

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF SEPTEMBER 24, 2021 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, September 24, 2021 at 8:00 a.m. at the Company’s offices at 25 Walnut Street, Nashua, 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
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 (by telephone)
Preston J. Stanley, Jr.

D. Novotny stated the reason she could not attend the meeting in person, that she was alone and could hear the proceedings.

Attending all or a portion of the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
Mary V. DeRoche, Human Resources Director (partially by telephone)
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller and Treasurer
Carol Ann Howe, Assistant Treasurer (by telephone)
Steven Greenwood, IT Director
Tara King, Revenue and Customer Operations Manager (by telephone)
John Boisvert, Chief Engineer
Alan Brown, Distribution Manager (by telephone)
Daniel Wojcik, Director of Sales, PWSC (by telephone)
Tara Gosselin, HR Generalist

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 August 27, 2021 meeting of the Board of Directors, on motion duly made by J. McGrath and seconded by G. Bower, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the August 27, 2021 meeting of the Board of Directors are hereby approved.

Financial Review

G. Torres presented a financial update through August 2021, reviewing the Company's unaudited consolidated income statement, balance sheet and cash flow statement. Pumpage for the month of August (464 million gallons) was below budget (491 million gallons).

Revenues of \$33.2 million were 0.5% above the prior year revenues and 3.4% below budget on a year-to-date basis. Operating expenses of \$28 million were 1.0% less than budget and 8.1% greater than the prior year expenses. Operating income was \$5.3 million compared to prior year operating income of \$7.3 million and budgeted operating income of \$6.2 million. Interest expense of \$9.4 million was 2.2% less than budget and 25.0% greater than the prior year expense. Pre-tax loss was \$3.8 million compared to a budgeted pre-tax loss of \$3.4 million and prior year pre-tax loss of \$0.1 million. Year-to-date net loss was \$3.4 million compared to a budgeted net loss of \$2.8 million and prior year net loss of \$0.5 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$11.4 million compared to \$12.0 million in the 2021 budget and the prior year amount of \$13.0 million.

2022 Budget Schedule

G. Torres reviewed the budget schedule for 2022. A presentation of the Global Budget Goals and Assumptions will be given to the Board in October. A review of the capital budget will be presented to the Board in November, and submitted to the Board in December for preliminary approval. A review of the operating budget will be presented to the Board in December. Final approval of the capital and operating budgets will be at the January 2022 meeting.

Report of the Compensation and Benefits Committee

S. Genest, Chairman of the Compensation and Benefits Committee, gave a report on the Committee's recent meeting. He said that the Committee was provided with information relating to 2022 premiums for health, dental and vision insurance. The health insurance premium will be increasing by 9.9% in 2022, and there will be no increases in the dental and vision premiums in 2022. The Committee also discussed the upcoming union negotiations.

Pumping Systems

C. Countie gave a presentation on the Company's pumping system. He discussed the types of pumps in the system, maintenance considerations, future enhancements, and the further implementation of the CityWorks system to identify and perform more comprehensive maintenance tasks.

Parking Lot Property Line Adjustment

L. Goodhue reported that the owner of the former Merrimack corporate facility has contacted him regarding his option to purchase the parking lot adjacent to the facility, which option expires on June 30, 2022. The owner indicated that he is requesting a lot line adjustment to the parking lot and has filed with the Merrimack Planning Board but needs Pennichuck's approval to complete. He also indicated that he will exercise his option sometime within the next two weeks. A discussion ensued relative to the location of the lot line adjustment and the parties responsible for maintenance costs and replacement costs of the catch basins and associated drainage pipes surrounding the parking lot. It was agreed that the Board will authorize management to sign off on the lot line adjustment on the following conditions: (1) the owner must file the plan with the Town of Merrimack, (2) the owner must commit to exercising his option by October 31, 2021 and (3) if the owner does not exercise his option by the end of October, the owner must pay the property taxes on the additional land.

On motion duly made by D. Bernier and seconded by J. McGrath, all of the Directors then voting, it was unanimously

Resolved: that the Board of Directors of Pennichuck Corporation ("Company"), parent company of The Southwood Corporation, hereby approves the lot line adjustment requested by HCOP Merrimack, LLC ("HCOP") to the Option Property defined in the Option to Purchase dated August 9, 2019 between The Southwood Corporation and HCOP, subject to HCOP's agreement to exercise its option to purchase the Option Property by October 31, 2021; and

Further

Resolved: that the Chief Executive Officer or the Chief Operating Officer of the Company are hereby authorized and directed to take such actions and to execute and deliver such documents as either of them, in their sole discretion, may deem necessary, proper or advisable, to approve the plans submitted to the Town of Merrimack for the lot line adjustment referred to in the prior resolution.

Business Updates and Comments from the CEO

L. Goodhue updated the Board on the PWW and PEU QCPAC filings.

Rate Cases. L. Goodhue said that the PAC rate case is awaiting a final order on permanent rates from the PUC.

L. Goodhue and D. Ware updated the Board on the progress of the PEU rate case. The revenue requirement has been approved by all the parties effective back to Dec 31, 2020. As of September 27 going forward, a 14.03% temporary increase will go into effect. A technical session is scheduled for September 29 and a settlement hearing is scheduled for December 15. An order on permanent rates is not expected until late first quarter 2022. The recommendations from the cost of service study were discussed. L. Goodhue said that the Company is pursuing financing in the amount of approximately \$2.1 million to help mitigate the rate increase from the originally requested 21%, to refill the RSF to their imprest level, which would spread the collection of the rate increase over 25 years.

New HR Employee. L. Goodhue and M. DeRoche introduced Tara Gosselin, the new HR Generalist, to the Board.

COVID-19 – L. Goodhue updated the Board on COVID-19 protocols. He said that the protocols have worked as far as keeping our employees and customers safe. He said that the Company is not currently mandating that its employees be vaccinated, but has recently instituted a mask requirement for employees and visitors while in the facility. Management is monitoring potential federal COVID mandates that would require that any employer with over 100 employees must require that either their employees be vaccinated or be tested weekly. There was a discussion regarding CDC guidelines and protocols and the vaccination status of employees. L. Goodhue indicated that there has not been a COVID related exposure at the Company, although some employees have had exposures outside of the Company.

PFOA – L. Goodhue reported that the Company has received the results of its most recent water sample taken from the entry point of the Cabot Preserve system which it gets from the Merrimack Village District (MVD). The Company is not required to take compliance samples, but does so for precautionary measures. The PFOA sample taken came in at 13.4 ppt, while the standard is 12 ppt. The average of samples taken by the Company for Cabot Preserve over the last 12 months is 8.87 ppt. He indicated that the Company would not have a violation of quarterly samples because the 12 month trailing average would be below 12 ppt.

L. Goodhue reported that the Company has received indications that the NHDES will be issuing a Violation letter of non-compliance to the MVD related to samples taken from Merrimack's wells indicating readings in excess of the standard. Two of the MVD wells that are non-compliant are coming in at up to 25 ppt. Once the notice of non-compliance is received by the MVD, the MVD will be required to notify their customers that they are out of compliance and come up with a corrective action plan. As a customer of MVD, the Company will receive a copy of the Violation notice of non-compliance. The Company, in turn, will need to notify its customers in the Cabot Preserve system. L. Goodhue indicated that the Company intends to add a supplemental communication to its notice to its customers indicating that the Company has been taking non-compliance samples on its own on a monthly basis and the results of those samples. The supplemental communication will also indicate that the Company has offered to the MVD access to a million gallons of water a day through its core system, but that the MVD has historically chosen not to accept the offer. The Board gave their comments on the matter and was in agreement with the information that management plans to include in its notice to customers of Cabot Preserve.

A discussion ensued relative to the Company bringing an alternate supply to its customers in Cabot Preserve. One option could be to connect to Manchester Water Works, but it is unknown if Manchester has the capacity available. To accomplish this, a \$2.5 million interconnection would have to be constructed in order to shut off the connection to MVD and buy water from Manchester. L. Goodhue indicated that access to grant money to pay for the interconnection would be desirable, and he is hopeful that Senator Shaheen will be able to push through the reinstatement of the CIAC exemption in the infrastructure bill. L. Goodhue said that he has contacted the Senator's staff in order to find out when the CIAC exemption would go into effect if the bill is passed.

There being no further business to come before the Board, the meeting was adjourned at 10:42 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary