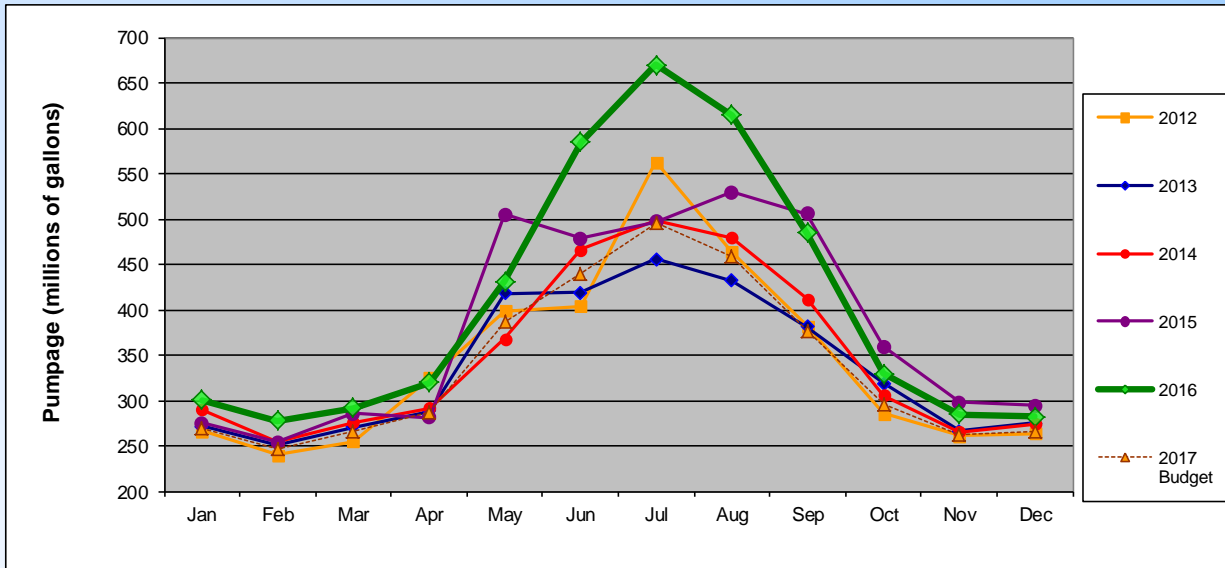


2017 Budget Review

As of January 27, 2017

Pennichuck Corporation PWW Pumpage - Total



Pumpage Data (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2012	266.231	239.709	254.785	324.835	398.970	404.265	562.507	463.408	382.220	285.930	260.920	263.450	4,107.230
2013	271.598	251.530	270.310	287.902	417.950	419.280	455.300	432.310	381.320	318.700	265.880	275.370	4,047.450
2014	289.730	253.750	275.460	291.780	367.720	465.900	497.640	478.960	411.680	305.600	265.030	274.390	4,177.640
2015	274.890	253.900	285.910	281.040	504.440	478.850	496.730	529.140	506.020	359.060	297.530	294.560	4,562.070
2016	300.130	277.350	291.250	319.540	430.760	584.950	670.110	614.830	484.920	329.410	284.400	282.010	4,869.660

Pumpage Data - Budget (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2017 Budget	269.255	246.203	264.976	286.678	386.822	440.318	495.238	458.976	376.559	295.958	261.560	265.590	4,048.133

2017 Capital Budget and 2018/2019 Capex Plans - Consolidated

	Total Budgeted for 2016	Total Budgeted in 2017 for Carryover/Multi- year Projects	Total Budgeted in 2017 for New Projects	Total Budgeted for 2017	Total Planned in 2018 for New Projects	Total Planned in 2019 for New Projects
Main Replacements and Main Replacements - WICA	\$ 7,438	\$ 1,800	\$ 5,832	\$ 7,632	\$ 4,700	\$ 4,575
Booster Stations, Tanks, Generators and Pumps	1,190	-	890	890	140	935
Water Treatment Media and Miscellaneous Water Supply Upgrades	280	300	1,240	1,540	775	755
Service, Hydrants and Meters	927	-	1,834	1,834	1,114	1,389
IT, Applications and System Monitoring	437	62	398	460	447	427
North Country Operations Facility	-	-	320	320	-	-
Dpac (Data Presentment and Collection) System/Click Mobile	-	-	157	157	-	-
GIS System	-	-	-	-	-	-
Asset Management System	655	200	736	936	300	300
All Other	1,748	248	1,467	1,715	718	919
Subtotals	12,675	2,610	12,874	15,484	8,194	9,300
Harris Pond Dam Spillway Replacement	2,000	-	-	-	-	-
Will Street Facility - Planning and Design (construction in 2015/16)	7,600	-	-	-	-	-
Bowers Pond	-	-	-	-	-	600
Merrimack River Intake/Interconnection	537	200	623	823	5,000	-
Kessler Farm Tank Replacement	-	-	-	-	-	2,800
Total Capex Budgeted 2017-2019	\$ 22,812	\$ 2,810	\$ 13,497	\$ 16,307	\$ 13,194	\$ 12,700
Total Capex Budgeted 2017-2019 approved 12/2016	\$ 22,812	\$ 2,379	\$ 13,752	\$ 16,131	\$ 13,194	\$ 12,700
Variiances	\$ -	\$ 431	\$ (256)	\$ 176	\$ 0	\$ (0)

Pennichuck Consolidated 2017 Budgeted Statement of Income

	Budget				Budget	Fcstd 2016	Change --	
	Q1	Q2	Q3	Q4	2017		Amount	Percent
Revenues:								
Water Utility Operations	\$ 7,857,702	\$ 8,414,503	\$ 12,140,578	\$ 9,606,807	\$ 38,019,590	\$ 39,929,858	\$ (1,910,268)	-4.8%
Water Management Services	813,960	765,482	830,454	798,870	3,208,766	3,580,547	\$ (371,781)	-10.4%
Total Water Revenues	8,671,662	9,179,985	12,971,032	10,405,677	41,228,356	43,510,405	\$ (2,282,049)	-5.2%
Real Estate Operations	-	-	-	-	0	0	\$ -	0.0%
Other	-	-	-	-	0	0	\$ -	0.0%
Total Revenues	8,671,662	9,179,985	12,971,032	10,405,677	41,228,356	43,510,405	\$ (2,282,049)	-5.2%
Operating Expenses:								
Water Utility Operations	7,776,261	7,937,305	8,318,770	7,768,014	31,800,350	30,162,971	\$ 1,637,379	5.4%
Water Management Services	834,571	909,101	842,044	849,065	3,434,781	3,441,663	\$ (6,882)	-0.2%
Total Water Expenses	8,610,832	8,846,406	9,160,814	8,617,079	35,235,131	33,604,634	\$ 1,630,497	4.9%
Real Estate Operations	11,760	11,833	11,762	11,751	47,106	42,174	\$ 4,932	11.7%
Other	15,858	15,162	14,663	14,660	60,343	19,624	\$ 40,719	207.5%
Total Expenses	8,638,450	8,873,401	9,187,239	8,643,490	35,342,580	33,666,432	\$ 1,676,148	5.0%
Operating Income	33,212	306,584	3,783,793	1,762,187	5,885,776	9,843,973	\$ (3,958,197)	-40.2%
Eminent Domain & Merger Related Costs	-	-	-	-	0	0	\$ -	0.0%
Net Earnings (Loss) from joint ventures	(1,443)	(1,443)	(1,443)	(1,443)	(5,772)	(3,448)	\$ (2,324)	67.4%
Other Income, Net	-	-	-	-	0	632,425	\$ (632,425)	-100.0%
Allowance for Funds Used During Construction	-	-	-	-	0	367,698	\$ (367,698)	-100.0%
Interest Income	-	-	-	-	0	49,916	\$ (49,916)	-100.0%
Interest Expense:								
Long Term Debt	(2,725,921)	(2,711,639)	(2,705,816)	(2,700,595)	(10,843,971)	(10,578,224)	\$ (265,747)	2.5%
Intercompany Interest	-	-	(5,000)	(9,871)	(14,871)	58,191	\$ (73,062)	-125.6%
Line of Credit Expense	-	-	(38,500)	(44,042)	(82,542)	(1,765)	\$ (80,777)	4576.6%
Total Interest Expense	(2,725,921)	(2,711,639)	(2,749,316)	(2,754,508)	(10,941,384)	(10,521,798)	\$ (419,586)	4.0%
Income Before Provision for Income Taxes	(2,694,152)	(2,406,498)	1,033,034	(993,764)	(5,061,380)	368,766	\$ (5,430,146)	-1472.5%
Tax Provision								
Existing Operations	(646,139)	(577,150)	247,753	(238,334)	(1,213,870)	984,978	\$ (2,198,848)	-223.2%
Total Tax Provision	(646,139)	(577,150)	247,753	(238,334)	(1,213,870)	984,978	\$ (2,198,848)	-223.2%
Net Income (Loss)	\$ (2,048,013)	\$ (1,829,348)	\$ 785,281	\$ (755,430)	\$ (3,847,510)	\$ (616,212)	\$ (3,231,298)	524.4%
EBITDA								
EBITDA	\$ 1,955,879	\$ 2,230,366	\$ 5,704,101	\$ 3,679,993	\$ 13,570,339	\$ 17,849,898	\$ (4,279,559)	-24.0%
Add Back: Extraordinary Items	-	-	-	-	-	-	\$ -	0.0%
Normalized EBITDA	\$ 1,955,879	\$ 2,230,366	\$ 5,704,101	\$ 3,679,993	\$ 13,570,339	\$ 17,849,898	\$ (4,279,559)	-24.0%
Less: P&I on External Debt	(3,497,188)	(1,404,463)	(1,461,233)	(1,472,440)	(7,835,324)	(5,203,334)	\$ (2,631,990)	33.7%
Less: CBFRR payments to City	(2,190,000)	(2,190,000)	(2,190,000)	(2,190,000)	(8,760,000)	(8,765,734)	\$ (5,745,734)	65.6%
Less: Special Dividend to City (ED Costs)	-	-	-	-	-	-	\$ -	0.0%
Net Remainder	\$ (3,731,309)	\$ (1,364,097)	\$ 2,052,868	\$ 17,553	\$ (3,024,985)	\$ 3,880,830	\$ (6,905,815)	227.6%

Pennichuck Corporation and Subsidiaries - Consolidated

Quarterly Budgeted Balance Sheet

For the year ended December 31, 2017

ASSETS	Estimated <u>Dec-16</u>	BUD <u>Q1 17</u>	BUD <u>Q2 17</u>	BUD <u>Q3 17</u>	BUD <u>Q4 17</u>
Land	3,078,627	3,078,627	3,078,627	3,078,627	3,078,627
Buildings	62,468,150	62,568,150	62,633,150	62,638,150	62,698,150
Equipment & software	191,778,987	193,280,611	196,520,235	201,003,859	207,854,983
	<u>257,325,764</u>	<u>258,927,388</u>	<u>262,232,012</u>	<u>266,720,636</u>	<u>273,631,760</u>
Accumulated depreciation	(65,649,490)	(67,258,275)	(68,865,589)	(70,469,482)	(72,073,645)
	<u>191,676,274</u>	<u>191,669,113</u>	<u>193,366,423</u>	<u>196,251,154</u>	<u>201,558,115</u>
Work in process	10,021,486	10,437,986	11,643,486	14,888,486	10,021,486
Net Plant and Equipment	<u>201,697,760</u>	<u>202,107,099</u>	<u>205,009,909</u>	<u>211,139,640</u>	<u>211,579,601</u>
CURRENT ASSETS					
Cash	2,446,158	2,520,210	100,018	109,142	106,384
Short term investments: FHLB	7,568,072	2,293,000	-	-	-
Short term investments: MM	-	-	-	-	-
Restricted cash	6,529,758	6,250,000	6,450,000	6,900,000	6,500,000
Accounts receivable-billed, net	2,888,902	2,787,132	3,043,197	4,039,188	3,436,874
Accounts receivable-unbilled, net	1,921,063	2,083,735	1,986,537	2,692,409	1,872,820
Accounts receivable-other	1,291,687	42,121	42,121	42,121	42,121
Inventory	665,883	638,449	623,590	599,200	586,600
Prepaid expenses	492,349	503,410	459,542	314,561	361,997
Prepaid property taxes	1,515,441	357,528	1,515,440	417,523	1,515,439
Prepaid income taxes	-	-	-	-	-
	<u>25,319,313</u>	<u>17,475,585</u>	<u>14,220,445</u>	<u>15,114,144</u>	<u>14,422,235</u>
OTHER ASSETS					
Deferred land costs	2,248,407	2,248,407	2,248,407	2,248,407	2,248,407
Debt issuance expenses	4,502,383	4,469,717	4,437,051	4,404,385	4,371,719
Investment in partnerships	103,808	102,365	100,922	99,479	98,036
Regulated Asset - Acquisition Premium	164,335,454	163,803,992	163,269,626	162,735,260	162,200,894
Other Regulated Assets	10,118,261	10,168,497	10,258,419	10,320,183	10,390,723
	<u>181,308,313</u>	<u>180,792,978</u>	<u>180,314,425</u>	<u>179,807,714</u>	<u>179,309,779</u>
TOTAL ASSETS	<u><u>408,325,386</u></u>	<u><u>400,375,662</u></u>	<u><u>399,544,779</u></u>	<u><u>406,061,498</u></u>	<u><u>405,311,615</u></u>

Pennichuck Corporation and Subsidiaries - Consolidated
Quarterly Budgeted Balance Sheet
For the year ended December 31, 2017

	Estimated Dec-16	BUD Q1 17	BUD Q2 17	BUD Q3 17	BUD Q4 17
EQUITY AND LIABILITIES					
Common stock	10	10	10	10	10
Paid in capital	30,281,220	30,212,865	30,144,510	30,076,155	30,007,800
Accumulated other comprehensive income	257,691	257,691	257,691	257,691	257,691
Retained earnings	78,786,855	76,738,842	74,909,494	75,694,775	74,939,345
Treasury stock and other	-	-	-	-	-
	<u>109,325,776</u>	<u>107,209,408</u>	<u>105,311,705</u>	<u>106,028,631</u>	<u>105,204,846</u>
MINORITY INTEREST					
	-	-	-	-	-
LONG TERM DEBT					
Bonds, notes and mortgages	205,505,021	204,005,749	203,585,450	207,001,022	207,044,486
CURRENT LIABILITIES					
Line of credit	-	-	4,150,000	4,850,000	3,650,000
Current portion of long term debt	4,938,248	4,130,074	4,118,950	4,160,424	5,916,966
Accounts payable	3,797,292	1,203,750	1,185,564	1,351,652	1,196,575
Accrued property taxes	-	176,131	-	-	-
Accrued interest payable	1,701,422	845,993	131,332	823,351	1,641,265
Other accrued expenses	3,462,788	3,891,157	2,804,788	3,675,612	2,785,786
Income taxes payable	(16,342)	(16,342)	(16,342)	(16,342)	(16,342)
Customer deposits & other	425,571	423,774	423,774	413,302	431,302
	<u>14,308,979</u>	<u>10,654,537</u>	<u>12,798,066</u>	<u>15,257,999</u>	<u>15,605,552</u>
OTHER LIABILITIES AND DEFERRED CREDITS					
Deferred income taxes	21,826,283	21,075,744	20,395,094	20,539,347	20,198,413
Accrued liability pension	9,009,643	9,131,623	9,203,603	9,031,578	9,103,558
Unamortized ITC	536,670	528,411	520,152	511,893	503,634
Regulatory Liability	246,109	241,120	236,131	231,142	226,153
Customer Advances	551,966	551,966	551,966	551,966	551,966
CIAC, net	40,363,804	40,259,494	40,155,184	40,050,771	39,946,138
Accrued Post Retirement Benefits	2,578,465	2,578,465	2,578,465	2,578,465	2,578,465
Other liability: derivative instrument	453,352	453,352	453,352	453,352	453,352
Other long-term liabilities	3,619,318	3,685,793	3,755,611	3,825,332	3,895,052
	<u>79,185,610</u>	<u>78,505,968</u>	<u>77,849,558</u>	<u>77,773,846</u>	<u>77,456,731</u>
TOTAL LIABILITIES AND EQUITY	<u>408,325,386</u>	<u>400,375,662</u>	<u>399,544,779</u>	<u>406,061,498</u>	<u>405,311,615</u>

Pennichuck Corporation and Subsidiaries - Consolidated

Quarterly Budgeted Stmt of Cash Flows

For the year ended December 31, 2017

	BUD Q1 17	BUD Q2 17	BUD Q3 17	BUD Q4 17	BUD Full Year
Operating Activities:					
Net Income	(2,048,013)	(1,829,348)	785,281	(755,430)	(3,847,510)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	1,949,993	1,951,271	1,947,797	1,945,295	7,794,356
Gain on sale of land / cell tower leases	-	-	-	-	-
Amortization of deferred investment tax credits	(8,259)	(8,259)	(8,259)	(8,259)	(33,036)
Provision for deferred income taxes	(750,539)	(680,650)	144,253	(340,934)	(1,627,870)
Allowance for funds used during construction	-	-	-	-	-
Undistributed earnings in real estate partnerships	(1,443)	(1,443)	(1,443)	(1,443)	(5,772)
Special shareholder distributions	-	-	-	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable and unbilled revenue	1,188,664	(158,867)	(1,701,863)	1,421,903	749,837
(Increase) decrease in refundable income taxes	-	-	-	-	-
(Increase) decrease in materials and supplies	27,434	14,859	24,390	12,600	79,283
(Increase) decrease in prepaid expenses	1,146,852	(1,114,044)	1,242,898	(1,145,352)	130,354
(Increase) decrease in deferred charges and other assets	517,351	480,569	508,727	499,951	2,006,598
Increase (decrease) in accounts payable and accrued expenses	(2,776,116)	(1,926,992)	1,797,286	(158,634)	(3,064,456)
Increase (decrease) in other	(305,084)	(352,693)	(607,317)	(332,289)	(1,597,383)
Net cash provided by (used in) operating activities	<u>(1,059,160)</u>	<u>(3,625,597)</u>	<u>4,131,750</u>	<u>1,137,408</u>	<u>584,401</u>
Investing Activities:					
Purchases of property, plant and equipment	(2,018,124)	(4,510,124)	(7,733,624)	(2,044,124)	(16,305,996)
Contributions in aid of construction	-	-	-	-	-
(Increase) decrease in restricted cash	279,758	(200,000)	(450,000)	400,000	29,758
Sale (purchase) of investment securities	5,275,072	2,293,000	-	-	7,568,072
Net (increase) decrease in notes receivable	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-
Net change in investment in real estate partnerships and deferred land costs	-	-	-	-	-
Net cash provided by (used in) investing activities	<u>3,536,706</u>	<u>(2,417,124)</u>	<u>(8,183,624)</u>	<u>(1,644,124)</u>	<u>(8,708,166)</u>
Financing Activities:					
(Repayments) advances on line of credit	-	4,150,000	700,000	(1,200,000)	3,650,000
Payments on long-term debt	(2,402,810)	(4,466,939)	(1,033,661)	861,267	(7,042,143)
Proceeds on long-term borrowings	68,244	4,008,396	4,463,587	911,619	9,451,846
Debt issuance costs	(573)	(573)	(573)	(573)	(2,292)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	-	-	-
Dividends paid	(68,355)	(68,355)	(68,355)	(68,355)	(273,420)
Net cash provided by (used in) financing activities	<u>(2,403,494)</u>	<u>3,622,529</u>	<u>4,060,998</u>	<u>503,958</u>	<u>5,783,991</u>
Net increase (decrease) in cash	74,052	(2,420,192)	9,124	(2,758)	(2,339,774)
Cash at beginning of period	2,446,158	2,520,210	100,018	109,142	2,446,158
Cash at end of period	<u>2,520,210</u>	<u>100,018</u>	<u>109,142</u>	<u>106,384</u>	<u>106,384</u>