

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF NOVEMBER 16, 2023 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Thursday, November 16, 2023, at 4:56 p.m. at the Company’s offices at 25 Walnut Street, Nashua, New Hampshire.

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

The following Committee Members were present at the start of the meeting constituting a quorum:

C. George Bower, Chairman
Amymarie R. Corriveau (via Microsoft Teams)
John D. McGrath (via Microsoft Teams)
Ralph Jenkins
Deborah B. Novotny
H. Scott Flegal

Attending the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer
George Torres, Chief Financial Officer and Treasurer
John Boisvert, Chief Engineer
Carol Ann Howe, Assistant Treasurer and Corporate Secretary
Lori Douglas, Corporate Controller

Attending from Marcum:

Deborah A. Tarbox, CPA, Partner

C. Howe recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the September 22, 2023 Committee meeting, on motion duly made by D. Novotny and seconded by R. Jenkins, all of the Committee Members then voting by roll call, it was unanimously

Resolved: that the minutes of the September 22, 2023 meeting of the Audit, Finance and Risk Committee are hereby approved.

There being no comments on the sealed minutes of the September 22, 2023 Non-Public Session of the Audit, Finance and Risk Committee meeting, on motion duly made R. Jenkins and seconded by S. Flegal, all of the Committee Members then voting by roll call, it was unanimously

Resolved: that the sealed minutes of the September 22, 2023 meeting of the Audit, Finance and Risk Committee are hereby approved.

Audit Plan for 2023 - Marcum

D. Tarbox led a discussion relating to the 2023 year-end Audit Plan. A copy of the November 8, 2023, Engagement Letter which is addressed to the Audit, Finance and Risk Committee was included in the written materials to the Committee. She noted things that had changed from prior year and she also highlighted certain items in the letter. She noted, they were starting a little earlier than prior year and the staffing was going to remain the same. She reviewed Marcum's responsibilities with regard to their audit of the Company's Financial Statements and highlighted that it is being done to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement. They are not testing 100% and the consideration of the internal controls is solely for the purpose of determining their audit procedures and are not to provide any assurance concerning such internal control. She reviewed the field work dates as well as dates for delivery of the drafted and final financial statements. R. Jenkins asked a few questions – one related to the procedures they do related to internal control as well as risk levels on revenue recognition and how they compared to risk in other areas.

There being no further discussion, on motion duly made by S. Flegal and seconded by D. Novotny, all of the Committee Members then voting, it was unanimously

Resolved: to accept the audit plan as presented by Marcum at this meeting.

Pension Plan for Employees of Pennichuck Corp.- Review of 2022 Audited Financial Statements

L. Douglas led a review and discussion of the 2022 audited financial statements and accompanying notes and supplemental schedules for the Pension Plan. She went through the report, highlighted items of significance including the change in Total Assets; Employer Contributions; increase in Total Deductions; Actuarial Present Value of Accumulated Plan Benefits at the beginning and end of the period. She also reviewed the reconciliation of Financial Statements to Form 5500 showing a comparison of 2022 to 2021. There was one subsequent event which was related to the SECURE 2.0 ACT which was signed into law on December 29, 2022. This legislation includes a vast array of provisional changes to retirement plans becoming effective in 2023 and beyond and Plan Management is evaluating the impact of the adoption and implementation of this legislation on the Plan.

Savings Plan for Employees of Pennichuck Corporation-Review of 2022 Audited Financial Statements

L. Douglas led a review and discussion of the 2022 Audited Financial Statements and accompanying Notes and Supplemental Schedule for the Savings Plan of which was provided in the materials to the Committee in advance of the meeting. She went through the report and highlighted items of significance including the change in Net Assets Available for Benefits and the line items that contributed to the change, both in contributions and deductions, and a Description of the Plan. She then moved on to discuss the Fair Value of Measurements of Assets and Fair Value of Investments in Entities that use NAV. Once again, she indicated the subsequent events which consisted only to the SECURE 2.0 ACT of 2022. There was a review of the Schedule of Assets Held at the End of the Year which detailed funds and investments and the current value of each. L. Goodhue stated to the Committee that we made a change to the interest rate charged on employee loans from Prime Plus 2% to just Prime.

Internal Control Review and Testing Plan

G. Torres presented a high level summary of the Internal Control Review and Testing Plan for 2023 which was detailed in a presentation provided to the Committee prior to the meeting. He touched on various aspects of the presentation. G. Torres stated why we perform testing which is to provide reasonable assurance of the accuracy of financial and management reports. He explained that our testing framework is based on the Committee of Sponsoring Organizations (COSO). He detailed the five different steps in our process of the internal control review, the seven critical business areas we look at and the areas of risk assessment our testing plans are based on. He also noted where we currently are in the process of review including the status and testing timeframe. There were a few questions posed by Committee members which were addressed by G. Torres and L. Goodhue.

Deborah A. Tarbox left the meeting at 6:04 p.m.

Committee Charter

G. Bower indicated each year the Committee reviews the Committee Charter and he asked if there were any changes that needed to be made. R. Jenkins asked a question as it related to the Committee's responsibility in approval of financings, including the bonding process. This generated a conversation among Committee members and L. Goodhue indicated a few years ago they put into place a process that the Audit, Finance and Risk Committee would be responsible for reviewing any financing transactions and looking at it in a more granular level and then making a recommendation to the full board based on their review. The Committee agreed there was one small change they will make which will better clarify the financing approval they are engaged in. The change to be made would be as follows -- *on Page 1 - Under Section –* **A. Purpose (V)**, change **from** (V) the financing of the Company; and **to** (V) the procurement and approval of financing for the company; and

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:15 p.m.

Carol Ann Howe

Carol Ann Howe, CPA
Assistant Treasurer and Corporate Secretary