

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF APRIL 23, 2021 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, April 23, 2021 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.

By roll call, the following Directors were present for the start of the meeting, constituting a quorum. Each director stated that they were alone.

Thomas J. Leonard, Chairman  
David P. Bernier  
C. George Bower  
James P. Dore  
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  
Tara King, Revenue and Customer Operations Manager  
Steven Greenwood, IT Director  
John Boisvert, Chief Engineer  
Chris Countie, Director, Water Supply and Community Systems  
Alan Brown, Distribution Manager  
Daniel Wojcik, Director of Sales, PWSC

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 March 26, 2021 Board meeting, on motion duly made by J. Dore and seconded by S. Flegal, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the minutes of the March 26, 2021 meeting of the Board of Directors are hereby approved.

## Financial Review

G. Torres reviewed the pumpage chart and summary of capital expenditures as of March 2021. Pumpage for the month of March (256 million gallons) was below budget (278 million gallons).

He reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through March 31, 2021. Revenues of \$10.3 million were 4.8% above the prior year revenues and 2.9% below budget on a year-to-date basis. Operating expenses of \$9.9 million were 1.0% below budget and 6.3% above the prior year expenses. Operating income was \$0.4 million compared to prior year operating income of \$0.5 million and budgeted operating income of \$0.6 million. Interest expense of \$3.5 million was 0.4% less than budget and 30.2% greater than the prior year expense. Pre-tax loss was \$3.2 million compared to a budgeted pre-tax loss of \$3.0 million and prior year pre-tax loss of \$2.2 million. Year-to-date net loss was \$2.7 million compared to a budgeted net loss of \$2.5 million and prior year net loss of \$2.8 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$2.6 million compared to \$2.8 million in the 2021 budget and the prior year amount of \$2.6 million.

Director Elizabeth A. Dunn joined the meeting at 8:15 a.m.

## Fleet Presentation

A. Brown gave a presentation on the Company's fleet assets (vehicles and equipment) and discussed the current mileage and dates of purchase. The Company's fleet includes over 100 pickup trucks, vans, SUVs, dump trucks, backhoes, excavators, trailers and compressors. He also reviewed the Company's turnover/replacement plans for the vehicles and equipment. There were questions from the Board relative to accidents/incidents with the Company's vehicles, and the training of drivers. A. Brown indicated that any employee driving a light duty vehicle or SUV receives safety training on an annual basis. Any employee operating heavy duty machinery must abide by DOT regulations. L. Goodhue reported that the frequency of accidents with the fleet is low, maybe one or two in a year, and primarily the fault of others. He indicated that licensure reviews are done for each of the Company's drivers for insurance purposes. A. Brown said that the Company partners with a mobile drug testing facility, and as soon as an incident occurs, the mobile drug center is contacted and they meet with the employee to conduct a drug test, and the employee must be cleared before they can drive the vehicle again.

## Comments and Updates from Management

Paycheck Protection Program Loan – G. Torres updated the Board on the PPP loan. He indicated that the Company hopes to file an application for forgiveness with TD Bank next week. TD Bank will review and determine if the loan is eligible for

forgiveness. The loan will then be audited by the SBA. There was a discussion relative to the tax treatment of said loan. He said that if the loan is fully forgiven, it will be exempt from any taxes on the federal level. There is currently a bill in the NH state legislature to adopt the federal tax treatment on the loan.

Flushing – A. Brown updated the Board on flushing. Distribution has been focusing during the daytime on Litchfield, and cleaning up considerable discoloration in certain areas. Also, flushing has begun on all of the small systems that were not flushed last year due to water restrictions and COVID. Nighttime flushing has started in Nashua. Discoloration calls and pressure calls have been minimal.

Coburn Woods, Nashua – C. Countie reported that there was a pump failure of a mechanical seal that was leaking water from one of the pumps at the station at Coburn Woods. The pump was removed, so there was only one pump available to fill water into the Coburn Woods tank (300,000 gallons). The one pump was not enough to maintain the tank level, so a gas powered pumping unit was brought in to supplement the one tank. The gas powered pump was run 5-6 hours a day to top off the tank, until the failed pump was rebuilt. The failed pump has been rebuilt and the situation has been resolved. There was never any interruption of service to customers.

Kessler Farm Tank Replacement – J. Boisvert reported that the current steel tank is down. The removal of the concrete foundation is 95% complete. Site work is slightly behind schedule. No changes in demand patterns have been seen.

Woodmont Commons, Londonderry, NH – J. Boisvert reported on the Woodmont Commons project. He said that the Order to proceed was finally received from the PUC. Currently working on completing the tank design, site plans are ready, and there are a number of administrative tasks that need to be sorted out. The hope is to have design, site plans, and local approvals sometime by late summer, early fall, and then begin bidding for construction either late 2021 or early 2022.

J. Boisvert reported that engineering is looking at modifications to one of the other critical pumping stations in the Londonderry system that they are in the process of evaluating for water quality concerns.

QCPAC Filings – D. Ware provided an update on the QCPAC filings.

PEU – QCPAC filed February 2020 for 2019 Capital Expenditures – A PUC Staff recommendation letter was received in March 2021. Management is still waiting on an Order from the PUC.

PWW – QCPAC filed February 2020 for 2019 Capital Expenditures – Management is still waiting on a PUC Staff recommendation letter.

PWW & PEU – QCPACs filed February 2021 for 2020 Capital Expenditures – A pre-hearing conference and technical session is scheduled for May 17.

Rate Cases – D. Ware reported on the PEU rate case filed in November 2020. One round of discovery has been completed. A settlement agreement for temporary rates has been entered into between the Company, the PUC Staff, the OCA and certain

intervenor, setting temporary rates at 14.03% to be effective on December 24, 2020, conditioned upon the acceptance of all terms of the settlement agreement by the Commission. A hearing on temporary rates is scheduled in May.

D. Ware reported on the PAC rate case filed in November 2020. A settlement agreement for temporary rates has been entered into between PAC and the PUC Staff, setting temporary rates at current rates, conditioned upon the acceptance of the settlement agreement by the Commission. There are no intervenors in the PAC rate case. Setting temporary rates at current rates will preserve PAC's right to recoup the revenues that are established at permanent rates back to December 17, 2020. A second round of data requests were completed yesterday. The case is moving along. Work will begin on a settlement agreement for permanent rates.

COVID-19 – L. Goodhue updated the Board on the Company's COVID-19 protocols. He said that he has been working with the management team on a Phase-1 re-entry plan, discussing each department's business needs and how to staff but remain protective. Phase-1 is planned for June 1, with a 2<sup>nd</sup> phase potentially in the Fall.

PEU Rate Stabilization Fund – L. Goodhue indicated that the Rate Stabilization Fund (RSF) in PEU has become impaired since the last rate case, which is similar to what happened in PWW. He discussed the possibility of debt funding one time the deficiency in the PEU RSF versus having it brought into rates with an amortization over 10 years which is currently in the rate structure.

Pension Plan - American Rescue Plan Act of 2021 – L. Goodhue reported that the federal government recently passed the American Rescue Plan Act of 2021. Included in the Act is legislation that provides funding relief for single-employer pension plans due to financial hardships. The Act allows for the amortization of funding shortfalls over a 15-year period instead of the current 7 years, and allows for interest rate stabilization. The matter will be discussed more fully at the Compensation and Benefits Committee meeting in May with Summit Financial.

#### Move to Non-Public Session

J. McGrath moved that the Board enter into non-public session to discuss the acquisition, sale or lease of real or personal property, pursuant to RSA 91-A:3, II(d). J. Lustig 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. Flegal, S. Genest, T. Leonard,  
J. Lustig, J. McGrath, D. Novotny, P. Stanley

Nay:

Motion was carried to enter into non-public session at 9:20 a.m.

#### Reconvene in Public Session

The non-public session ended at 10:11 a.m. and the Board reconvened in public session.

J. McGrath moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(d). J. Dore 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. Flegal, S. Genest, T. Leonard,  
J. Lustig, J. McGrath, D. Novotny, P. Stanley

Nay:

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

#### July Board Meeting

It was agreed that the Board meeting scheduled in July be cancelled.

#### Management Presentations

The Board considered topics for upcoming management presentations. The Chairman asked that management include presentations on long-term sustainability of the Company and consider items such as opportunities for increased revenues, opportunities for different kinds of financing, and a specific discussion regarding cost controls and the details of the rate structure and how it all relates to the Company's longer term plans. It was agreed that a presentation of these items will occur at the September/October Board meetings.

#### 2021 Annual Meeting of Sole Shareholder

L. Goodhue indicated that the Annual Shareholder Meeting is scheduled for Saturday, May 8. It is anticipated that the Board of Aldermen will vote to approve the slate of director nominees and authorize the Mayor to complete and sign the proxy card at their April 27 meeting. The meeting will be held virtually again this year. Potential changes to the Board Committee membership was discussed.

There being no further business to come before the Board, the meeting was adjourned at 10:26 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara  
Corporate Secretary