

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF MARCH 23, 2022 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held electronically using the Microsoft Teams platform on Wednesday, March 23, 2022 at 4:30 p.m.

Due to the spread of the COVID-19 virus and the OMICRON variant, the Board of Directors agreed at their December 17, 2021 Board meeting, that for the safety and health of the Board Members and Company employees, meetings of the Board and Board Committees would be held electronically until further notice. Telephone access to the meeting was provided for members of the public and any Committee members who were unable to connect through Microsoft Teams.

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

By roll call, the following Committee Members were in attendance for the start of the meeting, constituting a quorum. Each Committee Member stated that they were alone.

James P. Dore, Chairman
C. George Bower
H. Scott Flegal
Thomas J. Leonard
Deborah Novotny

Attending the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer
Donald Ware, Chief Operating Officer
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller and Treasurer
Carol Ann Howe, Assistant Treasurer
Lori Douglas, Accounting Manager

Attending the meeting from Melanson, PC was Deborah Tarbox, Principal.

S. Ansara recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the November 18, 2021 Committee meeting, on motion duly made by G. Bower and seconded by T. Leonard, all of the Committee Members then voting by roll call, it was unanimously

Resolved: that the minutes of the November 18, 2021 meeting of the Audit, Finance and Risk Committee are hereby approved.

Independent Auditor's Report

Ms. Tarbox reviewed the Independent Auditor's Report, a copy of which was provided to the Committee in the written materials. She said that Melanson has issued a clean, unmodified audit opinion that the 2021 consolidated financial statements present fairly, in all material respects, the financial position of Pennichuck Corporation and its Subsidiaries. She reviewed the governance letter. She thanked the members of the Company's accounting team for their responsiveness and cooperation during the audit. Ms. Tarbox reported that there were no disagreements with management during the audit, and that no material misstatements were detected, and no occurrences of fraud were identified. In answer to a question from the Committee, she reported that Melanson tested the bond drawdowns and found the Company to be in compliance.

2021 Audited Consolidated Financial Statements

The draft 2021 Audited Consolidated Financial Statements and related Notes were reviewed in detail. L. Goodhue and G. Torres answered a number of questions posed by the Committee members.

D. Novotny left the meeting at 5:30 p.m., during the review of the financials.

The Chairman called for a motion to approve the 2021 audited consolidated financial statements.

On motion duly made by T. Leonard and seconded by G. Bower, all of the Committee Members then voting by roll call in favor, except for S. Flegal who abstained, it was

Resolved: that the audited consolidated financial statements for the calendar year 2021, as presented at this meeting, are hereby approved and authorized for release.

Ms. Tarbox and G. Bower left the meeting at 5:59 p.m.

Emergency Plans

S. Ansara referred the Committee to the chart showing the tasks completed in 2022 under the Standard Operating Procedures to the Company's Emergency Plans, a copy of which was included in the written materials. She reported that all required tasks were completed except for those as indicated on the chart due to protocols related to COVID-19. She indicated that the 2022 annual review of the plans and appendices has begun and should be completed by the end of March.

Melanson Contract

L. Goodhue indicated that the contract with Melanson will expire after the 2022 audit. He asked if the Committee wished to put the contract out to bid. The Committee instructed management to obtain a 3-year and 5-year proposal from Melanson for the Committee's review.

Annual Report to Sole Shareholder

L. Goodhue reviewed the draft Annual Report to Sole Shareholder, a copy of which was included in the written materials to the Committee. He indicated that the Annual Report will be provided to the City along with the proxy material next week. The Committee members had no comments or changes to the Annual Report. The Annual Report was accepted by the Committee.

L. Goodhue reported that the audited year-end financial statements will also be provided to the City separately from the Annual Report.

Insurance Coverage Review

C. Howe presented a review of the Company's Property and Casualty insurance portfolio for 2022. She discussed the changes in premiums for each of the policies from the prior year. Total premiums increased by approximately \$115,000 in 2022, mainly driven by increases in the general liability, workers' compensation, and cyber liability policies. A discussion ensued relative to the increases in those policies. C. Howe reported that the Company's worker's compensation experience modification rate increased to 1.14 for 2022, compared to a 0.90 rating in 2021. It was also reported that the Company had to find a new carrier for cyber liability insurance since its current carrier decided that it would not offer cyber liability insurance in 2022.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:20 p.m.

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