

## EXHIBIT A

Pennichuck Water Works, Inc.

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4 Water Street

PO Box 448

Nashua, NH 03061 0448

603 882 5191

800 553 5191

Fax 603 882 4125

www.pennichuck.com

## Pennichuck Water

May 21, 2001

Mr. Thomas B. Getz, Esq.  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
8 Old Suncook Road  
Concord, NH 03301

Dear Mr. Getz:

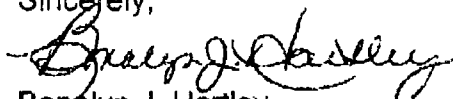
RE: Agreements between Pennichuck Water Works, Inc. and its affiliate companies.

Please find enclosed 9 copies of the original Agreement, dated the 1<sup>st</sup> of January 2001, by and between Pennichuck Water Works, Inc. and Pennichuck Corporation relative to certain cost allocations for administrative, accounting and financial services; and office equipment and facilities expenses. These expenses are shared between Pennichuck Corporation, Pennichuck Water Works, Inc. and its four other wholly owned subsidiaries, The Southwood Corporation, Pennichuck Water Service Corporation, Pennichuck East Utility, Inc., and Pittsfield Aqueduct Company, Inc.

Relative to the above-mentioned Agreement, please find enclosed 9 copies of the original Lease Agreement, dated the 1<sup>st</sup> of January 2001, by and between Pennichuck Corporation and Pennichuck Water Works, Inc. describing the lease provisions for the facility located at 4 Water Street, Nashua, New Hampshire.

I hope this information meets with your satisfaction. Please do not hesitate to contact me if you have any further questions regarding these matters.

Sincerely,



Bonalyn J. Hartley  
Vice President-Administration

Enclosures

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## AGREEMENT

AGREEMENT, made as of the 1st day of January, 2001, by and between Pennichuck Water Works, Inc. ("Water Company"), and Pennichuck Corporation ("Pennichuck").

WHEREAS, the Water Company is a wholly owned subsidiary of Pennichuck and employs officers and employees who are experienced with the management, financing and accounting requirements of Pennichuck and its four other wholly owned subsidiaries, The Southwood Corporation, Pennichuck Water Service Corporation, Pennichuck East Utility, Inc. and Pittsfield Aqueduct Company, Inc. (the "Other Subsidiaries"); and

WHEREAS, Pennichuck owns an office building located at 4 Water Street in Nashua, New Hampshire which, by Lease Agreement dated as of January 1, 2000 ("Lease Agreement") is fully leased by Pennichuck to the Water Company on an arm's length basis on market competitive terms, and, whereas the Water Company owns certain office equipment; and

WHEREAS, Pennichuck and the Other Subsidiaries have no employees, office facilities, or office equipment of their own but rely on the Water Company to supply these items on an as needed basis, and, whereas, all of the offices of Pennichuck and its Subsidiaries are filled by officers of the Water Company; and

WHEREAS, the services, facilities, and equipment of the Water Company, which are provided to Pennichuck and the Other Subsidiaries hereunder, are substantially the same as the Water Company would be required to provide for itself, individually, if Pennichuck and the Other Subsidiaries did not exist; and

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WHEREAS, as a result of the economies of scale there is an economic benefit to be derived by the parties hereto and the Other Subsidiaries in using and sharing with each other officers, staff, office facilities and equipment which would be more costly to each of them to provide and enjoy on an individual basis, and

WHEREAS, Pennichuck has only de minimis income other than the rental payments received from the Water Company and all of Pennichuck's operations are for the exclusive benefit of the Water Company and the Other Subsidiaries; and

WHEREAS, the Water Company is willing to render such services, make available such office facilities and equipment, and Pennichuck has requested such services, office facilities and equipment for itself and its Other Subsidiaries, on terms and conditions described more fully hereinafter.

NOW THEREFORE, in consideration of the mutual agreements herein contained, the parties hereunder agree as follows:

#### I. SERVICES

The Water Company shall furnish to Pennichuck and its Other Subsidiaries and Pennichuck shall utilize, and shall cause its Other Subsidiaries to utilize, all the following services upon the terms and conditions hereinafter set forth:

- A. Administrative. The Water Company shall provide the corporate administrative services required by Pennichuck and its Other Subsidiaries, including the formulation of recommendations to their respective Boards of Directors, the implementation of the decisions of said Boards of Directors, the responsibility for executive decisions, as appropriate, the preparation of contracts, the maintenance of all corporate records and documents, the filing with governmental authorities of all documents

required by law or otherwise necessary for the continuance of the corporate existence of Pennichuck and its Other Subsidiaries, and in the case of Pennichuck, responsibility for shareholder relations.

- B. Accounting and Financial. The Water Company shall maintain the general books of account of, and prepare periodic financial statements and related reports for, the Other Subsidiaries and, on a consolidated basis, Pennichuck, shall advise and assist in the preparation of budgets and planning for Pennichuck and its Other Subsidiaries and shall prepare and file, or assist in the preparation and filing of, Federal, State and local tax returns and other reports required by regulatory agencies for Pennichuck and its Other Subsidiaries. Additionally, the Water Company shall be responsible for assisting Pennichuck and its Other Subsidiaries in their acquisition of capital and operating funds, through borrowing and, in the case of Pennichuck, through the issuance of equity securities. The Water Company shall prepare and monitor annual budgets for, and shall be responsible for data processing services to Pennichuck and its Other Subsidiaries.

## II. OFFICE SPACE AND FACILITIES

The Water Company will utilize its premises at 4 Water Street in Nashua, New Hampshire, which it leases from Pennichuck pursuant to the Lease Agreement, in order to conduct the administrative functions, and perform the accounting and financial services required by this Agreement, and will utilize its office equipment on an as needed basis in connection therewith and as otherwise required by Pennichuck and its Other Subsidiaries in connection with their operations.

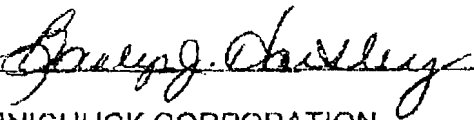
III. FEE

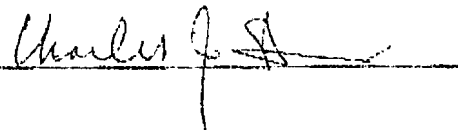
The parties hereto agree that all activities undertaken, and all costs and expenses incurred, by Pennichuck are undertaken or incurred for the exclusive benefit of the Water Company and Other Subsidiaries.

In consideration for the services to be rendered, and the office space and facilities to be utilized by the Water Company as hereinabove provided, Pennichuck agrees to pay, or to cause to be paid by its Other Subsidiaries, to the Water Company a fee based on actual costs and expenses incurred by the Water Company which are appropriately allocable to nonregulated operations, in accordance with the allocation formula set forth in Appendix A and B hereto, such allocation formula being subject to revision from time to time by mutual agreement of the parties. In applying the allocation formula, the parties will utilize data from the then-current calendar year. Said fee will be billed monthly by the Water Company to Pennichuck for payment by Pennichuck and/or its Other Subsidiaries as appropriate.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the day and year written above.

PENNICHUCK WATER WORKS, INC.

By:   
PENNICHUCK CORPORATION

By: 

**Management Fee Allocation  
(Penn Corp. to Other Co.'s)**

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	PCP COSTS	Allocation To ISC(Unregulated)	Allocation To PWSOU(Unreg.)	Allocation To % PEU(Regulated)	Allocation To % PAC(Regulated)	Allocation To % PWW(Regulated)	%
<b>Professional Fees</b>							
Legal	4						
Consulting	4						
Bank	4						
D&O Insurance	4						
<b>Stockholders Expense</b>							
Audit Fees	4						
Annual & Quarterly	4						
Shareholders Report	4						
Misc Shareholders Exp.	4						
Lease	4						
Other							
Real Estate Taxes	4						
Flood Insurance	4						
<b>TOTAL</b>		\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Management Fee Allocations</b>							
1 Allocations(%) based on the number of customers and the number of bills sent to each company.							
2 Allocations(%) based on accounting activity. This includes number of vouchers, checks, Journal and Standard entries.							
3 Allocations (%) based on five number of work orders created for each company. For each union employee sent to do a job in a specific company a work order is created.							
4 Allocations(%) are based on the average of all the above noted departments. Senior management manages all the department managers along with the associated departmental costs, thus these costs are averaged.							
<b>Calculation of Management Fee</b>							
Pennichuck Water Works		= Credits for all allocations(all Co.'s) (page 1) plus Penn Corp. allocations(page 2)					
Pennichuck East		= Pennichuck Water Works Allocations(page 1) plus Penn Corp. allocations(page 2)					
Pittsfield		= Pennichuck Water Works Allocations(page 1) plus Penn Corp. allocations(page 2)					
Southwood		= Pennichuck Water Works Allocations(page 1) plus Penn Corp. allocations(page 2)					
Pennichuck Water Service Co		= Pennichuck Water Works Allocations(page 1) plus Penn Corp. allocations(page 2)					
Pennichuck Corporation		= Credits for all allocations(all Co.'s)(Page 2)					

Management Fee Allocations  
(PWW Inc. to Other Co.'s)

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CURRENTLY ON COUNSEL

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	PWW COSTS	Allocation To		Allocation To		Allocation To		Allocation To		Allocation To		Remaining Costs	
		Southwood(Unreg.)		PWSCD(Unreg.)		PEU(Regulated)		PAC(Regulated)		PWW INC.(Regulated)			
			%		%		%		%		%		%
Officers Salaries	4												
Ben.													
Customer Service	1												
Ben.													
Accounting	2												
Ben.													
Operations	3												
Ben.													
Production	3												
Ben.													
Data Processing	4												
Ben.													
Engineering	3												
Ben.													
Computer Dep.	4												
Office Equip. Dep.	4												
Vehicle Dep. Manag.	4												
Mailing	4												
Computer Main.	4												
Office Supplies	4												
Office Equipment	4												
Facilities	4												
Utilities	4												
Maintenance	4												
		\$		\$		\$		\$		\$		\$	
<b>Management Fee Allocations</b>													
1. Allocations(%) based on the number of customers and the number of bills sent to each company.													
2. Allocations(%) based on accounting activity. This includes number of vouchers, checks, Journal and Standard entries.													
3. Allocations(%) based on the number of work orders created for each company. For each union employee sent to do a job in a specific company a work order is created.													
4. Allocations(%) are based on the average of all the above noted departments. Senior management manages all the department managers along with the associated departmental costs thus these costs are averaged.													

TOTAL P.03