



August 21, 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 June 30, 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

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 QUARTER ENDED June 30, 2017

DATED: August 21, 2017

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending June 30, 2017
(UNAUDITED)

Total Operating Revenue	<u>\$ 352,228,220</u>
Operating Expenses	
Purchased Gas Expense	170,440,132
O & M Expenses	89,431,939
Depreciation and Amort Expenses	18,989,410
Taxes Other than Income	24,540,307
Income Taxes	<u>12,800,463</u>
Total Operating Expenses	<u>316,202,252</u>
<hr/>	
Total Operating Income (Loss)	36,025,968
Total Other (Income) and Deductions	<u>(1,848,647)</u>
Total Income (Loss) Before Interest Charges	37,874,615
Interest Charges:	
Interest on Long-Term Debt	12,796,900
Amortization of Debt Discount and Exp.	309,458
Other Interest Charges	<u>404,159</u>
Total Interest Charges	<u>13,510,517</u>
Net Income (Loss)	<u><u>\$ 24,364,098</u></u>

**Southern Connecticut Gas Company
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Jun-17</u>	<u>Mcf</u> <u>Jun-17</u>	<u>Cost / Unit</u>
Residential				
General (RSG)	RSG	667,543	25,691	\$25.98
Heating (RSH)	RSH	8,676,580	485,560	17.87
Housing (RMDS)	RMDS	399,597	39,053	10.23
Total Firm Residential		9,743,720	550,303	\$17.71
Commercial & Industrial				
Small General Service (SGS)	SGSS	1,296,672	59,943	\$21.63
General Service (GS)	MGSS	1,538,841	122,558	12.56
Large General Service (LGS)	LGSS	2,760,652	349,757	7.89
Total Commercial & Industrial		5,596,165	532,258	\$10.51
Sub-Total Firm Sales		15,339,885	1,082,561	\$14.17
Firm Transportation				
Housing (RMDS)	RMDT	114,079	26,982	\$4.23
Small General Service (SGS)	SGST	36,812	3,112	11.83
General Service (GS)	MGST	176,724	25,002	7.07
Large General Service (LGS)	LGST	563,393	135,407	4.16
Sub-Total Firm Transportation		891,008	190,503	\$4.68
Special Contracts (FTA)	SPC	1,245,026	121,553	\$10.24
Sub-Total Transportation		2,136,034	312,056	\$6.85
Interruptible Service				
Manual Interruptible (IS)	MIS	1,564,836	325,019	\$4.81
Interruptible Transportation (ITS)	ITS	5,697	1,564	3.64
Natural Gas Vehicles (NGV)	NGV	165	11	15.00
Sub-Total Interruptible		1,570,698	326,594	\$4.81
Off System Sales	OFFSYS	1,213,945	-	
Total Operating Revenues		20,260,563	1,721,211	\$11.77

The Southern Connecticut Gas Company
Rate Base Summary
Twelve Months Ended June 30, 2017
(UNAUDITED)

LINE NO.	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	879,279,442
2	PLUS WORKING CAPITAL		31,134,589
3	PLUS MATERIALS AND SUPPLIES		21,304,816
4	PLUS PREPAYMENT RESERVES		2,860
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		(13,650,289)
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(323,439,594)
7	LESS DEFERRED INCOME TAXES		(54,811,282)
8	LESS RESERVES / REGULATORY LIABILITIES		(11,334,337)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>528,486,206</u>
			<u>TOTAL AVERAGE RATE BASE</u>
11	UTILITY PLANT IN SERVICE	\$	857,173,478
12	PLUS WORKING CAPITAL		29,543,441
13	PLUS MATERIALS AND SUPPLIES		19,269,999
14	PLUS PREPAYMENT RESERVES		62,280
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		(2,708,815)
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(316,832,075)
17	LESS DEFERRED INCOME TAXES		(56,099,517)
18	LESS RESERVES / REGULATORY LIABILITIES		(10,814,759)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>519,594,031</u>

**The Southern Connecticut Gas Company
Rate of Return on Common Equity
Twelve Months Ended June 30, 2017
(UNAUDITED)
(\$000)**

Utility Operating Income	\$ 36,026	
Tax Rectification Adjustment	313	(1)
Adjusted Utility Operating Income	\$ 36,339	
Weather Impact on Utility Operating Income	3,555	(2)
Weather-Adjusted Utility Operating Income	39,894	
Average Rate Base	\$ 519,594	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.99%	
Exclude Weighted Cost of Debt	-2.75%	
Common Equity Component	4.24%	
Common Equity Percent of Total Capitalization	56.00%	
Adjusted Return on Common Equity (before weather impact)	7.58%	
Weather-Adjusted Return on Common Equity	8.80%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.48%	

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	33.87%	6.49%	2.20%
Short Term Debt	9,347	1.48%	1.45% (5)	0.02%
Common Equity	408,416	64.65%		
	<u>\$ 631,763</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(30,921) (3)			
Short Term Debt	-			
Common Equity	(163,557) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 183,079	41.87%	6.49%	2.72%
Short Term Debt	9,347	2.14%	1.45% (5)	0.03%
Common Equity	244,859	56.00%		
Total	<u>\$ 437,286</u>	<u>100.00%</u>		<u>2.75%</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.	\$ (3,124)
		To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(27,797)
		Total	<u>\$ (30,921)</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.	



August 21, 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 June 30, 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

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CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

FOR THE MONTH ENDED JUNE 30, 2017

DATED: August 21, 2017

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending June 30, 2017
(UNAUDITED)

Total Operating Revenue	\$	350,321,999
Operating Expenses		
Purchased Gas Expense		165,591,588
O & M Expenses		93,224,425
Depreciation and Amort Expenses		32,544,710
Taxes Other than Income		24,228,359
Income Taxes		8,750,336
Total Operating Expenses		<u>324,339,417</u>
Total Operating Income (Loss)		25,982,582
Total Other (Income) and Deductions		<u>(551,042)</u>
Total Income (Loss) Before Interest Charges		26,533,624
Interest Charges:		
Interest on Long-Term Debt		7,686,333
Amortization of Debt Discount and Exp.		92,715
Other Interest Charges		459,561
Total Interest Charges		<u>8,238,609</u>
Net Income (Loss)		18,295,015
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u>18,267,838</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
Twelve Months Ending June 30, 2017
(UNAUDITED)

<u>LINE NO.</u>	<u>DESCRIPTION</u>		<u>END OF PERIOD RATE BASE</u>
1	UTILITY PLANT IN SERVICE	\$	871,335,856
2	PLUS WORKING CAPITAL		14,497,598
3	PLUS MATERIALS AND SUPPLIES		23,712,807
4	PLUS PREPAYMENT RESERVES		48,728
5	PLUS DEFERRED DEBITS		24,637,076
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(472,754,066)
7	LESS DEFERRED INCOME TAXES		(7,334,868)
8	LESS RESERVES / REGULATORY LIABILITIES		<u>(13,727,346)</u>
9			
10	TOTAL END OF PERIOD RATE BASE	\$	<u>440,415,785</u>
			<u>TOTAL AVERAGE RATE BASE</u>
11	UTILITY PLANT IN SERVICE	\$	851,121,421
12	PLUS WORKING CAPITAL		13,465,476
13	PLUS MATERIALS AND SUPPLIES		22,350,828
14	PLUS PREPAYMENT RESERVES		51,271
15	PLUS DEFERRED DEBITS		30,290,477
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(459,799,674)
17	LESS DEFERRED INCOME TAXES		(6,004,846)
18	LESS RESERVES / REGULATORY LIABILITIES		<u>(13,221,537)</u>
19			
20	TOTAL AVERAGE RATE BASE	\$	<u>438,253,416</u>

CONNECTICUT NATURAL GAS CORPORATION
Rate of Return on Common Equity
Twelve Months Ending June 30, 2017
(UNAUDITED)
(\$000)

Utility Operating Income	\$ 25,983	
Tax Rectification Adjustment	1,029	(1)
Adjusted Utility Operating Income	\$ 27,011	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	27,011	
Average Rate Base	\$ 438,253	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.16%	
Exclude Weighted Cost of Debt	-2.45%	
Common Equity Component	3.71%	
Common Equity Percent of Total Capitalization	56.07%	
Adjusted Return on Common Equity (before weather impact)	6.62%	
Weather-Adjusted Return on Common Equity	6.62%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	6.20%	

Average Capital Structure and Cost Rates	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 129,231	25.32%	6.07%	1.54%
Short Term Debt	15,137	2.97%	1.45%	0.04%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	365,620	71.64%		
	<u>\$ 510,327</u>	<u>100.00%</u>		<u>1.59%</u>
Adjustments:				
Long Term Debt	(677)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 128,554	39.21%	6.07%	2.38%
Short Term Debt	15,137	4.62%	1.45%	(5) 0.07%
Preferred Stock	340	0.10%	8.00%	0.01%
Common Equity	183,861	56.07%		
Total	<u>\$ 327,892</u>	<u>100.00%</u>		<u>2.45%</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.
Total \$ (677)

(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.