March 27, 2018

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 December 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.

Sincerely,

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

CONNECTICUT NATURAL GAS CORPORATION

REPORT TO THE CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)

FOR THE MONTH ENDED DECEMBER 31, 2017

DATED: March 27, 2018

CONNECTICUT NATURAL GAS CORPORATION
Statement of Income
Twelve Months Ending December 31, 2017
(UNAUDITED)
($000)

Total Operating Revenue	$	364,314
Operating Expenses		
Purchased Gas Expense		173,200
O & M Expenses		104,863
Depreciation and Amort Expenses		33,369
Taxes Other than Income		24,739
Income Taxes		5,859
Total Operating Expenses		342,029
Total Operating Income (Loss)		22,285
Total Other (Income) and Deductions		292
Total Income (Loss) Before Interest Charges		21,993
Interest Charges:		
Interest on Long-Term Debt		6,335
Amortization of Debt Discount and Exp.		37
Other Interest Charges		578
Total Interest Charges		6,951
Net Income (Loss)		15,042
Preferred Stock Dividends		34
BALANCE FOR COMMON STOCK	$	15,008

`

CONNECTICUT NATURAL GAS CORPORATION
Rate Base Summary
Twelve Months Ending December 31, 2017
(UNAUDITED)
($000)

LINE NO.	DESCRIPTION	END OF PERIOD RATE BASE	
1	UTILITY PLANT IN SERVICE	$	891,543
2	PLUS WORKING CAPITAL		15,077
3	PLUS MATERIALS AND SUPPLIES		25,266
4	PLUS PREPAYMENT RESERVES		55
5	PLUS DEFERRED DEBITS		30,379
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(483,828)
7	LESS DEFERRED INCOME TAXES		(11,671)
8	LESS RESERVES / REGULATORY LIABILITIES		(13,908)
9			
10	TOTAL END OF PERIOD RATE BASE	$	452,912

		TOTAL AVERAGE RATE BASE	
11	UTILITY PLANT IN SERVICE	$	872,833
12	PLUS WORKING CAPITAL		14,368
13	PLUS MATERIALS AND SUPPLIES		23,986
14	PLUS PREPAYMENT RESERVES		52
15	PLUS DEFERRED DEBITS		26,765
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION		(471,647)
17	LESS DEFERRED INCOME TAXES		(6,994)
18	LESS RESERVES / REGULATORY LIABILITIES		(13,618)
19			
20	TOTAL AVERAGE RATE BASE	$	445,745

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

Utility Operating Income	$ 22,285	
Tax Rectification Adjustment	1,025	(1)
Adjusted Utility Operating Income	$ 23,309	
Weather Impact on Utility Operating Income	-	(2)
Weather-Adjusted Utility Operating Income	23,309	
Average Rate Base	$ 445,745	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	5.23%	
Exclude Weighted Cost of Debt	-2.12%	
Common Equity Component	3.11%	
Common Equity Percent of Total Capitalization	52.81%	
Adjusted Return on Common Equity (before weather impact)	5.89%	
Weather-Adjusted Return on Common Equity	5.89%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	5.45%	

Average Capital Structure and Cost Rates	Capital Structure Amount		Capital Structure Weighting	Cost of Debt Rate		Cost of Debt Weighted Rate
Capital Structure per Books:						
Long Term Debt	$ 116,154		21.95%	5.72%		1.26%
Short Term Debt	47,756		9.03%	1.51%		0.14%
Preferred Stock	340		0.06%	8.00%		0.01%
Common Equity	364,805		68.95%			
	$ 529,054		100.00%			1.40%
Adjustments:						
Long Term Debt	(674)	(3)				
Short Term Debt	-					
Preferred Stock	-					
Common Equity	(181,759)	(4)				
Adjusted Capital Structure:						
Long Term Debt	$ 115,480		33.32%	5.72%		1.91%
Short Term Debt	47,756		13.78%	1.51%	(5)	0.21%
Preferred Stock	340		0.10%	8.00%		0.01%
Common Equity	183,047		52.81%			
Total	$ 346,622		100.00%			2.12%

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.	$ (674)
Total	$ (674)

(4) Common Equity Adjustments are as folows:

. 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.

March 27, 2018

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 December 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.

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 December 31, 2017

DATED: March 27, 2018

THE SOUTHERN CONNECTICUT GAS COMPANY
Statement of Income
Twelve Months Ending December 31, 2017
(UNAUDITED)
($000)

Total Operating Revenue	$	362,423
Operating Expenses		
Purchased Gas Expense		174,082
O & M Expenses		99,414
Depreciation and Amort Expenses		19,026
Taxes Other than Income		25,374
Income Taxes		6,748
Total Operating Expenses		324,645
Total Operating Income (Loss)		37,778
Total Other (Income) and Deductions		(4,596)
Total Income (Loss) Before Interest Charges		42,375
Interest Charges:		
Interest on Long-Term Debt		12,797
Amortization of Debt Discount and Exp.		310
Other Interest Charges		361
Total Interest Charges		13,468
Net Income (Loss)	$	28,907

The Southern Connecticut Gas Company
Summary by Tariff

	KEY	Revenue Dec-17	Mcf Dec-17	Cost / Unit
Residential				
General (RSG)	RSG	911,124	43,283	$21.05
Heating (RSH)	RSH	23,208,721	1,860,157	12.48
Housing (RMDS)	RMDS	1,125,665	126,384	8.91
Total Firm Residential		25,245,510	2,029,824	$12.44
Commercial & Industrial				
Small General Service (SGS)	SGSS	2,976,459	223,302	$13.33
General Service (GS)	MGSS	3,226,387	365,074	8.84
Large General Service (LGS)	LGSS	4,195,078	684,443	6.13
Total Commercial & Industrial		10,397,924	1,272,818	$8.17
Sub-Total Firm Sales		35,643,434	3,302,643	$10.79
Firm Transportation				
Housing (RMDS)	RMDT	224,412	72,795	$3.08
Small General Service (SGS)	SGST	58,405	9,774	5.98
General Service (GS)	MGST	249,133	71,786	3.47
Large General Service (LGS)	LGST	692,663	264,785	2.62
Sub-Total Firm Transportation		1,224,613	419,140	$2.92
Special Contracts (FTA)	SPC	1,164,608	109,252	$10.66
Sub-Total Transportation		2,389,220	528,392	$4.52
Interruptible Service				
Manual Interruptible (IS)	MIS	1,819,820	286,710	$6.35
Interruptible Transportation (ITS)	ITS	17,850	5,057	3.53
Natural Gas Vehicles (NGV)	NGV	-	-	
Sub-Total Interruptible		1,837,669	291,767	$6.30
Off System Sales	OFFSYS	2,543,320	-	
Total Operating Revenues		42,413,644	4,122,801	$10.29

The Southern Connecticut Gas Company
Rate Base Summary
Twelve Months Ended December 31, 2017
(UNAUDITED)
($000)

LINE NO.	DESCRIPTION	END OF PERIOD RATE BASE
1	UTILITY PLANT IN SERVICE	$ 898,894
2	PLUS WORKING CAPITAL	32,036
3	PLUS MATERIALS AND SUPPLIES	23,026
4	PLUS PREPAYMENT RESERVES	11
5	PLUS DEFERRED DEBITS / REGULATORY ASSETS	(11,647)
6	LESS ACCUMULATED RESERVE FOR DEPRECIATION	(326,687)
7	LESS DEFERRED INCOME TAXES	(55,788)
8	LESS RESERVES / REGULATORY LIABILITIES	(9,669)
9		
10	TOTAL END OF PERIOD RATE BASE	$ 550,176

		TOTAL AVERAGE RATE BASE
11	UTILITY PLANT IN SERVICE	$ 878,387
12	PLUS WORKING CAPITAL	30,785
13	PLUS MATERIALS AND SUPPLIES	21,316
14	PLUS PREPAYMENT RESERVES	152
15	PLUS DEFERRED DEBITS / REGULATORY ASSETS	(10,405)
16	LESS ACCUMULATED RESERVE FOR DEPRECIATION	(322,187)
17	LESS DEFERRED INCOME TAXES	(54,678)
18	LESS RESERVES / REGULATORY LIABILITIES	(11,409)
19		
20	TOTAL AVERAGE RATE BASE	$ 531,961

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

Utility Operating Income	$ 37,778	
Tax Rectification Adjustment	435	(1)
Adjusted Utility Operating Income	$ 38,214	
Weather Impact on Utility Operating Income	2,272	(2)
Weather-Adjusted Utility Operating Income	40,486	
Average Rate Base	$ 531,961	
Rate of Return on Rate Base (Adjusted UOI before weather impact)	7.18%	
Exclude Weighted Cost of Debt	-2.73%	
Common Equity Component	4.45%	
Common Equity Percent of Total Capitalization	54.90%	
Adjusted Return on Common Equity (before weather impact)	8.10%	
Weather-Adjusted Return on Common Equity	8.89%	
Unadjusted Return on Common Equity (before tax rectification and impact of weather)	7.96%	

Average Capital Structure and Cost Rates	Capital Structure Amount		Capital Structure Weighting	Cost of Debt Rate		Weighted Rate
Capital Structure per Books:						
Long Term Debt	$ 214,000		33.46%	6.48%		2.17%
Short Term Debt	17,570		2.75%	1.61%	(5)	0.04%
Common Equity	407,933		63.79%			
	$ 639,502		100.00%			2.21%
Adjustments:						
Long Term Debt	(30,838)	(3)				
Short Term Debt	-					
Common Equity	(163,557)	(4)				
Adjusted Capital Structure:						
Long Term Debt	$ 183,162		41.15%	6.48%		2.67%
Short Term Debt	17,570		3.95%	1.61%	(5)	0.06%
Common Equity	244,376		54.90%			
Total	$ 445,107		100.00%			2.73%

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.	$ (2,969)
. To eliminate the effects of merger-related expenses in SCG's capital structure (Energy East Acquisition).	(27,869)
Total	$ (30,838)

(4) Common Equity Adjustments are as folows:

. 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	$ (163,557)

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