

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF OCTOBER 27, 2023 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, October 27, 2023 at 8:37 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:

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

D. Bernier and D. Novotny stated the reasons they could not attend the meeting in person, that they were alone, and could hear the proceedings.

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  
George Torres, Chief Financial Officer and Treasurer  
Carol Ann Howe, Assistant Treasurer and Corporate Secretary  
Steven Greenwood, IT Director  
Tara King, Revenue and Customer Operations Director  
John Boisvert, Chief Engineer  
Christopher J. Countie, Director, Water Supply and Community Systems  
Alan D. Brown, Manager, Distribution  
Lori Douglas, Corporate Controller  
Jay Kerrigan, Manager Regulatory Affairs, Internal Control and Business Services  
Hannah Marshall, Engineer

Other Attendees:

Brian Law, Director Candidate  
Patricia Klee, Member, Nashua Board of Aldermen

C. Howe 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 September 22, 2023 meeting of the Pennichuck Corporation Board of Directors, on motion duly made by S. Genest and seconded by E. Dunn, all of the Directors then voting by roll call, it was unanimously

Resolved: that the minutes of the September 22, 2023 meeting of the Board of Directors are hereby approved.

### Financial Review – September 2023

L. Douglas presented a financial update through September 2023. She noted that pumpage for the month is still lower than budget by 18% at 353 million gallons compared to 427 million gallons and lower than prior year by 25% at 353 million gallons compared to 468 million gallons. This is due to a continued wet summer season. Capital Expenditures year to date are approximately \$7.3 million compared to \$4.6 million prior year and \$11.7 million budget. L. Douglas indicated capital expenditures will increase significantly in the next few months as most of the work is done in the fourth quarter. Total EBITDA year to date is at \$14.2 million which is relatively flat to budget of \$14.7 million and lower than prior year of \$17.7 million. This variance is primarily driven by a decline in revenues. Revenues are \$40 million compared to prior year of \$44.4 million (which were slightly inflated on a “normalized” basis, due to a one time recoupment earned for PEU in 2022 from its completed 2020 test year rate case). Operating income of \$6.8 million versus budget of \$7.9 million and prior year of \$11 million. Operating expenses of \$33.1 million are almost flat with prior year of \$33.4 million. Other Income of \$568,000 is primarily related to the net income from the sale of land on DW Highway for \$791,000 which netted \$575,000 after transfer taxes, legal costs, etc. Interest expense of \$10.9 million was slightly under budget of \$11.1 million due to the patronage from PEU which is not budgeted.

Looking at the Balance Sheet, current assets are at \$23.2 million of which cash makes up \$12.3 million of that total. Total Long Term Debt is at \$237.3 million which is primarily even with budget. The line of credit balance at September 30 is \$880,000 and we had been in and out of it periodically over the month but typically not for an extended amount of time. The fixed asset line of credit was at \$4.8 million at the end of the month but is anticipated to increase significantly as the capital project activity is continuing to ramp up over the next few months as previously noted. Some discussions ensued between Board Members and management related to cash activity. T. Leonard also took the opportunity to provide for the benefit of Brian Law and Alderman Klee a brief history on the changes that have occurred over the past years in relation to

our rate structure and sources of financing, etc., in order to position the organization for a financially stable future. He briefly indicated how much time management has put in over the past several years in order to position the organization in a manner to have sufficient cash flow for operations. He also indicated that the wet season is what contributed to the current cash flow situation and he wanted to highlight that the Board has been very focused on this issue.

L. Goodhue also took the opportunity to briefly describe the incremental rate structure changes the organization has gone through indicating the focus that has been putting in changes needed to provide a sufficient cash flow for the organization. L. Douglas then turned to the Consolidated Cash Flow Statement noting that Cash and Cash Equivalents were at \$12.3 million as of September 30, compared to a budget of \$17.3 million and prior year of \$13.3 million indicating this is once again driven by the loss in revenues as well as the increase in production expenses.

#### Global Goals and Objectives – 2024 Budget

L. Douglas reviewed the global goals and objectives to be utilized in the 2024 budgeting process. She highlighted several items including the capex planning for a three year period (2024-26), targeted compensation rates, anticipated QCPAC increases and the anticipated impacts of rate case revenues as well as the timing of rate cases and anticipated financings.

#### Dividend to Sole Shareholder

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 J. Lustig, all of the Directors then voting by roll call, it was unanimously

Resolved: that a dividend in the amount of \$69,554.60 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on November 2, 2023.

#### Report of the Nominating and Governance Committee Meeting – October 12, 2023

E. Dunn provided a brief summary of what had occurred at the meeting which was held for the purpose of the Committee interviewing the candidate, Brian Law, for the Board of Director position. As an outcome of that meeting, she directed the Board to the Resolutions that were included in the Agenda indicating they were for the purpose of approving the election of Brian Law to serve as a Class A Director and also the approval of the Special Meeting of the Sole Shareholder and the Proxy Materials as presented in the package provided to the Board prior to the meeting.

On motion duly made by E. Dunn and seconded by A. Corriveau, all of the Directors then voting by roll call, it was unanimously

Resolved: to nominate Brian Law for election to the Pennichuck Corporation Board of Directors at a Special Meeting of Sole Shareholder, to serve as a Class A Director to fill the vacancy resulting from the position previously held by Preston Stanley.

Further

Resolved: to call a Special Meeting of Sole Shareholder on Friday, December 15, 2023 at 8:00 a.m., to be held at the Company's offices at 25 Walnut St., Nashua, NH, for the following purpose: to elect Brian Law to the Pennichuck Corporation Board of Directors as a Class A Director to fill the vacancy resulting from the position previously held by Preston Stanley.

Further

Resolved: that the draft Proxy Card, Notice of Special Meeting of Sole Shareholder and Proxy Statement, as presented and reviewed at this meeting, are hereby approved.

There was a brief discussion with Alderman Klee related to the timing of the Board of Aldermen and Pennichuck Water Special Committee meetings in order to have the Proxy material approved by the City in time for the scheduled Special Meeting of the Sole Shareholder on December 15.

#### Management Presentation and Board Schedule

L. Goodhue provided the 2024 Presentation and Board Meeting Schedule to the Board for their review and approval and asked if there were any comments. G. Bower indicated he would like to have included a presentation on climate change and C. Countie indicated this topic can be covered in the "Water Supply Infrastructure Threats" presentation that is shown in February. It was agreed that the presentation topic would be revised to "Water Supply Infrastructure Threats and Risk System Wide". It was agreed these schedules are adopted by the Board at this time.

#### Business Updates and Comments from CEO

L. Goodhue briefly spoke about changes that may be needed in future years related to the annual financings if changes in the organization's structure were to occur. He highlighted various processes and approvals that are required in the annual bonding process and what changes may be required.

#### Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to discuss financial or confidential information pursuant to RSA 91-A:3, II(j). A. Corriveau seconded the motion.

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

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

Motion was carried to enter into non-public session at 9:40 a.m.

Mr. Law and Alderman Klee left the meeting at 9:40 a.m.

Reconvene in Public Session

The non-public session ended at 11:27 a.m. and the Board reconvened in public session.

S. Genest moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(j). E. Dunn seconded the motion. A roll call of the Directors was taken, which resulted as follows:

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

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

There being no further business to come before the Board, the Chairman adjourned the meeting at 11:28 a.m.

*Carol Ann Howe*

Carol Ann Howe, CPA  
Assistant Treasurer &  
Corporate Secretary