7:00 PM Aldermanic Chamber

1. ROLL CALL

2. PUBLIC COMMENT

3. COMMUNICATIONS

From: John J. Boisvert, Chief Executive Officer
Re: Pennichuck Corporation Revised Quarterly Report to the Sole Shareholder for the Quarter Ended September 30, 2024

From: John J. Boisvert, Chief Executive Officer and Chief Engineer
Re: Notice of Annual Meeting of Sole Shareholder and Proxy Statement; Proxy Card; and Annual Report to the Sole Shareholder

From: John J. Boisvert, Chief Executive Officer and Chief Engineer of Pennichuck
Re: Pennichuck's Audited Consolidated Financial Statements for years ended December 31, 2024 and December 31, 2023

4. UNFINISHED BUSINESS

5. NEW BUSINESS – RESOLUTIONS

6. NEW BUSINESS – ORDINANCES

7. GENERAL DISCUSSION

8. PUBLIC COMMENT

9. REMARKS BY THE ALDERMEN

10. ADJOURNMENT

PENNICHUCK®

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November 22, 2024

Ms. Lori Wilshire
President, Board of Aldermen
City of Nashua
229 Main Street
Nashua, NH 03060

Dear President Wilshire:

Enclosed for your information is the Pennichuck Corporation Revised Quarterly Report to the Sole Shareholder for the Quarter Ended September 30, 2024.

Please contact me at 603-913-2328 if you have any questions relative to these reports.

Sincerely,

John J. Boisvert
Chief Executive Officer

cc. Board of Aldermen
Mayor James Donchess
Steven Bolton, City Corporation Counsel
Dawn Enright, City Chief Financial Officer

PENNICHUCK

Pennichuck Corporation

Quarterly Report to the

Sole Shareholder
(City of Nashua Board of Aldermen)

Quarter Ended September 30, 2024

Executive Summary

- Revenues for the third quarter of 2024 were 18.9% higher than the prior year ($17.3 million versus $14.6 million). Revenues on a year-to-date basis were also higher when compared to prior year ($43.3 million for the nine months in 2024 versus $39.6 million in 2023). This was due to higher consumption during the quarter, coupled with the approved overall increase in water rates of 10.2% for the PWW rate case approved on July 27, 2023, by the NHPUC. Revenues from the unregulated water service business also increased 13.1% on a year-to-date basis due to the addition of the Town of Contoocook Village maintenance contract.

- Operating Income for the third quarter and year-to date 2024, were both higher than the prior year due to the increased revenues, as covered later in this memo, which exceeded the increases in operating expenses year-over-year.

- Pre-Tax Income for the third quarter of 2024 was $2.0 million versus the pre-tax loss of $0.2 for 2023. This is primarily due to the increase in revenues in 2024 over 2023. On a year-to-date basis, the pre-tax loss was $0.6 million for 2024 versus $3.5 million for 2023.

- Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) for the third quarter of 2024 were 50.9% higher than the prior year ($8.6 million versus $5.7 million for 2023). On a year-to-date basis EBITDA was 20.4% higher than the prior year ($17.1 million versus $14.2 million for 2023). In both instances, it was primarily due to the revenue increases as previously noted.

- During the quarter the company paid $2.1 million to the City in principal, interest and dividends to fund the City Acquisition Debt. Year-to-date, the company has paid $6.4 million to the City in principal, interest and dividends to fund the City Acquisition Debt. This is consistent with prior years.

- Capital expenditures for the third quarter of 2024 were $5.6 million compared to $3.8 million in the third quarter of 2023. On a year-to-date basis, capital expenditures for 2024 were $8.8 million compared to $7.3 million in 2023.

We remain focused on the Company's primary mission; in that we continue to provide clean water and excellent service to our customers and operate within the confines of the budgeted and planned levels of operating and capital expenditures.

Unaudited Financial Highlights

Financial highlights on a Generally Accepted Accounting Principles ("GAAP") basis for the third quarter of 2024 as compared to the third quarter of 2023 are as follows:

	Quarter Ended		Year-to-Date (000's)	
	September 30,2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues				
Regulated Utilities	$ 16,680	$ 14,028	$ 41,470	$ 37,991
Other	613	594	1,852	1,637
Total	$ 17,293	$ 14,622	$ 43,322	$ 39,628
Operating Expenses				
Regulated Utilities	$ 11,417	$ 10,699	$ 32,552	$ 31,502
Other	568	482	1,654	1,307
Total	$ 11,985	$ 11,181	$ 34,206	$ 32,809
Operating Income	$ 5,308	$ 3,441	$ 9,116	$ 6,819
Non-Operational Income (Expense)	0	(7)	0	568
Net Interest Expense	(3,292)	(3,646)	(9,738)	(10,854)
Pre-Tax Income (Loss)	$ 2,016	$ (212)	$ (622)	$ (3,467)
Income Tax Benefit (Expense)	(739)	187	(280)	638
Net Income (Loss)	$ 1,277	$ (25)	$ (902)	$ (2,829)
Earnings Before Interest, Taxes, Depreciation and Amortization	$ 8,555	$ 5,690	$ 17,090	$ 14,185

Revenues from water utility operations increased 19.3% in the quarter and 9.2 % on a year-to-date basis, versus last year, as discussed in the "Executive Summary". Revenues from the unregulated water service business also increased 13.1% on a year-to-date basis as previously discussed.

Operating Expenses have increased approximately 4.3% year-over-year. The increase is attributable to inflationary increases in power and purification costs. As well as general administrative costs which include, health and general liability insurance. The variance in costs for the Service Company chiefly relates to contract service requirements associated with the new Town of Contoocook contract.

Operating Income has increased year-over-year as a result of the revenue increase, as previously noted.

Interest Expense decreased year-over-year by 11.0% due to the full amortization of the debt costs associated with the 2014 Bond escrow deposits, at the end 2023. The escrow deposits were required to facilitate the advance refunding of the 2014 & 2015 bonds, which resulted from the issuance of $73.6 million of taxable bonds by Pennichuck Water Works on August 26, 2020.

The income tax provision in the current year reflects the tax treatment for the Municipal Acquisition Regulatory Asset (MARA), as a permanent book to tax difference in deductible amounts. As of the end of the third quarter, the effective tax rate is 44.6% versus the statutory rate provision of 26.9%.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is 20.4% higher than EBITDA for the same period last year due to the increased revenues year-over-year, as previously discussed.

Balance Sheet

	As of September 30, 2024 (Unaudited) (000's)	As of December 31, 2023 (Audited) (000's)
Assets		
Property, Plant & Equipment, Net	$ 260,712	$ 251,517
Current Assets:		
Cash	831	707
Restricted Cash	7,234	9,934
Restricted Cash – Bond Project Funds	-	221
Accounts Receivable	9,534	8,535
Inventory	1,373	1,194
Other Current Assets Note 1	1,439	1,861
Total Current Assets	20,411	22,452
Other Assets:		
Acquisition Premium	58,902	60,646
Other Assets	8,579	8,355
Total Other Assets	67,481	69,001
TOTAL ASSETS	$ 348,604	$ 342,970
Shareholders' Equity and Liabilities		
Shareholders' Equity	$ (11,701)	$ (10,585)
Bonds, Notes and Mortgages	240,809	236,718
Current Liabilities:		
Lines of Credit Note 2	5,341	8,204
Current Portion of Long-Term Debt	7,594	7,399
Other Current Liabilities Notes 3 & 4	7,136	6,629
Total Current Liabilities	20,071	22,232
Other Long-Term Liabilities:		
CIAC, net	61,527	56,961
Deferred Income Taxes	14,118	13,811
Accrued Pension Liability Note 5	4,838	5,018
Other Long-Term Liabilities	18,942	18,815
Total Other Long-Term Liabilities	99,425	94,605
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	$ 348,604	$ 342,970

Notes to Balance Sheet

Note 1 (Other Current Assets) – At September 30, 2024, the balance of $1.4 represents a decrease of $0.9 million from the end of 2023, due to the expensing of prepaid property taxes in the first three quarters of 2024.

Note 2 (Lines of Credit) – At September 30, 2024, $5.3 million of this balance was comprised of the borrowed balance against the Fixed Asset Lines of Credit, which exist for both Pennichuck Water Works and Pennichuck East Utility. These are used to fund Construction Work in Progress on capital projects which will be refinanced into long-term debt obligations or bond indebtedness annually.

Note 3 (Other Current Liabilities) – At September 30, 2024, approximately $3.8 million of this balance is comprised of accounts payable which relates to activities that were performed in the third quarter of 2024.

Note 4 (Other Current Liabilities) – At September 30, 2024, approximately $0.3 million of this balance is comprised of accrued interest. These interest costs are associated with the financed amounts for capital projects which have been incurred for ongoing infrastructure replacement, in conformity with the Company's key mission objectives.

Note 5 (Accrued Pension Liability) – During the first nine months of 2024, $1.0 million was contributed into the Pension Plan, while approximately $942,000 in benefit payments were made to participants and approximately $2,991,000 of investment income and appreciation was earned in the plan.

Unaudited Cash Flow Statement

Cash Flow on a GAAP basis for the third quarter of 2024 as compared to the third quarter of 2023 is as follows:

	(000's)			
	Quarter Ended		Year-to-Date	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Operating Activities:				
Net Income (Loss)	$ 1,277	$ (26)	$ (902)	$ (2,829)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	2,326	2,255	7,338	6,796
Provision for Deferred Taxes	746	(182)	(25)	(615)
Other	(8)	(8)	302	(600)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	927	(444)	(999)	(125)
(Increase) Decrease in Inventory	(76)	26	(179)	(89)
(Increase) Decrease in Other Assets	858	1,840	1,299	3,163
Increase (Decrease) in Accounts Payable	(82)	(1,417)	660	(1,170)
Increase (Decrease) in Other Liabilities	(631)	(860)	(262)	(584)
Net Cash Provided by (Used in) Operating Activities	5,337	1,183	7,232	3,947
Investing Activities:				
Purchases of Property, Plant & Equipment, including the Debt Component of AFUDC	(5,667)	(3,797)	(10,246)	(7,677)
Proceeds from Sale of Property, Plant & Equipment	-	-	-	791
(Increase) Decrease in Restricted Cash	-	-	-	-
Sale of Investment Securities	-	-	-	-
Change in Deferred Land Costs	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(5,667)	(3,797)	(10,246)	(6,886)
Financing Activities:				
Borrowings (Repayments) on Lines of Credit	3,036	2,709	(2,862)	(585)
Payments on Long-term Debt	(2,589)	(2,489)	(6,060)	(6,755)
Contributions in Aid of Construction	18	-	32	222
Proceeds from Long-term Borrowings	-	745	9,707	8,577
Debt Issuance Costs	(20)	(26)	(390)	(332)
Dividends Paid	(69)	(69)	(209)	(209)
Net Cash Provided by (Used in) Financing Activities	376	870	218	918
Increase (Decrease) in Cash and Cash Equivalents	46	(1,744)	(2,796)	(2,021)
Cash and Cash Equivalents at Beginning of Period	8,019	14,050	10,861	14,327
Cash and Cash Equivalents at End of Period	$ 8,065	$ 12,306	$ 8,065	$ 12,306

Financial information is available on the Company's website (www.Pennichuck.com) under the "Management and Financial Information" caption.

Capital Expenditures

Capital Expenditures in the third quarter of 2024 were $5.6 million as compared to $3.8 million in the third quarter of 2023. Major expenditures in 2024 included:

PEU – Londonderry System Improvements	$ 2,014,000
PWW – Bowers Dam Reconstruction	$ 1,351,000
PWW – Newbury Street – Main Replacement	$ 699,000

Consolidated Rate Case & Merger of Subsidiaries–Pennichuck Water Works, Inc. (PWW), Pennichuck East Utilities, Inc. (PEU), and Pittsfield Aqueduct, Inc. (PAC)

On November 21, 2023, the Company's regulated subsidiaries, Pennichuck Water, Pennichuck East, and PAC filed a joint petition with the NHPUC seeking approval of a consolidation of allowed water rates, inclusive of the water rates and revenues for each of the utilities. The proposed structure for the consolidated rates is substantially the same as the current rate structure for Pennichuck Water. Additionally, on December 15, 2023, Pennichuck Water, Pennichuck East, and PAC filed a joint petition with the NHPUC seeking the approval of a merger of these three entities into one surviving entity, Pennichuck Water.

After approvals by the NHPUC, the consolidation of entities and rates would require the approval of the Company's sole stockholder, the City of Nashua and the Company's Board of Directors. Additionally, certain amendments to existing agreements and documents will need to be approved by Pennichuck Water's Board of Directors, as well as the existing lenders to the Company, Pennichuck Water, Pennichuck East, and PAC, all of which has been discussed with the pertinent parties. Final approval by the NHPUC on the proposed consolidation of rates and merger of subsidiaries is expected to be received in late 2024 or early 2025.

Qualified Capital Project Adjustment Charge

Pennichuck Water Works – On February 15, 2024, Pennichuck Water Works filed a petition with the NHPUC for a 2.59% surcharge on all capital improvements completed and placed in service by Pennichuck Water Works in 2023. The Commission has not yet issued an Order approving this requested surcharge. When the Commission issues the Order, the approved surcharge will become effective retroactively on a "services rendered" basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the date of the issuance of bonds on April 25, 2024, and the final effective date of the Order. Final approval by the NHPUC on this QCPAC surcharge is expected to be received in late 2024. And it is anticipated that this surcharge will be billed to customers over a one-to-three-month period following the approval of the recoupment calculation of the approved surcharge.

Pennichuck East Utility – On February 14, 2024, Pennichuck East Utility filed a petition with the NHPUC for a 2.46% surcharge on all capital improvements completed and placed in service by

Pennichuck East Utility in 2023. The Commission has not issued an Order approving this requested surcharge. When the Commission issues the Order, the approved surcharge will become effective retroactively on a "services rendered" basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the date for which the annual long-term debt funding for these projects is closed upon, and the final effective date of the Order. Final approval by the NHPUC on this QCPAC surcharge is expected to be received in late 2024 and will most likely be collected in bills over a three-month period of time.

Financing

Pennichuck Corporation – On, September 27, 2024, the Company's existing $4.0 million Working Capital Line of Credit (WCLOC) with TD Bank, N.A., was renewed and extended to September 30, 2026. This line-of-credit is a type of short-term financing that is periodically drawn upon in support of our business operations.

Pennichuck Water Works - On April 25, 2024, the Company's Pennichuck Water Works, Inc. subsidiary issued approximately $9.5 million of tax-exempt and taxable bonds through the NH Business Finance Authority as reimbursement for its 2023 capital improvements in Pennichuck Water Work's water supply, distribution, and support systems. The bond issuance was approved by the Pennichuck Board of Directors and the Sole Shareholder, as the fourth issuance under its multi-year bonding authority approved by these key stakeholders in 2020. This issuance had previously received NHPUC approval on Order No. 26,459, dated March 2, 2021, which authorized up to $57.5 million in bonds via multiple issuances for the years 2021 – 2025.

Subsequent Events

Pennichuck East Utility – On October 30, 2024, the Company's Pennichuck East Utility, Inc. closed on a term-loan with CoBank, ACB in the amount of $1.9 million, for a term of 25 years. The loan proceeds were used to repay Fixed Assel Line of Credit monies borrowed from CoBank for its 2023 capital improvements in Pennichuck East's water supply, distribution and support systems.

PENNICHUCK®

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VIA HAND DELIVERY

March 28, 2025

Ms. Lori Wilshire, President
Board of Aldermen
City of Nashua
229 Main Street
Nashua, NH 03060

Dear President Wilshire:

On behalf of the Pennichuck Corporation Board of Directors, I am enclosing the following items with respect to the Annual Meeting of Sole Shareholder to be held on Wednesday, May 21, 2025, at 8:30 a.m. (refreshments at 8:00 a.m.) at Pennichuck's Distribution Facility, 16 Daniel Webster Highway, Merrimack, NH.

1. Notice of Annual Meeting of Sole Shareholder and Proxy Statement
2. Proxy Card
3. Annual Report to the Sole Shareholder

Please contact C. George Bower, Chairman of the Board of Directors, or me, if you need further information.

Regards,

John J. Boisvert
Chief Executive Officer and Chief Engineer

cc. Mayor James Donchess
Board of Aldermen
Steven Bolton, Corporation Counsel
Daniel Healey, City Clerk

PENNICHUCK®

PENNICHUCK CORPORATION
25 Walnut Street
Nashua, New Hampshire 03060

NOTICE OF ANNUAL MEETING OF SOLE SHAREHOLDER
To be Held on Wednesday, May 21, 2025, at 8:30 a.m. (8:00 a.m. refreshments) at Pennichuck's Distribution Facility, 16 Daniel Webster Highway, Merrimack, NH

To the City of Nashua, New Hampshire, in its capacity as the Sole Shareholder of Pennichuck Corporation:

In accordance with the By-Laws of Pennichuck Corporation and applicable laws, Pennichuck Corporation hereby provides notice that you are cordially invited to attend the Annual Meeting of Sole Shareholder of Pennichuck Corporation (Annual Meeting). The City of Nashua, New Hampshire, is the Sole Shareholder of Pennichuck Corporation.

The Annual Meeting will be held at Pennichuck's Distribution Facility, 16 Daniel Webster Highway, Merrimack, New Hampshire, on Wednesday, May 21, 2025, at 8:30 a.m (8:00 a.m. refreshments) for the following purpose:

1. To elect five directors, each for a three-year term, and until their successors are elected and qualified.

To facilitate the City's review of the matters to be addressed at the Annual Meeting, the Pennichuck Corporation Board of Directors have approved the delivery of the Proxy Statement attached to this Notice.

By Order of the Board of Directors,

JOHN J. BOISVERT
Chief Executive Officer

Nashua, New Hampshire
March 28, 2025

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PENNICHUCK CORPORATION

25 Walnut Street
Nashua, New Hampshire 03060

PROXY STATEMENT

2025 Annual Meeting of Sole Shareholder

To be Held on Wednesday, May 21, 2025, at 8:30 a.m. at
Pennichuck's Distribution Facility, 16 Daniel Webster Highway, Merrimack, NH

This Proxy Statement is furnished to the City of Nashua, New Hampshire (the "City"), in its capacity as the Sole Shareholder of Pennichuck Corporation ("Pennichuck Corporation" or the "Company"), by the Board of Directors of Pennichuck Corporation, in connection with the solicitation of a proxy to be voted at the Annual Meeting of Sole Shareholder of Pennichuck Corporation (Annual Meeting) for the purpose set forth in the accompanying Notice of Annual Meeting of Sole Shareholder of Pennichuck Corporation.

The Annual Meeting will be held at Pennichuck's Distribution Facility, 16 Daniel Webster Highway, Merrimack, New Hampshire, on Monday, May 21, 2025, at 8:30 a.m.

Matter to be Voted Upon at the Annual Meeting

At the Annual Meeting, the City, in its capacity as the Sole Shareholder of Pennichuck Corporation, is being asked to consider and vote upon the following:

(1) To elect C. George Bower, Amymarie R. Corriveau, Brian H. Law, Jay N. Lustig, and John D. McGrath to the Pennichuck Corporation Board of Directors, as Class A directors, each for a three-year term, and until their successors are elected and qualified.

Voting at the Annual Meeting

Background. Pennichuck Corporation was acquired by the City on January 25, 2012. This acquisition was accomplished pursuant to an Agreement and Plan of Merger reached between the City and Pennichuck Corporation dated November 11, 2010 (the "Merger Agreement"). The transaction, in which the City issued $150.6 million of general obligation bonds to acquire the outstanding stock of Pennichuck Corporation and pay all transaction costs, was authorized by special legislation enacted by the State Legislature in 2007 and 2010. The Mayor and the Board of Aldermen unanimously approved the acquisition pursuant to this special legislation on January 11, 2011. The New Hampshire Public Utilities Commission approved the Merger Agreement on November 23, 2011, concluding that "the transaction is in the public interest and will not have an adverse effect on rates, terms, service, or operation of the utilities."

Corporate Structure. The City is the sole shareholder of Pennichuck Corporation. Pennichuck Corporation is the sole shareholder of two corporate subsidiaries, one of which is a regulated public utility (Pennichuck Water Works, Inc..) and the other that isan unregulated service company (Pennichuck Water Service Corporation).

Election of the Board of Directors. Under this corporate governance system, the City exercises its control over Pennichuck Corporation in its capacity as the Company's Sole Shareholder in accordance with the Articles of Incorporation, the By-Laws and the New Hampshire laws governing business corporations. In accordance with these rules, Pennichuck Corporation's business affairs are managed and overseen by a Board of Directors. One of the most important responsibilities of the City, in its capacity as Sole Shareholder, is to elect members of the Board of Directors from individuals nominated by the Pennichuck Corporation Board of Directors at the Company's Annual Meeting or otherwise in accordance with Pennichuck Corporation's current bylaws.

Voting at the Annual Meeting. It is important to remember that the City itself is the Sole Shareholder, not any individual person who may hold an office with the City. The City must exercise its responsibilities as Sole Shareholder through public meetings of the City's Board of Aldermen and Mayor, acting in accordance with applicable New Hampshire laws and the provisions of the City Charter. As a municipal entity, the City is not typically in a position to "attend" an annual meeting, or any other meeting of the Sole Shareholder, "in person."

Traditional corporate law principles provide a ready solution for this type of "institutional" voting of shares. As the Sole Shareholder, the City may review the proposed vote and take action at appropriate City meetings determined by the City. The City may then either designate an individual person to attend the Annual Meeting in person with the authority to vote the City's shares in accordance with the City's determination, or the City may vote its shares by proxy.

To facilitate these options, the Pennichuck Corporation Board of Directors has prepared this Proxy Statement which contains details of the business to be conducted at the Annual Meeting. If the City determines to vote its shares by proxy, it should cause the enclosed proxy card to be completed and returned to Pennichuck Corporation prior to the Annual Meeting. By executing the enclosed proxy card, the City will be designating the actions it has determined to take with respect to the matters to be heard at the Annual Meeting and will be authorizing the officers of the Company named on the proxy card to act as the City's proxy to vote on the City's behalf at the Annual Meeting in accordance with the instructions set forth on the proxy card.

Corporate Governance Matters

Current Board of Directors. The Pennichuck Corporation Board of Directors is divided into three classes, each class serving for three years following their election and until their successors have been elected and qualified.

The maximum number of Directors is currently fixed at fifteen, but there are currently only thirteen directors serving on the Board. Of the thirteen current directors, six have terms ending in 2025 (Class A), four have terms ending in 2026 (Class B), and three have terms ending in 2027 (Class C).

The current members of the Company's Board of Directors are as follows:

Term Expiring 2025 Class A	Term Expiring 2026 Class B	Term Expiring 2027 Class C
C. George Bower	Elizabeth A. Dunn	Sarah Pillsbury
Amymarie R. Corriveau	H. Scott Flegal	Scott A. Cote
Brian H. Law	Ralph Jenkins	Ronald J. Houle
Jay N. Lustig	Deborah B. Novotny	
John D. McGrath		
Lori Wilshire*		

*Pursuant to the current bylaws of Pennichuck Corporation, Lori Wilshire was appointed to join the Board of Pennichuck Corporation as of March 1, 2025. Her appointment to Class A is requested to be confirmed by this proxy process so that her three year term will coincide with the rest of the Class A Board members.

The Board of Directors is recommending that the Sole Shareholder re-elect C. George Bower, Amymarie R. Corriveau, Brian H. Law, Jay N. Lustig, John D. McGrath, and Lori Wilshire to the Board in Class A. The Board intends to fill the remaining vacancy in Class C at a later date. Additionally, in accordance with the current bylaws of Pennichuck Corporation, it is anticipated that another Class A board position will be filled upon nomination of a candidate for such position by the Mayor of the City of Nashua and election by the City.

Board Meetings, Committee Meetings and Attendance. In 2024, the Company's Board of Directors held 13 Board meetings and 14 Committee meetings. Each current member of the Board attended a majority of the total number of meetings of the Board of Directors and the number of meetings of all Committees of the Board on which they served. All but four members of the Board of Directors attended the 2024 Annual Meeting of Sole Shareholder.

Board Compensation. In 2024, each director received an annual retainer of $12,000. Scott A. Cote and Ronald J. Houle, who joined the Board on May 4, 2024, received $8,000 in compensation for their services as a director.

Annual Performance Evaluation. The Board of Directors conducts an annual self-evaluation of the Board and its Committees to determine whether they are functioning effectively. Each Committee is also required to evaluate their performance.

Corporate Code of Conduct. The Company has adopted a written Corporate Code of Conduct that applies to its directors, officers and employees. A current copy of the Corporate Code of Conduct can be found on the Company's website at www.pennichuck.com, under the "Board of Directors – Meetings, Minutes and Corporate Governance" caption.

Board Committees. The Board of Directors has established three standing committees: Audit, Finance and Risk Committee, Compensation and Benefits Committee, and Nominating and Governance Committee.

Each Committee has adopted a written Charter which sets forth its purpose, membership, duties and responsibilities. A copy of each Charter can be found on the Company's website at www.pennichuck.com, under the "Board of Directors – Meetings, Minutes and Corporate Governance" caption.

The current members of the Board Committees are as follows:

Audit, Finance and Risk Committee

Ralph Jenkins, Chair
Amymarie R. Corriveau
H. Scott Flegal
Ronald J. Houle
Brian H. H. Law
John D. McGrath
Deborah B. Novotny

Compensation and Benefits Committee

Jay N. Lustig, Chair
C. George Bower
Scott A. Cote
H. Scott Flegal
Ralph Jenkins
John D. McGrath
Sarah Pillsbury
Lori Wilshire

Nominating and Governance Committee

Elizabeth A. Dunn, Chair
Amymarie R. Corriveau
Scott A. Cote
Brian H. H. Law
Jay N. Lustig
Deborah B. Novotny
Sarah Pillsbury

Audit, Finance and Risk Committee. The Audit, Finance and Risk Committee is responsible for the appointment, compensation and retention of the independent auditors; preapproval of all audit and non-audit services to be provided by the independent auditors; review and approval of all related party transactions; review and evaluation of the qualifications, performance and independence of the lead partner of the independent auditors; oversight of the integrity of the Company's financial statements and internal controls; oversight of Company financing activities; oversight of the policies and procedures established to assess, monitor and control operational and financial risk; and oversight of the Company's insurance programs. The Audit, Finance and Risk Committee held 3 meetings in 2024.

Compensation and Benefits Committee. The Compensation and Benefits Committee is responsible for annually reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; evaluating the Chief Executive Officer's performance in light of those goals and objectives, and determining and recommending to the Board of Directors the Chief Executive Officer's compensation based on evaluation of performance; reviewing and approving executive salaries; reviewing and approving any employment agreements, special compensation and benefits, or severance arrangements as they pertain to executive officers other than the Chief Executive Officer; overseeing the Company's compensation and benefit policies, other than those overseen directly by the Board of Directors; recommending to the Board of Directors the establishment, termination or amendment of existing compensation and employee benefit plans, other than those under the purview of the Board of Directors or other designated committees; and developing a succession plan for the Chief Executive Officer and senior management and making recommendations for succession to the Board of Directors. The Compensation and Benefits Committee held 4 meetings in 2024.

Nominating and Governance Committee. The Nominating and Governance Committee is responsible for identifying individuals qualified to become Board members; recommending to the Board the persons to be nominated by the Board for election as directors at the Annual Meeting; developing and recommending to the Board of Directors a set of corporate governance principles; overseeing an annual self-evaluation of the Board; annually reviewing the Corporate Code of Conduct; and developing and assisting with the policies and strategies of external communications between the Board, the Company and the Sole Shareholder, other stakeholders, and the public. The Nominating and Governance Committee is authorized to retain advisors and consultants and to compensate them for their services. The Nominating and Governance Committee did not retain such advisors or consultants during 2024. The Nominating and Governance Committee held 7 meetings in 2024.

As part of the nomination process, the Nominating and Governance Committee reviewed the current composition of the Board as a whole, reviewed the qualifications and performance of the incumbent directors who are up for re-election to the Board in 2025, discussed recommendations from Board members and management to identify potential director candidates, evaluated the biographical and background information of the potential director candidates if any were suggested. There were no new candidates being considered for election at the meeting.

The Nominating and Governance Committee considers whether to nominate any candidate for director in accordance with the criteria set forth in its Charter, subject to the restrictions set forth in the Company's By-Laws. These criteria include the candidate's integrity, business acumen, knowledge of the Company's business and industry, experience, diligence, conflicts of interest, and the ability to act in the interests of the Sole Shareholder. The Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The backgrounds and qualifications of the Company's directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities.

Senior Management. The members of the Company's Senior Management team are as follows:

John J. Boisvert, ***Chief Executive Officer and Chief Engineer***

Mr. Boisvert has been the Chief Executive Officer of Pennichuck Corporation and its subsidiaries since January 1, 2024. He has been the Chief Engineer of Pennichuck Corporation since 2006. From 2000 to 2006, Mr. Boisvert was Team Leader at Weston & Sampson Engineers; from 1998 to 2000, he was New England Manager at Layne Christensen Company (Geosciences Division); and from 1994 to 1998, he was Project Manager with Hydro Group Inc. Mr. Boisvert holds a Bachelor of Science degree in Civil Engineering from the University of New Hampshire; a Master of Environmental Law & Policy degree from Vermont Law School; and a Master of Science degree in Civil Engineering from the University of New Hampshire. Mr. Boisvert's base annual salary beginning as of January 1, 2025 was $221,482.95.

Donald L. Ware, ***Chief Operating Officer***

Mr. Ware has been the Chief Operating Officer of Pennichuck Corporation since January 27, 2012. He was the Senior Vice President of Operations and Engineering of Pennichuck Corporation from 2004 to January 2012, and Chief Engineer and Vice President from 1995 to 2004. Mr. Ware is also the Chief Operating Officer of Pennichuck Water Works, Inc. and the Company's other water utilities. From 1986 to 1995, Mr. Ware was General Manager for the Augusta Water District in Augusta, Maine. Mr. Ware holds a Bachelor of Science degree in Civil Engineering from Bucknell University and a Master of Business Administration degree from the Whittemore Business School at the University of New Hampshire. Mr. Ware's base annual salary beginning as of January 1, 2025 was $254,401.16.

George Torres, ***Chief Financial Officer and Treasurer***

Mr. Torres has been the Chief Financial Officer of Pennichuck Corporation and its subsidiaries since January 1, 2023. He is also the Treasurer of Pennichuck Corporation since May 2020. Mr. Torres was also the Director of Accounting & Corporate Controller of Pennichuck Corporation from 2015 to 2022, and the Corporate Accounting Manager from 2006 to 2015. Prior to joining Pennichuck Corporation he held Controller and Senior Accounting positions for several companies in the human resource, retail, energy services, and manufacturing sectors. Mr. Torres holds a Bachelor of Science in Accounting from Montclair State University. Mr. Torres' base annual salary beginning as of January 1, 2025 was $193,718.20.

Summary of Proposal to be Voted Upon at the Annual Meeting

PROPOSAL 1 - ELECTION OF DIRECTORS

On March 28, 2025, the Company's Board of Directors took action to recommend that the Sole Shareholder elect to the Pennichuck Corporation Board of Directors, as Class A Directors, each for a three-year term, and until their successors are elected and qualified.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE FIVE NOMINEES DESCRIBED BELOW AND REQUESTS CONFIRMATION OF THE APPOINTMENT OF LORI WILSHIRE TO CLASS A .

Information regarding the professional backgrounds for each nominee follows.

Nominees for Director:

C. George Bower
(Director Since: November 2014)

Dr. Bower has been the Principal of ESRA Consulting, LLC, a professional consulting practice concentrated on the development of safety, health and environmental programs, from 1994 to present. From 1992 to 1994, Dr. Bower was President of National Soils, Inc., an applied technology company specializing in the development and management of industrial facilities and waste treatment operations. He was Senior Associate and Chief Scientist of Environmental Science and Engineering, Inc. from 1988 to 1992. Dr. Bower holds a Bachelor of Science degree in Social Sciences from Lock Haven University; a Master's degree in Transportation Safety from the University of Central Missouri; and a Ph.D. from Michigan State University. In 2018, he was elected as Moderator of the Souhegan Cooperative School District.

Amymarie R. Corriveau
(Director Since: May 2022)

Ms. Corriveau has been the President of Trinnex, Inc., a subsidiary of CDM Smith, Inc., since the company's inception in January 2022. From 2000 to 2021, Ms. Corriveau held a number of positions with CDM Smith (an engineering and construction firm), including Vice President, Director of Digital Solutions (2020 to 2021), Director of Emerging Business Development (2018 to 2020), Director of Project Planning and Analysis for Business Technology (2015 to 2020), and Management Consultant (2000 to 2017). Prior to joining CDM Smith in the fall of 2000, Ms. Corriveau worked as an environmental engineer for Black & Veatch. Ms. Corriveau holds a Bachelor of Science degree in Hydrology from the University of New Hampshire, and a Masters of Engineering degree in Civil and Environmental Engineering from the Massachusetts Institute of Technology. In addition to her technical role at CDM Smith, Ms. Corriveau serves in numerous leadership positions within industry organizations, such as the Water Environment Federation, Water Research Foundation, and American Water Works Association.

Jay N. Lustig
(Director Since: January 2012)

Mr. Lustig is currently the Maritime Domain Business Operations Principal at the MITRE Corporation in Bedford, Massachusetts, a not-for-profit corporation that operates 6 Federally Funded Research and Development Centers for the U.S. Government. Mr. Lustig has C-Level management experience working with a variety of engineering disciplines with a primary focus on research and development. He has extensive experience working government programs and contracts. A former financial advisor, Mr. Lustig also possesses a deep understanding of the financial and business aspects that are unique to Pennichuck Corporation. A graduate of the Isenberg School of Management at the University of Massachusetts, Amherst, Jay and his wife have been residents of Nashua since 1984.

John D. McGrath
(Director Since: January 2012)

Mr. McGrath has served as President of Methuen Construction, Plaistow, NH, since December 2024. Prior to that, he served as Vice President of Construction Operations from April 2019 to December 2024. He was a Project Executive for Methuen Construction from 2016 to April 2019, and a Project Manager from 2007 to 2016. From 1999 to 2007, Mr. McGrath was a Project Engineer for Barletta Engineering Corporation in Canton, MA. Mr. McGrath has spent more than 25 years managing projects specifically related to the rehabilitation, upgrade and construction of water and wastewater facilities. Mr. McGrath holds a Bachelor of Science degree in Civil and Environmental Engineering from Northeastern University.

Brian H. Law
(Director Since: December 2023)

Mr. Law is the CEO/President (5th Generation) of The Law Family Companies/Law Logistics. The Law Family Companies have been in business in Nashua since 1882. Today the Law Family Companies encompasses seven businesses operating in Maine, New Hampshire and Vermont: Law Motor Freight and Heavy Duty Truck & Diesel Service, Law Warehouses, BSP Trans, Able Moving & Storage, Law Realty and State Street Realty. Mr. Law holds a Bachelor of Arts Degree in Business Administration from Northeastern University with Majors in Transportation and International Business as well as a Master's in Business Administration from Boston University. Mr. Law is currently the Trustee, Edgewood Cemetery, Nashua, NH; Trustee, Nashua Airport Authority; Past President, Rotary Club of Nashua, NH (2000-2001 and 2023-2024); Director, New Hampshire Motor Transport Association. Mr. Law formerly served as Director/Board President, Nashua Chamber of Commerce and was named the 2024 Greater Nashua Chamber of Commerce Citizen of the Year.

PENNICHUCK®

PROXY CARD
PENNICHUCK CORPORATION

PROXY for Annual Meeting of Sole Shareholder - May 21, 2025

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The Sole Shareholder, the City of Nashua, New Hampshire, hereby appoints JOHN J. BOISVERT or DONALD L. WARE, as proxies to represent and vote as designated hereon, all shares of common stock of Pennichuck Corporation (the "Company") which the Sole Shareholder would be entitled to vote if personally present at the Annual Meeting of Sole Shareholder of the Company to be held on Wednesday, May 21, 2025, at 8:30 a.m., at the Company's Distribution Facility, 16 Daniel Webster Highway, Merrimack, New Hampshire. The shares represented by this proxy will be voted as directed by the Sole Shareholder.

The Board of Directors recommends a vote FOR all nominees named in Proposal 1.

Proposal 1:

(a) elect C. George Bower, Amymarie R. Corriveau, Brian H. Law, Jay N. Lustig and John D. McGrath to the Pennichuck Corporation Board of Directors, as Class A directors, each for a three-year term, and until their successors are elected and qualified; and

	For	Against
C. George Bower	☐	☐
Amymarie R. Corriveau	☐	☐
Brian H. Law	☐	☐
Jay N. Lustig	☐	☐
John D. McGrath	☐	☐

(b) appoint Lori Wilshire to Class A for a three-year term to coincide with the other Class A Members recommended above.

For	Against
☐	☐

Authorized Signature:

CITY OF NASHUA, NEW HAMPSHIRE (Sole Shareholder)

By: ______________________________ Date: ____________________

Name: ____

Title: ____

This Proxy Card is Valid Only When Signed and Dated

PENNICHUCK®

March 28, 2025

ANNUAL REPORT TO THE SOLE SHAREHOLDER

Dear Shareholder:

The Annual Meeting of Pennichuck Corporation ("Pennichuck" or the "Company") will be held at 8:30 a.m. (refreshments at 8:00 a.m.) on Wednesday, May 21, 2025, at the Company's Distribution Facility, 16 Daniel Webster Highway, Merrimack, New Hampshire.

Background on the City's Acquisition and Our Corporate Structure. The City's acquisition of the shares of Pennichuck Corporation was completed on January 25, 2012. As part of the acquisition, the corporate structure of Pennichuck Corporation and its subsidiaries was retained. Under the structure, the City of Nashua is the sole shareholder of Pennichuck Corporation. Under the Company's By-Laws, the City in its capacity as shareholder makes its decisions through actions by its Board of Aldermen, in accordance with the City's Charter. No single person – the Mayor or any individual member of the Board of Aldermen – is him or herself a shareholder; rather, the entity of the City itself is the sole shareholder of Pennichuck Corporation represented by the Board of Aldermen and the Mayor.

Prior to March 1, 2025, Pennichuck Corporation owned five corporate subsidiaries, including three regulated utilities Pennichuck Water Works, Inc. (PWW), Pennichuck East Utility, Inc. (PEU), and Pittsfield Aqueduct Company, Inc. (PAC), an unregulated service company Pennichuck Water Service Corporation (PWS), and a former land-holding company The Southwood Corporation (TSC). On March 1, 2025, the three regulated subsidiaries were consolidated with PWW as the sole surviving utility, as further described in the section below *"Consolidated Rate Case & Merger of Subsidiaries–Pennichuck Water Works, Inc. (PWW), Pennichuck East Utilities, Inc. (PEU), and Pittsfield Aqueduct, Inc. (PAC)"*

As unanimously approved by the City's Board of Aldermen at the time of the acquisition, the corporate structure was retained for several reasons.

First, the City's Mayor and Board of Aldermen desired to maintain some stability and continuity for all of the customers and employees of the Pennichuck companies. Retaining the existing corporate structure minimized the need for any radical changes to the utility companies and operations and encouraged support by all of the communities served by the utilities.

Second, retaining the corporate structure provided continuity for the regulatory and financial status of the companies and their respective businesses. The New Hampshire Public Utilities Commission continues to provide regulatory oversight for the utility companies, and banks, lenders and other contract parties continue to be able to rely on existing contracts and other rules with respect to financing and other operations.

Third, the Mayor and Board of Aldermen unanimously agreed to establish a corporate governance system for the purposes of managing Pennichuck Corporation. This corporate governance system relies upon well-established principles of corporate law and is established pursuant to Pennichuck Corporation's Articles of Incorporation and By-Laws, as adopted by the City and the Company at the time of the acquisition pursuant to the Merger Agreement.

This well-known corporate governance model, which incorporates well-established principles regarding fiduciary obligations of board members, was structured to provide assurances to the City's rating agencies, potential lenders, the New Hampshire Public Utilities Commission, and the many communities we serve that decisions are based on sound business and financial analysis, and in a manner that minimizes political considerations.

Operations, Communities and Customers. Our companies provide water service to a wide range of communities and customers. The following section describes the five subsidiaries under Pennichuck Corporation, prior to March 1, 2025.

Pennichuck Water Works, Inc. (hereinafter referred to in this report as "Pennichuck Water Works") provides water service to approximately 30,050 customers in 11 communities which include Amherst, Bedford, Derry, Epping, Hollis, Merrimack, Milford, Nashua, Newmarket, Plaistow and Salem.

Pennichuck East Utility, Inc. (hereinafter referred to in this report as "Pennichuck East Utility") provides water service to approximately 9,191 customers in 19 communities which include Atkinson, Barnstead, Bow, Chester, Conway, Derry, Exeter, Hooksett, Lee, Litchfield, Londonderry, Middleton, Pelham, Plaistow, Raymond, Sandown, Tilton, Weare and Windham9 Pittsfield Aqueduct Company, Inc. (hereinafter referred to in this report as "Pittsfield Aqueduct") provides water service to approximately 650 customers in Pittsfield.

*Pennichuck Water Service Corporatio*n (hereinafter referred to in this report as the "Service Company") provides service in connection with the management of water operations services for 1 community; water operations, billing, collection, and customer services for 3 communities; billing services for 4 communities; and water meter testing services, as well as contracted water services at various levels, for approximately 67 small independently owned water systems.

The Southwood Corporation previously owned various parcels of land in the Town of Merrimack, which were all transferred to ownership by Pennichuck Corporation as of the end of 2019. Since that time Southwood had remained as a "corporate shell" due to its inactive status, until its dissolution on February 24, 2025.

"The Company's mission is to be a premier supplier of water in New Hampshire by providing reliable, high quality and affordable water in sufficient quantities, and be New England's premier supplier of water related contract services by providing high quality solutions to meet our customers' needs."

Strategies supporting the corporate mission have been developed relative to our water resources, employees, financing, customer services and Company assets. These strategies are available on the Company's website, www.pennichuck.com, under the "Management and Financial Information" caption, and the sub-caption of "Strategic Plan."

The Company currently has 140 employees. The employees are committed to supporting the Company's mission. Each of our managers has goals and objectives to support the strategies supporting the mission. Pennichuck is an Equal Opportunity/Affirmative Action Employer. It is the policy of the Company to hire, train, promote, and otherwise provide terms and conditions of employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, ancestry, age, marital status, pregnancy, disability, or veteran status. All employment and promotion decisions are based solely on valid requirements, in accordance with the principles of equal employment opportunity and affirmative action.

Financial Performance During the Last Year.

($ Millions)	4th Quarter		Year-to-Date	
	2024	2023	2024	2023
Revenues	$13.5	$12.7	$56.8	$52.3
Operating Expenses	(11.8)	(11.1)	(46.0)	(43.9)
Operating Income	1.7	1.6	10.8	8.4
Interest Expense	(3.4)	(3.7)	(13.1)	(14.6)
Other Income	0.0	0.0	0.0	0.6
Pre-Tax Income (Loss)	(1.7)	(2.1)	(2.3)	(5.6)
Income Tax Provision (Benefit)	5.7	(0.1)	5.9	(0.6)
Net Income (Loss)	(7.4)	(2.2)	(8.2)	(5.0)
Dividends Paid to the Shareholder	0.1	0.1	0.3	0.3
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	3.3	3.1	20.3	18.2

- Consolidated revenues for the fourth quarter increased by $0.8 million from $12.7 million in 2023 to $13.5 million in 2024.

- Consolidated year-to-date revenues increased by $4.5 million, from $52.3 million in 2023 to $56.8 million in 2024. Year-to-date revenues from the regulated utilities increased primarily due to the full-year impact of Pennichuck Water Works, Inc.'s rate increase, approved by the PUC on July 27, 2023, under Order No. 26,862. Additionally, the Service Company's 2024 revenues increased $0.2 million due the contract service requirement associated with the new Town Contoocook contract, which became effective on January 1, 2024.

- Consolidated operating expenses for 2024 increased by $2.1 million, or 5.0%, compared to 2023. This rise was primarily driven by higher production costs for fuel and power, along with increased benefit costs and insurance expenses.

- Interest expense decreased in 2024 when compared to 2023 due to the decrease in debt amortization costs associated with the write-off to maturity of the 2014 escrow deposits, which were required to facilitate the advanced refunding of the existing debt. This was the direct result of the issuance of $73.6 million of taxable bonds by Pennichuck Water Works in September of 2020.

- Pre-tax loss for the fourth quarter decreased to $1.7 million in 2024 versus $2.1 million in 2023, due to the increase in quarterly revenues as noted above.

- The pre-tax loss for the year decreased to $2.3 million in 2024, from $5.6 million in 2023, or 58.9%. This was due to the overall increase in revenues, as previously discussed.

- Dividends paid to the sole shareholder in both 2024 and 2023 were consistent with and were paid pursuant to the CBFRR structure provided for in the New Hampshire Public Utilities Commission's Order approving the City's ownership of the Company.

- The Income Tax Provision in the current year reflects the tax accounting for the amortization of the Municipal Acquisition Regulatory Asset, which is not deductible for tax purposes, and as such, constitutes a permanent difference in the deductibility of those amortization expenses for tax purposes, as opposed to their inclusion in the GAAP based financial statements. As such, the year-to-date results reflect a tax provision of approximately -276% of pre-tax income for 2024, as compared to the statutory tax rate expense of 26.93%. This was chiefly due to the inclusion of a $5.6M valuation adjustment on corporate net operating losses, related to the expiration of deductibility for income tax purposes.

- Earnings Before Interest, Taxes, Depreciation and Amortization increased in the fourth quarter from $3.1 million in 2023 to $3.3 million in 2024, or 6.5%, due to the increase in quarterly revenues, as noted above.

- Earnings Before Interest, Taxes, Depreciation and Amortization for the full year 2024 increased from 2023 by approximately $2.1 million, or 11.5%, again due to increased revenues year-over-year.

Unaudited Cash Flow Statement

Cash Flow on a GAAP basis for the fourth quarter of 2024 as compared to the fourth quarter of 2023, and the year-to-date 2024 versus 2023, are as follows:

	($000's)			
	Quarter Ended		Year-to-Date	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Operating Activities:				
Net Income (Loss)	$ (7,260)	$ (2,189)	$ (8,162)	$ (5,018)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	2,181	2,409	9,519	9,205
Provision for Deferred Taxes	5,720	2	6,022	(613)
(Gain) on Disposition of Property	333	0	333	(575)
Other	(8)	(8)	(33)	(33)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	711	(69)	(287)	(194)
(Increase) Decrease in Inventory	(12)	(114)	(192)	(203)
(Increase) Decrease in Other Assets	653	676	1,952	3,839
Increase (Decrease) in Accounts Payable	241	1,011	902	(159)
Increase (Decrease) in Other Liabilities	(51)	161	(314)	(423)
Net Cash Provided by (Used in) Operating Activities	2,508	1,879	9,740	5,826
Investing Activities:				
Purchases of Property, Plant & Equipment, including the Debt Component of AFUDC	(5,116)	(4,552)	(15,362)	(12,229)
(Increase) Decrease in Restricted Cash/Investments	0	0	0	0
Proceeds from Sale of Property	0	0	0	791
Change in Deferred Land Costs	0	0	0	0
Net Cash Provided by (Used in) Investing Activities	(5,116)	(4,552)	(15,362)	(11,438)
Financing Activities:				
Borrowings (Repayments) on Line of Credit	3,492	2,543	630	1,958
Payments on Long-term Debt	(1,346)	(1,286)	(7,406)	(8,038)
Contributions in Aid of Construction	15	42	47	261
Proceeds from Long-term Borrowings	1,936	8	11,643	8,585
Debt Issuance Costs	(17)	(10)	(407)	(342)
Dividends Paid	(69)	(69)	(278)	(278)
Net Cash Provided by (Used in) Financing Activities	4,011	1,228	4,229	2,146
Increase (Decrease) in Cash and Cash Equivalents	1,403	(1,445)	(1,393)	(3,466)
Cash and Cash Equivalents at Beginning of Period	8,065	12,306	10,861	14,327
Cash and Cash Equivalents at End of Period	$ 9,468	$ 10,861	$ 9,468	$ 10,861

Unaudited Balance Sheet ($000's)

	As of December 31, 2024	As of December 31, 2023
Assets		
Property, Plant & Equipment, Net	$ 266,865	$ 251,516
Current Assets:		
Cash	304	707
Restricted Cash [Note 1]	8,930	9,933
Investments – Bond Project Funds	234	221
Accounts Receivable [Note 2]	8,823	8,535
Inventory	1,386	1,194
Other Current Assets [Note 3]	1,620	1,862
Total Current Assets	21,297	22,452
Other Assets:		
Acquisition Premium [Note 4]	58,318	60,646
Other Assets	7,688	8,355
Total Other Assets	66,006	69,001
TOTAL ASSETS	$ 354,168	$ 342,969
Shareholders' Equity and Liabilities		
Shareholders' Equity	$ (19,012)	$ (11,481)
Bonds, Notes and Mortgages [Note 5]	241,464	236,718
Current Liabilities:		
Lines of Credit	8,833	8,204
Current Portion of Long-Term Debt	7,832	7,399
Other Current Liabilities	7,990	6,629
Total Current Liabilities	24,655	22,232
Other Long-Term Liabilities:		
CIAC, net	64,507	56,961
Deferred Income Taxes	19,853	14,707
Accrued Pension Liability [Note 6]	3,542	5,018
Other Long-Term Liabilities	19,159	18,814
Total Other Long-Term Liabilities	107,061	95,500
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	$ 354,168	$ 342,969

Notes to Balance Sheet

Note 1 (Restricted Cash) – At December 31, 2024, the balance of $8.9 million represents a decrease of $1.0 million from the end of 2023, mainly due to the variation in revenue and operating expense levels recognized for the year-to-date.

Note 2 (Accounts Receivable) – At December 31, 2024, the balance in Accounts Receivable increased approximately $0.3 million from the year-end total at December 31, 2023 of $8.8 million. Attributed to the year-over-year revenue increase, as previously discussed.

Note 3 (Other Current Assets) – At December 31, 2024, approximately $0.9 million of this balance is comprised of prepaid property taxes, which will be expensed in the first quarter of 2025, relating to taxes paid in November and December of 2024 for the second half of the property tax year ended March 31, 2024.

Note 4 (Acquisition Premium) – In accordance with GAAP, the Acquisition Premium is being written-off over the 30-year life of the principal of the City Acquisition Debt. This amortization will continue until the full value of this asset is written off in January 2042.

Note 5 (Bonds, Notes and Mortgages) – At December 31, 2024, the balance in Bonds, Notes and Mortgages increased approximately $4.7 million from the year-end total at December 31, 2023 of $236.7 million. This is mainly attributed to additional financed amounts for capital projects which have been incurred for ongoing infrastructure replacement in conformity with the Company's key mission objectives.

Note 6 (Accrued Pension Liability) – During 2024, approximately $1.4 million was contributed into the Pension Plan, while approximately $1.2 million in benefit payments were made to participants, and approximately $1.9 million of investment gains were recorded, attributed to changes in market values.

Capital Expenditures

Capital expenditures in the fourth quarter of 2024 were $5.8 million compared to $4.7 million in the fourth quarter of 2023. For the year 2024, capital expenditures were $14.6 million as compared to $12.0 million in 2023.

The major expenditures for 2024 were as follows:

Bowers Dam Spillway – Pennichuck Water Works	$3,542,202
Londonderry System Improvements – Pennichuck East Utility	$2,600,233
Newbury Street Main Replacement – Pennichuck Water Works	$843,556
Dexter Street. Main Replacement – Pennichuck Water Works	$774,541
West Hollis & Main St Intersection – Pennichuck Water Works	$593,485

Rate Case Activity

Consolidated Rate Case & Merger of Subsidiaries–Pennichuck Water Works, Inc. (PWW), Pennichuck East Utilities, Inc. (PEU), and Pittsfield Aqueduct, Inc. (PAC)

On November 21, 2023, the Company's regulated subsidiaries, Pennichuck Water (PWW), Pennichuck East Utilities (PEU), and Pittsfield Aqueduct (PAC) filed a joint petition with the NHPUC seeking approval of a consolidation of allowed water rates, inclusive of the water rates and revenues for each of the utilities. The proposed structure for the consolidated rates is the same as the current rate structure for PWW. Additionally, on December 15, 2023, PWW, PEU, and PAC filed a joint petition with the NHPUC seeking the approval of a merger of these three entities into one surviving entity, Pennichuck Water Works.

On January 28, 2025, the NHPUC issued Order No. 27,098 in docket DW 23-101 approving the Mergers and an associated consolidated tiered rate structure for all customers of PWW, PEU, and PAC as presented in the Settlement Agreement (the "NHPUC Mergers Order"). Prior to the issuance of the NHPUC Mergers Order, PWW, PEU, and PAC obtained approvals from the City of Nashua, lenders or contracting parties as necessary for the Mergers. This order became effective March 1, 2025.

Financing

Pennichuck Water Works

On April 25, 2024, the Company's Pennichuck Water Works, Inc. subsidiary issued approximately $9.5 million of tax-exempt and taxable bonds through the NH Business Finance Authority as reimbursement for its 2023 capital improvements in Pennichuck Water Work's water supply, distribution, and support systems. The bond issuance was approved by the Pennichuck Board of Directors and the Sole Shareholder, as the fourth issuance under its multi-year bonding authority approved by these key stakeholders in 2020. This issuance had previously received NHPUC approval on Order No. 26,459, dated March 2, 2021, which authorized up to $57.5 million in bonds via multiple issuances for the years 2021 – 2025.

Pennichuck East Utility

On October 30, 2024, the Company's Pennichuck East Utility, Inc. closed on a term-loan with CoBank, ACB in the amount of $1.9 million, for a term of 25 years. The loan proceeds were used to repay Fixed Assel Line of Credit monies borrowed from CoBank for its 2023 capital improvements in Pennichuck East's water supply, distribution, and support systems.

Qualified Capital Project Adjustment Charge (QCPAC)

Pennichuck Water Works

On February 15, 2024, Pennichuck Water Works filed a petition with the NHPUC for a 2.29% surcharge on all capital improvements completed and placed in service by Pennichuck Water Works in 2023. The order will allow recoupment of the surcharge for all its customers based on their actual bill incurred between the services rendered date and final effective date of the Order. NHPUC approval is expected in mid-2025 as stated in Order No. 27,098.

On March 31, 2025, Pennichuck Water Works will file a petition with the NHPUC for a 2.48% surcharge on all capital improvements completed and placed in service by Pennichuck Water Works, Pennichuck East Utilities and Pittsfield Aqueduct in 2024. The Commission has not issued an Order approving this requested surcharge. When the Commission issues the Order, the approved surcharge will become effective retroactively on a "services rendered" basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the services rendered date and the final effective date of the Order. Final approval by the NHPUC on this QCPAC surcharge is expected to be received in late 2025.

Pennichuck East Utility

On February 15, 2024, Pennichuck East Utility filed a petition with the NHPUC for a 2.18% surcharge on all capital improvements completed and placed in service by Pennichuck Water Works in 2023. The order will allow recoupment of the surcharge for all its customers based on their actual bill incurred between the services rendered date and final effective date of the Order. Once an approved order is received from the NHPUC, it will then be merged and consolidated into PWW's existing rates which were approved and authorized by the NHPUC on January 28, 2025 under Order No. 27,098 in docket DW 23-101. Which ordered the consolidation of the three regulated utilities, PWW, PEU and PAC, inclusive of their rates into a new tiered structure. NHPUC approval is expected in mid-2025.

Other Events

PFOA Contamination Issues

The Company continues to work with the NHDES as it relates to PFAS issues that are continuing and expanding in southern NH. This includes situations that have evolved in municipal systems immediately adjacent to the Company's service areas, in the communities of Hudson and Merrimack, as well as communities for which the Company owns the public water franchise, such as Londonderry. The overall impact and build-out of the public water distribution system, how that will be constructed, who will ultimately own or supply water into those systems, and the overall cost and timing for those systems to be designed, bid, and built, is yet to be determined. The Company is committed to its ongoing mission, however, in that existing customers would not be burdened with additional costs related to an expansion of the water systems for these impacted communities, as those costs of development would need to be borne by the ultimate owner of that build-out or compensated to the Company for full coverage of those costs. These activities will be completed in accordance with the Company's existing regulated tariffs.

As of March 20, 2024, the EPA has not released a proposal for PFAS Chemicals. The Company is working internally, and with industry experts, to understand the impact of these new standards. The Company will continue to maintain its systems within conformity of existing standards and ultimately adapt to the new standards when established. Existing and future compliance may require additional capital projects to be entered into related to treatment, and/or result in an increase in normal treatment operating costs. It is anticipated that the EPA, will propose a standard for PFOA that is lower than the current State MCL of 12 parts per trillion.

Company Goals – 2025

The Company entered 2025 with the following strategic goals and initiatives that have been used to establish departmental strategies reflective of the desired functions and performance of the Company.

- Banking and Finance Assessments and Optimization Post Merger of PWW, PEU, and PAC
- Water Operations: Operational Compliance and Performance Benchmarking
- Asset Management: System Advancement
- Environmental: Emergency Preparedness Vulnerability Assessment and Planning
- Human Resources: Organizational Development, Training, and Succession Planning
- Communications: External Affairs and Stakeholder Engagement
- Information Systems: Security, Data Structures and System Platforms

Sincerely,

John J. Boisvert
Chief Executive Officer

PENNICHUCK®

25 WALNUT STREET
PO BOX 428
NASHUA, NH 03061-0428

(603) 882-5191
FAX (603) 913-2305

WWW.PENNICHUCK.COM

VIA HAND DELIVERY

March 28, 2025

Ms. Lori Wilshire, President
Board of Aldermen
City of Nashua
229 Main Street
Nashua, NH 03060

Dear President Wilshire:

Enclosed, for your information, is a copy of Pennichuck's Audited Consolidated Financial Statements for the years ended December 31, 2024 and December 31, 2023.

Please contact me if you have any questions.

Regards,

John J. Boisvert
Chief Executive Officer and Chief Engineer

cc. Mayor James Donchess
Board of Aldermen
Steven Bolton, Corporation Counsel
John Griffin, Chief Financial Officer

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

PENNICHUCK CORPORATION AND SUBSIDIARIES

TABLE OF CONTENTS

CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

Independent Auditors' Report

To the Board of Directors and Stockholder
of **Pennichuck Corporation and Subsidiaries:**

Opinion

We have audited the consolidated financial statements of Pennichuck Corporation and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholder's equity (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2023 were audited by Marcum LLP, whose report dated March 26, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

Merrimack, NH
March 27, 2025

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(in thousands, except share data)

	2024	2023
Assets		
Property, Plant and Equipment, net	$ 266,865	$ 251,517
Current Assets		
Cash and cash equivalents	304	707
Restricted cash - RSFs and Restricted Accounts	8,796	9,799
Restricted cash - CIAC	134	134
Restricted cash - Bond Project Funds	234	221
Accounts receivable - billed, net of allowance for credit losses of $56 and $52, respectively	5,300	5,490
Accounts receivable - unbilled, net of allowance for credit losses of $0 and $0, respectively	3,504	3,017
Accounts receivable - other	19	28
Inventory	1,386	1,194
Prepaid expenses	669	930
Prepaid property taxes	943	904
Refundable income taxes	8	28
Total Current Assets	21,297	22,452
Other Assets		
Right-of-use asset	4,545	4,816
Deferred charges and other assets	3,143	3,538
Acquisition premium, net	58,318	60,646
Total Other Assets	66,006	69,000
Total Assets	$ 354,168	$ 342,969

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2024 AND 2023

(In thousands, except share data)

	2024	2023
Stockholder's Deficit and Liabilities		
Stockholder's Deficit		
Common stock; $0.01 par value; 1,000 shares authorized, issued and outstanding	$ --	$ --
Additional paid in capital	30,561	30,561
Accumulated deficit	(50,100)	(41,660)
Accumulated other comprehensive income	527	513
Total Stockholder's Deficit	(19,012)	(10,586)
Long-Term Debt, Less Current Portion and Unamortized Debt Issuance Costs	238,084	233,270
Current Liabilities		
Lines of credit	8,833	8,204
Current portion of long-term debt	7,832	7,399
Current portion of operating lease liability	259	271
Accounts payable	3,989	3,124
Accrued property taxes	4	46
Contract liability	77	76
Accrued interest payable	1,536	1,474
Other accrued expenses	1,011	507
Accrued wages and payroll withholding	320	420
Customer deposits and other	794	712
Total Current Liabilities	24,655	22,233
Other Liabilities and Deferred Credits		
Deferred income taxes	19,853	13,811
Accrued pension liability	3,542	5,019
Unamortized debt premium	3,380	3,448
Deferred investment tax credits	272	305
Regulatory liability	9,869	9,881
Accrued post-retirement benefits	4,441	3,771
Customer advances	84	84
Contributions in aid of construction, net	64,507	56,961
Derivative instrument	5	27
Long-term operating lease liability, net of current portion	4,286	4,545
Other long-term liabilities	202	200
Total Other Liabilities and Deferred Credits	110,441	98,052
Total Stockholder's Deficit and Liabilities	$ 354,168	$ 342,969

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands)

	2024	2023
Operating Revenues	$ 56,880	$ 52,637
Operating Expenses		
Operations and maintenance	30,290	28,521
Depreciation and amortization	9,410	9,095
Taxes other than income taxes	6,276	6,654
Total Operating Expenses	45,976	44,270
Operating Income	10,904	8,367
Interest expense	(13,093)	(14,617)
Other, net	19	588
Loss Before (Provision) Benefit for Income Taxes	(2,170)	(5,662)
(Provision) Benefit for Income Taxes	(5,992)	643
Net Loss	$ (8,162)	$ (5,019)

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In thousands)

	2024	2023
Net Loss	$ (8,162)	$ (5,019)
Other Comprehensive Income (Loss)		
Unrealized gain (loss) on derivatives	41	(2)
Reclassification of net income (loss) realized in net loss	(19)	(15)
Income tax provision relating to other comprehensive income (loss)	(8)	6
Other Comprehensive Income (Loss)	14	(11)
Comprehensive Loss	$ (8,148)	$ (5,030)

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
CURRENT YEAR

FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance as of January 1, 2024	$ 1,000	$ --	$ 30,561	$ (41,660)	$ 513	$ (10,586)
Common dividends declared	--	--		(278)	--	(278)
Net loss	--	--	--	(8,162)	--	(8,162)
Other Comprehensive Income						
Unrealized loss on derivatives, net of taxes of $16	--	--	--	--	25	25
Reclassification of net loss realized in net loss, net of taxes of $8	--	--	--	--	(11)	(11)
Balance as of December 31, 2024	1,000	$ --	$ 30,561	$ (50,100)	$ 527	$ (19,012)

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
PRIOR YEAR

FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands, except per share data)

	Common Stock		Additional		Accumulated Other	
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Comprehensive Income	Total
Balance as of January 1, 2023	1,000	$ --	$ 30,561	$ (36,363)	$ 524	$ (5,278)
Common dividends declared	--	--	--	(278)	--	(278)
Net loss	--	--	--	(5,019)	--	(5,019)
Other Comprehensive Income						
Unrealized loss on derivatives, net of taxes of $0	--	--	--	--	(2)	(2)
Reclassification of net income realized in net loss, net of taxes of $6	--	--	--	--	(9)	(9)
Balance as of December 31, 2023	1,000	$ --	$ 30,561	$ (41,660)	$ 513	$ (10,586)

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In thousands)

	2024	2023
Cash Flows From Operating Activities		
Net loss	$ (8,162)	$ (5,019)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	9,519	9,205
Amortization of debt issuance costs	1,066	3,228
Amortization of deferred investment tax credits	(33)	(33)
Provision for deferred income taxes	6,022	(613)
Gain on disposition of property	333	(575)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable billed, unbilled and other	(287)	(194)
(Increase) decrease in inventory	(192)	(203)
(Increase) decrease in prepaid expenses	220	139
(Increase) decrease in deferred and refundable income taxes	21	(17)
(Increase) decrease in deferred charges and other assets	666	472
Increase (decrease) in accounts payable and deferred revenue	902	(159)
Increase (decrease) in accrued property taxes	(42)	45
Increase (decrease) in accrued interest payable	62	85
Increase (decrease) in other	(355)	(536)
Net Cash Provided by Operating Activities	9,740	5,825
Cash Flows From Investing Activities		
Purchase of property, plant and equipment including debt component of allowance for funds used during construction	(15,362)	(12,228)
Proceeds from sale of property	--	790
Net Cash Used in Investing Activities	(15,362)	(11,438)
Cash Flows From Financing Activities		
Borrowings (payments) on lines of credit, net	630	1,958
Payments on long-term debt	(7,406)	(8,038)
Contributions in aid of construction	47	261
Proceeds from long-term borrowings	11,643	8,585
Debt issuance costs	(407)	(342)
Dividends paid	(278)	(278)
Net Cash Provided by Financing Activities	4,229	2,146
Decrease in Cash, Cash Equivalents and Restricted Cash	(1,393)	(3,467)
Cash, Cash Equivalents and Restricted Cash - Beginning	10,861	14,328
Cash, Cash Equivalents and Restricted Cash - Ending	$ 9,468	$ 10,861

The accompanying notes are an integral part of these consolidated financial statements.

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In thousands)

Supplemental Disclosure of Cash Flow and Non-Cash Items

	2024	2023
Cash Paid During the Year for:		
Interest	$ 11,790	$ 11,541
Income taxes	$ 122	$ 162
Non-Cash Items:		
Contributions in aid of construction	$ 9,240	$ 808
Forgiveness of debt	$ 111	$ 112

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

Pennichuck Corporation ("the Company," "we," or "our") is a holding company head-quartered in Nashua, New Hampshire with five wholly owned operating subsidiaries: Pennichuck Water Works, Inc., ("Pennichuck Water") Pennichuck East Utility, Inc., ("Pennichuck East") and Pittsfield Aqueduct Company, Inc. ("PAC") (collectively referred to as the Company's "utility subsidiaries"), which are involved in regulated water supply and distribution to customers in New Hampshire; Pennichuck Water Service Corporation ("Service Corporation") which conducts non-regulated water-related services; and The Southwood Corporation ("Southwood") which has historically owned several parcels of undeveloped land.

The Company's utility subsidiaries are engaged principally in the collection, storage, treatment and distribution of potable water to approximately 40,000 customers throughout the State of New Hampshire. The utility subsidiaries, which are regulated by the New Hampshire Public Utilities Commission (the "NHPUC"), are subject to the provisions of Accounting Standards Codification ("ASC") Topic 980 "Regulated Operations".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

USE OF ESTIMATES IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, which includes principally the water utility assets of the Company's utility subsidiaries, is recorded at cost plus an allowance for funds used during construction on major, long-term projects and includes property funded with contributions in aid of construction.

Maintenance, repairs and minor improvements are charged to expense as incurred. Improvements which significantly increase the value of property, plant and equipment are capitalized.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents generally consist of cash, money market funds and other short-term liquid investments with original maturities of three months or less.

RESTRICTED CASH – RSFS AND RESTRICTED ACCOUNTS

This restricted cash balance consists of funds maintained for the Rate Stabilization Funds ("RSF"), which was initially established in conformity with the requirements of NHPUC Order No. 25,292, as explained more fully in Note 15 of these consolidated financial statements. The RSF is a set of imprest funds of $5 million in the aggregate, which is subject to funding above or below the imprest fund balance, reflecting actual revenue and/or expense performance as it relates to prescribed revenue and specific expense levels supported by the RSF. The excess or deficient amount (versus the $5 million imprest balances) is subject to return or collection to rate payers over the succeeding three-year period of time, as of the rate order issued with the next promulgated rate case filing. On November 7, 2017, the NHPUC approved and issued Order No. 26,070 which authorized the reallocation of the initial and existing $5,000,000 RSF among the Company's utility subsidiaries. Such that, Pennichuck Water's allocated share of the RSF funds would be $3,920,000, with the remaining balance of $1,080,000 allocated between Pennichuck East and PAC. Rate order No. 26,179, under docket DW 17-128 then allocated $980,000 of the $1,080,000 to Pennichuck East with the remaining $100,000 to PAC (for which the approval to allocate these funds to PAC was approved in November 2021 with rate order No. 26,544, in docket DW 20-153). The purpose for splitting and allocating the original RSF funds amongst the regulated subsidiary companies was to provide additional reserves at the individual entity level, which would aid in ensuring sufficient capital reserve funds are available to each entity Company, to support its operations. For the years ended December 31, 2024 and 2023, the aggregated balances in the RSFs and restricted cash accounts were approximately $8.8 million and $9.8 million, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH – CIAC

This restricted cash balance consists of funds maintained for the income tax impact from Contributions in Aid of Construction ("CIAC"), which was established in conformity with the NHPUC approval provided to the Company's regulated utilities on November 27, 2019. This amendment to the Company's tariffs allows for the recovery from developers and other CIAC contributors, the tax costs needed to fully fund the associated tax liability created from the elimination of an exemption whereby CIAC to water utilities was exempt from taxation, with the passage of the Tax Cuts and Jobs Act of 2017 ("the TCJA"). The Infrastructure Investment and Jobs act of 2021 retroactively made CIAC non-taxable for federal tax, reversing the effect federally of the TCJA, whereas the taxation of CIAC for NH Business Profits Taxes remained in effect. Subsequently, in April 2022, legislation was passed in New Hampshire to reinstate the non-taxability of water utility CIAC for Business Profits Taxes. As such, the Company was able to cease collection of these taxes for both Federal and State purposes, after effective dates that the exemptions were reinstated. For the years ended December 31, 2024 and 2023, the balances in this restricted cash account were approximately $134,000 for each of the years ended. In accordance with the amended tariffs, these funds are the first used to pay for income tax liability payments incurred by the Company, when and if actually incurred.

RESTRICTED CASH – BOND PROJECT FUNDS

This restricted cash balance consists of funds remaining from the issuance or funding of semiannual debt service requirements of our tax-exempt bonds (the "Bonds"). The proceeds from those bond issuance transactions are maintained in separate restricted cash accounts, with Trustee oversight, and are subject to withdrawal as a reimbursement of eligible capital project expenditures, as defined by the indenture and issuance documents associated with each offering. The restricted cash accounts are also used as a "conduit" for the transfer of money from operating cash to restricted cash, allowing the Trustee to make the required payments to bondholders for principal and interest due semi-annually.

As of December 31, 2023, the funds in these restricted cash accounts totaled approximately $221,000. During 2024, approximately $221,000 was withdrawn from the restricted cash accounts to make the principal and interest payments for the Bonds, on January 1, July 1, and October 1. In December 2024, approximately $234,000 was transferred into these restricted cash accounts from the Company's operating cash accounts, to provide the funds needed to make the net principal and interest payments due on January 1, 2025 for the Bonds. As of December 31, 2024, the funds in these restricted cash accounts totaled approximately $234,000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATION OF CREDIT RISKS

Financial instruments that subject the Company to credit risk consist primarily of cash (including cash equivalents and restricted cash) and accounts receivable. Cash balances are invested in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At December 31, 2024 and 2023, the Company had approximately $10,000,000 and $11,000,000 in excess of FDIC insured limits, respectively. Our accounts receivable balances primarily represent amounts due from the residential, commercial and industrial customers of our regulated water utility operations, as well as receivables from our Service Corporation customers.

ACCOUNTS RECEIVABLE – BILLED, NET

Water utility accounts receivable (regulated) are recorded at invoiced amounts.

Non-regulated accounts receivable are recorded based upon contracted prices when the Company obtains an unconditional right to payment under the terms of the contract.

The Company's accounts receivables are primarily derived from water sales and services. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Company's historical losses based on the loss rate. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. Due to various factors, the Company is anticipating similar expected credit losses that have been incurred in the past. As a result, management has determined that its allowance for credit losses is reasonable.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the consolidated financial statements as a whole for the years ended December 31, 2024 and 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE – UNBILLED, NET

We read our customer meters on a monthly basis and record revenues based on meter reading results. Information from the last meter reading date is used to estimate the value of unbilled revenues through the end of the accounting period. Estimates of water utility revenues for water delivered to customers but not yet billed are accrued at the end of each accounting period. Actual results could differ from those estimates.

INVENTORY

Inventory is stated at the lower of cost or net realizable value, with cost being determined using the average cost method which approximates the first-in, first-out (FIFO) method.

DEFERRED CHARGES AND OTHER ASSETS

Deferred charges include certain regulatory assets and other assets. Regulatory assets are amortized over the periods they are recovered through NHPUC-authorized water rates. The Company's utility subsidiaries have recorded certain regulatory assets in cases where the NHPUC has permitted, or is expected to permit, recovery of these costs over future periods. Currently, the regulatory assets are being amortized over periods ranging from 2 to 25 years.

UNAMORTIZED DEBT ISSUANCE COSTS

Unamortized debt issuance costs are amortized over the original term of the related bonds and notes. The Company's utility subsidiaries have recorded unamortized debt issuance costs in cases where the NHPUC has permitted, or is expected to permit, recovery of these costs over future periods. The debt issuance costs are being amortized over the original lives of the associated debt.

CONTRIBUTIONS IN AID OF CONSTRUCTION

Under construction contracts with real estate developers and others, the Company's utility subsidiaries may receive non-refundable grants or advances for the cost of installing new water mains or other capital assets. These grants or advances are recorded as CIAC. The Company's utility subsidiaries also record to plant and CIAC the fair market value of developer installed mains and any excess of fair market value over the cost of community water systems purchased from developers. CIAC are amortized over the life of the related properties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Standard charges for water utility services to customers are recorded as revenue, based upon meter readings and contract service, as services are provided. The majority of the Company's water revenues are based on rates approved by the NHPUC. Estimates of unbilled service revenues are recorded in the period the services are provided. Provision is made in the consolidated financial statements for estimated uncollectible accounts.

The Company derives its non-regulated revenues primarily from water management services which include contract operations and maintenance and water testing and billing services to municipalities and small, privately owned community water systems. Revenue is measured based on consideration specified in contracts with customers. The Company recognizes revenue when it satisfies performance obligations under the terms of the contract which generally occurs with the transfer of control of the services to the customer. Revenues from unplanned additional work are based upon time and materials incurred in connection with activities not specifically identified in the contract, or for which work levels exceed contracted amounts.

Revenues from real estate operations, other than undistributed earnings or losses from equity method joint ventures, are recorded upon completion of a sale of real property. The Company's real estate holdings outside of the Company's utility subsidiaries are comprised primarily of undeveloped land.

The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

CONTRACT COMBINATION

To determine the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate a combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. Contracts are considered to have a single performance obligation if the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts, which is mainly because the Company provides a significant service of integrating a complex set of tasks and components into a single project or capability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRACT COMBINATION (CONTINUED)

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using management's best estimate of the standalone selling price of each distinct good or service in the contract. In cases where the Company does not provide the distinct good or service on a standalone basis, the primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which management forecasts the Company's expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service.

PERFORMANCE OBLIGATIONS

The Company satisfies its performance obligation to supply water over time as services are rendered utilizing an output method measured on quantity delivered. For performance obligations related to operations, planned maintenance, and water testing and billing services, control transfers to the customer over time as the services are provided. These services are sold primarily to municipalities or small, privately owned community water systems. The majority of the Company's unplanned maintenance contracts are billed on a time and materials basis and revenue is recognized over time as the services are performed. The majority of the Company's operations, planned maintenance, and water testing and billing contracts are billed on a fixed price basis. For fixed price contracts, the Company measures its progress towards complete satisfaction of the performance obligation using a time-based measure. This method is used because management considers time elapsed to be the best available measure of progress on contracts.

CONTRACT MODIFICATIONS

Contracts may be modified to account for changes in contract specifications and requirements. Contract modifications are considered to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Company's contract modifications are for services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Contract modifications are accounted for as a separate contract when the modification results in the promise to deliver additional goods or services that are distinct and the increase in price of the contract is for the same amount as the stand-alone selling price of the additional goods or services included in the modification.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VARIABLE CONSIDERATION

Variable consideration is estimated at the most likely amount to which the Company is expected to be entitled. Any variable consideration is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and the determination of whether to include estimated amounts in the transaction price are based largely on assessments of legal enforceability, the Company's performance, and all information (historical, current, and forecasted) that is reasonably available to management.

Variable consideration is allocated entirely to a performance obligation or to a distinct good or service within a performance obligation if it relates specifically to efforts to satisfy the performance obligation or transfer the distinct good or service, and the allocation depicts the amount of consideration the Company expects to be entitled. Typically, the Company does not have variable consideration.

SIGNIFICANT JUDGMENTS

The Company recognizes contract revenue for operations, planned maintenance, and water testing and billing contracts. over time. Progress toward completion of the Company's contracts is measured using a time-based criterion for each contract and requires significant judgment. This method is used because management considers time-elapsed to be the best available measure of progress on contracts.

CONTRACT ASSETS AND LIABILITIES

Billing practices are governed by the contract terms of each project based upon achievement of milestones or pre-agreed schedules. Billings do not necessarily correlate with revenue recognized using a time-elapsed method of revenue recognition. Contract assets include unbilled amounts typically resulting from revenue under long-term contracts when the time-elapsed method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not unconditional. Contract liabilities consist of deferred revenue.

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies deferred revenue as current or noncurrent based on the timing of when revenue is expected to be recognized. The current portion of deferred revenue is included in current liabilities in the Consolidated Balance Sheets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRACTICAL EXPEDIENTS

The Company generally expenses pre-contract costs when incurred because the amortization period would have been one year or less.

LEASES

The Company is the lessee in several noncancellable operating leases, for corporate office space and other office equipment. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The Company generally does not have access to the rate implicit in the lease, and therefore the Company utilizes its incremental borrowing rate as the discount rate for real estate and the risk-free rate as the discount rate for office equipment at the lease commencement date. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for operating lease payments for the utility subsidiaries is recognized based on the lease payment and for service corporation is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with short-term leases on a straight-line basis over the lease term. The Company made an accounting policy election by class of underlying asset, for office equipment, to account for each separate lease component of a contract and its associated non-lease components (lessor-provided maintenance) as a single lease component.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

Income taxes are recorded using the accrual method and the provision for federal and state income taxes is based on income reported in the consolidated financial statements, adjusted for items not recognized for income tax purposes. Provisions for deferred income taxes are recognized for accelerated depreciation and other temporary differences. A valuation allowance is provided to offset any net deferred tax assets if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Investment tax credits previously realized for income tax purposes are amortized for financial statement purposes over the life of the property, giving rise to the credit.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment as of December 31, 2024 and 2023 were as follows:

(in thousands)	2024	2023	Useful Lives (in years)
Utility Property:			
Land and land rights	$ 5,763	$ 5,763	-
Source of supply	78,624	73,800	3 - 70
Pumping and purification	34,220	33,963	7 - 64
Transmission and distribution, including services, meters and hydrants	230,017	213,634	15 - 91
General and other equipment	19,042	19,514	7 - 75
Intangible plant	790	790	20
Construction work in progress	1,293	1,749	
Total utility property	369,749	349,213	
Total non-utility property	5	5	5 - 10
Total property, plant and equipment	369,754	349,218	
Less accumulated depreciation	(102,889)	(97,701)	
Property, Plant and Equipment, net	$ 266,865	$ 251,517	

The provision for depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 91 years. The weighted average composite depreciation rate was 2.40% and 2.42% in 2024 and 2023, respectively.

NOTE 4 - RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

(in thousands)	2024	2023
Cash and cash equivalents	$ 304	$ 707
Restricted cash - RSFs and Restricted Accounts	8,796	9,799
Restricted cash - CIAC	134	134
Restricted cash - Bond Project Funds	234	221
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 9,468	$ 10,861

Amounts included in restricted cash represent those required to be set aside as outlined in Note 2.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2024 and 2023 including beginning balance:

(in thousands)	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable - billed	$ 5,357	$ 5,542	$ 5,118
Less allowance	(57)	(52)	(70)
Accounts receivable - billed, net	$ 5,300	$ 5,490	$ 5,048
Accounts receivable - unbilled	$ 3,504	$ 3,017	$ 3,277
Less allowance	--	--	--
Accounts receivable - unbilled, net	$ 3,504	$ 3,017	$ 3,277

NOTE 6 - DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets as of December 31, 2024 and 2023 consisted of the following:

(in thousands)	2024	2023	Recovery Period (in years)
Regulatory assets:			
Source development charges	$ 688	$ 797	5 - 25
Miscellaneous studies	1,546	1,239	2 - 25
Unrecovered pension and post-retirement benefits expense	--	614	
Total regulatory assets	2,234	2,650	
Supplemental executive retirement plan asset	909	888	
Total deferred charges and other assets	$ 3,143	$ 3,538	

(1) We expect to recover these amounts consistent with the anticipated expense recognition of these assets.

NOTE 7 - POST-RETIREMENT BENEFIT PLANS

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS

The Company has a non-contributory, defined benefit pension plan (the "DB Plan") that covers substantially all employees. The benefits are based on years of service and participant compensation levels. The Company's funding policy is to contribute annual amounts that meet the requirements for funding under the U.S. Department of Labor's Pension Protection Act. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Post-retirement medical benefits are provided for eligible retired employees through one of two plans (collectively referred to as our "OPEB Plans"). For employees who retire on or after the normal retirement age of 65, benefits are provided through a post-retirement plan (the "Post-65 Plan"). For eligible non-union employees who retire prior to their normal retirement age and who have met certain age and service requirements, benefits are provided through a post-employment medical plan (the "Post-employment Plan"). Future benefits under the Post-65 Plan increase annually based on the actual percentage of wage and salary increases earned from the plan inception date to the normal retirement date. The benefits under the Post-employment Plan allow for the continuity of medical benefits coverage at group rates from the employee's retirement date until the employee becomes eligible for Medicare, which are fully funded by the retiree. The liability related to the Post-65 Plan will be funded from the general assets of our Company.

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Upon retirement, if a qualifying employee elects to receive medical benefits under our Post-65 Plan, we pay up to a maximum monthly benefit of $418 based on years of service.

The following table sets forth information regarding our DB Plan and our OPEB Plans as of December 31, 2024 and for the year then ended:

(in thousands)	DB Plan	OPEB Plans
Projected benefit obligations	$ 31,244	$ 3,820
Employer contribution	1,375	14
Benefits paid, excluding expenses	(1,240)	(117)
Fair value of plan assets	30,476	442
Accumulated benefit obligation	28,947	--
Funded status	(768)	(3,378)
Net periodic benefit cost	989	278
Amount of the funded status recognized in the Consolidated Balance Sheet consisted of:		
Current liability	$ --	$ --
Non-current liability	(3,542)	(4,441)
Total	$ (3,542)	$ (4,441)

The following table sets forth information regarding our DB Plan and our OPEB Plans as of December 31, 2023 and for the year then ended:

(in thousands)	DB Plan	OPEB Plans
Projected benefit obligations	$ 32,518	$ 4,296
Employer contribution	1,375	11
Benefits paid, excluding expenses	(999)	(99)
Fair value of plan assets	27,499	496
Accumulated benefit obligation	30,150	--
Funded status	(5,019)	(3,771)
Net periodic benefit cost	1,151	289
Amount of the funded status recognized in the Consolidated Balance Sheet consisted of:		
Current liability	$ --	$ --
Non-current liability	(5,019)	(3,771)
Total	$ (5,019)	$ (3,771)

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The components of net periodic benefit cost other than the service cost component are included in the line item operations and maintenance in the consolidated statements of income (loss), as the amounts are immaterial to these consolidated financial statements.

Changes in plan assets and benefit obligations recognized in regulatory assets, for the year ended December 31, 2024, were as follows:

(in thousands)	DB Plan	OPEB Plans
Regulatory asset balance, beginning of period	$ 1,090	$ (476)
Net actuarial (gain) loss incurred during the period	(3,864)	(715)
Prior service cost incurred during the period	--	16
Recognized net actuarial loss	--	14
Regulatory liability balance, end of period	$ (2,774)	$ (1,161)

Changes in plan assets and benefit obligations recognized in regulatory assets, for the year ended December 31, 2023, were as follows:

(in thousands)	DB Plan	OPEB Plans
Regulatory asset balance, beginning of period	$ 2,025	$ (646)
Net actuarial gain incurred during the period	(935)	144
Prior service cost incurred during the period	--	17
Recognized net actuarial gain	--	9
Regulatory asset balance, end of period	$ 1,090	$ (476)

Amounts recognized in regulatory assets for the DB Plan and OPEB Plans that have not yet been recognized as components of net periodic benefit cost of the following as of December 31, 2024:

(in thousands)	DB Plan	OPEB Plans
Net actuarial (gain) loss	$ (2,774)	$ (1,177)
Prior service cost	--	16
Regulatory liability	$ (2,774)	$ (1,161)

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Amounts recognized in regulatory assets for the DB Plan and OPEB Plans that have not yet been recognized as components of net periodic benefit cost of the following as of December 31, 2023:

(in thousands)	DB Plan	OPEB Plans
Net actuarial (gain) loss	$ 1,090	$ (410)
Prior service cost	--	(66)
Regulatory asset	$ 1,090	$ (476)

The key assumptions used to value benefit obligations and calculate net periodic benefit cost for our DB and OPEB Plans include the following:

	2024	2023
Discount rate for net periodic benefit cost, beginning of year	4.78%	4.98%
Discount rate for benefit obligations, end of year [a]	5.47%	4.78%
Expected return on plan assets for the period (net of investment expenses)	6.50%	6.50%
Rate of compensation increase, beginning of year	3.00%	3.00%
Healthcare cost trend rate (applicable only to OPEB Plans)	5.00%	5.00%

[a] An increase or decrease in the discount rate of 0.5% would result in a change in the funded status as of December 31, 2024, for the DB Plan and the OPEB Plans of approximately $1.9 million and $265 thousand, respectively.

The estimated net actuarial gain for our DB Plan that will be amortized in 2025 from the regulatory liability into net periodic benefit costs is $2,774. The estimated net actuarial gain and prior service cost for our OPEB Plans that will be amortized in 2025 from the regulatory liability into net periodic benefit costs is $1,161.

In establishing its investment policy, the Company has considered the fact that the DB Plan is a major retirement vehicle for its employees and the basic goal underlying the establishment of the policy is to provide that the assets of the DB Plan are invested in accordance with the asset allocation range targets to achieve our expected return on DB Plan assets. The Company's investment strategy applies to its OPEB Plans as well as the DB Plan. The expected long-term rate of return on DB Plan and OPEB Plan assets is based on the Plans' expected asset allocation, expected returns on various classes of Plan assets, as well as historical returns.

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The assets of our Post-65 Plan are held in two separate Voluntary Employee Beneficiary Association ("VEBA") trusts. The VEBA plan assets are maintained in directed trust accounts at a commercial bank.

The investment strategy for the Company's DB Plan and OPEB Plans utilizes several different asset classes with varying risk/return characteristics. The following table indicates the asset allocation percentages of the fair value of the DB Plan and OPEB Plans' assets for each major type of plan asset as of December 31, 2024, as well as the targeted allocation range:

	DB Plan		OPEB Plans	
		Asset Allocation Range		Asset Allocation Range
Equities	62%	30% - 100%	68%	30% - 100%
Fixed income	20%	20% - 70%	28%	0% - 50%
Cash and cash equivalents	18%	0% - 15%	4%	0% - 15%
Total	100%		100%	

The following table indicates the asset allocation percentages of the fair value of the DB Plan and OPEB Plans' assets for each major type of plan asset as of December 31, 2023, as well as the targeted allocation range:

	DB Plan		OPEB Plans	
		Asset Allocation Range		Asset Allocation Range
Equities	61%	30% - 100%	67%	30% - 100%
Fixed income	21%	20% - 70%	14%	0% - 50%
Cash and cash equivalents	18%	0% - 15%	19%	0% - 15%
Total	100%		100%	

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts that we could realize in a sales transaction for these instruments. The estimated fair value amounts have been measured as of year-end and have not been reevaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates.

Investments in common stock and mutual funds are stated at fair value by reference to quoted market prices. Money market funds are valued utilizing the net asset value per unit based on the fair value of the underlying assets as determined by the directed trustee.

The DB Plan also holds assets under an immediate participation guarantee group annuity contract with a life insurance company. The assets under the contract are invested in pooled separate accounts and in a general investment account. The pooled separate accounts are valued based on net asset value (NAV) per unit of participation in the fund. The NAV is used as a practical expedient to estimate fair values. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than that reported at NAV. These accounts have no unfunded commitments or significant redemption restrictions at year-end. The value of these units is determined by the trustee based on the current market values of the underlying assets of the pooled separate accounts. Therefore, the value of the pooled separate accounts is deemed to be at estimated fair value.

The general investment account is not actively traded, and significant other observable inputs are not available. The fair value of the general investment account is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan's management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

A fair value hierarchy which prioritizes the inputs to valuation methods is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1: Based on quoted prices in active markets for identical assets.
- Level 2: Based on significant observable inputs.
- Level 3: Based on significant unobservable inputs.

The fair value of DB Plan and OPEB Plan assets by levels within the fair value hierarchy used as of December 31, 2024 was as follows:

(in thousands)	Fair Value	Level 1	Level 2	Level 3
DB Plan:				
Guaranteed Interest Accounts	$ 5,389	$ --	$ --	$ 5,389
Total Assets in the Fair Value Hierarchy	5,389	--	--	5,389
Investments measured at net asset value[(a)]	25,087	--	--	--
DB Plan Investments, at Fair Value	30,476	--	--	5,389
OPEB Plans:				
Common stocks	236	236	--	--
Mutual funds	102	102	--	--
Fixed income funds	140	140	--	--
Money market funds	18	--	18	--
Total Assets in the Fair Value Hierarchy	496	478	18	--
Investments measured at net asset value[(a)]	--	--	--	--
OPEB Plans Investments, at Fair Value	496	478	18	--
Totals	$ 30,972	$ 478	$ 18	$ 5,389

(a) In accordance with Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets available for benefits of the Plans.

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The fair value of DB Plan and OPEB Plan assets by levels within the fair value hierarchy used as of December 31, 2023 was as follows:

(in thousands)	Fair Value	Level 1	Level 2	Level 3
DB Plan:				
Guaranteed Interest Accounts	$ 5,067	$ --	$ --	$ 5,067
Total Assets in the Fair Value Hierarchy	5,067	--	--	5,067
Investments measured at net asset value[(a)]	22,432	--	--	--
DB Plan Investments, at Fair Value	27,499	--	--	5,067
OPEB Plans:				
Common stocks	254	254	--	--
Mutual funds	110	110	--	--
Fixed income funds	74	74	--	--
Money market funds	102	--	102	--
Total Assets in the Fair Value Hierarchy	540	438	102	--
Investments measured at net asset value[(a)]	--	--	--	--
OPEB Plans Investments, at Fair Value	540	438	102	--
Totals	$ 28,039	$ 438	$ 102	$ 5,067

(a) In accordance with Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets available for benefits of the Plans.

The following table summarizes investments at fair value based on NAV per share as of December 31, 2024 and 2023, respectively:

(in thousands)	Fair Value
December 31, 2024	
Pooled Separate Accounts:	
Equities	$ 20,422
Fixed Income	4,665
Total Pooled Separate Accounts	$ 25,087
December 31, 2023	
Pooled Separate Accounts:	
Equities	$ 18,190
Fixed Income	4,242
Total Pooled Separate Accounts	$ 22,432

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The following table presents a period-end reconciliation of DB Plan assets measured and recorded at fair value on a recurring basis, using significant unobservable inputs (Level 3):

(in thousands)	2024	2023
Balance, beginning of year	$ 5,067	$ 5,668
Plan transfers	1,161	39
Contributions	275	294
Benefits paid	(1,243)	(1,013)
Return on plan assets (net of investment expenses)	129	79
Balance, end of year	$ 5,389	$ 5,067

In order to satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, applicable to defined benefit pension plans, the Company anticipates it will contribute approximately $1.3 million to the DB Plan in 2025.

The following maximum benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

(in thousands)	DB Plan	OPEB Plans
2025	$ 1,552	$ 139
2026	1,639	150
2027	1,786	167
2028	1,974	188
2029	2,114	201
2030 to 2034	11,642	1,123
Total	$ 20,707	$ 1,968

Because the Company is subject to regulation in the state in which it operates, we are required to maintain our accounts in accordance with the regulatory authority's rules and regulations. In those instances, we follow the guidance of ASC Topic 980 ("Regulated Operations"). Based on prior regulatory practice, we recorded underfunded DB Plan and OPEB Plan obligations as a regulatory asset, and we expect to recover those costs in rates charged to customers.

NOTE 7 - POST-RETIREMENT BENEFIT PLANS (CONTINUED)

DEFINED CONTRIBUTION PLAN

In addition to the defined benefit plan, the Company provides and maintains a defined contribution plan covering substantially all employees. Under this plan, the Company matches 100% of the first 3% of each participating employee's eligible compensation contributed to the plan. The matching employer's contributions, recorded as operating expenses, were approximately $335,000 and $323,000 for the years ended December 31, 2024 and 2023, respectively.

NOTE 8 - LEASES

The Company leases its corporate office facilities and office equipment for various terms under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2025 and provide for renewal options ranging from 3 months to 5 years. The exercise of these renewal options is at the sole discretion of the Company, and only lease options that the Company believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties.

Operating lease costs were approximately $380,000 during the years ended December 31, 2024 and 2023, respectively. These costs are primarily related to long-term operating leases but may also include immaterial amounts for variable lease payments and short-term leases with terms greater than 30 days.

During the years ended December 31, 2024 and 2023, the Company had the following cash and non-cash activities related to leases:

(in thousands)

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 380	$ 380
Non-cash investing and financing activities:		
ROU assets obtained in exchange for lease liabilities:		
Operating leases	$ --	$ --

NOTE 8 - LEASES (CONTINUED)

Weighted average lease term and discount rate as of December 31, 2024 and 2023 were as follows:

	2024	2023
Weighted average remaining lease term (in years)	9.27%	9.58%
Weighted average discount rate	5.00%	5.00%

Maturities of lease liabilities under noncancellable operating leases as of December 31, 2024, are as follows for the years ending December 31:

(in thousands)		
2025	$	380
2026		380
2027		380
2028		380
2029		380
Thereafter		7,971
Total lease payments		9,871
Less imputed interest		(5,326)
Present value of lease liability	$	4,545

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

DISAGGREGATION OF REVENUE

Non-Regulated Entities

For the years ended December 31, 2024 and 2023, revenue recognized for goods and services transferred over time totaled $2,432,663 and $2,168,931, respectively.

For the year ended December 31, 2024, approximately 40% of revenues were from large-contract customers, 34% of revenues were from small contract customers (con-ops), and 26% of revenues were from residential maintenance and other customers. For the year ended December 31, 2023, approximately 35% of revenues were from large-contract customers, 36% of revenues were from small-contract customers (con-ops), and 29% of revenues were from residential maintenance and other customers. In addition, substantially all of the Company's contracts were service-related type contracts.

Utility Subsidiaries

For the years ended December 31, 2024 and 2023, all Pennichuck Water, Pennichuck East and PAC water-related revenue was recognized over time as services are rendered. For the year ended December 31, 2024, approximately 62% of water revenues were from residential customers, 17% of revenues were from fire protection, 11% of revenues were from commercial customers, 6% of revenues were from special contracts and 4% of revenues were from industrial and municipal customers. For the year ended December 31, 2023, approximately 62% of water revenues were from residential customers, 17% of revenues were from fire protection, 11% of revenues were from commercial customers, 6% of revenues were from special contracts and 4% of revenues were from industrial and municipal customers.

NOTE 10 - INCOME TAXES

The components of the federal and state income tax provision (benefit) as of December 31, 2024 and 2023 were as follows:

(in thousands)	2024	2023
Federal	$ 3,772	$ (669)
State	2,253	59
Amortization of investment tax credits	(33)	(33)
Total	$ 5,992	$ (643)
Current	$ --	$ --
Deferred	5,992	(643)
Total	$ 5,992	$ (643)

The temporary items that give rise to the net deferred tax liability as of December 31, 2024 and 2023 were as follows:

(in thousands)	2024	2023
Liabilities:		
Property-related, net	$ 26,620	$ 25,530
Other	--	--
Total liabilities	26,620	25,530
Assets:		
Pension accrued liability	1,953	2,012
Net operating loss carryforward	9,365	8,673
Alternative minimum tax credit	476	476
NH Business Enterprise Tax credits	1,528	1,387
Other	546	558
	13,868	13,106
Less valuation allowance	(7,101)	(1,387)
Total assets	6,767	11,719
Net deferred income tax liability	$ 19,853	$ 13,811

NOTE 10 - INCOME TAXES (CONTINUED)

The Company has accumulated federal net operating losses ("NOLs") of $34.8 million, including $16.7 million generated before the Tax Cuts and Jobs Act ("TCJA"). The pre-TCJA NOLs begin expiring in 2032. The remaining $18.1 million in NOLs, generated from 2019 through 2024, are subject to the TCJA's 80% taxable income limitation but can be carried forward indefinitely. Unlike pre-2018 NOLs, these losses cannot be carried back. It is anticipated that the $16.7 million in pre-2018 NOLs will not be fully utilized before expiration. As a result, a valuation allowance against the associated tax benefit of $3.5 million has been recorded. The valuation allowance reflects available evidence including cumulative losses, reversal of deferred tax liabilities and potential future taxable income. The Company will continue to assess the need for a valuation allowance in future periods and adjust accordingly.

The Company has accumulated New Hampshire NOLs of $34.7 million. The associated tax benefit, approximately $2.1 million, begins to expire in 2025 and is included in deferred income taxes in the Consolidated Balance Sheet as of December 31, 2024. Since full utilization of $34.7 million NOLs is unlikely, a valuation allowance has been recorded for the full tax benefit of $2.1 million.

As of December 31, 2024 and 2023, it is estimated that approximately $476,000, respectively, of cumulative federal alternative minimum tax credits may be carried forward indefinitely as a credit against our regular tax liability.

NOTE 10 - INCOME TAXES (CONTINUED)

As of December 31, 2024 and 2023, the Company had New Hampshire Business Enterprise Tax ("NHBET") credits of approximately $1.5 and $1.4 million, respectively. NHBET credits begin to expire in 2025. It is anticipated that these NHBET credits will not be fully utilized before they expire; therefore, a valuation allowance has been recorded related to these credits.

The valuation allowance increased by approximately $5.7 million and $139,000 in the years ended December 31, 2024 and 2023, respectively.

Investment tax credits resulting from utility plant additions are deferred and amortized. The unamortized investment tax credits are being amortized through the year 2033.

The Company had a regulatory liability related to income taxes of approximately $9,869,000 and $9,881,000 as of December 31, 2024 and 2023, respectively. This represents the estimated future reduction in revenues associated with deferred taxes which were collected at rates higher than the currently enacted rates and the amortization of deferred investment tax credits.

A review of the portfolio of uncertain tax positions was performed. In this regard, an uncertain tax position represents the expected treatment of a tax position taken in a filed tax return, or as planned to be taken in a future tax return, that has not been reflected in measuring income tax expense for financial reporting purposes. As a result of this review, it was determined that the Company had no material uncertain tax positions, and tax planning strategies will be used, if required and when possible, to avoid the expiration of any future net operating loss and/or tax credits.

The Company's practice is to recognize interest and/or penalties related to income tax matters in "Other, Net" in the Consolidated Statements of Income. We incurred no interest in 2024 and 2023. We incurred no penalties during the years ended December 31, 2024 and 2023.

NOTE 11 - LONG-TERM DEBT

Long-term debt as of December 31, 2024 and 2023 consisted of the following:

(in thousands)	2024 Principal	2024 Unamortized Debt Issuance Costs
Unsecured note payable to City of Nashua, 5.75%, due 12/25/2041	$ 91,049	$ --
Unsecured Business Finance Authority:		
Revenue Bonds (Series 2014B), 4.50%, due January 1, 2045	4,380	88
Revenue Bonds (Series 2018A), interest rates from 4.375% to 5.00%, due April 1, 2048	4,460	208
Revenue Bonds (Series 2018B), 4.33%, due April 1, 2028	490	24
Revenue Bonds (Series 2019A), interest rates from 2.19% to 4.15%, due April 1, 2049	7,500	238
Revenue Bonds (Series 2020A), interest rates from 3.15% to 4%, due April 1, 2050	6,840	246
Revenue Bonds (Series 2020C), interest rates from 1.25% to 4.02%, due September 1, 2055 (3)	68,690	1,225
Revenue Bonds (Series 2021A), interest rates from 4% to 5%, due April 1, 2051	4,810	215
Revenue Bonds (Series 2022A), interest rate 4% to 5%, due April 1, 2052	6,480	244
Revenue Bonds (Series 2022B), 3.63%, due April 1,2025	30	–
Revenue Bonds (Series 2023A), 5.0%, due April 1, 2058	5,930	169
Revenue Bonds (Series 2023B), 4.750%, due April 1, 2025	35	–
Revenue Bonds (Series 2024A), interest rates from 5.25% to 5.625%, due April 1, 2059	9,405	279
Revenue Bonds (Series 2024B), 5.75%, due April 1, 2025	105	–
Unsecured notes payable to bank, floating-rate, due March 1, 2030	1,532	7
Unsecured notes payable to bank, 4.20%, due December 20, 2041	983	3
Unsecured notes payable to bank, 4.83%, due December 20, 2041	760	4
Unsecured notes payable to bank, 4.25%, due June 20, 2033	491	4
Unsecured notes payable to bank, 4.90%, due March 6, 2040	467	25
Unsecured notes payable to bank, 5.33%, due June 20, 2043	298	7
Unsecured notes payable to bank, 4.38%, due September 20, 2044	1,002	13
Unsecured notes payable to bank, 3.98%, due January 1, 2046	720	11
Unsecured notes payable to bank, 4.18%, due October 20, 2046	1,049	9
Unsecured notes payable to bank, 4.25%, due December 20, 2046	2,365	12
Unsecured notes payable to bank, 7.16%, due October 1, 2047	634	6
Unsecured notes payable to bank, 6.23%, due June 1, 2033	909	2
Unsecured notes payable to bank, 7.26%, due August 1, 2028	731	19
Unsecured notes payable to bank, 6.95%, due November 20, 2049	1,881	14
Unsecured New Hampshire Drinking Water & Groundwater Trust Fund ("DWGTF") notes (2)	8,436	26
Unsecured New Hampshire State Revolving Fund ("SRF") notes (1)	19,064	143
Unamortized debt issuance costs for defeased obligations, allowed by regulation	--	2,369
Total	251,526	$ 5,610
Less current portion	(7,832)	
Less unamortized debt issuance costs	(5,610)	
Total long-term debt, less current portion and unamortized debt issuance costs	$ 238,084	

(1) SRF notes are due through 2051 at interest rates ranging from 1.29% to 3.8%. These notes are payable in 120 to 360 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements, or (ii) various dates specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate changes to the lower of (i) the rate as stated in the note or (ii) 80% of the established 11 General Obligations Bond Index published during the specified time period before the interest rate change date.

(2) DWGTF notes are due through 2050 at interest rates ranging from 1.6% to 3.4%. These notes are payable in 360 consecutive monthly installments of principle and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements or (ii) June 1, 2020 as specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate change to the rate as stated in the note.

(3) Revenue Bonds (2020C) proceeds were partially used to advance refund the 2014A, 2015A, and 2015B bonds with maturity dates of January 1, 2045, January 1, 2046, and January 1, 2031, respectively. The advance refunding proceeds are held in escrow until their future call dates of December 2024, to then be used to facilitate retirement of the bonds.

NOTE 11 - LONG-TERM DEBT (CONTINUED)

	2023	
(in thousands)	Principal	Unamortized Debt Issuance Costs
Unsecured note payable to City of Nashua, 5.75%, due 12/25/2041	$ 94,079	$ --
Unsecured Business Finance Authority:		
Revenue Bonds (Series 2014B), 4.50%, due January 1, 2045	4,500	92
Revenue Bonds (Series 2018A), interest rates from 4.375% to 5.00%, due April 1, 2048	4,460	217
Revenue Bonds (Series 2018B), 4.33%, due April 1, 2028	600	31
Revenue Bonds (Series 2019A), interest rates from 2.19% to 4.15%, due April 1, 2049	7,655	248
Revenue Bonds (Series 2020A), interest rates from 3.15% to 4%, due April 1, 2050	6,985	256
Revenue Bonds (Series 2020C), interest rates from 1.25% to 4.02%, due September 1, 2055 (3)	69,955	2,200
Revenue Bonds (Series 2021A), interest rates from 4% to 5%, due April 1, 2051	4,900	224
Revenue Bonds (Series 2021B), 1.05%, due April 1, 2024	45	--
Revenue Bonds (Series 2022A), interest rate 4 to 5%, due April 1, 2052	6,590	253
Revenue Bonds (Series 2022B), 3.63%, due April 1,2025	60	--
Revenue Bonds (Series 2023A), 5.0%, due April 1, 2058	5,930	226
Revenue Bonds (Series 2023B), 4.750%, due April 1, 2025	105	--
Unsecured notes payable to bank, floating-rate, due March 1, 2030	1,786	8
Unsecured notes payable to bank, 4.20%, due December 20, 2041	1,021	4
Unsecured notes payable to bank, 4.83%, due December 20, 2041	788	4
Unsecured notes payable to bank, 4.25%, due June 20, 2033	538	4
Unsecured notes payable to bank, 4.90%, due March 6, 2040	487	27
Unsecured notes payable to bank, 5.33%, due June 20, 2043	307	8
Unsecured notes payable to bank, 4.38%, due September 20, 2044	1,033	14
Unsecured note payable to bank, 4.18% due October 20, 2046	1,077	10
Unsecured notes payable to bank, 3.98%, due January 1, 2046	741	11
Unsecured notes payable to bank, 4.25%, due December 20, 2046	2,428	12
Unsecured notes payable to bank, 7.16%, due October 1, 2047	645	6
Unsecured notes payable to bank, 6.23%, due June 1, 2033	987	2
Unsecured notes payable to bank, 7.26%, due August 1, 2028	742	20
Unsecured New Hampshire Drinking Water & Groundwater Trust Fund ("DWGTF") notes (2)	8,641	27
Unsecured New Hampshire State Revolving Fund ("SRF") notes (1)	20,204	155
Unamortized debt issuance costs for defeased obligations, allowed by regulation	--	2,561
Total	247,289	$ 6,620
Less current portion	(7,399)	
Less unamortized debt issuance costs	(6,620)	
Total long-term debt, less current portion and unamortized debt issuance costs	$ 233,270	

(1) SRF notes are due through 2051 at interest rates ranging from 1.29% to 3.8%. These notes are payable in 120 to 360 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements, or (ii) various dates specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate changes to the lower of (i) the rate as stated in the note or (ii) 80% of the established 11 General Obligations Bond Index published during the specified time period before the interest rate change date.

(2) DWGTF notes are due through 2050 at interest rates ranging from 1.6% to 3.4%. These notes are payable in 360 consecutive monthly installments of principle and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements or (ii) June 1, 2020 as specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate change to the rate as stated in the note

(3) Revenue Bonds (2020C) proceeds were partially used to advance refund the 2014A, 2015A, and 2015B bonds with maturity dates of January 1, 2045, January 1, 2046, and January 1, 2031, respectively. The advance refunding proceeds are held in escrow until their future call dates of December 2024, to then be used to facilitate retirement of the bonds. Of the remaining $2,200 of Unamortized Debt Issuance Costs as of December 31, 2023 generated by the September 2nd issuance, $935 are directly tied the advance refunding and will fully-amortize on a straight-line basis until their respective call dates.

NOTE 11 - LONG-TERM DEBT (CONTINUED)

The aggregate principal payment requirements subsequent to December 31, 2024 are as follows:

(in thousands)	Amount
2025	$ 7,832
2026	8,139
2027	8,449
2028	8,830
2029	9,186
2030 and thereafter	209,090
Total	$ 251,526

Several of Pennichuck Water's loan agreements contain a covenant that prevents Pennichuck Water from declaring dividends if Pennichuck Water does not maintain a minimum net worth of $4.5 million. As of December 31, 2024 and 2023, Pennichuck Water's net worth was $80.4 million and $84.0 million, respectively.

The 2014B, 2018A, 2018B, 2019A, 2020A, 2020C, 2021A, 2022A, 2022B, 2023A, 2023B, 2024A and 2024B bonds were issued under a new bond indenture and loan and trust agreement, established with the issuance of the 2014 Series Bonds, which contains certain covenant obligations upon Pennichuck Water, which are as follows:

Debt to Capital Covenant - Pennichuck Water cannot create, issue, incur, assume or guarantee any short-term debt if (1) the sum of the short-term debt plus its funded debt ("Debt") shall exceed 85% of the sum of its short-term debt, funded debt and capital stock plus surplus accounts ("Capital"), unless the short-term debt issued in excess of the 85% is subordinated to the Series 2014 bonds. Thereby, the ratio of Debt to Capital must be equal to or less than 1.0. As of December 31, 2024 and 2023, Pennichuck Water has a Debt to Capital Coverage ratio of 0.8 and 0.7, respectively.

NOTE 11 - LONG-TERM DEBT (CONTINUED)

All Bonds Test - Additionally, Pennichuck Water cannot create, issue, incur, assume or guarantee any new funded debt, if the total outstanding funded debt ("Total Funded Debt") will exceed the sum of MARA (as defined in Note 15 of these consolidated financial statements) and 85% of its Net Capital Properties ("MARA and Capital Properties"), and unless net revenues or EBITDA (earnings before interest, taxes, depreciation and amortization) shall equal or exceed for at least 12 consecutive months out of the 15 months preceding the issuance of the new funded debt by 1.1 times the maximum amount for which Pennichuck Water will be obligated to pay in any future year ("Max Amount Due"), as a result of the new funded debt being incurred. Thereby, the ratio of Total Funded Debt to MARA and Capital Properties must be equal to or less than 1.0; as of December 31, 2024 and 2023, this coverage ratio was 0.7 and 0.6, respectively. Also, the ratio of EBITDA to the Max Amount Due must be equal to or greater than 1.1; as of December 31, 2024 and 2023, this ratio was 2.0 and 1.7, respectively.

Rate Covenant Test - If during any fiscal year, the EBITDA of Pennichuck Water shall not equal at least 1.1 times all amounts paid or required to be paid during that year ("Amounts Paid"), then the Company shall undertake reasonable efforts to initiate a rate-making proceeding with the NHPUC, to rectify this coverage requirement in the succeeding fiscal years. Thereby, the ratio of EBITDA to Amounts Paid must be equal to or greater than 1.1; as of December 31, 2024 and 2023, the Rate Covenant coverage ratio was 2.10 and 1.89, respectively.

Pennichuck East's loan agreement for its unsecured notes payable to a bank of $12.8 million and $12.6 million at December 31, 2024 and 2023, respectively, contains a minimum debt service coverage ratio requirement of 1.10. At December 31, 2024 and 2023, this ratio was 1.65 and 1.29, respectively.

As of December 31, 2024 and 2023, the Company had a $1.5 million and $1.8 million, respectively, interest rate swap which qualifies as a derivative. This financial derivative is designated as a cash flow hedge. This financial instrument is used to mitigate interest rate risk associated with our outstanding $1.5 million loan which has a floating interest rate based on the three-month Secured Overnight Financing Rate ("SOFR")plus 1.85% as of December 31, 2024. The combined effect of the SOFR-based borrowing formula and the swap produces an "all-in fixed borrowing cost" equal to 5.95%. The fair value of the financial derivative, as of December 31, 2024 and 2023, included in our Consolidated Balance Sheets under "Other Liabilities and Deferred Credits" as "Derivative instrument" was $5,000 and $27,000, respectively. Changes in the fair value of this derivative were deferred in accumulated other comprehensive income.

NOTE 11 - LONG-TERM DEBT (CONTINUED)

On March 31, 2023, the London Interbank Offered Rate (LIBOR) rate ceased to be available as a market-based rate for debt instruments. As of that date, all of the debt instruments outstanding and forward-looking are based upon the Secured Overnight Financing Rate ("SOFR") which replaced the LIBOR rate. Instead of a calculated rate of LIBOR plus 1.88%, the new rate is SOFR plus 1.85%. The Swap agreement was repriced as of that date, as well, to reflect the new rate based upon SOFR that allows for a net borrowing cost equal to or less than the previous 5.95% "all in fixed borrowing cost."

Swap settlements are recorded in the consolidated statements of income (loss) with the hedged item as interest expense. During the years ended December 31, 2024 and 2023, $19,000 loss and $15,000 loss, respectively, was reclassified pre-tax from accumulated other comprehensive income (loss) to interest expense as a result of swap settlements. The Company expects to reclassify approximately $12,000, pre-tax, from accumulated other comprehensive income to interest expense as a result of swap settlements, over the next twelve months.

NOTE 12 - LINES OF CREDIT

The Company's existing $4 million Working Capital Line of Credit (WCLOC) was renewed in 2024 for an additional two years, expiring on September 30, 2026. Pennichuck Corp is currently in negotiations on renewal and extension of this multi-year facility. Pennichuck Water's $12 million Fixed Asset Line of Credit (PWW FALOC) was renewed in 2023 for an additional two years, expiring on June 30, 2025. Pennichuck East's Fixed Asset Line of Credit (PEU FALOC) was renewed in 2023 and extended for an additional three years expiring on September 25, 2026. Additionally, as part of the renewal and extension of the PEU FALOC, the capacity of that facility was increased from $3 million to $4 million. The two Fixed Asset Lines of Credit (PWW FALOC and PEU FALOC) are used to fund construction work in progress on capital projects, which are refinanced into long-term term loan obligations or issued bond indebtedness, annually.

Short-term borrowing activity under the Company's WCLOC for the years ended December 31, 2024 and 2023 was:

(in thousands)	2024	2023
Established line as of December 31,	$ 4,000	$ 4,000
Maximum amount outstanding during period	1,876	1,111
Average amount outstanding during period	92	61
Amount outstanding as of December 31,	--	--
Weighted average interest rate during period	7.11%	6.89%
Interest rate as of December 31,	6.34%	7.08%

NOTE 12 - LINES OF CREDIT (CONTINUED)

Short-term borrowing activity under PWW FALOC for the years ended December 31, 2024 and 2023 was:

(in thousands)	2024	2023
Established line as of December 31,	$ 12,000	$ 12,000
Maximum amount outstanding during period	9,273	7,232
Average amount outstanding during period	4,667	4,223
Amount outstanding as of December 31,	8,252	7,232
Weighed average interest rate during period	7.01%	6.85%
Interest rate as of December 31,	6.30%	7.09%

Short-term borrowing activity under PEU FALOC for the years ended December 31, 2024 and 2023 was:

(in thousands)	2024	2023
Established line as of December 31,	$ 4,000	$ 4,000
Maximum amount outstanding during period	1,886	1,103
Average amount outstanding during period	1,241	900
Amount outstanding as of December 31,	582	972
Weighted average interest rate during period	7.47%	7.23%
Interest rate as of December 31,	6.48%	7.50%

The Company's revolving credit loan facilities with TD Bank contain certain covenant obligations upon Pennichuck Water, which are as follows:

Debt to Capital Covenant - Pennichuck Water cannot create, issue, incur, assume or guarantee any short-term debt if (1) the sum of the short-term debt plus its funded debt ("Debt") shall exceed 85% of the sum of its short-term debt, funded debt and capital stock plus surplus accounts ("Capital"), unless the short-term debt issued in excess of the 85% is subordinated to the loan facility. Thereby, the ratio of Debt to Capital must be equal to or less than 1.0. As of December 31, 2024 and 2023, Pennichuck Water has a Debt to Capital Coverage ratio of 0.8 and 0.7, respectively.

NOTE 12 - LINES OF CREDIT (CONTINUED))

All Bonds Test - Additionally, Pennichuck Water cannot create, issue, incur, assume or guarantee any new funded debt, if the total outstanding funded debt ("Total Funded Debt") will exceed the sum of MARA (as defined in Note 15 of these consolidated financial statements) and 85% of its Net Capital Properties ("MARA and Capital Properties"), and unless net revenues or EBITDA (earnings before interest, taxes, depreciation and amortization) shall equal or exceed for at least 12 consecutive months out of the 15 months preceding the issuance of the new funded debt by 1.1 times the maximum amount for which Pennichuck Water will be obligated to pay in any future year ("Max Amount Due"), as a result of the new funded debt being incurred. Thereby, the ratio of Total Funded Debt to MARA and Capital Properties must be equal to or less than 1.0; as of December 31, 2024 and 2023, this coverage ratio was 0.7 and 0.6, respectively. Also, the ratio of EBITDA to the Max Amount Due must be equal to or greater than 1.1; as of December 31, 2024 and 2023 this ratio was 2.0 and 1.7, respectively.

Rate Covenant Test - If during any fiscal year, the EBITDA of Pennichuck Water shall not equal at least 1.1 times all amounts paid or required to be paid during that year ("Amounts Paid"), then the Company shall undertake reasonable efforts to initiate a rate-making proceeding with the NHPUC, to rectify this coverage requirement in the succeeding fiscal years. Thereby, the ratio of EBITDA to Amounts Paid must be equal to or greater than 1.1; as of December 31, 2024 and 2023, the Rate Covenant coverage ratio was 2.10 and 1.89, respectively.

NOTE 13 - ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents changes in accumulated other comprehensive income by component for the years ended December 31, 2024 and 2023:

	Interest Rate Contract	
(in thousands)	2024	2023
Beginning balance	$ 513	$ 524
Other comprehensive income before reclassifications	25	(2)
Amounts reclassified from accumulated other comprehensive income (loss)	(11)	(9)
Net current period other comprehensive income (loss)	14	(11)
Ending balance	$ 527	$ 513

NOTE 13 - ACCUMULATED OTHER COMPREHENSIVE INCOME (CONTINUED)

The following table presents reclassifications out of accumulated other comprehensive income for the years ended December 31, 2024 and 2023:

Details about Accumulated Other Comprehensive Income (Loss) Components	Amounts Reclassified from Accumulated Other Comprehensive Income (loss)	
(in thousands)	2024	2023
Gain on cash flow hedges:		
Interest rate contracts	$ (19)	$ (15)
	8	6
Amounts reclassified from accumulated other comprehensive income (loss)	$ (11)	$ (9)

NOTE 14 - TRANSACTION WITH THE CITY OF NASHUA

On January 25, 2012, in full settlement of an ongoing Eminent Domain lawsuit filed by the City of Nashua ("City") and with the approval of the NHPUC, the City acquired all of the outstanding shares of the Company and, thereby, indirect acquisition of its regulated subsidiaries. The total amount of the acquisition was $150.6 million ("Acquisition Price") of which $138.4 million was for the purchase of the outstanding shares, $5.0 million for the establishment of a Rate Stabilization Fund, $2.6 million for legal and due diligence costs, $2.3 million for severance costs, $1.3 million for underwriting fees, and $1.0 million for bond discount and issue costs. The entire purchase of $150.6 million was funded by General Obligation Bonds ("Bonds") issued by the City of Nashua. The Company is not a party to the Bonds and has not guaranteed nor is obligated in any manner for the repayment of the Bonds. The Company remains an independent corporation with an independent Board of Directors, with the City of Nashua as its sole stockholder.

Pennichuck Water, Pennichuck East, PAC, Service Corporation, and Southwood will continue as subsidiaries of Pennichuck Corporation and Pennichuck Water, Pennichuck East and PAC will continue as regulated companies under the jurisdiction of the NHPUC. The terms of the merger and the requisite accounting and rate-setting mechanisms were agreed to in the NHPUC Order No. 25,292 ("PUC Order") dated November 23, 2011.

NOTE 14 - TRANSACTION WITH THE CITY OF NASHUA (CONTINUED)

TRANSACTIONS WITH RELATED PARTY – CITY OF NASHUA

As part of the City's acquisition in 2012, the Company issued a promissory note to the City in the amount of approximately $120 million to be repaid over a thirty (30) year period with monthly payments of approximately $707,000, including interest at 5.75%. Additionally, the Company recorded an additional amount of approximately $30.6 million as contributed capital. The remaining outstanding balance of the note payable to the City at December 31, 2024 and 2023 was approximately $91.0 million and $94.1 million, respectively, as disclosed in Note 12 to these consolidated financial statements. During 2024 and 2023, dividends of approximately $278,000, respectively, were declared and paid to the City. The dividends paid to the City during 2024 comprised approximately $278,000 of regular quarterly dividends declared and paid; and no special dividend was declared or paid in 2024. The dividends paid to the City during 2023 comprised approximately $278,000 of regular quarterly dividends declared and paid; and no special dividend was declared or paid in 2023.

Additional ongoing transactions occur in the normal course of business, between the Company and the City, related to municipal water usage, fire protection and sewer billing support services, and property taxes related to real property owned by the Company within the City. For the years ended December 31, 2024 and 2023, respectively, approximately $4.6 million and $4.1 million were paid to the Company by the City for municipal water consumption, fire protection charges, and sewer billing support services. Conversely, the Company recorded property taxes to the City of Nashua of approximately $2.0 million for the year ended December 31, 2024, and approximately $2.1 million for the year ended December 31, 2023.

RATE STABILIZATION FUND – RESTRICTED CASH

As a part of the acquisition, the Company agreed to contribute $5,000,000 of the proceeds from the settlement transaction to Pennichuck Water, which was used to establish an RSF, allowing for the maintenance of stable water utility rates and providing a mechanism to ensure the Company's continued ability to meet its obligations under the promissory note to the City, in the event of adverse revenue developments. Restricted cash consists of amounts set aside in the RSF account and is adjusted monthly as required in the NHPUC Order, as discussed in Note 2 of these consolidated financial statements.

NOTE 14 - TRANSACTION WITH THE CITY OF NASHUA (CONTINUED)

MUNICIPAL ACQUISITION REGULATORY ASSET ("MARA")

As part of the City's acquisition and pursuant to the NHPUC Order, the Company established a new Regulatory asset (MARA) which represented the amount that the Acquisition Price exceeded the net book assets of the Company's regulated subsidiaries (Pennichuck Water, Pennichuck East, and PAC) at December 31, 2011. The initial amount of the MARA was approximately $89 million for the regulated companies, offset by a non-regulated amount of approximately $4.8 million. The MARA is to be amortized over a thirty (30) year period in the same manner as the repayment of debt service for the City's acquisition bonds. The balance in the MARA at December 31, 2024 and 2023 was approximately $61.6 million, reduced by the non-regulated credit of approximately $3.3 million and approximately $64.0 million, reduced by the non-regulated credit of approximately $3.5 million, respectively.

Aggregate amortization expense for the years ended December 31, 2024 and 2023 totaled approximately $2,328,000 and $2,252,000, respectively.

The following table represents the future estimated amortization of MARA:

(in thousands)	Estimated Amortization Expense
2025	$ 2,409
2026	2,497
2027	2,590
2028	2,700
2029	2,814
2030 and thereafter	45,308
Total	$ 58,318

NOTE 15 - SEGMENT REPORTING

For the years ended December 31, 2024 and 2023, and as of those dates, the following financial results were generated by the segments of the Company:

(in thousands)	2024	2023
Operating Revenues:		
Pennichuck Water	$ 41,592	$ 38,595
Pennichuck East	12,016	11,051
Pittsfield Aqueduct	824	810
Subtotal Regulated Segment	54,432	50,456
Service Corporation	2,433	2,169
Other	15	12
Total Operating Revenues	$ 56,880	$ 52,637
Depreciation and Amortization Expense:		
Pennichuck Water	$ 8,054	$ 7,818
Pennichuck East	1,378	1,296
Pittsfield Aqueduct	113	112
Subtotal Regulated Segment	9,545	9,226
Service Corporation	--	--
Other	(135)	(131)
Total Depreciation and Amortization Expense	$ 9,410	$ 9,095
Operating Income:		
Pennichuck Water	$ 8,896	$ 6,421
Pennichuck East	1,622	1,418
Pittsfield Aqueduct	92	118
Subtotal Regulated Segment	10,610	7,957
Service Corporation	236	357
Other	58	53
Total Operating Income	$ 10,904	$ 8,367
Interest Expense:		
Pennichuck Water	$ 5,204	$ 6,695
Pennichuck East	1,347	1,226
Pittsfield Aqueduct	57	57
Subtotal Regulated Segment	6,608	7,978
Service Corporation	10	7
Other	6,475	6,632
Total Interest Expense	$ 13,093	$ 14,617

NOTE 15 - SEGMENT REPORTING (CONTINUED)

(in thousands)	2024	2023
Income Taxes Provision (Benefit):		
Pennichuck Water	$ 1,185	$ 205
Pennichuck East	478	69
Pittsfield Aqueduct	1	(2)
Subtotal Regulated Segment	1,664	272
Service Corporation	(8)	(6)
Other	4,336	(909)
Total Income Taxes Provision (Benefit)	$ 5,992	$ (643)
Net Income (Loss):		
Pennichuck Water	$ 2,524	$ (460)
Pennichuck East	(203)	122
Pittsfield Aqueduct	35	65
Subtotal Regulated Segment	2,356	(273)
Service Corporation	234	356
Other	(10,752)	(5,102)
Total Net Income (Loss)	$ (8,162)	$ (5,019)
Total Net Assets:		
Pennichuck Water	$ 297,740	$ 294,451
Pennichuck East	72,359	66,384
Pittsfield Aqueduct	2,588	2,725
Subtotal Regulated Segment	372,687	363,560
Service Corporation	120	249
Other	(18,639)	(20,840)
Total Net Assets	$ 354,168	$ 342,969
Total Liabilities:		
Pennichuck Water	$ 221,247	$ 209,631
Pennichuck East	64,721	57,984
Pittsfield Aqueduct	1,286	1,310
Subtotal Regulated Segment	287,254	268,925
Service Corporation	(49)	(43)
Other	85,975	84,673
Total Liabilities	$ 373,180	$ 353,555

NOTE 15 - SEGMENT REPORTING (CONTINUED)

(in thousands)	2024	2023
Total Long-Term Debt (less current portion and unamortized debt insurance costs):		
Pennichuck Water	$ 126,425	$ 118,825
Pennichuck East	23,722	23,284
Pittsfield Aqueduct	117	121
Subtotal Regulated Segment	150,264	142,230
Service Corporation	--	--
Other	87,820	91,040
Total Long-Term Debt	$ 238,084	$ 233,270

NOTE 16 - RATE CASES

PENNICHUCK WATER-QUALIFIED CAPITAL PROJECT ADJUSTMENT CHARGE

On February 15, 2024, Pennichuck Water filed a petition with the NHPUC for a 2.59% surcharge on all capital improvements completed and placed in service by Pennichuck Water in 2023. The NHPUC has not yet issued an Order approving this requested surcharge. When the NHPUC issues the Order, the approved surcharge will become effective retroactively on a services rendered basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the services rendered date and the final effective date of the Order. NHPUC approval is expected in 2025 as stated in Order No. 27,098.

PENNICHUCK EAST-QUALIFIED CAPITAL PROJECT ADJUSTMENT CHARGE

On February 15, 2024, Pennichuck East filed a petition with the NHPUC for a 2.46% surcharge on all capital improvements completed and placed in service by Pennichuck East in 2023. The NHPUC has not yet issued an Order approving this requested surcharge. When the NHPUC issues the Order, the approved surcharge will become effective retroactively on a services rendered basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the services rendered date and the final effective date of the Order. NHPUC approval is expected in mid-2025, at which point it will then be merged and consolidated into Pennichuck Water existing rates, as further discussed in Note 17.

NOTE 17- SUBSEQUENT EVENTS

The Company has evaluated the events and transactions that have occurred through March 27, 2025, the date that these consolidated financial statements were available for issuance.

PENNICHUCK WATER-QUALIFIED CAPITAL PROJECT ADJUSTMENT CHARGE

On March 31, 2025, Pennichuck Water will file a petition with the NHPUC for a 2.48% surcharge on all capital improvements completed and placed in service by Pennichuck Water, Pennichuck East Utilities and Pittsfield Aqueduct in 2024. The commission has not yet issued an Order approving this requested surcharge. When the NHPUC issues the Order, the approved surcharge will become effective retroactively on a services rendered basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the services rendered date and the final effective date of the Order. Final approval by the NHPUC on this QCPAC surcharge is expected to be received in late 2025.

COMBINATION AND MERGER OF SUBSIDIARIES

On November 21, 2023, the Company's regulated subsidiaries, Pennichuck Water, Pennichuck East, and PAC filed a joint petition with the NHPUC seeking approval of a consolidation of allowed water rates, inclusive of the water rates and revenues for each of the utilities. The proposed structure for the consolidated rates is substantially the same as the current rate structure for Pennichuck Water as described above. Additionally, on December 15, 2023, Pennichuck Water, Pennichuck East, and PAC filed a joint petition with the NHPUC seeking the approval of a merger of these three entities into one surviving entity, Pennichuck Water.

On January 28, 2025, the NHPUC issued order No.27,098 in docket DW 23-101 approving the Consolidation of Pennichuck East Utility, Inc. and Pittsfield Aqueduct Company with Pennichuck Water Works, Inc. and Approval of Consolidated Rates. The NHPUC approved a consolidated rate structure for all customers, resulting in a single consolidated rate. This order became effective March 1, 2025.

After approval by the NHPUC, the consolidation of entities and rates were approved by the Company's sole stockholder, the City of Nashua, and the Company's Board of Directors. Additionally, certain amendments to existing agreements and documents have been approved by Pennichuck Water's Board of Directors, as well as the existing lenders to the Company, Pennichuck Water, Pennichuck East, and PAC, all of which were discussed with the pertinent parties.