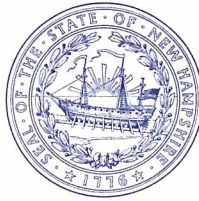


THE STATE OF NEW HAMPSHIRE

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June 15, 2011

Re: DW 11-026 City of Nashua et al.
Joint Petition for Acquisition of Pennichuck Corporation
DW 04-048, City of Nashua
Petition for Valuation Pursuant to RSA 38:9
Designation of Mr. Naylor as Staff Advocate

To the Parties:

On April 28, 2011 the Commission granted the request to consolidate these two dockets, granted intervention requests, and solicited comments on whether the Commission should continue the designation of Mark Naylor, the Director of the Commission's Gas and Water Division, as a staff advocate in the consolidated proceeding. Mr. Naylor was designated as a staff advocate on April 19, 2006 in Docket No. DW 04-048.

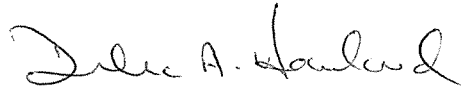
Pennichuck Corporation, the City of Nashua and Mr. Fred S. Teeboom did not object to ending Mr. Naylor's designation. The Office of Consumer Advocate supported continuing the designation because Docket No. DW 04-048 is still an open docket, is integrally related to Docket No. DW 11-026, and "there has been no formal assertion or demonstration that the circumstances have changed such that it is appropriate to remove Mr. Naylor's designation." The Town of Merrimack also recommended continuing the designation based upon substantial unresolved issues and the belief that Mr. Naylor might assist intervenors in analyzing the technical and financial aspects of the proposed acquisition.

In April, 2006, Mr. Naylor filed testimony in DW 04-048 stating his opinion that a taking by the City of Nashua of certain assets of Pennichuck Water Works was not in the public interest. Subsequently, the Commission rendered a decision, Order No. 24,878 (July 25, 2008), finding that the taking was in the public interest. The public interest finding was ultimately upheld on appeal to the New Hampshire Supreme Court, *see Appeal of Pennichuck*, 160 N.H. 18 (2010). As a result, the circumstances that formed the basis for Mr. Naylor's designation have fundamentally changed.

Because the issues that formed the basis for Mr. Naylor's designation have been resolved, the Commission has determined that there is no longer a basis for concluding that the public's confidence in the fundamental fairness of the now consolidated proceedings would be enhanced by Mr. Naylor's designation as a staff advocate. Should new circumstances develop,

however, that would form a basis for designation pursuant to RSA 363:32 parties, or staff, are free to request a designation of staff involved in the docket. Further, we note that the ability of Mr. Naylor to explore the issues raised by the Town of Merrimack is not affected by this action.

Sincerely,

A handwritten signature in cursive script, appearing to read "Debra A. Howland".

Debra A. Howland
Executive Director