



May 19, 2017

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 quarterly report for March 31, 2017 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 QUARTER ENDED March 31, 2017

DATED: May 19, 2017

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending MARCH 31, 2017
(UNAUDITED)

Total Operating Revenue	<u>\$ 348,613,030</u>
Operating Expenses	
Purchased Gas Expense	166,654,653
O & M Expenses	83,739,928
Depreciation and Amort Expenses	19,112,082
Taxes Other than Income	24,059,797
Income Taxes	<u>15,104,730</u>
Total Operating Expenses	<u>308,671,190</u>
<hr/>	
Total Operating Income (Loss)	39,941,839
Total Other (Income) and Deductions	<u>(1,369,932)</u>
Total Income (Loss) Before Interest Charges	41,311,772
Interest Charges:	
Interest on Long-Term Debt	13,374,100
Amortization of Debt Discount and Exp.	309,212
Other Interest Charges	<u>348,820</u>
Total Interest Charges	<u>14,032,132</u>
Net Income (Loss)	<u><u>\$ 27,279,639</u></u>

**Southern Connecticut Gas Company
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Mar-17</u>	<u>Mcf</u> <u>Mar-17</u>	<u>Cost / Unit</u>
Residential				
General (RSG)	RSG	1,154,314	59,399	\$19.43
Heating (RSH)	RSH	24,182,267	2,032,244	11.90
Housing (RMDS)	RMDS	1,126,508	134,024	8.41
Total Firm Residential		26,463,090	2,225,667	\$11.89
Commercial & Industrial				
Small General Service (SGS)	SGSS	3,572,269	287,274	\$12.44
General Service (GS)	MGSS	3,470,306	419,766	8.27
Large General Service (LGS)	LGSS	3,809,089	604,677	6.30
Total Commercial & Industrial		10,851,664	1,311,717	\$8.27
<hr/>				
Sub-Total Firm Sales		37,314,754	3,537,384	\$10.55
Firm Transportation				
Housing (RMDS)	RMDT	261,770	81,896	\$3.20
Small General Service (SGS)	SGST	71,879	12,093	5.94
General Service (GS)	MGST	293,740	80,523	3.65
Large General Service (LGS)	LGST	936,858	342,730	2.73
Sub-Total Firm Transportation		1,564,246	517,242	\$3.02
Special Contracts (FTA)				
	SPC	1,053,684	92,294	\$11.42
Sub-Total Transportation		2,617,931	609,535	\$4.29
Interruptible Service				
Manual Interruptible (IS)	MIS	1,292,295	387,153	\$3.34
Interruptible Transportation (ITS)	ITS	20,657	5,320	3.88
Natural Gas Vehicles (NGV)	NGV	276	19	14.50
Sub-Total Interruptible		1,313,228	392,492	\$3.35
Off System Sales				
	OFFSYS	1,055,319	-	
Total Operating Revenues		42,301,232	4,539,411	\$9.32

The Southern Connecticut Gas Company
Rate Base Summary
Twelve Months Ended MARCH 31, 2017
(UNAUDITED)

LINE NO.	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	870,333,161
2	PLUS WORKING CAPITAL		30,815,031
3	PLUS MATERIALS AND SUPPLIES		12,694,106
4	PLUS PREPAYMENT RESERVES		5,720
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		(7,823,968)
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(318,765,543)
7	LESS DEFERRED INCOME TAXES		(53,186,700)
8	LESS RESERVES / REGULATORY LIABILITIES		(11,222,030)
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>522,849,777</u>

		<u>TOTAL AVERAGE RATE BASE</u>	
11	UTILITY PLANT IN SERVICE	\$	845,015,988
12	PLUS WORKING CAPITAL		28,652,669
13	PLUS MATERIALS AND SUPPLIES		18,934,527
14	PLUS PREPAYMENT RESERVES		4,473
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		805,833
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(312,824,370)
17	LESS DEFERRED INCOME TAXES		(56,462,412)
18	LESS RESERVES / REGULATORY LIABILITIES		(10,422,168)
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>513,704,540</u>

The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended MARCH 31, 2017
(UNAUDITED)
(\$000)

Utility Operating Income	\$ 39,942	
Tax Rectification Adjustment	22	(1)
Adjusted Utility Operating Income	\$ 39,964	
Weather Impact on Utility Operating Income	2,558	(2)
Weather-Adjusted Utility Operating Income	42,522	
Average Rate Base	\$ 513,705	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.78%	
Exclude Weighted Cost of Debt	-2.74%	
Common Equity Component	5.04%	
Common Equity Percent of Total Capitalization	55.55%	
Adjusted Return on Common Equity (before weather impact)	9.07%	
Weather-Adjusted Return on Common Equity	9.96%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	9.06%	

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	33.75%	6.49%	2.19%
Short Term Debt	12,299.9	1.94%	1.38% (5)	0.03%
Common Equity	407,702	64.31%		
	<u>\$ 634,002</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(30,962) (3)			
Short Term Debt	-			
Common Equity	(163,557) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 183,038	41.65%	6.49%	2.70%
Short Term Debt	12,300	2.80%	1.38% (5)	0.04%
Common Equity	244,145	55.55%		
Total	<u>\$ 439,483</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.	\$ (3,201)
To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(27,761)
Total	<u>\$ (30,962)</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.



May 19, 2017

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 quarterly report for March 31, 2017 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 MARCH 31, 2017

DATED: May 19, 2017

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending March 31, 2017
(UNAUDITED)

Total Operating Revenue	\$ 347,249,434
Operating Expenses	
Purchased Gas Expense	164,399,672
O & M Expenses	87,948,069
Depreciation and Amort Expenses	32,143,042
Taxes Other than Income	23,873,125
Income Taxes	9,628,840
Total Operating Expenses	<u>317,992,747</u>
Total Operating Income (Loss)	29,256,687
Total Other (Income) and Deductions	<u>(523,874)</u>
Total Income (Loss) Before Interest Charges	29,780,561
Interest Charges:	
Interest on Long-Term Debt	8,513,500
Amortization of Debt Discount and Exp.	106,624
Other Interest Charges	521,812
Total Interest Charges	<u>9,141,936</u>
Net Income (Loss)	20,638,626
Preferred Stock Dividends	<u>27,177</u>
 BALANCE FOR COMMON STOCK	 <u>\$ 20,611,449</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
Twelve Months Ending March 31, 2017
(UNAUDITED)

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>
1	UTILITY PLANT IN SERVICE	\$ 861,626,246
2	PLUS WORKING CAPITAL	14,370,444
3	PLUS MATERIALS AND SUPPLIES	14,562,207
4	PLUS PREPAYMENT RESERVES	51,346
5	PLUS DEFERRED DEBITS	25,705,684
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION	(465,796,350)
7	LESS DEFERRED INCOME TAXES	(2,041,118)
8	LESS RESERVES / REGULATORY LIABILITIES	<u>(13,700,411)</u>
9		
10	TOTAL END OF PERIOD RATE BASE	<u>\$ 434,778,048</u>

		<u>TOTAL AVERAGE RATE BASE</u>
11	UTILITY PLANT IN SERVICE	\$ 837,483,700
12	PLUS WORKING CAPITAL	12,940,192
13	PLUS MATERIALS AND SUPPLIES	22,217,552
14	PLUS PREPAYMENT RESERVES	51,777
15	PLUS DEFERRED DEBITS	32,343,176
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION	(453,520,760)
17	LESS DEFERRED INCOME TAXES	(5,551,722)
18	LESS RESERVES / REGULATORY LIABILITIES	<u>(12,939,601)</u>
19		
20	TOTAL AVERAGE RATE BASE	<u>\$ 433,024,313</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ending March 31, 2017
(UNAUDITED)
(\$000)

Utility Operating Income	\$ 29,257	
Tax Rectification Adjustment	941	(1)
Adjusted Utility Operating Income	\$ 30,198	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	30,198	
Average Rate Base	\$ 433,024	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	8.97%	
Exclude Weighted Cost of Debt	-2.64%	
Common Equity Component	4.33%	
Common Equity Percent of Total Capitalization	56.15%	
Adjusted Return on Common Equity (before weather impact)	7.71%	
Weather-Adjusted Return on Common Equity	7.71%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.33%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 136,154	26.75%	6.25%	1.67%
Short Term Debt	7,386	1.45%	1.84%	0.03%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	365,119	71.73%		
	\$ 508,998	100.00%		1.70%
Adjustments:				
Long Term Debt	(859)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 135,494	41.49%	6.25%	2.59%
Short Term Debt	7,386	2.26%	1.84%	(5) 0.04%
Preferred Stock	340	0.10%	8.00%	0.01%
Common Equity	183,360	56.15%		
Total	\$ 326,580	100.00%		2.64%

- 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 | \$ (659) |
| Total | \$ (659) |
- (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 | \$ (181,759) |
- (5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.