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January 16, 2006

Via Hand Delivery

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

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 of Merits Hearing and Stay of Proceedings. This motion is being filed on behalf of the City of Nashua and the Pennichuck companies that are parties to this proceeding.

An electronic and hard copy of the filing will be provided to the PUC librarian and the parties.

Thank you for your assistance with this matter.

Very truly yours,

Steven V. Camerino

SVC
Enclosure

cc: Service List
Duane C. Montopoli, CEO and President, Pennichuck Corporation
Donald Ware, President, Pennichuck Water Works, Inc.

NHPUC JAN16:07 AM 8:27

**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 OF MERITS HEARING
AND 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 stay the proceedings. In support of this motion, Nashua and the Pennichuck Companies state as follows:

1. Nashua and the Pennichuck Companies have agreed to undertake a negotiating process that they believe has the potential to lead to a comprehensive settlement of the issues now pending before the Commission in this docket.

2. The continued conduct of the merits hearing now underway before the Commission is likely to interfere with the potential for the parties to conduct and successfully conclude such negotiations because the hearing will divert the parties from focusing on the settlement process and the hearing itself may result in a further polarization of positions.

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 and a stay of the proceedings in this docket as follows:

- a. Nashua and the Pennichuck Companies request that the Commission continue the merits hearing for a period of at least 120 days (the “Initial Stay Period”).
- b. At the conclusion of the Initial Stay Period, Nashua and the Pennichuck Companies may jointly seek an extension of the Initial Stay Period for an additional period of at least 60 days (the “Extended Stay Period”) if they believe that such an extension may facilitate an amicable resolution of the matters in dispute in this case.
- c. Following expiration of the Initial Stay Period or, if the Initial Stay Period is extended by this Commission, 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, request 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. Final agreement regarding this request for a continuance was not reached until the evening of January 15, 2007. Therefore, it was not possible to file this motion sooner than January 16. As soon as Nashua and the Pennichuck Companies reached agreement regarding the terms on which they would agree to seek a continuance, they informed counsel for the Commission staff, who indicated that the Commission staff concurs with the relief sought by this motion. However, there was insufficient time to contact the other parties to this proceeding prior to filing this motion. To avoid burdening the Commission and the many parties to this proceeding with unnecessarily resuming the merits hearing on January 16, Nashua and the Pennichuck Companies request that the Commission deliberate concerning this motion prior to reopening the merits hearing on that date.

5. 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, is highly likely to result in significantly less use of Commission resources to resolve

this matter. Nashua and the Pennichuck Companies have attempted to respond to the concern expressed by the Commission during its deliberations on January 3, 2007 regarding this docket, and have reached agreement to request the relief requested in this motion. A press release regarding that agreement is attached to this motion.

6. For the reasons set forth above, Nashua and the Pennichuck Companies believe that the seven day advance notice requirement in N.H. Code of Admin. Rules Puc 203.13 is inapplicable to the circumstances that led to the filing of this motion or would be onerous to comply with, that the public interest would be served by waiving such requirement, and that such a waiver would not disrupt the orderly and efficient resolution of this docket but rather would facilitate such a resolution.

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,

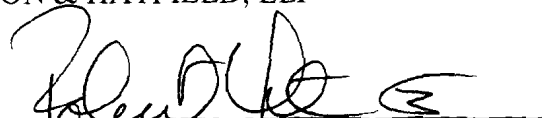
City of Nashua

By Its Attorneys,

UPTON & HATFIELD, LLP

Date: January 16, 2007

By:



Robert Upton, II
Justin C. Richardson
P.O. Box 2242
North Conway, NH 03860
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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: January 16, 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 16th day of January, 2007, a copy of this Joint Motion for Continuance of Merits Hearing and Stay of Proceedings has been forwarded to the parties listed on the Commission's service list in this docket.



Steven V. Camerino

**Pennichuck and Nashua Agree to Postpone
Eminent Domain Proceedings**
Parties Intend to Conduct Settlement Discussions

January 16, 2007 – Pennichuck Corporation (NASDAQ: PNNW) and the City of Nashua, New Hampshire today announced that they have entered into an agreement to request at least a 120-day postponement of the eminent domain proceedings, including the currently ongoing hearings, now pending before the Public Utilities Commission of the State of New Hampshire (the “PUC”). In those proceedings, Nashua is seeking PUC 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 postponement request is subject to PUC approval.

Pennichuck and Nashua are seeking the postponement in order to engage 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. There can be no assurance, however, that Pennichuck and Nashua will be able to negotiate a mutually acceptable settlement. Pennichuck and Nashua have also agreed to seek an extension of the postponement period for an additional 60 days or more, subject to PUC approval, if such an extension may facilitate a comprehensive settlement. Nashua has made a \$250,000 payment to Pennichuck.

Nashua Mayor Bernard A. Streeter stated “On behalf of the City, I am pleased that the parties can now focus on settlement discussions rather than the pending litigation. Any definitive agreement, under which revenue bonds would be issued, will require the approval of two thirds of the Board of Aldermen. We look forward to meeting with President Montopoli and his advisors.”

“Pennichuck has not been seeking to sell its businesses,” stated Duane C. Montopoli, Pennichuck’s President and Chief Executive Officer, “but as I have told Mayor Streeter, Pennichuck is interested in working with Nashua toward a fair and equitable solution to the eminent domain controversy, and the Pennichuck Board of Directors recognizes that under appropriate conditions such a solution could involve Nashua's acquisition, directly or indirectly, of some or all of Pennichuck’s assets. In that spirit, the Pennichuck Board of Directors has authorized me to join in seeking a postponement of the eminent domain proceedings and to engage in confidential settlement discussions with Nashua, so that Nashua and Pennichuck may determine whether it is possible to achieve a settlement. I must caution Pennichuck shareholders and bondholders, however, that a comprehensive settlement would likely require the negotiation of many complex issues and, therefore, there can be no assurance that Nashua and Pennichuck will ultimately be able to craft a mutually acceptable settlement. Moreover, in addition to the approval of two-thirds of the Board of Aldermen, a definitive settlement agreement may also be subject to approval by the PUC and, depending on the terms of the settlement, Pennichuck shareholders.”

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.

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.