

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE  
MINUTES OF MAY 17, 2016 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Tuesday, May 17, 2016 at 4:30 p.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

The following persons were in attendance for the meeting:

Committee Members:	James P. Dore, Chairman Paul A. Indeglia John D. McGrath Thomas J. Leonard
Pennichuck Corporation:	Larry D. Goodhue, Chief Executive Officer Donald L. Ware, Chief Operating Officer Suzanne L. Ansara, Corporate Secretary George Torres, Corporate Controller Carol Ann Howe, Assistant Treasurer
USI Insurance Services LLC:	Sean Hood, Regional President Jack Leahy, Senior VP-Commercial Insurance

Written materials relating to items listed in the Agenda were provided to the Committee members for their review prior to the meeting.

Election of Chairman

J. McGrath made a motion to elect James Dore as Chairman of the Audit, Finance and Risk Committee. P. Indeglia seconded the motion. There being no discussion on the matter, all of the Committee members then voting, it was unanimously

Resolved: that James P. Dore is hereby elected Chairman of the Audit, Finance and Risk Committee.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the March 22, 2016 Committee meeting. There being none, on motion duly made by P. Indeglia and seconded by J. McGrath, all of the Committee members then voting, it was unanimously

Resolved: that the minutes of the March 22, 2016 meeting of the Audit, Finance and Risk Committee are hereby approved.

## Insurance – Risk Analysis and Overview

Mr. Hood and Mr. Leahy (USI) gave an overview of their firm and discussed their approach to risk management.

USI then presented a review of the Company's property and casualty insurance coverages. There was a discussion relative to the umbrella policy. The Committee requested that USI review whether the current umbrella excess liability limit is sufficient. Coverages for pollution, D&O liability, cyber security and dams were also discussed. USI will provide a comprehensive summary of the Company's insurance coverages to the Committee members for their review.

J. Dore indicated that he was comfortable that the Company is addressing its risks, and indicated that the Committee members will review the summary of insurance coverages to see if there are any gaps that they feel should be addressed.

Mr. Hood and Mr. Leahy left the meeting at 6:10 p.m.

## Emergency Plans – Standard Operating Procedures

D. Ware reported that management has consolidated all facility emergency plans into one comprehensive corporate-wide Emergency Response Plan, a copy of which is available to all Company employees online and to the Board members on EGNYTE. D. Ware reviewed the Standard Operating Procedures to the Emergency Response Plan and indicated that a system has been put in place to ensure that those employees who have certain responsibilities under the plan, complete those responsibilities.

D. Ware reported that a safety consultant has reviewed the Company's safety plans, performed a gap analysis, and combined the Company's three safety plans into one comprehensive plan. The next step will be to provide all employees with safety training, which will be done partially by Travelers Insurance Company, partially by the WeComply online training site, and partially in-house.

## Other Business

There were discussions relative to the PFOA matter, rate case structure, and the covenants under the loan agreement for the line of credit with TD Bank.

## Management Presentations

L. Goodhue indicated that management will be scheduling future meetings to cover various risk areas.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 7:07 p.m.

/s/ Suzanne L. Ansara  
Suzanne L. Ansara  
Corporate Secretary