



November 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 September 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 SEPTEMBER 30, 2016**

**DATED: November 15, 2016**

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

Total Operating Revenue	<u>\$ 325,646,676</u>
Operating Expenses	
Purchased Gas Expense	144,579,905
O & M Expenses	90,924,692
Depreciation and Amort Expenses	24,243,092
Taxes Other than Income	22,898,529
Income Taxes	9,869,199
Total Operating Expenses	<u>292,515,418</u>
Leased Land Income	<u>249,269</u>
Total Operating Income (Loss)	33,380,526
Total Other (Income) and Deductions	<u>5,811,458</u>
Total Income (Loss) Before Interest Charges	27,569,068
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	306,858
Other Interest Charges	989,922
Total Interest Charges	<u>14,670,881</u>
Net Income (Loss)	<u><u>\$ 12,898,187</u></u>

**Southern Connecticut Gas Company  
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Sep-16</u>	<u>Mcf</u> <u>Sep-16</u>	<u>Cost / Unit</u>
<b>Residential</b>				
General (RSG)	RSG	610,740	20,082	\$30.41
Heating (RSH)	RSH	6,012,726	268,979	22.35
Housing (RMDS)	RMDS	268,604	21,869	12.28
<b>Total Firm Residential</b>		<b>6,892,070</b>	<b>310,929</b>	<b>\$22.17</b>
<b>Commercial &amp; Industrial</b>				
Small General Service (SGS)	SGSS	1,112,186	35,246	\$31.55
General Service (GS)	MGSS	1,364,009	88,931	15.34
Large General Service (LGS)	LGSS	2,399,999	335,754	7.15
<b>Total Commercial &amp; Industrial</b>		<b>4,876,194</b>	<b>459,931</b>	<b>\$10.60</b>
<b>Sub-Total Firm Sales</b>		<b>11,768,264</b>	<b>770,860</b>	<b>\$15.27</b>
<b>Firm Transportation</b>				
Housing (RMDS)	RMDT	85,537	17,102	\$5.00
Small General Service (SGS)	SGST	34,617	2,102	16.47
General Service (GS)	MGST	183,180	19,333	9.47
Large General Service (LGS)	LGST	585,154	156,503	3.74
<b>Sub-Total Firm Transportation</b>		<b>888,488</b>	<b>195,041</b>	<b>\$4.56</b>
<b>Special Contracts (FTA)</b>	<b>SPC</b>	<b>1,192,789</b>	<b>120,095</b>	<b>\$9.93</b>
<b>Sub-Total Transportation</b>		<b>2,081,276</b>	<b>315,136</b>	<b>\$6.60</b>
<b>Interruptible Service</b>				
Manual Interruptible (IS)	MIS	1,710,561	419,264	\$4.08
Interruptible Transportation (ITS)	ITS	604	85	7.11
Natural Gas Vehicles (NGV)	NGV	164	12	13.75
<b>Sub-Total Interruptible</b>		<b>1,711,329</b>	<b>419,361</b>	<b>\$4.08</b>
<b>Off System Sales</b>	<b>OFFSYS</b>	<b>1,838,419</b>	<b>-</b>	
<b>Total Operating Revenues</b>		<b>17,399,288</b>	<b>1,505,357</b>	<b>\$11.56</b>

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

LINE NO.	<u>DESCRIPTION</u>		<u>END OF PERIOD RATE BASE</u>
1	UTILITY PLANT IN SERVICE	\$	844,474,352
2	PLUS WORKING CAPITAL		28,784,961
3	PLUS MATERIALS AND SUPPLIES		22,129,908
4	PLUS PREPAYMENT RESERVES		(0)
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		2,153,033
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(312,361,265)
7	LESS DEFERRED INCOME TAXES		(59,028,996)
8	LESS RESERVES / REGULATORY LIABILITIES		(11,030,300)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>515,121,693</u>
			<u>TOTAL AVERAGE RATE BASE</u>
11	UTILITY PLANT IN SERVICE	\$	815,169,539
12	PLUS WORKING CAPITAL		28,389,088
13	PLUS MATERIALS AND SUPPLIES		21,349,199
14	PLUS PREPAYMENT RESERVES		9,458
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		4,567,914
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(302,615,642)
17	LESS DEFERRED INCOME TAXES		(54,230,723)
18	LESS RESERVES / REGULATORY LIABILITIES		(9,785,763)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>502,853,070</u>

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

Utility Operating Income	\$ 33,381	
Tax Rectification Adjustment	(346)	(1)
Adjusted Utility Operating Income	\$ 33,034	
Weather Impact on Utility Operating Income	4,727	(2)
Weather-Adjusted Utility Operating Income	37,761	
Average Rate Base	\$ 502,853	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.57%	
Exclude Weighted Cost of Debt	-2.73%	
Common Equity Component	3.84%	
Common Equity Percent of Total Capitalization	54.29%	
Adjusted Return on Common Equity (before weather impact)	7.06%	
Weather-Adjusted Return on Common Equity	8.79%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.19%	

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	33.59%	6.50%	2.18%
Short Term Debt	19,300.5	3.03%	1.12% (5)	0.03%
Common Equity	403,832	63.38%		
	<u>\$ 637,132</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(30,991) (3)			
Short Term Debt	-			
Common Equity	(163,557) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 183,009	41.35%	6.50%	2.69%
Short Term Debt	19,301	4.36%	1.12% (5)	0.05%
Common Equity	240,275	54.29%		
Total	<u>\$ 442,584</u>	<u>100.00%</u>		<u>2.73%</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

\$ (3,354)

(27,637)

\$ (30,991)

(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

\$ (163,557)

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



November 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 September 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

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 SEPTEMBER 30, 2016**

**DATED: November 15, 2016**



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

Total Operating Revenue	\$	310,575,844
Operating Expenses		
Purchased Gas Expense		131,883,863
O & M Expenses		82,804,042
Depreciation and Amort Expenses		31,102,316
Taxes Other than Income		21,752,012
Income Taxes		10,772,286
Total Operating Expenses		<u>278,314,519</u>
Total Operating Income (Loss)		32,261,325
Total Other (Income) and Deductions		<u>10,575,164</u>
Total Income (Loss) Before Interest Charges		21,686,161
Interest Charges:		
Interest on Long-Term Debt		8,741,000
Amortization of Debt Discount and Exp.		118,617
Other Interest Charges		915,994
Total Interest Charges		<u>9,775,612</u>
Net Income (Loss)		11,910,549
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u><u>11,883,372</u></u>

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

LINE NO.	DESCRIPTION	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	839,249,964
2	PLUS WORKING CAPITAL		12,852,757
3	PLUS MATERIALS AND SUPPLIES		26,149,711
4	PLUS PREPAYMENT RESERVES		51,573
5	PLUS DEFERRED DEBITS		33,497,723
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(453,025,564)
7	LESS DEFERRED INCOME TAXES		(8,538,377)
8	LESS RESERVES / REGULATORY LIABILITIES		(13,155,399)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>437,082,388</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	806,042,722
12	PLUS WORKING CAPITAL		12,937,273
13	PLUS MATERIALS AND SUPPLIES		24,893,680
14	PLUS PREPAYMENT RESERVES		51,425
15	PLUS DEFERRED DEBITS		34,755,173
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(440,708,880)
17	LESS DEFERRED INCOME TAXES		(3,225,475)
18	LESS RESERVES / REGULATORY LIABILITIES		(12,469,336)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>422,276,582</u>

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

Utility Operating Income	\$	32,261	
Tax Rectification Adjustment		981	(1)
Adjusted Utility Operating Income	\$	33,242	
Weather Impact on Utility Operating Income		-	(2)
Weather-Adjusted Utility Operating Income		33,242	
Average Rate Base	\$	422,277	
Rate of Return on Rate Base (Adjusted UOI before weather impact)		7.87%	
Exclude Weighted Cost of Debt		-2.81%	
Common Equity Component		5.06%	
Common Equity Percent of Total Capitalization		55.71%	
Adjusted Return on Common Equity (before weather impact)		9.08%	
Weather-Adjusted Return on Common Equity		9.08%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)		8.67%	

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	27.88%	6.35%	1.77%
Short Term Debt	1,946	0.39%	6.11%	0.02%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	359,913	71.67%		
	<u>\$ 502,199</u>	<u>100.00%</u>		<u>1.80%</u>
Adjustments:				
Long Term Debt	(633)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 139,367	43.58%	6.35%	2.77%
Short Term Debt	1,946	0.61%	6.11%	(5) 0.04%
Preferred Stock	340	0.11%	8.00%	0.01%
Common Equity	178,154	55.71%		
Total	<u>\$ 319,807</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. | \$ (633)        |
| Total                               | <u>\$ (633)</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.                         | (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.