

Pennichuck Water Works, Inc.

BALANCE SHEET

ASSETS AND DEFERRED CHARGES

For the Twelve Months Ended December 31, 2021

2022 PWW SRF Financing Petition

DW 22-\_\_

Schedule LDG-1

Page 1 of 2

	Account Number	12/31/2021	Pro Forma Adjustments	Pro Forma 12/31/2021
<b><u>PLANT ASSETS</u></b>				
Plant in Service	301 to 348	248,380,595	(244,938) (1)(3)	248,135,657
Work in process	105	182,108	-	182,108
Utility Plant		248,562,703	(244,938)	248,317,765
Accumulated depreciation	108	69,144,805	(947,433) (2)(3)	68,197,372
Net Plant		179,417,899	702,495	180,120,394
Net Acquisition Adjustment	114 & 115	210,562	-	210,562
Total Net Utility Plant		179,207,337	702,495	179,909,831
<b><u>CURRENT ASSETS</u></b>				
Cash	131 & 133	6,000	-	6,000
Restricted Cash - RSF	131	12,704,200		12,704,200
Restricted Cash - 2014 Bond Project Fund	131	216,313		216,313
Restricted Cash - 2015 Bond Project Fund	131	-		-
Restricted Cash - 2018 Bond Project Fund	131	-	-	-
Restricted Cash - 2019 Bond Project Fund	131	-	-	-
Restricted Cash - 2020 Bond Project Fund	131	23,711		23,711
Restricted Cash - 2021 Bond Project Fund	131	14,562		14,562
Accounts receivable-billed, net	141 & 143	2,294,263	-	2,294,263
Accounts receivable-unbilled, net	173	5,452,201	-	5,452,201
Accounts receivable-other	142	-	-	-
Inventory	151	760,016	-	760,016
Prepaid expenses	162	25,423,121	-	25,423,121
Prepaid property taxes	163 & 236	-	-	-
Prepaid taxes	162.3	-	-	-
		46,894,386	-	46,894,386
<b><u>OTHER ASSETS</u></b>				
Debt issuance expenses	181	11,988,090	-	11,988,090
Acquisition Premium - MARA	186	60,834,486	-	60,834,486
Other & Deferred Charges	182,184,186	11,396,752	-	11,396,752
		84,219,328	-	84,219,328
<b>TOTAL ASSETS</b>		<b>\$ 310,321,050</b>	<b>\$ 702,495</b>	<b>\$ 311,023,545</b>

**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  
(3) To record writeoff of assets being taken out of service

	<b>310,321,050</b>		<b>311,023,545</b>	<i>check</i>
\$	-	<i>check</i>	\$	-

	Account Number	12/31/2021	Pro Forma Adjustments		Pro Forma 12/31/2021
STOCKHOLDERS' EQUITY					
Common stock	201	\$ 30,000	\$ -		\$ 30,000
Paid in capital	211	\$ 97,539,518	-		97,539,518
Comprehensive Income	219	-	-		-
Retained earnings	215	198,279	(11,940)	(2)	186,339
		97,767,797	(11,940)		97,755,857
LONG TERM DEBT					
Bonds, notes and mortgages	221	128,870,286	715,072	(1) (4)	129,585,358
Intercompany advances	223	-	(637)	(3)	(637)
Other Long Term Debt	224	-	-	(4)	-
CURRENT LIABILITIES					
Accounts payable	231	1,725,700	-		1,725,700
Accrued property taxes	236	137,387	-		137,387
Accrued interest payable	237	1,328,861	-		1,328,861
Other accrued expenses	241	1,079,320	-		1,079,320
Income taxes payable	236	-	-		-
Customer deposits & other	235	60,809	-		60,809
		4,332,078	-		4,332,078
OTHER LIABILITIES AND DEFERRED CREDITS					
Deferred income taxes & liability	282	17,784,634	-		17,784,634
Customer advances	252	-	-		-
CIAC, net	271 & 272	33,181,304	-		33,181,304
Other deferred credits	241 to 255	28,384,953	-		28,384,953
		79,350,890			79,350,890
TOTAL EQUITY AND LIABILITIES		\$ 310,321,050	\$ 702,495		\$ 311,023,545

Notes:  
(1) To record the new SRF Debt as follows:

Twin Ridge Loan	\$ 300,000
Sweet Hill Loan	\$ 240,000
Total New Debt	\$ 540,000

(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 intercompany debt  
(4) To record the net usage of FALOC funds for the project, to be included in QCPAC and annual bonding in 2023

(310,321,050)  
\$ - Check

Pennichuck Water Works, Inc.  
OPERATING INCOME STATEMENT  
For the Twelve Months Ended December 31, 2021

2022 PWW SRF Financing Petition  
DW 22-\_\_\_\_  
Schedule LDG-2  
Page 1 of 2

	Account Number	TWELVE MONTHS 12/31/21	PRO FORMA ADJUSTMENTS	PRO FORMA 12 MONTHS 12/31/21
Water Sales	460 to 462	\$ 37,583,663	\$ -	\$ 37,583,663
Other Operating Revenue	471	440,792	-	440,792
Total Revenues		38,024,455	-	38,024,455
Production Expenses	601 to 652	5,675,210	-	5,675,210
Transmission & Distribution Expenses	660 to 678	3,311,068	-	3,311,068
Engineering Expenses	660	964,232	-	964,232
Customer Acct & Collection Exp	902 to 904	1,688,164	-	1,688,164
Administrative & General Expense	920 to 950	8,404,461	-	8,404,461
Inter Div Management Fee	930	(3,393,198)	-	(3,393,198)
Total Operating Expense		16,649,937	-	16,649,937
Dep Exp/Acq Adj Expense	403 & 406	6,283,139	(16,472) (2)	6,266,667
Amortization Expense:CIAC	405	(831,197)	-	(831,197)
Amortization Expense	407	2,131,098	-	2,131,098
Gain on Debt Forgiveness	414	(63,284)	-	(63,284)
Property Taxes	408.1	5,508,686	17,083 (2)	5,525,770
Income Tax	409 to 410	1,192,485	(4,207) (3)	1,188,278
Total Operating Deductions		14,220,927	(3,596)	14,217,331
Net Operating Income		7,153,591	3,596	7,157,187
Other Income and Deductions		236,894	-	236,894
AFUDC		-		-
Interest Expenses		7,192,207	15,536 (1)	7,207,743
Debt Issuance Cost New/Amortization		-	-	-
Net Income		198,279	(11,940)	186,339

- 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 tax impact resulting from additional expenses at statutory composite rate of 27.08%.

198,279  
\$ 0.00 *Check*

Pennichuck Water Works, Inc.  
OPERATING INCOME STATEMENT  
For the Twelve Months Ended December 31, 2021

2022 PWW SRF Financing Petition  
DW 22-\_\_\_\_  
Schedule LDG-2  
Page 2 of 2

Supporting Calculations:

Interest Expense:

	Amount	Rate	Interest
Twin Ridge	\$ 300,000	1.256%	\$ 3,768
Sweet Hill	\$ 240,000	1.256%	\$ 3,014
FALOC usage (see note 1 below)	\$ 175,072	5.000%	\$ 8,754
Totals	\$ 715,072	2.173%	\$ 15,536

Rate	Interest	
2.500%	\$ 7,500	
2.500%	\$ 6,000	
5.000%	\$ 8,754	
3.112%	\$ 22,254	\$ 6,718 incremental annual int exp if rates adjust upwards to 2.5%

Depreciation

Additions:

<u>Additions:</u>	Asset Cost		Total
<hr/>			
<u>Twin Ridge</u>	<hr/>		
Mains, design, matls and installation	\$	123,750	\$ 123,750
Meter pit	\$	42,500	\$ 42,500
MSDC and Plaistow Fees	\$	12,173	\$ 12,173
Well Decommissioning and Station Demo	\$	82,750	\$ 82,750
Contingency	\$	38,827	\$ 38,827
<u>Sweet Hill</u>	<hr/>		
Mains, design, matls and installation	\$	335,072	\$ 335,072
Station upgrades	\$	30,000	\$ 30,000
New Treatment System	\$	50,000	\$ 50,000
Totals	\$ -	\$ 715,072	\$ 715,072

Depreciation	
Rate	Amount
1.46%	\$ 1,801
4.78%	\$ 2,032
1.50%	\$ 183
0.00%	\$ -
1.46%	\$ 565
1.50%	\$ 5,026
4.40%	\$ 1,319
3.31%	\$ 1,653
-	\$ 12,577

Deletions:

	Gross Book Value	NBV	Acc Depn
Twin Ridge Assets being taken out of service	\$ 960,010	\$ 532,421	\$ 427,589

3.03%	\$ 29,049
-------	-----------

NOTE: Data for deletions from fixed asset accounting records as of 12/31/2021, and for full year 2021

Cost of Removal: 10%

	Asset Cost		Total
Not applicable	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -
	\$ -	\$ 715,072	\$ 715,072

Depreciation	
Rate	Amount
0.00%	\$ -
-	\$ -
-	

Pro Forma Depreciation; net of deletions

\$ (16,472)

Property Taxes

Town	\$ 17.29	Plaistow
State of New Hampshire	\$ 6.60	
Total Tax Rate	\$ 23.89	

Pro Forma Property Taxes \$ 17,083 \$ 17,083

(1) Rate used is the estimated cost of LTD when bonds are issued in April 2023, to reimburse finance and repay the FALOC funds used to net fund this project, to provide the most conservative estimate of total cost of interest for the project, when finally financed fully for the useful life of the project.

**Pennichuck Water Works, Inc.**  
**Pro Forma Capital Structure for Ratemaking Purposes**  
**For the Twelve Months Ended December 31, 2021**

2022 PWW SRF Financings Petition  
DW 22-\_\_\_\_  
Schedule LDG-3  
Page 1 of 1

	<u>Pro Forma 2021</u>	<u>Pro Forma</u> <u>Eliminations</u>	<u>Pro Forma 2021</u> <u>with</u> <u>Eliminations</u>	<u>Component</u> <u>Ratio</u>
Long-term Debt	\$ 129,585,358	\$ -	\$ 129,585,358	<b>99.86%</b>
Intercompany Debt	-	-	-	<b>0.00%</b>
Common Equity:				
Common Stock	\$ 30,000	\$ (30,000) (1)	\$ -	
Paid In Capital	\$ 97,539,518	\$ (97,539,518) (1)	-	
Comprehensive Income	\$ -	-	-	
Retained Earnings	186,339		186,339	
Total Common Equity	<u>\$ 97,755,857</u>	<u>\$ (97,569,518)</u>	<u>\$ 186,339</u>	<b>0.14%</b>
Total Capital	<u>\$ 227,341,215</u>	<u>\$ (97,569,518)</u>	<u>\$ 129,771,696</u>	100.00%

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

Pennichuck Water Works, Inc.  
2022 SRF Financing  
Projected Rate Impact on Single Family Residential Home

2022 PWW SRF Financings Petition  
DW 22-\_\_\_\_  
Schedule LDG-4A  
Page 1 of 1

	<u>at 1.256% rate</u>			<u>at 2.5% rate</u>	
Total New Debt Amount	-	\$ 715,072	(a)	\$	715,072
Loan Percentage	-	2.17%			3.11%
Loan Term (in years)	-	20			20
Annual Principal & Interest on Loan	-	\$44,463	(b)		\$48,564
Coverage Multiplier, under DW 19-084	-	1.1 x	(c)		1.1
Revenue Requirement for P&I: [(a) x (c)]	-	\$48,910	(d)		\$53,420
Property tax rate/\$1000	-	\$ 23.89	(e)	\$	23.89
Projected Property Taxes: [(a)/1000 x (e)]	-	\$ 17,083	(f)	\$	17,083
Projected Revenue Requirement: [(d) + (f)]	-	\$65,993	(g)		\$70,503
DW 19-084 Allowed Revenue Requirement	-	\$ 35,819,773	(e)	\$	35,819,773
Calculated QCPAC Surcharge: [(d)/(e)]	-	0.14%	(f) resulting from the proposed financing		0.15%
Current Monthly Single Family Residential Bill	-	\$ 55.68	(g)	\$	55.68
Monthly impact on Single Family Residential Bill of this Financing: [(f) x (g)]	-	\$ 0.078	per month	\$	0.084

Note a - combined local property taxes for Town of Plaistow (\$22.33/1,000) and State Utility Tax (\$6.60/\$1,000)  
Note b - From rates approved under DW 19-084, without subsequent QCPAC surcharges

**Pennichuck Water Works, Inc.**  
**Statement of Weighted Average Cost of Long-Term Debt**  
**For the Twelve Months Ended December 31, 2021**

**2022 PWW SRF Financings Petition**  
**DW 22-\_\_\_\_**  
**Schedule LDG-4B**  
**Page 1 of 1**

Holder	Term	Maturity	Rate	Outstanding Balance as of 12/31/2021	New Debt added in 2022	Annual Interest (1)	Annual Amort Issue Costs	All In Annual Cost	Effective Rate
BNY Mellon-2014 B Series Bonds	30	01/01/45	4.82%	4,725,000		227,974		227,974	4.825%
BNY Mellon-2018 A Series Bonds	30	01/01/48	4.90%	4,460,000		218,471	8,944	227,415	5.099%
BNY Mellon-2018 B Series Bonds	30	01/01/28	4.90%	805,000		39,433	2,156	41,588	5.166%
BNY Mellon-2019 A Series Bonds	30	01/01/49	4.22%	7,945,000	-	335,453	-	335,453	4.222%
BNY Mellon-2020 A Series Bonds	30	04/01/50	4.00%	7,000,000		280,000		280,000	4.000%
BNY Mellon-2020 B Series Bonds	3	04/01/23	5.25%	255,000		13,388		13,388	5.250%
BNY Mellon-2020 C Series Bonds	30	09/01/55	1.95%	72,420,000		1,412,190		1,412,190	1.950%
BNY Mellon-2021 A Series Bonds	30	04/01/50	5.00%	5,065,000		253,250		253,250	5.000%
BNY Mellon-2021 B Series Bonds	3	04/01/24	1.05%	125,000		1,313		1,313	1.050%
SRF Loan - Hubbard Hill	20	04/01/22	3.80%	5,562		211	-	211	3.800%
SRF Loan Contract #4 (water treatment plant)	20	10/01/29	3.49%	1,451,774		50,638	-	50,638	3.488%
ARRA Loan - Ashley Commons	20	05/01/31	2.95%	157,250		4,642	-	4,642	2.952%
ARRA Loan - French Hill	20	07/01/32	2.86%	486,449		13,932	-	13,932	2.864%
ARRA Loan - Armory (S. Nashua Booster Station)	20	12/01/31	2.86%	108,724		3,114	-	3,114	2.864%
ARRA Loan - Glen Ridge	20	09/01/32	2.86%	37,042		1,061	-	1,061	2.864%
SRF Loan - Drew Woods	20	06/01/32	2.95%	500,027		14,761	-	14,761	2.952%
SRF Loan - Nashua Core	20	07/01/36	2.46%	1,696,452		41,801	-	41,801	2.464%
SRF Loan- Timberline Booster Station	20	07/01/36	2.62%	255,696		6,689	-	6,689	2.616%
SRF Loan- Raw Water Transmission Main	20	11/01/36	3.17%	2,618,391		82,951	-	82,951	3.168%
SRF Loan- Amherst Street - 2016	30	05/01/47	2.42%	1,046,802		25,374	-	25,374	2.424%
DWGTf 3.375M Loan	30	04/01/51	2.70%	3,145,925		85,066	-	85,066	2.704%
DWGTf Merrimack Intake 5.5M	30	10/01/50	3.38%	7,000,000		236,600	-	236,600	3.380%
SRF Loan- Twin Ridge (1)	20	TBD	1.26%	-	300,000	3,768	-	3,768	1.256%
FALOC Usage Twin Ridge (2)	30	04/30/53	5.00%	-	175,072	8,754	-	8,754	5.000%
SRF Loan- Sweet Hill (1)	20	TBD	1.26%	-	240,000	3,014	-	3,014	1.256%
				121,310,093	715,072	3,363,846	11,100	3,374,946	2.77%

**Notes:**

- (1) To account for the new DWGTf Interconnection Debt and FALOC usage for Twin Ridge
- (2) To account for the net funds used from the FALOC for the project, and as estimated for the bond interest rate to be incurred in April 2023 when the FALOC is paid off with the issuance of 30 year bonds

**From:** Goodhue, Larry  
**Sent:** Wednesday, May 25, 2022 12:48 PM  
**To:** Dwyer, John T  
**Cc:** Marshall.Sugarman@td.com; Torres, George; Howe, Carol Ann; Kerrigan, Jay; Boisvert, John; Ware, Don  
**Subject:** RE: SRF Loans - Twin Ridge and Sweet Hill CWS

John,

My first email to you on this incorrectly stated the repayment period to be 25 years. The loans are actually subject to a 20 year amortization and repayment term. All other aspects of the approval remain as originally stated. Please reply to the amended communication on this, as to your affirmation of timely notice.

Thanks



Larry D. Goodhue  
Chief Executive Officer  
Pennichuck Water  
25 Walnut Street  
PO Box 428  
Nashua, NH 03061-0428  
Ph: (603) 913-2312

*The contents of this e-mail and any attachments are confidential, and may be privileged or otherwise protected from disclosure, and are the property of Pennichuck Corporation and/or any of its subsidiaries. The e-mail and its content are only to be used by the intended recipient of the e-mail, unless specifically authorized by the sender. If you are not the intended recipient, then the use, disclosure, copying, distribution or reliance upon this email, its contents and attachments is prohibited. Please notify the sender immediately and delete the message and any attachments thereof, from your system. Pennichuck Corporation and any of its subsidiaries do not accept liability for any omissions or errors in this message which may arise as a result of e-mail transmission or for damages resulting from unauthorized changes of the content of this message or any attachments thereto. Pennichuck Corporation or any of its subsidiaries do not guarantee that this message is free from viruses and does not accept liability for any damages caused by any virus transmitted therewith.*

---

**From:** Goodhue, Larry  
**Sent:** Tuesday, May 24, 2022 10:50 AM  
**To:** Dwyer, John T <John.Dwyer@td.com>  
**Cc:** Marshall Sugarman <marshall.sugarman@td.com>; Torres, George <george.torres@PENNICHUCK.com>; 'Howe, Carol Ann (carolann.howe@PENNICHUCK.com)' <carolann.howe@PENNICHUCK.com>; Kerrigan, Jay <jay.kerrigan@PENNICHUCK.com>; Boisvert, John <john.boisvert@PENNICHUCK.com>; Ware, Don <dona1d.ware@PENNICHUCK.com>  
**Subject:** SRF Loans - Twin Ridge and Sweet Hill CWS

Hi John,

In accordance with our Loan Agreement with TD, and under section 6(c)(vi), I am providing written notice of the following.



We have been approved for financing/funding from the SRF Loan Program, as administered under the State's revolving loan fund program administered by the NHDES, for two projects we are pursuing for completion in either late 2022, or most likely 2023. The projects are for the installation of an interconnection mains and enhancements to a pump station treatment facilities for our Twin Ridge and Sweet Hill CWS systems in Plaistow, NH. The NHDES under the SRF has approved two loans of \$300,000 and \$240,000, respectively, at an interest rate and term for the loan portion of 1.256% for 25 years. These financings have already been approved by our Board of Directors, and we will be filing a financing petition with the NHPUC this week to gain their approval, as well as simultaneously submitting our request for approval from our shareholder, the City of Nashua, in the next several weeks (as their Board of Alderman calendar allows for this to be taken up).

In accordance with 6(c)(vi), this is an approved exception to obtaining prior written approval, where required written advance notice must be provided to TD at least 30 days before the financing will be closed upon. Please accept this as my written notice to you in accordance with that allowed exception.

Please confirm receipt and affirmation of this back to me, in a written response, as soon as is practical, as that is required to be filed into the docket with the NHPUC asserting the acquisition of all necessary approvals for the financing.

Thanks in advance,



Larry D. Goodhue  
Chief Executive Officer  
Pennichuck Water  
25 Walnut Street  
PO Box 428  
Nashua, NH 03061-0428  
Ph: (603) 913-2312

*The contents of this e-mail and any attachments are confidential, and may be privileged or otherwise protected from disclosure, and are the property of Pennichuck Corporation and/or any of its subsidiaries. The e-mail and its content are only to be used by the intended recipient of the e-mail, unless specifically authorized by the sender. If you are not the intended recipient, then the use, disclosure, copying, distribution or reliance upon this email, its contents and attachments is prohibited. Please notify the sender immediately and delete the message and any attachments thereof, from your system. Pennichuck Corporation and any of its subsidiaries do not accept liability for any omissions or errors in this message which may arise as a result of e-mail transmission or for damages resulting from unauthorized changes of the content of this message or any attachments thereto. Pennichuck Corporation or any of its subsidiaries do not guarantee that this message is free from viruses and does not accept liability for any damages caused by any virus transmitted therewith.*

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 resolutions were adopted by the Board of Directors of the Company on May 27, 2021; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the guaranty by Pennichuck Corporation (the "Company") of the payment by Pennichuck Water Works, Inc. ("PWW") of all of its obligations with respect to PWW's borrowing of up to \$240,000 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the interconnection of Sweet Hill Estates in Plaistow, New Hampshire with the Southern NH Regional Water system (Plaistow section), pursuant to a Loan Agreement between PWW and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Guaranty agreement with respect to the SRF loan described in the prior resolution (the "SRF Loan"), with such terms as may be deemed necessary or advisable in the several judgment of the officers executing the Guaranty agreement.


Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the Guaranty from the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the Guaranty.

Further

Resolved: that Larry D. Goodhue and Donald L. Ware are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the Guaranty and the SRF Loan and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

In Witness Whereof, I have hereunto set my hand this 10th day of May, 2022.

  
Suzanne L. Ansara  
Corporate Secretary

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 resolutions were adopted by the Board of Directors of the Company on May 27, 2021; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the guaranty by Pennichuck Corporation (the "Company") of the payment by Pennichuck Water Works, Inc. ("PWW") of all of its obligations with respect to PWW's borrowing of up to \$300,000 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the interconnection of the Twin Ridge Condos in Plaistow, New Hampshire with the Southern NH Regional Water system (Plaistow section), pursuant to a Loan Agreement between PWW and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Guaranty agreement with respect to the SRF loan described in the prior resolution (the "SRF Loan"), with such terms as may be deemed necessary or advisable in the several judgment of the officers executing the Guaranty agreement.

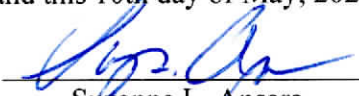
Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the Guaranty from the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the Guaranty.

Further

Resolved: that Larry D. Goodhue and Donald L. Ware are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the Guaranty and the SRF Loan and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

In Witness Whereof, I have hereunto set my hand this 10th day of May, 2022.

  
Suzanne L. Ansara  
Corporate Secretary



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 resolutions were adopted by the Board of Directors of the Company on May 27, 2021; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the borrowing by Pennichuck Water Works, Inc. (the "Company") of up to \$300,000 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the interconnection of the Twin Ridge Condos in Plaistow, New Hampshire with the Southern NH Regional Water system (Plaistow section), pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Loan Agreement for the SRF loan described in the previous resolution (the "SRF Loan") with such terms, including the exhibits and schedules to such Loan Agreement, as may be deemed necessary or advisable in the several judgment of the officers executing the Loan Agreement.

Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the SRF Loan from the New Hampshire Public Utilities Commission, the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of Pennichuck Corporation (the Company's parent corporation), and any other authority determined by such officers relating to the SRF Loan.

Further

Resolved: that Larry D. Goodhue and Donald L. Ware are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the SRF Loan and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

In Witness Whereof, I have hereunto set my hand this 10th day of May, 2022.

  
Suzanne L. Ansara  
Corporate Secretary

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 resolutions were adopted by the Board of Directors of the Company on May 27, 2021; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the borrowing by Pennichuck Water Works, Inc. (the "Company") of up to \$240,000 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the interconnection of the Sweet Hill Estates in Plaistow, New Hampshire with the Southern NH Regional Water system (Plaistow section), pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Loan Agreement for the SRF loan described in the previous resolution (the "SRF Loan") with such terms, including the exhibits and schedules to such Loan Agreement, as may be deemed necessary or advisable in the several judgment of the officers executing the Loan Agreement.

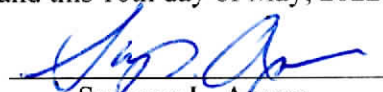
Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the SRF Loan from the New Hampshire Public Utilities Commission, the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of Pennichuck Corporation (the Company's parent corporation), and any other authority determined by such officers relating to the SRF Loan.

Further

Resolved: that Larry D. Goodhue and Donald L. Ware are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the SRF Loan and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

In Witness Whereof, I have hereunto set my hand this 10th day of May, 2022.

  
Suzanne L. Ansara  
Corporate Secretary



**VIA HAND DELIVERY**

May 24, 2022

Mr. Steven A. Bolton  
Corporation Counsel  
City of Nashua  
229 Main Street  
Nashua, NH 03060

Re: Request for Approval of Loans from the New Hampshire State Revolving Fund  
to Pennichuck Water Works, Inc.

Dear Attorney Bolton:

**Introduction.** As you know, the City of Nashua, New Hampshire (the “City”) is the sole corporate shareholder of Pennichuck Corporation (“Pennichuck”). The City has been the sole shareholder since the acquisition of Pennichuck on January 25, 2012.

The purpose of this letter is to request that the City, acting in its capacity as sole shareholder, approve several resolutions authorizing Pennichuck’s regulated public water utility subsidiary, Pennichuck Water Works, Inc. (“PWW”), to borrow funds from the New Hampshire State Revolving Fund (the “SRF Fund” or “SRF”).

**Background.** As part of the City’s acquisition of Pennichuck, in accordance with special legislation enacted by the State Legislature, and as unanimously approved by the Mayor and Board of Aldermen on January 11, 2011, the corporate structure of Pennichuck and its utility subsidiaries was retained. This corporate structure was retained for several reasons. First, the Mayor and Board of Aldermen desired to maintain stability and continuity for customers and employees of the Pennichuck utilities and the communities they serve. Second, retaining the corporate structure provided continuity for the existing relationships with regulatory agencies and financial/banking partners. Third, the Mayor and Board of Aldermen unanimously agreed that the corporate structure would encourage business-smart decisions and rely upon well-established governance principles of corporate law, pursuant to Pennichuck’s Articles of Incorporation and its by-laws.

**Shareholder Approval of Borrowings Required.** Under Article IX of Pennichuck’s Articles of Incorporation, the City, acting in its capacity as Pennichuck’s sole shareholder, must approve:

- 2 -

“(3) any action to (A) create, incur or assume any indebtedness for borrowed money or guarantee any such indebtedness of any person, (B) issue or sell any debt securities or warrants or other rights to acquire any debt securities of the [Pennichuck] Corporation or any of its Subsidiaries, or (C) guarantee any debt securities of any person.”

**Proposed Borrowings.** Pennichuck requests the City’s approval for two loans from the SRF Fund to PWW. The specifics of these loans are described below:

- under the proposal, PWW would enter into a new long-term loan from the SRF Fund in the principal amount of \$300,000 to fund the Twin Ridge Interconnection Main project.
- under the proposal, PWW would enter into a new long-term loan from the SRF Fund in the principal amount of \$240,000 to fund the Sweet Hill Interconnection Main project.

Both of these projects pertain to community water systems in Plaistow, NH, serviced and owned by PWW, and for which an interconnection to the new Plaistow Municipal Water System is both economically advantageous currently and into the future, but also provides for water quantity and quality issues that need to be addressed for those community water systems.

**The Lender.** The funds for these loans will be provided by the New Hampshire State Revolving Loan Fund. The SRF Fund is administered by the New Hampshire Department of Environmental Services (“NHDES”). The SRF Fund provides public and private water systems the opportunity to borrow funds on favorable terms at interest rates that are below commercial loan rates. Pennichuck has received confirmation from the NHDES that funding is available for these projects.

**Terms of the Borrowings.** The loans will have favorable terms, which will be reflected in a written Loan Agreement and Promissory Note issued by PWW, as required by the SRF Fund. Amounts advanced pursuant to the loans during the construction period will accrue interest at a rate of 1% per annum, and the total accrued interest will be due upon substantial completion of the projects. The terms of the SRF Fund loans will require repayment of the loan principal plus interest over a period not to exceed 25 years, commencing six months after the project is substantially complete. The current interest rate on the SRF Fund borrowing is 1.256% per annum, though the final rate is not locked in until the loans commence their repayment periods. The loans will be unsecured. The corporate parent, Pennichuck, will provide an unsecured corporate guaranty of the repayment of the loans in accordance with the terms of a Guaranty Agreement.

**Approval by Pennichuck and PWW.** The loans to finance the projects and the guaranty of the loans have been approved by the respective Boards of Directors of Pennichuck and PWW.

Pennichuck recommends that the City authorize (i) PWW to enter into the loans under the SRF Fund, and (ii) Pennichuck to enter into the Guaranty Agreement for the loans.

- 3 -

**Other Approvals.** As a regulated public utility, PWW must obtain approval of the loans from the New Hampshire Public Utilities Commission (“NHPUC”), which will approve the loans if it finds the loans to be consistent with the public good. PWW will file a petition for approval with the NHPUC during the week of May 23, 2022 and expects the NHPUC to consider the petition promptly. Under the SRF Fund, the loans must also be approved by the Governor and Executive Council, which is anticipated to occur in July 2022.

**Lower Costs Are Good for Customers.** Pennichuck and its Board of Directors have determined that the capital projects to be financed by the SRF Fund loans will allow PWW to continue to provide safe, adequate and reliable water service to its customers on a cost-effective basis. The terms of the financing through the SRF Fund are very favorable compared to other alternatives and will result in lower financing costs than would be available under other debt options. These lower financing costs will be passed on to customers.

**Requested Approvals.** For the reasons described above, Pennichuck respectfully requests that the City, acting in its capacity as sole shareholder of Pennichuck and pursuant to Article IX(3) of Pennichuck’s Articles of Incorporation, authorize the following actions:

RESOLVED, that the City hereby approves the borrowing by Pennichuck Water Works, Inc. of up to \$300,000 from the State of New Hampshire pursuant to the State Revolving Loan Fund to fund the Twin Ridge Interconnection Main project in Plaistow, NH;

RESOLVED, that the City hereby approves the borrowing by Pennichuck Water Works, Inc. of up to \$240,000 from the State of New Hampshire pursuant to the State Revolving Loan Fund to fund the Sweet Hill Interconnection Main project in Plaistow, NH;

FURTHER RESOLVED, that the City hereby approves the guaranty by Pennichuck Corporation of the payment by Pennichuck Water Works, Inc. of the loans authorized in the prior resolutions; and

FURTHER RESOLVED, that the City hereby authorizes Pennichuck Corporation and Pennichuck Water Works, Inc., their Boards of Directors, and their Officers, to take any and all actions required to obtain all necessary approvals with respect to the actions described in these resolutions and to execute and deliver such documents as are necessary to effect the SRF Fund loans and the guaranty described in these resolutions.

Respectfully submitted,

PENNICHUCK CORPORATION

By:   
Larry D. Goodhue  
Chief Executive Officer

cc. Mayor James Donchess



**VIA HAND DELIVERY**

May 26, 2022

Mr. Steven A. Bolton  
Corporation Counsel  
City of Nashua  
229 Main Street  
Nashua, NH 03060

Re: Request for Approval of Loans from the New Hampshire State Revolving Fund  
to Pennichuck Water Works, Inc. – AMENDED from May 24, 2022 Letter

Dear Attorney Bolton:

**Introduction.** As you know, the City of Nashua, New Hampshire (the “City”) is the sole corporate shareholder of Pennichuck Corporation (“Pennichuck”). The City has been the sole shareholder since the acquisition of Pennichuck on January 25, 2012.

The purpose of this letter is to request that the City, acting in its capacity as sole shareholder, approve several resolutions authorizing Pennichuck’s regulated public water utility subsidiary, Pennichuck Water Works, Inc. (“PWW”), to borrow funds from the New Hampshire State Revolving Fund (the “SRF Fund” or “SRF”).

**Background.** As part of the City’s acquisition of Pennichuck, in accordance with special legislation enacted by the State Legislature, and as unanimously approved by the Mayor and Board of Aldermen on January 11, 2011, the corporate structure of Pennichuck and its utility subsidiaries was retained. This corporate structure was retained for several reasons. First, the Mayor and Board of Aldermen desired to maintain stability and continuity for customers and employees of the Pennichuck utilities and the communities they serve. Second, retaining the corporate structure provided continuity for the existing relationships with regulatory agencies and financial/banking partners. Third, the Mayor and Board of Aldermen unanimously agreed that the corporate structure would encourage business-smart decisions and rely upon well-established governance principles of corporate law, pursuant to Pennichuck’s Articles of Incorporation and its by-laws.

**Shareholder Approval of Borrowings Required.** Under Article IX of Pennichuck’s Articles of Incorporation, the City, acting in its capacity as Pennichuck’s sole shareholder, must approve:

- 2 -

“(3) any action to (A) create, incur or assume any indebtedness for borrowed money or guarantee any such indebtedness of any person, (B) issue or sell any debt securities or warrants or other rights to acquire any debt securities of the [Pennichuck] Corporation or any of its Subsidiaries, or (C) guarantee any debt securities of any person.”

**Proposed Borrowings.** Pennichuck requests the City’s approval for two loans from the SRF Fund to PWW. The specifics of these loans are described below:

- under the proposal, PWW would enter into a new long-term loan from the SRF Fund in the principal amount of \$300,000 to fund the Twin Ridge Interconnection Main project.
- under the proposal, PWW would enter into a new long-term loan from the SRF Fund in the principal amount of \$240,000 to fund the Sweet Hill Interconnection Main project.

Both of these projects pertain to community water systems in Plaistow, NH, serviced and owned by PWW, and for which an interconnection to the new Plaistow Municipal Water System is both economically advantageous currently and into the future, but also provides for water quantity and quality issues that need to be addressed for those community water systems.

**The Lender.** The funds for these loans will be provided by the New Hampshire State Revolving Loan Fund. The SRF Fund is administered by the New Hampshire Department of Environmental Services (“NHDES”). The SRF Fund provides public and private water systems the opportunity to borrow funds on favorable terms at interest rates that are below commercial loan rates. Pennichuck has received confirmation from the NHDES that funding is available for these projects.

**Terms of the Borrowings.** The loans will have favorable terms, which will be reflected in a written Loan Agreement and Promissory Note issued by PWW, as required by the SRF Fund. Amounts advanced pursuant to the loans during the construction period will accrue interest at a rate of 1% per annum, and the total accrued interest will be due upon substantial completion of the projects. The terms of the SRF Fund loans will require repayment of the loan principal plus interest over a period not to exceed 20 years, commencing six months after the project is substantially complete. The current interest rate on the SRF Fund borrowing is 1.256% per annum, though the final rate is not locked in until the loans commence their repayment periods. The loans will be unsecured. The corporate parent, Pennichuck, will provide an unsecured corporate guaranty of the repayment of the loans in accordance with the terms of a Guaranty Agreement.

**Approval by Pennichuck and PWW.** The loans to finance the projects and the guaranty of the loans have been approved by the respective Boards of Directors of Pennichuck and PWW.

Pennichuck recommends that the City authorize (i) PWW to enter into the loans under the SRF Fund, and (ii) Pennichuck to enter into the Guaranty Agreement for the loans.

- 3 -

**Other Approvals.** As a regulated public utility, PWW must obtain approval of the loans from the New Hampshire Public Utilities Commission (“NHPUC”), which will approve the loans if it finds the loans to be consistent with the public good. PWW will file a petition for approval with the NHPUC during the week of May 23, 2022 and expects the NHPUC to consider the petition promptly. Under the SRF Fund, the loans must also be approved by the Governor and Executive Council, which is anticipated to occur in July 2022.

**Lower Costs Are Good for Customers.** Pennichuck and its Board of Directors have determined that the capital projects to be financed by the SRF Fund loans will allow PWW to continue to provide safe, adequate and reliable water service to its customers on a cost-effective basis. The terms of the financing through the SRF Fund are very favorable compared to other alternatives and will result in lower financing costs than would be available under other debt options. These lower financing costs will be passed on to customers.

**Requested Approvals.** For the reasons described above, Pennichuck respectfully requests that the City, acting in its capacity as sole shareholder of Pennichuck and pursuant to Article IX(3) of Pennichuck’s Articles of Incorporation, authorize the following actions:

RESOLVED, that the City hereby approves the borrowing by Pennichuck Water Works, Inc. of up to \$300,000 from the State of New Hampshire pursuant to the State Revolving Loan Fund to fund the Twin Ridge Interconnection Main project in Plaistow, NH;

RESOLVED, that the City hereby approves the borrowing by Pennichuck Water Works, Inc. of up to \$240,000 from the State of New Hampshire pursuant to the State Revolving Loan Fund to fund the Sweet Hill Interconnection Main project in Plaistow, NH;

FURTHER RESOLVED, that the City hereby approves the guaranty by Pennichuck Corporation of the payment by Pennichuck Water Works, Inc. of the loans authorized in the prior resolutions; and

FURTHER RESOLVED, that the City hereby authorizes Pennichuck Corporation and Pennichuck Water Works, Inc., their Boards of Directors, and their Officers, to take any and all actions required to obtain all necessary approvals with respect to the actions described in these resolutions and to execute and deliver such documents as are necessary to effect the SRF Fund loans and the guaranty described in these resolutions.

Respectfully submitted,

PENNICHUCK CORPORATION

By: \_\_\_\_\_  
Larry D. Goodhue  
Chief Executive Officer

cc. Mayor James Donchess