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May 15, 2007

OFFICES IN:  
MANCHESTER  
CONCORD  
PORTSMOUTH

Debra A. Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: DW 04-048; City of Nashua—Taking of Pennichuck Water Works, Inc.**

Dear Ms. Howland:

Enclosed for filing with the Commission are an original and six copies of a Joint Motion for Continuance and Extension of Stay of Proceedings. Also enclosed is a press release issued by Pennichuck Corporation this afternoon.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven V. Camerino".

Steven V. Camerino

SVC:cb  
Enclosure

cc: Service List



**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

**City of Nashua: Taking Of Pennichuck Water Works, Inc.**

**Docket No. DW 04-048**

**JOINT MOTION FOR CONTINUANCE AND EXTENSION  
OF STAY OF PROCEEDINGS**

NOW COME the City of Nashua ("Nashua") and Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation and Pennichuck Corporation (collectively, the "Pennichuck Companies") and respectfully move the Commission for a continuance of the merits hearing in this docket and to extend the stay of the proceedings currently in effect. In support of this motion, Nashua and the Pennichuck Companies state as follows:

1. Nashua and the Pennichuck Companies have previously agreed to undertake a negotiating process that may lead to a comprehensive settlement of the issues now pending before the Commission in this docket. On January 16, 2007, the Commission approved a joint motion for a 120 day extension of the hearings. The joint motion and commission approval provided for an additional 60 day extension upon request of Nashua and the Pennichuck Companies.
2. The merits hearing in this case is currently scheduled to resume in June. Nashua and Pennichuck Corporation believe that there remains the potential for a comprehensive settlement relating to the matters at issue in this docket, and therefore the continuation of settlement discussions between them would be beneficial. The need to prepare for and engage in

continued litigation at this time would make a negotiated resolution significantly more difficult if not impossible.

3. To give Nashua and the Pennichuck Companies adequate time to attempt to negotiate a comprehensive settlement, they request Commission approval for a continuance of the merits hearing scheduled for June and an extension of the existing stay of the proceedings in this docket as follows:

- a. Nashua and the Pennichuck Companies request that the Commission extend the stay of this proceeding currently in effect until July 16, 2007 (the "Extended Stay Period").
- b. Following expiration of the Extended Stay Period, the stay shall remain in effect unless either Nashua or the Pennichuck Companies, by written notice to the Commission with contemporaneous notice to all parties in this proceeding, requests that the stay be terminated.
- d. During the period that the stay is in effect, and unless otherwise ordered to do so by the PUC, no party shall file any additional pleadings, nor shall any party submit further evidentiary material in this case.

4. Granting a continuance of the remainder of the merits hearing in this matter would promote the orderly and efficient conduct of the proceeding because it has the potential to eliminate the need for a contested hearing on the merits and, if the parties' negotiations lead to a settlement, it is highly likely to result in significantly less use of Commission resources to resolve this matter.

5. Final agreement regarding the matters set forth in this motion was not reached until Tuesday, May 15, 2007. In order to notify the Commission as early as possible regarding the matters discussed in this motion, Nashua and the Pennichuck Companies believed it would be best to submit this motion without first seeking the consent of the other parties to this proceeding. Nashua and the Pennichuck Companies are contemporaneously providing a copy of this motion to those parties and are seeking their consent hereto.

WHEREFORE, the City of Nashua and the Pennichuck Companies request that the Commission continue the merits hearing in this docket and stay the proceedings as requested above.

Respectfully submitted,

City of Nashua

By Its Attorneys,

UPTON & HATFIELD, LLP

Date: May 15, 2007

By:



Robert Upton, II  
Justin C. Richardson  
P.O. Box 2242  
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Telephone (603) 356-3332

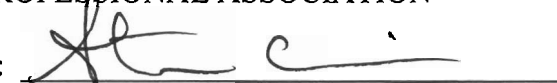
Pennichuck Water Works, Inc.  
Pennichuck East Utility, Inc.  
Pittsfield Aqueduct Company, Inc.  
Pennichuck Water Service Corporation  
Pennichuck Corporation

By Their Attorneys,

McLANE, GRAF, RAULERSON & MIDDLETON,  
PROFESSIONAL ASSOCIATION

Date: May 15, 2007

By:



Thomas J. Donovan  
Steven V. Camerino  
Sarah B. Knowlton  
Bicentennial Square  
Fifteen North Main Street  
Concord, NH 03301  
Telephone (603) 226-0400

Certificate of Service

I hereby certify that on this 15th day of May, 2007, a copy of this Joint Motion for Continuance and Extension of Stay of Proceedings has been forwarded to the parties listed on the Commission's service list in this docket.

A handwritten signature in black ink, appearing to read 'St Camerino', is written over a horizontal line.

Steven V. Camerino

**For Immediate Release:  
May 15, 2007**

**Contact:** William D. Patterson, Senior Vice President and Chief Financial Officer  
**Phone:** 603-913-2300  
**Fax:** 603-913-2305

**Pennichuck and Nashua Agree to Extend Postponement of  
Eminent Domain Proceedings**  
*Parties to Continue Settlement Discussions*

**MERRIMACK, NH (May 15, 2007)** - Pennichuck Corporation (NASDAQ: PNNW) and the City of Nashua, New Hampshire today announced that they have agreed to seek a 61-day extension, to July 16, 2007, of their initial agreement to postpone the eminent domain proceedings pending before the New Hampshire Public Utilities Commission (the "NHPUC"). The initial 120-day postponement commenced on January 16, 2007 and was scheduled to end on May 16, 2007. In the proceedings before the NHPUC, Nashua is seeking NHPUC approval to acquire by eminent domain all or a significant portion of the assets of Pennichuck Water Works, Inc., Pennichuck's principal subsidiary. Pennichuck Water provides potable water for domestic, industrial, commercial and fire protection service to customers in Nashua and other southern New Hampshire communities. The extension request is subject to NHPUC approval.

Pennichuck and Nashua are seeking the 61-day extension in order to continue engaging in confidential discussions regarding a possible comprehensive settlement of the eminent domain controversy, which began in 2002. A settlement could involve Nashua's acquisition of some or all of the assets of Pennichuck or one or more of its subsidiaries, or alternatively the shares of Pennichuck stock.

Pennichuck and Nashua are actively supporting a proposed New Hampshire statutory amendment that, if passed into law, would enable a municipality to own and operate a water utility entity in stock form. Without passage of this statutory amendment, it is unlikely that the parties will be able to craft a mutually acceptable settlement. The current legislative session is scheduled to end next month.

Commenting on these developments, Duane C. Montopoli, Pennichuck's President and Chief Executive Officer, said, "Pennichuck's Board of Directors has authorized me to join in seeking this extension of the postponement of the eminent domain proceedings because of our collective belief that it will facilitate settlement discussions between the parties. Nevertheless, I must again caution Pennichuck shareholders and bondholders that, in addition to passage of the statutory amendment, a comprehensive settlement would require the negotiation of many complex issues and, therefore, there can be no assurance that Nashua and Pennichuck will ultimately be able to reach a settlement agreement. Moreover, in addition to the approval of two-thirds of Nashua's Board of Aldermen, a definitive

settlement agreement may also be subject to approval by the NHPUC and, depending on the terms of the settlement, Pennichuck shareholders."

Nashua Mayor, Bernard A. Streeter, added, "I believe a negotiated settlement is in the best interests of everyone including ratepayers and shareholders. The City's representatives, and the Board of Aldermen, are directing all efforts toward that end. We will continue to work cooperatively with Pennichuck to achieve this objective. However, I concur with Pennichuck President Montopoli that there still are many hurdles to clear before a settlement can be achieved."

Pennichuck and Nashua do not intend to comment further on the status or substance of the settlement discussions until either a definitive agreement is entered into or the postponement of the eminent domain proceedings terminates.

Pennichuck Corporation is a holding company involved principally in the supply and distribution of potable water in southern and central New Hampshire through its three regulated water utilities. Its non-regulated, water-related activities include operations and maintenance contracts with municipalities and private entities in New Hampshire and Massachusetts. The Company's real estate operations are involved in the ownership, management and development of real estate in the greater Nashua, New Hampshire areas.

Pennichuck Corporation's common stock trades on the NASDAQ Stock Exchange under the symbol "PNNW". The Company's website is at [www.pennichuck.com](http://www.pennichuck.com).

This news release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Pennichuck Corporation. Forward-looking statements are based on current information and expectations available to management at the time the statements are made, and are subject to various factors, risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, timing and results of eminent domain proceedings before the NHPUC, and the impact thereof on consolidated business operations; timing and amount of regulated water utility rate relief; changes in general economic conditions, legislation or regulation and accounting factors affecting Pennichuck Corporation's financial condition and results of operations; and, the impact of weather. Investors are encouraged to access Pennichuck Corporation's annual and quarterly periodic reports filed with the Securities and Exchange Commission for financial and business information regarding Pennichuck Corporation, including a more detailed discussion of these and other risks and uncertainties that could affect Pennichuck Corporation's forward-looking statements.