Chester Water Authority

UPCOMING 14% RATE INCREASE - WHAT'S DRIVING THE CHANGE AND HOW WE'RE RESPONDING

October 2025

Dear Chester Water Authority Ratepayer,

We want to be upfront with you about serious challenges facing the Chester Water Authority (CWA) that could have required an emergency rate increase before the end of 2025. These circumstances are not of our making; however, we believe you deserve a clear explanation and a chance to make your voice heard by our state elected officials.

What's Happening and Why

The City of Chester's state-appointed Receiver, supported by the Department of Community and Economic Development (DCED), filed a bankruptcy plan of adjustment (POA) that could transfer CWA's operations and debt to the City of Chester if his plan is approved. The City of Chester is bankrupt with no credit worthiness whatsoever. As a result of this plan, Moody's placed CWA's historically strong Aa2 credit rating under review and has now downgraded our rating. This downgrade made it significantly more difficult for us to secure loans at favorable interest rates. The plan has also caused harm to our ability to use our funds as effectively as possible in our operations and interfered with our ability to obtain low-cost financing.

Over the last year, CWA made refinancing requests to several major financial institutions as well as the FDIC who holds our current 2022 bonds, and they all declined to provide refinancing because of the threat of a takeover of CWA by the City of Chester. If we had found ourselves unable to refinance our 2022 Water Revenue Bonds, we would have been forced to double rates before the end of the year in order to cover a large payment due in 2026.

Fortunately, after extensive efforts by CWA's board and leadership, we secured financing through a specialty lender. Because the City of Chester continues its plans to assume CWA's obligations in the bankruptcy court, the lender priced the loan at roughly twice the rate we would otherwise have qualified for. To cover these higher borrowing costs, ongoing inflation, and more than $1.7 million in unpaid water bills from Crozer Hospital (now closed following bankruptcy) and the City of Chester, we will implement a 14% rate increase effective January 1, 2026.

Please be mindful, if the City's efforts to take over and monetize CWA eventually succeed, rates will continue to rise much more aggressively, threatening the quality, reliability, sustainability and affordability of the water our customers have enjoyed for over 80 years.

Over 80% of CWA's customers live outside the City of Chester, but all ratepayers are and will continue to be affected by the City's actions, which are aimed at resolving the City's longstanding financial problems at your ongoing expense.

Our Response

CWA is fighting these unprecedented actions against us in court to preserve our nonprofit, public status and our excellent operations, and exploring every possible legal option to minimize the impact on ratepayers. However, unless these DCED-backed actions are resolved quickly, a further rate increase is likely unavoidable in the coming years.

In addition, CWA's appeal to the Supreme Court regarding whether the City of Chester can unilaterally force the CWA to dissolve itself and take its multijurisdictional system for the City to sell for its own benefit was heard on May 14. If the Supreme Court rules in favor of the CWA, then the quagmire that we've been in with the City of Chester for the last five years should be behind us and our focus will return to solely providing our ratepayers with excellent and affordable water for decades to come.

We remain committed to transparency and to keeping your rates as low as possible, as we always have. For more information, please visit www.chesterwaterfacts.com

How You Can Help

Contact Governor Shapiro and your local and state elected officials immediately to demand that CWA remains as is - a public, community-focused utility. Visit savecwa.org for more information and easy ways to take action.

We regret the uncertainty and concern this situation may cause. Please know that CWA's board and staff are working tirelessly to protect your interests and the future of your water service. This crisis is the result of DCED's actions and inactions over the quarter century Chester has been under its watch - not CWA's management or operations. We share your frustration and are committed to keeping you informed every step of the way.

Sincerely,

Chester Water Authority
PO Box 467
Chester PA 19016

PRESORTED
FIRST-CLASS MAIL
US POSTAGE
PAID
CHESTER, PA
Permit No. 342

Chester Water Authority
PO Box 467
Chester, PA 19016-0467