DAILY TIMES
Friday, September 20, 2019 $1.50 FACEBOOK.COM/DELCODAILYTIMES delcotimes.com

Chester Water urges rate payers to contact legislators in fight against takeover

By Kathleen E. Carey kcarey@21st-centurymedia.com @dtbusiness on Twitter

CONCORD — Standing before two $3 million stacks of tightly sealed $100 bills, Chester Water Authority spokesman Joseph McGinn put out a call for action, asking rate payers and concerned community members to reach out to their elected officials straight up to the governor, if they like keeping these Benajmins in their pockets.

At the end of the meeting, McGinn stood next to two towers covered with black plastic bags and said he had some concerns he wanted to share.

"Number One, I'm concerned about what this board actually is doing to protect our rate payers," he said. "And, Number Two, I want to address what the consequences would be if this hostile takeover by Aqua would be successful."

With that, he removed the bags and unveiled the two stacks of $100 bills.

"What this represents in front of me is $3 million bucks," McGinn said. "What does $3 million have to do with anything? Well, what this is represents what our rate payers actually save in three weeks."

He said since May 18, 2017, when the CWA board unanimously rejected the unsolicited offer by Aqua, the board kept the rates from doubling.

"So, we have 44,000 customers," McGinn said. "Our 44,000 customers have saved $138,467 per day every day and will continue to do that as long as CWA survives. So, this represents that savings that we do every three weeks."

He directed the audience and the community to visit the CWA website, chesterwater.com, to view a meter calculating the savings realized by staying a public entity. On Thursday, the amount displayed was $90,162,565.

Coincidentally enough, McGinn said that meter would reach the $100 million mark on Nov. 28 - Thanksgiving.

CWA Executive Manager Robert A. Judge Sr. said he would donate a turkey to the family or organization of McGinn's choice in honor of reaching that $100 million mark.

"All of this is anticipating that we'll still be in business on Thanksgiving, on Nov. 28 of 2019, OK," McGinn said. "So as you heard from our solicitor's report, we're in really, really the swampland and how we're going to get out of this, I'm not sure ... I don't know how we'll finally end up."

Then, he directed his attention to the public.

"I'm asking you to do your part," McGinn pleaded, "because this is really what it comes down to. I can stand up here and say I'm representing the board, I'm representing the rate payers, but if the rate payers aren't behind me, saying that he's representing our opinion, then it goes nowhere.

"So, what I'm asking you is this is a call for action and the action is you have to let your state representatives know, you have to let your state senators know and you've gotta let your governor know that you're not in favor of this hostile takeover and that will be our partnership," McGinn said. To which, he received audience applause.

Relatedly, CWA has hired Terry Mutchler, partner of the Harrisburg, Pa.-based firm Mutchler Lyons, to address some of their concerns with their Freedom of Information Act requests.

The CWA has asked for communications involving the city of Chester, the Pennsylvania Department of Community and Economic Development and their consultant Econsult related to Econsult's recommendation that CWA be sold to Aqua so that the city of Chester could use those funds to get out of a financially distressed status. When the CWA received these communications, the bulk of them were redacted.

The founding executive director of the Pennsylvania Office of Open Records and an award-winning Associated Press reporter, Mutchler is consulting the board on gathering information to determine what is happening.

"First of all I applaud the board for really taking what I think is an aggressive effort into getting to the bottom of this," she said. "Secondly, in examining this, it's quite clear that there is definite for further exploration because what we see ... both in what they have retrieved and what we have started to retrieve ... it definitely calls for a more in-depth look."

In the 15,000 requests she oversaw in her time at the Open Records office, Mutchler said denials for information were generally in how the request was written. Yet, she said this case is unique.

"One thing that I can say that I find highly unusual is that," she said, "it's the first scenario that I've been aware of in the Commonwealth or nationally in which there's been an attempt at what appears to be a hostile takeover of a public entity. So right now, we're just at the very beginning stages of trying to underscore and get the facts ... The board has to have a deep understanding of what happened,

(continued)

DAILY TIMES
Friday, September 20, 2019 $1.50 FACEBOOK.COM/DELCODAILYTIMES delcotimes.com

who the players were, what influences were brought to bear and then they themselves can make a determination on behalf of the rate payers on what to do next."

After the CWA board rejected a $230 million unsolicited offer from Aqua in 2017, the water company reached a deal with the city of Chester, which had been threatening to seek a sale of the utility, apparently at the suggestion of their state consultant, EConsult, in an attempt to climb out of Act 47 distressed city status. Under the deal, CWA would kick in $60 million to the city coffers, while the city would relinquish any right to a sale of the assets for 40 years. To raise the money, CWA would raise rates 10 percent.

That sparked a legal challenge from Aqua, which is a CWA customer, challenging the deal and saying rate payers were getting nothing out of the bailout aside from higher rates.

Since then the two sides have traded legal volleys.