

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG EXHIBITS 1-3

PWW0033-PWW0037

Pennichuck Water Works, Inc.
BALANCE SHEET

Schedule LDG-1

ASSETS AND DEFERRED CHARGES
For the Twelve Months Ended December 31, 2016

Page 1 of 2

	<u>Account Number</u>	<u>12/31/2016</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma 12/31/2016</u>
<u>PLANT ASSETS</u>				
Plant in Service	301 to 348	199,392,255	30,000,000 (1)	229,392,255
Work in process	105	9,352,386	-	9,352,386
Utility Plant		208,744,642	30,000,000	238,744,642
Accumulated depreciation	108	52,074,803	696,600 (2)	52,771,403
Net Plant		156,669,838	29,303,400	185,973,238
Net Acquisition Adjustment	114 & 115	345,690	-	345,690
Total Net Utility Plant		156,324,148	29,303,400	185,627,548
<u>CURRENT ASSETS</u>				
Cash	131 & 133	6,000	-	6,000
Restricted Cash - RSF	131	6,529,758	-	6,529,758
Restricted Cash - 2014 Bond Project Fund	131	6,166,115	-	6,166,115
Restricted Cash - 2015 Bond Project Fund	131	1,401,957	-	1,401,957
Accounts receivable-billed, net	141 & 143	2,075,576	-	2,075,576
Accounts receivable-unbilled, net	173	1,428,413	-	1,428,413
Accounts receivable-other	142	-	-	-
Inventory	151	652,999	-	652,999
Prepaid expenses	162	18,370,140	-	18,370,140
Prepaid property taxes	163 & 236	-	-	-
Prepaid taxes	162.3	-	-	-
		36,630,957	-	36,630,957
<u>OTHER ASSETS</u>				
Debt issuance expenses	181	4,268,243	2,555,000	6,823,243
Acquisition Premium - MARA	186	70,239,405	-	70,239,405
Other & Deferred Charges	182,184,186	9,252,737	-	9,252,737
		83,760,384	2,555,000	86,315,384
TOTAL ASSETS		\$ 276,715,489	\$ 31,858,400	\$ 308,573,889

Notes:

- (1) To record the assets related to the New Debt.
(2) To record the impact of full year depreciation offset by the Cost of Removal

PWW0033

LDG 1 Assets

Pennichuck Water Works, Inc.
BALANCE SHEET

Schedule LDG-1

EQUITY AND LIABILITIES
For the Twelve Months Ended December 31, 2016

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Pro Forma

12/31/2016

	Account Number	12/31/2016	Pro Forma Adjustments	12/31/2016
STOCKHOLDERS' EQUITY				
Common stock	201	\$ 30,000	\$ -	\$ 30,000
Paid in capital	211	\$ 119,364,233	-	119,364,233
Comprehensive Income	219	-	-	-
Retained earnings	215	2,705,407	(1,881,110) (2)	824,297
		<u>122,099,640</u>	<u>(1,881,110)</u>	<u>120,218,530</u>
LONG TERM DEBT				
Bonds, notes and mortgages	221	82,756,532	32,500,000 (1)	115,256,532
Intercompany advances	223	-	1,239,510 (3)	1,239,510
Other Long Term Debt	224	-	-	-
CURRENT LIABILITIES				
Accounts payable	231	2,274,592	-	2,274,592
Accrued property taxes	236	-	-	-
Accrued interest payable	237	1,678,308	-	1,678,308
Other accrued expenses	241	2,959,647.36	-	2,959,647
Income taxes payable	236	-	-	-
Customer deposits & other	235	145,472	-	145,472
		<u>7,058,019</u>	<u>-</u>	<u>7,058,019</u>
OTHER LIABILITIES AND DEFERRED CREDITS				
Deferred income taxes & liability	282	21,407,749	-	21,407,749
Customer advances	252	-	-	-
CIAC, net	271 & 272	27,624,808	-	27,624,808
Other deferred credits	241 to 255	15,768,741	-	15,768,741
		<u>64,801,299</u>	<u>-</u>	<u>64,801,299</u>
TOTAL EQUITY AND LIABILITIES		<u>\$ 276,715,489</u>	<u>\$ 31,858,400</u>	<u>\$ 308,573,889</u>

Notes:

(1) To record the new Debt as follows:

Tax Exempt Bonds	\$ 32,500,000
Taxable Bonds	-
Total Bond Debt	<u>\$ 32,500,000</u>

(2) To record the impact of interest, depreciation, property taxes and income tax benefit on retained earnings.

(3) To record the use of funds through the intercompany debt

PWW0034

Pennichuck Water Works, Inc.
OPERATING INCOME STATEMENT

Schedule LDG-2

For the Twelve Months Ended December 31, 2016

Page 1 of 2

	Account Number	TWELVE MONTHS 12/31/16	PRO FORMA ADJUSTMENTS	PRO FORMA 12 MONTHS 12/31/16
Water Sales	460 to 462	\$ 30,552,076	\$ -	\$ 30,552,076
Other Operating Revenue	471	370,484	-	370,484
Total Revenues		30,922,560	-	30,922,560
Production Expenses	601 to 652	4,705,567	-	4,705,567
Transmission & Distribution Expenses	660 to 678	1,802,912	-	1,802,912
Engineering Expenses	660	1,169,785	-	1,169,785
Customer Acct & Collection Exp	902 to 904	458,503	-	458,503
Administrative & General Expense	920 to 950	6,609,929	-	6,609,929
Inter Div Management Fee	930	(2,768,716)	-	(2,768,716)
Total Operating Expense		11,977,979	-	11,977,979
Dep Exp/Acq Adj Expense	403 & 406	5,081,647	696,600 (2)	5,778,247
Amortization Expense:CIAC	405	(650,826)	-	(650,826)
Amortization Expense	407	1,553,754	-	1,553,754
Gain on Debt Forgiveness	414	(53,925)	-	(53,925)
Property Taxes	408.1	4,845,833	855,090 (2)	5,700,923
Income Tax	409 to 410	2,875,917	(1,295,580) (4)	1,580,337
Total Operating Deductions		13,652,400	256,110	13,908,510
Net Operating Income		5,292,180	(256,110)	5,036,071
Other Income and Deductions		548,461	-	548,461
AFUDC		(358,276)	-	(358,276)
Interest Expenses		3,493,510	1,625,000 (1)	5,118,510
Debt Issuance Cost New/Amortization		-	110,750 (3)	110,750
Net Income		2,705,407	(1,881,110)	824,297

Notes:

- 1 - To record the change in interest expense associated with New Debt.
- 2 - To record the impact of assets on depreciation and property taxes.
- 3 - To record the amortization of new debt expense.

PWW0035

**Pennichuck Water Works, Inc.
OPERATING INCOME STATEMENT**

Schedule LDG-2

For the Twelve Months Ended December 31, 2016

Page 2 of 2

Supporting Calculations:

Interest Expense:

New debt	\$ 32,500,000
Interest Rate	5%
Annual Interest	<u>\$ 1,625,000</u>

Depreciation

	<u>Asset Cost</u>				<u>Depreciation</u>	
			<u>Total</u>		<u>Rate</u>	<u>Amount</u>
Blended Depreciation Rate	\$ -	\$ 27,000,000	\$ 27,000,000	**	2.58%	\$ 696,600
Totals	\$ -	\$ 27,000,000	\$ 27,000,000	-		<u>\$ 696,600</u>

Retirements: - N/A

	<u>Asset Cost</u>				<u>Depreciation</u>	
			<u>Total</u>		<u>Rate</u>	<u>Amount</u>
Blended Depreciation Rate	\$ -	\$ -	\$ -		2.58%	\$ -
Totals	\$ -	\$ -	\$ -	-		<u>\$ -</u>
	\$ -	\$ 27,000,000	\$ 27,000,000	-		

Pro Forma Depreciation

\$ 696,600

Debt issuance amortization

	<u>Costs</u>		<u>Amortization</u>	
			<u>Rate</u>	<u>Amount</u>
New tax exempt bond debt 2017-20	\$ 2,500,000		3.33%	\$ 83,250
New FALOC	\$ 55,000		50.00%	\$ 27,500
Totals	\$ 2,555,000		Amortization	<u>\$ 110,750</u>

Property Taxes

Town	\$ 25.07	\$ 25.07	Using Nashua rate for Calc of Proforma Tax
State of New Hampshire	\$ 6.60	\$ 6.60	
Total Tax Rate	\$ 31.67	\$ 31.67	

Pro Forma Property Taxes \$ - \$ 855,090 \$ 855,090

PWW0036

Pennichuck Water Works, Inc.
Pro Forma Capital Structure for Ratemaking Purposes

Schedule LDG-3

For the Twelve Months Ended December 31, 2016

	<u>Pro Forma 2016</u>	<u>Pro Forma Eliminations</u>	<u>Pro Forma 2016 with Eliminations</u>	<u>Component Ratio</u>
Long-term Debt	115,256,532	-	115,256,532	92.51%
Intercompany Debt	\$ -	-	-	0.00%
<u>Common Equity:</u>				
Common Stock	30,000	(30,000) (1)	-	
Paid In Capital	119,364,233	(110,853,340) (1)	8,510,893	
Comprehensive Income	-	-	-	
Retained Earnings	824,297	-	824,297	
Total Common Equity	<u>120,218,530</u>	<u>(110,883,340)</u>	<u>9,335,190</u>	7.49%
Total Capital	<u>\$ 235,475,062</u>	<u>\$ (110,883,340)</u>	<u>\$ 124,591,722</u>	100.00%

Notes:

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

MARA	78,783,384
Equity as of 1/25/12	9,863,910
Paid in Capital as of 1/25/12	39,011,140
	<u>127,658,434</u>
Less: Dividends Paid in Feb 2013	(3,587,772)
Dividends Paid in Mar 2014	(3,426,066)
Plus: Reclas RSF offset in Mar 2014	5,000,000
	<u>125,644,596</u>
Less: Dividends Paid in Mar 2015	(4,990,848)
Dividends Paid in Mar 2016	(5,211,186)
Dividends Paid in Mar 2017	(4,589,222)
	<u>110,853,340</u>

PWW0037

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG-4
PWW CASH FLOW MODEL

PWW0038- PWW0050

FINANCING SCENARIOS

		2018 NM (Tax)	2018 NM (AMT)		2019 NM (Tax)	2019 NM (AMT)		2020 NM (Tax)
		Taxable NM	AMT NM		Taxable NM	AMT NM		Taxable NM
FINANCING INPUTS								
Security Type (Fixed Rate = 1, Direct Purchase = 2)		1	1		1	1		1
<i>Fixed Rate Bonds</i>								
Delivery (year from today)		-	-		-	-		-
Years of Interest Only		-	-		-	-		-
Final Maturity		30	30		30	30		30
Average Life		20	20		20	20		20
Approximate Borrowing Rate (Interest Only)		7.250%	5.500%		7.500%	5.750%		7.750%
Scale or Forecast? (Scale = 1, Forecast = 2)		2	2		2	2		2
Forecasted Rates		7.250%	5.500%		7.500%	5.750%		7.750%
Approximate Borrowing Rate (During Amortization)		7.250%	5.500%		7.500%	5.750%		7.750%
Scale or Forecast? (Scale = 1, Forecast = 2)		2	2		2	2		2
Forecasted Rates		7.250%	5.500%		7.500%	5.750%		7.750%
<i>Direct Purchase / Put Bonds</i>								
Years of Interest Only		-	-		-	-		-
Last Year of Initial Amortization / Mandatory Put		10	10		10	10		10
Final Maturity		30	30		30	30		30
Average Life		20	20		20	20		20
Approximate Borrowing Rate (Before Put)		5.500%	5.500%		5.500%	5.500%		5.500%
Forecasted Borrowing Rate (After Put)		5.500%	5.500%		5.500%	5.500%		5.500%
Amortization (Level = 1, Balloon = 2)		1	1		1	1		1
Selected Final Maturity		30	30		30	30		30
Insured (Yes = 1, No = 0)		-	-		-	-		-
DSRF or Surety (DSRF = 1, Surety = 2)		1	1		1	1		1
Debt Service Reserve Fund Earnings		2.750%	2.750%		2.750%	2.750%		2.750%
SOURCES AND USES								
		2018 NM (Tax)	2018 NM (AMT)		2019 NM (Tax)	2019 NM (AMT)		2020 NM (Tax)
		Taxable NM	AMT NM	2018 TOTAL	Taxable NM	AMT NM	2019 TOTAL	Taxable NM
<u>Sources</u>								
Par Amount		265,000	3,610,000	3,875,000	6,034,132	6,034,132	12,068,264	5,097,456
OID/OIP		-	505,608	505,608	-	-	-	-
Contribution		-	-	-	-	-	-	-
Total Sources		265,000	4,115,608	4,380,608	6,034,132	6,034,132	12,068,264	5,097,456
<u>Uses</u>								
		<u>Inputs</u>						
Deposit to Construction		-	4,000,000	4,000,000	-	-	-	-
2018 CAPEX Account		-	4,000,000	4,000,000	-	-	-	-
2019 CAPEX Account		-	-	-	5,802,050	5,802,050	11,604,100	-
2020 CAPEX Account		-	-	-	-	-	-	4,901,400
Total Deposit to Construction		-	4,000,000	4,000,000	5,802,050	5,802,050	11,604,100	4,901,400
Deposit to Escrow		-	-	-	-	-	-	-
Capitalized Interest		-	-	-	-	-	-	-
Debt Service Reserve Fund		0.00%	-	-	-	-	-	-
Insurance Cost		0.00%	-	-	-	-	-	-
Surety		0.00%	-	-	-	-	-	-

TOTAL SRF LOAN PAYMENTS **11,819,188** - **11,819,188** **(3,164,680)** - **(3,164,680)**

NEW MONEY PRINCIPAL, INTEREST, DEBT SERVICE AND SAVINGS

	TOTAL	Years >> Maturity >>	2017	0 2018	1 2019	2 2020
Principal Payments						
2018 NM (Tax)	(265,000)			-	(2,682)	(2,876)
2018 NM (AMT)	(3,610,000)			-	(49,837)	(52,579)
2019 NM (Tax)	(6,034,132)				-	(58,358)
2019 NM (AMT)	(6,034,132)				-	(79,749)
2020 NM (Tax)	(5,097,456)					-
2020 NM (AMT)	(5,097,456)					-
TOTAL	(26,138,176)			-	(52,519)	(193,561)
Interest Payments						
2018 NM (Tax)	(391,826)			-	(19,213)	(19,018)
2018 NM (AMT)	(3,841,624)			-	(198,550)	(195,809)
2019 NM (Tax)	(9,293,390)				-	(452,560)
2019 NM (AMT)	(6,767,202)				-	(346,963)
2020 NM (Tax)	(8,167,250)					-
2020 NM (AMT)	(6,012,283)					-
TOTAL	(34,473,574)			-	(217,763)	(1,014,350)
Debt Service Reserve Fund Earnings						
2018 NM (Tax)	-			-	-	-
2018 NM (AMT)	-			-	-	-
2019 NM (Tax)	-			-	-	-
2019 NM (AMT)	-			-	-	-
2020 NM (Tax)	-			-	-	-
2020 NM (AMT)	-			-	-	-
TOTAL	-			-	-	-
Debt Service Reserve Fund Corpus Release						
2018 NM (Tax)	-			-	-	-
2018 NM (AMT)	-			-	-	-
2019 NM (Tax)	-			-	-	-
2019 NM (AMT)	-			-	-	-
2020 NM (Tax)	-			-	-	-
2020 NM (AMT)	-			-	-	-
TOTAL	-			-	-	-
Net Debt Service Payments						
2018 NM (Tax)	(656,826)			-	(21,894)	(21,894)
2018 NM (AMT)	(7,451,624)			-	(248,387)	(248,387)
2019 NM (Tax)	(15,327,522)			-	-	(510,917)
2019 NM (AMT)	(12,801,334)			-	-	(426,711)
2020 NM (Tax)	(13,264,706)			-	-	-
2020 NM (AMT)	(11,109,739)			-	-	-
TOTAL	(60,611,750)			-	(270,282)	(1,207,910)

SENIOR / SUBORDINATE PAR RATIO ANALYSIS

Existing Senior Lien Par Amount	-
Refunded Senior Lien Bonds	-

Outstanding Senior Lien Bonds Post-Issuance	-
<i>Subordinate Lien Par Amount Issued</i>	26,138,176
Existing Subordinate Lien Bonds	68,735,000
Outstanding Subordinate Lien Bonds Post-Issuance	94,873,176
 TOTAL PAR OUTSTANDING	 94,873,176
 Senior Lien Par as a % of Total Par Outstanding	 0.00%
Subordinate Lien Par as a % of Total Par Outstanding	100.00%

REVENUE, DEPRECIATION AND CAPEX FORECASTS

Variable	Comment
Inflation Rate	3.000% Reasonable range is 2.0% to 4.0% over 30+ years.
RR Growth Minus Inflation	How will revenue requirements grow relative to inflation rate.
Years 2 to 7	0.550% Reasonable range is 0.0% to -0.25%
Thereafter	-0.250% Reasonable range is 0.0% to -1.00%

Year End Cash Position	2016	2017	2018	2019	2020
	6,535,758	7,037,186	6,277,290	4,733,882	4,078,667

NEED TO ADJUST		Consolidated Cash Balance in 2018						
		2018	Revenue Requirement Growth Minus Inflation					
		6,277,290	0.00%	-0.05%	-0.10%	-0.15%	-0.20%	-0.25%
Inflation Rate	2.7%	5,231,730	5,217,586	5,203,443	5,189,299	5,175,155	5,161,012	
	2.8%	0	0	0	0	0	0	
	2.9%	0	0	0	0	0	0	
	3.0%	0	0	0	0	0	0	
	3.1%	0	0	0	0	0	0	
	3.2%	0	0	0	0	0	0	
	3.3%	0	0	0	0	0	0	
	3.4%	0	0	0	0	0	0	

NEED TO ADJUST		Consolidated Cash Balance in 2023						
		2023	Revenue Requirement Growth Minus Inflation					
		2,346,223	0.00%	-0.05%	-0.10%	-0.15%	-0.20%	-0.25%
Inflation Rate	2.7%	0	0	0	0	0	0	0
	2.8%	0	0	0	0	0	0	0
	2.9%	0	0	0	0	0	0	0
	3.0%	0	0	0	0	0	0	0
	3.1%	0	0	0	0	0	0	0
	3.2%	0	0	0	0	0	0	0
	3.3%	0	0	0	0	0	0	0
	3.4%	0	0	0	0	0	0	0

COVENANT TESTS	2016	2017	2018	2019	2020	2021
EBITDA / Interest Expense (> 1.5x)	-	3.28	3.38	3.42	3.19	2.81
EBITDA / All Future Interest (> 1.5x)	-	3.35	3.38	3.42	3.19	2.81

Total Debt / Total Capital (< 65%)	40.40%	42.61%	46.49%	49.73%	50.35%	53.80%
Funded Debt / PP&E (< 60%)	52.94%	53.75%	57.40%	60.29%	57.02%	60.49%
Deposited Cash / Long-Term ABT - EBITDA	0.82	0.83	0.90	0.96	0.91	0.98
Funded Debt / Cash + 60% * PP&E > 1.0 or EBITDA / All Future Interest > 1.5x	3.35	3.38	3.42	3.19	2.81	2.86
ABT Test Results	YES	YES	YES	YES	YES	YES

P&L	<u>2016</u>	<u>2017</u>
Revenues		30,678,509
Growth		
Operating Expenses		
Direct Operating Expenses		8,229,375
Corporate Expenses		(2,868,062)
Administration		7,371,574
Taxes Other Than Income		5,130,400
TOTAL OPERATING EXPENSES		<u>17,863,287</u>
Other Income (Expense)		-
Gain from forgiveness on ARRA loans		-
EBITDA		12,815,222
Depreciation and Amortization		
PP&E D&A (incl MARA)		(7,352,455)
TOTAL DEPRECIATION AND AMORTIZATION		<u>(7,352,455)</u>
EBIT		5,462,767
Interest Expense		(3,641,586)
Interest Income (DSRF)		-
Amortization of Premium		
Amortization of Deferred Debt Expense		(260,288)
NET INTEREST EXPENSE		<u>(3,901,875)</u>
EBT		1,560,892
Taxes	Rate 39.41%	615,148
EARNINGS / NET INCOME		945,745
<hr/>		
2005 INDENTURE TEST (IOU)		
EBITDA		12,815,222
EBIT		5,462,767
Interest Expense		(3,901,875)
EBITDA / Interest Expense (> 1.5x)		3.28
EBITDA / All Future Interest (> 1.5x)		3.35
Pass/Fail Flag - EBITDA		Pass
Pass		
Fail		

2015 INDENTURE MUNICIPAL REVENUE BOND TEST*Coverage Prior to 2017 Integrated Capital Financing Plan*

Net Revenues Available for Debt Service	12,815,222
Debt Service Requirements	
Total Existing Senior Bond Debt Service	-
Total Senior Lien Note Debt Service	(681,200)
Total SRF Loan Debt Service	(776,319)
Total Existing DS Requirements (Bonds, Notes, SRF Loans)	(1,457,519)
Net Revenues After Debt Service	12,815,222
CBFRR	(7,729,032)
Net Revenues After Debt Service and CBFRR	5,086,190
Debt Service Coverage - Bonds Only	-
Debt Service Coverage - Bonds, SRF Loans	16.51
Debt Service Coverage - Bonds, Notes, SRF Loans	8.79
Debt Service Coverage - Bonds, Notes, SRF Loans, CBFRR	1.39
Cash Coverage - (Net Revs + Beg Cash) / Bonds, Notes, SRF Loans, CBFRR	2.11
Net Debt Service Coverage - CBFRR	1.66
ABT: 2015 Net Revs / Future MADS - Bonds Only	
ABT: Total Bond Debt Service + Total SRF Loan Debt Service	(776,319)
ABT: 2015 Net Revs / Future MADS - Bonds, SRF Loans	

Coverage and ABT Post-2017 Integrated Capital Financing Plan

Net Revenues Available for Debt Service	12,815,222
New Indenture Debt Service Requirements	
Existing New Indenture Debt Service	(4,772,131)
2018 NM (Tax)	-
2018 NM (AMT)	-
2019 NM (Tax)	-
2019 NM (AMT)	-
2020 NM (Tax)	-
2020 NM (AMT)	-
Total New Indenture Bond Debt Service	(4,772,131)
Total SRF Loan Debt Service	(776,319)
Total New Indenture DS Requirements (Bonds, SRF Loans)	(5,548,450)
Net Revenues after New Indenture Debt Service	7,266,772
Total Existing Old Indenture Bond Debt Service	-
Minus Total Refunded Old Indenture Bond Debt Service	-
Total Remaining Old Indenture Bond DS After Refunding	-
Total Senior Lien Note Debt Service	(681,200)
Total Old Indenture DS Requirements (Bonds, Notes)	(681,200)
Net Revenues After Old and New Indenture Debt Service	6,585,572
CBFRR	(7,729,032)
Net Revenues After Old and New Indenture DS and CBFRR	(1,143,460)
Debt Service Coverage - New Indenture Bonds Only	2.69
Debt Service Coverage - New Indenture Bonds, SRF Loans	2.31
Debt Service Coverage - All Debt Service	2.06
Debt Service Coverage - All Debt Service, CBFRR	0.92
Cash Coverage - Net Revs + Beg Cash / All Debt Service, CBFRR	1.39
Net Debt Service Coverage - CBFRR	0.85
ABT: 2015 Net Revs / Future MADS - New Indenture Bonds Only	

ABT: 2015 Net Revs / Future MADS - New Indenture Bonds, SRF Loans	
Theoretical ABT: Old and New Indenture Debt Service	(6,229,650)
Theoretical ABT: 2015 Net Revs / Future MADS - Old and New Indenture DS	
<i>Coverage Test Post-2017 Integrated Capital Financing Plan</i>	
Net Revenues Available for Debt Service	12,815,222
Debt Service Requirements	
Total New Indenture Bond Debt Service	(4,772,131)
Total Future CAPEX Bond Debt Service	-
Total New Indenture Bond Debt Service	(4,772,131)
Total SRF Loan Debt Service	(776,319)
Total New Indenture DS Requirements (Bonds, SRF Loans)	(5,548,450)
Net Revenues After New Indenture Debt Service	7,266,772
Total Remaining Old Indenture Bond DS After Refunding	-
Total Senior Lien Note Debt Service	(681,200)
Total Old Indenture DS Requirements (Bonds, Notes)	(681,200)
Net Revenues After Old and New Indenture Debt Service	6,585,572
CBFRR	(7,729,032)
Net Revenues After Old and New Indenture DS and CBFRR	(1,143,460)
Debt Service Coverage - New Indenture Bonds Only	2.69
Debt Service Coverage - New Indenture Bonds, SRF Loans	2.31
Debt Service Coverage - All Debt Service	2.06
Debt Service Coverage - All Debt Service, CBFRR	0.92
Cash Coverage - Net Revs + Beg Cash / All Debt Service, CBFRR	1.39
Net Debt Service Coverage - CBFRR	0.85

Balance Sheet	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash	6,535,758	7,037,186	6,277,290	4,733,882	4,078,667	2,801,687	2,193,330	2,346,223	1,447,616	1,205,955	1,746,279	1,156,306
Escrow - 2014 Bond Project Fund	6,166,115											
Escrow - 2015 Bond Project Fund	1,401,957											
Escrow - 2018 Bond Project Fund												
Escrow - 2019 Bond Project Fund												
Escrow - 2020 Bond Project Fund												
Other Current Assets	22,527,127	24,041,458	24,533,061	26,027,301	16,519,674	19,603,229	20,398,454	21,655,049	21,949,768	21,732,732	22,801,506	23,748,731
PP&E	156,324,148	160,141,135	166,023,866	170,008,824	174,290,558	176,248,706	178,202,752	179,724,181	181,670,087	184,502,902	186,921,713	189,079,111
Acquisition Premium	70,239,407	68,447,329	66,616,663	64,741,958	62,815,584	60,834,488	58,793,656	56,687,856	54,511,855	52,260,422	49,925,925	47,505,313
Unamortized Bond Issuance Costs	4,268,243	4,422,292	4,373,776	4,279,327	4,180,979	4,067,181	3,968,214	3,883,628	3,787,456	3,683,210	3,588,121	3,509,285
Deferred Assets	1,793,061	1,649,023	1,517,106	1,392,171	1,274,211	1,159,578	1,054,900	964,418	900,335	846,986	805,495	768,406
Debt Service Reserve Fund												
Other Assets	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673
TOTAL ASSETS	276,715,489	273,198,096	276,801,435	278,643,136	270,619,345	272,174,542	272,070,979	272,721,028	271,726,790	271,691,879	273,248,711	273,226,825
Other Current Liabilities	7,058,019	7,058,019	7,269,760	7,487,853	7,712,489	7,943,864	8,182,180	8,427,645	8,680,474	8,940,888	9,209,115	9,485,388
<u>Long-Term Debt</u>												
Senior Lien Bonds												
Senior Lien Notes	4,000,000	3,600,000	3,200,000	2,800,000	2,400,000	2,258,557	2,061,542	1,854,447	1,636,757	1,407,929	1,167,394	914,553
Subordinate Lien Bonds	68,735,000	71,150,130	81,318,226	89,505,657	87,372,096	95,365,345	100,750,892	105,831,185	110,104,379	114,551,562	119,717,318	124,268,363
OID												
SRF Loans	10,021,532	11,331,124	10,774,232	10,197,523	9,600,339	8,981,989	8,358,457	7,717,870	7,053,913	6,365,778	5,652,655	4,913,685
TOTAL LONG-TERM DEBT	82,756,532	86,081,254	95,292,458	102,503,180	99,372,435	106,605,892	111,170,891	115,403,502	118,795,050	122,325,269	126,537,367	130,096,600
Other Liabilities	37,176,490	37,176,490	38,291,785	39,440,539	40,623,755	41,842,468	43,097,742	44,390,674	45,722,394	47,094,066	48,506,888	49,962,095
CIAC	27,624,808	26,950,832	26,270,174	25,589,516	24,909,051	24,229,962	23,553,016	22,877,141	22,201,306	21,526,915	20,855,427	20,184,480
TOTAL LIABILITIES	154,615,849	157,266,595	167,124,177	175,021,088	172,617,730	180,622,186	186,003,829	191,098,962	195,399,224	199,887,138	205,108,797	209,728,563
Equity												
Historical Equity												
Acquisition Equity	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233
Retained Earnings	2,705,407	2,705,407	(3,462,733)	(9,716,976)	(15,772,184)	(21,392,618)	(27,841,877)	(33,327,083)	(37,772,168)	(43,066,666)	(47,589,493)	(51,254,318)
Current Year Earnings		945,745	893,575	1,014,170	1,277,600	775,414	1,359,534	1,989,744	1,475,084	1,942,640	2,462,503	1,870,643
Current Year Distributions		(7,113,884)	(7,147,818)	(7,069,378)	(6,898,033)	(7,224,674)	(6,844,740)	(6,434,828)	(6,769,582)	(6,465,466)	(6,127,328)	(6,512,296)
TOTAL EQUITY	122,099,640	115,931,500	109,677,257	103,622,049	98,001,615	91,552,356	86,067,150	81,622,065	76,327,567	71,804,740	68,139,915	63,498,261
TOTAL LIABILITIES AND EQUITY	276,715,489	273,198,096	276,801,434	278,643,136	270,619,345	272,174,541	272,070,979	272,721,028	271,726,790	271,691,879	273,248,711	273,226,825
Difference	TRUE											
			0	0	0	0	(0)	0	0	0	(0)	0
Total Debt	82,756,532	86,081,254	95,292,458	102,503,180	99,372,435	106,605,892	111,170,891	115,403,502	118,795,050	122,325,269	126,537,367	130,096,600
Total Equity	122,099,640	115,931,500	109,677,257	103,622,049	98,001,615	91,552,356	86,067,150	81,622,065	76,327,567	71,804,740	68,139,915	63,498,261
Total Debt / Total Capital (< 65%)	40.4%	42.6%	46.5%	49.7%	50.3%	53.8%	56.4%	58.6%	60.9%	63.0%	65.0%	67.2%
Funded Debt	82,756,532	86,081,254	95,292,458	102,503,180	99,372,435	106,605,892	111,170,891	115,403,502	118,795,050	122,325,269	126,537,367	130,096,600
PP&E	156,324,148	160,141,135	166,023,866	170,008,824	174,290,558	176,248,706	178,202,752	179,724,181	181,670,087	184,502,902	186,921,713	189,079,111
Funded Debt / PP&E (< 60%)	52.9%	53.8%	57.4%	60.3%	57.0%	60.5%	62.4%	64.2%	65.4%	66.3%	67.7%	68.8%
Deposited Cash / Long-Term ABT - EBITDA												
Funded Debt / Cash + 60% * PP&E > 1.0	0.82	0.83	0.90	0.96	0.91	0.98	1.02	1.05	1.08	1.09	1.11	1.14
or EBITDA / All Future Interest > 1.5x	3.35	3.38	3.42	3.19	2.81	2.86	2.90	2.68	2.76	2.85	2.67	2.75
ABT Test Results	YES											

Balance Sheet	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Cash	1,306,200	2,284,254	1,976,816	2,439,122	3,759,951	3,678,838	4,485,332	6,278,231	6,537,085	7,471,940	9,474,443	9,803,131	11,180,081
Escrow - 2014 Bond Project Fund													
Escrow - 2015 Bond Project Fund													
Escrow - 2018 Bond Project Fund													
Escrow - 2019 Bond Project Fund													
Escrow - 2020 Bond Project Fund													
Other Current Assets	23,891,262	24,488,647	25,075,102	25,717,659	26,166,621	26,605,624	27,105,665	27,428,584	27,716,407	28,073,252	28,418,293	28,721,802	29,095,072
PP&E	191,785,169	194,636,923	197,707,091	200,916,809	204,249,041	207,705,701	211,283,599	214,983,188	218,794,046	222,763,898	227,070,187	231,670,936	236,480,407
Acquisition Premium	44,981,579	42,350,801	39,610,361	36,752,848	33,775,209	30,667,634	27,424,453	24,038,037	20,502,935	16,813,916	12,963,348	8,943,382	4,746,171
Unamortized Bond Issuance Costs	3,433,348	3,353,024	3,271,994	3,191,932	3,133,789	3,143,749	3,167,911	3,190,870	3,212,041	3,233,755	3,252,893	3,269,968	3,292,008
Deferred Assets	764,551	763,521	763,092	763,092	763,092	763,092	763,092	763,092	763,092	763,092	763,092	763,092	763,092
Debt Service Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673
TOTAL ASSETS	273,621,782	275,336,843	275,864,129	277,241,135	279,307,376	280,024,311	281,689,725	284,141,675	284,985,279	286,579,526	289,401,929	290,631,983	293,016,504
Other Current Liabilities	9,769,950	10,063,049	10,364,940	10,675,888	10,996,165	11,326,050	11,665,832	12,015,807	12,376,281	12,747,569	13,129,996	13,523,896	13,929,613
<u>Long-Term Debt</u>													
Senior Lien Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Lien Notes	648,776	369,402	75,734	-	-	-	-	-	-	-	-	-	-
Subordinate Lien Bonds	128,377,026	132,839,709	137,176,165	141,446,498	145,601,143	149,613,903	153,551,993	157,162,586	160,561,239	166,525,595	172,365,296	178,039,481	183,643,856
OID	-	-	-	-	-	-	-	-	-	-	-	-	-
SRF Loans	4,147,977	3,411,709	2,824,619	2,243,163	1,763,200	1,344,212	912,926	468,975	92,635	(0)	(0)	(0)	(0)
TOTAL LONG-TERM DEBT	133,173,779	136,620,820	140,076,518	143,689,661	147,364,344	150,958,115	154,464,919	157,631,561	160,653,874	166,525,595	172,365,296	178,039,481	183,643,856
Other Liabilities	51,460,958	53,004,787	54,594,931	56,232,779	57,919,762	59,657,355	61,447,076	63,290,488	65,189,203	67,144,879	69,159,225	71,234,002	73,371,022
CIAC	19,514,564	18,859,876	18,216,349	17,575,322	16,939,909	16,312,045	15,685,279	15,059,844	14,449,041	13,846,792	13,248,218	12,659,036	12,072,395
TOTAL LIABILITIES	213,919,251	218,548,532	223,252,738	228,173,650	233,220,180	238,253,565	243,263,106	247,997,700	252,668,399	260,264,835	267,902,735	275,456,415	283,016,886
Equity													
Historical Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition Equity	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233
Retained Earnings	(55,895,972)	(59,691,702)	(62,605,922)	(66,782,841)	(70,326,749)	(73,307,037)	(77,623,487)	(80,967,614)	(83,250,258)	(87,077,353)	(93,079,543)	(97,895,039)	(104,218,665)
Current Year Earnings	2,383,187	2,917,295	2,152,225	2,535,767	2,877,264	2,067,683	2,656,814	3,299,966	2,364,184	1,046,294	1,765,311	851,536	1,546,912
Current Year Distributions	(6,178,918)	(5,831,514)	(6,329,145)	(6,079,674)	(5,857,552)	(6,384,134)	(6,000,941)	(5,582,611)	(6,191,279)	(7,048,483)	(6,580,808)	(7,175,161)	(6,722,862)
TOTAL EQUITY	59,702,531	56,788,311	52,611,392	49,067,484	46,087,196	41,770,746	38,426,619	36,143,975	32,316,880	26,314,690	21,499,194	15,175,568	9,999,618
TOTAL LIABILITIES AND EQUITY	273,621,782	275,336,844	275,864,129	277,241,135	279,307,376	280,024,311	281,689,725	284,141,675	284,985,279	286,579,526	289,401,929	290,631,983	293,016,504
Difference	TRUE 0	TRUE (0)	TRUE (0)	TRUE (0)	TRUE (0)	TRUE 0	TRUE (0)	TRUE (0)	TRUE 0	TRUE 0	TRUE (0)	TRUE 0	TRUE 0
Total Debt	133,173,779	136,620,820	140,076,518	143,689,661	147,364,344	150,958,115	154,464,919	157,631,561	160,653,874	166,525,595	172,365,296	178,039,481	183,643,856
Total Equity	59,702,531	56,788,311	52,611,392	49,067,484	46,087,196	41,770,746	38,426,619	36,143,975	32,316,880	26,314,690	21,499,194	15,175,568	9,999,618
Total Debt / Total Capital (< 65%)	69.0%	70.6%	72.7%	74.5%	76.2%	78.3%	80.1%	81.3%	83.3%	86.4%	88.9%	92.1%	94.8%
Funded Debt	133,173,779	136,620,820	140,076,518	143,689,661	147,364,344	150,958,115	154,464,919	157,631,561	160,653,874	166,525,595	172,365,296	178,039,481	183,643,856
PP&E	191,785,169	194,636,923	197,707,091	200,916,809	204,249,041	207,705,701	211,283,599	214,983,188	218,794,046	222,763,898	227,070,187	231,670,936	236,480,407
Funded Debt / PP&E (< 60%)	69.4%	70.2%	70.9%	71.5%	72.1%	72.7%	73.1%	73.3%	73.4%	74.8%	75.9%	76.9%	77.7%
Deposited Cash / Long-Term ABT - EBITDA													
Funded Debt / Cash + 60% * PP&E > 1.0	1.14	1.15	1.16	1.17	1.17	1.18	1.18	1.17	1.17	1.18	1.18	1.20	1.20
or EBITDA / All Future Interest > 1.5x	2.84	2.64	2.75	2.81	2.65	2.75	2.85	2.68	2.43	2.52	2.35	2.45	2.55
ABT Test Results	YES												

Balance Sheet	2041	2042	2043	2044	2045	2046	2047	2048	2049
Cash	13,723,015	14,433,206	16,290,968	19,428,114	20,571,923	22,829,823	26,448,547	27,893,152	30,682,440
Escrow - 2014 Bond Project Fund									
Escrow - 2015 Bond Project Fund									
Escrow - 2018 Bond Project Fund									
Escrow - 2019 Bond Project Fund									
Escrow - 2020 Bond Project Fund									
Other Current Assets	29,388,470	29,628,281	30,169,381	30,735,016	31,243,534	31,840,931	32,434,813	32,980,144	33,619,420
PP&E	241,379,471	246,408,628	251,511,808	256,698,232	261,991,878	267,406,749	272,964,116	279,083,414	285,435,062
Acquisition Premium	366,264	-	-	-	-	-	-	-	-
Unamortized Bond Issuance Costs	3,315,166	3,381,818	3,457,917	3,532,234	3,616,855	3,717,580	3,810,259	3,903,570	4,006,699
Deferred Assets	763,092	763,092	763,092	763,092	763,092	763,092	763,092	763,092	763,092
Debt Service Reserve Fund	-	-	-	-	-	-	-	-	-
Other Assets	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673	7,459,673
TOTAL ASSETS	296,395,152	302,074,698	309,652,840	318,616,361	325,646,955	334,017,848	343,880,501	352,083,046	361,966,387
Other Current Liabilities	14,347,501	14,777,926	15,221,264	15,677,902	16,148,239	16,632,686	17,131,667	17,645,617	18,174,986
<u>Long-Term Debt</u>									
Senior Lien Bonds	-	-	-	-	-	-	-	-	-
Senior Lien Notes	-	-	-	-	-	-	-	-	-
Subordinate Lien Bonds	188,992,340	194,094,096	199,269,507	204,225,702	208,832,826	214,726,332	220,763,692	226,446,162	232,161,413
OID	-	-	-	-	-	-	-	-	-
SRF Loans	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
TOTAL LONG-TERM DEBT	188,992,340	194,094,096	199,269,507	204,225,702	208,832,826	214,726,332	220,763,692	226,446,162	232,161,413
Other Liabilities	75,572,153	77,839,318	80,174,498	82,579,733	85,057,125	87,608,839	90,237,104	92,944,217	95,732,544
CIAC	11,487,871	10,905,307	10,329,160	9,759,264	9,197,603	8,642,405	8,095,173	7,559,767	7,031,958
TOTAL LIABILITIES	290,399,865	297,616,647	304,994,429	312,242,601	319,235,793	327,610,262	336,227,636	344,595,763	353,100,901
Equity									
Historical Equity	-	-	-	-	-	-	-	-	-
Acquisition Equity	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233	119,394,233
Retained Earnings	(109,394,615)	(113,398,946)	(114,936,182)	(114,735,823)	(113,020,474)	(112,983,071)	(112,986,647)	(111,741,368)	(111,906,950)
Current Year Earnings	2,256,796	(541,160)	121,398	1,039,330	22,663	(2,167)	754,514	(100,326)	835,054
Current Year Distributions	(6,261,128)	(996,076)	78,962	676,019	14,741	(1,409)	490,764	(65,256)	543,150
TOTAL EQUITY	5,995,287	4,458,051	4,658,410	6,373,759	6,411,162	6,407,586	7,652,865	7,487,283	8,865,486
TOTAL LIABILITIES AND EQUITY	296,395,152	302,074,698	309,652,840	318,616,360	325,646,955	334,017,849	343,880,501	352,083,046	361,966,387
Difference	TRUE 0	TRUE (0)	TRUE (0)	TRUE (0)	TRUE 0				
Total Debt	188,992,340	194,094,096	199,269,507	204,225,702	208,832,826	214,726,332	220,763,692	226,446,162	232,161,413
Total Equity	5,995,287	4,458,051	4,658,410	6,373,759	6,411,162	6,407,586	7,652,865	7,487,283	8,865,486
Total Debt / Total Capital (< 65%)	96.9%	97.8%	97.7%	97.0%	97.0%	97.1%	96.6%	96.8%	96.3%
Funded Debt	188,992,340	194,094,096	199,269,507	204,225,702	208,832,826	214,726,332	220,763,692	226,446,162	232,161,413
PP&E	241,379,471	246,408,628	251,511,808	256,698,232	261,991,878	267,406,749	272,964,116	279,083,414	285,435,062
Funded Debt / PP&E (< 60%)	78.3%	78.8%	79.2%	79.6%	79.7%	80.3%	80.9%	81.1%	81.3%
Deposited Cash / Long-Term ABT - EBITDA									
Funded Debt / Cash + 60% * PP&E > 1.0	1.19	1.20	1.19	1.18	1.17	1.17	1.16	1.16	1.15
or EBITDA / All Future Interest > 1.5x	1.78	1.85	1.99	1.85	1.86	1.96	1.83	1.94	2.01
ABT Test Results	YES								

Cash Flow	<u>2016</u>
Net Income	
Depreciation and Amortization	
D&A PP&E (incl MARA)	
Amortization of Deferred Debt Expense	
TOTAL DEPRECIATION AND AMORTIZATION	<hr/>
NET CASH FLOWS FROM OPERATIONS	
Changes in PP&E	
Purchases of PP&E	
Annual Use of DSRR 0.1 funds for Capex	
Proceeds from borrowings (net of draws from 2014/2015 project funds)	
TOTAL CHANGES IN PP&E	<hr/>
Changes due to Financings	
Refunding Debt Issuance Costs	
Project Escrow Fund Releases - 2014 Bond Fund	
Project Escrow Fund Releases - 2018-2020 Bond Funds	
RSF Releases - CBFRR from 2015 test year rate case	
DSRF Releases	
Tfr of RSF funds to PEU/PAC	
Principal Payments	
Return of Acquisition Premium	
TOTAL PAYMENTS	<hr/>
CHANGE IN CASH BEFORE DISTRIBUTIONS	
CBFRR Net of Return on Acquisition Premium	
Taxes Paid to Parent (Reduces Distribution)	
NET DISTRIBUTIONS	<hr/>
CHANGE IN CASH AFTER DISTRIBUTIONS	
BEGINNING CASH BALANCE	
ENDING CASH BALANCE	6,535,758

Total CBFRR

Cash Balance Pass/Fail Flag

CBFRR Net of Return on Acquisition Premium = Annual CBFRR of \$7,465,139, netting by the MARA a
 Distribution for RSF from Neptune Model = "make whole" for total debt obligation of City, after CBFRR

Pass

Fail

Revenues	2016	2017	2018
Percent Increase		-0.80%	3.30%
Revenue Forecasts	30,922,560	30,678,509	31,703,635

Actuals
Budget/Forecast
Forecast

Modified Rate Methodology Calculations of Revenue:

	2016 Rate Case		
CBFRR Revenues	7,729,032	7,729,032	7,729,032
OERR Revenues (100% of Operating Expenses)			
MOERR Expenses from 2016 Rate Case (excalating by 3%/annum)	16,338,929	16,829,097	17,333,970
NOERR Expenses from 2016 Rate Case (excalating by 9%/rate case)	588,313	588,313	641,261
temp rate increase to refill the OERR RSF (65% of perm)			
perm rate increase to refill the OERR RSF (35% of perm)			
Allowed OERR Revenues from most recent rate case		16,927,242	16,927,242
Add: temp/perm increases		-	-
Total Forecasted OERR Revenues	16,927,242	16,927,242	16,927,242
DSRR 1.0 Revenues (100% of P&I)	6,218,648		
P&I per year		6,229,650	6,297,601
Allowed DSRR 1.0 Revenues from most recent rate case		6,218,648	6,218,648
DSRR 0.1 Revenues (10% of P&I)	621,865		
10% of P&I per year		622,965	629,760
Allowed DSRR 0.1 Revenues from most recent rate case		621,865	621,865
QCPAC Revenue Adjustments			
Incremental P&I per year (included in DSRR 1.0 and 0.1 above)			
Incremental Prop Taxes on New Capex per year @ \$30/\$1000		120,000	490,501
QCPAC Revenue at 1.1x P&I, plus prop taxes (b/n rate cases)			120,000
Total Forecasted DSRR and QCPAC Revenues	6,840,513	6,852,615	7,047,361
Total Revenue Requirement/Forecast	31,496,787		31,703,635

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

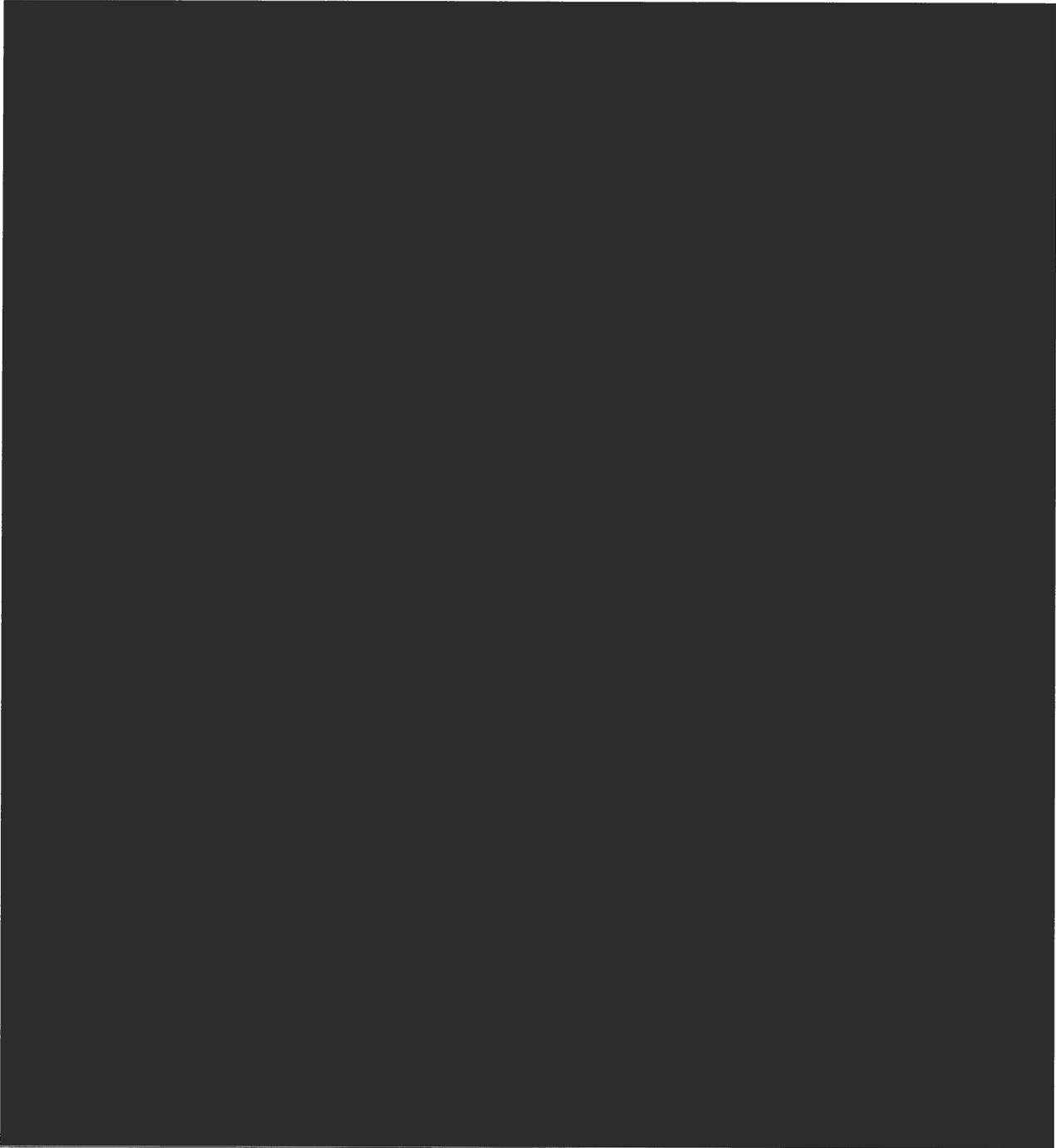
Pennichuck Water Works, Inc.

LDG-5
\$10MM - TD TERM SHEET

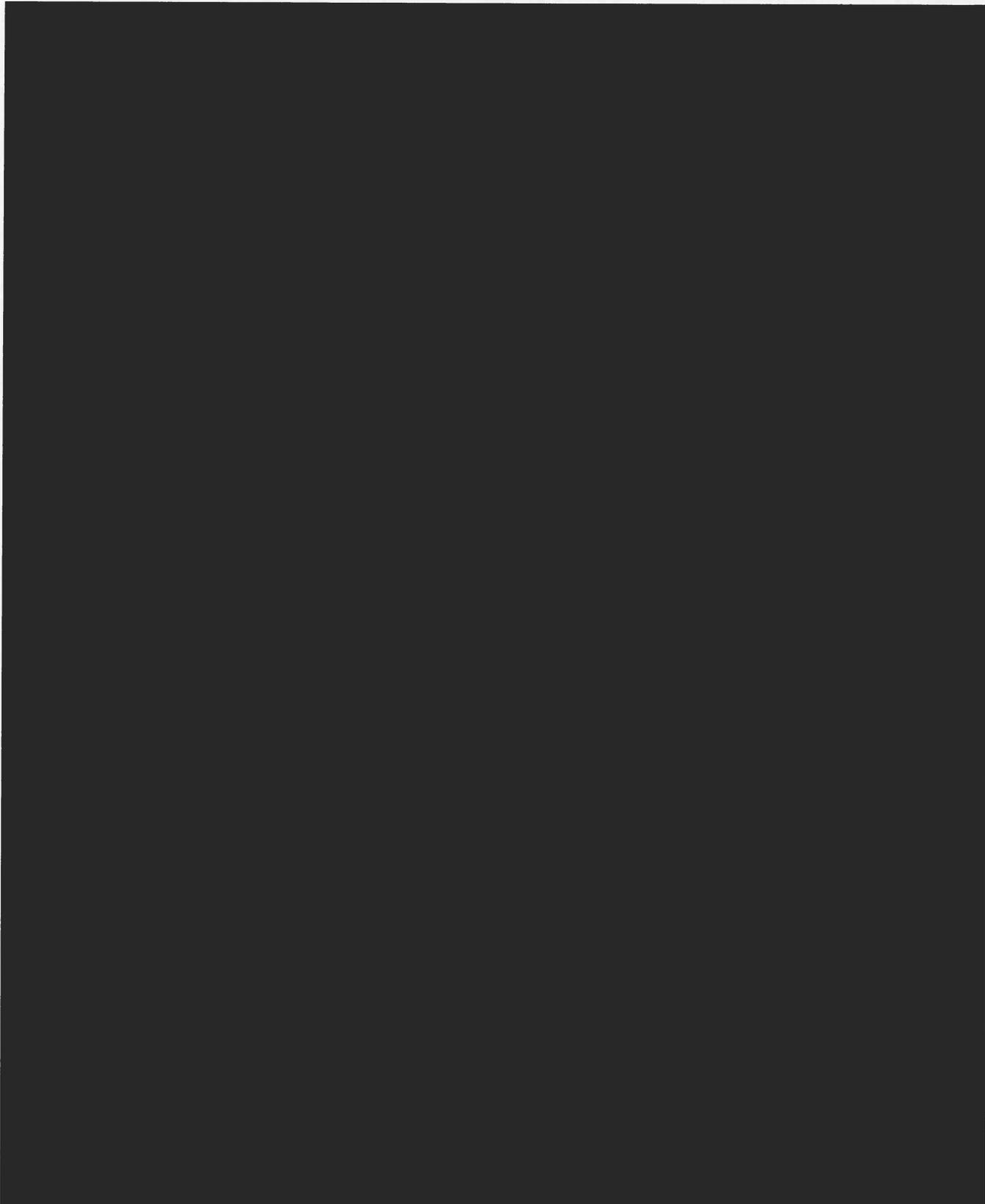
PWW0051-PWW0056

Pennichuck Water Works, Inc.

The proposed terms and conditions summarized herein are provided for discussion purposes only. They do not constitute an offer, agreement, or commitment to lend and are confidential. The terms and conditions upon which TD Bank, N.A. ("TD" or the "Bank") might extend credit to Pennichuck Water Works, Inc. (or the "Borrower") are subject to satisfactory review and completion of documentation, satisfactory completion of due diligence, approval by TD Bank Credit Authorities, and other such terms and conditions as may be determined by Bank and its counsel.



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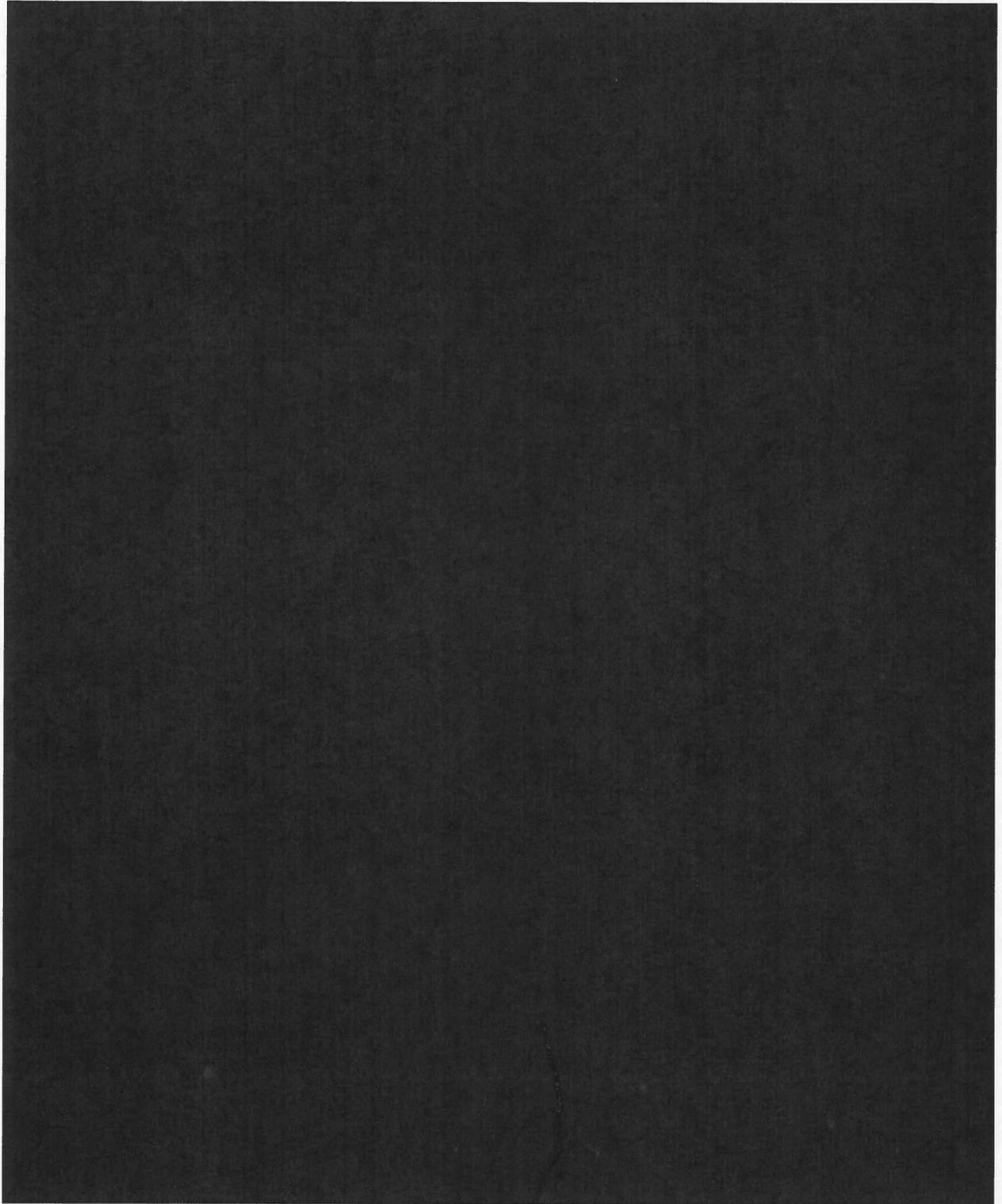


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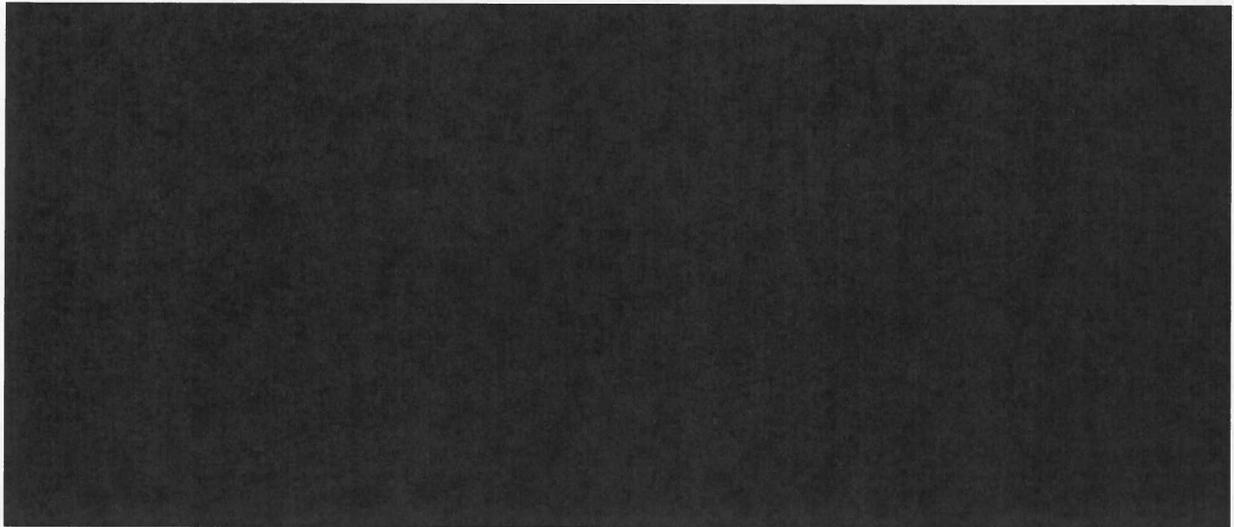




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STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG-6
PWW RESOLUTION

PWW0057



PENNICHUCK WATER WORKS, INC.

CORPORATE SECRETARY'S CERTIFICATE

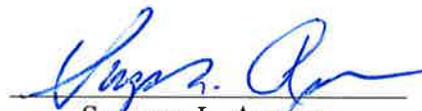
I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck Water Works, Inc. (the "Company"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Company. In that capacity, I do hereby further certify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

1. The following resolution was adopted by the Board of Directors of the Company on February 24, 2017; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that management is hereby authorized to proceed with the following process and approvals required to complete the application for issuance of tax-exempt bonds for 2017-2019 capital needs for Pennichuck Water Works, Inc., including:

- (1) obtain New Hampshire Business Finance Authority (NHBFA) approval to issue tax-exempt bonds sufficient to fund the capital needs;
- (2) file a financing petition with the New Hampshire Public Utilities Commission to seek approval to complete the financing activity;
- (3) file a shareholder approval request with the City of Nashua to seek approval to complete the financing activity;
- (4) file a joint approval request with the NHBFA to the State of New Hampshire Governor and Council, approving the funding of the tax-exempt bonds through the NHBFA; and
- (5) complete the entire bond issuance and documentation process with the investment bankers and respective counsels.

In Witness Whereof, I have hereunto set my hand this 21st day of November, 2017.


Suzanne L. Ansara
Corporate Secretary

PWW0057

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG-7
PENNICHUCK RESOLUTION

PWW0058



PENNICHUCK CORPORATION

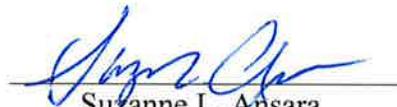
CORPORATE SECRETARY'S CERTIFICATE

I, Suzanne L. Ansara, 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 August 25, 2017; 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 Chief Executive Officer is hereby given authority and additional discretion to pursue the Lines of Credit with TD Bank, N.A. for Pennichuck Corporation and Pennichuck Water Works, Inc., as discussed in non-public session, and to proceed with obtaining the required approvals from the New Hampshire Public Utilities Commission and the City of Nashua.

In Witness Whereof, I have hereunto set my hand this 21st day of November, 2017.


Suzanne L. Ansara
Corporate Secretary

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG-8
PENNICHUCK CORP. \$4MM TERM SHEET AND
PWW GUARANTEE

PWW0059-PWW0076

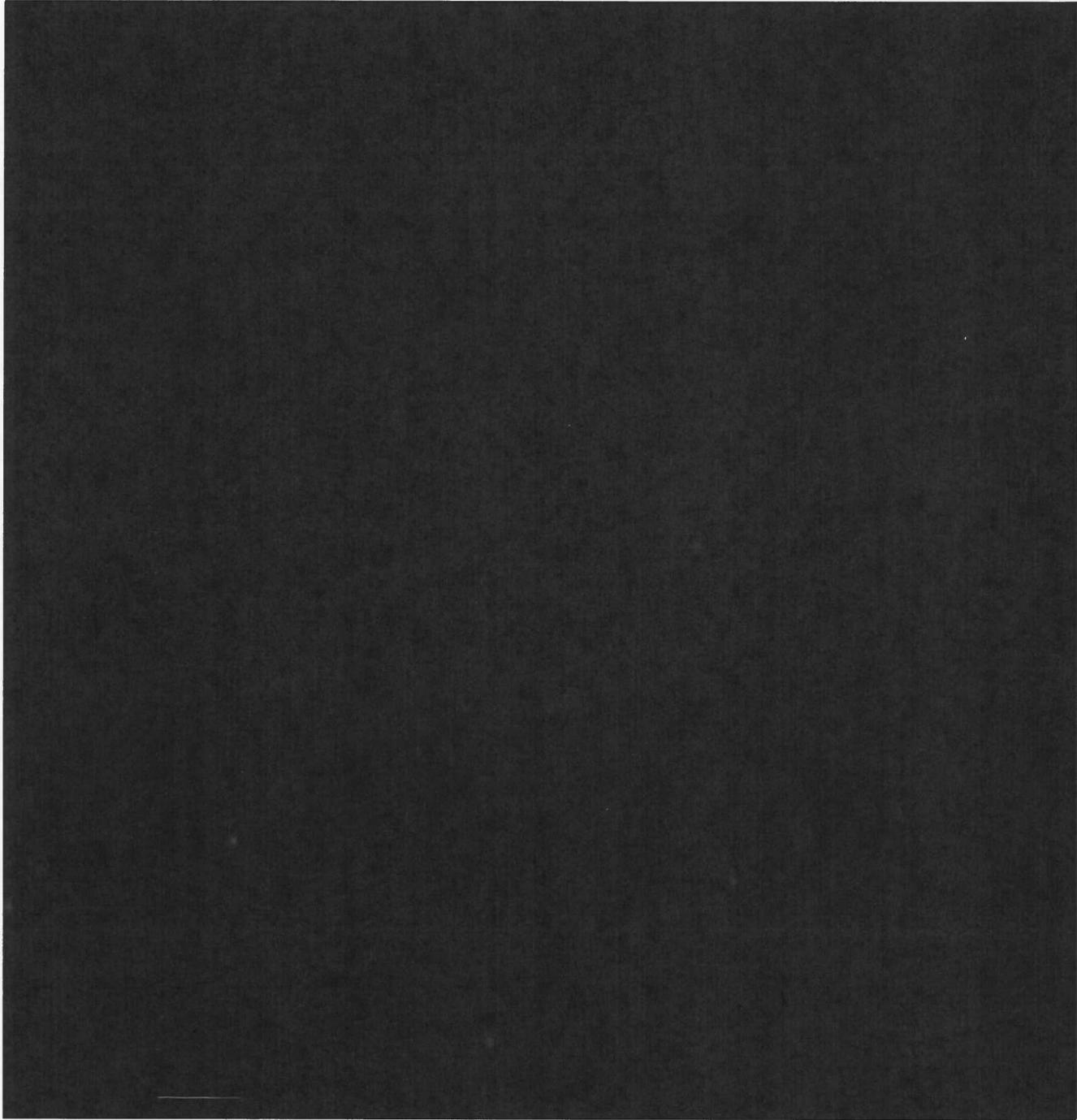
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Pennichuck Corporation
Discussion Term Sheet

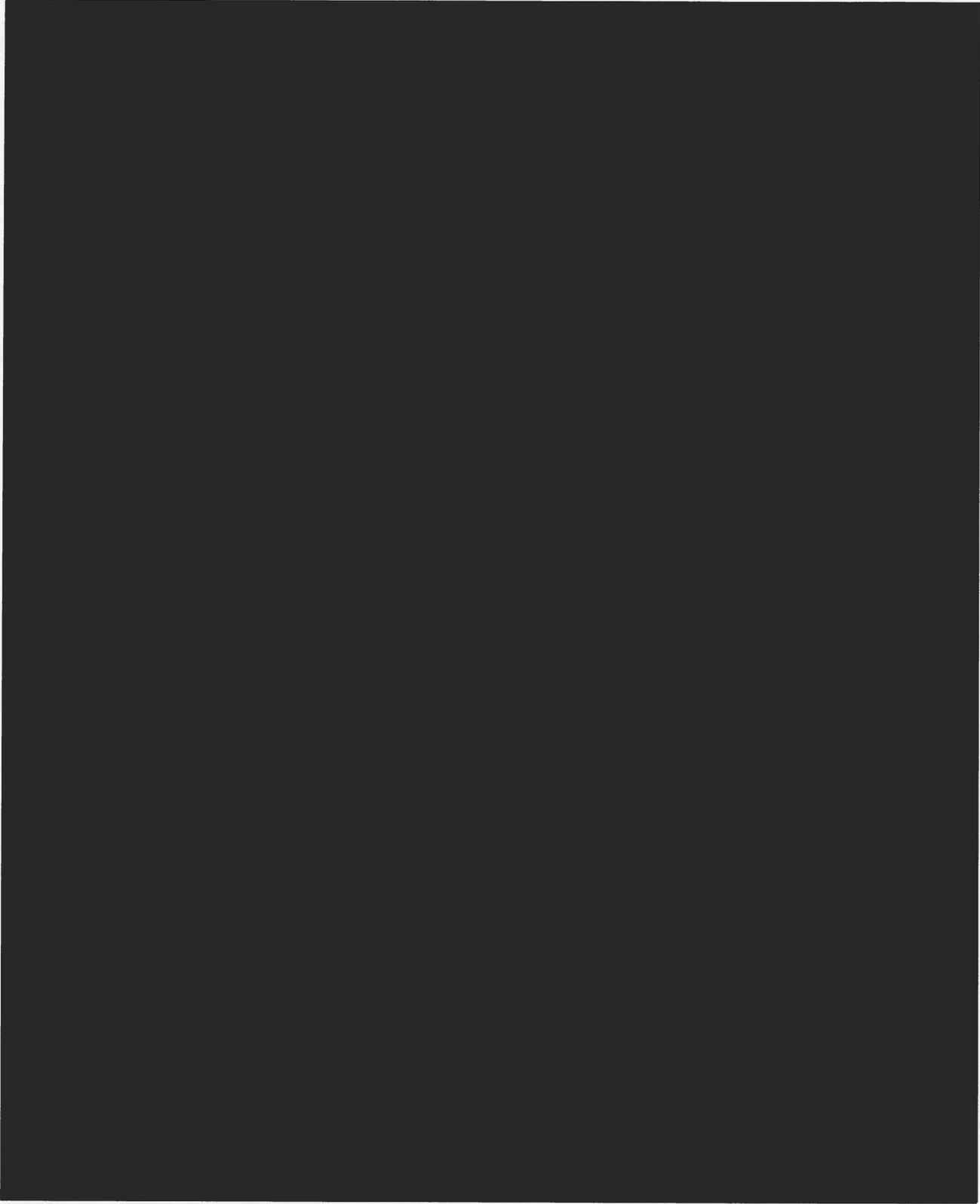
August 23, 2017

Pennichuck Corporation

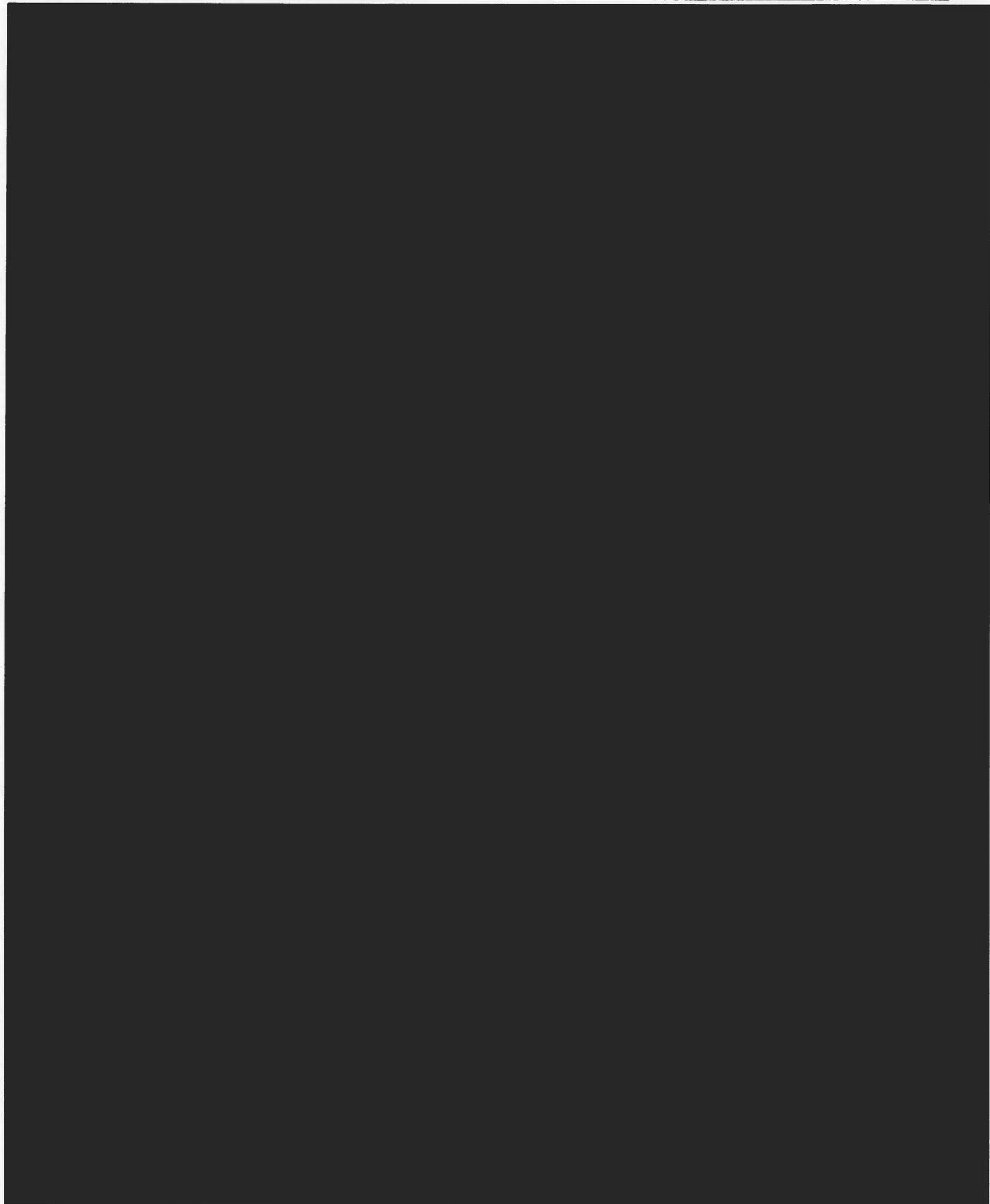
The proposed terms and conditions summarized herein are provided for discussion purposes only. They do not constitute an offer, agreement, or commitment to lend and are confidential. The terms and conditions upon which TD Bank, N.A. ("TD" or the "Bank") might extend credit to Pennichuck Corporation (or the "Borrower") are subject to satisfactory review and completion of documentation, satisfactory completion of due diligence, approval by TD Bank Credit Authorities, and other such terms and conditions as may be determined by Bank and its counsel.



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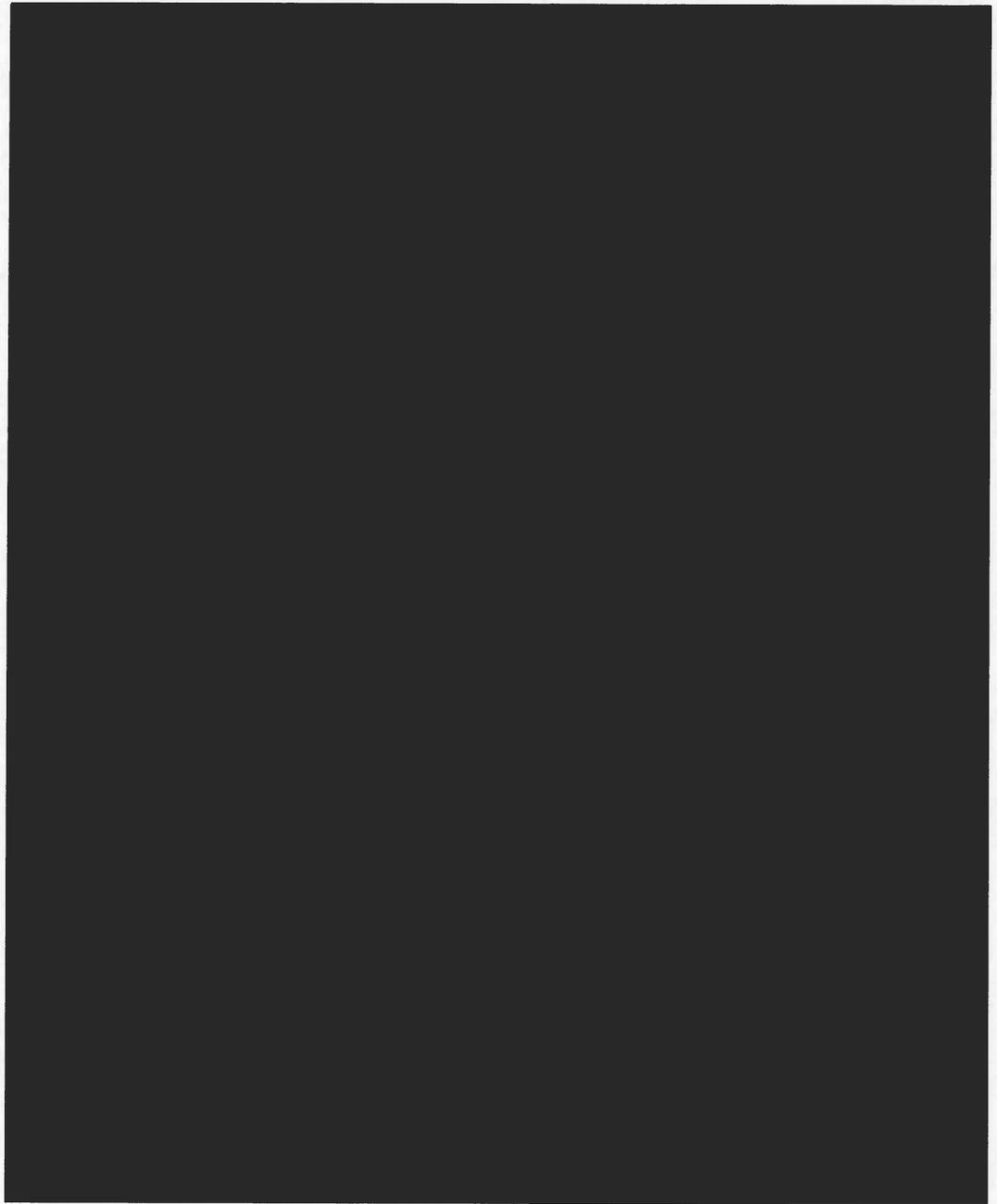
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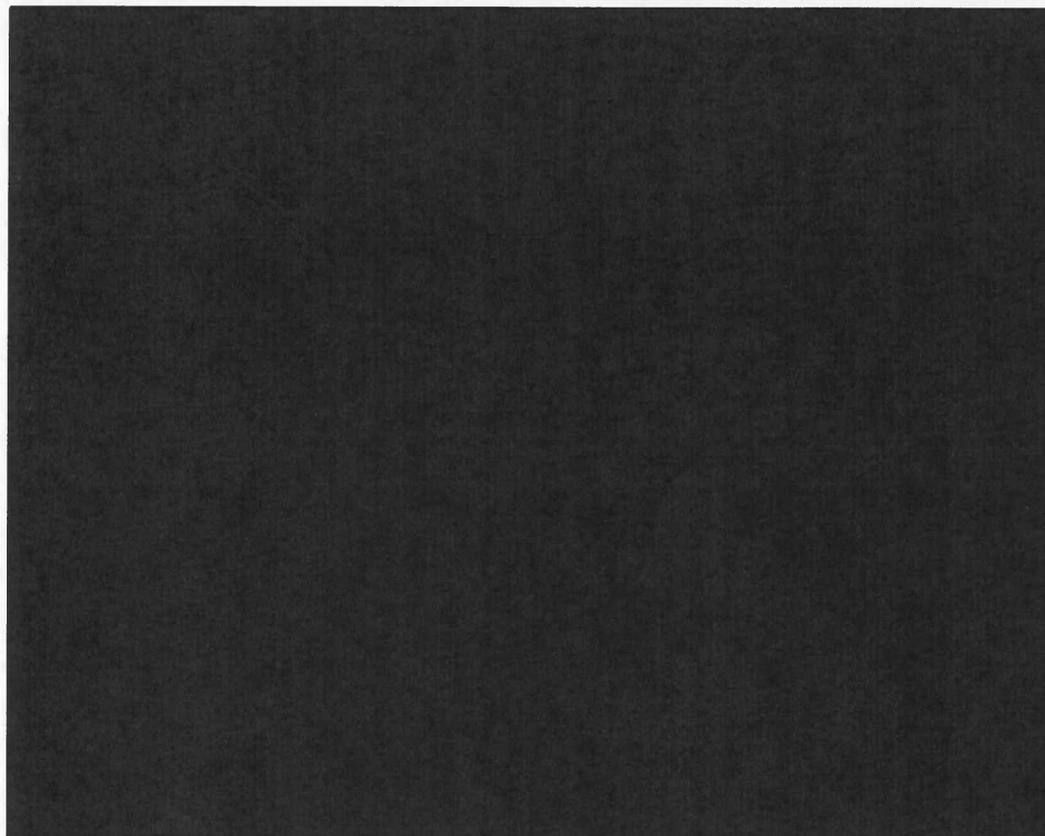
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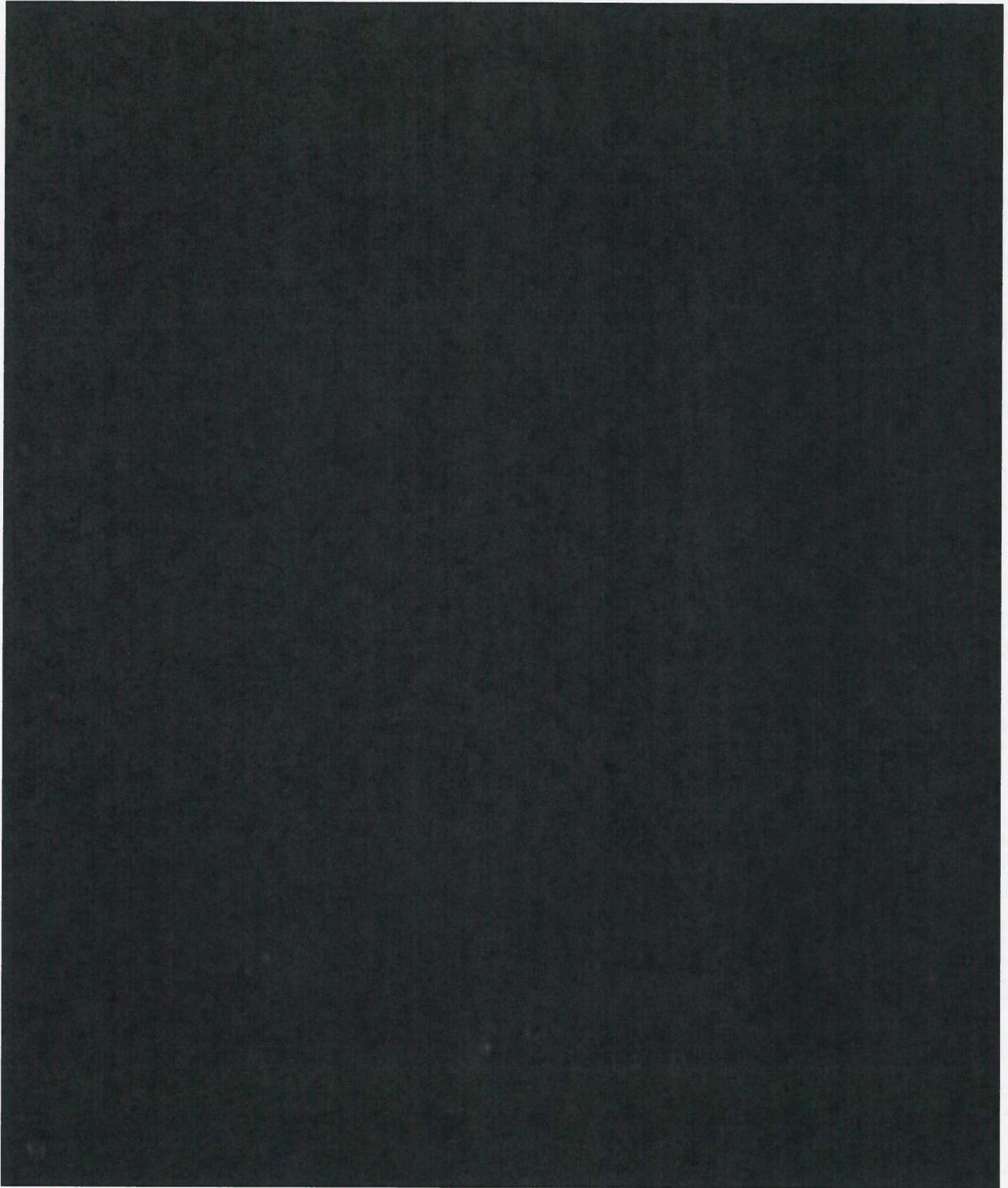
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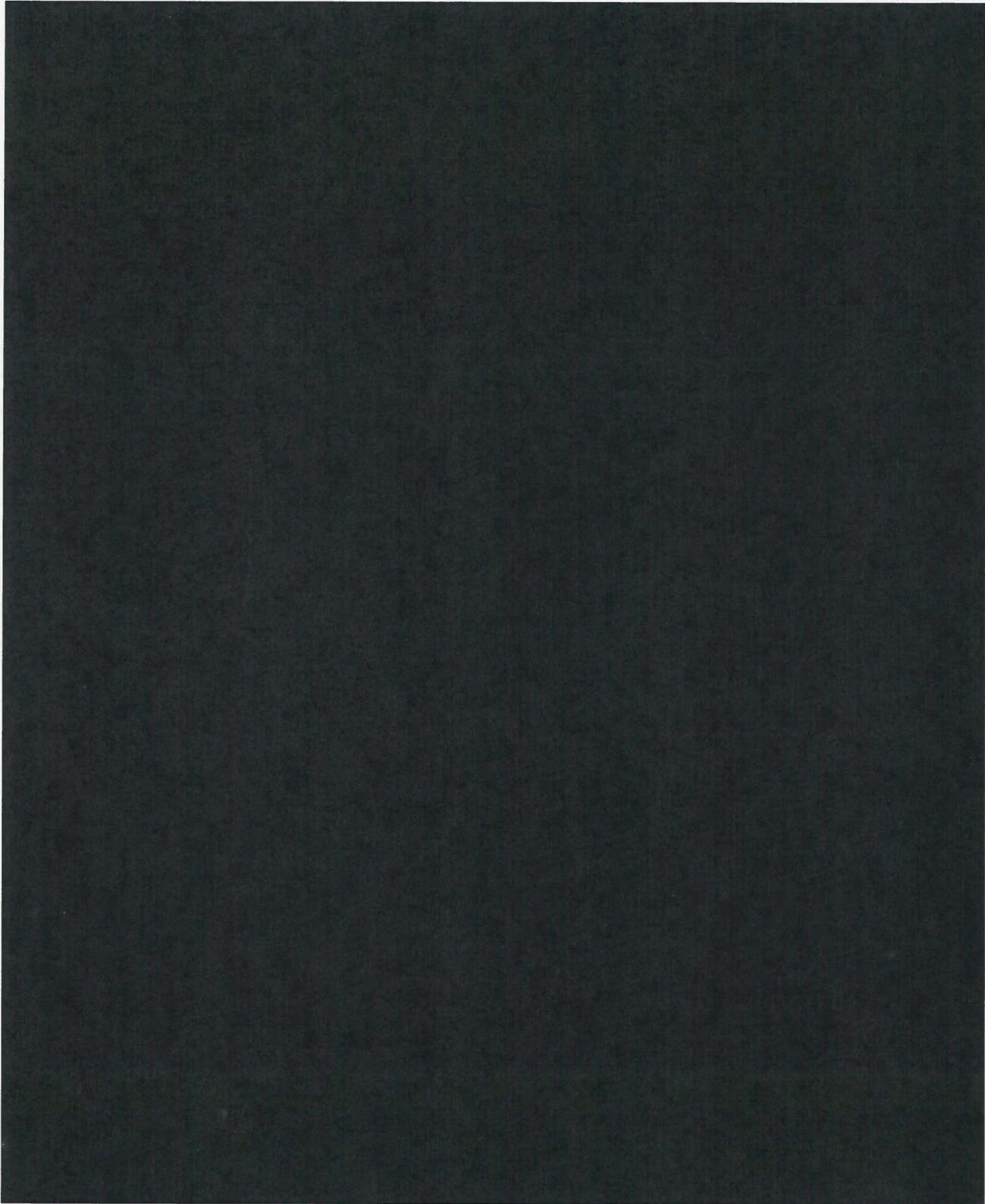
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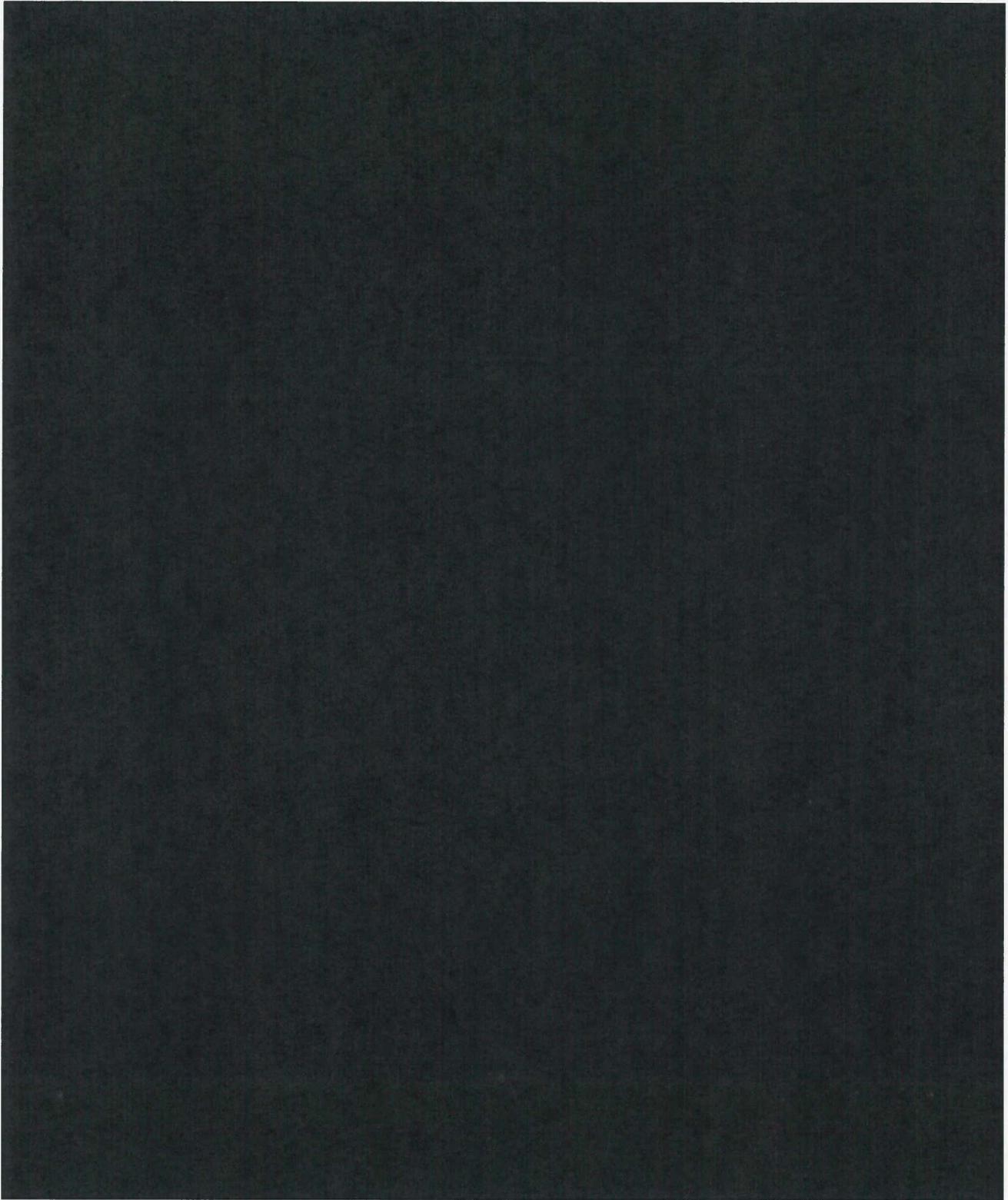


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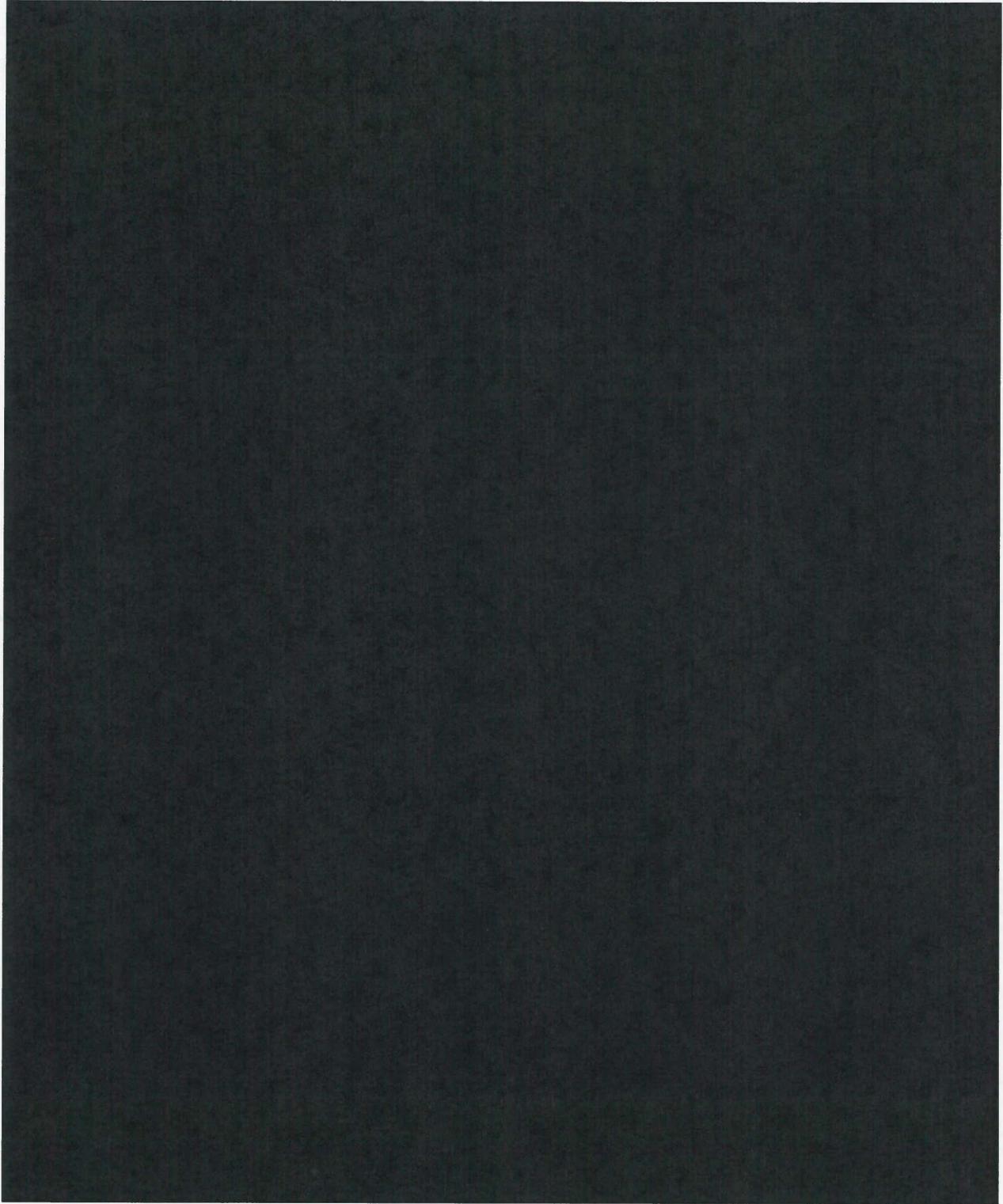


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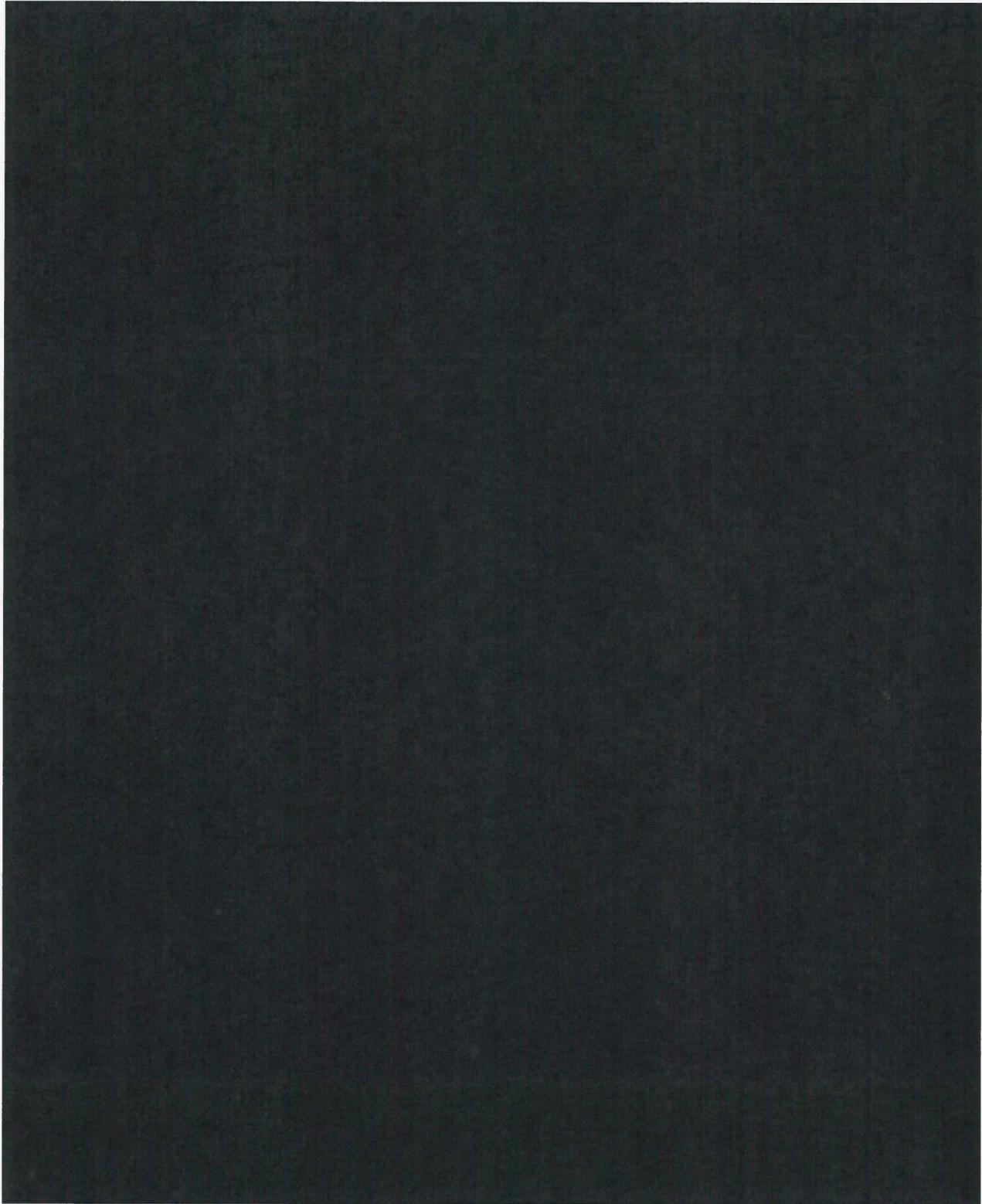
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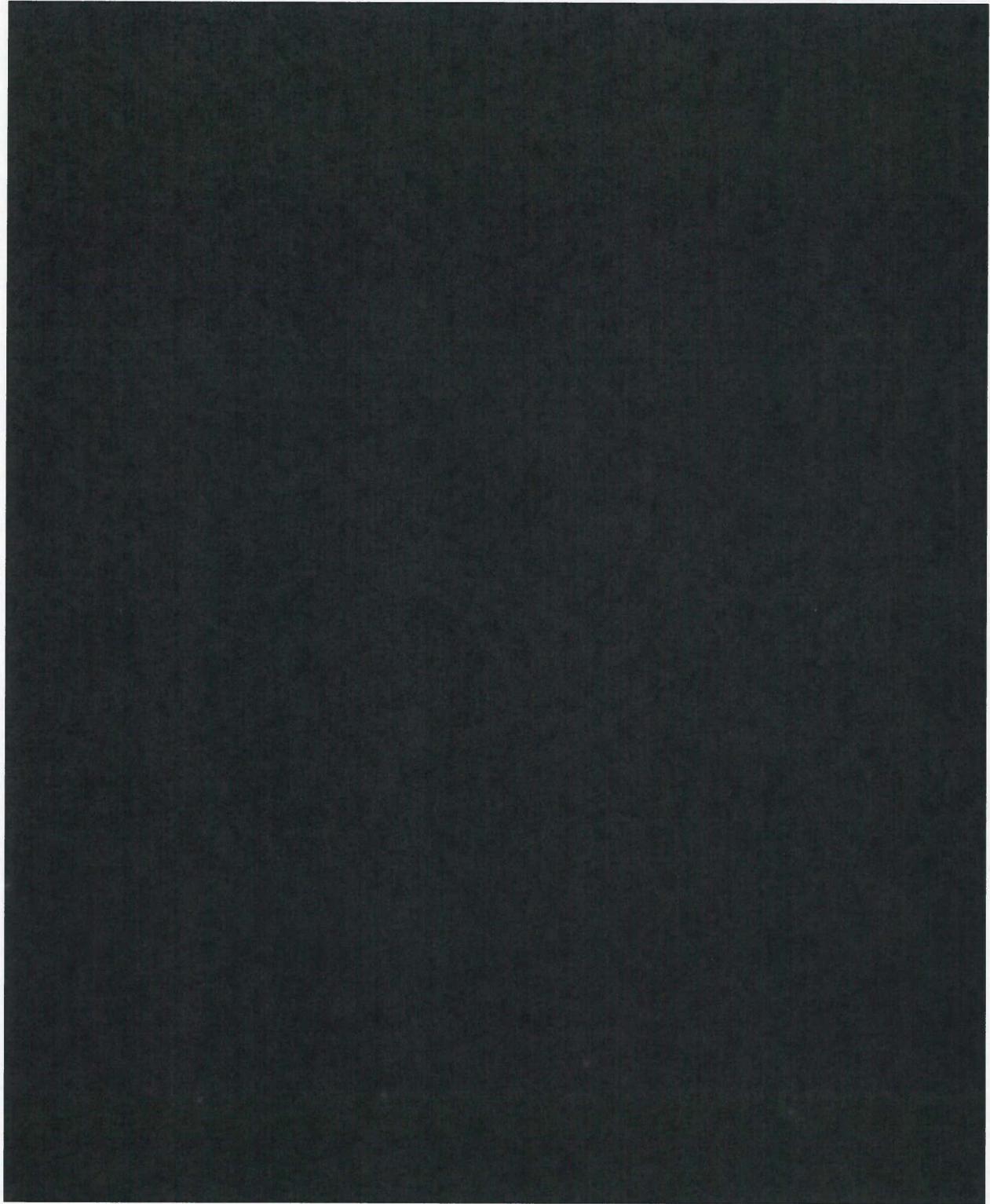
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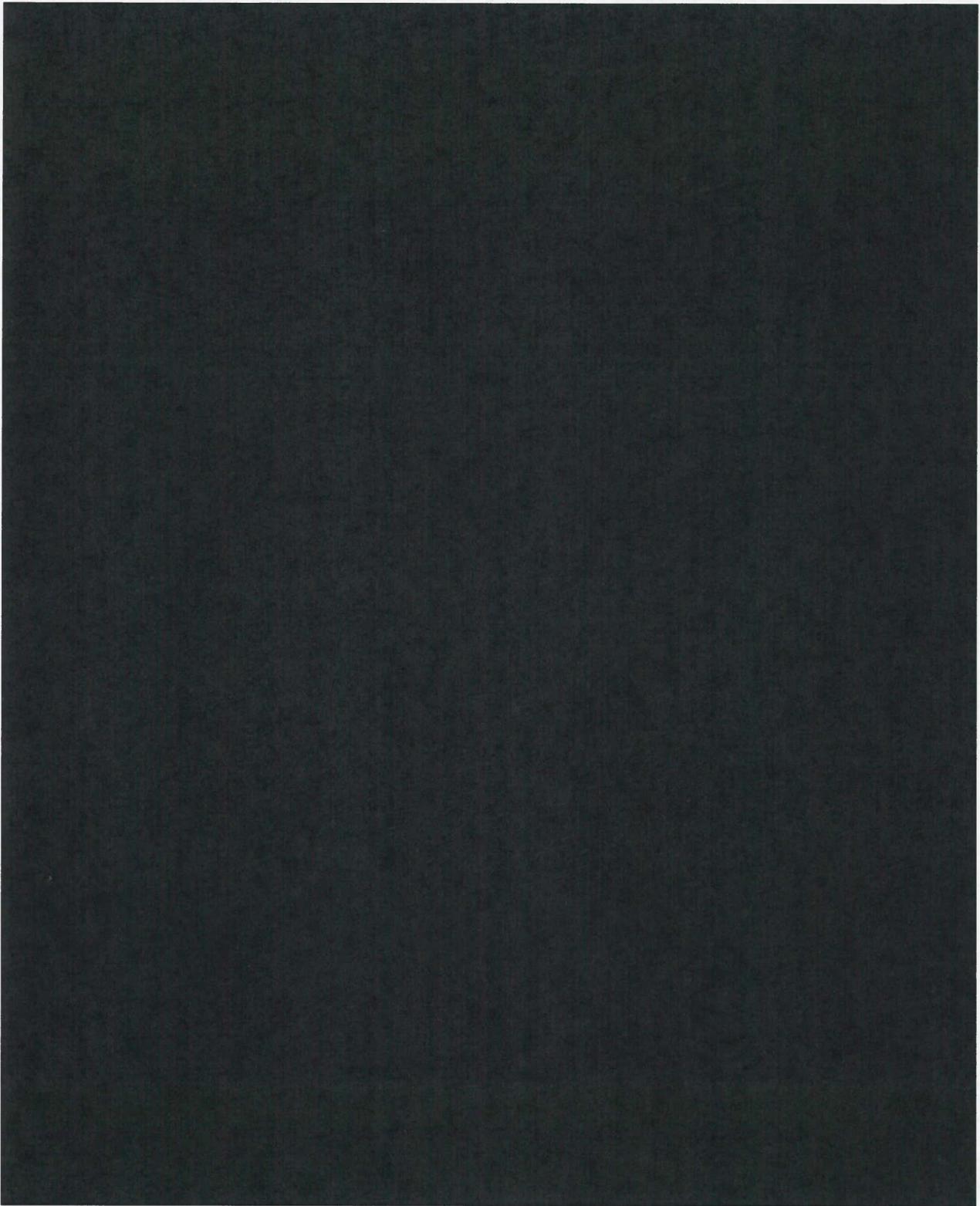
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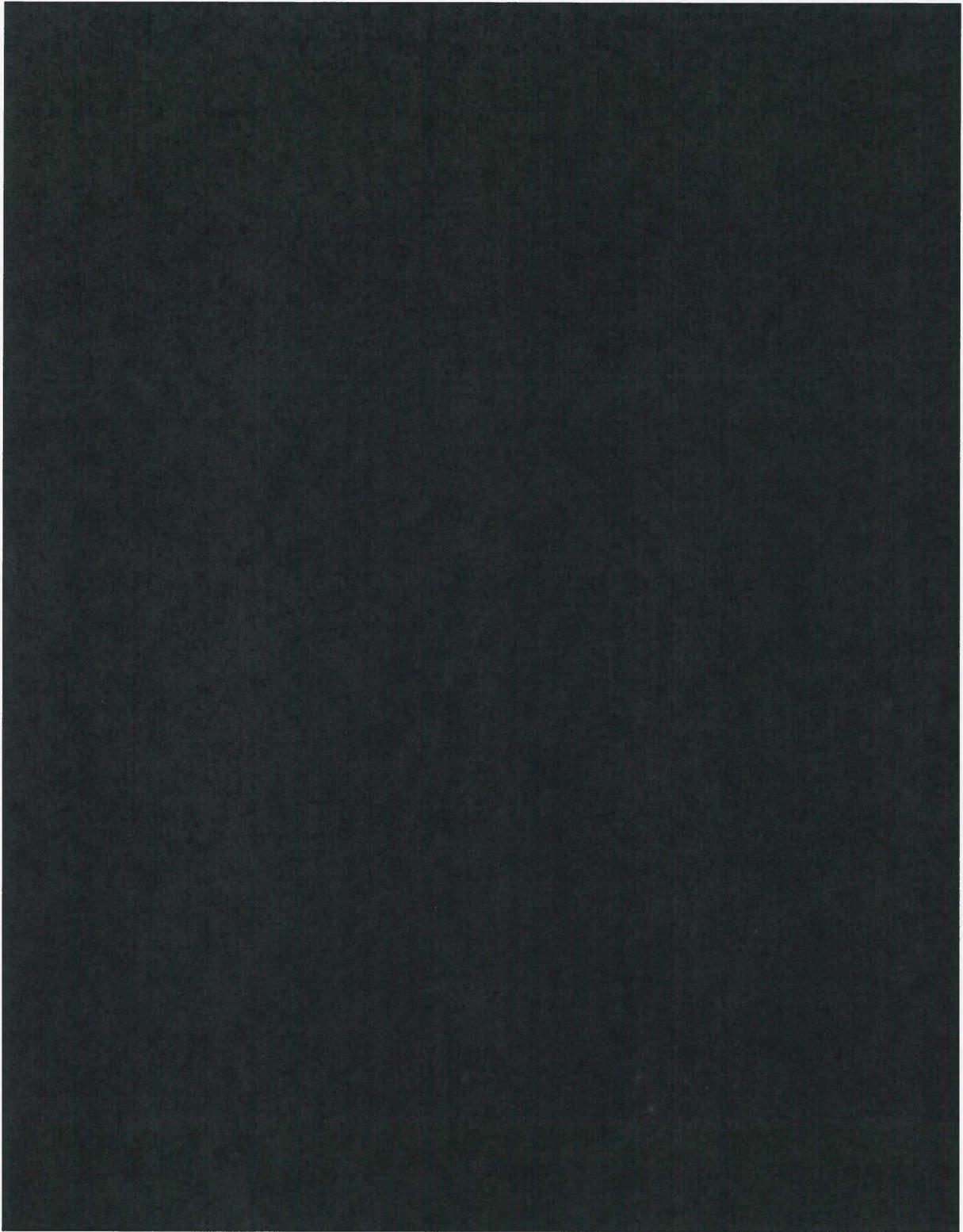
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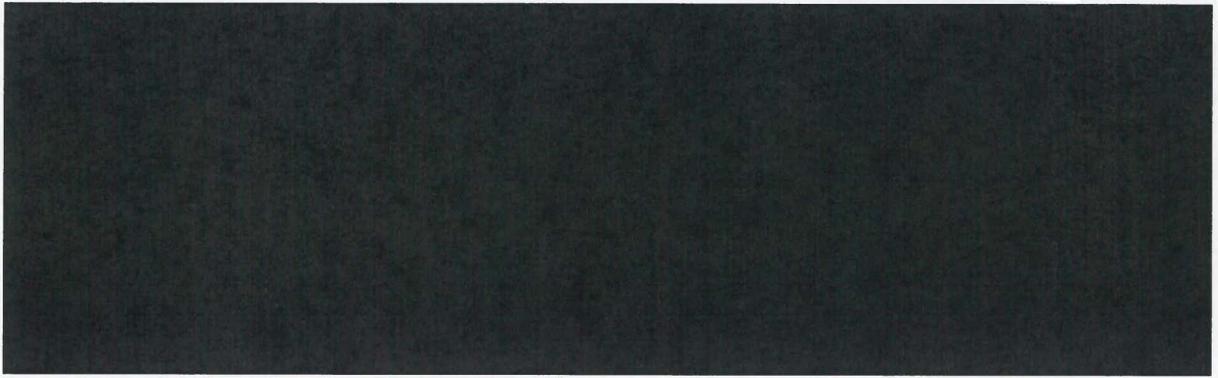
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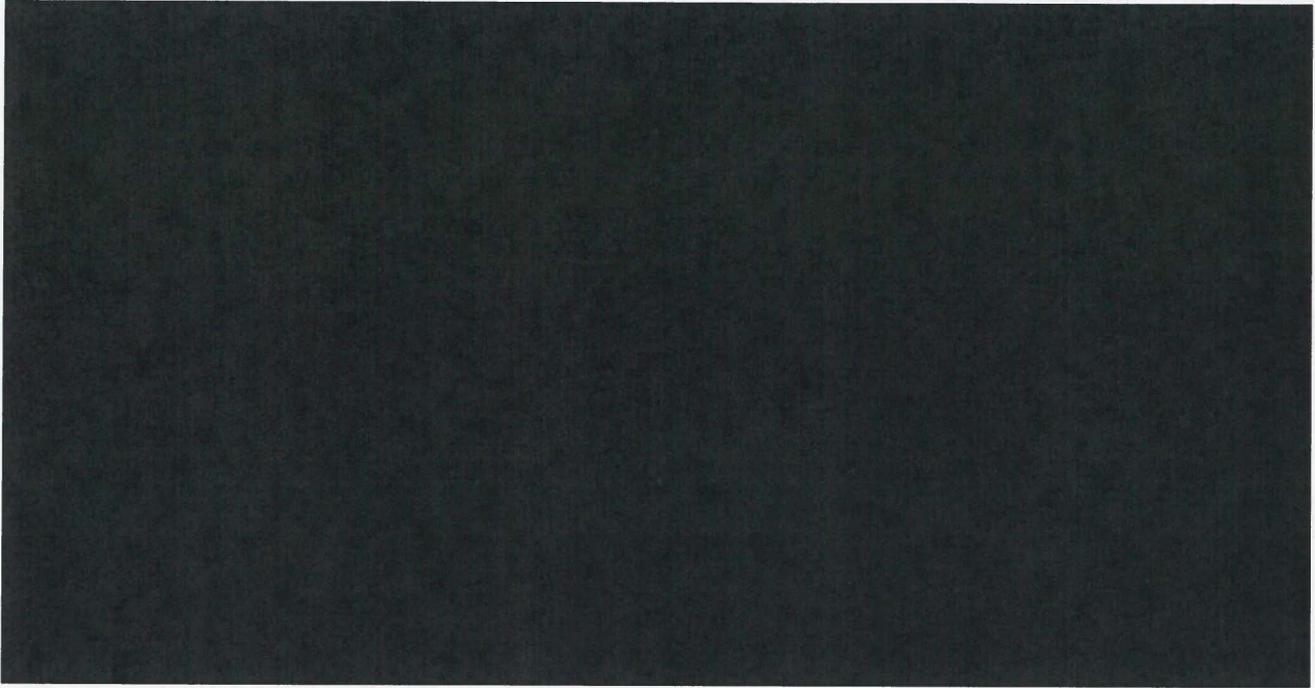


EXHIBIT A
SUBSIDIARIES OF BORROWER

The Southwood Corporation
A New Hampshire corporation

Pennichuck Water Works, Inc.
A New Hampshire corporation

Pennichuck East Utility, Inc.
A New Hampshire corporation

Pittsfield Aqueduct Company, Inc.
A New Hampshire corporation

Pennichuck Water Service Corporation
A New Hampshire corporation

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-___

Pennichuck Water Works, Inc.

LDG-9
NHPFA PRELIMINARY APPROVAL

PWW0077-PWW0079

B · F · A

NEW HAMPSHIRE

BUSINESS FINANCE AUTHORITY

May 15, 2017

Mr. Larry Goodhue
Pennichuck Water Works, Inc.
25 Manchester Street
Merrimack, NH 03054

Dear Mr. Goodhue:

This is to advise that at the meeting of May 15, 2017, the Directors of the Business Finance Authority ("BFA") considered your application dated April 20, 2017 requesting \$32,500,000 in industrial development revenue bond financing for multiple projects in New Hampshire. The Directors approved and adopted a resolution to that effect and a copy is enclosed for your records.

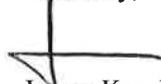
Federal law imposes limits on: (a) the amount of bonds which may be issued in New Hampshire, (b) the total amount of tax-exempt bonds as to which any borrower and related persona may be beneficiary, and (c) the amount of bond proceeds which may be spent for land, as well as conditions on the expenditure of bond proceeds for existing buildings and equipment. The BFA's resolution does not constitute a determination of federal tax questions, nor does it constitute an allocation or assignment of priority to a particular borrower for purposes of the annual tax-exemption limit.

We will not actually reserve any portion of the bonding limit for the project until the company secures a commitment to purchase the bonds.

In the meantime, we strongly recommend you secure the services of registered bond counsel to determine compliance with Federal tax law. You should be aware the BFA will retain its own counsel for this project. We use Attorney Kris Moussette from Hinckley Allen, 28 State Street, Boston, MA 02109-1775.

Thank you for your application to the Business Finance Authority, and best wishes and success for your proposed project.

Sincerely,



James Key-Wallace
Executive Director

FINANCING FOR NEW HAMPSHIRE'S FUTURE

2 PILLSBURY STREET, SUITE 201
CONCORD, NEW HAMPSHIRE 03301-4954
603-415-0190 • FAX: 603-415-0194



PWW0077

A RESOLUTION RELATING TO THE FINANCING AND REFINANCING OF WATER
FACILITIES FOR PENNICHUCK WATER WORKS, INC. AT VARIOUS LOCATIONS IN
THE STATE OF NEW HAMPSHIRE

WHEREAS, Pennichuck Water Works, Inc. (the "Borrower")* has by submission of an Application for Official Intent dated April 20, 2017 notified the Authority of its desire to finance water supply and water distribution installations, upgrades, replacements and rehabilitations and related support systems at project sites located in Amherst, Bedford, Derry, Epping, Hollis, Merrimack, Milford, Nashua, Newmarket, Plaistow and Salem, New Hampshire (including the projects attached as Exhibit A hereto) (collectively, the "Project") and requested the Authority to issue approximately \$32,500,000 of its revenue bonds (the "Bonds") under RSA 162-1 (the "Act") and loan the proceeds to the Borrower in order to finance the costs of the Project to the extent it qualifies as an "exempt facility" within the meaning of Section 142(a) of the Internal Revenue Code of 1986.

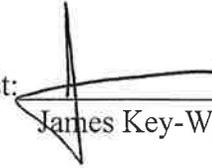
IT IS HEREBY RESOLVED THAT:

Section 1. Official Intent. On the basis of the information and materials furnished by the Borrower, the Authority hereby declares its official intent to issue the Bonds as requested by the Borrower. The Authority also approves the Borrower's commencing the Project and making expenditures which may be reimbursed from Bond proceeds under the Act.

Section 2. Not a Contract or an Allocation. This resolution is a statement of official intent under the Act and Treas. Reg. § 1.150-2 and is not an allocation of the private activity bond limit under Section 146 of the Internal Revenue Code of 1986. Although the Authority reasonably expects to issue Bonds to finance the costs of the Project, including the reimbursement of costs incurred prior to the issuance of the Bonds, the actual issuance of the Bonds and the reimbursement of prior expenditures is dependent upon further proceedings consistent with the Act, the satisfaction of requirements of federal and state law, the creditworthiness of the Borrower, and market conditions at the time the Bonds are issued.

Section 3. Effective Date. This resolution shall take effect upon its passage.

Passed: May 15, 2017

Attest: 
James Key-Wallace, Clerk

* This term also includes Pennichuck Water Works ("PWW") any person or entity which controls, or is controlled by, or is under common control with, the named borrower or PWW.

Exhibit A

Water Supply:

1. Water Treatment Media and Miscellaneous Water Supply Upgrades
2. Bowers Pond Dam – replace flash boards

Water Distribution:

1. Main Replacement and Rehabilitation
2. Booster System Replacement and Rehabilitation, Storage Tank Maintenance/Replacement, Back-up Generator Installation and Pump and System Operational Improvements
3. Service, Hydrant and Meter Replacements or Rehabilitation
4. Rolling Stock and Equipment Replacement or Rehabilitation
5. Kessler Farm Tank Replacement
6. Merrimack River Intake/Interconnection

Support Services:

1. Customer Service Support Applications, Financial Accounting and other Applications and Water System Monitoring upgrades and enhancements
2. DPAC (Date Presentment and Collection) System
3. Asset Management System