

## Editorial

### Aqua Pa. roils the water at Chester Water again

By Phil Heron Apr 9, 2019

The calm, sparkling waters of the Octoraro Reservoir – from which the Chester Water Authority draws the effervescent liquid for 43 municipalities in Chester and Delaware counties, conjures visions of a serene, picturesque bucolic setting.

But make no mistake. The water is getting a lot choppier these days for Chester Water. And the city of Chester as well. And the reason is an old nemesis. Aqua Pennsylvania is back. And they're thirsty – once again casting their eyes on the private, iconic Delaware County firm.

You might remember a couple of years ago when Aqua, a giant public utility, first roiled the waters with an unsolicited bid to buy Chester Water for \$320 million. The Chester Water Authority Board, after getting an earful from loyal customers who feared a massive rate hike should Aqua take over, quickly rejected the offer. Not even a sweetener in the form of a promise from Aqua not to raise rates for 10 years moved the board.

But Chester Water was not out of the woods yet. No sooner than the Aqua crisis passed then another iceberg showed up in the placid waters – and this one came from much closer to home.

And for years, the city of Chester has been struggling to lift itself out of Act 47 Distressed City status. Only now they were facing a deadline, and their state-appointed fiscal overseers were whispering sweet nothings in their ear about getting their hands on the revenue to achieve their goal – by selling off all or part of Chester Water Authority.

Eventually, Chester stood to get its money, but not by way of a sale. Instead the city cut a deal with Chester Water

Authority. In exchange for a \$60 million bailout, the city would give up its rights to a sale of any or all of the company for 40 years. In order to raise the funds for the \$60.2 million payment, CWA announced plans for a 10 percent rate hike. Customers grumbled, but still preferred that scenario to a takeover by Aqua.

Everyone's happy, right. Well, not exactly. Aqua, for one, is crying foul. As it turns out, Aqua is not only a competition and wouldbe suitor for Chester Water, they also are a customer.

Aqua is not happy with the deal, grumbling that they might go to court to try to stop it.

Last week they did just that, alleging in the process that they – and the rest of CWA's customers – are getting nothing out of the deal but higher rates. Chester Water Authority has about 42,000 customers in some 43 municipalities in Chester and Delaware counties. One of them just happens to be Aqua Pennsylvania, which pays CWA about \$750,000 to buy water in bulk for use in some of their neighboring systems. Aqua says its customers are getting stuck with a \$75,000 bill for the deal between Chester Water and the city of

Chester, with not a lot to show for it.

Aqua also could not resist pointing out that as a public utility, they have to go before the state Public Utility Commission when they want to raise rates. But Chester Water is a private entity and can independently raise its rates.

"We're regulated by the PUC," Aqua Pennsylvania President Mark Lucca said.

"Everything we do they approve before it gets to a customer. Clearly the CWA doesn't have that requirement."

To add a flourish to their legal maneuvering, in its suit filed in Delaware County Common Pleas Court Aqua referred to the Chester- CWA deal as an "unholy alliance."

Now more than a few people see sour grapes in all this. They see the giant utility that was rebuffed in its takeover bid now trying to put the kibosh on a deal that would ease the need for a sale, something a lot of people still believe Aqua would like to see happen.

Lucca downplays those beliefs, saying this latest legal tactic is unrelated to his firm's unsuccessful bid to buy Chester Water Authority.

"They're two separate issues," Lucca maintained.

One issue that is very much back up in the air is the deal that would see CWA put \$60 million into the pockets of the city of Chester.

The Chester Water Authority Board has already approved the deal. It now needs action by Chester City Council before going to Delaware County Court for final approval.

But first this latest challenge must be settled.

Aqua Pennsylvania is once again circling over the swirling waters of the Chester Water Authority.

And they're still thirsty.