

GRIFFISS UTILITY SERVICES CORPORATION

AUDIT COMMITTEE CHARTER

Adopted as of 3/29/13

I. Purpose of the Audit Committee

The purpose of the Audit Committee shall be to (a) assure that the Board of Directors (the "Board") of Griffiss Utility Services Corporation ("GUSC") fulfills its responsibilities for GUSC's internal and external audit process, GUSC's financial reporting process and its system of risk assessment and internal controls over financial reporting; and (b) provide an avenue of communication between management, the independent auditors, the internal auditors, and the Board.

II. Powers of the Audit Committee

It shall be the responsibility of the Audit Committee to:

- Appoint, compensate, and oversee the work of any public accounting firm employed by GUSC.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from GUSC's employees, all of whom should be directed by the Board to cooperate with Audit Committee requests.
- Meet with GUSC's staff, independent auditors or outside counsel, as necessary.
- Retain, at GUSC's expense, such outside counsel, experts and other advisors as the Audit Committee may deem appropriate.

The Board will ensure that the Audit Committee has sufficient resources to carry out its duties.

III. Composition of the Audit Committee and Selection of its Members

The Audit Committee shall consist of three (3) "independent members" of the Board within the meaning of Section 2825, subdivision 2, of the Public Authorities Law. The Audit Committee members shall be appointed by, and will serve at the pleasure of the Board. The Board shall designate one (1) member of the Audit Committee to serve as its Chair.

As noted above, all members of the Audit Committee shall be "independent members" of the Board within the meaning of Section 2825, subdivision 2, of the Public Authorities Law. Without limiting the generality of the foregoing, GUSC's employees and their immediate family members shall be prohibited from being members of the Audit Committee. In addition, Audit Committee members and members of their immediate families shall not engage in any private business transactions with GUSC or receive compensation from any private entity that has material business relationships with GUSC.

All members of the Audit Committee shall be familiar with corporate financial and accounting procedures and shall possess the necessary skills to understand the duties and functions of the Audit Committee.

The Audit Committee shall have access to the services of at least one financial expert; whose name shall be disclosed in GUSC's Annual Report.

The Audit Committee's financial expert should have (1) an understanding of generally accepted accounting principles and financial statements, (2) experience in preparing or auditing financial statements of comparable entities, (3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves, (4) experience with internal accounting controls, and (5) an understanding of audit committee functions.

IV. Meetings

The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this Charter.

Members of the Audit Committee are expected to attend each Audit Committee meeting, either in person or via telephone or videoconference. The Audit Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit Committee shall meet with GUSC's independent auditor at least annually to discuss GUSC's financial statements.

Meeting agendas shall be prepared for every meeting and provided to the Audit Committee members along with all necessary briefing materials at least five (5) days before each scheduled Audit Committee meeting. The Audit Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent. Minutes of all Audit Committee meetings shall be taken.

V. Responsibilities

The Audit Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) GUSC's internal auditors, if any; (c) oversight of management's internal controls, compliance and risk assessment practices; (d) special investigations and whistleblower policies; and (e) miscellaneous issues related to GUSC's financial practices.

A. Independent Auditors and Financial Statements

The Audit Committee shall:

- Appoint, compensate and oversee independent auditors retained by GUSC and pre-approve all audit services provided by the independent auditor.

- Establish procedures for the engagement of the independent auditor to provide permitted audit services. GUSC's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit Committee. Non-audit services include tasks that directly support GUSC's operations, such as bookkeeping or other services related to GUSC's accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
- Review and approve GUSC's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.
- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. Internal Auditors

The Audit Committee shall:

- Review with management and the internal audit director, if any, the charter, activities, staffing and organizational structure of the internal audit function, if any. The Audit Committee shall have authority over the appointment, dismissal, compensation and performance reviews of the internal audit director, if any.
- Ensure that the internal audit function, if any, is organizationally independent from GUSC's operations.
- Review the reports of internal auditors, if any, and have the authority to review and approve the annual internal audit plan, if any.
- Review the results of internal audits, if any, and approve procedures for implementing accepted recommendations of the internal auditor, if any.

C. Internal Controls, Compliance and Risk Assessment

The Audit Committee shall:

- Review management's assessment of the effectiveness of GUSC's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

D. Special Investigations

The Audit Committee shall:

- Ensure that GUSC has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by GUSC's directors, officers, or employees or any persons having business dealings with GUSC or breaches of internal control.
- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the Attorney General or other investigatory organization.)
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Attorney General.

E. Other Responsibilities of the Audit Committee

The Audit Committee shall:

- Present annually to the Board a written report of how it has discharged its duties and met its responsibilities as outlined in this Audit Committee Charter.
- Obtain any information and training needed to enhance the Audit Committee members' understanding of the role of internal audits, if any, and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- Review the Audit Committee's Charter annually, reassess its adequacy, and recommend any proposed changes to the Board. The Audit Committee Charter will be updated as applicable laws, regulations, accounting and auditing standards change.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the Board approval for proposed changes.