

CITY OF NASHUA PETITION FOR VALUATION
Deposition of Bernard A. Streeter

STATE OF NEW HAMPSHIRE
PETITION FOR VALUATION PURSUANT TO RSA 38:9

CITY OF NASHUA

Docket No. DW-04-048

DEPOSITION of BERNARD A. STREETER

Taken by Notice at the offices of the Nashua City
Hall, 229 Main Street, Nashua, New Hampshire, on
Tuesday, July 26, 2005, commencing at 2:31 in the
afternoon.

Court Reporter: Marcia G. Patrisso,
Certified Shorthand Reporter
NH CSR No. 83 (RSA 331-B)
Registered Professional Reporter
Certified Realtime Reporter

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<p style="text-align: right;">Page 46</p> <p>1 systems outside of the Nashua system?</p> <p>2 A. Outside of the Nashua system?</p> <p>3 Q. Correct.</p> <p>4 A. No.</p> <p>5 Q. So you may or may not be aware that</p> <p>6 Pennichuck, for instance, has owned systems as far</p> <p>7 flung as Epping or Newmarket?</p> <p>8 A. I've heard that. I've heard that.</p> <p>9 I'm not concerned with Epping or Newmarket. I am</p> <p>10 concerned, though, with the history of this company</p> <p>11 and the lack of protection of the watershed property</p> <p>12 that they owned at one point.</p> <p>13 Q. You mean the Pennichuck watershed</p> <p>14 property?</p> <p>15 A. The Pennichuck watershed, which was</p> <p>16 over a period of time sold off for private</p> <p>17 development purposes. I'm very concerned about</p> <p>18 that.</p> <p>19 Q. And you're concerned about it because?</p> <p>20 A. Because the company was not good</p> <p>21 stewards of their properties. In this day and age</p> <p>22 water companies are buying watershed property, land</p> <p>23 surrounding it, not selling it off, nor are they</p>	<p style="text-align: right;">Page 48</p> <p>1 Commission to set a price.</p> <p>2 Q. And presumably there is some price at</p> <p>3 which -- above which Nashua would say, "That's</p> <p>4 crazy, we wouldn't buy it at that price."</p> <p>5 A. Presumably there is, although I don't</p> <p>6 know it. Presumably there would be.</p> <p>7 Q. And under that circumstance Nashua</p> <p>8 would not proceed to acquire the Pennichuck assets,</p> <p>9 right?</p> <p>10 A. Well, if it was an outrageous figure.</p> <p>11 You have to remember now, the City of Nashua made a</p> <p>12 legitimate offer to Pennichuck for \$121 million.</p> <p>13 That was a legitimate offer. That offer was</p> <p>14 discarded like yesterday's wash, and they in turn</p> <p>15 came back and said, Well, we'll consider (redacted</p> <p>16 testimony - confidential attorneys' eyes only under</p> <p>17 separate cover). And that was laughable.</p> <p>18 Q. You're aware that had the Philadelphia</p> <p>19 Suburban deal gone through, that the stockholders</p> <p>20 today would have \$65 million more in equity than</p> <p>21 they would have had at the time of that transaction?</p> <p>22 A. I don't profess to know anything about</p> <p>23 the stock market. I don't dabble in it. I'm not a</p>
<p style="text-align: right;">Page 47</p> <p>1 developing these properties.</p> <p>2 Q. You're aware that the Public Utilities</p> <p>3 Commission approved those sales?</p> <p>4 A. In my opinion, it was an ill-advised</p> <p>5 decision.</p> <p>6 Q. Right. And whatever development took</p> <p>7 place subsequent took place under the aegis of</p> <p>8 Nashua land use regulations, zoning and planning;</p> <p>9 isn't that right?</p> <p>10 A. Since I wasn't involved in city</p> <p>11 government at that time, I am under the assumption</p> <p>12 that the answer is yes.</p> <p>13 Q. Do you have --</p> <p>14 A. That doesn't necessarily make it</p> <p>15 right. That was an editorial comment.</p> <p>16 Q. What is the most that Nashua would pay</p> <p>17 for the Pennichuck Water Works' assets?</p> <p>18 A. I have no idea.</p> <p>19 Q. How would you go about figuring it</p> <p>20 out?</p> <p>21 A. That's why we have consultants who</p> <p>22 have, and will continue to appraise properties.</p> <p>23 Ultimately it's up to the Public Utilities</p>	<p style="text-align: right;">Page 49</p> <p>1 prognosticator of stock.</p> <p>2 Q. Well, that's not prognostication,</p> <p>3 that's just the market price.</p> <p>4 MR. UPTON: He said he didn't know.</p> <p>5 Q. Would Nashua purchase the Pennichuck</p> <p>6 Water Works' assets if Pennichuck -- strike that.</p> <p>7 Would Nashua purchase the Pennichuck</p> <p>8 Water Works' assets if the PUC set a price that</p> <p>9 would result in rate-payers paying a higher rate</p> <p>10 than they would under Pennichuck ownership?</p> <p>11 A. I'm not going to guess what the PUC</p> <p>12 would do. I would find it questionable if they</p> <p>13 did -- if they recommended a price where the cost of</p> <p>14 water would be more expensive than rate-payers are</p> <p>15 paying now. I do know this: 85 percent of</p> <p>16 municipalities in this country own their own water</p> <p>17 companies, and their water rates are much lower.</p> <p>18 And one thing I have done since this process started</p> <p>19 was let the people of our community know that</p> <p>20 Manchester's water rates are approximately</p> <p>21 45 percent lower than Nashua's. Manchester's is</p> <p>22 municipally owned, and they provide excellent</p> <p>23 service and excellent water.</p>