

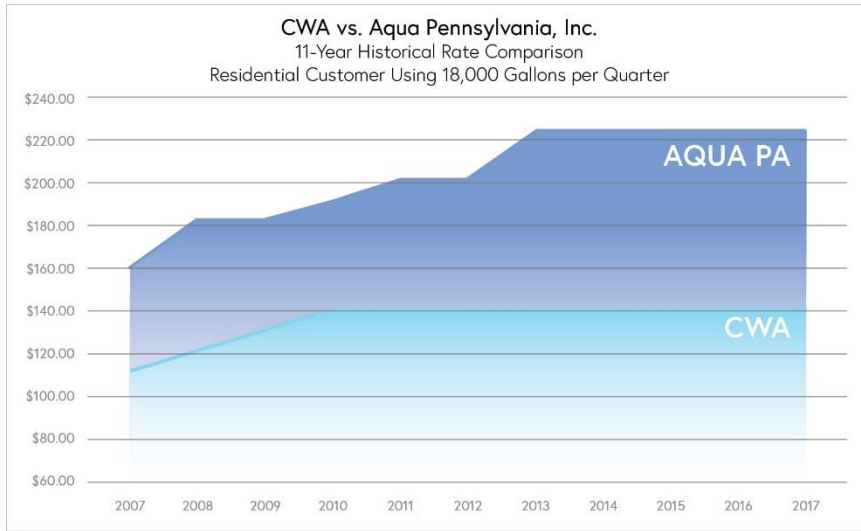
CHESTER WATER AUTHORITY INFORMATION UPDATE

Dear Customer,

Your Chester Water Authority has received a lot of attention since May of this year when Aqua, a large for-profit water company, made an **unsolicited** offer to purchase the customers and assets of CWA. In May, CWA also received a letter of interest from American, another for-profit water Company. The current CWA Board rejected the offer by a 9-0 vote and told American that it was not interested in selling.

The current CWA Board has not raised rates during their five (5) year terms and under their leadership CWA has won national awards for its operations and water quality.

Typically, privatization of a municipal water system eventually results in higher customer rates - it is only a question of when.



Since the end of 1987, the Chester Water Authority has only raised rates nine (9) times in 30 years, providing customers with some of the lowest water rates in the region. In 2017, a Chester County residential customer using an average of 18,000 gallons a quarter pays \$142.86. Compared to a private utility such as Aqua, that same residential customer today would pay \$226.85. CWA takes pride in its core mission of providing clean, quality drinking water to our customers at the most affordable rates possible.

BUYER INTEREST HAS CONTINUED

CWA has **never** tried to sell its customers and assets, however last week, CWA received a Right to Know request from a lawyer in a large Philadelphia law firm asking CWA for the

10/26/2017

kind of financial and operational information typically requested by an interested buyer. It is interesting to note that the Lawyer's biography on his firm's website mentions that he

"...handles a full spectrum of services for corporate clients, including... acquisition transactions; monetization of assets of municipalities..."

And his experience includes:

"Representation of a municipal sewer authority in the sale of its assets to a public utility..."

CWA GETS A NEW BOARD IN DECEMBER 2017

The current Board members' terms are up this year (2017). Two of the nine Board members have not been reappointed and one other's status is unknown. Six members have been reappointed.

The new Board takes office in December 2017 and will have the legal power to vote to sell CWA's customers and assets.

- Since 2012, Chester Water Authority has been run by a nine (9) member Board of Directors:
 - o 3 appointed by the City of Chester
 - o 3 appointed by Delaware County Council
 - o 3 appointed by the Chester County Commissioners.

THE SEPTEMBER 19, 2017 CWA BOARD MEETING

At this recent meeting the CWA Board adopted four motions by the votes indicated:

- 1. The Board finds that it is not in the ratepayer customers' best interest to sell the CWA's customers and assets to a for-profit company.**
8 in favor and 1 against.

- 2. I move that we as a Board find that no sale of CWA customers or assets to a for-profit company should ever occur without first receiving a majority vote in support of such a sale by a voter referendum on an Election Day ballot in all communities within CWA's service area.**
5 in favor and 4 against.

- 3. I move that we review and analyze what happened, to prepare a report summarizing what happened, and to make recommendations for updating our policies and procedures so that the public is fully informed as to how Aqua’s offer came about and how the Authority addressed it.**

8 in favor and 1 against.

- 4. I move that we make the Resolutions and letters of support that we receive from the Chester County and Delaware County communities a permanent part of the Chester Water Authority’s Board minutes.**

6 in favor and 3 against.

HOW TO KEEP INFORMED

There may be several reasons for Buyer interest in CWA, including the belief that the proceeds of a sale of CWA assets and customers could be used by the government(s) that appoint CWA Board members for their own benefit. The belief that proceeds from the sale could be used by the government(s) is currently being litigated in other parts of the state.

CWA will keep its customers informed by postings to its webpage

<http://www.chesterwater.com/>

and its Facebook page

www.facebook.com/ChesterWater

To contact CWA on the website go to the “Contact CWA” button at

<http://www.chesterwater.com/>