



## Settlement Reached in Southern Connecticut Gas Company Rate Case

September 14, 2017

On September 5, 2017, the Southern Connecticut Gas Company (SCG), Prosecutorial Unit of the Public Utilities Regulatory Authority and the Office of Consumer Counsel jointly entered into a Settlement Agreement in SCG's rate case proceeding and filed a motion requesting approval of the Settlement Agreement with the Public Utilities Regulatory Authority (PURA). As shown below, the Settlement Agreement would significantly reduce the level of rate increases allowed SCG for the three year rate plan (2018-2020).

Year	Original SCG Rate Increase Requested	Settlement Agreement Allowed Rate Increase	Total Bill Increase (%)
2018	\$8,139,000	\$1,931,000	0.5%
2019	\$7,086,000	\$4,826,000	1.3%
2020	\$3,965,000	\$4,941,000	1.3%

The Settlement Agreement includes adjustments to SCG's Application including: a reduction in the return on equity to 9.25%; reductions to rate base to reflect the inclusion of the test year end of period balance of customer deposits and a reduction in the cash working capital allowance to reflect a lowering of the revenue lag associated with purchased gas costs; a \$2.2 million reduction in depreciation expenses associated with a change in depreciation rates; and adjustments to operating and maintenance expenses totaling over \$10 million over the Rate Plan period.

If the Settlement Agreement is approved as proposed, the average SCG residential heating customer will see bills increase by approximately \$0.50 per month in 2018, an incremental \$1.30 monthly in 2019 and an additional \$1.30 per month in 2020.

The rate increases contained in the Settlement include the funding for the acceleration of the replacement of leak-prone cast iron mains and bare steel services for the three-year rate plan and supports the establishment of a revenue adjustment mechanism in order to implement revenue decoupling as required by CGS §16-19tt(b).

Those customers wishing to comment on the Settlement Agreement may contact PURA in writing at: Public Utilities Regulatory Authority, Ten Franklin Square, New Britain, CT 06051, or via e-mail at [pura.information@ct.gov](mailto:pura.information@ct.gov), referencing Docket No. 17-05-42.

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