adjusted Return on Common Equity		8.91%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)		7.25%	

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	33.64%	6.50%	2.19%
Short Term Debt	18,757	2.95%	1.22% (5)	0.04%
Common Equity	403,342	63.41%		
	<u>\$ 636,099</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(31,012)	(3)		
Short Term Debt	-			
Common Equity	(163,557)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 182,988	41.44%	6.50%	2.69%
Short Term Debt	18,757	4.25%	1.22% (5)	0.05%
Common Equity	239,785	54.31%		
Total	<u>\$ 441,530</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.	\$	(3,430)
To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).		(27,582)
Total	\$	(31,012)

(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	\$	(163,557)

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