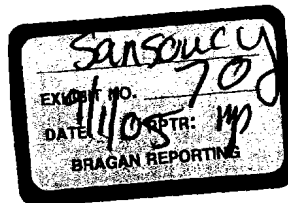


EXHIBIT 13



George E. Sansoucy, PE, LLC

Engineers & Appraisers

March 19, 2004

David Connell, Esq.
Corporation Counsel
Office of Corporation Counsel
229 Main Street
Nashua, New Hampshire 30361-2019

Re: City of Nashua Contract with George E. Sansoucy, P.E., LLC

Dear Mr. Connell:

Enclosed please find two executed copies of the contract between the City of Nashua and George E. Sansoucy, P.E., LLC.

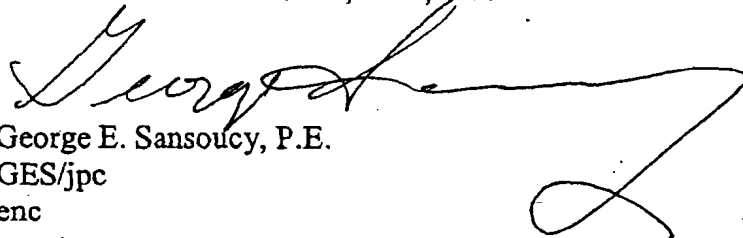
This is a four phase contract to provide engineering consulting and valuation services to the City of Nashua related to the purchase of the water system(s) owned by the Pennichuck Corporation in the State of New Hampshire with each phase after Task A contingent upon authorization by the City.

Please return one copy of this contract, signed by the Mayor to this office in the enclosed post paid envelope.

If you have any questions or require any further information at this time please do not hesitate to contact this office. Thank you.

Sincerely yours,

GEORGE E. SANSOUCY, P. E., LLC


George E. Sansoucy, P.E.
GES/jpc
enc

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AGREEMENT

SUBJECT: A Contract to provide engineering consulting and valuation services to the City of Nashua related to the purchase of the water system(s) owned by Pennichuck Corp. in the State of New Hampshire.

The City of Nashua, hereinafter called the City, and George E. Sansoucy, P.E., LLC, a Limited Liability Company having a principal place of business at 32 Nimble Hill Road, Newington, New Hampshire 03801 in the County of Rockingham, State of New Hampshire, hereinafter called Sansoucy, hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION

1.1 Client: City of Nashua

1.1.1 Name: The Honorable Mayor Bernard Streeter

1.1.2 Contracting Official: Carol Anderson

1.1.3 Authorized Contacts:	David Connell, Esq., Corporation Counsel Office of Corporation Counsel 229 Main Street Nashua, NH 03061-2019 Ph: (603) 589-3250 Fax: (603) 589-3259	Robert Upton, Esq. Upton & Hatfield LLP 23 Seavey Street Post Office Box 2242 North Conway, NH 03860 Ph: (603) 356-3332 Fax: (603) 356-3932
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1.2 Contractor: George E. Sansoucy, P.E., LLC

1.2.1	Name: George E. Sansoucy, P.E., LLC Address: 32 Nimble Hill Road, Newington, NH 03801 Tel: Newington-(603) 431-7636; Fax (603) 431-7115; E-mail: mail@sansoucy.com Lancaster-(603) 788-4000; Fax (603) 788-2798; E-mail: sansoucy@starban.net
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2. GENERAL SERVICES TO BE PERFORMED BY SANSOUCY

2.1 Scope of Work:

The purpose of the proposed work is to provide the City with engineering and valuation reports, business plans, consulting engineering, and testimony relating to the purchase of the water utility property owned by Pennichuck Corp. in City of Nashua and the State of New Hampshire. This contract scope anticipates a filing of a petition with the New Hampshire Public Utilities

Commission under New Hampshire RSA 38 by April 1, 2004. The process is anticipated to extend through portions of FY04, FY05, and FY06, requiring ongoing appropriations. Therefore, work must not proceed without authorization by the City, and services shall not be performed and invoiced in excess of available appropriations. The parties shall monitor these matters continuously. The financial payment and notice to proceed will be authorized in sections in general format with A, B, C, D, thereby recognizing that the acquisition of Pennichuck assets will be a step by step process at the New Hampshire Public Utilities Commission thereby requiring contract flexibility.

- A. Initial Public Interest findings and RSA 38 proceedings at the NH Public Utilities Commission.
- B. RSA 38 testimony before the NH Public Utilities Commission and subsequent appeals.
- C. General consulting during all phases supporting attorney legal staff.
- D. Final Asset transfer.

2.1.1 Detailed scope of the work products and services provided by Sansoucy

- A. Initial Public Interest findings and RSA 38 proceedings at the NH Public Utilities Commission.
 - 1. Prepare an initial inventory of the assets within and outside of the City of Nashua to be acquired from Pennichuck Water Works, Inc. adequate for the initial public interest finding.
 - 2. Prepare an initial inventory of the assets outside of the City of Nashua to be acquired from Pennichuck East Utility, Inc. adequate for the initial public interest finding.
 - 3. Prepare a detailed inventory of assets to be acquired from Pittsfield Aqueduct Company, Inc.
 - 4. Prepare an initial valuation appraisal for the plant and property within and outside of the City of Nashua to be acquired from Pennichuck Water Works, Inc. adequate for the public interest finding.
 - 5. Prepare an initial valuation appraisal for the plant and property outside of the City of Nashua to be acquired from Pennichuck East Utility, Inc. adequate for the public interest finding.
 - 6. Prepare a valuation appraisal for the plant and property to be acquired from Pittsfield Aqueduct Company, Inc.

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7. Determine for the near and intermediate future the initial scope and costs of capital improvements required for assets to be purchased, adequate for the public interest finding.
8. Develop a proposed RFP and draft final contract for the subcontract operation, maintenance, and management of the public water company answering to the board of directors and/or its selected limited staff. The proposed RFP and contract will include determination of the methods of operation, the utilization of existing Pennichuck staff and the specifications for the financial and operational requirements of the contractor. As part of this task, an analysis will be prepared to review the differences between contract operation and public operation including the difference between Pennichuck East and Pennichuck Water Works, for the public interest finding.
9. Prepare a financial plan for the acquisition, operation, and maintenance of the assets under public ownership considering the acquisition costs, operating and maintenance costs, capital improvements, debt service, and depreciation appropriate for a publicly-owned utility facility. Analyze the individual components of the financial plan for the city of Nashua only, so that any subsequent issues which are likely to arise in the public interest findings may be addressed. The financial plan will be prepared in close consultation with the City of Nashua's financial advisors.
10. Prepare the initial study of the rates and fees needed to yield the revenues required by the financial plan above for the assets to be acquired from Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., for the public interest finding.
11. Prepare a draft set of ordinances for rates, rules, and regulations for the assets under regional ownership.
12. Prepare final summary of public interest findings.
13. Prepare analysis of and commitments to ad valorem taxes in lieu.
14. Prepare analysis of income taxes saved and of carry over and like kind exchange for capital gains avoidance.
15. Prepare summary to show public benefit of total taking.

B. RSA 38 testimony before the NH Public Utilities Commission and subsequent appeals.

1. Prepare the detailed inventory and scope of assets, adequate for the final valuation hearings, within and outside of the City of Nashua to be acquired from Pennichuck Water Works, Inc.

2. Prepare the detailed inventory and scope of assets, adequate for the final valuation hearings, outside of the City of Nashua to be acquired from Pennichuck East Utility, Inc.
3. Prepare the detailed valuation appraisal for the plant and property, adequate for the final valuation hearings, within and outside of the City of Nashua to be acquired from Pennichuck Water Works, Inc.
4. Prepare the detailed valuation appraisal for the plant and property, adequate for the final valuation hearings, outside of the City of Nashua to be acquired from Pennichuck East Utility, Inc.
5. Prepare the final inventory and valuation appraisal for the plant and property to be acquired from Pittsfield Aqueduct Company, Inc.
6. Prepare the final study of the rates and fees needed to yield the revenues required by the financial plan above for the assets to be acquired from Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., for the public interest finding.
7. Participate in all technical settlement meetings and hearings at PUC.
8. Prepare prefiled testimony on the extent and price of the assets to be acquired, the terms of their acquisition, and the public benefits of the acquisition.
9. Prepare prefiled rebuttal testimony as required.
10. Assist in the preparation of the trial plan for the main proceedings before the PUC.
11. Provide oral testimony on behalf of the City before the NH PUC.
12. Provide technical support for the preparation of appeals or responses to appeals issuing from the PUC's decision.

C. General consulting during all phases supporting attorney legal staff.

1. Support attorneys on issues for declaratory judgement.
2. Support efforts related to regionalization.
3. Support efforts related to preparation of legal documents for filing RSA-38 petition to NHPUC.
4. Support efforts related to likely appeals of RSA-38 filings.
5. Public presentation and participation in meetings for the City related to all issues of the taking.

6. Prepare data requests to secure the information required to develop the scope of work above.
7. Participate in responding to data requests made of the City.

D. Final Asset transfer to public ownership.

1. Provide asset descriptions for purchase and sale documents. Assist with wording of transfer documents to assure that all the required elements of the assets of a functional water utility are included.
2. Assist and participate with the City's financial advisors in the preparation of materials to facilitate the optimum debt structure and cost for the acquisition, and the placement of tax exempt debt.
3. Prepare final contracts for the operation, maintenance, and management of the publicly owned system including assisting with developing and hiring of the appropriate public staff.
4. Assist with the development and adoption of a final rate ordinance and ordinances/rules governing the operation of the system.
5. Assist with the final preparation of the capital improvement plan.
6. Assist with closing activities including auditing the materials transferred for completeness.
7. Provide diligence services to assure all documents are transferred.
8. Set up customer account procedures and transfer customer balances.
9. Set up contract accounts for CIAC reimbursements.
10. Set up CIAC and contractor specifications for future construction.
11. Miscellaneous requirements.

2.1.2 Services to be provided by the City:

1. The City will assist in obtaining were necessary through discovery, documents from the State as directed by Sansoucy.

2. The City will make available maps of the City from its files along with copies of various planning documents and studies. Sansoucy will be authorized as an agent of the City to request data and documents from regional and state planning agencies.
3. The City will provide prompt review and comments of draft materials as submitted by Sansoucy.
4. The City will provide Sansoucy with a financial and tax consultants to operate as a team for the purpose of Sansoucy preparing engineering financial plans for regulatory review and approval (At this time it is expected Southwest Financial will provided this service paid for by the City).
5. The city will continue to spear head the regionalization effort and will act as the coordinator for Sansoucy of required regional information.

2.2 Completion of Work:

It is recognized by all parties to this contract that time is of the essence but schedules dictated by the New Hampshire public utilities commission and the New Hampshire courts will likely control. To this end, Attachment A of this contract is a timeline and task completion estimate based on Sansoucy's experience in these matters. Work has proceeded for a period of a year already and will continue throughout 2004. This timeline is based on the target date for system operational takeover of January 1, 2006. This takeover date is intended to coincide with the likely schedules to be dictated by the New Hampshire PUC and the close out of the year end books of Pennichuck Corp.

The intended schedule of this contract is to prepare for a filing on or before April 1, 2004. It is expected that hearings will commence in the third and fourth quarter of 2004 with final resolutions by July 1, 2005, at which time all costs and business formats are known. The asset transfer phase would begin on July 1, 2005 and be completed with operational take over on January 1, 2006.

2.3 Personnel:

All necessary field assistants employed by Sansoucy shall be competent to perform the work they are called upon to do. Sansoucy shall not hire or compensate, in any way, a City officer or employee or any member of the family of such officer or employee in the performance of such work under this contract. Sansoucy shall notify the City of the names of all field personnel, technical assistants, and professional personnel who will work on this project.

2.4 Public Relations:

The City and Sansoucy, during the progress of the work, shall use their best efforts and that of their agents and employees to promote full cooperation and amiable relations with the company. All publicity and news releases, if any, will be sent out only by the City, or its authorized representative(s), and not Sansoucy.

2.5 Confidentiality:

Sansoucy agrees to not disclose to anyone except to the City, or its authorized representative(s), any information discovered for any purpose, or to permit anyone to use or peruse any of the data on file in connection with the reports or valuations, unless specifically authorized by the City.

2.6 Compensation and Terms:

Subject to Sections 2.1 and 2.7, the City, in consideration of the services hereunder to be performed by Sansoucy, agrees to pay Sansoucy based on a time and material basis per the attached 2004 rate sheet enclosed as Attachment B for tasks B, C, and D. Task A shall be performed for a fixed price of \$239,000. This rate sheet will be held in force without change through 12/31/2005. For time and material charges in this schedule, a detailed itemization of expenses, time spent, and other costs will be provided by Sansoucy to the City as part of 30 day invoicing. Payment due is net 30 days. The budget estimates for this scope of work are as follows:

Task A: \$239,000 (fixed price)

Task B: \$142,000

Task C: \$62,000

Task D: \$95,000

Total: \$538,000

2.7 Termination:

It is understood that the services provided herein may include preparation for litigation and expert testimony. As such, the case could be withdrawn or settled at any time, and the City has the right to terminate this contract immediately upon written notice. Upon notice of termination, Sansoucy will be allowed and paid for, the necessary time and expenses to properly close and archive the files and other necessary closeout functions of the work.

3. INDEMNIFICATION AND INSURANCE.

3.1 Sansoucy agrees to defend and indemnify the City against all claims for bodily injury, death, and property damage which arise in the course of Sansoucy's performance of the agreement and with respect to which the City is free from negligence on the part of itself, its employees, and its agent(s).

3.2 Sansoucy shall not be responsible for consequential or compensatory damages arising from the late performance or non-performance of the agreement caused by circumstances which are beyond Sansoucy's reasonable control.

3.3 Sansoucy shall maintain public liability insurance and automobile insurance.

- 3.3.1 The public liability insurance shall be in the form of commercial general liability with the inclusion of contractual liability coverage and shall provide limits of \$1,000,000 each person and \$1,000,000 each occurrence for bodily injury disability, and \$1,000,000 each occurrence for property damage liability.
- 3.3.2 The automobile liability insurance shall be in the form of comprehensive automobile liability and shall provide limits of \$100,000 each person and \$300,000 each occurrence for bodily injury liability.
- 3.4 Sansoucy shall provide a certificate of insurance confirming the required insurance coverages and providing that the City shall receive ten (10) days written notice of the cancellation or material change in the required insurance coverage. All insurance shall be valid in the State of NH.

4. **ASSIGNMENT.**

This Contract and the duties of Sansoucy hereunder shall not be assigned.

5. **AMENDMENTS.**

This Agreement shall not be amended, waived or discharged, unless by mutual written consent of both parties.

Date: _____

In witness thereof the City of Nashua has caused these presents to be signed by its Mayor, thereunto lawfully authorized George E. Sansoucy, P.E., LLC has caused the same to be signed by his authorized representative, lawfully authorized, on the date and year first above written.

In the presence of:

City of Nashua

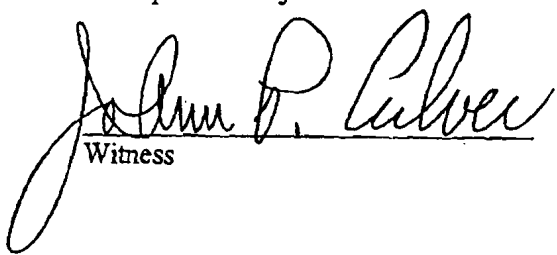
Witness

by: _____

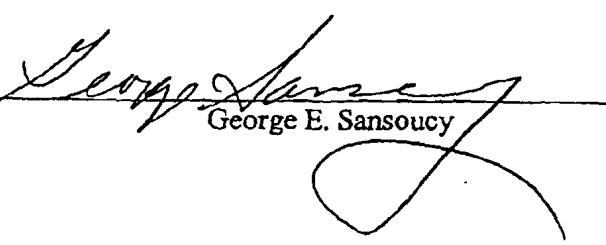
Honorable Mayor Bernard Streeter
for the City of Nashua

In the presence of:

George E. Sansoucy, P.E., LLC



Witness

by: 

George E. Sansoucy

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