



September 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 July 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 JULY 31, 2016**

**DATED: September 15, 2016**

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

Total Operating Revenue	<u>\$ 315,844,972</u>
Operating Expenses	
Purchased Gas Expense	134,647,580
O & M Expenses	91,263,977
Depreciation and Amort Expenses	23,913,112
Taxes Other than Income	22,212,392
Income Taxes	<u>10,398,988</u>
Total Operating Expenses	282,436,048
Leased Land Income	<u>289,042</u>
Total Operating Income (Loss)	33,697,966
Total Other (Income) and Deductions	<u>5,209,270</u>
Total Income (Loss) Before Interest Charges	28,488,697
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,700
Other Interest Charges	914,947
Total Interest Charges	<u>14,595,748</u>
Net Income (Loss)	<u><u>\$ 13,892,949</u></u>

**Southern Connecticut Gas Company  
Summary by Tariff**

		<u>Revenue</u>	<u>Mcf</u>	<u>Cost / Unit</u>
	<u>KEY</u>	<u>Jul-16</u>	<u>Jul-16</u>	
<b>Residential</b>				
General (RSG)	RSG	647,129	21,889	\$29.56
Heating (RSH)	RSH	6,435,561	293,044	21.96
Housing (RMDS)	RMDS	288,886	23,668	12.21
<b>Total Firm Residential</b>		<b>7,371,576</b>	<b>338,601</b>	<b>\$21.77</b>
<b>Commercial &amp; Industrial</b>				
Small General Service (SGS)	SGSS	1,121,827	33,222	\$33.77
General Service (GS)	MGSS	1,400,728	88,112	15.90
Large General Service (LGS)	LGSS	2,490,248	330,677	7.53
<b>Total Commercial &amp; Industrial</b>		<b>5,012,803</b>	<b>452,011</b>	<b>\$11.09</b>
<b>Sub-Total Firm Sales</b>				
		<b>12,384,379</b>	<b>790,612</b>	<b>\$15.66</b>
<b>Firm Transportation</b>				
Housing (RMDS)	RMDT	88,072	18,269	\$4.82
Small General Service (SGS)	SGST	34,849	1,981	17.59
General Service (GS)	MGST	185,660	19,488	9.53
Large General Service (LGS)	LGST	565,852	137,839	4.11
<b>Sub-Total Firm Transportation</b>		<b>874,433</b>	<b>177,577</b>	<b>\$4.92</b>
<b>Special Contracts (FTA)</b>	<b>SPC</b>	<b>1,073,708</b>	<b>89,151</b>	<b>\$12.04</b>
<b>Sub-Total Transportation</b>		<b>1,948,141</b>	<b>266,728</b>	<b>\$7.30</b>
<b>Interruptible Service</b>				
Manual Interruptible (IS)	MIS	2,143,119	515,181	\$4.16
Interruptible Transportation (ITS)	ITS	171	4	42.75
Natural Gas Vehicles (NGV)	NGV	338	26	13.00
<b>Sub-Total Interruptible</b>		<b>2,143,628</b>	<b>515,211</b>	<b>\$4.16</b>
<b>Off System Sales</b>	<b>OFFSYS</b>	<b>2,938,753</b>	<b>-</b>	
<b>Total Operating Revenues</b>		<b>19,414,900</b>	<b>1,572,551</b>	<b>\$12.35</b>

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

LINE NO.	<u>DESCRIPTION</u>		<u>END OF PERIOD RATE BASE</u>
1	UTILITY PLANT IN SERVICE	\$	835,941,955
2	PLUS WORKING CAPITAL		27,918,556
3	PLUS MATERIALS AND SUPPLIES		20,419,626
4	PLUS PREPAYMENT RESERVES		1,907
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		370,426
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(309,146,512)
7	LESS DEFERRED INCOME TAXES		(58,811,571)
8	LESS RESERVES / REGULATORY LIABILITIES		(9,427,685)
9			<hr/>
10	TOTAL END OF PERIOD RATE BASE	\$	<u>507,266,702</u>
			<hr/>
			<u>TOTAL AVERAGE RATE BASE</u>
11	UTILITY PLANT IN SERVICE	\$	803,544,580
12	PLUS WORKING CAPITAL		28,662,300
13	PLUS MATERIALS AND SUPPLIES		21,620,645
14	PLUS PREPAYMENT RESERVES		21,046
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		5,467,670
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(299,384,045)
17	LESS DEFERRED INCOME TAXES		(52,209,995)
18	LESS RESERVES / REGULATORY LIABILITIES		(9,837,702)
19			<hr/>
20	TOTAL AVERAGE RATE BASE	\$	<u>497,884,499</u>
			<hr/>

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

Utility Operating Income	\$ 33,698	
Tax Rectification Adjustment	(364)	(1)
Adjusted Utility Operating Income	\$ 33,334	
Weather Impact on Utility Operating Income	4,727	(2)
Weather-Adjusted Utility Operating Income	38,061	
Average Rate Base	\$ 497,884	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.70%	
Exclude Weighted Cost of Debt	-2.74%	
Common Equity Component	3.96%	
Common Equity Percent of Total Capitalization	54.32%	
Adjusted Return on Common Equity (before weather impact)	7.29%	
Weather-Adjusted Return on Common Equity	9.03%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.41%	

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	33.63%	6.50%	2.19%
Short Term Debt	18,795	2.95%	1.18% (5)	0.03%
Common Equity	403,497	63.41%		
	\$ 636,291	100.00%		2.22%
Adjustments:				
Long Term Debt	(31,005) (3)			
Short Term Debt	-			
Common Equity	(163,557) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 182,995	41.43%	6.50%	2.69%
Short Term Debt	18,795	4.25%	1.18% (5)	0.05%
Common Equity	239,940	54.32%		
Total	\$ 441,730	100.00%		2.74%

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.	\$ (3,405)
To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(27,600)
Total	\$ (31,005)

(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.



September 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 July 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

157 Church Street, P. O. Box 1564, New Haven, CT 06506-0901  
[www.cngcorp.com](http://www.cngcorp.com)

An equal opportunity employer



**CONNECTICUT NATURAL GAS CORPORATION**

**REPORT TO THE CONNECTICUT**

**PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)**

**FOR THE MONTH ENDED JULY 31, 2016**

**DATED: September 15, 2016**



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

Total Operating Revenue	\$	304,097,387
Operating Expenses		
Purchased Gas Expense		125,988,274
O & M Expenses		82,886,080
Depreciation and Amort Expenses		30,732,901
Taxes Other than Income		21,423,203
Income Taxes		10,566,661
Total Operating Expenses		<u>271,597,120</u>
Total Operating Income (Loss)		32,500,267
Total Other (Income) and Deductions		<u>10,586,491</u>
Total Income (Loss) Before Interest Charges		21,913,776
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		92,521
Other Interest Charges		917,346
Total Interest Charges		<u>9,750,867</u>
Net Income (Loss)		12,162,909
Preferred Stock Dividends		<u>20,382</u>
BALANCE FOR COMMON STOCK	\$	<u><u>12,142,527</u></u>

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	828,567,781
2	PLUS WORKING CAPITAL		12,584,655
3	PLUS MATERIALS AND SUPPLIES		24,212,058
4	PLUS PREPAYMENT RESERVES		53,683
5	PLUS DEFERRED DEBITS		33,864,295
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(449,752,809)
7	LESS DEFERRED INCOME TAXES		(7,278,131)
8	LESS RESERVES / REGULATORY LIABILITIES		(12,019,284)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>430,232,248</u>
		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	795,291,841
12	PLUS WORKING CAPITAL		13,137,225
13	PLUS MATERIALS AND SUPPLIES		24,871,258
14	PLUS PREPAYMENT RESERVES		51,503
15	PLUS DEFERRED DEBITS		34,823,533
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(436,550,523)
17	LESS DEFERRED INCOME TAXES		(2,755,806)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,442,835)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>416,426,196</u>

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

Utility Operating Income	\$ 32,500	
Tax Rectification Adjustment	941	(1)
Adjusted Utility Operating Income	\$ 33,441	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	33,441	
Average Rate Base	\$ 416,426	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	8.03%	
Exclude Weighted Cost of Debt	-2.82%	
Common Equity Component	5.21%	
Common Equity Percent of Total Capitalization	55.62%	
Adjusted Return on Common Equity (before weather impact)	9.37%	
Weather-Adjusted Return on Common Equity	9.37%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	8.96%	

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	27.91%	6.34%	1.77%
Short Term Debt	1,934	0.39%	6.87%	0.03%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	359,260	71.63%		
	<u>\$ 501,535</u>	<u>100.00%</u>		<u>1.80%</u>
Adjustments:				
Long Term Debt	(625)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 139,375	43.67%	6.34%	2.77%
Short Term Debt	1,934	0.61%	6.87%	(5) 0.04%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	177,502	55.62%		
Total	<u>\$ 319,151</u>	<u>100.00%</u>		<u>2.82%</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 | \$ (625)        |
| Total                              | <u>\$ (625)</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). | \$ (215,178)        |
| 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).                         | 90,923              |
| Total  | <u>\$ (181,759)</u> |
- (5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.