

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF MARCH 24, 2015 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Tuesday, March 24, 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 McMahon, Chairman James P. Dore Paul A. Indeglia
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 & Company, PC:	David Heath Sheryl Burke Deborah Tarbox

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 January 19, 2015 Committee meeting. There being none, on motion duly made by P. Indeglia and seconded by J. Dore, all of the Committee members then voting, it was unanimously

Resolved: that the minutes of the January 19, 2015 meeting of the Audit, Finance and Risk Committee are hereby approved.

2014 Audited Consolidated Financial Statements / Auditor's Report

L. Goodhue and the representatives from Melanson Heath & Company reviewed the draft of the 2014 Audited Consolidated Financial Statements and the footnotes thereon, a copy of which was provided in the written materials. L. Goodhue indicated that management has added a new Note 13 – Segment Reporting, anticipating that this item could be required for future debt issuance. A discussion ensued.

Melanson representatives reviewed the results of their audit of the Company's 2014 financial statements. Ms. Burke indicated that the audit was completed in accordance with generally accepted auditing standards and that Melanson will be issuing a clean, unmodified audit opinion that the financial statements present fairly the financial position of the Company. She thanked the members of the Company's finance team for their responsiveness and cooperation. There was a discussion concerning the deferred tax calculation.

Ms. Burke reviewed Melanson's Governance Letter, a copy of which was provided to the Committee in the written materials. She indicated that no material weaknesses or deficiencies were detected in the Company's system of internal controls, and no significant difficulties were encountered during the audit. She said that management had provided Melanson with information that fraud may have occurred which involved a supervisory level employee, and that additional control measures were implemented to detect this type of situation in the future. She indicated that Melanson considered the effect on the financial statements to be immaterial. A discussion ensued.

On motion duly made by J. Dore and seconded by J. McMahon, all of the Committee Members then voting, it was unanimously

Resolved: that the consolidated financial statements for the calendar year 2014, as presented at this meeting, are hereby approved.

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

Move to Non-Public Session

P. Indeglia moved that the Committee enter into non-public session to discuss the acquisition, sale or lease of real or personal property or services pursuant to RSA 91-A:3, II(d). J. Dore seconded the motion.

A roll call of the Committee Members was taken, which resulted as follows:

Yea: J. McMahon, J. Dore, P. Indeglia

Nay:

Motion was carried to enter into non-public session at 5:32 p.m.

Reconvene in Public Session

The non-public session ended at 6:18 p.m. and the Committee reconvened in public session.

P. Indeglia moved that the Committee seal the minutes of the non-public session under RSA 91-A:3, II(d). J. Dore seconded the motion. A roll call of the Committee Members was taken, which resulted as follows:

Yea: J. McMahon, J. Dore, P. Indeglia

Nay:

Motion was carried to seal the minutes of the non-public session.

D. Ware joined the meeting at 6:19 p.m.

Annual Report to Sole Shareholder

J. Patenaude reviewed the draft Annual Report to Sole Shareholder, a copy of which was provided to the Committee in the written materials. He indicated that additional financial information has been added to the report this year. A brief discussion ensued.

Internal Controls

J. Dore reported on his review of the Company's system of internal controls. A copy of his written reports on both IT and Non-IT related controls were provided to the Committee in the written materials. J. Dore indicated that as a result of his review, it is his opinion that the controls meet the requirements of an effective internal control structure. Carol Ann Howe, the Director of Regulatory Affairs, Treasury and Business Services will be responsible for the periodic testing of the Company's internal controls and will report her findings and results to the Audit, Finance and Risk Committee. A discussion ensued. A Certification signed by the Company's Chief Executive Officer and Chief Financial Officer certifying as to the accuracy and completeness of the 2014 financial statements and as to the adequacy of the Company's internal controls was provided to the Committee members.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:52 p.m.

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