STATE OF NEW HAMPSHIRE

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AND SECRETARY
Debra A. Howland

PUBLIC UTILITIES COMMISSION
8 Old Suncook Road
Concord, N.H. 03301-7319

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX No. 271-3878

Website:
www.puc.state.nh.us

May 3, 2004

Re: DW 04-048, City of Nashua, New Hampshire
Petition to Determine the Fair Market Value of Pennichuck Water Works,
Pennichuck East Utility, and Pittsfield Aqueduct Company

To the Parties:

On March 25, 2004, the City of Nashua, New Hampshire (Nashua) filed with the New Hampshire Public Utilities Commission (Commission) a Petition for Valuation pursuant to RSA 38:9. Nashua seeks the Commission's determination of a fair market value of the plant and property of Pennichuck Corporation's three regulated utilities (Pennichuck).

On April 5, 2004, Pennichuck filed a motion requesting the Commission to either dismiss Nashua's Petition, in full or in part or, in the alternative, to stay the proceeding. On April 15, 2004, Nashua filed an Objection to the Pennichuck Motion to Dismiss.

A separate proceeding was initiated between the parties in Hillsborough County Superior Court, Southern District, in Docket No. 04-E-0062, as a result of a Petition for Declaratory Judgment filed by Pennichuck and dated February 4, 2004 (See Exhibit H to Nashua's March 25, 2004 Petition for Valuation). The Commission is reviewing the filings made with it in Docket No. DW 04-048 and, in order to be better informed about the status of the dispute between the parties, the Commission directed Staff to ascertain what filings have been made in Superior Court.

Among other filings made in the Superior Court proceeding is a Motion for Preliminary Injunction filed by Pennichuck on April 8, 2004. By that filing, Pennichuck requested that the Court enjoin Nashua from pursuing its Petition, which is the subject of Docket No. DW 04-048. Nashua objected to the preliminary injunction on April 16, 2004.

Based on the filings submitted thus far to the Commission and to the Superior Court, it is evident that there is a disagreement between the parties as to such basic issues as the appropriate forum to resolve the dispute between them and whether separate proceedings may or should proceed in tandem. The Commission has made no

determination with respect to such threshold issues. However, in the interests of administrative and judicial economy and in order to make the most effective use of the resources of all parties, the Commission has determined to defer issuance of an Order of Notice and action on other preliminary motions for a reasonable period to allow the Superior Court to act on the request to enjoin Nashua from pursuing its Petition for Valuation.

Very truly yours,

Debra A. Howland
Executive Director and Secretary

cc: Docket File