

BEFORE THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

Docket No. DE 23-039

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

**Request for Change in Distribution Rates**

**AFFIDAVIT OF SEAN P. RILEY**

I, Sean P. Riley, being duly sworn, hereby depose and state as follows:

1. My name is Sean P. Riley. I am a Partner at PricewaterhouseCoopers LLP (“PwC”) where I am a member of PwC’s Utility & Sustainable Energy Practice. My responsibilities include leading PwC’s Complex Accounting and Regulatory Solutions Team. In this role, I oversee an experienced team of utility sector specialists that advise PwC clients on complex technical accounting and regulatory matters.

2. I graduated from the University of Vermont in 1990 with a degree in Business / Accounting. I have worked at PwC for over 30 years and am one of the most senior Partners in PwC’s Utility & Sustainable Energy Practice. My two roles within PwC include serving as the Global Relationship Partner on some of PwC’s largest Utility & Sustainable Energy clients, and leading PwC’s Complex Accounting and Regulatory Solutions Team. Previously, I completed a three-year tour as PwC’s Utility & Sustainable Energy technical accounting leader in the Accounting Services Group within PwC’s National Office. These roles encompass both US GAAP and FERC reporting. I specialize in serving public and privately owned clients - with a particular emphasis on working with regulated electric, gas, and water utilities. Over my career, I have provided leadership and direction around a variety of financial reporting and technical accounting matters, including regulatory accounting, ratemaking, contract analysis, revenue recognition, lease

accounting, cost capitalization, asset impairment, and process / internal control matters. In addition, I have acted as an expert witness in rate case proceedings across the U.S. on a variety of topics.

3. I have reviewed DOE's February 13, 2024, Objection to Motion to Extend Stay of Proceeding and have prepared this affidavit to provide additional details regarding PwC's engagement by Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty ("Liberty" or the "Company") including the expert report that I will produce for the Commission's review.

4. The purpose of my affidavit is to provide the Commission with further information regarding the work that PwC will undertake, particularly in light of statements made in the DOE Objection.

5. I will oversee all of the work on the engagement, sign the expert consulting report, and make myself available to testify before the Commission.

6. Liberty has retained PwC to review certain matters listed below, which include the evaluation of mapping issues within SAP to determine whether there are residual mapping issues related to Liberty's conversion to SAP. I have extensive experience working with utilities that utilize an SAP based environment. Many of our utility clients use SAP.

7. In addition, we will leverage professionals within our utility practice that are specialists in relation to IT processes, controls, and systems conversions for SAP environments. This team will perform a review of the data conversion from the legacy Great Plains system to SAP (i.e., understand the Company's process for assessing accuracy and completeness of the conversion of data, including adjustments recorded as part of the system reconciliation process).

8. The PwC assessment will, in fact, examine the 2022 financial data used as the basis for the rate filing by comparing the Company's most current version of the revenue requirement

filing which incorporates the proposed Staff audit adjustments and the Company's identified adjustments and working back to the Company's 2022 trial balance used as the basis for the initial rate filing. We will also perform procedures starting from the amounts recorded in the 2022 financial statements forward to the initial rate filing and subsequently to the November 27, 2023 updated filing and the Company's additional identified adjustments as communicated in the January 4, 2024 hearing. In addition, we will trace such amounts to the reported regulatory accounts (from the Form 1 report) and / or rely on the Staff's audit report where such procedures have already been performed.

9. PwC has been engaged to "confirm ... that the 2022 financial information is, in their opinion, reliable for rate setting." PwC's work will not be a rubber stamp of Liberty's rate filing. PwC will determine whether the adjustments Liberty made to its 2022 financial information to prepare the proposed revenue requirement in this rate proceeding are accurate and reliable for rate setting.

10. To perform this assessment, PwC will assess Liberty's financial records supporting the basis for the Company's proposed revenue requirements described herein and produce an "expert consultant report". While this assessment will be extremely thorough and reliable, it cannot be labelled an "audit" of the 2022 books. The term "audit," when used by an accounting firm (including PwC), has a very specific meaning. According to the American Institute of Certified Public Accountants, AU-C Section 200.04, "The purpose of an audit is to provide financial statement users with an opinion by the auditor on whether the financial statements are presented fairly, in all material respects, in accordance with an applicable financial reporting framework, which enhances the degree of confidence that intended users can place in the financial statements.". Further, the AICPA Code of Conduct would preclude me from testifying before the Commission

if an “audit” report were produced. To allow me to testify before the Commission, provide my opinion, and respond to questions from the Commission and cross-examination from parties to this proceeding, Liberty retained PwC to produce an expert consulting report. The expert consulting report is subject to the same professional and ethical guidelines as an audit report.

11. During this engagement, PwC will:

- Review and analyze information and documentation provided by Liberty, including:
  - Liberty’s Rate Proceeding to gain an understanding of the various adjustments included in the Rate Proceeding,
  - The DOE’s Audit Report on the Liberty Rate Proceeding,
  - Liberty’s policies, procedures and related controls for regulatory filings, including Liberty’s reconciliation process, and
  - Liberty’s controls and reconciliation procedures for assessing the accuracy / completeness of the data conversion to Liberty’s new Enterprise Resource Planning system in Q4 2022.
- Conduct interviews and/or process walk throughs with relevant Liberty stakeholders, as necessary, to obtain information about the procedures performed by the Company.
- Review 2022 year-end externally audited financial statements, 2022 FERC Form 1, 2022 adjusted test year that formed the basis of the revenue requirement, known and measurable adjustments to the test year, November 27, 2023, adjustments and adjustments identified by the Company after the November 27, 2023 filing.
- Perform a root cause analysis to gain an understanding of, where possible, the potential causes of the identified potential gaps/variances, and the magnitude and nature of the adjustments.
- Based on the above, prepare an expert consulting report which will include the scope and approach, findings, observations, assumptions and limitations related to the procedures performed and conclusions on whether the Company’s basis for asserting such data is reliable is accurate.

12. Performance of this work will be subject to professional and ethical guidelines in line with those set forth in the American Institute of Certified Public Accountants (“AICPA”) Code of Conduct. These professional and ethical guidelines ensure that the work performed by PwC is impartial and independent. I have also agreed to provide testimony to the Commission, under oath, regarding this engagement and production of the expert consulting report.

13. It is a common practice for an entity to request that PwC produce an expert consulting report where testimony in a regulatory proceeding is anticipated or required.

14. Liberty retained PwC to complete this work on an expedited basis. To meet the deadlines established by Liberty, PwC has committed the resources necessary to perform the promised work. PwC is a worldwide consulting firm with over 325,000 employees in 152 countries and 688 locations around the world. In the United States, there are over 75,000 professionals and 4,000 partners. As the leader of PwC’s Complex Accounting and Regulatory Solutions Team, a team that has substantial experience with SAP and utility ratemaking, I have sufficient PwC resources to complete the work within the proposed timeline. PwC has also advised Liberty that the proposed timeline cannot be met without Liberty’s full cooperation.



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SEAN P. RILEY