

UPDATE NO. 7

Sent to: To the Honorable Members of the Pennsylvania Senate and House of Representatives that represent ratepayers in the Chester Water Authority service area

To the Elected Officials in the Townships and Boroughs that represent ratepayers in the Chester Water Authority service area

To the Honorable Council of Delaware County and Commissioners in Chester County because you represent ratepayers in the Chester Water Authority service area

Date Sent: April 29, 2020

TITLE: Speaking Truth to Power

Attachment to Update No. 7

1. Chester Water Authority Solicitor's letter dated April 28, 2020 to Marc A. Lucca, President of Aqua America
2. "Out-of-sight prices for a water view: Costs climbing for houses near lakes," by Dick Cooper, Philadelphia Inquirer, June 21, 2004.
3. Letter to the editor re "Fishing for answers," by Christopher Franklin, Philadelphia Inquirer, June 14, 2004.

RE: Chester Water Authority ("CWA") Update No. 7
April 29, 2020

TITLE: Speaking Truth to Power

**To the Honorable Members of the Pennsylvania Senate and House of Representatives
who represent ratepayers in the Chester Water Authority service area**

Last week Aqua Pennsylvania's President Marc A. Lucca distributed a letter to elected officials in the CWA service area alleging mistakes in a CWA website. The letter response of the CWA solicitor to Mr. Lucca's accusations is attached.

The URL links referenced in the letter's footnotes are set forth below and references to Footnote 6 and Footnote 8 in the letter are attached.

Please feel free to inform your constituents as you wish.

This is Update No. 7.

Aqua's hostile takeover attempt of CWA was planned long before it became public on May 8, 2017. It continues to this day.

It is astounding that Aqua feels entitled during this pandemic to engage in an open and public attack on a perfectly healthy, well run municipal water authority, CWA.

Why does Aqua feel entitled to conduct this public attack? Why - when no other Pennsylvania for profit water company acts in a similar matter?

Most Pennsylvania businesses are in the marketplace every day struggling to sell their product or service, keeping a watchful eye on their expenses and competing against other Pennsylvania businesses who try to compete for the same customers. This is the harsh competitive reality faced most Pennsylvania businesses.

Aqua faces no such challenges. Aqua is protected by the state government. Aqua has been awarded a monopoly from state government. Here is what that means. Aqua's customers are required to purchase from only Aqua. The state sets, really it protects, Aqua's revenues. It is instructive to compare Aqua's requested increases to their

granted increases. The state even requires Aqua's customers to pay higher rates so that Aqua earns a guaranteed rate of return on capital expenditures. It is a state guaranteed privilege to be awarded monopoly status and Aqua has this privilege.

What should state government require from Aqua in exchange for this special status? All Pennsylvanians need to learn a whole lot more about Aqua businesses and business practices. In future updates, CWA will be suggesting questions to be asked to obtain answers to these questions. Here are some for now.

Questions to be Asked and Answered

Why does Aqua feel comfortable engaging in a hostile takeover attempt of a municipal water utility like CWA?

If Aqua is allowed to engage in such conduct, aren't the other for profit water companies suffering a competitive disadvantage because they are not engaging in such conduct?

Why is Aqua not required to annually issue reports about the rate freezes it has promised past acquisition targets?

In the as yet unconsummated Aqua and New Garden Township sewer system purchase/sale the initial rate freezes are not present in the final deal? Why? The purchase price has not changed.

Why not require Aqua to report the rates that customers actually paid for the 5 to 10 year period after a municipal water authority is bought by Aqua?

Would this not give municipal authorities thinking about selling to Aqua (and the Authority's ratepayers) useful information about the long term impact to Authority customers of a sale to Aqua?

Why does the public have to rely on the nonprofit group *Food and Water Watch* to obtain information about the true permanent effect of a sale on ratepayers?

In future updates CWA will give specific examples of Aqua's public comments about the "rate freezes" and what actually happened.

CWA is ready to share its knowledge of Aqua's action and conduct in its pursuit of CWA for the past 3+ years. These actions need to be publicly reviewed so that

Pennsylvanians may determine if they are being well served by the special protections that the state government allows Aqua to enjoy.

Any questions or comments should be directed to Francis J. Catania, Solicitor, Chester Water Authority. During the pandemic it is best to communicate with CWA via email, info@chesterwater.com

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