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March 21, 2024

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. DG 23-067
Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Request for Change in Distribution Rates
Revised PricewaterhouseCoopers Scope of Work

Dear Chairman Goldner:

Enclosed for filing with the New Hampshire Public Utilities Commission (the "Commission") on behalf of Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (the "Company") please find the Company's engagement letter with PricewaterhouseCoopers ("PwC") to assess the reliability of the Company's 2022 and 2023 financial data for establishing rates.[1]

By way of background, on March 6, 2024, the Commission conducted a hearing on the parties' pending motions: the Company's motion for stay of proceeding filed on February 5, 2024; the New Hampshire Department of Energy's ("DOE") motion to dismiss filed on February 16, 2024; and the DOE's request to modify prehearing order filed on February 20, 2024. On March 8, 2024, the Company filed a response to the Commission's record request issued at the March 6, 2024 hearing consisting of a draft scope of work, correspondences related to the scope of work, the guidelines governing the work to be conducted by PwC, and an explanation of the differences between and expert consulting report and an audit. On March 14, 2024, the Commission issued a Procedural Order granting the Company's request to stay the proceeding until June 7, 2024 and cancelling all procedural features of the proceeding and directed the Company "with the involvement of the [Department of Energy] and [Office of the Consumer Advocate], is to develop a revised Scope of Work for the Company's intended PricewaterhouseCoopers (PwC) Report on the matters of interest in this proceeding."[2]

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[1] The Company has redacted the pricing information included in the engagement letter because it represents a confidential, negotiated contractual term. The Company has not provided a confidential version of the engagement letter because the Company has agreed that the costs associated with PwC's work will not be collected from customers and accordingly, the Company will not be seeking recovery of these costs.

[2] The Company moved forward with execution of the engagement letter so that PwC's work could commence, and the proposed timeline could be maintained.

In response to the March 14, 2024 Procedural Order, the Company provided the scope of work in the enclosed engagement letter to the Department of Energy ("DOE") and the Office of the Consumer Advocate ("OCA") on March 15, 2024. The scope of work set forth in the engagement letter is an updated version of the scope of the work set forth in the Company's record request response filed on March 8, 2024. Specifically, the Company updated its draft scope of work to include assessment of 2023 financial data based on discussions at the March 6, 2024 hearing in this proceeding. See, e.g., 2024 Mar. 6 Tr. at 61.

The DOE provided to the parties its own proposed scope of work for PwC on March 18, 2024. The Company, DOE, and OCA met on March 19, 2024 to discuss the proposed scopes of work. The parties engaged in a productive discussion including identification of areas of agreement between the two proposed scopes of work. Following this discussion, the Company incorporated feedback from DOE and provides additional details regarding PwC's tasks that are memorialized in the enclosed description of work. This updated description of work was circulated to the parties and is consistent with the scope of work set forth in the engagement letter.

The DOE's proposed scope of work included five (5) items. During the March 19, 2024 meeting, the Company explained how the PwC scope of work would address the first three items in DOE's proposed scope of work which include: (1) assessment of whether the Company has addressed the issues identified in the DOE's January 30, 2024 Final Audit Report; (2) financial audit of actual 2022 accounting data and Liberty's use of that data to establish the 2022 test year including assessment of the suitability of 2022 test year data for developing a revenue requirement; and (3) financial audit of the Company's 2023 accounting data and suitability for developing a 2023 revenue requirement. The enclosed updated description of work addresses these three items from DOE's proposed scope of work with two material differences.

First, as has been explained during this proceeding, PwC's work cannot be described as an "audit" as defined by the American Institute of Certified Public Accountants ("AICPA") and/or the Public Company Accounting Oversight Board. Instead, PwC's assessment will result in the issuance of an expert consulting report. The Company determined that an assessment resulting in an expert consulting report was appropriate to allow cross-examination of PwC by the Commission and parties. The Company also reiterates that the expert consulting report will remain subject to guidelines established by the AICPA. With regards to the inclusion of 2023 in the scope of work, the Company has not filed a rate case based on a historic test year of 2023 and does not have revenue requirement schedules for a 2023 test year. The Company will however provide its 2023 Annual Report, Form F-16, to PwC for purposes of PwC's review of its regulatory accounting. Review of the Form F-16 will allow PwC to confirm that the Company's regulatory accounts are consistent with the Company's 2023 general ledger including providing further confirmation that the adjustments identified during 2022 have been carried forward in the Company's financial system.

The DOE's fourth item in its proposed scope of work was that the Company include a management/compliance audit with the objective of examining the Company's decision to submit its petition in this proceeding using a test year that included implementation of the Company's

SAP conversion. This is the only DOE recommendation that the Company has not incorporated into the enclosed, revised scope of work. The Company proposed the PwC assessment in response to the Department of Energy's February 12, 2024 Motion to Dismiss ("DOE Motion to Dismiss") that asserts that "the 2022 (test year) financial information (revenues, expenses, and plant in service) on which the rate filing is based cannot be reasonably relied on" (DOE Motion to Dismiss at 1). Accordingly, the PwC review is focused on addressing this discrete issue, and the Company does not agree that a management/compliance audit is an appropriate expansion of PwC's scope of work.[3]

The fifth and final item in DOE's proposed scope of work was that the Company include an information technology ("IT") audit as part of PwC's scope of work. While the Company does not agree that an IT audit is necessary, the enclosed scope of work was revised to provide clarity regarding the IT assessment that PwC will perform. The PwC review includes an assessment of the Company's data conversion, understanding the root cause analysis for adjustments identified, sampling transactions, and reviewing and testing the conversion of general ledger account balances to regulatory accounts within the system. PwC has access to the Company's systems to complete this assessment. In order to opine on the reliability of the 2022 and 2023 regulatory accounting data, this review of the IT system is necessary and therefore already accounted for in the scope of work set forth in the engagement letter.

The enclosed scope of review could be completed by PwC and allow for submission of PwC's final report to the Commission by June 7, 2024 when the current stay of the proceeding expires. This timeline, however, is subject to timely finalization of the scope of work. Accordingly, the Company respectfully requests confirmation from the Commission that no further revisions to the scope of work are necessary.

Very truly yours,

Jessica Buno Ralston

Jessica Buno Ralston

cc: Service List, DG 23-067

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[3] A management/compliance audit would also require a significant extension of time for PwC's work. This would unreasonably delay this proceeding without providing commensurate benefits.