

DW 11-026

City of Nashua
Pennichuck Corporation
Pennichuck Water Works, Inc.
Pennichuck East Utility, Inc.
Pittsfield Aqueduct Company

Joint Petition for Approval of the Acquisition of
Pennichuck Corporation by the City of Nashua

OCA DATA REQUESTS TO JOINT PETITIONERS – 5-11-11 TECH SESSION

Date Request Received: May 12, 2011
Request No. OCA Tech 1-2

Date of Response: June 24, 2011
Witness: John Patenaude

REQUEST: Re Attachments OCA 2-2 (f), p. 51, section 5.6, and Attachment OCA 2-2(i), p. 13, section 5.2. Please identify and describe any constraints on the capital structures of the utilities that result from the covenants applicable to existing utility debt. Will the Fixed Revenue Requirement be viewed by any of the utilities' existing lenders as an obligation of the utilities that violates one or more covenants?

RESPONSE: (a) With respect to the first part of this request, the constraints on the capital structures of the utilities which result from covenants applicable to existing utility debt are as follows:

- (i) PWW is subject to constraints on capital structure pursuant to the following loan documents:
 - Loan and Trust Agreement among the Business Finance Authority of the State of New Hampshire and PWW and Bank of New Hampshire, dated as of April 1, 1997, as amended.
 - Loan and Trust Agreement among the Business Finance Authority of the State of New Hampshire and PWW and BankNorth National Association, dated as of January 1, 2005, as amended.
 - Master Loan and Trust Agreement among the Business Finance Authority of the State of New Hampshire and PWW and The Bank of New York Trust Company, N.A., dated as of October 1, 2005, as amended.
 - PWW Loan Agreements with Insurance Company.

The specific constraints (debt covenants) are as follows:

Total Debt to Capital Ratio: PWW is required to maintain a total debt to capital ratio of less than 65%. The formula is:

$$\frac{\text{Short Term Debt} + \text{Funded Debt}}{\text{Short term Debt} + \text{Funded Debt} + \text{Equity}}$$

Funded Debt to Net Property, Plant and Equipment: PWW is required to maintain a funded debt to net plant property and equipment ratio of less than 60%. Funded debt includes debt with an original maturity greater than one year. The formula is:

$$\frac{\text{Funded Debt}}{\text{Net Plant, Property \& Equipment}}$$

Earnings Available for Interest Ratio: PWW is required to maintain a ratio of earnings available for interest to interest expense of at least 1.5:1.0. The formula is:

$$\frac{\text{Earnings before depreciation, interest and taxes}}{\text{Interest only on funded debt}}$$

Net Worth Available for Dividends: PWW may not pay dividends or make distributions on its shares if its net worth would be lower than \$4.5 million. The formula is:

$$\text{Net worth} > \text{or equal to } \$4,500,000.$$

New Mortgage Debt Limits: PWW may not issue new debt secured by a mortgage on its capital properties unless the properties result from new construction, subject to certain limits.

- (ii) PEU is subject to constraints on capital structure pursuant to the following loan documents:
- Loan and Trust Agreement among the Business Finance Authority of the State of New Hampshire and PEU and BankNorth National Association, dated as of January 1, 2005, as amended.
 - Master Loan Agreement between PEU and CoBank, ACB, dated as of February 9, 2010, as amended.

The specific constraints (debt covenants) are as follows:

Total Debt to Capital Ratio: PEU is required to maintain a total debt to capital ratio of less than 65%. The formula is:

$$\frac{\text{Short Term Debt} + \text{Funded Debt}}{\text{Short term Debt} + \text{Funded Debt} + \text{Equity}}$$

Funded Debt to Net Property, Plant and Equipment: PEU is required to maintain a funded debt to net plant property and equipment ratio of less than 60%. Funded debt includes debt with an original maturity greater than one year. The formula is:

Funded Debt
Net Plant, Property & Equipment

Earnings Available for Interest Ratio: PEU is required to maintain a ratio of earnings available for interest to interest expense of at least 1.5:1.0. The formula is:

Earnings before depreciation interest and taxes
Interest only on funded debt

Net Worth Available for Dividends: PEU may not pay dividends or make distributions on its shares if its net worth would be lower than \$1.5 million. The formula is:

Net worth > or equal to \$1,500,000.

New Mortgage Debt Limits: PEU may not issue new debt secured by a mortgage on its capital properties unless the properties result from new construction, subject to certain limits.

Debt Service Coverage Ratio: CoBank requires a debt service coverage ratio of not less than 1.25:1.00. The formula is:

Net income after taxes before extraordinary gains or losses, plus
depreciation and amortization, plus interest
Principal payments plus interest expense

Ratio of Total Debt to Total Capitalization: CoBank requires a total debt to total capitalization of not greater than 65%. The formula is:

Total debt
Total debt plus shareholders equity

Debt to Total Capitalization Ratio for Dividends: CoBank prohibits payment of dividends if PEU has a total debt to total capitalization of greater than 65%.

- (b) With respect to the second part of this question, the Fixed Revenue Requirement is a component of the ratemaking structure and methodology requested by the Joint Petitioners for application in future rate cases to compute rates sufficient to fund each utility's prorata portion of the debt service on the City Acquisition Indebtedness so that the parent holding company (Pennichuck Corporation) may in turn make payments to the City sufficient to enable the City to service the debt. The parent company

claim against its corporate subsidiaries, including the utilities, is an equity interest, represented by its ownership of common stock in each of the subsidiaries, and this relationship would not be changed by the proposed transaction. The Fixed Revenue Requirement to be established as a ratemaking structure and methodology for each utility is not a debt obligation of any of the utilities and will not be viewed as such by any of the utilities' lenders. See also the response to OCA Tech 1-3 regarding the affect of the debt covenants discussed above.

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OCA DATA REQUESTS TO JOINT PETITIONERS – 5-11-11 TECH SESSION

Date Request Received: May 12, 2011
Request No. OCA Tech 1-3

Date of Response: June 24, 2011
Witnesses: John Patenaude, Arthur Gottlieb

REQUEST: Please identify and describe any restrictions on the utilities' ability to pay dividends to Pennichuck Corporation, following the proposed acquisition out of retained earnings. At what point following the proposed acquisition by the City will the retained earnings in the utilities be exhausted if the Joint Petitioners' proposals are approved? Please explain the basis for the response.

RESPONSE: (a) With respect to the first part of this request, the following restrictions on the utilities' ability to pay dividends to Pennichuck Corporation will continue following the proposed acquisition:

Net Worth Available for Dividends: PWW may not pay dividends or make distributions on its shares if its net worth would be lower than \$4.5 million. The formula is:

Net worth > or equal to \$4,500,000.

Net Worth Available for Dividends: PEU may not pay dividends or make distributions on its shares if its net worth would be lower than \$1.5 million. The formula is:

Net worth > or equal to \$1,500,000.

Statutory Constraints: Each Utility will continue to be subject to general statutory provisions governing payment of dividends. RSA 293-A:6.40 provides that no distribution may be made if the corporation would not be able to pay its debts as they become due in the usual course of business or if the corporation's total assets would be less than the sum of its total liabilities plus the amount needed to satisfy preferential rights of preferred shareholders. RSA 374:12 provides that no public utility may pay dividends except out of net corporate income, and except after setting aside such depreciation reserve, if any, as it may carry in compliance with

the provisions of RSA 374:10; provided, that this section shall not prevent the payment of dividends in any year out of any undistributed balance of such net corporate income previously accumulated.

(b) The second part of this request asks "at what point following the proposed acquisition by the City will the retained earnings in the utilities be exhausted if the Joint Petitioners' proposals are approved?"

As a preliminary matter, the Joint Petitioners note that any answer to this request requires assumptions and projections regarding numerous variables, including future revenues, weather patterns, rates, inflation, interest costs, operating expenses, capital expenditures, renegotiation of existing debt arrangements, establishment of new or refinanced debt arrangements, potential future changes to the corporate structure of the utilities that will be in place upon consummation of the acquisition, and accounting treatment that will be approved for various transactions that may impact retained earnings. For purposes of developing a complete answer to this request, the Joint Petitioners have taken time to develop a longer-term financial model and several scenarios to illustrate the relative importance of particular assumptions and related accounting and regulatory treatments of certain transactions. This model also has been developed in support of the response to OCA Tech 1-4 (relating to debt to equity covenants in existing loan arrangements and exhaustion of equity). It is important to note that each of these scenarios is based on the ratemaking structure and Fixed Revenue Requirement proposed by the Joint Petitioners in this proceeding, which is intended to enable the utilities, the parent holding company, and in turn the City to service the full amount of the City Acquisition Debt.

The brief answer to the precise request is that the Joint Petitioners do not anticipate that the retained earnings of any of the utilities will be exhausted following acquisition by the City, under the assumptions reflected in the attached schedules. For example, Attachment OCA Tech 1-3(a) provides an income statement, balance sheet and cash flow statement for each of the three utilities through 2020. This scenario reflects the revenue growth rates shown on the P&L statements (which are assumed to result from application of the Fixed Revenue Requirement ratemaking structure proposed in Ms. Hartley's testimony) and further assumes that the interest rate on the City Acquisition Debt is 5.7% (the approximate rate applicable as of the date of this response). As illustrated by this model, this scenario assumes that payments of cash to the parent holding company would be made through several mechanisms, including: payment to the parent of an amount reflecting the utility's respective responsibility for income tax liability; payment to the parent of dividends out of current and retained earnings, intercompany loans, and other distributions from equity accounts. Such accounting treatments, including intercompany loans would need to be pursuant to affiliate agreements, such as the Money Pool Agreement, which will be submitted to the Commission pursuant to RSA 366. (Although Mr. Patenaude's testimony referred to these payments generically as distributions of "intercompany dividends to the parent company" (see Mr. Patenaude's testimony at p. 18, lines 9-10), a more precise description of these payments is that they would be comprised of these several components.)

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As indicated by Attachment OCA Tech 1-3(a), under the assumptions reflected in this schedule, "historical retained earnings" would not be eroded during the period shown in the schedule. Among other assumptions, this scenario assumes that the portion of the cash payments made through intercompany loans would be recognized as loans that would not reduce historical retained earnings during the periods indicated in the attachment.

In preparing the models and scenarios necessary to provide an answer to this request and OCA Tech 1-4, the Joint Petitioners also developed a preferred accounting approach that would be consistent with the Fixed Revenue Requirement ratemaking treatment proposed by the Joint Petitioners and would produce financial statements that more accurately reflect the economic substance of that treatment. Under this approach, each of the utilities would be authorized to recognize a regulatory asset, referred to as a "Municipal Acquisition Regulatory Asset." The utilities would each be authorized to amortize this regulatory asset at the same rate as the principal is paid with respect to the City Acquisition Debt. This "push down" treatment of the acquisition premium from the stock purchase transaction would also require restatement of historic retained earnings to zero, and a corresponding entry to each utility's paid in capital equity account. This approach assumes that each utility would be allowed to distribute cash payments from this equity account. Attachment OCA Tech 1-3(b) illustrates the positive impacts of this preferred regulatory asset approach, using the same revenue and interest rate assumptions reflected in Attachment OCA Tech 1-3(a). As indicated by Attachment OCA Tech 1-3(b), under the assumptions reflected in this schedule, "acquisition equity" (i.e., the restated equity account) would not be exhausted during the period shown in the schedule. Indeed, even at less favorable assumptions (i.e., a higher interest rate of 6.5% on the City Acquisition Debt), the recognition of a Municipal Acquisition Regulatory Asset would ensure that the City would have sufficient equity to support distributions throughout the period shown in the schedule. Again, in both scenarios (Attachment OCA Tech 1-3(b) and 1-3(c)), there is no change required to the Fixed Revenue Requirement ratemaking methodology proposed by the Joint Petitioners in this proceeding.

The Joint Petitioners plan to file supplemental testimony specifically describing the preferred Municipal Acquisition Regulatory Asset accounting treatment promptly after the date of this response.

Re: City of Nashua Acquisition of Pennichuck Corporation
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Attachment OCA Tech 1-3(a)

PWW P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	28,271,598		27,522,754	28,813,807	29,932,227	30,755,363	31,601,136	32,470,167	33,363,097	34,280,582	35,223,298
Growth			-2.65%	4.69%	3.88%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Operating Expenses											
Direct Operating Expenses			6,556,359	6,753,050	6,955,641	7,164,310	7,379,240	7,600,617	7,828,635	8,063,494	8,305,399
Corporate Expenses			(2,108,552)	(2,171,809)	(2,236,963)	(2,304,072)	(2,373,194)	(2,444,390)	(2,517,722)	(2,593,253)	(2,671,051)
Administration			6,139,541	6,323,727	6,513,439	6,708,842	6,910,107	7,117,410	7,330,932	7,550,860	7,777,386
Taxes Other Than Income			3,730,173	3,789,845	3,858,302	3,932,735	4,005,138	4,075,568	4,144,079	4,210,721	4,275,547
Total Operating Expenses			14,317,520	14,694,813	15,090,418	15,501,815	15,921,291	16,349,206	16,785,925	17,231,823	17,687,281
EBITDA			13,205,234	14,118,994	14,841,809	15,253,548	15,679,845	16,120,961	16,577,172	17,048,759	17,536,016
PP&E D&A			(3,679,951)	(3,738,820)	(3,806,355)	(3,879,786)	(3,951,215)	(4,020,697)	(4,088,285)	(4,154,030)	(4,217,983)
Eminent Domain Amortization			(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)
Total D&A			(3,846,618)	(3,905,487)	(3,973,022)	(4,046,453)	(4,117,882)	(4,187,363)	(4,254,951)	(4,320,696)	(4,384,649)
EBIT			9,358,616	10,213,507	10,868,787	11,207,096	11,561,963	11,933,598	12,322,221	12,728,063	13,151,367
Original Interest			(2,670,743)	(2,619,315)	(2,567,916)	(2,516,293)	(2,464,432)	(2,412,317)	(2,172,440)	(1,932,287)	(1,879,347)
Capex Interest			(430,998)	(746,217)	(1,077,396)	(1,418,875)	(1,754,539)	(2,084,065)	(2,407,118)	(2,723,341)	(3,032,358)
Total Interest			(3,101,741)	(3,365,532)	(3,645,311)	(3,935,169)	(4,218,971)	(4,496,382)	(4,579,558)	(4,655,628)	(4,911,705)
EBT			6,256,876	6,847,975	7,223,476	7,271,927	7,342,992	7,437,215	7,742,663	8,072,435	8,239,662
T			2,544,365	2,778,500	2,927,235	2,946,427	2,974,576	3,011,898	3,132,885	3,263,508	3,329,747
E			3,712,511	4,069,476	4,296,240	4,325,500	4,368,416	4,425,318	4,609,777	4,808,927	4,909,915
EBITDA			13,205,234	14,118,994	14,841,809	15,253,548	15,679,845	16,120,961	16,577,172	17,048,759	17,536,016
Interest Expense			(3,101,741)	(3,365,532)	(3,645,311)	(3,935,169)	(4,218,971)	(4,496,382)	(4,579,558)	(4,655,628)	(4,911,705)
EBITDA / Interest Expense (> 1.5)			4.26	4.20	4.07	3.88	3.72	3.59	3.62	3.66	3.57

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PWW Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	4,275,143	4,199,215	4,696,560	5,539,471	6,394,635	7,276,609	8,200,213	1,868,043	3,295,473	4,603,227	
Other Current Assets	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	
PP&E	127,154,441	131,310,812	133,411,433	135,821,257	138,441,471	140,990,256	143,469,559	145,881,275	148,227,245	150,509,262	
Eminent Domain Regulatory Asset	5,000,000	4,833,333	4,666,667	4,500,000	4,333,333	4,166,667	4,000,000	3,833,333	3,666,667	3,500,000	
Other Assets	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	
Total Assets	169,324,942	173,238,719	175,670,017	178,756,086	182,064,798	185,328,890	188,565,131	184,478,009	188,084,742	191,507,847	
Other Current Liabilities	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	
Original Debt	51,914,444	51,046,073	50,186,190	49,323,985	48,456,522	47,583,565	46,704,859	38,320,144	37,429,142	36,531,567	
Capex Debt	-	7,728,139	13,372,831	19,297,733	25,400,700	31,392,096	37,265,783	43,015,288	48,633,781	54,114,056	
Transaction Debt	5,000,000	4,833,333	4,666,667	4,500,000	4,333,333	4,166,667	4,000,000	3,833,333	3,666,667	3,500,000	
Other Liabilities	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	
CIAC	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	
Equity											
Historical Equity	39,041,141	39,041,141	39,041,141	39,041,141	39,041,141	39,041,141	39,041,141	39,041,141	39,041,141	39,041,141	
Acquisition Equity	4,272,693	4,272,693	4,272,693	4,272,693	4,272,693	4,272,693	4,272,693	4,272,693	4,272,693	4,272,693	
Current Year Earnings		3,712,511	4,069,476	4,296,240	4,325,500	4,368,416	4,425,318	4,609,777	4,808,927	4,909,915	
Current Year Distributions		(3,712,511)	(4,069,476)	(4,296,240)	(4,325,500)	(4,368,416)	(4,425,318)	(4,609,777)	(4,808,927)	(4,909,915)	
Retained Earnings - historical	15,006,898	15,006,898	15,006,898	15,006,898	15,006,898	15,006,898	15,006,898	15,006,898	15,006,898	15,006,898	
Intercompany advances to Parent	-	(2,779,325)	(4,966,168)	(6,776,129)	(8,536,256)	(10,223,936)	(11,816,010)	(13,101,255)	(14,055,345)	(15,048,274)	
Total Equity	58,320,732	55,541,407	53,354,564	51,544,603	49,784,476	48,096,796	46,504,722	45,219,477	44,265,387	43,272,458	
Total Liabilities & Equity	169,324,942	173,238,718	175,670,017	178,756,086	182,064,797	185,328,889	188,565,130	184,478,009	188,084,742	191,507,847	
Total Debt	51,914,444	58,774,212	63,559,021	68,621,717	73,857,222	78,975,660	83,970,642	81,335,432	86,062,922	90,645,623	
Total Equity	58,320,732	55,541,407	53,354,564	51,544,603	49,784,476	48,096,796	46,504,722	45,219,477	44,265,387	43,272,458	
Total Debt / Total Capital (< 65%)	47.1%	51.4%	54.4%	57.1%	59.7%	62.2%	64.4%	64.3%	66.0%	67.7%	
Funded Debt	50,937,890	57,719,579	62,405,538	67,357,222	72,475,660	77,470,642	74,835,432	79,562,922	84,145,623	86,575,625	
PP&E	127,154,441	131,310,812	133,411,433	135,821,257	138,441,471	140,990,256	143,469,559	145,881,275	148,227,245	150,509,262	
Funded Debt / PP&E (< 60%)	40.1%	44.0%	46.8%	49.6%	52.4%	54.9%	52.2%	54.5%	56.8%	57.5%	

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PWW Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			3,712,511	4,069,476	4,296,240	4,325,500	4,368,416	4,425,318	4,609,777	4,808,927	4,909,915
D&A PP&E			3,679,951	3,738,820	3,806,355	3,879,786	3,951,215	4,020,697	4,088,285	4,154,030	4,217,983
D&A ED Regulatory Asset			166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667
Total D&A			3,846,618	3,905,487	3,973,022	4,046,453	4,117,882	4,187,363	4,254,951	4,320,696	4,384,649
Net cash from operations			7,559,128	7,974,963	8,269,262	8,371,953	8,486,298	8,612,681	8,864,728	9,129,623	9,294,565
Purchases of PP&E			(7,836,322)	(5,839,441)	(6,216,179)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)
Proceeds from borrowings			7,836,322	5,839,441	6,216,179	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Principal Payment Original Debt			(868,370)	(859,883)	(862,205)	(867,462)	(872,957)	(878,705)	(8,384,715)	(891,002)	(897,574)
Principal Payment Capex Debt			(108,183)	(194,749)	(291,277)	(397,033)	(508,604)	(626,313)	(750,495)	(881,507)	(1,019,725)
Return of Eminent Domain Regulatory Asset			(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)
Total Principal Payments			(1,143,221)	(1,221,299)	(1,320,149)	(1,431,162)	(1,548,229)	(1,671,685)	(9,301,877)	(1,939,176)	(2,083,966)
Change in Cash Before Distributions			6,415,908	6,753,663	6,949,113	6,940,791	6,938,070	6,940,996	(437,149)	7,190,447	7,210,599
Dividend of Net Income to Parent			(3,712,511)	(4,069,476)	(4,296,240)	(4,325,500)	(4,368,416)	(4,425,318)	(4,609,777)	(4,808,927)	(4,909,915)
Cash transferred to Parent through Intercompany Payable			(2,779,325)	(2,186,843)	(1,809,961)	(1,760,127)	(1,687,680)	(1,592,074)	(1,285,245)	(954,090)	(992,929)
Total Distributions			(6,491,836)	(6,256,319)	(6,106,201)	(6,085,627)	(6,056,096)	(6,017,392)	(5,895,022)	(5,763,017)	(5,902,845)
Change in Cash After Distributions			(75,928)	497,344	842,912	855,164	881,974	923,605	(6,332,171)	1,427,430	1,307,754
Cash at beginning			4,275,143	4,199,215	4,696,560	5,539,471	6,394,635	7,276,609	8,200,213	1,868,043	3,295,473
Cash at end		4,275,143	4,199,215	4,696,560	5,539,471	6,394,635	7,276,609	8,200,213	1,868,043	3,295,473	4,603,227

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PEU P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	6,147,528	6,802,609	7,510,307	7,510,307	7,716,840	7,929,054	8,147,103	8,371,148	8,601,354	8,837,892	
Growth		10.66%	10.40%	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	
Operating Expenses											
Direct Operating Expenses		2,394,764	2,466,607	2,540,606	2,616,824	2,695,328	2,776,188	2,859,474	2,945,258	3,033,616	
Corporate Expenses		1,644,553	1,693,890	1,744,706	1,797,048	1,850,959	1,906,488	1,963,682	2,022,593	2,083,271	
Administration		(60,463)	(62,277)	(64,145)	(66,069)	(68,051)	(70,093)	(72,196)	(74,362)	(76,592)	
Taxes Other Than Income		774,655	780,447	787,634	795,806	803,789	811,587	819,206	826,649	833,919	
Total Operating Expenses		4,753,509	4,878,668	5,008,801	5,143,608	5,282,025	5,424,171	5,570,167	5,720,138	5,874,214	
EBITDA		2,049,100	2,631,639	2,501,506	2,573,233	2,647,029	2,722,932	2,800,981	2,881,216	2,963,678	
PP&E D&A		(746,518)	(752,100)	(759,026)	(766,901)	(774,594)	(782,109)	(789,451)	(796,624)	(803,630)	
Total D&A		(746,518)	(752,100)	(759,026)	(766,901)	(774,594)	(782,109)	(789,451)	(796,624)	(803,630)	
EBIT		1,302,581	1,879,539	1,742,480	1,806,332	1,872,435	1,940,822	2,011,530	2,084,593	2,160,048	
Original Interest		(395,188)	(379,386)	(363,182)	(346,572)	(329,552)	(312,097)	(294,180)	(275,797)	(256,940)	
Capex Interest		(72,938)	(126,283)	(182,328)	(240,117)	(296,922)	(352,688)	(407,358)	(460,873)	(513,168)	
Total Interest		(468,126)	(505,669)	(545,511)	(586,690)	(626,474)	(664,785)	(701,539)	(736,671)	(770,108)	
EBT		834,455	1,373,870	1,196,970	1,219,642	1,245,961	1,276,037	1,309,991	1,347,922	1,389,940	
T		330,528	544,190	474,120	483,100	493,525	505,438	518,887	533,912	550,555	
E		503,928	829,680	722,850	736,542	752,436	770,599	791,104	814,010	839,385	
EBITDA		2,049,100	2,631,639	2,501,506	2,573,233	2,647,029	2,722,932	2,800,981	2,881,216	2,963,678	
Interest Expense		(468,126)	(505,669)	(545,511)	(586,690)	(626,474)	(664,785)	(701,539)	(736,671)	(770,108)	
EBITDA / Interest Expense (> 1.5)		4.38	5.20	4.59	4.39	4.23	4.10	3.99	3.91	3.85	

Re: City of Nashua Acquisition of Pennichuck Corporation
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Attachment OCA Tech 1-3(a)

PEU Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	637,500	496,474	877,366	1,063,682	1,254,128	1,451,275	1,656,703	1,673,076	2,102,755	2,316,176	
Other Current Assets	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)
PP&E	30,996,804	31,576,433	31,812,546	32,105,488	32,438,588	32,763,994	33,081,884	33,392,433	33,695,809	33,992,179	
Other Assets	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231
Total Assets	31,104,081	31,542,683	32,159,688	32,638,947	33,162,493	33,685,046	34,208,364	34,735,285	35,268,341	35,778,131	
Other Current Liabilities	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020
Original Debt	11,054,124	10,709,684	10,358,026	9,999,314	9,633,294	9,260,055	8,878,635	8,489,092	8,091,134	7,684,731	
Capex Debt	-	1,307,839	2,263,094	3,265,770	4,298,580	5,312,508	6,306,517	7,279,510	8,230,332	9,157,763	
Other Liabilities	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307
CIAC	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	
Equity											
Historical Equity	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774	5,811,774
Acquisition Equity	637,500	637,500	637,500	637,500	637,500	637,500	637,500	637,500	637,500	637,500	637,500
Current Year Earnings		503,928	829,680	722,850	736,542	752,436	770,599	791,104	814,010	839,385	
Current Year Distributions		(503,928)	(829,680)	(722,850)	(736,542)	(752,436)	(770,599)	(791,104)	(814,010)	(839,385)	
Retained Earnings - historical	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060	1,195,060
Intercompany advances to Parent	-	(524,797)	(511,390)	(676,094)	(819,338)	(937,474)	(1,026,745)	(1,083,274)	(1,103,083)	(1,114,320)	
Total Equity	7,644,334	7,119,537	7,132,944	6,968,240	6,824,996	6,706,860	6,617,589	6,561,060	6,541,251	6,530,014	
Total Liabilities & Equity	31,104,081	31,542,683	32,159,688	32,638,947	33,162,493	33,685,046	34,208,364	34,735,285	35,268,341	35,778,131	
Total Debt (Excludes Interco)	8,605,585	9,568,984	10,172,582	10,816,546	11,483,335	12,124,024	12,736,613	13,320,063	13,872,927	14,393,956	
Total Equity	7,644,334	7,119,537	7,132,944	6,968,240	6,824,996	6,706,860	6,617,589	6,561,060	6,541,251	6,530,014	
Total Debt / Total Capital (< 65%)	53.0%	57.3%	58.8%	60.8%	62.7%	64.4%	65.8%	67.0%	68.0%	68.8%	
Funded Debt (Excludes Interco)	8,242,837	9,184,369	9,764,577	10,383,335	11,024,024	11,636,613	12,220,063	12,772,927	13,293,956	13,781,015	
PP&E	30,996,804	31,576,433	31,812,546	32,105,488	32,438,588	32,763,994	33,081,884	33,392,433	33,695,809	33,992,179	
Funded Debt / PP&E (< 60%)	26.6%	29.1%	30.7%	32.3%	34.0%	35.5%	36.9%	38.3%	39.5%	40.5%	

Re: City of Nashua Acquisition of Pennichuck Corporation
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Attachment OCA Tech 1-3(a)

PEU Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			503,928	829,680	722,850	736,542	752,436	770,599	791,104	814,010	839,385
D&A PP&E			746,518	752,100	759,026	766,901	774,594	782,109	789,451	796,624	803,630
Total D&A			746,518	752,100	759,026	766,901	774,594	782,109	789,451	796,624	803,630
Net cash from operations			1,250,446	1,581,781	1,481,876	1,503,443	1,527,030	1,552,708	1,580,555	1,610,634	1,643,015
Purchases of PP&E			(1,326,147)	(988,213)	(1,051,969)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Proceeds from borrowings			1,326,147	988,213	1,051,969	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Principal Payment Original Debt			(344,440)	(351,658)	(358,712)	(366,021)	(373,239)	(381,420)	(389,543)	(397,958)	(406,403)
Principal Payment Capex Debt			(18,308)	(32,958)	(49,293)	(67,190)	(86,072)	(105,991)	(127,007)	(149,178)	(172,569)
Total Principal Payments			(362,748)	(384,615)	(408,005)	(433,211)	(459,310)	(487,411)	(516,550)	(547,136)	(578,972)
Change in Cash Before Distributions			887,698	1,197,165	1,073,871	1,070,232	1,067,719	1,065,297	1,064,005	1,063,498	1,064,043
Dividend of Net Income to Parent			(503,928)	(829,680)	(722,850)	(736,542)	(752,436)	(770,599)	(791,104)	(814,010)	(839,385)
Cash transferred to Parent through Intercompany Payable			(524,797)	13,407	(164,705)	(143,243)	(118,136)	(89,271)	(56,529)	(19,809)	(11,238)
Total Distributions			(1,028,724)	(816,273)	(887,555)	(879,785)	(870,572)	(859,870)	(847,632)	(833,819)	(850,623)
Change in Cash After Distributions			(141,026)	380,892	186,316	190,447	197,147	205,427	216,373	229,679	213,421
Cash at beginning			637,500	496,474	877,366	1,063,682	1,254,128	1,451,275	1,656,703	1,873,076	2,102,755
Cash at end		637,500	496,474	877,366	1,063,682	1,254,128	1,451,275	1,656,703	1,873,076	2,102,755	2,316,176

Re: City of Nashua Acquisition of Pennichuck Corporation
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PAC P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues		667,402	732,581	757,914	770,581	791,772	813,546	835,918	858,906	882,526	906,795
Growth			9.77%	3.46%	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Operating Expenses											
Direct Operating Expenses			180,923	186,350	191,941	197,699	203,630	209,739	216,031	222,512	229,187
Corporate Expenses			160,708	165,529	170,495	175,610	180,878	186,305	191,894	197,651	203,580
Administration			55,200	56,856	58,561	60,318	62,128	63,992	65,911	67,889	69,925
Taxes Other Than Income			81,462	81,480	81,635	81,888	82,136	82,376	82,611	82,839	83,062
Total Operating Expenses			478,293	490,216	502,632	515,516	528,772	542,412	556,447	570,891	585,755
EBITDA			254,288	267,698	267,949	276,256	284,774	293,507	302,459	311,635	321,041
PP&E D&A			(84,628)	(84,647)	(84,807)	(85,071)	(85,327)	(85,578)	(85,821)	(86,058)	(86,290)
Total D&A			(84,628)	(84,647)	(84,807)	(85,071)	(85,327)	(85,578)	(85,821)	(86,058)	(86,290)
EBIT			169,660	183,052	183,142	191,186	199,447	207,929	216,638	225,577	234,751
Original Interest			-	-	-	-	-	-	-	-	-
Capex Interest			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
Total Interest			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
EBT			163,361	172,145	167,395	170,448	173,803	177,470	181,457	185,774	190,432
T			64,707	68,187	66,305	67,514	68,843	70,296	71,875	73,585	75,430
E			98,654	103,959	101,090	102,934	104,960	107,174	109,582	112,189	115,002
EBITDA			254,288	267,698	267,949	276,256	284,774	293,507	302,459	311,635	321,041
Interest Expense			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
EBITDA / Interest Expense (> 1.5)			40.37	24.55	17.02	13.32	11.11	9.64	8.60	7.83	7.24

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PAC Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	90,007	144,884	207,128	263,201	320,873	380,356	441,864	505,617	571,838	636,215	
Other Current Assets	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	
PP&E	3,158,654	3,188,557	3,189,256	3,195,300	3,205,230	3,214,902	3,224,325	3,233,503	3,242,445	3,251,155	
Other Assets	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	
Total Assets	3,246,696	3,331,476	3,394,419	3,456,536	3,524,138	3,593,293	3,664,224	3,737,155	3,812,318	3,885,406	
Other Current Liabilities	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	
Original Debt (Interco)	776,850	776,850	776,850	776,850	776,850	776,850	776,850	776,850	776,850	776,850	
Capex Debt	-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898	
Other Liabilities	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	
CIAC	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	
Equity											
Historical Equity	237,229	237,229	237,229	237,229	237,229	237,229	237,229	237,229	237,229	237,229	
Acquisition Equity	89,807	89,807	89,807	89,807	89,807	89,807	89,807	89,807	89,807	89,807	
Current Year Earnings		98,654	103,959	101,090	102,934	104,960	107,174	109,582	112,189	115,002	
Current Year Distributions		(98,654)	(103,959)	(101,090)	(102,934)	(104,960)	(107,174)	(109,582)	(112,189)	(115,002)	
Retained Earnings - historical	821,339	821,339	821,339	821,339	821,339	821,339	821,339	821,339	821,339	821,339	
Intercompany advances to Parent	-	(28,170)	(47,726)	(72,204)	(93,799)	(112,210)	(127,126)	(138,226)	(145,179)	(152,188)	
Total Equity	1,148,375	1,120,205	1,100,649	1,076,171	1,054,576	1,036,165	1,021,249	1,010,149	1,003,196	996,187	
Total Liabilities & Equity	3,246,696	3,331,476	3,394,419	3,456,536	3,524,138	3,593,293	3,664,224	3,737,155	3,812,318	3,885,406	
Total Debt (Excludes Interco)	-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898	
Total Equity	1,148,375	1,120,205	1,100,649	1,076,171	1,054,576	1,036,165	1,021,249	1,010,149	1,003,196	996,187	
Total Debt / Total Capital (< 65%)	0.0%	9.2%	15.1%	20.8%	26.0%	30.7%	34.8%	38.4%	41.5%	44.3%	
Funded Debt (Excludes Interco)	-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898	
PP&E	3,158,654	3,188,557	3,189,256	3,195,300	3,205,230	3,214,902	3,224,325	3,233,503	3,242,445	3,251,155	
Funded Debt / PP&E (< 60%)	0.0%	3.5%	6.1%	8.8%	11.6%	14.3%	16.9%	19.4%	21.9%	24.3%	

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PAC Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			98,654	103,959	101,090	102,934	104,960	107,174	109,582	112,189	115,002
D&A PP&E			84,628	84,647	84,807	85,071	85,327	85,578	85,821	86,058	86,290
Total D&A			84,628	84,647	84,807	85,071	85,327	85,578	85,821	86,058	86,290
Net cash from operations			183,282	188,605	185,897	188,004	190,287	192,752	195,403	198,247	201,291
Purchases of PP&E			(114,531)	(85,346)	(90,852)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
Proceeds from borrowings			114,531	85,346	90,852	95,000	95,000	95,000	95,000	95,000	95,000
Principal Payment Original Debt			-	-	-	-	-	-	-	-	-
Principal Payment Capex Debt			(1,581)	(2,846)	(4,257)	(5,803)	(7,433)	(9,154)	(10,969)	(12,884)	(14,904)
Total Principal Payments			(1,581)	(2,846)	(4,257)	(5,803)	(7,433)	(9,154)	(10,969)	(12,884)	(14,904)
Change in Cash Before Distributions			181,701	185,759	181,640	182,202	182,854	183,598	184,434	185,364	186,388
Dividend of Net Income to Parent			(98,654)	(103,959)	(101,090)	(102,934)	(104,960)	(107,174)	(109,582)	(112,189)	(115,002)
Cash transferred to Parent through Intercompany Payable			(28,170)	(19,556)	(24,477)	(21,595)	(18,411)	(14,916)	(11,100)	(6,953)	(7,009)
Total Dividends			(126,823)	(123,515)	(125,567)	(124,529)	(123,371)	(122,090)	(120,682)	(119,142)	(122,011)
Change in Cash After Distributions			54,877	62,244	56,073	57,672	59,483	61,508	63,753	66,221	64,377
Cash at beginning			90,007	144,884	207,128	263,201	320,873	380,356	441,864	505,617	571,838
Cash at end		90,007	144,884	207,128	263,201	320,873	380,356	441,864	505,617	571,838	636,215

Re: City of Nashua Acquisition of Pennichuck Corporation
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Attachment OCA Tech 1-3(b)

PWW P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	28,271,598	27,522,754	28,813,807	29,932,227	30,755,363	31,601,136	32,470,167	33,363,097	34,280,582	35,223,298	
Growth		-2.65%	4.69%	3.88%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	
Operating Expenses											
Direct Operating Expenses		6,556,359	6,753,050	6,955,641	7,164,310	7,379,240	7,600,617	7,828,635	8,063,494	8,305,399	
Corporate Expenses		(2,108,552)	(2,171,809)	(2,236,963)	(2,304,072)	(2,373,194)	(2,444,390)	(2,517,722)	(2,593,253)	(2,671,051)	
Administration		6,139,541	6,323,727	6,513,439	6,708,842	6,910,107	7,117,410	7,330,932	7,550,860	7,777,386	
Taxes Other Than Income		3,730,173	3,789,845	3,858,302	3,932,735	4,005,138	4,075,568	4,144,079	4,210,721	4,275,547	
Total Operating Expenses		14,317,520	14,694,813	15,090,418	15,501,815	15,921,291	16,349,206	16,785,925	17,231,823	17,687,281	
EBITDA		13,205,234	14,118,994	14,841,809	15,253,548	15,679,845	16,120,961	16,577,172	17,048,759	17,536,016	
PP&E D&A		(3,679,951)	(3,738,820)	(3,806,355)	(3,879,786)	(3,951,215)	(4,020,697)	(4,088,285)	(4,154,030)	(4,217,983)	
Municipal Acquisition Regulatory Asset Amortization		(897,853)	(949,031)	(1,003,126)	(1,060,304)	(1,120,741)	(1,184,623)	(1,252,147)	(1,323,519)	(1,398,960)	
Eminent Domain Amortization		(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	
Total D&A		(4,744,471)	(4,854,518)	(4,976,147)	(5,106,756)	(5,238,623)	(5,371,987)	(5,507,098)	(5,644,216)	(5,783,609)	
EBIT		8,460,763	9,264,476	9,865,661	10,146,792	10,441,222	10,748,975	11,070,074	11,404,543	11,752,407	
Original Interest		(2,670,743)	(2,619,315)	(2,567,916)	(2,516,293)	(2,464,432)	(2,412,317)	(2,172,440)	(1,932,287)	(1,879,347)	
Capex Interest		(430,998)	(746,217)	(1,077,396)	(1,418,875)	(1,754,539)	(2,084,065)	(2,407,118)	(2,723,341)	(3,032,358)	
Total Interest		(3,101,741)	(3,365,532)	(3,645,311)	(3,935,169)	(4,218,971)	(4,496,382)	(4,579,558)	(4,655,628)	(4,911,705)	
EBT		5,359,023	5,898,944	6,220,350	6,211,623	6,222,251	6,252,592	6,490,516	6,748,916	6,840,703	
T		2,544,365	2,778,500	2,927,235	2,946,427	2,974,576	3,011,898	3,132,885	3,263,508	3,329,747	
E		2,814,657	3,120,445	3,293,115	3,265,196	3,247,675	3,240,694	3,357,630	3,485,408	3,510,956	
EBITDA		13,205,234	14,118,994	14,841,809	15,253,548	15,679,845	16,120,961	16,577,172	17,048,759	17,536,016	
Interest Expense		(3,101,741)	(3,365,532)	(3,645,311)	(3,935,169)	(4,218,971)	(4,496,382)	(4,579,558)	(4,655,628)	(4,911,705)	
EBITDA / Interest Expense (> 1.5)		4.26	4.20	4.07	3.88	3.72	3.59	3.62	3.66	3.57	

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PWW Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	4,275,143	4,199,215	4,696,560	5,539,471	6,394,635	7,276,609	8,200,213	1,868,043	3,295,473	4,588,895	
Other Current Assets	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	
PP&E	127,154,441	131,310,812	133,411,433	135,821,257	138,441,471	140,990,256	143,469,559	145,881,275	148,227,245	150,509,262	
Municipal Acquisition Regulatory Asset	67,344,185	66,446,332	65,497,301	64,494,175	63,433,871	62,313,130	61,128,507	59,876,360	58,552,841	57,153,881	
Eminent Domain Regulatory Asset	5,000,000	4,833,333	4,666,667	4,500,000	4,333,333	4,166,667	4,000,000	3,833,333	3,666,667	3,500,000	
Other Assets	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	
Total Assets	236,669,127	239,685,050	241,167,318	243,250,261	245,498,669	247,642,020	249,693,638	244,354,369	246,637,584	248,657,397	
Other Current Liabilities	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	
Original Debt	51,914,444	51,046,073	50,186,190	49,323,985	48,456,522	47,583,565	46,704,859	38,320,144	37,429,142	36,531,567	
Capex Debt		7,728,139	13,372,831	19,297,733	25,400,700	31,392,096	37,265,783	43,015,288	48,633,781	54,114,056	
Other Liabilities	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	
CIAC	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	
Equity											
Historical Equity											
Acquisition Equity	130,664,917	129,600,397	128,484,699	127,314,907	126,087,937	124,800,529	123,449,239	122,030,426	120,540,240	118,974,613	
Retained Earnings			(2,779,325)	(4,966,168)	(6,776,129)	(8,536,256)	(10,223,936)	(11,816,010)	(13,101,255)	(14,055,345)	
Current Year Earnings		2,814,657	3,120,445	3,293,115	3,265,196	3,247,675	3,240,694	3,357,630	3,485,408	3,510,956	
Current Year Distributions		(5,593,982)	(5,307,288)	(5,103,075)	(5,025,323)	(4,935,355)	(4,832,769)	(4,642,875)	(4,439,498)	(4,508,216)	
Total Equity	130,664,917	126,821,072	123,518,531	120,538,778	117,551,681	114,576,593	111,633,229	108,929,171	106,484,895	103,922,008	
Total Liabilities & Equity	236,669,126	239,685,050	241,167,317	243,250,261	245,498,669	247,642,020	249,693,637	244,354,369	246,637,583	248,657,397	
Total Debt	51,914,444	58,774,212	63,559,021	68,621,717	73,857,222	78,975,660	83,970,642	81,335,432	86,062,922	90,645,623	
Total Equity	130,664,917	126,821,072	123,518,531	120,538,778	117,551,681	114,576,593	111,633,229	108,929,171	106,484,895	103,922,008	
Total Debt / Total Capital (< 65%)	28.4%	31.7%	34.0%	36.3%	38.6%	40.8%	42.9%	42.7%	44.7%	46.6%	
Funded Debt	50,937,890	57,719,579	62,405,538	67,357,222	72,475,660	77,470,642	74,835,432	79,562,922	84,145,623	86,575,625	
PP&E	127,154,441	131,310,812	133,411,433	135,821,257	138,441,471	140,990,256	143,469,559	145,881,275	148,227,245	150,509,262	
Funded Debt / PP&E (< 60%)	40.1%	44.0%	46.8%	49.6%	52.4%	54.9%	52.2%	54.5%	56.8%	57.5%	

Re: City of Nashua Acquisition of Pennichuck Corporation
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PWW Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			2,814,657	3,120,445	3,293,115	3,265,196	3,247,675	3,240,694	3,357,630	3,485,408	3,510,956
D&A PP&E			3,679,951	3,738,820	3,806,355	3,879,786	3,951,215	4,020,697	4,088,285	4,154,030	4,217,983
D&A Municipal Acq. Reg. Asset			897,853	949,031	1,003,126	1,060,304	1,120,741	1,184,623	1,252,147	1,323,519	1,398,960
D&A ED Regulatory Asset			166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667
Total D&A			4,744,471	4,854,518	4,976,147	5,106,756	5,238,623	5,371,987	5,507,098	5,644,216	5,783,609
Net cash from operations			7,559,128	7,974,963	8,269,262	8,371,953	8,486,298	8,612,681	8,864,728	9,129,623	9,294,565
Purchases of PP&E			(7,836,322)	(5,839,441)	(6,216,179)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)
Proceeds from borrowings			7,836,322	5,839,441	6,216,179	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Principal Payment Original Debt			(868,370)	(859,883)	(862,205)	(867,462)	(872,957)	(878,705)	(838,471)	(891,002)	(897,574)
Principal Payment Capex Debt			(108,183)	(194,749)	(291,277)	(397,033)	(508,604)	(626,313)	(750,495)	(881,507)	(1,019,725)
Return of Municipal Acquisition Regulatory Asset			(897,853)	(949,031)	(1,003,126)	(1,060,304)	(1,120,741)	(1,184,623)	(1,252,147)	(1,323,519)	(1,398,960)
Return of Eminent Domain Regulatory Asset			(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)
Total Principal Payments			(2,041,074)	(2,170,330)	(2,323,275)	(2,491,465)	(2,668,970)	(2,856,308)	(3,054,024)	(3,262,695)	(3,482,926)
Change in Cash Before Distributions			5,518,055	5,804,632	5,945,987	5,880,487	5,817,328	5,756,373	(1,689,295)	5,866,928	5,811,639
CBFRR			(7,639,942)	(7,588,784)	(7,534,669)	(7,477,491)	(7,417,054)	(7,353,172)	(7,285,648)	(7,214,276)	(7,350,615)
Distribution For Eminent Domain Regulatory Asset			(280,250)	(270,750)	(261,250)	(251,750)	(242,250)	(232,750)	(223,250)	(213,750)	(204,250)
Distribution For RSF			(218,156)	(226,274)	(234,391)	(242,509)	(250,627)	(258,745)	(266,862)	(274,980)	(283,098)
Taxes Paid to Parent			2,544,365	2,778,500	2,927,235	2,946,427	2,974,576	3,011,898	3,132,885	3,263,508	3,329,747
Total Distributions			(5,593,982)	(5,307,288)	(5,103,075)	(5,025,323)	(4,935,355)	(4,832,769)	(4,642,875)	(4,439,498)	(4,508,216)
Change in Cash After Distributions			(75,928)	497,344	842,912	855,164	881,974	923,605	(6,332,171)	1,427,430	1,303,423
Cash at beginning			4,275,143	4,199,215	4,696,560	5,539,471	6,394,635	7,276,609	8,200,213	1,868,043	3,295,473
Cash at end		4,275,143	4,199,215	4,696,560	5,539,471	6,394,635	7,276,609	8,200,213	1,868,043	3,295,473	4,598,895

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PEU P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	6,147,528	6,802,609	7,510,307	7,510,307	7,716,840	7,929,054	8,147,103	8,371,148	8,601,354	8,837,892	
Growth		10.66%	10.40%	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	
Operating Expenses											
Direct Operating Expenses		2,394,764	2,466,607	2,540,606	2,616,824	2,695,328	2,776,188	2,859,474	2,945,258	3,033,616	
Corporate Expenses		1,644,553	1,693,890	1,744,706	1,797,048	1,850,959	1,906,488	1,963,682	2,022,593	2,083,271	
Administration		(60,463)	(62,277)	(64,145)	(66,069)	(68,051)	(70,093)	(72,196)	(74,362)	(76,592)	
Taxes Other Than Income		774,655	780,447	787,634	795,806	803,789	811,587	819,206	826,649	833,919	
Total Operating Expenses		4,753,509	4,878,668	5,008,801	5,143,608	5,282,025	5,424,171	5,570,167	5,720,138	5,874,214	
EBITDA		2,049,100	2,631,639	2,501,506	2,573,233	2,647,029	2,722,932	2,800,981	2,881,216	2,963,678	
PP&E D&A		(746,518)	(752,100)	(759,026)	(766,901)	(774,594)	(782,109)	(789,451)	(796,624)	(803,630)	
Municipal Acquisition Regulatory Asset Amortization		(158,074)	(167,085)	(176,608)	(186,675)	(197,316)	(208,563)	(220,451)	(233,016)	(246,298)	
ED Amortization		-	-	-	-	-	-	-	-	-	
Total D&A		(904,592)	(919,185)	(935,634)	(953,576)	(971,910)	(990,672)	(1,009,902)	(1,029,640)	(1,049,929)	
EBIT		1,144,507	1,712,455	1,565,872	1,619,657	1,675,119	1,732,260	1,791,079	1,851,576	1,913,750	
Original Interest		(395,188)	(379,386)	(363,182)	(346,572)	(329,552)	(312,097)	(294,180)	(275,797)	(256,940)	
Capex Interest		(72,938)	(126,283)	(182,328)	(240,117)	(296,922)	(352,688)	(407,358)	(460,873)	(513,168)	
Total Interest		(468,126)	(505,669)	(545,511)	(586,690)	(626,474)	(664,785)	(701,539)	(736,671)	(770,108)	
EBT		676,381	1,206,786	1,020,361	1,032,967	1,048,645	1,067,475	1,089,540	1,114,906	1,143,642	
T		330,528	544,190	474,120	483,100	493,525	505,438	518,887	533,912	550,555	
E		345,853	662,596	546,242	549,867	555,120	562,036	570,653	580,994	593,087	
EBITDA		2,049,100	2,631,639	2,501,506	2,573,233	2,647,029	2,722,932	2,800,981	2,881,216	2,963,678	
Interest Expense		(468,126)	(505,669)	(545,511)	(586,690)	(626,474)	(664,785)	(701,539)	(736,671)	(770,108)	
EBITDA / Interest Expense (> 1.5)		4.38	5.20	4.59	4.39	4.23	4.10	3.99	3.91	3.85	

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PEU Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash		637,500	496,474	877,366	1,063,682	1,254,128	1,451,275	1,656,703	1,873,076	2,102,755	2,315,503
Other Current Assets		(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)
PP&E		30,996,804	31,576,433	31,812,546	32,105,488	32,438,588	32,763,994	33,081,884	33,392,433	33,695,809	33,992,179
Municipal Acquisition Regulatory Asset		11,856,489	11,698,414	11,531,330	11,354,721	11,168,046	10,970,731	10,762,168	10,541,718	10,308,701	10,062,403
Eminent Domain Regulatory Asset		-	-	-	-	-	-	-	-	-	-
Other Assets		803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231
Total Assets		42,960,570	43,241,098	43,691,018	43,993,669	44,330,539	44,655,777	44,970,532	45,277,003	45,577,042	45,839,861
Other Current Liabilities		647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020
Original Debt		11,054,124	10,709,684	10,358,026	9,999,314	9,633,294	9,260,055	8,878,635	8,489,092	8,091,134	7,684,731
Capex Debt		-	1,307,839	2,263,094	3,265,770	4,298,580	5,312,508	6,306,517	7,279,510	8,230,332	9,157,763
Other Liabilities		3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307
CIAC		8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296
Equity		-	-	-	-	-	-	-	-	-	-
Historical Equity		-	-	-	-	-	-	-	-	-	-
Acquisition Equity		19,500,823	19,342,748	19,175,664	18,999,055	18,812,380	18,615,065	18,406,502	18,186,052	17,953,035	17,706,737
Retained Earnings		-	-	(524,797)	(511,390)	(676,094)	(819,338)	(937,474)	(1,026,745)	(1,083,274)	(1,103,083)
Current Year Earnings		-	345,853	662,596	546,242	549,867	555,120	562,036	570,653	580,994	593,087
Current Year Distributions		-	(870,650)	(648,189)	(710,946)	(693,110)	(673,257)	(651,307)	(627,182)	(600,803)	(604,997)
Total Equity		19,500,823	18,817,952	18,664,274	18,322,961	17,993,042	17,677,590	17,379,757	17,102,778	16,849,953	16,591,744
Total Liabilities & Equity		42,960,570	43,241,098	43,691,018	43,993,668	44,330,539	44,655,777	44,970,532	45,277,003	45,577,042	45,839,861
Total Debt (Excludes Interco)		8,605,585	9,568,984	10,172,582	10,816,546	11,483,335	12,124,024	12,736,613	13,320,063	13,872,927	14,393,956
Total Equity		19,500,823	18,817,952	18,664,274	18,322,961	17,993,042	17,677,590	17,379,757	17,102,778	16,849,953	16,591,744
Total Debt / Total Capital (< 65%)		30.6%	33.7%	35.3%	37.1%	39.0%	40.7%	42.3%	43.8%	45.2%	46.5%
Funded Debt (Excludes Interco)		8,242,837	9,184,369	9,764,577	10,383,335	11,024,024	11,636,613	12,220,063	12,772,927	13,293,956	13,781,015
PP&E		30,996,804	31,576,433	31,812,546	32,105,488	32,438,588	32,763,994	33,081,884	33,392,433	33,695,809	33,992,179
Funded Debt / PP&E (< 60%)		26.6%	29.1%	30.7%	32.3%	34.0%	35.5%	36.9%	38.3%	39.5%	40.5%

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PEU Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			345,853	662,596	546,242	549,867	555,120	562,036	570,653	580,994	593,087
D&A PP&E			746,518	752,100	759,026	766,901	774,594	782,109	789,451	796,624	803,630
D&A Municipal Acq. Reg. Asset			158,074	167,085	176,608	186,675	197,316	208,563	220,451	233,016	246,298
D&A ED Regulatory Asset											
Total D&A			904,592	919,185	935,634	953,576	971,910	990,672	1,009,902	1,029,640	1,049,929
Net cash from operations			1,250,446	1,581,781	1,481,876	1,503,443	1,527,030	1,552,708	1,580,555	1,610,634	1,643,015
Purchases of PP&E			(1,326,147)	(988,213)	(1,051,969)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Proceeds from borrowings			1,326,147	988,213	1,051,969	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Principal Payment Original Debt			(344,440)	(351,658)	(358,712)	(366,021)	(373,239)	(381,420)	(389,543)	(397,958)	(406,403)
Principal Payment Capex Debt			(18,308)	(32,958)	(49,293)	(67,190)	(86,072)	(105,991)	(127,007)	(149,178)	(172,569)
Return of Municipal Acquisition Regulatory Asset			(158,074)	(167,085)	(176,608)	(186,675)	(197,316)	(208,563)	(220,451)	(233,016)	(246,298)
Return of Eminent Domain Regulatory Asset											
Total Principal Payments			(520,822)	(551,700)	(584,613)	(619,886)	(656,626)	(695,974)	(737,000)	(780,152)	(825,270)
Change in Cash Before Distributions			729,624	1,030,081	897,263	883,557	870,404	856,735	843,555	830,482	817,745
CBFRR			(1,168,627)	(1,159,616)	(1,150,093)	(1,140,026)	(1,129,385)	(1,118,138)	(1,106,250)	(1,093,685)	(1,113,312)
Distribution For Eminent Domain Regulatory Asset											
Distribution For RSF			(32,551)	(33,762)	(34,974)	(36,185)	(37,396)	(38,607)	(39,819)	(41,030)	(42,241)
Taxes Paid to Parent			330,528	544,190	474,120	483,100	493,525	505,438	518,887	533,912	550,555
Total Distributions			(870,650)	(649,189)	(710,946)	(693,110)	(673,257)	(651,307)	(627,182)	(600,803)	(604,997)
Change in Cash After Distributions			(141,026)	380,892	186,316	190,447	197,147	205,427	216,373	229,679	212,748
Cash at beginning			637,500	496,474	877,366	1,063,682	1,254,128	1,451,275	1,656,703	1,873,076	2,102,755
Cash at end		637,500	496,474	877,366	1,063,682	1,254,128	1,451,275	1,656,703	1,873,076	2,102,755	2,315,503

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PAC P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues		667,402	732,581	757,914	770,581	791,772	813,546	835,918	858,906	882,526	906,795
Growth			9.77%	3.46%	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Operating Expenses											
Direct Operating Expenses			180,923	186,350	191,941	197,699	203,630	209,739	216,031	222,512	229,187
Corporate Expenses			160,708	165,529	170,495	175,610	180,878	186,305	191,894	197,651	203,580
Administration			55,200	56,856	58,561	60,318	62,128	63,992	65,911	67,889	69,925
Taxes Other Than Income			80,296	80,324	80,433	80,602	80,767	80,930	81,091	81,249	81,405
Total Operating Expenses			477,127	489,060	501,431	514,229	527,403	540,966	554,927	569,301	584,098
EBITDA			255,454	268,854	269,150	277,543	286,142	294,953	303,979	313,225	322,697
PP&E D&A			(83,417)	(83,446)	(83,559)	(83,734)	(83,906)	(84,075)	(84,242)	(84,407)	(84,568)
Municipal Acquisition Regulatory Asset Amortization			(21,323)	(22,538)	(23,823)	(25,181)	(26,616)	(28,133)	(29,736)	(31,431)	(33,223)
ED Amortization			-	-	-	-	-	-	-	-	-
Total D&A			(104,739)	(105,984)	(107,382)	(108,914)	(110,522)	(112,208)	(113,979)	(115,838)	(117,792)
EBIT			150,715	162,870	161,768	168,629	175,621	182,744	190,000	197,387	204,906
Original Interest			-	-	-	-	-	-	-	-	-
Capex Interest			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
Total Interest			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
EBT			144,416	151,964	146,022	147,891	149,977	152,285	154,819	157,584	160,587
T			65,649	69,120	67,275	68,554	69,949	71,463	73,102	74,869	76,768
E			78,767	82,844	78,746	79,338	80,029	80,821	81,717	82,715	83,819
EBITDA			255,454	268,854	269,150	277,543	286,142	294,953	303,979	313,225	322,697
Interest Expense			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
EBITDA / Interest Expense (> 1.5)			40.55	24.65	17.09	13.38	11.16	9.68	8.64	7.87	7.28

Re: City of Nashua Acquisition of Pennichuck Corporation
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PAC Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	90,007	246,014	404,691	557,802	709,962	881,184	1,011,477	1,160,845	1,309,291	1,456,811	
Other Current Assets	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	
PP&E	5,346,264	5,377,378	5,379,278	5,386,571	5,397,837	5,408,931	5,419,855	5,430,613	5,441,206	5,451,638	
Municipal Acquisition Regulatory Asset	1,599,317	1,577,994	1,555,456	1,531,633	1,506,453	1,479,837	1,451,704	1,421,968	1,390,536	1,357,313	
ED Regulatory Asset	-	-	-	-	-	-	-	-	-	-	
Other Assets	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	
Total Assets	7,033,623	7,199,421	7,337,460	7,474,041	7,612,287	7,747,987	7,881,071	8,011,461	8,139,069	8,263,797	
Other Current Liabilities	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	
Original Debt (Interco)	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	
Capex Debt	-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898	
Other Liabilities	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	
CIAC	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	
Equity	-	-	-	-	-	-	-	-	-	-	
Historical Equity	-	-	-	-	-	-	-	-	-	-	
Acquisition Equity	2,747,692	2,726,369	2,703,831	2,680,008	2,654,828	2,628,212	2,600,079	2,570,343	2,538,911	2,505,688	
Retained Earnings	-	-	74,172	152,249	226,058	300,287	375,036	450,407	526,502	603,425	
Current Year Earnings	-	78,767	82,844	78,746	79,338	80,029	80,821	81,717	82,715	83,819	
Current Year Distributions	-	(4,595)	(4,766)	(4,937)	(5,108)	(5,279)	(5,450)	(5,621)	(5,792)	(5,963)	
Total Equity	2,747,692	2,800,541	2,856,080	2,906,066	2,955,115	3,003,248	3,050,486	3,096,845	3,142,336	3,186,969	
Total Liabilities & Equity	7,033,623	7,199,421	7,337,460	7,474,041	7,612,287	7,747,987	7,881,071	8,011,461	8,139,069	8,263,797	
Total Debt (Excludes Interco)	-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898	
Total Equity	2,747,692	2,800,541	2,856,080	2,906,066	2,955,115	3,003,248	3,050,486	3,096,845	3,142,336	3,186,969	
Total Debt / Total Capital (< 65%)	0.0%	3.9%	6.4%	8.8%	11.2%	13.3%	15.1%	16.9%	18.4%	19.9%	
Funded Debt (Excludes Interco)	-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898	
PP&E	5,346,264	5,377,378	5,379,278	5,386,571	5,397,837	5,408,931	5,419,855	5,430,613	5,441,206	5,451,638	
Funded Debt / PP&E (< 60%)	0.0%	2.1%	3.6%	5.2%	6.9%	8.5%	10.0%	11.6%	13.1%	14.5%	

PAC Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			81,574	85,662	81,568	82,152	82,824	83,586	84,436	85,373	86,398
D&A PP&E			83,417	83,446	83,559	83,734	83,906	84,075	84,242	84,407	84,568
D&A Municipal Acq. Reg. Asset			18,516	19,720	21,001	22,366	23,820	25,369	27,017	28,774	30,644
D&A ED Regulatory Asset			-	-	-	-	-	-	-	-	-
Total D&A			101,933	103,166	104,560	106,100	107,726	109,444	111,260	113,180	115,212
Net cash from operations			183,506	188,828	186,128	188,252	190,551	193,030	195,695	198,553	201,610
Purchases of PP&E			(114,531)	(85,346)	(90,852)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
Proceeds from borrowings			114,531	85,346	90,852	95,000	95,000	95,000	95,000	95,000	95,000
Principal Payment Original Debt			-	-	-	-	-	-	-	-	-
Principal Payment Capex Debt			(1,581)	(2,846)	(4,257)	(5,803)	(7,433)	(9,154)	(10,969)	(12,884)	(14,904)
Return of Municipal Acquisition Regulatory Asset			(18,516)	(19,720)	(21,001)	(22,366)	(23,820)	(25,369)	(27,017)	(28,774)	(30,644)
Return of Principal Eminent Domain			-	-	-	-	-	-	-	-	-
Total Principal Payments			(20,097)	(22,566)	(25,258)	(28,169)	(31,254)	(34,522)	(37,986)	(41,657)	(45,548)
Change in Cash Before Distributions			163,409	166,262	160,870	160,083	159,297	158,507	157,709	156,896	156,063
CBFRR			(185,018)	(183,814)	(182,533)	(181,168)	(179,714)	(178,165)	(176,517)	(174,760)	(172,890)
Dividend For Eminent Domain			-	-	-	-	-	-	-	-	-
Dividend For RSF			(5,010)	(5,205)	(5,400)	(5,595)	(5,790)	(5,985)	(6,180)	(6,375)	(6,570)
Taxes Paid to Parent			65,649	69,120	67,275	68,554	69,949	71,463	73,102	74,869	76,768
Total Dividends			(124,379)	(119,899)	(120,657)	(118,209)	(115,555)	(112,687)	(109,594)	(106,266)	(102,692)
Change in Cash After Distributions			39,030	46,363	40,213	41,874	43,742	45,821	48,115	50,630	53,371
Cash at beginning			90,007	129,037	175,400	215,613	257,487	301,229	347,049	395,164	445,795
Cash at end		90,007	129,037	175,400	215,613	257,487	301,229	347,049	395,164	445,795	499,165

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Re: City of Nashua Acquisition of Pennichuck Corporation
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PWW P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	28,271,598	27,522,754	28,813,807	29,932,227	30,755,363	31,601,136	32,470,167	33,363,097	34,280,582	35,223,298	
Growth		-2.65%	4.69%	3.88%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	
Operating Expenses											
Direct Operating Expenses		6,556,359	6,753,050	6,955,641	7,164,310	7,379,240	7,600,617	7,828,635	8,063,494	8,305,399	
Corporate Expenses		(2,108,552)	(2,171,809)	(2,236,963)	(2,304,072)	(2,373,194)	(2,444,390)	(2,517,722)	(2,593,253)	(2,671,051)	
Administration		6,139,541	6,323,727	6,513,439	6,708,842	6,910,107	7,117,410	7,330,932	7,550,860	7,777,386	
Taxes Other Than Income		3,730,173	3,789,845	3,858,302	3,932,735	4,005,138	4,075,568	4,144,079	4,210,721	4,275,547	
Total Operating Expenses		14,317,520	14,694,813	15,090,418	15,501,815	15,921,291	16,349,206	16,785,925	17,231,823	17,687,281	
EBITDA		13,205,234	14,118,994	14,841,809	15,253,548	15,679,845	16,120,961	16,577,172	17,048,759	17,536,016	
PP&E D&A		(3,679,951)	(3,738,820)	(3,806,355)	(3,879,786)	(3,951,215)	(4,020,697)	(4,088,285)	(4,154,030)	(4,217,983)	
Municipal Acquisition Regulatory Asset Amortization		(779,673)	(830,352)	(884,325)	(941,806)	(1,003,024)	(1,068,220)	(1,137,654)	(1,211,602)	(1,290,356)	
Eminent Domain Amortization		(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	
Total D&A		(4,626,291)	(4,735,839)	(4,857,347)	(4,988,259)	(5,120,905)	(5,255,584)	(5,392,606)	(5,532,298)	(5,675,005)	
EBIT		8,578,943	9,383,155	9,984,462	10,265,290	10,558,939	10,865,378	11,184,566	11,516,461	11,861,011	
Original Interest		(2,670,743)	(2,619,315)	(2,567,916)	(2,516,293)	(2,464,432)	(2,412,317)	(2,172,440)	(1,932,287)	(1,879,347)	
Capex Interest		(430,998)	(746,217)	(1,077,396)	(1,418,875)	(1,754,539)	(2,084,065)	(2,407,118)	(2,723,341)	(3,032,358)	
Total Interest		(3,101,741)	(3,365,532)	(3,645,311)	(3,935,169)	(4,218,971)	(4,496,382)	(4,579,558)	(4,655,628)	(4,911,705)	
EBT		5,477,202	6,017,623	6,339,151	6,330,121	6,339,969	6,368,995	6,605,008	6,860,833	6,949,306	
T		2,544,365	2,778,500	2,927,235	2,946,427	2,974,576	3,011,898	3,132,885	3,263,508	3,329,747	
E		2,932,837	3,239,123	3,411,915	3,383,694	3,365,393	3,357,098	3,472,123	3,597,325	3,619,559	
EBITDA		13,205,234	14,118,994	14,841,809	15,253,548	15,679,845	16,120,961	16,577,172	17,048,759	17,536,016	
Interest Expense		(3,101,741)	(3,365,532)	(3,645,311)	(3,935,169)	(4,218,971)	(4,496,382)	(4,579,558)	(4,655,628)	(4,911,705)	
EBITDA / Interest Expense (> 1.5)		4.26	4.20	4.07	3.88	3.72	3.59	3.62	3.66	3.57	

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PWW Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	4,275,143	3,382,100	3,062,523	3,088,708	3,127,339	3,192,973	3,300,433	(3,847,689)	(3,236,016)	(2,536,376)	
Other Current Assets	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463	23,179,463
PP&E	127,154,441	131,310,812	133,411,433	135,821,257	138,441,471	140,990,256	143,469,559	145,881,275	148,227,245	150,509,262	150,509,262
Municipal Acquisition Regulatory Asset	67,344,185	66,564,511	65,734,159	64,849,834	63,908,028	62,905,004	61,836,784	60,699,130	59,487,528	58,197,171	58,197,171
Eminent Domain Regulatory Asset	5,000,000	4,833,333	4,666,667	4,500,000	4,333,333	4,166,667	4,000,000	3,833,333	3,666,667	3,500,000	3,500,000
Other Assets	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895	9,715,895
Total Assets	236,669,127	238,986,115	239,770,140	241,155,157	242,705,529	244,150,258	245,502,134	239,461,407	241,040,781	242,565,416	
Other Current Liabilities	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622	3,781,622
Original Debt	51,914,444	51,046,073	50,186,190	49,323,985	48,456,522	47,583,565	46,704,859	38,320,144	37,429,142	36,531,567	36,531,567
Capex Debt	-	7,728,139	13,372,831	19,297,733	25,400,700	31,392,096	37,265,783	43,015,288	48,633,781	54,114,056	54,114,056
Other Liabilities	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957	28,073,957
CIAC	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187	22,234,187
Equity											
Historical Equity											
Acquisition Equity	130,664,917	129,718,577	128,721,558	127,670,566	126,562,093	125,392,403	124,157,516	122,853,195	121,474,926	120,017,903	120,017,903
Retained Earnings			(3,596,440)	(6,600,205)	(9,226,892)	(11,803,552)	(14,307,571)	(16,715,790)	(18,816,986)	(20,586,833)	(20,586,833)
Current Year Earnings		2,932,837	3,239,123	3,411,915	3,383,694	3,365,393	3,357,098	3,472,123	3,597,325	3,619,559	3,619,559
Current Year Distributions		(6,529,277)	(6,242,888)	(6,038,603)	(5,960,354)	(5,869,411)	(5,765,317)	(5,573,319)	(5,367,172)	(5,220,603)	(5,220,603)
Total Equity	130,664,917	126,122,136	122,121,353	118,443,674	114,758,541	111,084,832	107,441,726	104,036,209	100,888,093	97,830,027	97,830,027
Total Liabilities & Equity	236,669,126	238,986,115	239,770,140	241,155,157	242,705,529	244,150,258	245,502,134	239,461,407	241,040,781	242,565,415	
Total Debt	51,914,444	58,774,212	63,559,021	68,621,717	73,857,222	78,975,660	83,970,642	81,335,432	86,062,922	90,645,623	90,645,623
Total Equity	130,664,917	126,122,136	122,121,353	118,443,674	114,758,541	111,084,832	107,441,726	104,036,209	100,888,093	97,830,027	97,830,027
Total Debt / Total Capital (< 65%)	28.4%	31.8%	34.2%	36.7%	39.2%	41.6%	43.9%	43.9%	46.0%	48.1%	
Funded Debt	50,937,890	57,719,579	62,405,538	67,357,222	72,475,660	77,470,642	74,835,432	79,562,922	84,145,623	86,575,625	86,575,625
PP&E	127,154,441	131,310,812	133,411,433	135,821,257	138,441,471	140,990,256	143,469,559	145,881,275	148,227,245	150,509,262	150,509,262
Funded Debt / PP&E (< 60%)	40.1%	44.0%	46.8%	49.6%	52.4%	54.9%	52.2%	54.5%	56.8%	57.5%	

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PWW Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			2,932,837	3,239,123	3,411,915	3,383,694	3,365,393	3,357,098	3,472,123	3,597,325	3,619,559
D&A PP&E			3,679,951	3,738,820	3,806,355	3,879,786	3,951,215	4,020,697	4,088,285	4,154,030	4,217,983
D&A Municipal Acq. Reg. Asset			779,673	830,352	884,325	941,806	1,003,024	1,068,220	1,137,654	1,211,602	1,290,356
D&A ED Regulatory Asset			166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667
Total D&A			4,626,291	4,735,839	4,857,347	4,988,259	5,120,905	5,255,584	5,392,606	5,532,298	5,675,005
Net cash from operations			7,559,128	7,974,963	8,269,262	8,371,953	8,466,298	8,612,681	8,864,728	9,129,623	9,294,565
Purchases of PP&E			(7,836,322)	(5,839,441)	(6,216,179)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)
Proceeds from borrowings			7,836,322	5,839,441	6,216,179	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Principal Payment Original Debt			(868,370)	(859,883)	(862,205)	(867,462)	(872,957)	(878,705)	(8,384,715)	(891,002)	(897,574)
Principal Payment Capex Debt			(108,183)	(194,749)	(291,277)	(397,033)	(508,604)	(626,313)	(750,495)	(881,507)	(1,019,725)
Return of Municipal Acquisition Regulatory Asset			(779,673)	(830,352)	(884,325)	(941,806)	(1,003,024)	(1,068,220)	(1,137,654)	(1,211,602)	(1,290,356)
Return of Eminent Domain Regulatory Asset			(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)	(166,667)
Total Principal Payments			(1,922,894)	(2,051,652)	(2,204,474)	(2,372,968)	(2,551,252)	(2,739,905)	(10,439,531)	(3,150,778)	(3,374,322)
Change in Cash Before Distributions			5,636,234	5,923,311	6,064,788	5,998,985	5,935,046	5,872,776	(1,574,803)	5,978,845	5,920,242
CBFRR			(8,516,233)	(8,465,554)	(8,411,581)	(8,354,100)	(8,292,882)	(8,227,686)	(8,158,252)	(8,084,304)	(8,005,550)
Distribution For Eminent Domain Regulatory Asset			(319,583)	(308,750)	(297,917)	(287,083)	(276,250)	(265,417)	(254,583)	(243,750)	(232,917)
Distribution For RSF			(237,827)	(247,084)	(256,341)	(265,598)	(274,855)	(284,112)	(293,369)	(302,626)	(311,883)
Taxes Paid to Parent			2,544,365	2,778,500	2,927,235	2,946,427	2,974,576	3,011,898	3,132,885	3,263,508	3,329,747
Total Distributions			(6,529,277)	(6,242,888)	(6,038,603)	(5,960,354)	(5,869,411)	(5,765,317)	(5,573,319)	(5,367,172)	(5,220,603)
Change in Cash After Distributions			(893,043)	(319,577)	26,185	38,631	65,634	107,459	(7,148,122)	611,673	699,640
Cash at beginning			4,275,143	3,382,100	3,062,523	3,088,708	3,127,339	3,192,973	3,300,433	(3,847,689)	(3,236,016)
Cash at end		4,275,143	3,382,100	3,062,523	3,088,708	3,127,339	3,192,973	3,300,433	(3,847,689)	(3,236,016)	(2,536,376)

Re: City of Nashua Acquisition of Pennichuck Corporation
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PEU P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	6,147,528	6,802,609	7,510,307	7,510,307	7,716,840	7,929,054	8,147,103	8,371,148	8,601,354	8,837,892	
Growth		10.66%	10.40%	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	
Operating Expenses											
Direct Operating Expenses		2,394,764	2,466,607	2,540,606	2,616,824	2,695,328	2,776,188	2,859,474	2,945,258	3,033,616	
Corporate Expenses		1,644,553	1,693,890	1,744,706	1,797,048	1,850,959	1,906,488	1,963,682	2,022,593	2,083,271	
Administration		(60,463)	(62,277)	(64,145)	(66,069)	(68,051)	(70,093)	(72,196)	(74,362)	(76,592)	
Taxes Other Than Income		774,655	780,447	787,634	795,806	803,789	811,587	819,206	826,649	833,919	
Total Operating Expenses		4,753,509	4,878,668	5,008,801	5,143,608	5,282,025	5,424,171	5,570,167	5,720,138	5,874,214	
EBITDA		2,049,100	2,631,639	2,501,506	2,573,233	2,647,029	2,722,932	2,800,981	2,881,216	2,963,678	
PP&E D&A		(746,518)	(752,100)	(759,026)	(766,901)	(774,594)	(782,109)	(789,451)	(796,624)	(803,630)	
Municipal Acquisition Regulatory Asset Amortization		(137,268)	(146,190)	(155,693)	(165,813)	(176,591)	(188,069)	(200,293)	(213,313)	(227,178)	
ED Amortization		-	-	-	-	-	-	-	-	-	
Total D&A		(883,786)	(898,291)	(914,719)	(932,714)	(951,185)	(970,178)	(989,745)	(1,009,936)	(1,030,808)	
EBIT		1,165,314	1,733,349	1,586,788	1,640,519	1,695,844	1,752,754	1,811,236	1,871,280	1,932,870	
Original Interest		(395,188)	(379,386)	(363,182)	(346,572)	(329,552)	(312,097)	(294,180)	(275,797)	(256,940)	
Capex Interest		(72,938)	(126,283)	(182,328)	(240,117)	(296,922)	(352,688)	(407,358)	(460,873)	(513,168)	
Total Interest		(468,126)	(505,669)	(545,511)	(586,690)	(626,474)	(664,785)	(701,539)	(736,671)	(770,108)	
EBT		697,187	1,227,680	1,041,277	1,053,830	1,069,370	1,087,968	1,109,698	1,134,610	1,162,762	
T		330,528	544,190	474,120	483,100	493,525	505,438	518,887	533,912	550,555	
E		366,660	683,490	567,157	570,729	575,845	582,530	590,810	600,698	612,207	
EBITDA		2,049,100	2,631,639	2,501,506	2,573,233	2,647,029	2,722,932	2,800,981	2,881,216	2,963,678	
Interest Expense		(468,126)	(505,669)	(545,511)	(586,690)	(626,474)	(664,785)	(701,539)	(736,671)	(770,108)	
EBITDA / Interest Expense (> 1.5)		4.38	5.20	4.59	4.39	4.23	4.10	3.99	3.91	3.85	

Re: City of Nashua Acquisition of Pennichuck Corporation
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PEU Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash	637,500	375,735	635,717	700,954	770,152	845,880	929,718	1,024,332	1,132,082	1,255,639	
Other Current Assets	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	(1,333,454)	
PP&E	30,996,804	31,576,433	31,812,546	32,105,488	32,438,588	32,763,994	33,081,884	33,392,433	33,695,809	33,992,179	
Municipal Acquisition Regulatory Asset	11,856,489	11,719,221	11,573,030	11,417,338	11,251,525	11,074,934	10,886,865	10,686,572	10,473,259	10,246,082	
Eminent Domain Regulatory Asset	-	-	-	-	-	-	-	-	-	-	
Other Assets	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	803,231	
Total Assets	42,960,570	43,141,165	43,491,070	43,693,558	43,930,041	44,154,585	44,368,244	44,573,114	44,770,928	44,963,677	
Other Current Liabilities	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	647,020	
Original Debt	11,054,124	10,709,684	10,358,026	9,999,314	9,633,294	9,260,055	8,878,635	8,489,092	8,091,134	7,684,731	
Capex Debt	-	1,307,839	2,263,094	3,265,770	4,298,580	5,312,508	6,306,517	7,279,510	8,230,332	9,157,763	
Other Liabilities	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	3,635,307	
CIAC	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	8,123,296	
Equity	-	-	-	-	-	-	-	-	-	-	
Historical Equity	-	-	-	-	-	-	-	-	-	-	
Acquisition Equity	19,500,823	19,363,555	19,217,364	19,061,672	18,895,859	18,719,268	18,531,199	18,330,906	18,117,593	17,890,416	
Retained Earnings	-	-	(645,536)	(753,038)	(1,038,822)	(1,303,314)	(1,542,870)	(1,753,730)	(1,932,018)	(2,073,755)	
Current Year Earnings	-	366,660	683,490	567,157	570,729	575,845	582,530	590,810	600,698	612,207	
Current Year Distributions	-	(1,012,195)	(790,992)	(852,941)	(835,222)	(815,401)	(793,390)	(769,098)	(742,435)	(713,308)	
Total Equity	19,500,823	18,718,019	18,464,327	18,022,850	17,592,545	17,176,399	16,777,469	16,398,888	16,043,838	15,715,559	
Total Liabilities & Equity	42,960,570	43,141,165	43,491,070	43,693,557	43,930,041	44,154,585	44,368,244	44,573,114	44,770,927	44,963,677	
Total Debt (Excludes Interco)	8,605,585	9,568,984	10,172,582	10,816,546	11,483,335	12,124,024	12,736,613	13,320,063	13,872,927	14,393,956	
Total Equity	19,500,823	18,718,019	18,464,327	18,022,850	17,592,545	17,176,399	16,777,469	16,398,888	16,043,838	15,715,559	
Total Debt / Total Capital (< 65%)	30.6%	33.8%	35.5%	37.5%	39.5%	41.4%	43.2%	44.8%	46.4%	47.8%	
Funded Debt (Excludes Interco)	8,242,837	9,184,369	9,764,577	10,383,335	11,024,024	11,636,613	12,220,063	12,772,927	13,293,956	13,781,015	
PP&E	30,996,804	31,576,433	31,812,546	32,105,488	32,438,588	32,763,994	33,081,884	33,392,433	33,695,809	33,992,179	
Funded Debt / PP&E (< 60%)	26.6%	29.1%	30.7%	32.3%	34.0%	35.5%	36.9%	38.3%	39.5%	40.5%	

Re: City of Nashua Acquisition of Pennichuck Corporation
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PEU Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			366,660	683,490	567,157	570,729	575,845	582,530	590,810	600,698	612,207
D&A PP&E			746,518	752,100	759,026	766,901	774,594	782,109	789,451	796,624	803,630
D&A Municipal Acq. Reg. Asset			137,268	146,190	155,693	165,813	176,591	188,069	200,293	213,313	227,178
D&A ED Regulatory Asset			-	-	-	-	-	-	-	-	-
Total D&A			883,786	898,291	914,719	932,714	951,185	970,178	989,745	1,009,936	1,030,808
Net cash from operations			1,250,446	1,581,781	1,481,876	1,503,443	1,527,030	1,552,708	1,580,555	1,610,634	1,643,015
Purchases of PP&E			(1,326,147)	(988,213)	(1,051,969)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Proceeds from borrowings			1,326,147	988,213	1,051,969	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Principal Payment Original Debt			(344,440)	(351,658)	(358,712)	(366,021)	(373,239)	(381,420)	(389,543)	(397,958)	(406,403)
Principal Payment Capex Debt			(18,308)	(32,958)	(49,293)	(67,190)	(86,072)	(105,991)	(127,007)	(149,178)	(172,569)
Return of Municipal Acquisition Regulatory Asset			(137,268)	(146,190)	(155,693)	(165,813)	(176,591)	(188,069)	(200,293)	(213,313)	(227,178)
Return of Eminent Domain Regulatory Asset			-	-	-	-	-	-	-	-	-
Total Principal Payments			(500,016)	(530,806)	(563,698)	(599,024)	(635,901)	(675,480)	(716,843)	(760,448)	(806,150)
Change in Cash Before Distributions			750,430	1,050,975	918,178	904,419	891,129	877,228	863,712	850,185	836,866
CBFRR			(1,307,237)	(1,298,315)	(1,288,812)	(1,278,692)	(1,267,914)	(1,256,436)	(1,244,212)	(1,231,192)	(1,217,327)
Distribution For Eminent Domain Regulatory Asset			-	-	-	-	-	-	-	-	-
Distribution For RSF			(35,486)	(36,867)	(38,249)	(39,630)	(41,011)	(42,392)	(43,774)	(45,155)	(46,536)
Taxes Paid to Parent			330,528	544,190	474,120	483,100	493,525	505,438	518,887	533,912	550,555
Total Distributions			(1,012,195)	(790,992)	(852,941)	(835,222)	(815,401)	(793,390)	(769,098)	(742,435)	(713,308)
Change in Cash After Distributions			(261,765)	259,983	65,237	69,197	75,728	83,838	94,614	107,750	123,557
Cash at beginning			637,500	375,735	635,717	700,954	770,152	845,880	929,718	1,024,332	1,132,082
Cash at end		637,500	375,735	635,717	700,954	770,152	845,880	929,718	1,024,332	1,132,082	1,255,639

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PAC P&L	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	667,402		732,581	757,914	770,581	791,772	813,546	835,918	858,906	882,526	906,795
Growth			9.77%	3.46%	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Operating Expenses											
Direct Operating Expenses			180,923	186,350	191,941	197,699	203,630	209,739	216,031	222,512	229,187
Corporate Expenses			160,708	165,529	170,495	175,810	180,878	186,305	191,894	197,651	203,580
Administration			55,200	58,856	58,561	60,318	62,128	63,992	65,911	67,889	69,925
Taxes Other Than Income			80,296	80,324	80,433	80,602	80,767	80,930	81,091	81,249	81,405
Total Operating Expenses			477,127	489,060	501,431	514,229	527,403	540,966	554,927	569,301	584,098
EBITDA			255,454	268,854	269,150	277,543	286,142	294,953	303,979	313,225	322,697
PP&E D&A			(83,417)	(83,446)	(83,559)	(83,734)	(83,906)	(84,075)	(84,242)	(84,407)	(84,568)
Municipal Acquisition Regulatory Asset Amortization			(18,516)	(19,720)	(21,001)	(22,366)	(23,820)	(25,369)	(27,017)	(28,774)	(30,644)
ED Amortization			-	-	-	-	-	-	-	-	-
Total D&A			(101,933)	(103,166)	(104,560)	(106,100)	(107,726)	(109,444)	(111,260)	(113,180)	(115,212)
EBIT			153,522	165,689	164,590	171,443	178,416	185,509	192,719	200,045	207,485
Original Interest			-	-	-	-	-	-	-	-	-
Capex Interest			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
Total Interest			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
EBT			147,223	154,782	148,843	150,705	152,773	155,049	157,538	160,242	163,166
T			65,649	69,120	67,275	68,554	69,949	71,463	73,102	74,869	76,768
E			81,574	85,662	81,568	82,152	82,824	83,586	84,436	85,373	86,398
EBITDA			255,454	268,854	269,150	277,543	286,142	294,953	303,979	313,225	322,697
Interest Expense			(6,299)	(10,906)	(15,747)	(20,737)	(25,643)	(30,459)	(35,181)	(39,803)	(44,319)
EBITDA / Interest Expense (> 1.5)			40.55	24.65	17.09	13.38	11.16	9.68	8.64	7.87	7.28

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PAC Balance Sheet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash		90,007	248,406	409,463	564,933	719,421	872,928	1,025,451	1,176,980	1,327,501	1,476,994
Other Current Assets		(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)	(56,793)
PP&E		5,346,264	5,377,378	5,379,278	5,386,571	5,397,837	5,408,931	5,419,855	5,430,613	5,441,206	5,451,638
Municipal Acquisition Regulatory Asset		1,599,317	1,580,801	1,561,081	1,540,080	1,517,713	1,493,893	1,468,525	1,441,507	1,412,733	1,382,090
ED Regulatory Asset		-	-	-	-	-	-	-	-	-	-
Other Assets		54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828	54,828
Total Assets		7,033,623	7,204,620	7,347,857	7,489,619	7,633,006	7,773,787	7,911,866	8,047,135	8,179,476	8,308,757
Other Current Liabilities		20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981	20,981
Original Debt (Interco)		2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460	2,964,460
Capex Debt		-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898
Other Liabilities		466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133	466,133
CIAC		834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357	834,357
Equity		-	-	-	-	-	-	-	-	-	-
Historical Equity		-	-	-	-	-	-	-	-	-	-
Acquisition Equity		2,747,692	2,729,176	2,709,456	2,688,455	2,666,088	2,642,268	2,616,900	2,589,882	2,561,108	2,530,465
Retained Earnings		-	-	76,564	157,021	233,189	309,746	386,781	464,381	542,637	621,636
Current Year Earnings		-	81,574	85,662	81,568	82,152	82,824	83,586	84,436	85,373	86,398
Current Year Distributions		-	(5,010)	(5,205)	(5,400)	(5,595)	(5,790)	(5,985)	(6,180)	(6,375)	(6,570)
Total Equity		2,747,692	2,805,739	2,866,477	2,921,644	2,975,834	3,029,049	3,081,281	3,132,519	3,182,744	3,231,928
Total Liabilities & Equity		7,033,623	7,204,620	7,347,857	7,489,619	7,633,006	7,773,787	7,911,866	8,047,135	8,179,476	8,308,757
Total Debt (Excludes Interco)		-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898
Total Equity		2,747,692	2,805,739	2,866,477	2,921,644	2,975,834	3,029,049	3,081,281	3,132,519	3,182,744	3,231,928
Total Debt / Total Capital (< 65%)		0.0%	3.9%	6.4%	8.8%	11.1%	13.2%	15.0%	16.7%	18.3%	19.7%
Funded Debt (Excludes Interco)		-	112,950	195,449	282,044	371,241	458,808	544,654	628,685	710,801	790,898
PP&E		5,346,264	5,377,378	5,379,278	5,386,571	5,397,837	5,408,931	5,419,855	5,430,613	5,441,206	5,451,638
Funded Debt / PP&E (< 60%)		0.0%	2.1%	3.6%	5.2%	6.9%	8.5%	10.0%	11.6%	13.1%	14.5%

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PAC Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Income			81,574	85,662	81,568	82,152	82,824	83,586	84,436	85,373	86,398
D&A PP&E			83,417	83,446	83,559	83,734	83,906	84,075	84,242	84,407	84,568
D&A Municipal Acq. Reg. Asset			18,516	19,720	21,001	22,366	23,820	25,369	27,017	28,774	30,644
D&A ED Regulatory Asset			-	-	-	-	-	-	-	-	-
Total D&A			101,933	103,166	104,560	106,100	107,726	109,444	111,260	113,180	115,212
Net cash from operations			183,506	188,828	186,128	188,252	190,551	193,030	195,695	198,553	201,610
Purchases of PP&E			(114,531)	(85,346)	(90,852)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
Proceeds from borrowings			114,531	85,346	90,852	95,000	95,000	95,000	95,000	95,000	95,000
Principal Payment Original Debt			-	-	-	-	-	-	-	-	-
Principal Payment Capex Debt			(1,581)	(2,846)	(4,257)	(5,803)	(7,433)	(9,154)	(10,969)	(12,884)	(14,904)
Return of Municipal Acquisition Regulatory Asset			(18,516)	(19,720)	(21,001)	(22,366)	(23,820)	(25,369)	(27,017)	(28,774)	(30,644)
Return of Principal Eminent Domain			-	-	-	-	-	-	-	-	-
Total Principal Payments			(20,097)	(22,566)	(25,258)	(28,169)	(31,254)	(34,522)	(37,986)	(41,657)	(45,548)
Change in Cash Before Distributions			163,409	166,262	160,870	160,083	159,297	158,507	157,709	156,896	156,063
CBFRR			(185,018)	(183,814)	(182,533)	(181,168)	(179,714)	(178,165)	(176,517)	(174,760)	(172,890)
Dividend For Eminent Domain			-	-	-	-	-	-	-	-	-
Dividend For RSF			(5,010)	(5,205)	(5,400)	(5,595)	(5,790)	(5,985)	(6,180)	(6,375)	(6,570)
Taxes Paid to Parent			65,649	69,120	67,275	68,554	69,949	71,463	73,102	74,869	76,768
Total Dividends			(124,379)	(119,899)	(120,657)	(118,209)	(115,555)	(112,687)	(109,594)	(106,266)	(102,692)
Change in Cash After Distributions			39,030	46,363	40,213	41,874	43,742	45,821	48,115	50,630	53,371
Cash at beginning			90,007	129,037	175,400	215,613	257,487	301,229	347,049	395,164	445,795
Cash at end		90,007	129,037	175,400	215,613	257,487	301,229	347,049	395,164	445,795	499,165

DW 11-026

City of Nashua
Pennichuck Corporation
Pennichuck Water Works, Inc.
Pennichuck East Utility, Inc.
Pittsfield Aqueduct Company

Joint Petition for Approval of the Acquisition of
Pennichuck Corporation by the City of Nashua

OCA DATA REQUESTS TO JOINT PETITIONERS – 5-11-11 TECH SESSION

Date Request Received: May 12, 2011
Request No. OCA Tech 1-4

Date of Response: June 24, 2011
Witnesses: John Patenaude, Arthur Gottlieb

REQUEST: Please identify and describe any restrictions on the utilities' ability to make payments to Pennichuck Corporation as returns of capital following the proposed acquisition. At what point following the proposed acquisition by the City will the equity in the utilities fall below the level required by any existing debt covenant for the utilities? At what point following the proposed acquisition by the City will the equity in the utilities be exhausted if the Joint Petitioners' proposals are approved? Please explain the basis for the response.

RESPONSE: (a) With respect to the request in the first sentence above, the only restrictions on the utilities' ability to make payments to Pennichuck Corporation with respect to Pennichuck Corporation's ownership of utility stock are identified in the responses to OCA Tech 1-2 and OCA Tech 1-3.

(b) The response to OCA Tech 1-3, including the attachments, provides a basis for the response to the remaining questions in this data request.

As a preliminary matter, with regard to the debt covenants set forth in the existing debt arrangements of PWW and PEU, the Joint Petitioners have recognized from the outset that these covenants (debt-to-capital requirements) would have to be addressed at some point because the City's intent to finance all new capital expenditures with debt will cause the capital structure for each of the utilities to move over time to a capital structure that is primarily composed of debt, consistent with the municipal ownership of the utilities. The Joint Petitioners note that most municipally-owned utilities are capitalized principally with debt, and that there is an active and well-established market for lending to municipally-owned utilities capitalized with debt. The City is confident that it will be able to address any potential violations of debt covenants in existing and future debt arrangements through renegotiation of such covenants to a form that is consistent with the underlying economic substance of this ultimate municipal ownership model, although, as noted below, there is no imminent need to do so.

The attachments provided with the response to OCA Tech 1-3 illustrate the possible impacts of the debt covenants in the existing debt arrangements, and further demonstrate why the Joint Petitioners prefer the approach of recognizing the Municipal Acquisition Regulatory Asset, as discussed in the response to OCA Tech 1-3. Attachment OCA Tech 1-3(a) indicates that, based on the assumptions of that scenario, PEU's capitalization shift to a debt ratio of at least 65% of total capital by 2017 would require the City to renegotiate the debt-to-capital covenant in PEU's existing debt arrangements or to refinance such arrangements with new debt that did not retain the current debt-to-capital covenant. As indicated in the response to OCA Tech 1-3, the City is confident that it would be able to access lending markets to accomplish this restructuring or refinancing. Under the Municipal Acquisition Regulatory Asset approach reflected in Attachments OCA Tech 1-3(b) and (c), the much stronger balance sheets of all three utilities would mean that there would be no violation of the existing debt covenants throughout the periods shown in the schedules, even at the less favorable assumption regarding the City Acquisition Debt of Attachment OCA Tech 1-3(c).

While this data request is limited by its terms to "existing debt covenants" and exhaustion of "equity," the Joint Petitioners further note that under the terms of the current CoBank loan to PEU, the CoBank loan will become due as the result of the proposed merger. The City intends to renegotiate or refinance the loan contemporaneous with the closing of the transaction to eliminate or otherwise modify the terms of the loan, including debt covenants.

Pennichuck Utilities
Proposed Accounting Entries
(\$ Thousands)
debit (credit)

	PWW	PEU	PAC
Municipal Acquisition Regulatory Asset	\$ 68,016	\$ 12,544	\$ 1,686
Paid In Capital Transaction	\$ (83,022)	\$ (13,739)	\$ (2,507)
Retained Earnings	\$ 15,006	\$ 1,195	\$ 821

The proposed accounting entries are based on the equity of each Utility as presented in the BJH Supplemental schedules. The actual journal entries will be different based on the actual values as of the date of closing.

The proposed entries reflect the effects of purchase accounting on the retained earnings accounts, which are eliminated and reclassified to paid in capital as of the date of close.