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**CONFIDENTIAL
MATERIAL
IN COMM FILE**

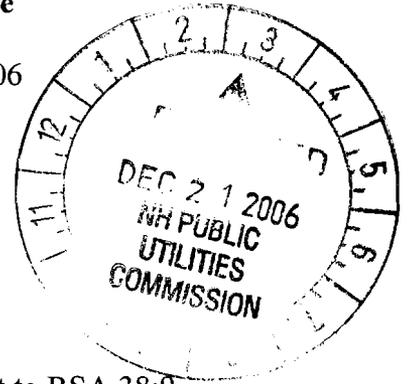
**Upton
& Hatfield** ^{LLP}
ATTORNEYS AT LAW

Please respond to the North Conway office

December 21, 2006

Via Electronic and U. S. Mail

Deborah A. Howland, Executive Director
N. H. Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429



Re: City of Nashua: Petition for Valuation Pursuant to RSA 38:9
Docket No. DW 04-048

Dear Ms. Howland:

Enclosed please find an original and seven copies of the City of Nashua's Motion for filing in this proceeding, as well as an electronic copy on compact disc.

Exhibit A consists of a Nashua's Settlement Proposal referenced in Exhibit B and made on a confidential basis on November 20, 2006. The proposals and their terms are confidential and have not been made available to the public. Nashua therefore requests confidential treatment pursuant to Puc 203.08. Exhibit A is contained in a separate envelope marked "CONFIDENTIAL".

A copy of the foregoing, with the exception of Exhibit A, is being provided to all parties on the service list by electronic mail, and to Ms. Claire McHugh by first class mail. If you have any questions concerning this filing, please contact me.

Very truly yours,

A handwritten signature in black ink that reads "Justin C. Richardson".

Justin C. Richardson
jrichardson@upton-hatfield.com

JCR/kmc
Enclosure

cc: Official Service List DW 04-048

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

City of Nashua: Petition for Valuation Pursuant to RSA 38.

DW 04-048

**MOTION TO POSTPONE HEARING PURSUANT TO Puc 203.13 AND TO
CONVENE SETTLEMENT CONFERENCE**

NOW COMES the City of Nashua and pursuant to Puc 203.13 moves the Commission to postpone the hearing scheduled to commence January 10, 2007 for a period of not less than 180 days and to convene a prehearing settlement conference(s) pursuant to Puc 203.15 . In support of the Motion, Nashua says as follows:

1. On November 20, 2006, Nashua announced its proposals to resolve this proceeding in a manner that would allow Nashua to acquire the assets of Pennichuck Corporation and to implement the objectives of RSA 38. See Exhibit A (Confidential) and Exhibit B.

2. Nashua has been prepared to resolve this matter by settlement along the lines contained in its proposals for a significant period of time prior to November 20, 2006. However, the lack of a CEO with authority to negotiate with Nashua following the departure of Donald Correll precluded formal consideration.

3. The November 20, 2006 proposals, approved by a 2/3rd majority of the Board of Aldermen (See RSA 38:13 and RSA 33-B:2), are substantive and provide a framework to end the litigation between the parties. They further address concerns raised by Staff and other parties relative to the potential impact of Nashua's acquisition of the assets of Pennichuck Water Works, Inc., on Pennichuck's affiliates.

4. However, because the Commission's Order No. 24,425, prohibits Nashua from obtaining the assets of Pennichuck's affiliates, i.e. Pennichuck East Utility, Inc. ("PEU") and Pittsfield Aqueduct Company ("PAC"), the Commission's hearing on the merits will effectively limit the opportunity to resolve these concerns raised by Staff and others with the purchase of PEU and PAC by Nashua. Nashua and Pennichuck have the ability to address the public interest concerns raised by the Staff and others through settlement negotiations in a way that is not available to the Commission at trial.

5. As a result, the January 10, 2006 date for the commencement of the hearing has become an impediment to full and complete exploration of Nashua's proposals by the parties.

6. The Commission's procedural rules, Puc 203.13 provide for postponement when postponement "would promote the orderly and efficient conduct of the proceeding." Postponement of the hearing by 180 days would provide the parties the opportunity to resolve this matter by Agreement in a manner that furthers the public interest and addresses concerns raised by parties in this proceeding.

7. Given the importance of the issues to be addressed in this proceeding and the length of time this matter has been pending, a delay of 180 days will promote the orderly and efficient conduct of the proceeding and will not be prejudicial to any of the parties.

8. The Commission's procedural rules, Puc 203.14 & 203.15, further provide for appointment of a hearings officer and pre-hearing conference(s) to address settlement of issues by agreement. Cf. RSA 541-A:31, V (c)(1). Nashua believes that appointment of a hearings officer with the authority to convene further settlement conferences is appropriate. In the event that favorable settlement terms cannot be reached, the

Commission's hearings officer could report to the Commission and the hearing could be rescheduled accordingly.

9. Nashua has sought the concurrence of Pennichuck and has been advised that the company will not consent to the relief sought herein.

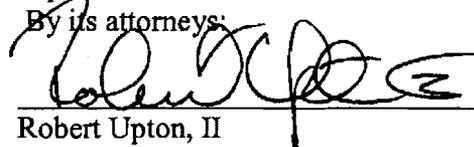
WHEREFORE, the City of Nashua respectfully moves that the Commission:

- A. Postpone the hearing as scheduled to commence January 10, 2007 for a period of not less than 180 days; and
- B. Appoint a hearings officer with authority during such a postponement to convene such settlement conferences as may be appropriate; and
- C. Grant such other and further relief as justice may require.

Respectfully submitted,

CITY OF NASHUA
Upton & Hatfield, LLP

By its attorneys:



Robert Upton, II
23 Seavey Street, PO Box 2242
North Conway, NH 03860
(603) 356-3332

December 21, 2006

CERTIFICATION

I hereby certify that a copy of the foregoing was this day forwarded to all persons on the Service List.

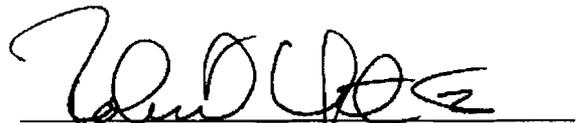

Robert Upton, II

EXHIBIT A – CONFIDENTIAL SETTLEMENT PROPOSALS

REDACTED IN PUBLIC FILING

NOVEMBER 20, 2006

EXHIBIT B



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Article published Nov 18, 2006

Nashua to bid for control of water

By [Karen Spiller](#)
Telegraph Staff

NASHUA - The city plans to make Pennichuck Corp. another offer to buy the company and take control of the local water supply.

After a three-hour, non-public meeting Friday night, the board of aldermen voted 10-4 to send its attorneys to a settlement conference at the state Public Utilities Commission on Monday to present a proposal that would settle the litigation between the city and Pennichuck.

Robert Upton, an attorney representing Nashua in the case, wouldn't disclose monetary details of the proposal, but said he plans to file it Monday with the PUC. The documents would then become public.

Monday's settlement conference, to be held at 10 a.m. in Room 103 at the PUC at 21 South Fruit St. in Concord, is open to the public.

Nashua has been trying to acquire the water utility through eminent domain since 2002. That's when Philadelphia Suburban Corp. offered to buy Pennichuck for \$106 million in a stock-for-stock transaction. The idea of an out-of-area company taking control of the local water system drew plenty of critics. The deal fell through, and the city has been fighting to take the company ever since.

The PUC is scheduled to decide the case in a trial set to begin in January. The last time city officials had an offer on the table to buy Pennichuck was in November 2003. That \$121 million offer, city officials said at the time, was equal to the Philadelphia Suburban deal because it included \$15 million to cover Pennichuck's tax liabilities.

Pennichuck's board of directors rejected the 2003 buyout offer. If this offer is substantially higher than the \$121 million offer, the company's board could accept it.

Friday night's vote required a majority to pass. Aldermen Robert Dion, Daniel Richardson, Mark Cookson and Gregory Williams voted against the motion.

According to the motion, the attorney will report to the board of aldermen and the mayor on the progress of the negotiations.

Mayor Bernie Streeter referred comments to Upton on Friday night.

"The procedural schedule calls for settlement discussions, and we thought it was appropriate," Upton said following the meeting. "That's all I can say."