

PENNICHUCK WATER SPECIAL COMMITTEE

APRIL 14, 2021

A meeting of the Pennichuck Water Special Committee was held Wednesday, April 14, 2021, at 7:01 p.m. remotely in accordance with Governor's Emergency Order #12 pursuant to Executive Order 2020-04.

Chairman Laws

As Chairman of the Pennichuck Special Water Committee, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic and in accordance with the Governor's Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are:

Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means:

To access Zoom, please refer to the agenda or the City's website for the meeting link.

To join by phone dial: 1-929-205-6099 Meeting ID: 828 6062 6055 and Passcode: 999999

The public may also view the meeting via Channel 16.

We previously gave notice to the public of the necessary information for accessing the meeting, through public postings. Instructions have also been provided on the City of Nashua's website at www.nashuanh.gov and publicly noticed at City Hall and Nashua Public Library.

If anyone has a problem accessing the meeting via phone or Channel 16, please call 603-821-2049 and they will help you connect.

In the event the public is unable to access the meeting via the methods mentioned above, the meeting will be adjourned and rescheduled. Please note that all votes that are taken during this meeting shall be done by roll call vote.

Let's start the meeting by taking a roll call attendance. When each member states their presence, please also state whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

The roll call was taken with 3 members of the Board of Aldermen present: Alderman-at-Large Brandon Michael Laws, Alderman-at-Large Lori Wilshire, and Alderman-at-Large Michael B. O'Brien, Sr.

Alderman Skip Cleaver and Alderman Richard A. Dowd were recorded absent.

Also in Attendance:

Alderman Jan Schmidt
Alderman Linda Harriott-Gathright
Larry Goodhue, CEO, Pennichuck
Don Ware, COO, Pennichuck
Thomas J. Leonard, Director, Pennichuck Corporation
John Boisvert, Chief Engineer
Chris Countie, Director of Water Supply
George Torres, Corporate Controller and Treasurer

ROLL CALL

Alderman-at-Large Michael O'Brien, Sr.

Thank you, Mr. Chairman. Alderman-at-Large Michael O'Brien, Sr. is present. I can hear the proceedings and I am alone.

Alderman-at-Large Lori Wilshire

I am here, I am alone and I can hear the proceedings.

Alderman O'Brien

Alderman Richard A. Dowd is on important business; Alderman Skip Cleaver also on important business this evening. Alderman-at-Large Brandon Michael Laws?

Chairman Laws

I am here, I can hear the proceedings and I am alone.

Alderman O'Brien

Mr. Chairman also in attendance are Alderman Schmidt and Harriott-Gathright. And also in attendance is Larry Goodhue, CEO of Pennichuck; Don Ware, COO of Pennichuck and Thomas J. Leonard, Director of Pennichuck Corporations.

Chairman Laws

Thank you very much, Alderman O'Brien. Moving forward, Communications?

COMMUNICATIONS

From: Larry D. Goodhue, Chief Executive Officer of Pennichuck Corporation

Re: Pennichuck Corporation Quarterly Report to the Sole Shareholder for the Quarter Ended
September 30, 2020

Chairman Laws

Before I accept that Communication and place on file, Mr. Goodhue if you would like to give us a brief overview of it?

Mr. Goodhue

Sure, sure. And just for the record in addition to myself and Mr. Ware and Mr. Leonard in attendance, also John Boisvert who is our Chief Engineer; Chris Countie who is our Director of Water Supply and George Torres who is our Corporate Controller and Chief Accounting Officer, just for the record so you have that. With respect to this first Communication, first it was provided to you a lot later than it normally would be and that really had to do with COVID-related issues relative to the closing and year end. Why is the quarter ended September 30 Report important for you? Number one, it is part of our routine communication to give you updates for quarterly performance as well as year-to-date performance.

The quarterly report ending September 30th is important in that it is a representation of financial performance within the year virtually at the end of I am going to say our highest season within the year. When you look at the months of July, August, September, a great deal of our water pumpage occurs in those months. We do start to see a ramp upping of pumpage in May and June and you do still see some high pumpage in October, petering off into November into what we would call our base consumption months. But a good deal of water is used in the summer versus in the off months because people, in addition to using it for consumptive needs, are using it in addition for irrigation needs during the summer months.

So the result are for the 9 months and 3 months included in this report are representative of that performance and that end of the summer season. I am not going to go through the whole report, but maybe point out some of the highlights. If you turn to Page 3 of the report, it talks about the unaudited financial highlights. And basically what it shows there is the quarter ended September 30 results compared it to the prior year's quarter as well as year-to-date 9 month results as of September 30, 2020 compared to 2019. And what you will see right off the bat is for the quarter ended September 30th, about a \$2 million dollar increase in revenues year-on-year. And then for the 9 months ended it is about a \$3.5 or \$3.7 million dollar increase year-on-year. So that is representative of a couple of things.

Number one, as you recall, we had some pretty dry weather in the summer last year. It was the beginning of a drought, the drought persists as of this time. In fact, we were just having a management staff meeting this afternoon and talking about the updates the DES gives to the overall State Drought Map and there are areas of concerns and areas that were actually having to put some water restrictions on coming into the beginning of the season and we are going to be looking at it very diligently as a good steward of the water supply relative to how we moderate our water consumption uses based on the drought and working through DES.

So part of the revenue increase was basic consumption being higher in the summer of '20 than it was in '19 but it is also representative of rate increases that were earned out of rate case activities and investments that revolve relative to capital for which we get a QCPAC surcharge to cover the cost of that debt service on those entities. If you go all the way to the bottom line of those results on that page, the key thing we focus on is that last line, what we call EBITDA, so Earned Before Interest Taxes Depreciation and Amortization. And for the quarter ended September 30, 2020 our EBITDA was \$7.9 million dollars; up from \$6.2 million dollars the previous year. Again what that's all about, is that revenue periods fall to the bottom line. And then for the 9 months ended \$15.1 versus \$11.5 so again that entire revenue difference really falling to the bottom line because when you look at our operating expenses, they were pretty much parity relative to the quarter and for 9 months results.

So those are the key things in this report that I would focus on unless there are some specific questions. The more important information I'll be furnishing you is yearend information which is in the next Communication on file with the Committee for this meeting tonight.

Chairman Laws

Do any of my colleagues have any questions before I accept the Communication and place it on file. Speak now or forever hold your peace.

There being no objection, Chairman Laws accepted the communication and placed it on file.

From: Larry D. Goodhue, Chief Executive Officer of Pennichuck Corporation
Re: Annual Meeting of Sole Shareholder

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND THE ELECTION OF THE FOLLOWING INDIVIDUALS TO THE PENNICHUCK CORPORATION BOARD OF DIRECTORS UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED: DAVID P. BERNIER, STEPHEN D. GENEST, AND THOMAS J. LEONARD, FOR THREE-YEAR TERMS; AND, AUTHORIZE THE MAYOR TO TRANSMIT, BY PROXY CARD, THE VOTE OF THE SOLE SHAREHOLDER TO THE BOARD OF DIRECTORS OF PENNICHUCK CORPORATION BY ROLL CALL

ON THE QUESTION

Chairman Laws

OK thank you. Is there anything you'd like to add to this? Mr. Goodhue?

Mr. Goodhue

All that I'd say is you know we have three different classes of Directors each with overlapping 3 year terms so one class comes mature I guess each year in a 3-year cycling basis. The 3 gentlemen that are being offered up for re-election in this term are 3 members of our Board, that I would say are Charter Members of the Board all the way back to January 25, 2012. So when the initial board was seated, based on interviews and election by the shareholder, the City of Nashua, these were 3 individuals out of the Board of Directors of 10 members at that time that were seated and have acted in their various capacities.

Mr. Leonard has been the Chairman of the Board as elected and reappointed by his Board Members through that entire period of time. Mr. Genest has not only been a Board Member but through that entire period of time he has acted as the Chairman of the Compensation & Benefits Committee. And Mr. Bernier has been a member of the Compensation & Benefits Committee and Finance & Risk Committee during parts of his tenure during that period of time since January of 2012. I guess I would ask our Chairman, Mr. Leonard, if he has anything he would to add to what I just mentioned?

Jay Leonard, Chairman of the Board of Directors

Yes so thank you. As you know, my name is Jay Leonard and I am Chairman of the Board of the Directors and I think it is probably worth a quick summary of what we go through in the process. I am on the slate here today so all of my comments are recommendations for others than me. But I think the most important thing this Committee probably wants to hear is our process. What we do at the Nominating & Governance Committee is each year we review the slate of individuals who are up for reelection but we do it with particular direction and diligence to make sure that first off each of the individuals wants to be re-nominated and secondly that each individual should be re-nominated.

We go through it carefully about each individual and the role they have played in the last couple of years and the role that they want to play going forward. So we try to make sure that we just don't make it an automatic thing is what I am trying to say to you. Once the Committee makes a recommendation it then goes to Full Board for other consideration. We encourage everyone at the Full Board to participate in the process both by way of comments or by way of active participation in the Committee Meetings. So we take a little bit of pride in making sure we don't just rubber stamp things and keep moving forward in a complacent way.

With respect to the slate before you, I think I would actually like to comment that it happens to be that we are the three that have been on from the beginning and will be the longest. There are a couple of others that have been in from the beginning, but particular importance I think with Steve Genest. Steve is from Nashua, very aware of Nashua's concerns and issues. And he is also very "expert" in HR-related, employment-related matters. So he has carried the ball from the beginning in that regard. He works very closely with the HR Department in the company. Dave Bernier is "expert" in the sense that he is an operator. And he has been in the business of operating water and sewer and public utilities for many, many years and he brings a certain practical expertise that is an important role on our Board.

My role in things here, it has kind of been the same from the beginning and I think probably everybody knows what that is. But I certainly look forward to continued participation. I enjoy the role of Chairman, you know, these meetings just making sure that we answer your questions the way they need to be answered in playing that role in the liaison to the City, if you will. As Chairman, from the beginning, we decided that the Chairman should be a member of all the Committees just to make sure that the Chairman actually knew what was going on, because we were all learning, as you were, we were. So my role as Chairman is to make sure I know what is going on in each level in each Committee and that continues to be the role of the Chairman. So I think that's probably a pretty good summary of how we approach this thing and how these 3 individuals fit in. So thank you.

Chairman Laws

It was a summary on the level of the type of summary we have come to expect from you and your colleagues insipid by virtue of how well the organization is run. I can't imagine anyone objecting to these appointments. But any of my fellow Alderman have any comments or questions? Alderman O'Brien?

Alderman O'Brien

Thank you Mr. Chairman. I just want to say since the beginning when the City invested into the Pennichuck which was a wonderful idea that a municipality it seems to be done in other communities. We have had many of these people on the Board; I think the situation of co-partnership between Pennichuck Corporation and the City of Nashua has been great. And I see no problem with these three nominees to this position and I urge my colleagues to vote along with me to tell the Mayor via the proxy card to support this vote. So thank you, Mr. Chairman.

Chairman Laws

Thank you, Alderman O'Brien. Alderman Wilshire?

Alderman Wilshire

Thank you. I would like to thank these 3 candidates for accepting the re-nomination to this Board. It has really worked out well I think. The whole thing was – well iffy in the beginning as we all know. And I've been here since then too so I mean I appreciate you, Jay Leonard and Mr. Bernier and Mr. Genest, all fine individuals and I have no problem supporting this. So thank you all very much. You are doing a great job at Pennichuck.

Chairman Laws

And thank you Alderman Wilshire. That being said, would the Clerk like to take the roll? Sorry the motion before us, sorry I am not good at protocol. The Motion before us is for final passage. Would the Clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Wilshire, Alderman O'Brien Chairman Laws 3

Nay: 0

MOTION CARRIED

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS - None

TABLED IN COMMITTEE - None

NEW BUSINESS – ORDINANCE - None

REMARKS BY THE ALDERMEN

Chairman Laws

I'll just say what I usually say at the end of these meetings; it is always a pleasure speaking with you gentlemen. I appreciate it. You are doing a great job, you make it easy for me which is appreciated more than I can relate to you. So thank you for that.

Mr. Goodhue

Well we appreciate the cooperation of working with this Committee. And I think the one thing I would ask is, is there anything that any of you would like us to give you an update on relative to the operations of the company or anything that is going on that maybe you've heard or you've had people within your respective Wards, questions that we might be able to answer at this time.

Chairman Laws

There was a brown water issue that I brought to your attention a few weeks ago. I imagine that has been resolved at this point?

Mr. Goodhue

Yes and in fact our annual flushing activities actually began this last week. So that's an effort where we have comprehensive outreach to customers to let them know this is happening. It happens, there are various regions throughout the City. Chris Countie on the Water Supply side and Mr. Brown who is the head of our Distribution Department work seamlessly with Tara King who heads up our Revenue & Customer Operations Department to basically put information on our website, to reach out to customers directly and also to push information out on Facebook. And one of the reasons that we do this annual flushing is to actually create a situation to minimize or eliminate colored water incidents throughout the year.

It is part of a good stewardship of the distribution system to do this, as I've been told by Mr. Ware, Mr. Countie and Mr. Boisvert on countless occasions. So one of the things that we do stress, however, colored water incidents can occur. And when they do occur we may not be aware of them, we are not in somebody's house. So what we encourage people to do if there is an incident like that, please reach out to us at the company so we can deal with it, so we can react to it. Because sometimes things happen that we are not aware of and we want to fix them, we want to remedy them. But without knowing, we can't do that.

I'll give you an example. One of the communities we serve, the Fire Department in that community decided to do some practice on one of the hydrants over the weekend and it created a colored water incident in that neighborhood. We weren't aware that they were going to go out and practice at the hydrant and we weren't aware that colored water was happening at houses until the phone started ringing with customers saying, "Hey, something is going on", and that's when we can react. So it is very important that people don't call City Hall when they have a colored water issues; they call us. Because when they call City Hall, they just delay the amount of time from which we can react to their problem and we want to be able to cure it.

Chairman Laws

Certainly. Thank you for that update. Anything else, any other questions? Alderman Schmidt.

Alderman Schmidt

Thank you. Thank you very much and thank you for taking my question. Like the colored water, we have also heard a few people talk about a chlorine smell, is that related to colored water? Thank you.

Mr. Goodhue

It is not but I am going to ask Mr. Countie to unmute and talk about that, because as the Director of Water Supply, one of the things that he really is in charge of is how we maintain proper water quality. Mr. Countie, can you unmute and offer up a response to that?

Chris Countie, Director of Water Supply

Let's see if I can unmute this. Can you hear me?

Chairman Laws

Yes.

Mr. Countie

Is that better? OK. So we have a number of complaints this year, not extraordinary but we have had some folks that have called in and have shown some concern about the level of chlorine smell that they are seeing. Generally chlorine, you know, it is a disinfectant that we are using on a continual basis throughout the year and when the water is colder it may present itself a little bit more strong in people's senses throughout the winter months because the water is colder. As you expose it to air it quickly comes out of the solution and you can smell it much more readily. We add chlorine obviously to disinfect the distribution system and we are adding it about one part per million or one milligram per liter. And that has been consistent throughout the years and we do have some concerns with that. We talk to folks about it and we generally take a sample from their homes to make sure that their concerns are addressed and to make sure that we are not exceeding any standard established for chlorine residual. But it is one of those necessary evils if you will, there is a taste note of concern with chlorine disinfection but the benefits certainly outweigh the bad taste, if you will.

Chairman Laws

If you don't mind me asking this. There no health concerns that corelate to chlorine consumption that you are drinking in your tap water?

Mr. Countie

No in years past obviously the use of chlorine as a disinfectant was a great health benefit that was started in the early 20th Century. In time, the science showed that there was some concern about the formation of what is called disinfectant byproducts, chlorine reacting with natural organic matter creating certain types of disinfectant byproducts that over time could be cancer causing. But that was addressed in the Service Water Treatment Rule through the EPA. And so we removed those organic precursors and add the chlorine to make sure that we are not producing the disinfectant byproducts that over time could be cancer causing. So it really has been mitigated, the issues associated with chlorine disinfection.

Chairman Laws

Thank you for that explanation. Alderman Schmidt, are you done? Alright. Anybody else? (There were none.)

POSSIBLE NON-PUBLIC SESSION - None

ADJOURNMENT

MOTION BY ALDERMAN O'BRIEN TO ADJOURN BY ROLL CALL

A viva voce roll call was taken to adjourn the Pennichuck Special Water Committee meeting which resulted as follows:

Yea: Alderman Wilshire, Alderman O'Brien, Alderman Laws	3
Nay:	0

MOTION CARRIED

The meeting was declared closed at 7:26 p.m.

Alderman Michael B. O'Brien, Sr.
Committee Clerk