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In re Chester Water Authority Trust

Supreme Court of Pennsylvania - January 21, 2026 - A.3d - 2026 WL 168066

Municipal water authority providing service for city and two counties filed petition seeking approval of declaration of trust and transfer of authority's assets into trust.

City and prospective purchaser of authority each moved for judgment on the pleadings. Separately, city brought action for declaratory judgment that Municipality Authorities Act (MAA) vested it with statutory authority to unilaterally obtain and sell authority. City also sought injunction enjoining authority from interfering with city's right to sell authority's assets, from encumbering or dissipating authority's assets, and from burdening authority's assets with any new debt.

City then moved for judgment on the pleadings. The Court of Common Pleas denied motions for judgment on the pleadings in both actions. City and prospective purchaser appealed in both actions. The Commonwealth Court reversed and remanded. Review was granted on water authority's petition for allowance of appeal and county's cross-petition.

The Supreme Court held that:

- City did not retain its conveyance power over water authority and its projects in perpetuity, and
- As a matter of first impression, city had no unilateral power to convey authority's assets to itself after new board took over with representatives from city and two counties.

Statute permitting municipality to acquire project that was established by board appointed by municipality and was of a character which municipality had power to establish, maintain, or operate was not static by its plain terms, did not empower city to retain its conveyance power over city water authority and its projects in perpetuity, and did not provide city with perpetual and unilateral power to force conveyance of water authority's projects.

City which had originally incorporated water authority had no unilateral power to convey authority's assets to itself after new board took over with representatives from city and two counties where ratepayers were located; although statute permitted municipality to acquire project that was established by board appointed by municipality and was of a character which municipality had power to establish, maintain, or operate, the water authority's projects were no longer "of a character" which city unilaterally had power to establish, maintain or operate as it once did when it had sole control of authority's board, but the projects were now of a character that the participating municipalities had power to establish, maintain or operate.