

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-____

Pennichuck Water Works, Inc.

LDG EXHIBITS 1-3

PWW0033-PWW0037

Pennichuck Water Works, Inc.
BALANCE SHEET

Schedule LDG-1

ASSETS AND DEFERRED CHARGES
For the Twelve Months Ended December 31, 2016

Page 1 of 2

| | Account Number | 12/31/2016 | Pro Forma Adjustments | Pro Forma 12/31/2016 |
|--|----------------|-----------------------|--------------------------|-------------------------|
| <u>PLANT ASSETS</u> | | | | |
| Plant in Service | 301 to 348 | 199,392,255 | 30,000,000 (1) | 229,392,255 |
| Work in process | 105 | 9,352,386 | - | 9,352,386 |
| Utility Plant | | 208,744,642 | 30,000,000 | 238,744,642 |
| Accumulated depreciation | 108 | 52,074,803 | 696,600 (2) | 52,771,403 |
| Net Plant | | 156,669,838 | 29,303,400 | 185,973,238 |
| Net Acquisition Adjustment | 114 & 115 | 345,690 | - | 345,690 |
| Total Net Utility Plant | | 156,324,148 | 29,303,400 | 185,627,548 |
| <u>CURRENT ASSETS</u> | | | | |
| Cash | 131 & 133 | 6,000 | - | 6,000 |
| Restricted Cash - RSF | 131 | 6,529,758 | - | 6,529,758 |
| Restricted Cash - 2014 Bond Project Fund | 131 | 6,166,115 | - | 6,166,115 |
| Restricted Cash - 2015 Bond Project Fund | 131 | 1,401,957 | - | 1,401,957 |
| Accounts receivable-billed, net | 141 & 143 | 2,075,576 | - | 2,075,576 |
| Accounts receivable-unbilled, net | 173 | 1,428,413 | - | 1,428,413 |
| Accounts receivable-other | 142 | - | - | - |
| Inventory | 151 | 652,999 | - | 652,999 |
| Prepaid expenses | 162 | 18,370,140 | - | 18,370,140 |
| Prepaid property taxes | 163 & 236 | - | - | - |
| Prepaid taxes | 162.3 | - | - | - |
| | | 36,630,957 | - | 36,630,957 |
| <u>OTHER ASSETS</u> | | | | |
| Debt issuance expenses | 181 | 4,268,243 | 2,555,000 | 6,823,243 |
| Acquisition Premium - MARA | 186 | 70,239,405 | - | 70,239,405 |
| Other & Deferred Charges | 182,184,186 | 9,252,737 | - | 9,252,737 |
| | | 83,760,384 | 2,555,000 | 86,315,384 |
| TOTAL ASSETS | | \$ 276,715,489 | \$ 31,858,400 | \$ 308,573,889 |

Notes:

(1) To record the assets related to the New Debt.

(2) To record the impact of full year depreciation offset by the Cost of Removal

PWW0033

LDG 1 Assets

Pennichuck Water Works, Inc.
BALANCE SHEET

Schedule LDG-1

EQUITY AND LIABILITIES
For the Twelve Months Ended December 31, 2016

Page 2 of 2

Pro Forma

| | Account Number | 12/31/2016 | Pro Forma Adjustments | Pro Forma 12/31/2016 |
|---|-------------------|------------------------------|-----------------------------|------------------------------|
| STOCKHOLDERS' EQUITY | | | | |
| Common stock | 201 | \$ 30,000 | \$ - | \$ 30,000 |
| Paid in capital | 211 | \$ 119,364,233 | - | 119,364,233 |
| Comprehensive Income | 219 | - | - | - |
| Retained earnings | 215 | 2,705,407 | (1,881,110) (2) | 824,297 |
| | | <u>122,099,640</u> | <u>(1,881,110)</u> | <u>120,218,530</u> |
| LONG TERM DEBT | | | | |
| Bonds, notes and mortgages | 221 | 82,756,532 | 32,500,000 (1) | 115,256,532 |
| Intercompany advances | 223 | - | 1,239,510 (3) | 1,239,510 |
| Other Long Term Debt | 224 | - | - | - |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 231 | 2,274,592 | - | 2,274,592 |
| Accrued property taxes | 236 | - | - | - |
| Accrued interest payable | 237 | 1,678,308 | - | 1,678,308 |
| Other accrued expenses | 241 | 2,959,647.36 | - | 2,959,647 |
| Income taxes payable | 236 | - | - | - |
| Customer deposits & other | 235 | 145,472 | - | 145,472 |
| | | <u>7,058,019</u> | <u>-</u> | <u>7,058,019</u> |
| OTHER LIABILITIES AND DEFERRED CREDITS | | | | |
| Deferred income taxes & liability | 282 | 21,407,749 | - | 21,407,749 |
| Customer advances | 252 | - | - | - |
| CIAC, net | 271 & 272 | 27,624,808 | - | 27,624,808 |
| Other deferred credits | 241 to 255 | 15,768,741 | - | 15,768,741 |
| | | <u>64,801,299</u> | <u>-</u> | <u>64,801,299</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>\$ 276,715,489</u> | <u>\$ 31,858,400</u> | <u>\$ 308,573,889</u> |

Notes:

(1) To record the new Debt as follows:

| | |
|------------------------|-----------------------------|
| Tax Exempt Bonds | \$ 32,500,000 |
| Taxable Bonds | |
| Total Bond Debt | <u>\$ 32,500,000</u> |

(2) To record the impact of interest, depreciation, property taxes and income tax benefit on retained earnings.

(3) To record the use of funds through the intercompany debt

PWW0034

Pennichuck Water Works, Inc.
OPERATING INCOME STATEMENT

Schedule LDG-2

For the Twelve Months Ended December 31, 2016

Page 1 of 2

| | Account Number | TWELVE MONTHS 12/31/16 | PRO FORMA ADJUSTMENTS | PRO FORMA 12 MONTHS 12/31/16 |
|--------------------------------------|-------------------|------------------------------|--------------------------|------------------------------------|
| Water Sales | 460 to 462 | \$ 30,552,076 | \$ - | \$ 30,552,076 |
| Other Operating Revenue | 471 | 370,484 | - | 370,484 |
| Total Revenues | | 30,922,560 | - | 30,922,560 |
| Production Expenses | 601 to 652 | 4,705,567 | - | 4,705,567 |
| Transmission & Distribution Expenses | 660 to 678 | 1,802,912 | - | 1,802,912 |
| Engineering Expenses | 660 | 1,169,785 | - | 1,169,785 |
| Customer Acct & Collection Exp | 902 to 904 | 458,503 | - | 458,503 |
| Administrative & General Expense | 920 to 950 | 6,609,929 | - | 6,609,929 |
| Inter Div Management Fee | 930 | (2,768,716) | - | (2,768,716) |
| Total Operating Expense | | 11,977,979 | - | 11,977,979 |
| Dep Exp/Acq Adj Expense | 403 & 406 | 5,081,647 | 696,600 (2) | 5,778,247 |
| Amortization Expense:CIAC | 405 | (650,826) | - | (650,826) |
| Amortization Expense | 407 | 1,553,754 | - | 1,553,754 |
| Gain on Debt Forgiveness | 414 | (53,925) | - | (53,925) |
| Property Taxes | 408.1 | 4,845,833 | 855,090 (2) | 5,700,923 |
| Income Tax | 409 to 410 | 2,875,917 | (1,295,580) (4) | 1,580,337 |
| Total Operating Deductions | | 13,652,400 | 256,110 | 13,908,510 |
| Net Operating Income | | 5,292,180 | (256,110) | 5,036,071 |
| Other Income and Deductions | | 548,461 | - | 548,461 |
| AFUDC | | (358,276) | - | (358,276) |
| Interest Expenses | | 3,493,510 | 1,625,000 (1) | 5,118,510 |
| Debt Issuance Cost New/Amortization | | - | 110,750 (3) | 110,750 |
| Net Income | | 2,705,407 | (1,881,110) | 824,297 |

Notes:

- 1 - To record the change in interest expense associated with New Debt.
- 2 - To record the impact of assets on depreciation and property taxes.
- 3 - To record the amortization of new debt expense.

PWW0035

Pennichuck Water Works, Inc.
OPERATING INCOME STATEMENT

Schedule LDG-2

For the Twelve Months Ended December 31, 2016

Page 2 of 2

Supporting Calculations:

Interest Expense:

| | |
|------------------------|----------------------------|
| New debt | \$ 32,500,000 |
| Interest Rate | 5% |
| Annual Interest | <u>\$ 1,625,000</u> |

Depreciation

Additions:

| | Asset Cost | | | Total | | Depreciation | |
|---------------------------|-------------|----------------------|----------------------|-------|---|--------------|--------------------------|
| | | | | | | Rate | Amount |
| Blended Depreciation Rate | \$ - | \$ 27,000,000 | \$ 27,000,000 | ** | | 2.58% | \$ 696,600 |
| Totals | \$ - | \$ 27,000,000 | \$ 27,000,000 | | - | | <u>\$ 696,600</u> |

Retirements: - N/A

| | Asset Cost | | | Total | | Depreciation | |
|---------------------------|-------------|---------------|---------------|-------|---|--------------|--------------------|
| | | | | | | Rate | Amount |
| Blended Depreciation Rate | \$ - | \$ - | \$ - | | | 2.58% | \$ - |
| Totals | \$ - | \$ - | \$ - | | - | | <u>\$ -</u> |
| | \$ - | \$ 27,000,000 | \$ 27,000,000 | | - | | |

Pro Forma Depreciation

\$ 696,600

Debt issuance amortization

| | Costs | Amortization | |
|----------------------------------|----------------------------|---------------------|--------------------------|
| | | Rate | Amount |
| New tax exempt bond debt 2017-20 | \$ 2,500,000 | 3.33% | \$ 83,250 |
| New FALOC | \$ 55,000 | 50.00% | \$ 27,500 |
| Totals | <u>\$ 2,555,000</u> | Amortization | <u>\$ 110,750</u> |

Property Taxes

| | | | |
|------------------------|-----------------|-----------------|--|
| Town | \$ 25.07 | \$ 25.07 | Using Nashua rate for Calc of Proforma Tax |
| State of New Hampshire | \$ 6.60 | \$ 6.60 | |
| Total Tax Rate | \$ 31.67 | \$ 31.67 | |

Pro Forma Property Taxes \$ - \$ 855,090 **\$ 855,090**

PWW0036

Pennichuck Water Works, Inc.
Pro Forma Capital Structure for Ratemaking Purposes

Schedule LDG-3

For the Twelve Months Ended December 31, 2016

| | <u>Pro Forma 2016</u> | <u>Pro Forma Eliminations</u> | <u>Pro Forma 2016 with Eliminations</u> | <u>Component Ratio</u> |
|-----------------------|---------------------------|-----------------------------------|---|----------------------------|
| Long-term Debt | 115,256,532 | - | 115,256,532 | 92.51% |
| Intercompany Debt | \$ - | - | - | 0.00% |
| <u>Common Equity:</u> | | | | |
| Common Stock | 30,000 | (30,000) (1) | - | |
| Paid In Capital | 119,364,233 | (110,853,340) (1) | 8,510,893 | |
| Comprehensive Income | - | - | - | |
| Retained Earnings | 824,297 | | 824,297 | |
| Total Common Equity | 120,218,530 | (110,883,340) | 9,335,190 | 7.49% |
| Total Capital | <u>\$ 235,475,062</u> | <u>\$ (110,883,340)</u> | <u>\$ 124,591,722</u> | 100.00% |

Notes:

(1) Per Order 25,292 in DW 11-026, eliminate the MARA and related common equity:

| | |
|-------------------------------------|--------------------|
| MARA | 78,783,384 |
| Equity as of 1/25/12 | 9,863,910 |
| Paid in Capital as of 1/25/12 | 39,011,140 |
| | <u>127,658,434</u> |
| Less: Dividends Paid in Feb 2013 | (3,587,772) |
| Dividends Paid in Mar 2014 | (3,426,066) |
| Plus: Reclas RSF offset in Mar 2014 | 5,000,000 |
| | <u>125,644,596</u> |
| Less: Dividends Paid in Mar 2015 | (4,990,848) |
| Dividends Paid in Mar 2016 | (5,211,186) |
| Dividends Paid in Mar 2017 | <u>(4,589,222)</u> |
| | 110,853,340 |

PWW0037

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG-4
PWW CASH FLOW MODEL

PWW0038- PWW0050

FINANCING SCENARIOS

FINANCING INPUTS

Security Type (Fixed Rate = 1, Direct Purchase = 2)

Fixed Rate Bonds

Delivery (year from today)

Years of Interest Only

Final Maturity

Average Life

Approximate Borrowing Rate (Interest Only)

Scale or Forecast? (Scale = 1, Forecast = 2)

Forecasted Rates

Approximate Borrowing Rate (During Amortization)

Scale or Forecast? (Scale = 1, Forecast = 2)

Forecasted Rates

Direct Purchase / Put Bonds

Years of Interest Only

Last Year of Initial Amortization / Mandatory Put

Final Maturity

Average Life

Approximate Borrowing Rate (Before Put)

Forecasted Borrowing Rate (After Put)

Amortization (Level = 1, Balloon = 2)

Selected Final Maturity

Insured (Yes = 1, No = 0)

DSRF or Surety (DSRF = 1, Surety = 2)

Debt Service Reserve Fund Earnings

SOURCES AND USES

Sources

Par Amount

OID/OIP

Contribution

Total Sources

Uses

Deposit to Construction

2018 CAPEX Account

2019 CAPEX Account

2020 CAPEX Account

Total Deposit to Construction

Deposit to Escrow

Capitalized Interest

Debt Service Reserve Fund

Insurance Cost

Surety

Inputs

0.00%

0.00%

0.00%

| | 2018 NM (Tax) Taxable NM | 2018 NM (AMT) AMT NM | | 2019 NM (Tax) Taxable NM | 2019 NM (AMT) AMT NM | | 2020 NM (Tax) Taxable NM |
|---|-----------------------------|-------------------------|------------|-----------------------------|-------------------------|------------|-----------------------------|
| Security Type (Fixed Rate = 1, Direct Purchase = 2) | 1 | 1 | | 1 | 1 | | 1 |
| Fixed Rate Bonds | | | | | | | |
| Delivery (year from today) | - | - | | - | - | | - |
| Years of Interest Only | - | - | | - | - | | - |
| Final Maturity | 30 | 30 | | 30 | 30 | | 30 |
| Average Life | 20 | 20 | | 20 | 20 | | 20 |
| Approximate Borrowing Rate (Interest Only) | 7.250% | 5.500% | | 7.500% | 5.750% | | 7.750% |
| Scale or Forecast? (Scale = 1, Forecast = 2) | 2 | 2 | | 2 | 2 | | 2 |
| Forecasted Rates | 7.250% | 5.500% | | 7.500% | 5.750% | | 7.750% |
| Approximate Borrowing Rate (During Amortization) | 7.250% | 5.500% | | 7.500% | 5.750% | | 7.750% |
| Scale or Forecast? (Scale = 1, Forecast = 2) | 2 | 2 | | 2 | 2 | | 2 |
| Forecasted Rates | 7.250% | 5.500% | | 7.500% | 5.750% | | 7.750% |
| Direct Purchase / Put Bonds | | | | | | | |
| Years of Interest Only | - | - | | - | - | | - |
| Last Year of Initial Amortization / Mandatory Put | 10 | 10 | | 10 | 10 | | 10 |
| Final Maturity | 30 | 30 | | 30 | 30 | | 30 |
| Average Life | 20 | 20 | | 20 | 20 | | 20 |
| Approximate Borrowing Rate (Before Put) | 5.500% | 5.500% | | 5.500% | 5.500% | | 5.500% |
| Forecasted Borrowing Rate (After Put) | 5.500% | 5.500% | | 5.500% | 5.500% | | 5.500% |
| Amortization (Level = 1, Balloon = 2) | 1 | 1 | | 1 | 1 | | 1 |
| Selected Final Maturity | 30 | 30 | | 30 | 30 | | 30 |
| Insured (Yes = 1, No = 0) | - | - | | - | - | | - |
| DSRF or Surety (DSRF = 1, Surety = 2) | 1 | 1 | | 1 | 1 | | 1 |
| Debt Service Reserve Fund Earnings | 2.750% | 2.750% | | 2.750% | 2.750% | | 2.750% |
| SOURCES AND USES | | | | | | | |
| | 2018 NM (Tax) Taxable NM | 2018 NM (AMT) AMT NM | 2018 TOTAL | 2019 NM (Tax) Taxable NM | 2019 NM (AMT) AMT NM | 2019 TOTAL | 2020 NM (Tax) Taxable NM |
| Par Amount | 265,000 | 3,610,000 | 3,875,000 | 6,034,132 | 6,034,132 | 12,068,264 | 5,097,456 |
| OID/OIP | - | 505,608 | 505,608 | | | - | |
| Contribution | | | - | | | - | |
| Total Sources | 265,000 | 4,115,608 | 4,380,608 | 6,034,132 | 6,034,132 | 12,068,264 | 5,097,456 |
| Uses | | | | | | | |
| Deposit to Construction | | | | | | | |
| 2018 CAPEX Account | - | 4,000,000 | 4,000,000 | | | - | |
| 2019 CAPEX Account | | | - | 5,802,050 | 5,802,050 | 11,604,100 | |
| 2020 CAPEX Account | | | - | | | - | 4,901,400 |
| Total Deposit to Construction | - | 4,000,000 | 4,000,000 | 5,802,050 | 5,802,050 | 11,604,100 | 4,901,400 |
| Deposit to Escrow | - | - | - | - | - | - | - |
| Capitalized Interest | - | - | - | - | - | - | - |
| Debt Service Reserve Fund | 0.00% | - | - | - | - | - | - |
| Insurance Cost | 0.00% | - | - | - | - | - | - |
| Surety | 0.00% | - | - | - | - | - | - |

REFUNDING SCENARIOS

| Senior Lien Bonds | Refund? | Principal | | | Interest | | |
|--|---------|-----------|----------|-------------|----------|----------|-------------|
| | | Existing | Refunded | Outstanding | Existing | Refunded | Outstanding |
| Series 1997 (AMT) @ 6.30%, 5/1/22 | 0 | - | - | - | - | - | - |
| Series 2005A (AMT) @ 4.70%, 10/1/35 | 0 | - | - | - | - | - | - |
| Series 2005B (Non-AMT) @ 4.60%, 1/1/30 | 0 | - | - | - | - | - | - |
| Series 2005C (AMT) @ 4.50%, 1/1/25 | 0 | - | - | - | - | - | - |
| 2005 Series A (AMT) @ 4.70%, 10/1/35 | 0 | - | - | - | - | - | - |
| 2005 Series BC-3 (AMT) @ 5.00%, 4/1/18 | 0 | - | - | - | - | - | - |
| 2005 Series BC-4 (AMT) @ 5.375%, 10/1/35 | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| | 0 | - | - | - | - | - | - |
| TOTAL SENIOR LIEN BONDS | | - | - | - | - | - | - |

TOTAL SENIOR LIEN BONDS

| Senior Lien Note Principal Payments | Refund? | Principal | | | Interest | | |
|--|---------|------------------|----------|------------------|--------------------|----------|--------------------|
| | | Existing | Refunded | Outstanding | Existing | Refunded | Outstanding |
| Senior Note (payable to insurance company) | 0 | 4,000,000 | - | 4,000,000 | (1,036,000) | - | (1,036,000) |
| Notes (payable to a bank) | 0 | - | - | - | (2,257,656) | - | (2,257,656) |
| TOTAL SENIOR LIEN NOTES | | 4,000,000 | - | 4,000,000 | (3,293,656) | - | (3,293,656) |

TOTAL SENIOR LIEN NOTES

| Subordinate Lien Bonds | Refund? | Principal | | | Interest | | |
|-------------------------------------|---------|-------------------|----------|-------------------|---------------------|----------|---------------------|
| | | Existing | Refunded | Outstanding | Existing | Refunded | Outstanding |
| Series 2014A (AMT) | 0 | 40,930,000 | - | 40,930,000 | (25,244,191) | - | (25,244,191) |
| Series 2014B (Taxable) | 0 | 5,215,000 | - | 5,215,000 | (4,123,463) | - | (4,123,463) |
| Series 2015A (AMT) | 0 | 20,555,000 | - | 20,555,000 | (13,107,470) | - | (13,107,470) |
| Series 2015B (NAMT) | 0 | 2,035,000 | - | 2,035,000 | (854,125) | - | (854,125) |
| Series 2018 NM (Tax) | 0 | 265,000 | - | 265,000 | (391,826) | - | (391,826) |
| Series 2018 NM (AMT) | 0 | 3,610,000 | - | 3,610,000 | (3,841,624) | - | (3,841,624) |
| Series 2019 NM (Tax) | 0 | 6,034,132 | - | 6,034,132 | (9,293,390) | - | (9,293,390) |
| Series 2019 NM (AMT) | 0 | 6,034,132 | - | 6,034,132 | (6,767,202) | - | (6,767,202) |
| Series 2020 NM (Tax) | 0 | 5,097,456 | - | 5,097,456 | (8,167,250) | - | (8,167,250) |
| Series 2020 NM (AMT) | 0 | 5,097,456 | - | 5,097,456 | (6,012,283) | - | (6,012,283) |
| TOTAL SUBORDINATE LIEN BONDS | | 94,873,176 | - | 94,873,176 | (77,802,823) | - | (77,802,823) |

TOTAL SUBORDINATE LIEN BONDS

| <u>State Revolving Fund Loans</u> | Refund? | Principal | | | Interest | | |
|--|---------|-----------|----------|-------------|-------------|----------|-------------|
| | | Existing | Refunded | Outstanding | Existing | Refunded | Outstanding |
| Hubbard @ 3.80%, 4/1/22 | 0 | 116,812 | - | 116,812 | (11,836) | - | (11,836) |
| Contract #4 @ 3.488%, 10/1/29 | 0 | 2,205,886 | - | 2,205,886 | (695,001) | - | (695,001) |
| French Hill @ 2.864%, 7/1/32 | 0 | 1,104,597 | - | 1,104,597 | (273,250) | - | (273,250) |
| Ashley Commons @ 2.952%, 5/1/31 | 0 | 363,194 | - | 363,194 | (85,173) | - | (85,173) |
| Glen Ridge @ 2.864%, 9/1/32 | 0 | 83,881 | - | 83,881 | (20,996) | - | (20,996) |
| Armory @ 2.864%, 1/1/32 | 0 | 249,180 | - | 249,180 | (59,442) | - | (59,442) |
| Drew Woods @ 2.952, 6/1/32 | 0 | 690,675 | - | 690,675 | (169,877) | - | (169,877) |
| 2014 Mains @ 2.72%, 10/1/34 | 0 | 2,154,472 | - | 2,154,472 | (105,652) | - | (105,652) |
| Timberline Booster Station @ 2.72%, 1/1/35 | 0 | 323,677 | - | 323,677 | (89,893) | - | (89,893) |
| 2015 Mains @3.168% | 0 | 3,126,814 | - | 3,126,814 | (1,142,166) | - | (1,142,166) |
| 2016 Mains @3.168% | 0 | 1,400,000 | - | 1,400,000 | (511,394) | - | (511,394) |

State Revolving Fund Loans

| | | | | | | | |
|--------------------------------|-------------------|---|-------------------|---|--------------------|---|--------------------|
| TOTAL SRF LOAN PAYMENTS | 11,819,188 | - | 11,819,188 | - | (3,164,680) | - | (3,164,680) |
|--------------------------------|-------------------|---|-------------------|---|--------------------|---|--------------------|

NEW MONEY PRINCIPAL, INTEREST, DEBT SERVICE AND SAVINGS

| | | Years >> Maturity >> | 2017 | 0 2018 | 1 2019 | 2 2020 |
|---|---------------------|-------------------------|------|-----------|-----------|-------------|
| Principal Payments | TOTAL | | | | | |
| 2018 NM (Tax) | (265,000) | | | - | (2,682) | (2,876) |
| 2018 NM (AMT) | (3,610,000) | | | - | (49,837) | (52,579) |
| 2019 NM (Tax) | (6,034,132) | | | | - | (58,358) |
| 2019 NM (AMT) | (6,034,132) | | | | - | (79,749) |
| 2020 NM (Tax) | (5,097,456) | | | | | - |
| 2020 NM (AMT) | (5,097,456) | | | | | - |
| TOTAL | (26,138,176) | | | - | (52,519) | (193,561) |
| Interest Payments | TOTAL | | | | | |
| 2018 NM (Tax) | (391,826) | | | - | (19,213) | (19,018) |
| 2018 NM (AMT) | (3,841,624) | | | - | (198,550) | (195,809) |
| 2019 NM (Tax) | (9,293,390) | | | | - | (452,560) |
| 2019 NM (AMT) | (6,767,202) | | | | - | (346,963) |
| 2020 NM (Tax) | (8,167,250) | | | | | - |
| 2020 NM (AMT) | (6,012,283) | | | | | - |
| TOTAL | (34,473,574) | | | - | (217,763) | (1,014,350) |
| Debt Service Reserve Fund Earnings | TOTAL | | | | | |
| 2018 NM (Tax) | - | | | - | - | - |
| 2018 NM (AMT) | - | | | - | - | - |
| 2019 NM (Tax) | - | | | - | - | - |
| 2019 NM (AMT) | - | | | - | - | - |
| 2020 NM (Tax) | - | | | - | - | - |
| 2020 NM (AMT) | - | | | - | - | - |
| TOTAL | - | | | - | - | - |
| Debt Service Reserve Fund Corpus Release | TOTAL | | | | | |
| 2018 NM (Tax) | - | | | - | - | - |
| 2018 NM (AMT) | - | | | - | - | - |
| 2019 NM (Tax) | - | | | - | - | - |
| 2019 NM (AMT) | - | | | - | - | - |
| 2020 NM (Tax) | - | | | - | - | - |
| 2020 NM (AMT) | - | | | - | - | - |
| TOTAL | - | | | - | - | - |
| Net Debt Service Payments | TOTAL | | | | | |
| 2018 NM (Tax) | (656,826) | | | - | (21,894) | (21,894) |
| 2018 NM (AMT) | (7,451,624) | | | - | (248,387) | (248,387) |
| 2019 NM (Tax) | (15,327,522) | | | - | - | (510,917) |
| 2019 NM (AMT) | (12,801,334) | | | - | - | (426,711) |
| 2020 NM (Tax) | (13,264,706) | | | - | - | - |
| 2020 NM (AMT) | (11,109,739) | | | - | - | - |
| TOTAL | (60,611,750) | | | - | (270,282) | (1,207,910) |

SENIOR / SUBORDINATE PAR RATIO ANALYSIS

| | |
|---------------------------------|---|
| Existing Senior Lien Par Amount | - |
| Refunded Senior Lien Bonds | - |

| | |
|--|------------|
| Outstanding Senior Lien Bonds Post-Issuance | - |
| Subordinate Lien Par Amount Issued | 26,138,176 |
| Existing Subordinate Lien Bonds | 68,735,000 |
| Outstanding Subordinate Lien Bonds Post-Issuance | 94,873,176 |
| TOTAL PAR OUTSTANDING | 94,873,176 |
| Senior Lien Par as a % of Total Par Outstanding | 0.00% |
| Subordinate Lien Par as a % of Total Par Outstanding | 100.00% |

REVENUE, DEPRECIATION AND CAPEX FORECASTS

| Variable | Comment |
|---------------------------|--|
| Inflation Rate | 3.000% Reasonable range is 2.0% to 4.0% over 30+ years. |
| RR Growth Minus Inflation | How will revenue requirements grow relative to inflation rate. |
| Years 2 to 7 | 0.550% Reasonable range is 0.0% to -0.25% |
| Thereafter | -0.250% Reasonable range is 0.0% to -1.00% |

| Year End Cash Position | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| | 6,535,758 | 7,037,186 | 6,277,290 | 4,733,882 | 4,078,667 |

| NEED TO ADJUST | | Consolidated Cash Balance In 2018 | | | | | |
|----------------|-----------|--|-----------|-----------|-----------|-----------|-----------|
| Inflation Rate | 2018 | Revenue Requirement Growth Minus Inflation | | | | | |
| | 6,277,290 | 0.00% | -0.05% | -0.10% | -0.15% | -0.20% | -0.25% |
| | 2.7% | 5,231,730 | 5,217,586 | 5,203,443 | 5,189,299 | 5,175,155 | 5,161,012 |
| | 2.8% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2.9% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.0% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.1% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.2% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.3% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.4% | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Consolidated Cash Balance In 2023 | | | | | |
| Inflation Rate | 2023 | Revenue Requirement Growth Minus Inflation | | | | | |
| | 2,346,223 | 0.00% | -0.05% | -0.10% | -0.15% | -0.20% | -0.25% |
| | 2.7% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2.8% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2.9% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.0% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.1% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.2% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.3% | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3.4% | 0 | 0 | 0 | 0 | 0 | 0 |

| COVENANT TESTS | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|------|------|------|------|------|------|
| EBITDA / Interest Expense (> 1.5x) | - | 3.28 | 3.38 | 3.42 | 3.19 | 2.81 |
| EBITDA / All Future Interest (> 1.5x) | - | 3.35 | 3.38 | 3.42 | 3.19 | 2.81 |

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Total Debt / Total Capital (< 65%) | 40.40% | 42.61% | 46.49% | 49.73% | 50.35% | 53.80% |
| Funded Debt / PP&E (< 60%) | 52.94% | 53.75% | 57.40% | 60.29% | 57.02% | 60.49% |
| Deposited Cash / Long-Term ABT - EBITDA | | | | | | |
| Funded Debt / Cash + 60% * PP&E > 1.0 | 0.82 | 0.83 | 0.90 | 0.96 | 0.91 | 0.98 |
| or EBITDA / All Future Interest > 1.5x | 3.35 | 3.38 | 3.42 | 3.19 | 2.81 | 2.86 |
| ABT Test Results | YES | YES | YES | YES | YES | YES |

| P&L | 2016 | 2017 |
|--|----------------|--------------------|
| Revenues | | 30,678,509 |
| <i>Growth</i> | | |
| Operating Expenses | | |
| Direct Operating Expenses | | 8,229,375 |
| Corporate Expenses | | (2,868,062) |
| Administration | | 7,371,574 |
| Taxes Other Than Income | | 5,130,400 |
| TOTAL OPERATING EXPENSES | | 17,863,287 |
| Other Income (Expense) | | - |
| Gain from forgiveness on ARRA loans | | - |
| EBITDA | | 12,815,222 |
| Depreciation and Amortization | | |
| PP&E D&A (incl MARA) | | (7,352,455) |
| TOTAL DEPRECIATION AND AMORTIZATION | | (7,352,455) |
| EBIT | | 5,462,767 |
| Interest Expense | | (3,641,586) |
| Interest Income (DSRF) | | - |
| Amortization of Premium | | |
| Amortization of Deferred Debt Expense | | (260,288) |
| NET INTEREST EXPENSE | | (3,901,875) |
| EBT | | 1,560,892 |
| Taxes | Rate 39.41% | 615,148 |
| EARNINGS / NET INCOME | | 945,745 |
| 2005 INDENTURE TEST (IOU) | | |
| EBITDA | | 12,815,222 |
| EBIT | | 5,462,767 |
| Interest Expense | | (3,901,875) |
| EBITDA / Interest Expense (> 1.5x) | | 3.28 |
| EBITDA / All Future Interest (> 1.5x) | | 3.35 |
| Pass/Fail Flag - EBITDA | | Pass |
| Pass | | |
| Fail | | |

2015 INDENTURE MUNICIPAL REVENUE BOND TEST*Coverage Prior to 2017 Integrated Capital Financing Plan*

| | |
|--|-------------|
| Net Revenues Available for Debt Service | 12,815,222 |
| Debt Service Requirements | |
| Total Existing Senior Bond Debt Service | - |
| Total Senior Lien Note Debt Service | (681,200) |
| Total SRF Loan Debt Service | (776,319) |
| Total Existing DS Requirements (Bonds, Notes, SRF Loans) | (1,457,519) |
| Net Revenues After Debt Service | 12,815,222 |
| CBFRR | (7,729,032) |
| Net Revenues After Debt Service and CBFRR | 5,086,190 |
| Debt Service Coverage - Bonds Only | - |
| Debt Service Coverage - Bonds, SRF Loans | 16.51 |
| Debt Service Coverage - Bonds, Notes, SRF Loans | 8.79 |
| Debt Service Coverage - Bonds, Notes, SRF Loans, CBFRR | 1.39 |
| Cash Coverage - (Net Revs + Beg Cash) / Bonds, Notes, SRF Loans, CBFRR | 2.11 |
| Net Debt Service Coverage - CBFRR | 1.66 |
| ABT: 2015 Net Revs / Future MADS - Bonds Only | |
| ABT: Total Bond Debt Service + Total SRF Loan Debt Service | (776,319) |
| ABT: 2015 Net Revs / Future MADS - Bonds, SRF Loans | |

Coverage and ABT Post-2017 Integrated Capital Financing Plan

| | |
|---|-------------|
| Net Revenues Available for Debt Service | 12,815,222 |
| New Indenture Debt Service Requirements | |
| Existing New Indenture Debt Service | (4,772,131) |
| 2018 NM (Tax) | - |
| 2018 NM (AMT) | - |
| 2019 NM (Tax) | - |
| 2019 NM (AMT) | - |
| 2020 NM (Tax) | - |
| 2020 NM (AMT) | - |
| Total New Indenture Bond Debt Service | (4,772,131) |
| Total SRF Loan Debt Service | (776,319) |
| Total New Indenture DS Requirements (Bonds, SRF Loans) | (5,548,450) |
| Net Revenues after New Indenture Debt Service | 7,266,772 |
| Total Existing Old Indenture Bond Debt Service | - |
| Minus Total Refunded Old Indenture Bond Debt Service | - |
| Total Remaining Old Indenture Bond DS After Refunding | - |
| Total Senior Lien Note Debt Service | (681,200) |
| Total Old Indenture DS Requirements (Bonds, Notes) | (681,200) |
| Net Revenues After Old and New Indenture Debt Service | 6,585,572 |
| CBFRR | (7,729,032) |
| Net Revenues After Old and New Indenture DS and CBFRR | (1,143,460) |
| Debt Service Coverage - New Indenture Bonds Only | 2.69 |
| Debt Service Coverage - New Indenture Bonds, SRF Loans | 2.31 |
| Debt Service Coverage - All Debt Service | 2.06 |
| Debt Service Coverage - All Debt Service, CBFRR | 0.92 |
| Cash Coverage - Net Revs + Beg Cash / All Debt Service, CBFRR | 1.39 |
| Net Debt Service Coverage - CBFRR | 0.85 |
| ABT: 2015 Net Revs / Future MADS - New Indenture Bonds Only | |

| | |
|--|-------------|
| ABT: 2015 Net Revs / Future MADS - New Indenture Bonds, SRF Loans | |
| Theoretical ABT: Old and New Indenture Debt Service | (6,229,650) |
| Theoretical ABT: 2015 Net Revs / Future MADS - Old and New Indenture DS | |
| <i>Coverage Test Post-2017 Integrated Capital Financing Plan</i> | |
| Net Revenues Available for Debt Service | 12,815,222 |
| Debt Service Requirements | |
| Total New Indenture Bond Debt Service | (4,772,131) |
| Total Future CAPEX Bond Debt Service | - |
| Total New Indenture Bond Debt Service | (4,772,131) |
| Total SRF Loan Debt Service | (776,319) |
| Total New Indenture DS Requirements (Bonds, SRF Loans) | (5,548,450) |
| Net Revenues After New Indenture Debt Service | 7,266,772 |
| Total Remaining Old Indenture Bond DS After Refunding | - |
| Total Senior Lien Note Debt Service | (681,200) |
| Total Old Indenture DS Requirements (Bonds, Notes) | (681,200) |
| Net Revenues After Old and New Indenture Debt Service | 6,585,572 |
| CBFRR | (7,729,032) |
| Net Revenues After Old and New Indenture DS and CBFRR | (1,143,460) |
| Debt Service Coverage - New Indenture Bonds Only | 2.69 |
| Debt Service Coverage - New Indenture Bonds, SRF Loans | 2.31 |
| Debt Service Coverage - All Debt Service | 2.06 |
| Debt Service Coverage - All Debt Service, CBFRR | 0.92 |
| Cash Coverage - Net Revs + Beg Cash / All Debt Service, CBFRR | 1.39 |
| Net Debt Service Coverage - CBFRR | 0.85 |

| Balance Sheet | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash | 6,535,758 | 7,037,186 | 6,277,290 | 4,733,882 | 4,078,667 | 2,801,687 | 2,193,330 | 2,346,223 | 1,447,616 | 1,205,955 | 1,746,279 | 1,156,306 |
| Escrow - 2014 Bond Project Fund | 6,166,115 | | | | | | | | | | | |
| Escrow - 2015 Bond Project Fund | 1,401,957 | | | | | | | | | | | |
| Escrow - 2018 Bond Project Fund | | | | | | | | | | | | |
| Escrow - 2019 Bond Project Fund | | | | | | | | | | | | |
| Escrow - 2020 Bond Project Fund | | | | | | | | | | | | |
| Other Current Assets | 22,527,127 | 24,041,458 | 24,533,061 | 26,027,301 | 16,519,674 | 19,603,229 | 20,398,454 | 21,655,049 | 21,949,768 | 21,732,732 | 22,801,506 | 23,748,731 |
| PP&E | 156,324,148 | 160,141,135 | 166,023,866 | 170,008,824 | 174,290,558 | 176,248,706 | 178,202,752 | 179,724,181 | 181,670,087 | 184,502,902 | 186,921,713 | 189,079,111 |
| Acquisition Premium | 70,239,407 | 68,447,329 | 66,616,663 | 64,741,958 | 62,815,584 | 60,834,488 | 58,793,656 | 56,687,856 | 54,511,855 | 52,260,422 | 49,925,925 | 47,505,313 |
| Unamortized Bond Issuance Costs | 4,268,243 | 4,422,292 | 4,373,776 | 4,279,327 | 4,180,979 | 4,067,181 | 3,968,214 | 3,883,628 | 3,787,456 | 3,683,210 | 3,588,121 | 3,509,285 |
| Deferred Assets | 1,793,061 | 1,649,023 | 1,517,106 | 1,392,171 | 1,274,211 | 1,159,578 | 1,054,900 | 964,418 | 900,335 | 846,986 | 805,495 | 768,406 |
| Debt Service Reserve Fund | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 |
| TOTAL ASSETS | 276,715,489 | 273,198,096 | 276,801,435 | 278,643,136 | 270,619,345 | 272,174,542 | 272,070,979 | 272,721,028 | 271,726,790 | 271,691,879 | 273,248,711 | 273,226,825 |
| Other Current Liabilities | 7,058,019 | 7,058,019 | 7,269,760 | 7,487,853 | 7,712,489 | 7,943,864 | 8,182,180 | 8,427,645 | 8,680,474 | 8,940,888 | 9,209,115 | 9,485,388 |
| <u>Long-Term Debt</u> | - | - | - | - | - | - | - | - | - | - | - | - |
| Senior Lien Bonds | - | - | - | - | - | - | - | - | - | - | - | - |
| Senior Lien Notes | 4,000,000 | 3,600,000 | 3,200,000 | 2,800,000 | 2,400,000 | 2,258,557 | 2,061,542 | 1,854,447 | 1,636,757 | 1,407,929 | 1,167,394 | 914,553 |
| Subordinate Lien Bonds | 68,735,000 | 71,150,130 | 81,318,226 | 89,505,657 | 87,372,096 | 95,365,345 | 100,750,892 | 105,831,185 | 110,104,379 | 114,551,562 | 119,717,318 | 124,268,363 |
| OID | - | - | - | - | - | - | - | - | - | - | - | - |
| SRF Loans | 10,021,532 | 11,331,124 | 10,774,232 | 10,197,523 | 9,600,339 | 8,981,989 | 8,358,457 | 7,717,870 | 7,053,913 | 6,365,778 | 5,652,655 | 4,913,685 |
| TOTAL LONG-TERM DEBT | 82,756,532 | 86,081,254 | 95,292,458 | 102,503,180 | 99,372,435 | 106,605,892 | 111,170,891 | 115,403,502 | 118,795,050 | 122,325,269 | 126,537,367 | 130,096,600 |
| Other Liabilities | 37,176,490 | 37,176,490 | 38,291,785 | 39,440,539 | 40,623,755 | 41,842,468 | 43,097,742 | 44,390,674 | 45,722,394 | 47,094,066 | 48,506,888 | 49,962,095 |
| CIAC | 27,624,808 | 26,950,832 | 26,270,174 | 25,589,516 | 24,909,051 | 24,229,962 | 23,553,016 | 22,877,141 | 22,201,306 | 21,526,915 | 20,855,427 | 20,184,480 |
| TOTAL LIABILITIES | 154,615,849 | 157,266,595 | 167,124,177 | 175,021,088 | 172,617,730 | 180,622,186 | 186,003,829 | 191,098,962 | 195,399,224 | 199,887,138 | 205,108,797 | 209,728,563 |
| Equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Historical Equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition Equity | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 |
| Retained Earnings | 2,705,407 | 2,705,407 | (3,462,733) | (9,716,976) | (15,772,184) | (21,392,618) | (27,841,877) | (33,327,083) | (37,772,168) | (43,066,666) | (47,589,493) | (51,254,318) |
| Current Year Earnings | - | 945,745 | 893,575 | 1,014,170 | 1,277,600 | 775,414 | 1,359,534 | 1,989,744 | 1,475,084 | 1,942,640 | 2,462,503 | 1,870,643 |
| Current Year Distributions | - | (7,113,884) | (7,147,818) | (7,069,378) | (6,898,033) | (7,224,674) | (6,844,740) | (6,434,828) | (6,769,582) | (6,465,466) | (6,127,328) | (6,512,296) |
| TOTAL EQUITY | 122,099,640 | 115,931,500 | 109,677,257 | 103,622,049 | 98,001,615 | 91,552,356 | 86,067,150 | 81,622,065 | 76,327,567 | 71,804,740 | 68,139,915 | 63,498,261 |
| TOTAL LIABILITIES AND EQUITY | 276,715,489 | 273,198,096 | 276,801,434 | 278,643,136 | 270,619,345 | 272,174,541 | 272,070,979 | 272,721,028 | 271,726,790 | 271,691,879 | 273,248,711 | 273,226,825 |
| Difference | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE | TRUE |
| | - | - | 0 | 0 | 0 | 0 | (0) | 0 | 0 | 0 | (0) | 0 |
| Total Debt | 82,756,532 | 86,081,254 | 95,292,458 | 102,503,180 | 99,372,435 | 106,605,892 | 111,170,891 | 115,403,502 | 118,795,050 | 122,325,269 | 126,537,367 | 130,096,600 |
| Total Equity | 122,099,640 | 115,931,500 | 109,677,257 | 103,622,049 | 98,001,615 | 91,552,356 | 86,067,150 | 81,622,065 | 76,327,567 | 71,804,740 | 68,139,915 | 63,498,261 |
| Total Debt / Total Capital (< 65%) | 40.4% | 42.6% | 46.5% | 49.7% | 50.3% | 53.8% | 56.4% | 58.6% | 60.9% | 63.0% | 65.0% | 67.2% |
| Funded Debt | 82,756,532 | 86,081,254 | 95,292,458 | 102,503,180 | 99,372,435 | 106,605,892 | 111,170,891 | 115,403,502 | 118,795,050 | 122,325,269 | 126,537,367 | 130,096,600 |
| PP&E | 156,324,148 | 160,141,135 | 166,023,866 | 170,008,824 | 174,290,558 | 176,248,706 | 178,202,752 | 179,724,181 | 181,670,087 | 184,502,902 | 186,921,713 | 189,079,111 |
| Funded Debt / PP&E (< 60%) | 52.9% | 53.8% | 57.4% | 60.3% | 57.0% | 60.5% | 62.4% | 64.2% | 65.4% | 66.3% | 67.7% | 68.8% |
| Deposited Cash / Long-Term ABT - EBITDA | - | - | - | - | - | - | - | - | - | - | - | - |
| Funded Debt / Cash + 60% * PP&E > 1.0 | 0.82 | 0.83 | 0.90 | 0.96 | 0.91 | 0.98 | 1.02 | 1.05 | 1.08 | 1.09 | 1.11 | 1.14 |
| or EBITDA / All Future Interest > 1.5x | 3.35 | 3.38 | 3.42 | 3.19 | 2.81 | 2.86 | 2.90 | 2.68 | 2.76 | 2.85 | 2.67 | 2.75 |
| ABT Test Results | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES |

PWW0046

| Balance Sheet | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash | 1,306,200 | 2,284,254 | 1,976,816 | 2,439,122 | 3,759,951 | 3,678,838 | 4,485,332 | 6,278,231 | 6,537,085 | 7,471,940 | 9,474,443 | 9,803,131 | 11,180,081 |
| Escrow - 2014 Bond Project Fund | | | | | | | | | | | | | |
| Escrow - 2015 Bond Project Fund | | | | | | | | | | | | | |
| Escrow - 2018 Bond Project Fund | | | | | | | | | | | | | |
| Escrow - 2019 Bond Project Fund | | | | | | | | | | | | | |
| Escrow - 2020 Bond Project Fund | | | | | | | | | | | | | |
| Other Current Assets | 23,891,262 | 24,488,647 | 25,075,102 | 25,717,659 | 26,166,621 | 26,605,624 | 27,105,665 | 27,428,584 | 27,716,407 | 28,073,252 | 28,418,293 | 28,721,802 | 29,095,072 |
| PP&E | 191,785,169 | 194,636,923 | 197,707,091 | 200,916,809 | 204,249,041 | 207,705,701 | 211,283,599 | 214,983,188 | 218,794,046 | 222,763,898 | 227,070,187 | 231,670,936 | 236,480,407 |
| Acquisition Premium | 44,981,579 | 42,350,801 | 39,610,361 | 36,752,848 | 33,775,209 | 30,667,634 | 27,424,453 | 24,038,037 | 20,502,935 | 16,813,916 | 12,963,348 | 8,943,382 | 4,746,171 |
| Unamortized Bond Issuance Costs | 3,433,348 | 3,353,024 | 3,271,994 | 3,191,932 | 3,133,789 | 3,143,749 | 3,167,911 | 3,190,870 | 3,212,041 | 3,233,755 | 3,252,893 | 3,269,968 | 3,292,008 |
| Deferred Assets | 764,551 | 763,521 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 |
| Debt Service Reserve Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 |
| TOTAL ASSETS | 273,621,782 | 275,336,843 | 275,864,129 | 277,241,135 | 279,307,376 | 280,024,311 | 281,689,725 | 284,141,675 | 284,985,279 | 286,579,526 | 289,401,929 | 290,631,983 | 293,016,504 |
| Other Current Liabilities | 9,769,950 | 10,063,049 | 10,364,940 | 10,675,888 | 10,996,165 | 11,326,050 | 11,665,832 | 12,015,807 | 12,376,281 | 12,747,569 | 13,129,996 | 13,523,896 | 13,929,613 |
| <u>Long-Term Debt</u> | | | | | | | | | | | | | |
| Senior Lien Bonds | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Senior Lien Notes | 648,776 | 369,402 | 75,734 | - | - | - | - | - | - | - | - | - | - |
| Subordinate Lien Bonds | 128,377,026 | 132,839,709 | 137,176,165 | 141,446,498 | 145,601,143 | 149,613,903 | 153,551,993 | 157,162,586 | 160,561,239 | 166,525,595 | 172,365,296 | 178,039,481 | 183,643,856 |
| OID | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SRF Loans | 4,147,977 | 3,411,709 | 2,824,619 | 2,243,163 | 1,763,200 | 1,344,212 | 912,926 | 468,975 | 92,635 | (0) | (0) | (0) | (0) |
| TOTAL LONG-TERM DEBT | 133,173,779 | 136,620,820 | 140,076,518 | 143,689,661 | 147,364,344 | 150,958,115 | 154,464,919 | 157,631,561 | 160,653,874 | 166,525,595 | 172,365,296 | 178,039,481 | 183,643,856 |
| Other Liabilities | 51,460,958 | 53,004,787 | 54,594,931 | 56,232,779 | 57,919,762 | 59,657,355 | 61,447,076 | 63,290,488 | 65,189,203 | 67,144,879 | 69,159,225 | 71,234,002 | 73,371,022 |
| CIAC | 19,514,564 | 18,859,876 | 18,216,349 | 17,575,322 | 16,939,909 | 16,312,045 | 15,685,279 | 15,059,844 | 14,449,041 | 13,846,792 | 13,248,218 | 12,659,036 | 12,072,395 |
| TOTAL LIABILITIES | 213,919,251 | 218,548,532 | 223,252,738 | 228,173,650 | 233,220,180 | 238,253,565 | 243,263,106 | 247,997,700 | 252,668,399 | 260,264,835 | 267,902,735 | 275,456,415 | 283,016,886 |
| Equity | | | | | | | | | | | | | |
| Historical Equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition Equity | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 |
| Retained Earnings | (55,895,972) | (59,691,702) | (62,605,922) | (66,782,841) | (70,326,749) | (73,307,037) | (77,623,487) | (80,967,614) | (83,250,258) | (87,077,353) | (93,079,543) | (97,895,039) | (104,218,665) |
| Current Year Earnings | 2,383,187 | 2,917,295 | 2,152,225 | 2,535,767 | 2,877,264 | 2,067,683 | 2,656,814 | 3,299,966 | 2,364,184 | 1,046,294 | 1,765,311 | 851,536 | 1,546,912 |
| Current Year Distributions | (6,178,918) | (5,831,514) | (6,329,145) | (6,079,674) | (5,857,552) | (6,384,134) | (6,000,941) | (5,582,611) | (6,191,279) | (7,048,483) | (6,580,808) | (7,175,161) | (6,722,862) |
| TOTAL EQUITY | 59,702,531 | 56,788,311 | 52,611,392 | 49,067,484 | 46,087,196 | 41,770,746 | 38,426,619 | 36,143,975 | 32,316,880 | 26,314,690 | 21,499,194 | 15,175,568 | 9,999,618 |
| TOTAL LIABILITIES AND EQUITY | 273,621,782 | 275,336,844 | 275,864,129 | 277,241,135 | 279,307,376 | 280,024,311 | 281,689,725 | 284,141,675 | 284,985,279 | 286,579,526 | 289,401,929 | 290,631,983 | 293,016,504 |
| Difference | TRUE 0 | TRUE (0) | TRUE (0) | TRUE (0) | TRUE (0) | TRUE 0 | TRUE (0) | TRUE (0) | TRUE 0 | TRUE 0 | TRUE (0) | TRUE 0 | TRUE 0 |
| Total Debt | 133,173,779 | 136,620,820 | 140,076,518 | 143,689,661 | 147,364,344 | 150,958,115 | 154,464,919 | 157,631,561 | 160,653,874 | 166,525,595 | 172,365,296 | 178,039,481 | 183,643,856 |
| Total Equity | 59,702,531 | 56,788,311 | 52,611,392 | 49,067,484 | 46,087,196 | 41,770,746 | 38,426,619 | 36,143,975 | 32,316,880 | 26,314,690 | 21,499,194 | 15,175,568 | 9,999,618 |
| Total Debt / Total Capital (< 65%) | 69.0% | 70.6% | 72.7% | 74.5% | 76.2% | 78.3% | 80.1% | 81.3% | 83.3% | 86.4% | 88.9% | 92.1% | 94.8% |
| Funded Debt | 133,173,779 | 136,620,820 | 140,076,518 | 143,689,661 | 147,364,344 | 150,958,115 | 154,464,919 | 157,631,561 | 160,653,874 | 166,525,595 | 172,365,296 | 178,039,481 | 183,643,856 |
| PP&E | 191,785,169 | 194,636,923 | 197,707,091 | 200,916,809 | 204,249,041 | 207,705,701 | 211,283,599 | 214,983,188 | 218,794,046 | 222,763,898 | 227,070,187 | 231,670,936 | 236,480,407 |
| Funded Debt / PP&E (< 60%) | 69.4% | 70.2% | 70.9% | 71.5% | 72.1% | 72.7% | 73.1% | 73.3% | 73.4% | 74.8% | 75.9% | 76.9% | 77.7% |
| Deposited Cash / Long-Term ABT - EBITDA | | | | | | | | | | | | | |
| Funded Debt / Cash + 60% * PP&E > 1.0 | 1.14 | 1.15 | 1.16 | 1.17 | 1.17 | 1.18 | 1.18 | 1.17 | 1.17 | 1.18 | 1.18 | 1.20 | 1.20 |
| or EBITDA / All Future Interest > 1.5x | 2.84 | 2.64 | 2.75 | 2.81 | 2.65 | 2.75 | 2.85 | 2.68 | 2.43 | 2.52 | 2.35 | 2.45 | 2.55 |
| ABT Test Results | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES |

PWW0047

| | Balance Sheet | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Balance Sheet | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 |
| Cash | 13,723,015 | 14,433,206 | 16,290,968 | 19,428,114 | 20,571,923 | 22,829,823 | 26,448,547 | 27,893,152 | 30,682,440 |
| Escrow - 2014 Bond Project Fund | | | | | | | | | |
| Escrow - 2015 Bond Project Fund | | | | | | | | | |
| Escrow - 2018 Bond Project Fund | | | | | | | | | |
| Escrow - 2019 Bond Project Fund | | | | | | | | | |
| Escrow - 2020 Bond Project Fund | | | | | | | | | |
| Other Current Assets | 29,388,470 | 29,628,281 | 30,169,381 | 30,735,016 | 31,243,534 | 31,840,931 | 32,434,813 | 32,980,144 | 33,619,420 |
| PP&E | 241,379,471 | 246,408,628 | 251,511,808 | 256,698,232 | 261,991,878 | 267,406,749 | 272,964,116 | 279,083,414 | 285,435,062 |
| Acquisition Premium | 366,264 | - | - | - | - | - | - | - | - |
| Unamortized Bond Issuance Costs | 3,315,166 | 3,381,818 | 3,457,917 | 3,532,234 | 3,616,855 | 3,717,580 | 3,810,259 | 3,903,570 | 4,006,699 |
| Deferred Assets | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 | 763,092 |
| Debt Service Reserve Fund | - | - | - | - | - | - | - | - | - |
| Other Assets | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 | 7,459,673 |
| TOTAL ASSETS | 296,395,152 | 302,074,698 | 309,652,840 | 318,616,361 | 325,646,955 | 334,017,848 | 343,880,501 | 352,083,046 | 361,966,387 |
| Other Current Liabilities | 14,347,501 | 14,777,926 | 15,221,264 | 15,677,902 | 16,148,239 | 16,632,686 | 17,131,667 | 17,645,617 | 18,174,986 |
| <u>Long-Term Debt</u> | | | | | | | | | |
| Senior Lien Bonds | - | - | - | - | - | - | - | - | - |
| Senior Lien Notes | - | - | - | - | - | - | - | - | - |
| Subordinate Lien Bonds | 188,992,340 | 194,094,096 | 199,269,507 | 204,225,702 | 208,832,826 | 214,726,332 | 220,763,692 | 226,446,162 | 232,161,413 |
| OID | - | - | - | - | - | - | - | - | - |
| SRF Loans | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| TOTAL LONG-TERM DEBT | 188,992,340 | 194,094,096 | 199,269,507 | 204,225,702 | 208,832,826 | 214,726,332 | 220,763,692 | 226,446,162 | 232,161,413 |
| Other Liabilities | 75,572,153 | 77,839,318 | 80,174,498 | 82,579,733 | 85,057,125 | 87,608,839 | 90,237,104 | 92,944,217 | 95,732,544 |
| CIAC | 11,487,871 | 10,905,307 | 10,329,160 | 9,759,264 | 9,197,603 | 8,642,405 | 8,095,173 | 7,559,767 | 7,031,958 |
| TOTAL LIABILITIES | 290,399,865 | 297,616,647 | 304,994,429 | 312,242,601 | 319,235,793 | 327,610,262 | 336,227,636 | 344,595,763 | 353,100,901 |
| Equity | | | | | | | | | |
| Historical Equity | - | - | - | - | - | - | - | - | - |
| Acquisition Equity | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 | 119,394,233 |
| Retained Earnings | (109,394,615) | (113,398,946) | (114,936,182) | (114,735,823) | (113,020,474) | (112,983,071) | (112,986,647) | (111,741,368) | (111,906,950) |
| Current Year Earnings | 2,256,796 | (541,160) | 121,398 | 1,039,330 | 22,663 | (2,167) | 754,514 | (100,326) | 835,054 |
| Current Year Distributions | (6,261,128) | (996,076) | 78,962 | 676,019 | 14,741 | (1,409) | 490,764 | (65,256) | 543,150 |
| TOTAL EQUITY | 5,995,287 | 4,458,051 | 4,658,410 | 6,373,759 | 6,411,162 | 6,407,586 | 7,652,865 | 7,487,283 | 8,865,486 |
| TOTAL LIABILITIES AND EQUITY | 296,395,152 | 302,074,698 | 309,652,840 | 318,616,360 | 325,646,955 | 334,017,849 | 343,880,501 | 352,083,046 | 361,966,387 |
| Difference | TRUE 0 | TRUE 0 | TRUE 0 | TRUE 0 | TRUE 0 | TRUE (0) | TRUE (0) | TRUE (0) | TRUE 0 |
| Total Debt | 188,992,340 | 194,094,096 | 199,269,507 | 204,225,702 | 208,832,826 | 214,726,332 | 220,763,692 | 226,446,162 | 232,161,413 |
| Total Equity | 5,995,287 | 4,458,051 | 4,658,410 | 6,373,759 | 6,411,162 | 6,407,586 | 7,652,865 | 7,487,283 | 8,865,486 |
| Total Debt / Total Capital (< 65%) | 96.9% | 97.8% | 97.7% | 97.0% | 97.0% | 97.1% | 96.6% | 96.8% | 96.3% |
| Funded Debt | 188,992,340 | 194,094,096 | 199,269,507 | 204,225,702 | 208,832,826 | 214,726,332 | 220,763,692 | 226,446,162 | 232,161,413 |
| PP&E | 241,379,471 | 246,408,628 | 251,511,808 | 256,698,232 | 261,991,878 | 267,406,749 | 272,964,116 | 279,083,414 | 285,435,062 |
| Funded Debt / PP&E (< 60%) | 78.3% | 78.8% | 79.2% | 79.6% | 79.7% | 80.3% | 80.9% | 81.1% | 81.3% |
| Deposited Cash / Long-Term ABT - EBITDA | | | | | | | | | |
| Funded Debt / Cash + 60% * PP&E > 1.0 | 1.19 | 1.20 | 1.19 | 1.18 | 1.17 | 1.17 | 1.16 | 1.16 | 1.15 |
| or EBITDA / All Future Interest > 1.5x | 1.78 | 1.85 | 1.99 | 1.85 | 1.86 | 1.96 | 1.83 | 1.94 | 2.01 |
| ABT Test Results | YES | YES | YES | YES | YES | YES | YES | YES | YES |

| Cash Flow | 2016 |
|--|-------------|
| Net Income | |
| Depreciation and Amortization | |
| D&A PP&E (incl MARA) | |
| Amortization of Deferred Debt Expense | |
| TOTAL DEPRECIATION AND AMORTIZATION | |
| NET CASH FLOWS FROM OPERATIONS | |
| Changes in PP&E | |
| Purchases of PP&E | |
| Annual Use of DSRR 0.1 funds for Capex | |
| Proceeds from borrowings (net of draws from 2014/2015 project funds) | |
| TOTAL CHANGES IN PP&E | |
| Changes due to Financings | |
| Refunding Debt Issuance Costs | |
| Project Escrow Fund Releases - 2014 Bond Fund | |
| Project Escrow Fund Releases - 2018-2020 Bond Funds | |
| RSF Releases - CBFRR from 2015 test year rate case | |
| DSRF Releases | |
| Tfr of RSF funds to PEU/PAC | |
| Principal Payments | |
| Return of Acquisition Premium | |
| TOTAL PAYMENTS | |
| CHANGE IN CASH BEFORE DISTRIBUTIONS | |
| CBFRR Net of Return on Acquisition Premium | |
| Taxes Paid to Parent (Reduces Distribution) | |
| NET DISTRIBUTIONS | |
| CHANGE IN CASH AFTER DISTRIBUTIONS | |
| BEGINNING CASH BALANCE | |
| ENDING CASH BALANCE | 6,535,758 |
| Total CBFRR | |
| <u>Cash Balance Pass/Fail Flag</u> | |

CBFRR Net of Return on Acquisition Premium = Annual CBFRR of \$7,465,139, netting by the MARA a

Distribution for RSF from Neptune Model = "make whole" for total debt obligation of City, after CBFRR

Pass

Fail

| Revenues | 2016 | 2017 | 2018 |
|-------------------|------------|------------|------------|
| Percent Increase | | -0.80% | 3.30% |
| Revenue Forecasts | 30,922,560 | 30,678,509 | 31,703,635 |

| |
|-----------------|
| Actuals |
| Budget/Forecast |
| Forecast |

Modified Rate Methodology Calculations of Revenue:

| | 2016 Rate Case | | |
|---|-------------------|-------------------|-------------------|
| CBFRR Revenues | 7,729,032 | 7,729,032 | 7,729,032 |
| OERR Revenues (100% of Operating Expenses) | | | |
| MOERR Expenses from 2016 Rate Case (escalating by 3%/annum) | 16,338,929 | 16,829,097 | 17,333,970 |
| NOERR Expenses from 2016 Rate Case (escalating by 9%/rate case) | 588,313 | 588,313 | 641,261 |
| temp rate increase to refill the OERR RSF (65% of perm) | | | |
| perm rate increase to refill the OERR RSF (35% of perm) | | | |
| Allowed OERR Revenues from most recent rate case | | 16,927,242 | 16,927,242 |
| Add: temp/perm increases | | - | - |
| Total Forecasted OERR Revenues | 16,927,242 | 16,927,242 | 16,927,242 |
| DSRR 1.0 Revenues (100% of P&I) | 6,218,648 | | |
| P&I per year | | 6,229,650 | 6,297,601 |
| Allowed DSRR 1.0 Revenues from most recent rate case | | 6,218,648 | 6,218,648 |
| DSRR 0.1 Revenues (10% of P&I) | 621,865 | | |
| 10% of P&I per year | | 622,965 | 629,760 |
| Allowed DSRR 0.1 Revenues from most recent rate case | | 621,865 | 621,865 |
| QCPAC Revenue Adjustments | | | |
| Incremental P&I per year (included in DSRR 1.0 and 0.1 above) | | 120,000 | 490,501 |
| Incremental Prop Taxes on New Capex per year @ \$30/\$1000 | | | |
| QCPAC Revenue at 1.1x P&I, plus prop taxes (b/n rate cases) | | | 120,000 |
| Total Forecasted DSRR and QCPAC Revenues | 6,840,513 | 6,852,615 | 7,047,361 |
| Total Revenue Requirement/Forecast | 31,496,787 | | 31,703,635 |

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
DW 17-____
Pennichuck Water Works, Inc.

LDG-5
\$10MM - TD TERM SHEET

PWW0051-PWW0056

Pennichuck Water Works, Inc.

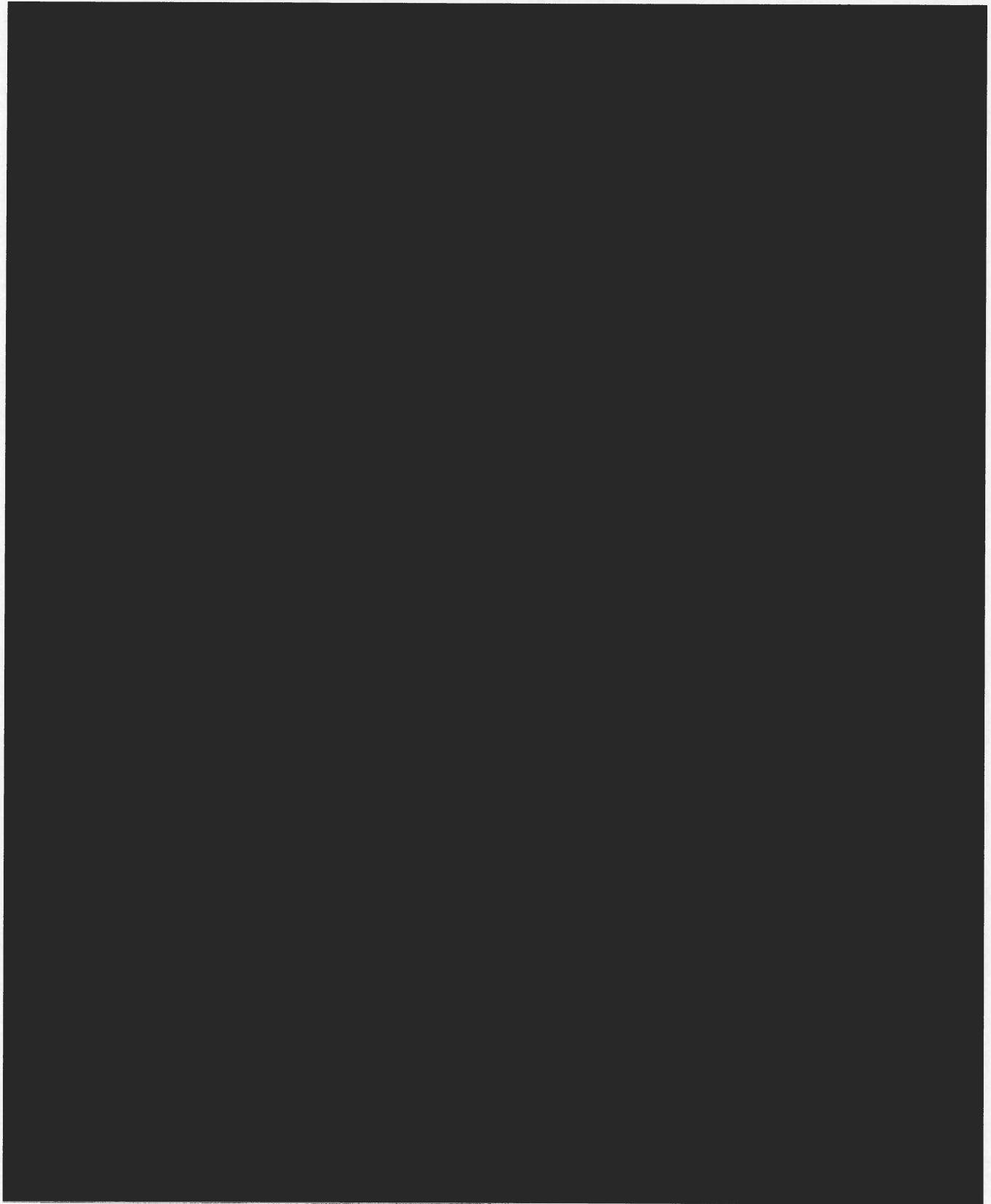
The proposed terms and conditions summarized herein are provided for discussion purposes only. They do not constitute an offer, agreement, or commitment to lend and are confidential. The terms and conditions upon which TD Bank, N.A. ("TD" or the "Bank") might extend credit to Pennichuck Water Works, Inc. (or the "Borrower") are subject to satisfactory review and completion of documentation, satisfactory completion of due diligence, approval by TD Bank Credit Authorities, and other such terms and conditions as may be determined by Bank and its counsel.

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*Pennichuck Water Works, Inc..
Discussion Term Sheet*

August 23, 2017

Page 2



TD Bank, N.A.

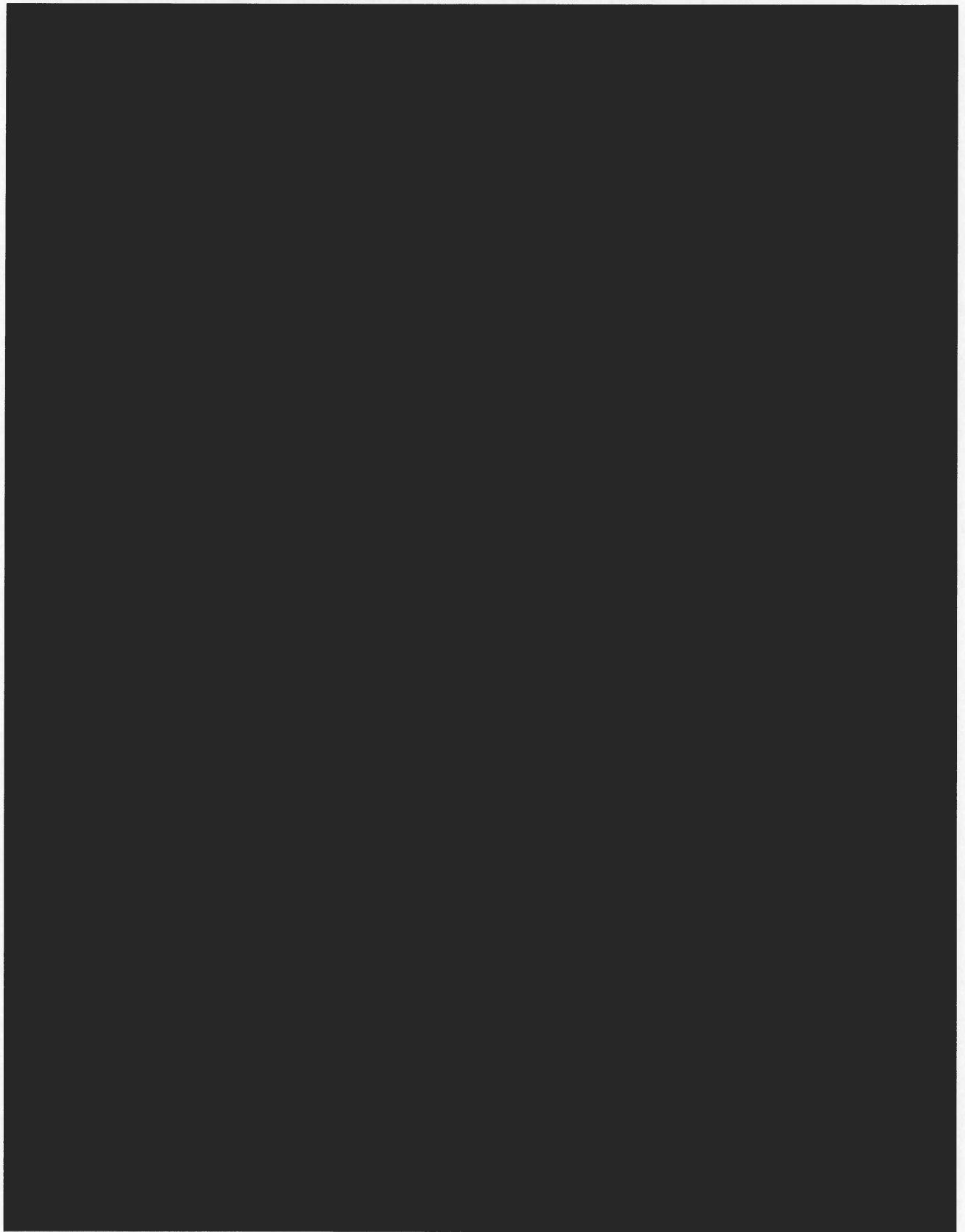
PWW0052

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*Pennichuck Water Works, Inc..
Discussion Term Sheet*

August 23, 2017

Page 3

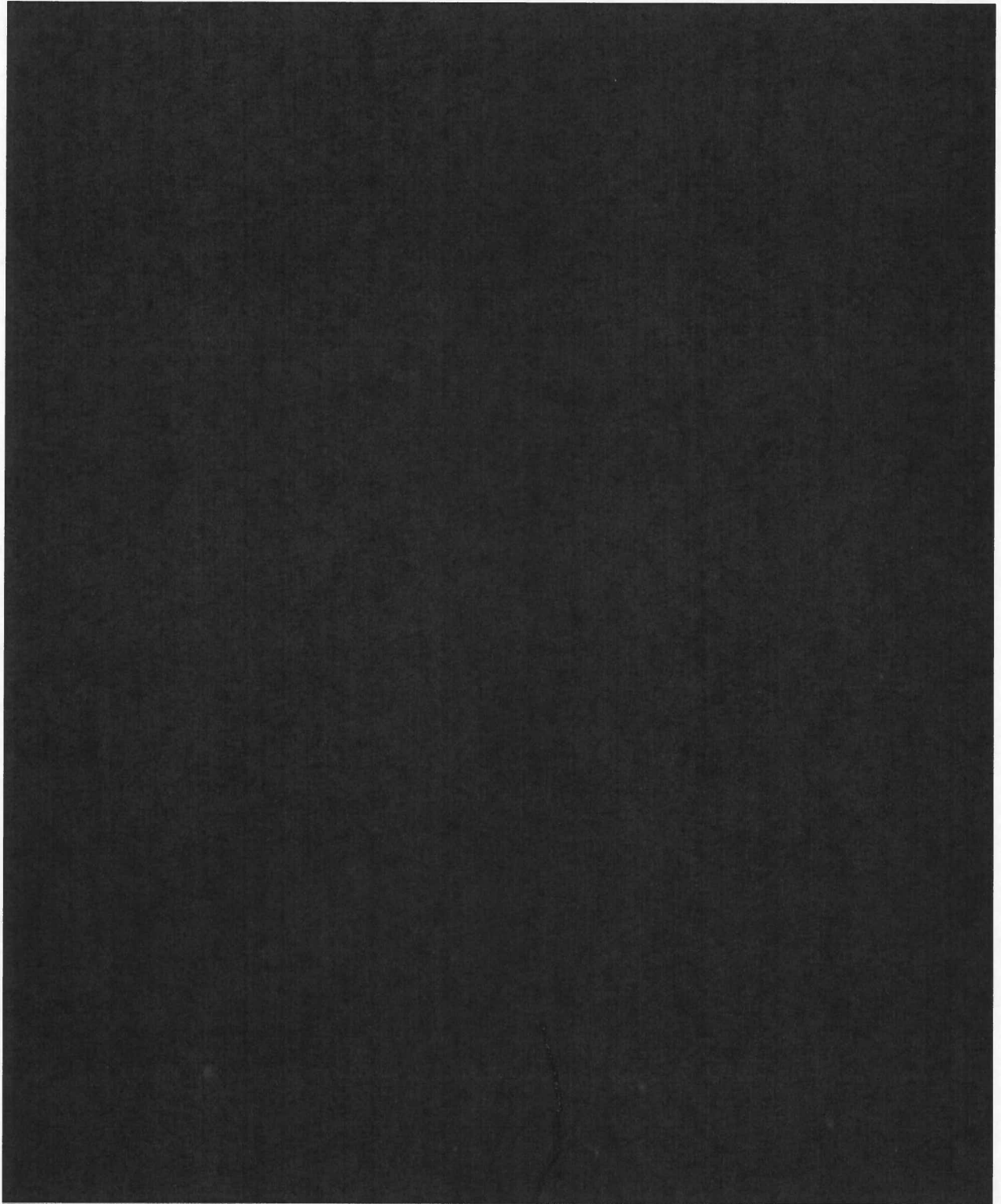


TD Bank, N.A.

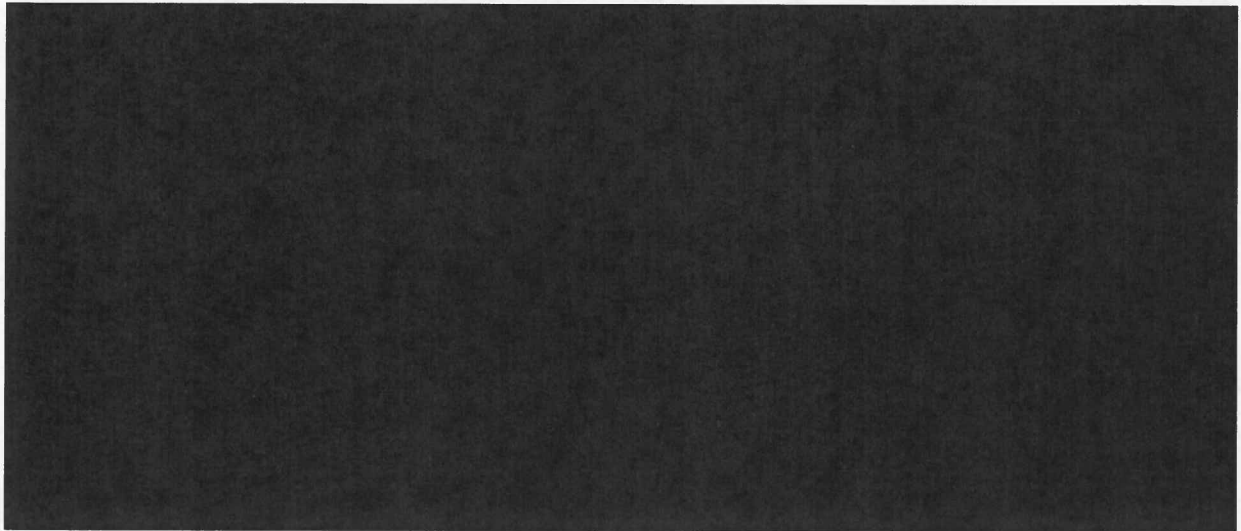
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STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-____

Pennichuck Water Works, Inc.

LDG-6
PWW RESOLUTION

PWW0057



PENNICHUCK WATER WORKS, INC.

CORPORATE SECRETARY'S CERTIFICATE


I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck Water Works, Inc. (the "Company"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Company. In that capacity, I do hereby further certify that:

1. The following resolution was adopted by the Board of Directors of the Company on February 24, 2017; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that management is hereby authorized to proceed with the following process and approvals required to complete the application for issuance of tax-exempt bonds for 2017-2019 capital needs for Pennichuck Water Works, Inc., including:

- (1) obtain New Hampshire Business Finance Authority (NHBFA) approval to issue tax-exempt bonds sufficient to fund the capital needs;
- (2) file a financing petition with the New Hampshire Public Utilities Commission to seek approval to complete the financing activity;
- (3) file a shareholder approval request with the City of Nashua to seek approval to complete the financing activity;
- (4) file a joint approval request with the NHBFA to the State of New Hampshire Governor and Council, approving the funding of the tax-exempt bonds through the NHBFA; and
- (5) complete the entire bond issuance and documentation process with the investment bankers and respective counsels.

In Witness Whereof, I have hereunto set my hand this 21st day of November, 2017.


Suzanne L. Ansara
Corporate Secretary

PWW0057

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-____

Pennichuck Water Works, Inc.

LDG-7
PENNICHUCK RESOLUTION

PWW0058



PENNICHUCK CORPORATION

CORPORATE SECRETARY'S CERTIFICATE

I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck Corporation (the "Company"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Company. In that capacity, I do hereby further certify that:

1. The following resolution was adopted by the Board of Directors of the Company on August 25, 2017; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that the Chief Executive Officer is hereby given authority and additional discretion to pursue the Lines of Credit with TD Bank, N.A. for Pennichuck Corporation and Pennichuck Water Works, Inc., as discussed in non-public session, and to proceed with obtaining the required approvals from the New Hampshire Public Utilities Commission and the City of Nashua.

In Witness Whereof, I have hereunto set my hand this 21st day of November, 2017.


Suzanne L. Ansara
Corporate Secretary

PWW0058

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-__

Pennichuck Water Works, Inc.

LDG-8
PENNICHUCK CORP. \$4MM TERM SHEET AND
PWW GUARANTEE

PWW0059-PWW0076

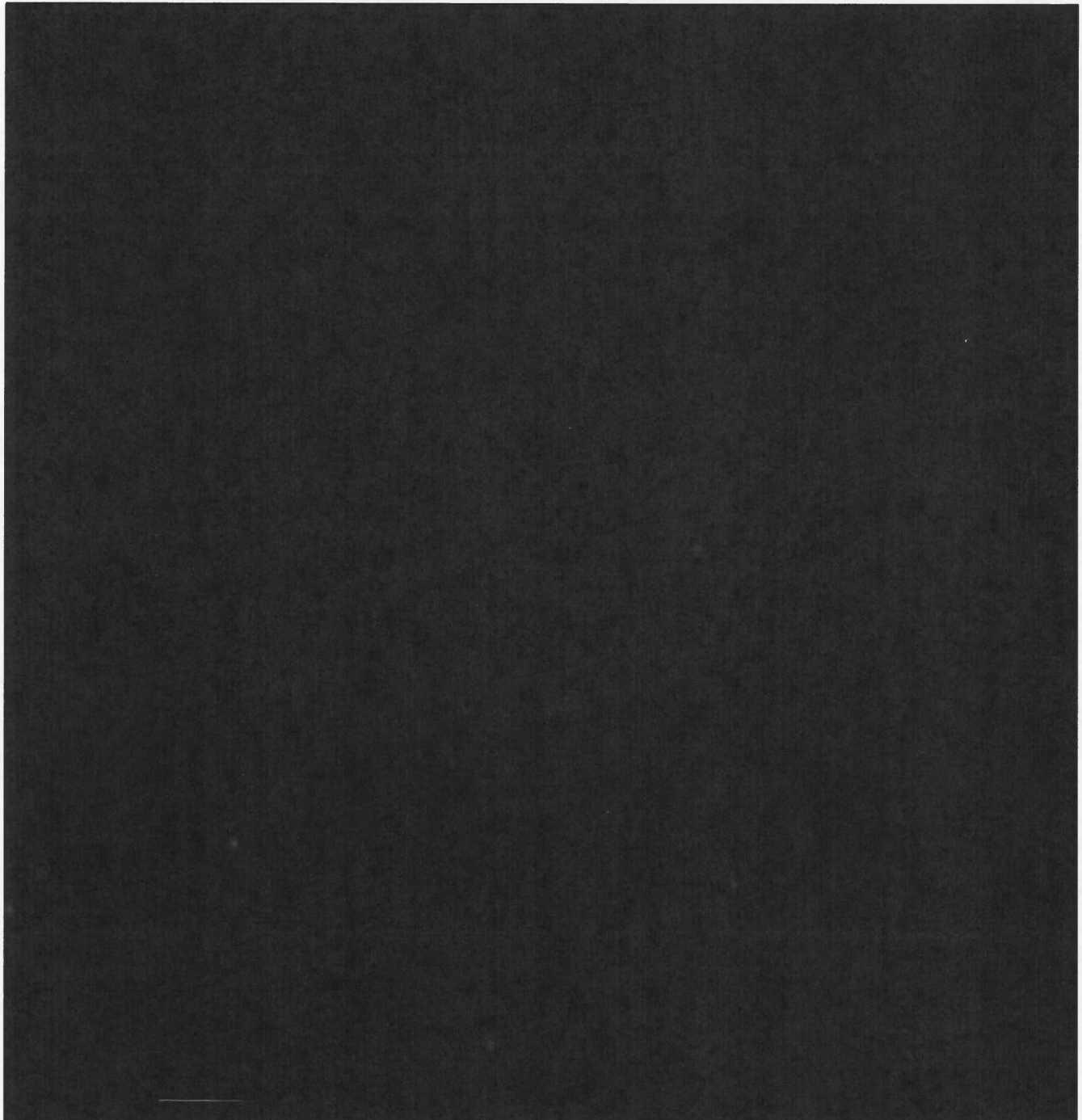
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Pennichuck Corporation
Discussion Term Sheet

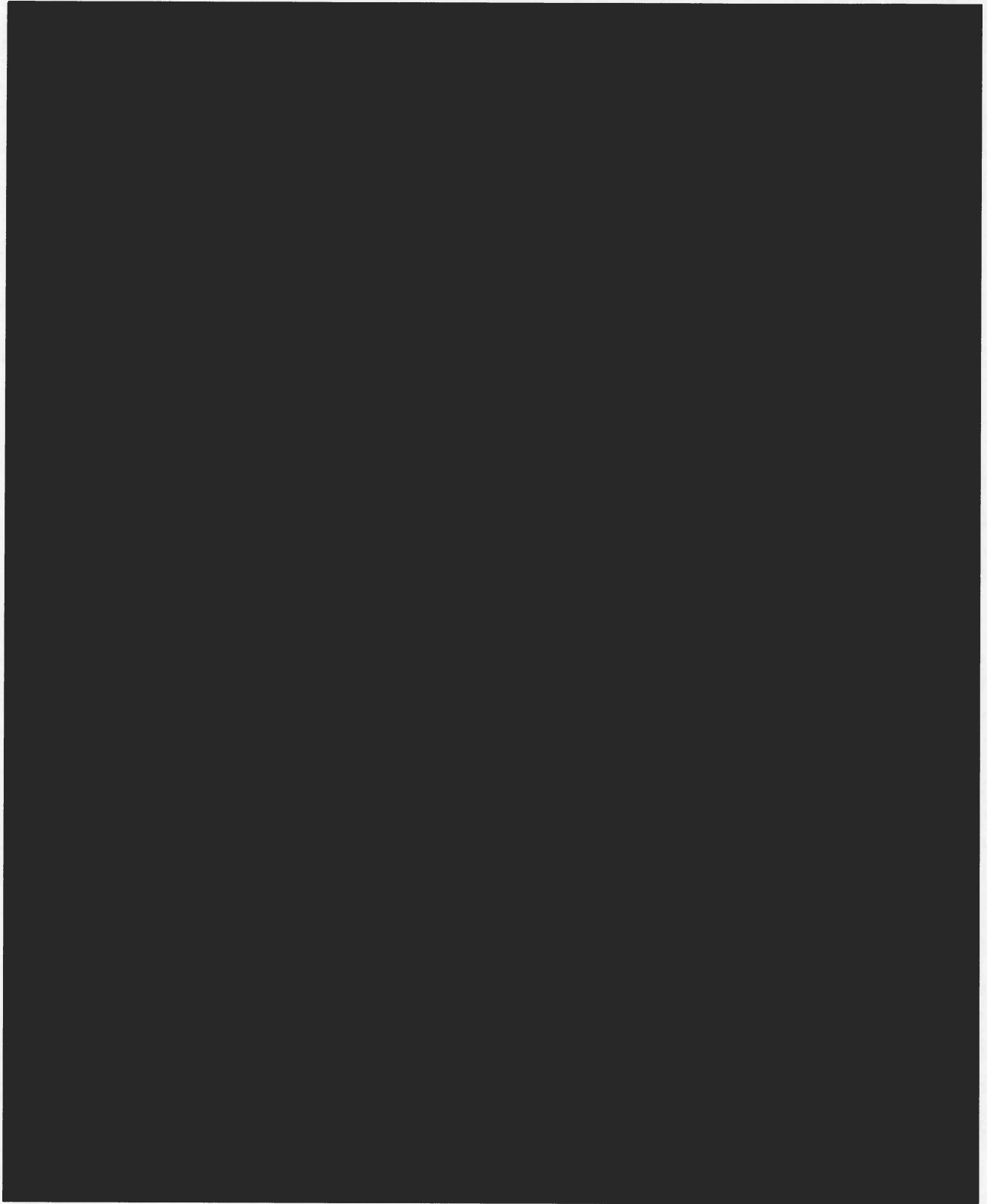
August 23, 2017

Pennichuck Corporation

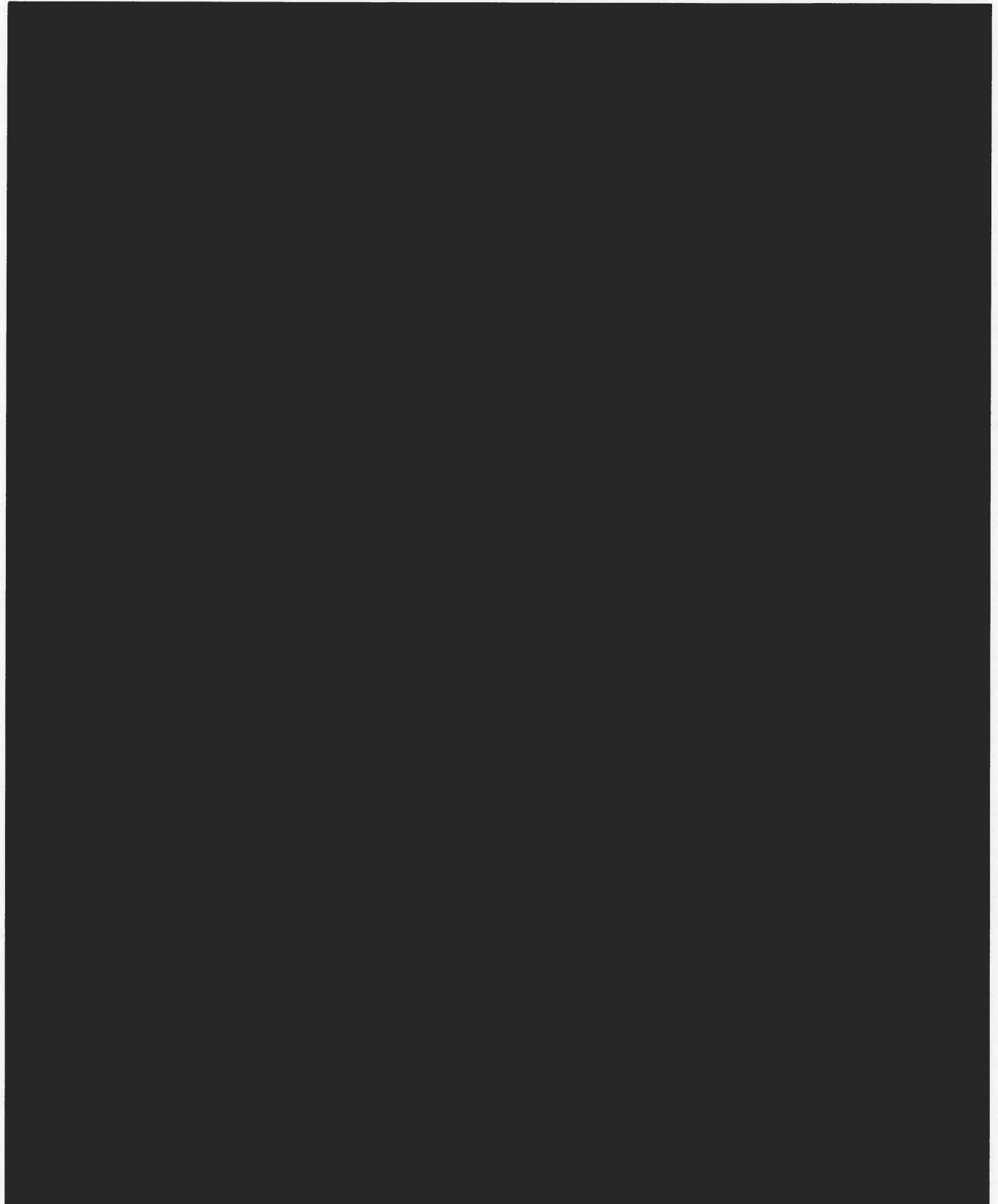
The proposed terms and conditions summarized herein are provided for discussion purposes only. They do not constitute an offer, agreement, or commitment to lend and are confidential. The terms and conditions upon which TD Bank, N.A. ("TD" or the "Bank") might extend credit to Pennichuck Corporation (or the "Borrower") are subject to satisfactory review and completion of documentation, satisfactory completion of due diligence, approval by TD Bank Credit Authorities, and other such terms and conditions as may be determined by Bank and its counsel.



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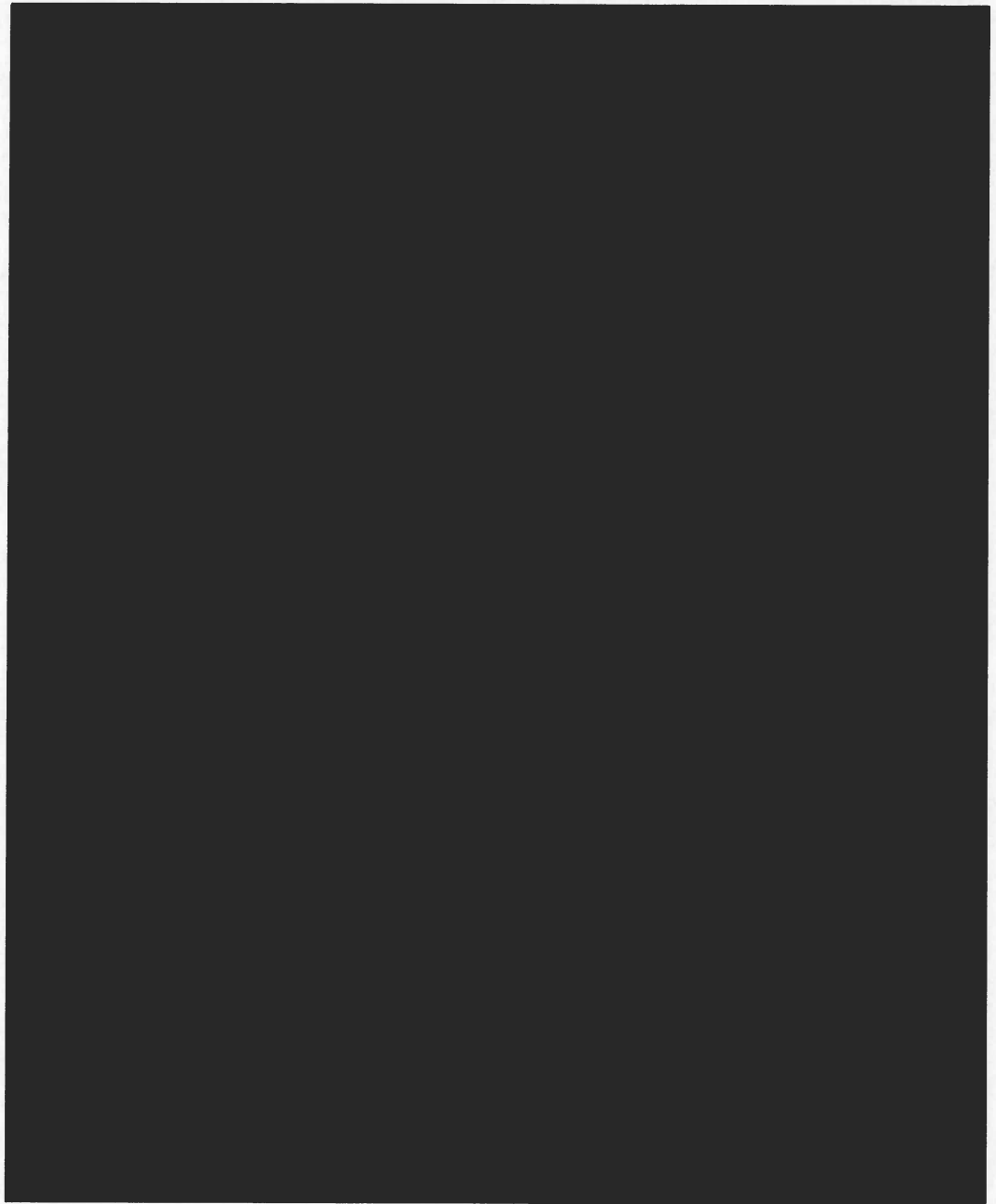
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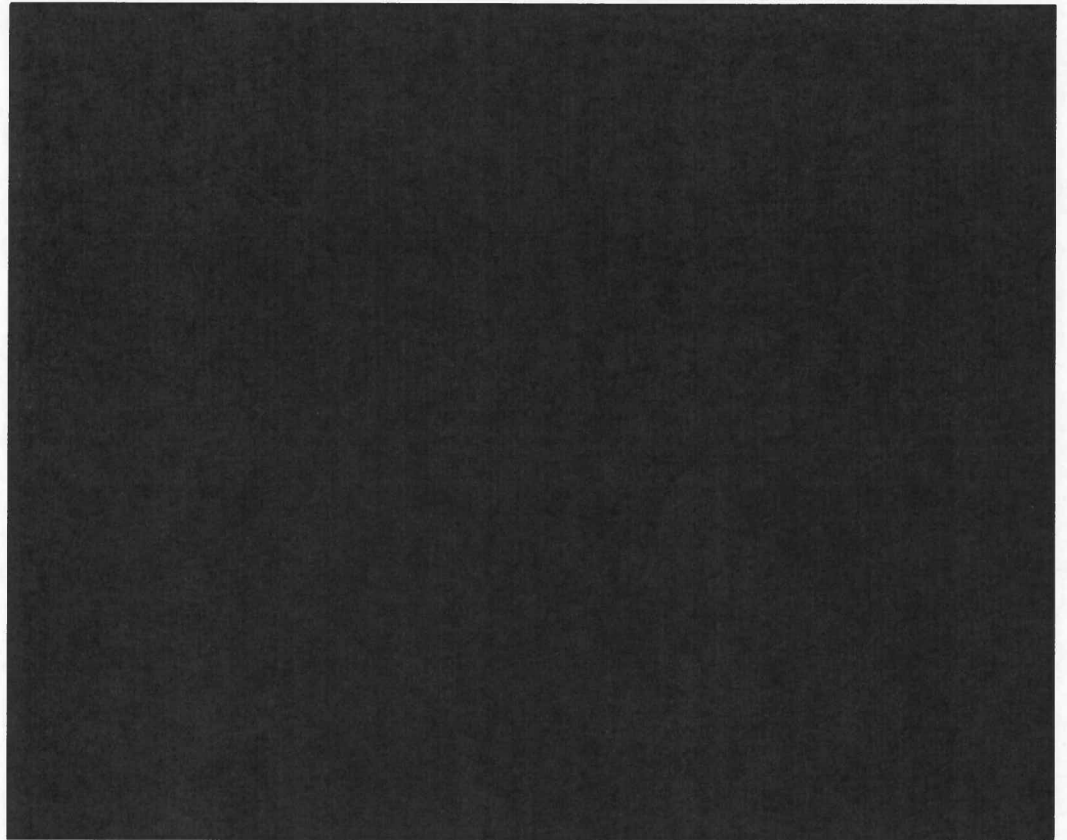
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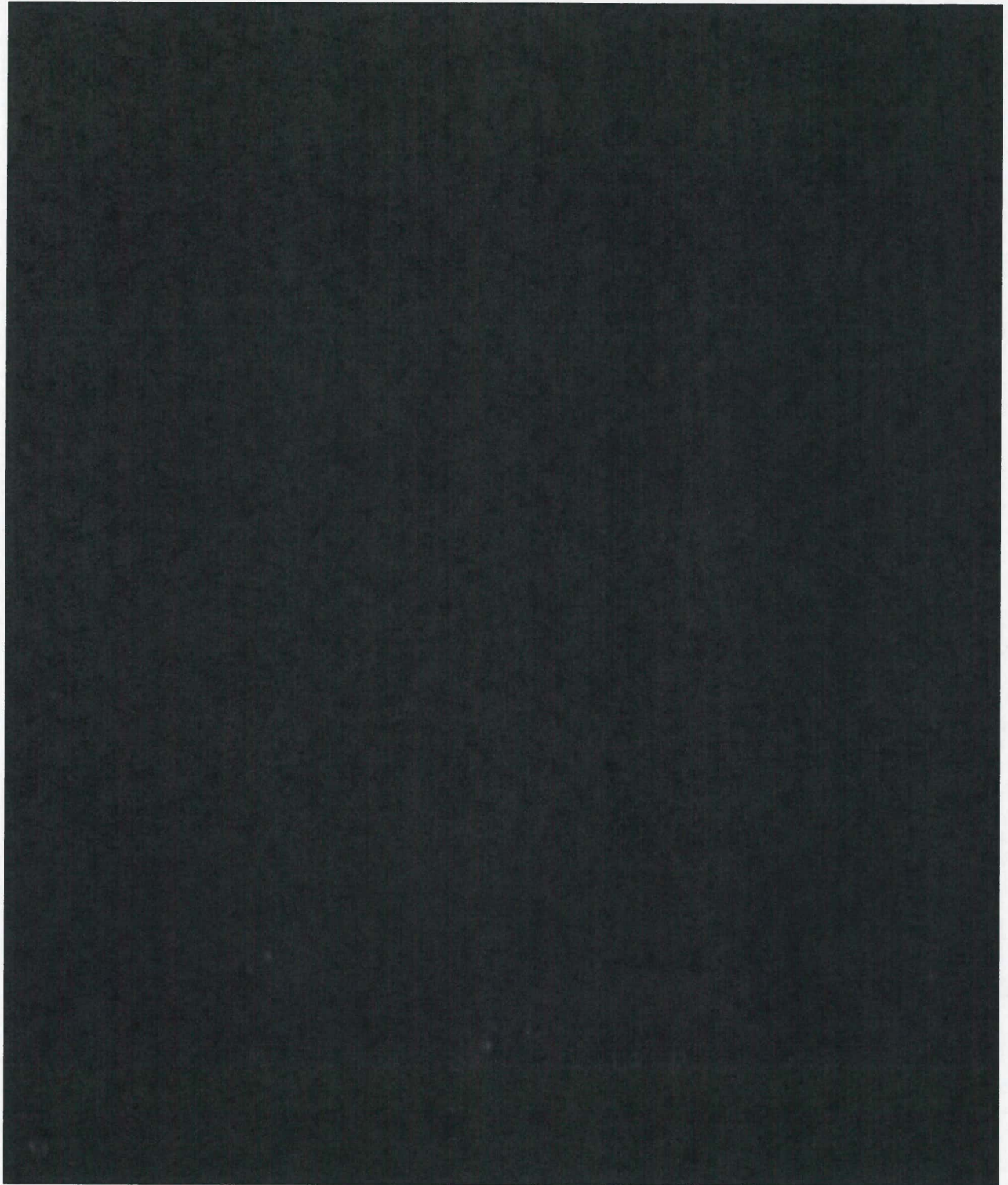
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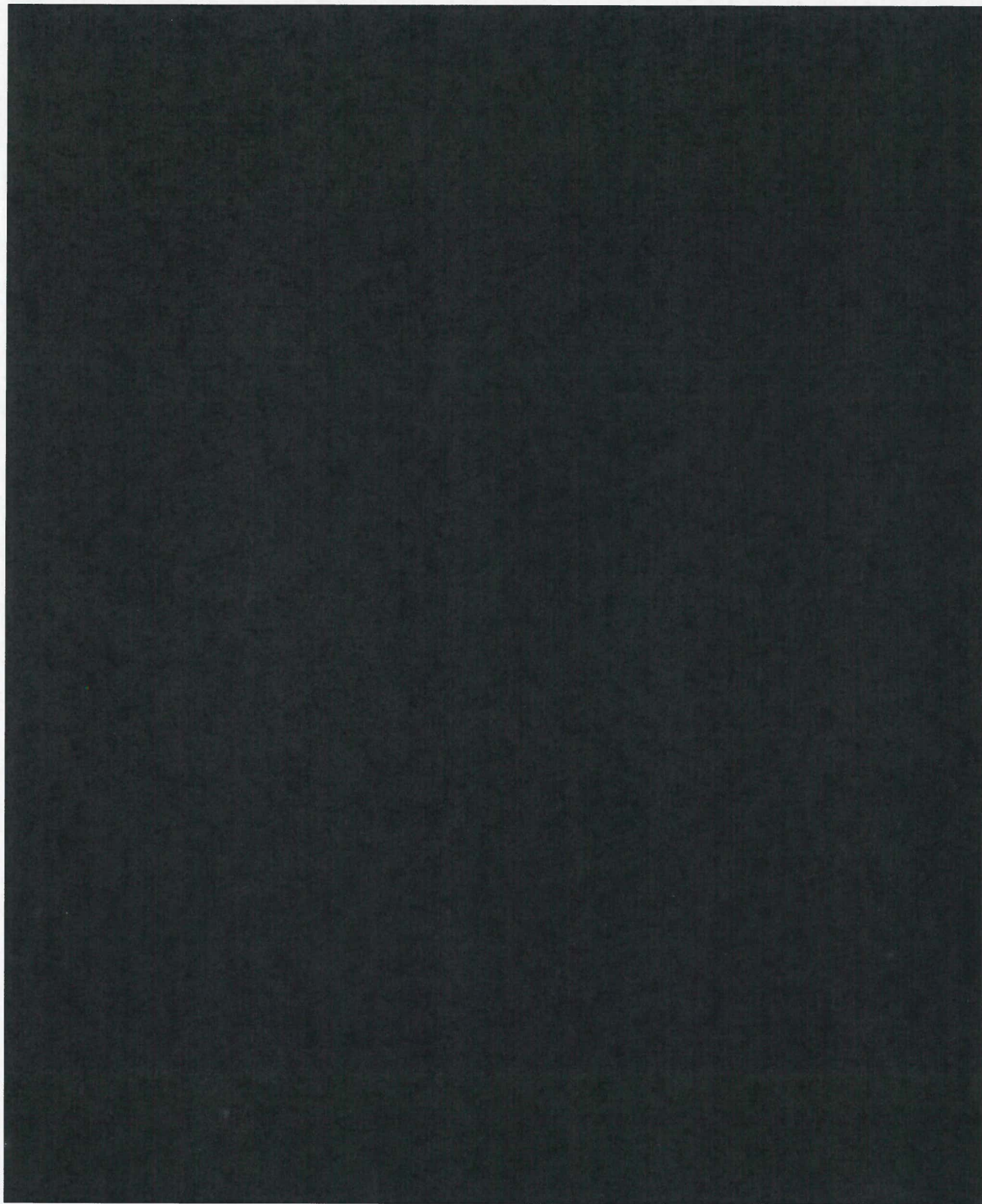
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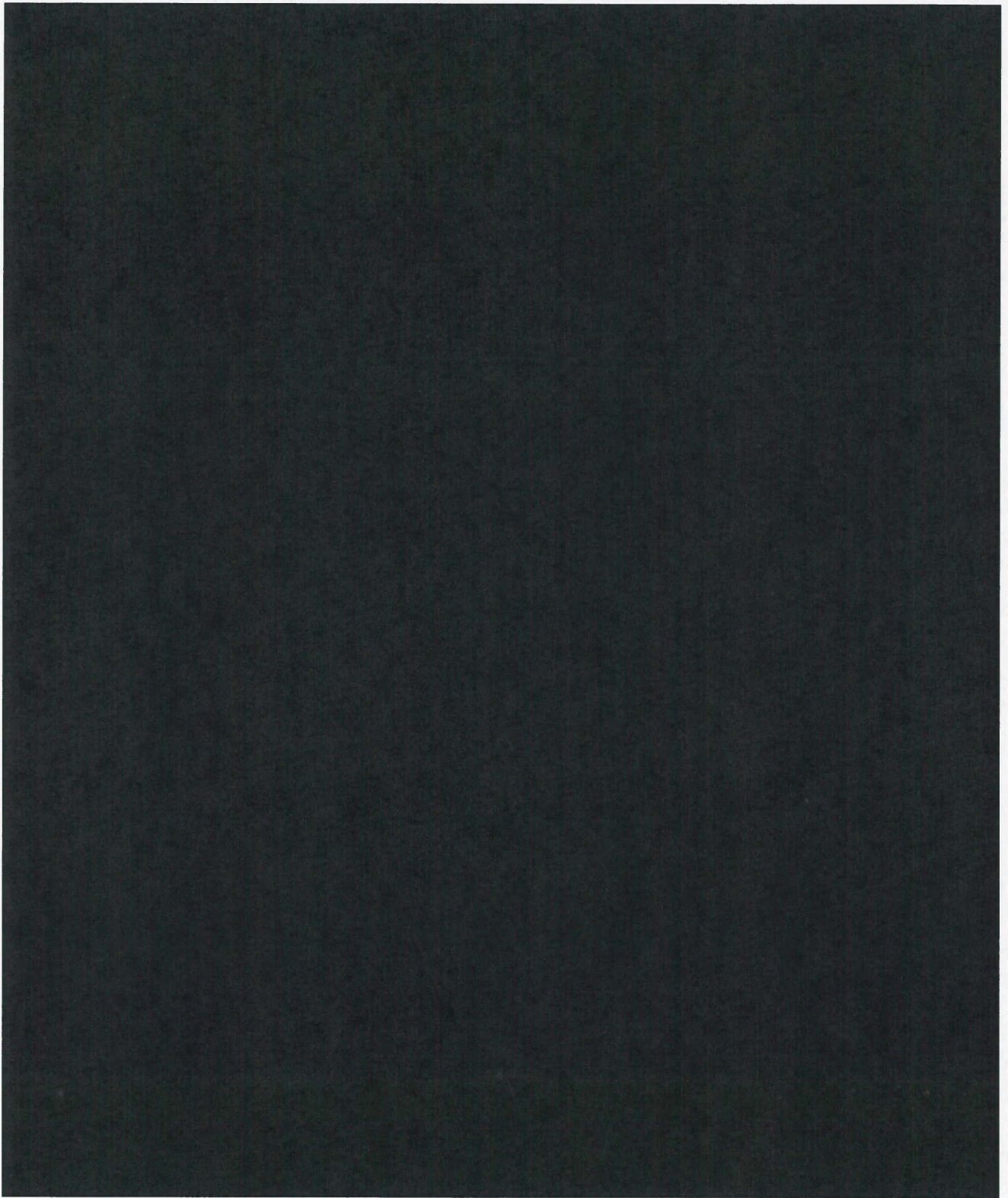
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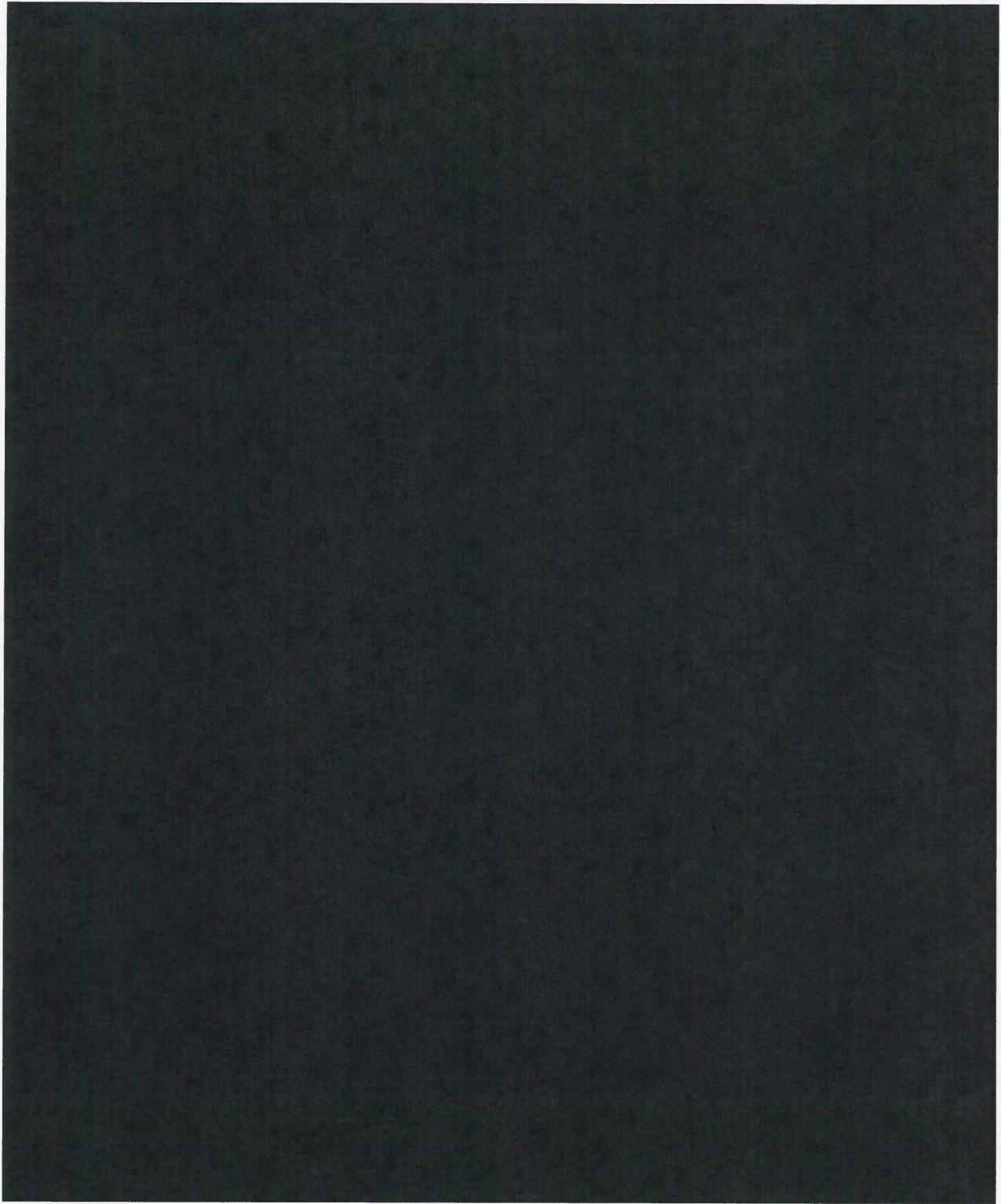
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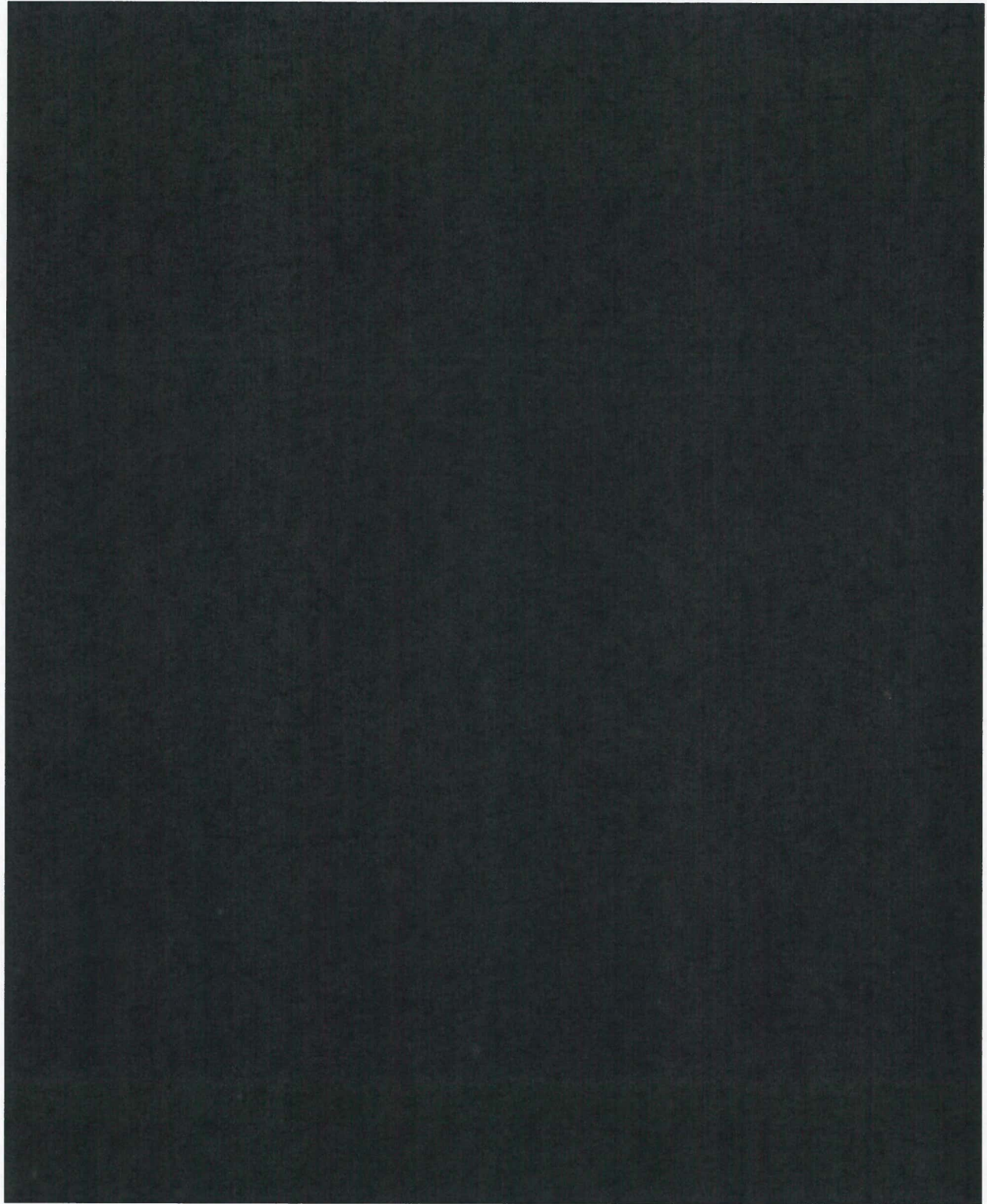
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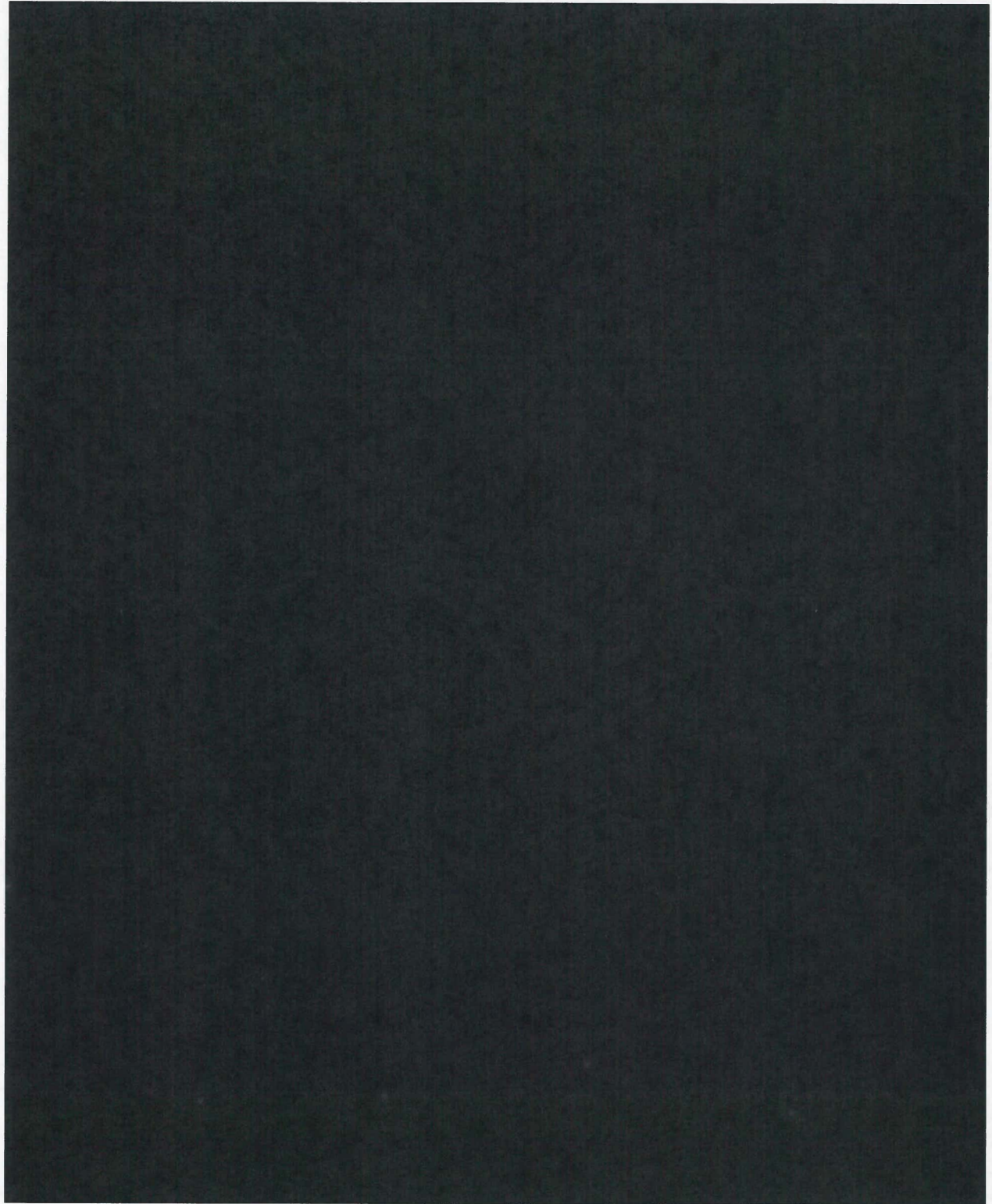
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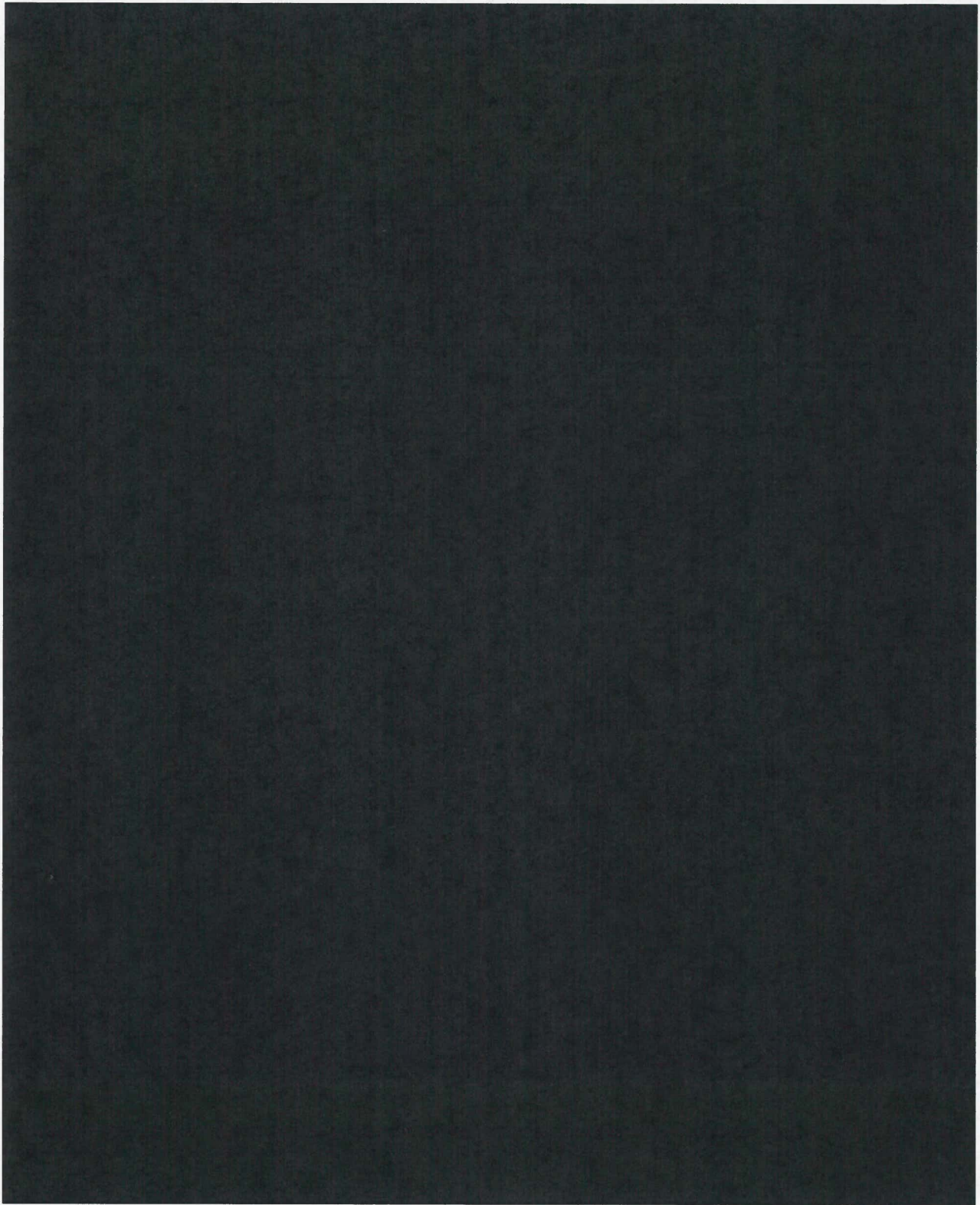
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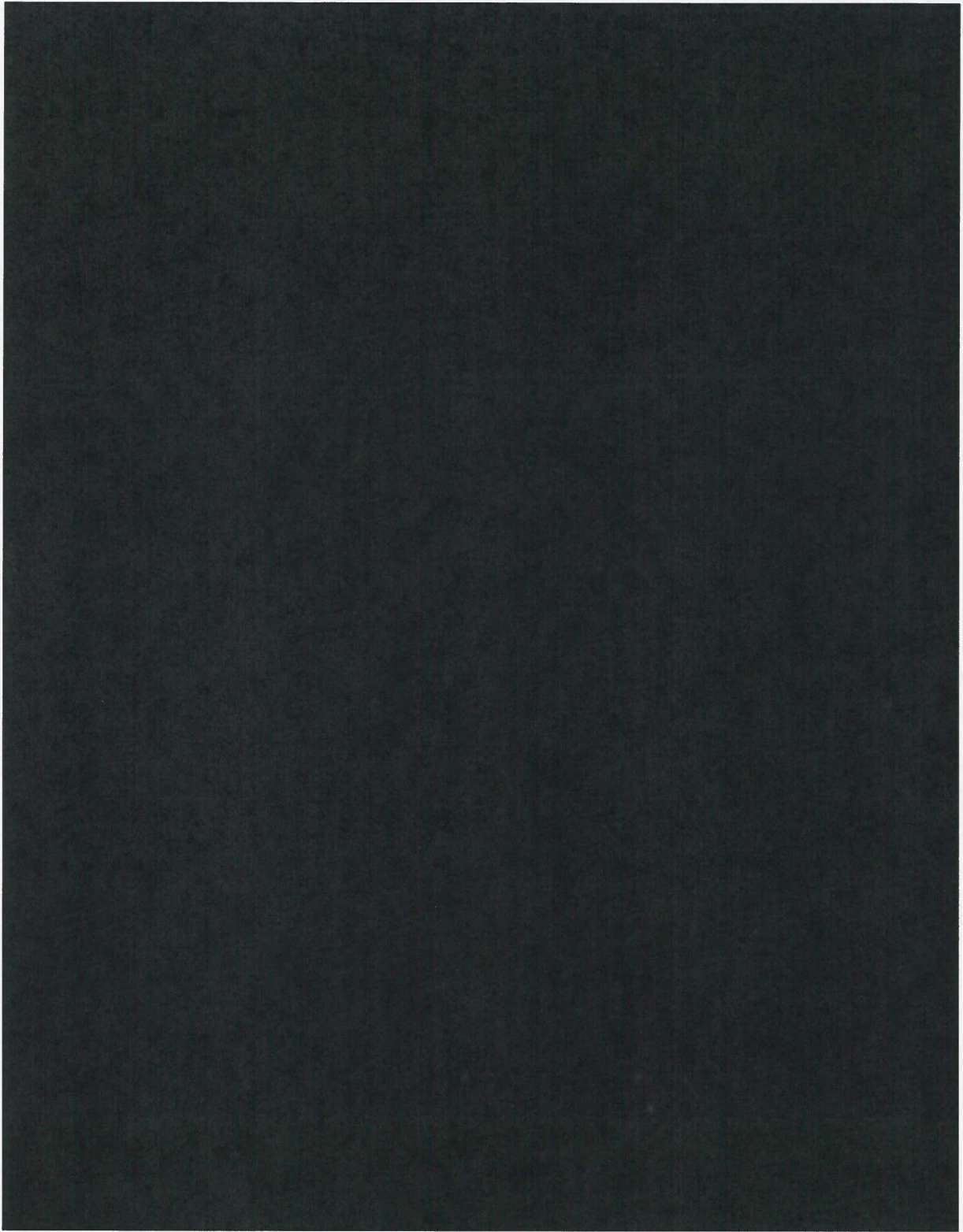
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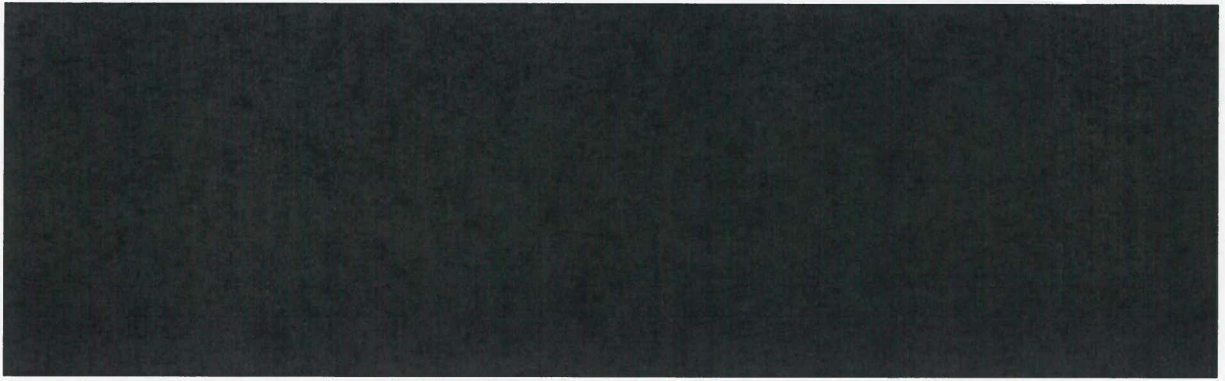
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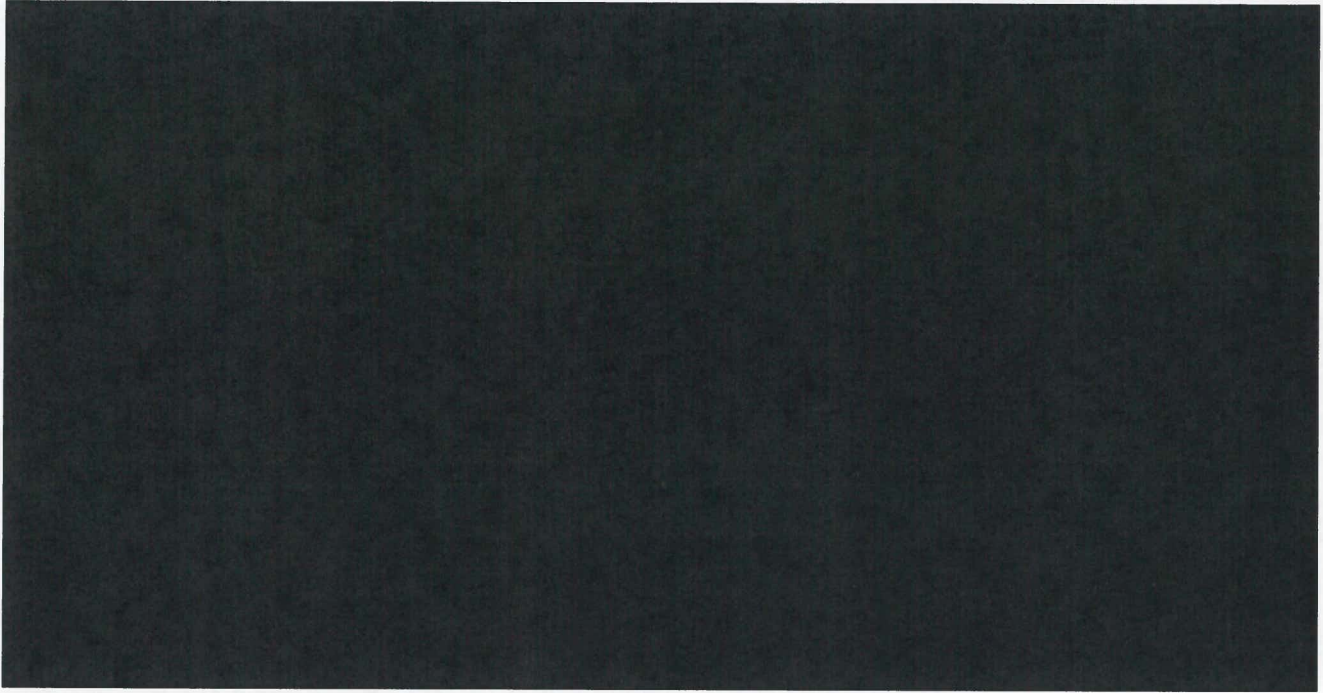


EXHIBIT A
SUBSIDIARIES OF BORROWER

The Southwood Corporation
A New Hampshire corporation

Pennichuck Water Works, Inc.
A New Hampshire corporation

Pennichuck East Utility, Inc.
A New Hampshire corporation

Pittsfield Aqueduct Company, Inc.
A New Hampshire corporation

Pennichuck Water Service Corporation
A New Hampshire corporation

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-__

Pennichuck Water Works, Inc.

LDG-9
NHPFA PRELIMINARY APPROVAL

PWW0077-PWW0079



NEW HAMPSHIRE

BUSINESS FINANCE AUTHORITY

May 15, 2017

Mr. Larry Goodhue
Pennichuck Water Works, Inc.
25 Manchester Street
Merrimack, NH 03054

Dear Mr. Goodhue:

This is to advise that at the meeting of May 15, 2017, the Directors of the Business Finance Authority ("BFA") considered your application dated April 20, 2017 requesting \$32,500,000 in industrial development revenue bond financing for multiple projects in New Hampshire. The Directors approved and adopted a resolution to that effect and a copy is enclosed for your records.

Federal law imposes limits on: (a) the amount of bonds which may be issued in New Hampshire, (b) the total amount of tax-exempt bonds as to which any borrower and related persona may be beneficiary, and (c) the amount of bond proceeds which may be spent for land, as well as conditions on the expenditure of bond proceeds for existing buildings and equipment. The BFA's resolution does not constitute a determination of federal tax questions, nor does it constitute an allocation or assignment of priority to a particular borrower for purposes of the annual tax-exemption limit.

We will not actually reserve any portion of the bonding limit for the project until the company secures a commitment to purchase the bonds.

In the meantime, we strongly recommend you secure the services of registered bond counsel to determine compliance with Federal tax law. You should be aware the BFA will retain its own counsel for this project. We use Attorney Kris Moussette from Hinckley Allen, 28 State Street, Boston, MA 02109-1775.

Thank you for your application to the Business Finance Authority, and best wishes and success for your proposed project.

Sincerely,

James Key-Wallace
Executive Director

FINANCING FOR NEW HAMPSHIRE'S FUTURE

2 PILLSBURY STREET, SUITE 201
CONCORD, NEW HAMPSHIRE 03301-4954
603-415-0190 • FAX: 603-415-0194



PWW0077

A RESOLUTION RELATING TO THE FINANCING AND REFINANCING OF WATER
FACILITIES FOR PENNICHUCK WATER WORKS, INC. AT VARIOUS LOCATIONS IN
THE STATE OF NEW HAMPSHIRE

WHEREAS, Pennichuck Water Works, Inc. (the "Borrower")* has by submission of an Application for Official Intent dated April 20, 2017 notified the Authority of its desire to finance water supply and water distribution installations, upgrades, replacements and rehabilitations and related support systems at project sites located in Amherst, Bedford, Derry, Epping, Hollis, Merrimack, Milford, Nashua, Newmarket, Plaistow and Salem, New Hampshire (including the projects attached as Exhibit A hereto) (collectively, the "Project") and requested the Authority to issue approximately \$32,500,000 of its revenue bonds (the "Bonds") under RSA 162-1 (the "Act") and loan the proceeds to the Borrower in order to finance the costs of the Project to the extent it qualifies as an "exempt facility" within the meaning of Section 142(a) of the Internal Revenue Code of 1986.

IT IS HEREBY RESOLVED THAT:

Section 1. Official Intent. On the basis of the information and materials furnished by the Borrower, the Authority hereby declares its official intent to issue the Bonds as requested by the Borrower. The Authority also approves the Borrower's commencing the Project and making expenditures which may be reimbursed from Bond proceeds under the Act.

Section 2. Not a Contract or an Allocation. This resolution is a statement of official intent under the Act and Treas. Reg. § 1.150-2 and is not an allocation of the private activity bond limit under Section 146 of the Internal Revenue Code of 1986. Although the Authority reasonably expects to issue Bonds to finance the costs of the Project, including the reimbursement of costs incurred prior to the issuance of the Bonds, the actual issuance of the Bonds and the reimbursement of prior expenditures is dependent upon further proceedings consistent with the Act, the satisfaction of requirements of federal and state law, the creditworthiness of the Borrower, and market conditions at the time the Bonds are issued.

Section 3. Effective Date. This resolution shall take effect upon its passage.

Passed: May 15, 2017

Attest:


James Key-Wallace, Clerk

* This term also includes Pennichuck Water Works ("PWW") any person or entity which controls, or is controlled by, or is under common control with, the named borrower or PWW.

Exhibit A

Water Supply:

1. Water Treatment Media and Miscellaneous Water Supply Upgrades
2. Bowers Pond Dam – replace flash boards

Water Distribution:

1. Main Replacement and Rehabilitation
2. Booster System Replacement and Rehabilitation, Storage Tank
Maintenance/Replacement, Back-up Generator Installation and Pump and System
Operational Improvements
3. Service, Hydrant and Meter Replacements or Rehabilitation
4. Rolling Stock and Equipment Replacement or Rehabilitation
5. Kessler Farm Tank Replacement
6. Merrimack River Intake/Interconnection

Support Services:

1. Customer Service Support Applications, Financial Accounting and other Applications
and Water System Monitoring upgrades and enhancements
2. DPAC (Data Presentation and Collection) System
3. Asset Management System