

Editorial: The tranquil waters of Chester Water about to get choppy again

We haven't heard about the tranquil waters of the Chester Water Authority in a few weeks.

That sparkling, gorgeous tap water that is delivered to 42,000 customers in Delaware and Chester counties had been tossed into a raging tempest in a fierce three-way battle for the future of the iconic Chester firm.

Rest assured, the fight for Chester Water has not gone away. It's about to hit the boiling point again this week.

The three parties, Chester Water Authority, the city of Chester, and public utility giant Aqua Pennsylvania are all due back in court this week as a judge sorts through a flurry of legal actions concerning the future of the company.

There are four separate lawsuits currently winding their way through the Delaware County Common Pleas Court.

This legal saga traces its roots to nearly two years back, when Aqua made an unsolicited \$320 million offer for Chester Water, which has delivered water from the Octoraro Reservoir on the Chester-Lancaster county line to 19 municipalities in Delaware County, as well as several in Chester County, for more than a century.

The CWA board soundly rejected that offer. But it was not long before rumblings from the city of Chester again clouded the future of the company. The city, from which the company draws its name and where it resides, has desperately been trying to escape the state's "Distressed City" tag under Act 47. To do that they need revenue. Econsult, the firm hired

by the state to oversee city finances, suggested a place they could find a lot of cash – by selling off the water company. Of course, not everyone believes the city has the right to do that, the forermost of those being the CWA board. Eventually, the two sides reached an agreement that would see Chester Water kick in a cool \$60 million to the city coffers. In exchange, the city would relinquish any rights to sell all or part of the company for forty years. To raise the money, CWA announced it would raise rates 10 percent.

Most customers – who seemed to overwhelmingly oppose a sale of the local company – gritted their teeth and were ready to go along with the plan.

But it was not unanimous. One loud voice raised against the plan belonged, oddly enough, to Aqua. They happen to be a customer of Chester Water. They went to court to block the deal, saying the deal was little more than a bailout for the city that offered little to ratepayers but higher costs.

With the deal seemingly stuck in quicksand, an impatient city of Chester decided to strike out on its own again, seeking requests for proposal and bids to buy Chester Water.

And wouldn't you know who was first in line to make an offer? Why, Aqua of course.

This week a judge will start to wade through the myriad legal claims and counterclaims, including a push by the Chester Water Authority Board to create a trust in which to place the company assets; a lawsuit from CWA claiming

the city violated the state Sunshine Act in seeking bids for the firm; a lawsuit by Aqua against the proposed CWA-Chester deal; and a lawsuit by the city seeking to establish their right to exercise control over Chester Water's ability to borrow money and other operations.

In the meantime, customers once again are starting to raise their voices – and they're being encouraged by Chester Water officials.

John Orndorff is a customer from Upper Chichester. He's been trying to spread the word about a possible sale among CWA customers. Orndorff opposes a sale and is considering a rally of customers in front of the Chester Water headquarters on Welsh Street in the city.

That would be just fine with CWA Solicitor Frank Catania, who insists that the moves against the company amount to little more than a hostile takeover.

He says customers are asking the board how they can help and what can be done to avoid a sale.

"They've never heard of a hostile takeover of a government entity and frankly they're outraged by it," he said of his conversations with customers.

Of course, Aqua and the city of Chester have a slightly different take on the situation.

One they no doubt will be making in court Wednesday.

Stay tuned. Choppy water ahead.