



**PENNICHUCK CORPORATION**  
**25 Manchester Street**  
**Merrimack, New Hampshire 03054**

**NOTICE OF ANNUAL MEETING OF SOLE SHAREHOLDER**  
**To be Held on May 6, 2017**

To the City of Nashua, New Hampshire, in its capacity as the Sole Shareholder of Pennichuck Corporation:

In accordance with the By-Laws of Pennichuck Corporation and applicable laws, Pennichuck Corporation hereby provides notice that you are cordially invited to attend the Annual Meeting of Sole Shareholder of Pennichuck Corporation. The City of Nashua, New Hampshire, is the Sole Shareholder of Pennichuck Corporation.

The Annual Meeting will be held at the Crowne Plaza, 2 Somerset Parkway, Nashua, New Hampshire, on Saturday, May 6, 2017 at 9:00 a.m., for the following purpose:

1. To elect four directors, each for a three-year term, and until their successors are elected and qualified.

To facilitate the City's review of the matters to be addressed at the Annual Meeting, the Pennichuck Corporation Board of Directors have approved the delivery of the Proxy Statement attached to this Notice.

By Order of the Board of Directors,

LARRY D. GOODHUE  
*Chief Executive Officer,*  
*Chief Financial Officer*  
*and Treasurer*

Merrimack, New Hampshire  
March 30, 2017



## **PENNICHUCK CORPORATION**

**25 Manchester Street  
Merrimack, New Hampshire 03054**

### **PROXY STATEMENT**

#### **2017 Annual Meeting of Sole Shareholder To be Held on May 6, 2017**

This Proxy Statement is furnished to the City of Nashua, New Hampshire (the “City”), in its capacity as the Sole Shareholder of Pennichuck Corporation (“Pennichuck Corporation” or the “Company”), by the Board of Directors of Pennichuck Corporation, in connection with the solicitation of a proxy to be voted at the Annual Meeting of Sole Shareholder for the purpose set forth in the accompanying Notice of Annual Meeting of Sole Shareholder.

The Annual Meeting will be held at the Crowne Plaza, 2 Somerset Parkway, Nashua, New Hampshire, on Saturday, May 6, 2017 at 9:00 a.m.

#### **Matter to be Voted Upon at the Annual Meeting**

At the Annual Meeting, the City, in its capacity as the Sole Shareholder of Pennichuck Corporation, is being asked to consider and vote upon the following:

- (1) To elect James P. Dore, Elizabeth A. Dunn, Paul A. Indeglia and John M. Murphy as directors, each for a three-year term, and until their successors are elected and qualified.

#### **Voting at the Annual Meeting**

**Background.** Pennichuck Corporation was acquired by the City on January 25, 2012. This acquisition was accomplished pursuant to an Agreement and Plan of Merger reached between the City and Pennichuck Corporation dated November 11, 2010 (the “Merger Agreement”). The transaction, in which the City issued \$150.6 million of general obligation bonds to acquire the outstanding stock of Pennichuck Corporation and pay all transaction costs, was authorized by special legislation enacted by the State Legislature in 2007 and 2010. The Mayor and the Board of Aldermen unanimously approved the acquisition pursuant to this special legislation on

January 11, 2011. The New Hampshire Public Utilities Commission approved the Merger Agreement on November 23, 2011, concluding that “the transaction is in the public interest and will not have an adverse effect on rates, terms, service, or operation of the utilities.”

***Corporate Structure.*** As part of the acquisition, the corporate structure of Pennichuck Corporation and its utility subsidiaries was retained. Under this structure, the City is the sole shareholder of Pennichuck Corporation. Pennichuck Corporation continues to own five corporate subsidiaries, including three regulated public utilities (Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., and Pittsfield Aqueduct Company, Inc.), an unregulated service company (Pennichuck Water Service Corporation), and a real estate holding company (The Southwood Corporation).

***Election of the Board of Directors.*** Under this corporate governance system, the City exercises its control over Pennichuck Corporation in its capacity as the Company’s Sole Shareholder in accordance with the Articles of Incorporation, the By-Laws and the New Hampshire laws governing business corporations. In accordance with these rules, Pennichuck Corporation’s business affairs are managed and overseen by a Board of Directors. One of the most important responsibilities of the City, in its capacity as Sole Shareholder, is to elect members of the Board of Directors from individuals nominated by the Pennichuck Corporation Board of Directors at the Company’s Annual Meeting.

***Voting at the Annual Meeting.*** It is important to remember that the City itself is the Sole Shareholder, not any individual person who may hold an office with the City. The City must exercise its responsibilities as Sole Shareholder through public meetings of the City’s Board of Aldermen and Mayor, acting in accordance with applicable New Hampshire laws and the provisions of the City Charter. As a municipal entity, the City is not typically in a position to “attend” an annual meeting, or any other meeting of the Sole Shareholder, “in person.”

Traditional corporate law principles provide a ready solution for this type of “institutional” voting of shares. As the Sole Shareholder, the City may review the proposed vote and take action at appropriate City meetings determined by the City. The City may then either designate an individual person to attend the Annual Meeting in person with the authority to vote the City’s shares in accordance with the City’s determination, or the City may vote its shares by proxy.

To facilitate these options, the Pennichuck Corporation Board of Directors has prepared this Proxy Statement which contains details of the business to be conducted at the Annual Meeting. If the City determines to vote its shares by proxy, it should cause the enclosed proxy card to be completed and returned to Pennichuck Corporation prior to the Annual Meeting. By executing the enclosed proxy card, the City will be designating the actions it has determined to take with respect to the matters to be heard at the Annual Meeting and will be authorizing the officers of the Company named on the proxy card to act as the City’s proxy to vote on the City’s behalf at the Annual Meeting in accordance with the instructions set forth on the proxy card.

## **Corporate Governance Matters**

***Current Board of Directors.*** Our Board of Directors is divided into three classes, each class serving for three years following their election and until their successors have been elected and qualified.

The Pennichuck Corporation Board currently has eleven directors. Of the eleven directors, four have terms ending in 2017 (Class B), three have terms ending in 2018 (Class C), and four have terms ending in 2019 (Class A).

On April 22, 2016, James McMahon resigned from the Board. At a Special Meeting of the Sole Shareholder held on March 24, 2017, John Murphy was elected as a Class B director to fill the vacancy resulting from the resignation of James McMahon.

The current members of the Company's Board of Directors are as follows:

<u>Term Expiring 2017</u> Class B	<u>Term Expiring 2018</u> Class C	<u>Term Expiring 2019</u> Class A
James P. Dore Elizabeth A. Dunn Paul A. Indeglia John M. Murphy	David P. Bernier Stephen D. Genest Thomas J. Leonard	C. George Bower Jay N. Lustig John D. McGrath Preston J. Stanley, Jr.

***Board Meetings, Committee Meetings and Attendance.*** In 2016, the Company's Board of Directors held twelve meetings. Each member of the Board participated in all Board meetings held, except for three directors who missed one Board meeting, and one director who missed two Board meetings. All members of the Board of Directors attended the 2016 Annual Meeting of Sole Shareholder.

In 2016, twenty-two Board Committee meetings were held. Each member of the Board of Directors participated in all meetings of the Committees on which they served, except for six directors, who each missed one Committee meeting.

***Board Compensation.*** In 2016, each director, with the exception of James McMahon and John Murphy, received an annual retainer of \$12,000. Mr. McMahon, who served on the Board until his resignation on April 22, 2016, received four month's compensation of \$4,000 for his services as a director. Mr. Murphy was not a director in 2016.

***Annual Performance Evaluation.*** The Board of Directors conducts an annual self-evaluation of the Board and its Committees to determine whether they are functioning effectively. Each Committee is also required to evaluate their performance.

***Corporate Code of Conduct.*** The Company has adopted a written Corporate Code of Conduct that applies to its directors, officers and employees. A current copy of the Corporate Code of Conduct can be found on the Company's website at [www.pennichuck.com](http://www.pennichuck.com), under the "Board of Directors" caption, under the "Corporate Governance" heading.

**Board Committees.** The Board of Directors has established four standing committees: the Audit, Finance and Risk Committee, the Communications Committee, the Compensation and Benefits Committee, and the Nominating and Governance Committee.

Each Committee has adopted a written Charter which sets forth its purpose, membership, duties and responsibilities. A copy of each Charter can be found on the Company's website at [www.pennichuck.com](http://www.pennichuck.com), under the "Board of Directors" caption, under the "Corporate Governance" heading.

The current members of the Board Committees are as follows:

Audit, Finance and Risk Committee

James P. Dore, Chairman  
Paul A. Indeglia  
Thomas J. Leonard  
John D. McGrath  
John M. Murphy (Appointed 3/24/17)

Communications Committee

Jay N. Lustig, Chairman  
C. George Bower  
Thomas J. Leonard  
Preston J. Stanley, Jr.

Compensation and Benefits Committee

Stephen D. Genest, Chairman  
David P. Bernier  
C. George Bower  
Elizabeth A. Dunn  
Thomas J. Leonard  
Jay N. Lustig

Nominating and Governance Committee

Paul A. Indeglia, Chairman  
Elizabeth A. Dunn  
Stephen D. Genest  
Thomas J. Leonard  
Preston J. Stanley, Jr.

**Audit, Finance and Risk Committee.** The Audit, Finance and Risk Committee is responsible for the appointment, compensation and retention of the independent auditors; preapproval of all audit and non-audit services to be provided by the independent auditors; review and approval of all related party transactions; review and evaluation of the qualifications, performance and independence of the lead partner of the independent auditors; oversight of the integrity of the Company's financial statements; oversight of Company financing activities; oversight of the policies and procedures established to assess, monitor and control operational and financial risk; and oversight of the Company's insurance programs. The Audit, Finance and Risk Committee held 5 meetings in 2016.

**Communications Committee.** The Communications Committee develops and assists with the policies and strategies of external communications between the Board, the Company and the Sole Shareholder, other stakeholders, and the public, as needed. The Communications Committee held 3 meetings in 2016.

***Compensation and Benefits Committee.*** The Compensation and Benefits Committee is responsible for annually reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; evaluating the Chief Executive Officer's performance in light of those goals and objectives, and determining and recommending to the Board of Directors the Chief Executive Officer's compensation based on evaluation of performance; reviewing and approving executive salaries; reviewing and approving any employment agreements, special compensation and benefits, or severance arrangements as they pertain to executive officers other than the Chief Executive Officer; overseeing the Company's compensation and benefit policies; and establishing, terminating or amending existing compensation and employee benefit plans. The Compensation and Benefits Committee held 5 meetings in 2016.

***Nominating and Governance Committee.*** The Nominating and Governance Committee is responsible for identifying individuals qualified to become Board members; recommending to the Board the persons to be nominated by the Board for election as directors at the Annual Meeting of Sole Shareholder; developing and recommending to the Board of Directors a set of corporate governance principles; and overseeing an annual self-evaluation of the Board. The Nominating and Governance Committee is authorized to retain advisors and consultants and to compensate them for their services. The Nominating and Governance Committee did not retain such advisors or consultants during 2016. The Nominating and Governance Committee held 9 meetings in 2016.

As part of the nomination process, the Nominating and Governance Committee reviewed the current composition of the Board as a whole, and reviewed the qualifications and performance of the incumbent directors who are up for re-election to the Board in 2017. Also, due to the resignation of James McMahon as a director in 2016, the Nominating and Governance Committee began a process to identify and evaluate potential candidates to fill the vacancy on the Board. The process included requests to Board members for recommendations, the placement of an advertisement for director candidates in two local newspapers, meetings from time to time to evaluate biographical and background information received from potential candidates and interviews of selected candidates by members of the Nominating and Governance Committee.

The Nominating and Governance Committee considers whether to nominate any candidate for director in accordance with the criteria set forth in its Charter, subject to the restrictions set forth in the Company's By-Laws. These criteria include the candidate's integrity, business acumen, knowledge of the Company's business and industry, experience, diligence, conflicts of interest, and the ability to act in the interests of the Sole Shareholder. The Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The backgrounds and qualifications of the Company's directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities.

**Senior Management.** The members of the Company's Senior Management team are as follows:

**Larry D. Goodhue, *Chief Executive Officer, Chief Financial Officer and Treasurer***

Mr. Goodhue has been the Chief Executive Officer, Chief Financial Officer and Treasurer of Pennichuck Corporation and its subsidiaries since November 6, 2015, and the Chief Financial Officer, Treasurer and Controller from March 2012 through November 2015. He was Controller from December 2006 to March 2012. Mr. Goodhue served as a financial consultant to Metrobility Optical Systems, Inc. from July 2006 to October 2006 and to Pennichuck Corporation from October 2006 to November 2006. From October 2005 to June 2006, he was the Vice President of Finance and Administration for Metrobility Optical Systems, Inc. and the Corporate Controller from September 2000 to September 2005. From May 2000 to August 2000, he served as Acting Chief Operating Officer for Annalee Mobilitee Dolls, Inc. and was the Controller from January 1998 to April 2000. Mr. Goodhue holds a Bachelor of Science degree in Business Administration from Merrimack College, and is a Certified Public Accountant in the State of New Hampshire (for which his certification is currently in an inactive status). Mr. Goodhue's base salary for the fiscal year ended 2016 was \$190,000.

**Donald L. Ware, *Chief Operating Officer***

Mr. Ware has been the Chief Operating Officer of Pennichuck Corporation since January 27, 2012. He was the Senior Vice President of Operations and Engineering of Pennichuck Corporation from 2004 to January 2012, and Chief Engineer and Vice President from 1995 to 2004. Mr. Ware is also the Chief Operating Officer of Pennichuck Water Works, Inc. and the Company's other water utilities. From 1986 to 1995, Mr. Ware was General Manager for the Augusta Water District in Augusta, Maine. Mr. Ware holds a Bachelor of Science degree in Civil Engineering from Bucknell University and a Master of Business Administration degree from the Whittemore Business School at the University of New Hampshire. Mr. Ware's base salary for the fiscal year ended 2016 was \$193,003.

**Summary of Proposal to be Voted Upon at the Annual Meeting**

**PROPOSAL 1 – ELECTION OF DIRECTORS**

On March 24, 2017, the Company's Board of Directors took action to recommend that the Sole Shareholder elect James P. Dore, Elizabeth A. Dunn, Paul A. Indeglia and John M. Murphy as directors, each for a three-year term and until their successors are elected and qualified. Ms. Dunn and Dr. Indeglia have been directors of the Company since January 2012. Mr. Dore has been a director of the Company since May 2014 and Mr. Murphy has been a director of the Company since March 2017.

***THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THESE FOUR NOMINEES.***

Information regarding the professional backgrounds for each nominee follows:

**Nominees for Director:**

**James P. Dore**

Mr. Dore has been the Chief Financial Officer of PageFlex, Inc. (a software developer and marketer of publishing and browsing software products and technologies) since March 2012 and a Director since February 2017. He was the Chief Financial Officer of Bitstream Inc. from March 2003 to March 2012, and Corporate Controller from June 1999 to March 2003. He was the Chief Financial Officer of Celerity Solutions, Inc. from April 1999 to June 1999, and Corporate Controller from January 1997 to March 1999. Mr. Dore has experience in both publicly traded and privately held companies. Mr. Dore is a Certified Public Accountant. Mr. Dore holds a Bachelor of Science degree, with distinction, from Clarkson University.

**Elizabeth A. Dunn**

Ms. Dunn was a Commissioner of the New Hampshire Victim's Assistance Commission from May 2002 to 2011. She was an Assistant Attorney General with the State of New Hampshire, Department of Justice, from December 2001 to September 2007. She was an Assistant County Attorney with the Office of the Rockingham County Attorney in Brentwood, NH, from May 1999 to December 2001, and an Associate Attorney with the law firm of Boutin & Associates from February 1998 to May 1999. Ms. Dunn previously served as a member of the Board of Selectmen and the Zoning Board of Adjustment for the Town of Windham, NH. Ms. Dunn holds a Juris Doctor degree from the University of New Hampshire Law School and a Bachelor of Science degree in Education from Framingham State College.

**Paul A. Indeglia**

Dr. Indeglia has been the Managing Member of Indeglia Environmental Services & Engineering, PLLC since October 2014. He was a Principal and Civil and Environmental Engineer of Peak Development Consulting Inc. from 2004-2013; a Civil and Environmental Engineer and Project Manager with RWA, Inc. from 2001-2004; and a Civil and Environmental Engineer with Environmental Resources Management, Inc. from 1998-2001. Dr. Indeglia holds a Doctorate of Philosophy in Environmental Toxicology from the University of Florida; a Master of Science degree in Environmental Systems from Humboldt State University; a Bachelor of Engineering degree in Environmental Engineering Sciences from the University of Florida; and a Bachelor of Architecture degree from the University of Notre Dame. Dr. Indeglia is on the faculty of the University of New Hampshire Department of Engineering Technology, as well as Pontificia Universidad Catolica del Ecuador Sede Esmeraldas Department of Biology.



**John M. Murphy**

Mr. Murphy has been a Senior Research Analyst with Fidelity Investments in Merrimack, New Hampshire, since 2005. He is responsible for the credit analysis of municipal and government owned water and sewer utilities in the United States and for the credit analysis of public power and investor owned utilities as well as environmental service companies. Mr. Murphy was a Senior Bond Trader for Fidelity Investments from 1999 to 2005. From 1993 to 1999, Mr. Murphy was Vice President-Trading and Structured Products for JP Morgan Securities in New York. Mr. Murphy holds a Bachelor of Business Administration in Finance and Management from Baruch College; and a Master of Science in Banking and Money Management from Adelphi University.