

**PENNICHUCK EAST UTILITY, INC.**  
**BALANCE SHEET**  
**ASSETS AND DEFERRED CHARGES**  
**For the Twelve Months Ended December 31, 2023**

**2024 PEU Financing Petition**  
**DW 24-\_\_\_\_\_**  
**Schedule GT-1**  
**Page 1 of 2**

	Account Number	12/31/2023	Pro Forma Adjustments	Proforma 12/31/23
<b><u>PLANT ASSETS</u></b>				
Plant in Service	301 to 348	86,478,367	- (1)	86,478,367
Work in process	105	678,584	-	678,584
Utility Plant		87,156,952	-	87,156,952
Accumulated depreciation	108	20,197,276	37,792 (2)	20,235,068
Net Plant		66,959,676	(37,792)	66,921,884
Net Acquisition Adjustment	114 & 115	4,297,946	-	4,297,946
Total Net Utility Plant		62,661,731	(37,792)	62,623,938
<b><u>CURRENT ASSETS</u></b>				
Cash & Special Deposits	131 & 133	2,351,235	(138,595) (3)	2,212,640
Accounts receivable-billed, net	141 & 143	2,096,043	-	2,096,043
Accounts receivable-unbilled, net	173	717,929	-	717,929
Accounts receivable-other	142	-	-	-
Inventory	151	-	-	-
Prepaid expenses	162	8,993	-	8,993
Prepaid property taxes	163 & 236	227,423	-	227,423
Prepaid taxes	162.3	-	-	-
		5,401,623	(138,595)	5,263,028
<b><u>OTHER ASSETS</u></b>				
Debt issuance expenses	181	236,775	-	236,775
Acquisition Premium - MARA	186	7,689,503	-	7,689,503
Other & Deferred Charges	182,184,186	(236,775)	-	(236,775)
		7,689,503	-	7,689,503
<b>TOTAL ASSETS</b>		<b>\$ 75,752,857</b>	<b>\$ (176,387)</b>	<b>\$ 75,576,470</b>

**Notes:**

- (1) No adjustment needed to record the assets related to the CoBank Loan, as all of which were used and useful at 12/31/2023, and already included in the PPE amounts.
- (2) To record the impact of full year depreciation, offset by the half-year depreciation already included on the Balance Sheet for 12/31/2023.
- (3) To record the use of funds to support the related expenses

**2024 PEU Financing Petition**  
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**Page 2 of 2**

Notes:

CoBank Loan	\$	2,068,544
FALOC	\$	(2,068,544)
	\$	-

\$ - check                      \$ - check

PENNICHUCK EAST UTILITY, INC.  
OPERATING INCOME STATEMENT  
For the Twelve Months Ended December 31, 2023

2024 PEU Financing Petition  
DW 24-\_\_\_\_  
Schedule GT-2  
Page 1 of 2

	Account Number	Twelve Months 12/31/23	Pro Forma Adjustments	Pro Forma 12 Months 12/31/23
Water Sales	460 to 462	\$ 11,015,741	-	\$ 11,015,741
Other Operating Revenue	471	35,030	-	\$ 35,030
Total Revenues		11,050,771	-	11,050,771
Production Expenses	601 to 652	2,819,826	-	2,819,826
Transmission & Distribution Expenses	660 to 678	781,679	-	781,679
Customer Acct & Collection Exp	902 to 904	200,274	-	200,274
Administrative & General Expense	920 to 950	269,103	-	269,103
Inter Div Management Fee	930	2,986,744	-	2,986,744
Total Operating Expense		7,057,625	-	7,057,625
Dep Exp/Acq Adj Expense	403 & 406	1,564,120	37,792 (2)	1,601,913
Amortization Expense:CIAC	405	(530,862)	-	(530,862)
Amortization Expense	407	310,523	-	310,523
Gain on Debt Forgiveness	414	(47,448)	-	(47,448)
Property Taxes	408.1	1,279,124	48,694 (2)	1,327,817
Income Tax	409 to 410	69,406	(65,239) (3)	4,167
Total Operating Deductions		2,644,862	21,247	2,666,109
Net Operating Income		1,348,283	(21,247)	1,327,037
Other Income and Deductions		-	-	-
Interest Expenses		1,226,073	155,141 (1)	1,381,214
Net Income		122,210	(176,387)	(54,177)

**Notes:**  
1 - To record the change in interest expense.  
2 - To record the impact of assets on depreciation and property taxes.  
3 - To record the tax impact resulting from additional expenses, at the statutory rate of 27.00%.  
0.00 *check*

PENNICHUCK EAST UTILITY, INC.  
OPERATING INCOME STATEMENT  
For the Twelve Months Ended December 31, 2023

2024 PEU Financing Petition  
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Supporting Calculations:

Interest Expense:	Amount	Rate	Interest
New CoBank Loan	\$ 2,068,544	7.500%	\$ 155,141
Totals	\$ 2,068,544		\$ 155,141

<u>Depreciation</u>	N/A				
<u>Additions:</u>					
	<b>Asset Cost</b>				<b>Depreciation</b>
	<b>Asset Totals</b>	<b>Cost of</b>	<b>Total</b>		<b>Rate</b> <b>Amount</b>
	Term Loan	Removal			
	\$ 2,068,544	\$ 206,854	\$ 1,861,690		2.03%   \$ 37,792
Totals	\$ 2,068,544	\$ 206,854	\$ -	\$ 1,861,690	<b>\$ 37,792</b>
Net Additions	\$ 2,068,544		\$ -	\$ 1,861,690	
<b>Pro Forma Depreciation</b>					<b>\$ 37,792</b>
<u>Property Taxes</u>	<b>Combined Local And State Property Tax</b>				
PEU Blended Town Tax Rate	\$ 16.94	(1)			
Other					
State of New Hampshire	\$ 6.60				
Total Tax Rate	\$ 23.54				
<b>Pro Forma Property Taxes</b>	<b>\$ 48,694</b>	<b>1.0%</b>	<b>\$ 487</b>	<b>\$ 49,180</b>	

Notes  
(1) This rate is as included in the PEU QCPAC filing under Docket No. DW 23-013, for the CoBank financed and included assets.

Pennichuck East Utility, Inc.  
Pro Forma Capital Structure for Ratemaking Purposes  
For the Twelve Months Ended December 31, 2023

2024 PEU Financing Petition  
DW 24-\_\_\_\_  
Schedule GT-3  
Statement of Capitalization Ratios  
PUC 609.03(b)(6) - Form F-4, Exhibit 5

	Pro Forma 2023	Pro Forma Eliminations		Pro Forma 2023 with Eliminations	Component Ratio
Long-term Debt	28,029,506	2,068,544	(1)	30,098,050	83.98%
Intercompany Debt	\$ 6,689,202	-		6,689,202	18.67%
Common Equity:					
Common Stock	100	(100)		-	
Paid In Capital	9,702,710	(9,702,710)	(2)	-	
Comprehensive Income	(16,237)	529,702	(2)	513,465	
Retained Earnings	(1,463,132)			(1,463,132)	
Total Common Equity	8,223,441			(949,666)	-2.65%
Total Capital	\$ 42,942,149	(7,104,564)		\$ 35,837,585	100.00%

**Notes:**

- (1) The Long Term Debt consists of FALOC conversion to long-term CoBank note.  
(2) 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.  
Projected Rate Impact on Single Family Residential Home

CoBank Loan Amount -	\$ 2,068,544	(a)
Loan Percentage -	7.50%	
Loan Term (in years) -	25	
Annual Principal & Interest on Loan -	\$185,570	(b)
Coverage Multiplier, under DW 20-156 -	1.1 x	(c)
Revenue Requirement for P&I: [(b) x (c)] -	\$204,128	(d)
Property tax rate/\$1000 <sup>Note 1</sup> -	\$ 23.54	(e)
Projected Property Taxes: [(a)/1000 x (e)] -	\$ 48,694	(f)
Projected Revenue Requirement: [(d) + (f)] -	\$252,822	(g)
DW 20-156 Allowed Revenue Requirement -	\$ 10,130,530	(h)
Calculated QCPAC Surcharge: [(g)/(h)] -	2.50%	(i)
Current Monthly Single Family Residential Bill <sup>Note 2</sup> -	\$ 84.31	(j)
Monthly impact on Single Family Residential Bill of the external Financing: [(i) x (j)] -	\$ 2.11	per month

Note 1 - combined blended local property taxes (\$17.54/1,000) and State Utility Tax (\$6.60/\$1,000)  
Note 2 - From rates approved under DW 20-156, without subsequent QCPAC surcharges

Pennichuck East Utility, Inc.  
Statement of Weighted Average Cost of Long-Term Debt  
For the Twelve Months Ended December 31, 2023

2023 PEU Financing Petition  
DW 24-\_\_  
Schedule GT-4B  
PUC 609.03(b)(7) - Form F-4, Exhibit 6

Holder	Term	Maturity	Coupon Rate	Outstanding Balance as of 12/31/23	New Debt Added in 2023	Annual Interest	Annual Amortization Issue Costs	All In Annual Cost	Effective Rate
CoBank \$1.7M Loan (RX0848T4)	20	03/01/30	5.950%	1,785,685	-	106,248	1,276	107,524	6.02%
State of NH SRF (Green Hills)	20	01/01/25	3.728%	20,749	-	774	6,854	7,628	36.76%
State of NH SRF (Pelham Tank)	20	01/01/27	3.488%	111,383	-	3,885	247	4,132	3.71%
State of NH SRF (Maple Hills)	20	06/01/30	2.952%	230,211	-	6,796	483	7,279	3.16%
State of NH SRF (Birch Hill)	20	12/01/31	2.864%	837,191	-	23,977	549	24,526	2.93%
State of NH SRF (Locke Lake - 2007)	20	05/01/30	2.952%	87,451	-	2,582	90	2,671	3.05%
State of NH SRF (Locke Lake - 2011)	20	06/01/33	2.864%	172,266	-	4,934	-	4,934	2.86%
State of NH SRF (Liberty Tree) (9)	20	04/01/35	3.104%	267,044	-	8,289	531	8,820	3.30%
State of NH SRF (Locke Lake - 2012)	20	12/1/2033	2.720%	225,356	-	6,130	1,057	7,187	3.19%
CoBank \$1.7M Loan (RX0848T4)	10	06/20/23	3.620%	-	-	-	816	816	#DIV/0!
CoBank \$925k Loan (RX0848T3)	20	06/20/33	4.250%	537,847	-	22,859	443	23,301	4.33%
SRF Loan - Locke Lake Dam Site Phase 2	20	07/01/35	2.720%	256,042	-	6,964	-	6,964	2.72%
SRF Loan - Locke Lake-Winwood & Monroe-Phase I	20	07/01/36	2.720%	265,655	-	7,226	343	7,569	2.85%
SRF Loan - Locke Lake-Winwood & Monroe-Phase II	20	11/01/36	2.464%	278,678	-	6,867	263	7,129	2.56%
SRF Loan - W&E Main Replacement	20	08/01/36	2.616%	703,245	-	18,397	672	19,069	2.71%
SRF Loan - Hickory & Avery	20	04/01/36	2.616%	284,649	-	7,446	119	7,565	2.66%
SRF Loan - Hardwood Treatment Station	20	07/01/36	2.464%	389,672	-	9,602	349	9,951	2.55%
CoBank 625K Loan	25	03/06/40	4.900%	486,776	-	23,852	1,635	25,487	5.24%
CoBank 1.25M Loan T6(1st tranche)	25	11/01/41	4.200%	1,021,278	-	42,894	489	43,383	4.25%
CoBank 950K Loan T6(2nd tranche)	25	11/01/41	4.830%	788,062	-	38,063	211	38,275	4.86%
SRF Loan - Locke Lake Varney Road	20	11/01/37	1.960%	1,090,613	-	21,376	691	22,067	2.02%
Intercompany 2018 PEU - \$1,701,516	30	05/01/48	3.200%	1,494,865	-	47,836	-	47,836	3.20%
Intercompany 2018 PEU (North Country)- \$1,157,403	30	05/01/48	3.200%	1,016,835	-	32,539	-	32,539	3.20%
SRF Loan 2017 - Brady Ave (Derry)	30	TBD	1.960%	506,955	-	9,936	151	10,087	1.99%
SRF Loan 2017 Hillcrest Road (Litchfield)	20	TBD	1.960%	197,335	-	3,868	-	3,868	1.96%
Co-Bank	25	05/20/43	5.330%	306,973	-	16,362	402	16,764	5.46%
Merrimack River Crossing SRF	20	09/01/39	1.960%	1,956,660	-	38,351	953	39,303	2.01%
Locke Lake Georgetown Main Replacement	30	10/01/51	2.704%	1,209,348	-	32,701	34	32,735	2.71%
Locke Lake Airstrip Well	30	10/01/51	1.296%	616,013	-	7,984	18	8,001	1.30%
Locke Lake Surface Water Treatment	30	10/01/51	1.296%	2,130,024	-	27,605	61	27,666	1.30%
CoBank 1.153M Loan T9	25	06/01/44	4.380%	1,032,724	-	45,233	652	45,885	4.44%
2020 CoBank 800K Loan	25	11/23/45	3.980%	740,932	-	29,489	509	29,998	4.05%
2021 CoBank 1.13M Loan	25	10/24/46	4.180%	1,077,394	-	45,035	423	45,458	4.22%
2021 CoBank Loan to refill RSF	25	11/24/46	4.250%	2,428,050	-	103,192	541	103,733	4.27%
2022 CoBank T13 Loan	25	10/01/47	7.160%	644,609	-	46,154	250	46,404	7.20%
2023 CoBank T15 Loan	25	09/01/48	7.260%	744,775	-	54,071	10,054	64,124	8.61%
New CoBank Loan (1)	25	TBD	7.500%		2,068,544	155,141		155,141	7.50%
TOTAL				25,943,344	2,068,544	909,513	31,166	1,095,820	4.22%

Notes:  
(1) To account for the new CoBank Loan



REDACTED

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

**CONFIDENTIAL**

**DRAFT**

February 21, 2024

Mr. George Torres, Chief Financial Officer  
Pennichuck Corporation  
25 Walnut Street  
Nashua, NH 03060

Dear Mr. Torres:

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]

**Borrower:** Pennichuck East Utility, Inc. (“Company”)

**Lender:** CoBank, ACB

**Type of Credit Facilities:**

[REDACTED]

**Purpose:**

[REDACTED]

**Availability:**

[REDACTED]

**Closing Date:**

[REDACTED]

**Loan Maturity Date:**

[REDACTED]



**Interest:**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Default Interest:**

[REDACTED]

**Origination Fees:**

[REDACTED]

**Principal Repayment:**

[REDACTED]

**Prepayment:**

[REDACTED]

**Collateral:**

[REDACTED]

**Guarantee:**

[REDACTED]

**Documentation:**

[REDACTED]

**Representations and  
Warranties:**

[REDACTED]

**Conditions Precedent.**

[REDACTED]

**Financial Covenants:**

[REDACTED]

**Affirmative 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®**

April 17, 2024

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”)

Hi 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 \$2,068,544 of term financing, as repayment of draws for 2023 Capital Projects funded from the \$4.0 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.

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, in the third quarter of 2024.

As described above, the aggregate \$2,068,544 is comprised of the amount needed to reimburse and repay amounts drawdown on the FALOC with CoBank during 2023 and early 2024 for funds used for capital expenditures used and useful through the end of 2023, 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 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



**PENNICHUCK®**

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, 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

**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 February 23, 2024; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

WHEREAS, reference is made to that certain Master Loan Agreement, dated as of February 9, 2010, between Pennichuck East Utility, Inc. (the "Corporation"), as borrower, and CoBank, ACB ("CoBank"), as lender (the "Original MLA");

WHEREAS, by resolutions taken on February 4, 2010, the directors of the Corporation, as existed and were seated at that time, approved the Original MLA, transactions related to loans dated February 9, 2010, and future loans;

WHEREAS, the Corporation and CoBank entered into a First Amendment to the Original MLA as of April 25, 2018 to amend a certain debt service coverage ratio required of the Corporation (the "First Amendment");

WHEREAS, the Corporation and CoBank entered into a Second Amendment to the Original MLA as of July 22, 2019 to amend annual financial statement obligations of the Corporation and Pennichuck Corporation (the "Guarantor"), to apply a debt service coverage ratio to the Guarantor and amend certain related definitions, and to eliminate a total debt to total capitalization ratio (the "Second Amendment"); and

WHEREAS, the Corporation finds it beneficial that the Corporation take out an additional loan under the terms and conditions of the Original MLA, as amended by the First Amendment and Second Amendment (the "MLA") (such New Loan further described below), for the purposes of financing 2022 used and useful capital expenditures paid for with the CoBank Fixed Asset Line of Credit during 2022, including interest accrued thereupon.

NOW, THEREFORE, be it hereby:

Resolved: to authorize and approve that the Corporation enter into a term loan (the "New Loan") to be advanced under and subject to the terms and conditions of the MLA and a new Promissory Note and Supplement

thereto, as follows: up to Two Million, Two Hundred Thousand Dollars and No Cents (\$2,200,000.00) with an up to 25 year amortization schedule; at a rate of interest based on one of two interest rate options: a weekly quoted variable rate option or a quoted fixed rate option, each of which would be determined at closing on the New Loan.

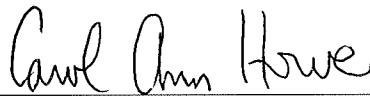
Further

Resolved: to approve the other resolutions set forth in Exhibit A relating to said MLA and the New Loan, as proposed by CoBank and recommended by management, including without limitation that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each is, authorized to act as the Corporation's representative for the purposes of executing and administering documents necessary to effecting the above-referenced loan subject to the MLA, and/or executing any other related documents, certificates and undertakings on behalf of the Corporation with respect to said New Loan.

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are hereby authorized and directed to take any and all actions to obtain all necessary approvals for the New Loan from the New Hampshire Public Utilities Commission, the City of Nashua, in its capacity as the sole shareholder of Pennichuck Corporation (the Corporation's parent corporation), and any other authority determined, as a requirement, by such officers relating to the New Loan.

In Witness Whereof, I have hereunto set my hand this 18th day of April 2024.



Carol Ann Howe  
Corporate Secretary and Assistant Treasurer

**EXHIBIT A**  
  
**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**of**  
**PENNICHUCK EAST UTILITY, INC.**  
Nashua, New Hampshire

**WHEREAS**, Pennichuck East Utility, Inc. ("Borrower"), under its articles of incorporation, bylaws, or other organizational documents has full power and authority to borrow money and to secure the same with its own property and property delivered to it for marketing or otherwise; and

**WHEREAS**, all prerequisite acts and proceedings preliminary to the adoption of these Resolutions have been taken and done in due and proper form, time and manner;

**NOW, THEREFORE, BE IT RESOLVED**, that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer ("Officers") of the Borrower are jointly and severally authorized and empowered to obtain for and on behalf of the Borrower from time to time, from CoBank, ACB ("CoBank"), a loan or loans or other financial accommodations (including, without limitation, letters of credit, note purchase agreements and bankers acceptances) (collectively, a "Loan") under these Resolutions; and for such purposes: (1) to execute such application or applications (including exhibits, amendments and/or supplements thereto) as may be required for all borrowings; (2) to obligate the Borrower to pay such rate or rates of interest as the Officers so acting shall deem proper, and in connection therewith to purchase such interest rate risk management products as may be offered from time to time by CoBank; (3) to obligate the Borrower to make such investments in CoBank as required by CoBank and to obligate the Borrower to such other terms and conditions as the Officers so acting shall deem proper; (4) to execute and deliver to CoBank or its nominee all such written loan agreements, documents and instruments as may be required by CoBank in regard to or as evidence of any Loan made pursuant to the terms of this Resolution; (5) to pledge, grant a security interest or lien in, or assign property of the Borrower or property of others on which it is entitled to borrow, of any kind and in any amount as security for any or all obligations (past, present and/or future) of the Borrower to CoBank; (6) to execute and deliver to CoBank an Electronic Commerce Master Service Agreement, a separate Service Agreement for each different service requested by the Borrower, and such other agreements, addenda, documents or instruments as may be required by CoBank in the event that the Borrower elects to use CoBank's electronic banking system (the "System"); (7) to execute and deliver to CoBank any agreements, addenda, authorization forms and other documents or instruments as may be required by CoBank in the event that the Borrower elects to use any services or products related to the Loan that are offered by CoBank now or in the future, including without limitation an automated clearing house (ACH) service; (8) from time to time amend any such Loan; (9) to direct and delegate to designated employees of the Borrower the authority to direct, by written or telephonic instructions or electronically, if the Borrower has agreed to use the System for such purpose, the disposition of the proceeds of any Loan authorized herein or any property of the Borrower at any time held by CoBank; and (10) to delegate to designated employees of the Borrower the authority to request by telephonic or written means or electronically, if the Borrower has agreed to use the System for such purpose, loan advances and/or other financial accommodations, and in connection therewith, to fix rates and agree to pay fees. In the absence of any direction or delegation authorized in (9) or (10) above, all existing directions and/or delegations shall remain in full force and effect and shall be applicable to any Loan authorized herein.



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(Exhibit A)

**RESOLVED FURTHER,** That each of the Officers are hereby jointly and severally authorized to: (1) establish a Cash Investment Services Account at CoBank; (2) make such investments therein as any Officer shall deem proper; (3) direct by written or telephonic instructions or electronically, if the Borrower has agreed to use the System for such purposes, the disposition of the proceeds therein; (4) delegate to designated employees of the Borrower the authority set forth in (2) and (3) above; and (5) execute and deliver all documents and agreements necessary to carry out this authority.

**RESOLVED FURTHER,** That each of the Officers are hereby jointly and severally authorized and directed to do and/or cause to be done, from time to time, all things which may be necessary and/or proper for the carrying out of the terms of these Resolutions.

**RESOLVED FURTHER,** That all prior acts by the Officers or other employees or agents of the Borrower to accomplish the purposes of these Resolutions are hereby approved and ratified.

**RESOLVED FURTHER,** That any Officer of the Borrower is hereby authorized and directed to cast the ballot of the Borrower in any and all proceedings in which the Borrower is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose.

**RESOLVED FURTHER,** That these Resolutions shall remain in full force and effect until a certified copy of a duly adopted resolution effecting a revocation or amendment, as the case may be, shall have been received by CoBank. The authority hereby granted shall apply with equal force and effect to the successors in office of the Officers herein named.

**RESOLVED FURTHER,** That effective on the date when the Loan under these Resolutions becomes available, the following listed Resolutions are hereby revoked: N/A.

**RESOLVED FURTHER,** That the Secretary or any Assistant Secretary of the Borrower is hereby authorized and directed to certify to CoBank a copy of these Resolutions, the names and specimen signatures of the present Officers above referred to, and if and when any change is made in the personnel of any said Officers, the fact of such change and the name and specimen signatures of the new Officers. CoBank shall be entitled to rely on any such certification until a new certification is actually received by CoBank.

**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 February 23, 2024; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

WHEREAS, reference is made to that certain Master Loan Agreement, dated as of February 9, 2010, between Pennichuck East Utility, Inc. ("PEU"), as borrower, and CoBank, ACB ("CoBank"), as lender (the "Original MLA");

WHEREAS, in connection with and as part of the consideration for inducing CoBank to enter into the MLA, Pennichuck Corporation (the "Corporation") agreed to enter into that certain Guarantee of Payment (Continuing) in favor of CoBank; and by resolutions taken on January 27, 2010, the Board of Directors of the Corporation approved the Guaranty and all related transactions to any loans under the Original MLA, including the New Loan, as described below;

WHEREAS, PEU and CoBank entered into a First Amendment to the Original MLA as of April 25, 2018 to amend a certain debt service coverage ratio required of PEU (the "First Amendment");

WHEREAS, PEU and CoBank entered into a Second Amendment to the Original MLA as of July 22, 2019 to amend annual financial statement obligations of PEU and the Corporation, to apply a debt service coverage ratio to the Corporation and amend certain related definitions, and to eliminate a total debt to total capitalization ratio (the "Second Amendment"); and

WHEREAS, the Corporation finds it beneficial that PEU take out an additional loan under the terms and conditions of the Original MLA, as amended by the First Amendment and the Second Amendment (the "MLA") (such New Loan further described below), for the purposes of financing 2023 used and useful capital expenditures paid for with the CoBank Fixed Asset Line of Credit during 2023, including interest accrued thereupon.

NOW, THEREFORE, be it hereby:

Resolved: to authorize and approve PEU to enter into a term loan (the "New Loan") to be advanced under and subject to the terms and conditions of the MLA and a new Promissory Note and Supplement thereto, as follows: up to Two Million, Two Hundred Thousand Dollars and No Cents (\$2,200,000.00) with an up to 25 year amortization schedule; at a rate of interest based on one of two interest rate options: a weekly quoted variable rate option or a quoted fixed rate option, each of which would be determined at closing on the New Loan.

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each of them hereby is, authorized to act as the Corporation's representative (either in its own capacity, or in the Corporation's capacity as the sole shareholder of PEU) for purposes of executing and administering the above-referenced New Loan and/or executing any other related documents, certificates and undertakings on behalf of the Corporation with respect to the said New Loan and/or MLA.

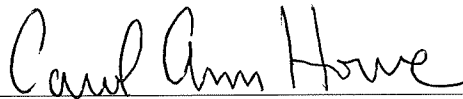
Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each of them hereby is, authorized to act as the Corporation's representative for purposes of executing and administering the above-referenced continuing corporate guarantee by the Corporation and/or executing any other related loan documents, certificates and undertakings on behalf of the Corporation with respect to the said New Loan and/or the MLA.

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each of them hereby is, authorized and directed to take any and all actions to obtain all necessary approvals for the guarantee from the City of Nashua (in its capacity as the sole shareholder of Pennichuck Corporation), and any other authority determined

In Witness Whereof, I have hereunto set my hand this 18<sup>th</sup> day of April 2024.



Carol Ann Howe

Corporate Secretary and Assistant Treasurer



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April 17, 2024

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

Re: Pennichuck East Utility, Inc. – Request for Approval of Term Loan 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 a term loan 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 from CoBank**

PEU is a New Hampshire public utility corporation providing retail water service to approximately 9,031 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 is attached to this letter as Attachment A.

PEU requests the City’s approval for PEU to enter into a term loan with CoBank in an amount of up to \$2,100,000 with an amortization period of up to 25 years, with an interest rate to be determined based on market conditions (currently estimated at approximately 7.30% per annum). This term loan will be used to paydown and refinance amounts used to fund 2023 capital expenditures, not funded by SRF or DWGTF loans and/or grants or 0.1 DSRR funds. A copy of the CONFIDENTIAL term sheet for the term loan with CoBank is attached to this letter as Attachment B.

The CoBank loan will be secured by (i) a security interest in PEU’s equity interest in CoBank (consisting of PEU’s \$287,202 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 C.

**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. Pennichuck recommends that the City authorize (i) PEU to enter into the loan with CoBank; and (ii) Pennichuck to guaranty the loan.

**Lower Costs Are Good for Customers.** Pennichuck and its Board of Directors have determined that this refinance of the CoBank loan, 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 are favorable compared to other alternatives and will result in lower financing costs and/or avoid the negative impact of the Company’s inability to pay the balloon maturity sum due without this refinance.

**Other Approvals.** As a regulated public utility, PEU must obtain approval of the term loan from the New Hampshire Public Utilities Commission (“NHPUC”), which will approve the term loan if it finds the loan to be consistent with the public good. PEU has filed a petition for approval with the NHPUC contemporaneously with this notice to the City 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 loan to Pennichuck East Utility, Inc. from CoBank, ACB, in an amount of up to \$2,100,000, with a 25-year amortization schedule; and

FURTHER RESOLVED, that the City hereby approves the guaranty by Pennichuck Corporation of the payment by Pennichuck East Utility, Inc. of the loan authorized in the prior resolution; 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 affect the CoBank loan, 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