

From: [Sean Riley \(US\)](#)
To: [Peter Dawes](#); [Erin OBrien](#)
Subject: As discussed yesterday ...
Date: Thursday, January 18, 2024 12:06:01 PM
Attachments: [PwC - Regulatory Support - 1.18.2024.pdf](#)

Here is the information that you requested ... let me know if you have any questions / comments.

Sean

Sean P. Riley

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Liberty Utilities Regulatory Support

PwC – Utilities
January 18, 2024



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Summary of What PwC Could Do / Report Type

Format of Report (Deliverables)

- Format of report = “Expert Consulting Report” (developed by Sean Riley, PwC Partner)
- Report represents the opinion of Sean Riley; contents would discuss procedures performed and related observations (opinion) based on results of such procedures
- Report can be filed as part of Liberty regulatory proceedings (i.e., can be shared with 3rd parties)
- Report would form the basis of oral / written testimony, if needed

Suggested Procedures that can be performed / discussed in the Expert Report

- Examine the Company’s reconciliations between the (1) external audited financial statements, (2) FERC F1, F2 (Energy North Annual Report), and (3) base rate case submission
- Examine the Company’s base case filings (agree to systems of record and understand proforma adjustments to test year)
- Understand all identified variances in relation to the above items to assess root cause, magnitude and nature of adjustments
- Understand the Company’s overall process and controls for developing its regulatory filings
- Assess overall reliability of the data used for the Company’s regulatory filings and the Company’s basis for asserting such data is reliable

From: [Sean Riley \(US\)](#)
To: [Sarah Knowlton](#)
Cc: [Peter Eichler](#); [Peter Dawes](#); [Erin OBrien](#); [Alan Felsenthal \(US\)](#); [Michael Sheehan](#); [Jessica Ralston](#)
Subject: Re: Timeline
Date: Thursday, February 1, 2024 4:03:44 PM
Attachments: [PwC - Regulatory Support - 2.1.2024.pptx](#)

Sarah - Apologies for the delay. I hope the attached is helpful ... please advise if you'd like us to make further edits. (If so, I can process tonight ahead of your meeting tomorrow).

Sean

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From: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>

Sent: Monday, January 29, 2024 9:36 PM

To: Sean Riley (US) <sean.p.riley@pwc.com>

Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes

<Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>; Alan Felsenthal

(US) <alan.d.felsenthal@pwc.com>; Michael Sheehan <Michael.Sheehan@libertyutilities.com>;

Jessica Ralston <jralston@keeganwerlin.com>

Subject: RE: Timeline

I think one deck on Granite State and one on EnergyNorth would be great. That's what we would share with DOE.

Thanks, Sean!

Sarah Knowlton | [Liberty Algonquin Business Services \(USA\)](#) | General Counsel, Liberty Utilities

C: 603-327-9857 | E: Sarah.Knowlton@libertyutilities.com

116 North Main Street, Concord, New Hampshire 03301

From: Sean Riley (US) <sean.p.riley@pwc.com>

Sent: Monday, January 29, 2024 6:52 PM

To: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>
Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes
<Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>; Alan Felsenthal
(US) <alan.d.felsenthal@pwc.com>; Michael Sheehan <Michael.Sheehan@libertyutilities.com>;
Jessica Ralston <jralston@keeganwerlin.com>
Subject: Re: Timeline

Sorry for the delay ... I am testifying Mon - Wed of this week.

You would definitely be able to share whatever we gave you.

We'll work up the SOW and are currently costing things out.

To be clear on what you want to give the NH DoE, do you just want a power point deck similar to what I provided previously (updated for more specifics on the scope). Also, do you want to also include Energy North or just leave it to Granite State for now?

Appreciated -

Sean

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From: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>
Sent: Monday, January 29, 2024 2:57 PM
To: Sean Riley (US) <sean.p.riley@pwc.com>
Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes
<Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>; Alan Felsenthal
(US) <alan.d.felsenthal@pwc.com>; Michael Sheehan <Michael.Sheehan@libertyutilities.com>;
Jessica Ralston <jralston@keeganwerlin.com>
Subject: RE: Timeline

Sean,

We've told Staff of the NH Department of Energy about the PwC work plan.
Would you be able to share an updated statement of work? Staff would like to see it; I also want to make sure you are ok with our sharing it with them on a confidential basis.
Thanks,
Sarah

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From: Sean Riley (US) <sean.p.riley@pwc.com>
Sent: Saturday, January 27, 2024 10:27 AM
To: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>
Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes <Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>; Alan Felsenthal (US) <alan.d.felsenthal@pwc.com>
Subject: Re: Timeline

Thanks Sarah -

We estimate that we could complete EN by 3/22.

Let me know if you have any questions / would like to discuss -

Talk soon - Sean

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From: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>
Sent: Friday, January 26, 2024 9:39 AM
To: Sean Riley (US) <sean.p.riley@pwc.com>
Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes <Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>

Subject: RE: Timeline

Thanks very much, Sean. If you completed the Granite State work by March 1, can you provide a date for the same analysis for EnergyNorth?

Sarah

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From: Sean Riley (US) <sean.p.riley@pwc.com>
Sent: Friday, January 26, 2024 6:57 AM
To: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>
Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes <Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>
Subject: Re: Timeline

That's good for you / Peter I am sure!

No problem.

I did connect with all of the people I needed to track down late last night – below is what we can do and next steps:

- Completing a report prior to the end of the stay on 2/16 will be extremely difficult, and the quality would suffer due to fact that we'd have to limit our procedures to accommodate that date.
- The ideal date from our perspective would be 3/15.
- However, this may be too far out from your perspective. If that is the case, we could commit to 3/1 (2 weeks beyond the end of the stay).
- To hit a 3/1 date, we would need to start on 2/5 and will certainly need key resources to be available from the Company to help us gather data and understand processes / variances.
- Our plan would be to use next week for completing an SOW, planning and providing the Company with data requests (so that we can hit the ground running the following week).
- We have not worked up a costing as yet, but we will work on this today / this weekend and can provide to you early next week.

Let us know if you'd like to reconnect today to discuss further.

Appreciated, Sean

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From: Sarah Knowlton <Sarah.Knowlton@libertyutilities.com>
Sent: Thursday, January 25, 2024 9:14 PM
To: Sean Riley (US) <sean.p.riley@pwc.com>
Cc: Peter Eichler <Peter.Eichler@libertyutilities.com>; Peter Dawes
<Peter.Dawes@libertyutilities.com>; Erin OBrien <erin.obrien@libertyutilities.com>
Subject: Timeline

Hi Sean, thanks so much for your time. We really appreciate it.

Quick update: we just found out that our CEO call at 7:30 AM tomorrow morning was canceled so wanted you to know so that we don't completely wreck your evening. Our call will likely be Monday so there is a little bit more time here.

Really appreciate all your help,
Sarah.

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Liberty Utilities Regulatory Support

PwC – Utilities
February 1, 2024



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Scope and Fee Estimate – Granite State and Energy North

Scope of Project

- Procedures are the same for each Company
- Review Staff Report on Granite State filing; inquire of management and understand responses to such findings
- Understand and assess the Company's overall process and controls for developing its regulatory filings via inquiry of management and review of related documentation
- Understand the Company's process for implementing its new ERP system in Q4 2022, including controls and reconciliation procedures for assessing accuracy / completeness of data conversion
- Examine the Company's reconciliations between the (1) 2022 external audited financial statements, (2) 2022 FERC F1, F2 (Energy North Annual Report), and (3) base rate case submissions
- Examine the Company's base case filings (agree to systems of record and understand proforma adjustments to test year)
- Understand all identified variances in relation to the above items to assess root cause, magnitude and nature of adjustments
- Assess overall reliability of the data used for the Company's regulatory filings and the Company's basis for asserting such data is reliable
- Planning, reporting and completion activities.

Cost of Project

- Format of report = "Expert Consulting Report" Report represents the opinion of Sean Riley; contents would discuss procedures performed and related observations (opinion) based on results of such procedures
- Fee estimate for two reports (Granite State and Energy North): [REDACTED]
- Fee estimate for one report (Granite State only): \$ [REDACTED]
- [REDACTED]
- [REDACTED]

Liberty Utilities

Comparison of Expert Consulting Report under the AICPA Consulting Standards vs. Audit Report under Generally Accepted Auditing Standards

PwC – Utilities

March 7, 2024



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Discussion of Reporting Guidelines – Key Components

Expert Consulting Report

- Consulting services differ fundamentally from independent auditor's provision of audit and attestation reporting services. In a consulting service, a practitioner develops the findings, conclusions and recommendations presented within the consulting report. The nature and scope of the work is determined between the practitioner and the client (and is memorialized in the Scope of Services section of the letter of arrangement for such project).
- The guidelines for a consulting services arrangement are prescribed by the AICPA in its Statement on Standards for Consulting Services. The general standards of the profession apply to consulting arrangements and include the requirements of professional competence, due professional care, planning and supervision and sufficient relevant data.
- Although the practitioner is not required to be "independent" of the client (as defined under the AICPA or SEC audit rules), there is a requirement to communicate any conflicts of interest (if applicable) to such client. (Note – there are no conflicts of interest reported by PwC in connection with the Granite State and Energy North consulting projects).
- A practitioner may testify before a commission (such as in a rate hearing before a utility commission). Such testimony would involve the practitioner providing explanations for services provided (including scope, approach and findings), as well their concluding opinion based on procedures performed.

Audit Reporting

- Audits (assurance or attestation reporting; e.g., financial statement audit, audit of internal controls over financial reporting, compliance audits) follow the professional standards issued by the AICPA (American Institute of Certified Public Accountants) and/or PCAOB (Public Company Accounting Oversight Board).
- Financial audits provide assurance that management has presented a "true and fair view of a company's financial position and performance" ... "in all material respects".
- Various benchmarks are used to determine materiality in the context of a financial audit; examples include percentages of pre-tax net income, revenue and/or assets (e.g., 5% of pre-tax net income is a common measure for public company audits).
- Requires that an auditor be "independent" of the company (following the rules set forth by the relevant regulatory bodies (i.e., the AICPA, the Securities and Exchange Commission, etc.)).
- Given this requirement to be "independent", an external auditor is precluded from testifying in a rate proceeding for the company that it audits; by definition, testifying before a commission (such as in a rate hearing before a utility commission) is a violation of the auditor independence rules.

Discussion of Reporting Guidelines – Key Components, Continued

Expert Consulting Report

- The type of consulting services being performed in connection with the Granite State 2022 rate case matter include consulting and advisory services (which involves providing advice in a short time-frame based on professional knowledge and experience, technical matters involved, client representations, and developing findings and conclusions for consideration and decision making, etc.).
- An example of a consulting report commonly utilized in the utility industry are “management audits” requested and performed on behalf of a Public Utility Commission.

Audit Reporting

- Financial statements are prepared in accordance with a framework of Generally Accepted Accounting Principles; the fair presentation of those financial statements is evaluated by an independent auditor using a framework of Generally Accepted Auditing Standards (which set forth the requirements and guidance on how to conduct an audit).
- An audit culminates in an auditor expressing an opinion indicating that reasonable assurance has been obtained that the “financial statements as a whole” are fairly presented in all material respects, and that they are presented in accordance with the relevant accounting standards.
- It is the auditor’s responsibility to conduct the audit in such a way that meets the applicable auditing standards and sufficient appropriate evidence is obtained to support the audit opinion (which is ultimately a matter of professional judgement).
- An opinion is not a guarantee of an outcome, but rather a statement of professional judgment. The auditor cannot obtain absolute assurance that the financial statements are free from material misstatement because of the inherent limitations of an audit.

Key Components of the PwC Expert Report to be Issued in Connection with the Granite State / Energy North filings

- **Expert report to be signed and issued by Sean P. Riley, Partner at PricewaterhouseCoopers LLP.**
- **The projects to be performed by PwC in connection with the filings will follow the rules set forth by the American Institute of Certified Public Accounts in its Statement on Standards for Consulting Services. The general standards of the profession apply to consulting arrangements and include the requirements of professional competence, due professional care, planning and supervision and sufficient relevant data – all of which will be complied with by PwC in connection with the Granite State and Energy North Filings.**
- **PwC does not have and has not reported any conflicts of interest with Granite State and Energy North.**
- **Although PwC is not issuing a financial statement audit opinion under generally accepted auditing standards, the testing to be performed in connection with the consulting engagement will leverage standard audit methodology in terms of risk assessment and sampling to support the ultimate project findings and conclusions.**
- **Report components will include the following:**
 - ✓ Scope of the report, including detail of procedures performed, structure and results of testing.
 - ✓ Risk assessment and materiality considerations.
 - ✓ Understanding of related processes and controls, as applicable.
 - ✓ Other relevant procedures and considerations.