7:00 PM Aldermanic Chamber

1. ROLL CALL

2. PUBLIC COMMENT

3. COMMUNICATIONS

From: John J. Boisvert, Chief Executive Officer
Re: Pennichuck Corporation Quarterly Report to the Sole Shareholder for the Quarter Ended March 31, 2025

From: John J. Boisvert, Chief Executive Officer
Re: Pennichuck Corporation Quarterly Report to the Sole Shareholder for the Quarter Ended June 30, 2025

From: Office of Corporation Counsel
Re: R-25-199 "Authorizing Pennichuck Water Works, Inc. to issue bonds in an amount not to exceed ninety-nine million dollars ($99,000,000)"

4. UNFINISHED BUSINESS

5. NEW BUSINESS – RESOLUTIONS

R-25-199
Endorsers: Alderman-at-Large Lori Wilshire
Alderman Patricia Klee

AUTHORIZING PENNICHUCK WATER WORKS, INC. TO ISSUE BONDS IN AN AMOUNT NOT TO EXCEED NINETY-NINE MILLION DOLLARS ($99,000,000)

6. NEW BUSINESS – ORDINANCES

7. GENERAL DISCUSSION

8. PUBLIC COMMENT

9. REMARKS BY THE ALDERMEN

10. ADJOURNMENT

PENNICHUCK®

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

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

WWW.PENNICHUCK.COM

June 11, 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 the Pennichuck Corporation Quarterly Report to the Sole Shareholder for the Quarter Ended March 31, 2025.

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

Sincerely,

John J. Boisvert
Chief Executive Officer

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

Pennichuck Corporation

Quarterly Report to the

Sole Shareholder
(City of Nashua Board of Aldermen)

Quarter Ended March 31, 2025

Executive Summary

- Revenues for 2025 were flat in comparison to the prior year ($12.2 million versus $12.2 million).

- Operating Income for 2025 was 50.0% lower than the prior year ($0.7 million versus $1.4 million) due to lower revenues year-over-year.

- Pre-Tax Loss for 2025 was 41.2% higher than the prior year loss ($2.4 million versus $1.7 million).

- Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) for 2025 were 18.4% lower than the prior year ($3.1 million versus $3.8 million).

- As expected, the Company paid approximately $2.1 million to the City in principal, interest and dividends to fund the City Acquisition Debt.

- Capital expenditures for 2025 were slightly increased; $2.0 million compared to $1.8 million.

- The Annual Meeting of Sole Shareholder was held on Wednesday, May 21, 2025, 8:00 am at Pennichuck's Distribution Facility in Merrimack.

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 first quarter of 2025 as compared to the first quarter of 2024 are as follows:

	(000's)	
	Quarter Ended March 31, 2025 (Unaudited)	Quarter Ended March 31, 2024 (Unaudited)
Revenues		
Regulated Utilities	$ 11,725	$ 11,577
Other	446	590
Total	$ 12,171	$ 12,167
Operating Expenses		
Regulated Utilities	$ 11,088	$ 10,206
Other	395	534
Total	$ 11,483	$ 10,740
Operating Income	$ 688	$ 1,427
Non-Operational Income (Expense)	-	-
Net Interest Expense	(3,047)	(3,166)
Pre-Tax (Loss)	$ (2,359)	$ (1,739)
Income Tax Provision (Benefit)	(483)	(323)
Net (Loss)	$ (1,876)	$ (1,416)
Earnings Before Interest, Taxes, Depreciation and Amortization	$ 3,094	$ 3,789

Revenues from water utility operations remained relatively flat compared to prior year. Revenues from the unregulated water services business declined by 24.4% compared to the prior year, primarily driven by a reduction in unplanned contract work.

Operating Expenses have increased approximately 6.9% year-over-year. The increase is attributable to increased maintenance related activities within the regulated utilities. As well as general administrative costs which include benefits and general liability insurance.

Operating Income has decreased year-over-year as a result of the increase in operating expenses, as previously noted.

Interest Expense decreased by 6.3% year-over-year, due to the full amortization of the remaining debt costs associated with the 2015 Bond escrow deposits, at the end 2024. 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 first quarter, the tax benefit rate is 20.5% versus the statutory rate provision of 26.9%.

The pre-tax loss for 2025 is higher than the pre-tax loss for 2024, for reasons as discussed in this quarterly report. Typically, the first quarter is the lowest quarter from a profitability perspective, as water usage is at its lowest level for the year.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is 18.4% lower than EBITDA for the same period last year. This was due to the increase in operating expenses year-over-year, which exceeded the slight increase in revenues, as previously discussed.

Balance Sheet

	(000's) As of March 31, 2025 (Unaudited)	As of December 31, 2024 (Audited)
Assets		
Property, Plant & Equipment, Net	$ 266,983	$ 266,866
Current Assets:		
Cash	837	304
Restricted Cash	8,019	8,930
Restricted Cash – Bond Project Funds	5	234
Accounts Receivable	7,758	8,823
Inventory	1,620	1,386
Other Current Assets Note 1	991	1,619
Total Current Assets	19,230	21,296
Other Assets:		
Acquisition Premium	57,721	58,318
Other Assets	7,847	7,688
Total Other Assets	65,568	66,006
TOTAL ASSETS	$ 351,781	$ 354,168
Shareholders' Equity and Liabilities		
Shareholders' Equity	$ (20,967)	$ (19,012)
Bonds, Notes and Mortgages	239,300	241,462
Current Liabilities:		
Lines of Credit Note 2	13,604	8,833
Current Portion of Long-Term Debt	7,892	7,834
Other Current Liabilities Notes 3	5,470	7,988
Total Current Liabilities	26,966	24,655
Other Long-Term Liabilities:		
CIAC, net	64,525	64,507
Deferred Income Taxes	19,376	19,853
Accrued Pension Liability Note 4	4,542	4,704
Other Long-Term Liabilities	18,039	17,999
Total Other Long-Term Liabilities	106,482	107,063
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	$ 351,781	$ 354,168

Notes to Balance Sheet

Note 1 (Other Current Assets) – At December 31, 2024, approximately $.9 million of this balance was comprised of prepaid property taxes, which were 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, 2025. The balance of prepaid property taxes as of March 31, 2025 is $0.

Note 2 (Lines of Credit) – At March 31, 2025, $13.6 million of this balance was comprised of the borrowed balance against the Fixed Asset Lines of Credit, which exist for Pennichuck Water Works, and provided short-term financing for it's prior year capital expenditures.

Note 3 (Other Current Liabilities) – At March 31, 2025, approximately $2.2 million of this balance is comprised of accounts payable which relates to activities that were performed in the first quarter of 2025.

Note 4 (Accrued Pension Liability) – During the first quarter of 2025**,** $375,000 was contributed into the Pension Plan, while approximately $301,417 in benefit payments were made to participants and approximately $-389,242 of investment income and appreciation was earned in the plan.

Unaudited Cash Flow Statement

Cash Flow on a GAAP basis for the first quarter of 2025 as compared to the first quarter of 2024 is as follows:

	(000's)	
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Operating Activities:		
Net Income (Loss)	$ (1,876)	$ (1,416)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,497	2,361
Provision for Deferred Taxes	(475)	(315)
Other	(136)	(8)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,065	(274)
(Increase) Decrease in Inventory	(235)	(330)
(Increase) Decrease in Other Assets	555	1,139
Increase (Decrease) in Accounts Payable	(1,801)	(1,420)
Increase (Decrease) in Other Liabilities	(840)	(531)
Net Cash Provided by (Used in) Operating Activities	(1,246)	(794)
Investing Activities:		
Purchases of Property, Plant & Equipment, including the Debt Component of AFUDC	(1,870)	(1,023)
(Increase) Decrease in Restricted Cash	-	-
Purchase of Marketable Securities	-	-
Proceeds from Sale of Property	-	-
Change in Deferred Land Costs and Interest in Real Estate Partnerships	-	-
Net Cash Provided by (Used in) Investing Activities	(1,870)	(1,023)
Financing Activities:		
Borrowings (Repayments) on Lines of Credit	4,770	2,491
Payments on Long-term Debt	(2,183)	(2,166)
Contributions in Aid of Construction	-	-
Proceeds from Long-term Borrowings	-	197
Debt Issuance Costs	(8)	(2)
Dividends Paid	(70)	(70)
Net Cash Provided by (Used in) Financing Activities	2,509	450
Increase (Decrease) in Cash and Cash Equivalents	(607)	(1,367)
Cash and Cash Equivalents at Beginning of Period	9,468	10,862
Cash and Cash Equivalents at End of Period	$ 8,861	$ 9,495

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 first quarter of 2025 were $2.0 million as compared to $1.8 million in the first quarter of 2024. Major expenditures in the first quarter of 2025 included:

PWW – Route 101A Boston Post Road	$680,000
PWW – Chemical Feed Building	$611,000
PWW – Radio Project	$112,000

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.

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 as of 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.

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.

Pennichuck Water Works - On March 27, 2025, the NHPUC issued Order Nisi No. 28,121 approving a combined Pennichuck Water Works, Inc. and Pennichuck East Utility, Inc. QCPAC surcharge of 2.06% for capital projects placed in service in 2023. This Order became effective with services rendered back to April 24, 2024, and October 30, 2024, and allowed for recovery in the form of a monthly recoupment surcharge, to be collected over a four-month period from the date of the Order.

Subsequent Events

Financing

On April 29, 2025, the Company's Pennichuck Water Works, Inc. subsidiary issued approximately $14.1 million of tax-exempt and taxable bonds through the NH Business Finance Authority as reimbursement for its 2024 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 fifth 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.

Flushing of Mains

As in prior years, we have commenced the flushing of the water mains in critical areas of our systems. The process is conducted annually to flush impurities built up in the mains during the year. The flushing program is expected to be completed by mid-June.

Annual Meeting

The Annual Meeting of Sole Shareholder was held on Wednesday, May 21, 2025, 8 a.m. at Pennichuck's Distribution Facility in Merrimack.

PENNICHUCK®

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

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

WWW.PENNICHUCK.COM

August 27, 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 the Pennichuck Corporation Quarterly Report to the Sole Shareholder for the Quarter Ended June 30, 2025.

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

Sincerely,

John J. Boisvert
Chief Executive Officer

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

PENNICHUCK

Pennichuck Corporation

Quarterly Report to the

Sole Shareholder
(City of Nashua Board of Aldermen)

Quarter Ended June 30, 2025

Executive Summary

- Revenues for the second quarter of 2025 were 4.3% higher than the prior year ($14.5 million versus $13.9 million). Revenues on a year-to-date basis were also higher when compared to prior year ($26.7 million for the six months in 2025 versus $26.0 million in 2024). Conversely, year-to-date revenues from the unregulated water service business declined by 42.4%.

- Operating Income for the second quarter and year-to date 2025, were both lower than the prior year due to material increases in operating expenses year-over-year.

- The Pre-Tax Loss for the second quarter and year-to-date 2025, was primarily due to the increase in operating expenses, as discussed.

- Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) for the second quarter of 2025 were 17.0% lower than the prior year ($3.9 million versus $4.7 million). On a year-to-date basis EBITDA was 18.8% lower than the prior year ($6.9 million versus $8.5 million for 2024).

- 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 $4.2 million to the City in principal, interest and dividends to fund the City Acquisition Debt.

- Capital expenditures for the second quarter of 2025 were $1.1 million compared to $2.3 million in the second quarter of 2024. On a year-to-date basis, capital expenditures for 2025 were $3.1 million compared to $3.1 million in 2024.

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 second quarter of 2025 as compared to the second quarter of 2024 are as follows:

	Quarter Ended		Year-to-Date (000's)	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues				
Regulated Utilities	$ 14,109	$ 13,213	$ 25,834	$ 24,789
Other	424	649	869	1,238
Total	$ 14,533	$ 13,862	$ 26,703	$ 26,027
Operating Expenses				
Regulated Utilities	$ 12,758	$ 10,929	$ 23,846	$ 21,135
Other	310	552	705	1,086
Total	$ 13,068	$ 11,481	$ 24,551	$ 22,221
Operating Income	$ 1,465	$ 2,381	$ 2,152	$ 3,806
Non-Operational Income (Expense)	0	0	0	0
Net Interest Expense	(3,213)	(3,281)	(6,260)	(6,445)
Pre-Tax Income (Loss)	$ (1,748)	$ (900)	$ (4,108)	$ (2,639)
Income Tax Benefit (Expense)	316	137	799	460
Net Income (Loss)	$ (1,432)	$ (763)	$ (3,309)	$ (2,179)
Earnings Before Interest, Taxes, Depreciation and Amortization	$ 3,880	$ 4,746	$ 6,974	$ 8,535

Revenues from water utility operations increased 6.8% in the quarter and 4.0 % on a year-to-date basis. This increase is chiefly related to an approved QCPAC surcharge of 2.06% for capital projects placed in service in 2023 for both PWW and PEU, which was granted by the NHPUC on March 27, 2025. Revenues from the unregulated water service business decreased 42.4% on a year-to-date basis, due to a reduction in its Unplanned Maintenance contract work.

Operating Expenses have increased approximately 10.5% year-over-year. The increase is attributable to inflationary increases in purification costs. As well as general administrative costs which include, health and general liability insurance.

Operating Income has decreased year-over-year as a result of the increase in operating expenses, over and above its revenue increases, as previously noted.

Interest Expense decreased year-over-year by 3.0%, due to the full amortization of the debt costs associated with the 2014 Bond escrow deposits, at the end 2024. 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 second quarter, the tax benefit rate is 19.5% versus the statutory rate provision of 26.93%.

The second quarter pre-tax loss for 2025 is higher than the pre-tax loss for 2024, for the reasons as discussed in this quarterly report.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is 22.3% lower than EBITDA for the same period last year due to the increased operating expenses year-over-year, over and above any revenue increases, as previously discussed.

Balance Sheet

	(000's) As of June 30, 2025 (Unaudited)	As of December 31, 2024 (Audited)
Assets		
Property, Plant & Equipment, Net	$ 266,625	$ 266,866
Current Assets:		
Cash	531	304
Restricted Cash	5,923	8,930
Restricted Cash – Bond Project Funds	23	234
Accounts Receivable	9,814	8,823
Inventory	1,473	1,386
Other Current Assets Note 1	2,637	1,619
Total Current Assets	20,401	21,296
Other Assets:		
Acquisition Premium	57,117	58,318
Other Assets	7,791	7,688
Total Other Assets	64,908	66,006
TOTAL ASSETS	$ 351,934	$ 354,168
Shareholders' Equity and Liabilities		
Shareholders' Equity	$ (22,442)	$ (19,012)
Bonds, Notes and Mortgages	251,197	241,462
Current Liabilities:		
Lines of Credit Note 2	1,962	8,833
Current Portion of Long-Term Debt	8,095	7,834
Other Current Liabilities Notes 3 & 4	5,669	7,988
Total Current Liabilities	15,726	24,655
Other Long-Term Liabilities:		
CIAC, net	65,938	64,507
Deferred Income Taxes	19,089	19,853
Accrued Pension Liability Note 5	4,381	4,704
Other Long-Term Liabilities	18,045	17,999
Total Other Long-Term Liabilities	107,453	107,063
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	$ 351,934	$ 354,168

Notes to Balance Sheet

Note 1 (Other Current Assets) – At December 31, 2024, approximately $0.9 million of this balance was comprised of prepaid property taxes, which were 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, 2025. The balance of prepaid property taxes as of June 30, 2025 is $1.0 million.

Note 2 (Lines of Credit) – At June 30, 2025, $2.0 million of this balance was comprised of the borrowed balance against the Fixed Asset Lines of Credit, which exist in Pennichuck Water Works. These are used to fund Construction Work in Progress on capital projects which will be refinanced into bond indebtedness annually.

Note 3 (Other Current Liabilities) – At June 30, 2025, approximately $1.5 million of this balance is comprised of accounts payable which relates to activities that were performed in the second quarter of 2025.

Note 4 (Other Current Liabilities) – At June 30, 2025, approximately $1.5 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 six months of 2025**,** $750,000 was contributed into the Pension Plan, while approximately $600,910 in benefit payments were made to participants and approximately $170,484 of investment income and appreciation was earned in the plan.

Unaudited Cash Flow Statement

Cash Flow on a GAAP basis for the second quarter of 2025 as compared to the second quarter of 2024 is as follows:

	(000's)			
	Quarter Ended		Year-to-Date	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30,2024
Operating Activities:				
Net Income (Loss)	$ (1 432)	$ (763)	$ (3,309)	$ (2,179)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	2 414	2,651	4,911	5,012
Provision for Deferred Taxes	(308)	(9)	(783)	(444)
Other	(8)	(129)	(145)	(17)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(2,056)	(1,652)	(991)	(1,926)
(Increase) Decrease in Inventory	147	227	(88)	(104)
(Increase) Decrease in Other Assets	(1,445)	(779)	(890)	360
Increase (Decrease) in Accounts Payable	(567)	2,162	(2,367)	742
Increase (Decrease) in Other Liabilities	600	980	(239)	450
Net Cash Provided by (Used in) Operating Activities	(2,655)	2,688	(3,901)	1,894
Investing Activities:				
Purchases of Property, Plant & Equipment, including the Debt Component of AFUDC	(844)	(3,556)	(2,713)	(4,579)
Proceeds from Sale of Property, Plant & Equipment	-	-	-	-
(Increase) Decrease in Restricted Cash	-	-	-	-
Sale of Investment Securities	-	-	-	-
Change in Deferred Land Costs	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(844)	(3,556)	(2,713)	(4,579)
Financing Activities:				
Borrowings (Repayments) on Lines of Credit	(11,641)	(8,389)	(6,871)	(5,898)
Payments on Long-term Debt	(1,543)	(1,305)	(3,726)	(3,471)
Contributions in Aid of Construction	806	15	806	15
Proceeds from Long-term Borrowings	14,105	9,510	14,105	9,707
Debt Issuance Costs	(543)	(369)	(552)	(371)
Dividends Paid	(69)	(69)	(139)	(139)
Net Cash Provided by (Used in) Financing Activities	1,115	(607)	3,623	(157)
Increase (Decrease) in Cash and Cash Equivalents	(2,384)	(1,475)	(2,991)	(2,842)
Cash and Cash Equivalents at Beginning of Period	8,861	9 494	9,468	10,861
Cash and Cash Equivalents at End of Period	$ 6,477	$ 8 019	$ 6,477	$ 8,019

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 second quarter of 2025 were $1.1 million as compared to $2.3 million in the second quarter of 2024. Major expenditures in the first half of 2025 included:

Chemical Feed Building	$650,000
Route 101A Boston Post Road	$680,000
Radio Project	$220,289

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 Pittsfield Aqueduct Company 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 Pittsfield Aqueduct Company 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., inclusive of consolidated rates. The NHPUC approved the rate structure for all customers, resulting in a single consolidated rate. The order became effective as of 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.

Qualified Capital Project Adjustment Charge

<u>Pennichuck Water Works</u> - On March 27, 2025, the NHPUC issued Order Nisi No. 28,121, approving a combined Pennichuck Water Works, Inc. and Pennichuck East Utility, Inc. QCPAC surcharge of 2.06% for all capital projects placed in service in 2023. This Order became effective with services rendered back to the April 24, 2024 bond and October 30, 2024, CoBank loan closing dates, which allowed for recovery in the form of a monthly recoupment surcharge, to be collected over a four-month period from the date of the Order.

<u>Pennichuck Water Works</u> – On March 31, 2025, 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 2024. 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 29, 2025, 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. 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.

Financing

On April 29, 2025, the Company's Pennichuck Water Works, Inc. subsidiary issued approximately $14.1 million of tax-exempt and taxable bonds through the NH Business Finance Authority as reimbursement for its 2024 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 fifth 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

The Company has evaluated the events and transactions that have occurred through August 21, 2025, the date that this memo was made available, for which no reportable events were discovered.

Steven A. Bolton
Corporation Counsel
BoltonS@nashuanh.gov

Celia K. Leonard
Deputy Corporation Counsel
LeonardC@nashuanh.gov

229 Main Street
P.O. Box 2019
Nashua, NH 03061-2019

CITY OF NASHUA
OFFICE OF
CORPORATION COUNSEL

Dorothy Clarke
Deputy Corporation Counsel
ClarkeD@nashuanh.gov

Jonathan A. Barnes
Assistant Corporation Counsel
BarnesJ@nashuanh.gov

T: (603) 589-3250
F: (603) 589-3259
Legal@nashuanh.gov

FIRST MEMORANDUM

TO: Board of Aldermen

FROM: Office of Corporation Counsel

DATE: September 2, 2025

RE: R-25-199 "Authorizing Pennichuck Water Works, Inc. to issue bonds in an amount not to exceed ninety-nine million dollars ($99,000,000)"

Attached please find a letter from Pennichuck with supporting information for Resolution R-25-199 "Authorizing Pennichuck Water Works, Inc. to issue bonds in an amount not to exceed ninety-nine million dollars ($99,000,000)"

PENNICHUCK®

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

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

WWW.PENNICHUCK.COM

August 11, 2025

Mr. Steven A. Bolton
Corporation Counsel
City of Nashua
229 Main Street
Nashua, NH 03060

Re: Pennichuck Water Works, Inc. –Request for Approval for 5-year Plan of Financing to Issue Tax-Exempt or Taxable Bonds

Dear Attorney Bolton:

Introduction. As you know, the City of Nashua, New Hampshire (the "City") is the sole corporate shareholder of Pennichuck Corporation ("Pennichuck"). The City has been the sole shareholder since the acquisition of Pennichuck on January 25, 2012.

The purpose of this letter is to request that the City, acting in its capacity as sole shareholder, approve resolutions authorizing Pennichuck's regulated public water utility subsidiary, Pennichuck Water Works, Inc. ("PWW"), to issue tax-exempt AMT and/or taxable bonds through the NHBFA or directly to the market with Stifel.

Background. As part of the City's acquisition of Pennichuck, in accordance with special legislation enacted by the State Legislature, and as unanimously approved by the Mayor and Board of Aldermen on January 11, 2011, the corporate structure of Pennichuck and its utility subsidiaries was retained. This corporate structure was retained for several reasons. First, the Mayor and Board of Aldermen desired to maintain stability and continuity for customers and employees of the Pennichuck utilities and the communities they serve. Second, retaining the corporate structure provided continuity for the existing relationships with regulatory agencies and financial/banking partners. Third, the Mayor and Board of Aldermen unanimously agreed that the corporate structure would encourage business-smart decisions and rely upon well-established governance principles of corporate law, pursuant to Pennichuck's Articles of Incorporation and its by-laws.

Shareholder Approval of Borrowings Required. Under Article IX of Pennichuck's Articles of Incorporation, the City, acting in its capacity as Pennichuck's sole shareholder, must approve:

"(3) any action to (A) create, incur or assume any indebtedness for borrowed money or guarantee any such indebtedness of any person, (B) issue or sell any debt securities or warrants or other rights to acquire any debt securities of the [Pennichuck] Corporation or any of its Subsidiaries, or (C) guarantee any debt securities of any person."

PWW Proposed Financings: Continuation of PWW's Integrated Capital Finance Plan. Pennichuck requests the City's approval to allow PWW to issue up to a total of $99,000,000 in aggregate principal amount of tax-exempt AMT bonds and/or other borrowings to raise proceeds for the following purposes:

(1) to finance up to $80.0 million of PWW's cost of constructing, reconstructing, and replacing infrastructure, equipment, vehicles and all other fixed assets of the Company for the years 2025-2029;

(2) to fund up to $4.5 million of various costs of issuance of the new bonds, including transaction costs, capitalized interest, and, if necessary and appropriate, credit enhancements such as a debt service reserve fund or other credit measure as may be determined by PWW in response to prevailing market conditions;

(3) potentially refinance $14.5 millionofexisting CoBank loans; inclusive of any "breakage fees", with new bonds that have more favorable interest rates and maturities that are aligned with the useful lives of the funded capital assets; and

PWW is seeking the City's approval to consummate these proposed borrowings because Pennichuck and PWW believe that the proposed financings are consistent with the public interest and that the borrowing transactions together is consistent with PWW's capital structure, is consistent with the assumptions underlying the City's original acquisition of Pennichuck in January 2012 and the NHPUC's original approval of the City's acquisition, and is in line with PWW's modified rate structure as approved in dockets DW 16-806, DW 19-084, and DW23-101, with the NH Public Utilities Commission.

New Hampshire Public Utilities Commission Approval Required. The proposed borrowings may not occur without the prior approval of the NHPUC. PWW intends to file a petition to request this approval during the month of August 2025. PWW will work with the NHPUC to set a schedule for considering this request that contemplates completing its review in order to allow PWW to consummate the proposed borrowings under the Integrated Capital Finance Plan, and issue the first tranche of bonds under this plan in April 2026 (with subsequent tranches to occur in April of 2027, 2028, 2029 and 2030). A copy of this petition, once filed, will be available to the City and the public.

Advisors, Underwriters and Lenders. Pennichuck and PWW are developing the structure and terms of the proposed 5-year bond borrowing plan with the assistance of Stifel, as advisor. Stifel will serve as underwriter in connection with the annual issuance of tax-exempt bonds to be issued through the NHBFA.

<u>Approval by the Pennichuck and PWW Boards of Directors</u>. The Pennichuck and PWW Boards of Directors have approved the proposed borrowings in concept and will also be required to approve the final terms and conditions of the proposed borrowings, near the time of the transaction closing.

<u>Requested Approvals</u>. For the reasons described above, Pennichuck respectfully requests that the City, acting in its capacity as sole shareholder of Pennichuck and pursuant to Article IX (3) of Pennichuck's Articles of Incorporation, authorize the following actions:

> RESOLVED, that the City hereby approves the borrowing by Pennichuck Water Works, Inc. for each of the proposed tax-exempt and/or taxable bond borrowings described above for its 5-year Plan of Financing, in the aggregate principal amount of up to $99.0 million, for the purposes described above, inclusive of cost of issuance, and in the NHPUC petition and testimony, and
>
> FURTHER RESOLVED, that Pennichuck Corporation and Pennichuck Water Works, Inc., their respective Board of Directors and Officers are severally authorized, empowered and directed to execute and deliver, in the name of and on behalf of Pennichuck Corporation and Pennichuck Water Works, Inc., loan and trust agreements and other related documents and agreements (the "Borrowing Agreements"), with such terms, including exhibits and schedules to such Borrowing Agreements, as may be deemed necessary or advisable in the several judgment of the Officers executing the Borrowing Agreements, and to take all other actions as they deem necessary or desirable to effect the proposed borrowings and the Borrowing Agreements and to carry out the purposes of these resolutions.

Respectfully submitted,

PENNICHUCK CORPORATION

By: George Torres

George Torres
Chief Financial Officer

cc: Mayor James Donchess
Dorothy Clarke, Deputy Corporation Counsel

R-25-199

RESOLUTION

AUTHORIZING PENNICHUCK WATER WORKS, INC. TO ISSUE BONDS IN AN AMOUNT NOT TO EXCEED NINETY-NINE MILLION DOLLARS ($99,000,000)

CITY OF NASHUA

In the Year Two Thousand and Twenty-Five

WHEREAS, the City of Nashua is the sole shareholder of Pennichuck Corporation (“Pennichuck”) and each of its subsidiaries;

WHEREAS, Article IX (3) of the Articles of Incorporation of Pennichuck and Article V §2 of the by-laws of Pennichuck require the approval of the sole shareholder (the City of Nashua) for Pennichuck to create, incur, assume, or guarantee any indebtedness for borrowed money, and for Pennichuck to issue, sell, or guarantee any debt securities or warrants; and

WHEREAS, Pennichuck Water Works, Inc. (“PWW”) is a regulated New Hampshire public water utility, and is a wholly owned subsidiary of Pennichuck, which, in turn, is wholly owned by the City of Nashua.

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that the City approves allowing PWW borrowing up to a total of $99,000,000 in an aggregate principal amount by issuing tax-exempt AMT bonds, taxable bonds, bond anticipation notes, and/or other borrowings to: (i) finance PWW’s cost of constructing, reconstructing, and replacing infrastructure, equipment, vehicles and all other fixed assets of PWW for the years 2025-2029; (ii) refinance any or all of PWW’s outstanding loans with CoBank, ACB, as may be determined to be prudent by PWW based on prevailing market conditions; and (iii) to fund various costs of issuance of the new bonds, including transaction costs, capitalized interest, or other credit measures or enhancements as may be determined by PWW in response to prevailing market conditions.

LEGISLATIVE YEAR 2025

RESOLUTION: **R-25-199**

PURPOSE: **Authorizing Pennichuck Water Works, Inc. to issue bonds in an amount not to exceed ninety-nine million dollars ($99,000,000)**

ENDORSERS: **Alderman-at-Large Lori Wilshire**
Alderman Patricia Klee

COMMITTEE ASSIGNMENT: **Pennichuck Water Special Committee**

FISCAL NOTE: **None.**

ANALYSIS

This resolution approves the proposal by Pennichuck Water Works, Inc. to issue bonds in an amount not to exceed ninety-nine million dollars ($99,000,000) as described in the resolution.

We have forwarded additional information provided by Pennichick on the proposal to the Board of Aldermen.

Article IX (3) of Pennichuck Water Works, Inc. Articles of Incorporation and Article V §2 of the Pennichuck Water Works, Inc. by-laws requires City approval for the bonding.

Approved as to form: **Office of Corporation Counsel**

By: Marylou Clarke

Date: 2 September 2025