

EXHIBIT I



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City board OKs water district plan

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By TOM WEST, Telegraph Correspondent

NASHUA - The Board of Aldermen on Monday endorsed legislation that would allow the city to join a regional water district with neighboring towns if voters back the proposed municipal purchase of Pennichuck Corp. in today's special election.

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[An archive of the Telegraph's coverage regarding the sale of Pennichuck Corp.](#)

The board approved the measure on a voice vote after only a few minutes of discussion.

Ward 5 Alderman Brian McCarthy, chairman of a city committee on the proposed purchase, said the measure places the city in a good position to move forward on the establishment of a regional district if voters back the plan to try to buy the utility.

The memorandum of understanding endorsed Monday allows local officials "to work toward a mutually beneficial regional water district . . . and to guide discussions and negotiations to that end."

Last week, the city held a series of informational sessions on the proposed purchase, saying the municipal acquisition makes sense because cities and towns can borrow money at cheaper rates, do not have to pay income taxes and don't have to pay dividends to shareholders.

Officials in the city and neighboring towns say the city's proposed purchase of Pennichuck and the eventual formation of a regional district is the best way to maintain local control over the area's water supply.

The purchase would be financed through revenue bonds that wouldn't affect local tax rates, McCarthy said.

"Tomorrow's election day and all that is left to decide is for the voters to vote," Mayor Bernie Streeter said at the start of the meeting Monday. "I'm confident the city's position will prevail tomorrow."

McCarthy said the memorandum of understanding "reflects a good basis for the formation of a regional water authority. With the passage of this, I think we're in a good position to move forward."

Philadelphia Suburban Corp., the nation's second-largest water company, also wants to acquire Pennichuck in a proposed stock-for-stock transaction estimated to be worth between \$95 million and \$106 million.

The proposed merger is before the state Public Utilities Commission, which is expected to rule on the matter by Feb. 28.

Pennichuck took out a full-page advertisement in Monday's edition of The Telegraph, saying

Philadelphia Suburban would run the utility better than regional officials and urging voters to oppose the municipal purchase of the company.

During the informational sessions last week, Alderman-at-Large Fred Britton said the district would be overseen by an elected or appointed water commission made up of representatives from the city and surrounding communities.

Those representatives would elect a board of directors who would control how the utility would operate.

Overall, 23 communities throughout the state have some involvement with Pennichuck. Ten towns have already agreed to join the district and another 10 are expected to sign on soon, according to Britton.

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