

**PENNICHUCK EAST UTILITY, INC.**  
**BALANCE SHEET**  
**ASSETS AND DEFERRED CHARGES**  
For the Twelve Months Ended December 31, 2022

2023 PEU FALOC Renewal Financing Petition  
DW 23-\_\_\_\_  
Schedule GT-1  
Page 1 of 2

	Account Number	12/31/2022	Pro Forma Adjustments	Proforma 12/31/22
<b><u>PLANT ASSETS</u></b>				
Plant in Service	301 to 348	84,901,761	-	84,901,761
Work in process	105	401,582	-	401,582
Utility Plant		85,303,343	-	85,303,343
Accumulated depreciation	108	19,027,746	-	19,027,746
Net Plant		66,275,596	-	66,275,596
Net Acquisition Adjustment	114 & 115	4,497,480	-	4,497,480
Total Net Utility Plant		61,778,117	-	61,778,117
<b><u>CURRENT ASSETS</u></b>				
Cash & Special Deposits	131 & 133	1,737,051	-	1,737,051
Accounts receivable-billed, net	141 & 143	1,308,341	-	1,308,341
Accounts receivable-unbilled, net	173	1,118,975	-	1,118,975
Accounts receivable-other	142	-	-	-
Inventory	151	-	-	-
Prepaid expenses	162	8,953	-	8,953
Prepaid property taxes	163 & 236	253,121	-	253,121
Prepaid taxes	162.3	-	-	-
		4,426,441	-	4,426,441
<b><u>OTHER ASSETS</u></b>				
Debt issuance expenses	181	223,924	-	223,924
Acquisition Premium - MARA	186	6,689,990	-	6,689,990
Other & Deferred Charges	182,184,186	945,901	-	945,901
		7,859,815	-	7,859,815
<b>TOTAL ASSETS</b>		<b>\$ 74,064,373</b>	<b>\$ -</b>	<b>\$ 74,064,373</b>

**Notes:**

\$ - check



**PENNICHUCK EAST UTILITY, INC.**  
**OPERATING INCOME STATEMENT**  
For the Twelve Months Ended December 31, 2022

2023 PEU FALOC Renewal Financing Petition  
DW 23-\_\_\_\_  
Schedule GT-2  
Page 1 of 2

	Account Number	Twelve Months 12/31/22	Pro Forma Adjustments	Pro Forma 12 Months 12/31/22
Water Sales	460 to 462	\$ 12,472,384	-	\$ 12,472,384
Other Operating Revenue	471	32,069	-	32,069
Total Revenues		12,504,453	-	12,504,453
Production Expenses	601 to 652	2,967,856	-	2,967,856
Transmission & Distribution Expenses	660 to 678	946,176	-	946,176
Customer Acct & Collection Exp	902 to 904	206,954	-	206,954
Administrative & General Expense	920 to 950	239,006	-	239,006
Inter Div Management Fee	930	2,947,710	-	2,947,710
Total Operating Expense		7,307,703	-	7,307,703
Dep Exp/Acq Adj Expense	403 & 406	1,528,136	-	1,528,136
Amortization Expense:CIAC	405	(522,138)	-	(522,138)
Amortization Expense	407	300,201	-	300,201
Gain on Debt Forgiveness	414	(47,448)	-	(47,448)
Property Taxes	408.1	1,298,041	-	1,298,041
Income Tax	409 to 410	641,147	-	641,147
Total Operating Deductions		3,197,939	-	3,197,939
Net Operating Income		1,998,812	-	1,998,812
Other Income and Deductions		-	-	-
Interest Expenses		927,846	-	927,846
Net Income		1,070,966	-	1,070,966

**Notes:**

0.00 *check*

**PENNICHUCK EAST UTILITY, INC.**  
**OPERATING INCOME STATEMENT**  
For the Twelve Months Ended December 31, 2022

**Supporting Calculations:**

<u>Interest Expense:</u>	Amount	Rate	Interest
FALOC usage			
New CoBank Loan	\$ -	0.000%	\$ -
<b>Totals</b>	\$ -		\$ -

<u>Depreciation</u>	N/A				
<u>Additions:</u>	<b>Asset Cost</b>			Depreciation	
	<u>Asset Totals</u>	<u>Cost of</u>	<u>Total</u>	<u>Rate</u>	<u>Amount</u>
	Term Loan	Removal			
	\$ -	\$ -	\$ -		\$ -
Totals	\$ -	\$ -	\$ -		\$ -
Net Additions	\$ -	\$ -	\$ -		
<b>Pro Forma Depreciation</b>					\$ -
<u>Property Taxes</u>	<u>Combined Local And State Property Tax</u>				
Salem Town Tax Rate (1)	\$ -				
Other					
State of New Hampshire	\$ -				
Total Tax Rate	\$ -				
<b>Pro Forma Property Taxes</b>	\$ -	1.0%	\$ -		\$ -

**Pennichuck East Utility, Inc.**  
**Pro Forma Capital Structure for Ratemaking Purposes**  
**For the Twelve Months Ended December 31, 2022**

2023 PEU FALOC Renewal Financing Petition  
DW 22-\_\_\_\_  
Schedule GT-3  
Statement of Capitalization Ratios  
PUC 609.03(b)(6) - Form F-4, Exhibit 5

	<u>Pro Forma 2022</u>	<u>Pro Forma Eliminations</u>	<u>Pro Forma 2022 with Eliminations</u>	<u>Component Ratio</u>
Long-term Debt	25,198,569	- (1)	25,198,569	<b>84.59%</b>
Intercompany Debt	\$ 5,477,249	- (1)	5,477,249	<b>18.39%</b>
<u>Common Equity:</u>				
Common Stock	100	(100)	-	
Paid In Capital	9,987,872	(9,987,872) (1)	-	
Comprehensive Income	(5,784)	529,702 (1)	523,918	
Retained Earnings	(1,408,955)		(1,408,955)	
Total Common Equity	<u>8,573,233</u>		<u>(885,037)</u>	<b>-2.97%</b>
Total Capital	<u>\$ 39,249,051</u>	<u>(9,458,270)</u>	<u>\$ 29,790,782</u>	100.00%

**Notes:**

(1) Per Order 25,292 in DW 11-026, eliminate the MARA and related equity, and adjust comprehensive income as follows:

Comprehensive Income as of 1/25/12	<u>(529,702)</u>
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Pennichuck East Utility, Inc.  
 2023 Faloc Renewal Financing  
 Projected Rate Impact on Single Family Residential Home

CoBank Loan Amount - \$	-	(a)	
Loan Percentage -	0.00%		
Loan Term (in years) -	<u>2</u>		
Annual Principal & Interest on Loan -	<u>\$0</u>	(b)	
Coverage Multiplier, under DW 20-156 -	<u>1.1 x</u>	(c)	
<b>Revenue Requirement for P&amp;I: [(b) x (c)] -</b>	<u><u>\$0</u></u>	(d)	
<b>Less: P&amp;I from expiring loan obligation from Schedule 5 in Docket DW 20-156</b>	\$0		
Coverage Multiplier, under DW 20-156 -	<u>1.1</u>		
<b>Revenue Requirement for P&amp;I: [(b) x (c)] -</b>	<u><u>\$0</u></u>		
<b>Net impact of P&amp;I for new loan, as it relates to current rates</b>	\$0		
Property tax rate/\$1000 - \$	-	(e)	
<b>Projected Property Taxes: [(a)/1000 x (e)] -</b>	<u><u>\$ -</u></u>	(f)	
<b>Projected Revenue Requirement: [(d) + (f)] -</b>	<u><u>\$0</u></u>	(g)	
DW 20-156 Allowed Revenue Requirement - \$	10,130,530	(h)	
<b>Calculated QCPAC Surcharge: [(g)/(h)] -</b>	<u><u>0.00%</u></u>	(i)	resulting from the proposed external CoBank financing
Current Monthly Single Family Residential Bill - \$	84.31	(j)	
<b>Monthly impact on Single Family Residential Bill of the external Financing: [(i) x (j)] -</b>	<u><u>\$ -</u></u>		per month

Note 1 - interest rate differential between balloon maturity debt payoff and new loan

**Pennichuck East Utility, Inc.**  
**Statement of Weighted Average Cost of Long-Term Debt**  
**For the Twelve Months Ended December 31, 2022**

2023 PEU FALOC Renewal Financing Petition  
DW 23-\_\_\_\_  
Schedule GT-4B  
PUC 609.03(b)(7) - Form F-4, Exhibit 6

Holder	Term	Maturity	Coupon Rate	Outstanding Balance as of 12/31/22	New Debt Added in 2023	Annual Interest	Annual Amortization Issue Costs	All In Annual Cost	Effective Rate
CoBank	20	03/01/30	5.950%	2,030,680	-	120,825	1,278	122,103	6.01%
State of NH SRF (Green Hills)	20	01/01/25	3.728%	43,873	-	1,636	6,854	8,490	19.35%
State of NH SRF (Pelham Tank)	20	01/01/27	3.488%	145,999	-	5,092	247	5,339	3.66%
State of NH SRF (Maple Hills)	20	06/01/30	2.952%	262,326	-	7,744	483	8,227	3.14%
State of NH SRF (Birch Hill)	20	12/01/31	2.864%	930,094	-	26,638	549	27,187	2.92%
State of NH SRF (Locke Lake - 2007)	20	05/01/30	2.952%	103,509	-	3,056	90	3,145	3.04%
State of NH SRF (Locke Lake - 2011)	20	06/01/33	2.864%	187,091	-	5,358	-	5,358	2.86%
State of NH SRF (Liberty Tree) (9)	20	04/01/35	3.104%	285,213	-	8,853	531	9,384	3.29%
State of NH SRF (Locke Lake - 2012)	20	12/1/2033	2.720%	244,890	-	6,661	1,057	7,718	3.15%
CoBank \$1.7M Loan (RX0848T4)	10	06/20/23	3.620%	1,059,563	-	38,356	1,632	-	-
CoBank \$925k Loan (RX0848T3)	20	06/20/33	4.250%	582,722	-	24,766	443	25,209	4.33%
SRF Loan - Locke Lake Dam Site Phase 2	20	07/01/35	2.720%	274,754	-	7,473	-	7,473	2.72%
SRF Loan - Locke Lake-Winwood & Monroe-Phase I	20	07/01/36	2.720%	283,262	-	7,705	343	8,047	2.84%
SRF Loan - Locke Lake-Winwood & Monroe-Phase II	20	11/01/36	2.464%	296,918	-	7,316	263	7,579	2.55%
SRF Loan - W&E Main Replacement	20	08/01/36	2.616%	749,835	-	19,616	672	20,288	2.71%
SRF Loan - Hickory & Avery	20	04/01/36	2.616%	304,109	-	7,955	119	8,074	2.66%
SRF Loan - Hardwood Treatment Station	20	07/01/36	2.464%	415,970	-	10,250	349	10,599	2.55%
CoBank 625K Loan	25	03/06/40	4.900%	505,805	-	24,784	1,635	26,420	5.22%
CoBank 1.25M Loan T6(1st tranche)	25	11/01/41	4.200%	1,058,282	-	44,448	489	44,937	4.25%
CoBank 950K Loan T6(2nd tranche)	25	11/01/41	4.830%	814,738	-	39,352	211	39,563	4.86%
SRF Loan - Locke Lake Varney Road	20	11/01/37	1.960%	1,159,057	-	22,718	691	23,409	2.02%
Intercompany 2018 PEU - \$1,701,516	30	05/01/48	3.200%	1,534,638	-	49,108	-	49,108	3.20%
Intercompany 2018 PEU (North Country)- \$1,157,403	30	05/01/48	3.200%	1,043,890	-	33,404	-	33,404	3.20%
SRF Loan 2017 - Brady Ave (Derry)	30	TBD	1.960%	521,543	-	10,222	151	10,373	1.99%
SRF Loan 2017 Hillcrest Road (Litchfield)	20	TBD	1.960%	207,993	-	4,077	-	4,077	1.96%
Co-Bank	25	05/20/43	5.330%	315,697	-	16,827	402	17,229	5.46%
Merrimack River Crossing SRF	20	09/01/39	1.960%	2,062,334	-	40,422	953	41,375	2.01%
Locke Lake Georgetown Main Replacement	30	10/01/51	2.704%	1,243,859	-	33,634	34	33,668	2.71%
Locke Lake Airstrip Well	30	10/01/51	1.296%	637,889	-	8,267	18	8,285	1.30%
Locke Lake Surface Water Treatment	30	10/01/51	1.296%	2,205,669	-	28,585	61	28,647	1.30%
CoBank 1.153M Loan T9	25	06/01/44	4.380%	1,062,610	-	46,542	652	47,194	4.44%
2020 CoBank 800K Loan	25	11/23/45	3.980%	761,462	-	30,306	284	30,590	4.02%
2021 CoBank 1.13M Loan	25	10/24/46	4.180%	1,104,842	-	46,182	423	46,606	4.22%
2021 CoBank Loan to refill RSF	25	11/24/46	4.250%	2,488,616	-	105,766	765	106,531	4.28%
2022 CoBank T13 Loan	25	10/01/47	7.160%	654,395	-	46,855	41	46,895	7.17%
DWGTf Interconnection Project (1)	25	TBD	1.570%	493,500	-	7,748	-	7,748	1.57%
<b>TOTAL</b>				<b>28,077,627</b>	<b>-</b>	<b>948,548</b>	<b>21,721</b>	<b>930,280</b>	<b>3.31%</b>

Notes:  
(1) To account for the new DWGTf Interconnection Debt  
(2) To account for the new CoBank Loan



6340 South Fiddlers Green Circle  
Greenwood Village, CO 80111  
800-542-8072  
www.cobank.com

**CONFIDENTIAL**

**DRAFT**

March 14, 2023

Mr. Larry Goodhue, President  
Pennichuck Corporation  
25 Manchester St.  
Nashua, NH 03054

Dear Mr. Goodhue:

This Non-Binding Summary of Terms and Conditions (this “Summary”) is being presented to Pennichuck East Utility, Inc. (the “Company”) by CoBank, ACB (“CoBank”) for information and discussion purposes only.

[REDACTED]

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**Borrower:** [REDACTED]

**Lender:** [REDACTED]

**Type of Credit Facilities:** [REDACTED]

**Purpose:** [REDACTED]

**Availability:** [REDACTED]

**Interest:** [REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

**Default Interest:**

[REDACTED]

**Origination Fees:**

[REDACTED]

**Principal Repayment:**

[REDACTED].

**Prepayment:**

[REDACTED]

**Collateral:**

[REDACTED]

**Guarantee:**

[REDACTED]

**Credit Documentation**

**Representations and Warranties:**

[REDACTED]

[REDACTED]

**Conditions Precedent.**

[REDACTED]

**Condition Precedent to each Funding:**

[REDACTED]

**Financial Covenants:**

[REDACTED]

**Negative covenants:**

[REDACTED]

**Reporting Requirements:**

[REDACTED]

**Events of Default:**

[REDACTED]

**Expenses and Indemnification:**

[REDACTED]

[REDACTED]

**Patronage:**

[REDACTED]

**Capitalization:**

[REDACTED]

**Governing Law:**

[REDACTED]

**PENNICHUCK EAST UTILITY, INC.**

**CORPORATE SECRETARY'S CERTIFICATE**

I, Carol Ann Howe, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck East Utility, Inc. (the "Corporation"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Corporation. In that capacity, I do hereby further certify that:

1. The following resolutions were adopted by the Board of Directors of the Corporation on March 24, 2023; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors of Pennichuck East Utility, Inc. (the "Company") hereby authorizes the Chief Executive Officer, Chief Operating Officer or the Chief Financial Officer of the Company to negotiate the renewal of the Company's \$4 million Fixed Asset Line of Credit with CoBank, ACB, and secure all necessary approvals for said renewal with the NHPUC and the City of Nashua for a period of 3 years past the expiration date of the current FALOC which expires on September 30, 2023.

In Witness Whereof, I have hereunto set my hand this 12<sup>th</sup> day of April, 2023.



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Carol Ann Howe  
Corporate Secretary and Assistant Treasurer

**PENNICHUCK CORPORATION**

**CORPORATE SECRETARY'S CERTIFICATE**

I, Carol Ann Howe, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck Corporation (the "Corporation"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Corporation. In that capacity, I do hereby further certify that:

1. The following resolutions were adopted by the Board of Directors of the Corporation on March 24, 2023; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors of Pennichuck Corporation (the "Company") hereby authorizes the Chief Executive Officer, Chief Operating Officer or the Chief Financial Officer of the Company to negotiate the renewal of Pennichuck East Utility's \$4 million Fixed Asset Line of Credit with CoBank, ACB, and secure all necessary approvals for said renewal with the NHPUC and the City of Nashua for a period of 3 years past the expiration date of the current FALOC which expires on September 30, 2023.

In Witness Whereof, I have hereunto set my hand this 12<sup>th</sup> day of April, 2023.



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Carol Ann Howe  
Corporate Secretary and Assistant Treasurer



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

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FAX (603) 913-2305

WWW.PENNICHUCK.COM

April 7, 2023

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

Re: Pennichuck East Utility, Inc. – Request for Approval of Loan and to Renewal of Fixed  
Asset Line of Credit with CoBank, ACB

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 East Utility, Inc. (“PEU”), to enter into the renewal of its existing fixed asset line of credit, with CoBank, ACB (“CoBank”).

**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.”

**Proposed Term Loan Borrowing and Revolving (Fixed Asset) Line of Credit from CoBank**

PEU is a New Hampshire public utility corporation providing retail water service to approximately 8,700 customers in the New Hampshire towns of Atkinson, Barnstead, Bow, Chester, Conway, Derry, Exeter, Hooksett, Lee, Litchfield, Londonderry, Middleton, Pelham, Plaistow, Raymond, Sandown, Tilton, Weare and Windham. PEU is wholly-owned by Pennichuck which, in turn, is wholly-owned by the City.

PEU has entered into a Master Loan Agreement with CoBank dated as of February 9, 2010 (the “Master Loan Agreement”), which provides the framework for CoBank to make loans to PEU from time to time. A copy of the Master Loan Agreement and associated Amendments are attached to this letter as Attachment A.

PEU requests the City’s approval for PEU to renew a 3-year Fixed Asset Revolving Line of Credit (“FALOC”) with CoBank in a capacity up to \$4,000,000, with an interest rate to be determined based on market conditions (currently estimated at approximately 6.8% per annum). This facility is the renewal and expansion of the existing \$3 million FALOC in existence with CoBank, set to expire in September 2023, and will be used to fund capital projects during each calendar year beginning January 1, 2023, which will then be repaid and refinanced by annual term loan debt financings in the second or third quarter of the successive year with CoBank, for which annual approval will be sought from the City, for assets placed in service during the just completed fiscal year. This structure is in conformity with the modified rate methodology approved by the NH Public Utilities Commission in Order No. 26,179 under docket DW 17-128 and Order No. 26,637 under docket DW 20-156. A copy of the term sheet for the FALOC renewal with CoBank is attached to this letter, also on Attachment C (to be treated as Confidential Information for Board of Aldermen usage only).

The CoBank FALOC will be secured by (i) a security interest in PEU’s equity interest in CoBank (consisting of PEU’s \$246,000 earned equity investment in CoBank from patronage dividends received since 2010, and PEU’s right to receive future patronage dividends), and (ii) the unconditional guarantee of PEU’s obligations to CoBank by Pennichuck pursuant to the Guarantee of Payment (Continuing) dated as of February 9, 2010 between Pennichuck and CoBank (the “Guaranty Agreement”), a copy of which is attached to this letter as Attachment D.

**The Lender – CoBank, ACB.** CoBank is a government sponsored enterprise (“GSE”) owned by its customers, who consist of agricultural cooperatives, rural energy, communications and water companies and other businesses that serve rural America. As a GSE, CoBank issues its

debt securities with the implicit full faith and credit of the United States Government and uses these low-cost funds to make loans to companies like PEU that meet its charter requirements. As a result of the implicit backing of the U.S. Government, CoBank's borrowing costs are lower than commercial banks and financial institutions, and these lower costs are passed on to its borrowers. In addition to the lower rates, CoBank loans generally have fewer covenants or restrictions as compared to loans from commercial banks and other financial institutions.

**Approval by Pennichuck and PEU.** The CoBank loan and guaranty have been approved by the Board of Directors of Pennichuck and PEU, as well as the renewal and expansion of PEU's Fixed Asset Line of Credit.

Pennichuck recommends that the City authorize (i) PEU to enter into the loan and the renewal of line of credit with CoBank, and (ii) Pennichuck to guaranty the loan and line of credit.

**Lower Costs Are Good for Customers.** Pennichuck and its Board of Directors have determined that the capital projects to be financed by the CoBank loan and line of credit will allow PEU to continue to provide safe, adequate and reliable water service to their customers on a cost-effective basis. The terms of the loan and line of credit are very favorable compared to other alternatives and will result in lower financing costs than would be available under other debt options. These lower financing costs will be passed on to customers.

**Other Approvals.** As a regulated public utility, PEU must obtain approval of the term loan and line of credit, from the New Hampshire Public Utilities Commission ("NHPUC"), which will approve these debt instruments if it finds them to be consistent with the public good. PEU will be filing a petition for approval with the NHPUC in April 2023 and expects the NHPUC to consider the petition promptly.



**Requested Approvals.** 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 renewal and expansion of the 3-year Fixed Asset Revolving Line of Credit (“FALOC”) to Pennichuck East Utility, Inc. from CoBank, ACB, in an amount up to \$4,000,000; and

FURTHER RESOLVED, that the City hereby approves the guaranty by Pennichuck Corporation of the payment by Pennichuck East Utility, Inc. of the FALOC authorized in the prior resolutions; and

FURTHER RESOLVED, that the City hereby authorizes Pennichuck Corporation and Pennichuck East Utility, Inc., their Boards of Directors, and their Officers, to take any and all actions required to obtain all necessary approvals with respect to the actions described in these resolutions and to execute and deliver such documents as are necessary to effect the CoBank revolving line of credit, and the guaranty described in these resolutions.

Respectfully submitted,

PENNICHUCK CORPORATION

By: \_\_\_\_\_  
George Torres  
Chief Financial Officer

cc. Mayor James Donchess  
Dorothy Clarke, Deputy Corporation Counsel



**PENNICHUCK®**

April 5, 2023

Mr. John Dwyer  
Senior Relationship Manager  
TD Bank, N.A.  
200 State Street  
Boston, MA 02109

RE: Written notice per Section 6(c)(v) of the Master Loan Agreement between Pennichuck Corporation (the “Company” or “Pennichuck”) and TD Bank, N.A. (the “Bank”)

Hello John,

Pursuant to section 6(c)(v) of the Loan Agreement, dated June 25, 2014 (the “Agreement”) I am supplying you with the requisite written notice of the Company’s intent to secure \$744,775 of term financing, as repayment of draws for 2022 Capital Projects funded from the \$3.0 million Fixed Asset Line of Credit (“FALOC”), from CoBank, ACB for its wholly-owned Pennichuck East Utility, Inc. subsidiary (“PEU”). In accordance, with this section of the Agreement, the Company is allowed to borrow up to \$1.5 million per annum from CoBank, ACB or equivalent lender, in order to provide for capital project financing for its Pennichuck East Utility, Inc. or Pittsfield Aqueduct Company, Inc. subsidiaries, without prior written consent from the Bank. In lieu of this consent requirement, the Company must provide 30 days prior written notice of the Company’s intent to enter into said financing, which is not set to close until late July or early August 2023. Additionally, we are providing written notice of the Company’s intent to renew the FALOC with CoBank at a now \$4.0 million level, for a renewal period of three years past the current expiration of that revolving line of credit, which is set to expire as of September 30, 2023.

Pennichuck’s and PEU’s boards of directors have voted upon resolutions authorizing management to procure said financings on behalf of PEU.

The Company is currently submitting a financing petition to be filed with the NH Public Utilities Commission, as well as a request for shareholder approval has been requested from the Company’s sole shareholder, the City of Nashua. Pursuant to the Company and PEU receiving these approvals, PEU will enter into this new term debt obligation, and the extension of the FALOC, in the third quarter of 2023.

As described above, the aggregate \$744,775 is comprised of the amount needed to reimburse and repay amounts drawdown on the FALOC with CoBank during 2022 and early 2023 for funds used for capital expenditures used and useful through the end of 2022, which was not otherwise funded from State Revolving Fund or NH Drinking Water and Groundwater Trust Funds loans or grants. This term loan, as a repayment to the FALOC, is



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the annual “clean out” or paydown of the FALOC with new term loans from CoBank, for assets financed and placed in service by December of the preceding year. This is consistent with the Company’s approved rate structure as approved by the NH Public Utilities Commission, in Orders No. 26,179 (Docket DW 17-128) and No. 26,586 (Docket No. DW 20-156).

I am requesting either written consent from the Bank for this borrowing and FALOC renewal/extension, or a written response indicating that this letter suffices as prior written notice of borrowed amounts that do not exceed the \$1.5 million per annum borrowing limitation as specified in Section 6(c)(v) of the Master Loan Agreement.

Thank you for your time in reviewing and accepting this written notice, in conformity with the Agreement.

Sincerely,

*/s/George Torres*

George Torres  
Chief Financial Officer  
Pennichuck Corporation