

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF NOVEMBER 2, 2015 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Monday, November 2, 2015 at 4:30 p.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

The following persons were in attendance for all or a portion of the meeting:

Committee Members:	James P. Dore, Chairman Paul A. Indeglia John D. McGrath James McMahon
Pennichuck Corporation:	Thomas J. Leonard, Chairman of the Board John L. Patenaude, Chief Executive Officer Donald L. Ware, Chief Operating Officer Larry D. Goodhue, Chief Financial Officer Suzanne L. Ansara, Corporate Secretary George Torres, Accounting Manager Carol Ann Howe, Director of Regulatory Affairs, Treasury and Business Services
Melanson Heath:	Joseph O’Connor, Tax Partner Sheryl Burke, Engagement Officer Deborah Tarbox, Engagement Officer

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

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the June 22, 2015 Committee meeting and non-public session. There being none, on motion duly made by J. McGrath and seconded by P. Indeglia, all of the Committee members then voting, it was unanimously

Resolved: that the minutes of the June 22, 2015 meeting of the Audit, Finance and Risk Committee are hereby approved.

Resolved: that the sealed minutes of the June 22, 2015 non-public session of the Audit, Finance and Risk Committee are hereby approved.

2015 Audit Plan

Ms. Burke led a discussion relating to the 2015 year-end audit plan. The following items were reviewed: (a) the responsibilities of both Melanson and management during the audit, (b) required communications to the Audit Committee, (c) qualifications of Melanson's audit team; and (d) the audit timeline. An outline of the plan was provided to the Committee members in the written materials. Ms. Burke indicated that the audit will be conducted in accordance with Generally Accepted Auditing Standards. Draft financial statements are expected to be available by March 18, 2016 and final audited financial statements released no later than March 25, 2016.

NH BET Tax Issue

There was a discussion regarding the NH BET filings for 2012 and 2013 relative to the application of interest paid to the City of Nashua. A decision was made to file amended returns.

Review of Audited 2014 Defined Benefit Plan Financials

L. Goodhue reviewed the Audited 2014 Defined Benefit Plan Financials, a copy of which was included in the written materials. He indicated that the pension plan had over \$13.8 million in assets invested at December 31, 2014. The Company contributed approximately \$984,000 to the pension plan in 2014.

Mr. O'Connor, Ms. Burke and Ms. Tarbox left the meeting at 5:30 p.m.

There was a discussion between management and the Committee members regarding the NH BET tax issue.

Amendment – Revolving Credit Agreement with TD Bank, N.A.

L. Goodhue referred the Committee to the draft document entitled "Amendment No. 2 to Loan Agreement and Allonge to Revolving Note," a copy of which was included in the written materials. He indicated that the amendment will extend the expiration date of the revolving line of credit facility with TD Bank, N.A. to August 31, 2017. No other terms of the line of credit will change. A discussion ensued.

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 Audit, Finance and Risk Committee hereby recommends to the Pennichuck Corporation Board of Directors to approve the Amendment No. 2 to Loan Agreement and Allonge to Revolving Note, substantially in the form presented at this meeting; and to authorize the Chief Executive Officer or the Chief Operating Officer to execute the Amendment and to take such actions and execute any additional documents as may be necessary or advisable to carry out the intent of this resolution.

Internal Controls

C. Howe gave a slide presentation on “Internal Control Review and Testing 2015.” She reviewed the history and background of COSO. She then reviewed in detail the five primary objectives of the internal control project: (1) updating business process narratives; (2) aligning internal control environment with COSO standards; (3) risk assessment; (4) creating and implementing testing plan based on risk assessment; and (5) reporting results to the Audit Committee. A discussion ensued.

Other Matters

The Chairman asked that the Committee be provided with a list of risk areas that the Committee has oversight responsibility for. L. Goodhue indicated that he is planning to have the Company’s insurance representative attend a future meeting of the Committee to discuss insurance risk.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:51 p.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary