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May 24, 2004



Debra A. Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
8 Old Suncook Road
Concord, NH 03301-7319

Re: Petition to Determine the Fair Market Value of Pennichuck Water Works (PWW) by City of Nashua, New Hampshire; Docket ## DW 04-048

Dear Executive Director Howland and Members of the Commission:

In accordance with applicable rules, enclosed please find an original and eight (8) copies of our ***Appearance*** on behalf of the ***Town of Milford*** in the above captioned matter. Please also find our ***Motion to Consider and Maintain Effectiveness of Existing Contract***, by means of which we are requesting that the Commission consider the contract in any final order that it makes regarding this matter. We request the right to appear in this matter for this limited purpose.

I certify that a copy of the within as well as a copy of this letter have been provided to all parties on the attached service list in accordance with applicable rules.

Very truly yours,

William R. Drescher

WRD:bd

Enclosures

cc: Town of Milford
Service List

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May 24, 2004

THE STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

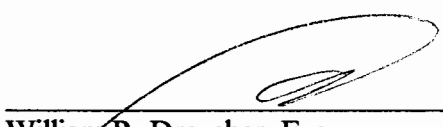
No. DW - 04 - 048

**Petition to Determine the Fair Market Value of Pennichuck Water Works (PWW)
By City of Nashua, New Hampshire**

Please enter our Appearance for the **Town of Milford** in the above entitled matter.

DRESCHER & DOKMO
PROFESSIONAL ASSOCIATION

By:



William R. Drescher, Esq.
21 Emerson Road
PO Box 7483
Milford, New Hampshire 03055-7483
Telephone - (603) 673-9400
Fax - (603) 673-4899

Dated: May 24, 2004

I hereby certify that copies of the foregoing Appearance have been forwarded to all parties on the attached Service List.



William R. Drescher, Esq.

THE STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

No. DW - 04 - 048

**Petition to Determine the Fair Market Value of Pennichuck Water Works (PWW)
By City of Nashua, New Hampshire**

TOWN OF MILFORD'S MOTION

TO CONSIDER AND MAINTAIN EFFECTIVENESS OF EXISTING CONTRACT

NOW COMES the Town of Milford, by its undersigned counsel, having appeared in the above matter says as follows:

1. The Town of Milford, (Town), is a municipality in the County of Hillsborough which operates a municipal water system of its own which regularly acquires water from the Pennichuck Water Works, (PWW), as a backup water supply to its municipal water supply sources; and,
2. The relationship between the Town and PWW regarding this arrangement is memorialized in a written bulk water contract dated *March 21, 2002*, a copy of which is attached hereto, which contract has previously been considered and approved by the Commission; and,
3. The contract in question, at § 5, contains the following relevant language concerning the effect that an eminent domain taking will have on the obligation of PWW under this agreement:

'... If plant or property of ...[PWW]... is so acquired by any of the aforementioned municipalities other than Milford, and such acquisition directly and adversely affects the ability of the Company to provide water service to Milford, the obligations of the parties under the terms of this Agreement shall cease and

terminate. ...'.


4. It is essential to the continued health, safety and welfare of the citizens and water users of the Town of Milford, that the provision of water pursuant to this agreement is not interrupted and that the contractual obligation of PWW is recognized as the continued responsibility of any party that might acquire the assets of PWW as a consequence of the within proceedings.

WHEREFORE, the Town of Milford, by its counsel, prays that the within motion and its attachments be considered by the Commission in these proceedings and that any Final Order that may be made be done in a manner that will provide the requested relief.

Respectfully submitted,

The Town of Milford,
By its Attorneys
DRESCHER & DOKMO P.A.

Dated: May 24, 2004

By: 
William R. Drescher, Esq.
21 Emerson Road
PO Box 7483
Milford, New Hampshire 03055-7483
Telephone - (603) 673-9400
Fax - (603) 673-4899

I hereby certify that copies of the foregoing Motion and attachments have been forwarded to all parties on the attached Service List.


William R. Drescher, Esq.

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May 24, 2004

AGREEMENT

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AGREEMENT made as of this 1st day of March, 2002 by and between the Town of Milford, a municipal corporation established and existing under the laws of New Hampshire (hereinafter referred to as "Milford"), and Pennichuck Water Works, Inc., a New Hampshire corporation with its principal place of business in Nashua, New Hampshire (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS Milford desires that the Company provide it with water service to the extent stated herein; and

WHEREAS the Company is engaged in business as a public utility in the State of New Hampshire in gathering and distributing water to the public and is willing to undertake to provide the desired source of water service to the Town of Milford upon the terms and conditions and subject to certain contingencies set forth herein; and

WHEREAS Milford desires that the water service continue to be available on an uninterrupted basis, pursuant to this Agreement, and for this Agreement to become effective on April 1, 2002.

NOW, THEREFORE, Milford and the Company, for and in consideration of the mutual covenants and agreements set forth herein, do hereby agree as follows:

1. Volume of Use

Milford shall have the right to take up to, but not in excess of, 1,389 gallons per minute (2 million gallons per day), provided that takings in excess of 1,389 gallons per minute for fire fighting purposes, or other declared emergencies shall not be deemed a violation of the provisions of this paragraph. In the event the Company's water supply is impaired due to unusual circumstances beyond the reasonable control of the Company, the Company shall have the right, in its discretion upon twenty-four hours notice to Milford, to temporarily reduce the

amount thereafter to be taken by Milford. The Company will promptly notify Milford when the circumstances which lead the Company to its decision to so reduce takings by Milford have ceased to exist, and, thereupon, the rights of Milford to take water as herein set forth shall be restored.

It is recognized that during the term of this Agreement the parties intend that the Company provide Milford with a supplemental source of water service and that Milford will continue to use its present source of supply, absent unusual circumstances or the temporary malfunction of its wells or related equipment. Milford agrees to provide the Company with reasonable notice of any unusual circumstance or malfunction of equipment which would necessitate its use of the Company's source of water for purposes other than as a supplemental source of supply. In the event Milford expects its consumption requirements to exceed 1,389 gallons per minute, Milford shall provide the Company with notice sufficient for the Company to evaluate the capacity of its facilities to produce water to meet the demands of such increased consumption, said notice to be made at least six months in advance of the desired implementation date of the increase. The Company shall respond to such a request within ninety (90) days, indicating whether it will agree to provide additional supply. The Company retains the right to refuse to increase the supply.

2. Effective Date, Term and Extension Periods

This Agreement shall take effect on April 1, 2002 and shall remain in effect until Twenty (20) years after the date that water service is first available to Milford hereunder. The above Agreement shall automatically renew for each of two (2) ten (10) year extensions unless a party gives written notice to the other party of its desire to terminate the Agreement at least twelve (12) months prior to the expiration date. Commencing on the date that water service is first available to Milford and continuing for the life of this Agreement, Milford agrees to pay a minimum fixed amount of Eighty-one Thousand Dollars (\$81,000) per year in equal monthly installments to the Company in consideration of the aforementioned capacity.

3. Volumetric Charge

For all water taken by Milford, in addition to the minimum fixed amount referenced above, Milford shall pay the rate of \$0.97 per 100 cubic feet, the Company's "production cost", excluding administrative and general cost. This rate shall change from time-to-time in pro rata accordance with the Company's tariff, and published rate, on file with the New Hampshire Public Utilities Commission ("NHPUC") in effect in the City of Nashua.

If Milford uses in excess of 450,000 gallons per day for a period in excess of one year, the Company agrees to conduct a cost of service study. Based upon this cost of service study and conditioned upon continued use in excess of 450,000 gallons per day the Company agrees to discuss modification of the above referenced rate. Any change in the rates shall be subject to the approval of the NHPUC.

4. Contingencies

This Agreement is subject to approval of the New Hampshire Public Utilities Commission.

5. Condemnation

It is understood that the City of Nashua and the Towns of Milford, Amherst, and Merrimack have a statutory right under RSA 38 to acquire the plant and properties of the Company located within their respective municipal areas, which, if so acquired, could make it impossible for the Company, thereafter, to render water service to Milford under the terms of this Agreement. It is agreed that any condemnation of the Company's plant and property by Milford will not relieve Milford of its obligation for payment, subject to the conditions expressed in the paragraph 2 above, to the Company of the monthly installments for the term of the Agreement to the extent that any purchase price agreed on or directed by the statutory process does not include consideration of this debt. If plant or property of the Company is so acquired by any of the aforementioned municipalities other than Milford, and such acquisition directly and adversely affects the ability of the Company to provide water service to Milford, the obligations of the

parties under the terms of this Agreement shall cease and terminate.

6. Restrictions of Use

Milford agrees that the Company shall not be obligated to provide water service to any other municipality or water company by virtue of any assignment by Milford of its rights under this Agreement or any contract of sale of water by Milford to any other municipality or any other commercial use of water outside the municipality unless the Company consents in writing.

Recognizing that the service provided by the Company is subject to environmental and other factors beyond the Company's control, it is agreed that Milford shall not be entitled to compel the Company to supply it with water as a result of the Company's determination that its ability to meet supply is impaired. In any such circumstances, however, Milford shall receive a pro rata credit for any decrease in supply during the period of restriction or impairment of supply on a per diem basis against the minimum fixed amount for that period.

Milford shall impose on its customers, which receive water supplied by the Company pursuant to this Agreement, the same restriction on water use which the Company shall impose from time to time on its core system customers.

7. Regional Interconnection

The Company shall have the right to utilize water mains within the municipality provided that it does not diminish water supply, pressure or quality to the municipality. The Company shall pay the town a fee for use of the municipality's water mains, to be negotiated at such time as such access is required based upon Milford's cost-of-service.

8. Integration Clause

This instrument constitutes the entire Agreement between the parties and is executed by each with reliance upon any representations made by either to the other during the course of the negotiations with respect thereto.

9. Successor Clause

In the event of a sale of all or part of Pennichuck Water Works, Inc. assets, it is

understood and agreed to by both parties to this Agreement, that such a sale shall in no way compromise, diminish or alter this contract or conditions thereof.

10. Severability Clause

If any term or condition of this Agreement is found to be unenforceable, the remaining terms and conditions shall remain binding upon the parties as though said unenforceable provision were not contained herein.

IN WITNESS WHEREOF, the parties have caused their corporate names to be subscribed by an officer duly authorized and their corporate seals to be affixed.

PENNICHUCK WATER WORKS, INC.

Witness

By: Stephen J. Benvenuti
Its: Vice Pres.

**TOWN OF MILFORD,
By Its Board of Selectmen**

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Witness

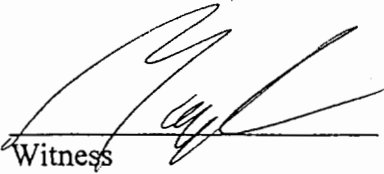
By: Robert P. DeLo
Selectman

Witness

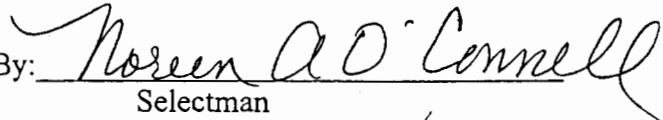
By: J. S. Threl
Selectman

Witness

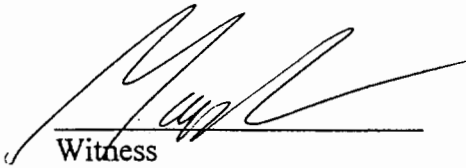
By: Nancy A. Amato
Selectman



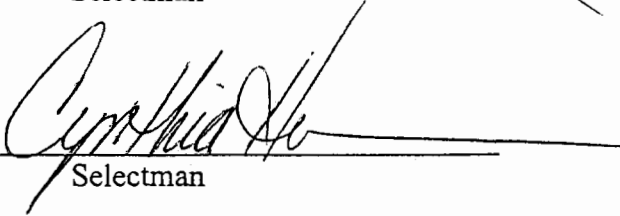
 Witness

By: 

 Selectman



 Witness

By: 

 Selectman