

THE STATE OF NEW HAMPSHIRE



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July 17, 2007

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. DW 04-048
City of Nashua
RSA 38 Petition re Pennichuck Water Works

Dear Ms. Howland:

As contemplated by your letter of June 7, 2007 to the parties in the above-referenced docket, I conducted a technical session today to discuss the status of the case in light of yesterday's expiration of the stay that went into effect in January. Please treat this letter as my report of the session.

Participating either directly or through representatives were the petitioner (City of Nashua), the respondent (Pennichuck Water Works), the towns of Hudson, Litchfield, Merrimack and Milford, Anheuser-Busch, Inc., the Merrimack Valley Regional Water District, the Office of Consumer Advocate, Claire McHugh, Barbara Pressly and the Staff of the Commission. Mr. Fred Teboom, a Nashua alderman, was also present.

As you know, both the petitioner and the respondent marked the end of the stay by making submissions yesterday afternoon to the effect that, despite diligent efforts during the stay period, the two principal parties were unable to reach a negotiated resolution of the matters at issue. Each side requested that the Commission again take up the case as a fully contested proceeding.

In light of those developments, I am pleased to report that the participants at the technical session were able to reach agreement on certain scheduling matters, substantially consistent with the parameters established in your June 7 letter. Specifically, the participants request that the Commission schedule the merits hearing in the case for September 4, 5, 6, 11, 12, 13, and 14, followed by October 23, 24, and 25. You will note that September 14 is not among those previously reserved for hearing. The participants,

particularly the petitioner and respondent, nevertheless request that you set aside this date as likely to be needed for “overflow,” given the progress of the hearing as it began in January, prior to the stay being imposed.

The participants further agreed on a schedule of witnesses, which can fairly be described as largely consistent with the schedule that applied in January, but which takes into account the scheduling exigencies that arise out of resuming the hearing after a pause of more than six months. The proposed schedule is as follows:

| Witness(es) | Date |
|---|--------------------|
| Sansoucy-Walker panel | September 4, 2007 |
| Veolia panel of Mr. Walker et alia | September 5, 2007 |
| Beck panel of Mr. Gates et alia | September 6, 2007 |
| Messrs. Correll and Ware | September 11, 2007 |
| Messrs. Ware, Hartley and Joyner | September 12, 2007 |
| Reilly-Reithmiller panel | September 13, 2007 |
| [Overflow date] | September 14, 2007 |
| Ms. Pannetier and Messrs. Patch, Thibeault and Guastella | October, 23, 2007 |
| Intervenor witnesses | October 24, 2007 |
| Staff witnesses | October 25, 2007 |

The participants noted that (1) two of the witnesses previously participating in the Veolia panel, now proposed for cross-examination on September 5, are no longer employed by Veolia and that, accordingly, their written pre-filed testimony will be adopted by new witnesses who will be tendered for cross-examination, (2) the requested “overflow” date of September 14 is likely to be needed and may be useful in allowing the respondent to complete its case before the hearings break for several weeks (which would require the witnesses proposed for October 23 to testify on September 14), (3) there appears to be relatively little need to update testimony in light of the six-month stay, although there will need to be some “true up” of valuation evidence given certain changes in the respondent’s installed plant during the period, and (4) the parties are proceeding on the

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assumption that the Commission would establish a briefing schedule at the conclusion of the hearing in October.

The petitioner and respondent agreed to confer about certain details and report on their discussions by week's end. Among issues they intend to discuss are hearing logistics (particularly the re-installation of the electronic litigation system used at hearing in January, perhaps refined somewhat to reflect experience) and revised exhibit lists.

Finally, the participants in the technical session asked me to direct the Commission's attention to a pleading submitted by intervenor Barbara Pressly on January 16, 2007. Because the Commission stayed the proceedings immediately thereafter, the parties did not have an opportunity to comment on this submission and, in particular, the request contained therein that certain documents be "accepted as testimony." Now that the stay has expired, the participants request that the Commission clarify whether it will treat Ms. Pressly's submission as a motion and, if so, what deadline applies to any responsive pleadings.

I commend the proposals outlined above to the Commission as consistent with the public interest and likely to cause the case to progress in orderly fashion toward final resolution. A spirit of collaboration and cooperation prevailed at the technical session, for which the participants have my earnest thanks.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald M. Kreis". The signature is fluid and cursive, with a horizontal line above the final part of the name.

Donald M. Kreis
General Counsel

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Docket #: 04-048 Printed: July 17, 2007

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