

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-9

Respondent: Brian S. McCarthy

Request: Please indicate whether any assertions, evidence, or arguments proffered by Nashua relative to its managerial, technical and financial capabilities to operate a water system such as Pennichuck's are transferable to the District. And if so, please specify which assertions, evidence, or arguments apply.

Response: Nashua's approach to the acquisition of the water system's assets is designed to provide for the initial management of the system by Nashua through its contract operators and to seamlessly transfer the operation of the system to the District. In that regard:

1. All of the technical and managerial competence required to operate and maintain the system will be embodied in the Oversight and O&M contracts which will be assignable to the District without the consent of the contractors.
2. The District will be able to set rates and enforce their collection. The District will therefore have the financial capability needed to own and operate the system.
3. The District's Board of Directors will retain the essential policy making capabilities required to direct their contractors (or staff if they elect to directly employ managers, engineers, technicians and/or operating personnel).

The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time the actual transfer of the contracts for management and operation and maintenance may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

7/29/05