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Bankrupt Pennsylvania City Pushes to Sell Water System to Raise Cash.

Mediation talks started this week, with officials in Chester, Pennsylvania, pushing for privatization, while the water authority and some residents are against the sale.

Chester, Pennsylvania, a city near Philadelphia propelled into bankruptcy last month after decades of financial stress, is now roiled by a fight over whether to privatize one of its biggest assets: its water authority.

The Chester Water Authority has long served the city's residents and those in neighboring municipalities. And in the eyes of Chester city council members and its state-appointed receiver, selling the \$410 million asset to bidder Aqua Pennsylvania could help dig the city out of its financial hole. But some residents worry that a private company would increase their rates, and the authority itself is also against such a move.

The potential sale has been tied up in Pennsylvania state courts. All of that litigation was put on hold when the city filed for Chapter 9 in November. In a court hearing this month, the federal judge overseeing the bankruptcy appointed US Bankruptcy judge Mary Walrath to mediate talks that include privatizing the water authority. That court-ordered mediation began Wednesday, according to Frank Catania, solicitor of the authority.

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