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February 10, 2023

Via Electronic Mail Only

Daniel Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

**Re: Docket No. DE 20-105; Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty
Distribution Service Rate Case**

Dear Chairman Goldner:

On behalf of Liberty Utilities (EnergyNorth Natural Gas) Corp., and as requested in the Commission's January 13, 2023, procedural order, I write with the Company's responses to the recommendations in the Department of Energy's October 11, 2021, and November 18, 2022, audit reports on rate case expenses in this docket.

The Company has accepted some of the audit report recommendations and disagrees with others. The total amount of proposed disallowances that the Company contests is approximately \$133,000. Liberty contests \$95,490 of the proposed disallowances in the 2021 audit report, and Liberty contests approximately \$38,000 of the disallowances proposed in the 2022 audit report.

Liberty's responses to the 2021 audit report's recommended disallowances of \$95,490 are contained in the Company's September 8, 2022, response, which was filed in the docket. That response, incorporated here by reference, is attached to this letter.

Liberty's responses to the 2022 audit report's recommended disallowances of approximately \$38,000 are contained in the body of that audit report (at pages 10-11), which is also incorporated by reference and attached to this letter. To summarize the issue in the 2022 audit report, DOE argues Liberty should not apply an interest rate to the over/under collection of rate case expenses, citing Commission orders approving the expenses and citing Puc 1907.01(f). Liberty's position is that it complied with both the orders and the rule by not assessing interest on the balance of rate case expenses due. However, once those rate cases expenses were converted into a rate (a component of the LDAC), Liberty did assess interest on any over/under collection as specifically allowed by its

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Commission-approved tariff. The Commission must resolve the tension between its rule indicating interest shall not apply to rate case expenses and the Company's tariff, which directs interest on the over/under balances of rates that include those same rate case expenses.

Note that DOE and Liberty are engaged in settlement talks on all remaining contested items and will inform the Commission of the status of those talks well in advance of the March hearing. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Sheehan", written in a cursive style.

Michael J. Sheehan

Attachments

Cc: Service List