

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF NOVEMBER 20, 2020 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, November 20, 2020 at 8:00 a.m.

Due to the COVID-19 virus and in accordance with the state of emergency declared by Governor Sununu, the meeting was held electronically using the Microsoft Teams platform, for the safety of the Board Members and Pennichuck employees. Telephone access to the meeting was provided for members of the public.

Pursuant to Governor Sununu’s Emergency Order #12 dated March 23, 2020, the requirement under RSA 91-A:2, III(b) that a quorum be physically present at a meeting has been waived.

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

The Corporate Secretary conducted a roll call of those present at the start of the meeting. The following Directors were present, constituting a quorum. Each director stated that they were alone, except for S. Genest.

Thomas J. Leonard, Chairman
David P. Bernier
C. George Bower
James P. Dore
Elizabeth A. Dunn
H. Scott Flegal
Stephen D. Genest
Jay N. Lustig
John D. McGrath
Deborah Novotny
Preston J. Stanley, Jr.

Attending the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
Mary V. DeRoche, Human Resources Director
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller and Treasurer
Carol Ann Howe, Assistant Treasurer
Steven Greenwood, IT Director
Tara King, Revenue and Customer Operations Manager
John Boisvert, Chief Engineer
Christopher Countie, Director, Water Supply and Community Systems
Alan Brown, Distribution Manager

S. Ansara recorded the minutes of the meeting.

The Chairman called the meeting to order.

Approval of Minutes

There being no comments on the draft minutes of the October 23, 2020 Board meeting, on motion duly made by G. Bower and seconded by J. Dore, all of the Directors then voting by roll call, it was unanimously

Resolved: that the minutes of the October 23, 2020 meeting of the Board of Directors are hereby approved.

October 2020 Financial Report

G. Torres reviewed pumpage levels for the month of October. Pumpage of 308 million gallons was behind the budgeted amount of 329 million gallons. He also reviewed the Company's consolidated balance sheet, income statement and cash flow statement through the month of October.

At October 31, 2020, revenues of \$41.4 million were 9.2% above the prior year revenues and 4.5% below budget on a year-to-date basis. Operating expenses of \$32.6 million were 4.2% below budget and 2.0% above the prior year expenses. Operating income was \$8.8 million compared to prior year operating income of \$6.0 million and budgeted operating income of \$9.4 million. Year-to-date net loss was \$0.4 million compared to a budgeted net loss of \$0.4 million and prior year net loss of \$3.3 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$16.1 million compared to \$16.7 million in the 2020 budget and the prior year amount of \$13.1 million.

There was a discussion relating to the timing of filing an application for forgiveness of the Paycheck Protection Program loan.

Preliminary 2021 Capital Budget, 2022-2023 Capital Expenditure Plans

G. Torres presented the Company's preliminary capital budget for 2021 and the capital expenditure plans for years 2022 and 2023. The 2021 preliminary capital budget of \$15.0 million includes \$8.1 million of carryover projects from 2020. Budget estimates for 2022 and 2023 are \$12.8 million and \$12.4 million, respectively. G. Torres along with the management team reviewed the detailed capital budget worksheets by subsidiary and department and answered a number of questions from the Board relating to certain projects.

The management team updated the Board on the following key projects in the 2021 capital budget:

Kessler Farm Tank Replacement - J. Boisvert reported that due to COVID-19, the Kessler Farm tank replacement project was pushed to 2021. The project was recently put out to bid and two competitive bids were received. The site will be

released to the contractor in March to begin the process of demolishing the existing steel tank and begin construction of the new concrete tank. Main work which was completed last year to the northwest system will support the customers in the Kessler Farm area while the tank is down. D. Ware indicated that the demand in the Kessler Farm system runs a little under 2 million gallons a day. D. Bernier inquired as to how water turnover in the new tank will be controlled. J. Boisvert said that the Snow Station operates on tank level so that when the tank is full the Snow Station pumps will shut off and cycle water out of the tank. The pumps will turn back on when the tank reaches a certain low level.

Dam Improvements - C. Countie reported that the first two phases of the project will bring all of the Company's high hazard dams into compliance with the flow requirements of the NHDES Dam Bureau. He said that the earthen embankment on the Supply dam needs to be raised approximately a foot, and the Harris Pond dam earthen embankment needs to be raised approximately 3 feet. Also, a concrete wall adjacent to the dam will need to be raised a little over 3 feet. He said that this will allow additional storage capacity in the event that Bowers dam were to fail, and allows the Company to reclassify the Bowers dam from high hazard to significant hazard. Finalization of design and permitting has begun and will be going out to bid sometime in the first quarter, for construction to begin in the second and third quarter of next year.

Woodmont Commons – J. Boisvert updated the Board on the project at Woodmont Commons in Londonderry. The project includes the construction of a new tank, main extensions and a booster station. The cost of the project is shared by the developer of Woodmont Commons and PEU. The developer is paying 51% of the project cost.

CMMS Project – S. Greenwood reported that the new CMMS (Computerized Management and Maintenance System) is scheduled to go live on January 1, 2021. J. Boisvert reported that part of the CMMS system is the addition of CityWorks as a replacement for the current application (Synergen), a work order management application package, which will assist the Company in planning for its long-term capital needs and allow for tracking of various activities during construction projects.

Replacement of Radios – D. Ware reported that the Company is implementing a replacement plan for radio read transmitters which were installed on all meters in 2007. He said that some of the radios are beginning to fail, and the Company will be replacing 1/7th of the radios each year over the next 7 years. There are approximately 38,000 radios between the three regulated companies. A. Brown indicated that the plan is to cover the first year of the radio replacements with internal staff.

Water Capacity – D. Bernier inquired as to water capacity in the ponds due to the drought. C. Countie indicated that the Supply Pond and the Harris Pond are full. The Bowers Pond is about a foot lower than usual. He said that the river level is fine, not as high as it would normally be at this time of year, but not a concern from a water supply perspective.

New Pump in Merrimack System – D. Bernier inquired as to the status of the new pump for the Merrimack system. J. Boisvert indicated that a contractor is currently on-site making modifications to the electrical system for the third pump, which is anticipated to be in service by the second week of December. The majority of the work will be used and useful this year, with some electrical work carried over into next year because of long lead times on electrical equipment.

Unlined Cast Iron Mains – D. Bernier inquired as to the amount of unlined cast iron mains that have been replaced over the past 10 years in the core system. D. Ware indicated that in 2010 the Company had 436 miles of water main in the core system, of which 81 miles were unlined cast iron. At the end of 2019, the Company had 496 miles of water mains, with 46 miles of unlined cast iron mains remaining, a significant reduction from 2010.

G. Torres said that a final capital budget will be presented to the Board for approval at the December meeting.

Report of the Compensation and Benefits Committee

S. Genest, Chairman of the Compensation and Benefits Committee, reported on the Committee's November 9 meeting. He said that a representative from MassMutual gave a short presentation on MassMutual's sale of its retirement business to Empower Retirement. The Committee met with Summit Financial who presented a detailed review on the performance of the pension plan and 401(k) plan investments. At the recommendation of Summit Financial, the Committee approved the replacement of an underperforming fund in both the pension and 401(k) plans. Summit also discussed the completion of the annuitization of the "golden certificates" in the pension plan. There was also a lengthy discussion with Summit on whether to switch to an LDI (Leveraged Debt Investment) strategy for managing the funds in the pension plan. It was agreed to table the matter for a future meeting while Summit gathers more information and obtains reviews from other companies that have made the switch to an LDI strategy. The Committee also reviewed its Charter and had no changes.

Report of the Audit, Finance and Risk Committee

J. Dore, Chairman of the Audit, Finance and Risk Committee, gave a report on the Committee's November 17 meeting. He indicated that the Committee met with representatives of Melanson, the Company's outside auditors, to review in detail the 2020 audit plan. Preliminary audit work has already begun. Fieldwork will begin in February and final financials are scheduled to be released on March 24. There will be no changes in staffing at Melanson for the audit from last year. There was a review of the audited 2019 pension plan financial statements and the 2019 401(k) financial statements, which were reported to be in compliance with the Department of Labor's Rules and

Regulations for Reporting and Disclosure under ERISA. There was also a review of the audited Schedule of Expenditures of Federal Awards. This audit was required because Pennichuck East Utility, Inc. has outstanding more than \$750,000 of SRF loans in 2019. The Committee was presented with a status update on the 2020 internal controls review and testing plan, which is expected to be completed by year-end. The Committee also reviewed its Charter and had no changes, and reviewed sealed non-public session minutes for possible unsealing.

Business Updates and Comments from CEO

Pennichuck Water Works, Inc. Rate Case - L. Goodhue indicated that he is waiting on a final order on permanent rates from the PUC relative to the PWW rate case.

Pittsfield Aqueduct Company, Inc. Rate Case - L. Goodhue reported that a rate case was filed with the PUC on November 16 for Pittsfield Aqueduct Company, asking for an 11.18% rate increase. Letters have been mailed to pertinent town officials, state senators and representatives informing them of the filing, and notices to customers with an FAQ have also been mailed out. L. Goodhue said that he anticipates a pre-hearing conference to be scheduled sometime in December.

CoBank – Pennichuck East Utility - L. Goodhue reported that the closing for the CoBank term loan and extension and renewal of the \$3 million fixed asset line of credit will take place next week. Once closed, the fixed asset line of credit with CoBank will be paid down with the term loan funds

QCPAC (Qualified Capital Project Adjustment Charge) Filings – L. Goodhue reported that management is waiting on an order from the PUC approving the QCPAC for Pennichuck Water Works. An order from the PUC approving the QCPAC for Pennichuck East Utility cannot be issued until after the closing of the CoBank term loan.

PWW FALOC - L. Goodhue reported that a 2nd technical session was held with the PUC Staff earlier in the week regarding the renewal of the PWW FALOC with TD Bank, at the new \$12 million level. The FALOC is due to expire on December 31. Management is waiting on the PUC Staff to issue their letter of recommendation.

Bond Underwriters - L. Goodhue updated the Board on discussions regarding bond underwriting opportunities.

Rath, Young & Pignatelli - L. Goodhue informed the Board that the Company's primary regulatory attorney at Rath, Young & Pignatelli has recently left the firm for a new position with the State. A new attorney at the law firm has been appointed to assist the Company with its regulatory matters.

COVID-19 - L. Goodhue reported that Governor Sununu issued new guidance yesterday requiring a mask mandate for the State. All Company protocols relating to COVID-19 remain in place.

New Headquarters - L. Goodhue reported that the move to the new facility has been completed and employees have been coming into the office at staggered times to unpack.

Old Headquarters / Generator - L. Goodhue indicated that the lease for the old headquarters facility expires on December 31. A crew has been scheduled to clean-up the facility prior to the end of the year so it will be ready to hand over to the Landlord. L. Goodhue said that management is looking at moving the generator at the old facility to the Merrimack River as a backup power supply for the booster station.

Other Business

G. Bower inquired whether there has been any indication of changes in concentration of PFAS in the supply water due to the drought. C. Countie indicated that there have not been any material changes in the raw water in the river or in the ponds, other than the seasonality we have seen in previous years.

There was a discussion relative to the 2020 management presentations that were scheduled but not given due to the pandemic. It was agreed to follow the same schedule in 2021, in person or electronically, depending on the situation at that time.

The Board approved the Board meeting schedule for 2021 as presented.

There being no further business to come before the Board, the meeting was adjourned at 10:13 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary