

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

**DW 04-048
DW 11-026**

Acquisition of Pennichuck by the City of Nashua

ORDER OF NOTICE

On February 4, 2011, the City of Nashua (Nashua), Pennichuck Corporation, Pennichuck Water Works, Inc. (PWW), Pittsfield Aqueduct Company, Inc. (PAC), and Pennichuck East Utility, Inc. (PEU) (together, Joint Petitioners) filed a Joint Petition for Approval of Nashua's Acquisition of Pennichuck Corporation (Joint Petition) pursuant to the terms of an Agreement and Plan of Merger (Merger Agreement) filed with the Commission on November 16, 2010 in DW 04-048 (the eminent domain docket). The petition and other docket filings, other than information for which confidential treatment is requested of or granted by the Commission, may be viewed on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2011/11-026.htm>.

The Merger Agreement would allow Nashua to acquire all outstanding shares of Pennichuck Corporation, which would include indirect acquisition of its regulated subsidiaries, PWW, PAC, and PEU. According to the Joint Petitioners, the acquisition is subject to a number of conditions including approval of financing by at least two-thirds of the Nashua Board of Aldermen, approval by at least two-thirds of the shareholders of Pennichuck Corporation, the completion of Nashua's financing of the transaction, and approval by the Commission. Once the acquisition occurs, Nashua intends to operate all Pennichuck Corporation businesses using the companies' current operating employees and to appoint an independent board of directors to oversee operations.

The Joint Petitioners also request that the Commission approve a ratemaking structure designed to establish rates that balance customer interests with Nashua's need to obtain sufficient cash flow to meet its debt service obligations on the general obligation bonds it intends to issue to finance the costs of the proposed merger transaction. The Joint Petitioners state that the rates sought by PWW and PAC in their current rate proceedings, Docket Nos. DW 10-091 and DW 10-090, will likely be sufficient to meet the cash requirements associated with their operations including their share of the debt service on the City of Nashua's anticipated bond financing.

The Joint Petitioners also filed a Motion to Consolidate the Joint Petition for Approval of the Acquisition of Pennichuck Corporation by the City of Nashua with the eminent domain docket, DW 04-048 (Motion). In its Motion, the Joint Petitioners represent, among other things, that the Merger Agreement contemplates the settlement of all issues raised in the eminent domain docket and that consolidation of the two dockets would allow for a more efficient review of the Merger Agreement. For administrative efficiency, this Order of Notice will be issued in both DW 04-048 and DW 11-026, with a prehearing conference in DW 11-026 to be held concurrently with the procedural conference currently scheduled in DW 04-048.

The filing raises, inter alia, issues related to RSA 374:22 and 30 and whether the stock acquisition by Nashua results in the transfer of the PWW, PAC and PEU franchises to Nashua; RSA 369:8 and whether the stock acquisition by Nashua is subject to review and approval; whether Nashua's indirect ownership and operation of PWW, PAC and PEU results in Nashua's provision of water service within those franchises and if so whether such indirect ownership and operation will be for the public good; RSA 374:4 and the Commission's oversight of the management of utility operations as well as the safety, adequacy, and accommodation of the utility service provided; RSA 38:8 relative to the proposed transactions and settlement agreement; RSA

38:13 relative to ratification; and RSA 38:9 relative to Commission expenses for the proceeding; and whether the Merger Agreement should be considered in the eminent domain docket, separately or the two should be consolidated. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference in DW 11-026, pursuant to N.H. Code Admin. Rules Puc 203.15, and a Procedural Conference in DW 04-048 be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on February 24, 2011, at 10:00 a.m., at which each party will provide a preliminary statement of its position regarding the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference and Procedural Conference, the Joint Petitioners, Staff, parties, and any intervenors hold a Technical Session to review the petition and allow the Joint Petitioner to provide any amendments or updates to the petition; and it is

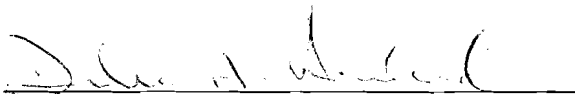
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, the Joint Petitioners shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than February 14, 2011, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before February 24, 2011; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in DW 11-026 shall submit to the Commission seven copies of a Petition to Intervene with copies sent to the Joint Petitioners and the Office of the Consumer Advocate on or before February 21, 2011, such Petition stating the facts demonstrating how its rights, duties,

privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before February 24, 2011.

By order of the Public Utilities Commission of New Hampshire this February 9, 2011.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.