



PENNICHUCK

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VIA E-MAIL AND MAIL

May 27, 2016

Attorney William F. J. Ardinger
Rath, Young and Pignatelli, PC
P.O. Box 1500, One Capital Plaza
Concord, NH 03302-1500

Dear Bill:

I am writing this in response to your submittal on our Request for Fee Proposal-Legal Services for our upcoming rate case for our Pennichuck Water Works, Inc. subsidiary. In reviewing the responses from the firms asked to submit on this proposal, we have taken the following factors under consideration in making our final selection:

- Proposed fee structure, stratified by attorney and associate provider level;
- Proposed allocations of time needed by elements and level of attorney and associate provider within each firm;
- Relative strength of firm with regards to:
 - Overall experience in processing rate filings with the NH Public Utilities Commission;
 - Blend of areas of expertise with regards to overall business issues in support of rate filings, including:
 - business operating structure of our utility companies;
 - existing capitalization structure and background in arriving at that structure;
 - knowledge pertaining to our current modified rate structure;
 - knowledge relating to our restructured debt profile and the background in arriving at that structure;
 - understanding of the current population of stakeholders pertaining to our rate case filing, and the possibility of working optimally with potential allowed intervenors on this rate filing;
 - understanding of the overall consolidated structure of the corporation, and the contributions to that structure from each of the corporation's subsidiaries; and
 - understanding of the tangential business issues relating to the overall financial structure of the corporation.

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In summation of all of the referenced considerations identified, a blended estimate of the overall tangible and intangible cost and value provided by each respective firm responding in this process was considered and evaluated. As many of these factors cannot be predicted with certain and absolute accuracy, as to the exact number of billable hours that would be required by one firm versus the other, and the opportunity cost that might be eliminated by choosing one firm over another, our decision has been based not only on numerical factors, but also on the perceived inherent value that can be brought to the table by each firm, in the aggregate.

In assessing all of these factors, we have decided that your firm has been selected as Legal Counsel for this upcoming rate case, and for the interim period leading up to our next rate filing process for Pennichuck Water Works, Inc.

We thank you for your participation, rapid and thorough response, and look forward to working with you.

Sincerely,



Larry D. Goodhue
Chief Executive Officer
Pennichuck Corporation

cc: Suzanne Ansara, Corporate Secretary
Donald Ware, Chief Operating Officer
Carol Ann Howe, Assistant Treasurer and Director
of Regulatory Affairs and Business Services