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Wolf Admin, Aqua 'Waging War' on Public Utilities in Distressed Communities, CWA Says

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The Chester Water Authority is accusing Gov. Tom Wolf and the Chester City Receiver of "waging a war" against the public utility, one the CWA says will cost ratepayers millions. And, they add, this war is coming to public utility ratepayers in Act 47 communities across the state.

"We now have email evidence that the Governor's Office joined forces with Aqua to wage a litigation war against the Chester Water Authority," CWA's attorney Frank Catania told Delaware Valley Journal. "The state is spending taxpayer money on this litigation war and Chester Water Authority is spending ratepayer money to defend and protect ratepayer interests.

"Remember," Catania added, "every year CWA stays in business its ratepayers save $40 million dollars by not paying Aqua water rates."

The CWA released a series of redacted emails it claims "prove the Governor's Office was behind a statewide program to sell off the water and sewer authorities of municipalities with distressed pension plans." The emails, dating back to July 2020 show communications between Michael T. Doweary, Receiver for the city of Chester, and Christopher Frankin, CEO of Aqua America, more than a year before the courts had ruled on whether the city had the power to sell the authority.

In a July 21, 2020 email, Franklin discusses millions in proposed spending and his plan to "provide an updated version of the Asset Purchase Agreement to you and the Chester City team within the next two days."

According to Catania, the emails show Aqua and the Receiver "spent years attempting to do that which no court has given them permission to do" — sell the CWA assets. "No court has ruled that the Chester Water Authority can be terminated and sold."

Additional emails obtained by Save CWA through a right-to-know request show the conversation evolved into communications between Wolf's office, the Chester Receiver, and the Department of Community & Economic Development (DCED).

One series of emails mentions a "pilot program" and parameters and "a good fit."

One email between Andrew Sheaf and Kim Bracey, both with the DCED, discusses a community (name redacted) whose utility interests them. "We just got off a call with Elena [Gov. Wolf's Chief of State Elena Cross] and others from the Governor's Office who are still trying to make this work," Bracey writes.

Another email, involving Cross and Erin Smith from the Governor's Policy Office along with various DCED officials, makes reference to a memo from a year earlier. It also mentions ongoing litigation over a name-redacted water authority that "didn't make a good fit for a pilot program."

The question from CWA is "a pilot program to do what?"

"Aqua has enticed both DCED and Chester with its offer of money including a so-called non-refundable downpayment of $12 million. The Wolf administration, enticed by this corporate cash, is using its leverage and the DCED to push other public utilities onto the chopping block," Catania said. "In the end, ratepayers will get stuck with the bill," Catania says.

The email chain also included DECD Executive Deputy Secretary Neil Weaver, who Wolf has tapped (https://www.governor.pa.gov/newsroom/gov-wolf-announces-department-of-community-and-economic-development-secretary-dennis-davin-to-depart-wolf-administration-names-neil-weaver-as-acting-secretary/) to take over as Acting Secretary later this month.

Aqua rejects CWA's accusations.

"Regarding the content of the July emails from Chris Franklin and Attorney Joel Frank, it was publicly known at that time that Aqua Pennsylvania was part of the bidding process. Our communication with the receiver was to ensure full transparency with him regarding the terms of our planned APA should Aqua's bid be accepted," Aqua said in a statement to DVJournal.

And Penny Ickes, communications director for the DCED, claimed the CWA is taking information "entirely out of context."

"The emails in question do not in any way depict the Wolf Administration working in a coordinated way to have public utilities purchased by companies like Aqua. As previously expressed, DCED has always wanted Chester to be open to all options but has never advocated for the sale of the Water Authority," Ickes told DVJournal.

As for the "pilot program," Ickes says it was a "policy consideration being discussed at the time that would have offered a state-level, voluntary solution for water and sewer systems to consider to modernize and gain efficiencies, while simultaneously addressing municipal pension challenges at the local level."

However, the heavily-redacted emails make no mention of "voluntary" participation. Instead, they show state officials evaluating and rejecting public utilities as suitable or otherwise.

"Lower Frederick Township and Penn Hills Township seem to fit," Sheaf wrote in one email. "You'll see we've ruled out West Chester and Eaton," he wrote in another.

"Is anyone in state government looking to see if Aqua is using its customer's money to support its hostile takeover attempts," asks Catania. "The CWA ratepayers should ask themselves every day: Other than the CWA Board and a handful of local legislators, who is looking out for their interests?

"It's clearly not Gov. Wolf or the DCED."

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