

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE  
MINUTES OF MARCH 22, 2017 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Wednesday, March 22, 2017 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 start of the meeting:

Committee Members:	James P. Dore, Chairman Paul A. Indeglia John D. McGrath
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 Jay Kerrigan, Regulatory Financial Analyst Lori Douglas, Accounting Supervisor
Melanson 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 February 23, 2017 Committee meeting. There being none, on motion duly made by J. McGrath and seconded by P. Indeglia, all of the Committee members present then voting, it was unanimously

Resolved: that the minutes of the February 23, 2017 meeting of the Audit, Finance and Risk Committee are hereby approved.

2016 Audited Consolidated Financial Statements / Auditor’s Report

The draft 2016 Audited Consolidated Financial Statements and the footnotes thereon were reviewed in detail.

Committee Member Thomas J. Leonard joined the meeting at 4:39 p.m. during the review of the financial statements.

D. Tarbox reviewed the Auditor's Report, copies of which were provided to the Committee in the written materials. The audit was completed in accordance with generally accepted auditing standards. Ms. Tarbox indicated that the consolidated financial statements present fairly, in all material respects, the Company's financial position and the results of the Company's operations and cash flows for the years ended December 31, 2016 and 2015. She thanked the members of the Company's finance team for their responsiveness and cooperation during the audit. Ms. Tarbox reported that there were no disagreements with management and no identified occurrences of fraud.

Discussions were held relating to taxes and debt covenant compliance. The auditors reported that they tested the drawdowns for bond project funds and found no exceptions. The auditors also reported that they have received a copy of the internal control testing report and will utilize the report while planning for the 2017 audit.

The auditors reported on two GAAP changes that are on the horizon relating to fair value and revenue recognition. A discussion ensued.

L. Goodhue, D. Ware, S. Ansara, G. Torres, C. Howe, J. Kerrigan and L. Douglas left the meeting at 5:25 p.m.

The Committee met with Ms. Burke and Ms. Tarbox in executive session.

L. Goodhue, S. Ansara, G. Torres and C. Howe rejoined the meeting at 5:38 p.m.

The Chairman called for a motion to approve the 2016 audited consolidated financial statements.

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 consolidated financial statements for the calendar year 2016, as presented at this meeting, are hereby approved.

S. Burke indicated that final audited financial statements will be forwarded to the Company next week.

L. Goodhue reported that the NH Department of Environmental Services (NHDES) has requested a separate limited audit of the financial statements for both Pennichuck Water Works, Inc. and Pennichuck East Utility, Inc. The NHDES requires an audit if an entity has received SRF funding in excess of \$750,000 in 2016. Melanson Heath will be submitting a quote for the audits.

S. Burke and D. Tarbox left the meeting at 5:45 p.m.

Annual Report to Sole Shareholder

L. Goodhue reviewed the draft Annual Report to Sole Shareholder and pointed out a correction that was made to the section on the PWW rate case. He indicated that the Annual Report will be provided to the City along with the proxy material next week. A discussion ensued. The Committee members had no comments or changes to the Annual Report.

Other Business

There was a discussion relative to the line of credit with TD Bank.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:08 p.m.

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