

PENNICHUCK WATER SPECIAL COMMITTEE

APRIL 9, 2025

A meeting of the Pennichuck Water Special Committee was held Wednesday, April 9, 2025, at 7:00 p.m. in the Aldermanic Chamber.

Let's start the meeting by taking a roll call attendance.

The roll call was taken with 3 members of the Board of Aldermen present: Alderman-at-Large Michael B. O'Brien, Sr., and Alderman-at-Large Melbourne Moran, Jr., Alderman-at-Large Lori Wilshire

Alderman Patricia Klee, Alderman Tyler Gouveia, and Alderman Ernest A. Jette were recorded absent.

Also in Attendance: John Boisvert, Chief Executive Officer
George Torres, Chief Financial Officer and Treasurer
Donald Ware, Chief Operating Officer

PUBLIC COMMENT

Fred Teeboom

Fred Teeboom, 24 Cheyenne Drive. I think I need a minute more than 3 minutes. Well as Don Ware knows, over a decade ago during the merger process, I was much involved personally in the acquisition of Pennichuck. In fact, I was an intervenor – a pretty active intervenor granted by the PUC.

Now I looked at the agenda yesterday's meeting and I prepared these comments for yesterday. I noticed a number of Pennichuck communications. In particular, I noticed a proxy statement to vote for four individuals and then to my great surprise, I saw listed under the item B on the proxy card appoint Lori Wilshire for a three-year term. Now I have a question. How does this proxy card get signed? What's the process after you're done with your meeting here?

Chairman O'Brien

I think that goes to the Mayor's office and the Mayor is actually the representative of this committee and the Board.

Fred Teeboom

Okay. So the Board assigned the Mayor to act on behalf of the...

Chairman O'Brien

Right but there's a safety valve that you may be looking for is this particular committee and we make the recommendation to that.

Fred Teeboom

It does not come back to the full Board?

Chairman O'Brien

I'm trying to remember because there is a space to be honest with you Mr. Teeboom between these meetings and the Board's meetings because it's sporadic on that.

Fred Teeboom

Okay. So I want you to pay particular attention to what I'm going to say. I looked at this and I saw Wilshire appointment and I asked myself how is this possible given that the Pennichuck by-laws have a prohibition in the by-laws. I don't know if you're aware recently.

Chairman O'Brien

Yeah, I read your communication.

Fred Teeboom

Okay. Let me go over to the record myself. It is a prohibition specifically against appointing elected officials, including the Mayor and some other people and appoint them. (inaudible) and there's good reason for that because they didn't want to pollute the political process with running this unique corporation and this unique association with the city being the sole shareholder.

Now I found out that the by-laws had been amended as of 1 March. They were not posted.

Alderman Moran

Time.

Fred Teeboom

Well I'm going to go on because this is important.

Alderman Moran

No, you...

Chairman O'Brien

I'll allow you a little bit but express your thought.

Fred Teeboom

Well, there's nobody else here.

Chairman O'Brien

Well that doesn't matter, Sir.

Alderman Moran

The rules are the rules.

Chairman O'Brien

As you are saying, you have rules. We have rules.

Fred Teeboom

Well you could extend the speaking period.

So the amendments in fact were amended as of 1 March. They were not posted. I contacted Mr. Boisvert and he posted them as of yesterday. I noticed in those minutes it stated that the Mayor could appoint somebody and the President of the Board could appoint somebody. Then I noticed that the President of the Board appointed herself because it said Lori Wilshire and she's the President of the Board. So I questioned this and I said can I read the amendments, and I read the amendments, and I went back and forth with Attorney Bolton because I think the reference is very unclear. Whatever it is, there was (inaudible) process over a decade ago. There was a strict procedure for not allowing elected officials on the Board for very good reasons.

Furthermore in the PUC docket number, date of August 23 of 101, which is the one dealing with the recent merger of the three companies, it says that the Board of Aldermen must make the aldermanic appointment not the President of the Board.

Chairman O'Brien

Okay, Mr. Teeboom I think we got your point that you're questioning the...

Fred Teeboom

(inaudible)

Chairman O'Brien

Excuse me. Listen to me, Sir. This is my meeting not yours and I don't want to be rude to you Sir but the thing is I think we heard your concern or your complaint, which is you're questioning the legitimacy of the Board President Lori Wilshire and serving on the Pennichuck committee. Am I correct?

Fred Teeboom

For two reasons.

Chairman O'Brien

No. Is that your point that you're making here?

Fred Teeboom

Absolutely.

Chairman O'Brien

Okay.

Fred Teeboom

And for two reasons.

Chairman O'Brien

Okay. I'll tell you how we handle this, okay. For now, I can't do anything today. Your question, Sir, will be brought to Corporate Counsel and let them make that determination whether it is legal or not. Okay? And that's the best I can do. No matter what you say Sir, that's the best I can do at this particular time. I hope you understand that and accept my good will to look into that.

Fred Teeboom

Okay.

Chairman O'Brien

Thank you, Mr. Teeboom.

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

There being no objection, Chairman O'Brien accepted the communication and placed it on file.

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

MOTION BY ALDERMAN MORAN TO RECOMMEND THAT THE SOLE SHAREHOLDER OF PENNICHUCK CORPORATION ELECT C. GEORGE BOWER, AMYMARIE R. CORRIVEAU, BRIAN H. LAW, JAY N. LUSTIG, JOHN D. MCGRATH, AND LORI WILSHIRE 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 TO AUTHORIZE THE MAYOR TO TRANSMIT, BY PROXY CARD, THE VOTE OF THE SOLE SHAREHOLDERS TO THE BOARD OF DIRECTORS OF PENNICHUCK CORPORATION, BY ROLL CALL

A viva voce roll call was taken which resulted as follows:

Yea: Alderman O'Brien, Alderman Moran, Alderman Wilshire 3

Nay: 0

MOTION CARRIED

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

There being no objection, Chairman O'Brien accepted the communication and placed it on file.

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCE - None

GENERAL DISCUSSION

President Wilshire

While they're getting seated, I wanted to let Mr. Teeboom know that this will come back before the full Board of Aldermen.

Chairman O'Brien

Did you hear that Mr. Teeboom?

Fred Teeboom

I did not.

Chairman O'Brien

Okay. The Board President, I wasn't sure, but in her interpretation and what's actually going to happen, it will be brought back to the full Board.

Fred Teeboom

(inaudible)

Chairman O'Brien

To be confirmed or denied by the full Board.

Fred Teeboom

As a communication or by resolution?

Chairman O'Brien

I think by resolution, correct Madam President?

President Wilshire

I'm not sure. I'd have to look.

Chairman O'Brien

You've got some tough questions for us and I think we'll have to discuss that with Legal but the point is it will be discussed before the full Board.

Fred Teeboom

Okay. I'll take your word for that.

Chairman O'Brien

We'll try to make it so, Sir. An honest engine. Thank you Mr. Teeboom.

Okay. I'll let you Gentlemen open the discussion what you want to tell us about or anything.

John Boisvert, CEO

Thank you for having us. For the record, John Boisvert, the CEO of Pennichuck Corporation. With me is Don Ware, Chief Operating Officer, and George Torres, our Chief Financial Officer. Most of the materials that were submitted and accepted at this evening, I'm going to really pass it on to George because a lot of them are financial data and information that George is working with but let me start by saying it's been – a little over 15 months as the Chief Executive Officer. It has been a very interesting ride and a very active – I can't believe how fast this went through with all the time has past and all of the work that's been done. I'd be remiss if I didn't acknowledge the work of many, many people over the last year to bring together the merger and the work that we've done to really put the company in a position to really move forward for decades now.

Working with the Board of Aldermen, the Mayor's office, city Counsel, Public Utilities Commission, the Department of Energy staff, all of the attorneys, and the towns that were involved in this, it was – I won't say it was an easy effort but it was an effort that well worth it. I think we learned – from my perspective, I learned a lot about people who I – the folks that I knew by name and the work going through this, and the integrity, and the upfront, willing to speak, and talk, and some of the best memories that we had were standing there and talking to the constituents of Alderman Gouveia at a meeting. I think I was getting lucky because I think they really wanted to be there to talk about taxes that night but not necessarily a merger. I think these are the interactions that, I think, we crave as a company and we are here to serve our customers.

The effort that the Pennichuck staff put in over the last year, year and a half to build this structure but also to maintain, and operate, and make our system, and our company, and the water utility better has been a phenomenal experience for me to watch.

One of the things that I would like to bring, and I know that he's kind of quiet about this, but I'd like to thank the Gentleman to my right, Don Ware, for many years of guidance and leadership within Pennichuck. Those of you have already heard Don will be retiring this summer and we certainly wish him all the best. In having been with the company at the tail end of the real eminent domain and moving through the transition to 2012, I do remember long – working on a lot of projects but being in the engineering group and my office is right next to Don and working tirelessly at making this transition to who we are today work. We can't thank Don and our predecessor CEOs and other staff members. Having said that, I would just like to pass it along to George to be able to, you know, maybe touch base a little bit on the highlights of our financials and where we go from here.

George Torres, Chief Financial Officer and Treasurer

Sure. Thank you, John. Good evening. George Torres, CFO and Treasurer of Pennichuck. What I'd like to do is first maybe kind of go over the highlights of the annual shareholder report. The shareholder report is a culmination of the quarterly reports that we provide to this Committee. The basic takeaway and the annual shareholder report is even though you saw a significant decrease in the operating loss and the pre-tax operating loss for us in 2024 comparison to

2023, which you may remember in 2023 was an extremely wet year for us which certainly rippled through the revenue line. What really impacted 2024 even though we saw material improvement in those revenues as well as, you know, some certain material increase in our operating expenses, it really is driven that net loss is driven by what's called a "valuation allowance" on our deferred taxes which was a material adjustment and it came out of audit on the tail end of when we were working with our auditors (inaudible).

That valuation allowance was about a \$5.1 million adjustment to the bottom line but it had no cash impact. I want to stress that. What it did was it was write down of deferred tax assets that Pennichuck had on its books. Basically what the audit team had surmised was that valuation of the deferred tax assets were too high. The reason they were too high is because we had such an accumulation of what's called "net operating losses" that we wouldn't be able to use all those deferred tax assets. So it's almost the same thing as you looking at a piece of land and you're saying its worth X and they're saying it's Y. It's basically what it is. So they said the valuation were those too high because you can't use those. Now there's certain reasons why we can't use them. The majority of that was due to the change in the tax laws related to the PCJA which is a tax cuts and jobs act that was implemented at the end of 2017 during the first Trump administration. That had a material impact on the valuation of those deferred tax assets.

So the bottom line as I stated earlier even though we saw material improvement in our pre-tax operating laws because of their evaluation adjustment, you saw material increase in the net loss '23 over '24. So hopefully I made it as simple as I could for you. It's a very complicated topic. I know Lori was involved in some of our meetings where we kind of actually discussed this subject but that's basically it in a nutshell. Everything else is representative just as significant material expenditures we made in 2024. John and Don can walk you guys through that. We did see some material increases in our operating expenses. Really those are centered around a purification cost. A lot of it is, which is kind of a hot topic now, the carbon filter media changeout and some of the purification costs that the company is dealing with right now and will continue to deal with. We're also seeing material increases in our GNA costs. Our general administrative costs. We're seeing that in our health insurance costs as well as in our general liability insurance. We're certainly not immune to those as I'm sure many of you are dealing with those in your own household and businesses and we're no different.

Outside of that, there's really – I'll open it up to any specific questions before I go through the audited financials if you'd like.

Chairman O'Brien

Members of the Committee, questions? I do have one. Okay. We all watch the national news and see the tariff issues. I'm not going to get into the pro and con of it. But do you anticipate – I imagine you use a lot of chemicals in the purification process to make sure that you're giving us good, potable water. Do you anticipate a rise in those particular type of products that you need for filtration?

George Torres, Chief Financial Officer and Treasurer

I will turn it over to a gentlemen that's more than eminently qualified to answer that question. That will be Mr. Don Ware.

Don Ware, COO

So you mentioned treatment chemicals. Our primary coagulant used at the plant which is ferric chloride has been for many, many years supplied by a Canadian firm. So, you know, currently the annual cost of that ferric chloride is about \$1.5 million out of about a \$55 million expense budget. Where that goes, you know, we don't know. The entity that we buy ferric from does produce some in the United States. There was actually an issue back a year or two ago, John, where I can't there was a trucker strike...

John Boisvert, CEO

A trucker strike in Canada which we ran low in at a critical period hence, one of the reasons. I say one because there were many reasons why we're upgrading our treatment plant in the coming 18 to 24 months.

Don Ware, COO

But long story short, we do expect some impact from the tariffs. There are many of the electronics that we use that we would purchase to help control and oversee the operations have components from all over the world. Variable frequency drives. They may be put together in the United States but the chips, the boards come from other places in the world. At this stage, I guess, you hate to say it but we've got to just sit back and wait and see what happens but we do anticipate an

impact from that if they stick.

Chairman O'Brien

Good advice for us all with the whole thing going on here. Nobody's got the crystal ball but I'm hoping the...

John Boisvert, CEO

We have decided – we have a series of water main replacement projects. I think the question was, I think, they have teed up about four separate pipe projects of various sizes. One of the things that we have definitely have done is we're really probably at this point likely to really hold off on that fourth one just now to wait to see what happens with the other ones because if our prices and stuff start to come up, you may not have the bandwidth to complete those. So we'll be – the engineering group is evaluating those as we come. We have one out that we'll be doing up in the Bartlett – I think its Bartlett Ave area. It will be starting soon and then we've got a number of other projects throughout the city where we're looking at a lot of short streets that have small diameter main that we need to get out of the ground because when the city wants to go repave them a 30-ton roller, those old mains probably aren't going to survive and about six months after that guess what happens? Water starts bubbling out of the ground if we don't get in there and replace those.

So we're going to be doing a pretty significant effort and coordination with what we call “the lead and copper rule” because these are older lines that could have – we don't believe we have any lead service lines but they are galvanized steel and they are brittle. We want to get them out of the ground.

Chairman O'Brien

I think I know where they are. And you're replacing them with a minimum of four inch now?

John Boisvert, CEO

Yeah, a minimal of four. Yup so if it's a small and just serves a couple of homes, we stay with four. We don't go any bigger than that because it doesn't make any sense and then the water becomes stagnant and that presents water quality issues. Generally, our minimal size is 8 inch. We do use some 6 inch in some areas. So a lot of 8 inch, 12 inch in the city that we've been working with.

Don Ware, COO

Alderman O'Brien as a former Fire Chief, one of our focuses is that the engineering team has developed a mode of all – a hydraulic model of the entire distribution system. We overlay that with ISO's requirements and so when they're replacing mains, they're looking at what size main will allow us to meet the full ISO flow requirements based on the area and what ISO was looking at for flows. So that's all taken into consideration.

Chairman O'Brien

That is fantastic news. For the people at home, the ISOs and independent insurance organization they helped to establish. I say help to establish the insurance rate for the city. So the fact that you're trying to comply to ISO standards could mean, I don't know how much, but it will keep the stability in the insurance rates for fire protection in the city. So outstand, thank you.

Anybody else? I got one more. We've had a wet spring. Are we looking good?

John Boisvert, CEO

Everything's full. I mean I will say in some of our smaller systems that rely on wells and in particularly what are called “bedrock wells”, we're still seeing a little bit slower recovery because remember we had a very dry fall. Most of your recharge for those will occur in two periods of the year. One is after the growing season and before the frost hits the ground or it starts to freeze up. The rainfall will actually make it into the soil then, not get taken up by the trees and vegetation, and makes it down to the groundwater table. Then the same thing, you come out of the spring, when the frost comes out of the ground, you get rainfalls and the like before the leaves start coming out on the trees. Once the vegetation kicks up, you get very, very little recharge to the groundwater table because the leaves are taking the evapor transpiration.

We were still lower than we wanted to be coming out of the – we would have liked to have been but in conversations with the engineering group, one of our environmental scientists Ashly Piper who has been diligent at monitoring these has indicated that there are signs of encouragement that we're starting to see an actual a little bit of a recharge period now because the leaves aren't coming out on the tree. They will be soon and we're all looking forward to that but. Not in bad shape. The Merrimack River is the Merrimack River. Pennichuck Brook is Pennichuck Brook. So we're pretty happy right now.

Chairman O'Brien

Fairly good news. Thank you. Okay, moving along since there's no more questions.

PUBLIC COMMENT

Fred Teeboom

I'll take the opportunity for 3 more minutes. I know what Attorney Bolton would say because he wrote...

Alderman Moran

I'm sorry. Your name. I'm going to restart the clock but we have to do your name. You have to do the name thing again.

Fred Teeboom

Fred Teeboom, 24 Cheyenne. I know what Legal will say because Attorney Bolton wrote to me and wrote to the Board saying, "There's an exception to the prohibition of elected officials serving on the Board." That is an obscure paragraph and I ask Mr. Boisvert to look at that because it's affecting their by-laws. The question is who's influencing the by-laws. Why is Pennichuck allowing the President of the Board to make the appointment? It was in the by-laws when the PUC order 23-101 specifically states that the Board of Aldermen must make that appointment. They Mayor can make an appointment and the Board of Aldermen. So I urge you to write a resolution so it's on the record consistent with PUC 23-101.

Then why would Lori Wilshire nominate herself? She has no water experience. Practically no management experience. If you look at the other four people nominated by the nominating committee of Pennichuck, they're very experienced people. Very experienced and Lori Wilshire has none of that experience.

Then on top of that in this Committee, she makes a third member of this Committee and voted not to recuse herself. You could have had two members vote yes. She voted yes on her own nomination. (inaudible) ways of violation. Ethics rules that we have.

Chairman O'Brien

I seem to beg a differ. Not to argue with you Sir but is there a law that says in the general election you can't vote for yourself?

Fred Teeboom

Yeah, you can. This is not a general election. This is a proxy card.

Chairman O'Brien

No, we follow the same rules. You can vote for yourself in my opinion.

Fred Teeboom

I don't think you can. There's another thing you can check with the attorney.

Chairman O'Brien

Prove it otherwise, Sir.

Fred Teeboom

In summary, I am concerned about (inaudible) oversight of this Committee and not adhering specifically to NH PUC Order 23-101. You should be familiar with that order. I used to serve on this Committee. I certainly were very much involved with by-laws.

I'm concerned with the city's legal advice...

Alderman Moran

30 seconds.

Fred Teeboom

...in allowing Nashua officials to serve on the Pennichuck Board contrary to previous prohibitions from elected officials. Also, it says legal advice, ignoring specifically the NH PUC order. I hope you take this up and if it comes positively in a resolution, it should be a resolution because the Board of Aldermen (inaudible) through a resolution. The PUC tells you...

Alderman Moran

That's time.

Fred Teeboom

...the Board of Aldermen can (inaudible), that should be a resolution and not through a communication. The (inaudible) in fact public comment. It should be a resolution so it can be commented on in the full Board. Thank you.

Chairman O'Brien

Thank you, Mr. Teeboom.

REMARKS BY THE ALDERMEN

Alderman Moran

Thank you guys for coming.

ADJOURNMENT

**MOTION BY ALDERMAN WILSHIRE TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 7:31 p.m.

Alderman Melbourne Moran, Jr.
Committee Clerk