

**NRPC TESTIMONY BEFORE PUC ON PENNICHUCK MERGER CASE**  
**DATED DECEMBER 10, 2002**

I. Introduction

**Q. Please state your name, your position and your business address.**

A. My name is Andrew Singelakis, I am the Executive Director of the Nashua Regional Planning Commission, my business address is 115 Main Street, PO Box 847, Nashua, New Hampshire 03061

**Q. Please describe your educational and professional background?**

A. A copy of my *curriculum vitae* is attached to my testimony as Appendix A.

**Q. What is the Nashua Regional Planning Commission?**

1. The Nashua Regional Planning Commission is one of nine New Hampshire Regional Planning Commissions, created under the auspices of the State Legislature pursuant to RSA chapter 36. The Legislative purpose of the creation of Regional Planning Commissions is to:

to enable municipalities and counties to join in the formation of regional planning commissions whose duty it shall be to prepare a coordinated plan for the development of a region, taking into account present and future needs with a view toward encouraging the most appropriate use of land, such as for agriculture, forestry, industry, commerce, and housing; the facilitation of transportation and communication; the proper and economic location of public utilities and services; the development of adequate recreational areas; the promotion of good civic design; and the wise and efficient expenditure of public funds.

RSA 36:45

**Q. What communities formed and are served by the Nashua Regional Planning Commission?**

A. The Nashua Regional Planning Commission member communities are Amherst, Brookline, Hollis, Hudson, Litchfield, Lyndeborough, Merrimack, Milford, Mont Vernon, Nashua, Pelham and Wilton.

**Q. Has the Nashua Regional Planning Commission adopted any general goals within those parameters?**

A. Yes, the following are the general goals of the Commission:

- Prepare a coordinated plan for the communities in the NRPC region;
- Serve in an advisory capacity to local land use boards;
- Develop and update a regional housing needs assessment;
- Facilitate and mediate the transportation planning process in the region.
- Provide guidance to communities on appropriate land use and allocation of natural resources.

**Q. Are you testifying solely on behalf of the Nashua Regional Planning Commission?**

A. No, I am also presenting the position of the Merrimack River Watershed Council which, along with the Nashua Regional Planning Commission, has developed a joint position on the future of the Pennichuck Corporation subsidiary water utilities as they affect the member communities of the Nashua Regional Planning Commission and the interests of the Merrimack River Watershed Council.

**Q. What is the Merrimack River Watershed Council?**

A. The Merrimack River Watershed Council is a not-for-profit membership organization comprised of individuals, businesses, municipalities and community groups seeking to protect the natural resources of the entire Merrimack River watershed. The organization has its principal offices in Lawrence, Massachusetts with membership throughout the Massachusetts and New Hampshire communities along the Merrimack River. Its focus is improving the water quality of the watershed and ensuring the varied continued and growing uses of the watershed from habitat to recreation to drinking water.

**Q. Do you have any initial qualifications or reservations before you proceed with your testimony?**

A. Yes, I need to emphasize that the Nashua Regional Planning Commission and the Merrimack River Watershed Council take no position regarding the proposed merger/acquisition of Pennichuck Corporation, and its subsidiary public water utilities, with Philadelphia Suburban Corporation. That is, both organizations neither support nor oppose the acquisition of Pennichuck Corporation by Philadelphia Suburban Corporation, or the alternative of public ownership of the subsidiary water utilities as has been proposed by a number of the communities served by those utilities.

**Q. Given that qualification, what is the purpose of your testimony in this proceeding?**

A. The purpose of my testimony is to present to the New Hampshire Public Utilities Commission the need for long range planning for the infrastructure, supply and demand components of the water utilities serving the Greater Nashua Region, and the Merrimack River watershed which serves as one of the primary sources of supply for Pennichuck.

This testimony is not only relevant in the context of the proposed merger but to any proceeding that examines the long term public interest and public good of the Pennichuck water supply and distribution systems and how those systems will meet the needs of the customers and communities they serve.

**Q. How did you develop this joint testimony?**

A. The Nashua Regional Planning Commission has been working in conjunction Merrimack River Watershed Council over the past six months to develop a Memorandum of Understanding under which the two regional planning bodies will work collaboratively to address the long term infrastructure, demand and supply needs of the Merrimack River Watershed in Northeastern Massachusetts and Southern New Hampshire.

**Q. Generally, please describe the Memorandum of Understanding and its purpose?**

A. The Memorandum of Understanding, which is attached to this testimony as Appendix B, recognizes that the goals and purposes of both organizations are inherently dependent upon one another and that they must work collaboratively in achieving those organizational goals in a mutually beneficial manner. Moreover, each organization recognizes that each has certain areas of strength or expertise that the other can use to their combined benefit.

**Q. With that in mind, have the two organizations come together with a position regarding this merger and the long term planning needs of the water utilities?**

A. Yes, what follows are the findings and the recommendations of the Nashua Regional Planning Commission and the Merrimack River Watershed Council developed jointly over the last six months:

**Findings:**

1. Water distribution, including the location of franchise territories of water distribution systems, is a powerful determinant in local development outcomes, perhaps more powerful than zoning, development constraints, transportation routes, among others.
  
1. There is a finite amount of drinking water resources available for use within the Greater Nashua area and within the franchise territories currently owned and operated by the Pennichuck Corporation.
  
2. Regional Planning Commissions in New Hampshire have a responsibility under RSA 36:45-53 to coordinate all aspects of planning within their jurisdictions.
  
3. The franchise territories currently owned and operated by Pennichuck Corporation extend to over 20 municipalities and 5 planning regions in New Hampshire, including Nashua, Southern, Rockingham, Central and Strafford.
  
2. Pennichuck (including Pennichuck Water Works, Pennichuck East, and Pittsfield Aqueduct companies) has a total customer base of approximately 28,000 within 20 New Hampshire

communities. Of these communities, 17 (98% of customers) are located in the Merrimack River Watershed, and 7 (84% of customers) are located in Nashua Regional Planning Commission area.

3. In addition to the customer base serviced by Pennichuck, the corporation also operates a management company that operates the water systems of Hudson and Milford, both of which are located in the NRPC region.
4. The Pennichuck Brook Watershed, a primary source of water for Pennichuck, is located solely in the NRPC region and within the Merrimack River Watershed.
5. Due to increases in population growth in the Nashua region, Pennichuck has turned to the Merrimack River as a source of water, and is currently permitted to withdraw between 12 and 30 MGD. Withdrawals from the river have a significant impact on the river, downstream communities and its watershed.
6. The Nashua Regional Planning Commission (NRPC), established in 1957, is an intervenor in the merger case, and has been working with the other affected regional planning agencies with regard to this issue.
7. The Merrimack River Watershed Council is an intervenor in the merger case, and is a non-profit corporation that has advocated for watershed planning and resource management within the Merrimack Valley for the past 25 years.

8. The Nashua Regional Planning Commission and the Merrimack River Watershed Council have signed a “Memorandum of Understanding” relative to joint ventures and the articulation of each other’s roles in watershed and water resources planning.
9. Southern New Hampshire, and the Nashua region within it, is the fastest-growing part of the fastest-growing state in the northeastern United States. Complete documentation of growth rates within the Nashua region is available at [www.nashuarpc.org/landuse](http://www.nashuarpc.org/landuse).
10. Testimony provided through the process has not demonstrated that Philadelphia Suburban has a long-term plan for addressing the specific long-term water supply needs of this rapidly growing area.
4. There is not a clear understanding of build-out conditions affected by water supply of the Southern New Hampshire area; the water companies, the State of New Hampshire, regional planning entities or the Merrimack River Watershed Council, share this lack of understanding.
11. There is a lack of planning resources available to the communities served by Pennichuck, the regional planning agencies, and the watershed council needed to adequately plan for water supply, demand and issues and eminent population growth.
12. Many aspects of Pennichuck Water Work’s Watershed Management Plan prepared in 1998 by Comprehensive Environmental Inc. have not been implemented.

13. Implementation of the plan will require the active involvement of the municipalities, state, Water Company, Nashua Regional Planning Commission, Merrimack River Watershed Council and Pennichuck Watershed Council.
14. The Nashua Regional Planning Commission was the lead agency in the 1990 Southern New Hampshire water supply study prepared by Roy Weston, Inc. Since that time the region has experienced significant growth. The study is in need of updating, and the NH Department of Environmental Services has not been forthcoming with provision of funds to reevaluate the critical issue of water supply.
15. In New Hampshire, growth management strategies (zoning, master planning, site plan and subdivision regulations) must be implemented at the local level. Therefore, it is essential that all parties understand local planning objectives and natural resource limitations.
16. It is in the best interest of the water companies, municipalities, ratepayers, regional planning agencies and watershed organizations to coordinate planning activities, particularly as they relate to this critical and limited resource.
17. The Nashua Regional Planning Commission has not taken a position on who should own the water system, but believes that coordinated planning among municipal planning entities and whoever owns it is critical to ensure that regional development occurs at a rate that can be sustained.

Therefore, the NRPC believes that the following mitigation is necessary if the merger goes forward. It is important to note that NRPC advocates for the following only in the event that the merger goes forward and in proposing the following does not in any way endorse the merger itself. It should be further noted that NRPC advocates for the following regardless of the ownership of the water company, be it Philadelphia Suburban, Pennichuck, the City of Nashua or a regional water district.

18. Planning Forum. A forum for municipal planning officials for the entire service territory and areas served by Pennichuck Water Works (such as the Towns of Milford and Hudson), officials of the water company, regional planning agencies, watershed organizations needs to be convened and established in an official capacity. Such forums should meet at least quarterly and the focus of the meetings should be on the implementation of local planning objectives particularly as they relate to the issue of water distribution, water supply, water demand, resource protection and watershed protection.
2. The Merrimack River Watershed Council through their location at the offices of the Nashua Regional Planning Commission should coordinate the forums. This is due to the fact that the current service area of Pennichuck transcends the boundaries of one single planning agency, and is located primarily within the Merrimack River Watershed.
3. Staffing for this forum for a five-year period should be provided by the Philadelphia Suburban Corporation. This shall be in the form of the provision of funds for two full-time planners, one who specializes in water resources management and hydrology, and the other who specializes in watershed planning/resource protection.

5. Staffing shall mean both coordinating the forums, and also conducting studies and analyses needed for the municipalities, regional entities, water companies, and watershed organizations to understand water supply and demand issues, growth management, sustainable development, resource protection and watershed management.
  
6. The two planners will develop an annual work program that will be determined and voted upon by the forum. The work program will allow for water supply, demand and resource protection planning activities within the 20-community area currently serviced by Pennichuck, plus New Hampshire communities currently served by the Pennichuck's management company.

7. The planners will be employed by the Merrimack River Watershed Council, but will be stationed at Nashua Regional Planning Commission's offices. The planners should be stationed at NRPC's offices due to the fact that the vast majority of customers of the current Pennichuck system and the Pennichuck Brook Watershed are located in the NRPC region. Nashua Regional Planning Commission shall then bill Merrimack River Watershed Council for overhead expenses on an hourly basis. Each planner shall work a 40 hour week, 37 hours of which will be at the Nashua Regional Planning Commission's offices (or in the field), and the other 3 hours will be at the Merrimack River Watershed Council's offices for the purposes of coordination with that organization's objectives. The planners will take general direction for daily activities by the Nashua Regional Planning Commission.
8. The resources necessary to implement will be on average \$222,489 per year for a 5-year period. This assumes a base salary of \$52,000 per planner for the first year with 3% annual salary increases at 2,080 hours per year; direct labor costs of 1,800 per year accounting for leave time; MRWC's overhead costs for employee benefits of 50% of base pay; a 10% administrative fee for MRWC; and 65% overhead costs for NRPC. NRPC's overhead costs will include secretarial support, travel, office space, Internet access, supervision, GIS support, document publication and formatting, and any other costs not associated with employee pay and benefits.

The table Attached hereto as Appendix C illustrates these costs.

**Q. Does that conclude your testimony?**

A. Yes.