

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF AUGUST 24, 2018 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, August 24, 2018 at 8:00 a.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

Written materials relating to items listed in the Agenda were provided to the Board members for their review prior to the meeting.

The following Directors were present for the start of the meeting, constituting a quorum:

Thomas J. Leonard, Chairman
C. George Bower
James P. Dore
Elizabeth A. Dunn
Stephen D. Genest
Jay N. Lustig
John D. McGrath
John M. Murphy
Preston J. Stanley, Jr.

Also attending all or a portion of the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
Suzanne L. Ansara, Corporate Secretary
Mary V. DeRoche, HR Director
George Torres, Corporate Controller
Steven Greenwood, IT Director
Christopher Countie, Director, Water Supply and Community Systems
Bernard Rousseau, Vice President, Sales and Service
Alan Brown, Distribution Manager
Mark Fillion, Construction Services Manager
Lori Douglas, Accounting Supervisor
Nate Little, Water Supply Engineer
Marissa Cutler, Accounting Intern

S. Ansara recorded the minutes of the meeting. The Chairman called the meeting to order.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the June 22, 2018 Board meeting. There being none, on motion duly made by S. Genest and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the June 22, 2018 meeting of the Board of Directors are hereby approved.

Financial Results

G. Torres presented a review of the Company's unaudited consolidated financial results for the month ended July 2018 and a review of revenues/water usage. The Company's revenues of \$26.4 million were 13.9% above the prior year revenues and 1.0% above budget on a year-to-date basis. Operating expenses of \$22.1 million were 2.5% above budget and 9.0% above the prior year expenses. Operating income was \$4.2 million compared to prior year operating income of \$2.8 million and budgeted operating income of \$4.5 million. Interest expense of \$6.3 million was 2.4% less than budget and 0.1% greater than the prior year expense. Pre-tax loss was \$2.0 million compared to a budgeted pre-tax loss of \$2.0 million and prior year pre-tax loss of \$3.5 million. Year-to-date net loss was \$1.6 million compared to a budgeted net loss of \$1.9 million and prior year net loss of \$2.8 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$8.9 million compared to \$9.2 million in the 2018 budget and the prior year amount of \$7.3 million. Capital expenditures of \$3.9 million were below the budgeted amount of \$10.1 million. Pumpage for the month of July (544 million gallons) was ahead of budget (497 million gallons). G. Torres commented on the Company's debt covenant schedule, and reviewed the variances from budget and prior year results for each subsidiary. A discussion ensued.

Director David Bernier joined the meeting at 8:14 a.m.

Construction Update

Mark Filion, Construction Services Manager, gave an update on 2018 capital projects for Pennichuck Water Works, Inc. and Pennichuck East Utility, Inc. A discussion ensued.

Comparative Costs – Will Street Facility vs. DW Highway Facility

Alan Brown, Distribution Manager, gave a presentation on the costs of running the new distribution facility on Daniel Webster Highway compared to the old distribution facility on Will Street. A discussion ensued.

M. DeRoche, L. Douglas and M. Cutler left the meeting at 9:49 a.m.

Business Comments and Updates from the CEO

PEU Rate Case – L. Goodhue reported that a settlement agreement has been signed with the OCA and the PUC staff. An order from the PUC for permanent rates is expected sometime in October or November.

QCPAC – The Company filed its first annual QCPAC filing in February. An order from the PUC is expected soon.

PEU SRF / PWW Trust Fund Loans – The City approved both loans on August 14, 2018. Petitions to be filed with the PUC next week.

Property Taxes – Nashua – D. Ware has identified 8 properties in Nashua that are valued at more than their usability. Six of the properties are qualified for “current use” status. Most are wetlands. D. Ware to discuss with the City.

HECOP IV – No change.

Manchester Street Parking Lot – Drainage Easement – Management is waiting on final acceptance of the drainage easement by the Landlord. Landlord will have to maintain.

Move to Non-Public Session

J. McGrath moved that the Board enter into non-public session to discuss confidential or financial information pursuant to RSA 91-A:3, II(j). P. Stanley seconded the motion.

A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, S. Genest, T. Leonard,
J. Lustig, J. McGrath, J. Murphy, P. Stanley

Nay:

Motion was carried to enter into non-public session at 10:20 a.m.

Reconvene in Public Session

The non-public session ended at 11:47 a.m. and the Board reconvened in public session.

S. Genest moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(j). P. Stanley seconded the motion. A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, S. Genest, T. Leonard,
J. Lustig, J. McGrath, J. Murphy, P. Stanley

Nay:

Motion was carried to seal the minutes of the non-public session.

There being no further business to come before the Board, the meeting was adjourned at 11:52 a.m.

/s/ Suzanne L. Ansara
Suzanne L. Ansara
Corporate Secretary