



October 14, 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 August 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

157 Church Street, P. O. Box 1564, New Haven, CT 06506-0901
www.socongas.com

An equal opportunity employer



THE SOUTHERN CONNECTICUT GAS COMPANY

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

FOR THE MONTH ENDED AUGUST 31, 2016

DATED: October 14, 2016

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

Total Operating Revenue	<u>\$ 322,049,175</u>
Operating Expenses	
Purchased Gas Expense	139,939,263
O & M Expenses	92,370,999
Depreciation and Amort Expenses	24,081,367
Taxes Other than Income	22,453,850
Income Taxes	10,147,244
Total Operating Expenses	<u>288,992,723</u>
Leased Land Income	<u>289,539</u>
Total Operating Income (Loss)	33,345,991
Total Other (Income) and Deductions	<u>5,254,532</u>
Total Income (Loss) Before Interest Charges	28,091,459
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,779
Other Interest Charges	936,514
Total Interest Charges	<u>14,617,393</u>
Net Income (Loss)	<u><u>\$ 13,474,066</u></u>

**Southern Connecticut Gas Company
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Aug-16</u>	<u>Mcf</u> <u>Aug-16</u>	<u>Cost / Unit</u>
Residential				
General (RSG)	RSG	573,454	16,800	\$34.13
Heating (RSH)	RSH	5,564,561	226,951	24.52
Housing (RMDS)	RMDS	244,834	18,239	13.42
Total Firm Residential		6,382,849	261,990	\$24.36
Commercial & Industrial				
Small General Service (SGS)	SGSS	1,060,902	26,796	\$39.59
General Service (GS)	MGSS	1,312,512	74,034	17.73
Large General Service (LGS)	LGSS	2,596,976	309,292	8.40
Total Commercial & Industrial		4,970,390	410,122	\$12.12
Sub-Total Firm Sales		11,353,239	672,112	\$16.89
Firm Transportation				
Housing (RMDS)	RMDT	79,525	15,091	\$5.27
Small General Service (SGS)	SGST	33,272	1,644	20.23
General Service (GS)	MGST	178,437	16,129	11.06
Large General Service (LGS)	LGST	544,234	122,681	4.44
Sub-Total Firm Transportation		835,467	155,545	\$5.37
Special Contracts (FTA)	SPC	1,067,588	94,468	\$11.30
Sub-Total Transportation		1,903,055	250,013	\$7.61
Interruptible Service				
Manual Interruptible (IS)	MIS	2,004,818	498,068	\$4.03
Interruptible Transportation (ITS)	ITS	789	95	8.31
Natural Gas Vehicles (NGV)	NGV	100	8	12.50
Sub-Total Interruptible		2,005,708	498,171	\$4.03
Off System Sales	OFFSYS	3,165,800	-	
Total Operating Revenues		18,427,801	1,420,296	\$12.97

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	839,340,238
2	PLUS WORKING CAPITAL		28,466,966
3	PLUS MATERIALS AND SUPPLIES		21,315,428
4	PLUS PREPAYMENT RESERVES		953
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		1,277,974
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(310,923,051)
7	LESS DEFERRED INCOME TAXES		(60,057,418)
8	LESS RESERVES / REGULATORY LIABILITIES		(9,454,408)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>509,966,682</u>
 <u>TOTAL AVERAGE RATE BASE</u>			
11	UTILITY PLANT IN SERVICE	\$	809,361,572
12	PLUS WORKING CAPITAL		28,515,127
13	PLUS MATERIALS AND SUPPLIES		21,519,302
14	PLUS PREPAYMENT RESERVES		14,078
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		5,025,811
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(300,988,543)
17	LESS DEFERRED INCOME TAXES		(53,321,110)
18	LESS RESERVES / REGULATORY LIABILITIES		(9,741,200)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>500,385,036</u>

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

Utility Operating Income	\$ 33,346	
Tax Rectification Adjustment	(351)	(1)
Adjusted Utility Operating Income	\$ 32,995	
Weather Impact on Utility Operating Income	4,727	(2)
Weather-Adjusted Utility Operating Income	37,722	
Average Rate Base	\$ 500,385	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.59%	
Exclude Weighted Cost of Debt	-2.74%	
Common Equity Component	3.85%	
Common Equity Percent of Total Capitalization	54.29%	
Adjusted Return on Common Equity (before weather impact)	7.10%	
Weather-Adjusted Return on Common Equity	8.84%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.23%	

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	33.61%	6.50%	2.18%
Short Term Debt	19,132.0	3.00%	1.14% (5)	0.03%
Common Equity	403,673	63.39%		
	<u>\$ 636,805</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(30,998)	(3)		
Short Term Debt	-			
Common Equity	(163,557)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 183,002	41.38%	6.50%	2.69%
Short Term Debt	19,132	4.33%	1.14% (5)	0.05%
Common Equity	240,116	54.29%		
Total	<u>\$ 442,250</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.

To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition)

Total

\$	(3,379)
\$	(27,619)
<u>\$</u>	<u>(30,998)</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)

To eliminate the effects of goodwill amortizations (Energy East Acquisition)

To eliminate the effects of Purchase Accounting pertaining to the UIL Acquisition

To eliminate the effects of goodwill impairments (Iberdrola - Sale of SCG to UIL).

Total

\$	(245,937)
	13,517
	(110,022)
	178,885
<u>\$</u>	<u>(163,557)</u>

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



October 14, 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 August 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

An equal opportunity employer



CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

FOR THE MONTH ENDED AUGUST 31, 2016

DATED: October 14, 2016

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

Total Operating Revenue	\$	308,800,211
Operating Expenses		
Purchased Gas Expense		130,050,795
O & M Expenses		83,181,126
Depreciation and Amort Expenses		30,924,326
Taxes Other than Income		21,554,359
Income Taxes		10,592,155
Total Operating Expenses		<u>276,302,761</u>
Total Operating Income (Loss)		32,497,450
Total Other (Income) and Deductions		<u>10,617,767</u>
Total Income (Loss) Before Interest Charges		21,879,683
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		117,872
Other Interest Charges		929,076
Total Interest Charges		<u>9,787,947</u>
Net Income (Loss)		12,091,735
Preferred Stock Dividends		<u>20,382</u>
BALANCE FOR COMMON STOCK	\$	<u><u>12,071,353</u></u>

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	834,568,233
2	PLUS WORKING CAPITAL		12,779,275
3	PLUS MATERIALS AND SUPPLIES		25,289,565
4	PLUS PREPAYMENT RESERVES		52,628
5	PLUS DEFERRED DEBITS		32,645,918
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(451,396,336)
7	LESS DEFERRED INCOME TAXES		(7,591,410)
8	LESS RESERVES / REGULATORY LIABILITIES		(11,878,439)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>434,469,434</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	800,693,263
12	PLUS WORKING CAPITAL		13,033,491
13	PLUS MATERIALS AND SUPPLIES		24,958,841
14	PLUS PREPAYMENT RESERVES		51,464
15	PLUS DEFERRED DEBITS		34,789,381
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(438,602,264)
17	LESS DEFERRED INCOME TAXES		(3,000,296)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,401,527)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>419,522,352</u>

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

Utility Operating Income	\$ 32,497	
Tax Rectification Adjustment	955	(1)
Adjusted Utility Operating Income	\$ 33,452	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	33,452	
Average Rate Base	\$ 419,522	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.97%	
Exclude Weighted Cost of Debt	-2.82%	
Common Equity Component	5.15%	
Common Equity Percent of Total Capitalization	55.66%	
Adjusted Return on Common Equity (before weather impact)	9.25%	
Weather-Adjusted Return on Common Equity	9.25%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	8.85%	

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	27.90%	6.35%	1.77%
Short Term Debt	1,935	0.39%	6.50%	0.03%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	359,583	71.65%		
	\$ 501,857	100.00%		1.80%
Adjustments:				
Long Term Debt	(629)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 139,371	43.63%	6.35%	2.77%
Short Term Debt	1,935	0.61%	6.50%	0.04%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	177,824	55.66%		
Total	\$ 319,470	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. 13-08-08.
- (3) Long Term Debt Adjustments are as follows:
- | | |
|-------------------------------------|----------|
| To deduct unamortized debt expense. | \$ (629) |
| Total | \$ (629) |
- (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). | 90,823 |
| Total | \$ (181,759) |
- (5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.