

City will look for company to run water system

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NASHUA - The city will soon seek bids from companies that want to run Nashua's water system - a system Nashua is trying to take from Pennichuck Corp. by eminent domain.

"We've already received expressions of interest from eight," said George Sansoucy, the head of a self-named utility appraising and engineering firm that will represent the city before the Public Utilities Commission. If Nashua is successful in its eminent domain fight, the city would turn Pennichuck over to a regional water district, which would then hire a company to operate the water system. The regional water district would manage the overall operation, Sansoucy said at a press conference in the City Hall auditorium Monday afternoon.

Mayor Bernie Streeter called the 5 p.m. conference so people could "hear our side of the situation," he said.

Pennichuck last week filed a lawsuit seeking \$5-6 million in damages, charging City Hall abused its power and deprived the company of its civil rights to conduct business freely.

The city is seeking to dismiss the lawsuit.

Streeter said the city has the right to take Pennichuck and is "prepared to fight the fight."

"It will be a cold day in hell before Nashua streets will be owned by a foreign entity," Streeter said.

In late April 2002, Philadelphia Suburban Corp. reached a deal to acquire Pennichuck in a stock-to-stock transfer worth \$106 million. Ten months later, the merger was called off. The city threatened an eminent domain takeover with the intent to turn it over to a regional water district. Now the city and Pennichuck are battling it out in court.

For the city to acquire Pennichuck, it must prove to the PUC that it has the correct management capability to operate the city's water system in "at least the same fashion" as a private company, Sansoucy said.

Pennichuck's own subsidiary - Pennichuck Water Services Corp. - could be a key prime bidder, Sansoucy said.

Consideration will be weighted towards existing employees, he said.

"It's absolutely senseless to displace 85 employees who know exactly what they're doing," he said. "The signal I'm sending out publicly to any company, is you need to go to the company and see what you can do with those employees because that's

going to be one of the conditions or questions we're going to articulate in the (request for proposal)."

Requests for proposal will go out "shortly" requesting expressions of interest, followed up with a draft contingent operating contract that will be put on the streets sometime this summer, he said.

Streeter criticized Pennichuck for spending ratepayer money on an expensive public relations campaign that's being used to misrepresent facts.

In response to Pennichuck's accusations that the city did nothing for more than a year, Streeter said assembling a team, hiring consultants and getting the question on the ballot took time.

It was Pennichuck that shut the door on the financial negotiations, Streeter said.

Carol Anderson, the city's chief financial officer, said there would be no school closings, no reduced bus schedules, no fire stations closed should Nashua take the water system.

"The police will still be out on the streets," she said.

Pennichuck has the ability not to liquidate but to reinvest and therefore have the option to minimize or avoid taxes for their shareholders if it sells to the city, Anderson said.

At Pennichuck's annual meeting Friday, more than 86 percent of shareholders participated either in person or by proxy. It was the largest turnout in 10 years. Of those shareholders, more than 94 percent approved the slate of six people who were up for election to the board of directors, and the naming of PriceWaterhouseCoopers to perform the company's 2004 audit.

About 2,800 individual investors across the country own shares in Pennichuck.

Don Correll, president and chief executive officer, said he was pleased by the turnout and "continued interest and support" of the company's shareholders.