

**Pennichuck Water Works, Inc.**  
**BALANCE SHEET**  
**ASSETS AND DEFERRED CHARGES**  
**For the Twelve Months Ended December 31, 2023**  
**October 15, 2024**

**2024 PWW Faloc Renewal Financing Petition**  
**DW 24-\_\_**  
**Schedule GT-1**  
**Page 1 of 2**

	Account Number	12/31/2023	Pro Forma Adjustments	Pro Forma 12/31/2023
<b><u>PLANT ASSETS</u></b>				
Plant in Service	301 to 348	259,542,459	-	259,542,459
Work in process	105	1,064,311	-	1,064,311
Utility Plant		260,606,770	-	260,606,770
Accumulated depreciation	108	76,404,187	-	76,404,187
Net Plant		184,202,583	-	184,202,583
Net Acquisition Adjustment	114 & 115	156,511	-	156,511
Total Net Utility Plant		184,046,072	-	184,046,072
<b><u>CURRENT ASSETS</u></b>				
Cash	131 & 133	6,000	-	6,000
Restricted Cash - RSF	131	7,400,699	-	7,400,699
Restricted Cash - 2014 Bond Project Fund	131	221,250	-	221,250
Restricted Cash - 2015 Bond Project Fund	131	-	-	-
Restricted Cash - 2018 Bond Project Fund	131	-	-	-
Restricted Cash - 2019 Bond Project Fund	131	-	-	-
Restricted Cash - 2020 Bond Project Fund	131	-	-	-
Restricted Cash - 2021 Bond Project Fund	131	-	-	-
Accounts receivable-billed, net	141 & 143	3,145,420	-	3,145,420
Accounts receivable-unbilled, net	173	2,220,564	-	2,220,564
Accounts receivable-other	142	-	-	-
Inventory	151	1,194,028	-	1,194,028
Prepaid expenses	162	32,232,988	-	32,232,988
Prepaid property taxes	163 & 236	-	-	-
Prepaid taxes	162.3	-	-	-
		46,420,949	-	46,420,949
<b><u>OTHER ASSETS</u></b>				
Debt issuance expenses	181	6,354,820	18,600 (1), (2)	6,373,420
Acquisition Premium - MARA	186	56,687,855	-	56,687,855
Other & Deferred Charges	182,184,186	7,295,942	-	7,295,942
		70,338,617	18,600	70,357,217
<b>TOTAL ASSETS</b>		<b>\$ 300,805,638</b>	<b>\$ 18,600</b>	<b>\$ 300,824,238</b>
		300,805,638		
		-		

**Notes:**

- (1) To record debt issuance expenses related to PWW FALOC renewal.
- (2) To record Year 1 amortization expense for renewed FALOC.

**Pennichuck Water Works, Inc.**  
**BALANCE SHEET**  
**EQUITY AND LIABILITIES**  
For the Twelve Months Ended December 31, 2023  
October 15, 2024

**2024 PWW Faloc Renewal Financing Petition**  
DW 24-\_\_\_\_  
**Schedule GT-1**  
Page 2 of 2

	Account Number	12/31/2023	Pro Forma Adjustments	Pro Forma 12/31/2023	
<b>STOCKHOLDERS' EQUITY</b>					
Common stock	201	30,000	\$ -	\$ 30,000	
Paid in capital	211	85,249,834	-	85,249,834	
Comprehensive Income	219	-	-	-	
Retained earnings	215	(461,003)	(9,064)	(470,068)	
		84,818,830	(9,064)	84,809,766	
<b>LONG TERM DEBT</b>					
Bonds, notes and mortgages	221	135,655,290	-	135,655,290	
Intercompany advances	223	-	27,664	27,664	
Other Long Term Debt	224	-	-	-	
<b>CURRENT LIABILITIES</b>					
Accounts payable	231	1,852,264	-	1,852,264	
Accrued property taxes	236	45,573	-	45,573	
Accrued interest payable	237	1,462,111	-	1,462,111	
Other accrued expenses	241	995,303	-	995,303	
Income taxes payable	236	-	-	-	
Customer deposits & other	235	247,819	-	247,819	
		4,603,070	-	4,603,070	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>					
Deferred income taxes & liability	282	18,489,106	-	18,489,106	
Customer advances	252	-	-	-	
CIAC, net	271 & 272	32,699,756	-	32,699,756	
Other deferred credits	241 to 255	24,539,586	-	24,539,586	
		75,728,448	-	75,728,448	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>\$ 300,805,638</b>	<b>\$ 18,600</b>	<b>\$ 300,824,238</b>	<b>\$ 0</b>
		(300,805,638)			
		(0)			

**Notes:**

- (1) To record the impact of amortization expense and income tax benefit on retained earnings.
- (2) To record the use of funds through the intercompany debt

**Pennichuck Water Works, Inc.**  
**OPERATING INCOME STATEMENT**  
For the Twelve Months Ended December 31, 2023  
October 15, 2024

**2024 PWW Faloc Renewal 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	\$ 38,177,589	\$ -	\$ 38,177,589
Other Operating Revenue	471	417,050	-	417,050
Total Revenues		38,594,639	-	38,594,639
Production Expenses	601 to 652	7,051,548	-	7,051,548
Transmission & Distribution Expenses	660 to 678	3,642,095	-	3,642,095
Engineering Expenses	660	1,052,382	-	1,052,382
Customer Acct & Collection Exp	902 to 904	1,849,894	-	1,849,894
Administrative & General Expense	920 to 950	8,860,749	-	8,860,749
Inter Div Management Fee	930	(3,313,990)	-	(3,313,990)
Total Operating Expense		19,142,678	-	19,142,678
Dep Exp/Acq Adj Expense	403 & 406	6,488,712	-	6,488,712
Amortization Expense:CIAC	405	(859,539)	-	(859,539)
Amortization Expense	407	2,251,726	-	2,251,726
Gain on Debt Forgiveness	414	(63,284)	-	(63,284)
Property Taxes	408.1	5,213,065	-	5,213,065
Income Tax	409 to 410	204,512	(3,336)	201,176
Total Operating Deductions		13,235,192	(3,336)	13,231,857
Net Operating Income		6,216,769	3,336	6,220,104
Other Income and Deductions		17,500	-	17,500
AFUDC		-	-	-
Interest Expenses		6,695,272	-	6,695,272
Debt Issuance Cost New/Amortization		-	12,400	12,400
Net Income		(461,003)	(9,064)	(470,068)

(461,003)  
(0)

**Notes:**

- 1 - To record the amortization of new debt expense.
- 2 - To record the tax impact resulting from additional expenses at statutory composite rate of 26.9%.

**Pennichuck Water Works, Inc.**  
**OPERATING INCOME STATEMENT**  
**For the Twelve Months Ended December 31, 2023**  
**October 15, 2024**

**2024 PWW Faloc Renewal Financing Petition**  
**DW 24-\_\_\_**  
**Schedule GT-2**  
**Page 2 of 2**

**Supporting Calculations:**

**Interest Expense:**

	Amount	Rate	Interest
FALOC usage (see note 1 below)	\$ -	4.000%	\$ -
<b>Totals</b>	<b>\$ -</b>	<b>4.000%</b>	<b>\$ -</b>

**Depreciation**

Additions:	Asset Cost			Depreciation	
			Total	Rate	Amount
Totals	\$ -	\$ -	\$ -	-	\$ -

Deletions:	Gross Book Value	NBV	Acc Depn		
	Twin Ridge Assets being taken out of service	\$ -	\$ -	\$ -	#DIV/0!

NOTE: Data for deletions from fixed asset accounting records as of 12/31/2021, and for full year 2021

Cost of Removal: 10%

Not applicable	Asset Cost			Depreciation	
			Total	Rate	Amount
Totals	\$ -	\$ -	\$ -	-	\$ -

**Pro Forma Depreciation; net of deletions**

**\$ -**

**Debt issuance amortization**

	Costs	Amortization	
		Rate	Amount
New FALOC	\$ 31,000 *	40.0%	\$ 12,400
<b>Totals</b>	<b>\$ 31,000</b>	<b>Amortization</b>	<b>\$ 12,400</b>

**Property Taxes**

Town	\$ -
State of New Hampshire	\$ -
Total Tax Rate	\$ -
<b>Pro Forma Property Taxes</b>	<b>\$ -</b>

\* Commitment Fee of \$16k + \$15k for estimated legal fees



**Pennichuck Water Works, Inc.**  
**Pro Forma Capital Structure for Ratemaking Purposes**  
**For the Twelve Months Ended December 31, 2023**  
October 15, 2024

2024 PWW Faloc Renewal Financing Petition  
DW 24-\_\_\_\_  
Schedule GT-3  
Page 1 of 1

	<u>Pro Forma 2021</u>	<u>Pro Forma Eliminations</u>	<u>Pro Forma 2021 with Eliminations</u>	<u>Component Ratio</u>
Long-term Debt	\$ 135,655,290	\$ -	\$ 135,655,290	<b>100.35%</b>
Intercompany Debt	-	-	-	<b>0.00%</b>
<u>Common Equity:</u>				
Common Stock	\$ 30,000	\$ (30,000) (1)	\$ -	
Paid In Capital	\$ 85,249,834	\$ (85,249,834) (1)	-	
Comprehensive Income	\$ -	-	-	
Retained Earnings	(470,068)	-	(470,068)	
Total Common Equity	<u>\$ 84,809,766</u>	<u>\$ (85,279,834)</u>	<u>\$ (470,068)</u>	<b>-0.35%</b>
 Total Capital	 <u>\$ 220,465,056</u>	 <u>\$ (85,279,834)</u>	 <u>\$ 135,185,222</u>	 100.00%

**Notes:**

(1) Per Order 25,292 in DW 11-026, eliminate the MARA and related common equity.

Pennichuck Water Works, Inc.  
 2024 Faloc Renewal Financing  
 Projected Rate Impact on Single Family Residential Home  
 October 15, 2024

at SOFR + 1.75% rate

Total New Debt Amount	-	\$ -	(a)
Loan Percentage	-	6.95%	
Loan Term (in years)	-	2	
Annual Principal & Interest on Loan	-	\$0	(b)
Coverage Multiplier, under DW 19-084	-	1.1 x	(c)
<b>Revenue Requirement for P&amp;I: [(a) x (c)]</b>	-	<b>\$0</b>	(d)
Property tax rate/\$1000 <sup>Note a</sup>	-	\$ -	(e)
<b>Projected Property Taxes: [(a)/1000 x (e)]</b>	-	<b>\$ -</b>	(f)
<b>Projected Revenue Requirement: [(d) + (f)]</b>	-	<b>\$0</b>	(g)
DW 23-032 Allowed Revenue Requirement	-	\$ 40,143,045	(e)
<b>Calculated QCPAC Surcharge: [(d)/(e)]</b>	-	<b>0.00%</b>	(f) resulting from the proposed financing
Current Monthly Single Family Residential Bill <sup>Note b</sup>	-	\$ 61.27	(g)
<b>Monthly impact on Single Family Residential Bill of this Financing: [(f) x (g)]</b>	-	<b>\$ -</b>	per month

**Pennichuck Water Works, Inc.**  
**Statement of Weighted Average Cost of Long-Term Debt**  
**For the Twelve Months Ended December 31, 2023**  
**October 15, 2024**

**2024 PWW Faloc Renewal Financing Petition**  
**DW 24-\_\_**  
**Schedule GT-4B**  
**Page 1 of 1**

Holder	Term	Maturity	Rate	Outstanding Balance as of 12/31/2023	New Debt added in 2024	Annual Interest (1)	Annual Amort Issue Costs	All In Annual Cost	Effective Rate
BNY Mellon-2014 B Series Bonds	30	01/01/45	4.82%	4,500,000		217,118		217,118	4.825%
BNY Mellon-2018 A Series Bonds	30	01/01/48	4.90%	4,460,000		218,471		218,471	4.898%
BNY Mellon-2018 B Series Bonds	30	01/01/28	4.90%	600,000		29,391		29,391	4.898%
BNY Mellon-2019 A Series Bonds	30	01/01/49	4.22%	7,655,000	-	323,209	-	323,209	4.222%
BNY Mellon-2020 A Series Bonds	30	04/01/50	4.00%	6,985,000		279,400		279,400	4.000%
BNY Mellon-2020 B Series Bonds	3	04/01/23	5.25%	-		-		-	#DIV/0!
BNY Mellon-2020 C Series Bonds	30	09/01/55	1.95%	69,955,000		1,364,123		1,364,123	1.950%
BNY Mellon-2021 A Series Bonds	30	04/01/50	5.00%	4,900,000		245,000		245,000	5.000%
BNY Mellon-2021 B Series Bonds	3	04/01/24	1.05%	45,000		473		473	1.050%
BNY Mellon-2022 A Series Bonds	30	04/01/52	2.70%	6,590,000		177,930		177,930	2.700%
BNY Mellon-2022 B Series Bonds	3	04/01/25	3.63%	60,000		2,175		2,175	3.625%
BNY Mellon-2023 A Series Bonds	35	04/01/58	3.23%	5,930,000		191,539		191,539	3.230%
BNY Mellon-2023 B Series Bonds	3	04/01/25	4.75%	105,000		4,988		4,988	4.750%
BNY Mellon-2024 A Series Bonds	35	04/01/59	4.24%		9,405,000	398,772		398,772	4.240%
BNY Mellon-2024 B Series Bonds	2	04/01/25	5.75%		105,000	6,038		6,038	5.750%
SRF Loan - Hubbard Hill	20	04/01/22	3.80%	-		-	-	-	#DIV/0!
SRF Loan Contract #4 (water treatment plant)	20	10/01/29	3.49%	1,113,780		38,849	-	38,849	3.488%
ARRA Loan - Ashley Commons	20	05/01/31	2.95%	132,055		3,898	-	3,898	2.952%
ARRA Loan - French Hill	20	07/01/32	2.86%	420,796		12,052	-	12,052	2.864%
ARRA Loan - Armory (S. Nashua Booster Station)	20	12/01/31	2.86%	92,891		2,660	-	2,660	2.864%
ARRA Loan - Glen Ridge	20	09/01/32	2.86%	32,166		921	-	921	2.864%
SRF Loan - Drew Woods	20	06/01/32	2.95%	415,542		12,267	-	12,267	2.952%
SRF Loan - Nashua Core	20	07/01/36	2.46%	1,496,865		36,883	-	36,883	2.464%
SRF Loan- Timberline Booster Station	20	07/01/36	2.62%	225,917		5,910	-	5,910	2.616%
SRF Loan- Raw Water Transmission Main	20	11/01/36	3.17%	2,337,582		74,055	-	74,055	3.168%
SRF Loan- Amherst Street - 2016	30	05/01/47	2.42%	1,000,016		24,240	-	24,240	2.424%
DWGTf 3.375M Loan	30	04/01/51	2.70%	3,001,428		81,159	-	81,159	2.704%
DWGTf Merrimack Intake 5.5M	30	10/01/50	3.38%	5,146,015		173,935	-	173,935	3.380%
				<b>127,200,053</b>	<b>9,510,000</b>	<b>3,925,453</b>	<b>-</b>	<b>3,925,453</b>	<b>2.87%</b>

Notes:







**Reporting:**

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

**Expenses:**

[REDACTED]

**Representations & Warranties:**

[REDACTED]

**Conditions Precedent:**

[REDACTED]

Agreed to and accepted by:

\_\_\_\_\_  
Pennichuck Water Works, Inc.

\_\_\_\_\_  
Date

\_\_\_\_\_  
TD Bank, N.A.

\_\_\_\_\_  
Date

Exhibit A  
Subsidiary Loans and Advances

[Redacted]

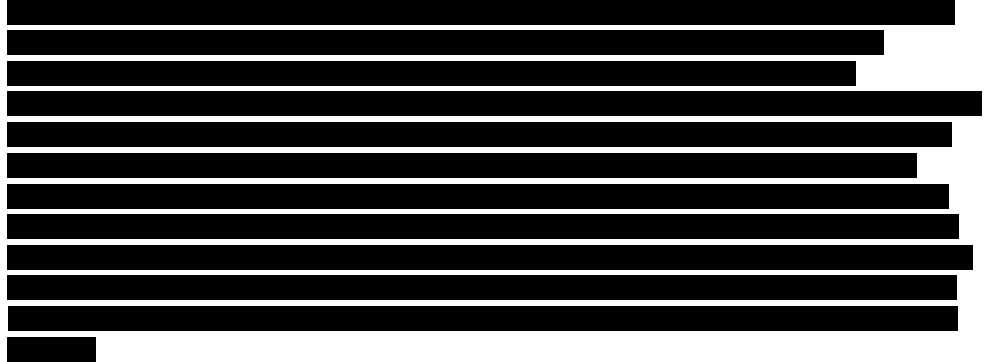
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Exhibit B  
Dividends and Distributions

A table with approximately 12 rows of data is completely redacted with black bars. The redaction covers the entire content of the table, leaving only the structure of the rows visible.

PENNICHUCK WATER WORKS, INC.

CORPORATE SECRETARY'S CERTIFICATE

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

1. The following resolution was adopted by the Board of Directors of the Company on September 23, 2024; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that the Board of Directors of Pennichuck Corporation (the "Corporation") hereby authorize, approve and direct Pennichuck Water Works, Inc. ("PWW") to enter into a renewal and expansion of its \$12 million Fixed Asset Line of Credit ("FALOC") with TD Bank, N.A., including the expansion of the FALOC from \$12 million to \$16 million (the "FALOC Renewal and Expansion");

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer and Treasurer of the Corporation are severally authorized, empowered and directed to act as the Corporation's representative (either in its own capacity, or in the Corporation's capacity as the sole shareholder of PWW) for purposes of negotiating, executing and delivering any and all documents relating to the FALOC Renewal and Expansion and to take any and all actions as they may deem necessary or appropriate to implement the FALOC Renewal and Expansion;

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer and Treasurer of the Corporation are hereby severally authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the FALOC Renewal and Expansion from the City of Nashua in its capacity as the sole shareholder of the Corporation, and from the New Hampshire Public Utilities Commission, and any other authority determined by such officers relating to the FALOC Renewal and Expansion; and

Further

Resolved: that the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions; and that all prior acts of said officers of the Corporation to accomplish the purposes of these resolutions are hereby approved and ratified.

Resolved: that the Board of Directors of Pennichuck Water Works (the “Company”) hereby authorizes acceptance of a grant of up to \$410,190 from the State of New Hampshire acting through the New Hampshire Department of Environmental Services (NHDES) to assess potential Merrimack River crossing locations for water main construction. This will include multiple surveys of the Merrimack River, underwater dive inspections, post data processing and a summary report, coordination of stakeholder meetings, geotechnical evaluations, environmental due diligence, preliminary design for the river and railroad crossing, and other associated eligible project costs for the purpose of identifying the most feasible scope for and location of a water main crossing of the Merrimack River.

Further

Resolved: that the Company’s Chief Executive Officer, Chief Operating Officer, or Chief Financial officer acting singly, are each hereby authorized to execute and deliver the Grant Agreement, and to execute any and all other documents necessary, and to take such further actions, as either of them, in their sole discretion, may deem necessary, proper or advisable, to carry out the intent of these resolutions.

In Witness Whereof, I have hereunto set my hand this 9th day of October, 2024.



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Carol Ann Howe  
Corporate Secretary

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 "Company"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Company. In that capacity, I do hereby further certify that:

1. The following resolution was adopted by the Board of Directors of the Company on September 23, 2024; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that the Board of Directors of Pennichuck Corporation (the "Corporation") hereby authorize, approve and direct Pennichuck Water Works, Inc. ("PWW") to enter into a renewal and expansion of its \$12 million Fixed Asset Line of Credit ("FALOC") with TD Bank, N.A., including the expansion of the FALOC from \$12 million to \$16 million (the "FALOC Renewal and Expansion");

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer and Treasurer of the Corporation are severally authorized, empowered and directed to act as the Corporation's representative (either in its own capacity, or in the Corporation's capacity as the sole shareholder of PWW) for purposes of negotiating, executing and delivering any and all documents relating to the FALOC Renewal and Expansion and to take any and all actions as they may deem necessary or appropriate to implement the FALOC Renewal and Expansion;

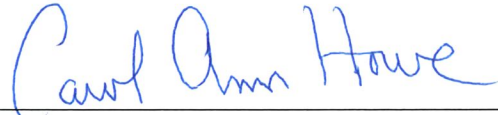
Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer and Treasurer of the Corporation are hereby severally authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the FALOC Renewal and Expansion from the City of Nashua in its capacity as the sole shareholder of the Corporation, and from the New Hampshire Public Utilities Commission, and any other authority determined by such officers relating to the FALOC Renewal and Expansion; and

Further

Resolved: that the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions; and that all prior acts of said officers of the Corporation to accomplish the purposes of these resolutions are hereby approved and ratified.

In Witness Whereof, I have hereunto set my hand this 9th day of October, 2024.



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Carol Ann Howe  
Corporate Secretary

**R-24-092**



## **RESOLUTION**

**AUTHORIZING PENNICHUCK WATER WORKS, INC. TO RENEW AND INCREASE  
ITS FIXED ASSET LINE OF CREDIT WITH TD BANK, N.A.**

### ***CITY OF NASHUA***

*In the Year Two Thousand and Twenty-Four*

**WHEREAS**, the City of Nashua is the sole shareholder of Pennichuck Water Works, Inc. (“Pennichuck”) and each of its subsidiaries; and

**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, which includes contracting a loan on behalf of Pennichuck or its subsidiaries.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Aldermen of the City of Nashua that the City approves the renewal of Pennichuck Water Works, Inc., Fixed Asset Line of Credit with TD Bank, N.A., allowing for annual borrowings of up to \$16,000,000, pursuant to a security interest in Pennichuck Water Works, Inc. accounts receivable and inventory, and pledge of the stock of Pennichuck Water Works, Inc. and an assignment of its rights under the Money Pool Agreement and Cost Sharing Agreement (both as previously approved and in place under the oversight of the NHPUC), for the purpose of providing advances to be used for interim capital projects funding.

**LEGISLATIVE YEAR 2024**

**RESOLUTION:**

**R-24-092**

**PURPOSE:**

**Authorizing Pennichuck Water Works, Inc. to renew and increase its Fixed Asset Line of Credit with TD Bank, N.A.**

**ENDORSERS:**

**Alderman Patricia Klee**

**COMMITTEE  
ASSIGNMENT:**

**Pennichuck Water Special Committee**

**FISCAL NOTE:**

**None.**

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**ANALYSIS**

This resolution approves the proposal by Pennichuck Water Works, Inc. to renew and increase its Fixed Asset Line of Credit as described in the resolution.

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

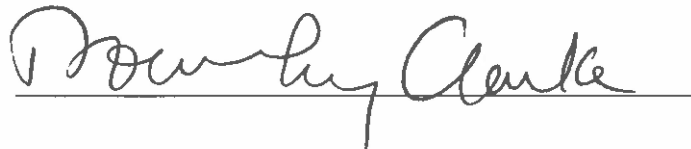
Article IX (3) of Pennichuck Water Works, Inc. Articles of Incorporation and Article V §2 of the Pennichuck Water Works, Inc. by-laws requires City approval for the borrowing.

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**Approved as to form:**

**Office of Corporation Counsel**

**By:**



**Date:**



**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**

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*Legal@nashuanh.gov*

**FIRST MEMORANDUM**

**TO:** Board of Aldermen

**FROM:** Office of Corporation Counsel

**DATE:** September 18, 2024

**RE:** R-24-092 “Authorizing Pennichuck Water Works, Inc. to renew and increase its fixed asset line of credit with TD Bank, N.A.”

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Attached please find a letter from Pennichuck with supporting information for Resolution R-24-092 “Authorizing Pennichuck Water Works, Inc. to renew and increase its fixed asset line of credit with TD Bank, N.A.”

Please note that the letter references Attachment A, which is a confidential term sheet for the line of credit renewal with TD Bank, N.A. This attachment is **not** included in the document attached to this memo. Attachment A, which is a confidential financial document, will be provided to the Board separately.





25 WALNUT STREET  
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VIA EMAIL

September 4, 2024

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

Re: Pennichuck Water Works, Inc. – Request for Approval to Renew and increase its Fixed Asset Line of Credit with TD Bank, N.A.

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 renew and expand its current revolving Fixed Asset Line of Credit with TD Bank, N.A.

**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: Fixed Asset Line of Credit (FALOC).** Pennichuck requests the City’s approval to allow PWW to renew and expand its \$12,000,000 Fixed Asset Line of Credit with TD Bank, N.A., to a new multi-year facility at a level up to \$16,000,000, with an interest rate of 30-day SOFR +1.75%. This facility is being put in place to fund capital projects during each calendar year beginning January 1, 2025, which will then be repaid and refinanced in its entirety by annual bond issuances from the Integrated Capital Finance Plan offerings, in April of the successive year, for which an approval is being sought from the City in this request, for the capital project years 2025-2029 (bond issuance years 2026-2030). This renewed FALOC, upon approval and closing, will replace the current \$12.0 million FALOC for PWW with TD Bank, N.A., with financial covenants that are consistent with those that currently exist under the current FALOC, and in line with PWW’s rate structure. This financing is in conformity with the modified rate methodology currently approved for PWW by the NH Public Utilities Commission in its rate filing under dockets DW 16-806 and DW 19-084. A copy of the Expression of Interest sheet for the revolving Fixed Asset Line of Credit with TD Bank, N.A., is attached to this letter as Attachment A (to be treated as Confidential Information for Board of Aldermen usage only).

**New Hampshire Public Utilities Commission Approval Required.** The proposed borrowing may not occur without the prior approval of the NHPUC. PWW intends to file a petition to request this approval during the month of September 2024. 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 put the renewed revolving Fixed Asset Line of Credit in place no later than January 1, 2025. A copy of this petition, once filed, will be available to the City and the public.

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

**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 action:

RESOLVED, that the City hereby approves Pennichuck Water Works, Inc. entering into a renewal of its Fixed Asset Line of Credit with TD Bank, N.A., allowing for annual borrowings of up to \$16.0 million, pursuant to a security interest in PWW’s accounts receivable and inventory, and pledge of the stock of PWW and an assignment of its rights under the Money Pool Agreement and Cost Sharing Agreement (both as previously approved and in place under the oversight of the NHPUC), for the purpose of providing advances to be used for interim capital projects funding, described above 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  
Chief Financial Officer

cc: Mayor James Donchess  
Dorothy Clarke, Deputy Corp. Counsel  
John J. Boisvert, Chief Executive Officer

A regular meeting of the Board of Aldermen was held Tuesday, October 8, 2024, at 7:30 p.m. in the aldermanic chamber, and duly noticed in two places, including the City's website, in accordance with the requirements of RSA 91-A:2 II.

President Lori Wilshire presided; Legislative Affairs Manager Donna Graham recorded.

Prayer was offered by Legislative Affairs Manager Donna Graham; Alderman Derek Thibeault led in the Pledge to the Flag.

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

The roll call was taken with 15 members of the Board of Aldermen present: Alderman O'Brien, Alderwoman Timmons, Alderman Moran, Alderman Thibodeau, Alderman Gouveia, Alderman Lopez, Alderman Sullivan, Alderman Clemons, Alderman Sennott, Alderman Jette, Alderman Thibeault, Alderman Klee, Alderman Dowd, Alderwoman Kelly, Alderman Wilshire.

Mayor James W. Donchess, Corporation Counsel Steve Bolton were also in attendance.

### REMARKS BY THE MAYOR

#### President Wilshire

Mayor, did you wish to address the Board tonight?

#### Mayor Donchess

Yes, Madam President. I wanted to talk about a couple things particularly and mention the sad passing of a very significant Nashuan but that at the end.

First, I wanted to talk about the potential exclusion that is on the agenda but for which there's a special meeting scheduled on Thursday for further discussion. But I want to at least to introduce the subject a little bit now. We are under the auspices now of an unworkable what I think, budget cap which was given to us by the State Legislature. And I note again against the unanimous opinion of the Nashua House Delegation, 27 to nothing against this. They thought it was unworkable and it's now proving to be unworkable. And what we're faced with now is that even though we are seeking to pass bond resolutions and accept grants which will have no impact at all on the Fiscal '25 budget, not one dollar. We still have to get an exclusion to enable those proposals to be adopted and those proposals to go forward. Although, when I get to the Stellos thing, that is one that where we would need to spend cash but a one-time item. The idea that we need to include these things, grants and the appropriation or the authorization of bond issues in the tax cap calculation and we need to do what we call an exclusion in order to authorize those things going forward as I already said makes no common sense. So I've talked with and this is not a workable situation.

So I've talked with various aldermen on both sides of the aisle so to speak, about proposing in the next couple of months a tax cap that would go on the ballot for November of '25 the City Election when we can go forward with something like that and which would replace this unworkable situation we have with a tax cap that would be the ruling charter provision going forward. But looking to the exclusion, the reason we need this and is to undertake various infrastructure capital projects that are in really crying need.

What do we have on the agenda there and these have all been reviewed, well all been reviewed by our Ad Hoc Committee who was prioritizing the many, many capital projects that we have. What would I propose that we go forward with: the Stellos replacement – the field, the garages should be bonded and fixed. They are in a situation where they're not failing now but they should be fixed quickly. And if you want to take a tour you can go over to Elm Street right over here. And you can see that on the lowest level in a cage that is used to house vehicles and various items of equipment. There are maybe a dozen of these jack posts holding you know, supporting the principal horizontal concrete piece which is holding up the whole garage. Now, those could be taken out and the garage wouldn't fall down today but we don't want to get it to the point where it would. And in addition to that there's concrete falling in various places. There are rusting metal pieces within the concrete structure that should be removed and replaced. In one place the capped stones on the top of the garage have been removed and are now covered with canvas, otherwise we'd have water draining down through the structure. It needs to be repaired.

Number two, another one. Number three I guess this is, is the Greeley Park Stone House. Again, it may not fall down tomorrow but I'm telling you now it should be done right away because imagine if the roof on that thing collapsed. That is 100 years old and it is a bit of a complicated project because we are hoping to retain the look of the of the Stone House

**R-24-092**

Endorser: Alderman Patricia Klee

**AUTHORIZING PENNICHUCK WATER WORKS, INC. TO RENEW AND INCREASE ITS FIXED ASSET LINE OF CREDIT WITH TD BANK, N.A.**

Given its second reading;

**MOTION BY ALDERMAN KLEE FOR FINAL PASSAGE OF R-24-092  
MOTION CARRIED**

Resolution R-24-092 is declared duly adopted.

UNFINISHED BUSINESS – ORDINANCES

**O-24-033**

Endorsers: Mayor Jim Donchess  
Alderman Richard A. Dowd  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman-at-Large Gloria Timmons  
Alderman-at-large Melbourne Moran, Jr.  
Alderman Chris Thibodeau  
Alderman Thomas Lopez  
Alderman John Sullivan  
Alderman Tim Sennott  
Alderman Patricia Klee  
Alderman-at-Large Lori Wilshire

**UPDATING THE ORDINANCES RELATIVE TO SCHOOL SAFETY ZONES AND SCHOOL ZONE FLASHING SPEED LIMIT SIGNS**

Given its second reading;

**MOTION BY ALDERMAN KLEE FOR FINAL PASSAGE OF O-24-033  
MOTION CARRIED**

Ordinance O-24-033 is declared duly adopted.

NEW BUSINESS – RESOLUTIONS

**R-24-098**

Endorsers: Mayor Jim Donchess  
Alderman-at-Large Michael B. O'Brien, Sr.  
Alderman-at-large Melbourne Moran, Jr.  
Alderman Thomas Lopez  
Alderman Patricia Klee  
Alderman Richard A. Dowd  
Alderman-at-Large Shoshanna Kelly  
Alderman-at-Large Lori Wilshire

**RELATIVE TO THE ACCEPTANCE OF \$232,610 FROM THE STATE OF NEW HAMPSHIRE DEPARTMENT OF BUSINESS AND ECONOMIC AFFAIRS INVEST NH DEMOLITION GRANT PROGRAM AND APPROVAL FOR THE CITY TO GRANT SAID FUNDS TO AREA AGENCY OF GREATER NASHUA D.B.A. GATEWAYS COMMUNITY SERVICES FOR DEMOLITION OF 4 BEARD STREET**

Given its first reading;

**MOTION BY ALDERMAN LOPEZ TO SUSPEND THE RULES FOR A SECOND READING OF RESOLUTION R-24-098**

ON THE QUESTION

Alderman Lopez

I'd like to speak briefly to it.