



November 15, 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 September 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.

Sincerely,

Michael A. Coretto  
Vice President, Regulatory Affairs  
UIL Holdings Corporation  
As Agent for The Southern Connecticut Gas Company

180 Marsh Hill Road, Orange, CT 06477  
[www.soconngas.com](http://www.soconngas.com)

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**THE SOUTHERN CONNECTICUT GAS COMPANY**

**REPORT TO THE CONNECTICUT**

**PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)**

**FOR THE QUARTER ENDED September 30, 2017**

**DATED: November 15, 2017**

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

Total Operating Revenue	<u>\$ 345,955,534</u>
Operating Expenses	
Purchased Gas Expense	162,896,369
O & M Expenses	90,976,878
Depreciation and Amort Expenses	19,179,602
Taxes Other than Income	24,668,343
Income Taxes	<u>12,588,568</u>
Total Operating Expenses	<u>310,309,761</u>
	<hr/>
Total Operating Income (Loss)	35,645,772
Total Other (Income) and Deductions	<u>(1,993,791)</u>
Total Income (Loss) Before Interest Charges	37,639,564
Interest Charges:	
Interest on Long-Term Debt	12,796,900
Amortization of Debt Discount and Exp.	309,706
Other Interest Charges	<u>377,784</u>
Total Interest Charges	<u>13,484,390</u>
Net Income (Loss)	<u><u>\$ 24,155,174</u></u>

**Southern Connecticut Gas Company  
Summary by Tariff**

	<u>KEY</u>	<u>Revenue</u> <u>Sep-17</u>	<u>Mcf</u> <u>Sep-17</u>	<u>Cost / Unit</u>
<b>Residential</b>				
General (RSG)	RSG	610,667	21,389	\$28.55
Heating (RSH)	RSH	6,618,221	310,044	21.35
Housing (RMDS)	RMDS	304,926	26,133	11.67
<b>Total Firm Residential</b>		<b>7,533,814</b>	<b>357,566</b>	<b>\$21.07</b>
<b>Commercial &amp; Industrial</b>				
Small General Service (SGS)	SGSS	1,043,175	34,941	\$29.86
General Service (GS)	MGSS	1,377,599	95,307	14.45
Large General Service (LGS)	LGSS	2,598,618	365,407	7.11
<b>Total Commercial &amp; Industrial</b>		<b>5,019,391</b>	<b>495,655</b>	<b>\$10.13</b>
<b>Sub-Total Firm Sales</b>		<b>12,553,205</b>	<b>853,221</b>	<b>\$14.71</b>
<b>Firm Transportation</b>				
Housing (RMDS)	RMDT	87,332	18,096	\$4.83
Small General Service (SGS)	SGST	32,325	2,408	13.42
General Service (GS)	MGST	165,835	20,354	8.15
Large General Service (LGS)	LGST	577,360	147,585	3.91
<b>Sub-Total Firm Transportation</b>		<b>862,853</b>	<b>188,443</b>	<b>\$4.58</b>
<b>Special Contracts (FTA)</b>	<b>SPC</b>	<b>1,254,408</b>	<b>132,432</b>	<b>\$9.47</b>
<b>Sub-Total Transportation</b>		<b>2,117,261</b>	<b>320,875</b>	<b>\$6.60</b>
<b>Interruptible Service</b>				
Manual Interruptible (IS)	MIS	1,334,522	348,110	\$3.83
Interruptible Transportation (ITS)	ITS	-	-	
Natural Gas Vehicles (NGV)	NGV	135	9	15.00
<b>Sub-Total Interruptible</b>		<b>1,334,657</b>	<b>348,119</b>	<b>\$3.83</b>
<b>Off System Sales</b>	<b>OFFSYS</b>	<b>832,228</b>	<b>-</b>	
<b>Total Operating Revenues</b>		<b>16,837,351</b>	<b>1,522,215</b>	<b>\$11.06</b>

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	885,745,396
2	PLUS WORKING CAPITAL		30,580,126
3	PLUS MATERIALS AND SUPPLIES		27,719,252
4	PLUS PREPAYMENT RESERVES		2,660
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS		(15,854,447)
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(321,307,935)
7	LESS DEFERRED INCOME TAXES		(57,646,201)
8	LESS RESERVES / REGULATORY LIABILITIES		(11,937,968)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>537,300,883</u>
<u>TOTAL AVERAGE RATE BASE</u>			
11	UTILITY PLANT IN SERVICE	\$	867,981,375
12	PLUS WORKING CAPITAL		30,217,539
13	PLUS MATERIALS AND SUPPLIES		20,551,778
14	PLUS PREPAYMENT RESERVES		62,762
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS		(6,510,629)
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(319,795,137)
17	LESS DEFERRED INCOME TAXES		(55,333,341)
18	LESS RESERVES / REGULATORY LIABILITIES		(11,374,991)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>525,799,355</u>

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

Utility Operating Income	\$ 35,646	
Tax Rectification Adjustment	385	(1)
Adjusted Utility Operating Income	\$ 36,031	
Weather Impact on Utility Operating Income	3,555	(2)
Weather-Adjusted Utility Operating Income	39,586	
Average Rate Base	\$ 525,799	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	6.85%	
Exclude Weighted Cost of Debt	-2.74%	
Common Equity Component	4.11%	
Common Equity Percent of Total Capitalization	55.47%	
Adjusted Return on Common Equity (before weather impact)	7.40%	
Weather-Adjusted Return on Common Equity	8.63%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.28%	

**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	33.73%	6.49%	2.19%
Short Term Debt	12,788	2.02%	1.50% (5)	0.03%
Common Equity	407,577	64.25%		
	<u>\$ 634,364</u>	<u>100.00%</u>		<u>2.22%</u>
Adjustments:				
Long Term Debt	(30,878) (3)			
Short Term Debt	-			
Common Equity	(163,557) (4)			
Adjusted Capital Structure:				
Long Term Debt	\$ 183,122	41.63%	6.49%	2.70%
Short Term Debt	12,788	2.91%	1.50% (5)	0.04%
Common Equity	244,020	55.47%		
Total	<u>\$ 439,929</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.   | \$ (3,047)         |
| To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition). | (27,832)           |
| Total   | <u>\$ (30,878)</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.



November 15, 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 September 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.

Sincerely,

Michael A. Coretto  
Vice President, Regulatory Affairs  
UIL Holdings Corporation  
As Agent for Connecticut Natural Gas Corporation

180 Marsh Hill Road, Orange, CT 06477  
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**CONNECTICUT NATURAL GAS CORPORATION**

**REPORT TO THE CONNECTICUT**

**PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)**

**FOR THE MONTH ENDED SEPTEMBER 30, 2017**

**DATED: November 15, 2017**



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

Total Operating Revenue	\$	351,910,897
Operating Expenses		
Purchased Gas Expense		164,184,251
O & M Expenses		97,002,445
Depreciation and Amort Expenses		33,091,627
Taxes Other than Income		24,632,873
Income Taxes		8,359,529
Total Operating Expenses		<u>327,270,724</u>
Total Operating Income (Loss)		24,640,173
Total Other (Income) and Deductions		<u>(474,341)</u>
Total Income (Loss) Before Interest Charges		25,114,514
Interest Charges:		
Interest on Long-Term Debt		7,010,833
Amortization of Debt Discount and Exp.		52,709
Other Interest Charges		461,836
Total Interest Charges		<u>7,525,378</u>
Net Income (Loss)		17,589,135
Preferred Stock Dividends		<u>27,177</u>
BALANCE FOR COMMON STOCK	\$	<u><u>17,561,959</u></u>

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

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>END OF PERIOD RATE BASE</u>	
1	UTILITY PLANT IN SERVICE	\$	885,899,171
2	PLUS WORKING CAPITAL		14,563,352
3	PLUS MATERIALS AND SUPPLIES		31,388,050
4	PLUS PREPAYMENT RESERVES		51,574
5	PLUS DEFERRED DEBITS		22,926,030
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(476,733,389)
7	LESS DEFERRED INCOME TAXES		(10,025,408)
8	LESS RESERVES / REGULATORY LIABILITIES		(13,356,259)
9			
10	TOTAL END OF PERIOD RATE BASE	<u>\$</u>	<u>454,713,120</u>
<u>TOTAL AVERAGE RATE BASE</u>			
11	UTILITY PLANT IN SERVICE	\$	862,928,955
12	PLUS WORKING CAPITAL		13,911,202
13	PLUS MATERIALS AND SUPPLIES		23,433,197
14	PLUS PREPAYMENT RESERVES		51,532
15	PLUS DEFERRED DEBITS		27,862,714
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(465,573,937)
17	LESS DEFERRED INCOME TAXES		(6,295,159)
18	LESS RESERVES / REGULATORY LIABILITIES		(13,561,482)
19			
20	TOTAL AVERAGE RATE BASE	<u>\$</u>	<u>442,757,022</u>

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

Utility Operating Income	\$ 24,640	
Tax Rectification Adjustment	1,047	(1)
Adjusted Utility Operating Income	\$ 25,688	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	25,688	
Average Rate Base	\$ 442,757	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	5.80%	
Exclude Weighted Cost of Debt	-2.28%	
Common Equity Component	3.52%	
Common Equity Percent of Total Capitalization	54.78%	
Adjusted Return on Common Equity (before weather impact)	6.43%	
Weather-Adjusted Return on Common Equity	6.43%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	6.00%	

**Average Capital Structure and Cost Rates**

	Capital Structure		Cost of Debt	
	Amount	Weighting	Rate	Weighted Rate
Capital Structure per Books:				
Long Term Debt	\$ 122,308	23.67%	5.89%	1.39%
Short Term Debt	29,205	5.65%	1.48%	0.08%
Preferred Stock	340	0.07%	8.00%	0.01%
Common Equity	364,898	70.61%		
	\$ 516,751	100.00%		1.48%
Adjustments:				
Long Term Debt	(686)	(3)		
Short Term Debt	-			
Preferred Stock	-			
Common Equity	(181,759)	(4)		
Adjusted Capital Structure:				
Long Term Debt	\$ 121,622	36.38%	5.89%	2.14%
Short Term Debt	29,205	8.74%	1.48%	0.13%
Preferred Stock	340	0.10%	8.00%	0.01%
Common Equity	183,140	54.78%		
Total	\$ 334,307	100.00%		2.28%

- 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. | \$ (686) |
| Total                               | \$ (686) |
- (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).                         | 80,823       |
| Total  | \$ (181,759) |
- (5) Short-term debt rate includes an apportioned cost of the UIL revolving credit facility fee.