

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF JUNE 24, 2022 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, June 24, 2022, 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, constituting a quorum.

Thomas J. Leonard, Chairman  
David P. Bernier  
C. George Bower (via Microsoft Teams)  
Aymarie R. Corriveau  
James P. Dore  
Elizabeth A. Dunn  
H. Scott Flegal (via Microsoft Teams)  
Stephen D. Genest  
Jay N. Lustig  
John D. McGrath  
Deborah Novotny (via Microsoft Teams)  
Sarah Pillsbury (via Microsoft Teams)  
Preston J. Stanley, Jr.

G. Bower, S. Flegal, D. Novotny and S. Pillsbury stated the reason they could not attend the meeting in person, that they were alone and could hear the proceedings.

Attending the meeting from the Company in person were:

Larry D. Goodhue, Chief Executive Officer  
Donald L. Ware, Chief Operating Officer  
Suzanne L. Ansara, Corporate Secretary  
George Torres, Corporate Controller and Treasurer  
John Boisvert, Chief Engineer

Attending the meeting from the Company electronically via Microsoft Teams were:

Mary DeRoche, HR Director  
Carol Ann Howe, Assistant Treasurer  
Tara King, Director, Revenue and Customer Operations  
Steven Greenwood, IT Director  
Alan Brown, Distribution Manager  
Chris Countie, Director, Water Supply and Community Systems  
Daniel Wojcik, Director of Sales, PWSC  
Lori Douglas, Assistant Controller

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 May 26, 2022 meeting of the Board of Directors, on motion duly made by J. Dore and seconded by E. Dunn, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the May 26, 2022 meeting of the Board of Directors are hereby approved.

### Financial Review

G. Torres presented a financial update through May 2022. Pumpage for the month of May (453 million gallons) was ahead of budget (390 million gallons). Capital expenditures of \$1.4 million were below the budgeted amount of \$5.0 million. Supply chain issues were discussed. It was noted that lead times on pipes is now 25-36 weeks out.

G. Torres reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through May 31, 2022. Revenues of \$21.2 million were 18.4% greater than the prior year revenues and 3.0% greater than budget on a year-to-date basis. Operating expenses of \$17.6 million were 0.3% below budget and 4.0% above the prior year expenses. Operating income was \$3.5 million compared to prior year operating income of \$0.9 million and budgeted operating income of \$2.9 million. Interest expense of \$5.8 million was 3.7% less than budget and 0.2% less than the prior year expense. Pre-tax loss was \$2.3 million compared to a budgeted pre-tax loss of \$3.1 million and prior year pre-tax loss of \$4.9 million. Year-to-date net loss was \$2.0 million compared to a budgeted net loss of \$2.8 million and prior year net loss of \$4.3 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$7.3 million compared to \$6.6 million in the 2022 budget and the prior year amount of \$4.6 million. G. Torres and L. Goodhue answered a number of questions from the Board relating to the financial results.

### Dividend

L. Goodhue indicated that management is recommending that the Board approve the payment of a quarterly dividend to the City of Nashua. The dividend will supplement the monthly interest and note payment made by the Company to the City of Nashua for the funding of the City's acquisition debt.

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

Resolved: that a dividend in the amount of \$69,555.28 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on August 5, 2022.

## Hazard Mitigation Grant Program – Bowers Pond Dam Spillway Improvement Project

D. Ware reported that the Homeland Emergency Security Management division of the State of New Hampshire has received \$35 million from the federal government for use specific to high hazardous dam repairs for municipalities and quasi-municipalities. He said that the Company has filed a Letter of Intent for a grant for the Bowers Pond Dam Spillway Improvement project and needs to file an application by July 15. The project will cost approximately \$2.75 million, which would be split 65% grant money and 35% paid by the Company. The Company cannot bid the project until approved for the grant. D. Ware said that receipt of the sluice gates for the project are 40-43 weeks out.

After a brief discussion, on motion duly made by S. Genest and seconded by J. McGrath, all of the Directors then voting, it was unanimously

Resolved: that the Board of Directors of Pennichuck Corporation (the “Company”) hereby authorizes the Company to apply for a grant from Homeland Emergency Security Management through the Hazard Mitigation Grant Program (the “Grant”) for the Bowers Pond Dam Spillway Improvement Project (the “Project”), including the approval to provide matching funds needed to complete the Project, over and above grant monies approved and received; and

Further

Resolved: that the Board of Directors authorizes the Company to enter into a Match Commitment Letter with Homeland Security and Emergency Management, whereby the Company will commit to meet the matching fund requirements of the Grant for the Project, as specified above; and

Further

Resolved: that Larry D. Goodhue, the Company’s Chief Executive Officer, and Donald L. Ware, the Company’s Chief Operating Officer, are severally authorized, to execute and deliver the Match Commitment Letter, and to execute any and all other documents necessary to apply for said Grant, and to take such further actions, as either of them, in their sole discretion, may deem necessary, proper or advisable, to carry out the intent of these resolutions.

## Construction Update

J. Boisvert presented a photo slide show of the demolition of the Kessler Farm steel tank and the construction of the new Kessler Farm concrete tank.

J. Boisvert gave a presentation on current construction projects, including City sewer related projects, various water main replacement projects in Nashua, the Coburn Woods main replacement project, and the interconnection of the W&E community water system in Windham to the Town of Salem. He discussed the status of the completion of the Londonderry tank,

transmission main and booster station project and the Bowers Dam Spillway. J. Boisvert discussed supply chain issues and said that lead times for materials are expected to become worse as the year progresses, and that projects bid in February and March are not expected to be completed by year-end, if they start at all.

#### Business Updates and Comments from CEO

Pennichuck Corporation - Working Capital Line of Credit – L. Goodhue reported that the \$4 million working capital line of credit with TD Bank will expire next Thursday, June 30. He said that the Board was provided with a term sheet at the April meeting and voted to approve the renewal of the line of credit. The renewal of the line of credit has also been approved by the Nashua Board of Aldermen. TD Bank has contacted the Company and indicated that they are having in-house delays and has offered the Company a free 90-day extension to renew the line of credit.

Pennichuck Water Works, Inc. - Fixed Asset Line of Credit – L. Goodhue reported that PWW's \$12 million FALOC with TD Bank will expire on June 30, 2023. Renewal of the FALOC will be brought to the Board in the fall for discussion and approval. A financing petition will be filed with the Public Utilities Commission in November 2022.

Pennichuck East Utility, Inc. - Fixed Asset Line of Credit – L. Goodhue reported that PEU's \$3 million FALOC with CoBank will expire on September 30, 2023. The process to renew will begin in the 1<sup>st</sup> quarter of 2023.

Potential Land Sale – L. Goodhue updated the Board on the potential sale of a parcel of land located adjacent to the Distribution facility in Merrimack. The land is located outside of the watershed. He said that the lawyer for the potential buyer has indicated that they may have some issues with the deed restrictions. In addition, D. Ware indicated that current zoning for the property prohibits the building of apartments or condos, which prohibition the Company prefers would stay in place. After a brief discussion, the Board concurred with management to not agree to any changes in the deed restrictions or current zoning. L. Goodhue indicated that management is waiting on the appraisal of the property.

Pennichuck Water Works, Inc. (PWW) Rate Case – L. Goodhue and D. Ware discussed the PWW rate case, which will be filed sometime next week. The Company will be asking for temporary rates at 7.21% and an overall permanent rate increase of approximately 13.06%. The Company is not asking for any rate structure modifications. A Notice of Intent was filed with the PUC in May, and was communicated to the communities served by PWW, including the City of Nashua, and to the State Senators and Representatives. This will be Pennichuck's first rate case presented before the three new PUC Commissioners.

Water Treatment Plant – L. Goodhue reported that Chris Countie has recently completed an RFP to evaluate enhancements to the Water Treatment Plant. C. Countie said that the 1<sup>st</sup> phase of the RFP is to evaluate the upgrade of chemical feed and storage facilities at the plant. He indicated that four proposals to the RFP were received, and the firm of CDM Smith was chosen. L. Goodhue said that the total project to upgrade the treatment plant could cost up to approximately \$30-\$40 million, which would be financed through a bond issuance, and a step increase would be pursued through the Commission relative to servicing of the debt.

PFAS – L. Goodhue reported that the EPA recently released new drinking water health advisories for PFAS – 0.004 ppt for PFOA and 0.02 ppt for PFOS. These health advisories replace those set in 2016 by the EPA of 70 ppt as a lifetime health advisory level. In New Hampshire, the MCL standards are currently 12 ppt for PFOA and 15 ppt for PFOS. The EPA has indicated that they are working to propose a national drinking water MCL for PFOA and PFOS by the end of the year and anticipates finalizing enforceable standards by the end of 2023.

D. Ware said that testing for these chemicals at the newly released health advisory levels cannot currently be done, and the EPA will not set a standard at a level below detection or achievable treatment levels. He said that the NHDES has indicated that they believe the standard will be set at 4-5 ppt.

There was a discussion regarding the cost to meet a new lower standard. D. Ware indicated that the Company will look at special federal funding options, SRF, or a bond issuance, as a last resort. He said that the Company's testing of the Merrimack River has resulted in 4-7 ppt in the raw water for PFOA and PFOS, which is then treated below detection levels, as a rule.

Regarding possible participation in a class action lawsuit of water providers that are suing manufacturers for PFAS contamination, which was discussed at the Board's May 7 meeting, L. Goodhue reported that samples from Birch Pond, which flows into the Pennichuck Brook, indicated PFOA of 20 ppt and PFOS of 5 ppt. Since the lawsuit covers water users who have been impacted by PFOS only, the results of the Birch Pond test should allow Pennichuck to participate in the suit. It was decided that L. Goodhue will arrange for the Company's environmental attorney to meet with the Board by conference call to discuss the matter.

There was a discussion relative to possible business opportunities for Pennichuck Water Service Corporation when the new standards are set.

July Board Meeting – The Board agreed to cancel the scheduled July Board meeting.

D. Ware, G. Torres, J. Boisvert, C. Howe, T. King, S. Greenwood, A. Brown, C. Countie, D. Wojcik and L. Douglas left the meeting at 10:38 a.m.

Move to Non-Public Session

J. McGrath moved that the Board enter into non-public session to discuss the promotion or compensation of employees pursuant to RSA 91-A:3, II(a), and to discuss matters, which if discussed in public, would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c). D. Bernier seconded the motion.

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

Yea: D. Bernier, G. Bower, A. Corriveau, J. Dore, E. Dunn, S. Flegal, S. Genest,  
T. Leonard, J. Lustig, J. McGrath, D. Novotny, S. Pillsbury, P. Stanley  
Nay:

Motion was carried to enter into non-public session at 10:40 a.m.

Reconvene in Public Session

The non-public session ended at 11:12 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(a) and RSA 91-A:3, II(c). J. Lustig seconded the motion. A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, A. Corriveau, J. Dore, E. Dunn, S. Flegal, S. Genest,  
T. Leonard, J. Lustig, J. McGrath, D. Novotny, S. Pillsbury, 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 11:13 a.m.

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