

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-4

Respondent: Brian S. McCarthy

Request: As a follow-up to Nashua's response to Staff 1-12 in which Nashua stated "systems in non-member communities would be operated and maintained with the same diligence as systems within member communities", please provide any and all corroborating documentation or other evidence to support Nashua's response.

Response: If the District is to be a long term success, it will have to serve each system on a non-discriminatory basis.

The City cannot speak for the District but it believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time the issue of equitable treatment of member sub-systems may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-5

Respondent: Brian S. McCarthy

Request: If Nashua cannot provide any assurance of how satellite systems in non-member towns will be managed, please indicate how Nashua asserts the public interest can be met in this proceeding in light of Nashua's inability to provide assurance of competent management for the satellite systems since management of those systems after Nashua acquires them.

Objection: Nashua objects to the statements that (1) it cannot provide any assurance of how satellite systems will be managed; and that (2) it is unable to provide assurance of competent management for satellite systems. Nashua will manage both the satellite and case systems competently and in a non-discriminatory manner. To the extent that staff has concluded otherwise, Nashua requests that staff address its concerns to Nashua and/or clarify the basis for this request.

Nashua objects to this request insofar as it requests an answer from the District. Nashua is not authorized to state a position on behalf of the District in this proceeding. Without waiving the foregoing objections, Nashua will answer this request accordingly.

Response: By the time a transfer of assets can occur, Nashua will be operating the system through its contact operators and will be ready to transfer those contracts to the District. The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time any concerns related to the management of the system by the District may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-6

Respondent: Brian S. McCarthy

Request: As a follow-up to Nashua's response to Staff 1-14, please indicate whether it is a correct interpretation of Nashua's response to say that the District would be willing to entertain the acquisition of a troubled small system only if that system was under some form of municipal or governmental ownership.

Response: The answer was not intended to indicate that the District would only entertain acquisition of municipally owned water systems. It did intend to say that the District would consider such acquisitions on a case by case basis and that one consideration would be whether it made sense from a geographic perspective. The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time the role of the District as an owner of last resort for troubled small systems maybe addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-7

Respondent: Brian S. McCarthy

Request: As a follow-up to Nashua's response to Staff 1-14, please indicate what Nashua understands a "geographically logical location" to mean.

Response: Nashua does not believe that it would be best served by having a definitive rule on this subject but would prefer to entertain each proposal on an individual basis.

Some of the factors Nashua would likely consider are: the cost of providing the service and whether the existing rate or proposed structure would support the cost; the proximity of the troubled system and other systems operated by the City; the impact on the O&M contract and whether the owner or municipality in which the system is located wants Nashua to acquire it.

The circumstances in which the District would or should acquire troubled systems outside its member communities would be an appropriate topic to address in a Commission proceeding determining the public interest of transferring water utility franchises from the City to the District.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-8

Respondent: Brian S. McCarthy

Request: Staff understands Nashua is soliciting bids to operate the current Pennichuck Water Works' franchises. Staff also understands from Nashua's response to Staff 1-3 that it intends to transfer the assets to the District "as soon as possible after closing on the acquisition."

a) Please explain whether it is more appropriate for the District to solicit bids than Nashua.

b) Please explain, with respect to these bids, what functions Nashua will perform and what functions the District will perform from the time period of solicitation of bids through 's receipt of bids and entering in to an ultimate contract to operate the franchises.

Response: a) At the present time, the District does not have the staff or financial resources to solicit bids for the Oversight and O&M contracts so it would be premature for the District to solicit them. Nashua believes that prospective contractors will feel more secure in negotiating terms and conditions with an entity such as the City which has the unequivocal capacity to enter into such contracts.

b) The choice of the contractor and terms and conditions of the contracts will be made by Nashua. The District, as it has throughout the process, will provide input and feedback regarding these and other matters.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-9

Respondent: Brian S. McCarthy

Request: Please indicate whether any assertions, evidence, or arguments proffered by Nashua relative to its managerial, technical and financial capabilities to operate a water system such as Pennichuck's are transferable to the District. And if so, please specify which assertions, evidence, or arguments apply.

Response: Nashua's approach to the acquisition of the water system's assets is designed to provide for the initial management of the system by Nashua through its contract operators and to seamlessly transfer the operation of the system to the District. In that regard:

1. All of the technical and managerial competence required to operate and maintain the system will be embodied in the Oversight and O&M contracts which will be assignable to the District without the consent of the contractors.
2. The District will be able to set rates and enforce their collection. The District will therefore have the financial capability needed to own and operate the system.
3. The District's Board of Directors will retain the essential policy making capabilities required to direct their contractors (or staff if they elect to directly employ managers, engineers, technicians and/or operating personnel).

The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time the actual transfer of the contracts for management and operation and maintenance may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-12

Respondent: Brian S. McCarthy

Request: It is Staff's observation that, although in many data responses Nashua asserts the water systems will be transferred to the District, there are other responses such as Staff 1-14 in which Nashua provides two responses presumably in the event the assets are not transferred. Please indicate what events would cause Nashua not to transfer the assets to the District.

Response: Staff's Data Request 1-14 addressed potential obstacles to the transfer of assets while this request inquires about events that might prevent a transfer. Nashua is not prepared to speculate about what might be a barrier to transfer other than the availability of funding discussed in the response to 1-14 or a finding by the Commission to not allow the transfer of franchises from the City to the District.

The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time any concerns regarding the District may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-18

Respondent: George E. Sansoucy, P.E.

Request: After acquiring Pennichuck's assets, will Nashua perform the existing contracts Pennichuck has with Anheuser-Busch, Merrimack Village District, Hudson, and any other supply contracts that exist?

Response: Please see Nashua's responses to Anheuser-Bush's data requests and the response to Staff's Data Request 2-19.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-19

Respondent: George E. Sansoucy, P.E.

Request: Please indicate how existing supply contracts Pennichuck has will be treated post-acquisition if Nashua does not hold Pennichuck's assets.

Response: Nashua believes that the special contracts with Anheuser-Busch and Milford and the purchase agreements with Merrimack and Hudson are assets of the system and would be transferred to the MVRWD along with other intangible assets and liabilities such as customer deposits and advances from customers.

The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time the issue of the special contracts may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.

CITY OF NASHUA
Petition for Valuation Pursuant to RSA 38:9
DW 04-048

City of Nashua's Responses to Staff's Public Interest
Data Requests – Set 1 Round 2

Date Request Received: July 8, 2005

Date of Response: July 29, 2005

Request No. 2-20

Respondent: George E. Sansoucy, P.E.

Request: Will Nashua or the District assume and carry out the General System Maintenance schedule identified in data response Nashua 1-14? If so, who and when?

Response: Nashua expects that the contract for operation and maintenance will include a complete maintenance schedule by the contractor. The maintenance plan so developed would be transferred to the District.

The City believes that the transfer of the franchises for the water system from Nashua to the District will require a Commission proceeding to determine whether the transfer is in the public interest, at which time the issue of the special contracts may be addressed.

Nashua is also willing to accept as a condition of approval that its transfer of the franchises and assets of the water system will require a prior determination by the Commission that such a transfer is in the public interest.