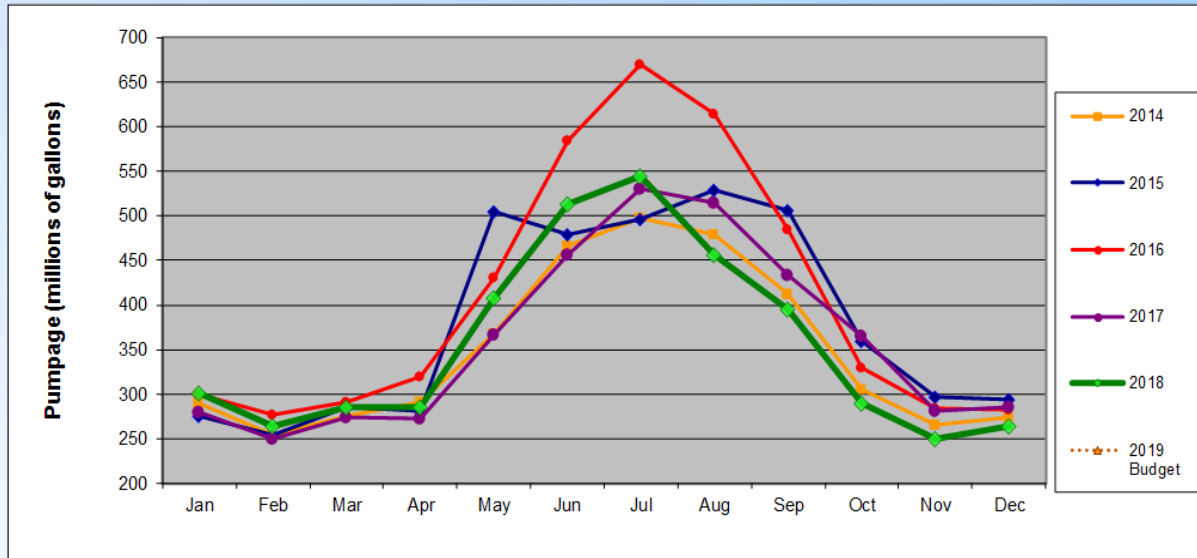


2019 Budget Review

As of January 18, 2019

Pennichuck Corporation PWW Pumpage



Pumpage Data (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
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
2017	279.330	249.500	274.680	273.160	366.790	455.660	529.650	514.210	432.840	364.900	281.650	285.860	4,308.230
2018	300.940	263.970	284.930	285.380	407.240	512.830	544.480	455.820	395.690	289.960	250.230	264.060	4,255.530

Pumpage Data - Budget (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2019 Budget	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

2019 Capital Budget and 2020/2021 Capex Plans - Consolidated

	Total Budgeted for 2018	Total Budgeted in 2019 for Carryover/Multi- year Projects	Total Budgeted in 2019 for New Projects	Total Budgeted for 2019	Total Planned in 2020 for Carryover & New Projects	Total Planned in 2021 for Carryover & New Projects
Main Replacements and Main Replacements	\$ 7,639	\$ 1,370	\$ 6,726	\$ 8,095	\$ 5,305	\$ 8,618
Booster Stations, Tanks, Generators and Pumps	170	-	440	440	179	179
Water Treatment Media and Miscellaneous Water Supply Upgrades	675	-	124	124	229	100
Service, Hydrants and Meters	2,013	-	1,171	1,171	937	913
IT, Applications and System Monitoring	285	-	151	151	300	1,300
North Country Operations Facility	-	-	-	-	-	-
Dpac (Data Presentment and Collection) System/Click Mobile	170	-	-	-	-	-
GIS System	-	-	-	-	-	-
Asset Management System	531	-	110	110	-	-
All Other	996	75	869	944	963	940
Subtotals	12,479	1,445	9,590	11,035	7,912	12,050
Bowers Pond	90	25	-	25	900	-
Merrimack River "Deep Water" Intake	-	-	5,500	5,500	-	-
PWW/PEU Merrimack River Interconnection	3,300	-	-	-	-	-
Kessler Farm Tank Replacement	-	-	-	-	3,388	-
WTP - Carbon Media Filter Bed Replacement	-	-	1,000	1,000	1,000	1,000
Milford Booster Station Rebuild	-	-	-	-	-	660
New Londonderry Tank - Woodmont Commons	-	-	700	700	694	-
Locke Lake - Surface Water Intake, Treatment and Mains Upgrade	-	-	200	200	2,400	-
Total Capex Budgeted 2019-2021	\$ 15,869	\$ 1,470	\$ 16,990	\$ 18,460	\$ 16,294	\$ 13,710

Pennichuck Consolidated 2019 Budgeted Statement of Income

	Budget				Budget	Fcstd 2018	Change --	
	Q1	Q2	Q3	Q4	2019		Amount	Percent
Revenues:								
Water Utility Operations	\$ 8,919,280	\$ 10,682,245	\$ 13,318,631	\$ 10,533,302	\$ 43,453,458	\$ 41,992,988	\$ 1,460,470	3.5%
Water Management Services	722,785	699,383	739,761	703,179	2,865,108	3,347,118	\$ (482,010)	-14.4%
Total Water Revenues	9,642,065	11,381,628	14,058,392	11,236,481	46,318,566	45,340,106	\$ 978,460	2.2%
Real Estate Operations	-	-	-	-	0	0	\$ -	0.0%
Other	-	-	-	-	0	0	\$ -	0.0%
Total Revenues	9,642,065	11,381,628	14,058,392	11,236,481	46,318,566	45,340,106	\$ 978,460	2.2%
Operating Expenses:								
Water Utility Operations	8,564,157	9,036,863	9,412,710	8,584,980	35,598,710	34,607,691	\$ 991,019	2.9%
Water Management Services	685,828	698,531	690,710	688,015	2,763,084	3,178,506	\$ (415,422)	-13.1%
Total Water Expenses	9,249,985	9,735,394	10,103,420	9,272,995	38,361,794	37,786,197	\$ 575,597	1.5%
Real Estate Operations	11,399	11,459	11,467	11,420	45,745	42,323	\$ 3,422	8.1%
Other	6,330	6,329	6,327	6,325	25,311	(21,310)	\$ 46,621	218.8%
Total Expenses	9,267,714	9,753,182	10,121,214	9,290,740	38,432,850	37,807,210	\$ 625,640	1.7%
Operating Income	374,351	1,628,446	3,937,178	1,945,741	7,885,716	7,532,896	\$ 352,820	4.7%
Eminent Domain & Merger Related Costs	-	-	-	-	0	0	\$ -	0.0%
Net Earnings (Loss) from joint ventures	(939)	(939)	(939)	(939)	(3,756)	(3,755)	\$ (1)	0.0%
Other Income, Net	2,943	3,003	3,003	3,003	11,952	128,672	\$ (116,720)	-90.7%
Allowance for Funds Used During Construction	-	-	-	-	0	91,022	\$ (91,022)	-100.0%
Interest Income	-	-	-	-	0	0	\$ -	0.0%
Interest Expense:								
Long Term Debt	(2,726,349)	(2,790,817)	(2,825,835)	(2,829,356)	(11,172,357)	(10,703,253)	\$ (469,104)	-4.4%
Intercompany Interest	-	-	-	-	0	(1)	\$ 1	100.0%
Line of Credit Expense	(83,345)	(57,093)	(77,358)	(68,569)	(286,365)	(59,574)	\$ (226,791)	-380.7%
Total Interest Expense	(2,809,694)	(2,847,910)	(2,903,193)	(2,897,925)	(11,458,722)	(10,762,828)	\$ (695,894)	-6.5%
Income Before Provision for Income Taxes	(2,433,339)	(1,217,400)	1,036,049	(950,120)	(3,564,810)	(3,013,993)	\$ (550,817)	-18.3%
Tax Provision								
Existing Operations	(61,173)	(30,606)	26,045	(23,886)	(89,620)	940,574	\$ (1,030,194)	-109.5%
Total Tax Provision	(61,173)	(30,606)	26,045	(23,886)	(89,620)	940,574	\$ (1,030,194)	-109.5%
Net Income (Loss)	\$ (2,372,166)	\$ (1,186,794)	\$ 1,010,004	\$ (926,234)	\$ (3,475,190)	\$ (3,954,567)	\$ 479,377	12.1%
EBITDA	\$ 2,458,527	\$ 3,704,083	\$ 5,997,659	\$ 3,983,809	\$ 16,144,078	\$ 15,934,208	\$ 209,870	1.3%
Add Back: Extraordinary Items	(2,943)	(3,003)	(3,003)	(3,003)	(11,952)	(13,804)	\$ 1,852	13.4%
Normalized EBITDA	\$ 2,455,584	\$ 3,701,080	\$ 5,994,656	\$ 3,980,806	\$ 16,132,126	\$ 15,920,404	\$ 211,722	1.3%
Less: P&I on External Debt	(3,773,006)	(1,704,054)	(1,686,086)	(1,701,389)	(8,864,535)	(7,994,141)		
Less: CBFRR payments to City	(2,190,000)	(2,190,000)	(2,190,000)	(2,190,000)	(8,760,000)	(8,765,734)		
Less: Special Dividend to City (ED Costs)	-	-	-	-	-	-		
Net Remainder	\$ (3,507,422)	\$ (192,974)	\$ 2,118,570	\$ 89,417	\$ (1,492,409)	\$ (839,471)		

Pennichuck Corporation and Subsidiaries - Consolidated

Quarterly Budgeted Balance Sheet

For the year ended December 31, 2019

ASSETS	Estimated <u>Dec-18</u>	BUD <u>Q1 19</u>	BUD <u>Q2 19</u>	BUD <u>Q3 19</u>	BUD <u>Q4 19</u>
Land	3,329,770	3,329,770	3,329,770	3,329,770	3,329,770
Buildings	185,928,218	185,928,218	185,942,218	185,953,718	185,958,218
Equipment & software	97,038,170	97,138,170	102,345,270	107,331,190	115,468,240
	286,296,158	286,396,158	291,617,258	296,614,678	304,756,228
Accumulated depreciation	(75,604,232)	(77,383,135)	(79,148,387)	(80,897,776)	(82,625,361)
	210,691,925	209,013,022	212,468,870	215,716,901	222,130,866
Work in process	11,884,541	12,134,541	14,834,541	16,784,541	11,884,541
Net Plant and Equipment	222,576,467	221,147,564	227,303,412	232,501,443	234,015,408
CURRENT ASSETS					
Cash	851,817	130,356	130,129	142,519	125,261
Short term investments: FHLB	-	-	-	-	-
Short term investments: MM	-	-	-	-	-
Restricted cash	7,042,862	5,349,977	2,349,977	2,349,977	3,449,977
Accounts receivable-billed, net	3,509,124	3,217,164	3,541,843	4,468,123	3,991,630
Accounts receivable-unbilled, net	2,926,523	2,785,137	3,409,283	3,931,351	2,368,558
Accounts receivable-other	64,792	25,622	25,622	25,622	25,622
Inventory	614,122	575,013	553,816	518,425	501,094
Prepaid expenses	572,935	583,996	547,202	402,662	412,149
Prepaid property taxes	1,020,975	6,313	1,020,974	6,313	1,020,973
Prepaid income taxes	-	-	-	-	-
	16,603,149	12,673,578	11,578,846	11,844,991	11,895,264
OTHER ASSETS					
Deferred land costs	2,292,826	2,292,826	2,292,826	2,292,826	2,292,826
Debt issuance expenses	-	-	-	-	-
Investment in partnerships	103,899	102,960	102,021	101,082	100,143
Regulated Asset - Acquisition Premium	71,268,289	70,711,825	70,150,935	69,590,044	69,029,154
Other Regulated Assets	10,353,617	10,355,720	10,397,823	10,411,588	10,434,743
	84,018,631	83,463,331	82,943,605	82,395,540	81,856,866
TOTAL ASSETS	323,198,246	317,284,472	321,825,862	326,741,973	327,767,537

Pennichuck Corporation and Subsidiaries - Consolidated
Quarterly Budgeted Balance Sheet
For the year ended December 31, 2019

	Estimated Dec-18	BUD Q1 19	BUD Q2 19	BUD Q3 19	BUD Q4 19
EQUITY AND LIABILITIES					
Common stock	10	10	10	10	10
Paid in capital	30,561,126	30,492,770	30,424,415	30,356,060	30,287,705
Accumulated other comprehensive income	372,044	372,044	372,044	372,044	372,044
Retained earnings	(19,822,147)	(22,194,313)	(23,381,107)	(22,371,103)	(23,297,337)
Treasury stock and other	-	-	-	-	-
	<u>11,111,033</u>	<u>8,670,511</u>	<u>7,415,362</u>	<u>8,357,011</u>	<u>7,362,422</u>
LONG TERM DEBT					
Bonds, notes and mortgages	203,190,705	199,941,126	209,776,811	212,603,183	212,622,495
CURRENT LIABILITIES					
Line of credit	361,387	298,450	3,784,621	1,637,015	1,287,015
Fixed asset lines of credit	6,265,088	9,329,292	4,080,600	6,035,420	7,667,370
Current portion of long term debt	6,018,607	6,155,562	6,200,770	6,239,206	8,020,768
Accounts payable	4,427,620	1,529,715	1,654,165	1,772,984	1,513,436
Accrued property taxes	-	349,346	-	113,220	-
Accrued interest payable	1,687,306	960,430	311,536	1,166,679	1,777,165
Other accrued expenses	1,525,647	1,854,685	831,816	1,651,840	764,618
Income taxes payable	(26,737)	(26,737)	(26,737)	(26,737)	(26,737)
Customer deposits & other	392,438	392,896	392,896	392,896	392,896
	<u>20,651,357</u>	<u>20,843,640</u>	<u>17,229,668</u>	<u>18,982,524</u>	<u>21,396,532</u>
OTHER LIABILITIES AND DEFERRED CREDITS					
Deferred income taxes	13,072,677	12,906,179	12,772,054	12,693,367	12,566,501
Accrued liability pension	9,680,701	9,464,701	9,202,480	8,704,490	8,446,280
Unamortized ITC	470,598	462,339	454,080	445,821	437,562
Regulatory Liability	8,944,204	8,939,215	8,934,226	8,929,237	8,924,248
Customer Advances	84,000	84,000	84,000	84,000	84,000
CIAC, net	52,087,508	51,999,574	51,910,782	51,820,948	51,731,110
Accrued Post Retirement Benefits	3,218,780	3,218,780	3,218,780	3,218,780	3,218,780
Other liability: derivative instrument	262,763	262,763	262,763	262,763	262,763
Other long-term liabilities	423,920	491,644	564,856	639,850	714,844
	<u>88,245,151</u>	<u>87,829,195</u>	<u>87,404,021</u>	<u>86,799,256</u>	<u>86,386,088</u>
TOTAL LIABILITIES AND EQUITY	<u>323,198,246</u>	<u>317,284,472</u>	<u>321,825,862</u>	<u>326,741,973</u>	<u>327,767,537</u>

Pennichuck Corporation and Subsidiaries - Consolidated

Quarterly Budgeted Stmt of Cash Flows

For the year ended December 31, 2019

	BUD Q1 19	BUD Q2 19	BUD Q3 19	BUD Q4 19	BUD Full Year
Operating Activities:					
Net Income	(2,372,166)	(1,186,794)	1,010,004	(926,234)	(3,475,190)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	2,109,266	2,100,897	2,086,378	2,065,251	8,361,792
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	(166,498)	(134,125)	(78,687)	(126,866)	(506,176)
Allowance for funds used during construction	-	-	-	-	-
Undistributed earnings in real estate partnerships	(939)	(939)	(939)	(939)	(3,756)
Special shareholder distributions	-	-	-	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable and unbilled revenue	472,516	(948,825)	(1,448,348)	2,039,286	114,629
(Increase) decrease in refundable income taxes	-	-	-	-	-
(Increase) decrease in materials and supplies	39,109	21,197	35,391	17,331	113,028
(Increase) decrease in prepaid expenses	1,003,601	(977,867)	1,159,201	(1,024,147)	160,788
(Increase) decrease in deferred charges and other assets	484,844	449,270	477,609	468,218	1,879,941
Increase (decrease) in accounts payable and accrued expenses	(2,878,041)	(1,828,304)	1,975,561	(581,149)	(3,311,933)
Increase (decrease) in other	(608,956)	(656,286)	(892,659)	(653,560)	(2,811,461)
Net cash provided by (used in) operating activities	<u>(1,925,522)</u>	<u>(3,170,035)</u>	<u>4,315,252</u>	<u>1,268,932</u>	<u>488,627</u>
Investing Activities:					
Purchases of property, plant and equipment	(350,000)	(7,921,100)	(6,947,420)	(3,241,550)	(18,460,070)
Contributions in aid of construction	-	-	-	-	-
(Increase) decrease in restricted cash	1,692,885	3,000,000	-	(1,100,000)	3,592,885
Sale (purchase) of investment securities	-	-	-	-	-
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>1,342,885</u>	<u>(4,921,100)</u>	<u>(6,947,420)</u>	<u>(4,341,550)</u>	<u>(14,867,185)</u>
Financing Activities:					
(Repayments) advances on line of credit	3,001,267	(1,762,521)	(192,786)	1,281,950	2,327,910
Payments on long-term debt	(3,110,191)	(4,512,893)	1,189,610	(647,130)	(7,080,604)
Proceeds on long-term borrowings	(32,937)	14,363,282	1,644,694	2,417,500	18,392,539
Debt issuance costs	71,395	71,395	71,395	71,395	285,580
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	-	-	-
Dividends paid	(68,356)	(68,355)	(68,355)	(68,355)	(273,421)
Net cash provided by (used in) financing activities	<u>(138,822)</u>	<u>8,090,908</u>	<u>2,644,558</u>	<u>3,055,360</u>	<u>13,652,004</u>
Net increase (decrease) in cash	(721,460)	(227)	12,390	(17,258)	(726,555)
Cash at beginning of period	851,817	130,357	130,130	142,520	851,817
Cash at end of period	<u>130,357</u>	<u>130,130</u>	<u>142,520</u>	<u>125,262</u>	<u>125,262</u>