

information in its annual reports on file to date, and information received from the Technical Session, it is unclear how Aquarion finances its WICA eligible projects.

The Company responded in Hampton Data Request 1-6 that it finances its rate base additions, including the WICA projects that are subject of this proceeding, through a combination of internally generated funds (i.e., depreciation and net income) and internal or external financing. There have been no new external financings since the Company's last rate proceeding. In addition, the Company does not currently have any existing internal borrowings.

In reviewing the projects for 2015 totaling \$741,465 it is not apparent that the financing came from net income and/or depreciation. Operating revenues in 2015 only decreased by \$217,272, net operating income decreased by only \$152,565 and net income decreased by \$173,355 according to the Company's 2015 Annual Report.

In reviewing the projects for 2014 totaling \$596,646 it is not apparent that the financing came from net income and/or depreciation. Net income decreased by \$429,338 according to the Company's 2014 Annual Report.

When asked about this at the Technical Session, the Company responded that the funding for the 2016 WICA projects came from the Notes Receivable account on the Company's balance sheet. When reviewing the balances of these accounts produced by Troy Dixon in response to Data Request Hampton Tech Session-2, the amounts therein provided of \$2,795,645 and \$3,072,541 for balances ended December 31, 2015 and 2014, respectively, did not agree with the numbers filed with the PUC in Aquarion's 2015 and 2014 annual reports. The amounts appearing in the 2015 and 2014 annual reports for Notes Receivable were \$3,100,000 for both years.