

EXHIBIT 21

REPORT OF THE PENNICHUCK WATER SPECIAL COMMITTEE

JUNE 29, 2006

A meeting of the Pennichuck Water Special Committee was held on Thursday, June 29, 2006 at 7:03 p.m. in the Aldermanic Chamber.

Alderman Richard LaRose presided

Members of the Committee present: Alderman-at-Large Brian S. McCarthy
Alderman Michael J. Tabacsko
Alderman-at-Large Fred S. Teeboom

Members not in Attendance: Alderman Mark S. Cookson

Also in Attendance: George Sansoucy

DISCUSSION

Alderman LaRose

We are here this evening to continue our discussion on the City of Nashua draft water ordinance. I will turn it over to Mr. Sansoucy.

George Sansoucy

First with the benefit of Brian and Counselor Tabacsko. I'd like to give you an update. Since the last time we spoke a lot has happened with regard to the case. The testimony that was filed the end of May which was Nashua's testimony on public interest and value and reply testimony was completed. Since that period of time, a series of data requests have gone to the Public Utilities Commission. Based on their testimony where they felt that it is not in the public interest. We filed to the staff 66 data requests regarding a number of issues the staff raised in its testimony where they actually came out and said that this taking was not in the public interest.

We were very, very disappointed with the answers that the State gave us. First and foremost there was virtually no analysis performed by the State whatsoever. No independent analysis. Secondly, the State has relied upon the information provided by Pennichuck in making some of its accusations with decision against Nashua where we have provided hard factual evidence that that information is either slanted or erroneous. Yet they still continue to rely on it. The staff at the PUC is refusing to tell the attorneys and tell Nashua what it is that they feel would correct the deficiencies that they feel exist in Nashua's proposal to take over Pennichuck that lead the staff to believe that it is not in the public interest. They refuse to make any statement as to what that would do to correct it.

They also feel that any contracts with outside parties are speculative in their view as they say. Where as Pennichuck they know what Pennichuck is as opposed to speculative operations. They feel that Nashua doesn't have the staff or capability in place to manage customer service, or customer accounts, questions, and these things. As we have repeatedly tried to point out to staff, Nashua shouldn't have that in place right now because it doesn't own a water company. So while they are criticizing us for not having it in place, why would we even have it in place. We had provided the footprint, the money, and the framework for how the City will manager customer accounts and customer service and has effectively done it for years through its tax bills, its sewer, and every other operation in the City.

Alderman Teeboom

We've got a long way to go because our draft has far less pages than this Pennichuck document.

George Sansoucy

Yes but look at page 51. Come on Fred, it's just a canceling page. It's blank of theirs. This is for comparison as to what we want to accomplish I guess. I have coming for you because it is not on the internet, but they have agreed to send us a copy of the Manchester ordinance for your review. The City of Manchester, the City of Keene, Concord, Town of Hudson, and the City of Portsmouth. So we'll be looking at their ordinances and how they've been managing them. Those should be to you by some time mid to the end of the month when we get them all in published for you.

Alderman Teeboom

Skip the last time I remember there were a lot of – last time I think it was my first time I joined this meeting. It's been going on for some time this committee. The last time we met was the first time I remember we met. A lot of openings and holes in the document.

George Sansoucy

Yes.

Alderman Teeboom

Just giving you my experience, I just wrote an impact manual. I'll tell you it was not easy to get the Board of Aldermen to approve that document.

George Sansoucy

What type of manual?

Alderman Teeboom

It was on the cable television. It was a 24-page document. It took me a lot of work to get that done. Just a final committee it went through 53 pages of minutes and 22 compound motions that I had to start to figure out. Not a trivial task. The way I had to do it was I had to draft the entire document. The committee only effectively could deal with it when there's a full text written. I couldn't leave any holes. If I said there's a hole the answer was go fill the hole and come back with text. The committee is just a very inefficient process. It's very inefficient to work with microphones, and holding up your hand, trying to get everybody to agree. What you really need is one guy to write the whole document, then you can go page by page. So how are we going to fill these holes? We have to write in the holes here.

George Sansoucy

I don't expect you to write the holes. I expect to write them. What I expect to do is discuss ideas and policies related to the issues. Then I will go back and draft some suggested language, e-mail it to everybody so you can begin seeing language. We put some basic skin on a city ordinance which is the first document that we've had that we went out to bid with. My goal is to revise this to number 1 first and foremost satisfy some of the conditions raised by the PUC and their public interest finding that they feel are deficits for the City. Even though the

Alderman LaRose

Now you've said you will not be available in July but in August. I don't know what the calendar looks like. I haven't checked it. Can you give me the dates that you are available and then I'll check off with Sue. Preferably a Monday because generally there is no committee meetings on Mondays.

Alderman Teeboom

Can I make a suggestion by the way. He's going to fill in holes on what we talked about – the lien process, termination, and most important the conservation stuff. So he's going to do a draft. That draft ought to come back to us so we have time to read it. You've got to build that in a little extra time for us to read it. We have enough to read, but this is something if we went into it we ought to read and clearly show where these 3 areas are. We can kind of look in there because we're talking about what we're feeling. I like to read that information. I'd like to have time to read it before we meet.

George Sansoucy

August the 21st – Monday?

Alderman LaRose

August 21st.

Alderman Teeboom

And you'll have that written up before then?

George Sansoucy

Yes.

Alderman LaRose

I'll check and I'll let you know if that is okay.

George Sansoucy

I just penciled it in. That is permanent until you tell me it isn't. By August 7th I'll try to get documents to everybody to begin reading.

Alderman Teeboom

Do you write this yourself or do you have people writing it for you?

George Sansoucy

No I do. I have to eventually testify to the PUC why the City can do this. So I actually write these. I actually have to know the authorship of these and know what your philosophies and principles are. I actually have to testify in your behalf. I have to tell the PUC what you are thinking. There are some things that I write. I'm not going to say only I can write them because I have people that can on the one hand. On the other hand, they're stretched thin too. This is