

WASTEWATER SERVICE AGREEMENT

This Agreement ("Agreement") is made this *9th* day of *October*, 2014, by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and **ABINGTON TOWNSHIP** ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 1176 Old York Road, Abington, Pennsylvania, 19001 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, the City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties entered into a Wholesale Wastewater Agreement dated May 10, 1983, (the "1983 Agreement") whereby the City agreed to provide Township Wastewater Treatment Services; and

WHEREAS, the City is actively managing a Federal and State-mandated Combined Sewer Overflow ("CSO") program within City, and such program requires the City to maximize the treatment of wastewater collected in City's combined sewer system; and

WHEREAS, the City in order to efficiently manage its CSO program must limit the treatment of inflow and infiltration from combined and separate sanitary sewer systems within the City and from the City's wholesale customers; and

WHEREAS, the City has agreed to a Long Term Control Plan (LTCP) with US EPA and PADEP; and

WHEREAS, the Parties are now ready to enter into a new longer term contract addressing, *inter alia*, the Parties obligations as related to the LTCP; and

WHEREAS, this Agreement, once executed, shall replace and supersede in its entirety the 1983 Agreement; and

WHEREAS, the City desires to provide and the Township desires to utilize Wastewater Treatment Services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms and phrases shall have the following meanings:

- A. Annual Average Daily Flow: The total volume of wastewater flow metered or estimated during any consecutive 365 days, divided by 365, and expressed in terms of MGD.
- B. Biochemical Oxygen Demand ("BOD5"): The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at 20 degrees Celsius expressed in terms of concentration as milligrams per liter (mg/l).
- C. DRBC: Delaware River Basin Commission.
- D. EPA: United States Environmental Protection Agency.
- E. Fiscal Year: A fiscal year shall be the year beginning on July 1st of any given year and ending on June 30th of the following year.

- F. Flow Limits: The maximum amount or rate of wastewater flow that may be discharged to the City for treatment as measured in Millions of Gallons per Day (“MGD”) or cubic feet per second (“cfs”) as specified in Exhibit “A”.
- G. Industrial User: Any person that introduces an indirect discharge regulated under the Clean Water Act, state or local law to the POTW.
- H. Loadings Limits: The maximum Biochemical Oxygen Demand (“BOD5”) loadings and Suspended Solids (“SS”) loadings that may be discharged to the City for treatment as specified in Exhibit “A”.
- I. Long Term Control Plan (“LTCP”) or Long Term Control Plan Update (“LTCPU”): shall mean the City’s EPA approved plan for controlling combined sewer overflows. Abington’s initial share of the LTCP costs shall be 0.582436 %, subject to change (Assuming 6.168 MGD divided by 1,059 MGD peak flow, and using the City’s spreadsheet estimating LTCP costs as shown in Exhibit “E”).
- J. LTCP Related Facility: Any device, structure, tanks, piping, practice, material or surfacing, including but not limited to landscaping and or vegetative techniques, which will be used by the City to meet its water quality based effluent limits which are currently contained in Appendix I, Table 1, of the City’s Consent Order and Agreement (“COA”) with PADEP, entered into June 1, 2011, or which may be subsequently modified by PADEP or EPA through changes to the COA, modifications to the City’s NPDES permits, or the issuance of any additional orders by either PADEP or EPA.
- K. PADEP: Commonwealth of Pennsylvania Department of Environmental Protection.
- L. PCB: Polychlorinated Biphenyls.

M. Prohibited Exceedance: Any exceedance of the Flow and/or Loading Limits established in this Agreement and Exhibits.

N. Publicly Owned Treatment Works ("POTW"): A treatment works as defined by Section 212 of The Clean Water Act (33 U.S.C. §1292) which is owned by the City including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage and industrial waste. This definition includes any sewers, manholes, pumping stations and related appurtenances that convey wastewater to the POTW treatment plant, but does not include pipes, sewers or other conveyances not connected to a facility providing treatment. POTW shall also include any sewers, manholes, pumping stations and related appurtenances that convey wastewater to the POTW from persons outside the City who are, by contract or agreement with the City, users of the City's POTW.

O. Significant Industrial User ("SIU"): (1) any Industrial User subject to any National Categorical Pretreatment Standard; or (2) any Industrial User that discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, noncontact cooling and boiler blowdown wastewater) or contributes a process waste stream which makes up five percent (5%) or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or (3) any Industrial User that is found by the City, PADEP or EPA to have a reasonable potential, either alone or in conjunction with other discharges, to adversely affect the POTW, the Collector system, the Solid Waste Byproducts of the POTW, or air emissions from the POTW.

P. NEWPCP: Northeast Water Pollution Control Plant of the City

Q. Suspended Solids ("SS"): The total suspended matter that floats on the surface of, or is suspended in water, wastewater or other liquids, and which is removable by laboratory filtering expressed in terms of concentration in milligrams per liter (mg/l).

R. Sustained Peak Flow Rate: The wastewater flow rate sustained or exceeded for any five (5) consecutive minute interval, expressed in terms of MGD) or cfs.

II. TERM

A. This Agreement shall be effective as of October 1, 2013 ("Effective Date") and shall continue in force and effect through June 30, 2023, unless terminated earlier as provided herein.

Termination without Cause.

B. Either Party may terminate this Agreement without "cause" at any time, but only upon five (5) years written notice.

Termination for Cause.

(1) City shall have the right to terminate this Agreement for "cause" at any time, but only upon twelve (12) months written notice. "Cause" shall mean:

(a) Continuing exceedances of the Flow and Loadings Limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the City's wastewater facilities or which cause City to be in violation of permits issued by PADEP or EPA; or

(b) Failure by Township to meet its financial obligations under this Agreement for a period of six (6) consecutive months; or

(c) Failure by Township to meet its obligations for PCB Minimization as set forth in Section III.G of this Agreement; or

(d) Failure by Township to comply with a final decision or determination of an Arbitration Panel or court of competent jurisdiction rendered under this Agreement within three (3) months of the date the decision or determination became final, unless otherwise specified by the Arbitration Panel or a court of competent jurisdiction; or

(e) Failure of the Township to comply with the requirements of Section X.D of this Agreement, related to Exclusionary Private Organizations.

(f) Failure of the Township to execute a revision of this Agreement in accordance with Section III (B).

(2) The City shall provide the Township with a sixty (60) day opportunity to cure any violation the City alleges under Section II (C) (1) immediately above. Should Township fail to cure the alleged violation, the City may exercise all of its rights under this Agreement, including those in Section II (C) (1) immediately above.

III. SCOPE OF SERVICES AND WASTEWATER LIMITS

A. Wastewater Treatment Services. City shall convey, treat and dispose of wastewater and its byproducts delivered by Township to approved connection points identified in Section V.B of this Agreement.

B. Flow and Loadings Limits. The wastewater delivered by Township to City shall not exceed the limitations set forth in the "Flow and Loadings Limits Addendum" (attached hereto and incorporated as Exhibit "A"). City is developing a model of its wastewater conveyance system that will determine appropriate flow limits for each of Township connections into the City's collection system. Both City and Township agree that these individual connection limits are critical in order to prevent hydraulic overloads in their respective collection systems that

could result in the unauthorized and unpermitted discharge of sewage into the environment. When such limits are available, City will notify Township of these limits and provide Township with ninety (90) days to discuss and review these individual connection limits. Should the Township disagree with any of the individual connection limits it shall, within the 90 day period, submit its written objections to the City. These objections shall include the specific engineering, modeling or hydraulic rationale for the objection. Should Township choose not to submit an objection letter, or submit an objection letter without the specific engineering, modeling or hydraulic rationale for the objection, then the City and Township agree that the individual connection limits shall constitute an amendment to this Agreement and shall be immediately incorporated into the Agreement. No further action shall be necessary by either party for the incorporation of the individual connection limits into the Agreement.

C. Prohibition on Discharges that Exceed the Flow Limits and Loadings Limits.

Township's wastewater flow shall not exceed the Flow Limits set forth in the Flow and Loadings Limits Addendum. Township's discharges may not exceed the Annual Loadings Limits, either for BOD5 or SS. No planned activity that will cause an exceedance shall be permitted without the written approval of the City. Township shall be responsible for all City costs and damages caused by its exceedances of the stated Flow and Loadings Limits.

D. Exceedance Charges. Township shall be liable to pay City for exceedances of the Flow and Loadings Limits as set forth in the Flow and Loadings Limits Addendum in accordance with the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

E. Plan to Eliminate Exceedances. If Township's discharge to City is a Prohibited Exceedance as defined in Section III.C of this Agreement, then Township shall do the following:

(1) Flow Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit a written report detailing a plan of action to eliminate the prohibited exceedance(s) within a one (1) year period from the date of the City's approval of the Township's plan. Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If the Township fails to submit a written report detailing a plan of action, Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits a plan, or if City is prohibited from approving the plan due to technical or legal reasons, City shall notify Township of such reasons and Township shall have sixty (60) days from such notice to revise its plan. After this period Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits an approvable plan. In the event of a flow exceedance(s), nothing herein shall require City to certify the availability of treatment capacity until any flow exceedance(s) have been eliminated or abated. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for flow exceedance(s) as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

(2) Loadings Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit to City a written report detailing the circumstances that caused the loading exceedance(s) and a plan of action to immediately eliminate the prohibited exceedance(s). Within thirty (30) days of receipt of the plan, Township and City shall meet to

discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. . If the Township fails to submit a written report detailing a plan of action, Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits a plan, or If City is prohibited from approving the plan due to technical or legal reasons, City shall notify Township of such reasons and Township shall have sixty (60) days from such notice to revise its plan. After this period Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits an approvable plan. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for loading exceedance(s) as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

F. Certification of Sewer Capacity. City may determine that City does not have adequate sewer capacity to permit additional sewer connections to any part of Township system that will discharge to City if Township has exceeded the Flow and/or Loading Limits set forth in Exhibit "A" and has failed to submit an appropriate remediation plan approved by City, as provided under Article III.E of this Agreement. City's authority with respect to sewer certifications shall be as provided in the Pennsylvania Sewage Facilities Act (Act 537, as amended).

G. Polychlorinated Biphenyls Minimization. DRBC's Water Quality Regulation and Water Code Section 4.30.9 requires City to implement a Pollutant Minimization Plan ("PMP") at its POTW to reduce its contribution of PCB to the Delaware Estuary. In order to ensure City's compliance with this requirement, Township shall:

- (1) Within ninety (90) days of the Effective Date of this Agreement, supply City with any information it has regarding PCB within the Township.
- (2) Provide information regarding PCB within the Township as required by PADEP, EPA, NPDES permits, or any regulatory authority.
- (3) Implement any and all new and/or more stringent PCB requirements or reductions that may be imposed upon City's POTW. Township agrees to implement these requirements or reductions in its drainage area simultaneously with City's implementation of these new requirements.
- (4) Accept the City's limit for PCB in its wastewater discharged to City, as they exist or may be revised. Township accepts PWD regulations which currently require PCB be at a level not detectable as analyzed by EPA Method 608.
- (5) Upon request by City, implement a PMP throughout the entire drainage area of Township that contributes flow to the City's POTW in order to achieve the maximum practicable reduction, as defined in DRBC's regulations, of PCB into the City's POTW.
- (6) Cooperate with any City investigation or trackdown of PCB within the Township's drainage area that contributes flow to the City's POTW.

IV. BILLING, PAYMENTS AND CHANGE IN RATES

- A. Township shall pay wastewater treatment charges consisting of its allocated share of the capital, operation and maintenance costs of City's wastewater conveyance and treatment facilities in accordance with generally accepted wastewater rate methodologies, as

determined by City's most recent rate study completed by City's consultant. Township shall also pay a management fee to City.

(1) Wastewater Treatment Charges:

(a) Capital Charges. The capital charges shall include, but not be limited to, depreciation expense and a Return on Investment ("ROI") on facilities allocated to Township. Depreciation and ROI capital charges shall apply to all applicable capital projects which are completed, in-service and servicing Township. Depreciation and ROI shall be billed as a fixed monthly charge. Facilities allocated to Township shall include both those facilities related to City's POTW as well as those facilities necessary for City to comply with and implement the LTCP throughout the City. Township's initial share of the LTCP costs shall be 0.582436% of the total LTCP costs. Township shall pay depreciation and ROI for its allocated share of the capital portion of the LTCP facilities placed into service.

Attached hereto as Exhibit "E" is the City's current estimate and projection of the total capital costs and operation and maintenance costs it anticipates spending to fulfill the requirements of its LTCP. Based on Township's share of these total LTCP costs Exhibit "E" estimates Township's yearly and total share of the LTCP costs.

ALTHOUGH EXHIBIT "E" IS THE CITY'S CURRENT BEST ESTIMATE, BOTH PARTIES AGREE THAT IT IS AN ESTIMATE ONLY. IT HAS BEEN CREATED SOLELY FOR THE PURPOSE OF ASSISTING TOWNSHIP IN LONG TERM BUDGETING SO THAT IT WILL BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS UNDER THIS AGREEMENT. BOTH PARTIES ACKNOWLEDGE AND AGREE THAT THE TOTAL LTCP COSTS AND/OR THE YEAR IN WHICH ANY PARTICULAR LTCP COST IS INCURRED IS SUBJECT TO SUBSTANTIAL CHANGE. GIVEN THE TWENTY-FIVE (25) YEAR TERM OF THE LTCP, CHANGING ENVIRONMENTAL REQUIREMENTS, CONSTRUCTION DELAYS, LABOR AND MATERIAL COST INCREASES, GENERAL INFLATION ASSUMPTIONS, ETC. ALL THAT IS POSSIBLE AT THIS TIME IS AN ESTIMATE.

(b) Operations and Maintenance Charges. Operation and maintenance charges shall include, but not be limited to, expenses associated with the operation, maintenance, repairs, rentals and replacements of City's wastewater facilities appropriately allocated to Township, as well as appropriate shares of employee benefits, departmental overhead and other allocable non-direct overhead expenses. Further, Township shall initially be responsible for 0.582436 % of all operation and maintenance expenses incurred by the City in complying with and implementing the City's LTCP. An estimate of these costs is provided in Exhibit "E". (Please see Section IV.A (1) (a), immediately above, regarding the limitations of this estimate). Township shall pay these operations and maintenance expenses based on the periodic projections of these expenses in connection with the City's cost of service study. Operation and maintenance costs so allocated shall be net of miscellaneous operating revenues related to those expenses.

(c) Management Fee. The management fee shall equal twelve percent (12%) of the total Wastewater Treatment Charges. Wastewater Treatment Charges shall be the sum of the charges noted in Section IV.A (1) (a) and (b) immediately above.

(2) Township's Wastewater Treatment Charges, beginning on the Effective Date, shall be as shown in Table A-49 of Exhibit "D", and shall remain in effect until revised in accordance with the terms of this Agreement.

(3) Township shall have the right, upon written request, to review City's method of computing the charges for, and allocating the cost of providing wastewater treatment services to Township. Such review shall be subject to the provisions relating to Notice of Changes in Rates of Section IV.C of this Agreement.

B. Billing.

(1) City shall provide Township with wastewater flow and loadings data and computations utilized in billing Township for the three (3) month periods ending in March, June, September, and December. Billings for all other months will be estimates based upon one-third (1/3) of the amount of the prior quarter's billing. Quarterly billings shall recognize and credit Township for payments made for estimated billings.

(2) City shall render bills to Township on a monthly basis for the charges set forth in this Agreement. Annual charges shall be divided by twelve (12) for purposes of monthly billing.

(3) Bills shall be payable to City by Township within thirty (30) days of the date rendered. If Township objects to any bill, in whole or in part, Township shall notify City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter.").

(a) The Objection Letter shall state in detail the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Within thirty (30) days after receipt of the Objection Letter, City and Township shall meet to discuss the substance of the Objection Letter, and shall attempt to reach a resolution of the matters raised in the Township Objection Letter. In the event that no such resolution can be reached, then the parties may proceed to Arbitration as provided under Section VIII of this Agreement.

(b) Within sixty (60) days after receipt by City of the Objection Letter, City and Township may proceed to arbitration pursuant to Section VIII of this Agreement to resolve the specific objections made in the Objection Letter.

(c) During the sixty (60) day period prior to arbitration, Township shall have the opportunity to conduct an inspection and audit of City records in accordance with Section X.A of this Agreement.

(4) All billings, including those subject to an Objection Letter, shall be paid in full and by the due date. Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid after the due date.

(5) An objection that results in monies to be refunded to the Township shall be credited in the next billing to the Township, unless an Arbitration Panel decides otherwise.

C. Notice of Changes in Rates.

(1) City shall provide notice to Township of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices.

(2) If Township has an objection to the change in rates or billing practices Township shall notify City in writing within ninety (90) days from receipt of the City's notice as to its specific objection(s), the "Change Objection Letter".

(a) The Change Objection Letter shall include any and all facts or documentation supporting the specific objections contained therein. The Change Objection Letter shall automatically be deemed to be a demand for arbitration and the Parties shall immediately proceed to arbitration in accordance with Section VIII of this Agreement.

(3) In the event Township fails to serve City with a Change Objection Letter within ninety (90) days from receipt of City's notice, the rate increase or change in billing practices shall be deemed fully accepted and approved by Township, and Township shall have waived all rights under this agreement or by any other legal proceeding to contest the rate increase or change in billing practices.

(4) Parties agree to accept the rate development methodology used by the City in determining the rates and charges described in Section IV and Exhibit "D" of this Agreement. Township shall have the right to dispute the calculation of wastewater treatment charges set

pursuant to this Agreement, however Township shall not have the right to dispute, by arbitration or any other legal proceeding, the methodology used by the City in developing said charges to Township. The City agrees that its rate methodology shall generally follow and remain consistent with the rate making principles as set forth in the Water Environment Federation Manual of Practice No. 27, Financing and Charges for Wastewater Systems, as amended or succeeded during the term of this Agreement.

(5) Should there be any material change to the Rate Making Methodologies (in narrative form), after the Effective Date of this Agreement, the City shall notify Township of such change. A material change is defined as any change to the Rate Making Methodologies that would result in an overall annual increase to Township of 1% (one percent) or more. Annual increases due to increases in the City's revenue requirements shall not be considered a change in methodology. Township shall have the right to review and challenge any material change pursuant to Section IV.C (2). While Township agrees to accept the current Rate Making Methodologies as set forth in Exhibit "D" of this Agreement, it retains the right to review and challenge specific costs for materials, services and projects billed by the City to Township.

(6) The ROI charged shall also not be subject to dispute by Township unless the City increases the ROI to a rate higher than eight percent (8%) per annum. Exhibit "D" is attached to this Agreement as a description of the methodology currently utilized by the City in developing rates under this Agreement.

**V. CONSTRUCTION, OPERATION, AND MAINTENANCE OF TOWNSHIP'S
CONVEYANCE SYSTEMS**

A. Design and Construction of Sewers. Township at its sole cost and expense shall design, construct, own, operate, maintain and repair the sanitary sewers and connections to the City system necessary to convey its wastewater to the City system.

B. Approved Connection Points. The approved connection points are:

1. Buckley Drive & Pine Rd (MA-01)
2. Pine Road & Pennypack Creek (MA-02)
3. Shady Lane & Pine Road (MA-03)
4. Pine Road & Lee Lynn La. (MA-04)

Buckley Drive and Pine Road, and Pine Road and Lee Lynn Lane are collectively billed as the "Chapel Hill" connection. Flow received at Filmore and Shelmire Streets is conveyed through the City sewers and then into Cheltenham Township and then is eventually conveyed back to the City. The City bills Cheltenham for the flow and BOD5 and SS loadings received at Filmore and Shelmire Streets so that Cheltenham may in turn bill Abington for the quantity and quality of wastewater received. The connection at Shady Lane and Pennypack Creek receives wastewater flows from the City into the Township sewers above the metering chamber for which the Township receives a flow credit in the calculation of its charges as described in Section VI. B.

(1) In its sole and reasonable discretion, City may require additional connection points or approve Township's request for additional connection points.

C. Plan to Eliminate Unauthorized or Harmful Discharges.

(1) Within thirty (30) days of written notice from the City, Township shall submit a plan to City outlining action(s) to be taken to eliminate unauthorized or harmful discharges if any of Township's connections to City's wastewater system are determined by City or any governmental regulatory agency to be:

- (a) chronic or continuous discharge problems, or
- (b) sources of unauthorized discharge(s), or

(c) sources of discharge(s) which under the Agreement adversely affect the City's wastewater collection and treatment system, or

(d) sources of discharge(s) which cause or contribute to any violation of federal, state or local laws or permits.

(2) City shall promptly approve or reject said plan, and shall notify Township, in writing, of the basis for the rejection of the proposed plan. In the event that City rejects the Township proposed plan, the Parties agree to promptly meet and discuss the basis for City's rejection and to negotiate terms acceptable to City.

(3) Any action taken pursuant to this section shall be at the sole expense of Township.

D. Acute discharge problems affecting the health, safety or environment shall be immediately corrected by Township upon notice by the City.

VI. METERING AND SAMPLING

A. Meters and Equipment. City shall own and maintain the meter(s), metering equipment, and the electronics associated with the meters at the approved connection points. City shall own and maintain telemetering equipment installed at sites in the area served by Township which shall include equipment which converts the signal produced by the meter(s) into a signal which can be transmitted. City shall also own and maintain all equipment located in the City necessary to receive and record telemetered information. City, upon reasonable notice to Township, shall be entitled to jointly inspect any metering equipment maintained by Township. City shall have the right to enter the area served by Township to access manholes upstream of any of the Township's connection points to inspect flow and test wastewater flow meters.

B. Metering and Sampling. City shall measure wastewater flow and loadings by metering and sampling at Connection Point(s) whenever City, in its discretion, determines that this is necessary, practical and/or economical. Township, upon reasonable notice to City, shall be entitled to jointly inspect the metering equipment maintained by City. City shall base its operation and maintenance charges on its actual flow and loadings measures whenever possible and reasonable. In the absence of actual flow and loadings measures, City shall estimate for billing purposes using its standard methods for estimating flow(s) and/or strength(s). City and Township agree that it is in their best interests to use estimates of wastewater strengths for billing purposes for certain connections. Therefore, City and Township agree that the following wastewater strength estimates shall be used for billing purposes. City reserves the right to revise such strength estimates used for billing when it believes they no longer reasonably represent the strength(s) of wastewater delivered by Township to the City or to regularly sample a connection if the City believes the use of estimated strengths are not appropriate. Upon request, City shall provide Township with copies of any metering and calibration tests or studies performed on any City meters or equipment servicing Township.

	<u>BOD5 (mg/l)</u>	<u>SS (mg/l)</u>
Chapel Hill	165	185
Pine Road and Pennypack Creek	153	183
Shady Lane and Pennypack Creek	177	186

City and Township also agree that for certain connections it is in their best interests to use flow estimates for billing purposes. Therefore, City and Township agree to the wastewater flow estimates shown below. City reserves the right to revise such flow estimates, or to measure flows

by metering, when it believes they no longer reasonably represent the quantity of wastewater delivered by Township to the City.

<u>Connection(s)</u>	<u>Area</u>	<u>Quarterly Flow (Million Gallons)</u>
MA-01, MA-04	Chapel Hill	6.515
MA-03	Shady Lane and Pennypack Creek	21.700
MAx-01 (less credit flow from City)		- <u>6.106</u>
Net Flow (Shady Lane and Pennypack Creek)		15.594

C. Sampling.

(1) City shall have the right to enter the area served by Township to sample Township's wastewater for billing purposes.

(2) City shall have the right to enter the area serviced by Township at any time for the following purposes:

- a. To sample the wastewater of a SIU; or
- b. To trace a spill into the wastewater system which is believed to originate in the Township or in a contributing jurisdiction outside Township.
- c. In the above instances, i.e., Sections VI.C (1) and (2) above, City will make a reasonable effort to notify Township in advance; however, Parties acknowledge that in emergency situations prior notice may not be feasible.

(3) Upon request, Township shall have the right to obtain splits of wastewater samples taken by the City for billing purposes.

(4) The City shall base the SS and BOD5 portion of the bill on the results of sampling of the Township's flow. The SS and BOD5 analyses shall be by PADEP accredited methodologies in accordance with the City's PADEP laboratory certification under 25 PA. CODE §§ 252.1-252.708.

(5) The City shall provide Quality Assurance and Quality Control (QA/QC) laboratory data to Township upon request.

VII. PRETREATMENT AGREEMENT

A. Interjurisdictional Pretreatment Agreement. City and Township shall enter into the contract entitled "Interjurisdictional Pretreatment Agreement" (attached hereto and incorporated herein as Exhibit "C"). Township agrees to comply with all of the provisions contained therein including but not limited to adoption of City's most recent Wastewater Control Regulations. Township further agrees to require that any outside jurisdictions which contribute to Township's sewer system also adopt and enforce City's Wastewater Control Regulations.

VIII. DISPUTES

A. Arbitration of Disputes. In the event of a dispute between the Parties concerning terms, conditions and covenants of this Agreement or upon the issuance by Township of an Objection Letter or Change Objection Letter, City and Township agree to submit the dispute to an Arbitration Panel. All petitions to compel or stay arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and Township agree to accept venue therein.

B. The Arbitration Panel shall be composed of three (3) arbitrators, one appointed by City, one by Township, and the third by agreement of the arbitrators selected by City and Township.

(1) The arbitrators representing Township and City shall be named within five (5) days from the request for the appointment of an Arbitration Panel. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Township cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Montgomery counties, from which the third arbitrator shall be selected.

(2) The arbitrator appointed by Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as Chairman of the Arbitration Panel.

(3) Each of the Parties shall bear the costs of its own arbitrator and shall equally divide the costs of the third arbitrator and all other common costs.

(4) The arbitration proceedings shall commence within thirty (30) days of the selection of the third arbitrator and the arbitrators shall render their determination within thirty (30) days after the final hearing held by the Arbitration Panel. The decision of such arbitrators shall be final and binding upon the Parties, except in the case of fraud. In rendering their decision, the Arbitration Panel shall be bound by the terms and conditions of this Agreement, and may not render a decision which will add to, subtract from, or modify the terms of this Agreement

(5) Upon mutual agreement of the City and Township, the arbitration may be delayed for a specified period of time in order to allow the Parties additional time for a negotiated settlement. Any delay in commencement of the arbitration shall last only as long as is agreed to by the Parties.

IX. INDEMNIFICATION

A. Township agrees to defend, indemnify and save harmless City from and against any and all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

(1) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

(2) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Township's wastewater to the Plant(s), where such injury is due to the negligence of Township or its employees, servants or agents or the inherent nature of their operations;

(3) EPA or PADEP action of any kind whatsoever, whether direct or indirect, for any work undertaken by Township, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or PADEP; and

(4) Any grant fund, or any portion thereof, received by Township and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

B. City and Township agree that in the event of EPA or PADEP action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Township or their employees, servants or agents, City

and Township shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should the City bill Township pursuant to this paragraph, the City shall inform Township as to the nature of the bill. If the parties are unable to reach an agreement on the apportionment of responsibility for any payment hereunder, either may proceed to arbitration under the terms of this Agreement.

C. Township shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the POTW, except to the extent that such injuries and damages are due to the negligence of Township or its employees, servants or agents and where such injuries result in a direct increase to City's operating costs. Township shall be responsible for its proportionate share of those increased costs.

D. Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section of the Agreement, however, jurisdiction over disputes regarding to this section shall first be subject to resolution as provided under Section VIII of this Agreement.

E. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Township or to vest in said third person any cause of action against City or Township or to authorize any such third person to institute any suit or suits against City or Township.

X. MISCELLANEOUS

A. Inspection and Audit. City and Township agree to maintain complete records and accounts concerning their responsibilities under this Agreement. Both Parties shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days written

notice. If required by any law or regulation, Township shall make said records and accounts immediately available to federal and state authorities.

B. No Transfer of Rights. Township shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of City.

C. Ownership, Management and Control of Plants and LTCP Facilities. City retains sole ownership and control of its POTW and all other wastewater conveyance and treatment facilities, including all facilities related to compliance with and the implementation of the City's LTCP and agrees to operate, maintain, repair, and improve its facilities associated with service to Township. City retains the sole and exclusive right to make all managerial and other decisions regarding its POTW and LTCP related facilities, including but not limited to those decisions regarding operation, maintenance, upkeep, expansion, abandonment or replacement of all or a portion of its POTW and LTCP related facilities.

D. Nondiscrimination

- (1) This Agreement is entered into under the terms of the Philadelphia Home Rule Charter and in its performance, Township shall not discriminate nor permit discrimination against any person because of race, color, sex, sexual orientation, religion, national origin or ancestry. In the event of such discrimination, the City may terminate this Agreement forthwith or exercise any other remedy provided to the City in this Agreement or at law or in equity. The foregoing shall not be construed to limit or restrict the City's right to terminate this Agreement as set forth in other sections of this Agreement.

- (2) In accordance with Chapter 17-400 of The Philadelphia Code, Township agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, or privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.
- (3) Township agrees to include subparagraphs (1) and (2) of this Section (D), with appropriate adjustments for the identity of the parties, in all subcontracts which are entered into for work to be performed pursuant to this Agreement.
- (4) Township further agrees to cooperate with the Commission on Human Relations in any manner which the said Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code.

E. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the Parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

F. Waiver. The failure of either City or Township to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted, unless specifically stated in this Agreement.

G. Captions. The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

H. Entire Agreement. This Agreement and its Exhibits, incorporated herein, represent the entire agreement of the Parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Township. This Agreement supersedes all previous wastewater agreements between City and Township.

I. Severability. In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

J. Notices. All notices, payments and communications required to be given in writing under this Agreement shall be sent by certified United States mail, postage prepaid and by email communication or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Township may designate in writing from time to time:

If intended for City:

Water Commissioner
City of Philadelphia Water Department
1101 Market Street, 5th Floor
Philadelphia, Pennsylvania 19107

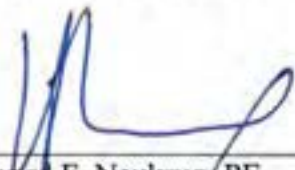
If intended for Township:

Township Manager
Abington Township

1176 Old York Road
Abington, PA 19001

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the President of the Board of Commissioners has executed this Agreement on behalf of Abington Township, as of the day and year first above written.

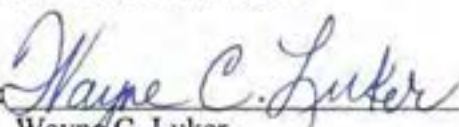
CITY OF PHILADELPHIA

By: 
Howard F. Neukrug, PE
Water Commissioner

Approved as to form:

By: 
Scott Schwarz
Deputy City Solicitor

ABINGTON TOWNSHIP

By: 
Wayne C. Luker
President, Board of Commissioners

Attest:


By: 
Michael LeFevre
Secretary

EXHIBIT "A"

FLOW AND LOADINGS LIMITS ADDENDUM

FLOW LIMITS

ANNUAL AVERAGE DAILY FLOW LIMIT: 2.97 MGD

MAXIMUM DAILY FLOW LIMIT: 4.453 MGD

TOTAL TOWNSHIP SUSTAINED PEAK FLOW RATE LIMIT: 6.168 MGD (or 9.542 cfs)

SS and BOD5 LOADINGS

Maximum Annual
SS Loadings (lbs.)

2,481,000

Maximum Annual
BOD5 Loadings (lbs.)

2,102,000

Annual Average Daily Flow shall be the total volume of wastewater flow metered or estimated during any consecutive 365 day period, divided by 365, and expressed in terms of MGD or part thereof.

Sustained Peak Flow Rate shall be the wastewater flow rate measured during any five (5) consecutive minute interval, expressed in terms of MGD or cfs.

Annual Loadings of BOD5 or SS shall be the loadings calculated using flow and strength data for any consecutive 365 day period, and expressed in terms of pounds.

EXHIBIT "B"

EXCEEDANCE CHARGE ADDENDUM

I. Township hereby agrees to exert its best efforts in ensuring that the limits established herein are not exceeded. Township hereby recognizes the City's desire to avoid or eliminate any exceedances of the parameters below and that such exceedances can create significant operating difficulties for the City and the possibility of significant increased capital and operating costs as well as fines.

II. Township shall be liable to City for the following exceedances beginning July 1, 2014 and thereafter when its flows and/or loadings exceed the limits set forth in the Flow and Loadings Limits Addendum (Exhibit "A"):

A. Annual Average Daily Flow Exceedance Charge. The Annual Average Daily Flow exceedance charge shall be at the daily rate of One Thousand Dollars (\$1,000.00) per million gallons per day (MGD) flow rate, or part thereof, of wastewater flow over the Annual Average Daily Flow Limit described in Exhibit "A". The Township shall be assessed exceedance charges for each period described in Exhibit "A" in which flows exceed the stated limit.

B. Annual Loadings Exceedance Charges. The annual loadings exceedance charges shall be at the annual rates of Seven Hundred Dollars (\$700.00) for each one thousand pounds of BOD5 and Seven Hundred Dollars (\$700.00) for each one thousand pounds of SS, delivered by Township in excess of the respective stated annual loadings limit. Township shall be assessed exceedance charges for each period described in Exhibit "A" in which the annual loadings limits are exceeded

B. Sustained Peak Flow Exceedance Charge. The Sustained Peak Flow exceedance charge shall be at the annual rate of Thirty-nine Thousand Dollars (\$39,000.00) per million gallons per day (MGD) for any flow above the Sustained Peak Flow Limit measured over any five (5) consecutive minute period. Should the Sustained Peak Flow Limit be exceeded more than once in a calendar month, Township shall be billed only for the highest monthly exceedance. The difference between a higher amount of Sustained Peak Flow experienced in any subsequent month during the remainder of a fiscal year and the previously billed maximum Sustained Peak Flow will also be subject to the Sustained Peak Flow exceedance charge. The Sustained Peak Flow limit will be re-established at the beginning of each subsequent fiscal year at the contract level set forth in Exhibit "A."

C. Application of Exceedance Charges

(1) Exceedance charges shall be billed in accordance with the terms and conditions stated in Section IV.B of this Agreement.

D. Sustained Peak Flow Limit Exemption

(1) The City recognizes that the Sustained Peak Flow Limit above could be violated during extreme wet weather events. Therefore, the Parties agree that the Township shall not be held in violation of this Agreement should it exceed its Sustained Peak Flow Limit as a result of a wet weather event that meets the condition set forth below. A wet weather event that exceeds the condition set forth below and results in the Township exceeding its Sustained Peak Flow Limit as shown above shall be considered an exemption to the Sustained Peak Flow Limit and Township shall not incur exceedance charges. However, a wet weather event that does not

exceed the condition set forth below and results in the Township exceeding its Sustained Peak Flow Limit shall be considered a violation of the Agreement and shall result in Township incurring exceedance charges. This exemption does not relieve the Township of the requirements of Section III.E of this Agreement.

(2) The exemption condition is as follows: A rain event must exceed 2.75 inches in a twenty-four (24) consecutive hour period. Once the twenty-four consecutive hour period has been established, the Sustained Peak Flow Limit must be met within forty-eight (48) hours from the start of the defined twenty-four hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this exemption. At no point shall two twenty-four hour periods overlap. All such events shall be quantified using hourly precipitation data obtained from the Philadelphia Water Department's Rain Gauge (RG-10) located at the Medical Mission Sisters Headquarters, 8400 Pine Road in the City.

III. Charges for Years Subsequent to 2014

A. During 2015, and for each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the percentage change in the Consumer Price Index from the prior calendar year, upon the availability of the Consumer Price Index for January of each subsequent year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers ("CPI-U") for the Northeast Region US, all items.

IV. Example Applications of the Flow Exceedance Charges

A. Example Application of the Annual Average Flow Exceedance Charge. Assume that during fiscal year 2020 the Township's Annual Average Flow was determined to be 3.97 MGD

for 30 days, such that the Township exceeded the Annual Average Flow limit by 1 MGD each day for 30 days. Also assume that the CPI-U for the Northeast Region US - all items index was 257.5 in January 2014 and 307.5 in January 2020. The fiscal year 2020 daily rate of the Annual Average Flow Exceedance Charge would be \$1,194 per MGD ($\$1,000 \text{ per MGD} \times 307.5 / 257.5$). The total Annual Average Flow Exceedance Charge would be \$35,820 ($\$1,194 \text{ per MGD} \times 30 \text{ days} \times 1 \text{ MGD}$).

B. Example Application of the Sustained Peak Flow Exceedance Charge. Assume that during fiscal year 2020 the Township's Sustained Peak Flow was 7.618 MGD, such that the Township exceeded the Sustained Peak Flow limit by 1 MGD. Also assume that the CPI-U for the Northeast Region US - all items index was 257.5 in January 2014 and 307.5 in January 2020. The fiscal year 2020 annual rate of the Sustained Peak Flow Exceedance Charge would be \$46,568 per MGD ($\$39,000 \text{ per MGD} \times 307.5 / 257.5$). The total Sustained Peak Flow Exceedance Charge would be \$46,568 ($\$46,568 \text{ per MGD} \times 1 \text{ MGD}$).

EXHIBIT "C"

INTERJURISDICTIONAL PRETREATMENT AGREEMENT BETWEEN

THE CITY OF PHILADELPHIA

AND

ABINGTON TOWNSHIP

RECITAL

WHEREAS, City owns and operates wastewater collection and treatment facilities; and

WHEREAS, Township will be utilizing the City's Wastewater Treatment Services pursuant to the attached Service Agreement between City and Township; and

WHEREAS, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permits (Permits # PA0026671, PA0026689 and PA0026662) issued by the Pennsylvania Department of Environmental Protection; and

WHEREAS, Township desires to continue to utilize the Wastewater Treatment Services and recognizes its industrial waste control obligations under 40 CFR § 403 and the City's Wastewater Control Regulations.

NOW, THEREFORE, intending to be legally bound and in consideration of the following terms and conditions contained in this Agreement, the City and Township agree as follows:

1. No later than four (4) months after the effective date of the City's current Wastewater Control Regulations, Township shall adopt and diligently enforce rules and regulations (hereinafter "Regulations") substantially identical to the City's current Wastewater Control Regulations. Township shall ensure that all of its contributing municipalities then adopt Township's rules and regulations. Should the City amend its Wastewater Control Regulations,

Township shall adopt and diligently enforce the amendment within four (4) months from the amendment's effective date. Also, Township shall make its best efforts to ensure that any outside jurisdictions which contribute to its sewer system adopt the Regulations and any amendments to the Regulations within four (4) months of the amendment's effective date.

2. Township shall explicitly incorporate the following provisions into its Regulations:

(a) a provision requiring any Industrial User responsible for any accidental discharge to notify both City and Township immediately;

(b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by federal pretreatment standards;

(c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;

(d) a prohibition against, and a penalty for, the knowing transmittal of false information by an Industrial User to either City or Township; and

(e) a grant of explicit authority to City to require the Industrial User(s) to install monitoring and pretreatment facilities as necessary.

3. City and Township shall periodically, at a minimum of every five (5) years, review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program.

Whenever City revises its regulations or drafts an amendment to its regulations, Township must adopt same in substantially equivalent form within three (3) months of promulgation by the City. If Township has adopted regulations identical to the City's regulations, then, whenever City

revises or amends its regulations, Township shall adopt the identical revisions or amendment(s) within three (3) months of promulgation by the City.

4. Township shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.

5. Township's regulations shall require that categorical pretreatment standards promulgated by the U.S. Environment Protection Agency ("EPA") by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Township's regulations. These standards shall supersede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Township shall notify all affected Industrial Users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.

6. Township shall adopt in its regulations definitions for "Significant Industrial User," "Industrial User" and "Non-domestic User" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular user is a Significant Industrial User, Industrial User or Non-domestic User based on information City may request from Township. City may control, through wastewater discharge permits, wastewater discharges from Significant Industrial User, Industrial User or Non-domestic User.

7. If there exists any Industrial User discharging to Township's conveyance system but located outside the jurisdictional limits of Township, then Township shall within thirty (30) days from the effective date of this Service Agreement notify such jurisdiction of the requirements contained within this Interjurisdictional Pretreatment Agreement and provide the City with copies of such notification. Township shall negotiate and enter into an agreement with

such outside jurisdiction within six (6) months from the effective date of this Service Agreement. Such agreement shall be substantially equivalent to this Interjurisdictional Pretreatment Agreement, and shall be jointly executed by Township, City and the outside jurisdiction. The agreement shall specifically state that the contributing jurisdiction must also adopt regulations substantially identical to the City's Wastewater Control Regulations and shall adopt all amendments thereto within three (3) months from their effective date. Such agreement shall ensure that the City has the same rights, powers and authority to operate its industrial pretreatment program in the outside jurisdiction as it has within the area served by Township. If Township is unable to reach agreement with the contributing jurisdiction within six (6) months, then Township shall immediately thereafter take all necessary steps to prevent all discharges from Industrial Users within the contributing jurisdiction to Township.

8. Township shall file with City a certified copy of its resolution and any amendments thereto, and other interjurisdictional agreements. Township shall provide a table to the City cross-referencing sections of its ordinance with the City's Wastewater Control Regulations in order to demonstrate that all provisions contained in the City's Wastewater Control Regulations have been incorporated into Township's ordinance. If Township maintains, Township shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline monitoring reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six (6) years.

9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer systems of Township and its contributing jurisdictions. The

right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect wastewater discharges. Township shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the Industrial User or Non-domestic Dischargers.

10. Township and City hereby agree that City shall implement a pretreatment program within the area served by Township and its contributing jurisdictions and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement; and 6) monitoring hazardous waste disposal practices.

11. City shall review Township's ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CFR Part 403, and to ensure inclusion of all other legal provisions mandated by this Interjurisdictional Pretreatment Agreement. City shall periodically review the enforcement efforts of Township and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.

12. If City determines that Township has failed or has refused to fulfill any pretreatment obligations, including, but not limited to, any obligations contained within this Interjurisdictional Pretreatment Agreement, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Township, and a time schedule for attaining compliance with all pretreatment

requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Township fails to satisfy the terms of the remedial plan, City may, upon thirty (30) days written notice, refuse to accept any wastewater discharges from Township.

13. In the event that EPA or PADEP action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Township or contributing jurisdictions, Township and City shall equitably apportion responsibility for payment of such fines, penalties or costs.

14. Where a discharge to the wastewater collection and treatment facilities reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater collection and treatment facilities, City may immediately initiate steps to identify the source of the discharge and to hold or prevent said discharge. City may seek injunctive relief and/or may pursue other self-help remedies against Township, contributing jurisdictions, and any Industrial User or Non-domestic User contributing to the emergency conditions. Township shall pay to City the cost of such steps specified in reasonable detail and submitted in writing to Township taken to prevent, stop or ameliorate the effects of such discharge.

15. All provisions of this Interjurisdictional Pretreatment Agreement apply only to areas and properties within Township's service area from which flows, directly or indirectly, enter the City's wastewater collection or treatment facilities. This Interjurisdictional Pretreatment Agreement does not apply to any area or property within Township's service area from which flows do not enter the City's wastewater collection or treatment facilities.

16. Any disputes arising out of this Interjurisdictional Pretreatment Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Township and City, as amended.

17. The terms of this Interjurisdictional Pretreatment Agreement may be amended only by written agreement of the Parties. In any event, this Interjurisdictional Pretreatment Agreement shall be reviewed and revised, as necessary, at least every five (5) years.


18. This Interjurisdictional Pretreatment Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Interjurisdictional Pretreatment Agreement.

19. This Interjurisdictional Pretreatment Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Interjurisdictional Pretreatment Agreement.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the President of the Board of Commissioners of Abington Township has executed this Agreement on behalf of Abington Township, as of the Effective Date of the Service Agreement.

CITY OF PHILADELPHIA

By: 
Howard F. Neukrug, PE
Water Commissioner

Approved as to form:

By: 
Scott Schwarz
Deputy City Solicitor

ABINGTON TOWNSHIP

By: 
Wayne C. Luker
President, Board of Commissioners

Attest:

By: 
Michael LeFevre
Secretary

EXHIBIT "D"

The following eleven (11) pages constitute Exhibit "D".

TABLE A - 15
UNITS OF WASTEWATER SERVICE
Test Year 2014

Line No.		(1) Units	(2) Abington
FY 2014 Test Year			
Volume			
1	Sanitary Wastewater	(Mcf)	107,000
2	Infiltration	(Mcf)	<u>4,400</u>
3	Total	(Mcf)	111,400
Suspended Solids			
4	Sanitary Wastewater	(1,000 lbs)	1,222
5	Infiltration	(1,000 lbs)	<u>27</u>
6	Total	(1,000 lbs)	1,249
BOD			
7	Sanitary Wastewater	(1,000 lbs)	1,035
8	Infiltration	(1,000 lbs)	<u>7</u>
9	Total	(1,000 lbs)	1,042
Contract Maximum Units			
Capacity			
10	Sanitary Wastewater	(Mcf/day)	799
11	Infiltration	(Mcf/day)	<u>20</u>
12	Total	(Mcf/day)	819
Volume			
13	Sanitary Wastewater	(Mcf)	217,292
14	Infiltration	(Mcf)	<u>4,400</u>
15	Total	(Mcf)	221,692
Suspended Solids			
16	Sanitary Wastewater	(1,000 lbs)	2,481
17	Infiltration	(1,000 lbs)	<u>27</u>
18	Total	(1,000 lbs)	2,508
BOD			
19	Sanitary Wastewater	(1,000 lbs)	2,102
20	Infiltration	(1,000 lbs)	<u>7</u>
21	Total	(1,000 lbs)	2,109

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 2

ALLOCATION OF TEST YEAR INVESTMENT FOR THE
NORTHEAST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2014

Line No	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment (a) \$1,000	Retail, Abington, Bensalem, Bucks Cty W&SA, & Lower Southampton Capacity \$1,000	Volume \$1,000	Retail, Abington, Bensalem, Bucks Cty W&SA, Cheltenham, Lower Merion, and Lower Southampton Capacity \$1,000	Suspended Solids \$1,000	BOO \$1,000
NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
1	Primary Sedimentation Basins	4,679		4,679			
2	Pumping Station	1,606			1,606		
3	Aeration Facilities	15,461					15,461
4	Primary Sludge Pumps	1,038				1,038	
5	Scum Ejectors	163				163	
6	Effluent Conduit	10			10		
7	Final Sedimentation Basins	8,138		8,138			
8	Recirculation Pumps	1,465		1,465			
9	Digestion	13,928				13,946	1,982
10	Sludge Dewatering	4,137				3,103	1,034
11	Frankford Grit Chamber						
12	Chlorination Facilities	18,033			18,033		
13	Aeration Tank No. 1	1,158					1,158
14	Sludge Thickener Building	4,894				2,447	2,447
15	Sludge Transfer Station	893				670	223
16	Subtotal All Above	77,603		14,282	19,649	19,367	28,305
17	Administrative and General Facilities						
18	Administrative and General Plant	45,688					
19	Land	934					
20	Subtotal	46,662	1,296	11,651	6,586	12,177	14,952
21	Total Non-Water Pollution Abatement Program Facilities	124,265	1,296	25,933	26,235	31,544	39,257
WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
22	New Preliminary Treatment Building	42,296	10,574		31,722		
24	Primary Sedimentation Tanks Modifications	54,419		54,419			
25	Blower Building	17,066					17,066
26	Aeration Tank No. 1	39,789					39,789
27	Chlorination Facilities						
28	New Sludge Thickener Building	42,529				21,265	21,264
29	Effluent Conduits	2,363			2,363		
30	New Final Sedimentation Tanks	26,368		26,368			
31	Sludge Digestion System Modifications	35,508				26,631	8,877
32	Composting Facilities						
33	Sludge Dewatering	11,933				8,950	2,983
34	Sludge Transfer Station	23,216				18,912	4,304
35	Loading Terminal/Barges	5,644				4,233	1,411
36	Subtotal	303,131	10,574	80,787	34,085	79,991	97,694
37	Admin. and General Facilities	49,077	1,363	12,254	6,926	12,807	15,727
38	Adjustment for Joint Use Facilities	1,267				1,325	442
39	Total Water Pollution Abatement Program Facilities	353,975	11,937	93,041	41,011	94,123	113,863
40	TOTAL NORTHEAST WPC PLANT BOOK COST	478,240	13,233	118,974	67,246	125,667	153,120
41	Less Federal Grants	226,940	7,870	60,125	25,366	60,536	73,043
42	ADJUSTED TOTAL NORTHEAST WPC PLANT INVESTMENT	251,300	5,363	58,849	41,880	65,131	80,077

(a) Plant investment as of 6/30/2011

TABLE A - 5

**TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2014**

Line No.	Cost Component	Total Direct Investment (a)
		\$
COLLECTION SYSTEM		
1	Sewers - Capacity	1,198,884,000
2	Pumping Stations - Capacity	30,511,000
3	Total Collection System	1,229,395,000
WATER POLLUTION CONTROL PLANTS		
Northeast Plant:		
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, & Lower Southampton		
4	- Capacity	5,363,000
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton		
5	Volume	58,849,000
6	Capacity	41,880,000
7	Suspended Solids	65,131,000
8	BOD	80,077,000
9	Subtotal	245,937,000
10	Total Northeast Plant	251,300,000
11	Other Plants	364,470,000
12	Total Water Pollution Control Plants	615,770,000
13	Total Investment	1,845,165,000

(a) Plant Investment as of 6/30/2011. Includes Administration and General costs.

TABLE A - 16
WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY
Test Year 2014

Line No.	Cost Component	(1)	(2)	(3)
		Direct Investment (a)	Units of Capacity	Unit Investment (a)
		\$		\$
1	Northeast Water Pollution Control Plant Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton - Capacity	5,363,000	370 mgd = 49,470 Mcf/day	108,4091 /Mcf/day
2	Volume Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton	58,849,000	76,650 mg = 10,247,000 Mcf	5,7430 /Mcf
3	Capacity	41,880,000	420 mgd = 56,150 Mcf/day	745,8593 /Mcf/day
4	Suspended Solids	65,131,000	173,240,000 lbs	375,9582 /1,000 lbs
5	BOD	80,077,000	128,491,000 lbs	623,2110 /1,000 lbs

mg - million gallons
mgd - million gallons per day
Mcf - thousand cubic feet
Mcf/day - thousand cubic feet per day
lbs - pounds

(a) Plant investment as of 6/30/2011. Includes Administration and General Costs.

TABLE A - 17
WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
ABINGTON TOWNSHIP
Test Year 2014

Line No.	Cost Component	(1) Units	(2) Investment Per Unit (a) \$	(3) Number of Contract Units	(4) Infiltration/Inflow Capacity Allocation Factor	(5) Allocated Investment (a) \$	(6) Allocated Investment Rounded (a) \$
Treatment							
1	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton Capacity	Mcf/day	108,4091	819		88,787	89,000
2	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton Volume	Mcf	5,7430	221,692		1,273,177	1,273,000
3	Capacity	Mcf/day	745,8593	819		610,859	611,000
4	SS	1,000 lbs	375,9582	2,508		942,903	943,000
5	BOD	1,000 lbs	623,2110	2,109		1,314,352	1,314,000
6	Total Treatment					<u>4,230,078</u>	<u>4,230,000</u>
Conveyance							
7	Shady Lane & City Line	cfs	58,421	1,3680	1.02250	81,718	82,000
8	Pennypack & City Line	cfs	49,045	7,6940	1.02250	385,843	386,000
9	Cottman and Orville	cfs	45,328	0,4800	1.02250	22,247	22,000
10	Total Conveyance					<u>489,808</u>	<u>490,000</u>
11	Total Allocated System Investment					4,719,886	4,720,000

cfs - cubic feet per second
Mcf - Thousand cubic feet
lbs - pounds

(a) Plant investment as of 6/30/2011. Includes Administration and General Costs.

TABLE A - 7

ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
NORTHEAST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2014

Line No	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton	Volume	Capacity	Volume	Capacity	Suspended Solids
		\$	\$	\$	\$	\$	\$	\$
Personal Services:								
1	Raw Wastewater Pumping	697,777		697,777				
2	Preliminary Treatment	1,336,789			963,320	393,469		
3	Primary Sedimentation	547,561			547,561			
4	Aeration	2,262,930						2,262,930
5	Secondary Sedimentation	552,407			552,407			
6	Recirculating Pumping	407,037			407,037			
7	Chlorination	382,838			233,513	149,295		
8	Primary Sludge Pumping	111,450					111,450	
9	Secondary Sludge Thickening	271,358					135,679	135,679
10	Sludge Digestion	2,132,096					1,599,072	533,024
11	Sludge Holding Tanks	155,062					116,297	38,765
12	Sludge Dewatering	392,500					294,375	98,125
13	Grit and Screening Incineration	872,221			584,388	287,833		
14	Scum and Grease Incineration	208,364					208,364	
15	Laboratory	722,005					361,003	361,002
16	Subtotal Personal Services	11,072,365		697,777	3,288,226	830,597	2,826,240	1,429,525
Purchase of Services, Materials, Supplies, and Equipment:								
17	Raw Wastewater Pumping	338,466		338,466				
18	Preliminary Treatment	534,859				534,859		
19	Primary Sedimentation	250,715			250,715			
20	Aeration	376,073						376,073
21	Secondary Sedimentation	288,323			288,323			
22	Recirculating Pumping	108,643			108,643			
23	Chlorination	2,290,099			2,290,099			
24	Primary Sludge Pumping	45,964					45,964	
25	Secondary Sludge Thickening	54,322					27,161	27,161
26	Sludge Digestion	706,181					529,536	176,645
27	Sludge Holding Tanks	100,280					75,215	25,065
28	Sludge Dewatering	79,393					59,545	19,848
29	Grit and Screening Incineration	225,644				225,644		
30	Scum and Grease Incineration	62,679					62,679	
31	Laboratory	484,716					242,358	242,358
32	Subtotal Purchase of Services, Materials, Supplies & Equipment	5,946,363		338,466	2,937,790	760,503	1,042,538	867,056
33	Subtotal All Above	17,018,728		1,036,243	6,226,006	1,591,100	3,868,778	4,296,581
Administrative and General:								
34	Personal Services	2,849,256		179,539	846,160	213,738	727,277	882,522
35	Other	682,423		38,844	337,150	87,278	119,647	99,506
36	Subtotal Administration & General	3,531,681		218,403	1,183,310	301,016	846,924	982,028
Power Requirements:								
37	Raw Wastewater Pumping	608,146	516,924	91,222				
38	Preliminary Treatment	5,026			4,272	754		
39	Primary Sedimentation	40,208			34,177	6,031		
40	Aeration	3,332,238						3,332,238
41	Secondary Sedimentation	40,208			34,177	6,031		
42	Recirculating Pumping	140,728			119,619	21,109		
43	Chlorination	10,052			8,544	1,508		
44	Primary Sludge Pumping	5,026					5,026	
45	Secondary Sludge Thickening	376,950					188,475	188,475
46	Sludge Digestion	85,442					64,382	21,060
47	Sludge Dewatering	90,468					67,851	22,617
48	Grit and Screening Incineration	30,416			68,354	12,062		
49	Scum and Grease Incineration	5,026					5,026	
50	Subtotal Power Requirements	4,819,994	516,924	91,222	269,143	47,495	330,460	3,994,690
51	Sludge Disposal	10,630,467					7,972,850	2,657,617
52	Total Northeast WPC Plant Expense	36,808,819	516,924	1,345,668	7,678,459	1,939,611	13,819,832	11,508,916

TABLE A - 11
TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2014

Line No.	Cost Component	(1)	(2)	(3)	(4)	(5)	(6)
		Direct Operation & Maintenance Expense \$1,000	Administrative & General Expense \$1,000	Total Operation & Maintenance Expense \$1,000	O&M Expense Deductions \$1,000		Net Operation & Maintenance Expense \$1,000
		Less Interest Income \$1,000	Less Grants \$1,000				
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity	30,657	14,946	45,603	111	0	45,492
Inlet Cleaning							
2	Retail - Storm Capacity	10,965	5,346	16,311	40	0	16,271
Pumping Stations							
3	Total Volume	3,543	0	3,543	8	0	3,535
4	Total Capacity	<u>12,374</u>	<u>5,728</u>	<u>18,102</u>	<u>43</u>	<u>0</u>	<u>18,059</u>
5	Total Collection Systems	57,539	26,020	83,559	202	0	83,357
WATER POLLUTION CONTROL PLANTS							
Northeast Plant							
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland & Lower Southampton							
6	Volume	517	0	517	1	7	509
7	Capacity	1,346	606	1,952	5	27	1,920
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton							
8	Volume	7,678	3,562	11,240	27	154	11,059
9	Capacity	1,940	910	2,850	7	39	2,804
10	Suspended Solids	13,129	6,222	19,351	47	265	19,039
11	BOD	11,501	3,854	15,355	37	210	15,108
12	Other Plants	<u>47,225</u>	<u>18,384</u>	<u>65,609</u>	<u>160</u>	<u>898</u>	<u>64,551</u>
13	Total Water Pollution Control Plants	83,336	33,538	116,874	284	1,600	114,990
14	CUSTOMER COSTS	31,019	15,123	46,142	112	0	46,030
15	Total Operation & Maintenance Expense	171,894	74,681	246,575	598	1,600	244,377

TABLE A - 28

UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
 APPLICABLE FOR CONTRACT SERVICE
 Test Year 2014

Line No.	Cost Component	(1) Net Operating Expense \$	(2) Projected TY Units of Service	(3) Unit Operating Expense \$/Unit
WATER POLLUTION CONTROL PLANTS				
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	Volume	509,000	6,138,000 Mcf	0.0829
2	Capacity	1,920,000	37,650 Mcf/day	50.9960
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
3	Volume	11,059,000	8,295,000 Mcf	1.3332
4	Capacity	2,804,000	50,882 Mcf/day	55.1079
5	Suspended Solids	19,039,000	109,680 1,000 lbs	173.5868
6	BOD	15,108,000	78,911 1,000 lbs	191.4574

NA - Not Applicable

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 29
OPERATING EXPENSE
ALLOCATED TO
ABINGTON TOWNSHIP
Test Year 2014

Line No.	Cost Component	(1)		(2)		(3)
		Allocated Investment				Allocated Operating Expense
		\$				\$
	Collection System					
1	Sewer Maintenance (a)	490,000	%	4.00%		19,600
		<u>Operating Expense Per Unit</u>		<u>Test Yr. No. of Units</u>		
	NE Treatment Plants: Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton					
2	Volume	0.0829	\$/Mcf	111,400	Mcf	9,235
3	Capacity	50.9960	\$/Mcf/day	819	Mcf/day	41,766
	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton					
4	Volume	1.3332	\$/Mcf	111,400	Mcf	148,518
5	Capacity	55.1079	\$/Mcf/day	819	Mcf/day	45,133
6	Suspended Solids	173.5868	\$/1,000 lbs	1,249	1,000 lbs	216,810
7	BOD	191.4574	\$/1,000 lbs	1,042	1,000 lbs	199,499
8	Customer Costs					<u>13,800</u>
9	Total					694,361
10	Total - Rounded					694,000
	Mcf - Thousand cubic feet lbs - pounds					

(a) Based on investment in sewers serving Abington.

TABLE A - 40

**SUMMARY OF ALLOCATED COST OF SERVICE
ABINGTON TOWNSHIP**

Test Year	(1)	(2)	(3)	(4)	(5)	(6)
	Allocated Investment (a)	Allocated Depreciable Investment (a)	O&M Expense	Depreciation Expense	Return on Investment	Allocated Cost of Service
	\$	\$	\$	\$	\$	\$
FY 2014	4,720,000	4,704,000	694,000	115,000	354,000	1,163,000
FY 2015	4,720,000	4,704,000	724,000	115,000	354,000	1,193,000

(a) Plant investment as of 6/30/2011. Includes Administration and General Costs.

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**SUMMARY OF TEST YEAR CHARGES
ABINGTON TOWNSHIP**

Line No.	Test Year	(1)	(2)	(3)	(4)	(5)
		Annual Lump Sum	Volume	Capacity (a)	Unit Costs	
		\$	\$/Mcf	\$/cfs	Suspended Solids \$/1,000 lbs	BOD \$/1,000 lbs
1	FY 2014	503,000	1.4676	9,378	176.9354	192.5663
2	FY 2015	503,000	1.5385	9,591	186.3307	201.1057

Mcf - Thousand cubic feet
cfs - cubic feet per second
lbs - pounds

(a) Annual Cost.

EXHIBIT "E"

The following two (2) pages constitute Exhibit "E".

AGREEMENT

This Agreement, made this 16th day of May, 1988 and effective as of April 1, 1988 by and between the City of Philadelphia, hereinafter called "City", and the Bensalem Township Authority, created pursuant to the Municipal Authorities Act of 1945, Act of May 2, 1945, P.L. 382 § 1, as amended 53 P.S. § 301, (hereinafter called "Authority").

WITNESSETH:

WHEREAS, City owns and operates wastewater collection and treatment facilities to convey, treat and dispose of wastewater and its by-products, including sludge, collected from retail customers within the City and from outlying municipalities, townships, authorities and entities including Authority; and

WHEREAS, City desires to reserve wastewater treatment capacity for wholesale suburban customers at its Northeast Water Pollution Control Plant (the "Plant") on a long term basis to ensure the most efficient use of the City's resources and facilities, and to provide full and fair compensation to City; and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into new agreements for the sale of wastewater treatment service to suburban communities; and

WHEREAS, Authority desires to acquire wastewater treatment capacity from City at the Plant to ensure a sufficient wastewater treatment capacity for the communities it serves; and

WHEREAS, the Plant has limited capacity and City has other suburban customers who purchase wastewater treatment service from City; and

WHEREAS, Authority agrees to pay for its reserved wastewater treatment capacity in accordance with this Agreement;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

I. WASTEWATER QUANTITY AND QUALITY

A. Reservation of Capacity - City shall reserve wastewater treatment capacity for the Authority at the Plant as set forth in Exhibit "A" attached hereto and incorporated herein ("Flow and Loadings Limits").

B. Capital Contribution - Upon execution of this Agreement, in consideration of the reservation of capacity at the Plant, Authority shall pay FOUR MILLION AND FOUR HUNDRED THOUSAND DOLLARS (\$4,400,000.00) to City for net cost to City for wastewater conveyance and treatment facilities, systems and equipment completed prior to July 1, 1986 and allocated to the service of Authority under the terms and conditions stated herein plus ONE HUNDRED AND FIFTY THREE THOUSAND AND THREE HUNDRED TWENTY DOLLARS

(\$153,320.00) for wastewater conveyance and treatment facilities, systems and equipment allocated to the service of Authority as stated herein and completed as of March 31, 1988. These sums plus any additional sums paid to City by Authority for facilities, systems and equipment allocated to Authority under this Agreement shall be referred to as Authority's "Capital Contribution."

C. Pro-rata Share of New Facilities and Renewal and Replacement -

(1) Authority agrees to pay to City its pro-rata share as calculated by City of capital costs for improvement to and/or renewal and/or replacement of facilities, and for new facilities, excepting however, new facilities which are intended solely to increase the marketable and marketed capacity of the Plant. The costs to be allocated shall be net of grants or other reimbursement from the federal or state government. City shall provide Authority with a Facilities Capital Budget not later than thirty (30) days before the beginning of City's Fiscal Year to notify Authority of its share of the cost of capital improvements and renewal and replacement.

(2) Authority agrees to pay actual costs of capital improvements or renewal and replacement within sixty (60) days of receipt of the bill. In the event that Authority does not pay the bill when due, late charges will accrue at the rate of one and one-quarter percent (1-¼%) per month sim-

ple interest. The City reserves the right to seek payment from Authority in advance of City's payment of actual costs; however, Authority is not obligated to pay late charges except as provided above.

D. Change in Capacity -

(1) Authority agrees that if the capacity of the Plant is upgraded or downgraded by federal or state agencies or regulations or if City is directed to acquire additional facilities by federal or state agencies or regulations and no excess marketable and marketed capacity results, Authority will pay any costs associated with its revised pro-rata share of capacity as calculated by City. Nothing in this Section I.D. shall serve to revise Authority's flow and loadings limits as set forth in Exhibit A attached hereto and incorporated herein ("The Flow and Loadings Limits Addendum").

(2) In the event that City determines it has excess marketable capacity, City shall advise its suburban customers of such availability. It shall be the responsibility of the customer to make a timely formal request for its pro-rata capacity share, at a cost reasonably determined by the City to be fair and equitable at that time. Nothing in this Section I.D. shall be construed to bind either party to agree to modify this Agreement or the Flow and Loadings Limits Addendum hereto or to bind the City to have additional capacity available.

E. Exceedance Charges -

(1) Flow and Loadings Limits - The wastewater delivered

by Authority to City shall not exceed the limitations set forth in the Flow and Loadings Limits Addendum. For the purpose of this Agreement the term "Flow Limits" shall mean the maximum amount of wastewater as measured in millions of gallons per day which may be delivered to City for treatment in a given period of time and the term "Loadings Limits" shall mean the maximum biochemical oxygen demand ("BOD") loadings and suspended solids ("SS") loadings which shall be delivered to City for treatment annually.

(2) The flow limits and loadings limits for SS and BOD shall be as set forth in the Flow and Loadings Limits Addendum.

(3) Exceedance Charges - City shall estimate or measure the quantity and sample the quality of Authority's wastewater flow. Authority shall be liable to pay penalties to City for exceedances of agreed-upon Flow Limits and Loadings Limits as set forth in the Flow and Loadings Limits Addendum and the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

(4) Plan to Eliminate Exceedances - In the event that Authority's wastewater flow exceeds the Flow Limits set forth in the Flow and Loadings Limits Addendum on five (5) or more occasions in one calendar year or eight (8) or more occasions in two consecutive calendar years, or ever exceeds the maximum annual average in any consecutive 365 day period, or if Authority exceeds the Annual Loadings Limits, either for BOD or SS; Authority agrees:

a) That upon written notice of exceedances from City, Authority shall develop and submit to City within one hundred and eighty (180) days of written notice a written report detailing a plan of action to eliminate the exceedances within five (5) years from the date of submission of the written report. City shall promptly approve or disapprove the plan. Approval of the plan outlined in the report will not be unreasonably withheld. City shall notify the Authority in writing within sixty (60) days of receipt of the plan of approval or disapproval, including reasons for disapproval.

b) If Authority fails to submit in good faith a report outlining a plan to eliminate exceedances, or if City cannot approve such a plan, Authority shall be liable to City for a penalty of One Thousand Dollars (\$1,000.00) per week until such time as Authority submits a plan which City approves.

II. WASTEWATER TREATMENT CHARGE

A. Wastewater Treatment Charges - Authority agrees to pay wastewater treatment charges. The wastewater treatment charges shall consist of:

(1) An operation and maintenance charge based upon actual or estimated wastewater flows and actual or estimated BOD and SS Loadings of wastewater delivered to the Plant by Authority. The operation and maintenance charge shall be:

based upon the cost (as defined below at Paragraph II.A. (3)) of conveying and treating wastewater delivered by the Authority. Such charges shall be based upon flow and loading rates of wastewater delivered as well as charges based upon billing, metering, sampling and other related fixed costs.

(2) A management fee equal to ten percent (10%) of the charges set forth in paragraph (1).

(3) For the purpose of this Agreement the term "Cost" shall include all direct and indirect expenses, including but not limited to, labor, materials, equipment, power, chemicals, rentals, benefits and departmental overhead. Departmental overhead shall include, but not be limited to, administrative, financial, legal, accounting and engineering support.

(4) Authority shall have the right upon written request to review City's method of computing and allocating the cost of providing wastewater treatment service to Authority.

B. Billing and Penalties for Late Payment -

(1) City shall render bills to Authority on a quarterly basis for the charges set forth in this Agreement. City reserves the right to bill Authority on a more or less frequent basis in the future.

(2) Bills shall be payable to City by Authority within thirty (30) days of receipt of bill by Authority. Authority shall notify City in writing of disputed charges prior to their due date. Authority may withhold payment of disputed

charges, but in the event the dispute is resolved in favor of City, payment withheld shall be subject to late fees running from the original due date for said charges. In no event shall City be liable to Authority for payment of interest or late fees of any nature on disputed charges.

(3) Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing.

(4) City, upon six (6) months prior written notice to Authority, may increase or decrease late fees to a level reflecting additional or decreased costs incurred by City.

C. Notice of Changes in Rates - City shall provide notice to Authority of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices.

III. METERING, SAMPLING AND BILLING

A. Actively Metered Connection Points - City shall measure wastewater flow and loadings by metering and sampling at "Actively Metered Connection Points" as set forth in Exhibit C for so long as City, in the reasonable exercise of its sole discretion, determines that this is necessary, practical and/or economical. City shall base its operation and maintenance charges on actual flow and loadings measures where these exist.

B. Unmetered Connection Points - City shall estimate wastewater flow and loadings for "Unmetered Connection Points."

as currently set forth in Exhibit C and for such "Actively Metered Connection Points" as City may determine it is unnecessary, impractical and/or uneconomical to meter and/or sample wastewater flow and loadings pursuant to III.A. (collectively "All Unmetered Connection Points".) City shall base its operation and maintenance charges on estimates where no actual measures of flow and loadings exist.

Until April 30, 1989, City shall estimate flow and loadings at All Unmetered Connection Points using Current Estimated Data as set forth in Exhibit D; as soon thereafter as is practicable, City shall estimate flow and loadings at Unmetered Connection Points using Future Estimated Data as set forth in Exhibit E. City may confirm estimated data with portable temporary flow meters or through other available technology. Authority shall supply City with information on the dates set forth and as required in Exhibit E ("Required Information").

C. Additional Metered Connection Points -

(1) City may require Authority to meter all or some Unmetered Connection Points ("Additional Metered Connection Points") if, the City deems it necessary, practical or economical to measure rather than estimate wastewater flow. Prior to requiring metering for these reasons, City shall serve Authority with a written notice of intent to require metering, and shall allow, within sixty (60) days, Authority

the opportunity to present written and/or oral comment as to whether metering is necessary, practical or economical. City shall retain the right to make the ultimate determination subject to the Authority's right to arbitrate as set forth at § VI.B. supra.

(2) If Authority fails timely to provide City with Required Information, City may, at its sole option, either continue to estimate wastewater flow and loadings using its best judgment or require Authority to add as "Additional Metered Connection Points" those Unmetered Connection Points for which it has failed to supply all Required Information. Prior to requiring metering, City shall serve Authority with a written demand for required information and shall allow Authority up to sixty (60) days to provide Required Information.

D. Additional Metered Connection Points - Metering and Maintenance Sampling - Authority and City shall have the following rights and responsibilities as to any Additional Metered Connection Points required by City.

(1) Authority shall submit for approval by City, plans and specifications for the design and installation of equipment for metering and sampling wastewater and for telemetering the metered signal to City. Approval of said plans and specifications shall not be unreasonably withheld.

(2) Upon approval by City, said metering and telemetering equipment shall be installed by Authority to City's satisfaction.

(3) All purchase and installation costs for metering and telemetering equipment including equipment installed by City whether installed within or outside of the city limits shall be borne by Authority.

(4) Authority shall pay for and provide a dedicated, leased telephone line approved by City for the purpose of transmitting information from the meter to City. Authority shall also pay for and provide electrical power required to operate the telemetering equipment in Authority.

(5) City shall have the right to enter the area served by Authority at any time upon reasonable advance telephone notice to read the meters installed by Authority, to record the quantity of wastewater flowing through said meters, to inspect metering and telemetering equipment and to maintain telemetering equipment. City may require Authority to certify accuracy of meters through state-approved third party on an annual basis.

(6) Authority shall own and maintain metering equipment and the electronics associated with the meter installed in area served by Authority. City shall own and maintain telemetering equipment installed in area served by Authority which shall consist of equipment which converts the signal produced by the meter into a signal which can be transmitted over telephone lines. City shall also own and maintain all equipment located in City necessary to receive and record telemetered information.

E. Sampling - City shall have the right to enter the area served by Authority at any time upon reasonable advance telephone notice to sample Authority's wastewater. Upon Authority's request and if Authority's representative is present, City shall provide Authority with a portion of sample ("split sample").

F. Billing Information - Within sixty days of receipt of Authority's written request, City shall provide to Authority copies of wastewater flow and loadings data and computations utilized in billing Authority.

IV. WASTEWATER QUALITY RESTRICTIONS

A. Interjurisdictional Pretreatment Agreement - City and Authority shall enter into the contract attached hereto and incorporated herein as Exhibit "F" ("Interjurisdictional Pretreatment Agreement"). Authority agrees to comply with all of the provisions contained therein.

B. Sludge Utilization -

(1) Authority recognizes the importance and urgent need to utilize sludge in a timely and proper manner. Immediately upon signing of this Agreement, Authority and City shall work to develop an environmentally sound sludge utilization program utilizing at least the Authority's pro rata share of sludge produced by the City and meeting federal and state standards within the area served by Authority. Authority shall propose a sludge utilization program which does not require a Pennsylvania Department of Environmental Resources

permit by July 15, 1988 and thereafter shall continue to work with City to develop other applications for sludge utilization in the area served by Authority.

(2) Authority shall promote and support City's community education program for sludge by identifying community groups for City which have an interest in sludge utilization and aid in providing City with appropriate facilities in Bensalem Township at which City may conduct educational programs.

(3) City acknowledges that Authority has no direct authority or control over Bensalem Township and its sludge utilization program. Authority agrees to exert its best efforts to facilitate and achieve cooperation in sludge utilization program between City and Bensalem Township.

V. PAYMENT OF MONIES DUE AND OWING

Upon execution, Authority and City agree to fulfill their respective financial obligations under a prior agreement of December 10, 1982 as modified herein. Authority shall pay a 10% management fee and City shall adjust the capital portion of the lump sum charge in consideration of the Capital Contribution made under this Agreement and effective retroactively as of July 1, 1986.

VI. MISCELLANEOUS

A. Inspection and Audit - The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times

have the right to examine and inspect said records and accounts upon 30 days prior written notice. If required by any law or regulation, Authority shall make said records and accounts immediately available to federal and state auditors.

B. Arbitration of Disputes - If any dispute shall arise between the parties hereto, concerning terms, conditions and covenants of this Agreement or alleged violations thereof, the same shall be submitted to a Board of Arbitration. The Board of Arbitration shall be composed of three (3) arbitrators, one appointed by City, one by Authority, and the third to be agreed upon jointly by the arbitrators selected by City and Authority.

The arbitrators representing Authority and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Authority cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia, Bucks Counties or Bensalem Township, from which the third arbitrator shall be selected.

The arbitrator appointed by Authority shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City

shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

Each party shall bear the costs of its own arbitrator and the parties shall equally divide the costs of the third arbitrator and all other common costs.

The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) days after the third arbitrator is selected and shall make its determination within thirty (30) days after the appointment of the third arbitrator. The decision of such arbitrators shall be final and binding upon the parties, except in the case of fraud.

C. Claims, Insurance and Related Matters -

(1) Authority agrees to defend, indemnify and save harmless City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

a) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

b) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Authority's wastewater to the Plant,

whether due to the negligence or gross negligence of City or Authority or their employees, servants or agents or the inherent nature of their operations;

c) EPA or Pennsylvania Department of Environmental Resources action of any kind whatsoever, whether direct or indirect, for any work undertaken by Authority, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or Pennsylvania Department of Environmental Resources;

d) Any grant fund, or any portion thereof, received by Authority and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

(2) City and Authority agree that in the event of EPA or Pennsylvania Department of Environmental Resources action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Authority or their employees, servants or agents, City and Authority shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action.

(3) Anything in this Agreement to the contrary notwithstanding, Authority shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the Plant, except, to the extent that such injuries and damages increase City's operating costs.

Authority shall be responsible for its proportionate share of those increased costs.

(4) Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section VI.C of this Agreement.

(5) Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Authority or to vest in said third person any cause of action against City or Authority or to authorize any such person to institute any suit or suits against City or Authority.

(6) City shall have the right to approve counsel appointed on its behalf pursuant to this Agreement, unless appointed by Authority's insurer.

D. No Transfer of Rights - Authority shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of the City. Such consent shall not be unreasonably withheld.

E. Term -

(1) Except as set forth in Section V, this Agreement shall be effective as of April 1, 1988, and shall continue in force and effect until terminated as hereinafter set forth.

(2) City shall have the right to terminate this Agreement for "cause" at any time, but only upon five (5) days

years' written notice. "Cause" shall mean:

- a) continuing exceedances of the flow and loadings limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the system or which cause City to be in violation of permits issued by PaDER or EPA; or
- b) failure by Authority to meet its financial obligations under this Agreement for a period of six consecutive months; or
- c) failure by Authority to comply with a decision or determination of a Board of Arbitration or court of competent jurisdiction rendered under this Agreement within three months of the date of the decision or determination unless otherwise specified by the Board of Arbitrators.

(3) In the event that City terminates this Agreement for cause, Authority shall forfeit its capital contribution.

(4) Authority or City may terminate this Agreement for any reason after it has been in effect for thirty-five (35) years, but only by giving written notice five (5) years before the effective date of termination.

(5) In the event this Agreement terminates for any reason, except for cause as set forth in subparagraph (2) of this Section VI. E., City shall pay to Authority an amount equal to the Authority's share of the then-remaining value of all systems, equipment and facilities used to convey and treat Authority's wastewater under this Agreement (the

"Assets"). The remaining value of the Assets shall be calculated as follows:

- a) The remaining useful life of each component of the Assets shall be separately calculated.
- b) The original and all subsequent contributions by the Authority towards the cost of acquisition, renewal and replacement of each component of the Assets shall be multiplied by a fraction whose numerator is the remaining useful life of the component, and whose denominator is the sum of the years the component has been in service since April 1, 1988, plus the remaining useful life.
- c) The amount thus calculated shall be paid to the Authority in cash on the effective date of termination.
- d) The calculation required hereunder shall be made by an independent appraiser selected jointly by the City and the Authority. The expense of the appraisal shall be divided equally between the City and the Authority. If the City and the Authority cannot agree on an appraiser, then one shall be selected by the same method to be used to select a third arbitrator under Section VI.B. of this Agreement.

F. Ownership, Management and Control of Plant Facilities - City retains sole ownership and control of the Plant and all other sewage treatment facilities in the City and agrees to operate, maintain, repair, and improve its facilities associated

with service to Authority. City retains the sole and exclusive right to make all managerial and other decisions regarding its sewage treatment facilities, including but not limited to those decisions regarding maintenance, upkeep, expansion, or replacement of all or a portion of its sewage treatment facilities.

G. Severability - In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

H. Successors and Assigns - All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

I. Waiver - The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

J. Notices - All notices, payments and communications required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Authority may designate in writing from time to time:

If intended for City:

Water Commissioner
ARA Tower
1101 Market Street
Philadelphia, Pennsylvania 19107

If intended for Authority:

Executive Director
Bensalem Township Authority
P.O. Box 846
3830 Hulmeville Road
Bensalem, PA 19020

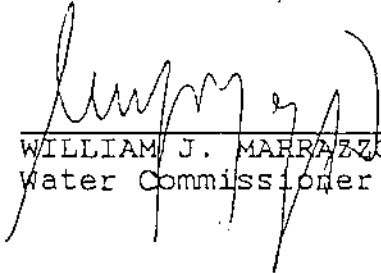
All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

K. Captions - The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

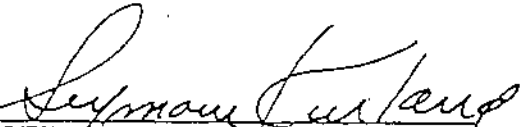
L. Entire Agreement - This Agreement and its Exhibits and Addendums, incorporated herein, represent the entire agreement of the parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Authority.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner; and the appropriate officer of the Bensalem Township has executed this Agreement on behalf of the Authority, and has hereunto affixed the corporate seal of the said Authority duly attested by the Appropriate officer thereof, the day and year first above written.


CITY OF PHILADELPHIA

By: 
WILLIAM J. MARRAZZO
Water Commissioner


Approved as to form:

By: 
SEYMOUR KURLAND
City Solicitor

BENSALEM TOWNSHIP

By: 
FRANK J. HYRES
General Manager

Attest:


Edward Rudolph

BENSALEM

FLOW AND LOADINGS LIMITS ADDENDUM

FLOW LIMITS

Maximum
Annual Avg.

6.133 MGD

Instantaneous Maximum

11.74 cfs

SS AND BOD LOADINGS

Annual
Suspended Solids
Loadings

3,734,000 lbs.

Annual
Biochemical Oxygen
Demand Loadings

5,340,000 lbs.

BENSALEM

EXCEEDANCE CHARGES ADDENDUM

I. Volume: As of April 1, 1988, Authority shall be liable to City for the following exceedance charges when Authority exceeds the quantity flow limits set forth in the Flow Limits Addendum:

A. \$3,700.00 per unit of flow over the average daily limit during any consecutive 365 day period, such charge to be billed annually. The unit of flow used to determine exceedances shall be each hundred thousand gallons of wastewater flow per day.

II. Strengths: As of April 1, 1988, Authority shall be liable to City for the following exceedance charges when Authority exceeds the quality flow limits set forth in the Flow Limits Addendum:

A. Suspended Solids (SS): \$480.00 per thousand pounds over the limit;

B. Biochemical Oxygen Demand (BOD): \$900.00 per thousand pounds over the limit.

III. Charges for Years Subsequent to 1988

During January 1989 and during January of each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the changes in the Consumer Price Index for the prior calendar year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers (CPI-U) for the Philadelphia SMSA, all items.

BENSALEM
*APPROVED CONNECTION POINTS TO CITY
WASTEWATER SYSTEM

I. Actively Metered Connection Points

In the vicinity of:

1. Grant Avenue and James Street
2. Townsend and Poquessing Creek
3. Gravel Pike

II. Unmetered Connection Points

In the vicinity of:

1. Kay Street and Poquessing Street
2. Evelyn and Emerson Avenues
3. Knights and Frankford Avenues
4. Dunks Ferry Road
5. Betz Laboratory
6. Doral Apartments
7. Bensalem Shopping Center
8. Colonial Creek Apartments
9. Elmwood Apartments

*These connection points are billing or account connections which may represent more than one physical interceptor or connection to the sewer system.

CURRENT ESTIMATED WASTEWATER FLOW AND LOADINGS DATA

FOR UNMETERED CONNECTION POINTS ("CURRENT ESTIMATED DATA")

Billing Account	Quarterly Flow mg/qtr.	BOD mg/l	S.S. mg/l	Annual BOD #/yr	Loading S.S. #/yr.
Elmwood Apts.	21.1 mg	656	511	461,800	359,720
Colonial Creek Apts.	21.1 mg	537	205	378,040	144,320
Doral Apts.	21.1	296	314	203,360	221,040
Betz Lab	3.4	245	188	27,920	21,440
Bensalem Shopping Ctr.	19.71	269	125	176,880	82,200
Sub-Total	86.41 mg			1,248,000	828,720
Gravel Pike	64.696	353	185	762,160	398,360
Townsend & Poquessing	79.335	203	125	537,280	277,880
Grant & James St.	27.291	605	244	550,600	221,800
Sub-Total	171.322 mg			1,850,040	898,040
Kay & Poquessing	11.9	158	126	62,720	50,000
Dunks Ferry Road	18.3	137	123	83,640	75,080
Knights & Frankford	10.7	207	198	73,880	70,680
Evelyn & Emerson	7.424	207	198	51,280	49,040
Sub-Total	48.324			271,520	244,800
Total	306.056 mg/q			3,369,560	1,971,560 #/yr
Average Daily	3.35 MGD				
Capacity	6.133 MGD			5,340,000	3,734,000 #/yr

EXHIBIT D

ESTIMATED WASTEWATER FLOW AND LOADINGS DATA FOR ALL
UNMETERED CONNECTION POINTS AFTER APRIL 30, 1989
("FUTURE ESTIMATED DATA")

For all areas for which City shall estimate wastewater flow and loadings including All Unmetered Connection Points (see III.B. supra), Authority shall provide City with information as required in this exhibit ("Required Information"). As soon after receipt of Required Information as City deems practicable, City shall use Required Information to estimate wastewater flow and loadings. City may revise such estimates after receipt of updated information.

1. Flow Data. City shall determine estimated flows based on the following:

- A. Properties Metered For Potable Water - On or before April 30, 1989 and continuing on each anniversary thereof, Authority shall provide City, in writing, the addresses and names of each owner (except for names of owners of residential properties) of all properties whose wastewater is directed by Authority to City for processing and which are supplied by Authority with potable water and metered therefor. For each address, Authority shall indicate Connection Point through which

EXHIBIT E

wastewater flows. Authority shall further provide City with all water billing information, including but not limited to total consumption, related thereto.

- B. Properties Not Metered For Potable Water - On or before April 30, 1989 and continuing on each anniversary thereof, Authority shall provide City, in writing, with addresses and names of owners (except for names of owners of residential properties) of all properties whose wastewater is directed by Authority to City for processing and which are supplied by Authority with potable water but not metered therefor. For each address, Authority shall indicate Connection Point through which wastewater flows.

Authority shall characterize properties as single or multiple-unit residences (if multiple, number of units), or as commercial, industrial or miscellaneous properties. For residences, the City shall calculate consumption at the rate of 100 gallons per person per day and multiply by 3.6 persons per single family dwelling or 2.5 persons per apartment unit. For commercial, industrial, or miscellaneous properties, Authority in its annual written notice to City, shall provide a brief description of the property and its use including a description of how water is used, and the City shall in its sole discretion, reasonably exercised, calculate consumption. Authority shall supply City with addi-

tional information regarding properties if requested by City, provided such information is reasonably available to Authority.

C. Infiltration - By July 1, 1988, and annually by April 30 thereafter, Authority shall provide City in writing with the total sewer miles for each size diameter gravity sewer pipe in all areas served by All Unmetered Connection Points. City shall calculate the discharge into the City of groundwater infiltration into the Township sewers at the rate of 200 gallons per day per inch diameter of sewer pipe per mile.

* where is this?

D. Modification of Rates - Consumption rates, number of persons per household, and infiltration rates are based on guidelines set forth in the standard literature including that published by the Pennsylvania Department of Environmental Resources. City may modify consumption rates, number of persons per household, and/or inflow/infiltration rates at its sole discretion, reasonably exercised, to conform to revised accepted standards as set forth in the standard literature.

2. Concentration Standards - City has developed concentration standards for unmetered connections based on long term loadings averages (see Exhibit D). Every five years City shall reconfirm sewage concentration standards used to determine loadings using an intensive 90 day (week days only)

sampling program. Each year City shall sample at a standardized connection for no more than a week, City shall analyze the data and, in its sole discretion reasonably exercised, shall determine whether an intensive sampling should be conducted sooner than at five year intervals.

3. By July 1, 1988 and annually by April 30 thereafter, the Authority shall provide City in writing with a listing of any changes in connections of unmetered areas to metered areas or vice versa.

INTERJURISDICTIONAL PRETREATMENT AGREEMENT
BETWEEN
THE CITY OF PHILADELPHIA
AND
THE BENSALEM TOWNSHIP AUTHORITY

This Agreement is entered into this *16th* day of *May*, 1988, between the City of Philadelphia ("City") and the Bensalem Township Authority ("Authority").

RECITAL

Whereas, City owns and operates a wastewater treatment system; and

Whereas, Authority currently utilizes this wastewater treatment system pursuant to an agreement between City and Authority dated - (the "Service Agreement"); and

Whereas, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permit (Permit # PA0026689) issued by the Pennsylvania Department of Environmental Resources; and

Whereas, Authority desires to continue to utilize the wastewater treatment system and recognizes its industrial waste control obligations under 40 CFR 403.

In consideration of the following terms and conditions City and Authority agree:

1. Within one year of the adoption by the City of its new wastewater control regulations Authority shall adopt and diligently enforce rules and regulations (hereinafter "regulations") substantially identical to the regulations adopted by City.
2. Authority shall explicitly incorporate the following provisions into its regulations:
 - (a) a provision requiring any industrial user responsible for any accidental discharge to notify immediately both City and Authority;
 - (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by Federal Pretreatment Standards;
 - (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;
 - (d) a prohibition against and penalty for the knowing transmittal of false information by an industrial user to either City or Authority;

EXHIBIT F

(e) a grant of explicit authority to Authority to require the industrial user to install all monitoring and pretreatment facilities.

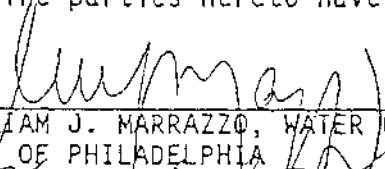
3. City and Authority shall periodically (at a minimum of every five years) review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City becomes aware of a problem with the pretreatment program which can be mitigated by a change in the ordinance, City may draft an amendment which Authority must adopt. If Authority has adopted regulations identical to City's regulations, then, whenever City amends its regulations, Authority shall adopt the identical amendment.
4. Authority shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.
5. Authority regulations shall require that categorical pretreatment standards promulgated by the U.S. Environmental Protection Agency (EPA) by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Authority's regulations. These standards shall supercede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Authority shall notify all affected industrial users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.
6. Authority shall adopt in its regulations definitions for "significant industrial user", "industrial user" and "nondomestic user" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular industrial user is a significant industrial user, industrial user or nondomestic user based on information City may request from Authority. City shall control, through industrial discharge permits, industrial waste discharges from each significant industrial user, industrial user or nondomestic user discharging into the sewer.
7. If there exists any industrial user discharging to Authority sewer system but located outside the jurisdictional limits of Authority, then Authority shall within 30 days of this agreement notify such jurisdiction of this requirement and provide the City with copies of such notification. Authority shall negotiate and enter into an agreement with this outside jurisdiction. Such agreement shall be substantially equivalent to this Agreement, and shall be jointly executed by Authority, City and the outside jurisdiction. If the outside jurisdiction refuses to negotiate and execute an agreement, then City shall enter into a contract with the industrial user which contains terms and conditions substantially equivalent to City industrial discharge permits.
8. Authority shall file with City a certified copy of its ordinance and any amendments thereto, other interjurisdictional agreements, and any contract entered into for the purposes of industrial waste control. If

Authority maintains, Authority shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six years.

9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer system of Authority. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect industrial waste discharges. Authority shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the industrial user or non-domestic dischargers.
10. Authority and City hereby agree that the City shall implement a pretreatment program within Authority and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement support and 6) monitoring hazardous waste disposal practices. Authority may assume responsibility for conducting the pretreatment program implemented by City at any time upon 90 days advance written notice. To the extent Authority shall administer its own pretreatment program, it shall provide the City in writing a detailed outline of the program 90 days prior to initiating such a program and the City shall have the right to approve or disapprove the program. City may periodically review Authority pretreatment program activities and funding to ensure that Authority and any outside jurisdiction is adequately administering its pretreatment program in conformance with the Federal Pretreatment Regulations (40 CRF 403) and all City requirements.
11. City shall review Authority ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CRF part 403, and to ensure inclusion of all other legal provisions mandated by this Agreement. City shall periodically review the enforcement efforts of Authority and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.
12. If City determines that Authority has failed or has refused to fulfill any pretreatment obligations, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Authority, and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Authority fails to satisfy the terms of the remedial plan, City may, upon thirty days written notice, refuse to accept any industrial waste discharges from Authority.

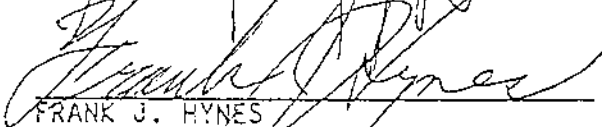
13. In the event that EPA or Pennsylvania Department of Environmental Resources action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Authority, Authority and City shall equitably apportion responsibility for payment of such fines, penalties or costs. Authority shall fully indemnify, defend and hold harmless City for damages or costs arising from personal and property damage pursuant to the Service Agreement.
14. Where a discharge to the wastewater treatment system reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater treatment system, City may immediately initiate steps to identify the source of the discharge, and to hold or prevent said discharge. City may seek injunctive relief against Authority or outside jurisdictions and/or any industrial or non-domestic user contributing to the emergency conditions, and/or may pursue other self-help remedies. Authority shall pay to City the cost of such steps taken to prevent, stop or ameliorate the effects of such discharge.
15. Any disputes arising out of this Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Authority and City dated May 16, 1988.
16. The terms of this Agreement may be amended only by written agreement of the parties. In any event, this Agreement shall be reviewed and revised, as necessary, at least every five years.
17. This Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Agreement.
18. This Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Agreement.

The parties hereto have executed this Agreement on the date shown above.


 WILLIAM J. MARRAZZO, WATER COMMISSIONER
 CITY OF PHILADELPHIA

DATE

5/16/88


 FRANK J. HYNES
 BENSLEM TOWNSHIP AUTHORITY

DATE

5/16/88

ATTEST

DATE

5/16/88

CONSENT TO ASSIGNMENT

City of Philadelphia
Water Department

THIS CONSENT TO ASSIGNMENT is made this 31st day of August, 1999, by and among BENSLEM AUTHORITY ("Assignor"), BUCKS COUNTY WATER AND SEWER AUTHORITY ("Assignee") and THE CITY OF PHILADELPHIA ("City"), by and through its Water Department.

WITNESSETH:

WHEREAS, the City and Assignor entered into a certain Agreement dated the sixteenth day of May 1988, and any and all exhibits, attachments and amendments thereto (collectively, "Agreement"), wherein Assignor agreed to discharge wastewater to the City sewer system and to pay for the cost of such discharges in accordance therewith;

WHEREAS, Assignor desires to assign its interest in the Agreement, including all of Assignor's rights and responsibilities thereunder; Assignee desires to assume such interest, rights, and responsibilities and accept such assignment; the City's consent is required for such assignment and assumption pursuant to the Agreement; and the City desires to consent to such assignment and assumption;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises and covenants of the parties and the representations and warranties of Assignee hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Consent to Assignment, intending to be legally bound, hereby agree as follows:

1. Assignee represents and warrants to the City that Assignee is solvent; that neither Assignee nor any representative of Assignee has filed a petition in any federal or state court for bankruptcy reorganization arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law, or similar law for relief of debtors instituted by or against Assignee; nor has a bill in equity or other proceeding for the appointment of a receiver, trustee, liquidator, custodian, conservator, or similar official for any of Assignee's assets commenced as of the date of this Agreement.
2. Assignee represents and warrants to the City that it possesses the resources, technical competence and experience necessary to assume Assignor's obligations under the Agreement.
3. Effective as of August 31, 1999 (the "Effective Date"), Assignee hereby assumes all of the right, title and interest of Assignor in and to the Agreement together with the benefits and advantages to be derived therefrom and all rights and responsibilities, obligations, and liabilities of

Assignor thereunder; and Assignee hereby ratifies, and agrees that it will be bound by all of the terms and conditions of the Agreement. Assignee shall indemnify and hold Assignor harmless from and against any and all claims, liabilities or obligations related to the Agreement which occur on or after the Effective Date of this Consent to Assignment. The City agrees to release Assignor from all duties, liabilities and obligations under the Agreement that arise or occur on or after the Effective Date, or such later date as the assignment and assumption take place.

4. On and after the Effective Date of this Consent to Assignment, all payments that are due to the City under the Agreement shall be payable directly to the City by the Assignee. Assignee and Assignor also agree that any and all payments due to the City under the Agreement that have not been invoiced by the City as of the Effective Date of this Consent to Assignment shall be invoiced to the Assignee and shall be payable directly to the City of Assignee.

5. All notice to Assignee and payments made under this Agreement shall be sent to Assignee at:

Bucks County Water and Sewer Authority
c/o Benjamin Jones
1275 Almshouse Road
Warrington, PA 18976

6. Subject to the terms and conditions hereof, the City consents to the assignment and assumption of the Agreement set forth herein.

7. All terms covenants and conditions of the Agreement as amended, assigned and assumed pursuant to this Agreement of Amendment, shall remain in full force and effect.

8. This Consent to Assignment is made in Philadelphia, Pennsylvania, and shall be governed by the laws of the Commonwealth of Pennsylvania.

9. The Consent to Assignment represents the entire agreement by and between the Assignee and City with respect to the assignment by Assignor and assumption by Assignee of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be properly executed by their duly authorized officers as of the date first written above.

ASSIGNEE:
BUCKS COUNTY WATER AND SEWER
AUTHORITY

By: *David L. Smith*
Chairman, Board of Directors

ASSIGNOR:
BENSALEM TOWNSHIP/
BENSALEM AUTHORITY

By: [Signature]
Mayor, Bensalem Township

ATTEST:

[Signature]

Approved as to Form

[Signature]
Deputy City Solicitor

CITY OF PHILADELPHIA

By and through:
WATER DEPARTMENT

By: [Signature]
Commissioner

Amendment to Wastewater Services Agreement To Address the Overflow at PC-30

WHEREAS, the City of Philadelphia (the "City") and the Bensalem Township Authority ("Bensalem") entered into a Wastewater Services Agreement on May 16, 1988 (the "Agreement") whereby the City agreed to treat Bensalem's wastewater; and

WHEREAS, pursuant to the Consent to Assignment agreement entered into on August 31, 1999 Bensalem assigned all of its rights, interests and responsibilities under the Agreement to the Bucks County Water and Sewer Authority (the "Authority"); and

WHEREAS, the Agreement sets a limit on the instantaneous maximum peak flow that the Authority is allowed to convey to the City; and

WHEREAS, the Authority during certain rain events violates this instantaneous maximum peak flow limit; and

WHEREAS, violation of this instantaneous maximum peak flow limit contributes to sewage overflowing from a manhole located within the City along the Poquessing Interceptor commonly known as Manhole PC-30; and

WHEREAS, the City and Authority, as well as the Commonwealth of Pennsylvania's Department of Environmental Protection ("DEP") understand and agree that such overflow must be addressed and corrected; and

WHEREAS, the City and Authority recognize this to be a jointly shared problem requiring a joint effort to resolve; and

WHEREAS, as a result of this overflow at PC-30 a moratorium on new sewage discharging into the Poquessing above manhole PC-30 was put in place; and

WHEREAS, in order to address the moratorium and so as to allow new connections into the Poquessing above PC-30, the City has submitted a Corrective Action Plan ("CAP") and Connection Management Plan ("CMP") to DEP; and

WHEREAS, the CAP requires the City to build a relief sewer to contain and convey the overflow volume (the "Relief Sewer") and to continue its efforts at Infiltration and Inflow ("I and I") reduction; and

WHEREAS, the Authority agrees to build its own surge tank, pump station and related facilities to maintain compliance with its instantaneous peak flow limit set forth in the Agreement; and

WHEREAS, in order to address the overflow at PC-30 the City and Authority seek to memorialize their agreement in this Amendment to Wastewater Services Agreement to Address the Overflow at PC-30 (the "Amendment");

It is therefore agreed on this 2nd day of April, 2008 (the "Effective Date") that the Agreement shall be amended to address the overflow at PC-30 as set forth below:

1. All Connection Points

There have now been identified 16 (sixteen) separate Connection Points from the Authority's collection system to the City's Wastewater System. They are identified by the City as set forth below (Hereinafter Table 1):

PWD ID	BENSALEM ID	NEW FLOW METER REQUIREMENTS
MBE1 - Byberry Grounds	Site 2 - Interplex Dr & Poquessing St	Install manhole on PWD side of creek unless a suitable manhole already exists at that location.
MBE2 - Dunks Ferry Road	Site 7 - Dunks Ferry & Mechanicsville	No Additional Work Necessary. Verizon problem with phone line.
MBE3 - Emerson & Evelyn	Site 12 - Evelyn & Emerson	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE4 - Red Lion & Frankford	Site 14 - Mill Road & Bristol Pike	No additional work necessary. Pwd will install flow meter in existing Bensalem chamber.
MBE5 - Grant & James	Site 15 - Across from State and Mill	No Additional Work Necessary. Already Metered
MBE6 - Gravel Pike @ Poquessing Creek	Site 11 - Gravel Pike	No Additional Work Necessary. Already Metered
MBE7 - Townsend Road @ Poquessing Creek	Site 5 - Across frm Morrow & Bellview	No Additional Work Necessary. Already Metered
MBE8 - Bensalem Shopping Ctr.	Site 10 - Across Maritime Court	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE9 - Elmwood Apartments	Site 6 - Tillman Drive	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE10 - Colonial Avenue	Site 13 - Colonial Avenue	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE11 - Betz Laboratories	Site 1 - Metropolitan Drive	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE12 - Creekside Apartments North	Site 16 - Creekside Apt. North	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE13 - Rt 1 West Side of Highway	Site 3 - Route 1 @ Poquessing Creek	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE14 - Old Lincoln Hwy & Old Trevoise Rd	Site 4 - End of Old Trevoise Road	No additional work necessary. Pwd will install flow meter in existing Bensalem chamber.
MBE15 - Knights Rd @ Poquessing Creek	Site 9 - Across from Atlantic Avenue	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE16 - Creekside Apartments South	Site 8 - Creekside Apt. South	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.

The Authority has carefully reviewed its system to ensure that there are no other connection points other than those identified immediately above. Should any other connection points be identified after the date of this Amendment the Authority shall pay to the City, within 30 days of any new connection point being identified, a penalty of Twenty Five Thousand Dollars (\$25,000.00) in addition to any charges being owed for conveying and treating this newly identified flow, going back for a period of four (4) years from its discovery, based upon the monthly average flow rate identified upon discovery.

2. Installation of Surge Tank, Pump Station and Related Facilities

The Authority agrees to construct, install and operate a 1.8 million gallon surge tank, pump station and other related facilities in Bensalem Township for the purpose of complying with its instantaneous peak flow limit contained in the Agreement.. (Hereinafter "Authority's Capital Investment ") The Authority has prepared a brief summary of the Authority's Capital Investment which has been attached to this Amendment as Exhibits A and B.

The Authority's Capital Investment shall be on line and in operation as soon as possible but in no event later than September 19, 2010. In addition, to ensure compliance with this September 19, 2010 deadline the Authority shall meet the following Interim Milestones:

INTERIM MILESTONE EVENTS AND COMPLIANCE DATES

<u>MILESTONE DESCRIPTION</u>	<u>DATE TO BE ACHIEVED</u>
1. Complete Survey of all Work Areas	March 2008
2. Acquire all necessary Properties	June 2008
3. Land Development Approval	December 2008
4 ALL Permits Approved	January 2009
5. Advertise for Bid	February 2009
6. Issue Notice of Award	April 2009
7. Issue Notice to Proceed	May 2009
8. Substantial Completion of Projects	August 2010
9. System Fully Operational	September 19, 2010

The Authority shall submit quarterly reports to the City no later than the 10th day of the month following the end of a calendar quarter that shall describe the progress made on completing each of the Milestone Events listed above. In addition, the progress reports shall include a detailed description of all efforts being made to abate I&I in the sanitary sewer system within Bensalem Township that is tributary to the Poquessing Interceptor.

The City recognizes that under certain extreme wet weather events the Authority's Capital Investment may be insufficient to comply with the existing instantaneous peak flow limit contained in the Agreement. Therefore, the City agrees not to hold the Authority in violation of its Agreement if the instantaneous peak flow limit was exceeded during a wet weather

event that exceeded the April 2, 2005 design storm as defined by the Instantaneous Peak Flow Limit Exemption in Paragraph 3.

It is the Authority's sole responsibility to ensure that the Authority's Capital Investment is sufficient to comply with its instantaneous peak flow limit under the Agreement under all wet weather events other than those that exceed the April 2, 2005 design storm as defined by the Instantaneous Peak Flow Limit Exemption in Paragraph 3. Once the Authority's Capital Investment is on line and in operation, should the Authority violate its instantaneous peak flow limit during any wet weather event that does not exceed the April 2, 2005 design storm as defined by the Instantaneous Peak Flow Limit Exemption in Paragraph 3, it shall be in violation of the Agreement. The consequences of this violation shall be as follows:

(i) The Authority shall submit a Plan to the City within 90 days of the violation for additional capital projects sufficient to capture enough flow so that the Authority's instantaneous peak flow limit will not be violated. The Authority bears the burden of demonstrating to the City that its Plan will be sufficient to capture enough flow, with a 10% margin of safety, to meet its instantaneous peak flow limit under the Agreement;

(ii) If the City agrees with the Authority that the Plan is sufficient, the Authority shall immediately take all necessary steps to complete the Plan to ensure compliance with its instantaneous peak flow limit as quickly as possible, but in no event shall full completion be delayed beyond two years from the date of the violation.

(iii) Should the Authority not submit a Plan within 90 days, or submit a Plan that the City, acting in good faith, believes is insufficient to comply with the Authority's instantaneous peak flow limit or not complete the Plan in its entirety within two years from the date of the violation, the City shall have the right to deny Act 537 capacity certifications.

3. Instantaneous Peak Flow Limit Exemption

The City recognizes that the existing instantaneous peak flow limit contained in the Agreement could still be violated during certain extreme wet weather events even after the Authority's Capital Investment is on line and in operation. Therefore, the parties agree that the Authority's Capital Investment shall be designed, built and operated to be in compliance with its instantaneous peak flow limit during all wet weather events up to and including the April 2, 2005 design storm. The Authority shall not be held in violation of its Agreement should it exceed its instantaneous peak flow limit as the result of a wet weather event that exceeds the April 2, 2005 design storm.

In order to specifically quantify a wet weather event that exceeds the April 2, 2005 design storm the parties have created this Instantaneous Peak Flow Limit Exemption. A wet weather event that exceeds the conditions set forth in this paragraph and results in the Authority exceeding its instantaneous peak flow limit contained in the Agreement shall be considered an exemption to the instantaneous peak flow limit. However, a wet weather event that does not exceed the conditions set forth in this paragraph and results in the Authority exceeding its instantaneous peak flow limit contained in the Agreement shall be considered a violation of the Agreement and shall result in the Authority implementing the actions required in Paragraph 2 (i), (ii) and (iii).

The Instantaneous Peak Flow Limit exemption shall be defined by two conditions that best correlate to the April 2, 2005 design storm. These two conditions are based on historical precipitation and streamflow data observed in or adjacent to the Poquessing Creek Watershed. Both of these two conditions must be met as defined below for the Instantaneous Peak Flow Limit Exemption to apply:

Condition 1: A rain event must exceed 2.75 inches in a 24 hour period. Once the 24 hour period has been established, the instantaneous peak flow limit must be met within 48 hours from the start of the defined 24 hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this Exemption. At no point shall two 24 hour periods overlap. All such events shall be quantified using hourly precipitation data obtained from the National Weather Service Station at the Philadelphia Northeast Airport, WBAN ID 94732. (WBAN is the 5-digit station identifier used by the National Climatic Data Center)

Condition 2: In addition to satisfying all the requirements of Condition 1, during the 48 hour period as defined in Condition 1, the United States Geological Survey (USGS) Poquessing Creek streamflow gage located at Grant Avenue in Philadelphia, PA (USGS Site ID 01465798) must exceed 3,150 cubic feet per second.

4. Implementation of Inflow and Infiltration (I&I) Program

The Authority has submitted to the City a document entitled Bensalem Service Area Poquessing Interceptor, Infiltration and Inflow Removal Plan, dated January 2006, prepared by the Carroll Engineering Corporation. (I&I Program) The Authority agrees to complete its I & I Program as expeditiously as possible but in no event shall completion be later than September 19, 2010.

As the Authority will be relocating many manholes to the City side of the Creek (See Table 1) the Authority has requested that the parties agree to a manhole completion and meter installation completion schedule that would give the Authority time to address any potential new I&I that might arise. Therefore, the parties agree to the following actions and completion dates:

- A. The Authority shall complete construction of the new metering manholes, equipment poles and associated conduits pursuant to paragraph 5A by January 1, 2009.
- B. The City shall install metering, telemetry, communications and power pursuant to paragraph 5C no later than six months after the Authority has completed its actions in A above. (July 1, 2009)
- C. The Authority shall complete its review of the metered data by March 1, 2010.
- D. The Authority shall complete any I&I remediation work it deems appropriate by September 19, 2010.

5. Metering of All Connection Points

The Agreement required the metering of only three connection points (MBE5, MBE6 and MBE7). ("Existing Metered Connection Points") Pursuant to Paragraph III C of the Agreement, in order to address the problem at PC-30, all currently unmetered connection points shall now be metered. (Hereinafter "New Metering Connection Points") The Authority agrees to install and have suitable metering manholes installed at all New Metering Connection Points as soon as possible but in no event later than the timeframe set forth in Paragraph 4 above.

The parties agree to the following terms and conditions related to the New Metering Connection Points:

- A The Authority shall design and construct new metering manholes, equipment poles and associated conduits at its sole cost and expense. The City hereby grants the Authority privilege to use its rights of way to install the necessary manholes, equipment poles and associated conduits. The Authority shall be solely responsible for the repair, maintenance and replacement of these items. However, should a problem arise which was caused by the City's meter installation in these manholes the City and Authority shall share any associated liability equally.
- B. The location of the metering points shall be as outlined in Table 1.
- C. The City shall install the area/velocity metering, telemetry, communications and power at the constructed manhole sites as well as existing unmetered chamber sites at its expense.
- D. Any authorized officer, employee, contractor or subcontractor of the City may enter onto the Authority's property without notice to inspect, troubleshoot and repair the City's metering, telemetry, communications and power equipment. The right of entry shall include, but not be limited to, public streets, easements, and property within which the equipment is located.

- E. The City shall notify the Authority when it performs its scheduled meter calibrations so that the Authority may be present. The City shall also notify the Authority anytime it notices any problems at the manhole which would require the Authority's attention.

- F. The metered data delivered via telemetry to the City's control center shall be the data used for purposes of billing and determining compliance with all flow limits contained in the Agreement and this Amendment. The City will make the monitoring data available to the Authority through an internet download connection similar to the Telog Wastewater Monitoring System. The City will provide twice a day download frequency to the Authority. Should the Authority wish greater download frequency the Authority shall bear all the costs associated with the greater frequency.

- G. For purposes of determining compliance with the Authority's instantaneous peak flow limit the City shall use the average of any two consecutive fifteen (15) minute time periods, for the same time period at all Connection Points, to obtain the total instantaneous flow at any given time.

6. Procedure for Addressing Missing or Erroneous Meter Data

In the event that metered data from a point of connection is absent or determined by the City to be erroneous, data from other connection points may be used for the purposes of determining compliance with the instantaneous peak flow limit contained in the Agreement. (Hereinafter "Fill Data")

Fill Data is calculated by using an adjustment factor that is applied to data from another connection point. Fill Data is based on peak flow relationships amongst the metered connection points using data from 2004 and 2007.

Fill Data shall be calculated as set forth in the table below. The adjustment factors found under the column labeled Primary Fill shall be used first in order to calculate the flow from the connection point(s) where metered data is unavailable. In the event that Primary Fill data is also unavailable, the columned labeled Secondary Fill data shall be utilized.

Fill Data for Calculating Peak Instantaneous Flow for Missing or Erroneous Metered Data

PWD - ID	Bensalem ID	Primary Fill Meter	Primary Multiplication Factor	Secondary Fill Meter	Secondary Multiplication Factor
MBE01	2	MBE04	0.53	MBE08	0.33
MBE02	7	MBE04	1.04		
MBE03	12	MBE01	0.41		
MBE04	14	MBE01	1.89	MBE02	0.96
MBE05	15	MBE06	0.98	MBE08	1.59
MBE06	11	MBE05	1.02	MBE08	1.65
MBE07	5	MBE09	0.65		
MBE08	10	MBE09	1.22	MBE07	1.88
MBE09	6	MBE08	0.82	MBE06	0.50
MBE10	13	MBE03	1.23		
MBE11	1	MBE03	0.53		
MBE12	16	MBE08	0.23		
MBE13	3	MBE11	0.73		
MBE14	4	MBE03	0.55		
MBE15	9	MBE11	0.58		
MBE16	8	MBE09	0.40		

As Inflow and Infiltration abatement occurs, these fill factors may change. In order to change these fill factors the Authority must first notify the City in writing that I&I abatement has been completed in the drainage area associated with the Connection Point. From the date of notification the City shall evaluate the actual metered data for one year from that Connection point to determine whether the fill factor should be adjusted. The City and Authority shall meet to discuss the City's determination. Should the Authority not agree with the City's determination it may exercise its rights under Section VI B of the Agreement. Changes to the fill factors shall not be retroactive and shall only apply to future events after the change has been made.

For billing purposes, missing or erroneous data will be filled based on the average of the prior ninety days of available data after the removal of any erroneous data.

7. Act 537 Capacity Certifications

The City acknowledges, that while the Authority's Surge Tank is being constructed and their I&I Program implemented, the Authority could continue to violate its instantaneous peak flow limit. The City agrees that as long as the Authority remains in compliance with the terms and conditions of this Amendment it will not deny or withhold any Act 537 capacity certifications for any reason, aside from limitations uniformly applied by the Pennsylvania Department of Environmental Protection or the United States Environmental Protection Agency, for reason of violating the Authority's instantaneous peak flow limit through September 19, 2010.

8. Authority Data to be Supplied to the City

Authority shall make the following data available to the City and shall provide revisions and updates on request:

Geographic Information Systems data in form of shapefiles, databases, and/or files compatible with ESRI ArcGIS software to include the following features and attribute data:

- The points of connection to the Poquessing Interceptor; and
- Any I&I studies and the data related thereto pursuant to satisfying the flow reduction plan. The data will be provided in such a format as is available to the Authority.

9. Modification of Connection Points

If any of the Authority's Connection Points to the City's wastewater system are determined by the City or any governmental regulatory agency to be:

- (a) maintenance problems, or
- (b) sources of unauthorized discharge(s),

then the Authority shall take immediate action, and within thirty (30) days of written notification by the City, submit a plan to the City outlining action(s) to be taken to permanently eliminate the problem or unauthorized discharge. The plan shall require that corrective actions are taken as expeditiously as possible. The City shall review the plan to determine whether it complies with these requirements and promptly approve or disapprove said plan. All actions taken pursuant to this section shall be at the sole expense of the Authority.

Nothing contained above in Paragraph 9 (a) through (b) shall in any way affect the City's obligation to implement its Pretreatment Program within Bensalem Township as delegated to the City pursuant to Exhibit F of the Agreement (the Interjurisdictional Pretreatment Agreement). The City, to the extent that it is authorized to act under the Interjurisdictional Pretreatment Agreement, shall do so in order to address any Connection Points causing those conditions set forth in Paragraph 9 (a) through (b).

10. Amendment Addresses PC 30 Only

This Amendment addresses only the discharge from PC-30.

11. Authority withdraws EHB Appeal

The Authority hereby agrees to withdraw its Notice of Appeal to the Environmental Hearing Board (EHB) related to DEP's approval of the City's revised CAP, EHB Docket # 2007-145-MG.

12. Amendment Terms and Conditions Controlling

This Amendment modifies the terms and conditions contained in the Agreement. Should any conflict arise between the terms and conditions of this Amendment and the terms and conditions of the Agreement, the terms and conditions found in this Amendment shall govern. All terms and conditions of the Agreement, not otherwise modified by this Amendment, shall remain in full force and effect. This Amendment does not create any additional limits on any individual connection points other than those limits already existing in the Agreement.

13. Previous Fines

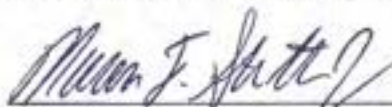
The City agrees to be solely responsible for all PC-30 related fines levied up to the Effective Date of the Amendment.

14. Entire Agreement

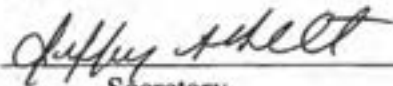
This Amendment represents the entire agreement of the parties and there are no collateral or oral agreements or understandings. This Amendment may be amended or modified only in a writing signed by both the City and the Authority.

WHEREFORE, the parties having reviewed this Amendment, and intending to be legally bound by its terms and conditions, have their duly authorized officers execute this Amendment below.

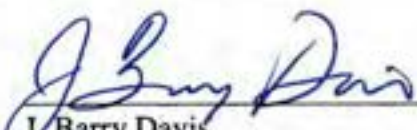
Bucks County Water and Sewer Authority

By: 
Chairman

Attest:


Secretary

Approved as to Form


J. Barry Davis
Chief Deputy City Solicitor

CITY OF PHILADELPHIA
WATER DEPARTMENT







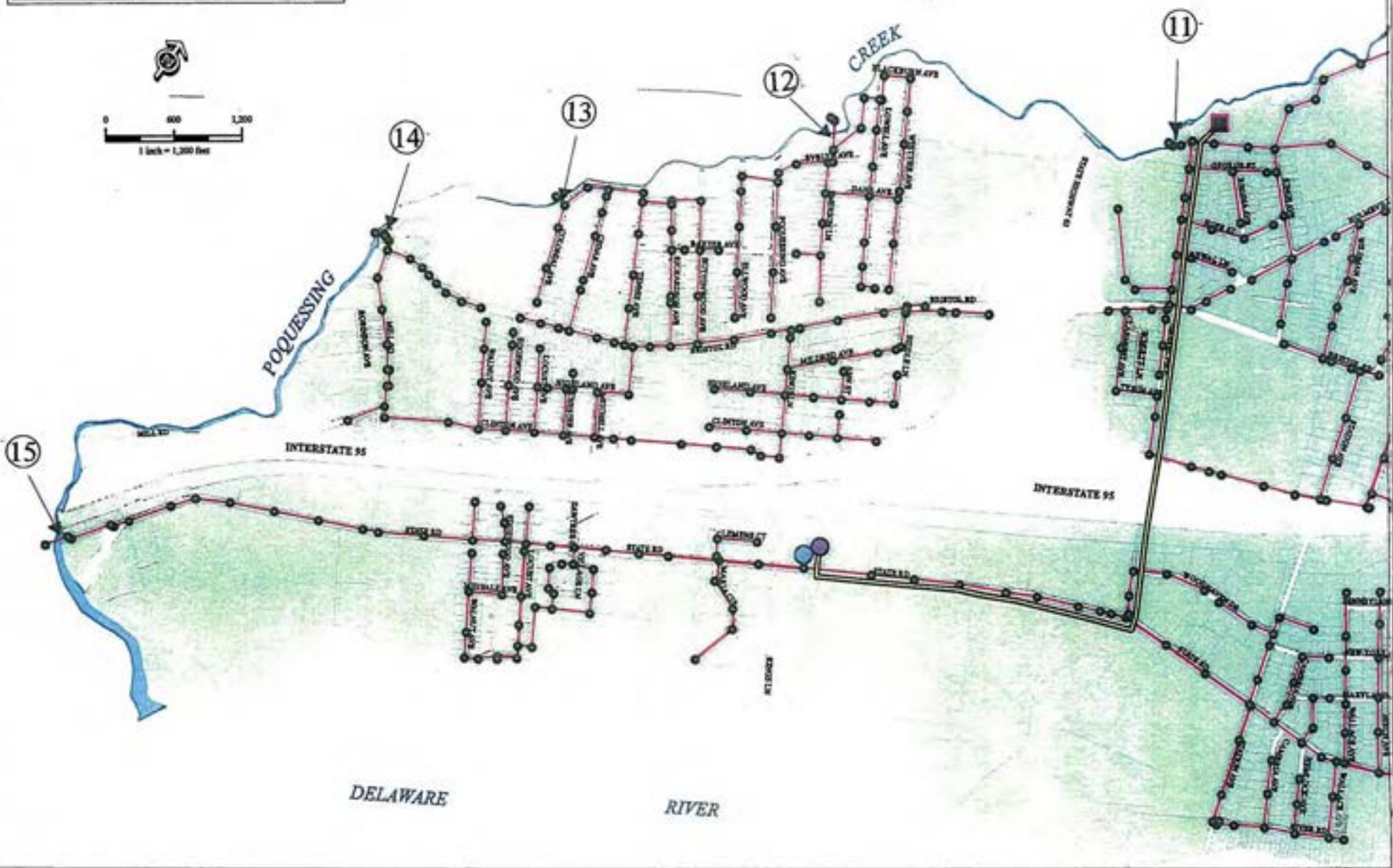
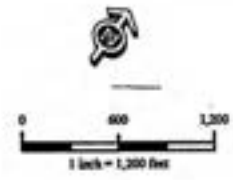
By 
Bernard Brunwasser,
Water Commissioner
City of Philadelphia

EXHIBIT A:
 PROPOSED FACILITIES FOR
 POQUESSING INTERCEPTOR SURGE TANK

-  EXISTING PUMP STATION NO. 7
-  PROPOSED SURGE TANK
-  PROPOSED CHAMBER 11 DIVERSION PUMP STATION
-  PROPOSED FORCE MAIN (ALIGNMENT IS PRELIMINARY)
-  METERED CONNECTION/CHAMBER NUMBER



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EXHIBIT B

NARRATIVE

PROPOSED FACILITIES FOR POQUESSING INTERCEPTOR SURGE TANK

Bucks County Water & Sewer Authority proposes to construct a surge tank to hold wet weather flows. The proposed surge tank will have a useable volume of approximately 2 million gallons. The tank will be situated on a property along State Road, just east of Kings Lane. Also situated on this property is the Authority's existing Pump Station No. 7, which conveys flows from the eastern portion of Chamber 15 Drainage Area to the gravity sewer which leads to the Poquessing Interceptor.

Upon sensing a sustained increase in flow, which would signify a wet weather event, Pump Station No. 7 will divert flows into the surge tank where the volume will be retained until the flows in the system normalize. Once the system flows are confirmed via meter readings, the tank will begin to drain to Pump Station No. 7. From here, the flows will be conveyed to the Poquessing Interceptor.

Flows from Chamber 11 will also be diverted by a proposed pump station to the surge tank in order to ensure that an adequate amount of peak flows are retained. The operation of diverting flows to the surge tank for this pump station will be very similar to that of Pump Station No. 7. The diversion pump station is to be located along Gravel Pike, near the Chamber 11 meter.

**JOINT AMENDMENT TO THE BUCKS COUNTY WATER AND SEWER
AUTHORITY AGREEMENT AND THE BENSALEM AGREEMENT
REGARDING THE CITY'S RATE MAKING METHODOLOGIES**

WHEREAS, the City of Philadelphia (the "City") and the Bucks County Water and Sewer Authority (the "Authority")(collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated February 5, 1988, (the "BCWSA Agreement") whereby the City agreed to treat and convey the Authority's wastewater in accordance with the terms and conditions set forth in the Agreement; and

WHEREAS, the City and the Bensalem Township Authority ("Bensalem") entered into a Wastewater Services Agreement on May 16, 1988 (the "Bensalem Agreement") whereby the City agreed to treat Bensalem's wastewater; and

WHEREAS, pursuant to the Consent to Assignment agreement entered into on August 31, 1999 Bensalem assigned all of its rights, interests and responsibilities under the BENSALEM AGREEMENT to the Authority; and

WHEREAS, on March 28, 2008, the City notified the Authority of its intent to increase its wholesale wastewater service rates, effective July 1, 2008, for both the BCWSA Agreement and Bensalem Agreement; and

WHEREAS, the Authority, in a series of letters to the City, including but not limited to letters dated August 6, 2009; October 20, 2009; and January 4, 2011, raised objections to the increase in the wholesale wastewater service rates; and

WHEREAS, in addition to the objections raised to the increase in wholesale wastewater service rates, the Authority has raised objections to the BCWSA Agreement's fourth quarter 2010 bill, citing wastewater sampling results which the Authority believes were too high; and

WHEREAS, after extensive discussion on both the wholesale wastewater service rates increase and the fourth quarter 2010 wastewater bill and sampling results, the Parties now wish to enter into a final settlement regarding both disputes; and

WHEREAS, to memorialize this final settlement, the Parties hereby enter into this Joint Amendment which shall amend both the BCWSA Agreement and Bensalem Agreement.

THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES, on this 18th day of May, 2011 (The "Effective Date") as follows:

1. The Authority and the City agree to accept the City's Rate Making Methodologies, as set forth in Attachments A and B to this Joint Amendment, which the City represents fully comport with the Water Environment Federation's Financing and Charges for Wastewater Systems, Manual of Practice Number 27, in setting the wholesale wastewater service rates for both the BCWSA Agreement and Bensalem Agreement. The Authority shall not have the right to dispute, by arbitration or any other legal proceeding, these Rate Making Methodologies.
2. Should there be any material change to the Rate Making Methodologies, as set forth in Attachments A and B to this Joint Amendment, after the Effective Date of this Joint Amendment, the City shall notify the Authority of such change. A material change is defined as any change to the Rate Making Methodologies that would result in an overall annual increase to the Authority of 1% (one per cent) or more in its BCWSA Agreement or 1% (one per cent) or more in its Bensalem Agreement. The Authority shall have the right to review and challenge this material change should BCWSA deem it appropriate.
3. While the Authority agrees to accept the current Rate Making Methodologies, as set forth in Attachments A and B to this Joint Amendment, it retains the right to review and challenge specific costs for materials, services and projects billed by the City to the Authority.

4. The Authority hereby withdraws and dismisses, with prejudice, any and all objections raised to the increase in wholesale wastewater rates which became effective on July 1, 2008. This specifically includes, but is not limited to, the objections raised in the Authority's letters dated August 6, 2009; October 20, 2009; and January 4, 2011.

5. Regarding the fourth quarter 2010 billing for the BCWSA Agreement, the Parties agree to adjust that billing as follows:

The City shall credit BCWSA, on their next wastewater bill, the amount of \$67,000.00 (Sixty-Seven Thousand Dollars) in settlement of the fourth quarter 2010 billing dispute.

IN WITNESS WHEREOF, the Water Commissioner of the City of Philadelphia has caused this Joint Amendment to be executed on behalf of the City and the appropriate officer of the Authority has executed this Third Amendment on behalf of the Authority.

THE CITY OF PHILADELPHIA

Approved as to Form

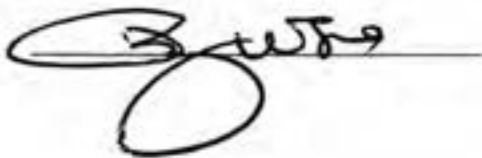
By 
Gerald Leatherman, Esq.
Divisional Deputy City Solicitor


HOWARD NEUKRUG
Water Commissioner

BUCKS COUNTY WATER
AND SEWER AUTHORITY

By 
Norman F. Stainthorpe

Attest:



Attachment A BCWSA Rate Making Methodology

The cost of service allocable to Bucks County Water & Sewer Authority (Bucks County) and the rates developed to recover the allocated costs, reflect consideration of the contract limits for wastewater service as set forth in the contract between Bucks County and the City dated February 5, 1988 as amended.

The annual capital costs allocable to Bucks County recognize annual depreciation expense and return on investment, with the allocable investment being based upon the contract limits for volume, peak flow, and BOD and Suspended Solid loads plus an allowance for infiltration/inflow beyond the point of connection to the City's sewer system versus the system design capacity of the Northeast Water Pollution Control Plant and pumping station facilities and collection mains used in the provision of service to Bucks County for which a notice to proceed was issued after March 10, 2005. With respect to the rate base used in the cost of service study, the allocated plant investment is based on original cost. The current rate of return for service to the City's wholesale water and wastewater customers is 7.5 percent.

The operation and maintenance expenses allocable to Bucks County are based upon the relationship of the projected annual volume, peak flow, and the BOD and Suspended Solids loadings from Bucks County, including an allowance for infiltration/inflow beyond the point of connection to the City's sewer system, relative to the projected annual volume, peak flow, and BOD and Suspended Solid loading of the Northeast Water Pollution Control Plant and pumping station facilities used in the provision of service to Bucks County. The collection system related operation and maintenance expenses allocable to Bucks County are based on Bucks County's share of the collection system investment (including facilities for which a notice to proceed was issued prior to March 10, 2005) and the ratio of test year sewer maintenance expense of the entire Philadelphia collection system and the entire Philadelphia collection system investment. Overhead expenses, the costs of appropriate operational support services, and appropriate miscellaneous revenues are allocable to Bucks based on the allocation of direct operation and maintenance expenses.

As established under the contract, the rates applicable to Bucks County include operation and maintenance charges, a fixed charge, and a management fee. The operation and maintenance charges, which are assessed against the metered volume, peak flow, and BOD and TSS loading of Bucks County, include the treatment and pumping costs associated with each component and a proportionate share of allocable overhead expenses, costs of appropriate operational support services, and appropriate miscellaneous revenue. Unit costs are adjusted to reflect the Northeast Pollution Control Plant wholesale customer related I/I. The fixed charge includes the allocated return on investment and depreciation expense, an allocated share of projected maintenance expense on the system collection mains, an allowance for meter reading, sampling, and billing related costs, and a proportionate share of allocable overhead expenses, costs of appropriate operational support services, and appropriate miscellaneous revenue. The management fee amounts to 10 percent and is applied to the sum of the operation and maintenance charges and fixed charge.

The following exhibit tables summarize the development of the proposed cost of service and rates for Bucks County for fiscal year 2012.

TABLE A – 15

**UNITS OF WASTEWATER SERVICE
TEST YEAR 2012**

Line No.		(1) Units	(2) Bucks County
FY2012 Test Year			
Volume			
1	Sanitary Wastewater	(Mcf)	969,000
2	Infiltration	(Mcf)	<u>40,200</u>
3	Total	(Mcf)	1,009,200
Suspended Solids			
4	Sanitary Wastewater	(1,000 lbs)	11,730
5	Infiltration	(1,000 lbs)	<u>251</u>
6	Total	(1,000 lbs)	11,981
BOD			
7	Sanitary Wastewater	(1,000 lbs)	9,856
8	Infiltration	(1,000 lbs)	<u>63</u>
9	Total	(1,000 lbs)	9,919
Contract Maximum Units			
Capacity			
10	Sanitary Wastewater	(Mcf/day)	7,351
11	Infiltration	(Mcf/day)	<u>170</u>
12	Total	(Mcf/day)	7,521
Volume			
13	Sanitary Wastewater	(Mcf)	1,171,123
14	Infiltration	(Mcf)	<u>40,200</u>
15	Total	(Mcf)	1,211,323
Suspended Solids			
16	Sanitary Wastewater	(1,000 lbs)	13,400
17	Infiltration	(1,000 lbs)	<u>251</u>
18	Total	(1,000 lbs)	13,651
BOD			
19	Sanitary Wastewater	(1,000 lbs)	13,400
20	Infiltration	(1,000 lbs)	<u>63</u>
21	Total	(1,000 lbs)	13,463

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 2

ALLOCATION OF TEST YEAR INVESTMENT FOR THE
NORTHEAST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2012

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment (a)	Retal, Abington, Bensalem, Bucks Cty W&SA, & Lower Southampton Capacity	Volume	Retal, Abington, Bensalem, Bucks Cty W&SA, Cheltenham, Lower Moreland, and Lower Southampton Capacity	Suspended Solids	BOD
		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
NON-WATER POLLUTION ABA TEMENT PROGRAM FACILITIES							
1	Primary Sedimentation Basins	4,947		4,947			
2	Pumping Station	1,572			1,572		
3	Aeration Facilities	16,348					16,348
4	Primary Sludge Pumps	1,097				1,097	
5	Screen Sectors	172				172	
6	Effluent Conduit	9			9		
7	Final Sedimentation Basins	8,604		8,604			
8	Recirculation Pumps	1,549		1,549			
9	Digesters	16,843				12,632	4,211
10	Sludge Dewatering	4,049				3,037	1,012
11	Frankford Grit Chamber	354			354		
12	Chlorination Facilities	5,408			5,408		
13	Aeration Tank No. 1	1,133					1,133
14	Sludge Thickener Building	3,401				1,701	1,700
15	Sludge Transfer Station	874				656	218
16	Subtotal All Above	66,160		13,190	7,343	19,295	24,622
17	Administrative and General Facilities						
18	Administrative and General Plant	46,444					
19	Land	954					
20	Subtotal	47,398		10,785	5,345	13,782	17,586
21	Total Non-Water Pollution Abatement Program Facilities	113,758		23,975	12,688	33,077	42,208
WATER POLLUTION ABA TEMENT PROGRAM FACILITIES							
22	New Preliminary Treatment Building	41,398	10,350		31,048		
23	Primary Sedimentation Tanks Modifications	33,264		33,264			
24	Blower Building	16,703					16,703
25	Aeration Tank No. 1	38,944					38,944
26	Chlorination Facilities	21,963			21,963		
27	New Sludge Thickener Building	41,626				20,813	20,813
28	Effluent Conduit	2,312			2,312		
29	New Final Sedimentation Tanks	23,808		23,808			
30	Sludge Digestion System Modifications	34,754				26,066	8,688
31	Composting Facilities	30,180				22,710	7,470
32	Sludge Dewatering	12,396				9,447	2,949
33	Sludge Transfer Station	24,681				18,511	6,170
34	Loading Terminal/Barges	5,324				4,143	1,181
35	Subtotal	348,833	10,350	79,072	55,327	101,690	103,418
36	Adm. and General Facilities	48,036	1,421	10,857	7,396	13,962	14,200
37	Adjustment for Joint Use Facilities	4,877				3,658	1,219
38	Total Water Pollution Abatement Program Facilities	402,746	11,771	89,929	62,723	119,310	118,837
39	TOTAL NORTHEAST WPC PLANT BOOK COST	516,504	11,771	113,904	75,507	152,387	161,045
40	Less Federal Grant	265,233	7,731	39,068	41,328	78,880	78,226
41	ADJUSTED TOTAL NORTHEAST WPC PLANT INVESTMENT	251,271	4,040	74,836	34,179	73,507	82,819

(a) Plant Investment as of 6/30/2007

TABLE A – 5

**TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2012**

Line No.	Cost Component	Total Direct Investment (a) \$
	COLLECTION SYSTEM	
1	Sewers - Capacity	1,000,622,000
2	Pumping Stations - Capacity	<u>29,222,000</u>
3	Total Collection System	1,029,844,000
	WATER POLLUTION CONTROL PLANTS	
	Northeast Plant:	
4	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton - Capacity	4,040,000
	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton	
5	Volume	56,746,000
6	Capacity	34,179,000
7	Suspended Solids	73,507,000
8	BOD	<u>82,819,000</u>
9	Subtotal	<u>247,251,000</u>
10	Total Northeast Plant	251,291,000
11	Other Plants:	<u>288,194,000</u>
12	Total Water Pollution Control Plants	539,485,000
13	Total Investment	1,569,329,000

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

TABLE A - 16

WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY
Test Year 2012

Line No.	Cost Component	(1)	(2)	(3)
		Direct Investment (a)	Units of Capacity	Unit Investment
		\$		\$
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	- Capacity	4,040,000	370 mgd = 49,470 Mcf/day	81.6657 /Mcf/day
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
2	Volume	56,746,000	76,650 mg = 10,247,000 Mcf	5.5378 /Mcf
3	Capacity	34,179,000	420 mgd = 56,150 Mcf/day	608.7088 /Mcf/day
4	Suspended Solids	73,507,000	173,240,000 lbs	424.3073 /1,000 lbs
5	BOD	82,819,000	128,491,000 lbs	644.5510 /1,000 lbs

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

mg - million gallons

mgd - million gallons per day

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 19

**WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
BUCKS COUNTY
Test Year 2012**

Line No.	Cost Component	(1) Units	(2) Investment Per Unit \$	(3) Number of Contract Units	(4) Infiltration/Inflow Capacity Allocation Factor	(5) Allocated Investment (a) \$	(6) Allocated Investment Rounded (a) \$
Treatment							
Retail, Abington, Bensalem, Bucks County WS&A, Lower Moreland, and Lower Southampton							
1	Capacity	Mcf/day	81.6657	7,521		614,208	614,000
Retail, Abington, Bensalem, Bucks County WS&A, Cheltenham, Lower Moreland, and Lower Southampton							
2	Volume	Mcf	5.5378	1,211,323		6,708,065	6,708,000
3	Capacity	Mcf/day	608.7088	7,521		4,578,099	4,578,000
4	SS	1,000 lbs	424.3073	13,651		5,792,219	5,792,000
5	BOD	1,000 lbs	644.5510	13,463		8,677,590	8,678,000
6	Total Treatment					26,370,181	26,370,000
Conveyance							
7	Large Sewers	cfs	18,000	85.08	1.02250	1,565,897	1,566,000
8	Total Conveyance					1,565,897	1,566,000
9	Total Allocated System Investment					27,936,078	27,936,000

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

cfs - cubic feet per second

Mcf - Thousand cubic feet

lbs - pounds

TABLE A – 7

ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
NORTHEAST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2012

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Rural, Abington, Bensalem, Bucks County WASA, Lower Merion, and Lower Southampton		Rural, Cheltenham, Abington, Bensalem, Bucks County WASA, Lower Merion, and Lower Southampton		Suspended Solids	BOD
		\$	Volume	Capacity	Volume	Capacity	\$	\$
Personal Services:								
1	Raw Wastewater Pumping	759,031		759,031				
2	Preliminary Treatment	1,475,895			1,047,884	428,009		
3	Primary Sedimentation	595,628			395,628			
4	Aeration	2,461,578						2,461,578
5	Secondary Sedimentation	600,899			600,899			
6	Recirculating Pumping	442,768			442,768			
7	Chlorination	416,413			254,012	162,401		
8	Primary Sludge Pumping	123,234					123,234	
9	Secondary Sludge Thickening	295,179					147,390	147,389
10	Sludge Digestion	2,119,260					1,739,445	379,815
11	Sludge Holding Tanks	368,673					126,505	42,168
12	Sludge Dewatering	426,955					320,216	106,739
13	Grit and Screening Incineration	948,788			635,688	313,100		
14	Scum and Grease Incineration	226,655					226,655	
15	Laboratory	785,386					392,693	392,693
16	Subtotal Personal Services	12,044,340		759,031	3,376,879	960,510	3,074,338	3,750,582
Purchase of Services, Materials, Supplies, and Equipment:								
17	Raw Wastewater Pumping	198,254		198,254				
18	Preliminary Treatment	313,290				313,290		
19	Primary Sedimentation	146,855			146,855			
20	Aeration	220,282						220,282
21	Secondary Sedimentation	168,883			168,883			
22	Recirculating Pumping	63,637			63,637			
23	Chlorination	4,088,153			4,088,153			
24	Primary Sludge Pumping	26,923					26,923	
25	Secondary Sludge Thickening	31,819					15,910	15,909
26	Sludge Digestion	413,641					310,231	103,410
27	Sludge Holding Tanks	58,742					44,057	14,685
28	Sludge Dewatering	46,504					34,878	11,626
29	Grit and Screening Incineration	132,169				132,169		
30	Scum and Grease Incineration	36,714					36,714	
31	Laboratory	283,919					141,960	141,959
32	Subtotal Purchase of Services, Materials, Supplies & Equipment	6,329,785		198,254	4,467,528	445,459	610,673	507,871
33	Subtotal All Above	18,374,125		957,285	8,944,407	1,348,969	3,685,011	4,258,453
Administrative and General:								
34	Personal Services	3,099,373		195,322	920,439	232,500	791,120	999,992
35	Other	490,397		15,606	351,675	35,066	48,071	39,979
36	Subtotal Administration & General	3,589,770		210,928	1,272,114	267,566	839,191	999,971
Power Requirements:								
37	Raw Wastewater Pumping	623,803	530,233	93,570				
38	Preliminary Treatment	5,155			4,382	773		
39	Primary Sedimentation	41,245			35,057	6,186		
40	Aeration	3,418,030						3,418,030
41	Secondary Sedimentation	41,243			35,057	6,186		
42	Recirculating Pumping	144,351			122,898	21,453		
43	Chlorination	30,511			8,364	1,547		
44	Primary Sludge Pumping	5,155					5,155	
45	Secondary Sludge Thickening	386,655					193,328	193,327
46	Sludge Digestion	87,642					65,732	21,910
47	Sludge Dewatering	92,797					69,598	23,199
48	Grit and Screening Incineration	82,486			70,113	12,373		
49	Scum and Grease Incineration	5,155					5,155	
50	Subtotal Power Requirements	4,944,026	530,233	93,570	276,071	48,718	338,964	3,656,666
51	Sludge Disposal	14,600,184					10,800,128	3,800,048
52	Total Northeast WPC Plant Expense	41,248,165	530,233	1,241,783	9,592,292	1,645,253	15,663,268	12,494,934

TABLE A – 11

TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATION TO FUNCTIONAL COST COMPONENTS

Test Year 2012

Line No.	Cost Component	(1)	(2)	(3)	(4) O&M Expense Deductions		(6)
		Direct Operation & Maintenance Expense \$1,000	Administrative & General Expense \$1,000	Total Operation & Maintenance Expense \$1,000	Less Interest Income \$1,000	Less Grants \$1,000	Net Operation & Maintenance Expense \$1,000
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity	24,346	11,524	35,870	125	0	35,745
Inlet Cleaning							
2	Retail - Storm Capacity	10,960	5,188	16,148	56	0	16,092
Pumping Stations							
3	Total Volume	3,131	0	3,131	11	0	3,120
4	Total Capacity	<u>11,954</u>	<u>5,396</u>	<u>17,350</u>	<u>61</u>	<u>0</u>	<u>17,289</u>
5	Total Collection Systems	50,391	22,108	72,499	253	0	72,246
WATER POLLUTION CONTROL PLANTS							
Northeast Plant:							
Retail, Abington, Bensalem, Bucks County WS&A, Lower Moreland & Lower Southampton							
6	Volume	530	0	530	2	2	526
7	Capacity	1,262	550	1,812	6	7	1,799
Retail, Abington, Bensalem, Bucks County WS&A, Cheltenham, Lower Moreland, and Lower Southampton							
8	Volume	9,593	4,338	13,931	49	53	13,829
9	Capacity	1,665	758	2,423	8	9	2,406
10	Suspended Solids	15,767	7,293	23,060	81	88	22,891
11	BOD	12,495	4,176	16,671	58	64	16,549
12	Other Plants:	<u>51,654</u>	<u>20,888</u>	<u>72,542</u>	<u>254</u>	<u>277</u>	<u>72,011</u>
13	Total Water Pollution Control Plants	92,966	38,003	130,969	458	500	130,011
14	CUSTOMER COSTS	29,200	13,822	43,022	151	0	42,871
15	Total Operation & Maintenance Expense	172,557	73,933	246,490	862	500	245,128

TABLE A - 28

UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
 APPLICABLE FOR CONTRACT SERVICE
 Test Year 2012

Line No.	Cost Component	(1) Net Operating Expense \$	(2) Projected TY Units of Service	(3) Unit Operating Expense \$/Unit
WATER POLLUTION CONTROL PLANTS				
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	Volume	526,000	6,499,000 Mcf	0.0809
2	Capacity	1,799,000	39,510 Mcf/day	45.5328
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
3	Volume	13,829,000	8,783,000 Mcf	1.5745
4	Capacity	2,406,000	53,390 Mcf/day	45.0646
5	Suspended Solids	22,891,000	114,346 1,000 lbs	200.1906
6	BOD	16,549,000	76,384 1,000 lbs	216.6553

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 31

OPERATING EXPENSE
ALLOCATED TO
BUCKS COUNTY
Test Year 2012

Line No.	Cost Component	(1) Allocated Investment \$		(2) Test Yr. No. of Units		(3) Allocated Operating Expense \$
	Collection System					
1	Sewer Maintenance (a)	1,566,000	x	3.20%		50,112
		Operating Expense Per Unit				
	NE Treatment Plant: Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton					
2	Volume	0.0809	\$/Mcf	1,009,200	Mcf	81,644
3	Capacity	45.5328	\$/Mcf/day	7,521	Mcf/day	342,452
	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton					
4	Volume	1.5745	\$/Mcf	1,009,200	Mcf	1,588,985
5	Capacity	45.0646	\$/Mcf/day	7,521	Mcf/day	338,931
6	Suspended Solids	200.1906	\$/1,000 lbs	11,981	1,000 lbs	2,398,484
7	BOD	216.6553	\$/1,000 lbs	9,919	1,000 lbs	2,149,004
8	Customer Costs					16,200
9	Total					6,965,812
10	Total - Rounded					6,966,000

(a) Based on investment in sewers serving Bucks County W&SA.

Mcf - Thousand cubic feet

lbs - pounds

TABLE A – 40

SUMMARY OF ALLOCATED COST OF SERVICE
Test Year 2012

Customer	(1) Allocated Investment (a)	(2) Allocated Depreciable Investment (a)	(3) O&M Expense	(4) Depreciation Expense (b)	(5) Return on Investment (b)	(6) Allocated Cost of Service
	\$	\$	\$	\$	\$	\$
Bucks County	27,936,000	27,836,000	6,966,000	0	0	6,966,000

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

(b) Bucks County Depreciation and ROI capital charges shall apply to all applicable capital projects for which a notice to proceed is issued after March 10, 2005.

TABLE A – 49

**SUMMARY OF TEST YEAR CHARGES
Test Year 2012**

Customer	(1)	(2)	(3)	(4)	(5)
	Fixed Charge	Operation and Maintenance Charges			
		Volume	Capacity (a)	Suspended Solids	BOD
	\$	\$/Mcf	\$/cfs	\$/1,000 lbs	\$/1,000 lbs
Bucks County (b)	66,000	1.7154	8,007	204.1477	217.9484

(a) Annual Cost.

(b) Charges for recovery of costs associated with odor control of Bucks County W&SA wastewater are in addition to the charges shown herein.

Mcf - Thousand cubic feet

cfs - cubic feet per second

lbs - pounds

Attachment B Bensalem Rate Making Methodology

The cost of service allocable to Bensalem Township (Bensalem) and the rates developed to recover the allocated costs reflect consideration of the contract limits for wastewater service as set forth in the contract between Bensalem and the City dated May 16, 1988 as amended on April 2, 2008.

The capital investment allocable to Bensalem is based upon the contract limits for volume, peak flow, and BOD and Suspended Solid loads plus an allowance for infiltration/inflow beyond the point of connection to the City's sewer system versus the system design capacity of the Northeast Water Pollution Control Plant and pumping station facilities and collection mains used in the provision of service to Bensalem. The allocated plant investment is based on original cost.

The operation and maintenance expenses allocable to Bensalem are based upon the relationship of the projected annual volume, peak flow, and the BOD and Suspended Solids loadings from Bensalem, including an allowance for infiltration/inflow beyond the point of connection to the City's sewer system, relative to the projected annual volume, peak flow, and BOD and Suspended Solid loading of the Northeast Water Pollution Control Plant and pumping station facilities used in the provision of service to Bensalem. The collection system related operation and maintenance expenses allocable to Bensalem are based on Bensalem's share of the collection system investment and the ratio of test year sewer maintenance expense of the entire Philadelphia collection system and the entire Philadelphia collection system investment. Overhead expenses, the costs of appropriate operational support services, and appropriate miscellaneous revenues are allocable to Bucks based on the allocation of direct operation and maintenance expenses.

As established under the contract, the rates applicable to Bensalem include operation and maintenance charges, a fixed charge, and a management fee. The operation and maintenance charges, which are assessed against the metered volume, peak flow, and BOD and TSS loading of Bensalem, include the treatment and pumping costs associated with each component and a proportionate share of allocable overhead expenses, costs of appropriate operational support services, and appropriate miscellaneous revenue. Unit costs are adjusted to reflect the Northeast Pollution Control Plant wholesale customer related I/I. The fixed charge includes an allocated share of projected maintenance expense on the system collection mains, an allowance for meter reading, sampling, and billing related costs, and a proportionate share of allocable overhead expenses, costs of appropriate operational support services, and appropriate miscellaneous revenue. The management fee amounts to 10 percent and is applied to the sum of the operation and maintenance charges and fixed charge.

The following exhibit tables summarize the development of the proposed cost of service and rates for Bensalem for fiscal year 2012.

TABLE A – 15

**UNITS OF WASTEWATER SERVICE
Test Year 2012**

Line No.		(1)	(2)
		Units	Bensalem
FY 2012 Test Year			
Volume			
1	Sanitary Wastewater	(Mcf)	160,000
2	Infiltration	(Mcf)	<u>5,600</u>
3	Total	(Mcf)	165,600
Suspended Solids			
4	Sanitary Wastewater	(1,000 lbs)	2,226
5	Infiltration	(1,000 lbs)	<u>35</u>
6	Total	(1,000 lbs)	2,261
BOD			
7	Sanitary Wastewater	(1,000 lbs)	2,376
8	Infiltration	(1,000 lbs)	<u>9</u>
9	Total	(1,000 lbs)	2,385
Contract Maximum Units			
Capacity			
10	Sanitary Wastewater	(Mcf/day)	1,014
11	Infiltration	(Mcf/day)	<u>20</u>
12	Total	(Mcf/day)	1,034
Volume			
13	Sanitary Wastewater	(Mcf)	299,271
14	Infiltration	(Mcf)	<u>5,600</u>
15	Total	(Mcf)	304,871
Suspended Solids			
16	Sanitary Wastewater	(1,000 lbs)	3,734
17	Infiltration	(1,000 lbs)	<u>35</u>
18	Total	(1,000 lbs)	3,769
BOD			
19	Sanitary Wastewater	(1,000 lbs)	5,340
20	Infiltration	(1,000 lbs)	<u>9</u>
21	Total	(1,000 lbs)	5,349

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 2

**ALLOCATION OF TEST YEAR INVESTMENT FOR THE
NORTHEAST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS**

Test Year 2012

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment (\$)	Retail, Abington, Bensalem, Bucks Cty W&SA, & Lower Southampton Capacity	Volume	Retail, Abington, Bensalem, Bucks Cty W&SA, Chesham, Lower Moreland, and Lower Southampton Capacity	Suspended Solids	BOD
		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
NON-WATER POLLUTION ABA TEMENT PROGRAM FACILITIES							
1	Primary Sedimentation Basins	4,947		4,947			
2	Pumping Station	1,372			1,372		
3	Aeration Facilities	16,348					16,348
4	Primary Sludge Pumps	1,097				1,097	
5	Screen Ejectors	172				172	
6	Effluent Conduit	9			9		
7	Final Sedimentation Basins	8,604		8,604			
8	Recirculation Pumps	1,549		1,549			
9	Digesters	16,843				12,632	4,211
10	Sludge Dewatering	4,049				3,037	1,012
11	Faskford Gk Chamber	354			354		
12	Chlorination Facilities	5,408			5,408		
13	Aeration Tank No. 1	1,133					1,133
14	Sludge Thickener Building	3,401				1,701	1,700
15	Sludge Transfer Station	874				656	218
16	Subtotal All Above	66,360		15,100	7,343	19,295	24,622
17	Administrative and General Facilities						
18	Administrative and General Plant	46,944					
19	Land	954					
20	Subtotal	47,898		10,785	5,345	13,782	17,586
21	Total Non-Water Pollution Abatement Program Facilities	113,758		25,885	12,588	33,077	42,208
WATER POLLUTION ABA TEMENT PROGRAM FACILITIES							
22	New Preliminary Treatment Building	41,398	10,350		11,048		
24	Primary Sedimentation Tanks Modifications	53,264		53,264			
25	Blower Building	16,703					16,703
26	Aeration Tank No. 1	38,944					38,944
27	Chlorination Facilities	21,963			21,963		
28	New Sludge Thickener Building	41,626				20,813	20,813
29	Effluent Conduits	2,312			2,312		
30	New Final Sedimentation Tanks	23,808		23,808			
31	Sludge Digestion System Modifications	54,754				26,066	8,688
32	Composting Facilities	30,280				22,710	7,570
33	Sludge Dewatering	12,596				9,447	3,149
34	Sludge Transfer Station	24,681				18,511	6,170
35	Loading Terminal/Barges	5,524				4,143	1,381
36	Subtotal	349,833	10,350	79,072	55,323	101,690	106,418
37	Admin. and General Facilities	48,056	1,421	10,837	7,596	13,942	14,200
38	Adjustment for Joint Use Facilities	4,877				3,658	1,219
39	Total Water Pollution Abatement Program Facilities	403,266	11,771	89,909	62,919	119,310	118,837
40	TOTAL NORTHEAST WPC PLANT BOOK COST	516,534	11,771	113,814	75,507	152,387	161,045
41	Less Federal Grants	265,233	7,731	59,068	41,328	78,880	78,226
42	ADJUSTED TOTAL NORTHEAST WPC PLANT INVESTMENT	251,291	4,040	54,746	34,179	73,507	82,819

(x) Plant Investment as of 6/30/2007

TABLE A – 5

TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS

Test Year 2012

Line No.	Cost Component	Total Direct Investment (a) \$
COLLECTION SYSTEM		
1	Sewers - Capacity	1,000,622,000
2	Pumping Stations - Capacity	<u>29,222,000</u>
3	Total Collection System	1,029,844,000
WATER POLLUTION CONTROL PLANTS		
Northeast Plant:		
4	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton - Capacity	4,040,000
5	Volume	56,746,000
6	Capacity	34,179,000
7	Suspended Solids	73,507,000
8	BOD	<u>82,819,000</u>
9	Subtotal	<u>247,251,000</u>
10	Total Northeast Plant	251,291,000
11	Other Plants:	<u>288,194,000</u>
12	Total Water Pollution Control Plants	539,485,000
13	Total Investment	1,569,329,000

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

TABLE A – 16

WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY

Test Year 2012

Line No.	Cost Component	(1)	(2)	(3)
		Direct Investment (a)	Units of Capacity	Unit Investment
		\$		\$
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	- Capacity	4,040,000	370 mgd = 49,470 Mcf/day	81.6657 /Mcf/day
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
2	Volume	56,746,000	76,650 mg = 10,247,000 Mcf	5.5378 /Mcf
3	Capacity	34,179,000	420 mgd = 56,150 Mcf/day	608.7088 /Mcf/day
4	Suspended Solids	73,507,000	173,240,000 lbs	424.3073 /1,000 lbs
5	BOD	82,819,000	128,491,000 lbs	644.5510 /1,000 lbs

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

mg - million gallons

mgd - million gallons per day

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 18

**WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
BENSALEM
Test Year 2012**

Line No.	Cost Component	(1) Units	(2) Investment Per Unit \$	(3) Number of Contract Units	(4) Infiltration/Inflow Capacity Allocation Factor	(5) Allocated Investment (a) \$	(6) Allocated Investment Rounded (a) \$
Treatment							
1	Retail, Abington, Bensalem, Bucks County WS&A, Lower Moreland, and Lower Southampton Capacity	Mcf/day	81,6657	1,034		84,442	84,000
2	Retail, Abington, Bensalem, Bucks County WS&A, Cheltenham, Lower Moreland, and Lower Southampton Volume	Mcf	6	304,871		1,688,315	1,688,000
3	Capacity	Mcf/day	609	1,034		629,405	629,000
4	SS	1,000 lbs	424	3,769		1,599,214	1,599,000
5	BOD	1,000 lbs	645	5,349		3,447,703	3,448,000
6	Total Treatment					7,449,079	7,448,000
Conveyance							
7	A-1	cfs	84,833	0.3700	1.02250	32,094	32,000
8	A-2	cfs	105,688	0.8800	1.02250	95,098	95,000
9	A-3	cfs	117,743	0.1200	1.02250	14,447	14,000
10	A-4	cfs	115,847	0.0800	1.02250	9,476	9,000
11	B	cfs	131,354	0.8400	1.02250	112,820	113,000
12	C	cfs	72,634	0.7500	1.02250	55,701	56,000
13	D	cfs	67,910	0.4600	1.02250	31,941	32,000
14	E	cfs	204,911	0.3800	1.02250	79,618	80,000
15	F	cfs	49,726	0.5800	1.02250	29,490	29,000
16	G-1	cfs	48,680	0.2700	1.02250	13,439	13,000
17	G-2	cfs	48,680	0.5100	1.02250	25,385	25,000
18	H	cfs	64,044	2.7200	1.02250	178,119	178,000
19	I-1	cfs	133,427	0.6760	1.02250	92,226	92,000
20	J-2	cfs	38,820	0.1610	1.02250	6,391	6,000
21	J-3	cfs	258,008	0.3830	1.02250	101,040	101,000
22	K-1	cfs	204,907	0.4300	1.02250	90,092	90,000
23	K-2	cfs	66,776	2.1300	1.02250	145,433	145,000
24	Total Conveyance					1,112,810	1,110,000
25	Total Allocated System Investment					8,561,889	8,558,000

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

cfs - cubic feet per second

Mcf - Thousand cubic feet

lbs - pounds

TABLE A - 7

ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
NORTHEAST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2012

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Retail, Abington, Bensalem, Bucks County W&SA, Lower Merion, and Lower Southampton		Retail, Chesham, Abington, Bensalem, Bucks County W&SA, Lower Merion, and Lower Southampton		Suspended Solids	BOD
		\$	Volume	Capacity	Volume	Capacity	\$	\$
Personal Services:								
1	Raw Wastewater Pumping	758,001		758,001				
2	Preliminary Treatment	1,475,899			1,047,884	428,009		
3	Primary Sedimentation	595,628			595,628			
4	Aeration	2,461,578						2,461,578
5	Secondary Sedimentation	600,899			600,899			
6	Recirculating Pumping	442,768			442,768			
7	Chlorination	416,413			254,912	162,401		
8	Primary Sludge Pumping	121,234					121,234	
9	Secondary Sludge Thickening	295,779					147,590	147,589
10	Sludge Digestion	2,319,260					1,739,445	579,815
11	Sludge Holding Tanks	168,673					126,505	42,168
12	Sludge Dewatering	426,955					336,216	196,739
13	Oil and Screening Incineration	948,788			635,688	313,100		
14	Scum and Grease Incineration	226,655					226,655	
15	Laboratory	785,086					392,693	392,693
16	Subtotal Personal Services	12,044,340		759,001	3,576,879	901,510	3,074,338	3,730,982
Purchase of Services, Materials, Supplies, and Equipment:								
17	Raw Wastewater Pumping	198,254		198,254				
18	Preliminary Treatment	313,290				313,290		
19	Primary Sedimentation	146,835			146,835			
20	Aeration	220,282						220,282
21	Secondary Sedimentation	168,883			168,883			
22	Recirculating Pumping	63,637			63,637			
23	Chlorination	4,084,133			4,084,133			
24	Primary Sludge Pumping	26,923					26,923	
25	Secondary Sludge Thickening	31,819					12,910	18,909
26	Sludge Digestion	413,642					316,251	103,410
27	Sludge Holding Tanks	36,742					44,057	14,685
28	Sludge Dewatering	46,504					34,878	11,626
29	Oil and Screening Incineration	132,189				132,189		
30	Scum and Grease Incineration	36,714					36,714	
31	Laboratory	283,919					141,960	141,959
32	Subtotal Purchase of Services, Materials, Supplies & Equipment	6,229,785		198,254	4,467,528	441,479	616,673	597,871
33	Subtotal All Above	18,274,125		957,255	8,044,407	1,343,989	3,691,011	4,228,853
Administrative and General:								
34	Personal Services	3,099,373		195,322	926,439	232,500	791,129	929,992
35	Other	490,397		15,606	311,675	35,066	48,071	39,979
36	Subtotal Administration & General	3,589,770		210,928	1,238,114	267,566	839,199	969,971
Power Requirements:								
37	Raw Wastewater Pumping	623,803	530,253	93,550				
38	Preliminary Treatment	5,135			4,382	775		
39	Primary Sedimentation	41,243			35,037	6,186		
40	Aeration	3,418,030						3,418,030
41	Secondary Sedimentation	41,243			35,037	6,186		
42	Recirculating Pumping	144,351			122,698	21,653		
43	Chlorination	10,311			8,764	1,547		
44	Primary Sludge Pumping	5,155					5,155	
45	Secondary Sludge Thickening	386,625					193,324	193,327
46	Sludge Digestion	87,642					65,732	21,910
47	Sludge Dewatering	92,797					69,594	23,199
48	Oil and Screening Incineration	82,486			70,113	12,373		
49	Scum and Grease Incineration	5,151					5,151	
50	Subtotal Power Requirements	4,944,026	530,253	93,570	276,071	48,718	318,968	3,656,466
51	Sludge Disposal	14,400,184					10,800,134	3,600,046
52	Total Northeast WPC Plant Expense	41,288,105	530,253	1,261,783	9,892,892	1,665,253	19,663,308	12,494,934

TABLE A – 11

TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATION TO FUNCTIONAL COST COMPONENTS

Line No.	Cost Component	Test Year 2012					
		(1) Direct Operation & Maintenance Expense \$1,000	(2) Administrative & General Expense \$1,000	(3) Total Operation & Maintenance Expense \$1,000	(4) O&M Expense Deductions		(6) Net Operation & Maintenance Expense \$1,000
				Less Interest Income \$1,000	Less Grants \$1,000		
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity	24,346	11,524	35,870	125	0	35,745
Inlet Cleaning							
2	Retail - Storm Capacity	10,960	5,188	16,148	56	0	16,092
Pumping Stations							
3	Total Volume	3,131	0	3,131	11	0	3,120
4	Total Capacity	<u>11,954</u>	<u>5,396</u>	<u>17,350</u>	<u>61</u>	<u>0</u>	<u>17,289</u>
5	Total Collection Systems	50,391	22,108	72,499	253	0	72,246
WATER POLLUTION CONTROL PLANTS							
Northeast Plant:							
Retail, Abington, Bensalem, Bucks County WS&A, Lower Moreland & Lower Southampton							
6	Volume	530	0	530	2	2	526
7	Capacity	1,262	550	1,812	6	7	1,799
Retail, Abington, Bensalem, Bucks County WS&A, Cheltenham, Lower Moreland, and Lower Southampton							
8	Volume	9,593	4,338	13,931	49	53	13,829
9	Capacity	1,665	758	2,423	8	9	2,406
10	Suspended Solids	15,767	7,293	23,060	81	88	22,891
11	BOD	12,495	4,176	16,671	58	64	16,549
12	Other Plants:	<u>51,654</u>	<u>20,888</u>	<u>72,542</u>	<u>254</u>	<u>277</u>	<u>72,011</u>
13	Total Water Pollution Control Plants	92,966	38,003	130,969	458	500	130,011
14	CUSTOMER COSTS	29,200	13,822	43,022	151	0	42,871
15	Total Operation & Maintenance Expense	172,557	73,933	246,490	862	500	245,128

TABLE A - 28

UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
 APPLICABLE FOR CONTRACT SERVICE
 Test Year 2012

Line No.	Cost Component	(1) Net Operating Expense \$	(2) Projected TY Units of Service	(3) Unit Operating Expense \$/Unit
WATER POLLUTION CONTROL PLANTS				
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	Volume	526,000	6,499,000 Mcf	0.0809
2	Capacity	1,799,000	39,510 Mcf/day	45.5328
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
3	Volume	13,829,000	8,783,000 Mcf	1.5745
4	Capacity	2,406,000	53,390 Mcf/day	45.0646
5	Suspended Solids	22,891,000	114,346 1,000 lbs	200.1906
6	BOD	16,549,000	76,384 1,000 lbs	216.6553

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 30

OPERATING EXPENSE
ALLOCATED TO
BENSALEM
Test Year 2012

Line No.	Cost Component	(1) Allocated Investment \$	x	(2) Test Yr. No. of Units	(3) Allocated Operating Expense \$
Collection System:					
1	Sewer Maintenance (a)	1,110,000	x	3.20%	35,520
NE Treatment Plants: Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton					
2	Volume	0.0809	\$/Mcf	165,600 Mcf	13,397
3	Capacity	45.5328	\$/Mcf/day	1,034 Mcf/day	47,081
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton					
4	Volume	1.5745	\$/Mcf	165,600 Mcf	260,737
5	Capacity	45.0646	\$/Mcf/day	1,034 Mcf/day	46,597
6	Suspended Solids	200.1906	\$/1,000 lbs	2,261 1,000 lbs	452,631
7	BOD	216.6553	\$/1,000 lbs	2,385 1,000 lbs	516,723
8	Customer Costs				49,400
9	Total				1,422,086
10	Total - Rounded				1,422,000

(a) Based on investment in sewers serving Bensalem.

Mcf - Thousand cubic feet

lbs - pounds

TABLE A – 40

SUMMARY OF ALLOCATED COST OF SERVICE
Test Year 2012

Customer	(1) Allocated Investment (a)	(2) Allocated Depreciable Investment (a)	(3) O&M Expense	(4) Depreciation Expense	(5) Return on Investment	(6) Allocated Cost of Service
Bensalem	\$ 8,558,000	\$ 8,530,000	\$ 1,422,000	\$ (b)	\$ (b)	\$ 1,422,000

(a) Plant Investment as of 6/30/2007. Includes Administration and General costs.

(b) Bensalem contributes their allocated plant investment, and therefore is not allocated any depreciation expense or return on investment.

TABLE A - 49

SUMMARY OF TEST YEAR CHARGES
Test Year 2012

Customer	(1)	(2)	(3)	(4)	(5)
	Fixed Charge	Operation and Maintenance Charges			
		Volume	Capacity (a)	Suspended Solids	BOD
	\$	\$/Mcf	\$/cfs	\$/1,000 lbs	\$/1,000 lbs
Bensalem	85,000	1.7154	8,007	204,1477	217.9484

(a) Annual Cost.
Mcf - Thousand cubic feet
cfs - cubic feet per second
lbs - pounds

**Amendment to the Bensalem Wastewater Services Agreement and PC-30
Amendment To Add a 17th Connection Point**

WHEREAS, the City of Philadelphia (the "City") and the Bensalem Township Authority ("Bensalem") entered into a Wastewater Services Agreement on May 16, 1988 (the "Agreement") whereby the City agreed to treat Bensalem's wastewater; and

WHEREAS, pursuant to the Consent to Assignment agreement entered into on August 31, 1999 Bensalem assigned all of its rights, interests and responsibilities under the Agreement to the Bucks County Water and Sewer Authority (the "Authority"); and

WHEREAS, pursuant to the Amendment to Wastewater Services Agreement To Address the Overflow at PC-30, entered into on April 2, 2008, (the "PC-30 Amendment"), Paragraph 1, the City and Authority identified 16 Connection Points from the Authority's collection system to the City's Wastewater System; and

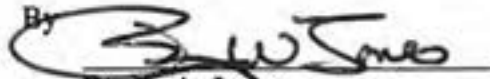
WHEREAS, in order to provide wastewater services to the Beechwood Development in Bensalem a new 17th Connection Point will need to be added; and

WHEREAS, both the Authority and City now wish to enter into this Amendment to the Bensalem Wastewater Services Agreement and PC-30 Amendment To Add a 17th Connection Point (the "17th Connection Point Amendment")

It is therefore agreed on this ²⁰¹² day of ^{Sept}, 2011 (the "Effective Date") that the Agreement and PC-30 Amendment shall be amended as follows:

1. A new 17th Connection Point shall be added to the table contained in Paragraph 1 of the PC-30 Amendment and shall be known as MBE17-Beechwood Development;
2. The calculation of flow from MBE17-Beechwood Development will be done in accordance with the procedure set forth in the Agreement for unmetered connections until such time that the City meters the MBE17-Beechwood Development connection.
3. All other terms and conditions of the Agreement and PC-30 Amendment remain in full force and effect except as otherwise modified by this 17th Connection Point Amendment.


WHEREFORE, the parties having reviewed this 17th Connection Point Amendment, and intending to be legally bound by its terms and conditions, have their duly authorized officers execute this Amendment below.

By 
Benjamin Jones
Executive Director
Bucks County Water and Sewer
Authority

Approved as to Form


Gerald Leatherman Esq.
Divisional Deputy City Solicitor

CITY OF PHILADELPHIA
WATER DEPARTMENT

By 
Howard Neukrug,
Water Commissioner
City of Philadelphia

AGREEMENT

This Agreement, made this 5th day of February, 1988 and effective as of January 1, 1988 by and between the City of Philadelphia, hereinafter called "City", and the Bucks County Water and Sewer Authority, hereinafter called "Authority".

WITNESSETH:

WHEREAS, City owns and operates wastewater collection and treatment facilities to convey, treat and dispose of wastewater its by-products, including sludge, collected from retail customers within the City and from outlying municipalities, townships, authorities and entities including Authority; and

WHEREAS, City desires to reserve wastewater treatment capacity for wholesale suburban customers at its Northeast Water Pollution Control Plant (the "Plant") on a long term basis to ensure the most efficient use of the City's resources and facilities, and to provide full and fair compensation to City; and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, May 20, 1987, directed the Water Commissioner to enter into new agreements for the sale of wastewater treatment service to suburban communities; and

WHEREAS, Authority desires to acquire wastewater treatment capacity from City at the Plant to ensure a sufficient wastewater treatment capacity for the communities it serves; and

WHEREAS, the Plant has limited capacity and City has other suburban customers who purchase wastewater treatment service from City; and

WHEREAS, Authority agrees to pay for its reserved wastewater treatment capacity in accordance with this Agreement;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

I. WASTEWATER QUANTITY AND QUALITY

A. Reservation of Capacity - City shall reserve wastewater treatment capacity for the Authority at the Plant as set forth in Exhibit "A" attached hereto and incorporated herein ("Flow and Loadings Limits") commencing on the date of this Agreement.

B. Capital Contribution - Upon execution of this Agreement, in consideration of the reservation of capacity at the Plant, Authority shall pay ELEVEN MILLION NINE HUNDRED THOUSAND DOLLARS (\$11,900,000.00) to City for net cost to City for wastewater conveyance and treatment facilities, systems and equipment completed prior to July 1, 1986 and allocated to the service of Authority under the terms and conditions stated herein plus THREE HUNDRED AND SEVENTY-THREE THOUSAND DOLLARS (\$373,000.00) for wastewater conveyance and treatment facilities, systems and equipment allocated to the service of Authority as stated herein and completed as of December 31, 1987. These sums plus any additional sums

paid to City by Authority for facilities, systems and equipment allocated to Authority under this Agreement shall be referred to as Authority's "Capital Contribution."

C. Pro-rata Share of New Facilities and Renewal and Replacement -

(1) Authority agrees to pay to City its pro-rata share as calculated by City of costs for capital expenditures for renewal and replacement of facilities, and for new facilities, excepting however, new facilities which are intended solely to increase the capacity of the Plant. The costs to be allocated shall be net of grants ^{or} other reimbursement from the federal or state government.

City shall provide Authority with a Facilities Capital Budget not later than thirty (30) days before the beginning of City's Fiscal Year to notify Authority of its share of the cost of capital improvements and renewal and replacement.

(2) Authority agrees to pay actual costs of capital improvements or renewal and replacement within sixty (60) days of receipt of the bill. In the event that Authority does not pay the bill when due, late charges will accrue in accordance with Section II.B., below.

D. Change in Capacity -

(1) Authority agrees that if the capacity of the Plant is upgraded or downgraded by Federal or State agencies or regulations or if City is directed to acquire additional facilities by Federal or State agencies or regulations,

Authority will pay any costs associated with its revised pro-rata share of capacity as calculated by City. Nothing in this Section I.D. shall serve to revise Authority's flow and loadings limits as set forth in Exhibit A attached hereto and incorporated herein ("The Flow and Loadings Limits Addendum").

(2) In the event that City has excess capacity available, City shall offer it to its suburban customers on a first come, first serve basis. If Authority desires to purchase such excess capacity, it agrees to pay rates and charges then in effect for such capacity, to make a capital contribution therefor and to terms consistent with this Agreement. Nothing in this Section I.D shall be construed as binding upon either party to agree to modify this Agreement, the Flow and Loadings Limits Addendum or binding upon the City to have additional capacity available.

E. Exceedance Charges -

(1) Flow and Loadings Limits - The wastewater delivered by Authority to City shall not exceed the limitations set forth in the Flow and Loadings Limits Addendum. For the purpose of this Agreement the term "Flow Limits" shall mean the maximum amount of wastewater as measured in millions of gallons per day which may be delivered to City for treatment in a given period of time and the term "Loadings Limits" shall mean the maximum biochemical oxygen demand ("BOD") loadings and suspended solids ("SS") loadings which shall be delivered to City for treatment annually.

(2) The Flow Limits shall be as set forth in the Flow and Loadings Limits Addendum. The Flow Limits for "Stage 1" shall remain in effect until acceptance of wastewater flow by City via the Force Main as set forth in Section IV.O, below. Thereafter, the Flow Limits for "Stage 2" shall govern this Agreement.

(3) The "Loadings Limits" for SS and BOD shall be as set forth in the Flow and Loadings Limits Addendum.

(4) Exceedance Charges - City shall estimate or measure the quantity and sample the quality of Authority's wastewater flow. Authority shall be liable to pay penalties to City for exceedances of agreed-upon Flow Limits and Loadings Limits as set forth in the Flow and Loadings Limits Addendum and the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

(5) Plan to Eliminate Exceedances - In the event that Authority's wastewater flow exceeds the Flow Limits set forth in the Flow and Loadings Limits Addendum on five (5) or more occasions in one calendar year or eight (8) or more occasions in two consecutive calendar years, or ever exceeds the maximum annual average, or if Authority exceeds the Loadings Limits, either for BOD or SS, Authority agrees:

a) That upon written notice of exceedances from City, Authority shall develop and submit to City within one hundred and eighty (180) days of written notice a written report detailing a plan of action to eliminate the exceedances within five (5) years from the date of sub-

mission of the written report. City shall promptly approve or disapprove the plan. Approval of the plan outlined in the report will not be unreasonably withheld. City shall notify the Authority in writing within sixty (60) days of receipt of the plan of approval or disapproval and shall include reasons for failure to approve.

b) If Authority fails to submit a report outlining a plan to eliminate exceedances, or if City cannot approve such a plan, Authority shall be liable to City for a penalty of One Thousand Dollars (\$1,000.00) per week until such time as Authority submits a plan which City can approve.

II. WASTEWATER TREATMENT CHARGE

A. Wastewater Treatment Charges - Authority agrees to pay wastewater treatment charges. The wastewater treatment charges shall consist of:

(1) An operation and maintenance charge based upon actual or estimated wastewater flows and actual or estimated BOD and SS Loadings of wastewater delivered to the Plant by Authority. The operation and maintenance charge shall be based upon the cost (as defined below at Paragraph II.A. (3)) of conveying and treating wastewater delivered by the Authority. Such charges shall be based upon quantity, quality and flow rates of wastewater delivered as well as charges based upon billing, metering, sampling and other related

fixed costs.

(2) A management fee equal to ten percent (10%) of the charges set forth in paragraph (1).

(3) For the purpose of this Agreement the term "Cost" shall include all direct and indirect expenses, including but not limited to, labor, materials, equipment, power, chemicals, rentals, benefits and departmental overhead. Departmental overhead shall include, but not be limited to, such items of cost as administrative, financial, legal, accounting and engineering support.

(4) Authority shall have the right upon written request to review City's method of computing and allocating the cost of providing wastewater treatment service to Authority.

B. Billing and Penalties for Late Payment -

(1) Upon the execution of this Agreement, City shall render bills to Authority on a quarterly basis for the charges set forth in this Agreement. City reserves the right to bill Authority on a more or less frequent basis in the future.

(2) Bills shall be payable to City by Authority within thirty (30) days of receipt of bill by Authority. Authority shall notify City in writing of disputed charges prior to their due date. Authority may withhold payment of disputed charges, but in the event the dispute is resolved in favor of City, payment withheld shall be subject to late fees running from the original due date for said charges. In no event

shall City be liable to Authority for payment of interest or late fees of any nature on disputed charges.

(3) Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing.

(4) City, upon six (6) months prior written notice to Authority, may increase or decrease late fees to a level reflecting additional or decreased costs incurred by City.

C. Notice of Changes in Rates - City shall provide notice to Authority of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices.

III. CONSTRUCTION, OPERATION AND MAINTENANCE OF AUTHORITY'S CONVEYANCE SYSTEM AND RELATED MATTERS

A. Design and Construction of Sewers - Authority shall design, construct, own, operate and repair at its sole cost and expense sanitary sewers and connections to the City system necessary to convey its wastewater to the City limits.

B. Approved Connection Points - The locations of approved points of connection and provisions concerning these connections are described in Exhibit "C", attached hereto and incorporated herein (the "Connection Points"). No additional Connection Points shall be made without prior written approval from City acting through its Water Commissioner.

C. Plan to Eliminate Unauthorized Discharge - If any of Authority's Connection Points are determined by the City or any governmental regulatory agency to be maintenance problems or sources of unauthorized discharges, Authority agrees to immediately submit a plan to City outlining action to be taken to eliminate within forty-five days of written notification the problem or unauthorized discharge. City shall promptly approve or disapprove said plan. Any action taken pursuant to this section III.C. shall be at the sole expense of Authority.

IV. FORCE MAIN EXTENSION

A. Authority to Construct Force Main - Authority agrees to construct an extension of its connection piping and necessary appurtenances into City (the "Force Main") to reconnect with City's Upper Delaware Low Level Interceptor System in the vicinity of State Road and Shelmire Avenue in a location to be approved by City after completion of a route feasibility study performed at the sole cost of Authority.

B. Rights of Entry - For the purpose of constructing the Force Main, City shall assist Authority in acquiring rights of entry, easements and rights of way upon land necessary for construction of the Force Main. Rights of way or easements on land for which the City does not hold title required to construct the Force Main shall be acquired at the sole cost of Authority, City assisting in such acquisitions where possible.

C. Right to Revoke - In the event the Force Main is located within any City street and if such City street is needed

for a public purpose, City shall have the right upon twelve months prior written notice to Authority, to revoke or modify any right to place the Force Main within City's streets. In the event City exercises this right of revocation or modification, Authority shall, at its sole cost and expense:

1) Promptly relocate the Force Main according to the directions and requirements of City and restore the surface of the affected streets; or

2) with City's approval, not unreasonably withheld, pay City the increased cost of any project constructed by City in a different location as a result of Authority's failure to make such relocation.

D. Authority to Pay for New Sewer - Authority at its sole expense, shall construct the Force Main in the route to be approved by City in accordance with City's Standard Specifications, where applicable. Authority shall pay all construction expenses relating to the Force Main, including, but not limited to, design, preparation of plans and drawings, construction, and "as-built" plans. Authority shall also pay City for consultation with City's personnel and reasonable costs incurred by City in connection with City's periodic inspection, repair and testing of the Force Main.

E. Review - City shall have the right to review from time to time, plans, shop drawings, materials, workmanship and contract drawings for the Force Main.

F. Other Required Approvals - Any review by the Water Commissioner ("Commissioner") shall not be deemed to constitute approval required by any other department, board or commission of City, including, but not limited to, the Department of Licenses and Inspections and the Streets Department.

G. Emergencies During Construction - City shall have the right throughout the construction of the Force Main to take steps deemed necessary by the Commissioner to alleviate any emergency or potentially hazardous condition or conditions threatening public health, safety or welfare.

H. Drawings - Upon completion of the Force Main, Authority shall deliver to City a full set of shop drawings and "as-built" plans.

I. Materials and Workmanship - The materials used in the Force Main shall conform to the requirements of the plans and specifications and shall be well adapted for the kind of service required. The work shall be of first class construction, free from defects and the work shall be performed in a good and workmanlike manner.

J. Defective Work or Material - Authority shall remove, at its own expense, any work or material judged by City as defective or not in accordance with the plans and specifications and shall reconstruct, rebuild and replace the same until such time as City shall approve the work or material.

K. No Representation or Warranty by City -

(1) Notwithstanding anything contained in this Agreement, any review and/or approval by the City, or acceptance of the Force Main by the City, shall not constitute any representation, warranty or guarantee by City as to the substance or quality of documents, work or other matter reviewed, approved or accepted. No person or firm may rely in any way on such approval and at all times Authority and Authority's agents, contractors and subcontractors must use their own independent judgment as to the accuracy and quality of all such documents and other matters.

(2) The presence of City's representatives during construction shall not lessen the obligation of Authority for construction in accordance with the plans and specifications, free of defects.

L. Insurance -

(1) Prior to the commencement of construction of the Force Main and until one (1) year after acceptance of wastewater flow via the Force Main, Authority shall obtain and maintain in full force and effect or cause its contractor to obtain and maintain in full force and effect: (i) A policy or policies of comprehensive general liability and property damage insurance, with broad form endorsement, protecting Authority and City against all claims, suits and actions, for or on account of any damage or injury to property or persons, including death, arising out of this Agreement and the con-

struction contemplated by this Agreement. The insurance policy or policies shall be in the minimum aggregate amount of Two Million Dollars (\$2,000,000.00). Authority or Authority's contractor may obtain the levels of insurance required by this Section with a blanket and/or umbrella policy or policies; (ii) Automobile insurance (owned, nonowned, hired and leased) with total limits per occurrence of not less than One Million Dollars (\$1,000,000.00); and (iii) Workers' Compensation insurance as required by law, and employer's liability insurance with a limit of not less than One Hundred Thousand Dollars (\$100,000.00).

(2) Each insurance policy shall be in form and content reasonably satisfactory to the City Solicitor, shall name the City of Philadelphia as an additional insured, and shall also (i) contain a contractual liability endorsement applicable to Authority's obligations under Section VIII.C. of this Agreement, and (ii) provide that the insurance provided in the policy or policies shall not operate to limit or void coverage of any one insured with respect to claims against the same insured by any other insured. Each policy shall contain a clause that the policy cannot be cancelled, modified or permitted to expire unless and until at least thirty (30) days prior written notice is given to City.

Authority shall provide City with a certificate or certificates of insurance evidencing such coverage at least fifteen (15) days prior to commencement of construction of the Force Main and shall, upon the request of the City, provide the

City within a reasonable time after such request, but in no event more than sixty (60) days, with a copy of such insurance policy or policies. At least thirty (30) days prior to the expiration of each policy, Authority shall deliver to City a certificate or certificates evidencing a replacement policy or policies to become immediately effective upon the termination of the previous policy. Each insurance policy obtained pursuant to this Section shall be obtained from insurers having a Best rating of A+7 or better and licensed to transact business in the Commonwealth of Pennsylvania.

(3) If Authority fails to cause such insurance to be maintained, City shall not be limited in the proof of any damages which City may claim against Authority or any other person or entity to the amount of the insurance premium or premiums not paid or incurred and which would have been payable upon such insurance, but City shall also be entitled to recover as damages for such breach the uninsured amount of any loss and damages, expenses of suit and costs, including, without limitation, reasonable cancellation fees, suffered or incurred during any period when Authority shall have failed or neglected to provide insurance as aforesaid.

M. Surety Bond - Prior to the commencement of construction of the Force Main and until one (1) year after acceptance of wastewater flow via the Force Main, Authority shall obtain and maintain in full force and effect:

(1) A performance bond, in the form attached to this Agreement as Exhibit "E" and made a part hereof, with a

surety company approved by City naming City as an obligee in the amount of Six Million Dollars (\$6,000,000.00) as security for the faithful performance of the obligations of Authority under this Agreement; and

(2) A labor and materialmen's bond in the form attached to this Agreement as Exhibit "F" and made a part hereof, with a surety company approved by City naming City as an obligee in the amount of Six Million Dollars (\$6,000,000.00) as security for the full payment of Authority's contractors and subcontractors and others furnishing labor and materials for the Force Main.

N. Conditions for Start of Construction - Prior to commencement of construction of the Force Main, Authority shall obtain:

(1) all policies of insurance required in Section IV.L. of this Agreement;

(2) the surety bonds required in Section IV.M. of this Agreement;

(3) all permits and approvals required pursuant to Section IV.F. of this Agreement.

O. Acceptance of Wastewater Flow Via Force Main - Authority shall notify City and obtain City's approval prior to the conveyance of wastewater flow to the Plant via the Force Main. Prior to acceptance of wastewater flow via the Force Main, all metering equipment must be installed and operable and Authority must present to City for its approval an emergency plan of action to be,

carried out in the event it is necessary to bypass or shut down the Force Main.

V. MAINTENANCE AND REPAIRS

A. Maintenance -

(1) Authority shall own and maintain the Force Main and equipment and the electronics associated with the meter installed in Bucks County. City shall own and maintain telemetering equipment installed in Bucks County which shall consist of equipment which converts the signal produced by the meter into a signal which can be transmitted over telephone lines. City shall also own and maintain all equipment located in City necessary to receive and record telemetered information.

(2) Authority shall submit to City for its approval, a plan to City prior to delivery of any wastewater flow to City via the Force Main setting forth a maintenance schedule and maintenance procedures for the metering equipment and electronics to be maintained by Authority under this section V.A. City shall review and approve or disapprove such plan within sixty (60) days of receipt. The plan shall demonstrate that Authority will obtain prompt service by qualified meter maintenance personnel to repair any meter or electronic malfunction or breakdown in a timely manner. City shall receive written reports of maintenance and inspection work performed on the meter.

(3) In the event of a malfunction or breakdown of the

meter, metering equipment or electronics associated with the meter, Authority shall provide City with a report from the independent contractor performing the repairs detailing the cause of the malfunction or breakdown and the repairs undertaken.

(4) A flow accuracy test utilizing metering equipment independent of the Authority's magnetic flow meter to verify the accuracy of the meter shall be performed by Authority's independent contractor annually. If the annual calibration check indicates that recalibration is required, the meter shall be recalibrated as required and another calibration check shall be performed within three (3) months and at three (3) month intervals thereafter until Authority and City determine that recalibration is no longer necessary. Thereafter, annual calibration checks shall resume. Accuracy within two percent (2%) shall be acceptable. City shall have the right to review the qualifications and approve or disapprove the independent contractor chosen by Authority to perform flow accuracy testing. Such approval shall not be unreasonably withheld or delayed. City shall receive a written report of the test directly from the independent contractor. Authority shall pay all costs associated with the flow accuracy testing.

B. Should Authority fail to maintain and repair the Force Main or metering equipment within thirty (30) days after notification by City or immediately in the event of an emergency or

hazardous condition, City shall have the right to proceed with repair or maintenance and to recover the cost thereof from Authority. In addition, Authority shall be liable for a penalty payable to City in the amount of fifteen (15) percent of the cost of maintenance or repairs.

C. Sampling - City shall have the right to enter the area served by Authority at any time upon reasonable advance telephone notice to sample Authority's wastewater for quality.

D. Flow and Strength Estimates - Where City, in its sole discretion, determines that it is impractical or uneconomical to meter and/or sample wastewater, or when actual strength and flow data is unavailable for reasons beyond the control of City or Authority, City shall estimate, using its standard methods for estimating flow and/or strength figures for billing purposes.

E. Billing Information - Upon request, City shall provide to Authority strength and flow data utilized in billing Authority, including descriptions of its standard methods for estimating flow and/or strength figures.

VI. WASTEWATER QUALITY RESTRICTIONS

A. Interjurisdictional Pretreatment Agreement - City and Authority shall enter into the contract attached hereto and incorporated herein as Exhibit "D" (the "Interjurisdictional Pretreatment Agreement"). Authority agrees to comply with all of the provisions contained therein.

B. Sludge Utilization -

(1) Authority recognizes the importance and urgent need to utilize sludge in a timely and proper manner. Immediately upon signing of this Agreement, Authority and City shall work to develop an environmentally sound sludge utilization program meeting Federal and State standards within the area served by Authority. Authority shall propose a sludge utilization program which does not require a Pennsylvania Department of Environmental Resources permit by March 15, 1988 and thereafter shall continue to work with City to develop other applications for sludge utilization in the area served by Authority.

(2) Authority shall actively support City's community education program for sludge by identifying community groups for City which have an interest in sludge utilization and by providing City with appropriate facilities in Bucks County at which City may conduct educational programs.

VII. PAYMENT OF MONIES DUE AND OWING

Upon execution, Authority and City agree to fulfill their respective financial obligations under a prior agreement of October 1, 1982 as modified herein. Retroactive to July 1, 1986, City shall waive the capital portion of the lump sum charge in consideration of the Capital Contribution made under this Agreement and effective as of that date.

VIII. MISCELLANEOUS

A. Inspection and Audit - The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times have the right to examine and inspect said records and accounts upon 30 days written notice. If required by any law or regulation, Authority shall make said records and accounts immediately available to Federal and State auditors.

B. Arbitration of Disputes - If any dispute shall arise between the parties hereto, concerning terms, conditions and covenants of this Agreement, the same shall be submitted to a Board of Arbitration. The Board of Arbitration shall be composed of three (3) arbitrators, one appointed by City, one by Authority, and the third to be agreed upon jointly by the arbitrators selected by City and Authority.

The arbitrators representing Authority and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Authority cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Bucks Counties, from which the third arbitrator shall be selected.

The arbitrator appointed by Authority shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

Each party shall bear the costs of its own arbitrator and the parties shall equally divide the costs of the third arbitrator and all other common costs.

The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) days after the third arbitrator is selected and shall make its determination within thirty (30) days after the appointment of the third arbitrator. The decision of such arbitrators shall be final and binding upon the parties, except in the case of fraud.

C. Claims, Insurance and Related Matters -

(1) Authority agrees to defend, indemnify and save harmless City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

a) City's inability, due to causes beyond its control, to perform any of the provisions of this

Agreement;

b) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Authority's wastewater to the Plant and to construct the Force Main whether due to the negligence or gross negligence of City, Authority or their employees, servants or agents or the inherent nature of their operations;

c) EPA or Pennsylvania Department of Environmental Resources action of any kind whatsoever, whether direct or indirect, for any work undertaken by Authority, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or Pennsylvania Department of Environmental Resources;

d) Any grant fund, or any portion thereof, received by Authority and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

(2) City and Authority agree that in the event of EPA or Pennsylvania Department of Environmental Resources action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Authority or their employees, servants or agents, City and Authority shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action.

(3) Anything in this Agreement to the contrary notwithstanding, Authority shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the Plant, except, to the extent that such injuries and damages increase City's operating costs, Authority shall be responsible for its proportionate share of those increased costs.

(4) Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section VIII.C of this Agreement.

(5) Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Authority or to vest in said third person any cause of action against City or Authority or to authorize any such person to institute any suit or suits against City or Authority.

(6) City shall have the right to approve counsel appointed on its behalf pursuant to this Agreement, unless appointed by Authority's insurer.

D. No Transfer of Rights - Authority shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement without the express written consent of the City. Such consent shall not be unreasonably withheld.

E. Term -

(1) Except as set forth in Section VII, this Agreement shall be effective as of January 1, 1988, and shall continue

in force and effect until terminated as hereinafter set forth.

(2) City shall have the right to terminate this Agreement for "cause" at any time, but only upon five(5) years written notice. "Cause" shall mean:

a) continuing exceedances of the flow and loadings limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the system or which cause City to be in violation of permits issued by PaDER or EPA; or

b) failure by Authority to meet its financial obligations under this Agreement for a period of six consecutive months; or

c) failure by Authority to comply with a decision or determination of a Board of Arbitration or court of competent jurisdiction rendered under this Agreement within three months of the date of the decision or determination.

(3) In the event that City terminates this Agreement for cause, Authority shall forfeit its capital contribution, including the cost of the Force Main.

(4) Authority or City may terminate this Agreement for any reason after it has been in effect for thirty-five (35) years, but only by giving written notice five (5) years before the effective date of termination.

(5) In the event this Agreement terminates for any

reason, except for cause as set forth in subparagraph (2) of this Section VIII. E., City shall pay to Authority an amount equal to the Authority's share of the then-remaining value of all systems, equipment and facilities, except the Force Main, used to convey and treat Authority's wastewater under this Agreement (the "Assets"). The remaining value of the Assets shall be calculated as follows:

a) The remaining useful life of each component of the Assets shall be separately calculated.

b) The original and all subsequent contributions by the Authority towards the cost of acquisition, renewal and replacement of each component of the Assets shall be multiplied by a fraction whose numerator is the remaining useful life of the component, and whose denominator is the sum of the years the component has been in service since January 1, 1988, plus the remaining useful life.

c) The amount thus calculated shall be paid to the Authority in cash on the effective date of termination.

d) The calculation required hereunder shall be made by an independent appraiser selected jointly by the City and the Authority. The expense of the appraisal shall be divided equally between the City and the Authority. If the City and the Authority cannot agree on an appraiser, then one shall be selected by the same method to be used to select a third arbitrator under Section VIII.B. of this Agreement.

(6) Upon termination of this Agreement for whatever reason or upon expiration of this Agreement, Authority shall pay to City the costs of abandoning the Force Main, if any. Such costs shall be established by City as of the abandonment.

F. Ownership, Management and Control of Plant Facilities -

City retains sole ownership and control of the Plant and all other sewage treatment facilities in the City except the Force Main, and agrees to operate, maintain, repair, and improve its facilities associated with service to Authority. City retains the sole and exclusive right to make all managerial and other decisions regarding its sewage treatment facilities, including but not limited to those decisions regarding maintenance, upkeep, expansion, or replacement of all or a portion of its sewage treatment facilities. Upon termination of this Agreement for any reason, by either party, ownership of the Force Main shall revert to City. Authority shall transfer its interest in all rights of way and easements for the Force Main to City in consideration of City's payment to Authority of one dollar (\$1.00). Said transfer of rights of way and easements to City shall be recorded in the real property records of Philadelphia County.

G. Severability - In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

H. Successors and Assigns - All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

I. Waiver - The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

J. Notices - All notices, payments and communications required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Authority may designate in writing from time to time:

If intended for City:

Water Commissioner
ARA Tower
1101 Market Street
Philadelphia, Pennsylvania 19107

If intended for Authority:

Executive Director
Bucks County Water and Sewer Authority
1275 Almshouse Road
Warrington, Pennsylvania 18976

All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

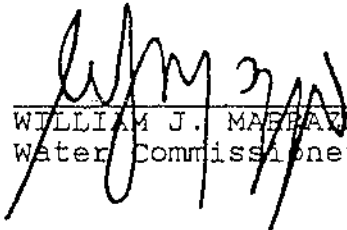
K. Captions - The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do

not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

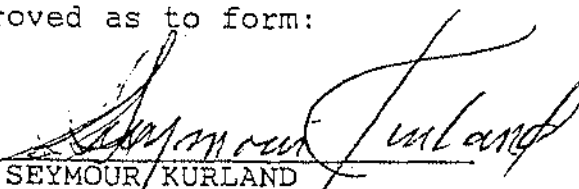
L. Entire Agreement - This Agreement and its Exhibits and Addendums, incorporated herein, represent the entire agreement of the parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Authority.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner; and the appropriate officer of the Bucks County Water and Sewer Authority has executed this Agreement on behalf of the Authority, and has hereunto affixed the corporate seal of the said Authority duly attested by the Appropriate officer thereof, the day and year first above written.

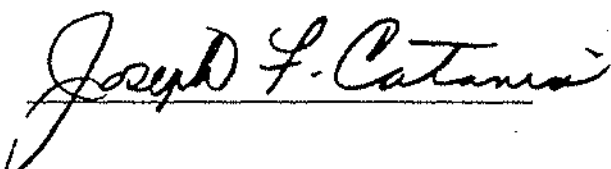
CITY OF PHILADELPHIA

By: 
WILLIAM J. MAFFARZO
Water Commissioner


Approved as to form:

By: 
SEYMOUR KURLAND
City Solicitor

BUCKS COUNTY WATER AND
SEWER AUTHORITY

By: 

Attest:


Alvin L. Cook
att. for.

FLOW AND LOADINGS LIMITS ADDENDUM

DAYLIGHT FLOW LIMITS

	<u>Maximum Annual Avg.</u>	<u>Instantaneous Max.</u>
STAGE 1	10 MGD	14 cfs ¹
STAGE 2	20 MGD	62 cfs

BOD AND SS LOADINGS

<u>ANNUAL SUSPENDED SOLIDS LOADINGS</u>	<u>ANNUAL BIOCHEMICAL OXYGEN DEMAND LOADINGS</u>
13,400,000 lbs.	13,400,000 lbs.

¹ The allowable flow rate during non-daylight hours in Stage 1 shall not exceed 40 cfs.

EXCEEDANCE CHARGES ADDENDUM

- I. Authority shall be liable to City for the exceedance charges stated below beginning January 1, 1992 or upon completion of the Force Main when Authority exceeds the quantity flow limits set forth in the Flow Limits Addendum.
 - A. Volume: \$3,700.00 per unit of flow over the average daily limit during any consecutive 365 day period, such charge to be billed annually. The unit of flow used to determine exceedances shall be each hundred thousand gallons of wastewater flow per day.

- II. Authority shall be liable to City for the exceedance charges stated below beginning January 1, 1988 when Authority exceeds the quality flow limits set forth in the Flow Limits Addendum.
 - A. Suspended Solids (SS): \$480.00 per thousand pounds over the limit.

 - B. Biochemical oxygen Demand (BOD): \$900.00 per thousand pounds over the limit.

III. Charges for Years Subsequent to 1987

During January 1988 and during January of each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the changes in the Consumer price Index for the prior calendar year. The index to be used for this adjustment shall be the Consumer Price index published by the U.S. Bureau of Labor Statistics for all urban consumers (CPI-U) for the Philadelphia SMSA, all items.

APPROVED CONNECTION POINTS TO CITY WASTEWATER SYSTEM

Stage 1

1. Vicinity of State Road and Grant Avenue

Stage 2

1. Vicinity of State Road and Shelmire Avenue

EXHIBIT C

INTERJURISDICTIONAL PRETREATMENT AGREEMENT
BETWEEN
THE CITY OF PHILADELPHIA
AND
THE BUCKS COUNTY WATER AND SEWER AUTHORITY

This Agreement is entered into this 9th day of March , 1986,
between the City of Philadelphia ("City") and the Bucks County Water and
Sewer Authority ("Authority").

RECITAL

Whereas, City owns and operates a wastewater treatment system; and

Whereas, Authority currently utilizes this wastewater treatment system
pursuant to an agreement between City and Authority dated (the
"Service Agreement"); and

Whereas, City must develop and implement an industrial pretreatment
program pursuant to conditions contained in its discharge permit (Permit
#PA0026689) issued by the Pennsylvania Department of Environmental
Resources; and

Whereas, Authority desires to continue to utilize the wastewater treat-
ment system and recognizes its industrial waste control obligations under
40 CFR 403.

In consideration of the following terms and conditions City and
Authority agree:

Exhibit D

1. Within two months of the adoption by the City of its new wastewater control regulations, Authority shall enact and diligently enforce a resolution requiring each member municipality to enact an ordinance substantially identical to the regulations adopted by City and providing as specified below ("Resolution").
2. Authority, by Resolution, shall require each member municipality to enact an ordinance specifically incorporating the following provisions:
 - (a) a requirement that any industrial user responsible for any accidental discharge notify immediately both City and Authority;
 - (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by Federal Pretreatment Standards;
 - (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;
 - (d) a prohibition against and penalty for the knowing transmittal of false information by an industrial user to either City or Authority;
 - (e) a grant of explicit authority to Authority to require the industrial user to install all monitoring and pretreatment facilities.
 - (f) within six (6) months of enactment, each member municipality shall notify City and Authority of every non-domestic user with the potential to discharge an extremely hazardous substance as defined by the Superfund Amendments and Reauthorization Act of 1986 and every industrial user within its jurisdiction.
3. City and Authority shall periodically (at a minimum of every five years) review their respective regulations and resolutions and the

member municipalities' ordinances and jointly draft and adopt equivalent amendments to their respective regulations and resolutions where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City becomes aware of a problem with the pretreatment program which can be mitigated by a change in the resolutions, City may draft an amendment which Authority must adopt. If Authority has adopted a resolution requiring its municipalities to adopt ordinances identical to City's regulations, then, whenever City amends its regulations, Authority shall adopt a resolution requiring its member municipalities to adopt the identical amendment.

4. Authority, by Resolution, shall require each member municipality to adopt as part of its ordinance and enforce, and Authority shall establish by resolution and enforce, specific discharge limits at least as stringent as the specific discharge limits established in City regulations.
5. Authority, by Resolution, shall require each member municipality to adopt as part of its ordinance a provision incorporating by reference into the ordinance categorical pretreatment standards promulgated by the U.S. Environmental Protection Agency (EPA) by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into its member municipalities' ordinances. These standards shall supercede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Authority shall notify all affected industrial users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.

6. Authority, by Resolution, shall require each member municipality to include in its ordinance definitions for "significant industrial user", "industrial user" and "nondomestic user" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular industrial user is a significant industrial user, industrial user or nondomestic user based on information City may request from Authority or its member municipalities. City shall control, through industrial discharge permits, industrial waste discharges from each significant industrial user, industrial user or nondomestic user discharging into the sewer.
7. If there exists any industrial user discharging to Authority sewer system but located outside the jurisdictional limits of Authority, then Authority shall within 30 days of this agreement notify such jurisdiction of this requirement and provide the City with copies of such notification. Authority shall negotiate and enter into an agreement with this outside jurisdiction. Such agreement shall be substantially equivalent to this Agreement, and shall be jointly executed by Authority, City and the outside jurisdiction. If the outside jurisdiction refuses to negotiate and execute an agreement, then City shall enter into a contract with the industrial user which contains terms and conditions substantially equivalent to City industrial discharge permits.
8. Authority, by Resolution, shall require each member municipality to file with City a certified copy of its ordinance and any amendments thereto. Authority shall fill with City other interjurisdictional agreements and any contract entered into for the purposes of industrial

waste control. If Authority maintains, Authority shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. Any records or other relevant information maintained shall be for at least six years.

9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer system of Authority. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect industrial waste discharges. Authority shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the industrial user or non-domestic dischargers.

10. Authority and City hereby agree that the City shall implement a pretreatment program within Authority and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement support and 6) monitoring hazardous waste disposal practices. Authority may assume

responsibility for conducting the pretreatment program implemented by City at any time upon 90 days' advanced written notice. To the extent Authority shall administer its own pretreatment program, it shall provide the City in writing a detailed outline of the program 90 days prior to initiating such a program and the City shall have the right to approve or disapprove the program. City may periodically review Authority pretreatment program activities and funding to ensure that Authority and any outside jurisdiction is adequately administering its pretreatment program in conformance with the Federal Pretreatment Regulations (40 CRF 403) and all City requirements.

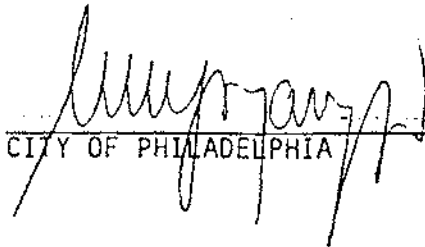
11. City shall review Authority resolution and each member municipality's ordinance and amendments thereto and any interjurisdictional agreements for conformance with 40 CRF part 403, and to ensure inclusion of all other legal provisions mandated by this Agreement. City shall periodically review the enforcement efforts of Authority and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.
12. If City determines that Authority and/or its member municipalities has failed or has refused to fulfill any pretreatment obligations, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of corrective steps to be taken and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Authority fails to satisfy the terms of the remedial plan, City may, upon thirty days' written notice, refuse to accept any industrial waste discharges from Authority.

13. In the event that EPA or Pennsylvania Department of Environmental Resources action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Authority, Authority and City shall equitably apportion responsibility for payment of such fines, penalties or costs. Authority shall fully indemnify, defend and hold harmless City for damages or costs arising from personal and property damage pursuant to the Service Agreement.
14. Where a discharge to the wastewater treatment system reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater treatment system, City may immediately initiate steps to identify the source of the discharge, and to hold or prevent said discharge. City may seek injunctive relief against Authority or outside jurisdictions and/or any industrial or non-domestic user contributing to the emergency conditions, and/or may pursue other self-help remedies. Authority shall pay to City the cost of such steps taken to prevent, stop or ameliorate the effects of such discharge.
15. Any disputes arising out of this Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Authority and City dated February 5, 1988.
16. The terms of this Agreement may be amended only by written agreement of the parties. In any event, this Agreement shall be reviewed and revised, as necessary, at least every five years.

17. This Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Agreement.

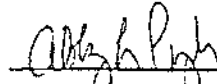
18. This Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Agreement.


The parties hereto have executed this Agreement on the date shown above.


CITY OF PHILADELPHIA

March 14, 1988
DATE

APPROVED AS TO FORM:
SEYMOUR KURLAND
CITY SOLICITOR

BY: 


BUCKS COUNTY WATER AND
SEWER AUTHORITY

March 9, 1988
DATE


ATTEST

March 9, 1988
DATE

PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS, THAT WE, THE BUCKS COUNTY WATER AND SEWER AUTHORITY (hereinafter called the "Principal Obligor"), and _____, Surety, are jointly and severally held and firmly bound unto the Water Department of City of Philadelphia ("City") in the sum of SIX MILLION DOLLARS (\$6,000,000.00) lawful money of the United States of America, to be paid to the said City, its successors and assigns, to which payment, well and truly to be made, we do bind ourselves and each of us, our and each of our heirs, executors and administrators, successors and assigns, jointly and severally, firmly by these presents.

Sealed with the seal of the said Bucks County Water and Sewer Authority and with the corporate seal of the said _____, Surety, duly attested by the proper officers thereof.

Dated the _____ day of _____, in the year of our Lord One Thousand Nine Hundred and Eighty-Eight (1988).

WHEREAS, the above bounded Principal Obligor agreed to construct a sewer in the City in accordance with the terms and conditions of that certain agreement dated _____, 1988,

EXHIBIT "E"

by and between the City of Philadelphia, acting by and through its Water Department and the Principal Obligor (the "Agreement") and plans and specifications approved by the Water Commissioner of City.

NOW THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal Obligor shall and do well and truly, in all respects, comply with all the terms, conditions and covenants contained in the above-mentioned Agreement, and shall do and pay unto the City of Philadelphia upon demand, any and all loss, damage and expenses which the said City may or shall sustain by reason of the failure of the said Principal Obligor to comply with the terms of the said Agreement, it being hereby understood and agreed that the reasonable decision of the Water Commissioner or his successor as to such failure in complying with the terms of the said contract Agreement and as to the amount of loss or damage sustained by reason thereof, being binding and conclusive upon the parties hereto, then this obligation to be null and void; otherwise, to be and remain in full force and virtue.

The undersigned Principal Obligor and Surety hereby agree that no modification of the terms of the above-mentioned Agreement or alteration in the work to be done under it, and no forbearance on the part of either City or the Principal Obligor to the other, either by the grant of any extension of time for the performance of the Agreement or otherwise, shall be deemed to release the undersigned or either of them, their or either of their heirs, executors, administrator or assigns, from their lia-

bility hereunder, notice to the Surety of any such modification, alteration, extension of forbearance hereby being waived.

And we do for ourselves and each of us, and each of our heirs, executors, administrators, successors and assigns, hereby authorize and empower any attorney of any court of record in Pennsylvania or elsewhere, upon the filing of this instrument or a copy thereof, duly attested as correct by such attorney, to appear for us or either of us, our or either of our heirs, executors or administrators, successors or assigns, and in our names or in the name of either of us, ~~our or either of our~~ heirs, executors or administrators, successors or assigns, confess a judgment against us or either of us, our or either of our heirs, executors or administrators, successors or assigns, in favor of the Water Department of the City of Philadelphia or any entity performing the functions of the Water Department, for the sum named in this bond, without defalcation, with costs of suit, release of errors, and with five percent (5%) added for collection fees; hereby waiving the benefit of all exemption laws and the holding in inquisition on any real estate that may be levied upon by virtue of such judgment, voluntarily condemning such real estate and authorizing the entry of such condemnation upon any writ of fieri facias and agreeing that said real estate may be sold under the same; and further waiving all errors, defects and imperfections whatsoever in the entering of the said judgment or any process thereon, and hereby agreeing that no writ of error or objection or motion or rule to open or strike off judgment or to

stay execution of appeal, shall be made or taken thereto. The right and power to appear and to enter or confess judgment hereinabove provided for and the right to assess damages under any such judgment shall be exercisable any number of times and shall not be exhausted by one or more uses thereof. And for the doing of these acts this instrument or a copy thereof attested as aforesaid shall be full warrant and authority.

This Performance Bond and the obligations hereunder shall terminate absolutely and be of no further force and effect upon the expiration of the Agreement.

PRINCIPAL:

Attest: *John Zettich*
[Seal]

By: *Joseph F. Catania*

Surety:

Attest: _____
[Corporate Seal] Secretary

By: _____
Attorney-in-fact

(If Attorney is not a Pennsylvania resident, this bond must be co-signed for the Surety by a Pennsylvania resident.)

LABOR AND MATERIALMEN'S BOND

KNOW ALL PERSONS BY THESE PRESENTS, THAT WE, The Bucks County Water and Sewer Authority (hereinafter called the "Principal Obligor"), and _____, Surety, are jointly and severally held and firmly bound unto the Water Department of City of Philadelphia ("City") for the use of any and every person, copartnership, association or corporation interested in the sum of SIX MILLION DOLLARS (\$6,000,000.00) lawful money of the United States of America, to be paid to the said City, its successors and assigns, to which payment, well and truly to be made, we do bind ourselves and each of us, our and each of our heirs, executors and administrators, successors and assigns, jointly and severally, firmly by these presents.

Sealed with the seal of the said Principal Obligor and with the corporate seal of the said _____, Surety, duly attested by the proper officers thereof.

Dated the _____ day of _____, in the year of our Lord One Thousand Nine Hundred and Eighty-Eight (1988).

EXHIBIT "F"

WHEREAS, the above bounded Principal Obligor, agreed to construct a sewer for the Water Department of City in accordance with the terms and conditions of that certain agreement dated _____, 1988, by and between the City of Philadelphia, acting by and through its Water Department and the Bucks County Water and Sewer Authority (the "Agreement") and the plans and specifications approved by the Water Commissioner of City.

NOW THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal Obligor shall and will promptly pay or cause to be paid to any and every person, copartnership, association or corporation, all sums of money which may be due for material furnished, equipment or machinery rented, services rendered by public utilities, and labor supplied or performed in the prosecution of the work covered by the above-mentioned Agreement, whether or not the said material, equipment, machinery, public utility services or labor enter into and become component parts of the work or improvement contemplated, including, inter alia, (a) all material furnished, equipment or machinery rented, services rendered by public utilities, and labor supplied or performed in preparing the site for the performance of the work covered by said contract, (b) equipment, machinery, public utility services, labor, shoring, sheathing and blasting supplies and other materials used on the site in doing such excavating as may be necessary or required to institute or perform the work specified in the Agreement or machinery rented, services rendered by public utilities and labor supplied or performed in the prose-

cution of work or repair or of maintenance required by or performed under the terms of said Agreement, then this obligation to be null and void; otherwise, to be and remain in full force and virtue.

It is understood and agreed that the City of Philadelphia, by its Water Department, may sue in assumpsit on this bond, for a breach by the Principal under the Agreement, for such sum or sums as may be justly due the City, and have execution thereon; and any such suit shall be commenced not later than the date of termination of the Agreement. ~~It is also understood and agreed that no person, copartnership, association or corporation, who is not a party to the Agreement shall have a right of action upon this bond.~~

The undersigned Principal Obligor and Surety, for themselves and each of them, their and each of their heirs, executors, administrators, successors and assigns, further agree, jointly and severally, that no modification, alteration, addition or extension of the terms of the above-mentioned Agreement or alteration, addition or diminution of the work to be done under it above-mentioned and described, and no forbearance on the part of either the City or of the Principal Obligor to the other, either by the grant of an extension of time for the performance of the Agreement, of the payments to be made under it, or otherwise, shall be deemed to release the undersigned or either of them, their or either of their heirs, executors or administrators, successors or assigns, from respective liability

hereunder; notice to said surety of any such modification, alteration, addition, extension, diminution and/or forbearance hereby being waived.

It is understood and agreed that the term "Principal Obligor" as used herein shall be construed to include both singular and plural, and shall be deemed to include and designate each and every of the individuals, copartnership, associations and artificial body of person who have entered into the above-mentioned Agreement with the City of Philadelphia, who have been designated above as "Principal", and who other than the Surety have signed and executed this present Indenture.

This Labor and Materialmen's Bond and the Obligations hereunder shall terminate absolutely and be of no further force and effect upon the expiration of the Agreement.

PRINCIPAL:

BUCKS COUNTY WATER AND
SEWER AUTHORITY

X Attest: John R. Galtch

[Seal]

Y By: Joseph H. Catania

Surety:

Attest: _____

By: _____

Attorney-in-fact

(If Attorney is not a Pennsylvania resident, this bond must be co-signed for the Surety by a Pennsylvania resident.)

[Corporate Seal]



Bucks County Water and Sewer Authority

1275 ALMSHOUSE ROAD • WARRINGTON, PENNSYLVANIA 18976
215-343-2538 • 1-800-222-2068 • FAX 215-343-5089

June 20, 1997

Michael Nadol, Deputy Water Commissioner
City of Philadelphia Water Department
ARA Tower at Reading Center
1101 Market Street
Philadelphia, PA 19107-2994

Re: Wastewater Contract Amendment

Dear Mr. Nadol:

In accordance with your letter dated May 19, 1997, enclosed please find one original fully executed Amendment to Wastewater Services Agreement Dated February 5, 1988. This agreement was approved at the regular Board Meeting held on June 17, 1997. One copy will be retained by this office for our records.

If you have any questions, please do not hesitate to contact this office.

Sincerely,


Mary Ann Mangini
Office Manager

:MM
Enclosure (1)

AMENDMENT TO WASTEWATER
SERVICES AGREEMENT DATED
FEBRUARY 5, 1988

On this 15th day of May, 1997, the City of Philadelphia (hereinafter the "City") and the Bucks County Water and Sewer Authority (hereinafter the "Authority"), pursuant to Section VIII L. of the Wastewater Service Agreement dated February 5, 1988, (hereinafter the "Agreement") hereby amend the Agreement as follows:

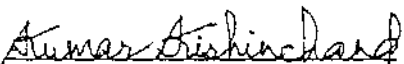
- A. Provisions A(1) through (5), inclusive, which follow immediately below, shall be in effect from May 15, 1997 until May 15, 2000. Thereafter, Provisions A(1) through (5) shall terminate and be null and void.
1. The City will accept the Authority's flow reduction plan as being sufficient to address its excessive flows. The Authority's flow reduction plan is attached hereto as Exhibit A.
 2. The Authority agrees that starting on July 1, 1996 its capital billings will be based on a 23 m.g.d. share of our Northeast treatment plant. The additional 3 m.g.d. of allocated capacity will be purchased on a depreciation and return basis at a cost of \$264,000 per 3 m.g.d. per year to be paid in quarterly installments along with the Authority's regularly scheduled capital billings. The retroactive billings for the 3 m.g.d. of additional allocated capacity from July 1, 1996 shall be paid as part of the Authority's next regularly scheduled quarterly capital billing. The Authority shall continue to pay for its initial allocation of 20 m.g.d. in accordance with Section I.C of the Agreement.
 3. The Authority will continue to pay the City for the additional 3 m.g.d. of allocated capacity until such time that the rolling 365 day average flow returns to 20 m.g.d. or below for a period of 90 consecutive days.
 4. If the rolling 365 day average flow returns to 20 m.g.d. or below for 90 consecutive days, but then, at any time thereafter, increases to over 20 m.g.d, the Authority shall again pay for the 3 m.g.d. of additional allocated capacity until such time that the rolling 365 day average flow again returns to below 20 m.g.d. for a period of 90 consecutive days.
 5. If at any time, from May 15, 1997 until May 15, 2000, the rolling 365 daily average flow exceeds 23 m.g.d., the Authority agrees that the City may exercise its right to once again deny all Act 537 planning modules.


- B. Upon termination of provisions A(1) through (5), inclusive, on May 16, 2000, the City shall determine whether the Authority's flow reduction plan has been successful or has failed. The Authority's flow reduction plan shall be deemed to have failed if on May 16, 2000, the rolling 365 day average flow exceeds 20 m.g.d. If the flow reduction plan has failed, then the Authority agrees that the City may again exercise its rights to deny Act 537 planning modules. If on May 16, 2000 the flow reduction plan succeeds, but at some later point in time the rolling 365 day average flow again exceeds 20 m.g.d., the City reserves its rights to again deny Act 537 planning modules.
- C. This Amendment represents the entire agreement of the parties hereto and there are no collateral or oral agreements or understandings.


IN WITNESS WHEREOF, the City of Philadelphia has caused this Agreement to be executed by its Water Commissioner; and the appropriate officer of the Bucks County Water and Sewer Authority has executed this Agreement on behalf of the Authority, and has hereunto affixed the corporate seal of the said Authority duly attested by the appropriate officer thereof, the day and year first above written.

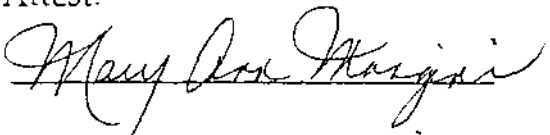
City of Philadelphia

Bucks County Water and
Sewer Authority

BY: 
KUMAR KISHINCHAND
Water Commissioner

BY:  6/17/97
BENJAMIN W. JONES
Executive Director

Approved as to form:
BY: 
DAVID A. KATZ, ESQ.
Divisional Deputy City Solicitor

Attest:


BUCKS COUNTY WATER AND SEWER AUTHORITY
NESHAMINY INTERCEPTOR FLOW REDUCTION PLAN

I. Agreement of all Neshaminy Interceptor Customers to be Billed

ADS flow meters have been installed at 62 points along the Interceptor. They have been tested and calibrated, and are now in service. Billing for the first quarter of 1997 has been based on metered flows, and that will be the case in the future.

II. Infiltration and Inflow Remediation

A. Bucks County Water and Sewer Authority has inspected and repaired 17,000 feet of spur lines entering the Interceptor. This project was completed this month (April 1997).

B. Bucks County Water and Sewer Authority has available \$11,000,000.00 for I/I remediation in municipal collection systems. It is proposing to use the money on the following terms:

1. Money will be allocated to each municipality in accordance with its needs and its proportionate use of total capacity in the Interceptor.
2. The amount spent on I/I remediation will be treated as a loan to the municipality. The loans will be interest-free for five (5) years, with no principal repayment required during that period. Thereafter, repayment will be at the Bucks County Water and Sewer Authority cost of funds, with amortization over twenty (20) years.
3. It is contemplated that the total remediation program will take thirty-six (36) months to complete, with results on the following schedule:

5% removal in first 6 months
10% removal in next 12 months
20% removal in next 24 months
30% removal in next 36 months

4. The savings in treatment costs as a result of I/I removal will provide the revenue necessary to repay the remediation costs.

III. Weather-Related flow Reduction

Bucks County Water and Sewer Authority believes that the unusual wet weather conditions between January 1996 and December 1996 have contributed to the high flow averages now existing.

<u>Month</u>	<u>Average Precipitation (1994 to 1995)</u>	<u>Actual Precipitation (1996 - 1997)</u>
January 1996	3.14"	4.38"
February 1996	2.54"	2.13"
March 1996	3.80"	4.27"
April 1996	2.11"	3.92"
May 1996	3.17"	3.17"
June 1996	1.00"	4.68"
July 1996	6.35"	5.65"
August 1996	2.85"	4.29"
September 1996	2.60"	4.19"
October 1996	3.46"	4.19"
November 1996	2.97"	2.89"
December 1996	2.03"	8.48"

MEMORANDUM

**CITY OF PHILADELPHIA
LAW DEPARTMENT**

TO: Bucks County Distribution
FROM: David A. Katz, Divisional Deputy City Solicitor *DAK*
DATE: January 31, 2000
RE: Bucks County Final Agreement

Attached please find the signed final Agreement between PWD and Bucks County, which I just received last Friday.

My thanks to everyone for helping resolve this long standing odor issue.

P.S. While the Agreement is signed, the work under the Agreement is still continuing. Specifically, the permanent installation must be in place by no later than June 30, 2000. Please keep me advised on Bucks County's progress. Thanks.

DAK:bs

DISTRIBUTION:

Dick Roy
Tom Kulesza
Bruce Aptowicz
Tom Healey
Dennis Blair
Steve Furtek
Jim Palladino
Roy Romano
Shabir Anjam
George Collier
Joe Cerrone

cc: Kumar Kishinchand

**AMENDMENT II TO THE
WASTEWATER SERVICES AGREEMENT
DATED FEBRUARY 5, 1988**

WHEREAS, the City of Philadelphia (the "City") and the Bucks County Water and Sewer Authority (the "Authority") (collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated February 5, 1988 (the "Agreement") whereby the City agreed to treat the Authority's wastewater in accordance with the terms and conditions set forth in the Agreement; and

WHEREAS, the Parties first amended the Agreement on May 15, 1997 to address the Authority's flow exceedances; and

WHEREAS, pursuant to the Agreement, the Authority conveys its wastewater to the City via a Force Main which connects to the City's sewer system in the vicinity of State Road and Shelmire Avenues in Philadelphia, Pennsylvania; (the "Connection Point") and

WHEREAS, the Authority's wastewater conveyed via the Force Main causes hydrogen sulfide gas to be produced in and around the Connection Point; and

WHEREAS, the production of hydrogen sulfide gas results in odors being produced in and around the Connection Point as well as possibly excessive corrosion to the City's sewer system; and

WHEREAS, the Authority and the City now desire to address these odor and possible excessive corrosion problems; and

WHEREAS, the Parties have reached agreement on how to resolve both the odor and corrosion issues; and

WHEREAS, the Parties now wish to memorialize their agreement in this Amendment II to the Wastewater Services Agreement Dated February 5, 1988 (henceforth "Amendment II");

IT IS THEREFORE AGREED BY AND BETWEEN THE CITY AND THE AUTHORITY ON THIS 15th day of January 1999 that the odor and excessive corrosion problems are hereby settled and resolved in accordance with the following terms and conditions as set forth below:

1. The City shall operate a sodium hypochlorite system (the "System") at the Authority's Totem Road Pumping Station located in Bucks County. The System shall be operated in such a manner as to eliminate substantially all odors generated by the sewage flowing from the Authority's Force Main into the City's sewer system. Further, the System shall be operated to eliminate any excessive corrosion. The System shall include, but is not limited to, the following:

(1) sodium hypochlorite, (2) pumps, (3) piping to introduce the sodium hypochlorite into the wastewater, (4) tanks to store the sodium hypochlorite, (5) monitors, (6) telecommunications system, (7) any equipment, devices, appurtenances or other requirements as may be necessary to comply with federal, state or local laws and regulations and (8) any other equipment, devices, appurtenances or procedures as may be necessary, in the City's sole judgment, to eliminate the odors and possible excessive corrosion. The City shall be responsible for ensuring that the telecommunications system is compatible with the existing system.

The System is presently operating and the Parties have agreed to take whatever actions are necessary, as expeditiously as possible, to make the System into a permanent installation.

2. The City shall have sole and exclusive control and authority over all matters relating to the operation, maintenance, inspection, repair and replacement of the System. The permanent installation is being designed by Carroll Engineering Corporation pursuant to a contract with the Authority. The City shall have approval rights for the design of the permanent installation. Should the City not approve the design of the final installation this Agreement shall become null and void.
3. The Authority hereby grants the City, its agents, contractors and subcontractors, full and complete access to only that portion of the Totem Road Pumping Station that is necessary for the operation, maintenance, inspection, repair and replacement of the System. This access specifically excludes entry into the Pump Station unless accompanied by a representative from the Authority. The Authority shall provide the City with the keys to the Totem Road Pumping Station gate so that the City may enter and leave the grounds of the facility as needed. The Authority shall be responsible for maintaining the site to ensure that the City, its agents, contractors and subcontractors have access to the site for the purpose of operating, maintaining, inspecting, repairing and replacing the System which specifically includes ensuring that the sodium hypochlorite delivery trucks have access whenever needed.
4. The Authority agrees to fully cooperate with the City so that the existing System that is now being operated can be made into a permanent installation as expeditiously as possible and within the time frame required by law. The Authority shall have the permanent installation completed by no later than June 30, 2000 or earlier if so required by law.
5. (a) The Authority shall be solely responsible for all costs related to the System ("System Costs") with one exception as set forth in paragraph 5(b). System Costs include, but are not limited to, the following:

- (1) sodium hypochlorite costs;
- (2) equipment costs, including but not limited to, tanks, pumps, piping, monitors, communication systems;
- (3) costs involved in making the System a permanent installation;
- (4) costs related to the operation, maintenance, inspection, repair and replacement of the System;
- (5) utility costs related to the System; and
- (6) costs related to the System incurred prior to the signing of this Amendment II.

The Authority shall be the legal owner of the System.

(b) The one exception to the Authority being responsible for all System Costs relates to the additional costs incurred by the City's in house labor force. To the extent City employees will be involved in the daily operation and maintenance of the System, the City may incur additional in house labor costs. The City agrees not to bill or charge the Authority for any additional City employee labor costs incurred by the City in the daily operation and maintenance of the System. The City shall, to the greatest extent possible, use its own in house forces for the daily operation and maintenance of the System and shall not contract out such daily operation and maintenance activities without the Authority's consent. The City currently uses specialized contractors to perform certain functions that are done on a periodic basis such as the periodic testing, calibration and inspection of equipment. The Authority shall be responsible for the costs associated with these specialized contractors.

The City has retained the Authority's federal grant rebate in the amount of \$163,942. The City shall use this amount to offset System Costs that the City has already incurred and will incur in the future.

6. System Costs related to capital expenditures shall be included with the City's capital cost billings to the Authority pursuant to Paragraph I(c) of the Agreement. System Costs related to operation and maintenance expenditures shall be included with the City's Wastewater Treatment Charges and billed to the Authority in accordance with Paragraph II(A) of the Agreement.
7. Subject to the null and void provisions contained in Paragraph 9, the City agrees not to take any legal, administrative, contract or other actions against the Authority for odors resulting from the Force Main emanating in and around the Connection Point. This prohibition specifically includes any actions to withhold approval of Act 537 Planning Modules.
8. Subject to the null and void provisions contained in Paragraph 9, the City agrees not to file suit, initiate arbitration proceedings or withhold Act 537 Planning Module Approval in order to hold the Authority solely responsible for any

corrosion to the City's sewer prior to the signing of this Amendment II. The parties acknowledge, however, that at some future date the City's sewer will need to be repaired and/or replaced. The Parties agree that such repair and/or replacement costs shall be shared pro rata in accordance with the terms and conditions of the Agreement.


9. Should the City be unable to operate the System as the result of conditions beyond its control, this Amendment II shall become null and void and the Parties are free to exercise all claims, rights, causes of actions and defenses they may possess in order to address the odors and possible excessive corrosion. Conditions beyond the City's control include, but are not limited to:
 - (a) the Authority's failure to cooperate with the City or grant the City, its agents, contractors or subcontractors, access to the Totem Road Pumping Station;
 - (b) federal, state or local statutes, regulations, ordinances or laws, that would prohibit the lawful operation of the System.
10. This Amendment II constitutes the full agreement and understanding of the Parties. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment II.
11. This Amendment II may only be changed or modified in a writing signed by both Parties.
12. The Authority shall immediately notify the City should it become aware of any malfunctions, leaks or improper discharges from the System. The Authority shall call the City representative on stand by for Flow Control at 215-984-0480.
13. This Amendment II constitutes a full settlement of any obligations owed by the Authority to the City related to the subject matter contained herein.

WHEREFORE, the Parties intending to be legally bound execute this Amendment II immediately below.

City of Philadelphia

Bucks County Water
and Sewer Authority


KUMAR KISHICHAND
Water Commissioner


BENJAMIN W. JONES
Executive Director


DAVID A. KATZ
Divisional Deputy City Solicitor

Attest:





Bucks County Water and Sewer Authority

1275 ALMSHOUSE ROAD • WARRINGTON, PENNSYLVANIA 18976
215-343-2538 • 1-800-222-2068 • FAX 215-343-5089

PWD Exh. 10
insert in
response to
PA-RC-121.

June 20, 1997

Michael Nadol, Deputy Water Commissioner
City of Philadelphia Water Department
ARA Tower at Reading Center
1101 Market Street
Philadelphia, PA 19107-2994

Re: Wastewater Contract Amendment

Dear Mr. Nadol:

In accordance with your letter dated May 19, 1997, enclosed please find one original fully executed Amendment to Wastewater Services Agreement Dated February 5, 1988. This agreement was approved at the regular Board Meeting held on June 17, 1997. One copy will be retained by this office for our records.

If you have any questions, please do not hesitate to contact this office.

Sincerely,


Mary Ann Mangini
Office Manager

:MM
Enclosure (1)

AMENDMENT TO WASTEWATER
SERVICES AGREEMENT DATED
FEBRUARY 5, 1988

On this 15th day of May, 1997, the City of Philadelphia (hereinafter the "City") and the Bucks County Water and Sewer Authority (hereinafter the "Authority"), pursuant to Section VIII L. of the Wastewater Service Agreement dated February 5, 1988, (hereinafter the "Agreement") hereby amend the Agreement as follows:

- A. Provisions A(1) through (5), inclusive, which follow immediately below, shall be in effect from May 15, 1997 until May 15, 2000. Thereafter, Provisions A(1) through (5) shall terminate and be null and void.
1. The City will accept the Authority's flow reduction plan as being sufficient to address its excessive flows. The Authority's flow reduction plan is attached hereto as Exhibit A.
 2. The Authority agrees that starting on July 1, 1996 its capital billings will be based on a 23 m.g.d. share of our Northeast treatment plant. The additional 3 m.g.d. of allocated capacity will be purchased on a depreciation and return basis at a cost of \$264,000 per 3 m.g.d. per year to be paid in quarterly installments along with the Authority's regularly scheduled capital billings. The retroactive billings for the 3 m.g.d. of additional allocated capacity from July 1, 1996 shall be paid as part of the Authority's next regularly scheduled quarterly capital billing. The Authority shall continue to pay for its initial allocation of 20 m.g.d. in accordance with Section I.C of the Agreement.
 3. The Authority will continue to pay the City for the additional 3 m.g.d. of allocated capacity until such time that the rolling 365 day average flow returns to 20 m.g.d. or below for a period of 90 consecutive days.
 4. If the rolling 365 day average flow returns to 20 m.g.d. or below for 90 consecutive days, but then, at any time thereafter, increases to over 20 m.g.d, the Authority shall again pay for the 3 m.g.d. of additional allocated capacity until such time that the rolling 365 day average flow again returns to below 20 m.g.d. for a period of 90 consecutive days.
 5. If at any time, from May 15, 1997 until May 15, 2000, the rolling 365 daily average flow exceeds 23 m.g.d., the Authority agrees that the City may exercise its right to once again deny all Act 537 planning modules.

- B. Upon termination of provisions A(1) through (5), inclusive, on May 16, 2000, the City shall determine whether the Authority's flow reduction plan has been successful or has failed. The Authority's flow reduction plan shall be deemed to have failed if on May 16, 2000, the rolling 365 day average flow exceeds 20 m.g.d. If the flow reduction plan has failed, then the Authority agrees that the City may again exercise its rights to deny Act 537 planning modules. If on May 16, 2000 the flow reduction plan succeeds, but at some later point in time the rolling 365 day average flow again exceeds 20 m.g.d., the City reserves its rights to again deny Act 537 planning modules.
- C. This Amendment represents the entire agreement of the parties hereto and there are no collateral or oral agreements or understandings.

IN WITNESS WHEREOF, the City of Philadelphia has caused this Agreement to be executed by its Water Commissioner; and the appropriate officer of the Bucks County Water and Sewer Authority has executed this Agreement on behalf of the Authority, and has hereunto affixed the corporate seal of the said Authority duly attested by the appropriate officer thereof, the day and year first above written.

City of Philadelphia

Bucks County Water and
Sewer Authority

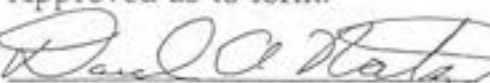
BY:


KUMAR KISHINCHAND
Water Commissioner

BY:  6/17/97
BENJAMIN W. JONES
Executive Director

Approved as to form:

BY:


DAVID A. KATZ, ESQ.
Divisional Deputy City Solicitor

Attest:



BUCKS COUNTY WATER AND SEWER AUTHORITY
NESHAMINY INTERCEPTOR FLOW REDUCTION PLAN

I. Agreement of all Neshaminy Interceptor Customers to be Billed

ADS flow meters have been installed at 62 points along the Interceptor. They have been tested and calibrated, and are now in service. Billing for the first quarter of 1997 has been based on metered flows, and that will be the case in the future.

II. Infiltration and Inflow Remediation

A. Bucks County Water and Sewer Authority has inspected and repaired 17,000 feet of spur lines entering the Interceptor. This project was completed this month (April 1997).

B. Bucks County Water and Sewer Authority has available \$11,000,000.00 for I/I remediation in municipal collection systems. It is proposing to use the money on the following terms:

1. Money will be allocated to each municipality in accordance with its needs and its proportionate use of total capacity in the Interceptor.
2. The amount spent on I/I remediation will be treated as a loan to the municipality. The loans will be interest-free for five (5) years, with no principal repayment required during that period. Thereafter, repayment will be at the Bucks County Water and Sewer Authority cost of funds, with amortization over twenty (20) years.
3. It is contemplated that the total remediation program will take thirty-six (36) months to complete, with results on the following schedule:

5% removal in first 6 months
10% removal in next 12 months
20% removal in next 24 months
30% removal in next 36 months

4. The savings in treatment costs as a result of I/I removal will provide the revenue necessary to repay the remediation costs.

III. Weather-Related flow Reduction

Bucks County Water and Sewer Authority believes that the unusual wet weather conditions between January 1996 and December 1996 have contributed to the high flow averages now existing.

<u>Month</u>	<u>Average Precipitation (1994 to 1995)</u>	<u>Actual Precipitation (1996 - 1997)</u>
January 1996	3.14"	4.38"
February 1996	2.54"	2.13"
March 1996	3.80"	4.27"
April 1996	2.11"	3.92"
May 1996	3.17"	3.17"
June 1996	1.00"	4.68"
July 1996	6.35"	5.65"
August 1996	2.85"	4.29"
September 1996	2.60"	4.19"
October 1996	3.46"	4.19"
November 1996	2.97"	2.89"
December 1996	2.03"	8.48"

MEMORANDUM

**CITY OF PHILADELPHIA
LAW DEPARTMENT**

TO: Bucks County Distribution
FROM: David A. Katz, Divisional Deputy City Solicitor *DAK*
DATE: January 31, 2000
RE: Bucks County Final Agreement

Attached please find the signed final Agreement between PWD and Bucks County, which I just received last Friday.

My thanks to everyone for helping resolve this long standing odor issue.

P.S. While the Agreement is signed, the work under the Agreement is still continuing. Specifically, the permanent installation must be in place by no later than June 30, 2000. Please keep me advised on Bucks County's progress. Thanks.

DAK:bs

DISTRIBUTION:

Dick Roy
Tom Kulesza
Bruce Aptowicz
Tom Healey
Dennis Blair
Steve Furtek
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Shabir Anjam
George Collier
Joe Cerrone

cc: Kumar Kishinchand

**AMENDMENT II TO THE
WASTEWATER SERVICES AGREEMENT
DATED FEBRUARY 5, 1988**

WHEREAS, the City of Philadelphia (the "City") and the Bucks County Water and Sewer Authority (the "Authority") (collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated February 5, 1988 (the "Agreement") whereby the City agreed to treat the Authority's wastewater in accordance with the terms and conditions set forth in the Agreement; and

WHEREAS, the Parties first amended the Agreement on May 15, 1997 to address the Authority's flow exceedances; and

WHEREAS, pursuant to the Agreement, the Authority conveys its wastewater to the City via a Force Main which connects to the City's sewer system in the vicinity of State Road and Shelmire Avenues in Philadelphia, Pennsylvania; (the "Connection Point") and

WHEREAS, the Authority's wastewater conveyed via the Force Main causes hydrogen sulfide gas to be produced in and around the Connection Point; and

WHEREAS, the production of hydrogen sulfide gas results in odors being produced in and around the Connection Point as well as possibly excessive corrosion to the City's sewer system; and

WHEREAS, the Authority and the City now desire to address these odor and possible excessive corrosion problems; and

WHEREAS, the Parties have reached agreement on how to resolve both the odor and corrosion issues; and

WHEREAS, the Parties now wish to memorialize their agreement in this Amendment II to the Wastewater Services Agreement Dated February 5, 1988 (henceforth "Amendment II");

IT IS THEREFORE AGREED BY AND BETWEEN THE CITY AND THE AUTHORITY ON THIS 18th day of January 1999 that the odor and excessive corrosion problems are hereby settled and resolved in accordance with the following terms and conditions as set forth below:

- I. The City shall operate a sodium hypochlorite system (the "System") at the Authority's Totem Road Pumping Station located in Bucks County. The System shall be operated in such a manner as to eliminate substantially all odors generated by the sewage flowing from the Authority's Force Main into the City's sewer system. Further, the System shall be operated to eliminate any excessive corrosion. The System shall include, but is not limited to, the following:

(1) sodium hypochlorite, (2) pumps, (3) piping to introduce the sodium hypochlorite into the wastewater, (4) tanks to store the sodium hypochlorite, (5) monitors, (6) telecommunications system, (7) any equipment, devices, appurtenances or other requirements as may be necessary to comply with federal, state or local laws and regulations and (8) any other equipment, devices, appurtenances or procedures as may be necessary, in the City's sole judgment, to eliminate the odors and possible excessive corrosion. The City shall be responsible for ensuring that the telecommunications system is compatible with the existing system.

The System is presently operating and the Parties have agreed to take whatever actions are necessary, as expeditiously as possible, to make the System into a permanent installation.

2. The City shall have sole and exclusive control and authority over all matters relating to the operation, maintenance, inspection, repair and replacement of the System. The permanent installation is being designed by Carroll Engineering Corporation pursuant to a contract with the Authority. The City shall have approval rights for the design of the permanent installation. Should the City not approve the design of the final installation this Agreement shall become null and void.
3. The Authority hereby grants the City, its agents, contractors and subcontractors, full and complete access to only that portion of the Totem Road Pumping Station that is necessary for the operation, maintenance, inspection, repair and replacement of the System. This access specifically excludes entry into the Pump Station unless accompanied by a representative from the Authority. The Authority shall provide the City with the keys to the Totem Road Pumping Station gate so that the City may enter and leave the grounds of the facility as needed. The Authority shall be responsible for maintaining the site to ensure that the City, its agents, contractors and subcontractors have access to the site for the purpose of operating, maintaining, inspecting, repairing and replacing the System which specifically includes ensuring that the sodium hypochlorite delivery trucks have access whenever needed.
4. The Authority agrees to fully cooperate with the City so that the existing System that is now being operated can be made into a permanent installation as expeditiously as possible and within the time frame required by law. The Authority shall have the permanent installation completed by no later than June 30, 2000 or earlier if so required by law.
5. (a) The Authority shall be solely responsible for all costs related to the System ("System Costs") with one exception as set forth in paragraph 5(b). System Costs include, but are not limited to, the following:

- (1) sodium hypochlorite costs;
- (2) equipment costs, including but not limited to, tanks, pumps, piping, monitors, communication systems;
- (3) costs involved in making the System a permanent installation;
- (4) costs related to the operation, maintenance, inspection, repair and replacement of the System;
- (5) utility costs related to the System; and
- (6) costs related to the System incurred prior to the signing of this Amendment II.

The Authority shall be the legal owner of the System.

(b) The one exception to the Authority being responsible for all System Costs relates to the additional costs incurred by the City's in house labor force. To the extent City employees will be involved in the daily operation and maintenance of the System, the City may incur additional in house labor costs. The City agrees not to bill or charge the Authority for any additional City employee labor costs incurred by the City in the daily operation and maintenance of the System. The City shall, to the greatest extent possible, use its own in house forces for the daily operation and maintenance of the System and shall not contract out such daily operation and maintenance activities without the Authority's consent. The City currently uses specialized contractors to perform certain functions that are done on a periodic basis such as the periodic testing, calibration and inspection of equipment. The Authority shall be responsible for the costs associated with these specialized contractors.

The City has retained the Authority's federal grant rebate in the amount of \$163,942. The City shall use this amount to offset System Costs that the City has already incurred and will incur in the future.

6. System Costs related to capital expenditures shall be included with the City's capital cost billings to the Authority pursuant to Paragraph I(c) of the Agreement. System Costs related to operation and maintenance expenditures shall be included with the City's Wastewater Treatment Charges and billed to the Authority in accordance with Paragraph II(A) of the Agreement.
7. Subject to the null and void provisions contained in Paragraph 9, the City agrees not to take any legal, administrative, contract or other actions against the Authority for odors resulting from the Force Main emanating in and around the Connection Point. This prohibition specifically includes any actions to withhold approval of Act 537 Planning Modules.
8. Subject to the null and void provisions contained in Paragraph 9, the City agrees not to file suit, initiate arbitration proceedings or withhold Act 537 Planning Module Approval in order to hold the Authority solely responsible for any

corrosion to the City's sewer prior to the signing of this Amendment II. The parties acknowledge, however, that at some future date the City's sewer will need to be repaired and/or replaced. The Parties agree that such repair and/or replacement costs shall be shared pro rata in accordance with the terms and conditions of the Agreement.

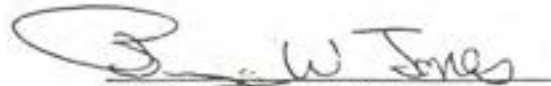
9. Should the City be unable to operate the System as the result of conditions beyond its control, this Amendment II shall become null and void and the Parties are free to exercise all claims, rights, causes of actions and defenses they may possess in order to address the odors and possible excessive corrosion. Conditions beyond the City's control include, but are not limited to:
 - (a) the Authority's failure to cooperate with the City or grant the City, its agents, contractors or subcontractors, access to the Totem Road Pumping Station;
 - (b) federal, state or local statutes, regulations, ordinances or laws, that would prohibit the lawful operation of the System.
10. This Amendment II constitutes the full agreement and understanding of the Parties. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment II.
11. This Amendment II may only be changed or modified in a writing signed by both Parties.
12. The Authority shall immediately notify the City should it become aware of any malfunctions, leaks or improper discharges from the System. The Authority shall call the City representative on stand by for Flow Control at 215-984-0480.
13. This Amendment II constitutes a full settlement of any obligations owed by the Authority to the City related to the subject matter contained herein.

WHEREFORE, the Parties intending to be legally bound execute this Amendment II immediately below.

City of Philadelphia

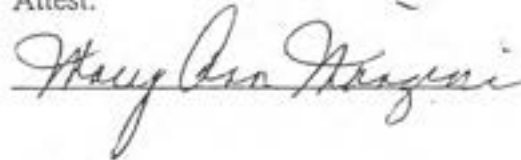
Bucks County Water
and Sewer Authority


KUMAR KISHICHAND
Water Commissioner


BENJAMIN W. JONES
Executive Director


DAVID A. KATZ
Divisional Deputy City Solicitor

Attest:



MEMORANDUM

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LAW DEPARTMENT**

TO: Bucks County Distribution
FROM: David A. Katz, Divisional Deputy City Solicitor *DAK*
DATE: January 31, 2000
RE: Bucks County Final Agreement

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P.S. While the Agreement is signed, the work under the Agreement is still continuing. Specifically, the permanent installation must be in place by no later than June 30, 2000. Please keep me advised on Bucks County's progress. Thanks.

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**AMENDMENT II TO THE
WASTEWATER SERVICES AGREEMENT
DATED FEBRUARY 5, 1988**

WHEREAS, the City of Philadelphia (the "City") and the Bucks County Water and Sewer Authority (the "Authority") (collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated February 5, 1988 (the "Agreement") whereby the City agreed to treat the Authority's wastewater in accordance with the terms and conditions set forth in the Agreement; and

WHEREAS, the Parties first amended the Agreement on May 15, 1997 to address the Authority's flow exceedances; and

WHEREAS, pursuant to the Agreement, the Authority conveys its wastewater to the City via a Force Main which connects to the City's sewer system in the vicinity of State Road and Shelmire Avenues in Philadelphia, Pennsylvania; (the "Connection Point") and

WHEREAS, the Authority's wastewater conveyed via the Force Main causes hydrogen sulfide gas to be produced in and around the Connection Point; and

WHEREAS, the production of hydrogen sulfide gas results in odors being produced in and around the Connection Point as well as possibly excessive corrosion to the City's sewer system; and

WHEREAS, the Authority and the City now desire to address these odor and possible excessive corrosion problems; and

WHEREAS, the Parties have reached agreement on how to resolve both the odor and corrosion issues; and

WHEREAS, the Parties now wish to memorialize their agreement in this Amendment II to the Wastewater Services Agreement Dated February 5, 1988 (henceforth "Amendment II");

IT IS THEREFORE AGREED BY AND BETWEEN THE CITY AND THE AUTHORITY ON THIS 18th day of January 1999 that the odor and excessive corrosion problems are hereby settled and resolved in accordance with the following terms and conditions as set forth below:

1. The City shall operate a sodium hypochlorite system (the "System") at the Authority's Totem Road Pumping Station located in Bucks County. The System shall be operated in such a manner as to eliminate substantially all odors generated by the sewage flowing from the Authority's Force Main into the City's sewer system. Further, the System shall be operated to eliminate any excessive corrosion. The System shall include, but is not limited to, the following:

(1) sodium hypochlorite, (2) pumps, (3) piping to introduce the sodium hypochlorite into the wastewater, (4) tanks to store the sodium hypochlorite, (5) monitors, (6) telecommunications system, (7) any equipment, devices, appurtenances or other requirements as may be necessary to comply with federal, state or local laws and regulations and (8) any other equipment, devices, appurtenances or procedures as may be necessary, in the City's sole judgment, to eliminate the odors and possible excessive corrosion. The City shall be responsible for ensuring that the telecommunications system is compatible with the existing system.

The System is presently operating and the Parties have agreed to take whatever actions are necessary, as expeditiously as possible, to make the System into a permanent installation.

2. The City shall have sole and exclusive control and authority over all matters relating to the operation, maintenance, inspection, repair and replacement of the System. The permanent installation is being designed by Carroll Engineering Corporation pursuant to a contract with the Authority. The City shall have approval rights for the design of the permanent installation. Should the City not approve the design of the final installation this Agreement shall become null and void.
3. The Authority hereby grants the City, its agents, contractors and subcontractors, full and complete access to only that portion of the Totem Road Pumping Station that is necessary for the operation, maintenance, inspection, repair and replacement of the System. This access specifically excludes entry into the Pump Station unless accompanied by a representative from the Authority. The Authority shall provide the City with the keys to the Totem Road Pumping Station gate so that the City may enter and leave the grounds of the facility as needed. The Authority shall be responsible for maintaining the site to ensure that the City, its agents, contractors and subcontractors have access to the site for the purpose of operating, maintaining, inspecting, repairing and replacing the System which specifically includes ensuring that the sodium hypochlorite delivery trucks have access whenever needed.
4. The Authority agrees to fully cooperate with the City so that the existing System that is now being operated can be made into a permanent installation as expeditiously as possible and within the time frame required by law. The Authority shall have the permanent installation completed by no later than June 30, 2000 or earlier if so required by law.
5. (a) The Authority shall be solely responsible for all costs related to the System ("System Costs") with one exception as set forth in paragraph 5(b). System Costs include, but are not limited to, the following:

- (1) sodium hypochlorite costs;
- (2) equipment costs, including but not limited to, tanks, pumps, piping, monitors, communication systems;
- (3) costs involved in making the System a permanent installation;
- (4) costs related to the operation, maintenance, inspection, repair and replacement of the System;
- (5) utility costs related to the System; and
- (6) costs related to the System incurred prior to the signing of this Amendment II.

The Authority shall be the legal owner of the System.

(b) The one exception to the Authority being responsible for all System Costs relates to the additional costs incurred by the City's in house labor force. To the extent City employees will be involved in the daily operation and maintenance of the System, the City may incur additional in house labor costs. The City agrees not to bill or charge the Authority for any additional City employee labor costs incurred by the City in the daily operation and maintenance of the System. The City shall, to the greatest extent possible, use its own in house forces for the daily operation and maintenance of the System and shall not contract out such daily operation and maintenance activities without the Authority's consent. The City currently uses specialized contractors to perform certain functions that are done on a periodic basis such as the periodic testing, calibration and inspection of equipment. The Authority shall be responsible for the costs associated with these specialized contractors.

The City has retained the Authority's federal grant rebate in the amount of \$163,942. The City shall use this amount to offset System Costs that the City has already incurred and will incur in the future.

6. System Costs related to capital expenditures shall be included with the City's capital cost billings to the Authority pursuant to Paragraph I(c) of the Agreement. System Costs related to operation and maintenance expenditures shall be included with the City's Wastewater Treatment Charges and billed to the Authority in accordance with Paragraph II(A) of the Agreement.
7. Subject to the null and void provisions contained in Paragraph 9, the City agrees not to take any legal, administrative, contract or other actions against the Authority for odors resulting from the Force Main emanating in and around the Connection Point. This prohibition specifically includes any actions to withhold approval of Act 537 Planning Modules.
8. Subject to the null and void provisions contained in Paragraph 9, the City agrees not to file suit, initiate arbitration proceedings or withhold Act 537 Planning Module Approval in order to hold the Authority solely responsible for any

corrosion to the City's sewer prior to the signing of this Amendment II. The parties acknowledge, however, that at some future date the City's sewer will need to be repaired and/or replaced. The Parties agree that such repair and/or replacement costs shall be shared pro rata in accordance with the terms and conditions of the Agreement.

9. Should the City be unable to operate the System as the result of conditions beyond its control, this Amendment II shall become null and void and the Parties are free to exercise all claims, rights, causes of actions and defenses they may possess in order to address the odors and possible excessive corrosion. Conditions beyond the City's control include, but are not limited to:
 - (a) the Authority's failure to cooperate with the City or grant the City, its agents, contractors or subcontractors, access to the Totem Road Pumping Station;
 - (b) federal, state or local statutes, regulations, ordinances or laws, that would prohibit the lawful operation of the System.
10. This Amendment II constitutes the full agreement and understanding of the Parties. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment II.
11. This Amendment II may only be changed or modified in a writing signed by both Parties.
12. The Authority shall immediately notify the City should it become aware of any malfunctions, leaks or improper discharges from the System. The Authority shall call the City representative on stand by for Flow Control at 215-984-0480.
13. This Amendment II constitutes a full settlement of any obligations owed by the Authority to the City related to the subject matter contained herein.

WHEREFORE, the Parties intending to be legally bound execute this Amendment II immediately below.

City of Philadelphia

Bucks County Water
and Sewer Authority


KUMAR KISHICHAND
Water Commissioner


BENJAMIN W. JONES
Executive Director


DAVID A. KATZ
Divisional Deputy City Solicitor

Attest:



**AMENDMENT III TO THE
WASTEWATER SERVICES AGREEMENT
DATED FEBRUARY 5, 1988**

WHEREAS, the City of Philadelphia (the "City") and the Bucks County Water and Sewer Authority (the "Authority") (collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated February 5, 1988 (the "Agreement") whereby the City agreed to treat the Authority's wastewater in accordance with the terms and conditions set forth in the Agreement; and

WHEREAS, the Parties first amended the Agreement on May 15, 1997 to address the Authority's flow exceedances; and

WHEREAS, the Parties entered into a second amendment of the Agreement on January 18, 1999 to address odor and corrosion problems occurring where the Authority's Force Main connects to the City's sewer system; and

WHEREAS, a dispute has now arisen regarding the amount of flow that the Authority can send to the City pursuant to the Agreement (the "Flow Exceedance Dispute"); and

WHEREAS, as a result of the Flow Exceedance Dispute, the City was forced to deny any further capacity certifications required by Act 537 for proposed new land development from within the Authority's jurisdiction; and

WHEREAS, the Parties have sought Arbitration pursuant to the Agreement to resolve the Flow Exceedance Dispute; and

WHEREAS, both Parties have worked diligently to amicably settle their dispute without proceeding to Arbitration; and

WHEREAS, the Parties have now reached an agreement on how to settle the Flow Exceedance Dispute; and

WHEREAS, it is the intention of the Parties to have their agreement settle any and all claims arising from their Flow Exceedance Dispute and for both Parties to withdraw their demand for Arbitration; and

WHEREAS, the Parties now wish to memorialize their agreement in this Amendment III to the Wastewater Services Agreement dated February 5, 1988 (henceforth "Amendment III");

IT IS THEREFORE AGREED BY AND BETWEEN THE CITY AND THE AUTHORITY ON THIS 10th DAY OF March 2005 (the "Effective Date") that the Flow Exceedance

Dispute is hereby settled and resolved in accordance with the following terms and conditions as set forth below:

1. Authority's Flow Limits

- a. The Authority's Maximum Annual Flow Limit shall be twenty-four (24) million gallons per day (MGD). The Maximum Annual Flow Limit is the average daily flow during any consecutive 365 day period.
- b. The Authority shall now have a Maximum Daily Flow Limit which shall be set at thirty-seven (37) MGD on January 1, 2008 and which shall decrease to thirty-three (33) MGD on January 1, 2012 and continue thereafter.
- c. The Authority shall have a Maximum Instantaneous Flow Limit of 85.08 cubic feet per second (CFS). This 85.08 CFS instantaneous limit shall become effective immediately and shall remain in effect through December 31, 2012.
- d. Beginning on January 1, 2013, and thereafter, the Maximum Instantaneous Flow Limit shall be 74.26 CFS.
- e. By mutual agreement, the City may permit the Authority to continue to discharge 85.08 CFS as a Maximum Instantaneous Flow Limit if the Authority agrees to contribute capital cost funding to the construction of storage tanks, as determined necessary for the Delaware Low Level Interceptor by the City, in proportion to the quantity of storage required to capture that portion of the Authority's flow in excess of 74.26 CFS. This portion would be determined from modeling studies using historical flows and conducted to determine the size of the storage facility.

Nothing obligates the Authority to request, or the City to approve the request, that the 85.08 CFS Maximum Instantaneous Flow Limit be continued beyond December 31, 2012. Only where the Authority makes this request, and only if the City agrees to the request, will the Authority be responsible for the additional costs, as described earlier in this paragraph 1e, associated with continuing the 85.08 CFS limit beyond December 31, 2012.

2. Exceedance Charge for Maximum Daily Flow Limit.

- a. The daily flow shall be measured from 12:00 A.M. to 11:59 P.M. local time.
- b. The Exceedance Charge shall be at the rate of One Thousand Dollars (\$1000) per one hundred thousand (100,000) gallons per day for any flow over the Maximum Daily Flow Limit. The Authority shall be allowed two violations of the Maximum Daily Flow Limit in each calendar year without having to pay Exceedance Charges for these violations. For the third violation of the Maximum Daily Flow Limit, and for each day the Authority exceeds the Maximum Daily

Flow Limit thereafter, in any calendar year, the Authority shall pay the Exceedance Charges as described above.

- c. The Exceedance Charge shall be adjusted annually for inflation starting on January 1, 2006. The City shall use the Consumer Price Index for all Urban Customers, all items for the Northeast published by the U.S. Bureau of Labor Statistics to make this annual adjustment. Should this Index cease to be published, the City shall select a comparable Index for the adjustment.
 - d. The existing Exceedance Charges found in the Agreement (for exceedances other than the Maximum Daily Flow Limit) remain in full force and effect.
 - e. The City waives its right to assess and collect Exceedance Charges for any exceedances which occurred prior to the Effective Date of this Amendment III.
3. **Capital Contribution by Authority for additional sewer plant/system capacity.**

- a. The Authority shall pay a one time capital contribution of Four Million Dollars (\$4,000,000) to increase its pro rata share of the Northeast Water Pollution Control Plant (the "Plant") by four (4) MGD.
- b. The Authority shall pay a one time capital contribution of Thirteen Million Five Hundred Thousand (\$13,500,000) for improvements to the Plant to accommodate the Authority's Maximum Daily and Maximum Instantaneous Flow Limits.
- c. Therefore, the total capital contribution paid to the City shall be Seventeen Million Five Hundred Thousand Dollars. (\$17,500,000). The Authority shall pay the City the \$17,500,000 as follows:
 - (1) On May 30, 2005 the Authority shall pay the City Nine Million Dollars (\$9,000,000).
 - (2) On August 1, 2005 the Authority shall pay the City the remaining capital contribution of Eight Million Five Hundred Thousand Dollars (\$8,500,000).

Failure to make these payments on a timely basis shall render this Amendment null and void and the City shall be free to exercise all its rights, including the right to withhold Act 537 capacity certifications.

- d. If the Authority makes its capital contribution on a timely basis as described in Section 3 (c) above, the City agrees to bear all risks that the initial capital investment necessary to accommodate the Authority's Flow Limits as set forth in Section 1 could exceed \$17,500,000. The City agrees not to seek any additional capital contributions from the Authority should the initial capital costs to accommodate the Authority's Flow Limits in Section 1 exceed \$17,500,000.

The City, however, does reserve the right to seek additional capital contribution as permitted under Section 1(e).

Further, the Authority remains responsible for capital costs unrelated to the initial capital cost of accommodating the Authority's Flow Limits contained in Section 1. Capital costs related to the repair, replacement and renewal of the initial facilities shall be paid by the Authority in accordance with the payment procedure for future capital costs as set forth in Section 3(e) immediately below.

- e. Paragraph I(c) of the Agreement entitled Pro-Rata Share of New Facilities and Renewal and Replacement, is hereby deleted and is replaced with the following language:

"The Authority shall pay its proportionate allocation of additional future capital costs of the city's wastewater conveyance and treatment facilities in accordance with the generally accepted wastewater rate methodologies. The capital costs shall include, but not be limited to, depreciation expense of facilities allocated to the Authority, a rate of return on City investment and a ten (10%) percent management fee. (Hereinafter known as the "Depreciation and Return Methodology") The Depreciation and Return Methodology shall replace the methodology currently found in the Agreement at Paragraph I(C) in the manner as described in the paragraph below.

The Depreciation and Return Methodology shall apply to all capital projects for which a notice to proceed is issued after the Effective Date of this Amendment. Capital projects for which a notice to proceed was issued prior to the Effective Date of this Amendment shall continue to be billed using the old methodology contained in Paragraph I(C) of the Agreement with the Authority's proportionate share being based on 24 MGD.

- f. The Authority's timely payment of the \$17,500,000 capital contribution, and its compliance with the terms and conditions of the Agreement, as amended, guarantees the Authority that it shall have the capacity to contribute wastewater to the Plant in accordance with the Flow Limits set forth in Section 1.
- g. The Authority shall not be required to make any annual capital contributions for any new projects at the Northeast plant related to an increase in peak flow capacity. These projects may be those included in the Technical Memorandum entitled "Improvements to NE WCP to Increase Peak Flow Capacity to 435 MGD" prepared by CH2MHill, dated October 13, 2004, or any other substitute projects which would provide the Authority's 15 mgd increase in peak flow capacity. However, once these projects are constructed, the Authority remains responsible

for paying their proportionate share of the repair, rehabilitation and replacement of the projects.

4. Agreement Term Extension

Pursuant to Section VIII (E) (4) of the Agreement, the Term of the Agreement was to run for 35 years beginning from January 1, 1988. The Parties agree to amend Section VIII (E) (4) of the Agreement so that the Agreement runs for 50 years beginning from January 1, 1988. Therefore, the Parties agree to strike the words and number "Thirty-five (35)" and replace them with the word and number "Fifty (50)" in Section VIII (E) (4) of the Agreement.

5. Metering

The City shall utilize meter data delivered via telemetry from the Authority's meters for purposes of billing and determining compliance with the Flow Limits contained in Section 1. City shall record actual daily flows. In the event that the telemetry is inoperative, the Authority shall provide the City with actual daily meter readings.

6. Billing payment and billing disputes

- a. The Authority shall pay additional and future capital contributions and charges within sixty (60) days of receipt of the bill from the City. Operational and maintenance charge billings are rendered monthly and are to be paid within thirty (30) days of receipt. If the Authority objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter."). The Objection Letter shall state in precise detail, based on the information available to the Authority, the exact nature of the objections and shall include all facts and documentation supporting the objections. Sixty (60) days after the City's receipt of the Objection Letter, if the objection has not been resolved, both parties shall proceed to arbitration pursuant to Section VIII (B) of the Agreement in order to resolve the specific objections raised in the Objection Letter. Upon mutual agreement of the City and the Authority, the arbitration may be delayed for a specified period of time in order to allow the Parties additional time for a negotiated settlement. The delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties.
- b. All billings, including all billings subject to an Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if an Objection Letter to a billing is received prior to the bill's due date, the Authority may elect to pay the disputed portion of the bill into a special escrow account held by the City. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds paid on disputed billings shall remain in the special escrow account until the matter is settled by the Parties or is resolved by the Board of Arbitrators.

- c. If an Objection Letter is not received prior to the bill's due date, then the Authority shall pay the billing in full and on time directly to the City and not into the escrow Account.

Failure of the Authority to send an Objection Letter for previous bills does not preclude the Authority from objecting to a future bill. The only exception would be regarding a Notice of Change in Rates. If the Authority objects to new rates being issued by the City, the Authority must send its Objection Letter within the ninety (90) day advance notice period contained in Section II (C) of the Agreement. Failure of the Authority to object to new rates within the ninety (90) day period shall preclude the Authority from objecting to any bills based on the new rates.

- d. In the event the Authority does not pay a bill when due, late charges will accrue at the rate of one and one-quarter percent (1 1/4%) per month simple interest.
- e. Regarding the interest earned on the escrow funds, the City shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, the Authority shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to the Authority. Any interest payable to the Authority shall be applied as a credit to the Authority's next billing.;
- f. All petitions to compel or stay arbitration and Appeals of the arbitration decision (in cases where fraud is alleged) shall be filed in Philadelphia County Court of Common Pleas and Authority accepts such venue.

7. No Merger of Agreements.

The Authority agrees that it will at no time assert or claim an ability to merge, for purposes of gaining additional capacity or for any other reason, the Wastewater Services Agreement dated February 5, 1998 between the City and the Authority with the Wastewater Services Agreement made between the City and the Bensalem Township Authority on May 16, 1988, which was subsequently assigned by the Bensalem Township Authority to the Authority.

8. Capacity Component Charges for Wastewater Treatment

The Authority's instantaneous rate of delivery of wastewater increased from forty (40) Cubic Feet per Second (CFS) to sixty-two (62) CFS in March 1993 when the Authority's force main went into operation. The City was not compensated for the increased capacity component of the wastewater treatment charge consistent with the Agreement. The Authority agrees to pay to the City One Million One Hundred Thirty-eight Thousand Six Hundred Eight-Eight (\$1,138,688.00) for the unbilled

twenty-two (22) CFS capacity component for the period of March 1, 1993 through October 31, 2003.

The Authority shall pay the City the One Million One Hundred Thirty-eight Thousand Six Hundred Eight-Eight (\$1,138,688.00) on August 1, 2005.

9. Act 537 Planning Capacity Certifications.

Upon the Effective Date of this Amendment III, the City will commence processing Act 537 capacity certifications for the otherwise eligible facilities in the area served by the Authority. Certifications for capacity will continue, provided that the Authority has not exceeded any of the Flow Limits contained in Section 1 of this Amendment and provided that the Authority makes its capital contributions in a timely manner pursuant to Section 3.

10. Wet Weather Flows in Bensalem Township Agreement Sewer Areas.

- a. Flow data for the Authority's metered discharges to the Poquessing Interceptor indicate that the Authority may have exceeded the Instantaneous Maximum Flow Limit in the Bensalem Township Agreement more frequently than permitted by the Agreement. The Authority shall conduct a flow measurement study of all unmetered connections to the City system to more accurately assess the flow rates, during dry periods and periods of high rainfall, at each connection. The Authority shall cooperate with the City in evaluating the Authority's study by providing information and access as required by the City's employees and consultants.
- b. If the flow measurement study determines that the Authority is exceeding the Instantaneous Maximum Flow Limit, the Authority shall develop a plan of action consistent with the requirements of Section I.E. of the Bensalem Township Agreement.
- c. If the City determines that any or all of the unmetered connections shall be metered, the Authority shall submit an acceptable metering plan to the City within 90 days and implement such plan within 180 days of the City's approval.
- d. Failure to address exceedances of any Maximum Flow Limits as defined by the Bensalem Township Agreement may result in the City denying Act 537 capacity Certifications.

11. Conflict between Amendment III and Agreement.

All terms and conditions in the February 5, 1988 Agreement between the Parties, which have not been amended or changed by this Amendment III, remain in full force and effect. Should there be any conflict between the Agreement and this Amendment III, the terms and conditions contained within this Amendment III shall control.

12. Complete Agreement

This Amendment III constitutes the full agreement and understanding of the Parties. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment III.

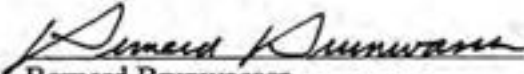
13. Modifications in Writing.

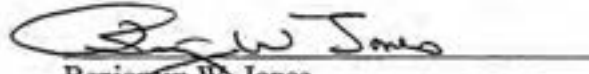
This Amendment III may only be changed or modified in a writing signed by both Parties.

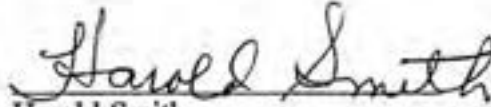
14. Full Settlement of All Claims.

This Amendment III constitutes a full settlement of any and all claims between the Parties related to the Flow Exceedance Dispute. Both Parties agree to dismiss and withdraw their demand for Arbitration by executing the General Release attached hereto as Exhibit A.


WHEREFORE, the Parties intending to be legally bound execute this Amendment III immediately below.

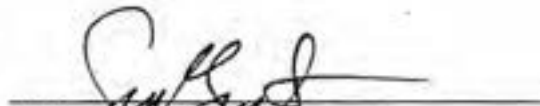

Bernard Brunwasser
Water Commissioner
City of Philadelphia


Benjamin W. Jones
Executive Director
Bucks County Water and Sewer Authority


Harold Smith
Chairman, Board of Directors
Bucks County Water and Sewer Authority

Pedro A. Ramos
City Solicitor


By: J. Barry Davis
Divisional Deputy City Solicitor


Jeffrey R. Barton
Counsel, Bucks County Water and Sewer

GENERAL RELEASE

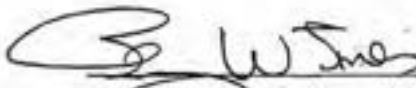
Bucks County Water and Sewer Authority
1275 Almshouse Road
Warrington, PA 18976


City of Philadelphia
Law Department
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

Bucks County Water & Sewer Authority v. City of Philadelphia (Water Department)
Demand for Arbitration, June 28, 2004

For and in consideration of the terms and conditions of the Amendment III to the January 1, 1988 Agreement between the Bucks County Water Sewer Authority (Authority) and the City of Philadelphia (City) attached hereto and made a part hereof

1. the Authority does hereby remise, release, and forever discharge the City, its agents, servants, workers or employees, and any and all other persons of all actual and/or potential liability accrued and hereafter to accrue on account of and from all manner of, actions and causes of action, claims and demands whatsoever, either in law or equity, relating to the Demand for Arbitration, consisting of three enumerated disputes and dated June 28, 2004, and relating to any claims, issues or disputes regarding the Authority's audit of the City's rates that the Authority previously conducted, which against the City its agents, servants, workers or employees, the Authority ever had or now has. Nothing herein, however, shall preclude the Authority from challenging the City's rates established after the date of this General Release in a manner consistent with its contract rights.
2. the City does hereby remise, release, and forever discharge the Authority, its agents, servants, workers or employees, and any and all other persons of all actual and/or potential liability accrued and hereafter to accrue on account of and from all manner of, actions and causes of action, claims and demands whatsoever, either in law or equity, relating to the Demand for Arbitration, consisting of three enumerated disputes and dated June 28, 2004 which against the Authority its agents, servants, workers or employees, the City ever had, now have, hereafter can, shall or may have, for, or by reason of any cause, matter or thing whatsoever arising from the above Demand for Arbitration.


Benjamin W. Jones, Executive Director
Bucks County Water and Sewer
Authority
Date: 3/10/05


Pedro A. Ramos
City Solicitor
City of Philadelphia
Date: 3/11/05

**AMENDMENT IV TO THE
WASTEWATER SERVICES AGREEMENT
DATED FEBRUARY 5, 1988**

WHEREAS, the City of Philadelphia (the "City") and the Bucks County Water & Sewer Authority (the "Authority" or "BCWSA") (collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated February 5, 1988 (the "Agreement") whereby the City agreed to treat the Authority's wastewater in accordance with the terms and conditions set forth in the Agreement, and

Whereas, the Parties first amended the Agreement on May 15, 1997 to address the Authority's flow exceedances, and

Whereas, the Parties entered into a second amendment of the Agreement on January 18, 1999 to address odor and corrosion problems occurring where the Authority's Force Main connects to the City's sewer system, and

Whereas, the City and the Bensalem Township Authority entered into a wastewater services agreement ("Bensalem Agreement") on May 16, 1988 whereby the City agreed to treat Bensalem's wastewater, and

Whereas, pursuant to the Consent to Assignment agreement entered into on August 11, 1999 Bensalem assigned all of its rights, interests and responsibilities under the Bensalem Agreement to the Authority, and

Whereas, the Parties entered into a Joint Agreement on May 18, 2011 to resolve a dispute involving wastewater sampling results and the City's Rate Making Methodologies, and

Whereas, a dispute has now arisen between the Parties regarding the sampling results for five (5) day Biochemical Oxygen Demand (BOD5) for wastewater service for the January through March 2015 billing quarter (the "2015-1 quarter"), and

Whereas, the Parties have now reached an agreement to settle the dispute for the 2015-1 quarter and minimize or eliminate disputes in the future arising out of differing sample results as performed by the City's Laboratory and independent laboratories contracted by the Authority to analyze splits of the City's samples of the Authority's wastewater, and

Whereas, the Parties now wish to memorialize their Amendment IV to the Wastewater Services Agreement dated February 5, 1988 (henceforth "Amendment IV");

THEREFORE, IT IS AGREED BY AND BETWEEN THE CITY AND THE AUTHORITY ON

THIS 25th DAY OF April, 2016 (the "Effective Date") as follows:

1. City shall attempt each calendar quarter to obtain twelve (12) twenty-four hours' composite samples of the Authority's wastewater for use in determining the Authority's wastewater billings under the Agreement. City agrees to make available a split of each sample to a representative of the Authority or its designated laboratory (henceforth "BucksLab") for the

independent analysis of the sample for Suspended Solids (SS) and 5 Day Biochemical Oxygen Demand (BOD5). Collectively, the City's Laboratory and the Authority's designated independent laboratory, BucksLab, shall be known as ("the Labs"). The Authority shall designate in writing to the City its choice of an independent laboratory under this Amendment IV. City's split sample will be made available to a representative of the Authority or BucksLab at a City laboratory facility. The sample splitting shall take place in the presence of the representative of the Authority or BucksLab. See Addendum # 1 for additional terms related to the collection and splitting of wastewater samples.

2. The Parties shall ensure that the Labs maintain their Environmental Laboratory Accreditation under 25 PA. Code §§ 252.1- 252.708 for the term of this Amendment. For a laboratory operating in Pennsylvania this includes accreditation by the National Environmental Laboratory Accreditation Program (NELAP). The Parties agree that all samples are subject to preservation, handling, refrigeration, chain-of-custody, analytical and Quality Assurance/Quality Control protocols established for the testing of SS and BOD5 as described in the analytical methods for which the Labs have accreditation, and in accordance with Pennsylvania Department of Environmental Protection (PADEP) regulations. (Note, however, that the samples are collected using a non-refrigerated autosampler.)
3. The Parties agree to utilize wastewater treatment plant process water provided by the City as the seed source in performing the BOD5 analysis and also to test all samples for chlorine and de-chlorinate samples, as necessary.
4. The Parties and the Labs shall retain all documentation of the analyses, as well as chain of custody documentation and QA/QC information for a period of three years and the Parties agree to make such data available to the other party within two weeks, upon written request.
5. All SS and BOD5 sample results obtained by BucksLab shall be communicated to the City by BucksLab or the Authority with chain of custody documentation. The above data shall be communicated to a designated representative of the City within seven (7) calendar days following the close of each calendar quarter.
6. For billings rendered after the effective date of this Amendment IV, City agrees to utilize all valid SS and BOD5 sample results received from BucksLab combined with City's

- laboratory results in calculating the arithmetic mean of SS and BOD5 to be used by City in calculating the wastewater billings for the Authority. City shall provide Authority its sample results with its quarterly billings.
7. Any results not in compliance with Amendment IV shall be deemed invalid and shall not be used by the City in the computation of the Authority's billing. If billings have been rendered with such results, City shall issue revised billings which do not incorporate any invalid results.
 8. Should Authority cease contracting with its designated laboratory for the above analytical services or BucksLab not provide sample results in accordance with the above provisions, City shall calculate the Authority's billings using its sample results only.
 9. The Authority may choose to designate a different laboratory for the performance of the services described herein after providing the City with sixty (60) days' prior notice of such change. The new designated laboratory shall comply with all provisions set forth in this Amendment IV.
 10. The billings rendered on the above basis of averaging the Labs' results shall not be subject to dispute by the Parties on the basis of SS and/or BOD5 analysis results.
 11. In full and final resolution of the dispute concerning the 2015-1 quarter wastewater billing, City agrees to revise that billing utilizing all City and QC Labs BOD5 results for the period January through March 2015. This results in the original billing of \$ 2,019,921.05 being revised to \$ 1,907,380.36, a reduction of \$ 112,540.69. Of the \$ 628,763.10 being held by the City in escrow for this dispute, \$ 112,540.69 shall be credited by City to the Authority in the first billing rendered to the Authority following the execution of this Amendment IV. City shall transfer the remainder of the escrowed funds, that is, \$ 516,222.41, to a City account of its choosing.
 12. This Amendment IV will terminate upon the termination of the Agreement.

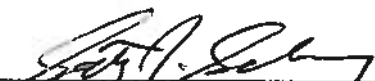
Amendment Terms and Conditions Controlling

This Amendment IV modifies the terms and conditions contained in the Agreement. Should any conflict arise between the terms and conditions of this Amendment IV and those of the Agreement, the terms and conditions found in this Amendment IV shall govern. All terms and conditions of the Agreement, not otherwise modified by this Amendment IV, shall remain in full force and effect.

Wherefore, the Parties intending to be legally bound execute this Amendment IV immediately below.


THE CITY OF PHILADELPHIA

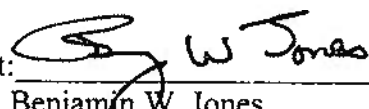
Approved as to Form:

By 
Scott Schwarz, Esq.
Divisional Deputy City Solicitor


Debra McCarty
Water Commissioner

BUCKS COUNTY WATER & SEWER AUTHORITY

By 
Dennis Cowley
President, Board of Commissioners

Attest: 
Benjamin W. Jones
Chief Executive Officer

ADDENDUM # 1

BOD-5 and TSS Sample Collection and Splitting Procedure Totem Road 24-Hour Composite Sample

This Addendum # 1 to Amendment IV of the City of Philadelphia / Bucks County Water & Sewer Authority Agreement dated February 5, 1988 stipulates that future wastewater billing charges will be based on the average of the 5-day Biochemical Oxygen Demand (BOD-5) and total suspended solids (TSS) analysis results obtained by labs representing City and BCWSA. Under this agreement, City's collection and subsequent splitting of the approximately 12 quarterly samples will occur in the presence of a representative from the BCWSA's designated laboratory ("BucksLab").

Amendment IV stipulates that both laboratories maintain Environmental Laboratory Accreditation under 25 PA. Code §§ 252.1- 252.708 for the term of this Amendment, or operate as a National Environmental Laboratory Accreditation Program (NELAP) laboratory with certification to operate in Pennsylvania.

The purpose of this addendum is to outline procedures and provide guidance for the collection and splitting of wastewater samples.

Sample Collection Scheduling

- 1) A representative from the City's Industrial Waste Unit (IWU) schedules sample collections on four (4) days each month.
 - a) Ideally, these monthly sample collections occur on four consecutive days.
- 2) The IWU representative provides the BucksLab (or other BCWSA) representative with the sampling schedule approximately two weeks prior to the start of each new quarter.
 - a) In the event of unforeseen circumstances that require the PWD to adjust sample dates or times during the quarter, as much advanced notice as possible will be provided to the BucksLab representative.
- 3) The IWU representative will wait at the sampling location until the BCWSA laboratory representative has arrived on site before removing the composite sample from the autosampler. The PWD sampler may return to the PWD laboratory and split the sample without the BCWSA representative if the representative is not at the sampling location site within 15 minutes of the agreed upon meeting time.

Sample Collection Preparation

- 1) The sample is collected in a 2.5 gallon polyethylene jug that is pre-lined prior to each sampling with a new sample collection sample bag (PRO-PAK ISCO # 692953038, or equivalent). Because the sample is collected directly into the bag, no bottle washing is required. (The lab's subsamples are collected in new or clean 1- or 2-Liter wide-mouth plastic bottles.)

- 2) If a sample collection bag is not used, clean the jug prior to use as follows:
 - a) Fill the jug $\frac{1}{4}$ full with warm tap water, cap, and swirl to mix and ensure complete contact with the entire interior surface of the bottle and cap. Uncap and empty down the sink.
 - b) Fill the jug $\frac{1}{4}$ full with a water/soap mixture, cap, and swirl to mix and ensure complete contact with the entire interior surface of the bottle. Uncap and empty down the sink.
 - c) Scrub in the interior of the bottle and cap with a scrub brush.
 - d) Rinse the jug and cap with warm tap water until all soapy residue has been removed.
 - e) Fill the jug $\frac{1}{4}$ full with deionized (DI) water, cap, and swirl to mix and ensure complete contact with the entire interior surface of the bottle and cap. Uncap and empty down the sink.
 - f) Leave bottle and cap inverted on a clean or covered surface to dry.
- 3) Ensure batteries for the ISCO sampler are fully charged.

Sample Collection

- 1) Twenty-four (24) hour composite samples are collected in 2.5 gallon polyethylene jugs using an ISCO autosampler programmed to collect approximately 100-mL sample aliquots hourly, for 24 hours.
 - a) The sample collection site located in a chamber adjacent to the bike trail on State Road north of Rhawn Street.
- 2) After programming the sample collection schedule, the autosampler is lowered into the manhole prior to each set of four-day monthly samples and retrieved following the collection of each 24-hour composite so that the sample container can be removed and an empty replacement container inserted into the autosampler so that the next 24-hour composite period can begin.
 - a) The autosampler is not refrigerated.
- 3) Upon retrieval of the sample, the IWU and BucksLab representative inspect the sample to ensure an adequate volume of sample has been collected. A minimum of approximately 2 liters of sample is needed. If an adequate volume has not been collected, the sample should be discarded and the sampling event will need to be re-scheduled. If an adequate volume has been collected, the sample is placed into a cooler on ice and the representatives proceed to the City's Laboratory at the Northeast Water Pollution Control Plant (NE WPCP; located at 3895 Richmond Street, Philadelphia, PA 19137) to split the sample.

Sample Splitting

- 1) At the PWD laboratory, the sample is removed from the cooler. Both laboratories' sub-sample bottles (new or clean 1- to 2-Liter wide-mouth plastic bottles) are uncapped and placed into a sink or on a low countertop.
- 2) The capped 2.5 gallon jug is gently swirled to mix the sample while simultaneously minimizing the entrainment of air.

- 3) The jug is uncapped and sample is poured to approximately half fill one of the laboratory bottles and then the other. The jug is recapped and gently swirled again to re-suspend and mix any sediment that may have settled during the first pour.
- 4) The jug is uncapped and the laboratory bottles are filled to approximately 1 or 2 Liter, depending on the laboratory bottle sample size.
- 5) Both laboratory bottles are capped. Any sample remaining in the composite sample jug may be discarded down the drain.
- 6) The City sample is placed in a refrigerator if it will not be processed immediately. The BCWSA sample is placed into the lab representative's cooler on ice for transport to the lab.
- 7) The BucksLab and IWU sample collector complete their respective COCs, noting the sample collection time as the time that the last of the individual hourly composite samples was collected (i.e., the collection time is not the time the jug was removed from the autosampler, or the time of the sample split back at the lab). Both labs may note the time of the sample split as a separate comment on their respective COCs. City and BucksLab staff shall inspect each split container to ensure the split samples visually appear to be similar. Agreement between both parties to this effect should be documented on the COC. Should either of the parties maintain that the split samples do not appear to be similar; the splitting of the sample shall be performed again in a manner agreeable to both parties.

Amendment to Wastewater Services Agreement To Address the Overflow at PC-30

WHEREAS, the City of Philadelphia (the "City") and the Bensalem Township Authority ("Bensalem") entered into a Wastewater Services Agreement on May 16, 1988 (the "Agreement") whereby the City agreed to treat Bensalem's wastewater; and

WHEREAS, pursuant to the Consent to Assignment agreement entered into on August 31, 1999 Bensalem assigned all of its rights, interests and responsibilities under the Agreement to the Bucks County Water and Sewer Authority (the "Authority"); and

WHEREAS, the Agreement sets a limit on the instantaneous maximum peak flow that the Authority is allowed to convey to the City; and

WHEREAS, the Authority during certain rain events violates this instantaneous maximum peak flow limit; and

WHEREAS, violation of this instantaneous maximum peak flow limit contributes to sewage overflowing from a manhole located within the City along the Poquessing Interceptor commonly known as Manhole PC-30; and

WHEREAS, the City and Authority, as well as the Commonwealth of Pennsylvania's Department of Environmental Protection ("DEP") understand and agree that such overflow must be addressed and corrected; and

WHEREAS, the City and Authority recognize this to be a jointly shared problem requiring a joint effort to resolve; and

WHEREAS, as a result of this overflow at PC-30 a moratorium on new sewage discharging into the Poquessing above manhole PC-30 was put in place; and

WHEREAS, in order to address the moratorium and so as to allow new connections into the Poquessing above PC-30, the City has submitted a Corrective Action Plan ("CAP") and Connection Management Plan ("CMP") to DEP; and

WHEREAS, the CAP requires the City to build a relief sewer to contain and convey the overflow volume (the "Relief Sewer") and to continue its efforts at Infiltration and Inflow ("I and I") reduction; and

WHEREAS, the Authority agrees to build its own surge tank, pump station and related facilities to maintain compliance with its instantaneous peak flow limit set forth in the Agreement; and

WHEREAS, in order to address the overflow at PC-30 the City and Authority seek to memorialize their agreement in this Amendment to Wastewater Services Agreement to Address the Overflow at PC-30 (the "Amendment");

It is therefore agreed on this 2nd day of April, 2008 (the "Effective Date") that the Agreement shall be amended to address the overflow at PC-30 as set forth below:

1. All Connection Points

There have now been identified 16 (sixteen) separate Connection Points from the Authority's collection system to the City's Wastewater System. They are identified by the City as set forth below (Hereinafter Table 1):

PWD ID	BENSALEM ID	NEW FLOW METER REQUIREMENTS
MBE1 - Byberry Grounds	Site 2 - Interplex Dr & Poquessing St	Install manhole on PWD side of creek unless a suitable manhole already exists at that location.
MBE2 - Dunks Ferry Road	Site 7 - Dunks Ferry & Mechanicsville	No Additional Work Necessary. Verizon problem with phone line.
MBE3 - Emerson & Evelyn	Site 12 - Evelyn & Emerson	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE4 - Red Lion & Frankford	Site 14 - Mill Road & Bristol Pike	No additional work necessary. Pwd will install flow meter in existing Bensalem chamber.
MBE5 - Grant & James	Site 15 - Across from State and Mill	No Additional Work Necessary. Already Metered
MBE6 - Gravel Pike @ Poquessing Creek	Site 11 - Gravel Pike	No Additional Work Necessary. Already Metered
MBE7 - Townsend Road @ Poquessing Creek	Site 5 - Across frm Morrow & Bellview	No Additional Work Necessary. Already Metered
MBE8 - Bensalem Shopping Ctr.	Site 10 - Across Maritime Court	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE9 - Elmwood Apartments	Site 6 - Tillman Drive	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE10 - Colonial Avenue	Site 13 - Colonial Avenue	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE11 - Betz Laboratories	Site 1 - Metropolitan Drive	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE12 - Creekside Apartments North	Site 16 - Creekside Apt. North	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE13 - Rt 1 West Side of Highway	Site 3 - Route 1 @ Poquessing Creek	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE14 - Old Lincoln Hwy & Old Trevoise Rd	Site 4 - End of Old Trevoise Road	No additional work necessary. Pwd will install flow meter in existing Bensalem chamber.
MBE15 - Knights Rd @ Poquessing Creek	Site 9 - Across from Atlantic Avenue	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.
MBE16 - Creekside Apartments South	Site 8 - Creekside Apt. South	Install Manhole on PWD Side of Creek. Install Equipment pole with 2" conduit to manhole.

The Authority has carefully reviewed its system to ensure that there are no other connection points other than those identified immediately above. Should any other connection points be identified after the date of this Amendment the Authority shall pay to the City, within 30 days of any new connection point being identified, a penalty of Twenty Five Thousand Dollars (\$25,000.00) in addition to any charges being owed for conveying and treating this newly identified flow, going back for a period of four (4) years from its discovery, based upon the monthly average flow rate identified upon discovery.

2. Installation of Surge Tank, Pump Station and Related Facilities

The Authority agrees to construct, install and operate a 1.8 million gallon surge tank, pump station and other related facilities in Bensalem Township for the purpose of complying with its instantaneous peak flow limit contained in the Agreement.. (Hereinafter "Authority's Capital Investment ") The Authority has prepared a brief summary of the Authority's Capital Investment which has been attached to this Amendment as Exhibits A and B.

The Authority's Capital Investment shall be on line and in operation as soon as possible but in no event later than September 19, 2010. In addition, to ensure compliance with this September 19, 2010 deadline the Authority shall meet the following Interim Milestones:

INTERIM MILESTONE EVENTS AND COMPLIANCE DATES

<u>MILESTONE DESCRIPTION</u>	<u>DATE TO BE ACHIEVED</u>
1. Complete Survey of all Work Areas	March 2008
2. Acquire all necessary Properties	June 2008
3. Land Development Approval	December 2008
4 ALL Permits Approved	January 2009
5. Advertise for Bid	February 2009
6. Issue Notice of Award	April 2009
7. Issue Notice to Proceed	May 2009
8. Substantial Completion of Projects	August 2010
9. System Fully Operational	September 19, 2010

The Authority shall submit quarterly reports to the City no later than the 10th day of the month following the end of a calendar quarter that shall describe the progress made on completing each of the Milestone Events listed above. In addition, the progress reports shall include a detailed description of all efforts being made to abate I&I in the sanitary sewer system within Bensalem Township that is tributary to the Poquessing Interceptor.

The City recognizes that under certain extreme wet weather events the Authority's Capital Investment may be insufficient to comply with the existing instantaneous peak flow limit contained in the Agreement. Therefore, the City agrees not to hold the Authority in violation of its Agreement if the instantaneous peak flow limit was exceeded during a wet weather

event that exceeded the April 2, 2005 design storm as defined by the Instantaneous Peak Flow Limit Exemption in Paragraph 3.

It is the Authority's sole responsibility to ensure that the Authority's Capital Investment is sufficient to comply with its instantaneous peak flow limit under the Agreement under all wet weather events other than those that exceed the April 2, 2005 design storm as defined by the Instantaneous Peak Flow Limit Exemption in Paragraph 3. Once the Authority's Capital Investment is on line and in operation, should the Authority violate its instantaneous peak flow limit during any wet weather event that does not exceed the April 2, 2005 design storm as defined by the Instantaneous Peak Flow Limit Exemption in Paragraph 3, it shall be in violation of the Agreement. The consequences of this violation shall be as follows:

(i) The Authority shall submit a Plan to the City within 90 days of the violation for additional capital projects sufficient to capture enough flow so that the Authority's instantaneous peak flow limit will not be violated. The Authority bears the burden of demonstrating to the City that its Plan will be sufficient to capture enough flow, with a 10% margin of safety, to meet its instantaneous peak flow limit under the Agreement;

(ii) If the City agrees with the Authority that the Plan is sufficient, the Authority shall immediately take all necessary steps to complete the Plan to ensure compliance with its instantaneous peak flow limit as quickly as possible, but in no event shall full completion be delayed beyond two years from the date of the violation.

(iii) Should the Authority not submit a Plan within 90 days, or submit a Plan that the City, acting in good faith, believes is insufficient to comply with the Authority's instantaneous peak flow limit or not complete the Plan in its entirety within two years from the date of the violation, the City shall have the right to deny Act 537 capacity certifications.

3. Instantaneous Peak Flow Limit Exemption

The City recognizes that the existing instantaneous peak flow limit contained in the Agreement could still be violated during certain extreme wet weather events even after the Authority's Capital Investment is on line and in operation. Therefore, the parties agree that the Authority's Capital Investment shall be designed, built and operated to be in compliance with its instantaneous peak flow limit during all wet weather events up to and including the April 2, 2005 design storm. The Authority shall not be held in violation of its Agreement should it exceed its instantaneous peak flow limit as the result of a wet weather event that exceeds the April 2, 2005 design storm.

In order to specifically quantify a wet weather event that exceeds the April 2, 2005 design storm the parties have created this Instantaneous Peak Flow Limit Exemption. A wet weather event that exceeds the conditions set forth in this paragraph and results in the Authority exceeding its instantaneous peak flow limit contained in the Agreement shall be considered an exemption to the instantaneous peak flow limit. However, a wet weather event that does not exceed the conditions set forth in this paragraph and results in the Authority exceeding its instantaneous peak flow limit contained in the Agreement shall be considered a violation of the Agreement and shall result in the Authority implementing the actions required in Paragraph 2 (i), (ii) and (iii).

The Instantaneous Peak Flow Limit exemption shall be defined by two conditions that best correlate to the April 2, 2005 design storm. These two conditions are based on historical precipitation and streamflow data observed in or adjacent to the Poquessing Creek Watershed. Both of these two conditions must be met as defined below for the Instantaneous Peak Flow Limit Exemption to apply:

Condition 1: A rain event must exceed 2.75 inches in a 24 hour period. Once the 24 hour period has been established, the instantaneous peak flow limit must be met within 48 hours from the start of the defined 24 hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this Exemption. At no point shall two 24 hour periods overlap. All such events shall be quantified using hourly precipitation data obtained from the National Weather Service Station at the Philadelphia Northeast Airport, WBAN ID 94732. (WBAN is the 5-digit station identifier used by the National Climatic Data Center)

Condition 2: In addition to satisfying all the requirements of Condition 1, during the 48 hour period as defined in Condition 1, the United States Geological Survey (USGS) Poquessing Creek streamflow gage located at Grant Avenue in Philadelphia, PA (USGS Site ID 01465798) must exceed 3,150 cubic feet per second.

4. Implementation of Inflow and Infiltration (I&I) Program

The Authority has submitted to the City a document entitled Bensalem Service Area Poquessing Interceptor, Infiltration and Inflow Removal Plan, dated January 2006, prepared by the Carroll Engineering Corporation. (I&I Program) The Authority agrees to complete its I & I Program as expeditiously as possible but in no event shall completion be later than September 19, 2010.

As the Authority will be relocating many manholes to the City side of the Creek (See Table 1) the Authority has requested that the parties agree to a manhole completion and meter installation completion schedule that would give the Authority time to address any potential new I&I that might arise. Therefore, the parties agree to the following actions and completion dates:

- A. The Authority shall complete construction of the new metering manholes, equipment poles and associated conduits pursuant to paragraph 5A by January 1, 2009.
- B. The City shall install metering, telemetry, communications and power pursuant to paragraph 5C no later than six months after the Authority has completed its actions in A above. (July 1, 2009)
- C. The Authority shall complete its review of the metered data by March 1, 2010.
- D. The Authority shall complete any I&I remediation work it deems appropriate by September 19, 2010.

5. Metering of All Connection Points

The Agreement required the metering of only three connection points (MBE5, MBE6 and MBE7). ("Existing Metered Connection Points") Pursuant to Paragraph III C of the Agreement, in order to address the problem at PC-30, all currently unmetered connection points shall now be metered. (Hereinafter "New Metering Connection Points") The Authority agrees to install and have suitable metering manholes installed at all New Metering Connection Points as soon as possible but in no event later than the timeframe set forth in Paragraph 4 above.

The parties agree to the following terms and conditions related to the New Metering Connection Points:

- A The Authority shall design and construct new metering manholes, equipment poles and associated conduits at its sole cost and expense. The City hereby grants the Authority privilege to use its rights of way to install the necessary manholes, equipment poles and associated conduits. The Authority shall be solely responsible for the repair, maintenance and replacement of these items. However, should a problem arise which was caused by the City's meter installation in these manholes the City and Authority shall share any associated liability equally.
- B. The location of the metering points shall be as outlined in Table 1.
- C. The City shall install the area/velocity metering, telemetry, communications and power at the constructed manhole sites as well as existing unmetered chamber sites at its expense.
- D. Any authorized officer, employee, contractor or subcontractor of the City may enter onto the Authority's property without notice to inspect, troubleshoot and repair the City's metering, telemetry, communications and power equipment. The right of entry shall include, but not be limited to, public streets, easements, and property within which the equipment is located.

- E. The City shall notify the Authority when it performs its scheduled meter calibrations so that the Authority may be present. The City shall also notify the Authority anytime it notices any problems at the manhole which would require the Authority's attention.

- F. The metered data delivered via telemetry to the City's control center shall be the data used for purposes of billing and determining compliance with all flow limits contained in the Agreement and this Amendment. The City will make the monitoring data available to the Authority through an internet download connection similar to the Telog Wastewater Monitoring System. The City will provide twice a day download frequency to the Authority. Should the Authority wish greater download frequency the Authority shall bear all the costs associated with the greater frequency.

- G. For purposes of determining compliance with the Authority's instantaneous peak flow limit the City shall use the average of any two consecutive fifteen (15) minute time periods, for the same time period at all Connection Points, to obtain the total instantaneous flow at any given time.

6. Procedure for Addressing Missing or Erroneous Meter Data

In the event that metered data from a point of connection is absent or determined by the City to be erroneous, data from other connection points may be used for the purposes of determining compliance with the instantaneous peak flow limit contained in the Agreement. (Hereinafter "Fill Data")

Fill Data is calculated by using an adjustment factor that is applied to data from another connection point. Fill Data is based on peak flow relationships amongst the metered connection points using data from 2004 and 2007.

Fill Data shall be calculated as set forth in the table below. The adjustment factors found under the column labeled Primary Fill shall be used first in order to calculate the flow from the connection point(s) where metered data is unavailable. In the event that Primary Fill data is also unavailable, the columned labeled Secondary Fill data shall be utilized.

Fill Data for Calculating Peak Instantaneous Flow for Missing or Erroneous Metered Data

PWD - ID	Bensalem ID	Primary Fill Meter	Primary Multiplication Factor	Secondary Fill Meter	Secondary Multiplication Factor
MBE01	2	MBE04	0.53	MBE08	0.33
MBE02	7	MBE04	1.04		
MBE03	12	MBE01	0.41		
MBE04	14	MBE01	1.89	MBE02	0.96
MBE05	15	MBE06	0.98	MBE08	1.59
MBE06	11	MBE05	1.02	MBE08	1.65
MBE07	5	MBE09	0.65		
MBE08	10	MBE09	1.22	MBE07	1.88
MBE09	6	MBE08	0.82	MBE06	0.50
MBE10	13	MBE03	1.23		
MBE11	1	MBE03	0.53		
MBE12	16	MBE08	0.23		
MBE13	3	MBE11	0.73		
MBE14	4	MBE03	0.55		
MBE15	9	MBE11	0.58		
MBE16	8	MBE09	0.40		

As Inflow and Infiltration abatement occurs, these fill factors may change. In order to change these fill factors the Authority must first notify the City in writing that I&I abatement has been completed in the drainage area associated with the Connection Point. From the date of notification the City shall evaluate the actual metered data for one year from that Connection point to determine whether the fill factor should be adjusted. The City and Authority shall meet to discuss the City's determination. Should the Authority not agree with the City's determination it may exercise its rights under Section VI B of the Agreement. Changes to the fill factors shall not be retroactive and shall only apply to future events after the change has been made.

For billing purposes, missing or erroneous data will be filled based on the average of the prior ninety days of available data after the removal of any erroneous data.

7. Act 537 Capacity Certifications

The City acknowledges, that while the Authority's Surge Tank is being constructed and their I&I Program implemented, the Authority could continue to violate its instantaneous peak flow limit. The City agrees that as long as the Authority remains in compliance with the terms and conditions of this Amendment it will not deny or withhold any Act 537 capacity certifications for any reason, aside from limitations uniformly applied by the Pennsylvania Department of Environmental Protection or the United States Environmental Protection Agency, for reason of violating the Authority's instantaneous peak flow limit through September 19, 2010.

8. Authority Data to be Supplied to the City

Authority shall make the following data available to the City and shall provide revisions and updates on request:

Geographic Information Systems data in form of shapefiles, databases, and/or files compatible with ESRI ArcGIS software to include the following features and attribute data:

- The points of connection to the Poquessing Interceptor; and
- Any I&I studies and the data related thereto pursuant to satisfying the flow reduction plan. The data will be provided in such a format as is available to the Authority.

9. Modification of Connection Points

If any of the Authority's Connection Points to the City's wastewater system are determined by the City or any governmental regulatory agency to be:

- (a) maintenance problems, or
- (b) sources of unauthorized discharge(s),

then the Authority shall take immediate action, and within thirty (30) days of written notification by the City, submit a plan to the City outlining action(s) to be taken to permanently eliminate the problem or unauthorized discharge. The plan shall require that corrective actions are taken as expeditiously as possible. The City shall review the plan to determine whether it complies with these requirements and promptly approve or disapprove said plan. All actions taken pursuant to this section shall be at the sole expense of the Authority.

Nothing contained above in Paragraph 9 (a) through (b) shall in any way affect the City's obligation to implement its Pretreatment Program within Bensalem Township as delegated to the City pursuant to Exhibit F of the Agreement (the Interjurisdictional Pretreatment Agreement). The City, to the extent that it is authorized to act under the Interjurisdictional Pretreatment Agreement, shall do so in order to address any Connection Points causing those conditions set forth in Paragraph 9 (a) through (b).

10. Amendment Addresses PC 30 Only

This Amendment addresses only the discharge from PC-30.

11. Authority withdraws EHB Appeal

The Authority hereby agrees to withdraw its Notice of Appeal to the Environmental Hearing Board (EHB) related to DEP's approval of the City's revised CAP, EHB Docket # 2007-145-MG.

12. Amendment Terms and Conditions Controlling

This Amendment modifies the terms and conditions contained in the Agreement. Should any conflict arise between the terms and conditions of this Amendment and the terms and conditions of the Agreement, the terms and conditions found in this Amendment shall govern. All terms and conditions of the Agreement, not otherwise modified by this Amendment, shall remain in full force and effect. This Amendment does not create any additional limits on any individual connection points other than those limits already existing in the Agreement.

13. Previous Fines

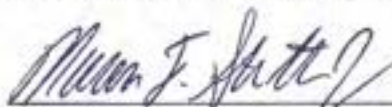
The City agrees to be solely responsible for all PC-30 related fines levied up to the Effective Date of the Amendment.

14. Entire Agreement

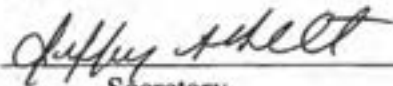
This Amendment represents the entire agreement of the parties and there are no collateral or oral agreements or understandings. This Amendment may be amended or modified only in a writing signed by both the City and the Authority.

WHEREFORE, the parties having reviewed this Amendment, and intending to be legally bound by its terms and conditions, have their duly authorized officers execute this Amendment below.

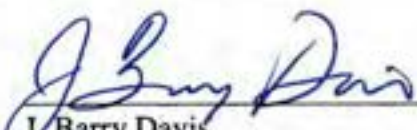
Bucks County Water and Sewer Authority

By: 
Chairman

Attest:


Secretary

Approved as to Form


J. Barry Davis
Chief Deputy City Solicitor

CITY OF PHILADELPHIA
WATER DEPARTMENT







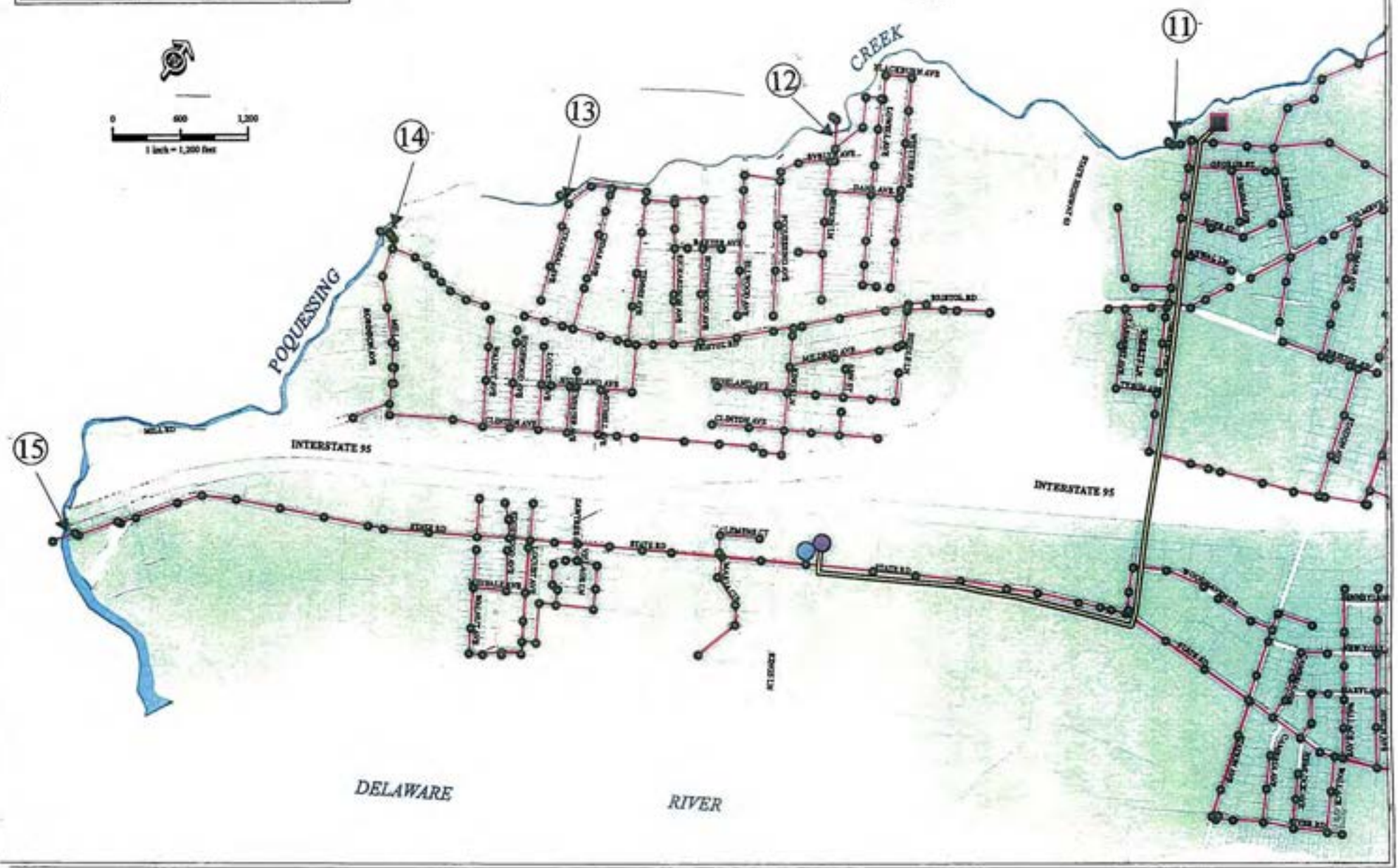
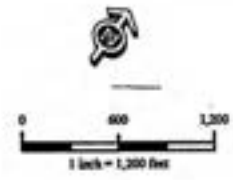
By 
Bernard Brunwasser,
Water Commissioner
City of Philadelphia

EXHIBIT A:
 PROPOSED FACILITIES FOR
 POQUESSING INTERCEPTOR SURGE TANK

-  EXISTING PUMP STATION NO. 7
-  PROPOSED SURGE TANK
-  PROPOSED CHAMBER 11 DIVERSION PUMP STATION
-  PROPOSED FORCE MAIN (ALIGNMENT IS PRELIMINARY)
-  METERED CONNECTION/CHAMBER NUMBER



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EXHIBIT B

NARRATIVE

PROPOSED FACILITIES FOR POQUESSING INTERCEPTOR SURGE TANK

Bucks County Water & Sewer Authority proposes to construct a surge tank to hold wet weather flows. The proposed surge tank will have a useable volume of approximately 2 million gallons. The tank will be situated on a property along State Road, just east of Kings Lane. Also situated on this property is the Authority's existing Pump Station No. 7, which conveys flows from the eastern portion of Chamber 15 Drainage Area to the gravity sewer which leads to the Poquessing Interceptor.

Upon sensing a sustained increase in flow, which would signify a wet weather event, Pump Station No. 7 will divert flows into the surge tank where the volume will be retained until the flows in the system normalize. Once the system flows are confirmed via meter readings, the tank will begin to drain to Pump Station No. 7. From here, the flows will be conveyed to the Poquessing Interceptor.

Flows from Chamber 11 will also be diverted by a proposed pump station to the surge tank in order to ensure that an adequate amount of peak flows are retained. The operation of diverting flows to the surge tank for this pump station will be very similar to that of Pump Station No. 7. The diversion pump station is to be located along Gravel Pike, near the Chamber 11 meter.

This Agreement, made this day of , 1987,
A.D. by and between the City of Philadelphia, party of the first part,
hereinafter called "City" and the Township of Cheltenham, Montgomery
County, Pennsylvania, party of the second part, hereinafter called
"Township".

WITNESSETH:

WHEREAS, The City owns and operates wastewater collection and
treatment facilities which have a limited capacity to convey, scien-
tifically treat and properly dispose of wastewater and its by-products
collected from outlying municipalities in addition to wastewater origi-
nating within the City; and,

WHEREAS, Expansion of the City's wastewater treatment facilities
will enable the City to accomodate additional flows of wastewater; and,

WHEREAS, It is necessary to comply with new higher standards and
treatment methods for wastewater as set forth in federal, state and local
laws and regulations; and,

WHEREAS, There are resultant by-products in the form of sludge in
connection with all methods of wastewater treatment which must be disposed
of; and,

WHEREAS, The City is now expanding and improving its wastewater
collection and treatment facilities in accordance with orders, guidelines
and regulations of the Delaware River Basin Commission, the Pennsylvania
Department of Environmental Resources and the United States Environmental
Protection Agency (hereinafter referred to as "EPA"); and,

WHEREAS, The City has entered into Federal Grant Agreements with
the EPA under the Funding Arrangements provided in Federal Water Pollution
Control Act Amendments of 1972 (P.L. 92-500), as amended, for the purpose

of partially funding the expansion, improvement and rehabilitation of the City's wastewater collection and treatment systems; and,

WHEREAS, The City has grant applications pending and expects to apply to the EPA for additional grants in the future for the purpose of partially funding the expansion, upgrading and/or rehabilitation of the City's wastewater collection and treatment system; and,

WHEREAS, The City is required to adhere to and abide by all Federal, State and local laws and EPA Rules and Regulations in order to retain Federal grant funding; and,

WHEREAS, There are in existence an Agreement or Amendments (hereinafter referred to solely as "Agreements") by and between the City and Township through which the City has provided wastewater collection and treatment and sludge disposal services to Township; and,

WHEREAS, Said Federal Rules and Regulations apply to the entire Delaware and Schuylkill River tributary drainage areas which include the Township's area served by the City's wastewater collection and treatment system; and,

WHEREAS, In order to comply with Federal, State and local laws and regulations and EPA Rules and Regulations, the City and Township must, to the extent that Federal Funding is available for same, conduct a sewer evaluation survey and rehabilitation as required by EPA regulations and other applicable laws and also must implement a User Charge System and must coordinate with the City in their Pretreatment Program implementation of a Federal Facilities Cost Recovery Plan as required by EPA Regulations and Memoranda; and,

WHEREAS, When Township is in compliance as set forth above, it may be eligible for reimbursement under the City's existing and future Grant

Agreements for certain authorized eligible costs incurred by it for the said compliance; and,

WHEREAS, The City and Township have now been charged by Federal and State mandates with the legal responsibilities to restore and maintain the chemical, physical and biological integrity of our waters and water resources, and also to insure that to the fullest extent possible they prevent, reduce and eliminate pollution in said water resources, and to plan the development and use (including restoration, preservation and enhancement) of said waters and water resources, and to improve the purity of such waters; and,

WHEREAS, The aforesaid conditions could not have been foreseen by the parties when the existing Agreements were originally executed and/or amended. Further, the aforesaid improvements and expansion of the City's present wastewater treatment facilities conditions are caused by Federal pollution control legislation, State and local government regulations and requirements. Further, changes in the population density, increases in the cost of money, and increases in the cost of operating wastewater treatment plants have exacerbated this problem. The foregoing circumstances have caused extreme increases in the expense and changes in performance of Agreements by the City and have added restrictions and responsibilities upon both the City and Township in regard to methods of wastewater collection and treatment and sludge disposal; and,

WHEREAS, Performance of said existing Agreements is rendered impossible by the said laws and changes and it is necessary to empower the City to enter into new agreements to insure the proper restoration and efficient maintenance of the chemical, physical and biological integrity of our waters and waterways, and improve, restore, preserve and enhance the

purity of such waters and waterways, and insure that applicable Federal, State and local laws and regulations, and EPA Rules and Regulations, are implemented in portions of any waterway tributary to the City's wastewater facilities, to determine fair and equitable cost and charge provisions to meet current and future conditions, and to supercede, repeal, revise and replace the above-mentioned existing Agreements in order to comply with present laws and regulations in this said new Agreement;

WHEREAS, There are other municipalities, townships, or authorities outside the limits of the City that might not be in a position to furnish their residents with wastewater (sewage) disposal services.

NOW THEREFORE, It is mutually covenanted and agreed by and between the parties hereto as follows:

The City and Township hereby concurrently release one another from any and all rights, privileges, responsibilities or liabilities, either stated or implied in all Agreements by and between the City and Township for wastewater collection and treatment and sludge disposal, and hereby covenant and agree to enter into a new Agreement for wastewater collection and treatment and sludge disposal. Said Agreement shall be as follows:

ARTICLE I

GOVERNMENT GRANTS, SUBSIDIES, PERMITS AND

RELATED MATTERS

1.01 Applications

The City may make application in conjunction with the Township to the Commonwealth of Pennsylvania and to the United States of America and their appropriate agencies for grants, subsidies or other payments, and for

all permits and approvals with respect to the planning, design, acquisition, construction, operation and maintenance of the expansion of the City's water pollution control facilities. Further, the City may receive the proportionate share of Township's grants, subsidies or other payments with respect to the construction, acquisition, operation and maintenance of the City's water pollution control plants and appurtenant facilities. The Township shall cooperate fully therein, to the extent of their respective interests in such individual projects.

1.02 Applications of Grant Proceeds

After receipt by the City, the City shall make reasonable efforts to reimburse within thirty (30) days to Township the maximum allowable percentage of all authorized costs incurred by Township in compliance with the provisions of this Agreement as provided for under existing applicable laws and grant agreements and deemed eligible by EPA for reimbursement under such existing laws and grant agreements.

All funds received by Township from the City's existing and future Federal grant agreements are subject to Federal and City audit as to authenticity and eligibility of claims as required by laws and regulations.

The City shall not undertake any action that jeopardizes reimbursement by EPA of any grant proceeds attributable in whole or in part, to costs incurred by the Township in compliance with the terms of this Agreement. If the Township should determine that any action of the City does jeopardize any such grant proceeds (such determination not to be conclusive), the Township shall give ninety (90) days' notice to the City of its determination. After the lapse of the ninety-days notice period, the City shall convey to the Township what, if any, action the City plans to take concerning the gravamen of the notice. If Township disagrees with

the City's planned course of action, Township has the right to arbitrate the matter in accordance with the terms and provisions of Section 8.02.

No right to arbitration exists with respect to any action taken by the City to determine its legal rights under federal or state law, or with respect to action taken by the City which reflects a change in the rules, regulations or policy announced by a state or federal authority.

1.03 Compliance with Laws and Regulations

The City and Township shall comply with all applicable federal, state and local laws and regulations as well as all EPA rules and regulations either now in existence or as may be imposed in the future. Township further agrees to provide any reports, data, surveys or studies required by the City and/or appropriate Federal and State agencies. This may include, but is not limited to, data for construction grant requirements, National Pollutant Discharge Elimination System requirements, Sludge Disposal Permit requirements and industrial pretreatment requirements. The cost of such reports, data, surveys or studies is to be reimbursed to Township by the City to the extent of the funds obtained from Federal or State agencies for that purpose. The City agrees to provide any existing reports, data surveys or studies in its possession that are necessary in order for the Township to fulfill the requirements of the agreements.

1.04 Compliance with Regulations and Laws

In order to comply with Federal, State and local laws and regulations and EPA regulations and other applicable law:

- (a) The City has established a system of charges to be applied to quantity and quality of wastewater which represents Township's share of the costs of providing the wastewater collection and treatment, and sludge disposal services by the

City.

- (b) The Township has developed, adopted and implemented and maintains a User Charge System which properly distributes the cost of serving each user or class of users in compliance with applicable law and EPA Regulations. Township shall provide evidence as required by all Federal and state regulatory bodies of its User Charge System. The Township shall maintain such current records as are necessary to document continued user compliance. These records are to be available for periodic examination by the City by mutual arrangement.
- (c) If required by EPA rules and/or regulations and/or other applicable law, Township agrees to develop, adopt, and implement a system for collection, metering, sampling, retention and payment of the Industrial Cost Recovery Charges in compliance with EPA rules and/or regulations and/or other applicable laws; and Township shall provide evidence as required by all regulatory bodies, as well as the City, of the timely development of its Industrial Cost Recovery System. Upon initiation of the Industrial Cost Recovery System, Township shall maintain such records as are necessary to demonstrate continued compliance. Such records are to be available for inspection by the City when requested.
- (d) If required by EPA rules and/or regulations, the Township shall conduct a Sewer System Evaluation Analysis and Rehabilitation Program.
- (e) If required by EPA rules, regulations and/or guidance memoranda, Township shall coordinate with the City the imple-

mentation of a federal Facilities Cost Recovery Plan to recover those project costs allocated to the treatment of wastes from major activities of the Federal Government within Township, where applicable.

(f) Failure by Township to comply with any of the terms and conditions of the above provisions which may jeopardize EPA's approval or continuation of an existing or future grant agreement between the City and EPA shall, at the discretion of the City Water Commissioner, be deemed a violation of the above provisions. The City retains the right to terminate in part or in whole any or all wastewater services between Township and the City as a result of violations of the above provisions; provided, however, that the City shall first give Township ninety (90) days' notice in writing by certified mail of the violation or violations. It shall be a matter subject to arbitration as to whether or not the Township failed to meet the contractual obligations which provided the basis for said termination. Pending arbitration, termination of wastewater services is solely within the discretion of the City Water Commissioner.

(g) All costs and penalties incurred by the City because of termination and/or restoration of any and all wastewater services between the City and Township as a result of violations of the above provisions shall be payable to the City by Township within one hundred eighty (180) days of such billing. Late payment charges shall be added to the unpaid balance thereafter at the rate of one and one-quarter percent

(1 1/4%) per month. Costs shall be reimbursed and late payment charges shall be paid pending any arbitration award.

ARTICLE 2

WASTEWATER CHARGES AND PAYMENTS

2.01 Wastewater Service

- (a) Township shall pay quarterly to the City a Wastewater Service Charge for the conveyance, treatment and disposal of its wastewater delivered to the City. The Wastewater Service Charge shall be determined in accordance with past and estimated future costs of conveying and treating wastewater and disposing of resultant sludge and shall include charges applicable in part to quantity and quality of the wastewater flow delivered by Township and in part to contractual capacities as set forth in Article 3, Section 3.02, as well as the attached Addendum. Said wastewater charges shall include but not be limited to: (1) depreciation and return on investment/facilities; (2) costs of operation, maintenance repairs, replacements and removals of the City's conveyance and treatment facilities; and (3) appropriate shares of employee benefits, departmental overhead and other non-direct expenses.
- (b) Wastewater Service Charges by the City shall be reviewed no less frequently than biennially, and said Wastewater Service Charges may be increased or decreased, if necessary. If there should be a determination as a result of the City's

review of such charges that Township has overpaid for wastewater services, then a credit in the amount of the overpayment shall be given over a period of time to be mutually agreed upon by both parties to the contract.

- (c) The City will render billings to Township on a quarterly basis. Any lump sum charges shall be pro-rated over the four (4) quarters of the year. These billings shall be based upon actual quantity and quality and/or contractual capacities or, when necessary, upon estimates thereof.
- (d) Billings, including any charges in dispute, shall be payable to the City by Township within thirty (30) days of receipt by Township. Late payment charges shall be added to the unpaid balance thereafter, at a rate of one and one-quarter percent (1 $\frac{1}{4}$ %) per month. Late payment charges and monies in dispute shall be paid pending any arbitration award. If the arbitrators shall determine that late payment charges and monies in dispute were not due in whole or in part, the City shall remit, as credit against future bills to the Township, such amounts paid, but not due, plus one and one-quarter percent (1 $\frac{1}{4}$ %) per month interest from date of payment.
- (e) The City shall provide notice by certified mail, proper postage prepaid, to Township of any change in rates at least ninety (90) days in advance of their becoming effective. Written notice of any Township objection to the change in rates and the reasons therefore shall be provided by the Township to the City within sixty (60) days of receipt of

such notice of change in rates, and such notice shall be given by certified mail, proper postage prepaid.

- (f) City wastewater charges for the conveyance, treatment and disposal of wastewater received from Township shall be billed at the rates specified in Addendum No. 1, beginning July 1, 1982.

2.02 Township Agreements

The City recognizes that Cheltenham Township has its own sewer agreements with Abington Township and Jenkintown Borough. It is not the intent of this Agreement to affect those agreements. However, notwithstanding the foregoing, the Township's agreements with Abington or Jenkintown shall not serve as defenses to, nor shall Township interpose said agreements as defenses to, Township's failure to comply with the terms and provisions of its Agreement with the City.

ARTICLE 3

CONSTRUCTION, OPERATION AND MAINTENANCE OF TOWNSHIP'S CONVEYANCE SYSTEM AND RELATED MATTERS

3.01 Design and Construction

Township shall design, construct, own, operate, maintain and repair at its sole cost and expense sanitary sewers and connections to the City system necessary to convey its wastewater to the City. The locations of approved points of connection and provisions concerning these are described in the Addendum attached hereto and made a part hereof.

No additional points of connection shall be made without prior written approval from the City Water Commissioner. Any additional points of connection shall be at the sole cost and expense of the Township. If certain of Township's connections are determined by the City or any governmental regulatory agency to be maintenance problems or sources of unauthorized discharges caused by the Township or any of its users, the City shall have the right to notify Township that such connection must be disconnected and relocated and Township shall do so forthwith, at the sole expense of Township.

3.02 Allowable Quantities

The City shall also have the right to establish quantities, qualities, and flow rates of wastewater received from Township, specific details of which are included in the attached Addendum. In the event that Township exceeds the quantities, qualities or flow rates set forth in the attached Addendum, the City shall have the right to impose any sanctions as set forth in Sections 1.04(f) and (g) as well as any other sanction provision of this Agreement pertaining to wastewater charges and penalties.

3.03 Metering and Sampling

Plans and specifications for chambers for metering and sampling flows from Township to City shall be designed and developed by the City. Such chambers may be placed at each point of connection to the City system.

(a) Chambers shall include meters for measurement of wastewater quantities, and may include telemetry equipment for transmitting flow data to a regional control center in the City. Chambers may also be equipped with automatic sampling equipment.

(b) All new chambers, equipment and installation thereof shall

initially be at the sole cost of the Township; the maintenance, rehabilitation and operation of existing chambers and equipment shall be the responsibility of the City.

(c) The City shall:

1. Record periodically the meter readings of wastewater flowing through said meters;
2. Periodically take wastewater samples for analysis. The City shall notify the Township in advance of the date(s) selected for monitoring. The Township shall have the option of observing and splitting samples with the City. If Township does not exercise this option, it shall be bound by the results of the City's sampling. If the Township does exercise this option and if the results of the Township's analysis differs from that of the City, the Township may arbitrate the sampling methodology. During the pendency of the arbitration award, the result of the City's analysis shall be binding, and any billings based on such results shall be paid in accordance with the terms and provisions of Section 2.01 and,
3. Perform the analysis of samples according to standard methods as prescribed in the current edition of Standard Methods for the Examination of Water and Wastewater, published by American Public Health association. Subject to the provisions of Section 3.03 (c)2, The City's findings in such analysis shall be conclusive and binding upon both parties to this Agreement.

(d) Send flow data utilized in the billing to Township with each

billing.

The City will own all the aforesaid equipment, wherever located, and will inspect, calibrate, maintain and repair such meters and devices as part of its operating costs.

City shall estimate flow and quality conditions when accurate records are unavailable for any reason whatsoever. Such estimates shall be binding and conclusive on all parties to this Agreement, pending arbitration.

The City shall notify the Township within two (2) weeks of the discovery of a meter that is malfunctioning. The City shall exercise its best efforts to repair malfunctioning meters promptly.

ARTICLE 4

EXPANSION, OPERATION AND MAINTENANCE OF CITY PLANTS AND RELATED MATTERS

4.01 Design, Construction, Operation and Maintenance of Water Pollution Control Plants.

The City will own, plan, design and construct the expansion of City water pollution control plants and appurtenances and thereafter will own, operate, maintain, repair and improve such expanded plants pursuant to the guidelines of, and with the cooperation of, the Delaware River Basin Commission, the Pennsylvania Department of Environmental Resources and the United States Environmental Protection Agency and other responsible governmental agencies.

ARTICLE 5

FUTURE SERVICE REQUIREMENTS, FUTURE
EXPANSION AND RELATED MATTERS

5.01 Future Service Requirements and Related Matters

The City and Township shall, from time to time, review system performance and the City's and Township's current and future requirements, both in term of additional future flows of wastewater and higher standards of wastewater treatment and disposal. Township shall:

- (a) pay its proportionate share of the total project costs of such expansion; and,
- (b) assist in the financing of such project costs as directed by the City Water Commissioner.

The proportionate share of the investment and related capital costs of the Northeast Water Pollution Control Plant attributable to the Township would be based upon the relationship of the capacity (in terms of quantity and quality of wastewater contributed) for which Township has contracted to the ultimate design capacity of the plant. Investment shall mean total investment in treatment and disposal facilities and shall include both existing and expanded facilities utilized in providing service to the Township.

ARTICLE 6

WASTEWATER QUALITY RESTRICTIONS

6.01 Uniform Standards

Township shall, as required, adopt rules, regulations and resolu-

tions governing sewer connections and the admission of wastewater into the sewers of Township, which rules, regulations, and resolutions shall bar from the sewers of Township such substances as are barred by the City from its sewers according to the Federal, State and local laws and regulations and the EPA rules and regulations, existent or as adopted in the future.

Township agrees to submit promptly to the City, upon request, documentation to demonstrate enforcement and compliance with all appropriate rules and regulations and resolutions to the City, pursuant to the City's National Pollutant Discharge Elimination System Permits and/or Sludge Disposal Permits.

6.02. Damages Due to Barred or Harmful Substances

Any and all costs or damages incurred by the City as a result of Township's facilities not complying with Article 6, Section 6.01, shall be billed to Township and shall be paid to the City by Township within thirty (30) days of such billing by the City. Damages and late payment charges shall be added to the unpaid balance thereafter, at the rate of one and one-quarter percent (1 $\frac{1}{4}$ %) per month. All costs, damages and late payment charges shall be paid pending any arbitration award. If the arbitrators shall determine that such costs, damages and late payment charges were not due in whole or in part, the City shall remit as a credit against future bills to the Township, the costs, damages and late payment charges paid but not due plus one and one-quarter percent (1 $\frac{1}{4}$ %) per month interest from date of payment.

ARTICLE 7

SLUDGE DISPOSAL

7.01 Utilization of Wastewater Sludge Generated by City Facilities
Township recognizes the importance and urgent need to utilize sludge in a timely and proper manner. Township shall cooperate fully with City in any environmentally sound sludge utilization program that meets federal and state standards. In no event shall Cheltenham, under the terms of this Agreement, be required to receive and to dispose of more than its proportionate share of sludge within the area served by Township.

ARTICLE 8

MISCELLANEOUS

8.01 Inspection and Audit

Complete records and accounts relating to each party's responsibilities under this Agreement shall be kept. Each party shall at all times, upon reasonable notice, have the right to examine and inspect said records and accounts and each party's respective physical facilities.

If required by any law, regulation or rule, Township shall make said records and accounts available to Federal and State grant auditors.

8.02 Arbitration of Disputes

If any dispute shall arise between the parties hereto, touching the terms, conditions and covenants of this Agreement, the same shall be submitted to a Board of Arbitration. The Board of Arbitration shall be composed of three (3) arbitrators, one (1) appointed by the City's Water Commissioner, one (1) by Township, and the third to be agreed upon jointly by the arbitrators selected by the Water Commissioner and Township.

The arbitrators representing Township and the City shall be named within five (5) business days of the request for the appointment of such

Board. If after a period of ten (10) business days from the date of the appointment, the two (2) arbitrators appointed by the City and Township cannot agree on the third arbitrator, who shall act as Chairman, then either appointed arbitrator may request the American Arbitration Association or its successor in function to furnish a list of three (3) members of said Association who are not residents of Philadelphia or Cheltenham Township, Abington Township or Jenkintown Borough from which the third arbitrator shall be selected.

The arbitrator appointed by the Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) calendar days after its publication, following which the arbitrator appointed by the City shall eliminate one (1) name from the list within five (5) calendar days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) business days after the third arbitrator is selected and shall make its determination within thirty (30) calendar days after the appointment of the third arbitrator. The decision of such arbitrators shall be final and binding upon the parties.

8.03 Claims, Insurance and Related Matters

1. Township agrees to indemnify, defend and save harmless the City and all its officers and subordinates from and against all claims, causes, demands, losses, interest, penalties, liabilities, and suits and actions of every name, nature and description brought against them or any of them for:

(a) The City's inability, due to causes beyond its control, to

perform any and all of the provisions of this agreement.

(b) Injury (including death) to persons and damages to property caused by (the nature of) the effluent of the Township which may be received into the sewers of the City or its treatment plants; whether due to negligence of the City, the Township, their agents, employees, and servants or the inherent nature of said operations.

(c) Injury (including death) to persons and damages to property incurred during the course of operations of the Township, the City or their agents, servants and employees in carrying out this agreement, including, but not limited to maintenance of the sewer system transporting Cheltenham's effluent whether due to negligence of the City, Township, their agents, employees, servants or the inherent nature of said operations. In case the sewer and its appurtenant structures transport Cheltenham effluent and other effluent, the liability of the Township under this article 8.03 1.(c) for the negligence of the City, its agents, servants or employees shall be limited to the percentage of Cheltenham's effluent carried, or estimated by the City to have been carried, in the sewer during the calendar quarter preceding the occurrence which results in injury or damage. For example, if the sewer transports sixty (60) percent Cheltenham effluent and forty (40) percent Philadelphia effluent, the Township shall be liable for 60% of the damages attributable to an occurrence under this section whether due to the negligence of the City, the Township or their agents, servants or employees.

(d) Property damage and personal injuries due to the exceedance of the Township's flow limits.

2. The Township shall not be liable for personal injuries or property damage occurring during the course of treatment at the treatment

plant which arises from the City's negligence or that of its agents, servants and employees, except as provided in Article 8.03(1)(b) above.

8.04 No transfer of Rights

No provisions of this Agreement shall be deemed to:

1. Confer upon a third person any right against Township or the City or to authorize any such third person to institute any suit against Township or the City.
2. Permit or authorize Township to confer, transfer, convey, assign or license any third party any rights obtained under this Agreement, except a municipal authority, if the Township should ever organize one.

8.05. Term

This Agreement shall become effective immediately and shall continue in force and effect for five (5) years commencing on the date appearing on the first page of this agreement and shall thereafter continue until termination by either of the parties hereto giving the other at least six (6) months' written notice of its intention to do so.

8.06 No Joint Ownership

No provision of the Agreement shall be construed to create any type of joint ownership of any property, any partnership or joint venture, or create any other rights or liabilities except as expressly set forth herein.

8.07 Severability

Should any provision hereof for any reason be held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

8.08 Successors and Assigns

Except as set forth in Section 8.04, all the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

8.09 Waiver

The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

ARTICLE 9

9.01 Addendum

Notwithstanding anything herein contained to the contrary, it is further understood and agreed that Addendum No.1 is hereby incorporated by reference as though fully set forth herein.

IN WITNESS WHEREOF, the City of Philadelphia has caused this Agreement to be executed by its Water Commissioner pursuant to an Ordinance; and the appropriate offices of the Township of Cheltenham have executed this Agreement on behalf of the Township, and to have hereunto affixed the corporate seal of the said Township duly attested by the appropriate officer thereof, the day and year first above written.

CITY OF PHILADELPHIA

BY: _____
WILLIAM J. MARRAZZO
Commissioner, Water Department

Approved as to form:

HANDSEL MINYARD
City Solicitor

BY: _____
PAMELA FOA
Divisional Deputy City Solicitor

Township of Cheltenham

Attest:

BY: _____
Robert J. Hannum, Jr.
President, Board of
Commissioners

Assistant Secretary

BY: _____
Nicholas D. Melair, Jr.
Township Manager

Attest:

GILBERT P. HIGH, JR.
Attorney for Cheltenham Township

Township of Cheltenham, County of Montgomery, Commonwealth of Pennsylvania

Notwithstanding anything contained herein to the contrary, this Addendum is made a part of this Agreement between the City of Philadelphia, Pennsylvania and the Township of Cheltenham, County of Montgomery, Commonwealth of Pennsylvania.

1. Those areas which are covered by this Agreement are those areas in the Tacony Creek watershed in the Township of Cheltenham, Township of Abington, Borough of Jenkintown and a certain portion of the City of Philadelphia whose wastewater flows through the sewers of Cheltenham, thence into the City's sewers. (See attached Exhibit 1 for points of connection and maximum flow rates)

2. The following provisions shall govern wastewater received through the connection at Fillmore and Shel mire Streets:

- (a) City shall receive wastewater from Abington Township at a gauging station, constructed and owned by the City at the intersection of Fillmore and Shel mire Streets and convey wastewater from Abington at a maximum rate not to exceed 0.48 cubic feet per second. Said wastewater shall originate within the Tacony Creek watershed in those portions of Abington and the Borough of Rockledge which drains naturally to the above described intersection, and shall be conveyed through the sewers of the City to the gauging station at Orville and Cottman Avenues, and thence through the sewers of Cheltenham to the boundary line between the City and Cheltenham and through the metering

chamber at Adams Avenue and thence into the sewers of the City.

- (b) The above paragraph shall in no way serve to diminish the capacity reserved for the City in the Cheltenham sewers; and likewise shall in no way serve to increase the capacity allotted by the City to Cheltenham.
- (c) City shall bill Cheltenham for wastewater delivered to the City system in accordance with paragraph (a) above, at the current rates established under this agreement.
- (d) The quantity of wastewater received by the City at the gauging station at Fillmore and Shel mire Streets shall be reported to Cheltenham by the City in order that Cheltenham may in turn bill Abington for appropriate wastewater services rendered.

3. In accordance with Section 3.03b, the Township shall install and maintain metering devices and equipment of a type mutually acceptable to the contracting parties for the purpose of measuring wastewater received from City. Records and accounts of said meters shall be accessible to the City.

4. Plans and specifications for chambers for metering and sampling flows from City to Township shall be submitted to the City by Township for approval. Upon approval by the City, such chambers may be placed at each point of connection to the Township system.

- (a) Chambers shall include approved meters for measurements of wastewater quantities, and telemetry equipment for transmitting flow data to a regional control center in the City.

Chambers may also be equipped with automatic sampling equipment.

(b) All new chambers, equipment and installation thereof shall be at the sole cost of the City; the maintenance, rehabilitation and operation of existing chambers and equipment shall be at the responsibility of the Township;

(c) The Township shall:

1. Record periodically the meter readings of wastewater flowing through said meters;
2. Periodically take wastewater samples for analysis.

The Township shall notify the City in advance of the date(s) selected for monitoring. The City shall have the option of observing and splitting samples with the Township. If the City does not exercise this option it shall be bound by the results of the Township's sampling. If the City does not exercise this option and if the results of the City's analysis differ from that of the Township, the City may arbitrate the sampling methodology.

3. Perform the analysis of samples according to standard methods as prescribed in the current edition of Standard Methods for the Examination of Water and Wastewater, published by the American Public Health Association. Subject to the pro-

visions of 4(c)(2) the Township's findings in such analysis shall be binding on both parties to this Agreement.

4. Send flow data and strength data to the City on a quarterly basis. This information is to be received by the City no later than ten (10) days after the close of a quarterly billing period.

The Township shall inspect, calibrate and maintain these meters and related equipment.

The Township shall notify the City within two (2) weeks of the discovery of a meter that is malfunctioning. The Township may estimate flow and quality conditions when accurate records are unavailable for any reason whatsoever. Such estimates shall be binding and conclusive on all parties to this agreement, pending arbitration. The Township shall exercise its best efforts to repair malfunctioning meters promptly.

The City shall have the right to inspect meters and check calibration.

5. Township's payment for wastewater discharged into City's system as stated in Article 2 of this Agreement shall have the following deduction due to the conveyance of City wastewater through the Township's system:

For conveyance of wastewater from the various points of connection between sewers of the City and the conveying sewers of the Township to the point of connection between the discharging sewer of the Township and the receiving sewer of the City:

The actual construction costs of the relevant Township sewers

shall be multiplied by the ratios of the capacity provided for City Wastewater to the design capacity of the sewers. To the results of the above calculations shall be applied the same rates for depreciation and rate of return charged by the City for Township's use of the City conveyancing system. At the execution of this revised agreement depreciation is charged at 2% annually and return on investment is charged at 8% annually.

6. In accordance with Sections 1.03 and 2.01, the wastewater service charges to Cheltenham Township, for the period July 1, 1982 through June 30, 1983 shall be as follows:

1. An annual lump sum charge; inclusive of depreciation expense, return on investment, sewer maintenance expenses and customer related costs of \$168,000 plus;
2. A volume charge of \$0.1712 per each 1000 cubic feet (mcf) of wastewater delivered plus;
3. A capacity charge of \$338 per cubic foot per second (cfs) of contracted wastewater capacity. This capacity or capacities to be used for billing purposes shall be that expressed herein in terms of cubic feet per second (cfs) plus;
4. A charge of \$66.35 for each 1000 pounds suspended solids (S.S.) delivered plus;
5. A charge of \$49.17 for each 1000 pounds of biochemical oxygen demand (BOD) delivered.

7. In accordance with Sections 1.03 and 2.01 the wastewater service charges to Cheltenham Township for the period July 1, 1983 through December 31, 1985 shall be as follows:

1. An annual lump sum charge; inclusive of depreciation

expense, return on investment, sewer maintenance expenses and customer related costs of \$440,000 plus;

2. A volume charge of \$0.3681 per each 1000 cubic feet (mcf) of wastewater delivered plus;
3. A capacity charge of \$1,918 per cubic foot per second (cfs) of contracted wastewater capacity. This capacity or capacities to be used for billing purposes shall be that expressed herein in terms of cubic feet per second (cfs) plus;
4. A charge of \$84.41 for each 1000 pounds of suspended solids (S.S.) delivered plus;
5. A charge of \$66.50 for each 1000 pounds of bio-chemical oxygen demand (BOD) delivered.

8. In accordance with Sections 1.03 and 2.01, the wastewater service charge to Cheltenham Township, beginning January 1, 1986 shall be as follows:

1. An annual lump sum charge; inclusive of depreciation expense, return on investment, sewer maintenance expenses and customer related costs of \$517,000 plus;
2. A volume charge of \$0.3188 per each 1000 cubic feet (mcf) of wastewater delivered plus;
3. A capacity charge of \$1,856 per cubic foot per second (cfs) of contracted wastewater capacity. This capacity or capacities to be used for billing purposes shall be that expressed herein in terms of cubic feet per second (cfs) plus;
4. A charge of \$85.22 for each 1000 pounds suspended solids (S.S.) delivered plus;
5. A charge of \$75.42 for each 1000 pounds of biochemical oxy-

gen demand (BOD) delivered.

9. The City agrees to bear the cost of redesigning and renewing the existing piping and metering at the Adams Avenue connection to the City's sewer system.

/sb

EXHIBIT 1

POINTS OF CONNECTION AND MAXIMUM FLOW RATES
 CHELTENHAM TOWNSHIP INTO CITY OF PHILADELPHIA

Maximum Flow (CFS)	Points of Connection
18*	Tookany Creek north of Adams Avenue
2.75	Cheltenham Avenue at Bouvier Street

* In excess of wastewater originating from within the lines of the City Philadelphia which shall have a maximum flow rate not to exceed a total aggregate of eight cubic feet per second (8 cfs).

CITY OF PHILADELPHIA INTO CHELTENHAM TOWNSHIP

City Connection	Maximum Flow	Pipe Size	Points of Connection
1	8 CFS	10"	Cottman Avenue and Burholme Avenue
2		15"	County Line on a Line of St. Vincent Street Extended
3		10"	County Line, North of Longshore Avenue
4		10"	County Line, North of Kerper Street
5		10"	County Line on a Line of Passmore Street
6		10"	County Line on a Line of Devereaux Street
7		10"	County Line on a Line of Comly Road Extended

AMENDMENT NUMBER ONE TO THE
WASTEWATER SERVICE AGREEMENT
BETWEEN CHELTENHAM TOWNSHIP AND THE CITY OF PHILADELPHIA

This Agreement ("Amendment Number One") is made this day of March 19, 2014, ("Effective Date") by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and the Township of Cheltenham, Montgomery County, Pennsylvania, ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 8230 Old York Road, Cheltenham Pennsylvania. (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties have entered into a Wastewater Service Agreement on June 30, 2010 ("Wastewater Service Agreement"); and

WHEREAS, at the time the Parties entered into the Wastewater Service Agreement, Township was aperiodically exceeding its 18 CFS Maximum Flow Limit for the Point of Connection on the Tookany Creek north of Adams Avenue; and

WHEREAS, Township, in an effort to correct this exceedance issue, has done extensive wastewater planning and analysis and has now proposed pursuant to the Pennsylvania Sewage Facilities Act (commonly referred to as "Act 537")

an Official Sewage Facilities Plan Update (“Township’s Act 537 Plan”) to address this exceedance as well as other wastewater issues within Township; and

WHEREAS, the Township’s Act 537 Plan requests that the City increase the Township’s Maximum Flow Limit for the Point of Connection on the Tookany Creek north of Adams Avenue from its current 18 CFS limit to a new expanded limit of 29 CFS; and

WHEREAS, in order for the City to increase the Township’s Maximum Flow Limit to 29 CFS, the Township will be required to do all the following:

- (1) Build a sewer or a pump station with force main (the latter “Pump Station”) within the City in order for the City to safely convey this additional maximum flow; and
- (2) Pay a proportionate increase towards the city’s LTCP costs (defined below); and
- (3) Compensate the City for the additional combined sewer overflow it will experience by increasing Township’s limit above the current 18 CFS limit; and

WHEREAS, after considering the additional costs and risks associated with increasing the Maximum Flow Limit from 18 CFS to 29 CFS, both the City and the Township agree that the Township should carefully study and evaluate whether an equalization tank (s) offers a better solution for controlling flow above the current 18 CFS limit; and

WHEREAS, the City is agreeable to allowing the Township additional time to select its best option for managing and controlling its excess flow so that its Maximum Flow Limit of 18 CFS is not violated (“Best Option”); and

WHEREAS, the City is currently implementing its federal and state approved plan for controlling combined sewer overflows referred to as the Long Term Control Plan (“LTCP”); and

WHEREAS, the Township's is responsible for paying its proportionate share of the City's Long Term Control Plan ("LTCP") costs, the Parties shall incorporate the Township's LTCP proportionate share within this Amendment Number One ; and

WHEREAS, the Township desires to continue to utilize the City's Wastewater Treatment Services and correct the Township's Maximum Flow Limit exceedance, and the City desires to continue to provide these services to the Township, the Parties agree to now enter into this Amendment Number One to the Wastewater Service Agreement in accordance with the terms and conditions as set forth below;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Amendment Number One, the Parties agree as follows:

1. The Township shall immediately engage engineers and other planning professionals in order to evaluate and select the Best Option for the Township to control its excess flows over 18 CFS. In accordance with the Abatement Schedule contained in Paragraph 5 , the Township shall select its Best Option to control excess flows by no later than the Effective Date of this Agreement plus two years and zero months.
2. Should the Township select an equalization tank(s) to manage its excess flows above its 18 CFS limit, the design and operation of the tank(s) must be approved by the City to insure that the design will be sufficient to capture its excess flows and that its operation is compatible with the City's collection system and with the City's management of its wet weather flows. The City's approval shall not be unreasonably withheld, unreasonably conditioned or unreasonably delayed. Therefore, Township shall coordinate with the City at the initial design stage to ensure both sufficient tank capacity and that the tank(s)'s post storm draw down is compatible with the City's collection system and management of combined sewer overflows. The City's approval of design and operation does not relieve the Township in any manner of its responsibility to meet its contractual flow limits. The responsibility to meet the Township's contractual flow limits remains solely and exclusively with the Township.
3. Should an equalization tank(s) be selected and then ultimately built so that the Township can remain within its present 18 CFS limit, the Township's proportionate share of the LTCP costs shall be reduced to 1.266572% of total LTCP costs. The City's determination as to whether the tank(s) is achieving the 18 CFS limit, and therefore whether the Township is eligible for the proportionate share reduction, shall

take place once the tank(s) is complete and has been on line and in operation for a period of time sufficient to demonstrate that the Township is achieving its 18 CFS limit but in no event more than nine months after the tank(s) is on line and in operation. The Township remains eligible for the proportionate share reduction as long as the tank (s) continues to operate so that flows to the City are limited to 18 CFS.

4. Should the Township select as its Best Option to manage its excess flows requesting the City to increase its contractual Maximum Flow Limit above the current 18 CFS limit, the Township shall then be responsible for the following:

(a) The design, permitting and construction, and all costs and expenses related thereto, of approximately 7300 feet of sewer or Pump Station, sufficient to carry all flows in excess of 18 CFS, starting at City metering chamber MC-2 (Cheltenham and Crescentville Streets) and terminating at the five foot sewer pipe downstream of City regulating chamber T-8 (Ashdale and Bingham Streets).(Township shall retain the right to convey up to 18 CFS through the existing interceptor.) The sewer or Pump Station shall be sized so that it can safely convey Township's excess flow into the City. The construction of the sewer or Pump Station shall comply with all City of Philadelphia and City of Philadelphia Water Department rules, regulations and specifications; and

(b) Township shall also be solely responsible for building any additional sewers, if necessary, within the Township; and

(c) The design and construction of the sewer or Pump Station shall take place in accordance with the timelines set forth in the Abatement Schedule in Paragraph 5.

5. The Township shall abate its excess flows in accordance with the timelines set forth immediately below in this Abatement Schedule:

ACTION	DEADLINE
Flow and I&I Reduction Evaluation	Effective Date plus 1 year 0 months
Final selection of Best Option	Effective Date plus 2 years 0 months
Conceptual Design Plan for Best Option (Design drawings at 30% completion)	Effective Date plus 3 years 0 months
Final Design Plan for Best Option (100% complete plans and specifications ready to be bid)	Effective Date plus 4 years 0 months

Construction Contract for Best Option awarded	Effective Date plus 4 years 6 months
Best Option Construction Complete	Effective Date plus 6 years 6 months
Best Option On Line and In Full And Final Operation	Effective Date plus 7 years 0 months

6. Township agrees to pay its proportionate share of all capital projects and all operation and maintenance expenses necessary for the City to comply with and implement the LTCP throughout the City of Philadelphia. Therefore, facilities allocated to the Township shall include both those facilities related to the City's POTW as well as those facilities necessary for the City to comply with and implement the LTCP throughout the City of Philadelphia.
7. Township's proportionate share of the LTCP costs shall be 2.428005%% of the total LTCP costs. This percentage is based on the Township's current maximum flows being sent to the City and the additional CSO discharges being caused by them. Once the Township has built and has on line and in operation its Best Option , the City agrees to reduce the Township's proportionate share in accordance with the demonstrated effectiveness of the Best Option. Township shall pay depreciation and return on investment for the capital portion of the LTCP facilities placed into service. Further, Township shall be responsible for 2.428005% of all operation and maintenance expenses incurred by the City in complying with and implementing the City's LTCP. The City shall invoice Township for its proportionate share of these LTCP related costs once it completes its next Cost of Service Study which shall not occur any earlier than July 1, 2015.
8. Attached hereto as Exhibit 1 is the City's current estimate and projection of the total capital costs and operation and maintenance costs it anticipates spending to fulfill the requirements of its LTCP. Based on Township's 2.428005 % of these total LTCP costs Exhibit 1 estimates Township's yearly and total share of the LTCP costs.

ALTHOUGH EXHIBIT 1 IS THE CITY'S CURRENT BEST ESTIMATE, BOTH PARTIES AGREE THAT IT IS AN ESTIMATE ONLY. IT HAS BEEN CREATED SOLELY FOR THE PURPOSE TO ASSIST TOWNSHIP IN LONG


TERM BUDGETING SO THAT IT WILL BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS UNDER THE LTCP. BOTH PARTIES ACKNOWLEDGE AND AGREE THAT THE TOTAL LTCP COSTS AND/OR THE YEAR IN WHICH ANY PARTICULAR LTCP COST IS INCURRED IS SUBJECT TO SUBSTANTIAL CHANGE. GIVEN THE 25 YEAR TERM OF THE LTCP, CHANGING ENVIRONMENTAL REQUIREMENTS, CONSTRUCTION DELAYS, LABOR AND MATERIAL COST INCREASES, GENERAL INFLATION ASSUMPTIONS, ETC. ALL THAT IS POSSIBLE AT THIS TIME IS AN ESTIMATE.

9. The City agrees to waive any all Exceedance Charges that may have been incurred by the Township through the Effective Date of this Amendment Number One. Further, the City agrees to waive any Exceedance Charges that might be incurred by the Township through March 30, 2021 as long as the Township is in compliance with this Amendment Number One. Although the City agrees to waive Exceedance Charges, all other actions and remedies for violations of the Maximum Flow Limit, as contained within the Wastewater Service Agreement, remain in full force and effect.
10. The Parties agree that during certain major storm events even the Best Option may not be able to perform to its demonstrated effectiveness. During such events the City shall not hold the Township in violation of its contract. Once the Best Option is fully designed and its performance understood, the parties agree to craft language for contract relief during major storm events.
11. The Parties agree to hold quarterly meetings starting three months from the Effective Date of this Amendment, and every three months thereafter, to discuss issues and progress related to the timely achievement of the Action Items contained in the Abatement Schedule.
12. Township agrees to continue its infiltration and inflow (I&I) reduction efforts as set forth in its Act 537 Plan.

13. To the extent that any delays caused by or resulting from acts of God, war, civil commotion, fire or other casualty, shortages of labor, shortages of materials or equipment, insurrection, civil disobedience, acts of terror, severe adverse weather conditions, strikes, lockouts and/or other causes beyond a party's reasonable control ("*force majeure*") impact the deadlines or other requirements or obligations of Township in this Amendment Number One, then the Parties agree to negotiate in good faith to extend the deadlines and all dates related to the deadlines or take other appropriate action to account for and accommodate the *force majeure*.
14. Township agrees to continue its annual dues contribution of \$40,000 (Forty Thousand Dollars) to the Tookany Tacony Frankford Watershed Partnership, payable January 1 of each and every year that the Wastewater Service Agreement remains in effect.
15. The Parties agree to extend the Term of the Wastewater Service Agreement, found in Section II A, which was originally set to expire on June 30, 2015. The Parties agree to modify the Term of the Wastewater Service Agreement, Section II A, so that it now expires on June 30, 2025.
16. All terms and conditions in the Wastewater Service Agreement between the Parties, which have not been amended or changed by this Amendment Number One, remain in full force and effect. Should there be any conflict between the Wastewater Service Agreement and this Amendment Number One, the terms and conditions contained within this Amendment Number One shall control.
17. This Amendment Number One constitutes the full and complete agreement and understanding of the Parties. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment Number One.
18. This Amendment Number One may only be changed or modified in a writing signed by both Parties.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Amendment Number One to the Wastewater Service Agreement between Cheltenham Township and the City of Philadelphia to be executed by its Water Commissioner, and the Township, acting through its duly authorized officials, has executed this Agreement on behalf of Township, as of the day and year first above written.

CITY OF PHILADELPHIA

By: 
Howard Neukrug
Commissioner, Philadelphia Water Department

Approved as to form:

By: 
Scott Schwarz
Divisional Deputy City Solicitor

TOWNSHIP OF CHELTENHAM

By: 
Harvey Portner, President
Board of Commissioners

Attest:


Bryan T. Havir
Township Manager and Secretary



Debra A. McCarty, Water Commissioner

November 15, 2018

Bryan T. Havir
Cheltenham Township Manager
8230 Old York Road
Elkins Park, PA 19027-1589

RE: Cheltenham's Transfer of Ownership of its Wastewater System to Aqua America

Dear Mr. Havir,

Pursuant to Section XII, Paragraph B, of the Wastewater Service Agreement between Cheltenham Township and the City of Philadelphia, entered into on June 30, 2010, the City of Philadelphia hereby provides its written consent for the transfer of the Wastewater Services Agreement to Aqua America.

Please notify me when the sale of Cheltenham's wastewater collection system to Aqua America has been completed.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Katz", written in a cursive style.

David A. Katz
Deputy Water Commissioner
City of Philadelphia
1101 Market Street, 5th Floor
Philadelphia, PA 19107

WASTEWATER SERVICE AGREEMENT

This Agreement ("Agreement") is made this 1st day of April 2013, (the "Effective Date") by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and the **Delaware County Regional Water Quality Control Authority ("DELCORA")**, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 100 E. Fifth Street in Chester, Pennsylvania 19013 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties entered into a Wholesale Wastewater Agreement dated March 15, 1974 ("1974 Agreement"), whereby the City agreed to provide DELCORA Wastewater Treatment Services; and

WHEREAS, the Parties have amended the 1974 Agreement on May 1, 1995 and again on June 15, 2006; and

WHEREAS, The 1974 Agreement, as amended, terminated on July 25, 2011; and

WHEREAS, the parties entered into a new contract on July 25, 2011 for a period of two years while the City was finalizing its Long Term Control Plan ("LTCP"); and

WHEREAS, DELCORA desires to continue to procure Wastewater Treatment Services from City to ensure wastewater treatment for DELCORA and its contributing jurisdictions; and

WHEREAS, City is actively managing a Federal and State-mandated Combined Sewer Overflow ("CSO") program within City, and such program requires the City to maximize the treatment of wastewater collected in City's combined sewer system; and

WHEREAS, City in order to efficiently manage its CSO program must limit the treatment of inflow and infiltration from separate sanitary sewer systems within the City and from the City's wholesale customers; and

WHEREAS, City desires to provide and DELCORA desires to utilize Wastewater Treatment Services in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, the current wastewater services contract is expiring on July 25, 2013; and

WHEREAS, the City has concluded its negotiations with US EPA and PA DEP regarding the City's Long Term Control Plan; and

WHEREAS, the Parties are now ready to enter into a new longer term contract addressing, inter alia, the Parties obligations as related to the LTCP; and

WHEREAS, this Agreement, once executed, shall replace and supersede in its entirety the existing wastewater services contract set to expire on July 25, 2013;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms and phrases shall have the following meanings:

- A. **Biochemical Oxygen Demand ("BOD")**: The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at 20 degrees Celsius expressed in terms of concentration (milligrams per liter (mg/l)).
- B. **DRBC**: Delaware River Basin Commission.
- C. **EPA**: United States Environmental Protection Agency.
- D. **Fiscal Year**: A fiscal year shall be the year beginning on July 1 of any given year and ending on June 30th of the following year.

- E. Flow Limits: The maximum amount of wastewater that may be discharged to the City as measured in Millions of Gallons per Day (“MGD”) and/or Cubic Feet per Second (“cfs”) for treatment as specified in Exhibit “A.”
- F. Industrial User: Any facility, entity or person that introduces an indirect discharge regulated under the Clean Water Act, state or local law to a POTW.
- G. Loadings Limits: The maximum Biochemical Oxygen Demand (BOD) loadings and Suspended Solids (“SS”) loadings that may be discharged to City for treatment as specified in Exhibit “A.”
- H. SWWPCP: Southwest Water Pollution Control Plant.
- I. Non-domestic User: Commercial, industrial or municipal users who discharge to the POTW.
- J. PADEP: Commonwealth of Pennsylvania Department of Environmental Protection.
- K. PCB: Polychlorinated Biphenyls.
- L. Prohibited Exceedance: Any exceedance of the Flow and/or Loading Limits established in this Agreement and Exhibits.
- M. POTW: Publicly Owned Treatment Works. A treatment works as defined by section 212 of the Clean Water Act (33 U.S.C. §1292) which is owned by the City including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage and industrial waste. This definition includes any sewers that convey wastewater to the POTW treatment plant, but does not include pipes, sewers or other conveyances not connected to a facility providing treatment. POTW shall also include any sewers that convey wastewater to the POTW from persons outside the City who are, by contract or agreement with the City, users of the City’s POTW.
- N. Significant Industrial User (“SIU”): (1) any Industrial User subject to any National Categorical Pretreatment Standard; or (2) any Industrial User that discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, noncontact cooling and boiler blowdown wastewater) or contributes a process waste stream which makes up five percent (5%) or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or (3) any Industrial User that is found by the City, PADEP or EPA to have a reasonable potential, either alone or in conjunction with other discharges, to adversely affect the POTW, the collector system, the solid waste byproducts of the POTW, or air emissions from the POTW.

- O. Suspended Solids (“SS”): The total suspended matter that floats on the surface of, or is suspended in water, wastewater or other liquids, and which is removable by laboratory filtering expressed in terms of concentration (milligrams per liter (mg/l)).
- P. Contributing Jurisdiction: Any municipality or jurisdiction whose wastewater is conveyed through the force main serving DELCORA to the City’s SWWPCP.
- Q. Long Term Control Plan (“LTCP”) or Long Term Control Plan Update (“LTCPU”) shall mean the City’s approved plan for controlling combined sewer overflows.
- R. LTCP related facility: An LTCP related facility shall be any device, structure, tanks, piping, practice, material or surfacing, including but not limited to landscaping and or vegetative techniques, which will be used by the City to meet its water quality based effluent limits which are currently contained in Appendix I, Table 1, of the City’s Consent Order and Agreement (COA) with DEP, entered into June 1, 2011, or which may be subsequently modified by DEP or EPA through changes to the COA, modifications to the City’s NPDES permits or the issuance of any additional orders by either DEP or EPA.

II. TERM

- A. This Agreement shall start on the Effective Date and shall continue in full force and effect for 15 years, terminating on April 1, 2028 unless terminated earlier as provided herein.
- B. City shall have the right to terminate this Agreement for “cause” at any time, but only upon twelve (12) months written notice. “Cause” shall mean:
 - (1) Continuing exceedances of the Flow and Loadings Limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the City’s wastewater facilities or which cause City to be in violation of permits issued by PADEP or EPA; or
 - (2) Failure by DELCORA to meet its financial obligations under this Agreement for a period of three (3) consecutive months; or
 - (3) Failure by DELCORA to meet its obligations for PCB Minimization as set forth in Section III.H of this Agreement; or
 - (4) Failure by DELCORA to comply with a final decision or determination of an Arbitration

Panel or court of competent jurisdiction rendered under this Agreement within three (3) months of the date the decision or determination became final, unless otherwise specified by the Arbitration Panel or court of competent jurisdiction.

III. SCOPE OF SERVICES/WASTEWATER LIMITS

A. **Wastewater Treatment Services.** City shall convey, treat and dispose of wastewater and its byproducts delivered by DELCORA to the approved connection point at the SWWPCP.

B. **Flow and Loadings Limits.** The wastewater delivered by DELCORA to City shall not exceed the limitations set forth in the "Flow and Loadings Limits Addendum" (attached hereto and incorporated as Exhibit "A"). Parties acknowledge that the flows and loadings permitted by this Agreement are in no way guaranteed to be continued beyond the term of this Agreement.

C. **Prohibition on Wastewater From Marcellus Shale Operations.** DELCORA shall not be permitted to deliver wastewater to the City which originates in operations related to the extraction of natural gas from the Marcellus Shale region without the written approval of the City.

D. **Prohibition on Discharges that Exceed the Flow Limits and Loadings Limits.** DELCORA's wastewater flow shall not exceed the Flow Limits set forth in the Flow and Loadings Limits Addendum. DELCORA's discharges may not exceed the Annual Loadings Limits, either for BOD or SS. No planned activity that will cause an exceedance shall be permitted without the written approval of City. DELCORA shall be responsible for all City costs and damages caused by its exceedances of the stated Flow and Loadings Limits.

E. **Exceedance Charges.** DELCORA shall be liable to pay City for exceedances of the Flow and Loadings Limits as set forth in the Flow and Loadings Limits Addendum in accordance with the "Exceedance Charge Addendum" (attached hereto and incorporated herein as Exhibit "B").

F. **Plan to Eliminate Exceedances.** If DELCORA's discharge to City is a Prohibited Exceedance as defined in Section III.D of this Agreement, then DELCORA shall do the following:

(1) Flow Exceedances. Within ninety (90) days of written notice from City, DELCORA shall develop and submit a written report detailing a plan of action to eliminate the Prohibited Exceedances within a one (1) year period from the date of the notice. Within thirty (30) days of receipt of the plan, DELCORA and City shall meet to discuss the content of DELCORA's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless the City submits written amendments to the plan to DELCORA within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If DELCORA fails to submit a report outlining a plan to eliminate exceedances or if City is prohibited from approving the plan due to technical or legal reasons, DELCORA shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as DELCORA submits an approvable plan. In the event of a Flow Exceedance, nothing herein shall require City to certify the availability of treatment capacity until any Flow Exceedances have been eliminated or abated. During the pendency of any approved remediation plan, as provided under this paragraph, DELCORA shall not be liable to City for any fines or penalties for flow exceedances as provided under this Agreement. This exception shall not apply to exceedance charges incurred by DELCORA.

(2) Loadings Limits Exceedances. Within ninety (90) days of written notice from City, DELCORA shall develop and submit to City a written report detailing the circumstances that caused the Loading Limits exceedance and a plan of action to immediately eliminate the Prohibited Exceedances. Within thirty (30) days of receipt of the plan, DELCORA and City shall meet to discuss the content of DELCORA's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless the City submits written amendments to the plan to DELCORA within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If DELCORA fails to submit a report outlining a plan to eliminate any Loading Limit exceedance or if City is prohibited from approving the plan due to technical or legal reasons, DELCORA shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as DELCORA submits an approvable plan. During the pendency of any approved remediation plan, as provided under this paragraph, DELCORA shall not be liable to City for any fines or penalties for Loading Limits exceedances as provided under this Agreement. This exception shall not apply to exceedance charges incurred by DELCORA.

G. Certification of Sewer Capacity. City may determine that City does not have adequate sewer capacity to permit additional sewer connections to any part of DELCORA's system that will discharge to City if DELCORA has exceeded the Flow and/or Loading Limits set forth in Exhibit "A" and has failed

to submit an appropriate remediation plan approved by the City, as provided under Section III. F of this Agreement.

H. Polychlorinated Biphenyls Minimization. DRBC's Water Quality Regulation and Water Code Section 4.30.9 requires City to implement a Pollutant Minimization Plan ("PMP") at its SWWPCP to reduce its contribution of PCBs to the Delaware Estuary. In order to ensure City's compliance with this requirement DELCORA shall:

- (1) Within ninety (90) days of the Effective Date of this Agreement, supply City with any information it has regarding PCBs within the DELCORA drainage area whose wastewater is delivered to the City.
- (2) Provide an annual update regarding PCBs within the DELCORA service area for City's annual PMP report. The update shall be submitted at least thirty (30) days prior to the due date of City's report to DRBC.
- (3) Implement any and all new and/or more stringent PCB requirements or reductions that may be imposed upon the City's SWWPCP. DELCORA agrees to implement these requirements or reductions in its drainage area simultaneously with City's implementation of these new requirements.
- (4) Accept a numeric limit for PCB discharge into the SWWPCP which shall be consistent with DELCORA's proportionate flows into the SWWPCP in both dry and wet weather situations if at any time a numeric limit for PCBs is imposed upon discharges from City's SWWPCP.
- (5) Upon request by City, implement a PMP throughout the entire drainage area of DELCORA that contributes flow to the SWWPCP in order to achieve the maximum practicable reduction, as defined in DRBC's regulations, of PCBs into the SWWPCP.
- (6) Cooperate with any City investigation or trackdown of PCBs within DELCORA's drainage area that contributes flow to the SWWPCP.

IV. BILLING, PAYMENTS AND CHANGE IN RATES

A. DELCORA shall pay wastewater treatment charges consisting of its proportionate allocation of the capital, operation and maintenance costs of City's wastewater conveyance and treatment facilities in accordance with generally accepted wastewater rate methodologies, as determined by the City's most recent rate study completed by City's consultant. DELCORA shall also pay a management fee to City.

(1) Wastewater Treatment Charges:

(a) Capital Charges. The capital charges shall include depreciation expense and a Rate of Return on Investment ("ROI") on facilities allocated to DELCORA.

Facilities allocated to DELCORA shall include both those facilities related to the City's POTW as well as those facilities necessary for the City to comply with and implement the LTCP throughout the City of Philadelphia. DELCORA's share of the LTCP costs shall be 9.442871% of the total LTCP costs. DELCORA shall pay depreciation and return on investment for the capital portion of the LTCP facilities placed into service.

Attached hereto as Exhibit E is the City's current estimate and projection of the total capital costs and operation and maintenance costs it anticipates spending to fulfill the requirements of its LTCP. Based on DELCORA's 9.442871% of these total LTCP costs Exhibit E estimates DELCORA's yearly and total share of the LTCP costs.

ALTHOUGH EXHIBIT E IS THE CITY'S CURRENT BEST ESTIMATE, BOTH PARTIES AGREE THAT IT IS AN ESTIMATE ONLY. IT HAS BEEN CREATED SOLELY FOR THE PURPOSE TO ASSIST DELCORA IN LONG TERM BUDGETING SO THAT IT WILL BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS UNDER THE LTCP. BOTH PARTIES ACKNOWLEDGE AND AGREE THAT THE TOTAL LTCP COSTS AND/OR THE YEAR IN WHICH ANY PARTICULAR LTCP COST IS INCURRED IS SUBJECT TO SUBSTANTIAL CHANGE. GIVEN THE 25 YEAR TERM OF THE LTCP, CHANGING ENVIRONMENTAL REQUIREMENTS, CONSTRUCTION DELAYS, LABOR AND MATERIAL COST INCREASES, GENERAL INFLATION ASSUMPTIONS, ETC. ALL THAT IS POSSIBLE AT THIS TIME IS AN ESTIMATE.

Depreciation and ROI capital charges shall apply to all applicable capital projects which are completed and placed into service on or after July 1, 2011. Depreciation and ROI shall be billed as a fixed monthly charge. Depreciation and ROI shall not be billed on assets which were constructed and placed into service prior to July 1, 2011.

(b) Operations and Maintenance Charges. Operation and maintenance charges shall include, but not be limited to, expenses associated with the operation, maintenance, repairs, rentals and replacements of City's wastewater facilities appropriately allocated to DELCORA, as well as appropriate shares of employee benefits, departmental overhead and other allocable non-direct overhead expenses. Further, DELCORA shall be responsible for 9.442871% of all operation and maintenance expenses incurred by the City in complying with and implementing the City's LTCP. An estimate of these costs is provided in Exhibit E. (Please see section (a), immediately above, regarding the limitations of this estimate) DELCORA shall pay these operations and maintenance expenses based on the periodic projections of these expenses in connection with the City's cost of service study. Operation and maintenance costs so allocated shall be net of miscellaneous operating revenues related to those expenses.

(c) Management Fee. The management fee shall equal twelve percent (12%) of the total Wastewater Treatment Charges.

- (2) DELCORA's Wastewater Treatment Charges, beginning on January 1, 2011 and for Fiscal Year 2012, shall be as shown in Exhibit "D", TABLE A-49 of this Agreement and shall remain in effect until revised in accordance with the terms of this Agreement.
- (3) DELCORA shall have the right, upon written request, to review City's method of computing the charges for, and allocating the cost of providing wastewater treatment services to DELCORA. Such review shall be subject to the provisions relating to Notice of Changes in Rates (Section IV.C).
- (4) Capital charges shall be billed to DELCORA as follows:
 - (a) For wastewater services rendered through June 30, 2011 DELCORA shall be liable for City capital charges as required under the terms of the 1974 Agreement, as amended.

(b) The City has completely reconciled all Capital charges to DELCORA as of June 30, 2011 using its standard procedure for reconciling capital charges under the 1974 Agreement, as amended..

(c) For wastewater services rendered on July 1, 2011 and thereafter DELCORA shall be liable for capital charges in the form of Depreciation and ROI.

(5) DELCORA agrees that it shall not bypass or reroute any existing dry weather sanitary flow that is currently coming into the City's Southwest Wastewater Treatment Plant to DELCORA's Western Plant or to any other sewage treatment facility.

B. Billing.

(1) City shall provide DELCORA with wastewater flow and loadings data and computations utilized in billing DELCORA for the three (3) month periods ending in March, June, September, and December. Billings for all other months will be estimates based upon one-third (1/3) of the amount of the prior quarter's billing.

(2) City shall render bills to DELCORA on a monthly basis for the charges set forth in this Agreement. Annual charges shall be divided by twelve (12) for purposes of rendering monthly billings.

(3) Bills shall be payable to City by DELCORA within thirty (30) days of receipt of the bill by DELCORA. If DELCORA objects to any bill, in whole or in part, DELCORA shall notify City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter".)

(a) The Objection Letter shall state in detail the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Within thirty (30) days after receipt of the Objection Letter, City and DELCORA shall meet to discuss the substance of the Objection Letter, and shall attempt to reach a resolution of the matters raised in DELCORA's Objection Letter. In the event that no such resolution can be reached, then the parties may proceed to Arbitration as provided under Section VIII of this Agreement.

- (b) Within sixty (60) days after receipt by City of the Objection Letter, City and DELCORA may proceed to arbitration pursuant to Section VIII of this Agreement to resolve the specific objections made in the Objection Letter.
- (c) During the sixty (60) day period prior to arbitration, DELCORA shall have the opportunity to conduct an inspection and audit of City records in accordance with Section X.A of this Agreement.

All billings, including those subject to an Objection Letter, shall be paid in full and by the due date. Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing.

C. Notice of Changes in Rates.

- (1) City shall provide notice to DELCORA of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices. The City agrees that its rate methodology shall use and remain consistent with WEF Manual of Practice 27, Financing and Charges for Wastewater Systems, as amended or succeeded during the term of this Agreement.
- (2) If DELCORA has an objection to the change in rates or billing practices it shall notify City in writing within ninety (90) days from receipt of the City's notice as to its specific objection(s) (This writing shall hereinafter be referred to as the "Change Objection Letter").
 - (a) The Change Objection Letter shall include any and all facts or documentation supporting the specific objections contained therein.
 - (b) The Change Objection Letter shall automatically be deemed to be a demand for arbitration and the Parties shall immediately proceed to arbitration in accordance with Section VIII of this Agreement.
- (3) In the event DELCORA fails to serve City with a Change Objection Letter within ninety (90) days from receipt of City's notice, the rate increase or change in billing

practices shall be deemed fully accepted and approved by DELCORA, and DELCORA shall have waived all rights under this Agreement or by any other legal proceeding to dispute the rate increase or change in billing practices.

(4) Parties agree to accept the rate development methodology used by the City in determining the rates and charges described in Section IV and Exhibit "D" of this Agreement. DELCORA shall have the right to dispute the calculation of wastewater treatment charges set pursuant to this Agreement, however DELCORA shall not have the right to dispute, by arbitration or any other legal proceeding, the methodology used by the City in developing said charges to DELCORA.

(5) Should there be any material change to the Rate Making Methodologies (in narrative form), as set forth in Attachment F to this Agreement, after the Effective Date of this Agreement, the City shall notify DELCORA of such change. A material change is defined as any change to the Rate Making Methodologies that would result in an overall annual increase to DELCORA of 1% (one percent) or more in its DELCORA Agreement. DELCORA shall have the right to review and challenge this material change should DELCORA deem it appropriate. While DELCORA agrees to accept the current Rate Making Methodologies, as set forth in Attachment D to this Agreement, it retains the right to review and challenge specific costs for materials, services and projects billed by the City to DELCORA.

(6) The Rate of Return charged shall also not be subject to dispute by DELCORA unless the City increases the Rate of Return to a rate higher than eight percent (8%) per annum. Exhibit "D" is attached to this Agreement as a description of the methodology currently utilized by the City in developing rates under this Agreement.

V. **CONSTRUCTION, OPERATION, AND MAINTENANCE OF
DELCORA'S CONVEYANCE SYSTEM**

A. **Ownership and Maintenance of Force Main** DELCORA at its sole cost and expense shall operate and maintain the force main necessary to convey its wastewater to the City system. DELCORA shall make all necessary repairs in a timely manner.

B. Approved Connection Points. DELCORA's wastewater shall be delivered to the City via a force main entering the City's SWWPCP.

C. Plan to Eliminate Unauthorized or Harmful Discharges.

(1) Within thirty (30) days of written notice from the City, DELCORA shall submit a plan to City outlining action(s) to be taken to eliminate unauthorized or harmful discharges if any discharges from DELCORA are determined by City or any governmental regulatory agency to be:

(a) maintenance problems, or

(b) sources of unauthorized discharge(s), or

(c) sources of discharge(s) which adversely affect the City's wastewater collection and treatment system, or

(d) sources of discharge(s) which cause or contribute to any violation of federal, state or local laws or permits.

(2) City shall promptly approve or reject said plan, and shall notify DELCORA, in writing, of the basis for the rejection of the proposed plan. In the event that City rejects DELCORA's proposed plan, the Parties agree to promptly meet and discuss the basis for City's rejection and to negotiate terms acceptable to City.

(3) Any action taken pursuant to this section shall be at the sole expense of DELCORA.

VI. METERING AND SAMPLING

A. Meters and Equipment. City shall own and maintain the meter(s), metering equipment, and the electronics associated with the meters at the SWWPCP. Upon request, City shall provide DELCORA with copies of all metering and calibration tests/studies performed on any City meters.

B. Metering.

- (1) City shall measure wastewater flow and loadings by metering and sampling. DELCORA, upon reasonable notice to City, shall be entitled to jointly inspect the metering equipment maintained by City. City shall base its operation and maintenance charges on its actual flow and loadings measures whenever possible and reasonable. In the absence of actual flow and loadings measures, City shall estimate for billing purposes using its standard methods for estimating flow(s) and/or strength(s).
- (2) DELCORA may install telemetry equipment to bring the sewage flow information into its SCADA system at DELCORA's expense.

C. Sampling.

- (1) City shall have the right to enter the area serviced by DELCORA at any time for the following purposes:
 - (a) To sample the wastewater of a SIU,
 - (b) To inspect the facilities of a SIU,
 - (c) To trace a spill into the wastewater system which is believed to originate in an area served by DELCORA.

In the above instances, City will make a reasonable effort to notify DELCORA in advance.

- (2) DELCORA shall have the right to obtain splits of wastewater samples taken by the City for billing purposes.
- (3) The City shall base the TSS and BOD portion of the bill on the results of 24 hour sampling of the DELCORA flow. The TSS and BOD analyses shall be by PA DEP accredited methodologies in accordance with the City's PA DEP laboratory certification under Chapter 252 of the Pennsylvania code number 25.
- (4) The City shall supply QA/QC laboratory data upon request.

VII. PRETREATMENT AGREEMENT

Interjurisdictional Pretreatment Agreement. City and DELCORA shall enter into the contract entitled "Interjurisdictional Pretreatment Agreement" (attached hereto and incorporated herein as Exhibit "C"). DELCORA agrees to comply with all of the provisions contained therein including but not limited to adoption of City's most recent Wastewater Control Regulations. DELCORA further agrees to require that any outside jurisdictions which contribute to DELCORA's sewer system also adopt and enforce City's Wastewater Control Regulations.

VIII. DISPUTES

A. Arbitration of Disputes. In the event of a dispute between the Parties concerning terms, conditions and covenants of this Agreement or upon the issuance by DELCORA of an Objection Letter or Change Objection Letter, City and DELCORA agree to submit the dispute to an Arbitration Panel. All petitions to compel or stay arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and DELCORA agree to accept venue therein.

B. The Arbitration Panel shall be composed of three (3) arbitrators, one appointed by City, one by DELCORA, and the third by agreement of the arbitrators selected by City and DELCORA.

(1) The arbitrators representing DELCORA and City shall be named within five (5) days from the request for the appointment of an Arbitration Panel. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and DELCORA cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Delaware counties, from which the third arbitrator shall be selected.

(2) The arbitrator appointed by DELCORA shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within

five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as Chairman of the Arbitration Panel.

(3) Each of the Parties shall bear the costs of its own arbitrator and shall equally divide the costs of the third arbitrator and all other common costs.

(4) The arbitration proceedings shall commence within thirty (30) days of the selection of the third arbitrator and the arbitrators shall render their determination within thirty (30) days after the final hearing held by the Arbitration Panel. Except in the case of fraud, the decision of the Arbitration Panel shall be final and binding upon the Parties, except in the case of fraud, except that in rendering their decision, the Arbitration Panel shall be bound by the terms and conditions of this Agreement, and may not make findings that in any way add to, subtract from, or modify the terms of this Agreement.

(5) Upon mutual agreement of the City and DELCORA, the arbitration may be delayed for a specified period of time in order to allow the Parties additional time to reach a negotiated settlement. Any delay in commencement of the arbitration shall last only as long as is agreed to by the Parties.

IX. INDEMNIFICATION

A. DELCORA agrees to defend, indemnify and save harmless City from and against any and all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

(1) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

(2) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey DELCORA's wastewater to the SWWPCP, where such injury is due to the negligence of DELCORA or its employees, servants or agents or the inherent nature of their operations;

(3) EPA or PADEP action of any kind whatsoever, whether direct or indirect, for any work undertaken by DELCORA, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or PADEP; and

(4) any grant fund, or any portion thereof, received by DELCORA and later determined to be ineligible for reimbursement by the appropriate regulator agency or grant auditors.

B. City and DELCORA agree that in the event of EPA or PADEP action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or DELCORA or their employees, servants or agents, City and DELCORA shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should the City bill DELCORA pursuant to this paragraph, the City shall inform DELCORA as to the nature of the bill. If the parties are unable to reach an agreement on the apportionment of responsibility for any payment hereunder, either may proceed to arbitration under the terms of this Agreement.

C. DELCORA shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the plant(s), except to the extent that such injuries and damages are due to the negligence of DELCORA or its employees, servants or agents and where such injuries result in a direct increase to City's operating costs. DELCORA shall be responsible for its proportionate share of those increased costs.

D. Nothing set forth in this Agreement shall limit or debar either party from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section of the Agreement, however, jurisdiction over disputes regarding to this section shall first be subject to resolution as provided under Section VIII of this Agreement.

E. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or DELCORA or to vest in said third person any cause of action against City or DELCORA or to authorize any such third person to institute any suit or suits against City or DELCORA.

X. MISCELLANEOUS

A. Inspection and Audit. City and DELCORA agree to maintain complete records and accounts concerning their responsibilities under this Agreement. Both Parties shall at all times have the right to

examine and inspect said records and accounts upon thirty (30) days written notice. If required by any law or regulation, DELCORA shall make said records and accounts immediately available to federal and state authorities.

B. No Transfer of Rights. DELCORA shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of City. Any other transfer by either of the Parties shall not impede the rights of either City or DELCORA.

C. Ownership, Management and Control of Plant and LTCP Facilities. City retains sole ownership and control of the SWWPCP and all other wastewater conveyance and treatment facilities, including all facilities related to compliance with and the implementation of the City's LTCP. and agrees to operate, maintain, repair, and improve its facilities associated with service to DELCORA. City retains the sole and exclusive right to make all managerial and other decisions regarding its wastewater and LTCP related facilities, including but not limited to those decisions regarding operation, maintenance, upkeep, expansion, abandonment or replacement of all or a portion of its wastewater and LTCP related facilities.

D. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the Parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

E. Waiver. The failure of either City or DELCORA to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted, unless specifically stated in this Agreement.

F. Captions. The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

G. Entire Agreement. This Agreement and its Exhibits and Addendum, incorporated herein, represent the entire agreement of the Parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and DELCORA. This Agreement supersedes all previous wastewater agreements between City and DELCORA.

H. Severability. In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

I. Notices. All notices, payments and communications required to be given in writing under this Agreement shall be sent by certified United States mail, postage prepaid and by email communication or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or DELCORA may designate in writing from time to time:

If intended for City:


Water Commissioner
City of Philadelphia Water Department
1101 Market Street, 5th Floor
Philadelphia, PA 19107

If intended for DELCORA:

Executive Director
DELCORA
100 E. Fifth Street
Chester, PA 19016

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the Chairman of the Board of Supervisors has executed this Agreement on behalf of the Delaware County Regional Water Quality Control Authority, as of the day and year first above written.


CITY OF PHILADELPHIA

By: 
Howard Neukrug
Commissioner, Philadelphia Water Department

Approved as to form:

By: 
Gerald D. Leatherman
Divisional Deputy City Solicitor

Delaware County Regional Water Quality Control Authority

By: 
Stanley R. Kester
Chairman, Board of Directors

Attest:

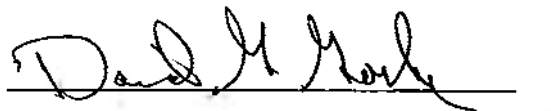

David G. Gorbey
Secretary

EXHIBIT "A"

FLOW AND LOADINGS LIMITS ADDENDUM

Flow Limits:

MAXIMUM ANNUAL AVERAGE FLOW LIMIT (over any 365 consecutive day period): 50 MGD

**INSTANTANEOUS FLOW LIMIT (As determined over any five (5) consecutive minute period):
155 cfs, or restated as 100 MGD**

**MAXIMUM DAY FLOW LIMIT (As determined over any 24 consecutive hour period):
75 Million Gallons**

Annual Limits of Suspended Solids "SS" and Biochemical Oxygen Demand "BOD":

SS: 19,487,000 pounds (As determined over any 365 consecutive day period)

BOD: 21,771,000 pounds (As determined over any 365 consecutive day period)

EXHIBIT "B"

EXCEEDANCE CHARGE ADDENDUM

DELCORA hereby agrees to exert its best efforts in ensuring that the limits established herein are not exceeded. DELCORA hereby recognizes the City's desire to avoid or eliminate any exceedances of the parameters below and that such exceedances can create significant operating difficulties for the City and the possibility of significant increased capital and operating costs as well as fines.

DELCORA shall be liable to City for the following exceedances beginning upon the Effective Date of this Agreement and thereafter when its flows and/or loadings exceed the limits set forth in the Flow and Loadings Limits Addendum (Exhibit "A"):

Annual Average Flow Exceedance Charge. The annual average flow exceedance charge shall be at the rate of One Hundred Dollars (\$100.00) per hundred thousand (100,000) gallons for any flow over the Annual Average Flow Limit during any 365 consecutive day period. The unit of flow used to determine exceedances shall be each hundred thousand gallons, or part thereof, of wastewater flow per day. DELCORA shall be assessed exceedance charges for each period described in Exhibit "A" in which flows exceed the stated limit.

Annual Loadings Exceedance Charges. The annual loadings exceedance charges shall be Seven Hundred Dollars (\$700.00) for each one thousand pounds of BOD and Seven Hundred Dollars (\$700.00) for each one thousand pounds of SS, delivered by DELCORA in excess of the respective stated annual loadings limit. DELCORA shall be assessed exceedance charges for each period described in Exhibit "A" in which the annual loadings limits are exceeded.

Instantaneous Flow Exceedance Charge. The instantaneous flow exceedance charge shall be at the rate of One Thousand Dollars (\$1,000.00) per year per hundred thousand (100,000) gallons per day for any flow above the Instantaneous Flow Limit determined over any five (5) consecutive minute period payable in full as part of the next billing statement. Should the Instantaneous Flow Limit be

exceeded more than once in a calendar month, DELCORA shall be billed only for the highest monthly exceedance. The difference between a higher amount of instantaneous flow experienced in any subsequent month during the remainder of a fiscal year and the previously billed maximum instantaneous flow will also be subject to the instantaneous flow exceedance charge and payable in full as part of the subsequent monthly billing statement. The maximum instantaneous flow will be reestablished at the beginning of each subsequent fiscal year at the contract level set forth in Exhibit "A".

Maximum Day Exceedance Charge. The Maximum Day exceedance charge shall be at the rate of One Thousand Five Hundred Dollars (\$ 1,500.00) per hundred thousand (100,000) gallons per day for any daily flow over the Maximum Day Limit over any twenty four consecutive hourly period payable in full as part of the next billing statement. Should the Maximum Day Limit be exceeded more than once in a calendar month, DELCORA shall be billed only for the highest monthly exceedance. The difference between a higher amount of maximum day flow recorded by City in any subsequent month during the remainder of a fiscal year and the previously billed maximum day flow will also be subject to the Maximum Day exceedance charge and payable in full as part of the subsequent monthly billing statement. The Maximum Day flow will be re-established at the beginning of each subsequent fiscal year at the contract level set forth in Exhibit "A".

I. Application of Exceedance Charges.

Exceedance charges shall be billed monthly in accordance with the terms and conditions stated above and in Section IV.B of the Agreement.

. Instantaneous Flow Limit Exemption

The City recognizes that the Instantaneous Flow Limit could be violated during extreme wet weather events. Therefore, the Parties agree that DELCORA shall not be held in violation of this Agreement should it exceed its Instantaneous Flow Limit as a result of a wet weather event that meets the condition set forth below. A wet weather event that exceeds the exemption condition as set forth below and results in DELCORA exceeding its Instantaneous Flow Limit shall be considered an exemption to the Instantaneous Flow Limit and DELCORA shall not incur

instantaneous flow exceedance charges. However, a wet weather event that does not exceed the exemption condition as set forth below and results in DELCORA exceeding its Instantaneous Flow Limit shall be considered a violation of the Agreement and shall result in DELCORA incurring exceedance charges. This exemption does not relieve DELCORA of the requirements of Section III F of this Agreement.

The exemption condition is as follows: A rain event must exceed 2.75 inches in a 24 consecutive hour period. Once the 24 consecutive hour period has been established, the Instantaneous Flow Limit must be met within 48 hours from the start of the defined 24 hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this exemption. At no point shall two 24 hour periods overlap. All such events shall be quantified using hourly precipitation data obtained from the Philadelphia International Airport Rain Gauge

III. Charges for Years Subsequent to Calendar Year 2012

During calendar year 2013, and for each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the changes in the Consumer Price Index for the prior calendar year, upon the availability of the Consumer Price Index for January of each subsequent year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers ("CPI-U") for the Northeast Region US, all items.

EXHIBIT "C"

INTERJURISDICTIONAL PRETREATMENT AGREEMENT BETWEEN THE CITY OF PHILADELPHIA AND DELCORA

RECITAL

Whereas, City owns and operates wastewater collection and treatment facilities; and

Whereas, DELCORA will be utilizing the City's Wastewater Treatment Services pursuant to the attached Service Agreement between City and DELCORA; and

Whereas, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permits (Permits PA0026671, PA0026689 and PA0026662) issued by the Pennsylvania Department of Environmental Protection; and

Whereas, DELCORA desires to continue to utilize the City's Wastewater Treatment Services and recognizes its industrial waste control obligations under 40 CFR § 403 and the City's Wastewater Control Regulations.

In consideration of the following terms and conditions City and DELCORA agree:

1. No later than four (4) months after the effective date of the City's current Wastewater Control Regulations, DELCORA shall adopt and diligently enforce rules and regulations (hereinafter "Regulations") substantially identical to the City's current Wastewater Control Regulations. DELCORA shall ensure that all of its contributing municipalities then adopt DELCORA's rules and regulations. Should the City amend its Wastewater Control Regulations, DELCORA shall adopt and diligently enforce the amendment within four (4) months from the amendment's effective date. Also, DELCORA shall make its best efforts to ensure that any outside jurisdictions which contribute to its sewer system adopt the Regulations and any amendments to the Regulations within four (4) months of the amendment's effective date.

2. DELCORA shall explicitly incorporate the following provisions into its Regulations:
 - (a) a provision requiring any Industrial User responsible for any accidental discharge to notify both City and DELCORA immediately;
 - (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by federal pretreatment standards;
 - (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;
 - (d) a prohibition against, and a penalty for, the knowing transmittal of false information by an Industrial User to either City or DELCORA; and

- (e) a grant of explicit authority to City to require the Industrial User(s) to install monitoring and pretreatment facilities as necessary.
3. City and DELCORA shall periodically, at a minimum of every five (5) years, review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City revises its regulations or drafts an amendment to its regulations, DELCORA must adopt substantially in such form within three (3) months of promulgation by the City. If DELCORA has adopted regulations identical to the City's regulations, then, whenever City revises or amends its regulations, DELCORA shall adopt the identical revisions or amendment(s) within three (3) months of promulgation by the City.
 4. DELCORA shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.
 5. DELCORA's Regulations shall require that categorical pretreatment standards promulgated by the U.S. Environment Protection Agency (EPA) by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into DELCORA's Regulations. These standards shall supersede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. DELCORA shall notify all affected Industrial Users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.
 6. DELCORA shall adopt in its Regulations definitions for "Significant Industrial User," "Industrial User" and "Non-domestic User" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular user is a Significant Industrial User, Industrial User or Non-domestic User based on information City may request from DELCORA. City may control, through wastewater discharge permits, wastewater discharges from Significant Industrial User, Industrial User or Non-domestic User.
 7. If there exists any Industrial User discharging to DELCORA's force main but located outside the jurisdictional limits of DELCORA, then DELCORA shall within thirty (30)

days from the effective date of this Service Agreement notify such jurisdiction of the requirements contained within this Interjurisdictional Pretreatment Agreement and provide the City with copies of such notification. DELCORA shall negotiate and enter into an agreement with such outside jurisdiction within six (6) months from the effective date of this Service Agreement. Such agreement shall be substantially equivalent to this Interjurisdictional Pretreatment Agreement, and shall be jointly executed by DELCORA, City and the outside jurisdiction. The agreement shall specifically state that the contributing jurisdiction must also adopt regulations substantially identical to the City's Wastewater Control Regulations and shall adopt all amendments thereto within three (3) months from their effective date. Such agreement shall ensure that the City has the same rights, powers and authority to operate its industrial pretreatment program in the outside jurisdiction as it has within the area served by DELCORA. If DELCORA is unable to reach agreement with the contributing jurisdiction within six (6) months, then DELCORA shall immediately thereafter take all necessary steps to prevent all discharges from Industrial Users within the contributing jurisdiction to DELCORA.

8. DELCORA shall file with City a certified copy of its resolution and any amendments thereto, and other interjurisdictional agreements. DELCORA warrants that its resolution has met EPA approval, and during the term of this Agreement it shall not amend its resolution absent EPA approval. DELCORA shall provide a table to the City cross-referencing sections of its ordinance with the City's Wastewater Control Regulations in order to demonstrate that all provisions contained in the City's Wastewater Control Regulations have been incorporated into DELCORA's ordinance. If DELCORA maintains, DELCORA shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline monitoring reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six (6) years.
9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer systems of DELCORA and its contributing jurisdictions. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect wastewater discharges. DELCORA shall provide

complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the Industrial User or Non-domestic Dischargers.

10. DELCORA and City hereby agree that DELCORA shall implement a pretreatment program within the area served by DELCORA and its contributing jurisdictions and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement; and 6) monitoring hazardous waste disposal practices.
11. City shall review DELCORA's ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CFR Part 403, and to ensure inclusion of all other legal provisions mandated by this Interjurisdictional Pretreatment Agreement. City shall periodically review the enforcement efforts of DELCORA and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.
12. If DELCORA fails or refuses to fulfill any pretreatment obligations, including, but not limited to, any obligations contained within this Interjurisdictional Pretreatment Agreement, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by DELCORA, and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where DELCORA fails to satisfy the terms of the remedial plan, City may, upon thirty (30) days written notice, refuse to accept any wastewater discharges from DELCORA.
13. In the event that EPA or PADEP action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from DELCORA or contributing jurisdictions, DELCORA and City shall equitably apportion responsibility for payment of such fines, penalties or costs.

14. Where a discharge to the wastewater collection and treatment facilities reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater collection and treatment facilities, City may immediately initiate steps to identify the source of the discharge and to hold or prevent said discharge. City may seek injunctive relief and/or may pursue other self-help remedies against DELCORA, contributing jurisdictions, and any Industrial User or Non-domestic User contributing to the emergency conditions. DELCORA shall pay to City the cost of such steps specified in reasonable detail and submitted in writing to DELCORA taken to prevent, stop or ameliorate the effects of such discharge.
15. All provisions of this Interjurisdictional Pretreatment Agreement apply only to areas and properties within DELCORA's service area from which flows, directly or indirectly, enter the City's wastewater collection or treatment facilities. This Interjurisdictional Pretreatment Agreement does not apply to any area or property within DELCORA's service area from which flows do not enter the City's wastewater collection or treatment facilities.
16. Any disputes arising out of this Interjurisdictional Pretreatment Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between DELCORA and City, as amended.
17. The terms of this Interjurisdictional Pretreatment Agreement may be amended only by written agreement of the Parties. In any event, this Interjurisdictional Pretreatment Agreement shall be reviewed and revised, as necessary, at least every five (5) years.
18. This Interjurisdictional Pretreatment Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Interjurisdictional Pretreatment Agreement.
19. This Interjurisdictional Pretreatment Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Interjurisdictional Pretreatment Agreement.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Interjurisdictional Pretreatment Agreement to be executed by its Water Commissioner, and President of the Board of Directors of DELCORA has executed this Interjurisdictional Pretreatment Agreement on behalf of DELCORA, as of the Effective Date of the Service Agreement.

CITY OF PHILADELPHIA

By: 


Howard Neukrug
Water Commissioner

Approved as to form:

By: 

Gerald D. Leatherman
Divisional Deputy City Solicitor

DELCORA



Stanley R. Kester
Chairman, Board of Directors



David G. Gorbey
Secretary

Exhibit "D"

The following eleven (11) tables constitute Exhibit D.

TABLE A - 15

**UNITS OF WASTEWATER SERVICE
Test Year 2011**

Line No.		(1)	(2)
		Units	DELCORA
FY 2011 Test Year			
Volume			
1	Sanitary Wastewater	(Mcf)	1,404,000
2	Infiltration	(Mcf)	<u>0</u>
3	Total	(Mcf)	1,404,000
Suspended Solids			
4	Sanitary Wastewater	(1,000 lbs)	12,528
5	Infiltration	(1,000 lbs)	<u>0</u>
6	Total	(1,000 lbs)	12,528
BOD			
7	Sanitary Wastewater	(1,000 lbs)	11,214
8	Infiltration	(1,000 lbs)	<u>0</u>
9	Total	(1,000 lbs)	11,214
Contract Maximum Units			
Capacity			
10	Sanitary Wastewater	(Mcf/day)	13,392
11	Infiltration	(Mcf/day)	<u>0</u>
12	Total	(Mcf/day)	13,392
Volume			
13	Sanitary Wastewater	(Mcf)	2,439,840
14	Infiltration	(Mcf)	<u>0</u>
15	Total	(Mcf)	2,439,840
Suspended Solids			
16	Sanitary Wastewater	(1,000 lbs)	21,771
17	Infiltration	(1,000 lbs)	<u>0</u>
18	Total	(1,000 lbs)	21,771
BOD			
19	Sanitary Wastewater	(1,000 lbs)	19,487
20	Infiltration	(1,000 lbs)	<u>0</u>
21	Total	(1,000 lbs)	19,487

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 3
ALLOCATION OF TEST YEAR INVESTMENT FOR THE
SOUTHWEST WATER POLLUTION CONTROL PLAN TO FUNCTIONAL COST COMPONENTS
Test Year 2011

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment (\$)	Retail Capacity	Volume	Capacity	Suspended Solids	BOD
		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
1	Raw Wastewater Pumping Station	6,841	6,841				
2	Sludge Digestion Facilities	5,132				3,745	1,387
3	Scum Incineration	1,965				1,965	
4	Settling Tanks	13,122		13,122			
5	Sludge Handling	2,198				1,649	549
6	Chlorination Facilities	1,228			1,228		
7	Aeration Tanks	707					707
8	Oxygen Supply	1,286					1,286
9	Effluent Pump Station	101			101		
10	Sludge Thickener Building	1,936				968	968
11	Composting Facilities	1,033				775	258
12	Sludge Gas Facilities	3,055				2,291	764
13	Subtotal	38,604	6,841	13,122	1,329	11,393	5,919
14	Administrative and General Facilities						
15	Administrative and General Plant	47,979					
16	Land	694					
17	Subtotal	48,673	8,625	16,545	1,676	14,365	7,462
18	Adjustment for Joint Use Facilities	(2,935)				(2,325)	(610)
19	Total Non-Water Pollution Abatement Program Facilities	84,342	15,466	29,667	3,005	23,433	12,771
WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
21	Influent Pumping Station	6,386	6,386				
22	Preliminary Treatment Building	24,513			24,513		
23	Primary Sedimentation Tanks	11,248		11,248			
24	Aeration Tanks	16,566					16,566
25	Oxygen Supply System	14,248					14,248
26	Compressor Building	3,771					3,771
27	Final Tanks	29,630		29,630			
28	Scum Concentration Building	1,387				1,387	
29	Sludge Thickener Building	12,682				6,341	6,341
30	Sludge Digestion Facilities	31,442				22,942	8,500
31	Effluent Pumping Station	5,990			5,990		
32	New Centrifuges	11,167				8,148	3,019
33	Composting Facilities	21,811				16,359	5,452
34	Sludge Dewatering	9,075				6,806	2,269
35	Sludge Gas Facilities	7,325				5,345	1,980
36	Subtotal	207,241	6,386	40,878	30,503	67,328	62,146
37	Admin. and Gen'l. Facilities	34,355	1,039	6,776	5,057	11,161	10,302
38	Adjust. for Joint Use Facilities	(10,345)			(476)	(7,385)	(2,486)
39	Total Water Pollution Abatement Program Facilities	231,251	7,445	47,654	35,086	71,104	69,962
40	TOTAL SOUTHWEST WPC PLANT BOOK COST	315,593	22,911	77,321	38,091	94,537	82,733
41	Less Federal Grants	158,028	5,089	32,557	23,980	48,586	47,816
42	ADJUSTED TOTAL SOUTHWEST WPC PLANT INVESTMENT	157,565	17,822	44,764	14,111	45,951	34,917

(a) Plant Investment as of 6/30/2007.

TABLE A - 5

**TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2011**

Line No.	Cost Component	Total Direct Investment (a)
		\$
	COLLECTION SYSTEM	
1	Sewers - Capacity	1,000,622,000
2	Pumping Stations - Capacity	29,222,000
3	Total Collection System	<u>1,029,844,000</u>
	WATER POLLUTION CONTROL PLANTS	
	Southwest Plant:	
4	Retail - Capacity	17,822,000
	Retail, DELCORA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby	
5	Volume	44,764,000
6	Capacity	14,111,000
7	Suspended Solids	45,951,000
8	BOD	<u>34,917,000</u>
9	Total Southwest Plant	157,565,000
10	Other Plants	381,920,000
11	Total Water Pollution Control Plants	539,485,000
12	Total Investment	1,569,329,000

(a) Plant investment as of 6/30/2007. Includes Administration and General costs.

TABLE A - 16

WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY
Test Year 2011

Line No.	Cost Component	(1)	(2)	(3)
		Direct Investment (a)	Units of Capacity	Unit Investment (a)
		\$		\$
Southwest Water Pollution Control Plant				
1	Retail - Capacity Retail, DELCORA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby	17,822,000	50 mgd = 6,684 Mcf/day	2,666.3674 /Mcf/day
2	Volume	44,764,000	73,000 mg = 9,759,000 Mcf	4.5869 /Mcf
3	Capacity	14,111,000	400 mgd = 53,476 Mcf/day	263.8754 /Mcf/day
4	Suspended Solids	45,951,000	133,824,000	343.3698 /1,000 lbs
5	BOD	34,917,000	83,723,000	417.0520 /1,000 lbs

(a) Plant investment as of 6/30/2007. Includes Administration and General costs.

mg - million gallons

mgd - million gallons per day

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 21

**WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
DELCORA
Test Year 2011**

Line No.	Cost Component	Units	Investment Per Unit	Number of Contract Units	Infiltration/Inflow Capacity Allocation Factor	Allocated Investment (a)	Allocated Investment Rounded (a)
			\$			\$	\$
	Treatment						
	Retail, DELCORA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby						
1	Volume	Mcf	4.5869	2,439,840		11,191,302	11,191,000
2	Capacity	Mcf/day	263.8754	13,392		3,533,819	3,534,000
3	SS	1,000 lbs	343.3698	21,771		7,475,504	7,476,000
4	BOD	1,000 lbs	417.0520	19,487		8,127,092	8,127,000
5	Total Treatment					30,327,717	30,328,000
6	Conveyance					0	0
7	Total Allocated System Investment					30,327,717	30,328,000

(a) Plant investment as of 6/30/2007. Includes Administration and General costs.

cfs - cubic feet per second

Mcf - Thousand cubic feet

lbs - pounds

TABLE A - 8

ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
SOUTHWEST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2011

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Retail		Retail, DELCORA, Lower Merion, Springfield (w/o Wyndmon) and Upper Darby		Suspended Solids	BOD
		\$	Volume	Capacity	Volume	Capacity	\$	\$
	Personal Services							
1	Raw Wastewater Pumping	145,950		145,950				
2	Preliminary Treatment	1,926,543			1,406,376	520,166		
3	Flocculation	350,280			350,280			
4	Primary Sedimentation	507,906			507,906			
5	Aeration	1,033,327						1,033,327
6	Secondary Sedimentation	875,701			875,701			
7	Recirculating Pumping	326,938			326,938			
8	Chlorination	496,330			292,776	203,454		
9	Effluent Pumping	408,660				408,660		
10	Primary Sludge Pumping	373,632					373,632	
11	Secondary Sludge Thickening	309,414					151,613	157,801
12	Sludge Digestion	1,182,196					886,647	295,549
13	Sludge Holding Tanks	201,411					151,058	50,353
14	Sludge Dewatering	919,486					689,615	229,871
15	Sludge Lagoon	8,757					6,568	2,189
16	Grit and Screening Incineration	810,023			550,816	259,207		
17	Scum and Grease Incineration	205,789					205,789	
18	Laboratory	747,265					373,633	373,632
19	Subtotal Personal Services	10,829,497		145,950	4,310,783	1,391,487	2,838,555	2,142,722
	Purchase of Services, Materials, Supplies, and Equipment:							
20	Raw Wastewater Pumping	34,685		34,685				
21	Preliminary Treatment	397,060				397,060		
22	Flocculation	205,797			205,797			
23	Primary Sedimentation	115,947			115,947			
24	Aeration	225,948						225,948
25	Secondary Sedimentation	243,455			243,455			
26	Recirculating Pumping	101,412			101,412			
27	Chlorination	1,018,059			1,018,059			
28	Effluent Pumping	11,562				11,562		
29	Primary Sludge Pumping	130,481					130,481	
30	Secondary Sludge Thickening	23,123					11,330	11,793
31	Sludge Digestion	278,177					171,133	57,044
32	Sludge Holding Tanks	80,518					60,389	20,129
33	Sludge Dewatering	482,368					361,776	120,592
34	Sludge Lagoon	4,459					3,344	1,115
35	Grit and Screening Incineration	102,073				102,073		
36	Scum and Grease Incineration	32,703					32,703	
37	Laboratory	260,633					130,317	130,316
38	Subtotal Purchase of Services, Materials, Supplies & Equipment	3,698,460		34,685	1,684,670	510,695	901,473	566,937
39	Subtotal All Above	14,527,957		180,635	5,995,453	1,902,182	3,740,028	2,709,659
	Administrative & General							
40	Personal Services	2,622,000		35,337	1,043,712	336,902	687,261	518,788
41	Other	410,800		3,853	187,122	56,725	100,128	62,972
42	Subtotal Administration & General	3,032,800		39,190	1,230,834	393,627	787,389	581,760
	Power Requirements							
43	Raw Wastewater Pumping	94,733	80,523	14,210				
44	Preliminary Treatment	6,316			5,369	947		
45	Flocculation	303,597			258,057	45,540		
46	Primary Sedimentation	23,909			20,323	3,586		
47	Aeration	2,957,928						2,957,928
48	Secondary Sedimentation	60,900			51,765	9,135		
49	Recirculating Pumping	161,497			137,272	24,225		
50	Chlorination	13,082			11,130	1,952		
51	Effluent Pumping	39,698			33,743	5,955		
52	Primary Sludge Pumping	3,609					3,609	
53	Secondary Sludge Thickening	395,172					193,634	201,538
54	Sludge Digestion	92,265					69,274	23,091
55	Sludge Dewatering	67,666					50,750	16,916
56	Grit and Screening Incineration	41,953			35,660	6,293		
57	Scum and Grease Incineration	6,428					6,428	
58	Subtotal Power Requirements	4,268,853	80,523	14,210	553,309	97,643	323,695	3,199,473
59	Sludge Disposal	9,158,748					6,869,061	2,289,687
60	Total Southwest WPC Plant Expense	30,988,358	80,523	234,035	7,779,596	2,393,452	11,720,173	8,780,579

TABLE A - 11

**TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2011**

Line No.	Cost Component	(1)	(2)	(3)	(4) O&M Expense Deductions		(6)
		Direct Operation & Maintenance Expense \$1,000	Administrative & General Expense \$1,000	Total Operation & Maintenance Expense \$1,000	Less Interest Income \$1,000	Less PA Clean Streams Grants \$1,000	Net Operation & Maintenance Expense \$1,000
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity	23,041	10,994	34,035	127	0	33,908
Inlet Cleaning							
2	Retail - Storm Capacity	10,350	4,938	15,288	57	0	15,231
Pumping Stations							
3	Total Volume	2,845	0	2,845	11	0	2,834
4	Total Capacity	<u>11,259</u>	<u>5,131</u>	<u>16,390</u>	<u>61</u>	<u>0</u>	<u>16,329</u>
5	COLLECTION SYSTEM	47,495	21,063	68,558	256	0	68,302
WATER POLLUTION CONTROL PLANTS							
Southwest Plant:							
Retail							
6	Volume	81	0	81	0	0	81
7	Capacity	234	104	338	1	1	336
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby							
8	Volume	7,780	3,414	11,194	42	45	11,107
9	Capacity	2,393	1,085	3,478	13	14	3,451
10	Suspended Solids	11,822	5,468	17,290	64	73	17,153
11	BOD	8,781	2,652	11,433	43	46	11,344
12	Other Plants	<u>55,694</u>	<u>23,544</u>	<u>79,238</u>	<u>295</u>	<u>321</u>	<u>78,622</u>
13	Total Water Pollution Control Plants	86,785	36,267	123,052	458	500	122,094
14	CUSTOMER COSTS	27,879	13,303	41,182	153	0	41,029
15	Total Operation & Maintenance Expense	162,159	70,633	232,792	867	500	231,425

TABLE A - 28

UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
 APPLICABLE FOR CONTRACT SERVICE
 Test Year 2011

Line No.	Cost Component	(1) Net Operating Expense \$	(2) Projected TY Units of Service	(3) Unit Operating Expense \$/Unit
WATER POLLUTION CONTROL PLANTS				
Southwest Plant:				
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby				
1	Volume	11,107,000	9,271,000 Mcf	1.1980
2	Capacity	3,451,000	56,249 Mcf/day	61.3522
3	Suspended Solids	17,153,000	84,426 1,000 lbs	203.1720
4	BOD	11,344,000	61,300 1,000 lbs	185.0571

NA - Not Applicable

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 33
OPERATING EXPENSE
ALLOCATED TO
DELCORA
Test Year 2011

Line No.	Cost Component	(1) Allocated Investment \$	(2) Test Yr. No. of Units	(3) Allocated Operating Expense \$
Collection System:				
1	Sewer Maintenance (a)	0	x 3.20%	0
SW Treatment Plants:				
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby				
2	Volume	1.1980	\$/Mcf 1,404,000	Mcf 1,681,992
3	Capacity	61.3522	\$/Mcf/day 13,392	Mcf/day 821,629
4	Suspended Solids	203.1720	\$/1,000 lbs 12,528	1,000 lbs 2,545,339
5	BOD	185.0571	\$/1,000 lbs 11,214	1,000 lbs 2,075,230
6	Customer Costs			<u>43,000</u>
7	Total			7,167,190
8	Total - Rounded			7,167,000

(a) Based on investment in sewers serving DELCORA.
Mcf - Thousand cubic feet
lbs - pounds

TABLE A - 40
SUMMARY OF ALLOCATED COST OF SERVICE
FOR DELCORA

Description	(1) Allocated Investment (a)	(2) Allocated Depreciable Investment (a)	(3) O&M Expense	(4) Depreciation Expense (b)	(5) Return on Investment (b)	(6) Allocated Cost of Service
	\$	\$	\$	\$	\$	\$
FY 2011	30,328,000	30,194,000	7,167,000	0	0	7,167,000
FY 2012	30,328,000	30,194,000	7,686,000	0	0	7,686,000

(a) Plant investment as of 6/30/2007. Includes Administration and General costs.

(b) DELCORA Depreciation and ROI capital charges shall apply to all applicable capital projects which are completed and in-service after December 31, 2010.

TABLE A - 49
SUMMARY OF CHARGES
DELCORA

Description	(1)	(2)	(3)	(4)	(5)
	Annual Lump Sum	Volume	Unit Costs		
			Capacity (a)	Suspended Solids	BOD
	\$	\$/Mcf	\$/cfs	\$/1,000 lbs	\$/1,000 lbs
FY 2011	43,000	1.1980	5,301	203.1720	185.0571
FY 2012	43,000	1.2821	5,604	214.6076	203.8065

Mcf - Thousand cubic feet
cfs - cubic feet per second
lbs - pounds

(a) Annual Cost.

EXHIBIT E

The following two tables constitute Exhibit E

DEL CORA Share-Philadelphia Water Department - 25 Year LTCP Program - Based on 100 MGD Peak Instantaneous Flow

20-Nov-13

Report of LTCP Capital Costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	Total
Report of LTCP Capital Costs	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000

Yearly Share for Utility: 1,000,000

Category	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	Total
Depreciation & Amortization	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000
Interest	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000
Operating Expenses	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000
Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000

Yearly Total Project & Return Change: 1,000,000

Category	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	Total
Operating Expenses	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000
Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	25,000,000

Yearly Total Debt Repayment: 1,000,000

Yearly Total Project & Return Change: 1,000,000

Yearly Total Debt Repayment: 1,000,000

Yearly Total Project & Return Change: 1,000,000

Yearly Total Debt Repayment: 1,000,000

Yearly Total Project & Return Change: 1,000,000

Yearly Total Debt Repayment: 1,000,000

Yearly Total Project & Return Change: 1,000,000

Yearly Total Debt Repayment: 1,000,000

DELCORA Share-Philadelphia Water Department - 26 Year LTCP Program - Inflated (Based on 100 MGD Instantaneous Peak Flow)

20-Nov-12

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Total
Delcora Share - Philadelphia Water Department	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	26,000,000
Delcora Share - Philadelphia Water Department - 26 Year LTCP Program - Inflated	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	26,000,000
Delcora Share - Philadelphia Water Department - 26 Year LTCP Program - Inflated (Based on 100 MGD Instantaneous Peak Flow)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	26,000,000

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Total
Delcora Share - Philadelphia Water Department	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	26,000,000
Delcora Share - Philadelphia Water Department - 26 Year LTCP Program - Inflated	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	26,000,000
Delcora Share - Philadelphia Water Department - 26 Year LTCP Program - Inflated (Based on 100 MGD Instantaneous Peak Flow)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	26,000,000

AGREEMENT

THIS AGREEMENT, Made this 15th day of March , A. D. 1974, by and between THE CITY OF PHILADELPHIA, hereinafter called "City," party of the first part and THE DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY, hereinafter called "DELCORA," party of the second part:

W I T N E S S E T H :

WHEREAS, The City owns and operates the Southwest Wastewater Pollution Control Plant, which has a limited capacity to treat wastewater from DELCORA's Eastern Delaware County Service Area in addition to the wastewater originating within the City;

WHEREAS, Under directives of the Federal government and those of the Delaware River Basin Commission and of the Commonwealth, the City is planning to improve, enlarge and operate its plant for its own use and is willing to allocate and reserve in the plant additional capacity to serve DELCORA's Eastern Delaware County Service Area;

WHEREAS, Under like directives, DELCORA is constructing and will operate and maintain the Eastern Delaware County Conveyance System to convey wastewater from its Eastern Delaware County Service Area to the Southwest Plant; and is willing to deliver such wastewater via such conveyance system for treatment and disposal at the City's plant; and

WHEREAS, The facilities which each party proposes to construct, operate and maintain hereunder and the arrangements therefor set forth herein shall be in accordance with:

- (1) the orders, guidelines and regulations of the Delaware River Basin Commission, the Pennsylvania Department of Environmental Resources and the United States Environ-

mental Protection Agency; and

- (2) the funding arrangements provided in the 1972 amendments to the Water Pollution Control Act which provides for seventy-five percentum (75%) Federal funding and twenty-five percentum (25%) local (City and DELCORA) funding of total capital costs eligible.

NOW, THEREFORE, It is mutually covenanted and agreed by and between the parties hereto:

ARTICLE 1

Construction, Operation and Maintenance of the Eastern Delaware County Conveyance System and Related Matters

1.01 Design and Construction

In order to collect wastewater from the Eastern Delaware County Service Area, as defined below in Section 9.12, DELCORA, at its own cost and expense, shall design, construct, operate and repair the Eastern Delaware County Conveyance System hereinafter called the "Conveyance System."

Initially, the conveyance system shall include a pumping station in the vicinity of the existing wastewater pollution control plant of the Darby Creek Joint Authority and a force main from such point to the Southwest Wastewater Pollution Control Plant, hereinafter called the "Southwest Plant."

The Conveyance System constructed by DELCORA shall terminate beyond the metering and sampling devices monitoring the flow as provided in Section 1.03 herein at the point of entry into the Southwest Plant.

All design and construction of the Conveyance System within the boundaries of the City shall be in accordance with all City ordinances and regulations governing construction of underground structures and facilities, shall be subject to the City's review and approval prior to implementation (which approval shall not be unreasonably withheld), and shall not interfere with any existing surface or sub-surface structures, except as approved by the City.

For this purpose and insofar as it holds title, City grants to DELCORA right of entry upon the land along the approved route of the Conveyance System for the purpose of construction. Other rights of way or easements required for which City does not hold title shall be acquired at the sole cost of DELCORA, the City assisting in such acquisitions where possible.

The City accordingly, hereby grants DELCORA subject to the conditions herein, authorization to construct, operate and maintain the Conveyance System along the route shown on the plan dated February 28, ¹⁹⁷² made by Albright and Priel filed with the City, an outline of which plan is attached hereto as Exhibit B.

DELCORA agrees that at any time when the space occupied by the Conveyance System within the City's streets shall be required by the City for any public purpose, within six months following notice thereof by the City, DELCORA at its own cost will either

- (1) commence and promptly thereafter complete the relocation of the Conveyance System and restore the surface of streets to their prior condition; or

- (2) with the City's approval (not unreasonably withheld) pay the City the increased costs of any project being constructed by the City resulting from DELCORA's failure to make such relocation.

DELCORA shall make available to the City at reasonable times and places all information concerning the design and construction of the Conveyance System reasonably requested and the City shall have the right at all reasonable-times to inspect construction of said Conveyance System and all records of DELCORA in respect thereof.

1.02 Operation and Maintenance

During the term hereof, DELCORA will at its cost operate, maintain and repair the Conveyance System, or cause it to be maintained and repaired so that at all times it is in efficient operating condition and in compliance with standards proscribed by the appropriate regulatory agencies, except that the City will have the option of maintaining and repairing the portion thereof within the boundaries of the City subject to payment of the costs thereof by DELCORA as provided herein. If, at any time, City forces cannot perform repairs required, the City shall promptly notify DELCORA who will then arrange for such repairs and pay for them directly.

1.03 Metering and Sampling Devices

DELCORA's construction of the Conveyance System shall include at DELCORA's cost metering and sampling devices approved by the City to be installed at the point of entry into Southwest Plant.

The meters shall measure the quantity of wastewater discharged

from the Conveyance System into the Southwest Plant. The sampling devices shall sample the incoming wastewater flow for the purpose of analyses, including measurement of the pounds of BOD and of suspended solids in the flow. The City shall record at least weekly the meter readings of wastewater flowing through the said meters and shall analyze said samples and shall report on the readings and results of its analyses of pounds of BOD and of suspended solids to DELCORA at least quarterly.

The City will own the meters and sampling devices and will inspect, calibrate, maintain and repair such meters and sampling devices as part of its Operating Costs.

The City shall perform the analyses of samples according to standard methods as prescribed in the latest edition of "Standard Methods for the Examination of Water and Wastewater" and the City's findings in such analyses shall be binding on both parties to this Agreement.

DELCORA shall have right of access to the meters and sampling devices for the purpose of reading or otherwise checking them in place at its cost. Prior notice of such intended action shall be required and the City shall have the option of having a representative present during such inspections.

In the case of missing or inaccurate flow records due to faulty meter operation or otherwise, the City shall estimate flow on the basis of the records of past flows as applied to current conditions for use in place of regular meter readings.

ARTICLE 2

Expansion, Operation and Maintenance of the Southwest Plant and Related Matters

2.01 Design and Construction; Reception, Treatment and Disposal of Wastewater

The City will plan, design, and construct the expansion of the Southwest Plant and will thereafter operate, maintain and repair such expanded Plant.

The City shall include and reserve in the planning and design of such expansion of the Southwest Plant capacity for the reception, treatment and disposal of fifty million gallons of wastewater per twenty-four hour day (50 m.g.d.) for DELCORA. This waste water shall be delivered via the Conveyance System up to a maximum rate of one hundred fifty-five cubic feet per second (155 c.f.s.) and a total maximum flow of fifty million gallons per twenty-four hour day (50 m.g.d.).

This capacity is reserved herein and will be available on the completion of the expanded plant.

The City shall receive, treat and dispose of the wastewater delivered via the Conveyance System up to the maximum rates allowed.

The City pursuant to the guidelines and with the cooperation of the Delaware River Basin Commission, the Commonwealth's Department of Environmental Resources and the United States' Environmental Protection Agency, will endeavor to complete expansion of the Southwest Plant by December, 1975.

2.02 Operation and Maintenance

During the term hereof, City will operate, maintain and repair its expanded Southwest Plant, its equipment and related facilities so that it will

be in efficient operating condition and in compliance with standards prescribed by the appropriate regulatory agencies.

2.03 Metering and Sampling Devices

The City will install metering and sampling devices to measure the total flow into the Southwest Plant except as provided in Section 1.03 and to provide wastewater samples for analyses, including measurement of the pounds of BOD and of suspended solids in the flow. The City shall record meter readings of wastewater flowing into the Southwest Plant from all sources and shall analyze said samples and record the findings of such analyses in the regular course of business.

The City shall perform the analyses of samples according to standard methods as proscribed in the latest edition of "Standard Methods for the Examination of Water and Wastewater" and the City's findings in such analyses shall be binding on both parties to this Agreement.

ARTICLE 3

Interim Delivery of Wastewater Via the Conveyance System

3.01 Interim Limits

DELCORA shall begin delivering its wastewater as soon as practicable after the Conveyance System is sufficiently complete to permit such delivery as certified by DELCORA's Consulting Engineers. However, for the period from such beginning date to the completion of the expansion of the Southwest Plant, the wastewater delivered shall not exceed a rate of forty-three cubic feet per second (43 c.f.s.) or a flow fourteen million gallons per twenty-four hour day (14.0 m.g.d.). After termination of the temporary

connection by the Darby Creek Joint Authority (which is covered by an existing agreement) at 75th Street and Grays Avenue, the wastewater delivered shall not exceed a rate of forty-eight cubic feet per second (48 c.f.s.) or a flow of fifteen and one-half million gallons per twenty-four hour day (15.5 m.g.d.).

3.02 Temporary Plant Operation

From the date of completion of the Conveyance System until the date of completion of the expansion of Southwest Plant, DELCORA shall continue to operate, or cause to be operated, the existing treatment plant of the Darby Creek Joint Authority to treat all wastewater discharged from the Eastern Delaware County Service Area into the Conveyance System in excess of the interim limits specified above, subject to the orders of the regulatory agencies having jurisdiction over said plant.

ARTICLE 4

DELCORA's Capital Contributions

4.01 Components of Capital Contributions

DELCORA shall pay to the City two capital contributions to reimburse the City for the reservation of plant capacity in the expanded Southwest Plant to accept, treat and dispose of fifty million gallons daily from DELCORA's Conveyance System.

Subject to limitations hereinafter provided, DELCORA shall pay to the City

- (1) A capital amount in two payments of DELCORA's proportionate share of the depreciated replacement cost of the existing Southwest Plant which will become part

of the expanded plant and continue in use after completion of the expansion, as determined in Section 4.04; and

- (2) a capital amount in a series of payments of (a) DELCORA's proportionate share of "total project costs" as hereinafter defined of planning, design and construction of the expansion of Southwest Plant and of (b) a management fee.

DELCORA shall pay such amounts from a Capital Reimbursement Fund, set up by DELCORA by depositing with its indenture trustee, a bank in Pennsylvania, in irrevocable escrow the capital amounts in (1) and (2) above.

4.02 Capital Amounts Required

- (1) On determination of the estimated capital amounts due from DELCORA for those parts of the existing Southwest Plant which will become part of the expanded plant serving DELCORA and continue in use after completion of the expansion, the City shall inform DELCORA of the amounts applicable, DELCORA will then remit the amounts applicable to its indenture trustee for deposit in the Capital Reimbursement Fund for reimbursement to the City, as hereinafter provided.

- (2) After determination of DELCORA's estimated capital share of Total Project Costs deducting committed grants, of the expansion of the Southwest Plant as defined hereinafter, and after the date of the receipt of the bids on the first contract for the actual construction of the expansion of the Southwest Plant, on formal requisition by the City itemized within reasonable detail, DELCORA shall pay within thirty (30) days its full share

of the funding of the expansion of the Southwest Plant as then determined to its indenture trustee for deposit in the Capital Reimbursement Fund and payment to the City, as hereinafter provided.

4.03 Capital Reimbursement Fund

The indenture trustee of DELCORA shall deposit the capital amounts to be paid by DELCORA to the City in a separate fund, hereinafter called the Capital Reimbursement Fund, which shall be held and invested by it. To the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, or invested as hereinafter provided, this Fund shall be continuously secured by the pledge of securities as required by law having an aggregate market value exclusive of accrued interest at all times at least equal to the amount of such moneys. Such moneys may be wholly or partially invested by said trustee only in direct obligations of the United States of America and certificates of deposit which shall mature or shall be subject to redemption at the option of the holder not later than the estimated date when proceeds will be required. Any securities purchased shall be a part of this Fund. The interest and income received from time to time upon investments and any profit realized or loss sustained from the sale of such securities shall be added or charged to the Capital Reimbursement Fund.

4.04 Capital Payments Applicable to Existing Plant Continuing in Use

The cost of the real estate and depreciated replacement costs of the existing facilities at the Southwest Plant which will continue in use after completion of the expansion of the plant will be promptly determined

by an appraiser or appraisers agreed on by both parties. Total appraisals shall be net of any Federal or State grants or reimbursements received.

If this appraisal becomes a "total eligible cost" funded by the Federal or State government, it shall be funded and paid as such. If it does not become such a "total eligible cost," DELCORA and the City shall pay equal shares of the cost.

Upon completion of the expansion of the Southwest Plant, DELCORA's capital share of the costs of the real estate and the depreciated replacement costs as appraised, shall be based on the proportion of plant capacity reserved to DELCORA, 50 million gallons daily (50 m.g.d.), to the total capacity of the expanded plant, two hundred and ten million gallons daily (210 m.g.d.) as currently estimated.

This payment shall be made in two parts as follows:

(a) For the interim period between completion of the Conveyance System and completion of the expansion of the Southwest Plant, DELCORA shall pay a share based on the proportion of DELCORA's interim reserved capacity of fifteen and a half million gallons daily (15.5 m.g.d.) to the present design capacity of the Southwest Plant of one hundred thirty-six millions gallons a day (136 m.g.d.). This payment shall be due and payable within ninety (90) days of the date that wastewater is first delivered through the Conveyance System.

(b) Upon completion of the expansion of the Southwest Plant, DELCORA shall pay the difference between the amount based on the proportion of the new capacity reserved to DELCORA to the total capacity of the expanded

Southwest Plant as finally designed, and the amount previously paid under (a) above.

4.05 Capital Payments Applicable to Expansion of Southwest Plant

Payments from the Capital Reimbursement Fund shall be made only upon requisition by the City upon the trustee. The City will pay its contractors in full in proper form accompanied by certificates of the City's engineers. As the City vouchers such payments, it will requisition DELCORA's trustee for DELCORA's share of the expenditure. From time to time, the City shall also requisition the trustee for reimbursement of DELCORA's share of other expenses, detailing such expenses as part of the requisition.

The City shall requisition for reimbursement only that part of construction costs paid or due and payable at the time of requisition.

Requisitions will be due and payable in ten (10) calendar days. Copies of bills as paid by the City and requisitions issued thereon shall be sent to DELCORA.

The amount of each reimbursement shall be fixed in the same proportion as DELCORA's proportionate share of the "total projects costs" as hereinafter defined.

4.06 Total Project Costs

"Total Project Costs" for the purpose of reimbursement shall initially consist of the capital estimates by the City's consulting engineers of the costs of planning, designing and constructing the total expansion of the Southwest Plant. Such estimates will take into account:

- (a) All engineering costs and the costs of the appraisal referred to in Section 4.04 of surveys, estimates, plans and specifications, and for supervising construction as well as for the performance of all other duties of such engineers required by or consequent upon the proper performance of any such construction;
- (b) the costs of acquiring by purchase, or by condemnation such lands, property rights, rights of way, franchises and other interest in land and such personal property as may be deemed necessary or convenient in connection with such project;
- (c) obligations incurred for labor and to contractors, builders and materialmen in connection with construction;
- (d) the cost of contract bonds and insurance of all kinds which may be required or necessary during the course of any such construction and which are not paid by the contractor or contractors or otherwise provided for; and
- (e) any sums required to reimburse the City for advances made for any of the above items, and for work done by it which is properly chargeable to such construction.

There shall be deducted from these capital costs at appropriate times the grants received from the Commonwealth of Pennsylvania or the United States of America or agencies of either that are applicable to the said costs as defined herein or other costs found applicable to the project.

The net "total project costs" shall be apportioned between the City and DELCORA in the proportion of the Southwest Plant capacity reserved to DELCORA to the total designed capacity of the Southwest Plant.

The City shall apply the resulting percentage to the City's vouchered payments in its requisitions to DELCORA's trustee for reimbursement.

4.07 Change in Project Costs and Reimbursement

In the event, after the receipt of construction bids for each part of the construction of the expansion, the estimated "total project costs" of the project is increased, whether upon receipt of construction bids for subsequent work or otherwise (except by reason of adding facilities or enlarged capacity for the City's use), the City shall deliver an itemized revision of said project cost to DELCORA and any supporting material reasonably requested by DELCORA. Within one hundred and twenty (120) days thereafter DELCORA will pay to its trustee for deposit in the Capital Reimbursement Fund its proportionate share of such increase (based upon the method of computation specified above).

Changes in Project Costs shall not be revised more often than once every twelve months.

4.08 Payment of Management Fee

Besides payments made in reimbursement of its proportionate share of "total project costs," DELCORA shall pay to the City a management fee of one hundred and fifty thousand (150,000) dollars. The City shall requisition

DELCORA's trustee for this fee when the City's engineers report the expansion of the Southwest Plant seventy-five percent (75%) complete.

If this fee becomes a "total eligible cost" funded by the Federal or State government, DELCORA shall pay that portion of the fee not funded by the Federal or State government.

4.09 Audit of Project Cost

The said certificate of the City's engineers as to actual "total project costs" and the records from which it is compiled shall be audited within six months after completion of construction by a certified public accountant selected by the City and approved by DELCORA (approval not to be unreasonably withheld) and the expense of such audit shall constitute part of such project cost. A Federal audit may satisfy this requirement, such determination being made by DELCORA in advance of actual audit.

4.10 Final Adjustment of Capital Payments

Upon completion of construction of the expansion of the Southwest Plant the City will deliver to DELCORA a certificate of its engineers stating (a) the fact of such completion and (b) in reasonably itemized form, the actual total project costs of said construction, after deducting the amount of any applicable Federal or State grants paid or payable against such costs.

If DELCORA's share of the actual net "total project cost" is less than the total amount paid by it as required by this Agreement, the excess of such payments shall forthwith be refunded by the City to DELCORA's trustee within one hundred and twenty (120) days after receipt of said certificate

and of the audit provided for herein, or if either party has requested a recalculation it shall be paid promptly after the matter is resolved.

A deficiency, if any, in the Capital Reimbursement Fund to pay DELCORA's share of the actual "total project costs" shall be paid by DELCORA within one hundred and twenty (120) days of notice to pay, accompanied by the audit referred to above, or if either party has requested a recalculation, it shall be paid promptly when the matter is resolved.

After such actions any balance in the fund will be returned to DELCORA.

ARTICLE 5

Governmental Grants And Subsidies, Permits

5.01 Applications

The City will make proper and timely applications to the Commonwealth of Pennsylvania and to the United States of America and their appropriate agencies, for all available grants, subsidies or other payments and for all permits and approvals in the respect of the planning, design, acquisition, construction, operation and maintenance of the expansion of Southwest Plant, and DELCORA will cooperate therein.

5.02 City as Agent

Where permitted by law, DELCORA hereby appoints the City as its agent to apply, in its name or otherwise, to the Commonwealth of Pennsylvania and to the United States of America and their appropriate agencies and to receive the proportionate share of DELCORA of all available grants, subsidies or other payments in respect of the construction, acquisition, operation and

maintenance of the Southwest Plant.

5.03 Application of Grant Proceeds

The City will apply the Capital grants, subsidies or other payments received by it in respect of the expansion of the Southwest Plant in reduction of "total project costs," and will apply operating grants, subsidies or other payments to the reduction of operating costs.

5.04 Compliance With Conditions for Grants

Each party hereto will take all such action, within its legal powers, as may be required to comply with all applicable laws, guidelines, and regulations relating to Federal and State grants and subsidies, to the end that such grants and subsidies may be obtained for the Southwest Plant in maximum amounts, and each party will use its best efforts to obtain similar compliance from others.

ARTICLE 6

Operating Service Charges and Payments

6.01 The Service Charge and Management Fee

DELCORA shall pay quarterly to the City a service charge for the treatment and disposal of its wastewater delivered to the Southwest Plant.

This service charge will be based on DELCORA's proportionate share of operating costs at the Southwest Plant in terms of proportionate shares of the gallons of wastewater flow treated and disposed of and of the pounds of BOD and of the suspended solids in that flow.

This service charge shall be calculated on past and estimated future operating experience and shall be fixed in rates applicable to gallons of

wastewater flow delivered, pounds of BOD delivered, and pounds of suspended solids delivered.

Such rates shall be reviewed from time to time, but not less often than five years, with a view of their revision on the same time basis as the service charges to regular customers in Philadelphia are reviewed.

The City shall inform DELCOGA of any change in rates accompanied by supporting material in reasonable detail at least ninety days in advance of their becoming effective.

The City shall complete the billing by adding to the service charge a management fee equal to 10% of the service charge.

6.02 Operating Costs Defined

Operating costs used in computation of the rates shall include all of the costs and expenses of the operation, maintenance, repairs, replacements and renewals of the Southwest Plant and its equipment and facilities including for the Southwest Plant:

- (1) salaries and wages of the administrative, supervisory, operating and maintenance personnel at the Southwest Plant, together with their fringe benefits, including but not limited to pensions, social security taxes, life insurance, medical and hospital insurance and workmen's compensation;
- (2) materials, supplies and equipment;
- (3) maintenance, repairs, replacements and renewals;
- (4) debt service for replacements and renewals funded from bond proceeds;

- (5) premiums for insurance, if any, and
- (6) all other costs and expenses, including overhead, incurred and allocable under sound accounting principles consistently applied to the operation, maintenance, repairs, replacements and renewals of Southwest Plant.

6.03 Costs of Maintaining and Repairing Conveyance System Within the City

In addition, when the City maintains and repairs that part of the Conveyance System located within the boundaries of the City, it shall bill DELCORA for the costs of such maintenance and repairs allocable on the same basis as the items covered in operating costs.

6.04 Operating Payments

Billings to be made to DELCORA for wastewater treated and disposed of shall commence with DELCORA's delivery of wastewater to Southwest Plant hereunder.

The City will render billings to DELCORA on a quarterly basis. These billings may be based on actual or estimated quantities. If billings are based on estimates, they shall be adjusted to actual recorded quantities at least annually.

Billings will be payable within thirty days. If billings are unpaid thereafter interest thereon shall be added at the rate of one percent (1%) a month.

The City on request will furnish DELCORA on or before the month of the fiscal year preceding the first year's operation of the expanded Southwest

Plant an estimate approved by the City's Water Commissioner of the first annual charge to DELCORA. The City will in no way be obligated by this estimate. In subsequent years, the previous year's total bills may serve as the basis of the budget estimate.

6.05 Payment Bond

DELCORA shall at the execution of the Agreement furnish the City its bond in a sum equal to one and one-half ($1\frac{1}{2}$) times the estimated annual charge payable to DELCORA hereunder for receipt, treatment and disposal of wastewater delivered by DELCORA to the City. The bond shall be conditioned on the faithful compliance by DELCORA with the provisions of this Agreement and also contain a confession of judgment clause, and the said bond be executed by DELCORA. The term of the bond shall commence from the date hereof and continue for a term of thirty (30) years and thereafter for as long as this Agreement remains in effect. The City shall not proceed against DELCORA on the confession of judgment under said bond without giving thirty (30) days' written notice to DELCORA of its intention to do so.

6.06 Maintenance of Records.

The records and accounts of the City shall be kept in a manner which will permit verification of the charges payable hereunder and will be accessible for the purposes of inspection by DELCORA or its representatives.

ARTICLE 7 Future Service Requirements at the Southwest Plant

7.01 Changing Future Service Requirements and Related Matters

The City and DELCORA shall from time to time review plant performance

and the City's and DELCORA's current and future requirements, both in terms of additional future flows of wastewater and higher standards of wastewater treatment and disposal.

Governmental agencies regulating wastewater pollution control may also fix additional requirements on the Southwest Plant either in terms of providing for additional future flows or meeting higher standards of wastewater treatment and disposal.

7.02 Future Expansion

To accommodate additional flows from its source areas other than DELCORA's at the Southwest Plant, the City may expand the Southwest Plant at no cost to DELCORA.

The City agrees to undertake any future expansion of the Southwest

Plant needed:

- (1) to accommodate additional flows from the Eastern Delaware County Service Area and upon completion thereof to increase the limits set forth in Section 2.01 hereof; or
- (2) to meet higher levels of wastewater treatment and disposal;

Provided, that DELCORA agrees in writing to pay the total project costs of such expansion in its reserve capacity or such increase in the treatment and disposal of wastewater and deposits the estimated amount thereof prior to the commencement of construction for disbursement in the manner provided in Article 4 hereof, and

Provided, further, that DELCORA will pay its share of the operating costs of the expanded or improved Southwest Plant as provided in Article 6 hereof.

ARTICLE 3

Sewage Quality Restrictions

8.01 Uniform Standards

DELCCRA shall adopt rules, regulations and resolutions governing sewer connections and the admission of wastewater into the sewers of DELCCRA, which rules, regulations and resolutions shall bar from the sewers of DELCCRA such substances as are barred by the City from its sewers according to the rules, regulations, resolutions, and ordinances of the City, existent or adopted in the future, copies of which will be delivered promptly to DELCCRA by the City.

8.02 Barring of Harmful Substances

No substances deleterious or detrimental to sewers or to the treatment of wastewater, including oils, greases, acids or wastes of the nature and quantity barred by the City from its sewers shall be discharged by DELCCRA into the Southwest Plant.

Failure to comply with a notice in writing from the City's Water Commissioner to cease and discontinue the delivery of any such substance or substances, shall be sufficient cause for the suspension of this Agreement pending prompt remedy by DELCCRA.

8.03 Damages Due to Barred or Harmful Substances

Any additional costs or damages incurred by the City as a result of discharges barred above or due to improper maintenance of DELCCRA's facilities will be billed to DELCCRA and will be paid to the City by DELCCRA within 30 days of such billing by the City.

ARTICLE 9

Miscellaneous

9.01 Rebuilding Upon Casualty

Immediately upon the occurrence of any loss or damage to any part of the Southwest Plant and upon receipt by the City of monies from DELCORA sufficient to pay DELCORA's share of repair costs based on the respective reserved capacities, the City will commence and promptly complete, or cause to be so commenced and promptly completed the repairing, replacement or reconstruction of the damaged or destroyed property according to plans and specifications prepared by its engineers.

9.02 Inspection and Audit

Each party shall provide the other from time to time all information relevant to the proper administration or their responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as may be reasonably requested, and each shall at all reasonable times and from time to time permit their representatives to examine and inspect their respective records and physical facilities and audit their respective accounts relevant to the subject matter of this Agreement.

9.03 Arbitration

In the event of any dispute between the parties such dispute may be referred by either party to an impartial arbitrator to be appointed by mutual agreement of the parties.

In the event that the parties are unable to agree upon such impartial arbitrator within fifteen (15) days, either party may make application to the

Philadelphia Office of the American Arbitration Association for the sole purpose of selecting an arbitrator in accordance with the rules of that Association. If any party to the dispute shall be dissatisfied with the Award of the Arbitrator from the American Arbitration Association, such dissatisfied party shall have the right to resort to the Court of Common Pleas of Philadelphia in accordance with the provision of the Act of April 25, 1972, P. L. 381, as amended.

It is specifically understood and agreed that all of the provisions of the said Act of April 25, 1972, P. L. 381, as amended, shall apply and both parties hereto shall have all rights provided thereunder except only with respect to the selection of an impartial arbitrator from the American Arbitration Association if one cannot be agreed upon by the parties as aforesaid.

9.04 Mutual Release

Each party hereto does hereby release the other from any and all claims for damages or suits therefor, by reason of the inability of the other, not due to gross negligence on its part, to carry out its obligations hereunder.

9.05 Term

This agreement shall continue in force and effect for a full term of thirty (30) years, commencing on the date hereof and shall thereafter continue until terminated by either of the parties hereto. Either party may terminate this agreement by five (5) years' written notice of its intention to do so, which notice may be served at any time after the expiration of twenty-five (25) years from the date hereof.

9.06 No Joint Ownership

No provision of the Agreement shall be construed to create any type of joint ownership of any property, any partnership or joint venture, or create

any other rights or liabilities except as expressly set forth herein.

9.07 Severability

Should any provision hereof for any reason be held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

9.08 Headings

The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision hereof.

9.09 Successors and Assigns

All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

9.10 Waiver

The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

9.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

9.12 Definitions

(a) "Eastern Delaware County Service Area" shall mean that portion

of said County within the boundaries shown on Exhibit A attached hereto, which may be expanded by DELCORA only with the approval of the City.

(b) "mgd" shall mean millions of gallons of wastewater in any given twenty-four (24) hour period.

(c) "Wastewater" shall mean the normal domestic wastewater from households, business and commercial establishments and from industries, and shall also include water borne wastes from manufacturing, processing, refining, packaging, cleaning or assembling all types of raw materials and industrial, consumer and agricultural products or from any other industrial utility or commercial operations which are permitted to be treated in the City Plant pursuant to applicable ordinances and regulations of the City in force from time to time.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the Delaware County Regional Water Quality Control Authority, by its Chairman who have herunto set their hands and seals, the day and year above written.

Attest James F. Dillon

CITY OF PHILADELPHIA

By: James F. Dillon
Water Commissioner

Attest M. F. Blessing
Secretary

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: Joseph L. Salovey
Vice Chairman

CAROL WENDELL

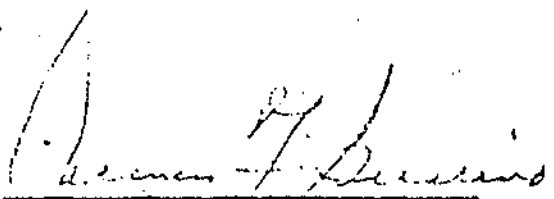
City Solicitor

per Samuel R. ...

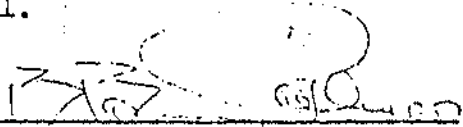
COMMONWEALTH OF PENNSYLVANIA)
) ss.
CITY AND COUNTY OF PHILADELPHIA)

BE IT REMEMBERED, that on this 15TH day of March

A. D. 1974, before me, the subscriber, a Notary Public in and for the Commonwealth of Pennsylvania, residing in The City of Philadelphia, personally appeared Carmen F. Guarino, personally known to me and to me known to be the Water Commissioner of The City of Philadelphia, who, being duly sworn according to law, deposes and says that he resides in The City of Philadelphia and is the Water Commissioner of the said City; that the said Agreement was duly executed and delivered by him as and for the act and deed of The City of Philadelphia under authority of an Ordinance of City Council approved by the Mayor JULY 20, 1973 for the uses and purposes therein set forth.


Water Commissioner

Sworn to and subscribed before me the day and year aforesaid. Witness my hand and Notarial Seal.


Notary Public

My Commission Expires _____
21, 1974

COMMONWEALTH OF PENNSYLVANIA)
) ss.
COUNTY OF DELAWARE)

On this 15th day of March , A. D. 19 74, before me, the subscriber, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Delaware, personally appeared George F. Blessing Secretary of the said Delaware County Regional Water Quality Control Authority, who, being duly sworn according to law, says that he was present at the execution of the foregoing agreement and saw the common or corporate seal duly affixed thereto; that the seal so affixed is the common or corporate seal; that the above agreement was duly sealed and delivered by Joseph L. Salvucci Chairman of the said Authority, as and for the act and deed of the said Authority, for the uses and purposes therein mentioned, and that the name of this deponent as Secretary and of Joseph L. Salvucci as Chairman of the said Authority, subscribed to the above agreement in attestation of its due execution and delivery, are in their and each of their respective handwritings.

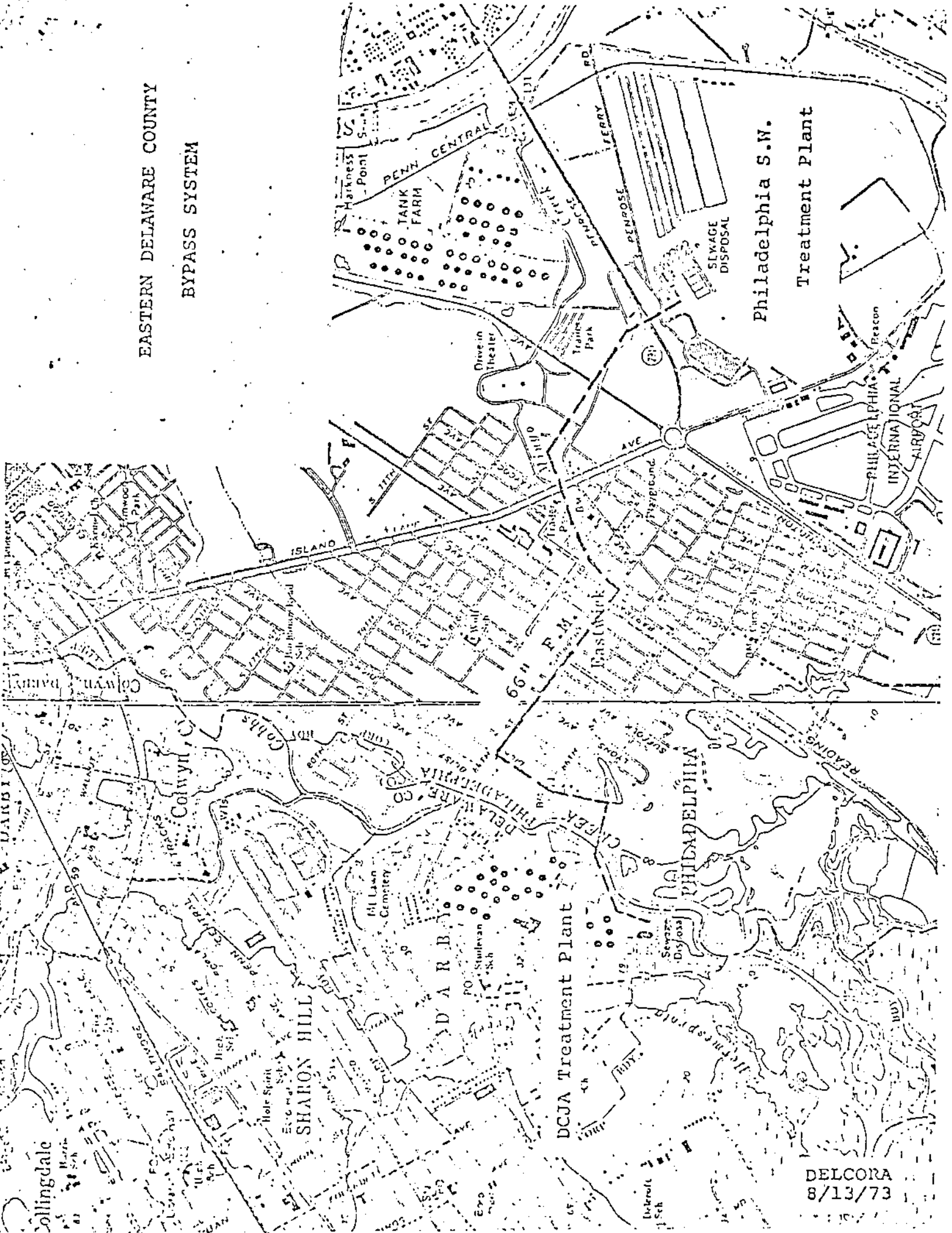
George F. Blessing
Secretary, Delaware County
Regional Water Quality Control
Authority.

Sworn and subscribed before me
the day and year aforesaid.
Witness my hand and Notarial Seal.

James M. Boudier

Notary Public, Harwood Boro, Delaware Co.
My Commission Expires August 25, 1974

EASTERN DELAWARE COUNTY
BYPASS SYSTEM



Philadelphia S.W.
Treatment Plant

DCJA Treatment Plant

DEL CORA
8/13/73



CITY OF PHILADELPHIA

LAW DEPARTMENT
15th Floor, Municipal Services Building
Philadelphia, Pa 19102-1692

Send responses to:
1101 Market Street
5th Floor
Phila., PA 19107
(215) 685-6118
Fax# 685-4915

May 19, 1995

FEDERAL EXPRESS

Alvin S. Ackerman
Blank, Rome, Comisky & McCauley
Rose Tree Corporate Center
1400 Providence Road
Media, PA 19063

Re: Amendment to Wastewater Service Agreement

Dear Alvin:

In reviewing the Amendment to Wastewater Service Agreement it came to my attention that the document itself was not dated. So there is no confusion in the future, I propose that the effective date of the Amendment to Wastewater Service Agreement be May 1, 1995, the date on which the parties had their signing ceremony.

If you and your client are in agreement with the May 1, 1995 date, please have your client execute one of the two originals of this letter and mail it back to my attention. Please keep the other original for your records. This letter shall then constitute a formal amendment to the Amendment to Wastewater Service Agreement.

The parties hereby agree and acknowledge that the effective date of the Amendment to Wastewater Service Agreement shall be May 1, 1995.

CITY OF PHILADELPHIA

BY: Kumar Kishinchand
KUMAR KISHINCHAND
Water Commissioner

Signature of David A. Katz
DAVID A. KATZ
Divisional Deputy City Solicitor

DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL
AUTHORITY

BY: Joseph L. Salvucci
JOSEPH L. SALVUCCI
CHAIRMAN

ATTEST: Joseph F. Kelly
JOSEPH F. KELLY
Treasurer

**AMENDMENT TO WASTEWATER
SERVICE AGREEMENT**

WHEREAS, the City of Philadelphia, hereinafter the "City", and the Delaware County Regional Water Quality Control Authority, hereinafter "Delcora", (collectively the "parties") entered into a wastewater services agreement dated March 15, 1974, hereinafter the "Agreement"; and

WHEREAS, a disagreement arose between the parties regarding the amount and payment due date of Delcora's capital contributions under the Agreement, hereinafter "Capital Contributions"; and

WHEREAS, a second disagreement arose between the parties regarding the payment of repair, replacement and renewal charges, hereinafter "RRR charges", under the Agreement; and

WHEREAS, a third disagreement arose between the parties regarding Delcora's flow limits under the Agreement, hereinafter "Flow Limits and Exceedances"; and

WHEREAS, a fourth disagreement arose between the parties regarding Delcora's 1993 third quarter operation and maintenance bill under the Agreement; and

WHEREAS, the parties desire to enter into a full and final settlement of these disputes; and

WHEREAS, the parties desire to amend and clarify the Agreement so that future disputes can be avoided;

NOW, THEREFORE, the parties after careful consideration of all issues and with the intention of finally and fully resolving all disputed issues without any further litigation, hereby enter into this Amendment to the Agreement (hereinafter the "Amendment") in accordance with the terms and conditions as set forth below:

ARTICLE I - FINANCIAL SETTLEMENT

- A. Delcora shall pay the City \$5,638,894 at the signing of this Amendment. In addition, Delcora shall pay the City \$250,000 on July 1, 1995 and shall continue to make these \$250,000 payments on July 1, 1996, July 1, 1997 and July 1, 1998 or until the EPA construction grant audit is resolved in accordance with Section II of the Amendment, whichever occurs sooner. Once the EPA construction grant audit is resolved, Delcora shall make its final capital contribution payment (hereinafter referred to as the "final share") in accordance with the terms and conditions set forth in Section II.
- B. The payment of \$5,638,894, the \$250,000 payments and Delcora's final share payment in accordance with Section II of this Amendment will fully and finally resolve any and all disputed Capital Contribution issues. Further, it resolves any and all RRR charges or claims for RRR payments through December 31, 1994. Finally, these payments fully and finally resolve any and all claims regarding the 1993 third quarter operation and maintenance billing and any and all claims for flow exceedance charges through the date of this Amendment.

ARTICLE II - CAPITAL CONTRIBUTIONS

- A. The parties agree that Delcora's obligations for Capital Contributions provided for in Article 4 of the Agreement on and after the date of this Amendment shall be calculated and paid in the following manner:
1. The payments specified in Article I of this Amendment shall be timely paid; and
 2. \$1,500,000 of the total amount paid at the signing of this Amendment, as well as any subsequent \$250,000 payments which are actually paid to the City, shall be credited towards Delcora's Capital Contributions.
 3. The EPA construction grant audit shall be deemed completed when all disputes that the City may have with the grant audit findings, if any, are finally resolved either through litigation or through a negotiated settlement. The City, in its sole discretion, will determine when the construction grant audit is finally resolved. The City, in its sole discretion, will determine whether any disputed issues exist, whether or not a grant audit appeal should be initiated, the extent to which the appeal will be prosecuted and the terms of any negotiated settlement or compromise.
 4. The Southwest Plant shares of joint use facilities and Delcora's shares of Southwest Plant Facilities are set forth in Exhibit A to this Amendment and are hereby fully incorporated by reference.
 5. The Southwest Plant Total Project Costs are also set forth in Exhibit A to this Amendment and are hereby fully incorporated by reference.
 6. An accounting of construction grant receipts to date appears in Exhibit A-1. This exhibit will be updated when the construction grant audit is resolved, and grant receipts will be allocated to all listed facilities.
 7. Once the construction grant audit is resolved, the amount of Delcora's final share shall be calculated by subtracting the total amount of construction grant funding actually received for each facility, as determined by the final resolution of the EPA construction grant audit, from the Total Project Costs for each facility as shown in Exhibit A thereby leaving unfunded remainder amounts for each facility. Delcora's share of the unfunded remainder amounts for each facility shall then be calculated by multiplying the Southwest Plant share by the unfunded remainder amounts to determine the Southwest Plant unfunded

remainder amounts. Next, the Southwest Plant unfunded remainder amounts are multiplied by Delcora's share of the Southwest Plant (as set forth in Exhibit A) to determine Delcora's final share. Delcora's final share shall be compared to the total Delcora capital payments already received. In the event of an underpayment by Delcora, Delcora will make any additional payment due. In the event of an overpayment by Delcora, City will refund any such overpayment. All payments made by either party shall only be for the principal sum due and no interest shall accrue or be due on any such sum. The final payment from Delcora or refund from the City shall be made within one hundred twenty (120) days of the date on which the construction grant audit is resolved.

8. As the parties have now agreed as to Total Project Costs, Delcora's shares of Southwest Plant Facilities and how total construction grant funding will ultimately be determined, the parties agree that the audit provision contained in Paragraph 4.09 of the Agreement is no longer necessary and therefore shall not be conducted.
9. Delcora will support City's efforts with regulatory agencies and legislative bodies to secure all allocated grant funds for the Southwest Plant project. This will include support of grant audit appeals filed by the City.

ARTICLE III - RRR CHARGES

- A. The parties agree that Delcora shall pay a portion of the costs for the rehabilitation, replacement and renewal (RRR) of existing facilities at City's Southwest Water Pollution Control Plant. Delcora's share of Southwest's capital funded RRR costs shall be billed and recovered as a separate component of Delcora's operating and maintenance rates. Charges to Delcora will be limited to those facilities serving Delcora and there will be no duplication of costs already included under the original Southwest Pollution Abatement Program or funded through the annual operating budget. These RRR charges will not cover any expansion of capacity, upgrading of treatment, or facilities not

serving Delcora. Costs recoverable pursuant to Section 7.02 (future expansion and upgrades) of the Agreement shall be recovered in accordance with that section and shall not be billed as RRR. RRR costs are subject to the 10% management fee contained in the Agreement. RRR estimates will be developed by the City at the beginning of each rate period. The estimates will be developed in a manner which projects, as closely as possible, planned RRR expenditures over the rate period. Delcora's shares of these projected RRR expenditures will be estimated pursuant to Exhibit B. These estimates shall then be allocated over the projected number of quarters in the rate period to develop the capital funded RRR component of the operating and maintenance rates.

The City and Delcora agree that the capital funded RRR component of the operating and maintenance rates shall be subject to adjustments at the beginning of each new rate period. The initial adjustment shall be implemented in accordance with subparagraph 1 (the "Initial Adjustment"). All subsequent adjustments shall be implemented in accordance with subparagraph 2.

("Subsequent Adjustments")

(1) Initial Adjustment

The Initial Adjustment shall take place at the beginning of the next new rate period. The Initial Adjustment shall be made by first calculating the City's capital funded RRR costs. For the purposes of this Initial Adjustment, the capital funded RRR costs shall be those costs identified in Exhibit C, costs incurred after October 1, 1994 for projects identified in Exhibit C, and the costs of any additional capital funded RRR projects initiated after October 1, 1994 (the "Initial Capital Funded RRR Costs"). Delcora's share of these Initial Capital Funded RRR Costs will be calculated pursuant to Exhibit B.

Next, Delcora's payments towards the Initial Capital Funded RRR Costs shall be calculated and subtracted from Delcora's share of the Initial Capital Funded RRR Costs. This will include all payments made from the inception of the current rate period, which began on December 1, 1992, through the end of the current rate period. The parties agree that as of the date of this Amendment, \$4,209,323 in RRR payments have been made. The Initial Adjustment will result in either a Delcora RRR overpayment or underpayment. One twelfth of this RRR overpayment or underpayment shall then be subtracted from or added to each quarterly RRR payment for the first twelve quarters of the new rate period to determine the RRR charge for these quarters. Should the new rate period last less than twelve quarters then any remaining quarterly adjustments shall be carried forward into the initial quarters of the next rate period until the entire adjustment is satisfied. If the Agreement terminates prior to the twelfth quarter of the next new rate period any remaining overpayment or underpayment shall be paid by the appropriate party within sixty (60) days of the Agreement's termination.

(2) Subsequent Adjustments

All Subsequent Adjustments shall take place at the beginning of the new rate periods. The Subsequent Adjustments shall be made by first calculating the City's capital funded RRR costs during the prior rate period (the "Total RRR Costs"). Delcora's share of these costs will be calculated pursuant to Exhibit B. Next, Delcora's payments towards these capital funded RRR costs in the prior rate period shall be calculated and subtracted from Delcora's share of Total RRR Costs. This will result in either a Delcora RRR overpayment or underpayment. One twelfth of this RRR overpayment or underpayment shall be subtracted from or added to each quarterly RRR payment for the first twelve quarters of the new rate period to determine the RRR charges for those quarters. Should the new rate period last less than twelve quarters then any remaining quarterly adjustments shall be carried forward into the initial quarters of the next rate period until the entire adjustment is satisfied. If the Agreement terminates prior to the twelfth quarter of the next new rate period any remaining overpayment or underpayment shall be paid by the appropriate party within sixty (60) days of the Agreement's termination.

(3) Audits of Expenditures

The City will maintain records and accounts and provide

Delcora the right to inspect these records pursuant to Article 6.06 of the Agreement.

- B. The City and Delcora hereby agree that all facilities other than the Sludge Dewatering and Sludge Composting facilities were originally designed and built for a hydraulic capacity of 210 MGD.

The City and Delcora also agree that the Sludge Dewatering and Sludge Composting facilities were originally designed and built for a hydraulic capacity of 200 MGD.

The City and Delcora also agree that the Southwest Water Pollution Control Plant currently has a permitted hydraulic capacity of 200 MGD.

The City and Delcora also acknowledge that the City is studying the possibility of increasing the Southwest Water Pollution Control Plant permitted hydraulic capacity of 200 MGD with little or no additional capital investment.

The City and Delcora also agree that any change in the Southwest Water Pollution Control Plant permitted hydraulic capacity of 200 MGD may result in changes to Delcora's proportionate shares or contract maximum flow but that such changes will be made only on a prospective and not a retroactive basis.

Further, Delcora's percent shares will not increase beyond current levels unless Delcora requests, and City grants additional capacity, unless the permitted hydraulic capacity of the Southwest Plant is downgraded by EPA or DER. In the event such a downgrading occurs, Delcora will have the option of maintaining its current percent shares by proportionately reducing its reserve capacities

found in Article IV, if Delcora can demonstrate that its actual flow will not exceed those reduced reserve capacities.

Should the Southwest Water Pollution Control Plant be repermitted for a hydraulic capacity of more than 210 MGD, Delcora will be given the option to increase their contract maximum flow to 23.809523% of the newly permitted capacity by participating in the additional cost of expansion, if any, or in the alternative to have their proportional shares reduced for future capital investments.

Delcora's revised proportional shares for future capital costs shall be calculated by taking Delcora's new contract maximum flow, or 50 MGD if they elect not to participate in expansion costs, and dividing by the new permitted hydraulic capacity.

It is further agreed that since Delcora has paid for 25% of the capacity of the Sludge Dewatering and Composting Facilities, it will not share in any costs of increasing the capacity of those facilities to 210 MGD. It is further agreed that should such a rerating occur, Delcora's share of RRR costs of those facilities in Exhibit B showing a 25% "Delcora share of SW" will be recalculated to reflect a 23.809523% "Delcora share of SW".

- C. The City shall provide annual updates of RRR projects and costs. These updates will be provided by July 1 of each year, beginning July 1, 1995, and will detail RRR costs to date for ongoing projects (using the format of Exhibit C) and projected RRR costs (including Delcora's shares of such costs) for planned projects over the next five years.

ARTICLE IV - Flow Limits and Exceedance Charges

A. Flow Limits

The following flow limits will replace the flow limits stated in Article 2.01 of the Agreement:

- a. Maximum Annual Average Daily Flow - 50 mgd (calendar year)
- b. Maximum Tri-Monthly Average Daily Flow - 50 mgd per calendar month for any consecutive three month period.
- c. Maximum Daily Flow - 75 mgd (calendar day)
- d. Maximum Instantaneous Flow - 100 mgd rate (155 cfs)

B. Exceedance Charges

1. If the flow of Delcora wastewater exceeds any of the flow limits set forth above in Article IV A, a charge will be assessed against Delcora and Delcora agrees to pay said charge. The charge will be assessed on a quarterly basis and shall be based upon the highest calculated exceedance per calendar quarter. Exceedances shall be calculated by determining the differences between the recorded flow and the respective limits set forth herein. Charges for exceedances of the maximum Tri-Monthly Average Daily Flow shall only be applied to the calendar quarter in which the third consecutive month falls. The exceedance charge for calendar year 1995 will be \$6,500 per mgd, or part thereof, over the flow limit on the highest exceedance per calendar quarter. Each calendar year thereafter, the exceedance charge rate will be adjusted in accordance with the change in the consumer price index for the Philadelphia - Wilimington - Trenton, PA. - DE. - N.J. - MD. area (CPI-U) over the previous calendar year.
2. Delcora shall pay any such charges along with its regular quarterly operations and maintenance charges pursuant to the payment provisions of the Agreement. The exceedance charge will not be subject to the management fee provisions of the Agreement.

- ### C. Plan to Eliminate Flow Exceedances - Delcora shall develop and submit to the City within 90 days of the signing of this Amendment a written report detailing a

plan of action to eliminate its flow exceedances within five (5) years from the date of submission of the written report. City shall promptly approve or disapprove the plan. Approval of the plan outlined in the report will not be unreasonably withheld. City shall notify Delcora in writing within sixty (60) days of receipt of the plan of approval or disapproval, including reasons for disapproval. Should Delcora disagree with the City's disapproval of its plan, Delcora shall have the option to compel arbitration pursuant to Article 9.03 of the Agreement. Delcora will proceed to implement its plan for eliminations of exceedances promptly upon written approval by the City. If Delcora fails to submit a plan to eliminate exceedances, as hereinabove set forth, or if the City does not approve such plan and the City's refusal to approve is upheld by an arbitrator then Delcora shall be liable to the City for a penalty of one thousand dollars (\$1,000) per week until such time as Delcora submits a plan which the City approves or submits a plan which the City does not approve but said failure to approve is not sustained by the arbitrator.

ARTICLE V - EFFECT OF AMENDMENT

- A. This Amendment modifies and changes the existing Agreement between the parties dated March 15, 1974, which remains in full force and effect. The provisions in this Amendment shall take precedence over any contrary provisions contained in the Agreement.

B. The Agreement and this Amendment represent the entire agreement of the parties. There are no other oral or written agreements or understandings.

IN WITNESS WHEREOF, and intending to be legally bound, the City of Philadelphia has caused this Amendment to be executed by its Water Commissioner, and the Delaware County Regional Water Quality Control Authority, by its Chairman, both of whom are the duly authorized representatives of the parties with the full power and authority to enter into this Amendment.

CITY OF PHILADELPHIA

BY:


KUMAR KISHINCHAND
Water Commissioner

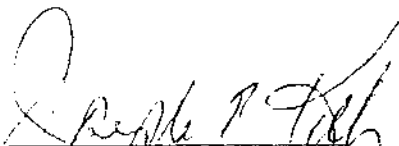
DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL
AUTHORITY

BY:


JOSEPH L. SALVUCCI
CHAIRMAN


DAVID A. KATZ, ESQ.
Divisional Deputy City Solicitor

ATTEST:


JOSEPH F. KELLY
TREASURER

CITY OF PHILADELPHIA
 CALCULATION OF DELCORA CAPITAL SHARE PLANT EXPANSION PROGRAM
 SOUTH WEST WATER POLLUTION CONTROL PLANT (C-420786)

Exhibit A

05-Apr-95

GRANT	DESCRIPTION	TOTAL DIRECT COST	CAPITAL RELATED INDIRECT COST	SUBTOTAL	FEDERAL REIMB	Net Cost	SW SHARE	SW SHARE	DELCORA SHARE	DFLCORA COSTS
01	Cannonball Farmhouse	\$22,132,973.81	\$331,505.92	\$22,464,479.73	see note 1	\$22,464,479.73	100.0000%	\$22,464,479.73	23.809523%	see note 2
	Oxygen Supply and Dissolution System	\$11,595,082.36	\$65,557.45	\$11,660,639.81	see note 1	\$11,660,639.81	100.0000%	\$11,660,639.81	23.809523%	see note 2
	Site Preparation	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Outfall Conduit	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Compressor Building	\$3,645,787.12	\$57,332.45	\$3,703,119.57	see note 1	\$3,703,119.57	100.0000%	\$3,703,119.57	23.809523%	see note 2
	Electrical Building	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Aeration Tanks	\$13,019,805.54	\$162,644.39	\$13,182,449.93	see note 1	\$13,182,449.93	100.0000%	\$13,182,449.93	23.809523%	see note 2
	Final Sedimentation Tanks	\$27,594,189.49	\$243,535.39	\$27,837,724.88	see note 1	\$27,837,724.88	100.0000%	\$27,837,724.88	23.809523%	see note 2
	Effluent Pumping Station	\$6,050,774.51	\$94,438.61	\$6,145,212.72	see note 1	\$6,145,212.72	100.0000%	\$6,145,212.72	23.809523%	see note 2
	Shop & Maintenance Building	\$3,051,596.18	\$84,429.40	\$3,136,025.58	see note 1	\$3,136,025.58	100.0000%	\$3,136,025.58	23.809523%	see note 2
	Preliminary Treatment Building	\$22,358,294.54	\$341,732.95	\$22,700,027.49	see note 1	\$22,700,027.49	85.4600%	\$19,399,443.49	23.809523%	see note 2
	Administration Building	\$2,902,787.15	\$67,016.52	\$2,969,803.67	see note 1	\$2,969,803.67	100.0000%	\$2,969,803.67	23.809523%	see note 2
	Primary Sedimentation Tanks	\$10,879,659.37	\$151,551.95	\$11,031,211.32	see note 1	\$11,031,211.32	100.0000%	\$11,031,211.32	23.809523%	see note 2
	Sludge Thickener Building	\$18,080,185.55	\$287,007.71	\$18,367,193.26	see note 1	\$18,367,193.26	72.9200%	\$13,393,357.33	23.809523%	see note 2
	Scum Concentration Building	\$1,763,293.53	\$134,447.19	\$1,897,740.72	see note 1	\$1,897,740.72	100.0000%	\$1,897,740.72	23.809523%	see note 2
	Warehouse	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Elevated Tanks	\$286,881.93	\$24,771.34	\$311,653.27	see note 1	\$311,653.27	100.0000%	\$311,653.27	23.809523%	see note 2
	Railroad Siding	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Computer Monitoring & Control System	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Influent Pumping Station	\$5,490,403.87	\$167,893.02	\$5,658,296.89	see note 1	\$5,658,296.89	100.0000%	\$5,658,296.89	0.000000%	see note 2
	Landscaping - Phase I	see Cannonball house		\$0.00	see note 1	\$0.00	100.0000%	\$0.00	23.809523%	see note 2
	Plant Wide Engineering	\$7,725,129.87	\$4,010,392.36	\$11,735,522.23	see note 1	\$11,735,522.23	100.0000%	\$11,735,522.23	23.809523%	see note 2
	Plant Wide Engineering - I and I	\$3,233,849.86	\$127,648.72	\$3,361,498.58	see note 1	\$3,361,498.58	100.0000%	\$3,361,498.58	0.000000%	see note 2
02	New Sludge Digestion Facilities	17,508,421.03	248,424.13	17,756,845.16	see note 1	\$17,756,845.16	67.1700%	\$11,927,272.89	23.809523%	see note 2
03	Grit and Ash Transfer Station	3,610,658.34	114,366.95	3,725,025.29	see note 1	\$3,725,025.29	70.9200%	\$2,641,787.94	23.809523%	see note 2
	Sludge Gas Facilities	9,969,769.86	132,801.30	10,102,571.16	see note 1	\$10,102,571.16	67.1700%	\$6,785,897.05	23.809523%	see note 2
04	Mod to Existing Sludge Facilities	20,477,971.02	364,667.47	20,842,638.49	see note 1	\$20,842,638.49	67.1700%	\$14,000,000.27	23.809523%	see note 2
05	Landscaping - Phase II	1,992,092.60	64,990.44	2,057,083.04	see note 1	\$2,057,083.04	100.0000%	\$2,057,083.04	23.809523%	see note 2
06	Sludge Watering Facilities	30,506,809.07	1,254,277.54	31,761,086.61	see note 1	\$31,761,086.61	34.7700%	\$11,043,329.81	25.000000%	see note 2
07	Sludge Composting Facility	36,833,650.16	853,609.80	37,707,259.96	see note 1	\$37,707,259.96	34.7700%	\$13,110,814.29	25.000000%	see note 2
08	Landscaping - Phase III	2,265,485.76	123,272.18	2,388,757.94	see note 1	\$2,388,757.94	100.0000%	\$2,388,757.94	23.809523%	see note 2
	Cost of original plant site (per G & H study)	\$2,159,912.00		2,159,912.00	n/a	\$2,159,912.00	100.0000%	\$2,159,912.00	100.0000%	\$2,159,912.00
	Management fee	\$150,000.00		150,000.00	n/a	\$150,000.00	100.0000%	\$150,000.00	100.0000%	\$150,000.00
	Additional real estate at sludge site - 49.1354 acres @ \$22,000.	\$1,080,978.80		1,080,978.80	n/a	\$1,080,978.80	34.7700%	\$375,856.33	25.000000%	\$93,964.08
	Fencing & site work at former sludge site.	\$993,576.00		993,576.00	n/a	\$993,576.00	34.7700%	\$345,466.38	25.000000%	\$86,366.59
TOTAL		\$287,380,018.92	\$9,508,315.18	\$296,888,334.10	see note 1	\$296,888,334.10		\$224,874,357.66		see note 2
	Less previous Delcora Capital payments (see note 3)									\$17,126,488.00
	DELCORA'S Final share payment or (rebate)	\$287,380,018.92	\$9,508,315.18	\$296,888,334.10	see note 1	\$296,888,334.10		\$224,874,357.66		see note 2

CALCULATION OF FINAL SHARE (due 120 days from final resolution of EPA Construction grant audit):

Delcora Costs (see note 2) less Delcora capital payments to date (see note 3) equals Delcora's Final share payment

note 1 actual federal funds received for each facility will be deducted from the capital project costs after resolution of the final audit

note 2 Delcora liability for each facility will be determined based on the actual federal funds deduction discussed in note 1 after resolution of the final audit

note 3 Delcora's liability will be reduced by the \$15,626,488 paid to date and \$1,500,000 of the settlement payment and each of the additional \$250,000.00 settlement payments actually paid to the City

CITY OF PHILADELPHIA
 PLANT EXPANSION PROGRAM
 LISTING OF FEDERAL FUNDS RECEIVED TO DATE
 SOUTH WEST WATER POLLUTION CONTROL PLANT (C-420786)

Exhibit A-1

NOTE: This schedule shows the actual Federal funds received to date for SW WPAP projects. These amounts will change and will be adjusted to reflect actual Federal funds received from EPA based on a Final Determination or appeal. These amount will be adjusted accordingly as defined in the settlement agreement. 05-Apr-95

GRANT	DESCRIPTION	FEDERAL REIMB
01	Cannonball Farmhouse	
	Oxygen Supply and Dissolution System	
	Site Preparation	
	Outfall Conduit	
	Compressor Building	
	Electrical Building	
	Aeration Tanks	
	Final Sedimentation Tanks	
	Effluent Pumping Station	
	Shop & Maintenance Building	
	Preliminary Treatment Building	\$16,157,810.00
	Administration Building	
	Primary Sedimentation Tanks	
	Sludge Thickener Building	\$12,279,656.00
	Scum Concentration Building	
	Warehouse	
	Elevated Tanks	
	Railroad Siding	
	Computer Monitoring & Control System	
	Influent Pumping Station	\$3,670,143.00
	Landscaping - Phase I	
	Plant Wide Engineering	\$77,079,203.61 See Note 1
	Infiltration/Inflow studies	\$2,425,387.40
	SUBTOTAL	\$111,612,200.00
02	New Sludge Digestion Facilities	\$14,412,400.00
03	Grit and Ash Transfer Station	\$2,415,234.35
	Sludge Gas Facilities	\$7,090,265.65
04	Mod to Existing Sludge Facilities	\$15,305,100.00
05	Landscaping - Phase II	\$1,194,100.00
06	Sludge Dewatering Facilities	\$20,948,500.00
07	Sludge Composting Facility	\$29,240,500.00
08	Landscaping - Phase III	\$1,225,632.00
	TOTAL	\$201,443,932.00

note 1 - This amount -\$77,079,203.61 will be specifically allocated to each applicable SW-01 facility based upon the final audited and reimbursed amounts

EXHIBIT B

FACILITY	SW SHARE	DELCORA SHARE OF SW	DELCORA NET SHARE
Cannonball Farmhouse	100%	23.809523%	23.809523%
Oxygen Supply & Dissolution	100%	23.809523%	23.809523%
Site Preparation	100%	23.809523%	23.809523%
Outfall Conduit	100%	23.809523%	23.809523%
Compressor Building	100%	23.809523%	23.809523%
Electrical Building	100%	23.809523%	23.809523%
Aeration Tanks	100%	23.809523%	23.809523%
Final Sedimentation Tanks	100%	23.809523%	23.809523%
Effluent Pumping Station	100%	23.809523%	23.809523%
Shop & Maintenance Building	100%	23.809523%	23.809523%
Preliminary Treatment Building (Excluding Incin)	100%	23.809523%	23.809523%
Preliminary Treatment Building (Incin)	70.92%	23.809523%	16.8857%
Administration Building	100%	23.809523%	23.809523%
Primary Sedimentation Tanks	100%	23.809523%	23.809523%
Sludge Thickener Building	72.92%	25%	18.23%
Scum Concentration Building & Scum Incin.	100%	23.809523%	23.809523%
Warehouse	100%	23.809523%	23.809523%
Elevated Tanks	100%	23.809523%	23.809523%
Railroad Siding	100%	23.809523%	23.809523%
Computer Monitoring & Control	100%	23.809523%	23.809523%
Influent Pumping Station	100%	0%	0%
Landscaping - Phase I	100%	23.809523%	23.809523%
Plant Wide Engineering	100%	23.809523%	23.809523%
New Sludge Digestion	67.17%	25%	16.7925%
Grit & Ash Trans. Station	70.92%	23.809523%	16.8857%
Sludge Gas	67.17%	25%	16.7925%
Mods to Existing Sludge	67.17%	25%	16.7925%
Landscaping - Phase II	100%	23.809523%	23.809523%
Sludge Dewatering	34.77%	25%	8.6925%
Sludge Composting	34.77%	25%	8.6925%
Landscaping - Phase III	100%	23.809523%	23.809523%
Sludge Site Work	34.77%	25%	8.6925%

AGREEMENT

This Agreement, made this 20th day of May, 1992 (hereinafter called the "EFFECTIVE DATE") by and between the City of Philadelphia, hereinafter called "City", and the Lower Merion Township, (hereinafter called "Township").

WITNESSETH:

WHEREAS, City owns and operates wastewater collection and treatment facilities to convey, treat and dispose of wastewater and its by-products, including sludge, collected from retail customers within the City and from outlying municipalities, townships, authorities and entities including Township; and

WHEREAS, City desires to reserve wastewater treatment capacity for wholesale suburban customers at its Southwest Water Pollution Control Plant (the "Plant") on a long term basis to ensure the most efficient use of the City's resources and facilities, and to provide full and fair compensation to City; and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into new agreements for the sale of wastewater treatment service to suburban communities; and

WHEREAS, Township desires to acquire wastewater treatment capacity from City at the Plant to ensure a sufficient wastewater treatment capacity for the communities it serves; and

WHEREAS, the Plant has limited capacity and City has other suburban customers who purchase wastewater treatment service from City; and

WHEREAS, Township intends to make a capital contribution to reserve wastewater treatment capacity in accordance with Section I of this Agreement;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

I. CAPITAL CONTRIBUTION

A. Capital Contribution - Township shall pay City a capital contribution to reserve wastewater treatment capacity for the Township at the Plant ("Capital Contribution") as set forth in Exhibit "A" attached hereto and fully incorporated herein ("The Flow and Loadings Limits Addendum").

B. Initial Capital Contribution - Township shall pay City an Initial Capital Contribution within 5 days from the EFFECTIVE DATE of this agreement, of Six Million Four Hundred Sixty Three Thousand Dollars (\$6,463,000.00) for estimated net cost to City for wastewater conveyance and treatment facilities, systems and equipment allocated to the service of Township as more fully described in "Exhibit E" attached hereto and fully incorporated herein.

Additionally, the Initial Capital Contribution reflects the City's best estimate of future grant reimbursements from the

federal or state government. Township acknowledges, however, that all grants have not yet been fully reimbursed and reconciled and agrees to make additional capital contributions regarding the period covered by the Initial Capital Contribution, if warranted by actual changes from estimates in grant reimbursements. Regarding the period covered by the Initial Capital Contribution, should the City actually receive grant reimbursements in excess of its estimated reimbursements, then the City shall, once these funds are received, credit Township for its pro rata share of the excess grant funds on the Township's next quarterly capital bill.

C. Interim Capital Contribution - Township shall pay City an Interim Capital Contribution within 5 days from the EFFECTIVE DATE of this agreement, of Two Hundred Five Thousand Dollars (\$205,000) for estimated net cost to City for wastewater conveyance and treatment facilities, systems and equipment allocated to the service of Township not included in "Exhibit E", attached hereto and fully incorporated herein, but allocated to the service of Township by the period ending December 31, 1991. The \$205,000 is only an estimate. The precise and final interim capital contribution amount shall appear on the Township's first quarterly capital billing. The difference between the estimated \$205,000 and the final interim capital contribution shall be paid by the Township as part of its first quarterly capital billing.

Additionally, the Interim Capital Contribution reflects the City's best estimate of future grant reimbursements from the federal or state government. Township acknowledges, however, that all grants have not yet been fully reimbursed and reconciled and agrees to make additional capital contributions regarding the period covered by the Interim Capital Contribution, if warranted by actual changes from estimates in grant reimbursements. Regarding the period covered by the Interim Capital Contribution, should the City actually receive grant reimbursements in excess of its estimated reimbursements, then the City shall, once these funds are received, credit Township for its pro rata share of the excess grant funds on the Township's next quarterly capital bill.

D. Additional Capital Contributions - Pro rata Share of New Facilities and Renewal and Replacement - Township shall pay to City as and for additional capital contribution(s) its pro rata share, as calculated by City, of capital costs for improvement to and/or renewal and/or replacement of facilities and for new facilities not already included in the initial or interim capital contribution excepting, however, new facilities which are intended solely to increase the marketable and marketed capacity of the Plant.

E. Billing and Payment -

(1) City shall bill Township no more than once per

quarter and no less than twice per year, at City's sole option, for its pro rata share of actual additional and future capital contributions as calculated by the City. Actual additional and future capital contributions shall be calculated by the City as those costs actually paid by the City, less reimbursements actually received from the federal or state government.

(2) Township shall pay additional and future capital contributions within sixty (60) days of receipt of the bill. If the Township objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter".) The Objection Letter shall state in precise detail, based on information available to the Township, the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Sixty days after the City's receipt of the Objection Letter both parties shall proceed to arbitration pursuant to Section VIII(B) of the Agreement in order to resolve the specific objections raised in the Objection Letter. During this sixty day period prior to arbitration, the Township shall have the opportunity to conduct its inspection and audit of City records in accordance with Paragraph VIII A. Upon mutual agreement of the City and Township, the arbitration may be delayed for a specified period of time in order to allow the

parties additional time for a negotiated settlement. The delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties.

All billings, including all billings subject to an Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if an Objection Letter to a billing is received prior to the bill's due date, the Township may elect to pay the disputed portion of the bill into a special escrow account held by the City. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by the Board of Arbitrators.

If an Objection Letter is not received prior to the bill's due date, then the Township shall pay the billing in full and on time directly to the City and not into the escrow account.

In the event that Township does not pay the bill when due, late charges will accrue at the rate of one and one-quarter percent (1-¼%) per month simple interest. Under two special conditions, funds paid into the escrow account shall also be subject to a late charge of one and one-quarter

percent (1½%) per month. These two special conditions are:

- (1) The Board of Arbitrators determines that the Township's payment into the escrow account was made in bad faith;
- or
- (2) The Township made payments into the escrow account without submitting its Objection Letter to the City prior to the bill's due date.

Regarding the interest earned on the escrow funds, the City shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, Township shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Township. The interest payable to the Township shall be applied as a credit to the Township's next billing. City reserves the right to seek payment from Township in advance of City's payment of actual costs; however, Township is not obligated to pay late charges except as provided above.

(3) Upon written request of Township, no later than November 1 of each year, the City will furnish to Township its best estimate of Township's quarterly capital obligations for the succeeding fiscal year. Fiscal year is July 1 through June 30. The estimate is only an estimate.

If the actual quarterly capital billings are more than 125% of the estimated quarterly capital billings, the Township shall have an additional 60 days to pay the amount in

excess of 125% of the estimate. In order to calculate whether an actual billing exceeds an estimated billing by 125%, the following formula shall be applied:

$$\frac{\text{Actual Quarterly Capital Billing} - \text{Quarterly Capital Surpluses from Previous Quarters of Fiscal Year}}{\text{Estimated Quarterly Capital Billing}}$$

The terms of the equation are defined as follows:

Actual Quarterly Capital Billing - The quarterly billing received by the Township for any specified quarter.

Estimated Quarterly Capital Billing - The estimated billing for that specified quarter which was provided by November 1 of the preceding fiscal year.

Quarterly Capital Surpluses From Previous Quarters of Fiscal Year

Where any actual quarterly capital billing for a given quarter is less than the estimated quarterly capital billing for that quarter, a quarterly capital surplus is created. This equation term, therefore, equals all quarterly capital surpluses for all previous quarters within the fiscal year.

The additional 60 days, if applicable, shall be granted without any late charge accruing. The City shall grant an additional 90 days, in addition to the previously granted 60 days, for payment of the excess over 125% if the Township so requests. However, during this additional 90 day period late charges shall accrue at the rate of one and one quarter percent (1¼%) per month. If the Township pays the remaining balance of the bill, in full, and within the 90 day period, then the Township shall not be considered in default of its payment obligations.

F. Change in Capacity -

(1) Township and City agree to the following in the event of a change in the capacity of the Plant:

- (a) In the event that any regulatory agency, whether federal, state or local, directs the City to expand the capacity of the plant, for any environmental reasons or purposes, Township shall pay its pro rata share of the cost of such expansion.
- (b) If the City increases the capacity solely to increase the marketable capacity of the Plant or solely to serve increased inside City needs, Township shall not be responsible for the costs of such expansion. However, the revised capacities of the facilities shall be used to allocate the Township its pro rata share of future capital expenditures properly allocated to the service of the Township.
- (c) If the capacity of the plant or a portion thereof is rerated at the direction of Federal or State regulatory agencies, Township shall pay its pro rata share of subsequent capital expenditures based upon the revised capacities of the facilities.

Neither City nor Township shall be entitled to any retroactive adjustment of the capital contributions prior to the date on which the facilities are rerated. Nothing in this Section I.F. shall serve to revise Township's flow and loadings limits as set forth in Exhibit "A" attached hereto and incorporated herein ("The Flow and Loadings Limits Addendum").

(2) In the event that City determines it has excess marketable capacity, City shall advise its suburban customers of such availability. It shall be the responsibility of the customer to make a timely formal request for its pro rata capacity share, at a cost reasonably determined by the City to be fair and equitable at that time. Nothing in this Section I(F) shall be construed to bind either party to agree to modify this Agreement or the Flow and Loadings Limits Addendum or to bind the City to have additional capacity available.

G. Term -

(1) This Agreement shall begin from the EFFECTIVE DATE and shall continue in force and effect until terminated as hereinafter set forth.

(2) City shall have the right to terminate this Agreement for "cause" at any time, but only upon five (5) years' written notice. "Cause" shall mean:

- a) continuing exceedances of the flow and loadings limits which are not corrected as required by this

Agreement and which impair the safe and efficient operation of the system or which cause City to be in violation of permits issued by the Pennsylvania Department of Environmental Resources or the United States Environmental Protection Agency; or

b) failure by Township to meet its financial obligations under this Agreement for a period of six consecutive months; or

c) failure by Township to comply with a decision or determination of a Board of Arbitration or court of competent jurisdiction rendered under this Agreement within three months of the date of the decision or determination, unless otherwise specified by the Board of Arbitrators or a court of competent jurisdiction.

(3) If City terminates this agreement for cause during the first nine (9) years of the agreement, Township shall receive, at thirty five years from the date of execution of the agreement, the difference, if any, between the value of the assets as determined in accordance with Section I G(5), less \$751,300 per year, for each year of service rendered to Township from the date of execution of the agreement through the date of termination for cause. Such valuation of the assets shall be made as close as practicable to the date of termination.

If City terminates this agreement for cause after nine (9) years from the date of execution of the agreement Township shall receive the value of assets paid through its additional capital billings as determined by the methodology described in Section I G(5). Such valuation shall be made as close as practicable to date of termination, and the payment shall be made to Township thirty five (35) years from the date of execution of the Agreement. No payment shall be made to Township for facilities paid through the Initial and Interim capital contributions.

(5) In the event this Agreement terminates for any reason, except for cause which is governed by Section I(G)(3), City shall pay to Township an amount equal to the Township's share of the then-remaining value of all systems, equipment and facilities used to convey and treat Township's wastewater under this Agreement (the "Assets"). The remaining value of the Assets shall be calculated as follows:

- a) The remaining useful life of each component of the assets shall be separately calculated.
- b) Capital contributions by the Township towards the cost of acquisition, renewal and replacement of each component of the assets shall be multiplied by a fraction whose numerator is the remaining useful life of the component, and whose denominator is the sum of the

years the component has been in service since, plus the remaining useful life.

c) The amount thus calculated shall be paid to the Township in cash on the effective date of termination.

d) The calculation required hereunder shall be made by an independent appraiser selected jointly by the City and the Township. The expense of the appraisal shall be divided equally between the City and the Township. If the City and the Township cannot agree on an appraiser, then one shall be selected by the same method to be used to select a third arbitrator under Section IX.B. of this Agreement.

III. WASTEWATER LIMITS AND EXCEEDANCE CHARGES

A. Quantity and Quality - City shall convey, treat and dispose of wastewater delivered by Township in accordance with Flow and Loadings Limits.

B. Flow and Loadings Limits - The wastewater delivered by Township to City shall not exceed the limitations set forth in the Flow and Loadings Limits Addendum (Exhibit A). For the purpose of this Agreement the term "Flow Limits" shall mean the maximum amount of wastewater as measured in millions of gallons per day which may be delivered to City for treatment in a given period of time and the term "Loadings Limits"

shall mean the maximum biochemical oxygen demand ("BOD") loadings and suspended solids ("SS") loadings which shall be delivered to City for treatment annually. The flow limits and loadings limits for SS and BOD shall be as set forth in the Flow and Loadings Limits Addendum.

C. Exceedance Charges - City shall measure or estimate the quantity and sample or estimate the quality of Township's wastewater flow. Township shall be liable to pay penalties to City for exceedances of agreed-upon Flow Limits and Loadings Limits as set forth in the Flow and Loadings Limits Addendum and the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

D. Plan to Eliminate Exceedances - In the event that Township's wastewater flow exceeds the Flow Limits set forth in the Flow and Loadings Limits Addendum on five (5) or more occasions in one calendar year or eight (8) or more occasions in two consecutive calendar years, or ever exceeds the maximum annual average in any consecutive 365 day period, or if Township exceeds the Annual Loadings Limits, either for BOD or SS, Township agrees:

1) That upon written notice of exceedances from City, Township shall develop and submit to City within one hundred and eighty (180) days of written notice a written report detailing a plan of action to eliminate the exceedances within five (5) years from the date of submission of the

written report. City shall promptly approve or disapprove the plan. Approval of the plan outlined in the report will not be unreasonably withheld. City shall notify the Township in writing within sixty (60) days of receipt of the plan of approval or disapproval, including reasons for disapproval.

2) If Township fails to submit in good faith a report outlining a plan to eliminate exceedances, or if City cannot approve such a plan, Township shall be liable to City for a penalty of One Thousand Dollars (\$1,000.00) per week until such time as Township submits a plan which City approves.

IV. WASTEWATER TREATMENT CHARGES

A. Wastewater Treatment Charges - Township agrees to pay wastewater treatment charges. The wastewater treatment charges shall consist of:

(1) An operation and maintenance charge based upon actual or estimated wastewater flows and actual or estimated BOD and SS Loadings of wastewater delivered to the Plant by Township. The operation and maintenance charge shall be based upon the cost (as defined below at Paragraph IV.A.(3) of conveying and treating wastewater delivered by the Township. Such charges shall be based upon flow and strength of wastewater delivered as well as charges based upon billing, metering, sampling, conveyance system maintenance, and other related fixed costs.

(2) A management fee equal to ten percent (10%) of the charges set forth in paragraph (1). In addition, regarding payment of the management fees prior to the EFFECTIVE DATE of this Agreement, Township shall pay a 10% management fee for the period from October 1, 1990 through December 31, 1991 in the amount of \$314,703.97. This payment shall be due within 5 days from the EFFECTIVE DATE of this Agreement. The bills for the wastewater services for the period from January 1, 1992 up through the EFFECTIVE DATE of this Agreement shall also include the 10% management fee only on the operation and maintenance portion of the charges. Township shall pay these bills within 30 days after receipt.

(3) For the purpose of this Agreement the term "Cost" shall include all direct and indirect expenses, including but not limited to, labor, materials, equipment, power, chemicals, rentals, benefits and departmental overhead. Departmental overhead shall include, but not be limited to, administrative, financial, legal, accounting and engineering support.

(4) Township shall have the right upon written request to review City's method of computing and allocating the cost of providing wastewater treatment service to Township.

B. Billing and Penalties for Late Payment -

(1) City shall render bills to Township on a quarterly basis for the charges set forth in this Agreement. City

reserves the right to bill Township on a more or less frequent basis in the future.

(2) Bills shall be payable to City by Township within thirty (30) days of receipt of bill by Township. If the Township objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter".) The Objection Letter shall state in precise detail, based on the information available to the Township, the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Sixty days after the City's receipt of the Objection Letter both parties shall proceed to arbitration pursuant to Section VIII(B) of the Agreement in order to resolve the specific objections raised in the Objection Letter. During this sixty day period prior to arbitration, the Township shall have the opportunity to conduct its inspection and audit of City records in accordance with Paragraph VIII A. Upon mutual agreement of the City and Township, the arbitration may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties.

All billings, including all billings subject to an Objection Letter, shall be paid in full and on time.

There are no exceptions to this rule. However, if an Objection Letter to a billing is received prior to the bill's due date, the Township may elect to pay the disputed portion of the bill into a special escrow account held by the City. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by the Board of Arbitrators.

If an Objection Letter is not received prior to the bill's due date, then the Township shall pay the billing in full and on time directly to the City and not into the escrow account.

(3) Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing. Under two special conditions, funds paid into the escrow account shall also be subject to a late charge of one and one-quarter percent (1¼%) per month. These two special conditions are:

- (1) The Board of Arbitrators determines that the Township's payment into the escrow account was made in bad faith;
- or
- (2) The Township made payments into the escrow account without submitting its Objection Letter to the City prior to the bill's due date.

Regarding the interest earned on the escrow funds, the City shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, Township shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Township. The interest payable to the Township shall be applied as a credit to the Township's next billing.

C. Notice of Changes in Rates - City shall provide notice to Township of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices. Township shall promptly review this notice. Should the Township object to the change in rates or billing practices it shall notify the City in writing within 90 days from receipt of the City's notice as to its specific objections. (Hereinafter this writing is referred to as the "Change Objection Letter"). The Change Objection Letter shall include any and all facts or documentation supporting the specific objections contained therein. The Change Objection Letter shall automatically be deemed to be a demand for arbitration made pursuant to Section VIII(B) of the Agreement and the parties shall immediately proceed to arbitration in accordance with Section VIII(B). Upon mutual agreement of the City and Township, the arbitration

may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties. Should the Township fail to provide the City with a Change Objection Letter within 90 days from receipt of the City's notice, the rate increase or change in billing practices shall be deemed fully accepted and approved by Township and Township shall have waived all its rights to contest the rate increase or change in billing practices.

D. Township Agreements - The City recognizes that Lower Merion Township has its own sewer agreements with Radnor, Haverford, and Narberth. Nothing in those agreements shall constitute or cause a violation of this Agreement. It is not the intent of this Agreement to affect those agreements. Notwithstanding the foregoing, Lower Merion shall not interpose its agreements with Radnor, Haverford or Narberth as a defense to compliance with the terms of this Agreement.

V. CONSTRUCTION, OPERATION AND MAINTENANCE OF TOWNSHIP'S CONVEYANCE SYSTEM AND RELATED MATTERS

A. Design and Construction of Sewers - Township shall design, construct, own, operate, maintain and repair at its sole cost and expense sanitary sewers and connections to the City system necessary to convey its wastewater to the City system.

B. Approved Connection Points - The locations of approved points of connection and provisions concerning these connections are described in Exhibit "C", attached hereto and incorporated herein (the "Connection Points"). If it becomes reasonably necessary the City may require additional connection points or may approve in writing Township's request for additional connection points.

C. Plan To Eliminate Unauthorized Discharge - If any of Township's Connection Points are determined by the City or any governmental regulatory agency to be maintenance problems or sources of unauthorized discharges, Township agrees to immediately submit a plan to City outlining action to be taken to eliminate within forty-five days of written notification the problem or unauthorized discharge. City shall promptly approve or disapprove said plan. Any action taken pursuant to this section V.C. shall be at the sole expense of Township.

D. Additional Connection Points - Metering and Maintenance Sampling - Township and City shall have the following rights and responsibilities as to any additional connection points required by City.

(1) Township shall submit for approval by City, plans and specifications for the design and installation of equipment for metering and sampling wastewater and for

telemetering the metered signal to City. Approval of said plans and specifications shall not be unreasonably withheld.

(2) Upon approval by City, said metering and telemetering equipment shall be installed by Township to City's satisfaction.

(3) All purchase and installation costs for metering and telemetering equipment including equipment installed by City whether installed within or outside of the city limits shall be borne by Township.

(4) Township shall pay for and provide a dedicated, leased telephone line approved by City for the purpose of transmitting information from the meter to City. Township shall also pay for and provide electrical power required to operate the telemetering equipment in Township.

(5) City shall have the right to enter the area served by Township at any time upon reasonable advance telephone notice to read the meters installed by Township, to record the quantity of wastewater flowing through said meters, to inspect metering and telemetering equipment and to maintain telemetering equipment.

(6) City shall own and maintain metering equipment and the electronics associated with the meter installed in area served by Township. City shall own and maintain telemetering equipment installed in area served by Township

which shall consist of equipment which converts the signal produced by the meter into a signal which can be transmitted over telephone lines. City shall also own and maintain all equipment located in City necessary to receive and record telemetered information.

VI. METERING, SAMPLING AND BILLING

A. Connection Points - City shall measure wastewater flow and loadings by metering and sampling at Connection Points as set forth in Exhibit C whenever City, in the reasonable exercise of its sole discretion, determines that this is necessary, practical and/or economical. The Township, upon reasonable notice to the City, shall be entitled to jointly inspect with the City the metering equipment used in measuring Township's wastewater. City shall base its operation and maintenance charges on actual flow and loadings measurements wherever possible. In the absence of actual flow and loadings measurements, the City shall estimate for billing purposes using its standard method for estimating flow and strength.

B. Sampling - City shall have the right to enter the area served by Township upon reasonable advanced telephone notice to sample Township's wastewater. Upon Township's request and if Township's representative is present, City shall provide Township with a portion of sample ("split sample").

C. Billing Information - City shall provide to Township copies of wastewater flow and loadings data and computations utilized in billing Township with each billing.

VII. PRETREATMENT AGREEMENT AND SLUDGE UTILIZATION

A. Interjurisdictional Pretreatment Agreement - City and Township shall enter into the contract attached hereto and incorporated herein as Exhibit "D" ("Interjurisdictional Pretreatment Agreement"). Township agrees to comply with all of the provisions contained therein.

B. Sludge Utilization -

(1) Township recognizes the importance and urgent need to utilize sludge in a timely and proper manner. Township shall:

a) By June 1, 1992, designate a sludge utilization coordinator to work cooperatively with the City to identify projects involving beneficial community uses of sludge-derived products (e.g., compost give-away bins, soil factory, use of municipal grounds, etc.) within the area served by Township, as may be subject to approval by the Pennsylvania Department of Environmental Resources.

b) Township shall arrange to accept and transport such quantities of sludge-derived products as it can usefully employ at municipal projects and shall accept delivery at the City's Sludge Processing and Distribution Center, 7800

Penrose Ferry Road, Philadelphia. Arrangements for delivery must be made in advance with the Plant Manager or his designee and are subject to approval by the City.

c) Township shall promote and support City's community education program for sludge by identifying community groups which have an interest in sludge utilization and aid in providing City with appropriate facilities in the Township at which City may conduct educational programs. Township shall further cooperate with and support City in its lobbying and legislative efforts regarding sludge utilization programs.

(2) City shall retain the right to approve Township's projects and to make available to Township such sludge-derived products as may be in the City's interest to provide.

(3) City shall be available to Township for advice and consultation in developing projects, and Township shall be responsible for their implementation.

(4) The sludge utilization provisions shall remain in full force and effect during the term of this Agreement, except that every five (5) years, or at more frequent intervals at the request of either party, the parties shall review and modify them if necessary to reflect changed circumstances.

VIII. MISCELLANEOUS

A. Inspection and Audit - The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times

have the right to examine and inspect said records and accounts upon 30 days prior written notice. If required by any law or regulation, Township shall make said records and accounts immediately available to federal and state auditors.

B. Arbitration of Disputes - If any dispute shall arise between the parties hereto, concerning terms, conditions and covenants of this Agreement or alleged violations thereof, the same shall be submitted to a Board of Arbitration. All Petitions to Compel or Stay Arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and Township accept venue therein. The Board of Arbitration shall be composed of three (3) arbitrators, one appointed by City, one by Township, and the third to be agreed upon jointly by the arbitrators selected by City and Township.

The arbitrators representing Township and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Township cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Montgomery Counties, from which the third arbitrator shall be selected.

The arbitrator appointed by Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

Each party shall bear the costs of its own arbitrator and the parties shall equally divide the costs of the third arbitrator and all other common costs.

The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) days after the third arbitrator is selected and shall make its determination within thirty (30) days after the appointment of the third arbitrator. The decision of such arbitrators shall be final and binding upon the parties, except in the case of fraud.

C. Claims, Insurance and Related Matters -

(1) Township agrees to defend, indemnify and save harmless City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

a) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

b) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Township's wastewater to the Plant, whether due to the negligence or gross negligence of City or Township or their employees, servants or agents or the inherent nature of their operations;

c) United States Environmental Protection Agency (hereinafter "EPA") or Pennsylvania Department of Environmental Resources (hereinafter "DER") action of any kind whatsoever, whether direct or indirect, for any work undertaken by Township, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or DER.

d) Any grant fund, or any portion thereof, received by Township and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

(2) City and Township agree that in the event of EPA or DER action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Township or their

employees, servants or agents, City and Township shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should the City bill the Township pursuant to this paragraph, the City shall inform the Township as to the nature of the bill.

(3) Anything in this Agreement to the contrary notwithstanding, Township shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the Plant, except, to the extent that such injuries and damages increase City's operating costs, Township shall be responsible for its proportionate share of those increased costs.

(4) Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section IX.C of this Agreement.

(5) Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Township or to vest in said third person any cause of action against City or Township or to authorize any such person to institute any suit or suits against City or Township.

(6) City shall have the right to approve counsel appointed on its behalf pursuant to this Agreement, unless appointed by Township's insurer.

D. No Transfer of Rights - Township shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of the City. Such consent shall not be unreasonably withheld. Any transfer by either party shall not impede the rights of either City or Township.

E. Ownership, Management and Control of Plant Facilities - City retains sole ownership and control of the Plant and all other sewage treatment and conveyance facilities in the City and agrees to operate, maintain, repair, and improve its facilities associated with service to Township. City retains the sole and exclusive right to make all managerial and other decisions regarding its sewage treatment facilities, including but not limited to those decisions regarding operation, maintenance, upkeep, expansion, or replacement of all or a portion of its sewage treatment and conveyance facilities.

F. Severability - In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

G. Successors and Assigns - All the covenants contained in this Agreement shall extend to and bind the respective successors

and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

H. Waiver - The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

I. Notices - All notices, payments and communications required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Township may designate in writing from time to time:

If intended for City:

Water Commissioner
ARA Tower
1101 Market Street
Philadelphia, Pennsylvania 19107

If intended for Township:

Township Manager
Lower Merion Township
75 East Lancaster Ave.
Ardmore, PA 19003

All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

K. Captions - The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do

not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

L. Entire Agreement - This Agreement and its Exhibits and Addendum No. 1, incorporated herein, supersedes and replaces all earlier Agreements and represents the entire agreement of the parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Township.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner; and the appropriate officer of Lower Merion Township has executed this Agreement on behalf of the Township, and has hereunto affixed the corporate seal of the said Township duly attested by the appropriate officer thereof, the day and year first above written.

CITY OF PHILADELPHIA

By: Kumar Kishinchand
KUMAR KISHINCHAND
Water Commissioner

Approved as to form:

By: David A. Katz
DAVID A. KATZ
Divisional Deputy City Solicitor

LOWER MERION TOWNSHIP

By: Charles + York

Attest:

James K. Hunsicker
Secretary

ADDENDUM NO. 1

Township of Lower Merion, County of Montgomery, Commonwealth of Pennsylvania

Notwithstanding anything contained herein to the contrary, this Addendum is made part of this Agreement between the City of Philadelphia and the Township of Lower Merion, County of Montgomery, Commonwealth of Pennsylvania.

1. The City has granted individual sewer connections to City System for certain properties in the Township confronting City Avenue. These properties, Friend's Central School, 1101 City Avenue, Bala Cynwyd; and Germantown Savings Bank Bldg., 215 E. City Avenue, Bala Cynwyd, PA, due to their location, cannot be connected at the connection points described in Exhibit "C" and therefore shall be subject to the conditions hereinafter set forth due to this situation. Said conditions are over and above conditions as set forth in this Agreement.

The conditions are as follows:

- a) The sewage to be received by City shall be sanitary drainage only, and shall not exceed a rate of flow to be specified by the City at the time of granting permission to connect. It is further agreed that the sewage to be delivered from the sewers of Townships into the City sewers in City Avenue shall be at points of connection to be approved by the City.

b) It is agreed that before any connection is made to the City Sewer for the receipt of Township sewage, said Township shall make application to the City for such sewer connections and receive the approval of the Water Commissioner for the same.
Connections to the City sewers shall be subject to rules and regulations governing the method of making and maintaining sewer connections in said City and shall be made in the presence of a duly authorized City sewer inspector. The Township shall pay the wages of said inspector during the time he is required on the work in accordance with bills rendered by the Water Department, and such connections shall be made without expense to the City. No proprietary right of any kind in and to the City's sewage system shall accrue to the Township or to any person whose property within the Township shall be connected to the City's sewers.

c) The Township shall indemnify and save harmless said City from any loss or injury caused by any drainage of said Township which may be received into the sewers of the City, and shall further indemnify the City against the discharge of any sewage into the City sewer other than the sanitary sewage, and will indemnify the City against the discharge by the Township into said City sewers of a volume or

rate of flow in excess of that specified by the City at the time of granting permission to connect.

- d) It is agreed that within ten days after May first of the year next succeeding the receipt of drainage aforementioned into the sewers of the City from the properties of the Township, and annually thereafter, the Township shall file with the Water Commissioner, a certified statement of the connected water ferrules and water consumption from each connected property for the year ending December thirty-first, and any other appurtenant data requested by the City. Within twenty days after receipt of said certified statement of connected water ferrules and water consumption from each connected property, Water Department will bill the Township for sewage service in accordance with the said connected water ferrules and water consumption from each connected property at the rates provided for in the sewer rental charges of the City in effect during the time of said service for similar properties within the City of Philadelphia. Upon failure of the said Township to make payment by May 30 of each calendar year that this Agreement is in effect, the City may enter upon and disconnect the Township connection or connections to the City sewers. It is expressly understood and agreed

that the Township assumes full responsibility for all charges and that the City shall have no claim against individual properties served, except for its right to disconnect if the Township fails to make payment, or if improper material is discharged into the system.

- e) The term of the Agreement as it applies to these connections shall continue in full force and effect for a period of five years from the date hereof and shall thereafter continue from year to year with the privilege of either the City or the Township, upon written notice to the other, to terminate this section of the Agreement at the expiration of one year from the date of such notice of termination.

City of Philadelphia

By: Kumar Kishinchand
KUMAR KISHINCHAND
Water Commissioner

Approved as to form:

By: [Signature]

Lower Merion Township

By: [Signature]

Attest:

[Signature]
Secretary

LOWER MERION TOWNSHIP
FLOW AND LOADINGS LIMITS ADDENDUM
FLOW LIMITS

<u>Maximum Annual Avg.</u>	<u>Instantaneous Maximum</u>
14.5 MGD	31.57 cfs

SS AND BOD LOADINGS

<u>Annual Suspended Solids Loadings</u>	<u>Annual Biochemical Oxygen Demand Loadings</u>
7,250,000 lbs.	6,871,000 lbs.

LOWER MERION TOWNSHIP

EXCEEDANCE CHARGES ADDENDUM

- I. Volume: Township shall be liable to City for the following exceedance charges when Township exceeds the quantity flow limits set forth in the Flow Limits Addendum:
 - A. \$3,700.00 per unit of flow over the average daily limit during any consecutive 365 day period, such charge to be billed annually. The unit of flow used to determine exceedances shall be each hundred thousand gallons of wastewater flow per day.

- II. Strengths: Township shall be liable to City for the following exceedance charges when Township exceeds the quality flow limits set forth in the Flow Limit Addendum:
 - A. Suspended Solids (SS): \$480.00 per thousand pounds over the limit.
 - B. Biochemical Oxygen Demand (BOD): \$900.00 per thousand pounds over the limit.

- III. Charges for Years Subsequent to 1992

During January 1993 and during January of each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the changes in the Consumer Price Index for the prior calendar year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers (CPI-U) for the Philadelphia SMSA, all items.

LOWER MERION TOWNSHIP
APPROVED CONNECTION POINTS TO CITY
WASTEWATER SYSTEM

CITY AVE. AND 73RD ST.

CITY AVE. AND 66TH ST.

CITY AVE. AND 63RD ST.

CITY AVE. AND 59TH ST.

CITY AVE. AND 51ST ST.

CITY AVE. AND CONSHOHOCKEN AVE.

CITY AVE. AND PRESIDENTIAL DR.

INTERJURISDICTIONAL PRETREATMENT AGREEMENT
BETWEEN
THE CITY OF PHILADELPHIA
AND
LOWER MERION TOWNSHIP

This Agreement is entered into this 20th day of May, 1992,
between the City of Philadelphia ("City") and Lower Merion Township.

RECITAL

Whereas, City owns and operates a wastewater treatment system; and

Whereas, Township currently utilizes this wastewater treatment system pursuant to an agreement between City and Township also dated the 20th day of May, 1992, (the "Service Agreement"); and

Whereas, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permit (Permit # PA0026689) issued by the Pennsylvania Department of Environmental Resources; and

Whereas, Township desires to continue to utilize the wastewater treatment system and recognizes its industrial waste control obligations under 40 CFR 403.

In consideration of the following terms and conditions City and Township agree:

1. Within one year of the adoption by the City of its new wastewater control regulations Township shall adopt and diligently enforce rules and regulations (hereinafter "regulations") substantially identical to the regulations adopted by City.
2. Township shall explicitly incorporate the following provisions into its regulations:
 - (a) a provision requiring any industrial user responsible for any accidental discharge to notify immediately both City and Township;
 - (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by Federal Pretreatment Standards;
 - (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits
 - (d) a prohibition against and penalty for the knowing transmittal of false information by an industrial user to either City or Township;
 - (e) a grant of explicit authority to Township to require the industrial user to install all monitoring and pretreatment facilities.

3. City and Township shall periodically (at a minimum of every five years) review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City becomes aware of a problem with the pretreatment program which can be mitigated by a change in the ordinance, City may draft an amendment which Township must adopt. If Township has adopted regulations identical to City's regulations, then, whenever City amends its regulations, Township shall adopt the identical amendment.
4. Township shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.
5. Township regulations shall require that categorical pretreatment standards promulgated by the U.S. Environmental Protection Agency (EPA) by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Township's regulations. These standards shall supercede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Township shall notify all affected industrial users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.
6. Township shall adopt in its regulations definitions for "significant industrial user", "industrial user" and "nondomestic user" which are identical to the definitions adopted by City. City may make the final

determination as to whether a particular industrial user is a significant industrial user, industrial user or nondomestic user based on information City may request from Township. City shall control, through industrial discharge permits, industrial waste discharges from each significant industrial user, industrial user or nondomestic user discharging into the sewer.

7. If there exists any industrial user discharging to Township sewer system but located outside the jurisdictional limits of Township, then Township shall within 30 days of this agreement notify such jurisdiction of this requirement and provide the City with copies of such notification. Township shall negotiate and enter into an agreement with this outside jurisdiction. Such agreement shall be substantially equivalent to this Agreement, and shall be jointly executed by Township, City and the outside jurisdiction. If the outside jurisdiction refuses to negotiate and execute an agreement, then City shall enter into a contract with the industrial user which contains terms and conditions substantially equivalent to City industrial discharge permits.

8. Township shall file with City a certified copy of its ordinance and any amendments thereto, other interjurisdictional agreements, and any contract entered into for the purposes of industrial waste control. If Township maintains, Township shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations.

These records and other relevant information shall be maintained for at least six years.

9. Any authorized officer or employee of City may upon 24 hours notification to Township enter and inspect at any reasonable time any part of the sewer system of Township. If requested by Township, a Township representative shall accompany such inspector. In the event that a condition arises which requires an immediate response by the City, the 24 hour notification shall not apply. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect industrial waste discharges. Township shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the industrial user or non-domestic dischargers.

10. Township and City hereby agree that the City shall implement a pretreatment program within Township and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement support and 6) monitoring hazardous waste disposal practices. Township may assume

responsibility for conducting the pretreatment program implemented by City at any time upon 90 days advance written notice. To the extent Township shall administer its own pretreatment program, it shall provide the City in writing a detailed outline of the program 90 days prior to initiating such a program and the City shall have the right to approve or disapprove the program. City may periodically review Township pretreatment program activities and funding to ensure that Township and any outside jurisdiction is adequately administering its pretreatment program in conformance with the Federal Pretreatment Regulations (40 CRF 403) and all City requirements.

11. City shall review Township ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CRF part 403, and to ensure inclusion of all other legal provisions mandated by this Agreement. City shall periodically review the enforcement efforts of Township and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.
12. If City determines that Township has failed or has refused to fulfill any pretreatment obligations, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Township, and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Township fails to satisfy the terms of the remedial plan, City may, upon thirty days written notice, refuse to accept any industrial waste discharges from Township.

13. In the event that EPA or Pennsylvania Department of Environmental Resources action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Township, Township and City shall equitably apportion responsibility for payment of such fines, penalties or costs. Township shall fully indemnify, defend and hold harmless City for damages or costs arising from personal and property damage pursuant to the Service Agreement.
14. Where a discharge to the wastewater treatment system reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater treatment system, City may immediately initiate steps to identify the source of the discharge, and to hold or prevent said discharge. City may seek injunctive relief against Township or outside jurisdictions and/or any industrial or non-domestic user contributing to the emergency conditions, and/or may pursue other self-help remedies. Township shall pay to City the cost of such steps taken to prevent, stop or ameliorate the effects of such discharge.
15. Any disputes arising out of this Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Township and City.
16. The terms of this Agreement may be amended only by written agreement of the parties. In any event, this Agreement shall be reviewed and

revised, as necessary, at least every five years.

17. This Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Agreement.

18. This Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Agreement.

The parties hereto have executed this Agreement on the date shown above.

Kumar Kishinchand
KUMAR KISHINCHAND, WATER COMMISSIONER
CITY OF PHILADELPHIA

May 26, 1992
DATE

Robert J. Hall

LOWER MERION TOWNSHIP

Edward P. Kamin
ATTEST

May 21, 1992
DATE

BUILDING AND RELATED
SOUTHWEST TREATMENT

CITY OF PHILADELPHIA
FIXED ASSET ACCOUNTING
SEQUENCED BY LOCATION

DEPRECIATED ON A SIX MONTH BASIS
THROUGH 6/30/90

U.R. R'D BUDD P.J	CAP O	L C	DATE C	WORK ORDER	R E T	DESCRIPTION	LIFE	CONST COST	ENGR COST	TOTAL COST	CURRENT YR DEPREC.	ACCUM. DEPREC.	NET BOOK VALUE
2146	77	55	10/79	P-427	01	PROJ SCHEDULER-CONST	40	489057	0	489057	12224	134486	354571
932	88	55	8/88	1618	1	GEN CONST - AUTO MAINT FAC	40	78645	95386	174031	4358	8700	145331
932	88	55	1/90	1618	2	REHAB AUTO MAINTENANCE FACILTY	40	207213	25001	232214	2902	2902	229312
932	88	55	1/88	1619	1	H V A C - AUTO MAINT FAC	20	55139	74519	129658	6482	12964	116694
932	88	55	7/89	1621	1	ELECTRIC - AUTO MAINT FAC	20	48481	36529	85011	4250	4250	80751
0 0	80	55	4/80	CAPLEASEQ1	1	BELT FILTER SYSTEM	20	781887	0	781887	39094	410487	371400
19 1	90	55	6/90	CP02211A	1	REHAB SLUDGE COLLECTOR SYS TNKS	10	1023604	0	1023604	51180	51180	972424
4621	80	55	6/80	E-8248	01	HEAT & VENT - SHOP/MAINT BLDG	40	154304	0	154304	3987	41023	115281
2147	82	55	6/88	E253	2	GEN CONST/MECH COMPRESSOR BLDG	40	0	5770	5770	144	360	5410
932	86	55	6/88	C565	1	REHAB CHLORINATION SYSTEM	15	0	79600	79600	5306	13245	44335
932	86	55	6/81	C565	2	REHAB CHLORINATION SYSTEM	15	219417	19757	239174	15944	23914	215258
19 1	86	55	6/88	C566	1	REHAB CHLORINATION SYSTEM	15	50293	38140	88433	5095	14737	73496
19 1	86	55	6/89	C566	2	REHAB CHLORINATION SYSTEM	15	0	6714	6714	447	670	8044
19 1	86	55	8/89	C566	3	REHAB CHLORINATION SYSTEM	15	8787	2780	11567	771	771	10796
932	86	55	6/89	C567	1	RESTR PICKET FENCE PARKING LOT	20	15164	23514	44678	2233	3349	41329
932	87	55	6/87	C568	1	CONST PLANT WATER TANK DRAIN	50	0	15580	15580	311	1088	14500
932	87	55	6/88	C568	2	WATER TANK DRAIN	40	46418	459	47069	1176	2940	44129
9 2	84	55	6/88	C571	1	IMPROVE STORAGE RH MAINT/SHOP	40	3773	2788	6561	164	410	8151
932	89	55	2/90	C600	1	REHAB SLOG DIGGER PIPING	20	6583	40394	46977	1174	1174	45883
19 1	89	55	6/90	C601	1	CRIT REMOVERS - PRE-TREATMENT	20	16552	648	17200	430	430	16770
19 1	90	55	6/90	C602	1	REHAB FINAL SEDIMENTATION TNKS	20	597694	75830	673524	14838	14838	651404
2139	72	55	4/73	P-322	01	SOIL/FOUND INV-SUWPC	40	10000	0	10000	250	4375	5625
2139	72	55	2/75	P-323	02	DESIGN FOR BU WPC	40	229941	0	229941	5748	89094	148847
2146	79	55	6/89	P-324	1	ENGR SERVICE - PLANS & SPECS	40	7869295	0	7869295	196732	295098	7574197
2139	72	55	4/74	P-324	01	DETAIL DESIGN SU WPC	40	1100000	0	1100000	27500	453750	646250
2146	74	55	8/76	P-324	02	PLNS&SPCS FOR BU WPC	40	4150000	0	4150000	103750	1452500	2497500
2146	77	55	11/77	P-324	03	PLNS&SPCS FOR BU WPC	40	3788000	0	3788000	94700	1231100	2556900
2146	78	55	12/78	P-324	04	DETAIL DESIGN	40	2790000	0	2790000	69750	837000	1953000
2146	77	55	6/82	P-431	1	ENGR SERV CONSULT-EXPAN SUWPCP	40	128146	0	128146	3283	27225	188921
21 4	83	55	10/83	P-473	1	ENGR SERV REPAIR SLUDGE DIC 143	40	47923	0	47923	1678	11886	58837
2146	82	55	6/85	P-506	1	CPM SCHEDULING SERVICES	40	416334	0	416334	15408	84744	531596
1946	85	55	6/89	P-506	2	CPM SCHEDULING SERVICE	40	189746	0	189746	4743	7114	182632
2146	83	55	6/85	P-572	2	PLANS MAINT SHOP & REVIEW WARE	40	13101	0	13101	327	1798	11303
2145	83	55	6/90	P-574	1	CONST MANAGEMENT SERVICES	40	688388	0	688388	0	0	688388
1946	84	55	4/87	P-610	1	ENGR SERV SLUDGE COMPOSTING FA	40	1243193	0	1243193	31879	108776	1134417
19 1	86	55	3/89	P-690	2	MODIFY SLUDGE DEWATERING FAC	40	4712	0	4712	117	175	4537
1945	87	55	6/90	P-738	1	ENGR SERV CONST BARGES/DOCKING	50	376876	0	376876	3768	3768	373108
2146	76	55	10/76	P402	01	CRIT PTH HET CON SCH	40	143000	0	143000	3575	50650	92950
8 4	85	55	12/85	PV01658	1	STRUCT & MECH CRIT & ASH TRNS	40	6260	0	6260	156	780	5480
5 1	83	55	12/84	PV02242	1	PLUMBING SYSTEM	20	1514	0	1514	75	450	1064
8 4	85	55	12/85	PV08354	1	STRUCT & MECH CRIT & ASH TRNS	40	1575	0	1575	39	195	1380
8 4	86	55	12/86	PV11422	1	GEN CONST-BLOC DEWTR FAC	40	34000	0	34000	850	3400	30600
8 4	85	55	12/85	PV15169	1	STRUCT & MECH CRIT & ASH TRNS	40	1215	0	1215	38	150	1065
8 4	85	55	12/85	PV22378	1	STRUCT & MECH CRIT & ASH TRNS	40	2635	0	2635	65	325	2310
9 2	84	55	12/84	PV23713	1	IMPROVE STORAGE RH MAINT/SHOP	40	3114	0	3114	77	462	2652
932	86	55	12/86	PV28734	1	REHAB CHLORINATION SYSTEM	20	2699	0	2699	134	536	2163
8 4	85	55	11/85	PV29226	1	STRUCT & MECH CRIT & ASH TRNS	40	1473	0	1473	36	180	1293
8 4	85	55	6/86	PV35098	1	STRUCT & MECH CRIT & ASH TRNS	40	4560	0	4560	114	513	4047
932	86	55	6/86	PV41925	1	NEW ROOFING - WAREHOUSE BLDG	40	56660	0	56660	1416	6372	50288
8 4	85	55	6/86	PV45731	1	STRUCT & MECH CRIT & ASH TRNS	40	2993	0	2993	74	333	2660

BUILDING AND RELATED
SOUTHWEST TREATMENT

CITY OF PHILADELPHIA
FIXED ASSET ACCOUNTING
SEQUENCED BY LOCATION

DEPRECIATED ON A SIX MONTH BASIS
THROUGH 6/30/98

WFR NO	CAP BUDG P.I.J.	L YEAR	DATE C	WORK ORDER	R E	DESCRIPTION	LIFE	CONST COST	ENGR COST	TOTAL COST	CURRENT YR DEPREC.	ACCUM. DEPREC.	NET BOOK VALUE	
21	4	72	55	1/75	50-394-SU	03	MICLD SUGR EXT	20	70200	1544	71744	3587	53845	17941
21	4	72	55	1/73	50-395-SU	01	F41 COMP PLUMBING SY	20	22856	19261	42117	2105	35185	6332
21	4	75	55	1/75	50-423-SU	01	SLOC DISCH LINE-DUCT	50	82995	0	82995	1659	25714	57281
21	4	77	55	1/77	50-424-SU	01	INSTALL OUTDOOR LIGHTING SYSTE	40	13208	2429	15637	390	4485	11152
21	4	77	55	8/77	50-427-SU	01	ADDITIONAL ENGINEER	20	0	273	273	13	169	144
20	0	79	55	12/79	50-436-SU	01	ELEC POWER INSTL	40	42737	4274	47011	1175	12925	34086
2112	79	55	1/84	50-437-SU	1	REHAB DISPERS CHMBR-70THADICKS	40	349940	37142	387080	1677	62990	324190	
2112	79	55	3/84	50-438-SU	1	REMOTE MONITOR SYS-70THADICKS	40	26175	17019	43274	1001	7024	36248	
25	1	84	55	3/84	50-438-SU	2	REMOTE MONITOR SYS-70THADICKS	40	5362	3503	8865	221	1436	7429
2114	79	55	1/80	50-439-SU	01	MOD OF CENTRIFUGE BLDG	40	509845	38884	548729	13718	137180	411549	
28	3	79	55	12/81	50-439-SU	02	MODIF TO CENTRIFUGE BLDG	40	60000	0	60000	1500	14250	45750
2146	0	55	6/81	50-450-SU	1	CYROGENIC OXYGEN SUPPLY SYSTEM	40	0	767	767	19	180	587	
2146	75	55	6/82	50-450-SU	2	OXYGEN SUPPLY/OXYGENATION SYST	20	11241818	632	11241850	562082	4777697	6463953	
2146	75	55	6/81	50-451-SU	1	OXYGEN ACTIVATED SLUDGE SYSTEM	20	0	3004	3004	150	1225	1579	
2146	75	55	6/82	50-451-SU	2	OXYGEN SUPPLY/OXYGENATION SYST	20	0	3011	3011	150	1275	1736	
2146	76	55	1/77	50-452-SU	01	ADDITIONAL ENGINEER	40	0	37	37	0	0	37	
2146	76	55	1/77	50-452-SU	02	WUWAY4TIMBER FOR/RR	40	23125	0	23125	578	7803	15322	
2146	76	55	1/77	50-452-SU	03	TIMBR PILES&FILL MAT	50	364205	4001	368206	7364	99414	260792	
2146	76	55	1/77	50-452-SU	04	RC SHG BBL OTFL CND	50	1241350	12824	1254174	25083	338620	915554	
2146	77	55	7/78	50-453-SU	01	ADDITIONAL ENGINEER	40	0	2258	2258	54	672	1586	
2146	77	55	7/78	50-453-SU	02	ADD OVERHEAD	40	0	20137	20137	503	6036	14101	
2146	77	55	7/78	50-453-SU	03	STEEL SHEATHING W/PIPE	40	8645	0	8645	216	2592	6053	
2146	77	55	7/78	50-453-SU	04	RELOC DENTR LEADER	20	10066	0	10066	503	6036	4830	
2146	77	55	7/78	50-453-SU	05	BROKEN STONE	40	10780	0	10780	249	3228	7552	
2146	77	55	7/78	50-453-SU	07	ELEC URK&STU PUMP	20	13450	0	13450	672	6064	5384	
2146	77	55	7/78	50-453-SU	09	ELEC & TEL DUCTS	20	22915	0	22915	1145	13740	9175	
2146	77	55	7/78	50-453-SU	10	13.2KV PRIM SERV	20	37351	0	37351	1867	22404	14947	
2146	77	55	7/78	50-453-SU	11	EXC-LOW INVERT EGLE C	40	44730	0	44730	1118	13416	31314	
2146	77	55	7/78	50-453-SU	13	AERATION TANKS	40	249200	0	249200	6730	80760	198440	
2146	77	55	7/78	50-453-SU	12	REPL SPILLWAY EMBNK	40	311917	0	311917	7797	93544	218373	
2146	77	55	7/78	50-453-SU	13	RIP-RAP	40	332579	0	332579	8314	99768	232811	
2146	77	55	7/78	50-453-SU	14	FINAL TANKS	40	673200	0	673200	16830	201940	471240	
2146	77	55	7/78	50-453-SU	15	EMBNK ON/OFF SITE	40	1354136	0	1354136	33853	406236	947900	
2146	77	55	7/78	50-453-SU	16	SITE PREP FOR BUUPCP	40	3451797	0	3451797	86294	1035528	2416269	
2146	77	55	7/78	50-453-SU	17	EXC& BACKFILL	40	3469083	0	3469083	84727	1040724	2428359	
2146	76	55	7/82	50-454-SU	1	CONSTR OF COMPRESSOR BLDG	40	15404	264	15668	396	3168	12700	
2146	76	55	6/80	50-454-SU	01	CONSTR OF COMPRESSOR BLDG	40	1934098	20001	1954099	48872	513156	1441743	
2146	79	55	1/80	50-455-SU	02	HEATING & VENTILATIO	20	2649	0	2649	132	1386	1263	
2146	76	55	4/78	50-455-SU	03	HEATING & VENTILATIO	20	270000	3631	273631	13691	171137	102494	
2146	75	55	10/75	50-456-SU	01	MOVE CANNONBALL HOU	40	162190	14794	176984	4424	66360	110624	
2146	76	55	6/80	50-457-SU	01	PLMB SYS FOR COMPRESSOR BLDG	40	62000	1563	63563	1589	16684	46879	
2146	77	55	12/77	50-457-SU	02	PLMB SYS FOR COMPRESSOR BLDG	20	7315	0	7315	365	4745	2570	
2146	76	55	6/81	50-458-SU	1	COMPRESSOR BLDG ELEC SYSTEM	20	0	3232	3232	161	1529	1703	
2146	76	55	6/80	50-458-SU	01	ELEC WORK FOR COMPRESSOR BLDG	40	785439	33060	818499	20462	214851	603648	
2146	76	55	1/85	50-459-SU	1	STRUCT & EQUIP AERATION TANKS	40	131644	4114	137758	3443	18936	118822	
2146	76	55	6/80	50-459-SU	01	CONSTR OF AERATION TANKS	40	10914253	213281	11127534	278188	2920974	8206560	
2146	77	55	6/80	50-460-SU	01	HEAT & VENT FOR AERATION TANKS	40	105108	5821	110929	2773	29116	81813	
2146	76	55	6/80	50-461-SU	01	PLUMBING FOR AERATION TANKS	40	78172	7131	85303	2132	22386	62917	
2146	76	55	6/81	50-462-SU	1	AERATION TANKS ELEC SYSTEM	20	5110	190	5500	275	2612	2888	
2146	76	55	6/80	50-462-SU	01	ELEC SYST FOR AERATION TANKS	40	910000	51595	961595	24039	252409	709186	

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TR	CR	BUO	LOC	DATE	WORK	R	DESCRIPTION	LIFE	CONST	ENGR	TOTAL	CURRENT YR	ACCU.	NET
P	O	C		COMP	ORDER	E			COST	COST	COST	DEPRECI.	DEPRECI.	BOOK
P		YEAR												VALUE
2146	74	55		10/84	SD-463-SU	01	CEN CONST FINAL SEDIMENTATION	40	126297	4223	130520	3263	19578	110942
2146	74	55		6/80	SD-463-SU	01	CONST OF SEDIMENTATION TANKS	40	24668738	297440	24966178	624154	6553617	18412541
2146	74	55		6/80	SD-464-SU	01	HEAT & VENT SYS FOR SED TANKS	40	154301	3686	163987	4099	43039	120748
2146	74	55		6/79	SD-465-BU	01	ADDITIONAL ENGINEER	40	0	1684	1684	42	483	1201
2146	74	55		6/79	SD-465-BU	02	PLUMB SYS-SED TANKS	40	115000	630	115630	2890	33235	82395
2146	74	55		6/80	SD-465-BU	03	PLMB SYST FOR FINAL SED TANKS	40	16000	4554	20634	515	5407	15229
2146	76	55		6/80	SD-466-BU	01	ELEC SYS FOR SEDIMENTATION TAN	40	1718359	81285	1799644	44391	472405	1327239
2146	77	55		6/81	SD-467-SU	01	CEN CONSTR OF EFFLUENT PHP STA	40	55070	2123	57193	1429	13575	43618
2146	74	55		6/80	SD-467-SU	02	CONST EFFLUENT PUMPING STAT	40	1456412	128760	4595172	114634	1203657	3381715
2146	77	55		6/85	SD-467-BU	2	STRUCTUREQUIP-EFFLUENT PUMP STA	40	21834	15224	37058	924	5093	31965
2146	77	55		6/80	SD-468-BU	01	HEAT/VENT FOR EFFLUENT PP ST	40	166063	10451	176714	4417	44378	130336
2146	77	55		6/80	SD-467-BU	02	PLUMB FOR EFFLUENT PUMP ST	40	30730	2347	33077	826	8673	24404
2146	80	55		1/85	SD-470-BU	1	ELEC SYSTEM EFFLUENT PUMP STAT	20	35550	0	35550	1777	1773	25777
2146	77	55		6/80	SD-470-BU	01	ELEC SYS EFFLUENT PUMP ST	40	698163	36114	734277	18356	192738	541539
2146	77	55		6/82	SD-471-BU	01	CEN CONSTR ADMIN BLDG SWUPCP	40	14551	0	14551	363	3085	11464
2146	77	55		6/80	SD-471-BU	01	CONST OF ADMIN BLDG	40	1682465	183934	1706399	46659	468919	1317408
2146	77	55		3/83	SD-472-BU	1	HEAT & VENT ADMIN BLDG & PLAZA	20	17206	0	17206	388	2700	4504
4621	0	55		6/80	SD-472-BU	01	HEAT & VENT	40	197017	17237	214254	5354	56278	158016
2146	77	55		6/80	SD-473-BU	01	PLMB SYS FOR ADMIN BLDG	40	176419	13583	190002	4750	49075	140127
2146	77	55		6/81	SD-474-SU	1	ADMIN BLDG/PLAZA AREA ELEC SYS	20	1735	279	2014	100	950	1864
2146	77	55		6/80	SD-474-SU	01	ADMIN BLDG/PLAZA ELEC SYS	20	225900	24298	249198	12440	130830	118370
2146	80	55		4/83	SD-474-BU	2	ADMIN BLDG/PLAZA AREA ELEC SYB	20	8669	0	8669	433	3247	5422
2146	83	55		10/83	SD-475-BU	1	CEN CONST - SHOP & MAINT BLDG	40	162291	0	162291	4057	20399	133892
2146	77	55		6/80	SD-475-BU	01	CONST OF SHOP & MAINT BLDG	40	1454812	85790	1540602	38515	404497	1136195
2146	80	55		6/84	SD-476-SU	1	HEAT/VENT - SHOP & MAINT BLDGS	40	500	519	1019	25	162	857
2146	77	55		6/80	SD-476-BU	01	HEAT/VENT SHOP & MAINT BLDG	40	350140	81393	431533	10700	113274	318259
2146	80	55		6/80	SD-476-SU	02	HEAT/VENT SHOP & MAINT BLDG	50	156304	0	156304	3124	32823	123481
2146	77	55		6/80	SD-477-BU	01	PLMB SYS FOR SHOP & MAINT BLDG	40	121659	14360	136019	3400	35700	100319
2146	77	55		6/81	SD-478-BU	1	SHOP/MAINT BLDG ELEC SYSTEM	20	11273	1582	12855	642	6099	6754
2146	77	55		6/80	SD-478-BU	01	ELEC SYS FOR SHOP & MAINT BLDG	40	181090	19315	200405	5087	52573	147742
2146	78	55		6/82	SD-479-BU	1	STRUCTURECHAN-WAREHOUSE/OTHR FAC	40	5888	0	5888	147	1243	4639
2146	78	55		6/80	SD-479-BU	01	MECH WORK FOR WAREHOUSE	40	1213978	47486	1261464	31539	331159	930425
2146	78	55		6/80	SD-480-BU	01	HEAT & VENT WORK AT WAREHOUSE	40	188704	12535	201239	3039	31815	89424
2146	78	55		12/82	SD-481-BU	1	PLUMB WORK AT BU WAREHOUSE	40	1544	532	2076	51	468	1608
2146	78	55		6/80	SD-481-BU	01	PLUMB WORK AT BU WAREHOUSE	40	41970	3191	45161	1129	11854	33307
2146	80	55		4/85	SD-482-BU	01	ELEC SYS WAREHOUSE, OTHER FACIL	20	11271	0	11271	543	3094	8175
2146	78	55		6/80	SD-482-SU	01	ELEC WORK AT SW WAREHOUSE	40	100997	19995	120992	3924	31752	89248
2146	78	55		10/78	SD-483-SU	01	RR SIDING	40	238446	5424	244070	6101	73212	170858
2146	74	55		6/78	SD-484-SU	01	CONSTR OF ELEC BLDG	40	479245	7170	486415	12160	152008	334415
2146	76	55		5/83	SD-485-BU	01	HEAT & VENT-ELECTRICAL BLDG	20	16143	225	16368	818	6135	10233
2146	76	55		6/79	SD-485-SU	01	HEAT & VENT FOR BU ELEC BLDG	40	95140	3959	99119	2477	20405	78634
2146	76	55		6/79	SD-486-SU	01	PLMB SYS FOR NEW ELEC BLDG	40	16500	18776	27276	681	7831	19445
2146	77	55		5/81	SD-486-SU	02	PLMB SYS FOR ELEC BLDG	20	1700	0	1700	85	807	893
2146	76	55		1/82	SD-487-SU	1	ELECTRICAL SYS NEW ELEC BLDG	40	23936	904	24840	621	5270	19542
2146	76	55		6/79	SD-487-SU	01	ELEC WORK FOR NEW ELEC BLDG	40	831715	19307	851022	21275	244642	606380
2146	82	55		3/85	SD-488-BU	1	STRUCT & EQUIP PRIM SED TANKS	40	9143027	320812	9463839	236595	1301278	8162561
2146	78	55		6/80	SD-492-SU	01	ELEVATED STORAGE TANK	40	163200	37104	200304	5007	52573	147733
2146	78	55		6/80	SD-492-SU	02	ELEVATED STORAGE TANK FOUNDATI	40	54400	12368	66768	1649	17524	49244
2146	77	55		10/84	SD-496-SU	1	PLUMBING - PRELIM TREAT BLDG	20	384761	14375	399136	19956	119736	279400
2146	81	55		6/85	SD-498-SU	1	STRUCT & EQUIP INFLU PUMP STAT	40	3677181	352465	4029646	100741	554075	3475571

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P. R.	Q. R.	CAP.	L.	DATE	WORK	A	DESCRIPTION	LIFE	CONBT	ENCR	TOTAL	CURRENT YR	ACCUM.	NET
R O	BUDG	O		COMP	ORDER	E			COST	COST	COST	DEPREC.	DEPREC.	BOOK
P. J.	YEAR	C				T								VALUE
2146	78	55		6/80	50-502-BU	01	CONST SCUM CONCENTRATION BLDG	40	950458	85964	1036422	25910	272055	764367
2146	78	55		12/82	50-503-SU	1	HEAT/VENT SCUM CONCENT BLDG	40	102985	1664	104649	2616	20928	83721
2146	78	55		3/85	50-504-SU	1	PLUMBING-SCUM CONCENTRATION BL	20	845	655	1300	65	357	943
2146	78	55		6/80	50-504-BU	01	PLUMB SCUM CONCENTRATION BLDG	40	42272	4731	47003	1225	12862	36141
2146	77	55		6/80	50-506-SU	01	CONST SLUDGE THICKNER BLDG	40	10995524	233987	11229511	280737	2947738	8281773
2146	77	55		11/82	50-507-SU	1	HEATING VENT SLUDGE THICK BLDG	40	55249	9990	65239	1630	13040	52199
2146	77	55		6/80	50-507-SU	01	HEATING VENT SLUDGE THICK BLDG	40	1805905	42612	1848517	46212	485226	1363291
2146	77	55		6/80	50-508-SU	01	PLUMB SLUDGE THICKNER BLDG	40	272805	22252	295057	7376	77449	217609
2146	78	55		2/84	50-511-SU	1	HEAT/VENT - SLUDGE DIGEST. EACH	40	1010986	67975	1078961	26974	175331	903670
2146	79	55		6/81	50-515-SU	1	HEATING & VENT RECYCLE CTR	40	0	2637	2637	65	617	2020
2146	80	55		4/83	60-523-SU	1	LANDSCAPE & MISCELLANEOUS WORK	40	83872	1931	85803	2145	16087	69716
2146	79	55		6/80	60-523-SU	01	LANDSCAPE & MISCELLANEOUS WORK	40	225134	120637	2371971	59299	622639	1749332
2146	79	55		8/83	50-524-BU	1	ELEC WRK FOR ROADS, BEVERS, ETC	20	167090	43195	210285	10514	73598	136687
2146	81	55		11/84	50-525-SU	1	GEN CONST-ROAD, STRM SUR, LND SC	50	1315804	194972	1510776	30215	181290	1329484
2146	81	55		4/85	50-526-SU	1	ELECTRICAL 4 ROADS, ATORN SEUR	20	320269	23638	343905	17195	94572	249333
2146	83	55		11/84	60-531-BU	1	STRUCT & EQUIP SLUDGE GAS FACI	40	6830874	251424	7082298	177057	1862342	6019956
2146	80	55		4/85	60-532-SU	1	HEAT, VENT-SLUDGE GAS FACILITY	20	1247931	64791	1332722	64636	366498	966224
2146	80	55		3/84	60-533-SU	1	PLUMBING 4 SLUDGE GAS FACILITY	40	148494	3911	144405	3618	23465	120940
2146	80	55		4/85	50-534-SU	1	ELECTRICAL-SLUDGE GAS FACILITY	20	664321	25255	689576	31478	189629	499947
2146	78	55		6/80	50-535-SU	01	PHASE 5 AER THK PLUMBING	40	70962	2110	73072	1826	19173	53899
0	2	81	55	6/81	50-537-SU	1	GRADE PAVED/RNAGE-CONCRETE AREA	40	418889	34445	435334	10883	103388	331946
21	4	83	55	11/84	60-551-SU	1	GRADING/PAVING/FENCE-COMP. AREA	40	985282	39925	1025207	25630	166595	858612
21	4	83	55	8/83	60-555-SU	1	CONCRETE PAD, UALQUAY, DRIVEWAY	40	8699	1114	9813	245	1715	8090
21	4	82	55	6/88	U444	1	REPAIR SLUDGE DICESTER TANK	20	235050	20430	255480	12774	31935	223553
2146	76	55		6/87	U450	1	ELEC SYBEN-COMPRESSOR BLDG	20	53504	3922	57426	2871	10048	47378
2146	77	55		6/87	U460	1	HEAT, VENT- AERATION TANKS	20	11661	1422	13083	654	2289	10794
2146	76	55		6/87	U461	1	PLUMBING - AERATION TANKS	20	0	1705	1705	85	297	1408
2146	76	55		6/87	U461	2	PLUMBING - AERATION TANKS	20	28475	84	28559	1427	2140	26419
2146	80	55		9/86	U462	1	ELECTRIC-AERATION TANKS	20	17260	330	17590	879	3514	14974
2146	80	55		6/87	U464	1	ELECTRIC-SEDIMENTATION TNKS	20	60861	2756	62817	3140	10990	51827
2146	77	55		6/87	U468	1	HEAT, VENT - EFFLUENT PUMP STAT	20	0	2497	2497	134	464	2220
1946	90	55		11/89	U460	2	HEAT, VENT - EFFLUENT PUMP STAT	20	32589	0	32589	1629	1629	30960
2146	77	55		6/87	U469	1	PLUMBING - EFELUENT PUMP STAT	20	0	1422	1422	71	240	1174
2146	77	55		6/87	U471	1	GEN CONST ADMIN BLDG & PLAZA	40	0	4101	4101	192	357	3744
2146	80	55		9/86	U478	1	ELECTRIC-SHOP & MAINT BLDG	20	7042	0	7042	352	1408	5634
2146	77	55		4/86	U489	1	HEAT & VENT - PRIM SEDIMEN TNKS	20	25554	3908	29462	1473	6628	22834
2146	77	55		4/86	U490	1	PLUMBING-PRIMARY SEDIMENTATION	40	45310	6198	51508	1287	5791	45717
2146	77	55		6/87	U491	1	ELEC SYS-PRIMARY SEDIMENT TANK	20	722272	39814	762086	38104	133364	628724
2146	77	55		6/89	U491	2	ELEC SYS-PRIMARY SEDIMENT TANK	20	22216	343	22559	1127	1699	20869
2146	78	55		6/87	U493	1	ELECTRIC FOR ELEVATED TANKS	20	12717	2140	34365	1710	6013	28352
2146	77	55		5/86	U494	1	STRUCT & EQUIP PRELIM TREAT BL	40	15677284	673569	16350853	408771	1839469	14511384
2146	77	55		6/87	U495	1	HEAT, VENT-PRELIM TREAT BLDG	20	1998024	53402	2051426	102571	358998	1692428
2146	77	55		3/88	U495	2	HEAT/VENT PRELIMINARY TREAT BL	20	46697	1361	48058	2402	6005	42053
2146	77	55		3/87	U497	1	ELECT-PRELIMIN TREATMENT BLDG	20	2212910	124664	2337574	116878	499073	1928501
2146	78	55		1/87	U499	1	HEAT/VENT-INFLUENT PUMPING STA	20	194409	63161	257570	12878	45073	212497
1946	86	55		1/87	U500	1	PLUMBING-INFLUENT PUMP STATION	20	11981	4676	16657	832	2912	13145
2146	78	55		1/87	U500	2	PLUMBING-INFLUENT PUMP STATION	20	40113	15668	55781	2788	9758	46013
2146	78	55		5/86	U501	1	ELEC - INFLUENT PUMPING STAT	20	520637	65998	586635	29331	131989	454646
2146	78	55		8/85	U502	1	STRUCT/EQUIP-SCUM CONCENT BLDG	40	29569	10121	39690	992	4960	34730
2146	78	55		2/86	U505	1	ELEC WORK - SCUM CONCENT BLDG	20	157583	20380	177963	8898	40041	137922

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U R P P	R O J	C A P Y E A R	L O C A T I O N	D A T E C O M P	W O R K O R D E R	R E Q U I R E M E N T	D E S C R I P T I O N	L I F E	C O N S T C O S T	E N G R C O S T	T O T A L C O S T	C U R R E N T Y R D E P R E C	A C C U M D E P R E C	N E T B O O K V A L U E	
1946	85	55		8/85	US06	1	STRUCTUREQUIP SLDG THICKENING B 40	252554	43050		295612	7390	36956	258662	
2146	77	55		8/85	US06	2	STRUCTUREQUIP SLDG THICKENING B 40	448985	76550		525535	13138	65490	459845	
2146	77	55		1/87	US00	1	PLUMBING-SLUDGE THICKENER BLOC 20	61184	4943		68147	3407	11924	56223	
2146	77	55		6/87	US09	1	ELECTRICAL-SLUDGE THICKENER BL 20	2218697	211242		2429939	121496	425236	2004703	
2146	79	55		6/87	US10	1	STRUCTUREMECH-SLUDGE DIGESTION F 40	14655766	316039		14971805	374295	1310032	13641773	
2146	78	55		6/87	US12	1	PLUMBING-SLUDGE DIGESTION FACI 20	318574	76174		394748	19737	69079	325469	
2146	78	55		6/87	US12	2	PLUMBING-SLUDGE DIGESTION FACI 20	5673	1270		6943	347	520	4431	
2146	78	55		9/84	US13	1	ELECTRIC-SLUDGE DIGESTION FACI 20	1085877	124262		1210139	60504	242024	968115	
1946	85	55		6/87	US18	1	STRUCTUREMECH-CRITASH TRNS STAT 40	2627423	115394		2742819	68570	239995	2502824	
1946	85	55		6/88	US18	2	STRUCTUREMECH-CRITASH TRNS STAT 40	182605	1607		184212	4605	11512	172708	
1946	85	55		6/89	US18	1	STRUCTUREMECH-CRITASH TRNS STAT 40	54972	5972		60944	1523	2284	58660	
1946	85	55		10/81	US18	4	STRUCTUREMECH-CRITASH TRNS STAT 40	4443	37051		41494	1037	1037	40457	
1946	84	55		6/87	US19	1	HEAT VENT-CRITASH TRNS STAT 20	136020	10323		146343	7317	25609	120734	
1946	84	55		6/87	US20	1	PLUMBING-CRITASH TRNS STATIO 20	83743	18584		102327	5116	17906	84421	
1946	84	55		6/88	US20	2	PLUMBING-CRITASH TRNS STATIO 20	7495	0		7495	374	935	6560	
1946	84	55		6/89	US20	3	PLUMBING-CRITASH TRNS STATIO 20	3945	575		4520	226	339	4181	
1946	84	55		6/87	US21	1	ELECTRICAL-CRITASH TRNS STAT 20	188344	72487		260831	13041	45443	215188	
1946	84	55		7/80	US21	2	ELECTRIC-CRITASH TRNS STATIO 20	32026	691		32717	1635	4087	28630	
2146	78	55		6/87	US22	1	COMPUT MONITOR&CONTROL SYSTEM 15	1940446	93627		2034073	135604	474614	1559459	
2146	78	55		6/88	US22	2	COMPUT MONITOR&CONTROL SYSTEM 15	303567	1083		304650	20310	50795	253855	
1946	88	55		6/87	US22	3	COMPUT MONITOR&CONTROL SYSTEM 15	20751	0		20751	1383	2074	18677	
2146	82	55		6/87	US27	1	STRUCTUREMECH-MOD SLUDGE FACILIT 40	1398394	704887		1468881	367217	1285251	13403424	
2146	82	55		6/88	US27	2	STRUCTUREMECH-MOD SLUDGE FACILIT 40	865175	1075		866250	21654	54140	812110	
1946	82	55		6/87	US27	3	STRUCTUREMECH-MOD SLUDGE FACILIT 40	25223	6074		31297	782	1173	30126	
2146	82	55		6/87	US28	1	HEAT VENT-MOD SLUDGE FACILITIE 20	1159841	128997		1288838	64441	225543	1063295	
2146	82	55		2/88	US28	2	HEAT & VENT MODIFY SLUDGE FACI 20	8093	770		8863	443	1107	7756	
2146	82	55		6/87	US29	1	PLUMBING-MOD SLUDGE FACILITIES 20	432236	18757		451093	22584	79044	372449	
2146	82	55		8/87	US29	2	PLUMBING-MOD SLUDGE FACILITIES 20	3371	0		3371	168	504	2667	
2146	82	55		6/87	US30	1	ELECTRICAL-MOD SLUDGE FACILITI 20	2522440	245265		2767705	138385	484347	2283358	
2146	82	55		10/87	US30	2	ELECTRICAL-MOD SLUDGE FACILITI 20	140485	154		140639	7031	21093	119546	
1945	85	55		6/90	US74	1	CEN CONST DISTRIB & SLOC DEUTR 40	15564393	1076045		16640438	208005	208005	1432433	
1946	85	55		6/90	US75	1	HEAT/VENT-SLDC DEUTR FAC, DIST 20	1725827	328379		2054206	51355	51355	2002851	
1946	85	55		6/90	US76	1	PLUMB-SLDC DEUTR FAC, DIST, CER 20	1050020	180543		1231363	30784	30784	1200599	
1946	85	55		6/90	US77	1	ELEC-SLUDGE PROCESS & DISTRIB 20	3819810	215147		4034957	100873	100873	3934004	
1945	85	55		6/88	US78	1	CEN CONST- COMPOSTING FACILITY 40	29046089	987609		30033698	750842	1877105	2815653	
1945	85	55		6/89	US78	2	CEN CONST- COMPOSTING FACILITY 40	3077272	258744		3336016	83400	125100	3210916	
1945	85	55		6/90	US78	3	CEN CONST- COMPOSTING FACILITY 40	179728	26555		206283	2578	2578	203705	
1945	85	55		6/88	US79	1	ELECTRIC - COMPOSTING FACILITY 20	2446630	192854		2639484	131974	329935	2309549	
1946	85	55		6/87	US79	2	ELECTRIC - COMPOSTING FACILITY 20	277534	25238		322772	16130	24207	298565	
1946	85	55		6/90	US79	3	ELECTRIC - COMPOSTING FACILITY 20	22733	2138		24871	621	621	24250	
1946	85	55		6/88	US80	1	PLUMBING-COMPOSTING FACILITY 20	204693	38567		243260	12163	30407	212853	
1945	85	55		6/83	US80	2	PLUMBING-COMPOSTING FACILITY 20	32759	377		33136	1654	2484	30452	
1945	85	55		7/89	US80	3	PLUMBING-COMPOSTING FACILITY 20	5452	246		5698	284	284	5414	
1946	85	55		6/88	US81	1	HVAC - COMPOSTING FACILITY 20	304997	37199		342196	17109	42772	299424	
1945	85	55		6/87	US81	2	HVAC - COMPOSTING FACILITY 20	7470	1323		8793	439	658	8135	
1945	85	55		6/90	US81	3	HVAC - COMPOSTING FACILITY 20	16015	8412		24427	610	610	23817	
1946	85	55		6/90	US83	1	SLUDGE DE-WATERING CENTRIFUGES 20	2375503	226292		2601795	65044	65044	2536751	
***** LOCATION TOTAL *****									280313190	11537304		291850502	8095843	51837414	240012800

BUILDING AND RELATED
SOUTHWEST TREATMENT

CITY OF PHILADELPHIA
FIXED ASSET ACCOUNTING
SEQUENCED BY LOCATION

DEPRECIATED ON A SIX MONTH BASIS
THROUGH 6/30/98

U R CAP L	DATE	WORK	R	DESCRIPTION	LIFE	CONST	ENCR	TOTAL	CURRENT YR	ACCUM.	NET
R O BUDG O	COMP	ORDER	E			COST	COST	COST	DEPREC.	DEPREC.	BOOK
P J YEAR C			T								VALUE
8 4 85 55	6/86	PVS1594	1	STRUCT & MECH GRIT & ASH TRNS	40	2731	0	2731	68	396	2425
932 87 55	6/87	PVS1824	1	CONST PLANT WATER TANK DRAIN	50	32940	0	32940	659	2304	30654
932 86 55	6/87	PVS1824	1	REHAB CHLORINATION SYSTEM	20	15244	0	15244	763	2670	12574
8 4 85 55	6/86	PVS1924	1	STRUCT & MECH GRIT & ASH TRNS	40	6493	0	6493	162	721	5774
8 4 85 55	6/86	PV64809	1	STRUCT&MECH CRIT&ASH TRNS	40	3126	0	3126	78	351	2775
8 4 86 55	12/86	PV76219	1	GEN CONST&MECH MAINT FACILITY	50	46170	0	46170	1154	4616	41554
0 0 88 55	6/88	R1R9901	1	CLARIFIER REHABILITATION	20	374706	0	374706	18735	46837	327869
0 0 88 55	6/88	R1R9905	1	AERATOR/MIXERS-LAMONT GEAR	20	159532	0	159532	7974	19940	139592
0 0 88 55	6/88	R1R9909	1	PUMPS&PIPING DIGESTER 16-E COAST	20	115427	0	115427	5771	14427	101000
21 4 63 55	2/64	60-138-CO	01	HTL DOOR AT SW PLANT	40	800	0	800	20	539	270
21 4 63 55	7/47	60-139-CO	02	CALV STL STRUCT	40	35788	0	35788	892	20514	15184
21 4 66 55	7/54	60-152-SU	01	MAIN EFFLUENT CONDUIT	40	1113924	0	1113924	27848	1062528	1113914
21 4 66 55	4/55	60-169-SU	03	GEN CONSTR SLOG LAGN	40	105638	0	105638	2640	93720	11910
21 4 57 55	11/58	60-222-SU	04	FILL FOR DIKES	40	152089	0	152089	3802	121644	34425
21 4 57 55	9/58	60-230-SU	02	BIR IRON SUPRINT PIPE	20	9760	0	9760	0	9760	0
21 4 60 55	11/41	60-257-SU	02	PIPING INSTL-LAGOON	50	63244	0	63244	1264	34454	24508
21 4 60 55	11/41	60-257-SU	03	EXC.EARTH FILL DIKES	20	141610	0	141610	10	141610	0
21 4 60 55	1/51	60-264-SU	02	RC CONDUIT INSTL	50	43713	0	43713	874	25783	13930
21 4 60 55	4/41	60-245-SU	01	ADDL OVERHEAD	50	0	4928	4928	120	3540	2408
21 4 60 55	7/41	60-272-SU	02	REPAIR EARTH DIKE	40	6259	0	6259	156	4524	1735
21 4 62 55	6/44	60-299-SU	02	PIPING	40	54145	5518	59663	1491	39511	20152
21 4 62 55	8/44	60-289-SU	03	EARTH FILL DIKES	40	132230	13475	145705	3642	94513	49192
21 4 64 55	9/45	60-318-SU	01	NEW ENTR-PS 2&P&BSY	20	20582	0	20582	2	20582	0
21 4 64 55	9/45	60-324-SU	01	PIPING	50	2790	0	2790	55	1375	1415
21 4 64 55	9/45	60-324-SU	02	CONSTR OF INTAKE BOX	40	3500	0	3500	87	2175	3325
21 4 64 55	9/45	60-324-SU	03	EXCAVATION-CONC	40	18100	0	18100	252	6300	3800
21 4 64 55	9/45	60-324-SU	05	CONSTR-EARTH FILL DI	40	164354	15290	179644	4491	112275	67369
2138 66 55	12/71	60-354-SU	01	PILES UNDER ELEC SBS	40	2694	0	2694	67	1213	1421
2138 66 55	12/71	60-356-SU	02	MISC CONCRETE&PAVING	40	4790	0	4790	119	2261	2529
2138 66 55	12/71	60-356-SU	03	MISC EQUIP	20	8434	0	8434	421	7999	435
2138 66 55	12/71	60-356-SU	06	EXCAVATION	40	16397	0	16397	409	7771	8626
2138 66 55	12/71	60-356-SU	07	PIPE&VALVES	50	43476	19719	63195	1263	23997	39198
2138 66 55	12/71	60-356-SU	09	CONSTR SLOG DEWTR ST	40	171075	59160	230235	5755	109345	120890
21 4 66 55	8/68	60-357-SU	01	ZION TRAVELING CRANE	20	7777	2585	10362	2	10362	0
2138 66 55	8/78	60-358-SU	04	PWR SUP-BLDC SERV EQ	20	9000	0	9000	450	9000	0
2138 66 55	8/78	60-358-SU	05	13.8KV HTGLD SVGR	20	43000	10221	53221	2661	53220	1
21 4 68 55	8/69	60-361-SU	03	3000&2000 PSI CONC	40	17881	5496	23377	584	12264	11113
21 4 68 55	8/69	60-361-SU	04	EXC&MASONRY REMOVAL	40	27156	8346	35502	887	18627	16875
2138 66 55	1/78	60-362-SU	01	BLDC SUP-VENT MOD	20	992	0	992	12	992	0
2138 66 55	1/78	60-362-SU	02	PLMB 6YS-CENT BLDC	20	31796	4227	36023	3	36023	0
21 4 68 55	11/68	60-363-SU	01	HC VAPOR LCT-RUPB	20	6200	0	6200	0	6200	0
21 4 68 55	11/69	60-376-SU	01	NEW LD PLAT-STL DOOR	40	7186	0	7186	179	3759	3427
21 4 70 55	2/71	60-379-SU	01	F&I MONORAIL HOIST	20	9262	0	9262	463	9028	234
21 4 72 55	10/76	60-383-SU	01	CONSTR CORRNR BLDC	40	722629	142430	865059	21626	302744	562295
21 4 72 55	9/75	60-394-SU	01	ADDITIONAL ENGINEER	20	0	9444	9444	472	7880	2344
21 4 72 55	9/75	60-394-SU	02	FI REMOTE ANNUNCIATO	15	2300	0	2300	153	2295	5
21 4 72 55	9/75	60-394-SU	03	POWER SUPPLY & CABLE	20	3848	0	3848	192	2880	960
21 4 72 55	9/75	60-394-SU	04	CONC PAD WITH FENCE	40	8400	0	8400	210	3150	5250
21 4 72 55	9/75	60-394-SU	05	INOUT LITE CR BURNBL	15	10100	0	10100	673	10095	5
21 4 72 55	9/75	60-394-SU	07	INDRNR CONT CIR	20	50000	6501	56501	2825	42375	14126

WASTEWATER SERVICE AGREEMENT

This Agreement ("Agreement") is made this 18th day of MAY, 2015, by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and **LOWER MORELAND TOWNSHIP** ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 640 Red Lion Road, Huntingdon Valley, Pennsylvania 19006 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, the City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties entered into a Wholesale Wastewater Agreement dated April 1, 2007, (the "2007" Agreement") whereby the City agreed to provide Township Wastewater Treatment Services; and

WHEREAS, the City is actively managing a Federal and State-mandated Combined Sewer Overflow ("CSO") program within City, and such program requires the City to maximize the treatment of wastewater collected in City's combined sewer system; and

WHEREAS, the City in order to efficiently manage its CSO program must limit the treatment of inflow and infiltration from combined and separate sanitary sewer systems within the City and from the City's wholesale customers; and

WHEREAS, the City has agreed to a Long Term Control Plan (LTCP) with US EPA and PADEP; and

WHEREAS, the Parties are now ready to enter into a new contract addressing, *inter alia*, excessive flows and SS loadings and the Parties obligations as related to the LTCP; and

WHEREAS, this Agreement, once executed, shall replace and supersede in its entirety the 2007 Agreement; and

WHEREAS, the City desires to provide and the Township desires to utilize Wastewater Treatment Services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms and phrases shall have the following meanings:

A. Annual Average Daily Flow: The total volume of wastewater flow metered or estimated during any consecutive 365 days, divided by 365, and expressed in terms of Millions of Gallons per Day, "MGD".

B. Biochemical Oxygen Demand ("BOD5"): The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at 20 degrees Celsius expressed in terms of concentration as milligrams per liter (mg/l).

C. DRBC: Delaware River Basin Commission.

- D. EPA: United States Environmental Protection Agency.
- E. Fiscal Year: A fiscal year shall be the year beginning on July 1st of any given year and ending on June 30th of the following year.
- F. Flow Limits: The maximum amount or rate of wastewater flow that may be discharged to the City for treatment as measured in Millions of Gallons per Day (“MGD”) or cubic feet per second (“cfs”) as specified in Exhibit “A”.
- G. Industrial User: Any person that introduces an indirect discharge regulated under the Clean Water Act, state or local law to the POTW.
- H. Loadings Limits: The maximum Biochemical Oxygen Demand (“BOD5”) loadings and Suspended Solids (“SS”) loadings that may be discharged to the City for treatment as specified in Exhibit “A”.
- I. Long Term Control Plan (“LTCP”) or Long Term Control Plan Update (“LTCPU”): shall mean the City’s approved plan for controlling combined sewer overflows. Township’s initial share of the LTCP costs shall be 0.358829084 %, subject to change. [Assuming 3.80 MGD (Township’s Sustained Peak Flow Limit) divided by 1,059 MGD peak flow (Total Peak Flow Capacity of City’s LTCP Related Facilities), and using the City’s spreadsheet estimating LTCP costs as shown in Exhibit “E”]. It is noted that the Township’s share of the LTCP costs is based upon the Township’s Sustained Peak Flow Limit divided by the total system-wide Peak Flow Capacity of the all LTCP Related Facilities; whereas the Township’s cost sharing of all other components of the City’s POTW are related to the Township’s Flow and Loading Limits set forth in Exhibit A of this Agreement relative to the design capacities of each of the facilities in the POTW specifically utilized in the conveyance and treatment of the Township’s wastewater discharges into the City’s POTW.

- J. LTCP Related Facility: Any device, structure, tanks, piping, practice, material or surfacing, including but not limited to landscaping and or vegetative techniques, which will be used by the City to meet its water quality based effluent limits which are currently contained in Appendix I, Table 1, of the City's Consent Order and Agreement ("COA") with PADEP, entered into June 1, 2011, or which may be subsequently modified by PADEP or EPA through changes to the COA, modifications to the City's NPDES permits, or the issuance of any additional orders by either PADEP or EPA.
- K. PADEP: Commonwealth of Pennsylvania Department of Environmental Protection.
- L. PCB: Polychlorinated Biphenyls.
- M. Prohibited Exceedance: Any exceedance of the Flow and/or Loading Limits established in this Agreement and Exhibits.
- N. Publicly Owned Treatment Works ("POTW"): A treatment works as defined by Section 212 of The Clean Water Act (33 U.S.C. §1292) which is owned by the City including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage and industrial waste. This definition includes any sewers, manholes, pumping stations and related appurtenances that convey wastewater to the POTW treatment plant, but does not include pipes, sewers or other conveyances not connected to a facility providing treatment. POTW shall also include any sewers, manholes, pumping stations and related appurtenances that convey wastewater to the POTW from persons outside the City who are, by contract or agreement with the City, users of the City's POTW.
- O. Significant Industrial User ("SIU"): (1) any Industrial User subject to any National Categorical Pretreatment Standard; or (2) any Industrial User that discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary,

noncontact cooling and boiler blowdown wastewater) or contributes a process waste stream which makes up five percent (5%) or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or (3) any Industrial User that is found by the City, PADEP or EPA to have a reasonable potential, either alone or in conjunction with other discharges, to adversely affect the POTW, the Collector system, the Solid Waste Byproducts of the POTW, or air emissions from the POTW.

P. NEWPCP: Northeast Water Pollution Control Plant of the City

Q. Suspended Solids ("SS"): The total suspended matter that floats on the surface of, or is suspended in water, wastewater or other liquids, and which is removable by laboratory filtering expressed in terms of concentration in milligrams per liter (mg/l).

R. Sustained Peak Flow Rate: The wastewater flow rate sustained or exceeded for any five (5) consecutive minute interval, expressed in terms of MGD or cfs.

II. TERM

A. This Agreement shall be effective as of July 1, 2015 ("Effective Date") and shall continue in force and effect through June 30, 2025, unless terminated earlier as provided herein.

B. Termination without Cause

Either Party may terminate this Agreement without "cause" at any time, but only upon five (5) years written notice.

C. Termination for Cause.

(1) City shall have the right to terminate this Agreement for "cause" at any time, but only upon twelve (12) months written notice. "Cause" shall mean:

(a) Continuing exceedances of the Flow and Loadings Limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the City's wastewater facilities or which cause City to be in violation of permits issued by PADEP or EPA; or

(b) Failure by Township to meet its financial obligations under this Agreement for a period of six (6) consecutive months; or

(c) Failure by Township to meet its obligations for PCB Minimization as set forth in Section III.G of this Agreement; or

(d) Failure by Township to comply with a final decision or determination of an Arbitration Panel or court of competent jurisdiction rendered under this Agreement within three (3) months of the date the decision or determination became final, unless otherwise specified by the Arbitration Panel or a court of competent jurisdiction; or

(e) Failure of the Township to comply with the requirements of Section X.D of this Agreement, related to Exclusionary Private Organizations.

(f) Failure of the Township to execute a revision of this Agreement in accordance with Section III (B).

(2) The City shall provide the Township with a sixty (60) day opportunity to cure any violation the City alleges under Section II (C) (1) immediately above. Should Township fail to cure the alleged violation, the City may exercise all of its rights under this Agreement, including those in Section II (C) (1) immediately above.

III. SCOPE OF SERVICES AND WASTEWATER LIMITS

A. Wastewater Treatment Services. City shall convey, treat and dispose of wastewater and its byproducts delivered by Township to approved connection points identified in Section V.B of this Agreement.

B. Flow and Loadings Limits. The wastewater delivered by Township to City shall not exceed the limitations set forth in the "Flow and Loadings Limits Addendum" (attached hereto and incorporated as Exhibit "A"). City is developing a model of its wastewater conveyance system that will determine appropriate flow limits for each of Township connections to the City's collection system. Both City and Township agree that these individual connection limits are critical in order to prevent hydraulic overloads in their respective collection systems that could result in the unauthorized and unpermitted discharge of sewage into the environment. When such limits are available, City will notify Township of these limits and provide Township with ninety (90) days to discuss and review these individual connection limits. Should the Township disagree with any of the individual connection limits it shall, within the 90 day period, submit its written objections to the City. These objections shall include the specific engineering, modeling or hydraulic rationale for the objection. Should Township choose not to submit an objection letter, or submit an objection letter without the specific engineering, modeling or hydraulic rationale for the objection, then the City and Township agree that the individual connection limits shall constitute an amendment to this Agreement and shall be immediately incorporated into the Agreement. No further action shall be necessary by either party for the incorporation of the individual connection limits into the Agreement.

C. Prohibition on Discharges that Exceed the Flow Limits and Loadings Limits.

Township's wastewater flow shall not exceed the Flow Limits set forth in the Flow and Loadings

Limits Addendum. Township's discharges may not exceed the Annual Loadings Limits, either for BOD5 or SS. No planned activity that will cause an exceedance shall be permitted without the written approval of the City. Township shall be responsible for all City costs and damages caused by its exceedances of the stated Flow and Loadings Limits.

D. Exceedance Charges. Township shall be liable to pay City for exceedances of the Flow and Loadings Limits as set forth in the Flow and Loadings Limits Addendum in accordance with the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

E. Plan to Eliminate Exceedances. If Township's discharge to City is a Prohibited Exceedance as defined in Section III.C of this Agreement, then Township shall do the following:

(1) Flow Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit a written report detailing a plan of action to eliminate the prohibited exceedance(s) within a one (1) year period from the date of the City's approval of the Township's plan. Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If the Township fails to submit a written report detailing a plan of action, Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits a plan, or if City is prohibited from approving the plan due to technical or legal reasons, City shall notify Township of such reasons and Township shall have sixty (60) days from such notice to revise its plan. After this period Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits an approvable plan. In the event of a flow exceedance(s), nothing herein shall require

City to certify the availability of treatment capacity until any flow exceedance(s) have been eliminated or abated. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for flow exceedance(s) as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

(2) Loadings Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit to City a written report detailing the circumstances that caused the loading exceedance(s) and a plan of action to immediately eliminate the prohibited exceedance(s). Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. . If the Township fails to submit a written report detailing a plan of action, Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits a plan, or If City is prohibited from approving the plan due to technical or legal reasons, City shall notify Township of such reasons and Township shall have sixty (60) days from such notice to revise its plan. After this period Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits an approvable plan. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for loading exceedance(s) as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

F. Certification of Sewer Capacity. City may determine that City does not have adequate sewer capacity to permit additional sewer connections to any part of Township system that will discharge to City if Township has exceeded the Flow and/or Loading Limits set forth in Exhibit “A” and has failed to submit an appropriate remediation plan approved by City, as provided under Article III.E of this Agreement. City’s authority with respect to sewer certifications shall be as provided in the Pennsylvania Sewage Facilities Act (Act 537, as amended).

G. Polychlorinated Biphenyls Minimization. DRBC’s Water Quality Regulation and Water Code Section 4.30.9 requires City to implement a Pollutant Minimization Plan (“PMP”) at its POTW to reduce its contribution of PCB to the Delaware Estuary. In order to ensure City’s compliance with this requirement, Township shall:

- (1) Within ninety (90) days of the Effective Date of this Agreement, supply City with any information it has regarding PCB within the Township.
- (2) Provide information regarding PCB within the Township as required by PADEP, EPA, NPDES permits, or any regulatory authority.
- (3) Implement any and all new and/or more stringent PCB requirements or reductions that may be imposed upon City’s POTW. Township agrees to implement these requirements or reductions in its drainage area simultaneously with City’s implementation of these new requirements.
- (4) Accept the City’s limit for PCB in its wastewater discharged to City, as they exist or may be revised. Township accepts PWD regulations which currently require PCB be at a level not detectable as analyzed by EPA Method 608.

- (5) Upon request by City, implement a PMP throughout the entire drainage area of Township that contributes flow to the City's POTW in order to achieve the maximum practicable reduction, as defined in DRBC's regulations, of PCB into the City's POTW.
- (6) Cooperate with any City investigation or trackdown of PCB within the Township's drainage area that contributes flow to the City's POTW.

IV. BILLING, PAYMENTS AND CHANGE IN RATES

A. Township shall pay wastewater treatment charges consisting of its allocated share of the capital, operation and maintenance costs of City's wastewater conveyance and treatment facilities in accordance with generally accepted wastewater rate methodologies, as determined by City's most recent rate study completed by City's consultant. Township shall also pay a management fee to City.

(1) Wastewater Treatment Charges:

(a) Capital Charges. The capital charges shall include, but not be limited to, depreciation expense and a Return on Investment ("ROI") on facilities allocated to Township. Depreciation and ROI capital charges shall apply to all applicable capital projects which are completed, in-service and servicing Township. Depreciation and ROI shall be billed as a fixed monthly charge. Facilities allocated to Township shall include both those facilities related to City's POTW as well as those facilities necessary for City to comply with and implement the LTCP throughout the City. Township's initial share of the LTCP costs shall be 0.358829084% of the total LTCP costs. Township shall pay depreciation and ROI for its allocated share of the capital portion of the LTCP facilities placed into service.

Attached hereto as Exhibit "E" is the City's current estimate and projection of the total capital costs and operation and maintenance costs it anticipates spending to fulfill the requirements of its LTCP. Based on Township's share of these total LTCP costs Exhibit "E" estimates Township's yearly and total share of the LTCP costs.

ALTHOUGH EXHIBIT "E" IS THE CITY'S CURRENT BEST ESTIMATE, BOTH PARTIES AGREE THAT IT IS AN ESTIMATE ONLY. IT HAS BEEN CREATED SOLELY FOR THE PURPOSE OF ASSISTING TOWNSHIP IN LONG TERM BUDGETING SO THAT IT WILL BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS UNDER THIS AGREEMENT. BOTH PARTIES ACKNOWLEDGE AND AGREE THAT THE TOTAL LTCP COSTS AND/OR THE YEAR IN WHICH ANY PARTICULAR LTCP COST IS INCURRED IS SUBJECT TO SUBSTANTIAL CHANGE. GIVEN THE TWENTY-FIVE (25) YEAR TERM OF THE LTCP, CHANGING ENVIRONMENTAL REQUIREMENTS, CONSTRUCTION DELAYS, LABOR AND MATERIAL COST INCREASES, GENERAL INFLATION ASSUMPTIONS, ETC. ALL THAT IS POSSIBLE AT THIS TIME IS AN ESTIMATE.

(b) Operations and Maintenance Charges. Operation and maintenance charges shall include, but not be limited to, expenses associated with the operation, maintenance, repairs, rentals and replacements of City's wastewater facilities appropriately allocated to Township, as well as appropriate shares of employee benefits, departmental overhead and other allocable non-direct overhead expenses. Further, Township shall initially be responsible for 0.358829084 % of all operation and maintenance expenses incurred by the City in complying with and implementing the City's LTCP. An estimate of these costs is provided in Exhibit "E". (Please see Section IV.A (1) (a), immediately above, regarding the limitations of this estimate). Township shall pay these operations and maintenance expenses based on the periodic projections of these expenses in connection with the City's cost of service study. Operation and maintenance costs so allocated shall be net of miscellaneous operating revenues related to those expenses.

(c) Management Fee. The management fee shall equal twelve percent (12%) of the total Wastewater Treatment Charges. Wastewater Treatment Charges shall be the sum of the charges noted in Section IV.A (1) (a) and (b) immediately above.

(2) Township's Wastewater Treatment Charges associated with the City's POTW, beginning on the Effective Date of this Agreement, shall be as shown in Table A-49 of Exhibit "D", and shall remain in effect until revised in accordance with the terms of this Agreement. The City anticipates that a new cost of service study will be completed soon which would revise the charges shown in Table A-49.

(3) Township shall have the right, upon written request, to review City's method of computing the charges for, and allocating the cost of providing wastewater treatment services to Township. Such review shall be subject to the provisions relating to Notice of Changes in Rates of Section IV.C of this Agreement.

B. Billing.

(1) City shall provide Township with wastewater flow and loadings data and computations utilized in billing Township for the three (3) month periods ending in March, June, September, and December. Billings for all other months will be estimates based upon one-third (1/3) of the amount of the prior quarter's billing. Quarterly billings shall recognize and credit Township for payments made for estimated billings.

(2) City shall render bills to Township on a monthly basis for the charges set forth in this Agreement. Annual charges shall be divided by twelve (12) for purposes of monthly billing.

(3) Bills shall be payable to City by Township within thirty (30) days of the date rendered. If Township objects to any bill, in whole or in part, Township shall notify City in

writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter.").

(a) The Objection Letter shall state in detail the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Within thirty (30) days after receipt of the Objection Letter, City and Township shall meet to discuss the substance of the Objection Letter, and shall attempt to reach a resolution of the matters raised in the Township Objection Letter. In the event that no such resolution can be reached, then the parties may proceed to Arbitration as provided under Section VIII of this Agreement.

(b) Within sixty (60) days after receipt by City of the Objection Letter, City and Township may proceed to arbitration pursuant to Section VIII of this Agreement to resolve the specific objections made in the Objection Letter.

(c) During the sixty (60) day period prior to arbitration, Township shall have the opportunity to conduct an inspection and audit of City records in accordance with Section X.A of this Agreement.

(4) All billings, including those subject to an Objection Letter, shall be paid in full and by the due date. Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid after the due date.

(5) An objection that results in monies to be refunded to the Township shall be credited in the next billing to the Township, unless an Arbitration Panel decides otherwise.

C. Notice of Changes in Rates.

(1) City shall provide notice to Township of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices.

(2) If Township has an objection to the change in rates or billing practices Township shall notify City in writing within ninety (90) days from receipt of the City's notice as to its specific objection(s), the "Change Objection Letter".

(a) The Change Objection Letter shall include any and all facts or documentation supporting the specific objections contained therein. The Change Objection Letter shall automatically be deemed to be a demand for arbitration and the Parties shall immediately proceed to arbitration in accordance with Section VIII of this Agreement.

(3) In the event Township fails to serve City with a Change Objection Letter within ninety (90) days from receipt of City's notice, the rate increase or change in billing practices shall be deemed fully accepted and approved by Township, and Township shall have waived all rights under this agreement or by any other legal proceeding to contest the rate increase or change in billing practices.

(4) Parties agree to accept the rate development methodology used by the City in determining the rates and charges described in Section IV, Exhibit "D" and Exhibit "E" of this Agreement. Township shall have the right to dispute the calculation of wastewater treatment charges set pursuant to this Agreement, however Township shall not have the right to dispute, by arbitration or any other legal proceeding, the methodology used by the City in developing said charges to Township. The City agrees that its rate methodology shall generally follow and remain consistent with the rate making principles as set forth in the Water Environment Federation Manual of Practice No. 27, Financing and Charges for Wastewater Systems, as amended or succeeded during the term of this Agreement.

(5) Should there be any material change to the Rate Making Methodologies (in narrative form), after the Effective Date of this Agreement, the City shall notify Township of

such change. A material change is defined as any change to the Rate Making Methodologies that would result in an overall annual increase to Township of 1% (one percent) or more. Annual increases due to increases in the City's revenue requirements shall not be considered a change in methodology. Township shall have the right to review and challenge any material change pursuant to Section IV.C (2). While Township agrees to accept the current Rate Making Methodologies as set forth in Exhibits "D" and "E" of this Agreement, it retains the right to review and challenge specific costs for materials, services and projects billed by the City to Township.

(6) The ROI charged shall also not be subject to dispute by Township unless the City increases the ROI to a rate higher than eight percent (8%) per annum. Exhibits "D" and "E" are attached to this Agreement as a description of the methodology currently utilized by the City in developing rates under this Agreement.

V. CONSTRUCTION, OPERATION, AND MAINTENANCE OF TOWNSHIP'S CONVEYANCE SYSTEMS

A. Design and Construction of Sewers. Township at its sole cost and expense shall design, construct, own, operate, maintain and repair the sanitary sewers and connections to the City system necessary to convey its wastewater to the City system.

B. Approved Connection Points. The approved connection points are:

1. MLM1 (PHILMONT) Byberry Road and Philmont Avenue
2. MLM2 (WELSHRD) Welsh Road Express Sewer at City Line
3. MLM3 (BROOKMONT) County Line Road and Erwin Street
4. MLM4 (BRENTWD) Pine and Moreland Roads
5. MLM5 (STEVEN) City line and drainage right-of-way near Steven Road

6. MLM6 (RADBURN) Pine and Radburn Roads

7. MLM7 (WELSHRD7) Welsh Road and City Line

(2) In its sole and reasonable discretion, City may require additional connection points or approve Township's request for additional connection points.

C. Plan to Eliminate Unauthorized or Harmful Discharges.

(1) Within thirty (30) days of written notice from the City, Township shall submit a plan to City outlining action(s) to be taken to eliminate unauthorized or harmful discharges if any of Township's connections to City's wastewater system are determined by City or any governmental regulatory agency to be:

(a) chronic or continuous discharge problems, or

(b) sources of unauthorized discharge(s), or

(c) sources of discharge(s) which under the Agreement adversely affect the City's wastewater collection and treatment system, or

(d) sources of discharge(s) which cause or contribute to any violation of federal, state or local laws or permits.

(2) City shall promptly approve or reject said plan, and shall notify Township, in writing, of the basis for the rejection of the proposed plan. In the event that City rejects the Township proposed plan, the Parties agree to promptly meet and discuss the basis for City's rejection and to negotiate terms acceptable to City.

(3) Any action taken pursuant to this section shall be at the sole expense of Township.

D. Acute discharge problems affecting the health, safety, or environment shall be immediately corrected by Township upon notice by the City.

VI. METERING AND SAMPLING

A. Meters and Equipment. Township shall own and maintain the meter, metering equipment, and the electronics associated with the meter at the Welsh Road Express Sewer connection (MLM2). Township shall obtain prompt service by qualified meter maintenance personnel to repair any meter or electronic malfunction or breakdown at the above connection in a timely manner. A flow accuracy test utilizing metering equipment independent of the Township's meter and intended to verify the accuracy of the meter shall be performed by Township's independent contractor every two years. If the test indicates that recalibration is required, the meter shall be recalibrated in a timely manner. Accuracy within five percent (5%) shall be acceptable. Township shall bear all costs associated with flow accuracy testing and shall notify City in advance of such tests. City shall have the right to observe the testing and recalibration. City shall own and maintain the meter, metering equipment and electronics at the Byberry and Philmont connection (MLM1). City shall own and maintain telemetering equipment installed at all sites in the area served by Township which shall include equipment which converts the signal produced by the meter(s) into a signal which can be transmitted. City shall also own and maintain all equipment located in the City necessary to receive and record telemetered information. City, upon reasonable notice to Township, shall be entitled to jointly inspect any metering equipment maintained by Township. City shall have the right to enter the area served by Township to access manholes upstream of any of the Township's connection points to inspect flow and test wastewater flow meters. City shall maintain the Byberry and Philmont meter to the same 5% accuracy standard stated above.

B. Metering and Sampling. City shall measure wastewater flow and loadings by metering and sampling at Connection Point(s) whenever City, in its discretion, determines that this is necessary, practical and/or economical. Township, upon reasonable notice to City, shall be entitled to jointly inspect the metering equipment maintained by City. City shall base its operation and maintenance charges on its actual flow and loadings measures whenever possible and reasonable. In the absence of actual flow and loadings measures, City shall estimate for billing purposes using its standard methods for estimating flow(s) and/or strength(s). City and Township agree that it is in their best interests to use estimates of wastewater strengths for billing purposes for certain connections. Therefore, City and Township agree that the following wastewater strength estimates shall be used for billing purposes. City reserves the right to revise such strength estimates used for billing when it believes they no longer reasonably represent the strength(s) of wastewater delivered by Township to the City or to regularly sample a connection if the City believes the use of estimated strengths are not appropriate. Upon request, City shall provide Township with copies of any metering and calibration tests or studies performed on any City meters or equipment servicing Township.

<u>Connection</u>	<u>BOD5 (mg/l)</u>	<u>SS (mg/l)</u>
Brentwood MLM4	126	167
Brookmont MLM3	126	167
Philmont & Byberry MLM1	139	182
Steven Road MLM5	126	167
Welsh Road Express MLM2	113	152
Pine and Radburn MLM6	126	167

City and Township also agree that for certain connections it is in their best interests to use flow estimates for billing purposes. Therefore, City and Township agree to the wastewater flow estimates shown below. City reserves the right to revise such flow estimates, or to measure flows by metering, when it believes they no longer reasonably represent the quantity of wastewater delivered by Township to the City.

<u>Connection</u>	<u>Quarterly Flow (Million Gallons)</u>
Brentwood MLM4	2.595
Brookmont MLM3	2.232
Steven Road MLM5	0.493
Pine and Radburn MLM6	0.783
Welsh Road and City Line MLM7	0.356

C. Sampling.

- (1) City shall have the right to enter the area served by Township to sample Township's wastewater for billing purposes.
- (2) City shall have the right to enter the area serviced by Township at any time for the following purposes:
 - a. To sample the wastewater of a SIU; or
 - b. To trace a spill into the wastewater system which is believed to originate in the Township or in a contributing jurisdiction outside Township.
 - c. In the above instances, i.e., Sections VI.C (1) and (2) above, City will make a reasonable effort to notify Township in advance;

however, Parties acknowledge that in emergency situations prior notice may not be feasible.

(3) Upon request, Township shall have the right to obtain splits of wastewater samples taken by the City for billing purposes.

(4) The City shall base the SS and BOD5 portion of the bill on the City's results of sampling of the Township's flow. The SS and BOD5 analyses shall be by PADEP accredited methodologies in accordance with the City's PADEP laboratory certification under 25 PA. CODE §§ 252.1-252.708.

(5) The City shall provide Quality Assurance and Quality Control (QA/QC) laboratory data to Township upon request.

VII. PRETREATMENT AGREEMENT

A. Interjurisdictional Pretreatment Agreement. City and Township shall enter into the contract entitled "Interjurisdictional Pretreatment Agreement" (attached hereto and incorporated herein as Exhibit "C"). Township agrees to comply with all of the provisions contained therein including but not limited to adoption of City's most recent Wastewater Control Regulations. Township further agrees to require that any outside jurisdictions which contribute to Township's sewer system also adopt and enforce City's Wastewater Control Regulations.

VIII. DISPUTES

A. Arbitration of Disputes. In the event of a dispute between the Parties concerning terms, conditions and covenants of this Agreement or upon the issuance by Township of an Objection Letter or Change Objection Letter, City and Township agree to submit the dispute

to an Arbitration Panel. All petitions to compel or stay arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and Township agree to accept venue therein.

B. The Arbitration Panel shall be composed of three (3) arbitrators, one appointed by City, one by Township, and the third by agreement of the arbitrators selected by City and Township.

(1) The arbitrators representing Township and City shall be named within five (5) days from the request for the appointment of an Arbitration Panel. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Township cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Montgomery counties, from which the third arbitrator shall be selected.

(2) The arbitrator appointed by Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as Chairman of the Arbitration Panel.

(3) Each of the Parties shall bear the costs of its own arbitrator and shall equally divide the costs of the third arbitrator and all other common costs.

(4) The arbitration proceedings shall commence within thirty (30) days of the selection of the third arbitrator and the arbitrators shall render their determination within thirty (30) days after the final hearing held by the Arbitration Panel. The decision of such arbitrators

shall be final and binding upon the Parties, except in the case of fraud. In rendering their decision, the Arbitration Panel shall be bound by the terms and conditions of this Agreement, and may not render a decision which will add to, subtract from, or modify the terms of this Agreement

(5) Upon mutual agreement of the City and Township, the arbitration may be delayed for a specified period of time in order to allow the Parties additional time for a negotiated settlement. Any delay in commencement of the arbitration shall last only as long as is agreed to by the Parties.

IX. INDEMNIFICATION

A. Township agrees to defend, indemnify and save harmless City from and against any and all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

(1) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

(2) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Township's wastewater to the Plant(s), where such injury is due to the negligence of Township or its employees, servants or agents or the inherent nature of their operations;

(3) EPA or PADEP action of any kind whatsoever, whether direct or indirect, for any work undertaken by Township, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or PADEP; and

(4) Any grant fund, or any portion thereof, received by Township and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

B. City and Township agree that in the event of EPA or PADEP action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Township or their employees, servants or agents, City and Township shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should the City bill Township pursuant to this paragraph, the City shall inform Township as to the nature of the bill. If the parties are unable to reach an agreement on the apportionment of responsibility for any payment hereunder, either may proceed to arbitration under the terms of this Agreement.

C. Township shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the POTW, except to the extent that such injuries and damages are due to the negligence of Township or its employees, servants or agents and where such injuries result in a direct increase to City's operating costs. Township shall be responsible for its proportionate share of those increased costs.

D. Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section of the Agreement, however, jurisdiction over disputes regarding to this section shall first be subject to resolution as provided under Section VIII of this Agreement.

E. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Township or to vest in said third person any cause of action

against City or Township or to authorize any such third person to institute any suit or suits against City or Township.

X. MISCELLANEOUS

A. Inspection and Audit. City and Township agree to maintain complete records and accounts concerning their responsibilities under this Agreement. Both Parties shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days written notice. If required by any law or regulation, Township shall make said records and accounts immediately available to federal and state authorities.

B. No Transfer of Rights. Township shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of City.

C. Ownership, Management and Control of Plants and LTCP Facilities. City retains sole ownership and control of its POTW and all other wastewater conveyance and treatment facilities, including all facilities related to compliance with and the implementation of the City's LTCP and agrees to operate, maintain, repair, and improve its facilities associated with service to Township. City retains the sole and exclusive right to make all managerial and other decisions regarding its POTW and LTCP related facilities, including but not limited to those decisions regarding operation, maintenance, upkeep, expansion, abandonment or replacement of all or a portion of its POTW and LTCP related facilities.

D. Nondiscrimination

- (1) This Agreement is entered into under the terms of the Philadelphia Home Rule Charter and in its performance, Township shall not discriminate nor permit discrimination against any person because of race, color, sex, sexual

orientation, religion, national origin or ancestry. In the event of such discrimination, the City may terminate this Agreement forthwith or exercise any other remedy provided to the City in this Agreement or at law or in equity. The foregoing shall not be construed to limit or restrict the City's right to terminate this Agreement as set forth in other sections of this Agreement.

- (2) In accordance with Chapter 17-400 of The Philadelphia Code, Township agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, or privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.
- (3) Township agrees to include subparagraphs (1) and (2) of this Section (D), with appropriate adjustments for the identity of the parties, in all subcontracts which are entered into for work to be performed pursuant to this Agreement.
- (4) Township further agrees to cooperate with the Commission on Human Relations in any manner which the said Commission deems reasonable and

necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code.

- E. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the Parties hereto with the same effect as if the words “successors and assigns” had, in each case, been specifically mentioned.
- F. Waiver. The failure of either City or Township to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted, unless specifically stated in this Agreement.
- G. Captions. The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.
- H. Entire Agreement. This Agreement and its Exhibits, incorporated herein, represent the entire agreement of the Parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Township. This Agreement supersedes all previous wastewater agreements between City and Township.
- I. Severability. In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

J. Re-rating

Should the City decide to enlarge its wastewater treatment plants to allow for additional contributions into its plants, and should this result in the plants having a new higher rated capacity ("New Higher Rated Capacity") then the Township's percentage contribution of costs paid to the City shall be adjusted in accordance with the New Higher Rated Capacity. Expansion of the City's wastewater treatment plants to capture additional wet weather flow to meet its

federal and state mandated CSO overflow reduction requirement , as set forth in the City's LTCP, shall not be deemed as a New Higher Rated Capacity as its function is to reduce existing overflows given its current contributions and not to allow for additional contributions. Therefore, for example, the City's Northeast Wastewater Treatment Plant's secondary bypass, contained in the City's LTCP, shall not be deemed as a New Higher Rated Capacity.

K. Notices. All notices, billings, payments and communications required to be given in writing under this Agreement shall be sent by certified United States mail, postage prepaid and by email communication or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Township may designate in writing from time to time:

If intended for City: Water Commissioner
 City of Philadelphia Water Department
 1101 Market Street, 5th Floor
 Philadelphia, Pennsylvania 19107

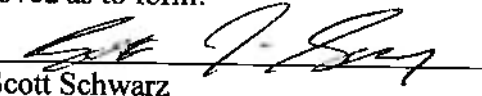
If intended for Township: Township Manager
 Lower Moreland Township
 640 Red Lion Road
 Huntingdon Valley, PA 19006

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the President of the Board of Commissioners has executed this Agreement on behalf of Lower Moreland Township, as of the day and year first above written.

CITY OF PHILADELPHIA

By: 
Howard F. Neukrug, PE
Water Commissioner

Approved as to form:

By: 
Scott Schwarz
Divisional Deputy City Solicitor

LOWER MORELAND TOWNSHIP

By: 
Robert P. DeMartinis
President, Board of Commissioners

Attest:

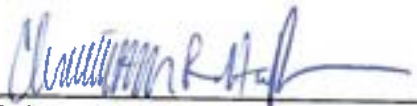
By: 
Christopher R. Hoffman
Secretary

EXHIBIT "A"

FLOW AND LOADINGS LIMITS ADDENDUM

FLOW LIMITS

<u>Connection</u>	<u>Annual Average</u> <u>Day (MGD)</u>	<u>Maximum</u> <u>Day (MGD)</u>	<u>Sustained Peak</u> <u>Flow Limit (MGD) / (cfs)</u>
Welsh Road	1.20	1.80	2.40 MGD / 3.71 cfs
All Other Points	0.70	1.05	1.40 MGD / 2.17 cfs
Total	1.90	2.85	3.80 MGD / 5.88 cfs

SUSPENDED SOLIDS AND BIOLOGICAL OXYGEN DEMAND

ANNUAL LOADINGS LIMITS

	<u>BOD</u>	<u>Suspended Solids</u>
Total for all Connection Points	729,000 lbs.	966,000 lbs.

Annual Average Daily Flow shall be the total volume of wastewater flow metered or estimated during any consecutive 365 day period, divided by 365, expressed in terms of MGD or part thereof.

Maximum Day Flow shall be the volume of wastewater delivered during any consecutive 24 hour period, expressed in terms of MGD.

Sustained Peak Flow shall be the wastewater flow rate measured during any five (5) consecutive minute interval, expressed in terms of MGD or cfs.

Annual Loadings of BOD5 or SS shall be the loadings calculated using flow and strength data for any consecutive 365 day period, expressed in terms of pounds.

EXHIBIT "B"

EXCEEDANCE CHARGE ADDENDUM

I. Township hereby agrees to exert its best efforts in ensuring that the limits established herein are not exceeded. Township hereby recognizes the City's desire to avoid or eliminate any exceedances of the parameters below and that such exceedances can create significant operating difficulties for the City and the possibility of significant increased capital and operating costs as well as fines.

II. Township shall be liable to City for the following exceedances when its flows and/or loadings exceed the limits set forth in the Flow and Loadings Limits Addendum (Exhibit "A"):

A. Annual Average Daily Flow Exceedance Charge. The Annual Average Daily Flow exceedance charge shall be at the daily rate of One Hundred Dollars (\$100.00) per hundred thousand gallons per day flow rate, or part thereof, of wastewater flow over the Annual Average Daily Flow Limit described in Exhibit "A". The Township shall be assessed exceedance charges for each period described in Exhibit "A" in which flows exceed the stated limit.

B. Annual Loadings Exceedance Charges. The annual loadings exceedance charges shall be at the annual rates of Seven Hundred Dollars (\$700.00) for each one thousand pounds of BOD5 and Seven Hundred Dollars (\$700.00) for each one thousand pounds of SS, delivered by Township in excess of the respective stated annual loadings limit. Township shall be assessed exceedance charges for each period described in Exhibit "A" in which the annual loadings limits are exceeded

C. Sustained Peak Flow Exceedance Charge. The Sustained Peak Flow exceedance charge shall be at the annual rate of Thirty-nine Hundred Dollars (\$3,900.00) per hundred thousand gallons per day for any flow above the Sustained Peak Flow Limit measured over any five (5) consecutive minute period. Should the Sustained Peak Flow Limit be exceeded more than once in a calendar month, Township shall be billed only for the highest monthly exceedance. The difference between a higher amount of Sustained Peak Flow experienced in any subsequent month during the remainder of a fiscal year and the previously billed maximum Sustained Peak Flow will also be subject to the Sustained Peak Flow exceedance charge. The Sustained Peak Flow limit will be re-established at the beginning of each subsequent fiscal year at the contract level set forth in Exhibit "A."

D. Application of Exceedance Charges

(1) Exceedance charges shall be billed in accordance with the terms and conditions stated in Section IV.B of this Agreement.

E. Sustained Peak Flow Limit Exemption

(1) The City recognizes that the Sustained Peak Flow Limit above could be violated during extreme wet weather events. Therefore, the Parties agree that the Township shall not be held in violation of this Agreement should it exceed its Sustained Peak Flow Limit as a result of a wet weather event that meets the condition set forth below. A wet weather event that exceeds the condition set forth below and results in the Township exceeding its Sustained Peak Flow Limit as shown above shall be considered an exemption to the Sustained Peak Flow Limit and Township shall not incur exceedance charges. However,

a wet weather event that does not exceed the condition set forth below and results in the Township exceeding its Sustained Peak Flow Limit shall be considered a violation of the Agreement and shall result in Township incurring exceedance charges. This exemption does not relieve the Township of the requirements of Section III.E of this Agreement.

(2) The exemption condition is as follows: A rain event must exceed 2.75 inches in a twenty-four (24) consecutive hour period. Once the twenty-four consecutive hour period has been established, the Sustained Peak Flow Limit must be met within forty-eight (48) hours from the start of the defined twenty-four hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this exemption. At no point shall two twenty-four hour periods overlap. All such events shall be quantified using hourly precipitation data obtained from the Philadelphia Water Department's Rain Gauge (RG-24) located near the intersection of Lockart Road and Lockart Lane in the City.

F. Exceedance Charge Forgiveness

(1) The City agrees not to assess exceedance charges for up to two Minor Exceedances of the Sustained Peak Flow Limit in each fiscal year. A Minor Exceedance is defined as any violation of the Sustained Peak Flow Limit contained in Exhibit A which lasts for no more than three consecutive five minute intervals --- 15 consecutive minutes in total. Should the Township have any more than two Minor Exceedances in any fiscal year the Township shall be subject to exceedance charges for those additional exceedances.

(2) The City agrees to waive all exceedance charges incurred prior to the Effective Date of this Agreement, July 1, 2015.

III. Charges for Years Subsequent to 2015

During 2016, and for each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the percentage change in the Consumer Price Index from the prior calendar year, upon the availability of the Consumer Price Index for January of each subsequent year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers ("CPI-U") for the Northeast Region US, all items.

IV. Example Applications of the Flow Exceedance Charges

A. Example Application of the Annual Average Daily Flow Exceedance Charge. Assume that during fiscal year 2020 the Township's Annual Average Daily Flow was determined to be 2.0 MGD for a consecutive period of 365 days ending during fiscal year 2020, such that the Township exceeded the Annual Average Daily Flow limit by 1 hundred thousand gallons per day for 30 days. Also assume that the CPI-U for the Northeast Region US - all items index was 253.0 in January 2015 and 293.3 in January 2020. The fiscal year 2020 daily rate of the Annual Average Daily Flow Exceedance Charge would be \$115.90 per hundred thousand gallons ($\$100.00 \text{ per hundred thousand gallons per day} \times 293.3 / 253.0$). The total Annual Average Daily Flow Exceedance Charge would be \$3,477.00 ($\$115.90 \text{ per one hundred thousand gallons per day} \times 30 \text{ days} \times 1 \text{ hundred thousand gallons per day}$).

B. Example Application of the Sustained Peak Flow Exceedance Charge. Assume that during fiscal year 2020 the Township's Sustained Peak Flow was 3.90 MGD for 20 consecutive minutes during the fiscal year period, such that the Township exceeded the Sustained Peak Flow limit by 1 hundred thousand gallons per day (3.90 MGD – 3.80 MGD). Also assume that the CPI-U for the Northeast Region US - all items index was 253.0 in January 2015 and 293.3 in January 2020. The fiscal year 2020 annual rate of the Sustained Peak Flow Exceedance Charge would be \$4,521.00 per one hundred thousand

gallons per day (\$3,900.00 per one hundred thousand gallons per day x 293.3 / 253.0). The total Sustained Peak Flow Exceedance Charge would be \$4,521.00 (\$4521.00 per hundred thousand gallons per day x 1 hundred thousand gallons per day).

C. Additional Example of the Sustained Peak Flow Exceedance Charge. Assume that the following exceedances occurred during fiscal year 2015 at the Welsh Road Express Sewer connection (MLM2) where the sustained peak flow limit is 1.40 MGD and a rainfall exemption of 2.75", as defined above, is in effect. All exceedances in this example are assumed to be longer than 15 consecutive minutes in duration.

#	Date	Highest Sustained Peak Flow (MGD)	Rainfall in.	Flow Exceedance (MGD)	Exceedance Charge \$
1	7/4/2014	1.50	2.00	0.10	\$ 3,900.
2	7/15/2014	1.80	2.90	0.40	0
3	8/10/2014	1.60	2.00	0.20	\$ 7,800.
4	9/5 2014	1.60	2.80	0.20	0
5	3/5/2015	1.50	2.00	0.10	\$ 3,900.
6	4/20/2015	1.90	2.80	0.50	0
Total Exceedance Charges FY 2015					\$ 15,600.

Computation of Exceedance Charges for exceedances shown above ...

1. $1.50\text{MGD} - 1.40\text{MGD} = 0.10\text{ MGD}$; $.10\text{ MGD} / 10 = 1\text{hundred thousand gallons of excess flow}$ X \$ 3,900. = exceedance charge for exceedance # 1.
2. 1.80 MGD flow not subject to exceedance charge because rainfall exemption of 2.75" applies. No exceedance charge results.
3. $1.60 - 1.40 = 0.20$; $0.20\text{ MGD} / 10 = 2\text{ hundred thousand gallons of excess flow}$ X \$3,900 = \$ 7,800. exceedance charge for exceedance # 3.
4. $1.60 - 1.40 = 0.20$; $0.20\text{ MGD} / 10 = 2\text{ hundred thousand gallons of excess flow}$, but no exceedance charge results because of rainfall of 2.80" exceeds exemption of 2.75"

5. $1.50 - 1.40 = 0.10$; $0.10 \text{ MGD} / 10 = 1$ hundred thousand gallons of excess flow X
 $\$ 3,900 = \$ 3,900$. exceedance charge for exceedance # 5.

6. $1.90 - 1.40 = 0.50$; $0.50 \text{ MGD} / 10 = 5$ hundred thousand dollars of excess flow, but
no exceedance charge results because of rainfall of 2.80" exceeds exemption
allowance of 2.75"

EXHIBIT "C"

INTERJURISDICTIONAL PRETREATMENT AGREEMENT BETWEEN
THE CITY OF PHILADELPHIA
AND
LOWER MORELAND TOWNSHIP

RECITAL

WHEREAS, City owns and operates wastewater collection and treatment facilities; and
WHEREAS, Township will be utilizing the City's Wastewater Treatment Services pursuant to the attached Service Agreement between City and Township; and

WHEREAS, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permits (Permits # PA0026671, PA0026689 and PA0026662) issued by the Pennsylvania Department of Environmental Protection; and

WHEREAS, Township desires to continue to utilize the Wastewater Treatment Services and recognizes its industrial waste control obligations under 40 CFR § 403 and the City's Wastewater Control Regulations.

NOW, THEREFORE, intending to be legally bound and in consideration of the following terms and conditions contained in this Agreement, the City and Township agree as follows:

1. No later than four (4) months after the effective date of the City's current Wastewater Control Regulations, Township shall adopt and diligently enforce rules and regulations (hereinafter "Regulations") substantially identical to the City's current Wastewater Control Regulations. Township shall ensure that all of its contributing municipalities then adopt Township's rules and regulations. Should the City amend its Wastewater Control Regulations, Township shall adopt and diligently enforce the amendment within four (4) months from the

amendment's effective date. Also, Township shall make its best efforts to ensure that any outside jurisdictions which contribute to its sewer system adopt the Regulations and any amendments to the Regulations within four (4) months of the amendment's effective date.

2. Township shall explicitly incorporate the following provisions into its Regulations:

- (a) a provision requiring any Industrial User responsible for any accidental discharge to notify both City and Township immediately;
- (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by federal pretreatment standards;
- (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;
- (d) a prohibition against, and a penalty for, the knowing transmittal of false information by an Industrial User to either City or Township; and
- (e) a grant of explicit authority to City to require the Industrial User(s) to install monitoring and pretreatment facilities as necessary.

3. City and Township shall periodically, at a minimum of every five (5) years, review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City revises its regulations or drafts an amendment to its regulations, Township must adopt same in substantially equivalent form within three (3) months of promulgation by the City. If Township has adopted regulations identical to the City's regulations, then, whenever City revises or amends its regulations, Township shall adopt the identical revisions or amendment(s) within three (3) months of promulgation by the City.

4. Township shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.

5. Township's regulations shall require that categorical pretreatment standards promulgated by the U.S. Environment Protection Agency ("EPA") by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Township's regulations. These standards shall supersede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Township shall notify all affected Industrial Users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.

6. Township shall adopt in its regulations definitions for "Significant Industrial User," "Industrial User" and "Non-domestic User" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular user is a Significant Industrial User, Industrial User or Non-domestic User based on information City may request from Township. City may control, through wastewater discharge permits, wastewater discharges from Significant Industrial User, Industrial User or Non-domestic User.

7. If there exists any Industrial User discharging to Township's conveyance system but located outside the jurisdictional limits of Township, then Township shall within thirty (30) days from the effective date of this Service Agreement notify such jurisdiction of the requirements contained within this Interjurisdictional Pretreatment Agreement and provide the City with copies of such notification. Township shall negotiate and enter into an agreement with such outside jurisdiction within six (6) months from the effective date of this Service Agreement. Such agreement shall be substantially equivalent to this Interjurisdictional Pretreatment

Agreement, and shall be jointly executed by Township, City and the outside jurisdiction. The agreement shall specifically state that the contributing jurisdiction must also adopt regulations substantially identical to the City's Wastewater Control Regulations and shall adopt all amendments thereto within three (3) months from their effective date. Such agreement shall ensure that the City has the same rights, powers and authority to operate its industrial pretreatment program in the outside jurisdiction as it has within the area served by Township. If Township is unable to reach agreement with the contributing jurisdiction within six (6) months, then Township shall immediately thereafter take all necessary steps to prevent all discharges from Industrial Users within the contributing jurisdiction to Township.

8. Township shall file with City a certified copy of its resolution and any amendments thereto, and other interjurisdictional agreements. Township shall provide a table to the City cross-referencing sections of its ordinance with the City's Wastewater Control Regulations in order to demonstrate that all provisions contained in the City's Wastewater Control Regulations have been incorporated into Township's ordinance. If Township maintains, Township shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline monitoring reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six (6) years.

9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer systems of Township and its contributing jurisdictions. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private

property to inspect wastewater discharges. Township shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the Industrial User or Non-domestic Dischargers.

10. Township and City hereby agree that City shall implement a pretreatment program within the area served by Township and its contributing jurisdictions and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement; and 6) monitoring hazardous waste disposal practices.

11. City shall review Township's ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CFR Part 403, and to ensure inclusion of all other legal provisions mandated by this Interjurisdictional Pretreatment Agreement. City shall periodically review the enforcement efforts of Township and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.

12. If City determines that Township has failed or has refused to fulfill any pretreatment obligations, including, but not limited to, any obligations contained within this Interjurisdictional Pretreatment Agreement, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Township, and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction.

Where Township fails to satisfy the terms of the remedial plan, City may, upon thirty (30) days written notice, refuse to accept any wastewater discharges from Township.

13. In the event that EPA or PADEP action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Township or contributing jurisdictions, Township and City shall equitably apportion responsibility for payment of such fines, penalties or costs.

14. Where a discharge to the wastewater collection and treatment facilities reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater collection and treatment facilities, City may immediately initiate steps to identify the source of the discharge and to hold or prevent said discharge. City may seek injunctive relief and/or may pursue other self-help remedies against Township, contributing jurisdictions, and any Industrial User or Non-domestic User contributing to the emergency conditions. Township shall pay to City the cost of such steps specified in reasonable detail and submitted in writing to Township taken to prevent, stop or ameliorate the effects of such discharge.

15. All provisions of this Interjurisdictional Pretreatment Agreement apply only to areas and properties within Township's service area from which flows, directly or indirectly, enter the City's wastewater collection or treatment facilities. This Interjurisdictional Pretreatment Agreement does not apply to any area or property within Township's service area from which flows do not enter the City's wastewater collection or treatment facilities.

16. Any disputes arising out of this Interjurisdictional Pretreatment Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Township and City, as amended.

17. The terms of this Interjurisdictional Pretreatment Agreement may be amended only by written agreement of the Parties. In any event, this Interjurisdictional Pretreatment Agreement shall be reviewed and revised, as necessary, at least every five (5) years.

18. This Interjurisdictional Pretreatment Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Interjurisdictional Pretreatment Agreement.

19. This Interjurisdictional Pretreatment Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Interjurisdictional Pretreatment Agreement.


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IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the President of the Board of Commissioners of Lower Moreland Township has executed this Agreement on behalf of Lower Moreland Township, as of the Effective Date of the Service Agreement.

CITY OF PHILADELPHIA

By: 
Howard F. Neukrug, PE
Water Commissioner

Approved as to form:

By: 
Scott Schwarz
Divisional Deputy City Solicitor

LOWER MORELAND TOWNSHIP

By: 
Rob DeMartinis
President, Board of Commissioners

Attest:

By: 
Christopher R. Hoffman
Secretary

EXHIBIT "D"

The following eleven (11) pages constitute Exhibit "D".

TABLE A - 15
UNITS OF WASTEWATER SERVICE
Test Year 2015

	(1)	(2)
	Units	Lower Moreland
FY2015 Test Year		
Volume		
Sanitary Wastewater	(Mcf)	65,000
Infiltration	(Mcf)	<u>2,800</u>
Total	(Mcf)	67,800
Suspended Solids		
Sanitary Wastewater	(1,000 lbs)	665
Infiltration	(1,000 lbs)	<u>17</u>
Total	(1,000 lbs)	682
BOD		
Sanitary Wastewater	(1,000 lbs)	499
Infiltration	(1,000 lbs)	<u>4</u>
Total	(1,000 lbs)	503
Contract Maximum Units		
Capacity		
Sanitary Wastewater	(Mcf/day)	508
Infiltration	(Mcf/day)	<u>10</u>
Total	(Mcf/day)	518
Volume		
Sanitary Wastewater	(Mcf)	92,714
Infiltration	(Mcf)	<u>2,800</u>
Total	(Mcf)	95,514
Suspended Solids		
Sanitary Wastewater	(1,000 lbs)	966
Infiltration	(1,000 lbs)	<u>17</u>
Total	(1,000 lbs)	983
BOD		
Sanitary Wastewater	(1,000 lbs)	729
Infiltration	(1,000 lbs)	<u>4</u>
Total	(1,000 lbs)	733

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 2
ALLOCATION OF TEST YEAR INVESTMENT FOR THE
NORTHEAST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2015

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment (\$)	Retail, Abington, Bensalem, Bucks Cty W&SA, Lower Southampton Capacity	Volume	Retail, Abington, Bensalem, Bucks Cty W&SA, Cheltenham, Lower Moreland, and Lower Southampton Capacity	Suspended Solids	BOD
		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
1	Primary Sedimentation Basins	4,679		4,679			
2	Pumping Station	1,606			1,606		
3	Aeration Facilities	15,461					15,461
4	Primary Sludge Pumps	1,038				1,038	
5	Scum Ejectors	163				163	
6	Effluent Conduit	10			10		
7	Final Sedimentation Basins	8,138		8,138			
8	Recirculation Pumps	1,465		1,465			
9	Digesters	15,928				11,946	3,982
10	Sludge Dewatering	4,137				3,103	1,034
11	Frankford Grit Chamber						
12	Chlorination Facilities	18,033			18,033		
13	Aeration Tank No. 1	1,158					1,158
14	Sludge Thickener Building	4,894				2,447	2,447
15	Sludge Transfer Station	893				670	223
16	Subtotal All Above	77,603		14,282	19,649	19,367	24,305
17	Administrative and General Facilities						
18	Administrative and General Plant	45,688					
19	Land	974					
20	Subtotal	46,662	1,296	11,651	6,586	12,177	14,952
21	Total Non-Water Pollution Abatement Program Facilities	124,265	1,296	25,933	26,235	31,544	39,257
WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
22	New Preliminary Treatment Building	42,296	10,574		31,722		
23	Primary Sedimentation Tanks Modifications	54,419		54,419			
24	Blower Building	17,066					17,066
25	Aeration Tank No. 1	39,789					39,789
26	Chlorination Facilities						
27	New Sludge Thickener Building	42,529				21,265	21,264
28	Effluent Conduits	2,363			2,363		
29	New Final Sedimentation Tanks	26,368		26,368			
30	Sludge Digestion System Modifications	35,508				26,631	8,877
31	Composting Facilities						
32	Sludge Dewatering	11,933				8,950	2,983
33	Sludge Transfer Station	25,216				18,912	6,304
34	Loading Terminal/Barges	5,644				4,233	1,411
35	Subtotal	303,131	10,574	80,787	34,085	79,991	97,694
36	Admin. and General Facilities	49,077	1,363	12,254	6,926	12,807	15,727
37	Adjustment for Joint Use Facilities	1,767				1,325	442
38	Total Water Pollution Abatement Program Facilities	353,975	11,937	93,041	41,011	94,123	113,863
39	TOTAL NORTHEAST WPC PLANT BOOK COST	478,240	13,233	118,974	67,246	125,667	153,120
40	Less Federal Grants	226,940	7,870	60,125	25,366	60,536	73,043
41	ADJUSTED TOTAL NORTHEAST WPC PLANT INVESTMENT	251,300	5,363	58,849	41,880	65,131	80,077

(a) Plant investment as of 6/30/2011.

TABLE A - 5

**TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2015**

Cost Component	Total Direct Investment (a)
	\$
COLLECTION SYSTEM	
Sewers - Capacity	1,198,884,000
Pumping Stations - Capacity	30,511,000
Total Collection System	1,229,395,000
WATER POLLUTION CONTROL PLANTS	
Northeast Plant:	
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, & Lower Southampton - Capacity	5,363,000
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton	
Volume	58,849,000
Capacity	41,880,000
Suspended Solids	65,131,000
BOD	80,077,000
Subtotal	245,937,000
Total Northeast Plant	251,300,000
Other Plants	364,470,000
Total Water Pollution Control Plants	615,770,000
Total Investment	1,845,165,000

(a) Original Cost value of Plant Investment as of 6/30/2011. Includes Administration and General costs.

TABLE A - 16
WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY
Test Year 2015

Line No.	Cost Component	Direct Investment (a)	(1)	(2)	(3)
		\$	Units of Capacity	Units of Capacity	Unit Investment
	Northeast Water Pollution Control Plant				
	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	- Capacity	5,363,000	370 mgd = 49,470 Mcf/day		108.4091 /Mcf/day
	Retail, Abington, Bensalem, Bucks County W &SA, Cheltenham, Lower Moreland, and Lower Southampton				
2	Volume	58,849,000	76,650 mg = 10,247,000 Mcf		5.7430 /Mcf
3	Capacity	41,880,000	420 mgd = 56,150 Mcf/day		745.8593 /Mcf/day
4	Suspended Solids	65,131,000	173,240,000 lbs		375.9582 /1,000 lbs
5	BOD	80,077,000	128,491,000 lbs		623.2110 /1,000 lbs
	mg - million gallons				
	mgd - million gallons per day				
	Mcf - thousand cubic feet				
	Mcf/day - thousand cubic feet per day				
	lbs - pounds				

(a) Original Cost value of Plant Investment as of 6/30/2011. Includes Administration and General costs.

TABLE A - 23

WASTEWATER SYSTEM INVESTMENT
 ALLOCATED TO
 LOWER MORELAND TOWNSHIP
 Test Year 2015

	(1)	(2)	(3)	(4)	(5)	(6)	
Line No.	Cost Component	Units	Investment Per Unit	Number of Contract Units	Infiltration/Inflow Capacity Allocation Factor	Allocated Investment	Allocated Investment Rounded
			\$			\$	\$
Treatment							
1	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton Capacity	Mcf/day	108,4091	795		86,185	86,000
2	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton Volume	Mcf	5,7430	74,955		430,467	430,000
3	Capacity	Mcf/day	745,8593	795		592,958	593,000
4	SS	1,000 lbs	375,9582	618		232,342	232,000
5	BOD	1,000 lbs	623,2110	575		358,346	358,000
6	Total Treatment					<u>1,700,298</u>	<u>1,699,000</u>
Conveyance							
7	Woodhaven Road and City Line	cfs	195,719	0.4140	1.0225	82,851	83,000
8	Erwin Street and County Line	cfs	94,589	0.0650	1.0225	6,287	6,000
9	Moreland Road and Pine Road	cfs	64,910	0.0350	1.0225	2,323	2,000
10	Pine Road and Radburn Road	cfs	66,406	0.0380	1.0225	2,580	3,000
11	Welsh Road and County Line	cfs	66,860	0.1670	1.0225	11,417	11,000
12	City Line and Red Lion	cfs	66,860	0.0170	1.0225	1,162	1,000
13	Conveyance Line	cfs	62,555	5.1440	1.0225	329,023	329,000
14	PC-30 Improvements (a)					<u>46,735</u>	<u>47,000</u>
15	Total Conveyance					<u>482,378</u>	<u>482,000</u>
16	Total Allocated System Investment					<u>2,182,676</u>	<u>2,181,000</u>

(a) Allowance for PC-30 Improvements anticipated to be completed by FY 2013. Allocated 0.10 percent of the Sewer Fund's share of the project funding (\$46,734,645).

TABLE A - 7
ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
NORTHEAST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2015

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton	Retail, Cheltenham, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton	Suspended Solids	BOD	
		\$	Volume	Capacity	Volume	Capacity	\$	\$
Personal Services:								
1	Raw Wastewater Pumping	679,951		679,951				
2	Preliminary Treatment	1,322,127			938,710	383,417		
3	Primary Sedimentation	533,573			533,573			
4	Aeration	2,205,119						2,205,119
5	Secondary Sedimentation	538,295			538,295			
6	Recirculating Pumping	396,638			396,638			
7	Chlorination	373,029			227,548	145,481		
8	Primary Sludge Pumping	108,603					108,603	
9	Secondary Sludge Thickening	264,425					132,213	132,212
10	Sludge Digestion	2,077,628					1,558,221	519,407
11	Sludge Holding Tanks	151,100					113,325	37,775
12	Sludge Dewatering	382,472					286,854	95,618
13	Grit and Screening Incineration	849,939			569,459	280,480		
14	Scum and Grease Incineration	203,041					203,041	
15	Laboratory	703,560					351,780	351,780
16	Subtotal Personal Services	10,789,500		679,951	3,204,223	809,378	2,754,037	3,341,911
Purchase of Services, Materials, Supplies, and Equipment:								
17	Raw Wastewater Pumping	347,586		347,586				
18	Preliminary Treatment	549,272				549,272		
19	Primary Sedimentation	257,471			257,471			
20	Aeration	386,207						386,207
21	Secondary Sedimentation	296,092			296,092			
22	Recirculating Pumping	111,571			111,571			
23	Chlorination	2,493,310			2,493,310			
24	Primary Sludge Pumping	47,203					47,203	
25	Secondary Sludge Thickening	55,785					27,893	27,892
26	Sludge Digestion	725,210					543,908	181,302
27	Sludge Holding Tanks	102,988					77,241	25,747
28	Sludge Dewatering	81,532					61,149	20,383
29	Grit and Screening Incineration	231,724				231,724		
30	Scum and Grease Incineration	64,368					64,368	
31	Laboratory	497,777					248,889	248,888
32	Subtotal Purchase of Services, Materials, Supplies & Equipment	6,248,096		347,586	3,158,444	780,996	1,070,651	890,419
33	Subtotal All Above	17,037,596		1,027,537	6,362,667	1,590,374	3,824,688	4,232,330
Administrative and General:								
34	Personal Services	2,776,468		174,972	824,544	208,278	708,698	859,976
35	Other	706,058		39,279	356,916	88,255	120,987	100,621
36	Subtotal Administration & General	3,482,526		214,251	1,181,460	296,533	829,685	960,597
Power Requirements:								
37	Raw Wastewater Pumping	640,005	544,004	96,001				
38	Preliminary Treatment	5,289			4,496	793		
39	Primary Sedimentation	42,314			35,967	6,347		
40	Aeration	3,506,806						3,506,806
41	Secondary Sedimentation	42,314			35,967	6,347		
42	Recirculating Pumping	148,100			125,885	22,215		
43	Chlorination	10,579			8,992	1,587		
44	Primary Sludge Pumping	5,289					5,289	
45	Secondary Sludge Thickening	396,698					198,349	198,349
46	Sludge Digestion	89,918					67,439	22,479
47	Sludge Dewatering	95,207					71,405	23,802
48	Grit and Screening Incineration	84,629			71,935	12,694		
49	Scum and Grease Incineration	5,289					5,289	
50	Subtotal Power Requirements	5,072,437	544,004	96,001	283,242	49,983	347,771	3,751,436
51	Sludge Disposal	11,032,210					8,274,158	2,758,052
52	Total Northeast WPC Plant Expense	36,624,769	544,004	1,337,789	7,827,369	1,936,890	13,276,302	11,702,415

TABLE A - 11
TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2015

Line No.	Cost Component	(1)	(2)	(3)	(4)	(5)	(6)
		Direct Operation & Administrative Maintenance & General Expense \$1,000	Operation & Administrative & General Expense \$1,000	Total Operation & Maintenance Expense \$1,000	O&M Expense Deductions Less Interest Income \$1,000	Less Grants \$1,000	Net Operation & Maintenance Expense \$1,000
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity	30,369	16,137	46,506	126	0	46,380
Inlet Cleaning							
2	Retail - Storm Capacity	10,713	5,692	16,405	45	0	16,360
Pumping Stations							
3	Volume	3,707	0	3,707	10	0	3,697
4	Capacity	<u>12,409</u>	<u>6,246</u>	<u>18,655</u>	<u>51</u>	<u>0</u>	<u>18,604</u>
5	Total Collection Systems	57,198	28,075	85,273	232	0	85,041
WATER POLLUTION CONTROL PLANTS							
Northeast Plant							
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland & Lower Southampton							
6	Volume	544	0	544	1	7	536
7	Capacity	1,338	654	1,992	5	26	1,961
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton							
8	Volume	7,827	3,950	11,777	32	155	11,590
9	Capacity	1,937	988	2,925	8	39	2,878
10	Suspended Solids	13,385	6,908	20,293	55	267	19,971
11	BOD	11,702	4,208	15,910	43	210	15,657
12	Other Water Pollution Control Plants	<u>47,857</u>	<u>20,109</u>	<u>67,966</u>	<u>185</u>	<u>896</u>	<u>66,885</u>
13	Total Water Pollution Control Plants	84,590	36,817	121,407	329	1,600	119,478
14	CUSTOMER COSTS	<u>30,936</u>	<u>16,437</u>	<u>47,373</u>	<u>129</u>	<u>0</u>	<u>47,244</u>
15	Total Operation & Maintenance Expense	<u>172,724</u>	<u>81,329</u>	<u>254,053</u>	<u>690</u>	<u>1,600</u>	<u>251,763</u>

TABLE A - 28
UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
APPLICABLE FOR CONTRACT SERVICE
Test Year 2015

Line No.	Cost Component	(1) Net Operating Expense	(2) Projected TY Units of Service	(3) Unit Operating Expense
		\$ /Unit		
WATER POLLUTION CONTROL PLANTS				
	Northeast Water Pollution Control Plant			
	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton			
1	Volume	536,000	6,138,000 Mcf	0.0873
2	Capacity	1,961,000	37,620 Mcf/day	52.1265
	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton			
3	Volume	11,590,000	8,295,000 Mcf	1.3972
4	Capacity	2,878,000	50,837 Mcf/day	56.6123
5	Suspended Solids	19,971,000	109,249 1,000 lbs	182.8026
6	BOD	15,657,000	78,306 1,000 lbs	199.9476

NA - Not Applicable
Mcf - thousand cubic feet
Mcf/day - thousand cubic feet per day
lbs - pounds

TABLE A - 35
OPERATING EXPENSE
ALLOCATED TO
LOWER MORELAND TOWNSHIP
Test Year 2015

Line No.	Cost Component	(1) Allocated Investment \$		(2) Test Yr. No. of Units		(3) Allocated Operating Expense \$
Collection System:						
1	Sewer Maintenance (a)	482,000	x	4.00%		19,280
		<u>Operating Expense Per Unit</u>		<u>Test Yr. No. of Units</u>		
NE Treatment Plants:						
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton						
2	Volume	0.0873	\$/Mcf	69,200	Mcf	6,041
3	Capacity	52.0159	\$/Mcf/day	795	Mcf/day	41,353
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton						
4	Volume	1.3972	\$/Mcf	69,200	Mcf	96,686
5	Capacity	56.4978	\$/Mcf/day	795	Mcf/day	44,916
6	Suspended Solids	182.8043	\$/1,000 lbs	691	1,000 lbs	126,318
7	BOD	199.9476	\$/1,000 lbs	506	1,000 lbs	101,173
8	Customer Costs					<u>20,700</u>
9	Total					456,467
10	Total - Rounded					456,000
Mcf - Thousand cubic feet lbs - pounds						

(a) Based on investment in sewers serving Lower Moreland.

TABLE A - 40
SUMMARY OF ALLOCATED COST OF SERVICE
Test Year 2015

Customer	(1) Allocated Investment (a)	(2) Allocated Depreciable Investment	(3) O&M Expense	(4) Depreciation Expense	(5) Return on Investment	(6) Allocated Cost of Service
	\$	\$	\$	\$	\$	\$
Lower Moreland	2,181,000	2,174,000	456,000	52,000	164,000	672,000

(a) Plant investment as of 6/30/2011. Includes Administration and General Costs.

TABLE A - 49

**SUMMARY OF TEST YEAR CHARGES
FOR WHOLESALE CONTRACT CUSTOMERS
Test Year 2015**

Customer	(1)	(2)	(3)	(4)	(5)
	Annual Lump Sum	Volume	Unit Costs		
			Capacity (a)	Suspended Solids	BOD
	\$	\$/Mcf	\$/cfs	\$/1,000 lbs	\$/1,000 lbs
Lower Moreland	256,000	1.5385	9,591	186.3307	201.1057

Mcf - Thousand cubic feet

cfs - cubic feet per second

lbs - pounds

(a) Annual Cost.

EXHIBIT "E"

The following two (2) pages constitute Exhibit "E".

WASTEWATER SERVICE AGREEMENT

This Agreement ("Agreement") is made this *13* day of *June* 2010, ("Effective Date") by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and **LOWER SOUTHAMPTON TOWNSHIP** ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 1500 Desire Avenue, Feasterville, Pennsylvania, 19053 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties entered into a Wholesale Wastewater Agreement dated December 14, 1988 ("1988 Agreement"), whereby the City agreed to provide Township Wastewater Treatment Services; and

WHEREAS, Township is in violation of the Flow and Loading limits contained in the 1988 Agreement; and

WHEREAS, Township has been contributing flow to the City via a connection point unauthorized by the 1988 Agreement ("Lukens Connection"); and

WHEREAS, the Parties desire to resolve all outstanding disputes arising from the 1988 Agreement; and

WHEREAS, Township desires to continue to procure Wastewater Treatment Services from City to ensure wastewater treatment for Township; and

WHEREAS, City is actively managing a Federal and State-mandated Combined Sewer Overflow ("CSO") program within City, and such program requires the City to maximize the treatment of wastewater collected in City's combined sewer system; and

WHEREAS, City in order to efficiently manage its CSO program must limit the treatment of inflow and infiltration from separate sanitary sewer systems within the City and from the City's wholesale customers; and

WHEREAS, City desires to provide and Township desires to utilize Wastewater Treatment Services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms and phrases shall have the following meanings:

- A. **Biochemical Oxygen Demand ("BOD5"):** The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at 20 degrees Celsius expressed in terms of weight and concentration (milligrams per liter (mg/l)).
- B. **DRBC:** Delaware River Basin Commission.
- C. **EPA:** United States Environmental Protection Agency.
- D. **Fiscal Year:** A fiscal year shall be the year beginning on July 1 of any given year and ending on June 30th of the following year.
- E. **Flow Limits:** The maximum amount of wastewater that may be discharged to the City as measured in Millions of Gallons per Day ("MGD") and/or Cubic Feet per Second ("CFS") for treatment as specified in Exhibit "A."
- F. **Industrial User:** Any person that introduces an indirect discharge regulated under the Clean Water Act, state or local law to the POTW.
- G. **Loadings Limits:** The maximum Biochemical Oxygen Demand (BOD5) loadings and Suspended Solids ("SS") loadings that may be discharged to City for treatment as specified in Exhibit "A."
- H. **NEWPCP:** Northeast Water Pollution Control Plant.
- I. **Non-domestic User:** Commercial, industrial or municipal users who discharge to the POTW.
- J. **PADEP:** Commonwealth of Pennsylvania Department of Environmental Protection.

- K. PCB: Polychlorinated Biphenyls.
- L. Prohibited Exceedance: Any exceedance of the Flow and/or Loading Limits established in this Agreement and Exhibits.
- M. POTW: Publicly Owned Treatment Works. A treatment works as defined by section 212 of the Clean Water Act (33 U.S.C. §1292) which is owned by the City including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage and industrial waste. This definition includes any sewers that convey wastewater to the POTW treatment plant, but does not include pipes, sewers or other conveyances not connected to a facility providing treatment. POTW shall also include any sewers that convey wastewater to the POTW from persons outside the City who are, by contract or agreement with the City, users of the City's POTW.
- N. Significant Industrial User ("SIU"): (1) any Industrial User subject to any National Categorical Pretreatment Standard; or (2) any Industrial User that discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, noncontact cooling and boiler blowdown wastewater) or contributes a process waste stream which makes up five percent (5%) or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or (3) any Industrial User that is found by the City, PADEP or EPA to have a reasonable potential, either alone or in conjunction with other discharges, to adversely affect the POTW, the collector system, the solid waste byproducts of the POTW, or air emissions from the POTW.
- O. Suspended Solids ("SS"): The total suspended matter that floats on the surface of, or is suspended in water, wastewater or other liquids, and which is removable by laboratory filtering expressed in terms of concentration (milligrams per liter (mg/l)).

II. TERM

- A. This Agreement shall be effective as of the date of execution and shall continue in force and effect until June 30, 2024, unless terminated earlier as provided herein. Three (3) years notice shall be provided for termination without cause.
- B. City shall have the right to terminate this Agreement for "cause" at any time, but only upon twelve (12) months written notice. "Cause" shall mean:

- (1) Continuing exceedances of the Flow and Loadings Limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the City's wastewater facilities or which cause City to be in violation of permits issued by PADEP or EPA; or
- (2) Failure by Township to meet its financial obligations under this Agreement for a period of six (6) consecutive months; or
- (3) Failure by Township to comply with a final decision or determination of an Arbitration Panel or court of competent jurisdiction rendered under this Agreement within three (3) months of the date the decision or determination became final, unless otherwise specified by the Arbitration Panel or court of competent jurisdiction.

III. SCOPE OF SERVICES/WASTEWATER LIMITS

- A. Wastewater Treatment Services City shall convey, treat and dispose of wastewater and its byproducts delivered by Township to approved connection points identified in Section V (B) of this Agreement.
- B. Flow and Loadings Limits. The wastewater delivered by Township to City shall not exceed the limitations set forth in the "Flow and Loadings Limits Addendum" (attached hereto and incorporated as Exhibit "A").
- C. Prohibition on Discharges that Exceed the Flow Limits and Loadings Limits. Township's wastewater flow shall not exceed the Flow Limits set forth in the Flow and Loadings Limits Addendum, or ever exceed the maximum annual average. Township's discharges may not exceed the Annual Loadings Limits, either for BOD5 or SS. No planned activity that will cause an exceedance shall be permitted without the written approval of City. Township shall be responsible for all City costs and damages caused by its exceedances of the stated Flow Limits.
- D. Exceedance Charges. Township shall be liable to pay City for exceedances of the Flow and Loadings Limits as set forth in the Flow and Loadings Limits Addendum in accordance with the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

E. Plan to Eliminate Exceedances. If Township's discharge to City is a Prohibited Exceedance as defined in Section III.C of this Agreement, then Township shall do the following:

(1) Flow Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit a written report detailing a plan of action to eliminate the Prohibited Exceedances within a one (1) year period from the date of the notice. Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless the City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If Township fails to submit a report outlining a plan to eliminate exceedances or if City is prohibited from approving the plan due to technical or legal reasons, Township shall pay City the sum of Ten Thousand Dollars (\$10,000.00) per week or part thereof, until such time as Township submits an approvable plan. In the event of a Flow Exceedance, nothing herein shall require City to certify the availability of treatment capacity until any Flow Exceedances have been eliminated or abated. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for flow exceedances as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

(2) Loadings Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit to City a written report detailing the circumstances that caused the Load Exceedance and a plan of action to immediately eliminate the Prohibited Exceedances. Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless the City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If Township fails to submit a report outlining a plan to eliminate exceedances or if City is prohibited from approving the plan due to technical or legal reasons, Township shall pay City the sum of Ten Thousand Dollars (\$10,000.00) per week or part thereof, until such time as Township submits an approvable plan. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for loading exceedances as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

F. Certification of Sewer Capacity. City may determine that City does not have adequate sewer capacity to permit additional sewer connections to any part of Township system that will discharge to City if Township has exceeded the Flow and/or Loading Limits set forth in Exhibit "A" and has failed to submit an appropriate remediation plan approved by the City, as provided under Article III(E)(1,2) of this Agreement.

G. Polychlorinated Biphenyls Minimization. DRBC's Water Quality Regulation and Water Code Section 4.30.9 requires City to implement a Pollutant Minimization Plan ("PMP") at its NEWPCP to reduce its contribution of PCBs to the Delaware Estuary. In order to insure City's compliance with this requirement Township shall:

- (1) Within ninety (90) days of the Effective Date of this Agreement, supply City with any information it has regarding PCBs within the Township.
- (2) Provide an annual update regarding PCBs within the Township for City's annual PMP report. The update shall be submitted at least thirty (30) days prior to the due date of City's report to DRBC.
- (3) Implement any and all new and/or more stringent PCB requirements or reductions that may be imposed upon the City's NEWPCP. Township agrees to implement these requirements or reductions in its drainage area simultaneously with City's implementation of these new requirements.
- (4) Accept a numeric limit for PCB discharge into the NEWPCP which shall be consistent with Township's proportionate flows into the NEWPCP in both dry and wet weather situations in the event a numeric limit for PCBs is imposed upon discharges from City's NEWPCP.
- (5) Upon request by City, implement a PMP throughout the entire drainage area of Township that contributes flow to the NEWPCP in order to achieve the maximum practicable reduction, as defined in DRBC's regulations, of PCBs into the NEWPCP.
- (6) Cooperate with any City investigation or trackdown of PCBs within the Township's drainage area that contributes flow to the NEWPCP.

IV. BILLING, PAYMENTS AND CHANGE IN RATES

A. Township shall pay wastewater treatment charges consisting of its proportionate allocation of the capital, operation and maintenance costs of City's wastewater conveyance and treatment facilities in accordance with generally accepted wastewater rate methodologies, as determined by the City's most recent rate study completed by City's consultant. Township shall also pay a management fee to City.

(1) Wastewater Treatment Charges:

(a) Capital Charges. The capital charges shall include, but not be limited to, depreciation expense and a Rate of Return on Investment ("ROI") on facilities allocated to Township. Depreciation and ROI capital charges shall apply to all applicable capital projects which are completed, in-service and servicing Township. Depreciation and ROI shall be billed as a fixed monthly charge.

(b) Operations and Maintenance Charges. Operation and maintenance charges shall include, but not be limited to, expenses associated with the operation, maintenance, repairs, rentals and replacements of City's wastewater facilities appropriately allocated to Township, as well as appropriate shares of employee benefits, departmental overhead and other allocable non-direct overhead expenses. Operation and maintenance costs so allocated shall be net of miscellaneous operating revenues related to those expenses.

(c) Management Fee. The management fee shall equal twelve percent (12%) of the total Wastewater Treatment Charges.

(d) Wastewater from 54 connections from the City and from 64 connections from Lower Moreland Township flows through the Township's sewer system. As compensation for such flow, City shall apply a credit of Twenty-Five Hundred (\$2,500.00) Dollars per quarter to the Township billings. This credit shall be adjusted at each rate change by the City by the same percentage as the change in Operations and Maintenance Charges assessed by City to the Township.

(2) Township shall have the right, upon written request, to review City's method of computing the

charges for, and allocating the cost of providing wastewater treatment services to Township. Such review shall be subject to the provisions relating to Notice of Changes in Rates (IV.C).

(3) Capital charges shall be billed to Township as follows:

(a) For the period July 2006 through July 2010 Township shall pay City the sum of Five hundred eighty-one thousand one hundred eleven dollars (\$581,111.00) as calculated and shown in Exhibit "C" attached hereto. This sum shall be paid full on July 1, 2010.

(b) For the one year period beginning July 1, 2010 Township shall pay City Five-eighteenths ($5/18$) of the Depreciation and ROI on the capital investment allocated to the Township as shown in Exhibit "C" (i.e. Two Hundred Ninety Thousand Five Hundred Fifty-six dollars (\$290,556.00) in equal monthly payments).

(c) For the one year period beginning July 1, 2011 Township shall pay City Six-eighteenths ($6/18$) of the Depreciation and ROI on the capital investment allocated to the Township as shown in Exhibit "C" (i.e. Three Hundred Forty Eight Thousand, Six Hundred Sixty-seven dollars (\$348,667.00) in equal monthly payments).

(d) Beginning on July 1, 2012 and continuing on the first day of every July of each succeeding year thereafter until June 30, 2024, Township shall pay City an additional one eighteenth ($1/18$) of the Depreciation and ROI on the then applicable capital facilities allocated to the Township, in the manner shown in Exhibit "C". City shall develop the allocated investment amount in accordance with its current rate making methodology.

(e) Through December 31, 2009 Township shall also pay City capital charges, if any are due and owing, as provided under the 1988 Agreement. However, capital costs incurred for the State Road Relief Sewer project (Contract #40621) shall not be billed under this section, but rather, those costs shall be billed to Township in accordance with the provisions of Section IV(A)(1) of this Agreement.

B. Billing.

(1) City shall provide Township with wastewater flow and loadings data and computations utilized in billing Township for the three (3) month periods ending in March, June, September,

and December. Billings for all other months will be estimates based upon one-third (1/3) of the amount of the prior quarter's billing.

(2) City shall render bills to Township on a monthly basis for the charges set forth in this Agreement. Annual charges shall be divided by twelve (12) for purposes of billing monthly.

(3) Bills shall be payable to City by Township within thirty (30) days of receipt of the bill by Township. If Township objects to any bill, in whole or in part, Township shall notify City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter.")

(a) The Objection Letter shall state in detail the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Within thirty (30) days after receipt of the Objection Letter, City and Township shall meet to discuss the substance of the Objection Letter, and shall attempt to reach a resolution of the matters raised in the Township Objection Letter. In the event that no such resolution can be reached, then the parties may proceed to Arbitration as provided under Section X of this Agreement.

(b) Within sixty (60) days after receipt by City of the Objection Letter, City and Township may proceed to arbitration pursuant to Section X of this Agreement to resolve the specific objections made in the Objection Letter.

(c) During the sixty (60) day period prior to arbitration, Township shall have the opportunity to conduct an inspection and audit of City records in accordance with Section XII.A of this Agreement.

All billings, including those subject to an Objection Letter, shall be paid in full and by the due date. Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing.

C. Notice of Changes in Rates.

(1) City shall provide notice to Township of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices.

(2) If Township has an objection to the change in rates or billing practices Township shall notify City in writing within ninety (90) days from receipt of the City's notice as to its specific objection(s) ("Change Objection Letter").

(a) The Change Objection Letter shall include any and all facts or documentation supporting the specific objections contained therein.

(b) The Change Objection Letter shall automatically be deemed to be a demand for arbitration and the Parties shall immediately proceed to arbitration in accordance with Section X of this Agreement.

(3) In the event Township fails to serve City with a Change Objection Letter within ninety (90) days from receipt of City's notice, the rate increase or change in billing practices shall be deemed fully accepted and approved by Township, and Township shall have waived all rights under this agreement or by any other legal proceeding to contest the rate increase or change in billing practices.

(4) Parties agree to accept the rate development methodology used by the City in determining the rates and charges in place at the execution of this Agreement. Township shall have the right to dispute the calculation of wastewater treatment charges set pursuant to this Agreement, however Township shall not have the right to dispute, by arbitration or any other legal proceeding, the methodology used by the City in developing said charges to the Township. The Rate of Return charged shall also not be subject to dispute by the Township unless the City increases the Rate of Return to a rate higher than eight percent (8%) per annum. Exhibit "E" is attached to this Agreement as a description of the methodology currently utilized by the City in developing rates under this Agreement.

V. CONSTRUCTION, OPERATION, AND MAINTENANCE OF TOWNSHIP'S CONVEYANCE SYSTEMS

A. Design and Construction of Sewers. Township at its sole cost and expense shall design, construct, own, operate, maintain and repair the sanitary sewers and connections to the City system necessary to convey its wastewater to the City system.

B. Approved Connection Points.

(1) The approved connection points are:

Trevose Road and Stream Ridge Lane

Lukens Street and Trevose Road

(2) In its sole discretion, City may require additional connection points or approve Township's request for additional connection points.

C. Plan to Eliminate Unauthorized or Harmful Discharges.

(1) Within thirty (30) days of written notice from the City, Township shall submit a plan to City outlining action(s) to be taken to eliminate unauthorized or harmful discharges if any of Township's connections to City's wastewater system are determined by City or any governmental regulatory agency to be:

(a) maintenance problems, or

(b) sources of unauthorized discharge(s), or

(c) sources of discharge(s) which adversely affect the City's wastewater collection and treatment system, or

(d) sources of discharge(s) which cause or contribute to any violation of federal, state or local laws or permits.

(2) City shall promptly approve or reject said plan, and shall notify Township, in writing, of the basis for the rejection of the proposed plan. In the event that City rejects the Township's proposed plan, the Parties agree to promptly meet and discuss the basis for City's rejection and to negotiate terms acceptable to City.

(3) Any action taken pursuant to this section shall be at the sole expense of Township.

VI. METERING AND SAMPLING

A. Meters and Equipment. City shall own and maintain the meter(s), metering equipment, and the electronics associated with the meters at the approved connection points. City shall own and maintain telemetering equipment installed at sites in the area served by Township which shall include equipment which converts the signal produced by the meter(s) into a signal which can be transmitted. City shall also own and maintain all equipment located in the City necessary to receive and record telemetered information. Connections that are in City's discretion unsuitable for permanent flow metering shall be estimated for billing purposes. City may adjust such estimated flow figures whenever City, in its discretion, determines that it is necessary, practical and/or economical to utilize data from temporary flow meters. City shall provide Township with copies of all metering and calibration tests/studies performed on any City meters or equipment, and shall notify Township, in writing as provided under this Agreement, of its determination to utilize temporary flow meters as provided under this paragraph.

B. Metering. City shall measure wastewater flow and loadings by metering and sampling at Connection Point(s) whenever City, in its discretion, determines that this is necessary, practical and/or economical. Township, upon reasonable notice to City, shall be entitled to jointly inspect the metering equipment maintained by City. City, upon reasonable notice to Township, shall be entitled to jointly inspect the metering equipment maintained by Township. City shall base its operation and maintenance charges on its actual flow and loadings measures whenever possible and reasonable. In the absence of actual flow and loadings measures, City shall estimate for billing purposes using its standard methods for estimating flow(s) and/or strength(s).

C. Sampling.

- (1) City shall have the right, upon verbal notice to Township, to enter the area served by Township at any time to sample Township's wastewater for billing purposes.
- (2) City shall have the right to enter the area serviced by Township at any time for the following purposes:
 - (a) To sample the wastewater of a SIU; or
 - (b) To trace a spill into the wastewater system which is believed to originate in an area served by Township.

In the above instances, City will make a reasonable effort to notify Township in advance.

- (3). Township shall have the right to obtain splits of wastewater samples taken by the City for billing purposes.

VII LUKENS CONNECTION

Township shall pay City Two Hundred Eighty-Two Thousand Dollars (\$282,000.00) for Wastewater Treatment Services provided to properties served through the Lukens connection from onset of service through March 2008. This sum shall be paid on July 1, 2010.

City shall continue to bill Township for service through this connection using temporary meter flow measurements and strength readings taken by the City at its discretion.

VIII PRIOR EXCEEDANCE CHARGES

City agrees to waive collection of any and all contract exceedance charges from the onset of Wastewater Treatment Service provided by the City under the terms of the 1988 Agreement through June 30, 2010, and to forever waive and release Township from any claim whatsoever arising from or relating to the exceedance charges which City has asserted or may assert under the terms of the 1988 Agreement, including any claim for exceedance by Township of any SS or BOD5 limits as set under the 1988 Agreement.

IX. PRETREATMENT AGREEMENT

Interjurisdictional Pretreatment Agreement. City and Township shall enter into the contract entitled "Interjurisdictional Pretreatment Agreement" (attached hereto and incorporated herein as Exhibit "D"). Township agrees to comply with all of the provisions contained therein including but not limited to adoption of City's most recent Wastewater Control Regulations. Township further agrees to require that any outside jurisdictions which contribute to Township's sewer system also adopt and enforce City's Wastewater Control Regulations.

X. DISPUTES

A. Arbitration of Disputes. In the event of a dispute between the Parties concerning terms, conditions and covenants of this Agreement or upon the issuance by Township of an Objection Letter or Change Objection Letter, City and Township agree to submit the dispute to an Arbitration Panel. All petitions to compel or stay arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and Township agree to accept venue therein.

B. The Arbitration Panel shall be composed of three (3) arbitrators, one appointed by City, one by Township, and the third by agreement of the arbitrators selected by City and Township.

(1) The arbitrators representing Township and City shall be named within five (5) days from the request for the appointment of an Arbitration Panel. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Township cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Bucks counties, from which the third arbitrator shall be selected.

(2) The arbitrator appointed by Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as Chairman of the Arbitration Panel.

(3) Each of the Parties shall bear the costs of its own arbitrator and shall equally divide the costs of the third arbitrator and all other common costs.

(4) The arbitration proceedings shall commence within thirty (30) days of the selection of the third arbitrator and the arbitrators shall render their determination within thirty (30) days after the final hearing held by the Board of Arbitrators. The decision of such arbitrators shall be final and binding upon the Parties, except in the case of fraud, except that in rendering their decision, the Arbitrators shall be bound by the terms and conditions of this Agreement, and may not render a decision which will add to, subtract from, or modify the terms of this Agreement

(5) Upon mutual agreement of the City and Township, the arbitration may be delayed for a specified period of time in order to allow the Parties additional time for a negotiated settlement. Any delay in commencement of the arbitration shall last only as long as is agreed to by the Parties.

XI.

INDEMNIFICATION

A. Township agrees to defend, indemnify and save harmless City from and against any and all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

- (1) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;
- (2) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Township's wastewater to the plant(s), where such injury is due to the negligence of Township or its employees, servants or agents or the inherent nature of their operations;
- (3) EPA or PADEP action of any kind whatsoever, whether direct or indirect, for any work undertaken by Township, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or PADEP; and
- (4) any grant fund, or any portion thereof, received by Township and later determined to be ineligible for reimbursement by the appropriate regulator agency or grant auditors.

B. City and Township agree that in the event of EPA or PADEP action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Township or their employees, servants or agents, City and Township shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should the City bill Township pursuant to this paragraph, the City shall inform Township as to the nature of the bill.

C. Township shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the plant(s), except to the extent that such injuries and damages are due to the negligence of Township or its employees, servants or agents and where such injuries result in a direct increase to City's operating costs. Township shall be responsible for its proportionate share of those increased costs.

D Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section of the Agreement, however, jurisdiction over disputes regarding to this section shall first be subject to resolution as provided under section X of this Agreement.

E Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Township or to vest in said third person any cause of action against City or Township or to authorize any such third person to institute any suit or suits against City or Township.

XII. MISCELLANEOUS

A. Inspection and Audit. City and Township agree to maintain complete records and accounts concerning their responsibilities under this Agreement. Both Parties shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days written notice. If required by any law or regulation, Township shall make said records and accounts immediately available to federal and state authorities.

B. No Transfer of Rights. Township shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of City. City hereby acknowledges that Township is party to certain agreements with Upper Southampton Sewer Authority ("USSA"), under which City receives wastewater for treatment through the conveyance facilities owned by Township. Nothing under this paragraph shall create an inference that such conveyance by Township of wastewater from USSA shall be considered an assignment under this section. Any other transfer by either of the Parties shall not impede the rights of either City or Township.

C. Ownership, Management and Control of Plant Facilities. City retains sole ownership and control of the NEWPCP and all other wastewater conveyance and treatment facilities in the City and agrees to operate, maintain, repair, and improve its facilities associated with service to Township. City retains the sole and exclusive right to make all managerial and other decisions regarding its wastewater facilities, including but not limited to those decisions regarding operation, maintenance, upkeep, expansion, abandonment or replacement of all or a portion of its wastewater facilities.

D. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the Parties hereto with the same effect as if the words “successors and assigns” had, in each case, been specifically mentioned.

E. Waiver. The failure of either City or Township to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted, unless specifically stated in this Agreement.

F. Captions. The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

G. Entire Agreement. This Agreement and its Exhibits and Addendum, incorporated herein, represent the entire agreement of the Parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Township. This Agreement supersedes all previous wastewater agreements between City and Township.

H. Severability. In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

I. Notices. All notices, payments and communications required to be given in writing under this Agreement shall be sent by certified United States mail, postage prepaid and by email communication or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Township may designate in writing from time to time:

If intended for City:

Water Commissioner
City of Philadelphia Water Department
1101 Market Street, 5th Floor
Philadelphia, Pennsylvania 19107


If intended for Township:

Township Manager
Lower Southampton Township
1500 Desire Avenue
Feasterville, PA 19053

[REMAINDER OF THIS PAGE BLANK – SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the Chairman of the Board of Supervisors has executed this Agreement on behalf of Lower Southampton Township, as of the day and year first above written.

CITY OF PHILADELPHIA

By: 
Bernard Brunwasser
Commissioner, Philadelphia Water Department

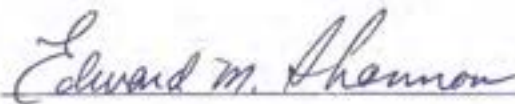
Approved as to form:

By: 
Gerald D. Leatherman
Divisional Deputy City Solicitor

LOWER SOUTHAMPTON TOWNSHIP

By: 
Chairman, Board of Supervisors

Attest:



Secretary

EXHIBIT "A"

FLOW AND LOADINGS LIMITS ADDENDUM

MAXIMUM ANNUAL AVERAGE FLOW LIMIT (over any 365 consecutive day period): 7.14 MGD

INSTANTANEOUS FLOW LIMIT (As determined over any five (5) consecutive minute period):
15.79 cubic feet per second (cfs) or, restated as 10.21 MGD

MAXIMUM DAY FLOW LIMIT (As determined over any 24 consecutive hour period):
9.28 Million Gallons

Suspended Solids "SS" and Biochemical Oxygen Demand "BOD5" Annual Limits:

Suspended Solids: 6,000,000 pounds

Biochemical Oxygen Demand (5): 5,500,000 pounds

EXHIBIT "B"

EXCEEDANCE CHARGE ADDENDUM

Township hereby agrees to exert its best efforts in ensuring that the limits established herein are not exceeded. Township hereby recognizes the City's desire to avoid or eliminate any exceedances of the parameters below and that such exceedances can create significant operating difficulties for the City and the possibility of significant increased capital and operating costs as well as fines.

Township shall be liable to City for the following exceedances beginning January 1, 2011 and thereafter when its flows and/or loadings exceed the limits set forth in the Flow and Loadings Limits Addendum (Exhibit "A"):

Annual Average Flow Exceedance Charge. The annual average flow exceedance charge shall be at the rate of One Hundred Dollars (\$100.00) per hundred thousand (100,000) gallons per day for any flow over the Annual Average Flow Limit during any 365 consecutive day period. The unit of flow used to determine exceedances shall be each hundred thousand gallons, or part thereof, of wastewater flow per day. Township shall be assessed exceedance charges for each period described in Exhibit "A" in which flows exceed the stated limit.

Annual Loadings Exceedance Charges. The annual loadings exceedance charges shall be Eight Hundred Dollars (\$800.00) for each one thousand pounds of BOD5 and Seven Hundred Dollars (\$700.00) for each one thousand pounds of SS, delivered by Township in excess of the respective stated annual loadings limit. Township shall be assessed exceedance charges for each period described in Exhibit "A" in which the annual loadings limits are exceeded.

Instantaneous Flow Exceedance Charge. The instantaneous flow exceedance charge shall be at the rate of Seven Thousand One Hundred Dollars (\$7,100.00) per year per hundred thousand (100,000) gallons per day for any flow above the Instantaneous Flow Limit determined over any five (5) consecutive minute period payable in full as part of the next billing statement. Should the Instantaneous Flow

Limit be exceeded more than once in a calendar month, Township shall be billed only for the highest monthly exceedance. The difference between a higher amount of instantaneous flow experienced in any subsequent month during the remainder of a fiscal year and the previously billed maximum instantaneous flow will also be subject to the instantaneous flow exceedance charge and payable in full as part of the subsequent monthly billing statement. The maximum instantaneous flow will be reestablished at the beginning of each subsequent fiscal year at the contract level set forth in Exhibit "A."

Maximum Day Exceedance Charge No exceedance charges shall be charged to Township for exceedances of the Maximum Day Flow Limit.

I. Application of Exceedance Charges.

Exceedance charges shall be billed monthly in accordance with the terms and conditions stated above and in Section IV.B of the Agreement.

. Instantaneous Flow Limit Exemption

The City recognizes that the Instantaneous Flow Limit could be violated during extreme wet weather events. Therefore, the Parties agree that the Township shall not be held in violation of this Agreement should it exceed its Instantaneous Flow Limit as a result of a wet weather event that meets the condition set forth below. A wet weather event that exceeds the condition set forth below and results in the Township exceeding its Instantaneous Flow Limit as shown above shall be considered an exemption to the Instantaneous Flow Limit and Township shall not incur exceedance charges. However, a wet weather event that does not exceed the condition set forth below and results in the Township exceeding its Instantaneous Flow Limit shall be considered a violation of the Agreement and shall result in Township incurring exceedance charges. This exemption does not relieve the Township of the requirements of Section III.E of this Agreement.

The exemption condition is as follows: A rain event must exceed 2.75 inches in a 24 consecutive hour period. Once the 24 consecutive hour period has been established, the Instantaneous Flow Limit must be met within 48 hours from the start of the defined 24 hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this exemption. At no point shall two 24 hour periods overlap. All such events shall be quantified using hourly precipitation data

obtained from the Philadelphia Water Department's Lockart Pumping Station Rain Gauge located at 10778 Lockart Road, Philadelphia, PA.

II. Phase-In of Exceedance Charges.

- a. Township shall not be liable for any exceedance charges incurred during calendar year 2010.
- b. Township shall be liable for exceedance charges during calendar year 2011 at 33.3 % of the amounts calculated in accordance with this Agreement.
- c. Township shall be liable for exceedance charges during calendar year 2012 at 66.7 % of the amounts calculated in accordance with this Agreement.
- d. For exceedances occurring after December 31, 2012, Township shall be liable at 100 % of the amounts calculated in accordance with this Agreement..

III. Charges for Years Subsequent to 2010

During 2011, and for each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the changes in the Consumer Price Index for the prior calendar year, upon the availability of the Consumer Price Index for January of each subsequent year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers ("CPI-U") for the Northeast Region US, all items.

EXHIBIT C

**WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
LOWER SOUTHAMPTON TOWNSHIP**

MODIFIED FOR INCREASED SUSPENDED SOLIDS AND BOD LOADING

Test Year 2009

Line No.	Cost Component	Units	Investment Per Unit \$	Number of Contract Units	Infiltration/Inflow Capacity Allocation Factor	Allocated Investment \$	Allocated Investment Rounded \$
Treatment							
1	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton Capacity	Mcf/day	81,6657	1,394		113,842	114,000
2	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton Volume	Mcf	5,5378	355,909		1,970,953	1,971,000
3	Capacity	Mcf/day	608,7088	1,394		848,540	849,000
4	SS	1,000 lbs	424,3073	6,047		2,565,786	2,566,000
5	BOD	1,000 lbs	644,5510	5,512		3,552,765	3,553,000
6	Total Treatment					<u>9,051,886</u>	<u>9,053,000</u>
Conveyance							
7	Trevoise and City Line	cfs	92,315	15.79	1.0225	1,490,451	1,490,000
8	Total Conveyance					<u>1,490,451</u>	<u>1,490,000</u>
9	Total Allocated System Investment					<u>10,542,337</u>	<u>10,543,000</u>

cfs - cubic feet per second
Mcf - Thousand cubic feet
lbs - pounds

Calculation of the Annual Capital Charges Based on Depreciation and Return

Treatment Plant Allocated Investment	\$905,300	(\$9,053,000 * 2.5% depreciation & 7.5% return on investment)
Conveyance System Allocated Investment	\$141,550	(\$1,490,000 * 2.0% depreciation & 7.5% return on investment)
	<u>\$1,046,850</u>	

Less: Land Adjustment for Depreciation -\$850

Revised Annual Capital Charge \$1,046,000

Phase-in of Depreciation and Return on Investment into the Annual Lump Sum for Fiscal Years 2007 through 2012	
FY 2007: 1/18 x \$1,046,000 =	\$58,111
FY 2008: 2/18 x \$1,046,000 =	\$116,222
FY 2009: 3/18 x \$1,046,000 =	\$174,333
FY 2010: 4/18 x \$1,046,000 =	<u>\$232,444</u>
Total FY 2007 through FY 2010	\$581,111
FY 2011: 5/18 x \$1,046,000 =	\$290,556
FY 2012: 6/18 x \$1,046,000 =	\$348,867

EXHIBIT "D"

**INTERJURISDICTIONAL PRETREATMENT AGREEMENT
BETWEEN
THE CITY OF PHILADELPHIA
AND
LOWER SOUTHAMPTON TOWNSHIP**

RECITAL

Whereas, City owns and operates wastewater collection and treatment facilities; and

Whereas, Township will be utilizing the City's Wastewater Treatment Services pursuant to the attached Service Agreement between City and Township; and

Whereas, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permits (Permit # PA0026671, PA0026689 and PA0026662) issued by the Pennsylvania Department of Environmental Protection; and

Whereas, Township desires to continue to utilize the Wastewater Treatment Services and recognizes its industrial waste control obligations under 40 CFR § 403 and the City's Wastewater Control Regulations.

In consideration of the following terms and conditions City and Township agree:

1. No later than three (3) months after the effective date of the City's current Wastewater Control Regulations, Township shall adopt and diligently enforce rules and regulations (hereinafter "Regulations") substantially identical to the City's current Wastewater Control Regulations. Should the City amend its Wastewater Control Regulations, Township shall adopt and diligently enforce the amendment within three (3) months from the amendment's effective date. Also, Township shall ensure that any outside jurisdictions which contribute to Township's sewer system adopt the Regulations and any amendments to the Regulations within three (3) months of adoption by the Township.
2. Township shall explicitly incorporate the following provisions into its Regulations:

- (a) a provision requiring any Industrial User responsible for any accidental discharge to notify both City and Township immediately;
 - (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by federal pretreatment standards;
 - (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;
 - (d) a prohibition against, and a penalty for, the knowing transmittal of false information by an Industrial User to either City or Township; and
 - (e) a grant of explicit authority to City to require the Industrial User(s) to install monitoring and pretreatment facilities as necessary.
3. City and Township shall periodically, at a minimum of every five (5) years, review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City revises its regulations or drafts an amendment to its regulations, Township must adopt substantially in such form within three (3) months of promulgation by the City. If Township has adopted regulations identical to the City's regulations, then, whenever City revises or amends its regulations, Township shall adopt the identical revisions or amendment(s) within three (3) months of promulgation by the City.
4. Township shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.
5. Township's Regulations shall require that categorical pretreatment standards promulgated by the U.S. Environment Protection Agency (EPA) by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Township's Regulations. These standards shall supersede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Township shall notify all affected Industrial Users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.
6. Township shall adopt in its Regulations definitions for "Significant Industrial User," "Industrial User" and "Non-domestic User" which are identical to the definitions adopted

by City. City may make the final determination as to whether a particular user is a Significant Industrial User, Industrial User or Non-domestic User based on information City may request from Township. City may control, through wastewater discharge permits, wastewater discharges from Significant Industrial User, Industrial User or Non-domestic User.

7. If there exists any Industrial User discharging to Township's sewer system but located outside the jurisdictional limits of Township, then Township shall within thirty (30) days from the date of the Service Agreement notify such jurisdiction of the requirements contained within this Interjurisdictional Pretreatment Agreement and provide the City with copies of such notification. Township shall negotiate and enter into an agreement with this outside jurisdiction within six (6) months from the date of the Service Agreement. Such agreement shall be substantially equivalent to this Interjurisdictional Pretreatment Agreement, and shall be jointly executed by Township, City and the outside jurisdiction. The agreement shall specifically state that the outside jurisdiction must also adopt regulations substantially identical to the City's Wastewater Control Regulations and shall adopt all amendments thereto within three (3) months from their effective date. Such agreement shall insure that the City has the same rights, powers and authority to operate its industrial pretreatment program in the outside jurisdiction as it has within the area served by Township. If Township is unable to reach agreement with the outside jurisdiction within six (6) months, then Township shall immediately thereafter take all necessary steps to prevent all discharges from Industrial Users within the outside jurisdiction to Township.
8. Township shall file with City a certified copy of its ordinance, any amendments thereto, and other interjurisdictional agreements. Township shall provide a table to the City cross-referencing sections of its ordinance with the City's Wastewater Control Regulations in order to demonstrate that all provisions contained in the City's Wastewater Control Regulations have been incorporated into Township's ordinance. If Township maintains, Township shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline monitoring reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six (6) years.


9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer system of Township. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect wastewater discharges. Township shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the Industrial User or Non-domestic Dischargers.
10. Township and City hereby agree that the City shall implement a pretreatment program within the area served by Township and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement; and 6) monitoring hazardous waste disposal practices.
11. City shall review Township's ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CFR Part 403, and to ensure inclusion of all other legal provisions mandated by this Interjurisdictional Pretreatment Agreement. City shall periodically review the enforcement efforts of Township and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.
12. If City determines that Township has failed or has refused to fulfill any pretreatment obligations, including, but not limited to, any obligations contained within this Interjurisdictional Pretreatment Agreement, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Township, and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Township fails to satisfy the terms of the remedial plan, City may, upon thirty (30) days written notice, refuse to accept any wastewater discharges from Township.

13. In the event that EPA or PADEP action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Township, Township and City shall equitably apportion responsibility for payment of such fines, penalties or costs.
14. Where a discharge to the wastewater collection and treatment facilities reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater collection and treatment facilities, City may immediately initiate steps to identify the source of the discharge and to hold or prevent said discharge. City may seek injunctive relief and/or may pursue other self-help remedies against Township, outside jurisdictions, and any Industrial User or Non-domestic User contributing to the emergency conditions. Township shall pay to City the cost of such steps specified in reasonable detail and submitted in writing to Township taken to prevent, stop or ameliorate the effects of such discharge.
15. All provisions of this Interjurisdictional Pretreatment Agreement apply only to areas and properties within the Township from which flows, directly or indirectly, enter the City's wastewater collection or treatment facilities. This Interjurisdictional Pretreatment Agreement does not apply to any area or property within the Township from which flows do not enter the City's wastewater collection or treatment facilities.
16. Any disputes arising out of this Interjurisdictional Pretreatment Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Township and City, as amended.
17. The terms of this Interjurisdictional Pretreatment Agreement may be amended only by written agreement of the Parties. In any event, this Interjurisdictional Pretreatment Agreement shall be reviewed and revised, as necessary, at least every five (5) years.
18. This Interjurisdictional Pretreatment Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Interjurisdictional Pretreatment Agreement.

19. This Interjurisdictional Pretreatment Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Interjurisdictional Pretreatment Agreement.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Interjurisdictional Pretreatment Agreement to be executed by its Water Commissioner, and President of the Board of Commissioners of Lower Southampton Township has executed this Interjurisdictional Pretreatment Agreement on behalf of Lower Southampton Township, as of the Effective Date of the Service Agreement.

CITY OF PHILADELPHIA

By: 
Bernard Brunwasser
Water Commissioner

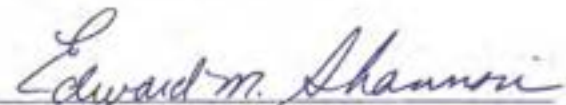
Approved as to form:

By: 
Gerald D. Leatherman
Divisional Deputy City Solicitor

LOWER SOUTHAMPTON TOWNSHIP



Chairman, Board of Supervisors



Secretary

Exhibit "E"

The following eleven (11) tables constitute Exhibit E.

TABLE A - 15

**UNITS OF WASTEWATER SERVICE
Test Year 2009**

Line No.		(1)	(2)
		Units	Lower Southampton
FY 2009 Test Year			
Volume			
1	Sanitary Wastewater	(Mcf)	324,000
2	Infiltration	(Mcf)	<u>7,500</u>
3	Total	(Mcf)	331,500
Suspended Solids			
4	Sanitary Wastewater	(1,000 lbs)	3,841
5	Infiltration	(1,000 lbs)	<u>47</u>
6	Total	(1,000 lbs)	3,888
BOD			
7	Sanitary Wastewater	(1,000 lbs)	2,547
8	Infiltration	(1,000 lbs)	<u>12</u>
9	Total	(1,000 lbs)	2,559
Contract Maximum Units			
Capacity			
10	Sanitary Wastewater	(Mcf/day)	1,364
11	Infiltration	(Mcf/day)	<u>30</u>
12	Total	(Mcf/day)	1,394
Volume			
13	Sanitary Wastewater	(Mcf)	348,409
14	Infiltration	(Mcf)	<u>7,500</u>
15	Total	(Mcf)	355,909
Suspended Solids			
16	Sanitary Wastewater	(1,000 lbs)	5,500
17	Infiltration	(1,000 lbs)	<u>47</u>
18	Total	(1,000 lbs)	5,547
BOD			
19	Sanitary Wastewater	(1,000 lbs)	3,651
20	Infiltration	(1,000 lbs)	<u>12</u>
21	Total	(1,000 lbs)	3,663

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 2

**ALLOCATION OF TEST YEAR INVESTMENT FOR THE
NORTHEAST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2009**

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment \$1,000	Retail, Abingon, Bensalem, Bucks Cty W&SA, & Lower Southampton Capacity \$1,000	Volume \$1,000	Retail, Abingon, Bensalem, Bucks Cty W&SA, Cheltenham, Lower Merion, and Lower Southampton Capacity \$1,000	Suspended Solids \$1,000	RCD \$1,000
NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
1	Primary Sedimentation Basins	4,947		4,947			
2	Pumping Station	1,572			1,572		
3	Aeration Facilities	16,348					16,348
4	Primary Sludge Pumps	1,097				1,097	
5	Scum Ejectors	172				172	
6	Effluent Conduit	9			9		
7	Final Sedimentation Basins	8,604		8,604			
8	Recirculation Pumps	1,549		1,549			
9	Digesters	15,842				12,632	4,211
10	Sludge Dewatering	4,049				3,037	1,012
11	Frankford Grit Chamber	334			334		
12	Chlorination Facilities	5,408			5,408		
13	Aeration Tank No. 1	1,133					1,133
14	Sludge Thickener Building	3,401				1,701	1,700
15	Sludge Transfer Station	824				656	218
16	Subtotal All Above	66,360		13,100	7,343	18,293	24,622
17	Administrative and General Facilities						
18	Administrative and General Plant	46,444					
19	Land	354					
20	Subtotal	47,298		10,785	5,245	13,783	17,586
21	Total Non-Water Pollution Abatement Program Facilities	113,758		23,885	12,588	32,077	42,208
WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
22	New Preliminary Treatment Building	41,398	10,350		31,048		
23	Primary Sedimentation Tanks Modifications	53,264		53,264			
24	Blower Building	16,703					16,703
25	Aeration Tank No. 1	38,544					38,544
26	Chlorination Facilities	21,943			21,943		
27	New Sludge Thickener Building	41,626				20,813	20,813
28	Effluent Conduits	2,312			2,312		
29	New Final Sedimentation Tanks	25,808		25,808			
30	Sludge Digestion System Modifications	34,754				26,066	8,688
31	Composting Facilities	30,280				22,710	7,570
32	Sludge Dewatering	12,596				9,447	3,149
33	Sludge Transfer Station	24,681				18,511	6,170
34	Loading Terminal/Barges	5,524				4,143	1,381
35	Subtotal	340,833	10,350	79,072	53,323	101,690	103,418
36	Admin. and General Facilities	48,036	1,421	10,837	7,596	13,962	14,200
37	Adjustment for Joint Use Facilities	4,877				3,658	1,219
38	Total Water Pollution Abatement Program Facilities	402,766	11,771	89,929	62,919	119,310	118,837
39	TOTAL NORTHEAST WPC PLANT BOOK COST	516,524	11,771	113,814	75,507	152,387	161,045
40	Less Federal Grants	265,233	7,721	59,068	41,328	78,880	78,226
41	ADJUSTED TOTAL NORTHEAST WPC PLANT INVESTMENT	251,291	4,049	54,746	34,179	73,507	82,819

TABLE A - 5

**TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2009**

Line No.	Cost Component	Total Direct Investment (a)
		\$
	COLLECTION SYSTEM	
1	Sewers - Capacity	1,000,622,000
2	Pumping Stations - Capacity	<u>29,222,000</u>
3	Total Collection System	1,029,844,000
	WATER POLLUTION CONTROL PLANTS	
	Northeast Plant:	
	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, & Lower Southampton	
4	- Capacity	4,040,000
	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton	
5	Volume	56,746,000
6	Capacity	34,179,000
7	Suspended Solids	73,507,000
8	BOD	<u>82,819,000</u>
9	Subtotal	<u>247,251,000</u>
10	Total Northeast Plant	251,291,000
11	Other Plants	<u>288,194,000</u>
12	Total Water Pollution Control Plants	539,485,000
13	Total Investment	1,569,329,000

(a) Includes Administration and General costs.

TABLE A - 16

WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY
Test Year 2009

Line No.	Cost Component	(1)	(2)	(3)
		Direct Investment	Units of Capacity	Unit Investment
		\$		\$
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	- Capacity	4,040,000	370 mgd = 49,470 Mcf/day	81.6657 /Mcf/day
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
2	Volume	56,746,000	76,650 mg = 10,247,000 Mcf	5.5378 /Mcf
3	Capacity	34,179,000	420 mgd = 56,150 Mcf/day	608.7088 /Mcf/day
4	Suspended Solids	73,507,000	173,240,000 lbs	424.3073 /1,000 lbs
5	BOD	82,819,000	128,491,000 lbs	644.5510 /1,000 lbs

mg - million gallons

mgd - million gallons per day

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 24

**WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
LOWER SOUTHAMPTON TOWNSHIP
Test Year 2009**

Line No.	Cost Component	Units	Investment Per Unit \$	Number of Contract Units	Infiltration/Inflow Capacity Allocation Factor	Allocated Investment \$	Allocated Investment Rounded \$
Treatment							
1	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton Capacity	Mcf/day	81.6657	1,394		113,842	114,000
2	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton Volume	Mcf	5.5378	355,909		1,970,953	1,971,000
3	Capacity	Mcf/day	608.7088	1,394		848,540	849,000
4	SS	1,000 lbs	424.3073	5,547		2,353,633	2,354,000
5	BOD	1,000 lbs	644.5510	3,663		2,360,990	2,361,000
6	Total Treatment					<u>7,647,958</u>	<u>7,649,000</u>
Conveyance							
7	Trevoise and City Line	cfs	92,315	15.79	1.0225	<u>1,490,451</u>	<u>1,490,000</u>
8	Total Conveyance					<u>1,490,451</u>	<u>1,490,000</u>
9	Total Allocated System Investment					9,138,409	9,139,000

cfs - cubic feet per second
Mcf - Thousand cubic feet
lbs - pounds

TABLE A - 7

**ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
NORTHEAST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2009**

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Retail, Abington, Bensalem, Bucks County WRSA, Lower Merion, and Lower Southampton	Volume	Capacity	Volume	Capacity	Suspended Solids
		\$	\$	\$	\$	\$	\$	\$
Personal Services:								
1	Raw Wastewater Pumping	651,472		651,472				
2	Preliminary Treatment	1,266,751			899,390	367,358		
3	Primary Sedimentation	511,223			511,223			
4	Aeration	2,112,760						2,112,760
5	Secondary Sedimentation	515,749			515,749			
6	Recirculating Pumping	380,025			380,025			
7	Chlorination	357,405			318,057	139,388		
8	Primary Sludge Pumping	104,055					104,055	
9	Secondary Sludge Thickening	253,350					126,675	126,675
10	Sludge Digestion	1,990,609					1,492,957	497,652
11	Sludge Holding Tanks	144,772					108,579	36,193
12	Sludge Dewatering	366,453					274,840	91,613
13	Grit and Screening Incineration	814,340			543,608	268,732		
14	Scum and Grease Incineration	194,537					194,537	
15	Laboratory	674,093					337,647	337,046
16	Subtotal Personal Services	10,337,596		651,472	3,070,017	773,478	2,638,690	3,201,519
Purchase of Services, Materials, Supplies, and Equipment:								
17	Raw Wastewater Pumping	194,314		194,314				
18	Preliminary Treatment	307,065				307,065		
19	Primary Sedimentation	143,937			143,937			
20	Aeration	215,905						215,905
21	Secondary Sedimentation	165,527			165,527			
22	Recirculating Pumping	62,372			62,372			
23	Chlorination	3,089,455			3,089,455			
24	Primary Sludge Pumping	26,388					26,388	
25	Secondary Sludge Thickening	31,586					15,593	15,593
26	Sludge Digestion	401,421					304,066	101,355
27	Sludge Holding Tanks	57,373					43,181	14,394
28	Sludge Dewatering	45,580					34,185	11,395
29	Grit and Screening Incineration	129,543				129,543		
30	Scum and Grease Incineration	35,984					35,984	
31	Laboratory	278,277					139,132	139,138
32	Subtotal Purchase of Services, Materials, Supplies & Equipment	5,188,529		194,314	3,461,291	436,608	598,536	497,780
33	Subtotal All Above	15,526,125		845,786	6,531,308	1,212,086	3,237,226	3,699,719
Administrative and General:								
34	Personal Services	2,660,176		167,643	790,008	199,554	679,015	823,956
35	Other	431,508		16,160	287,861	36,311	49,778	41,358
36	Subtotal Administration & General	3,091,684		183,803	1,077,869	235,865	728,793	865,314
Power Requirements:								
37	Raw Wastewater Pumping	466,370	396,415	69,955				
38	Preliminary Treatment	3,854			3,276	578		
39	Primary Sedimentation	30,834			26,209	4,625		
40	Aeration	2,555,401						2,555,401
41	Secondary Sedimentation	30,834			26,209	4,625		
42	Recirculating Pumping	107,920			91,732	16,188		
43	Chlorination	7,709			6,553	1,156		
44	Primary Sludge Pumping	3,854					3,854	
45	Secondary Sludge Thickening	289,073					144,537	144,536
46	Sludge Digestion	65,523					49,142	16,381
47	Sludge Dewatering	69,377					52,033	17,344
48	Grit and Screening Incineration	61,669			32,419	9,250		
49	Scum and Grease Incineration	3,854					3,854	
50	Subtotal Power Requirements	3,696,272	396,415	69,955	206,398	36,422	253,420	2,733,662
51	Sludge Disposal	13,671,230					9,503,403	3,167,807
52	Total Northeast WPC Plant Expense	34,985,311	396,415	1,099,544	7,815,575	1,484,373	13,722,862	10,464,542

TABLE A - 11

**TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2009**

Line No.	Cost Component	(1)	(2)	(3)	(4) O&M Expense Deductions		(6)
		Direct Operation & Maintenance Expense \$1,000	Administrative & General Expense \$1,000	Total Operation & Maintenance Expense \$1,000	Less Interest Income \$1,000	Less Grants \$1,000	Net Operation & Maintenance Expense \$1,000
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity	21,163	11,545	32,708	227	0	32,481
Inlet Cleaning							
2	Retail - Storm Capacity	9,495	5,180	14,675	102	0	14,573
Pumping Stations							
3	Volume	2,562	0	2,562	17	0	2,545
4	Capacity	<u>10,219</u>	<u>5,328</u>	<u>15,547</u>	<u>108</u>	<u>0</u>	<u>15,439</u>
5	Total Collection System	56,220	27,381	83,601	579	0	83,022
WATER POLLUTION CONTROL PLANTS							
Northeast Plant:							
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland & Lower Southampton							
6	Volume	396	0	396	3	2	391
7	Capacity	1,100	559	1,659	12	7	1,640
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton							
8	Volume	7,816	4,094	11,910	83	51	11,776
9	Capacity	1,484	783	2,267	16	10	2,241
10	Suspended Solids	13,818	7,390	21,208	147	91	20,970
11	BOD	10,467	4,210	14,677	102	63	14,512
12	Other Plants:	<u>43,610</u>	<u>20,803</u>	<u>64,413</u>	<u>449</u>	<u>276</u>	<u>63,688</u>
13	Total Water Pollution Control Plants	78,691	37,839	116,530	812	500	115,218
14	CUSTOMER COSTS	25,870	14,112	39,982	278	0	39,704
15	Total Operation & Maintenance Expense	160,781	79,332	240,113	1,669	500	237,944

TABLE A - 28

UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
 APPLICABLE FOR CONTRACT SERVICE
 Test Year 2009

Line No.	Cost Component	(1) Net Operating Expense \$	(2) Projected TY Units of Service	(3) Unit Operating Expense \$/Unit
WATER POLLUTION CONTROL PLANTS				
Northeast Water Pollution Control Plant Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	Volume	391,000	6,499,000 Mcf	0.0602
2	Capacity	1,640,000	39,280 Mcf/day	41.7515
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
3	Volume	11,776,000	8,783,000 Mcf	1.3408
4	Capacity	2,241,000	53,084 Mcf/day	42.2161
5	Suspended Solids	20,970,000	115,646 1,000 lbs	181.3292
6	BOD	14,512,000	78,503 1,000 lbs	184.8592

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

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OPERATING EXPENSE
ALLOCATED TO
LOWER SOUTHAMPTON TOWNSHIP
Test Year 2009

Line No.	Cost Component	(1) Allocated Investment \$		(2) Test Yr. No. of Units		(3) Allocated Operating Expense \$
Collection System:						
1	Sewer Maintenance (a)	1,490,000	x	3.20%		47,680
		<u>Operating Expense Per Unit</u>		<u>Test Yr. No. of Units</u>		
NE Treatment Plants:						
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton						
2	Volume	0.0602	\$/Mcf	331,500	Mcf	19,956
3	Capacity	41.7515	\$/Mcf/day	1,394	Mcf/day	58,202
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton						
4	Volume	1.3408	\$/Mcf	331,500	Mcf	444,475
5	Capacity	42.2161	\$/Mcf/day	1,394	Mcf/day	58,849
6	Suspended Solids	181.3292	\$/1,000 lbs	3,888	1,000 lbs	705,008
7	BOD	184.8592	\$/1,000 lbs	2,559	1,000 lbs	473,055
8	Customer Costs					<u>16,200</u>
9	Total					1,823,425
10	Total - Rounded					1,823,000

Mcf - Thousand cubic feet
lbs - pounds

(a) Based on investment in sewers serving Lower Southampton.

TABLE A - 40

**SUMMARY OF ALLOCATED COST OF SERVICE
Test Year 2009**

<u>Customer</u>	(1) <u>Allocated Investment</u>	(2) <u>Allocated Depreciable Investment</u>	(3) <u>O&M Expense</u>	(4) <u>Depreciation Expense</u>	(5) <u>Return on Investment</u>	(6) <u>Allocated Cost of Service</u>
Lower Southampton	\$ 9,139,000	\$ 9,110,000	\$ 1,823,000	\$ 220,000	\$ 685,000	\$ 2,729,000

TABLE A - 49

**SUMMARY OF TEST YEAR CHARGES
Test Year 2009**

Customer	(1)	(2)	(3)	(4)	(5)
	Annual Lump Sum	Volume	Unit Costs		
			Capacity (a)	Suspended Solids	BOD
	\$	\$/Mcf	\$/cfs	\$/1,000 lbs	\$/1,000 lbs
Lower Southampton	970,000	1.4517	7,421	184.9134	185.9625

Mcf - Thousand cubic feet

cfs - cubic feet per second

lbs - pounds

(a) Annual Cost.

AMENDMENT NUMBER ONE TO THE
WASTEWATER SERVICE AGREEMENT
BETWEEN LOWER SOUTHAMPTON TOWNSHIP AND THE CITY OF
PHILADELPHIA

This Agreement ("Amendment Number One") is made this 7th day of *February*, 2014, ("Effective Date") by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and the Township of Lower Southampton, Pennsylvania, ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 1500 Desire Avenue, Feasterville Pennsylvania 19053 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties have entered into a Wastewater Service Agreement on June 23, 2010 ("Wastewater Service Agreement"); and

WHEREAS, pursuant to the Wastewater Services Agreement, a dispute arose between the Parties regarding flow and suspended solids measurements used to generate the City's four quarterly billings for calendar year 2013 ("2013 Billing Dispute"); and

WHEREAS, the Parties have now negotiated both a settlement to the 2013 Billing Dispute as well as a procedure designed to prevent such billing disputes from occurring in the future;

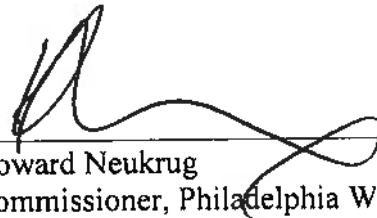
NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Amendment Number One, the Parties agree as follows:

1. The City agrees to issue Lower Southampton a \$350,000 credit to be applied against the Township's future billings. The credit shall be applied on the first quarterly bill that the City will send the Township following the signing of this Amendment Number One.
2. This \$350,000 credit is in full and complete settlement of the 2013 Billing Dispute, including any potential amount related to the 4th quarter bill for the period ending 12-31-2013. The Township agrees that the \$350,000 credit fully satisfies and resolves any and all claims that it might have regarding the 2013 Billing Dispute including the 2013 4th quarter bill.
3. To prevent future billing disputes, the Parties have agreed that on those days where flow data is unavailable (for any reason including, but not limited to, meter failure, computer or telemetry failure, general equipment failure, weather conditions, etc.) the Parties will use the average of the previous 90 days of actual (not estimated) flow measurements for billing purposes for any day or days where flow data is unavailable. This procedure would apply to all future billings as well as to the already rendered 2013 3rd quarter bill and the forthcoming 2013 4th quarter bill.
4. All terms and conditions in the Wastewater Service Agreement between the Parties, which have not been amended or changed by this Amendment Number One, remain in full force and effect. Should there be any conflict between the Wastewater Service Agreement and this Amendment Number One, the terms and conditions contained within this Amendment Number One shall control.
5. This Amendment Number One constitutes the full and complete agreement and understanding of the Parties. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment Number One.


6 This Amendment Number One may only be changed or modified in a writing signed by both Parties.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Amendment Number One to the Wastewater Service Agreement between Lower Southampton Township and the City of Philadelphia to be executed by its Water Commissioner, and the Township, acting through its duly authorized officials, has executed this Agreement on behalf of Township, as of the day and year first above written.

CITY OF PHILADELPHIA

By:  _____
Howard Neukrug
Commissioner, Philadelphia Water Department

Approved as to form:

By:  _____
Scott Schwarz
Divisional Deputy City Solicitor

TOWNSHIP OF LOWER SOUTHAMPTON

By:  _____
Chairman, Board of Supervisors

Attest:

 _____
Secretary

AMENDMENT No. 2 TO THE WASTEWATER SERVICES AGREEMENT
BETWEEN THE CITY OF PHILADELPHIA AND
LOWER SOUTHAMPTON TOWNSHIP DATED JUNE 23, 2010

Whereas, the City of Philadelphia (the "City") and Lower Southampton Township, Bucks County (the "Township") (collectively referred to as the "Parties") entered into a Wastewater Services Agreement dated June 23, 2010 (the "Agreement") whereby the City agreed to treat the Township's wastewater in accordance with the terms and conditions set forth in the Agreement, and

Whereas, the City is required under Federal and State Consent Orders to greatly reduce the amount of Combined Sewer Overflow ("CSO") presently being discharged to the waters of the Commonwealth pursuant to its approved Long Term Control Plan ("LTCP") and approved updates to the Plan ("LTCPU") (Collectively referred to as the "LTCP") ; and

Whereas, CSO discharges are the result of wet weather flow coming from both inside the City and from all its contributing municipalities; and

Whereas, the costs of reducing CSO discharges and implementing the CSO LTCP is now a cost inherent in the operation of all the City's wastewater treatment plants: and

Whereas, the LTCP seeks to meet the obligations contained in its Federal and State Consent Orders by building and implementing LTCP Related Facilities throughout the entire City: and

Whereas, the parties, pursuant to their Wastewater Services Agreement, now seek to equitably apportion the costs of the LTCP Related Facilities: and

Whereas, the Parties now wish to memorialize this Amendment No. 2 to the Wastewater Services Agreement dated June 23, 2010 (henceforth "Amendment No. 2");

THEREFORE, IT IS AGREED BY AND BETWEEN THE CITY AND THE TOWNSHIP ON

THIS *23rd* **DAY OF** *March* , 2016 (the "Effective Date") as follows:

1. Township's share of the LTCP Related Facilities (see paragraph 2) costs shall be 0.96412 %. This is based on the Township's Sustained Peak Flow Limit contained in the Agreement, 10.21 MGD, divided by the permitted peak flow capacity of the City's three wastewater treatment plants, i.e., 1,059 MGD. It represents, simply, that portion of the City's wastewater treatment plants' permitted wet weather capacity that the City, pursuant to the Agreement, has allocated to the Township for the treatment of its peak wastewater flows.

2. LTCP Related Facilities are defined as any device, structure, tanks, piping, practice, material or surfacing, including but not limited to landscaping and or vegetative techniques, which will be used throughout the City to meet its water quality based effluent limits which are currently contained in Appendix I, Table 1, of the City's Consent Order and Agreement ("COA") with the Pennsylvania Department of Environmental Protection ("PADEP"), entered into June 1, 2011, or which may be subsequently modified by PADEP or the federal Environmental Protection Agency ("EPA") through changes to the COA, modifications to the City's NPDES permits, or the issuance of any additional orders by either PADEP or EPA.

3. Township shall be billed monthly for its share of LTCP Related Facilities costs and such billings and charges shall include a 12% management as set forth in Section IV. (c) of the Agreement.


4. All provisions in the Agreement in effect as of the date of this amendment shall remain in full force and effect and shall continue to apply through the Agreement's termination date of June 30, 2024, unless terminated earlier as provided in the Agreement.

5. Should there be any conflict between the terms and conditions of the Agreement and this Amendment No. 2, the language contained in this Amendment No. 2 shall be controlling.

Wherefore, the Parties intending to be legally bound execute this Amendment No. 2 immediately below.

CITY OF PHILADELPHIA

Approved as to Form:

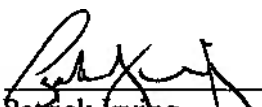
By: 
Scott Schwarz, Esq.
Divisional Deputy City Solicitor

By: 
Debra A. McCarty
Water Commissioner

LOWER SOUTHAMPTON TOWNSHIP

Attest:

By: 
John McMenamin
Secretary, Board of Supervisors

By: 
Patrick Irving
Chairman, Board of Supervisors

AMENDMENT II
WASTEWATER SERVICE AGREEMENT
BETWEEN LOWER SOUTHAMPTON TOWNSHIP AND THE CITY OF PHILADELPHIA

This Amendment Agreement ("Amendment II") is made this 13 day of April, 2022, and effective July 1, 2021, by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and the Township of Lower Southampton, Pennsylvania, ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 1500 Desire Avenue, Feasterville Pennsylvania 19053 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties have entered into a Wastewater Service Agreement on June 23, 2010 ("Wastewater Service Agreement"); and

WHEREAS, the Parties have entered into an Amendment to the Wastewater Service Agreement on February 7, 2014 ("Amendment One"); and

WHEREAS, the Wastewater Services Agreement provides wastewater flow limits, procedure for exceedances and the exceedance charges; and

WHEREAS, pursuant to the Wastewater Services Agreement, on September 1, 2021, the City provided notice of wastewater flow limit exceedance to the Township ("Notice"); and

WHEREAS, in the Notice, the City notified Township that it will not collect charges from the Township for exceedances in Fiscal Year 2021, but will resume invoicing and collection of any applicable exceedance charges starting July 1, 2021; and

WHEREAS, pursuant to the Wastewater Services Agreement and the Notice, on November 18, 2021, the Township submitted its Plan to Eliminate Flow Exceedances; and

WHEREAS, on January 12, 2022, the Township submit a Revised Plan to Eliminate Flow Exceedances; and

WHEREAS, the Township incurred exceedance charges for Fiscal Year 2022 and is working on its plan to eliminate exceedances; and

WHEREAS, City and Township desires to amend the Wastewater Service Agreement to provide the Township with a phased in approach to billing for exceedances.

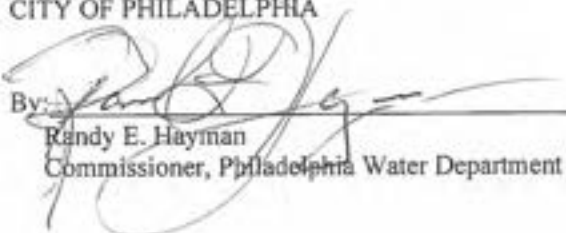
NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Amendment II, the Parties have agreed follows:

1. The Parties have agreed to the below phase-in of exceedance charges:
 - a. Township shall be liable for exceedance charges from July 1, 2021 to December 31, 2022 at 15% of the amounts calculated in accordance with the Wastewater Service Agreement.
 - b. Township shall be liable for exceedance charges during calendar year 2023 at 45% of the amounts calculated in accordance with this Wastewater Service Agreement.
 - c. Township shall be liable for exceedance charges during calendar year 2024 at 75% of the amounts calculated in accordance with this Wastewater Service Agreement.
 - d. For exceedances occurring after December 31, 2024, Township shall be liable at 100% of the amounts calculated in accordance with this Wastewater Service Agreement.


2. All terms and conditions in the Wastewater Service Agreement and Amendment Number One between the Parties, which have not been amended or changed by this Amendment II, remain in full force and effect. Should there be any conflict between the Wastewater Service Agreement, Amendment Number One and this Amendment II, the terms and conditions contained within this Amendment II shall control.
3. There are no other agreements or understandings, either oral or in writing, related to the subject matter of this Amendment II.
4. This Amendment II may only be changed or modified in a writing signed by both Parties.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Amendment II to the Wastewater Service Agreement between Lower Southampton Township and the City of Philadelphia to be executed by its Water Commissioner, and the Township, acting through its duly authorized officials, has executed this Agreement on behalf of Township, as of the day and year first above written.

CITY OF PHILADELPHIA

By: 
Randy E. Hayman
Commissioner, Philadelphia Water Department

Approved as to form:

By: 
Althea J. Udo-Inyang
Deputy City Solicitor

TOWNSHIP OF LOWER SOUTHAMPTON

By: 
Chairman, Board of Supervisors

Attest:


Secretary

WASTEWATER SERVICE AGREEMENT

This Agreement ("Agreement") is made this 24th day of February 2014, by and between the **CITY OF PHILADELPHIA** acting through its Water Department ("City") and **SPRINGFIELD TOWNSHIP** ("Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having a principal place of business at 1510 Paper Mill Road, Wyndmoor, Pennsylvania, 19038 (collectively referred to as the "Parties").

BACKGROUND

WHEREAS, the City owns and operates wastewater collection and treatment facilities providing services to convey, treat and dispose of wastewater and its by-products ("Wastewater Treatment Services"); and

WHEREAS, the Council of the City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into agreements for the sale of Wastewater Treatment Services to suburban communities; and

WHEREAS, the Parties entered into a Wholesale Wastewater Agreement dated December 31, 1995, (the "1995 Agreement") whereby the City agreed to provide Township Wastewater Treatment Services; and

WHEREAS, Township has, for several years, exceeded the Flow and Loading limits contained in the 1995 Agreement; and

WHEREAS, the City is evaluating its existing sewer system and its ability to convey Township's wastewater flows with the possibility that system improvements may be required to accomplish such conveyance; and

WHEREAS, the City is actively managing a Federal and State-mandated Combined Sewer Overflow ("CSO") program within City, and such program requires the City to maximize the treatment of wastewater collected in City's combined sewer system; and

WHEREAS, the City in order to efficiently manage its CSO program must limit the treatment of inflow and infiltration from combined and separate sanitary sewer systems within the City and from the City's wholesale customers; and

WHEREAS, the City has agreed to a Long Term Control Plan ("LTCP") with US EPA and PADEP; and

WHEREAS, the Parties are now ready to enter into a new longer term contract addressing, *inter alia*, the Parties obligations as related to the LTCP; and

WHEREAS, this Agreement, once executed, shall replace and supersede in its entirety the 1995 Agreement; and

WHEREAS, the City desires to provide, and the Township desires to utilize, Wastewater Treatment Services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms and phrases shall have the following meanings:

A. Annual Average Daily Flow: The total volume of wastewater flow metered or estimated during any consecutive 365 days, divided by 365, and expressed in terms of MGD.

- B. Biochemical Oxygen Demand ("BOD5"): The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at 20 degrees Celsius expressed in terms of concentration as milligrams per liter (mg/l).
- C. DRBC: Delaware River Basin Commission.
- D. EPA: United States Environmental Protection Agency.
- E. Fiscal Year: A fiscal year shall be the year beginning on July 1st of any given year and ending on June 30th of the following year.
- F. Flow Limits: The maximum amount or rate of wastewater flow that may be discharged to the City for treatment as measured in Millions of Gallons per Day ("MGD") or Cubic Feet per Second ("CFS") as specified in Exhibit "A".
- G. Industrial User: Any person that introduces an indirect discharge regulated under the Clean Water Act, state or local law to the POTW.
- H. Loadings Limits: The maximum Biochemical Oxygen Demand ("BOD5") loadings and Suspended Solids ("SS") loadings that may be discharged to the City for treatment as specified in Exhibit "A".
- I. Long Term Control Plan ("LTCP") or Long Term Control Plan Update ("LTCPU"): shall mean the City's EPA approved plan for controlling combined sewer overflows. Springfield's initial share of the LTCP costs shall be 0.7932%, subject to change (Assuming 8.4 MGD/1059 MGD peak flow and using the City's spreadsheet estimating LTCP costs as shown in Exhibit "E").
- J. LTCP Related Facility: Any device, structure, tanks, piping, practice, material or surfacing, including but not limited to landscaping and or vegetative techniques, which will be used by the City to meet its water quality based effluent limits which are currently contained in

Appendix I, Table 1, of the City's Consent Order and Agreement ("COA") with PADEP, entered into June 1, 2011, or which may be subsequently modified by PADEP or EPA through changes to the COA, modifications to the City's NPDES permits, or the issuance of any additional orders by either PADEP or EPA.

K. PADEP: Commonwealth of Pennsylvania Department of Environmental Protection.

L. PCB: Polychlorinated Biphenyls.

M. Prohibited Exceedance: Any exceedance of the Flow and/or Loading Limits established in this Agreement and Exhibits.

N. Publicly Owned Treatment Works ("POTW"): A treatment works as defined by Section 212 of The Clean Water Act (33 U.S.C. §1292) which is owned by the City including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage and industrial waste. This definition includes any sewers, manholes, pumping stations and related appurtenances that convey wastewater to the POTW treatment plant, but does not include pipes, sewers or other conveyances not connected to a facility providing treatment. POTW shall also include any sewers, manholes, pumping stations and related appurtenances that convey wastewater to the POTW from persons outside the City who are, by contract or agreement with the City, users of the City's POTW.

O. Significant Industrial User ("SIU"): (1) any Industrial User subject to any National Categorical Pretreatment Standard; or (2) any Industrial User that discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, noncontact cooling and boiler blowdown wastewater) or contributes a process waste stream which makes up five percent (5%) or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or (3) any Industrial User that is found by the City,

PADEP or EPA to have a reasonable potential, either alone or in conjunction with other discharges, to adversely affect the POTW, the Collector system, the Solid Waste Byproducts of the POTW, or air emissions from the POTW.

P. SEWPCP: Southeast Water Pollution Control Plant of the City.

Q. SWWPCP: Southwest Water Pollution Control Plant of the City.

R. Suspended Solids ("SS"): The total suspended matter that floats on the surface of, or is suspended in water, wastewater or other liquids, and which is removable by laboratory filtering expressed in terms of concentration in milligrams per liter (mg/l).

S. Sustained Peak Flow Rate: The highest wastewater flow rate sustained or exceeded for any five (5) consecutive minute interval, expressed in terms of MGD or CFS.

II. TERM

A. This Agreement shall be effective as of April 1, 2013 ("Effective Date") and shall continue in force and effect through June 30, 2023, unless terminated earlier as provided herein. Parties agree that the Flow and Loadings limits shown in Exhibit "A" are interim limits only and both parties shall negotiate new contractual limits, related rates, costs and method of payment, as well as a revised Township's share of the LTCP costs, provided that City determines in its sole discretion to offer increased capacity to Township. Should parties not agree to new terms with regards to both limits and share by December 31, 2014, this Agreement shall expire on December 31, 2015, unless Parties agree in writing to an extension of this Agreement.

B. Termination without Cause.s

(1) Either Party may terminate this Agreement without "cause" at any time, but only upon five (5) years written notice.

C. Termination for Cause.

(1) City shall have the right to terminate this Agreement for "cause" at any time, but only upon twelve (12) months written notice. "Cause" shall mean:

(a) Continuing exceedances of the Flow and Loadings Limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the City's wastewater facilities or which cause City to be in violation of permits issued by PADEP or EPA; or

(b) Failure by Township to meet its financial obligations under this Agreement for a period of six (6) consecutive months; or

(c) Failure by Township to meet its obligations for PCB Minimization as set forth in Section III.G of this Agreement; or

(d) Failure by Township to comply with a final decision or determination of an Arbitration Panel or court of competent jurisdiction rendered under this Agreement within three (3) months of the date the decision or determination became final, unless otherwise specified by the Arbitration Panel or a court of competent jurisdiction; or

(e) Failure of the Township to comply with the requirements of Section XI.D of this Agreement, related to Exclusionary Private Organizations.

(f) (2) The City shall provide the Township with a sixty (60) day opportunity to cure any violation the City alleges under Section II (C) (1) immediately above. Should Township fail to cure the alleged violation, the City may exercise all of its rights under this Agreement, including those in Section II (C) (1) immediately above.

III. SCOPE OF SERVICES AND WASTEWATER LIMITS

A. Wastewater Treatment Services. City shall convey, treat and dispose of wastewater and its byproducts delivered by Township to approved connection points identified in Section V.B of this Agreement.

B. Flow and Loadings Limits. The wastewater delivered by Township to City shall not exceed the limitations set forth in the "Flow and Loadings Limits Addendum" (attached hereto and incorporated as Exhibit "A").

C. Prohibition on Discharges that Exceed the Flow Limits and Loadings Limits. Township's wastewater flow shall not exceed the Flow Limits set forth in the Flow and Loadings Limits Addendum. Township's discharges may not exceed the Annual Loadings Limits, either for BOD5 or SS. No planned activity that will cause an exceedance shall be permitted without the written approval of the City. Township shall be responsible for all City costs and damages caused by its exceedances of the stated Flow and Loadings Limits.

D. Exceedance Charges. Township shall be liable to pay City for exceedances of the Flow and Loadings Limits as set forth in the Flow and Loadings Limits Addendum in accordance with the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

E. Plan to Eliminate Exceedances. If Township's discharge to City is a Prohibited Exceedance as defined in Section III.C of this Agreement, then Township shall do the following:

(1) Flow Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit a written report detailing a plan of action to eliminate the prohibited exceedance(s) within a one (1) year period from the date of the City's approval of the Township's plan. Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless City submits written amendments to the plan to

Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If City is prohibited from approving the plan due to technical or legal reasons City shall notify Township of such reasons and Township shall have sixty (60) days from such notice to revise its plan. After this period Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits an approvable plan. In the event of a flow exceedance(s), nothing herein shall require City to certify the availability of treatment capacity until any flow exceedance(s) have been eliminated or abated. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties for flow exceedance(s) as provided under this Agreement.

(2) Loadings Exceedances. Within ninety (90) days of written notice from City, Township shall develop and submit to City a written report detailing the circumstances that caused the loading exceedance(s) and a plan of action to immediately eliminate the prohibited exceedance(s). Within thirty (30) days of receipt of the plan, Township and City shall meet to discuss the content of the Township's proposed plan, including any revisions to be required by City prior to implementation of the plan. Unless City submits written amendments to the plan to Township within thirty (30) days of the date of the meeting, the plan shall be deemed to be approved. If Township fails to submit a report outlining a plan to eliminate exceedance(s) or if City is prohibited from approving the plan due to technical or legal reasons, Township shall pay City the sum of One Thousand Dollars (\$1,000.00) per week or part thereof, until such time as Township submits an approvable plan. During the pendency of any approved remediation plan, as provided under this paragraph, Township shall not be liable to City for any fines or penalties

for loading exceedance(s) as provided under this Agreement. This exception shall not apply to exceedance charges incurred by Township.

F. Certification of Sewer Capacity. City may determine that City does not have adequate sewer capacity to permit additional sewer connections in either the Erdenheim and/or Wyndmoor sections of the Township's system that will discharge to City if Township has exceeded the Flow and/or Loading Limits set forth in Exhibit "A" and has failed to submit an appropriate remediation plan approved by City, as provided under Article III.E of this Agreement. City's authority with respect to sewer certifications shall be as provided in the Pennsylvania Sewage Facilities Act (Act 537, as amended). The City shall deny sewer connections only to that section of the Township lacking adequate sewer capacity.

G. Polychlorinated Biphenyls Minimization. DRBC's Water Quality Regulation and Water Code Section 4.30.9 requires City to implement a Pollutant Minimization Plan ("PMP") at its POTW to reduce its contribution of PCB to the Delaware Estuary. In order to ensure City's compliance with this requirement, Township shall:

(1) Within ninety (90) days of the Effective Date of this Agreement, supply City with any information it has regarding PCB within the Township.

(2) Provide information regarding PCB within the Township as required by PADEP, EPA, NPDES permits, or any regulatory authority.

(3) Implement any and all new and/or more stringent PCB requirements or reductions that may be imposed upon City's POTW. Township agrees to implement these requirements or reductions in its drainage area simultaneously with City's implementation of these new requirements.

(4) Accept the City's limit for PCB in its wastewater discharged to City, as they exist or may be revised. Township accepts PWD regulations which currently require PCB be at a level not detectable as analyzed by EPA Method 608.

(5) Upon request by City, implement a PMP throughout the entire drainage area of Township that contributes flow to the City's POTW in order to achieve the maximum practicable reduction, as defined in DRBC's regulations, of PCB into the City's POTW.

(6) Cooperate with any City investigation or trackdown of PCB within the Township's drainage area that contributes flow to the City's POTW.

IV. BILLING, PAYMENTS AND CHANGE IN RATES

A. Township shall pay wastewater treatment charges consisting of its allocated share of the capital, operation and maintenance costs of City's wastewater conveyance and treatment facilities in accordance with generally accepted wastewater rate methodologies, as determined by City's most recent rate study completed by City's consultant. Township shall also pay a management fee to City.

(1) Wastewater Treatment Charges:

(a) Capital Charges. The capital charges shall include, but not be limited to, depreciation expense and a Return on Investment ("ROI") on facilities allocated to Township. Depreciation and ROI capital charges shall apply to all applicable capital projects which are completed, in-service and servicing Township. Depreciation and ROI shall be billed as a fixed monthly charge. Facilities allocated to Township shall include both those facilities related to City's POTW as well as those facilities necessary for City to comply with and implement the LTCP throughout the City. Township's initial share of the LTCP costs shall be 0.7932% of the

total LTCP costs. Township shall pay depreciation and ROI for its allocated share of the capital portion of the LTCP facilities placed into service.

Attached hereto as Exhibit "E" is the City's current estimate and projection of the total capital costs and operation and maintenance costs it anticipates spending to fulfill the requirements of its LTCP. Based on Township's share of these total LTCP costs Exhibit "E" estimates Township's yearly and total share of the LTCP costs.

ALTHOUGH EXHIBIT "E" IS THE CITY'S CURRENT BEST ESTIMATE, BOTH PARTIES AGREE THAT IT IS AN ESTIMATE ONLY. IT HAS BEEN CREATED SOLELY FOR THE PURPOSE OF ASSISTING TOWNSHIP IN LONG TERM BUDGETING SO THAT IT WILL BE ABLE TO MEET ITS FINANCIAL OBLIGATIONS UNDER THIS AGREEMENT. BOTH PARTIES ACKNOWLEDGE AND AGREE THAT THE TOTAL LTCP COSTS AND/OR THE YEAR IN WHICH ANY PARTICULAR LTCP COST IS INCURRED IS SUBJECT TO SUBSTANTIAL CHANGE. GIVEN THE TWENTY-FIVE (25) YEAR TERM OF THE LTCP, CHANGING ENVIRONMENTAL REQUIREMENTS, CONSTRUCTION DELAYS, LABOR AND MATERIAL COST INCREASES, GENERAL INFLATION ASSUMPTIONS, ETC. ALL THAT IS POSSIBLE AT THIS TIME IS AN ESTIMATE.

(b) Operations and Maintenance Charges. Operation and maintenance charges shall include, but not be limited to, expenses associated with the operation, maintenance, repairs, rentals and replacements of City's wastewater facilities appropriately allocated to Township, as well as appropriate shares of employee benefits, departmental overhead and other allocable non-direct overhead expenses. Further, Township shall be responsible initially for 0.7932% of all operation and maintenance expenses incurred by the City in complying with and implementing the City's LTCP. An estimate of these costs is provided in Exhibit "E". (Please see Section IV.A(1)(a), immediately above, regarding the limitations of this estimate). Township shall pay these operations and maintenance expenses based on the periodic projections of these expenses

in connection with the City's cost of service study. Operation and maintenance costs so allocated shall be net of miscellaneous operating revenues related to those expenses.

(c) Management Fee. The management fee shall equal twelve percent (12%) of the total Wastewater Treatment Charges. Wastewater Treatment Charges shall be the sum of the charges noted in Section IV.A (1) (a) and (b) immediately above.

(2) Township's Wastewater Treatment Charges, effective on July 1, 2013 are as shown in Table A-49 of Exhibit "D", and shall remain in effect until revised in accordance with the terms of this Agreement.

(3) Township shall have the right, upon written request, to review City's method of computing the charges for, and allocating the cost of providing wastewater treatment services to Township. Such review shall be subject to the provisions relating to Notice of Changes in Rates of Section IV.C of this Agreement.

B. Billing.

(1) City shall provide Township with wastewater flow and loadings data and computations utilized in billing Township for the three (3) month periods ending in March, June, September, and December. Billings for all other months will be estimates based upon one-third (1/3) of the amount of the prior quarter's billing. Quarterly billings shall recognize and credit Township for payments made for estimated billings.

(2) City shall render bills to Township on a monthly basis for the charges set forth in this Agreement. Annual charges shall be divided by twelve (12) for purposes of monthly billing.

(3) Bills shall be payable to City by Township within thirty (30) days of the date rendered. If Township objects to any bill, in whole or in part, Township shall notify City in

writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter.").

(a) The Objection Letter shall state in detail the exact nature of the objections and shall include any and all facts and documentation supporting the objections. Within thirty (30) days after receipt of the Objection Letter, City and Township shall meet to discuss the substance of the Objection Letter, and shall attempt to reach a resolution of the matters raised in the Township Objection Letter. In the event that no such resolution can be reached, then the parties may proceed to Arbitration as provided under Section IX of this Agreement.

(b) Within sixty (60) days after receipt by City of the Objection Letter, City and Township may proceed to arbitration pursuant to Section IX of this Agreement to resolve the specific objections made in the Objection Letter.

(c) During the sixty (60) day period prior to arbitration, Township shall have the opportunity to conduct an inspection and audit of City records in accordance with Section XI.A of this Agreement.

(4) All billings, including those subject to an Objection Letter, shall be paid in full and by the due date. Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid after the due date.

(5) An objection that results in monies to be refunded to the Township shall be credited in the next billing to the Township, unless an Arbitration Panel decides otherwise.

C. Notice of Changes in Rates.

(1) City shall provide notice to Township of any change in rates or billing practices at least ninety (90) days in advance of the effective date of such new rates or practices.

(2) If Township has an objection to the change in rates or billing practices Township shall notify City in writing within ninety (90) days from receipt of the City's notice as to its specific objection(s), the "Change Objection Letter".

(a) The Change Objection Letter shall include any and all facts or documentation supporting the specific objections contained therein. The Change Objection Letter shall automatically be deemed to be a demand for arbitration and the Parties shall immediately proceed to arbitration in accordance with Section IX of this Agreement.

(3) In the event Township fails to serve City with a Change Objection Letter within ninety (90) days from receipt of City's notice, the rate increase or change in billing practices shall be deemed fully accepted and approved by Township, and Township shall be have waived all rights under this agreement or by any other legal proceeding to contest the rate increase or change in billing practices.

(4) Parties agree to accept the rate development methodology used by the City in determining the rates and charges described in Section IV and Exhibit "D" of this Agreement. Township shall have the right to dispute the calculation of wastewater treatment charges set pursuant to this Agreement, however Township shall not have the right to dispute, by arbitration or any other legal proceeding, the methodology used by the City in developing said charges to Township. The City agrees that its rate methodology shall generally follow and remain consistent with the rate making principles as set forth in the Water Environment Federation Manual of Practice No. 27, Financing and Charges for Wastewater Systems, as amended or succeeded during the term of this Agreement.

(5) Should there be any material change to the Rate Making Methodologies (in narrative form), after the Effective Date of this Agreement, the City shall notify Township of

such change. A material change is defined as any change to the Rate Making Methodologies that would result in an overall annual increase to Township of 1% (one percent) or more. Annual increases due to increases in the City's revenue requirements shall not be considered a change in methodology. Township shall have the right to review and challenge any material change pursuant to Section IV.C (2).. While Township agrees to accept the current Rate Making Methodologies as set forth in Exhibit "D" of this Agreement, it retains the right to review and challenge specific costs for materials, services and projects billed by the City to Township.

(6) The ROI charged shall also not be subject to dispute by Township unless the City increases the ROI to a rate higher than eight percent (8%) per annum. Exhibit "D" is attached to this Agreement as a description of the methodology currently utilized by the City in developing rates under this Agreement.

V. CONSTRUCTION, OPERATION, AND MAINTENANCE OF TOWNSHIP'S CONVEYANCE SYSTEMS

A. Design and Construction of Sewers. Township at its sole cost and expense shall design, construct, own, operate, maintain and repair the sanitary sewers and connections to the City system necessary to convey its wastewater to the City system.

B. Approved Connection Points. The approved connection points are:

Erdenheim Section (SWWPCP)

Erdenheim and Stenton Avenue (MS-03)

Northwestern and Stenton Avenue (MS-02)

Northwestern and Thomas Avenue (MS-01)

Northwestern and Ridge Avenue (MS-08)

Wyndmoor Section (SEWPCP)

Mermaid Lane and Stenton Avenue (MS-04)

Winston and Stenton Avenues (MS-05)

Woodbrook and Stenton Avenue (MS-06)

Willow Grove and Stenton Avenue (MS-07)

(1) In its reasonable discretion, City may require additional connection points or approve Township's request for additional connection points.

C. Plan to Eliminate Unauthorized or Harmful Discharges.

(1) Within thirty (30) days of written notice from the City, Township shall submit a plan to City outlining action(s) to be taken to eliminate unauthorized or harmful discharges if any of Township's connections to City's wastewater system are determined by City or any governmental regulatory agency to be:

(a) chronic or continuous discharge problems, or

(b) sources of unauthorized discharge(s), or

(c) sources of discharge(s) which under the Agreement adversely affect the

City's wastewater collection and treatment system, or

(d) sources of discharge(s) which cause or contribute to any violation of

federal, state or local laws or permits.

(2) City shall promptly approve or reject said plan, and shall notify Township, in writing, of the basis for the rejection of the proposed plan. In the event that City rejects the Township proposed plan, the parties agree to promptly meet and discuss the basis for City's rejection and to negotiate terms acceptable to City.

(3) Any action taken pursuant to this section shall be at the sole expense of Township.

D. Acute discharge problems affecting the health, safety or environment shall be immediately corrected by Township upon notice by the City.

E. Township shall not remove the restrictor in its sewer located approximately 75 feet west of the MS-02 connection on Northwestern Avenue north of the Wissahickon Creek without the approval of the City.

VI. METERING AND SAMPLING

A. Meters and Equipment. City shall own and maintain the meter(s), metering equipment, and the electronics associated with the meters at the approved connection points. City shall own and maintain telemetering equipment installed at sites in the area served by Township which shall include equipment which converts the signal produced by the meter(s) into a signal which can be transmitted. City shall also own and maintain all equipment located in the City necessary to receive and record telemetered information. Connections that are in City's reasonable discretion unsuitable for flow metering shall be estimated for billing purposes. City may adjust such estimated flow figures whenever City, in its reasonable discretion, determines that it is necessary, practical and/or economical to utilize other means to determine the flows. Upon request, City shall provide Township with copies of any metering and calibration tests/studies performed on any City meters or equipment. City, upon reasonable notice to Township, shall be entitled to jointly inspect any metering equipment maintained by Township. City shall have the right to enter the area served by Township to access manholes upstream of any of the Township's connection points to inspect flow and test wastewater flow meters.

B. Metering and Sampling. City shall measure wastewater flow and loadings by metering and sampling at Connection Point(s) whenever City, in its discretion, determines that this is necessary, practical and/or economical. Township, upon reasonable notice to City, shall be

entitled to jointly inspect the metering equipment maintained by City. City shall base its operation and maintenance charges on its actual flow and loadings measures whenever possible and reasonable. In the absence of actual flow and loadings measures, City shall estimate for billing purposes using its standard methods for estimating flow(s) and/or strength(s). City and Township agree that it is in their best interests to use estimates of wastewater strengths for billing purposes for certain connections. Therefore, City and Township agree that the following wastewater strength estimates shall be used for billing purposes. City reserves the right to revise such strength estimates used for billing when it believes they no longer reasonably represent the strength(s) of wastewater delivered by Township to the City or to regularly sample a connection if the City believes the use of estimated strengths are not appropriate. City agrees to perform a sampling study of the six Township connections listed below for the purpose of revising the BOD5 and SS strengths utilized in billing Township. City's sampling results shall be used in revising strengths to be used in future billings. Township retains its right to obtain and analyze splits of samples taken by City. The City shall perform this study within one (1) year of the date of execution of the Agreement.

	<u>BOD5 (mg/l)</u>	<u>SS (mg/l)</u>
<u>Erdenheim Section</u>		
Erdenheim & Stenton Avenues (MS-03)	116	127
Northwestern & Thomas Avenues (MS-01)	283	403
Northwestern and Ridge Avenues (MS-08)	168	216
<u>Wyndmoor Section</u>		
Mermaid Lane & Stenton Avenues (MS-04)	90	96
Winston & Stenton Avenues (MS-05)	103	131

City and Township also agree that for certain connections it is in their best interests to use flow estimates for billing purposes. Therefore, City and Township agree to the wastewater flow estimates shown below. City reserves the right to revise such flow estimates, or to measure flows by metering, when it believes they no longer reasonably represent the quantity of wastewater delivered by Township to the City.

<u>Erdenheim Section</u>	<u>Monthly Flow (Million Gallons)</u>
Northwestern & Thomas Avenues (MS-01)	0.267

<u>Wyndmoor Section</u>	<u>Monthly Flow (Million Gallons)</u>
Mermaid Lane & Stenton Avenues (MS-04)	0.933
Winston & Stenton Avenues (MS-05)	3.767

Until City determines that it shall meter such flows, flows for billings for those properties that are connected either directly or indirectly to the City sewer system in the vicinity of Northwestern and Ridge Avenues will be estimated by use of individual customer annual water sales plus an infiltration and inflow factor. Township will provide City updated water sales data for the previous calendar year no later than thirty days after the effective date of this contract and provide revised data every five years thereafter, by March 1st of the required year, e.g. March 2018.

C. Sampling.

(1) City shall have the right to enter the area served by Township to sample Township's wastewater for billing purposes.

(2) City shall have the right to enter the area serviced by Township at any time for the following purposes:

(a) To sample the wastewater of a SIU; or

(b) To trace a spill into the wastewater system which is believed to originate in the Township or in a contributing jurisdiction outside Township.

(c) In the above instances, i.e., Sections VI.C (1) and (2) above, City will make a reasonable effort to notify Township in advance; however, Parties acknowledge that in emergency situations prior notice may not be feasible.

(3) Upon request, Township shall have the right to obtain splits of wastewater samples taken by the City for billing purposes.

(4) The City shall base the SS and BOD5 portion of the bill on the results of sampling of the Township's flow. The SS and BOD5 analyses shall be by PADEP accredited methodologies in accordance with the City's PADEP laboratory certification under 25 PA. CODE §§ 252.1-252.708.

(5) The City shall provide QA/QC laboratory data to Township upon request.

VII. PRIOR EXCEEDANCE CHARGES

Township agrees to pay City for unbilled exceedances of the Flow and Loadings Limits in the 1995 Agreement for Fiscal Year 2013 in the amount of \$273,636.00.. The City used its standard methodology in computing this charge. This exceedance charge shall be billed and paid in accordance with the terms of Section IV, above.

VIII. PRETREATMENT AGREEMENT

A. Interjurisdictional Pretreatment Agreement. City and Township shall enter into the contract entitled "Interjurisdictional Pretreatment Agreement" (attached hereto and incorporated herein as Exhibit "C"). Township agrees to comply with all of the provisions contained therein including but not limited to adoption of City's most recent Wastewater Control Regulations. Township further agrees to require that any outside jurisdictions which contribute to Township's sewer system also adopt and enforce City's Wastewater Control Regulations.

IX. DISPUTES

A. Arbitration of Disputes. In the event of a dispute between the Parties concerning terms, conditions and covenants of this Agreement or upon the issuance by Township of an Objection Letter or Change Objection Letter, City and Township agree to submit the dispute to an Arbitration Panel. All petitions to compel or stay arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and Township agree to accept venue therein.

B. The Arbitration Panel shall be composed of three (3) arbitrators, one appointed by City, one by Township, and the third by agreement of the arbitrators selected by City and Township.

(1) The arbitrators representing Township and City shall be named within five (5) days from the request for the appointment of an Arbitration Panel. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Township cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members of said Association, who are not residents of either Philadelphia or Montgomery counties, from which the third arbitrator shall be selected.

(2) The arbitrator appointed by Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication,

following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as Chairman of the Arbitration Panel.

(3) Each of the Parties shall bear the costs of its own arbitrator and shall equally divide the costs of the third arbitrator and all other common costs.

(4) The arbitration proceedings shall commence within thirty (30) days of the selection of the third arbitrator and the arbitrators shall render their determination within thirty (30) days after the final hearing held by the Arbitration Panel. The decision of such arbitrators shall be final and binding upon the Parties, except in the case of fraud. In rendering their decision, the Arbitration Panel shall be bound by the terms and conditions of this Agreement, and may not render a decision which will add to, subtract from, or modify the terms of this Agreement

(5) Upon mutual agreement of the City and Township, the arbitration may be delayed for a specified period of time in order to allow the Parties additional time for a negotiated settlement. Any delay in commencement of the arbitration shall last only as long as is agreed to by the Parties.

X. INDEMNIFICATION

A. Township agrees to defend, indemnify and save harmless City from and against any and all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

(1) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

(2) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Township's wastewater to the Plant(s), where such injury is due to the negligence of Township or its employees, servants or agents or the inherent nature of their operations;

(3) EPA or PADEP action of any kind whatsoever, whether direct or indirect, for any work undertaken by Township, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or PADEP; and

(4) Any grant fund, or any portion thereof, received by Township and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

B. City and Township agree that in the event of EPA or PADEP action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Township or their employees, servants or agents, City and Township shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should the City bill Township pursuant to this paragraph, the City shall inform Township as to the nature of the bill. If the parties are unable to reach an agreement on the apportionment of responsibility for any payment hereunder, either may proceed to arbitration under the terms of this Agreement.

C. Township shall not be liable for injuries (including death) or property damage occurring during the course of treatment at the POTW, except to the extent that such injuries and damages are due to the negligence of Township or its employees, servants or agents and where such injuries result in a direct increase to City's operating costs. Township shall be responsible for its proportionate share of those increased costs.

D. Nothing set forth in this Agreement shall limit or debar City from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this section of the Agreement, however, jurisdiction over disputes regarding to this section shall first be subject to resolution as provided under Section IX of this Agreement.

E. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Township or to vest in said third person any cause of action against City or Township or to authorize any such third person to institute any suit or suits against City or Township.

XI. MISCELLANEOUS

A. Inspection and Audit. City and Township agree to maintain complete records and accounts concerning their responsibilities under this Agreement. Both Parties shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days written notice. If required by any law or regulation, Township shall make said records and accounts immediately available to federal and state authorities.

B. No Transfer of Rights. Township shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of City. City hereby acknowledges that Township is party to certain agreements with Whitemarsh and Upper Dublin Townships (contributing jurisdictions), under which City receives wastewater for treatment through the conveyance facilities owned by Township. Nothing under this paragraph shall create an inference that such conveyance by Township of wastewater from those townships shall be considered an assignment under this section. Any other transfer by either of the Parties shall not impede the rights of either City or Township.

C. Ownership, Management and Control of Plants and LTCP Facilities. City retains sole ownership and control of its POTW and all other wastewater conveyance and treatment facilities, including all facilities related to compliance with and the implementation of the City's LTCP and agrees to operate, maintain, repair, and improve its facilities associated with service to Township. City retains the sole and exclusive right to make all managerial and other decisions regarding its POTW and LTCP related facilities, including but not limited to those decisions regarding operation, maintenance, upkeep, expansion, abandonment or replacement of all or a portion of its POTW and LTCP related facilities.

D. Nondiscrimination

(1) This Agreement is entered into under the terms of the Philadelphia Home Rule Charter and in its performance, Township shall not discriminate nor permit discrimination against any person because of race, color, sex, sexual orientation, religion, national origin or ancestry. In the event of such discrimination, the City may terminate this Agreement forthwith or exercise any other remedy provided to the City in this Agreement or at law or in equity. The foregoing shall not be construed to limit or restrict the City's right to terminate this Agreement as set forth in other sections of this Agreement.

(2) In accordance with Chapter 17-400 of The Philadelphia Code, Township agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, or privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or

ancestry, constitutes a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

(3) Township agrees to include subparagraphs (1) and (2) of this Section (D), with appropriate adjustments for the identity of the parties, in all subcontracts which are entered into for work to be performed pursuant to this Agreement.

(4) Township further agrees to cooperate with the Commission on Human Relations in any manner which the said Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code.

E. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the Parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

F. Waiver. The failure of either City or Township to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted, unless specifically stated in this Agreement.

G. Captions. The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

H. Entire Agreement. This Agreement and its Exhibits, incorporated herein, represent the entire agreement of the Parties hereto and there are no collateral or oral agreements or understandings. This Agreement may be amended or modified only in writing signed by both City and Township. This Agreement supersedes all previous wastewater agreements between City and Township.

I. Severability. In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

J. Notices. All notices, payments and communications required to be given in writing under this Agreement shall be sent by certified United States mail, postage prepaid and by email communication or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Township may designate in writing from time to time:

If intended for City:


Water Commissioner
City of Philadelphia Water Department
1101 Market Street, 5th Floor
Philadelphia, Pennsylvania 19107

If intended for Township:

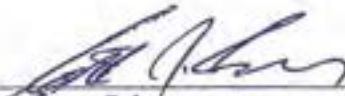
Township Manager
Springfield Township
1510 Paper Mill Road
Wyndmoor, PA 19038

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the President of the Board of Commissioners has executed this Agreement on behalf of Springfield Township, as of the day and year first above written.

CITY OF PHILADELPHIA

By: 
Howard M. Neukrug, PE
Water Commissioner

Approved as to form:

By: 
Scott Schwarz
Deputy City Solicitor

SPRINGFIELD TOWNSHIP

By: 
James E. Dailey
President, Board of Commissioners

Attest:

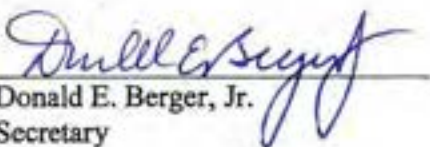
By: 
Donald E. Berger, Jr.
Secretary

EXHIBIT "A"

FLOW AND LOADINGS LIMITS ADDENDUM

FLOW LIMITS

<u>Section</u>	<u>Annual Average Daily Flow</u>	<u>Sustained Peak Flow Rate</u>
Erdenheim (SWWPCP)	3.20 MGD	2.97 MGD (or 4.6 CFS)
Wyndmoor (SEWPCP)	1.00 MGD	1.25 MGD (or 1.93 CFS)

SS and BOD5 LOADINGS

<u>Section</u>	<u>Maximum Annual SS Loadings (lbs.)</u>	<u>Maximum Annual BOD5 Loadings (lbs.)</u>
Erdenheim (SWWPCP)	3,300,000	3,100,000
Wyndmoor (SEWPCP)	200,000	155,000

Annual Average Daily Flow shall be the total volume of wastewater flow metered or estimated during any consecutive 365 days, divided by 365, and expressed in terms of MGD or part thereof.

Sustained Peak Flow Rate shall be the wastewater flow rate measured during any five (5) consecutive minute interval, expressed in terms of MGD or CFS.

Annual Loadings of BOD5 or SS shall be the loadings calculated using flow and strength data for any consecutive 365 days, and expressed in terms of pounds.

EXHIBIT "B"

EXCEEDANCE CHARGE ADDENDUM

I. Township hereby agrees to exert its best efforts in ensuring that the limits established herein are not exceeded. Township hereby recognizes the City's desire to avoid or eliminate any exceedances of the parameters below and that such exceedances can create significant operating difficulties for the City and the possibility of significant increased capital and operating costs as well as fines.

II. Township shall be liable to City for the following exceedances beginning July 1, 2014 and thereafter when its flows and/or loadings exceed the limits set forth in the Flow and Loadings Limits Addendum (Exhibit "A"):

A. Annual Average Daily Flow Exceedance Charge. The Annual Average Daily Flow exceedance charge shall be at the daily rate of One Thousand Dollars (\$1,000.00) per million gallons per day (MGD) flow rate, or part thereof, of wastewater flow over the Annual Average Daily Flow Limit described in Exhibit "A". The Township shall be assessed exceedance charges for each period described in Exhibit "A" in which flows exceed the stated limit.

B. Annual Loadings Exceedance Charges. The annual loadings exceedance charges shall be at the annual rates of Seven Hundred Dollars (\$700.00) for each one thousand pounds of BOD5 and Seven Hundred Dollars (\$700.00) for each one thousand pounds of SS, delivered by Township in excess of the respective stated annual loadings limit. Township shall be assessed exceedance charges for each period described in Exhibit "A" in which the annual loadings limits are exceeded

B. Sustained Peak Flow Exceedance Charge. The Sustained Peak Flow exceedance charge shall be at the annual rate of Thirty-nine Thousand Dollars (\$39,000.00) per million gallons per day (MGD) for any flow above the Sustained Peak Flow Limit measured over any five (5) consecutive minute period. Should the Sustained Peak Flow Limit be exceeded more than once in a calendar month, Township shall be billed only for the highest monthly exceedance. The difference between a higher amount of Sustained Peak Flow experienced in any subsequent month during the remainder of a fiscal year and the previously billed maximum Sustained Peak Flow will also be subject to the Sustained Peak Flow exceedance charge. The Sustained Peak Flow limit will be re-established at the beginning of each subsequent fiscal year at the contract level set forth in Exhibit "A."

C. Application of Exceedance Charges

(1) Exceedance charges shall be billed in accordance with the terms and conditions stated in Section IV.B of this Agreement.

D. Sustained Peak Flow Limit Exemption

(1) The City recognizes that the Sustained Peak Flow Limit above could be violated during extreme wet weather events. Therefore, the Parties agree that the Township shall not be held in violation of this Agreement should it exceed its Sustained Peak Flow Limit as a result of a wet weather event that meets the condition set forth below. A wet weather event that exceeds the condition set forth below and results in the Township exceeding its Sustained Peak Flow Limit as shown above shall be considered an exemption to the Sustained Peak Flow Limit and Township shall not incur exceedance charges. However, a wet weather event that does not

exceed the condition set forth below and results in the Township exceeding its Sustained Peak Flow Limit shall be considered a violation of the Agreement and shall result in Township incurring exceedance charges. This exemption does not relieve the Township of the requirements of Section III.E of this Agreement.

(2) The exemption condition is as follows: A rain event must exceed 2.75 inches in a twenty-four (24) consecutive hour period. Once the twenty-four consecutive hour period has been established, the Sustained Peak Flow Limit must be met within forty-eight (48) hours from the start of the defined twenty-four hour rainfall period or it will be considered a separate exceedance and thereby not qualify for this exemption. At no point shall two twenty-four hour periods overlap. All such events shall be quantified using hourly precipitation data obtained from the Philadelphia Water Department's Rain Gauge (RG-21) located at the Shawmont School, Eva Street and Shawmont Avenue in the City. In the event that the aforementioned rain gauge should malfunction, City shall use data from its rain gauge (RG-19) located at the Emlen Eleanor School, Chew Avenue and East Upsal Street, Philadelphia.

III. Charges for Years Subsequent to 2014

A. During 2015, and for each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the percentage change in the Consumer Price Index from the prior calendar year, upon the availability of the Consumer Price Index for January of each subsequent year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers ("CPI-U") for the Northeast Region US, all items.

IV. Example Applications of the Flow Exceedance Charges

A. Example Application of the Annual Average Flow Exceedance Charge. Assume that during fiscal year 2020 the Township's Annual Average Flow from the Erdenheim Section was determined to be 4.20 MGD for 30 days, such that the Township exceeded the Annual Average Flow limit by 1 MGD each day for 30 days. Also assume that the CPI-U for the Northeast Region US - all items index was 257.5 in January 2014 and 307.5 in January 2020. The fiscal year 2020 daily rate of the Annual Average Flow Exceedance Charge would be \$1,194 per MGD ($\$1,000 \text{ per MGD} \times 307.5 / 257.5$). The total Annual Average Flow Exceedance Charge would be \$35,820 ($\$1,194 \text{ per MGD} \times 30 \text{ days} \times 1 \text{ MGD}$).

B. Example Application of the Sustained Peak Flow Exceedance Charge. Assume that during fiscal year 2020 the Township's Sustained Peak Flow from the Erdenheim Section was 3.97 MGD, such that the Township exceeded the Sustained Peak Flow limit by 1 MGD. Also assume that the CPI-U for the Northeast Region US - all items index was 257.5 in January 2014 and 307.5 in January 2020. The fiscal year 2020 annual rate of the Sustained Peak Flow Exceedance Charge would be \$46,568 per MGD ($\$39,000 \text{ per MGD} \times 307.5 / 257.5$). The total Sustained Peak Flow Exceedance Charge would be \$46,568 ($\$46,568 \text{ per MGD} \times 1 \text{ MGD}$).

EXHIBIT "C"

INTERJURISDICTIONAL PRETREATMENT AGREEMENT BETWEEN

THE CITY OF PHILADELPHIA

AND

SPRINGFIELD TOWNSHIP

RECITAL

WHEREAS, City owns and operates wastewater collection and treatment facilities; and

WHEREAS, Township will be utilizing the City's Wastewater Treatment Services pursuant to the attached Service Agreement between City and Township; and

WHEREAS, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permits (Permits # PA0026671, PA0026689 and PA0026662) issued by the Pennsylvania Department of Environmental Protection; and

WHEREAS, Township desires to continue to utilize the Wastewater Treatment Services and recognizes its industrial waste control obligations under 40 CFR § 403 and the City's Wastewater Control Regulations.

NOW, THEREFORE, intending to be legally bound and in consideration of the following terms and conditions contained in this Agreement, the City and Township agree as follows:

1. No later than four (4) months after the effective date of the City's current Wastewater Control Regulations, Township shall adopt and diligently enforce rules and regulations (hereinafter "Regulations") substantially identical to the City's current Wastewater Control Regulations. Township shall ensure that all of its contributing municipalities then adopt Township's rules and regulations. Should the City amend its Wastewater Control Regulations,

Township shall adopt and diligently enforce the amendment within four (4) months from the amendment's effective date. Also, Township shall make its best efforts to ensure that any outside jurisdictions which contribute to its sewer system adopt the Regulations and any amendments to the Regulations within four (4) months of the amendment's effective date.

2. Township shall explicitly incorporate the following provisions into its Regulations:

(a) a provision requiring any Industrial User responsible for any accidental discharge to notify both City and Township immediately;

(b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by federal pretreatment standards;

(c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits;

(d) a prohibition against, and a penalty for, the knowing transmittal of false information by an Industrial User to either City or Township; and

(e) a grant of explicit authority to City to require the Industrial User(s) to install monitoring and pretreatment facilities as necessary.

3. City and Township shall periodically, at a minimum of every five (5) years, review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City revises its regulations or drafts an amendment to its regulations, Township must adopt same in substantially equivalent form within three (3) months of promulgation by the City. If Township has adopted regulations identical to the City's regulations, then, whenever City

revises or amends its regulations, Township shall adopt the identical revisions or amendment(s) within three (3) months of promulgation by the City.

4. Township shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.

5. Township's regulations shall require that categorical pretreatment standards promulgated by the U.S. Environment Protection Agency ("EPA") by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Township's regulations. These standards shall supersede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Township shall notify all affected Industrial Users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR 403.12 or included as part of the categorical standards.

6. Township shall adopt in its regulations definitions for "Significant Industrial User," "Industrial User" and "Non-domestic User" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular user is a Significant Industrial User, Industrial User or Non-domestic User based on information City may request from Township. City may control, through wastewater discharge permits, wastewater discharges from Significant Industrial User, Industrial User or Non-domestic User.

7. If there exists any Industrial User discharging to Township's conveyance system but located outside the jurisdictional limits of Township, then Township shall within thirty (30) days from the effective date of this Service Agreement notify such jurisdiction of the requirements contained within this Interjurisdictional Pretreatment Agreement and provide the City with copies of such notification. Township shall negotiate and enter into an agreement with

such outside jurisdiction within six (6) months from the effective date of this Service Agreement. Such agreement shall be substantially equivalent to this Interjurisdictional Pretreatment Agreement, and shall be jointly executed by Township, City and the outside jurisdiction. The agreement shall specifically state that the contributing jurisdiction must also adopt regulations substantially identical to the City's Wastewater Control Regulations and shall adopt all amendments thereto within three (3) months from their effective date. Such agreement shall ensure that the City has the same rights, powers and authority to operate its industrial pretreatment program in the outside jurisdiction as it has within the area served by Township. If Township is unable to reach agreement with the contributing jurisdiction within six (6) months, then Township shall immediately thereafter take all necessary steps to prevent all discharges from Industrial Users within the contributing jurisdiction to Township.

8. Township shall file with City a certified copy of its resolution and any amendments thereto, and other interjurisdictional agreements. Township shall provide a table to the City cross-referencing sections of its ordinance with the City's Wastewater Control Regulations in order to demonstrate that all provisions contained in the City's Wastewater Control Regulations have been incorporated into Township's ordinance. If Township maintains, Township shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR §403.12 compliance reports, self-monitoring reports, baseline monitoring reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six (6) years.

9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer systems of Township and its contributing jurisdictions. The

right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect wastewater discharges. Township shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the Industrial User or Non-domestic Dischargers.

10. Township and City hereby agree that City shall implement a pretreatment program within the area served by Township and its contributing jurisdictions and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement; and 6) monitoring hazardous waste disposal practices.

11. City shall review Township's ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CFR Part 403, and to ensure inclusion of all other legal provisions mandated by this Interjurisdictional Pretreatment Agreement. City shall periodically review the enforcement efforts of Township and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.

12. If City determines that Township has failed or has refused to fulfill any pretreatment obligations, including, but not limited to, any obligations contained within this Interjurisdictional Pretreatment Agreement, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Township, and a time schedule for attaining compliance with all pretreatment

requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Township fails to satisfy the terms of the remedial plan, City may, upon thirty (30) days written notice, refuse to accept any wastewater discharges from Township.

13. In the event that EPA or PADEP action results in fines, penalties or costs being assessed against City because of industrial or non-domestic waste discharged from Township or contributing jurisdictions, Township and City shall equitably apportion responsibility for payment of such fines, penalties or costs.

14. Where a discharge to the wastewater collection and treatment facilities reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater collection and treatment facilities, City may immediately initiate steps to identify the source of the discharge and to hold or prevent said discharge. City may seek injunctive relief and/or may pursue other self-help remedies against Township, contributing jurisdictions, and any Industrial User or Non-domestic User contributing to the emergency conditions. Township shall pay to City the cost of such steps specified in reasonable detail and submitted in writing to Township taken to prevent, stop or ameliorate the effects of such discharge.

15. All provisions of this Interjurisdictional Pretreatment Agreement apply only to areas and properties within Township's service area from which flows, directly or indirectly, enter the City's wastewater collection or treatment facilities. This Interjurisdictional Pretreatment Agreement does not apply to any area or property within Township's service area from which flows do not enter the City's wastewater collection or treatment facilities.

16. Any disputes arising out of this Interjurisdictional Pretreatment Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Township and City, as amended.

17. The terms of this Interjurisdictional Pretreatment Agreement may be amended only by written agreement of the Parties. In any event, this Interjurisdictional Pretreatment Agreement shall be reviewed and revised, as necessary, at least every five (5) years.


18. This Interjurisdictional Pretreatment Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Interjurisdictional Pretreatment Agreement.

19. This Interjurisdictional Pretreatment Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Interjurisdictional Pretreatment Agreement.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner, and the President of the Board of Commissioners of Springfield Township has executed this Agreement on behalf of Springfield Township, as of the Effective Date of the Service Agreement.

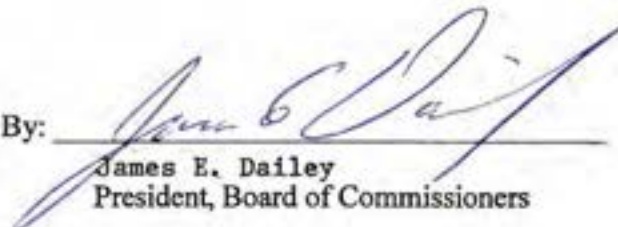
CITY OF PHILADELPHIA

By: 
Howard M. Neukrug, PE
Water Commissioner

Approved as to form:

By: 
Scott Schwarz
Deputy City Solicitor

SPRINGFIELD TOWNSHIP

By: 
James E. Dailey
President, Board of Commissioners

Attest:

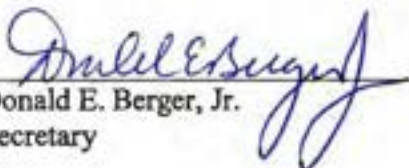
By: 
Donald E. Berger, Jr.
Secretary

EXHIBIT "D"

The following fifteen (15) tables constitute Exhibit "D".

TABLE A - 15

**UNITS OF WASTEWATER SERVICE
Test Year 2013**

Line No.		(1) Units	(2)	(3)
			Springfield (Excluding Wyndmoor)	Springfield (Wyndmoor)
FY 2013 Test Year				
Volume				
1	Sanitary Wastewater	(Mcf)	167,000	22,000
2	Infiltration	(Mcf)	<u>2,200</u>	<u>900</u>
3	Total	(Mcf)	169,200	22,900
Suspended Solids				
4	Sanitary Wastewater	(1,000 lbs)	2,918	121
5	Infiltration	(1,000 lbs)	<u>14</u>	<u>6</u>
6	Total	(1,000 lbs)	2,932	127
BOD				
7	Sanitary Wastewater	(1,000 lbs)	2,418	96
8	Infiltration	(1,000 lbs)	<u>3</u>	<u>1</u>
9	Total	(1,000 lbs)	2,421	97
Contract Maximum Units				
Capacity				
10	Sanitary Wastewater	(Mcf/day)	397	167
11	Infiltration	(Mcf/day)	<u>10</u>	<u>0</u>
12	Total	(Mcf/day)	407	167
Volume				
13	Sanitary Wastewater	(Mcf)	156,150	48,797
14	Infiltration	(Mcf)	<u>2,200</u>	<u>900</u>
15	Total	(Mcf)	158,350	49,697
Suspended Solids				
16	Sanitary Wastewater	(1,000 lbs)	3,300	200
17	Infiltration	(1,000 lbs)	<u>14</u>	<u>6</u>
18	Total	(1,000 lbs)	3,314	206
BOD				
19	Sanitary Wastewater	(1,000 lbs)	3,100	155
20	Infiltration	(1,000 lbs)	<u>3</u>	<u>1</u>
21	Total	(1,000 lbs)	3,103	156

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 3
ALLOCATION OF TEST YEAR INVESTMENT FOR THE
SOUTHWEST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2013

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)
		Total Investment (\$)	Retail Capacity	Volume	Retail, DELCOR, Lower Merion, Springfield (excluding Wyndmoor), and Upper Darby		BOG
		\$1,000	\$1,000	\$1,000	Capacity	Suspended Solids	\$1,000
NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
1	Raw Wastewater Pumping Station	4,985	4,985				
2	Sludge Digestion Facilities	3,244				3,836	1,438
3	Scum Incineration	2,007				2,007	
4	Settling Tanks	28,894		28,894			
5	Sludge Handling	2,930				2,198	732
6	Chlorination Facilities	1,235			1,235		
7	Aeration Tanks	722					722
8	Oxygen Supply	2,752					2,752
9	Effluent Pump Station	104			104		
10	Sludge Thickener Building	1,938				589	889
11	Composting Facilities	1,055				791	264
12	Sludge Gas Facilities	6,799				5,009	1,690
13	Subtotal	58,685	4,985	28,894	1,359	14,880	8,507
14	Administrative and General Facilities						
15	Administrative and General Plant	90,812					
16	Land	709					
17	Subtotal	91,521	4,310	26,462	12,179	24,046	24,524
18	Adjustment for Joint Use Facilities	(7,785)				(2,998)	(787)
19	Total Non-Water Pollution Abatement Program Facilities	146,421	9,295	55,356	13,538	35,928	32,304
WATER POLLUTION ABATEMENT PROGRAM FACILITIES							
21	Influent Pumping Station	6,524	6,524				
22	Preliminary Treatment Building	25,046				25,046	
23	Primary Sedimentation Tanks	11,492		11,492			
24	Aeration Tanks	16,926					16,926
25	Oxygen Supply System	14,557					14,557
26	Compressor Building	3,852					3,852
27	Final Tanks	30,281		30,281			
28	Scum Concentration Building	1,417				1,417	
29	Sludge Thickener Building	12,958				6,479	6,479
30	Sludge Digestion Facilities	32,124				20,439	8,685
31	Effluent Pumping Station	6,120			6,120		
32	Flow Control	8,350				6,093	2,257
33	Composting Facilities						
34	Sludge Dewatering	8,596				6,447	2,149
35	Sludge Gas Facilities	7,484				5,461	2,023
36	Subtotal	185,727	6,524	41,773	31,346	49,336	56,928
37	Admin. and Gen'l. Facilities	25,100	1,683	10,148	4,671	9,222	9,406
38	Adjust. for Joint Use Facilities	(7,198)			(631)	(4,862)	(1,667)
39	Total Water Pollution Abatement Program Facilities	213,669	8,177	51,921	35,206	53,696	64,669
40	TOTAL SOUTHWEST WPC PLANT BOOK COST	360,090	17,472	107,277	48,344	89,624	96,973
41	Less Federal Grants	(42,878)	5,189	33,199	24,361	35,973	44,159
42	ADJUSTED TOTAL SOUTHWEST WPC PLANT INVESTMENT	217,212	12,283	74,078	24,383	53,651	52,814

(a) Plant Investment as of 6/30/11

TABLE A - 4

ALLOCATION OF TEST YEAR INVESTMENT FOR THE
SOUTHEAST WATER POLLUTION CONTROL PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2013

Line No.	Description	(1)	(2)	(3)	(4)	(5)
		Retail and Springfield (Wyndmoor)				
		Total Investment (a)	Volume	Capacity	Suspended Solids	BOD
		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES						
1	Main Pumping Station	2,250		2,250		
2	Grit Chambers	9,599		9,599		
3	Outfall Line	588		588		
4	Sludge Digestion Facilities	2,531			2,005	526
5	Sewling Tanks & Floo. Channel	17,023	17,023			
6	Sludge Force Main	5,178			3,884	1,294
7	Subtotal	37,169	17,023	12,437	5,889	1,820
8	Administrative and General Facilities					
9	Administrative and General Plant	28,166				
10	Land	161				
11	Subtotal	28,327	8,733	8,996	4,656	5,942
12	Adjustment for Joint Use Facilities	3,785			2,998	787
13	Total Non-Water Pollution Abatement Program Facilities	69,281	25,756	21,433	13,543	8,549
WATER POLLUTION ABATEMENT PROGRAM FACILITIES						
14	Influent Pump, Stat. and Screen & Grit Chamber	25,770		25,770		
15	Primary Sedimentation Tanks	21,841	21,841			
16	Compressor Building	10,249				10,249
17	Air Supply Facilities	23,937				23,937
18	Final Sedimentation	26,928	26,928			
19	Effluent Pumping Station	13,325		13,325		
20	Effluent Conduit	11,981		11,981		
21	Scum Concentration Facilities	3,789			3,789	
22	Sludge Force Main	2,608			1,506	502
23	Preliminary Treatment Bldg.	4,261		4,261		
24	Sludge Thickeners	4,812			2,406	2,406
25	Sludge Digesters	15,509			12,286	3,223
26	Sludge Disposal Facilities	4,072			3,194	878
27	Composting Facilities					
28	Sludge Dewatering	4,195			3,145	1,048
29	Sludge Gas Facilities	3,613			2,862	751
30	Subtotal	176,248	48,769	55,337	29,188	42,954
31	Admin. and Gen'l. Facilities	44,715	13,783	14,200	7,349	9,381
32	Adjustment for Joint Use Facilities	5,291		631	3,537	1,223
33	Total Water Pollution Abatement Program Facilities	226,254	62,554	70,168	40,074	53,558
34	TOTAL SOUTHEAST WPC PLANT BOOK COST	295,635	88,310	91,601	53,617	62,107
35	Less Federal Grants	148,377	39,833	45,716	26,743	36,085
36	ADJUSTED TOTAL SOUTHEAST WPC PLANT INVESTMENT	147,258	48,477	45,885	26,874	26,022

(a) Plant Investment as of 6/30/11.

TABLE A - 5

**TEST YEAR INVESTMENT IN THE WASTEWATER SYSTEM
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2013**

Line No.	Cost Component	Total Direct Investment (a)
		\$
COLLECTION SYSTEM		
1	Sewers - Capacity	1,198,884,000
2	Pumping Stations - Capacity	30,511,000
3	Total Collection System	1,229,395,000
WATER POLLUTION CONTROL PLANTS		
Northeast Plant:		
4	Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, & Lower Southampton - Capacity	5,363,000
5	Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton Volume	58,849,000
6	Capacity	41,880,000
7	Suspended Solids	65,131,000
8	BOD	80,077,000
9	Subtotal	245,937,000
10	Total Northeast Plant	251,300,000
Southwest Plant:		
11	Retail - Capacity	12,283,000
12	Retail, DELCORA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby Volume	74,078,000
13	Capacity	24,383,000
14	Suspended Solids	53,651,000
15	BOD	52,817,000
16	Total Southwest Plant	217,212,000
Southeast Plant:		
17	Retail and Springfield (Wyndmoor) Volume	48,477,000
18	Capacity	45,885,000
19	Suspended Solids	26,874,000
20	BOD	26,022,000
21	Total Southeast Plant	147,258,000
22	Total Water Pollution Control Plants	615,770,000
23	Total Investment	1,845,165,000

(a) Plant Investment as of 6/30/11. Includes Administration and General costs.

TABLE A - 16

WATER POLLUTION CONTROL PLANT INVESTMENT PER UNIT OF CAPACITY
Test Year 2013

Line No.	Cost Component	(1)	(2)	(3)
		Direct Investment (a)	Units of Capacity	Unit Investment (a)
		\$		\$
Northeast Water Pollution Control Plant				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
1	- Capacity	5,363,000	370 mgd = 49,470 Mcf/day	108.4091 /Mcf/day
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
2	Volume	58,849,000	76,650 mg = 10,247,000 Mcf	5.7430 /Mcf
3	Capacity	41,880,000	420 mgd = 56,150 Mcf/day	745.8593 /Mcf/day
4	Suspended Solids	65,131,000	173,240,000 lbs	375.9582 /1,000 lbs
5	BOD	80,077,000	128,491,000 lbs	623.2110 /1,000 lbs
Southwest Water Pollution Control Plant				
Retail - Capacity				
6		12,283,000	50 mgd = 6,684 Mcf/day	1,837.6721 /Mcf/day
Retail, DELCOBA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby				
7	Volume	74,078,000	73,000 mg = 9,759,000 Mcf	7.5907 /Mcf
8	Capacity	24,383,000	400 mgd = 53,476 Mcf/day	455.9616 /Mcf/day
9	Suspended Solids	53,651,000	133,888,000	400.7160 /1,000 lbs
10	BOD	52,817,000	79,314,000	665.9227 /1,000 lbs
Southeast Water Pollution Control Plant				
Retail and Springfield (Wyndmoor)				
11	Volume	48,477,000	40,880 mg = 5,465,000 Mcf	8.8704 /Mcf
12	Capacity	45,885,000	224 mgd = 29,947 Mcf/day	1,532.2069 /Mcf/day
13	Suspended Solids	26,874,000	66,065,000 lbs	406.7812 /1,000 lbs
14	BOD	26,022,000	56,940,000 lbs	457.0074 /1,000 lbs

(a) Plant Investment as of 6/30/11. Includes Administration and General costs.

mg - million gallons

mgd - million gallons per day

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 25

**WASTEWATER SYSTEM INVESTMENT
ALLOCATED TO
SPRINGFIELD (EXCL. WYNDMOOR) TOWNSHIP
Test Year 2013**

Line No.	Cost Component	(1) Units	(2) Investment Per Unit (a) \$	(3) Number of Contract Units	(4) Infiltration/inflow Capacity Allocation Factor	(5) Allocated Investment (a) \$	(6) Allocated Investment Rounded (a) \$
Treatment							
Retail, DELCORA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby							
1	Volume	Mcf	7,997	158,350		1,201,987	1,202,000
2	Capacity	Mcf/day	453,9616	407		185,576	186,000
3	SS	1,000 lbs	400,7160	3,314		1,327,973	1,328,000
4	BOD	1,000 lbs	665,9227	3,103		2,066,358	2,066,000
5	Total Treatment					<u>4,781,894</u>	<u>4,782,000</u>
Conveyance (b)							
Erfenstein and Stenton							
6	Sewers	cfs	139,780	2.00	1.0225	285,850	286,000
7	Central Schuylkill Pump Station	cfs	13,211	2.00	1.0225	27,016	27,000
8	Meter Station	ea	35,702	1.00	1.0225	36,505	37,000
9	Total					<u>349,371</u>	<u>350,000</u>
Northwestern and Stenton							
10	Sewers	cfs	139,780	2.60	1.0225	371,605	372,000
11	Central Schuylkill Pump Station	cfs	13,211	2.60	1.0225	35,121	35,000
12	Meter Station	ea	10,270	1.00	1.0225	10,501	11,000
13	Total					<u>417,227</u>	<u>418,000</u>
14	Total Conveyance					<u>766,598</u>	<u>768,000</u>
15	Total Allocated System Investment					<u>5,548,492</u>	<u>5,550,000</u>

(a) Plant investment as of 6/30/11. Includes Administration and General costs.

(b) Excludes connection at Northwestern and Thomas which accounts for less than one half of one percent of township flow.

cfs - cubic feet per second

Mcf - Thousand cubic feet

lbs - pounds

TABLE A - 26

WASTEWATER SYSTEM INVESTMENT
 ALLOCATED TO
 SPRINGFIELD (WYNDMOOR) TOWNSHIP
 Test Year 2013

Line No.	Cost Component	(1) Units	(2) Investment Per Unit (a) \$	(3) Number of Contract Units	(4) Infiltration/Inflow Capacity Allocation Factor	(5) Allocated Investment (a) \$	(6) Allocated Investment Rounded (a) \$
Treatment							
Retail and Springfield (Wyndmoor)							
1	Volume	Mcf	8,8704	49,697		440,832	441,000
2	Capacity	Mcf/day	1,532,2069	167		255,879	256,000
3	SS	1,000 lbs	406,7812	206		83,797	84,000
4	BOD	1,000 lbs	457,0074	156		71,293	71,000
5	Total Treatment					851,801	852,000
Conveyance							
6		cfs	167,854	1.93	1.0225	331,247	331,000
7	Total Conveyance					331,247	331,000
8	Total Allocated System Investment					1,183,048	1,183,000

(a) Plant Investment as of 6/30/11, Includes Administration and General costs.

cfs - cubic feet per second

Mcf - Thousand cubic feet

lbs - pounds

TABLE A - 8

**ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
SOUTHWEST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2013**

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Operation & Maintenance Expense	Retail		Retail, DELCOR, Lower Merion, Springfield (w/o Wyncennes) and Upper Darby			
		\$	Volume	Capacity	Volume	Capacity	Suspended Solids	BOD
		\$	\$	\$	\$	\$	\$	\$
Personal Services								
1	Raw Wastewater Pumping	132,796		132,796				
2	Preliminary Treatment	1,752,909			1,759,624	479,285		
3	Flocculation	318,711			318,711			
4	Primary Sedimentation	462,131			462,131			
5	Aeration	940,197						940,197
6	Secondary Sedimentation	796,777			796,777			
7	Recirculating Pumping	297,463			297,463			
8	Chlorination	451,567			366,389	185,118		
9	Effluent Pumping	371,829				371,829		
10	Primary Sludge Pumping	339,958					339,958	
11	Secondary Sludge Thickening	281,538					173,949	143,379
12	Sludge Digestion	1,075,648					806,756	268,912
13	Sludge Holding Tanks	183,259					133,444	45,815
14	Sludge Dewatering	836,626					627,462	209,154
15	Sludge Lagoon	7,968					5,976	1,992
16	Grit and Screening Incineration	737,014			501,172	235,846		
17	Scum and Grease Incineration	187,243					187,243	
18	Laboratory	879,956					339,958	339,958
19	Subtotal Personal Services	9,853,474		132,796	3,922,287	1,266,078	2,582,726	1,949,607
Purchase of Services, Materials, Supplies, and Equipment								
20	Raw Wastewater Pumping	32,720		32,720				
21	Preliminary Treatment	574,564				374,564		
22	Flocculation	194,138			194,138			
23	Primary Sedimentation	109,378			109,378			
24	Aeration	213,146						213,146
25	Secondary Sedimentation	229,662			229,662			
26	Recirculating Pumping	95,666			95,666			
27	Chlorination	916,857			916,857			
28	Effluent Pumping	10,967				10,967		
29	Primary Sludge Pumping	123,089					123,089	
30	Secondary Sludge Thickening	21,813					16,688	11,125
31	Sludge Digestion	215,249					162,437	53,812
32	Sludge Holding Tanks	75,857					56,968	18,889
33	Sludge Dewatering	455,639					341,279	113,360
34	Sludge Lagoon	4,207					3,155	1,052
35	Grit and Screening Incineration	96,289				96,289		
36	Scum and Grease Incineration	30,850					30,850	
37	Laboratory	245,866					122,933	122,933
38	Subtotal Purchase of Services, Materials, Supplies & Equipment	3,465,397		32,720	1,565,701	481,260	890,399	534,817
39	Subtotal All Above	13,318,871		165,516	5,487,988	1,747,338	3,473,125	2,484,424
Administrative & General								
40	Personal Services	2,385,600		22,151	949,681	306,527	625,297	472,614
41	Other	480,400		4,536	217,660	66,785	117,889	34,140
42	Subtotal Administration & General	2,866,000		26,687	1,167,341	373,312	743,186	506,754
Power Requirements								
43	Raw Wastewater Pumping	145,289	123,496	21,793				
44	Preliminary Treatment	9,686			8,253	1,433		
45	Flocculation	465,615			395,773	69,842		
46	Primary Sedimentation	36,668			31,548	5,100		
47	Aeration	4,536,460						4,536,460
48	Secondary Sedimentation	55,400			79,190	14,000		
49	Recirculating Pumping	247,882			216,530	31,352		
50	Chlorination	20,064			17,054	3,010		
51	Effluent Pumping	60,883			51,751	9,132		
52	Primary Sludge Pumping	5,535					5,535	
53	Secondary Sludge Thickening	606,060					296,970	309,091
54	Sludge Digestion	141,656					106,242	35,414
55	Sludge Dewatering	163,777					77,831	25,944
56	Grit and Screening Incineration	64,342			54,691	9,651		
57	Scum and Grease Incineration	9,859					9,859	
58	Subtotal Power Requirements	6,546,977	123,496	21,793	848,590	149,750	496,439	4,966,909
59	Sludge Disposal	6,064,590					4,548,645	1,516,148
60	Total Southwest WPC Plant Expense	28,796,443	123,496	223,596	7,663,219	2,270,960	9,221,195	9,453,635

TABLE A - 9

ALLOCATION OF TEST YEAR OPERATION AND MAINTENANCE EXPENSE FOR THE
SOUTHEAST WPC PLANT TO FUNCTIONAL COST COMPONENTS
Test Year 2013

Line No.	Description	(1)	(2)	(3)	(4)	(5)
		Total				
		Operation & Maintenance Expense	Retail and Springfield (W/Johnson)			
		Expense	Volume	Capacity	Suspended Solids	BOO
		\$	\$	\$	\$	\$
Personal Services						
1	Raw Wastewater Pumping	745,624		745,624		
2	Preliminary Treatment	1,079,080	762,432	286,521		
3	Flocculation	324,183	324,183			
4	Primary Sedimentation	378,215	378,215			
5	Aeration	378,215				378,215
6	Secondary Sedimentation	470,068	470,068			
7	Recirculating Pumping	226,929	226,929			
8	Chlorination	362,086	228,864	133,242		
9	Effluent Pumping	286,363		286,363		
10	Primary Sludge Pumping	302,172			302,172	
11	Waste Sludge Pumping	221,226			188,297	33,229
12	Sludge Digestion	338,530			264,768	33,762
13	Sludge Holding Tanks	217,771			183,139	32,666
14	Sludge Dewatering	278,872			237,061	41,831
15	Sludge Lagoons	2,636			2,238	398
16	Grit and Screening Incineration	243,675	167,028	76,635		
17	Scum and Grease Incineration	62,414			62,414	
18	Scum Pumping	302,172			302,172	
19	Primary Sludge Transfer Pumping	156,689			156,689	
20	Waste Activated Sludge XLR Pumping	145,883			124,001	21,882
21	Laboratory	299,348			299,348	
22	Subtotal Personal Services	7,044,430	2,557,061	1,341,865	2,125,069	821,295
Purchase of Services, Materials, Supplies, and Equipment:						
23	Raw Wastewater Pumping	111,640		111,640		
24	Preliminary Treatment	325,914		325,914		
25	Flocculation	136,849	136,849			
26	Primary Sedimentation	88,232	88,232			
27	Aeration	136,849				136,849
28	Secondary Sedimentation	111,640	111,640			
29	Recirculating Pumping	66,624	66,624			
30	Chlorination	232,440	232,440			
31	Effluent Pumping	57,621		57,621		
32	Primary Sludge Pumping	194,437			194,437	
33	Waste Sludge Pumping	66,624			56,639	9,984
34	Sludge Digestion	71,750			60,985	10,765
35	Sludge Holding Tanks	77,238			63,907	13,331
36	Sludge Dewatering	151,689			128,928	22,761
37	Sludge Lagoons	1,402			1,192	210
38	Grit and Screening Incineration	33,097		33,097		
39	Scum and Grease Incineration	16,283			16,283	
40	Scum Pumping	194,437			194,437	
41	Primary Sludge Transfer Pumping	37,814			37,814	
42	Waste Activated Sludge XLR Pumping	36,813			30,611	6,202
43	Laboratory	145,832			125,926	19,906
44	Subtotal Purchase of Services, Materials, Supplies & Equipment	2,621,238	1,135,763	523,228	624,152	270,295
45	Subtotal All Above	9,665,668	3,712,764	2,068,799	2,799,222	1,091,590
Administrative & General						
46	Personal Services	1,972,931	796,153	431,682	393,565	230,833
47	Other	237,825	186,605	47,721	61,815	24,684
48	Subtotal Administrative & General	2,210,756	820,758	479,323	455,379	255,517
Power Requirements						
49	Raw Wastewater Pumping	485,663	412,814	72,849		
50	Flocculation	767,665	635,515	132,150		
51	Primary Sedimentation	29,821	25,348	4,473		
52	Aeration	647,500				647,500
53	Secondary Sedimentation	21,301	18,206	3,095		
54	Recirculating Pumping	51,122	43,454	7,668		
55	Chlorination	6,290	5,432	858		
56	Effluent Pumping	57,513	48,886	8,627		
57	Primary Sludge Pumping	2,130			2,130	
58	Waste Sludge Pumping	6,290			5,432	858
59	Sludge Digestion	47,219			40,136	7,083
60	Sludge Dewatering	34,593			28,404	6,189
61	Grit and Screening Incineration	25,447	19,226	6,221		
62	Scum and Grease Incineration	3,286			3,286	
63	Scum Pumping	6,290			6,290	
64	Primary Sludge Transfer Pumping	44,732			44,732	
65	Waste Activated Sludge XLR Pumping	23,431			19,916	3,515
66	Subtotal Power Requirements	2,276,643	1,287,765	213,137	153,426	664,265
67	Sludge Disposal	2,779,665			2,342,664	436,941
68	Total Southeast WPC Plant Expense	16,899,227	5,741,269	2,766,799	3,869,696	2,427,625

TABLE A - 11

**TEST YEAR OPERATION AND MAINTENANCE EXPENSE
SUMMARY OF ALLOCATIONS TO FUNCTIONAL COST COMPONENTS
Test Year 2013**

Line No.	Cost Component	(1)	(2)	(3)	(4) (5)		(6)
		Direct Operation & Maintenance Expense \$1,000	Administrative & General Expense \$1,000	Total Operation & Maintenance Expense \$1,000	Less Interest Income \$1,000	Less Grants \$1,000	Net Operation & Maintenance Expense \$1,000
COLLECTION SYSTEM							
Sewer Maintenance							
1	All Customers - Capacity Inlet Cleaning	29,824	12,556	42,380	99	0	42,281
2	Retail - Storm Capacity Neil Drive Pumping Station	10,990	4,610	15,600	30	0	15,570
Retail and Lower Merion							
3	Total Volume	40	0	40	0	0	40
4	Total Capacity	23	7	30	0	0	30
Central Schuylkill Pumping Station							
Retail and Springfield (incl. Wyndmoor)							
5	Total Volume	822	0	822	2	0	820
6	Total Capacity	946	337	1,283	3	0	1,280
All Other Pumping Stations							
Retail							
7	Total Volume	2,499	0	2,499	6	0	2,493
8	Total Capacity	11,150	4,508	15,658	37	0	15,621
9	Total Collection Systems	56,254	22,018	78,272	185	0	78,087
WATER POLLUTION CONTROL PLANTS							
Northeast Plant:							
Retail, Abington, Bensalem, Bucks County W&SA, Lower Merion & Lower Southampton							
10	Volume	490	0	490	1	13	476
11	Capacity	1,325	517	1,842	4	51	1,787
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Merion, and Lower Southampton							
12	Volume	7,425	2,979	10,404	24	286	10,094
13	Capacity	1,901	772	2,673	6	74	2,593
14	Suspended Solids	12,696	3,198	15,894	42	492	15,360
15	BOD	11,148	3,259	14,407	34	366	13,977
Southwest Plant:							
Retail							
16	Volume	123	0	123	0	3	120
17	Capacity	224	84	308	1	8	299
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby							
18	Volume	7,501	2,755	10,256	24	282	9,950
19	Capacity	3,271	879	4,150	7	87	4,056
20	Suspended Solids	9,334	3,694	13,028	31	358	12,639
21	BOD	9,454	1,899	11,353	27	312	11,014
Southeast Plant:							
Retail and Springfield (Wyndmoor)							
22	Volume	5,741	1,904	7,645	18	250	7,377
23	Capacity	2,761	1,071	3,832	9	105	3,718
24	Suspended Solids	6,080	2,494	8,574	20	236	8,318
25	BOD	2,428	742	3,170	7	87	3,076
26	Total Water Pollution Control Plants	80,906	28,247	109,153	255	3,000	105,898
CUSTOMER COSTS							
All Customers							
27	Equivalent Bills	19,872	8,366	28,238	66	0	28,172
Equivalent Meters							
28	Industrial Waste Unit	1,802	759	2,561	6	0	2,555
29	Other	3,011	1,268	4,279	10	0	4,269
30	Excess Strength Wastewater - Direct	887	373	1,260	3	0	1,257
31	Stormwater Incentive Program	4,528	1,906	6,434	15	0	6,419
32	Total Customer Costs	30,100	12,672	42,772	100	0	42,672
33	Total Operation & Maintenance Expense	167,269	62,937	230,207	538	3,000	226,669

TABLE A - 28

UNIT PUMPING AND TREATMENT OPERATION AND MAINTENANCE EXPENSE
 APPLICABLE FOR CONTRACT SERVICE
 Test Year 2013

Line No.	Cost Component	(1) Net Operating Expense \$	(2) Projected TY Units of Service	(3) Unit Operating Expense \$/Unit
PUMPING STATIONS				
Neill Drive Pumping Station				
Retail and Lower Merion				
1	Total Volume	40,000	69,650 Mcf	0.5743
2	Total Capacity	30,000	370 Mcf/day	81.0811
Central Schuylkill Pumping Station				
Retail and Springfield (excl. Wyndmoor)				
3	Total Volume	820,000	2,715,700 Mcf	0.3019
4	Total Capacity	1,280,000	22,110 Mcf/day	57.8924
WATER POLLUTION CONTROL PLANTS				
Retail, Abington, Bensalem, Bucks County W&SA, Lower Moreland, and Lower Southampton				
5	Volume	476,000	6,138,000 Mcf	0.0775
6	Capacity	1,787,000	37,610 Mcf/day	47.5140
Retail, Abington, Bensalem, Bucks County W&SA, Cheltenham, Lower Moreland, and Lower Southampton				
7	Volume	10,094,000	8,295,000 Mcf	1.2169
8	Capacity	2,595,000	50,824 Mcf/day	51.0586
9	Suspended Solids	17,360,000	110,114 1,000 lbs	157.6548
10	BOD	13,977,000	79,518 1,000 lbs	175.7726
Southwest Plant:				
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby				
11	Volume	9,952,000	8,783,000 Mcf	1.1331
12	Capacity	3,056,000	53,814 Mcf/day	56.7882
13	Suspended Solids	12,639,000	81,108 1,000 lbs	155.8293
14	BOD	11,014,000	63,146 1,000 lbs	174.4212
Southeast Plant:				
Retail and Springfield (Wyndmoor)				
15	Volume	7,417,000	4,392,000 Mcf	1.6888
16	Capacity	3,718,000	26,909 Mcf/day	138.1694
17	Suspended Solids	8,318,000	38,024 1,000 lbs	218.7566
18	BOD	3,076,000	26,314 1,000 lbs	116.8959

Mcf - thousand cubic feet

Mcf/day - thousand cubic feet per day

lbs - pounds

TABLE A - 37
OPERATING EXPENSE
ALLOCATED TO
SPRINGFIELD (EXCL. WYNDMOOR) TOWNSHIP
Test Year 2013

Line No.	Cost Component	(1) Allocated Investment \$		(2) Test Yr. No. of Units		(3) Allocated Operating Expense \$
Collection System						
1	Sewer Maintenance (a)	768,000	x	4.00%		30,720
		<u>Operating Expense Per Unit</u>				
Central Schuylkill Pump Station						
Retail and Springfield (excluding Wyndmoor)						
2	Volume	0.3019	\$/Mcf	169,200	Mcf	51,081
3	Capacity	57.8924	\$/Mcf/day	407	Mcf/day	23,562
SW Treatment Plants:						
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby						
4	Volume	1.1331	\$/Mcf	169,200	Mcf	191,721
5	Capacity	56.7882	\$/Mcf/day	407	Mcf/day	23,113
6	Suspended Solids	155.8293	\$/1,000 lbs	2,932	1,000 lbs	456,892
7	BOD	174.4212	\$/1,000 lbs	2,421	1,000 lbs	422,274
8	Customer Costs					<u>27,200</u>
9	Total					1,226,563
10	Total - Rounded					1,227,000

Mcf - Thousand cubic feet
lbs - pounds

(a) Based on investment in sewers serving Springfield (excluding Wyndmoor).

TABLE A - 38
OPERATING EXPENSE
ALLOCATED TO
SPRINGFIELD (WYNDMOOR) TOWNSHIP
Test Year 2013

Line No.	Cost Component	(1) Allocated Investment \$	(2)		(3) Allocated Operating Expense \$
		Operating Expense Per Unit	Test Yr. No. of Units		
Collection Systems					
1	Sewer Maintenance (a)	331,000	x	4.00%	13,240
SE Treatment Plants: Retail, Springfield (Wyndmoor)					
2	Volume	1,6888	\$/Mcf	22,900	Mcf 38,674
3	Capacity	138,1694	\$/Mcf/day	167	Mcf/day 23,074
4	Suspended Solids	218,7566	\$/1,000 lbs	127	1,000 lbs 27,782
5	BOD	116,8959	\$/1,000 lbs	97	1,000 lbs 11,339
6	Customer Costs				<u>7,700</u>
7	Total				121,809
8	Total - Rounded				<u>122,000</u>
Mcf - Thousand cubic feet lbs - pounds					

(a) Based on investment in sewers serving Springfield (Wyndmoor).

TABLE A - 40

**SUMMARY OF ALLOCATED COST OF SERVICE
FOR SPRINGFIELD TOWNSHIP
Test Year 2013**

Customer	(1) Allocated Investment (a)	(2) Allocated Depreciable Investment (a)	(3) O&M Expense	(4) Depreciation Expense	(5) Return on Investment	(6) Allocated Cost of Service
	\$	\$	\$	\$	\$	\$
Springfield (less Wyndmoor)	5,550,000	5,534,000	1,227,000	135,000	416,000	1,778,000
Springfield (Wyndmoor)	1,183,000	1,182,000	122,000	28,000	89,000	239,000

(a) Plant Investment as of 6/30/11. Includes Administration and General costs.

TABLE A - 49
SUMMARY OF CHARGES
FOR SPRINGFIELD TOWNSHIP

Line No.	Customer	(1) Annual Lump Sum	(2) Unit Costs			
			(2) Volume	(3) Capacity (a)	(4) Suspended Solids	(5) BOD
		\$	\$/Mcf	\$/cfs	\$/1,000 lbs	\$/1,000 lbs
Fiscal Year 2013						
1	Springfield (less Wyndmoor)	608,000	1.4749	10,146	158.5951	175.3211
2	Springfield (Wyndmoor)	138,000	1.7579	11,938	229.6040	118.1136
Fiscal Year 2014						
3	Springfield (less Wyndmoor)	609,000	1.5786	10,870	174.3280	190.5606
4	Springfield (Wyndmoor)	138,000	1.8977	12,748	250.9098	128.1883
Fiscal Year 2015						
5	Springfield (less Wyndmoor)	609,000	1.6272	11,135	182.9871	200.1492
6	Springfield (Wyndmoor)	138,000	1.9608	12,951	261.4507	133.4719

(a) Annual Cost.

Mcf - Thousand cubic feet

cfs - cubic feet per second

lbs - pounds

EXHIBIT "E"

The following two (2) pages constitute Exhibit "E".

Springfield Township Share-Philadelphia Water Department - 25 Year LTCP Program - Based on 8.4 MGD Peak Instantaneous Flow

Table with 26 columns (1-25 years + Total) and 4 rows: Estimated LTCP Capital Costs, Target C1 - WW Treatment Upgrades, Target C2 - Green Infrastructure, Flexible LTCP Projects, Total LTCP Capital Budget.

Township Share of Capital 0.007932011

Main data table with 26 columns and 25 rows of depreciation & return charges, plus summary rows for Township Total Deprec & Return Charge.

LTCP O&M Costs

Table with 26 columns and 4 rows: Annual Incremental O&M (1.7% of Capital), Annual Total O&M (1.7% of Accumulated Capital), Township share O&M, Township Total O&M and Deprec/Return, Township Management Fee (12%), Township Total O&M, Depec/Return, Mgt. Fee.

Notes: Springfield Township share is based on the proposed peak instantaneous flow rate of 8.4 MGD as percent of PWD's Peak Wastewater Treatment capacity of 1,069 MGD

AGREEMENT

This Agreement, made and effective this 1st day of December 1995 (hereinafter the "EFFECTIVE DATE") by and between the City of Philadelphia, (hereinafter called "City"), and Upper Darby Township, (hereinafter called "Township").

WITNESSETH:

WHEREAS, City owns and operates wastewater collection and treatment facilities to convey, treat and dispose of wastewater and its by-products, including biosolids, collected from retail customers within City and from outlying municipalities, townships, authorities and entities including Township; and

WHEREAS, City desires to reserve wastewater treatment capacity for wholesale suburban customers at its Southwest Water Pollution Control Plant (the "Plant") on a long term basis to ensure the most efficient use of City's resources and facilities, and to provide full and fair compensation to City; and

WHEREAS, the Council of City of Philadelphia has by Ordinance, Bill No. 1129, approved by the Mayor on May 20, 1987, authorized the Water Commissioner to enter into new agreements for the sale of wastewater treatment service to suburban communities; and

WHEREAS, Township may desire to acquire wastewater treatment capacity from City at the Plant to ensure a sufficient wastewater treatment capacity for the communities it serves; and

WHEREAS, the Plant has limited capacity and City has other suburban customers who purchase wastewater treatment service from City; and

WHEREAS, Township agrees to pay for its reserved wastewater treatment capacity in accordance with this Agreement;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

I. WASTEWATER QUANTITY AND QUALITY

A. Reservation of Capacity -- City shall reserve wastewater treatment capacity for the Township at the Plant as set forth in Exhibit "A" attached hereto and incorporated herein ("Flow and Loadings Limits").

B. Initial Capital Contribution -- Prior to execution of this Agreement, in consideration of the reservation of capacity at the Plant, Township has paid FIVE MILLION AND THREE HUNDRED FIFTY SIX THOUSAND DOLLARS (\$5,356,000.00) to City for net cost to City for wastewater conveyance and treatment facilities, systems and equipment for which the City has made payment prior to July 1, 1985 and allocated to the service of township under the terms and conditions stated herein plus one hundred and forty four thousand and one hundred twenty dollars (\$144,120.00) for wastewater conveyance and treatment facilities, systems and equipment allocated to the service of township as stated herein for

which the city has made payment as of June 30, 1988. These sums shall be referred to as Township's "Initial Capital Contribution."

C. Additional Capital Contributions - Pro rata share of New Facilities and Renewal and Replacement

Township shall pay to City its pro rata share, as calculated by City, of capital funded costs for improvement to and/or renewal and/or replacement of facilities allocated to the service of the Township and for new facilities not already included in the Initial Capital Contribution excepting, however, new facilities and/or expenditures which are intended solely to increase the marketable capacity of the plant. Such payments shall be referred to as Township's "Additional Capital Contributions." Township has, subsequent to June 30, 1988, paid City \$1,322,578 in Additional Capital Contributions. Township shall pay its future Additional Capital Contributions in accordance with the following procedure:

(1) Billing and Payment:

City shall bill Township no more than once per quarter for its pro rata share of actual Additional Capital Contributions as calculated by the City. Additional Capital Contributions shall be calculated by the City as those costs actually paid by the City, less reimbursements actually received from the

federal or state government.

(2) Due Date and Objection Letter

Township shall pay Additional Capital Contributions within sixty (60) days of receipt of the bill. If the Township objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter".) The Objection Letter shall state in precise detail, based on information available to the Township, the exact nature of the objections and shall include any and all known facts and documentation supporting the objections. Sixty days after City's receipt of the Objection Letter both parties shall proceed to arbitration pursuant to Section VII(B) of the Agreement in order to resolve the specific objections raised in the Objection Letter. During the sixty day period prior to arbitration, the Township shall have the opportunity to conduct its inspection and audit of City records in accordance with Paragraph VII(A). Upon mutual agreement of the City and Township, appointment of the arbitrators may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The delay in proceeding to appoint the arbitrators shall last only as long as

is mutually agreed by both parties.

All billings, including all billings subject to an Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if an Objection Letter to a billing is received prior to the bill's due date, the Township may elect to pay the disputed portion of the bill into a special escrow account held jointly by City and Township at Corestates Bank or its successors and/or assigns. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by the Board of Arbitrators.

If an Objection Letter is not received prior to the bill's due date, then the Township shall pay the billing in full and on time directly to the City and not into the escrow account but Township may nevertheless proceed to investigate and dispute said bill and thereafter demand arbitration.

In the event that Township does not pay the bill when due, late charges will accrue at the rate of one and one-quarter (1-1/4%) percent per month simple interest. Under two special conditions, funds paid into the escrow account shall also be subject to

a late charge of one and one-quarter percent (1-1/4%) per month. These two special conditions are:

- (1) The Board of Arbitrators determines that the Township's payment into the escrow account was made in bad faith;
- or
- (2) The Township made payments into the escrow account without submitting its Objection Letter to the City prior to the bill's due date.

Regarding the interest earned on the escrow funds, the City shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, Township shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Township. The interest payable to the Township shall be applied as a credit to the Township's next billing. Where City is entitled to late charge interest on escrowed funds all interest theretofore earned on said funds shall be credited to Township's late charge obligation so that the total monies payable to City do not exceed the principal amount owed together with 1-1/4% interest per month.

(3) Annual and Five Year Capital Budget Updates

No later than August 1 of each year, City will furnish to Township its best estimate of Township's quarterly capital obligations for the succeeding calendar year (hereinafter "Calendar Year Quarterly

Estimate"). The Calendar Year Quarterly Estimate is only an estimate. In addition to the Calendar Year Quarterly Estimate, City shall provide Township with an estimate of its expected capital costs over the next 5 calendar years on August 1 and March 30 of each year.

If the actual quarterly capital billings are more than 125% of the Calendar Year Quarterly Estimate, the Township shall have an additional 60 days to pay the amount in excess of 125% of the Calendar Year Quarterly Estimate. In order to calculate whether an actual billing exceeds a Calendar Year Quarterly Estimate billing by 125%, the following formula shall be applied:

$$\frac{\text{Actual Quarterly Capital Billing} - \text{Quarterly Capital Surpluses from Previous Quarters of Calendar Year}}{\text{Calendar Year Quarterly Estimate Billing}}$$

The terms of the equation are defined as follows:

Actual Quarterly Capital Billing - The quarterly billing received by the Township for any specified quarter.

Calendar Year Quarterly Estimate Billing - The estimated Billing for that specified quarter which was provided by August 1 of the preceding calendar year.

Quarterly Capital Surpluses From Previous Quarters of Calendar Year

Where any actual quarterly capital billing for a given quarter is less than the Calendar Year Quarterly Estimate

for that quarter, a quarterly capital surplus is created. This equation term, therefore, equals all quarterly capital surpluses for all previous quarters within the calendar year.

The additional 60 days, if applicable, shall be granted without any late charge accruing. The City shall grant an additional 90 days, in addition to the previously granted 60 days, for payment of the excess over 125% if the Township so requests. However, during this additional 90 day period late charges shall accrue at the rate of one and one quarter percent (1-1/4%) per month. If the Township pays the remaining balance of the bill, in full, and within the 90 day period, then the Township shall not be considered in default of its payment obligations.

D. Change in Capacity

(1) Township and City agree to the following in the event of a change in the capacity of the Plant:

- (a) In the event that any regulatory agency, whether federal, state or local, directs City to expand the capacity or upgrade treatment levels, or both, of the plant, for any environmental reasons or purposes, Township shall pay its pro rata share of the capital funded cost of such expansion or upgrade to the extent such expansion or upgrading is needed to process Township's flows.
- (b) If City increases the capacity solely to

increase the marketable capacity of the Plant or solely to serve increased inside City needs, Township shall not be responsible for the costs of such expansion. However, the revised capacities of the facilities shall be used to allocate the Township its pro rata share of future capital expenditures properly allocated to the service of the Township.

- (c) If the capacity of the plant or a portion thereof is rerated at the direction of Federal or State regulatory agencies, Township shall pay its pro rata share of subsequent capital expenditures, based upon the revised capacities of the facilities and Township's then reserved capacity. In the event downgrading occurs Township shall have the right to proportionately reduce its reserved capacity.

Neither City nor Township shall be entitled to any retroactive adjustment of the Initial and Additional Capital Contributions made by Township. Nothing in this Section I(D) shall serve to revise Township's flow and loadings limits as set forth in Exhibit "A" attached hereto and incorporated herein ("The Flow and Loadings Limits Addendum").

- (2) In the event that City determines it has excess

marketable capacity, City shall advise its suburban customers of such availability. It shall be the responsibility of the customer to make a timely formal request to increase its pro rata share of such capacity, at a charge reasonably determined by City to be fair and equitable at that time. Nothing in this Section shall be construed to bind either party to agree to modify this Agreement or the Flow and Loadings Limits Addendum or to bind City to have additional capacity available.

E. Term -

(1) This Agreement shall begin from the EFFECTIVE DATE and shall continue in force and effect until August 8, 2023, unless terminated as hereinafter set forth.

(2) City shall have the right to terminate this Agreement for "cause" at any time, but only upon five (5) years' written notice. "Cause" shall mean:

- a) continuing exceedances of the flow and loadings limits which are not corrected as required by this Agreement and which impair the safe and efficient operation of the system or which cause City to be in violation of permits issued by the Pennsylvania Department of Environmental Resources or the United States Environmental Protection Agency; or
- b) failure by Township to meet its financial obligations under this Agreement for a period

of two consecutive billing periods; or

c) failure by Township to comply with a decision or determination of a Board of Arbitrators or court of competent jurisdiction rendered under this Agreement within three months of the date of the decision or determination unless otherwise specified by the Board of Arbitrators or a court of competent jurisdiction.

(3) If City terminates this agreement for cause after August 8, 1997, Township shall receive the value of assets paid through its Initial and Additional Capital Contributions as determined by the methodology described in Section I.E.(5). Such valuation shall be made as close as practicable to date of termination, and the payment shall be made to Township on August 8, 2023.

(4) Township's Right to Terminate with Five (5) Years' Notice

The Township shall have the right on or before ten (10) years from the EFFECTIVE DATE to terminate this Agreement by providing City with five (5) years advance written notice of its intent to terminate the Agreement. (This five year advance written notice shall hereinafter be referred to as the "Township Termination Letter"). The City's receipt of the Township Termination Letter shall

cause the City to make the following changes to Township's capital cost billings as discussed in Sections 4(a) and 4(b), immediately below.

(a) Conversion from Capital Contributions to Depreciation and Return
Township's method of paying capital costs, as contained in this Section I, shall be changed from its present capital contribution basis to payment based on a depreciation and return basis. This change shall be effective from the date of receipt of the Township Termination Letter until the Agreement terminates five years after the date of receipt of the Township Termination Letter. Should the Township, for whatever reason, be unable to actually terminate the Agreement five (5) years after the Township Termination Letter is received, capital billings shall continue on a depreciation and return basis until such time that the Township can actually terminate this Agreement. Capital charges, billed on a depreciation and return basis, are recovered through the Wastewater Conveyance and Treatment Charges contained in Section III of this Agreement. Therefore, the ten percent (10%) management fee shall be assessed on the capital charges. Further, all provisions of Section III, relating to billings, late payments, dispute resolutions, Objection Letters, escrow accounts, .

etc. shall be applicable to all capital charges levied on a depreciation and return basis.

(b) Retroactive Capital Charge Adjustment

The Township's Termination Letter shall not only change the way capital charges are collected in the future, but shall also result in a retroactive change regarding capital billings. The Township Termination Letter shall cause the way in which capital charges were calculated to change from its capital contributions basis to a depreciation and return basis effective from July 1, 1988. The City shall calculate what the amount of depreciation, return on investment and related management fee charges would have been had the City billed Township on a depreciation and return basis from July 1, 1988 to the date of receipt of Township's Termination Letter (hereinafter known as "Retroactive Depreciation and Return Amount"). Next, the City shall calculate the total of all capital contributions made by the Township from July 1, 1988, which includes the Township's Initial Capital Contribution, to the date of receipt of the Township's Termination Letter (hereinafter "Actual Capital Contributions Amount").

If the Retroactive Depreciation and Return Amount is greater than the Actual Capital Contributions Amount then Township shall pay City the difference between these two Amounts. The difference shall be paid in equal installments over the next sixty (60) monthly Wastewater Conveyance and Treatment Charges billings.

If the Actual Capital Contributions Amount is greater than the Retroactive Depreciation and Return Amount then City shall pay Township the difference between these two Amounts. The difference shall be paid by the City providing a credit, in equal installments, to the Township's next sixty (60) monthly Wastewater Conveyance and Treatment Charges billings.

City and Township agree that Exhibit E, attached hereto and fully incorporated by reference, represents the methodologies upon which the parties will make their calculations

(5) In the event this Agreement terminates for any reason, except for cause which is found in Section I(E)(2) and (3) or the Township's Right to Terminate Provision found in Section I E(4), City shall pay to Township an amount equal to the Township's share of the

then-remaining value of all systems, equipment and facilities used to convey and treat Township's wastewater under this Agreement (the "Assets"). The remaining value of the Assets shall be calculated as follows:

- a) The remaining useful life of each component of the assets shall be separately calculated.
- b) Capital contributions by the Township towards the cost of acquisition, renewal and replacement of each component of the assets shall be multiplied by a fraction whose numerator is the remaining useful life of the component, and whose denominator is the sum of the years the component has been in service, plus the remaining useful life.
- c) The amount thus calculated shall be paid to the Township in cash on the effective date of termination.
- d) The calculation required hereunder shall be made by an independent engineer selected jointly by the City and the Township. The expense of the appraisal shall be divided equally between the City and the Township. If the City and the Township cannot agree on an engineer, then one shall be selected by the same method to be used to select a third arbitrator under Section VII.B of this Agreement. The engineer's calculation may be appealed to a panel of Arbitrators pursuant to Section VII(B) of the Agreement.

II. WASTEWATER LIMITS AND EXCEEDANCE CHARGES

A. Quantity and Quality -- City shall convey, treat and dispose of wastewater delivered by Township in accordance with Flow and Loadings Limits.

B. Flow and Loadings Limits -- The wastewater delivered by Township to City shall not exceed the limitations set forth in the Flow and Loadings Limits Addendum (Exhibit A). For

the purpose of this Agreement the term "Flow Limits" shall mean the maximum amount of wastewater as measured in millions of gallons per day which may be delivered to City for treatment in a given period of time and the term "Loadings Limits" shall mean the maximum biochemical oxygen demand ("BOD") loadings and suspended solids ("SS") loadings which shall be delivered to City for treatment annually. The flow limits and loadings limits for SS and BOD shall be as set forth in the Flow and Loadings Limits Addendum.

C. Exceedance Charges -- City shall measure or estimate the quantity and sample the quality of Township's wastewater flow. Township shall be liable to pay penalties to City for exceedances of agreed upon Flow Limits and Loadings Limits as set forth in the Flow and Loadings Limits Addendum and the "Exceedance Charges Addendum" (attached hereto and incorporated herein as Exhibit "B").

D. Plan to Eliminate Exceedances -- In the event that Township's wastewater flow exceeds the Flow Limits set forth in the Flow and Loadings Limits Addendum on five (5) or more occasions in one calendar year or eight (8) or more occasions in two consecutive calendar years, or ever exceeds the maximum annual average in any consecutive 365 day period, or if Township exceeds the Annual Loadings Limits, either for BOD or SS, in any consecutive 365 day period, Township agrees:

- 1) That upon written notice of exceedances from City,

Township shall develop and submit to City within one hundred and eighty (180) days of written notice a written report detailing a plan of action to eliminate the exceedances within five (5) years from the date of submission of the written report. City shall promptly approve or disapprove the plan. Approval of the plan outlined in the report will not be unreasonably withheld. City shall notify the Township in writing within sixty (60) days of receipt of the plan of approval or disapproval, including reasons for disapproval.

2) If Township fails to submit in good faith a report outlining a plan to eliminate exceedances, or if City in good faith cannot approve such a plan, Township shall be liable to City for a penalty of One Thousand Dollars (\$1,000.00) per week until such time as Township submits a plan which City approves. Any dispute shall be subject to arbitration.

III. WASTEWATER CONVEYANCE AND TREATMENT CHARGES

A. Wastewater Conveyance and Treatment Charges -- Township agrees to pay wastewater treatment and conveyance charges. The wastewater treatment and conveyance charges shall consist of:

(1) An operation and maintenance charge based upon actual or estimated wastewater flows and the agreed

standardized BOD and SS Loadings of wastewater delivered to the Plant by Township. The operation and maintenance charge shall be based upon the cost, as defined below at Paragraph III(A)(3), of conveying and treating wastewater delivered by the Township. Such charges shall be based upon flow and strength of wastewater delivered as well as charges based upon billing, metering, sampling, conveyance system maintenance, and other related fixed costs.

(2) A management fee equal to ten percent (10%) of the charges set forth in paragraph (1) above shall be added to complete the billing.

(3) For the purpose of this Agreement the term "cost" shall include all direct and indirect expenses, including but not limited to, labor, materials, equipment, power, chemicals, rentals, benefits and departmental overhead. Departmental overhead shall include, but not be limited to, administrative, financial, legal, accounting and engineering support.

(4) Township shall have the right upon ten working days written request to review City's method of computing and allocating the cost of providing wastewater treatment service to Township.

B. Billing and Penalties for Late Payment --

(1) City shall render bills to Township on a monthly basis for the Wastewater Treatment and Conveyance Charges set forth in this Agreement. City reserves the right to bill Township on a less frequent basis in the future.

(2) Bills shall be payable to City by Township within thirty (30) days of receipt of bill by Township. If the Township objects to any bill, in whole or in part, it shall notify City in writing prior to the bill's due date. (This writing shall hereinafter be referred to as the "Objection Letter".) The Objection Letter shall state in precise detail, based on the information available to the Township, the exact nature of the objections and shall include any and all known facts and documentation supporting the objections. Sixty days after City's receipt of the Objection Letter both parties shall proceed to arbitration pursuant to Section VII(B) of the Agreement in order to resolve the specific objections raised in the Objection Letter. During this sixty day period prior to arbitration, the Township shall have the opportunity to conduct its inspection and audit of City records in accordance with Paragraph VII(A). Upon mutual agreement of City and Township, appointment of the arbitrators may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The delay

in proceeding to appoint the arbitrators shall last only as long as is mutually agreed by both parties.

All billings, including all billings subject to an Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if an Objection Letter to a billing is received prior to the bill's due date, the Township may elect to pay the disputed portion of the bill into a special escrow account held jointly by City and Township at Corestates Bank or its successors and/or assigns. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by the Board of Arbitrators. If an Objection Letter is not received prior to the bill's due date, then the Township shall pay the billing in full and on time directly to City and not into the escrow account, however, Township may still raise objections to and dispute said bill including demanding arbitration.

- (3) Late fees at the rate of one and one-quarter percent (1-1/4%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing. Under two special conditions, funds paid into the escrow account shall also be subject to a late charge of one

and one-quarter percent (1-1/4%) per month. These two special conditions are:

- (a) The Board of Arbitrators determines that the Township's payment into the escrow account was made in bad faith;
- or
- (b) The Township made payments into the escrow account without submitting its Objection Letter to City prior to the bill's due date.

Regarding the interest earned on the escrow funds, City shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to City. Similarly, Township shall be entitled to interest on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Township. The interest payable to the Township shall be applied as a credit to the Township's next billing. Where City is entitled to late charge interest on escrowed funds all interest theretofore earned on said funds shall be credited to Township's late charge obligation so that the total monies payable to City do not exceed the principal amount owed together with one and one quarter percent (1-1/4%) interest per month.

C. Notice of Changes in Rates, Billing Practices, and Recalculation of Standardized Strength Measurements -- City shall provide notice to Township of any change in rates, billing practices, or recalculation of standardized strength measurements at least ninety (90) days in advance of the .

effective date of such change. Township shall promptly review this notice. Should the Township object to the change in rates, billing practices, or recalculation of standardized strength measurements, it shall notify City in writing within 150 days from receipt of City's notice as to its specific objections. (Hereinafter this writing is referred to as the "Change Objection Letter"). The Change Objection Letter shall include any and all known facts or documentation supporting the specific objections contained therein. The Change Objection Letter shall automatically be deemed to be a demand for arbitration made pursuant to Section VII(B) of the Agreement and the parties shall immediately proceed to arbitration in accordance with the aforementioned section. Upon mutual agreement of City and Township, the appointment of the arbitrators may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The delay in proceeding to appoint the arbitrators shall last only as long as is mutually agreed by both parties. Should the Township fail to provide City with a Change Objection Letter within 150 days from receipt of City's notice, the rate increase, change in billing practices, or recalculation of standardized strength measurements shall be deemed fully accepted and approved by Township and Township shall have waived all its rights to contest the change in rates, billing practices, or standardized strength measurements.

D. Township Agreements -- City recognizes that Upper Darby Township has its own wastewater agreements with Haverford, Yeadon, Lansdowne, East Lansdowne and Millbourne. Nothing in those agreements shall constitute or cause a violation of this Agreement. It is not the intent of this Agreement to affect those agreements. Upper Darby shall not interpose its agreements with the aforementioned municipalities as a defense to compliance with the terms of this Agreement.

IV. CONSTRUCTION, OPERATION AND MAINTENANCE OF TOWNSHIP'S CONVEYANCE SYSTEM AND RELATED MATTERS

A. Design and Construction of Sewers - Township shall

design, construct, own, operate, maintain and repair at its sole cost and expense sanitary sewers and connections to the City system necessary to convey its wastewater to the City system. Township's responsibility shall end where its wastewater enters the metering chambers.

B. Approved Connection Points -- The locations of approved points of connection and provisions concerning these connections are described in Exhibit "C", attached hereto and incorporated herein (the "Connection Points").

C. Plan To Eliminate Unauthorized Discharge -- If any of Township's Connection Points are determined by City or any governmental regulatory agency to be maintenance problems or sources of unauthorized discharges, Township agrees to immediately submit a plan to City outlining action to be taken to eliminate within fortyfive days of written

notification the problem or unauthorized discharge. City shall promptly approve or disapprove said plan. Any action taken to eliminate a maintenance problem or unauthorized discharge shall be at the sole expense of Township.

D. Additional Connection Points - Metering and Maintenance Sampling

Township and City shall have the following rights and responsibilities as to any additional connection points requested by Township.

(1) Township shall submit for approval by City, plans and specifications for the design and installation of equipment for metering and sampling wastewater and for telemetering the metered signal to City. Approval of said plans and specifications shall not be unreasonably withheld.

(2) Upon approval by City, said metering and telemetering equipment shall be installed by Township to City's satisfaction.

(3) All purchase and installation costs for metering and telemetering equipment including equipment installed by City whether installed within or outside of the city limits shall be borne by Township.

(4) Township shall pay for and provide a dedicated, leased telephone line approved by City for the purpose of transmitting information from the meter to City. Township shall also pay for and provide electrical power required to operate the telemetering equipment in

Township.

(5) City shall read the meters, record the quantity of wastewater flowing through said meters, and inspect and maintain metering and telemetering equipment.

(6) City shall own and maintain metering equipment and the electronics associated with the meter installed in area served by Township. City shall own and maintain telemetering equipment installed in area served by Township which shall consist of equipment which converts the signal produced by the meter into a signal which can be transmitted over telephone lines. City shall also own and maintain all equipment located in City necessary to receive and record telemetered information.

(7) City shall meter, at the sole expense of Township, the currently unmetered overflow connection listed as Item 3 in Exhibit C to this Agreement. After acceptance from installing contractor, City shall bill Township \$27,401 for the cost of such meter and its installation. Township shall pay the bill within thirty (30) days. Late payment is subject to late charges of one and one quarter percent (1-1/4%) per month.

V. METERING, SAMPLING AND BILLING

A. Connection Points

(1) City shall measure wastewater flow by metering at Connection Points as set forth in Exhibit C. City shall

base its operation and maintenance charges on actual or estimated flow and loadings measures as set forth in Section V(B), below.

(2) In the absence of actual flow, City shall estimate for billing purposes using its standard methods for estimating flow as follows: For any day, or portion thereof, of missing flow data, City shall utilize as an estimate the arithmetic mean of the most recent available 90 days of actual flow history.

B. Standardized Wastewater Strength -- City shall bill the Township based on the following standardized measurements for wastewater strength:

BOD: 133 mg/l

TSS: 156 mg/l

C. City agrees to use the aforementioned standardized strengths through December 31, 1999. Thereafter, city may, at its discretion, or shall at the request of Township adjust these standardized measurements on or about the time of any wastewater rate change to Township or anytime after January 1, 2000; provided that City has first performed six consecutive quarters of representative sampling at Township wastewater sampling location near 60th Street and Cobbs Creek Parkway to determine if the standardized strengths in this Agreement continue to reflect the nature of the wastewater delivered to City's wastewater system by Township. Any adjustment to the standardized wastewater strength measurement shall remain in effect for five (5) years. For

the purposes of this Agreement "representative sampling" shall mean at least twelve 24 hour samples per quarter meeting PWD, EPA and DER quality assurance standards. These twelve samples per quarter shall be taken one sample per week during the quarter.

D. City will utilize all actual data from the most recent five years that meets the Philadelphia Water Department's Bureau of Laboratory Services and United States Environmental Protection Agency quality assurance, quality control standards to determine if an adjustment to the standardized strength measurements in Section V(B) is warranted. For purposes of this provision, the recalculation of the standardized strength measurements will not take into account actual data recorded prior to January 1, 1993.

E. Sampling -- City shall have the right to enter the area served by Township upon reasonable advanced telephone notice to sample Township's wastewater. Upon Township's request and if Township's representative is present, City shall provide Township with a portion of sample ("split sample").

F. Billing Information -- City shall provide to Township wastewater flow data utilized in billing Township with each invoice, as well as the results of any strength measurements of Township's wastewater obtained during that billing period.

VI. PRETREATMENT AGREEMENT AND SLUDGE UTILIZATION

A. Interjurisdictional Pretreatment Agreement -- City and

Township shall enter into the contract attached hereto and incorporated herein as Exhibit "D" ("Interjurisdictional Pretreatment Agreement"). Township agrees to comply with all of the provisions contained therein.

B. Biosolids Utilization -

(1) Township recognizes the importance and urgent need to utilize biosolids in a timely and proper manner.

Township shall:

- a) By December 1, 1995, designate a biosolids utilization coordinator to work cooperatively with City to identify projects involving beneficial community uses of biosolids-derived products (e.g., compost giveaway bins, soil factory, use of municipal grounds, etc.) within the area served by Township, as may be subject to approval by the Pennsylvania Department of Environmental Resources.
- b) Township shall arrange to accept and transport such quantities of biosolids-derived products as the Township believes it can usefully employ at municipal projects and shall accept delivery at City's Biosolids Recycling Center, 7800 Penrose Ferry Road, Philadelphia. Arrangements for delivery must be made in advance with the Plant Manager or his designee and are subject to approval by City.
- c) Township shall promote and support City's community education program for biosolids by identifying community groups which have an interest in biosolids utilization and aid in providing City with appropriate facilities in the Township at which City may conduct educational programs. Township shall further cooperate with and support City in its lobbying and legislative efforts regarding biosolids utilization programs.

(2) City shall retain the right to approve Township's Projects and to make available to Township such biosolids-derived products as may be in City's interest to provide.

(3) City shall be available to Township for advice and consultation in developing projects, and Township shall be responsible for their implementation.

(4) The biosolids utilization provisions shall remain in full force and effect during the term of this Agreement, except that every five (5) years, or at more frequent intervals at the request of either party, the parties shall review and modify them if necessary to reflect changed circumstances.

VII. MISCELLANEOUS

A. Inspection and Audit -- The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times have the right to examine and inspect said records and accounts upon 10 working days prior written notice. If required by any law or regulation, Township shall make said records and accounts immediately available to federal and state auditors.

B. Arbitration of Disputes -- If any dispute shall arise between the parties hereto, concerning interpretation of the terms, conditions and covenants of this Agreement, alleged violations thereof, or failure to meet financial obligations under this Agreement, the same shall be submitted to a Board of Arbitration. All Petitions to Compel or Stay Arbitration shall be filed in the Philadelphia County Court of Common

Pleas and both City and Township accept venue therein. The Board of Arbitration shall be composed of three (3) arbitrators, one appointed by City, one by Township, and the third to be agreed upon jointly by the arbitrators selected by City and Township.

The arbitrators appointed by Township and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointment, the two (2) arbitrators appointed by City and Township cannot agree on the third arbitrator, then either appointed arbitrator may request the American Arbitration Association or its successor to furnish a list of three (3) members from the pool of potential arbitrators for "complex" disputes of said Association, who are not residents of either Philadelphia or Delaware Counties, from which the third arbitrator shall be selected.

The arbitrator appointed by Township shall then eliminate one (1) name from the list furnished by the American Arbitration Association within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

Each party shall bear the costs of its own arbitrator.

and the parties shall equally divide the costs of the third arbitrator and all other common costs.

The Board of Arbitrators, thus established, shall commence the arbitration proceedings within thirty (30) days after the third arbitrator is selected and shall make its determination within sixty (60) days after the appointment of the third arbitrator. The decision of such arbitrators shall be final and binding upon the parties, except in the case of fraud.

C. Claims, Insurance and Related Matters --

(1) Township agrees to defend, indemnify and save harmless City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of the terms and conditions of this Agreement by reason of:

- a) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;
- b) Injury (including death) to persons and damages to property resulting from operations under this Agreement to convey Township's wastewater to the Plant, whether due to the negligence of City or Township or their employees, servants or agents or the inherent nature of their operations;
- c) United States Environmental Protection Agency

(hereinafter "EPA") or Pennsylvania Department of Environmental Resources (hereinafter "DER") action of any kind whatsoever, whether direct or indirect, for any work undertaken by Township, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA or DER.

d) Any grant fund, or any portion thereof, received by Township and later determined to be ineligible for reimbursement by the appropriate regulatory agency or grant auditors.

(2) City and Township agree that in the event of EPA or DER action or any other governmental regulatory action against City of any kind whatsoever, for activities carried out under this Agreement either by City or Township or their employees, servants or agents, City and Township shall equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action. Should City bill the Township pursuant to this paragraph, City shall inform the Township as to the nature of the bill. Further, City will not bill Township for any portion of such costs, fines, penalties and damages recovered pursuant to this subsection through the wastewater conveyance and treatment charge. These costs, fines, penalties and damages will be incorporated into the Township's next

August 1 capital estimate and paid in equal quarterly installments during the following calendar year.

(3) Anything in this Agreement to the contrary notwithstanding, Township shall not be liable for injuries (including death) or property damage occurring during conveyance through the City sewer system or treatment at the Plant, except, to the extent that such injuries and damages increase City's operating costs, Township shall be responsible for its proportionate share of those increased costs.

(4) Nothing set forth in this Agreement shall limit or debar City or Township from resorting to any appropriate remedy in law or equity, or any combination of remedies for noncompliance with Section VII(C) of this Agreement.

(5) Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Township or to vest in said third person any cause of action against City or Township or to authorize any such person to institute any suit or suits against City or Township.

D. No Transfer of Rights -- Township shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of wastewater treatment capacity without the express prior written consent of City. Such

consent shall not be unreasonably withheld.

E. Ownership, Management and Control of Plant Facilities

City retains sole ownership and control of the Plant and all other sewage treatment and conveyance facilities in City and agrees to operate, maintain, repair, and improve its facilities associated with service to Township. City retains the sole and exclusive right to make all managerial and other decisions regarding its sewage treatment facilities, including but not limited to those decisions regarding maintenance, upkeep, expansion, or replacement of all or a portion of its sewage treatment and conveyance facilities.

F. Severability -- In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

G. Successors and Assigns -- All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

H. Waiver -- The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

I. Notices -- All notices, payments and communications

required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Township may designate in writing from time to time:

If intended for City:

Water Commissioner
ARAMARK Tower
1101 Market Street
Philadelphia, Pennsylvania 19107-2994

If intended for Township:

Mayor
Upper Darby Township
Municipal Building
100 Garrett Road
Upper Darby, PA 19082-3135

All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

K. Captions -- The captions in this Agreement are for convenience only and are not part of the Agreement. The captions do not in any way define, limit, describe or amplify the provisions of this Agreement or the scope or intent thereof.

L. Entire Agreement -- This Agreement and its Exhibits and Addendums, incorporated herein, supersedes and replaces all earlier Agreements and represents the entire agreement of the parties hereto and there are no collateral or oral agreements

or understandings. This Agreement may be amended or modified only in writing signed by both City and Township.

IN WITNESS WHEREOF, The City of Philadelphia has caused this Agreement to be executed by its Water Commissioner; and the Mayor of Upper Darby Township has executed this Agreement on behalf of the Township, and has hereunto affixed the corporate seal of the said Township duly attested by the appropriate officer thereof, the day and year first above written.

CITY OF PHILADELPHIA

By: Kumar Kishinchand by ~~AK~~
KUMAR KISHINCHAND
Water Commissioner

Approved as to Form:

By: David Katz
DAVID KATZ
Divisional Deputy City Solicitor

UPPER DARBY TOWNSHIP

By: Margaret M. Murdoch
MARGARET M. MURDOCH
Mayor

Attest:

F. Raymond Shay
F. RAYMOND SHAY
Chief Administrative Officer

UPPER DARBY TOWNSHIP

FLOW AND LOADINGS LIMITS ADDENDUM

FLOW LIMITS

<u>Maximum</u> <u>Annual Avg.</u>	<u>Instantaneous Maximum</u>
17.0 MGD	35.00 cfs

SS AND BOD LOADINGS

<u>Annual</u> <u>Suspended Solids</u> <u>Loadings</u>	<u>Annual</u> <u>Biochemical Oxygen</u> <u>Demand Loadings</u>
7,348,500 lbs.	6,831,000 lbs.

UPPER DARBY TOWNSHIP

EXCEEDANCE CHARGES ADDENDUM

- I. Volume: As of the EFFECTIVE DATE of this Agreement, Township shall be liable to City for the following exceedance charges when Township exceeds the quantity flow limits set forth in the Flow Limits Addendum:
- A. \$6,500.00 per unit of flow over the maximum annual average during any consecutive 365 day period, such charge to be billed annually. The unit of flow used to determine exceedances shall be each million gallons, or part thereof, of wastewater flow per day.
- II. Strengths: As of the EFFECTIVE DATE of this Agreement, Township shall be liable to City for the following exceedance charges when Township exceeds the quality limits set forth in the Flow Limit Addendum:
- A. Suspended Solids (SS): \$480.00 per thousand pounds over the limit during any consecutive 365 day period.
- B. Biochemical Oxygen Demand (BOD): \$900.00 per thousand pounds over the limit during any consecutive 365 day period.
- III. Calculation of these consecutive 365 day periods shall start with data beginning one year prior to the EFFECTIVE DATE of this Agreement.
- IV. Charges for Years Subsequent to 1995
During January 1996 and during January of each calendar year thereafter, the exceedance charges stated above will be adjusted in accordance with the changes in the Consumer Price Index for the prior calendar year. The index to be used for this adjustment shall be the Consumer Price Index published by the U.S. Bureau of Labor Statistics for all urban consumers (CPI-U) for the Philadelphia SMSA, all items.

UPPER DARBY TOWNSHIP
APPROVED CONNECTION POINT TO CITY
WASTEWATER SYSTEM

1. 60th Street and Cobbs Creek Parkway (North)
2. 60th Street and Cobbs Creek Parkway (South)
3. Banks of Cobbs Creek (Philadelphia side), approximately 40 yards south of connection points 1 and 2, above.

INTERJURISDICTIONAL PRETREATMENT AGREEMENT

BETWEEN

THE CITY OF PHILADELPHIA

AND

UPPER DARBY TOWNSHIP

This Agreement is entered into this 1st day of December, 1995, between the City of Philadelphia ("City") and Upper Darby Township ("Township").

RECITAL

Whereas, City owns and operates a wastewater treatment system; and

Whereas, Township currently utilizes this wastewater treatment system pursuant to an agreement between City and Township dated December 1, 1995 (the "Service Agreement"); and

Whereas, City must develop and implement an industrial pretreatment program pursuant to conditions contained in its discharge permit (Permit # PA0026689) issued by the Pennsylvania Department of Environmental Resources; and

Whereas, Township desires to continue to utilize the wastewater treatment system and recognizes its industrial waste control obligations under 40 CFR 403.

In consideration of the following terms and conditions City and Township agree:

1. Within one year of the adoption by the City of its new wastewater control regulations Township shall adopt and diligently enforce rules and regulations (hereinafter "regulations") substantially identical to the regulations adopted by City.
2. Township shall explicitly incorporate the following provisions into its regulations:
 - (a) a provision requiring any industrial user responsible for any accidental discharge to notify immediately both City and Township;

EXHIBIT D

- (b) a prohibition on the use of dilution as a control technique for compliance with discharge limits except as allowed by Federal Pretreatment Standards;
 - (c) a grant of authority to impose mass discharge limits in lieu of, or in conjunction with, concentration discharge limits
 - (d) a prohibition against and penalty for the knowing transmittal of false information by an industrial user to either City or Township;
 - (e) a grant of explicit authority to Township to require the industrial user to install all monitoring and pretreatment facilities.
3. City and Township shall periodically (at a minimum of every five years) review their respective regulations and jointly draft and adopt equivalent amendments where necessary to ensure the effective administration and operation of the pretreatment program. Whenever City becomes aware of a problem with the pretreatment program which can be mitigated by a change in the ordinance, City may draft an amendment which Township must adopt. If Township has adopted regulations identical to City's regulations, then, whenever City amends its regulations, Township shall adopt the identical amendment.
 4. Township shall adopt, as part of its regulations, and enforce specific discharge limits at least as stringent as the specific discharge limits established in City regulations.
 5. Township regulations shall require that categorical pretreatment standards promulgated by the U.S. Environmental Protection Agency (EPA) by authority of the Clean Water Act Sections 307(b) and (c) be automatically incorporated by reference into Township's regulations. These standards shall supersede any specific discharge limits in the ordinance which are less stringent than the categorical standards as they apply to the particular industrial subcategory. Township shall notify all affected industrial users of pertinent categorical standards and monitoring and reporting requirements contained in 40 CFR § 403.12 or included as part of the categorical standards.
 6. Township shall adopt in its regulations definitions for "significant industrial user", "industrial user" and "nondomestic user" which are identical to the definitions adopted by City. City may make the final determination as to whether a particular industrial user is a significant industrial user, industrial user or nondomestic user based on information City may request from Township. City shall control, through industrial discharge permits, industrial waste discharges from each significant industrial user, industrial user or nondomestic user discharging into the sewer.

7. If there exists any industrial user discharging to Township sewer system but located outside the jurisdictional limits of Township, then Township shall within 30 days of this agreement notify such jurisdiction of this requirement and provide the City with copies of such notification. Township shall negotiate and enter into an agreement with this outside jurisdiction. Such agreement shall be substantially equivalent to this Agreement, and shall be jointly executed by Township, City and the outside jurisdiction. If the outside jurisdiction refuses to negotiate and execute an agreement, then City shall enter into a contract with the industrial user which contains terms and conditions substantially equivalent to City industrial discharge permits.
8. Township shall file with City a certified copy of its ordinance and any amendments thereto, other interjurisdictional agreements, and any contract entered into for the purposes of industrial waste control. If Township maintains, Township shall provide City access to and copies of, if requested, all industrial monitoring reports including 40 CFR § 403.12 compliance reports, self-monitoring reports, baseline reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state or local regulations. These records and other relevant information shall be maintained for at least six years.
9. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of the sewer system of Township. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, City shall be permitted, as appropriate, to enter onto private property to inspect industrial waste discharges. Township shall provide complete sets of sewer plans and make all necessary legal and administrative arrangements for these inspections. The right of inspection shall include on-site inspection of pretreatment and sewer facilities, observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance records located on the premises of the industrial user or nondomestic dischargers.
10. Township and City hereby agree that the City shall implement a pretreatment program within Township and shall perform in connection therewith technical and administrative activities which may include: 1) updating the industrial waste survey; 2) providing technical services, such as sampling, process chemical analysis, and engineering advice; 3) permitting; 4) compliance monitoring; 5) enforcement support and 6) monitoring hazardous waste disposal practices. Township may assume responsibility for conducting the pretreatment program implemented by City at any time upon 90 days advance written notice. To the extent Township shall administer its own

pretreatment program, it shall provide the City in writing a detailed outline of the program 90 days prior to initiating such a program and the City shall have the right to approve or disapprove the program. City may periodically review Township pretreatment program activities and funding to ensure that Township and any outside jurisdiction is adequately administering its pretreatment program in conformance with the Federal Pretreatment Regulations (40 CFR § 403) and all City requirements.

11. City shall review Township ordinance and amendments thereto, and any interjurisdictional agreements for conformance with 40 CFR § 403, and to ensure inclusion of all other legal provisions mandated by this Agreement. City shall periodically review the enforcement efforts of Township and any other jurisdiction to ascertain whether pretreatment requirements are being diligently enforced.
12. If City determines that Township has failed or has refused to fulfill any pretreatment obligations, City may develop and issue a remedial plan containing a description of the nature of the pretreatment deficiencies, an enumeration of steps to be taken by Township, and a time schedule for attaining compliance with all pretreatment requirements. Such plans shall be specifically enforceable in a court of competent jurisdiction. Where Township fails to satisfy the terms of the remedial plan, City may, upon thirty days written notice, refuse to accept any industrial waste discharges from Township.
13. In the event that EPA or Pennsylvania Department of Environmental Resources action results in fines, penalties or costs being assessed against City because of industrial or nondomestic waste discharged from Township, Township and City shall equitably apportion responsibility for payment of such fines, penalties or costs. Township shall fully indemnify, defend and hold harmless City for damages or costs arising from personal and property damage pursuant to the Service Agreement.
14. Where a discharge to the wastewater treatment system reasonably appears to present an imminent danger to the health and welfare of persons, or presents or may present an imminent danger to the environment, or threatens to interfere with the operation of the wastewater treatment system, City may immediately initiate steps to identify the source of the discharge, and to hold or prevent said discharge. City may seek injunctive relief against Township or outside jurisdictions and/or any industrial or nondomestic user contributing to the emergency conditions, and/or may pursue other self-help remedies. Township shall pay to City the cost of such steps taken to prevent, stop or ameliorate the effects of such discharge.

15. Any disputes arising out of this Agreement shall be submitted to binding arbitration performed in accordance with the procedures set forth in the Service Agreement between Township and City dated .
16. The terms of this Agreement may be amended only by written agreement of the parties. In any event, this Agreement shall be reviewed and revised, as necessary, at least every five years.
17. This Agreement modifies only those provisions of the existing Service Agreement between the two parties which conflict with the terms of this Agreement.
18. This Agreement will remain in effect so long as the Service Agreement remains in effect. Termination of the Service Agreement shall also result in the termination of this Agreement.

The parties hereto have executed this Agreement on the date shown above.

Kumar Kishinchand by *AK*
KUMAR KISHINCHAND, WATER COMMISSIONER
CITY OF PHILADELPHIA

6 December 95
DATE

Approved as to form:

David A. Katz
DAVID A. KATZ
DIVISIONAL DEPUTY CITY SOLICITOR

12/6/95
DATE

Margaret M. Murdoch
MARGARET M. MURDOCH, MAYOR
UPPER DARBY TOWNSHIP

12-11-95
DATE

F. Raymond Shay
ATTEST
F. RAYMOND SHAY
CHIEF ADMINISTRATIVE OFFICER

12-11-95
DATE

**PHILADELPHIA WATER DEPARTMENT
 CALCULATION OF DEPRECIATION , RETURN ON INVESTMENT(ROI) AND MANAGEMENT FEE AND
 LUMP SUM CAPITAL INVESTMENT 7/1/88 thru 9/30/95
 UPPER DARBY TOWNSHIP**

INVESTMENT	7-1-88 to 9-30-90	10-1-90 to 11-15-92	11-16-92 to 6-30-95	7-1-95 to 9-30-95
CONVEYANCE	\$723,000.00	\$723,000.00	\$723,000.00	\$723,000.00
TREATMENT & PUMPING	\$4,777,120.00	\$5,017,000.00	\$5,236,000.00	\$5,839,000.00
TOTAL	\$5,500,120.00	\$5,740,000.00	\$5,959,000.00	\$6,562,000.00

DEPRECIATION AND RETURN ON INVESTMENT CALCULATION:

INVESTMENT	7-1-88 to 9-30-90	10-1-90 to 11-15-92	11-16-92 to 6-30-95	7-1-95 to 9-30-95
CONVEYANCE	\$72,300.00	\$72,300.00	\$72,300.00	\$72,300.00
TREATMENT & PUMPING	\$501,597.60	\$526,785.00	\$549,780.00	\$613,095.00
TOTAL	\$573,897.60	\$599,085.00	\$622,080.00	\$685,395.00

CONVEYANCING @ 2% depreciation and 8% ROI
 TREATMENT & PUMPING @ 2.5% depreciation and 8% ROI

CAPITAL DEPRECIATION AND ROI (7-1-88 TO 9-30-95)

DATE(S)	DEP + ROI	NOTES
7-1-88 to 12-31-88	\$286,949.00	\$573,898 x 0.5 yrs.
1-1-89 to 12-31-89	\$573,898.00	
1-1-90 to 9-30-90	\$430,423.00	\$573,898 x 0.75 yrs.
10-1-90 to 12-31-90	\$149,771.00	\$599,085 x 0.25 yrs.
1-1-91 to 12-31-91	\$599,085.00	
1-1-92 to 11-15-92	\$524,199.00	\$599,085 x 0.875 yrs.
11-16-92 to 12-31-92	\$77,760.00	\$622,080 x 0.125 yrs.
1-1-93 to 12-31-93	\$622,080.00	
1-1-94 to 12-31-94	\$622,080.00	
1-1-95 to 6-30-95	\$311,040.00	\$622,080 x 0.5 yrs.
7-1-95 to 9-30-95	\$171,349.00	\$685,395 x 0.25 YRS
	<u>\$4,368,634.00</u>	
LESS ADJUSTMENT FOR DEPRECIATION ON LAND (1)	<u>(\$6,380.00)</u>	
	<u><u>\$4,362,254.00</u></u>	

\$4,362,354 + 10% Management Fee = \$4,798,479 For Period 7/1/88 thru 9/30/95

RETROACTIVE DEPRECIATION AND RETURN ON INVESTMENT (7/1/88 TO 9/30/95) \$4,798,479.00
 (Total depreciation return on investment and related management fee)
 (1) 7.25 YEARS @ \$880.00 PER YEAR = \$6,380.00 (JULY 1988 THROUGH SEPTEMBER 1995)

CAPITAL CONTRIBUTIONS PAID BY UPPER DARBY THROUGH SEPTEMBER 30, 1995

INITIAL CAPITAL CONTRIBUTION (paid August 8, 1988)	\$5,500,120
ADDITIONAL CAPITAL CONTRIBUTIONS PAID THROUGH 9/30/95	\$1,322,578
ACTUAL CAPITAL CONTRIBUTIONS AMOUNT THROUGH 9/30/95	<u><u>\$6,822,698</u></u>

NOTE: THE INVESTMENT ALLOCATED TO UPPER DARBY BOTH FOR CONVEYANCE, TREATMENT AND PUMPING FACILITIES AS WELL AS RATES FOR DEPRECIATION AND RETURN ON INVESTMENT AND THE DEPRECIATION AND RETURN ON INVESTMENT AMOUNTS SHOWN ABOVE WERE DEVELOPED BY THE CITY'S RATE CONSULTANTS, BLACK AND VEATCH AND TAKEN FROM THEIR RATE REPORTS TO THE CITY. THIS EXHIBIT IS ILLUSTRATIVE OF THE METHODOLOGY TO BE EMPLOYED PURSUANT TO SECTION I C 4(b) OF THE AGREEMENT. HOWEVER THE PARTIES DO NOT NECESSARILY AGREE ON THE ACCURACY OF THE CALCULATIONS IN THIS EXHIBIT.

Holsten & White

ATTORNEYS AT LAW

ONE OLIVE STREET

MEDIA, PENNSYLVANIA 19063

WILLIAM F. HOLSTEN, II
DAVID L. WHITE
JEFFREY P. HOYLE
ANDREW J. BELLWOAR
PAOLA TRIPODI KACZYNSKI
ROBERT F. KELLY, JR.
MARTIN D. PINNEGAN
DAVID M. MASELLI
ROBERT P. SCHENK

TELEPHONE
(610) 566-8800

FAX
(610) 566-9168

December 6, 1995

SENT VIA FACSIMILE (215) 685-6162 and FEDERAL EXPRESS

Dave Katz, Esquire
City of Philadelphia Law Department
ARA Tower at Reading Center
1101 Market Street
Philadelphia, PA 19107-2994

Re: City of Philadelphia v. Upper Darby Township
Our File No. H91-2635-MI

Dear Mr. Katz:

This will confirm the City and Township's Agreement that Upper Darby Township may object to venue in the City of Philadelphia pursuant to the Wastewater Contract recently entered into by the parties, under the terms which follow:

Whereas, Upper Darby Township believes that the City's insistence upon the provision that "all Petitions to Compel or Stay Arbitration shall be filed in the Philadelphia County Court of Common Pleas and both City and Township accept venue therein" found in Section VII. B. of the Wastewater Treatment Agreement entered into by the parties, and the provisions themselves are contrary to the laws of the Commonwealth of Pennsylvania, the Rules of Civil Procedure, and other applicable laws, statutes and ordinances; therefore, it is hereby agreed by the parties hereto, pursuant to Subsection L. of the aforesaid agreement that Upper Darby Township has reserved its right to make these objections to venue in the City of Philadelphia.

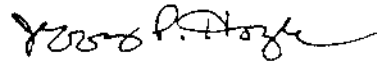
Please have the proper representative of the City sign this letter and I will have Ray Shay sign it for Upper Darby Township. The effective date of this letter shall be five (5) days following the completed execution of the Wastewater Contract. This is to also confirm that the City's Termination letter previously issued to the Township is hereby rescinded.

Page 2
Mr. Katz
December 6, 1995

In a related matter, please be advised that Upper Darby Township will follow through on adopting a Resolution which adopts the City's Wastewater Control Regulations as Amended June 1, 1993. Please sign the two (2) copies of the Agreement and two (2) copies of the enclosed letter and forward both to Raymond Shay at Upper Darby Township. Mr. Shay will then cause these Agreements to be executed on behalf of Upper Darby Township and forward them back to you with a check in the full amount of the agreed settlement.

Very truly yours,

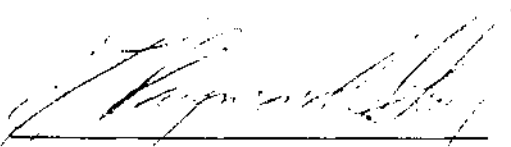
HOLSTEN & WHITE



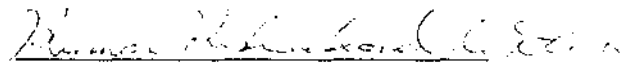
JEFFREY P. HOYLE

JPH/sdw

APPROVED:



F. Raymond Shay
for Upper Darby Township



for City of Philadelphia

AGREEMENT

This agreement (hereinafter called the "Agreement"), made this *26th* day of *April*, 1996, by and between the City of Philadelphia, Pennsylvania (hereinafter called the "City"), and the Philadelphia Suburban Water Company, located at 762 Lancaster Avenue, Bryn Mawr, Pennsylvania 19010, (hereinafter called "Wholesale Purchaser"),

WITNESSETH:

WHEREAS, by Ordinance (Bill No.1129, certified on May 20, 1987) the Water Commissioner of the City has been authorized to enter into agreements for the sale of drinking water in accordance with the standards set forth in the Ordinance; and

WHEREAS, the City owns and operates a drinking water treatment and conveyance system (hereinafter called "City Facilities") within the City limits and can supply drinking water to Wholesale Purchaser in addition to meeting the present and anticipated future needs of its existing drinking water customers; and

WHEREAS, Wholesale Purchaser has been requested by a developer, Tessa, Ltd., (hereinafter called the "Developer") to distribute drinking water to water users within a housing development in Montgomery County, the Miquon Tract, to be served by Wholesale Purchaser; and

WHEREAS, Wholesale Purchaser has requested the City to furnish to it a certain quantity of drinking water sufficient to meet the drinking water and fire protection needs of the Miquon Tract ; and

WHEREAS, Wholesale Purchaser has agreed to pay Water Charges in accordance with Article IV. of this Agreement in consideration of the City's commitment to reserve and allocate drinking water and conveyance capacity on a long term basis; and

WHEREAS, the City is desirous of fully utilizing its drinking water treatment and conveyance capacity and receiving full and fair compensation for its capital and operating costs; and

WHEREAS, Developer has entered into an agreement with certain neighbors, residents of the City of Philadelphia, attached hereto as Exhibit A.; and

WHEREAS, Wholesale Purchaser or Developer has agreed to install all water lines, pipes and connected fixtures contemplated by this Agreement in accordance with City specifications;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained herein, the parties agree that the City shall supply drinking water to Wholesale Purchaser, and Wholesale Purchaser shall receive and pay for this drinking water supplied to it according to the following terms and conditions:

Article I. Design and Construction/Facilities Furnished by Wholesale Purchaser. As conditions precedent to the effectiveness of this Agreement and the supply of any drinking water to Wholesale Purchaser, Wholesale Purchaser shall provide at its sole cost and expense all necessary facilities (hereinafter called "Wholesale Facilities") to receive and distribute drinking water supplied by the City in strict accordance with plans and specifications approved by the Water Commissioner. Wholesale Facilities shall include but not be limited to the Wholesale Purchaser's eight (8) inch water main (hereinafter called the "Eight Inch Main") connecting to the City's water main at a point on Spring Lane near the intersection of Spring Lane and Hagey's Mill Road and running west on Spring Lane to an eight (8) inch valve, backflow prevention devices, valves, a meter chamber, telemetry equipment and all mains, service lines and other fixtures located outside of the City limits serving the Miquon tract.

Article II. Facilities Furnished by City. The City shall install an eight (8) inch meter in Wholesale Purchaser's meter chamber. Wholesale Purchaser hereby conveys to the City all rights necessary to enter upon the land for the reading of the water meter and the routine maintenance of the water meter. Wholesale Purchaser shall be responsible for the costs of a City meter permit.

Article III. Maintenance.

A. City Maintenance.

(1) City shall maintain only those parts of the drinking water system, which have been lawfully dedicated and accepted by the Water Commissioner as part of the City's system of water mains and related fixtures (hereinafter called "City Facilities").

(2) After completion of the Eight Inch Main in strict accordance with all City approved plans and specifications, Wholesale Purchaser shall dedicate the section of the Eight Inch Main running west from the connection in Spring Lane near the intersection with Hagey's Mill Road up to and including the eight inch valve on Spring Lane. Upon acceptance by the Water Commissioner of this dedicated section of the Eight Inch Main, it shall become part of the City Facilities. However, City shall not accept any part of the drinking water system that is not located in a City street or legally opened jury road or any part for which the City has not been legally conveyed and has accepted a right-of-way for the occupation, maintenance, repair, and replacement of drinking water mains and related fixtures.

(3) City shall maintain the water meter. City's maintenance responsibilities for the water meter shall be limited and shall not extend to damages to the meter from negligent or intentional acts or omissions.

(4) With the exception of the water meter, the City shall in no case be responsible for maintenance of any pipe or fixtures extending beyond the eight inch valve on the Eight Inch Main providing drinking water to the Miquon

Tract. City shall not maintain any part of the drinking water system that is outside of the City limits.

B. Wholesale Purchaser.

(1) Wholesale Purchaser shall be responsible for maintenance of all facilities connected to the City's drinking water system located beyond the City limits as contemplated by this Agreement.

(2) Wholesale Purchaser shall be responsible for maintenance of all portions of the water mains and related fixtures in the City providing service to the Miquon Tract that have not been lawfully dedicated to the City and accepted by the Water Commissioner into the City's drinking water system. This maintenance responsibility shall specifically include without limitation, the meter pit, backflow devices and any pipes or other fixtures located outside of a City street or located outside of a right-of-way legally conveyed to and accepted by the City for water system occupation and maintenance.

Article IV. Water Charge and Changes to Charges.

A. Charge. The Water Charges (hereinafter called the "Charge") shall be paid by Wholesale Purchaser to the City for the supply of drinking water. The Charge is made up of a monthly service charge and a quantity charge. The current monthly service charge is \$143.00 and the current quantity charge is \$1.75 per thousand (1,000) gallons, which equates to a quantity charge of \$13.10 per MCF.

B. Management Fee. The City shall add to the Charges in Article IV. A. a management fee of ten percent (10%) which shall compensate the City for the general administration of treatment and conveyance of drinking water to Wholesale Purchaser.

C. Change in Charges.

(1) City may from time to time and in accordance with law set a new

Charge for Wholesale Customer, but any percentage increase from the current Charge to a new Charge shall not be greater than the percentage increases that apply to changes in the City's general service water rates for eight (8) inch meters for comparable time periods. City shall provide notice to Wholesale Purchaser of any change in the Charge at least sixty (60) days in advance of the effective date of such new Charges.

Article V. Billing and Payment.

A. Billing. The City's Water Department shall bill on a monthly basis in accordance with the current Charge, or at such other period to which the parties agree.

B. Payment.

(1) Wholesale Purchaser shall make payment in full within thirty (30) days from the date of the bill.

(2) If Wholesale Purchaser objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (Hereinafter this writing is referred to as "Bill Objection Letter".) A Bill Objection Letter shall state in precise detail, based on the information available to the Wholesale Purchaser, the exact nature of the objections and shall include any facts or documentation supporting the objections. Sixty (60) days after the City's receipt of a Bill Objection Letter both parties shall proceed to arbitration pursuant to Article XI. of the Agreement in order to resolve the specific objections raised in the Bill Objection Letter. During this sixty day period prior to arbitration, the Wholesale Purchaser shall have the opportunity to conduct its inspection and audit of City records in accordance with Article X. Upon mutual agreement of the City and Wholesale Purchaser, the arbitration may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties.

C. Escrow. All billings, including all billings subject to a Bill

Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if a Bill Objection Letter is received prior to the bill's due date, the Wholesale Purchaser may elect to pay the disputed portion of the bill in a special escrow account held by the City. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by the arbitrator(s). If a Bill Objection Letter is not received prior to the bill's due date, then the Wholesale Purchaser shall pay the billing in full and on time directly to the City and not into the escrow account. The City shall be entitled to the interest earned on the portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, Wholesale Purchaser shall be entitled to the interest earned on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Wholesale Purchaser. The interest payable to the Wholesale Purchaser shall be applied as a credit to the Wholesale Purchaser's next billing.

D. Late Fees. Late fees are at the rate of one and one-quarter percent (1-1/4%) per month simple interest and shall be added to any balance unpaid thirty (30) days after billing. Under two special conditions, funds paid into the escrow account shall also be subject to a late charge of one and one-quarter percent (1-1/4%) per month. These two special conditions are:

- (1) The arbitrator(s) determine that the Wholesale Purchaser's payment into the escrow account was made in bad faith; or
- (2) The Wholesale Purchaser made payments into the escrow account without submitting its Objection Letter to the City prior to the bill's due date.

Article VI. Estimated Billings. In the event that the measuring device shall malfunction or become inoperative for any reason at any time, the Water Department may estimate the quantity of water delivered to Wholesale Purchaser

during any period of malfunction or non-operation, based upon past records of consumption or other reasonable means.

Article VII. Average and Maximum Flow. The City will provide sufficient pumping and supply facilities to maintain an average daily rate of flow of 6,400 Gallons Per Day (GPD) with a peak demand of 12,800 GPD for domestic use, 750 Gallons Per Minute (GPM) @ 20 Pounds Per Square Inch (PSI) residual for fire hydrants. However, the City shall not be liable for any interruptions, fluctuations or failures in pressures or rate of flow which may occur during the term of this Agreement or any extension thereof.

Article VIII. Sole Ownership and Responsibility. The City retains sole ownership with respect to any and all City Facilities. No provisions of the Agreement shall be construed to create any type of joint ownership of property, any partnership or joint venture, or any other rights or liabilities except as expressly set forth in the Agreement.

Article IX. Sole Right to Management and Control of Facilities. The City retains exclusive, full and final control with respect to all City Facilities, and further retains the sole and exclusive right to make all managerial and other decisions as to City Facilities, including but not limited to decisions regarding operation, maintenance, upkeep, expansion, replacement or abandonment of all or a portion of City Facilities.

Article X. Inspection and Audit. The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days prior written notice. If required by any law or regulation, the City and Wholesale Purchaser shall make said records and

accounts immediately available to federal and state auditors.

Article XI. Arbitration of Disputes. If any dispute shall arise between the parties hereto, concerning the terms, conditions and covenants of this Agreement or alleged violations thereof, such disputes shall be submitted to arbitration as follows:

A. To the American Arbitration Association (AAA) for appointment of the arbitrator(s) and resolution under the Commercial Arbitration Rules and if applicable under the Supplemental Procedures for Large Complex Disputes or the then current rules.

B. In the event that the AAA is no longer available for such arbitrations the parties shall follow the following procedures:

(1) A Board of Arbitration shall be established, composed of three (3) arbitrators, one (1) appointed by City, one (1) by Wholesale Purchaser, and the third to be agreed upon jointly by the arbitrators selected by City and Wholesale Purchaser.

(2) The arbitrators representing Wholesale Purchaser and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointments, the two (2) arbitrators appointed by City and Wholesale Purchaser cannot agree on the third arbitrator, then either appointed arbitrator may request an independent arbitration organization to furnish a list of three (3) arbitrators from which the third arbitrator shall be selected.

(3) The arbitrator appointed by Wholesale Purchaser shall then eliminate one (1) name from the list furnished by the independent arbitration organization within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

(3) Each party shall bear the costs of its own arbitrator and the

parties shall equally divide the costs of the third arbitrator and all other common costs.

(4) The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) days after the third arbitrator is selected and shall make its determination within thirty (30) days after the appointment of the third arbitrator.

C. All petitions to compel or stay arbitration and appeals of the arbitration decision (in cases where fraud is alleged) shall be filed in Philadelphia County Court of Common Pleas and both City and Wholesale Purchaser accept venue therein.

D. The decision of the arbitrator(s) shall be final and binding upon the parties, except in the case of fraud.

Article XII. Claims, Insurance and Related Matters.

A. Wholesale Purchaser agrees to defend, indemnify and save harmless City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from performance of terms and conditions of this Agreement by reason of:

(1) City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement;

(2) Injury (including death) to persons and damages to property arising from this Agreement whether due to the fault or negligence of City or the Wholesale Purchaser or their employees, servants or agents or the inherent nature of their operations;

(3) United States Environmental Protection Agency (hereinafter "EPA") or Pennsylvania Department of Environmental Protection (hereinafter "DEP") action of any kind whatsoever, whether direct or indirect, for any work undertaken by Wholesale Purchaser, its contractors or consultants, necessary and required by this Agreement due to rejection of said work by the EPA

or DEP.

B. City and Wholesale Purchaser agree that in the event of EPA or DEP action or any other governmental regulatory action against City and Wholesale Purchaser of any kind whatsoever, for activities carried out under this Agreement either by City or Wholesale Purchaser or their employees, servants or agents, City and Wholesale Purchaser shall make a good faith effort to equitably apportion responsibility for payment of any costs, fines, penalties or damages arising from such action.

C. Anything in this Agreement to the contrary notwithstanding, Wholesale Purchaser shall not be liable for injuries (including death) or property damage occurring at City Facilities.

D. Nothing set forth in this Agreement shall limit or prevent the parties from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this Article.

E. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Wholesale Purchaser or to vest in said third person any cause of action against City or Wholesale Purchaser or to authorize any such person to institute any suit or suits against City or Wholesale Purchaser.

F. City shall have the right to approve counsel appointed on its behalf pursuant to this Article.

Article XIII. No Transfer of Rights Without Express Prior Written Consent.

A. Transfer. Wholesale Purchaser shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of water supply without the express prior written consent of the City. Such consent shall not be unreasonably withheld. Any transfer by either party shall not impede the rights of either City or Wholesale Purchaser. Notwithstanding the above, the Wholesale Purchaser is

authorized to use the water to serve its customers in its service territory.

B. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

Article XIV. Term.

A. The Agreement shall become effective upon Wholesale Purchaser's satisfaction of the conditions precedent contained in Article I., and shall continue for a period of twenty-five (25) years thereafter unless terminated in accordance with the provisions herein.

B. Either party shall have the right to terminate this Agreement for cause at any time, but only upon one (1) year of written notice. For cause shall mean:

(1) Failure of the Wholesale Purchaser to meet its financial obligations under this Agreement for a period of two (2) consecutive billing periods;

(2) Failure of Wholesale Purchaser to make an escrow payment in accordance with Article V. C.;

(3) Failure of the City to materially meet its obligations to supply drinking water in adequate quantity and quality.

(4) Failure of either party to comply with a decision or determination of an arbitrator, arbitration panel or court of competent jurisdiction rendered under this Agreement as required by that decision or determination within ninety (90) days of the date of the decision or determination.

C. Either party shall have the right to terminate this Agreement for any reason upon two (2) years notice to the other party.

Article XV. Severability. In the event any provision hereof is held illegal or

invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

Article XVI. Waiver. The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

Article XVII. Notices. All notices, payments and communications required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Wholesale Purchaser may designate in writing from time to time:

If Intended for City:

Attn: Water Commissioner
Philadelphia Water Department
ARAMARK Tower
1101 Market Street, 5th Floor
Philadelphia, PA 19107

If Intended for Wholesale Purchaser:

Attn: Senior Vice-president for
Operations
Philadelphia Suburban Water Company
762 Lancaster Avenue
Bryn Mawr, PA 19010

All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

Article XVIII. Captions. The captions in this Agreement are for convenience only and are not part of the Agreement.

IN WITNESS WHEREOF, The Water Commissioner of the City of Philadelphia has caused this Agreement to be executed on behalf of the City and the appropriate officers of Wholesale Purchaser have executed this Agreement on behalf of Wholesale Purchaser, and have hereunto affixed the corporate seal duly attested by the appropriate officer thereof, the day and year first above written.

THE CITY OF PHILADELPHIA

Approved as to Form:

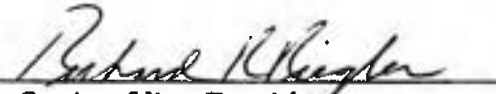

Assistant City Solicitor

By 
Water Commissioner *for Norman Kishinichand*

PHILADELPHIA SUBURBAN
WATER COMPANY

Attest:


Secretary/Treasurer

By 
Senior Vice-President
for Operations

(Richard R. Riegler)

**AGREEMENT BY TESSA, LTD. IN ADDITION TO
OBLIGATIONS IMPOSED BY WHITEMARSH TOWNSHIP**

In addition to its obligations set forth in the approval of the Preliminary Subdivision and Land Development Plan granted by Whitemarsh Township, Tessa has voluntarily agreed to undertake the following obligations, which any intended beneficiary of this Agreement may specifically enforce in a court of equity:

- A.** Obtain the agreement of the Whitemarsh Township Board of Supervisors (1) to permanently block Hagy's Mill Road at the Whitemarsh Township-Philadelphia border with a "break-away fence" or similar blockade which will allow only emergency vehicles to make use of Hagy's Mill Road as a thru roadway, (2) to construct such fence or other blockade, and (3) to place of record that Hagy's Mill Road will be blocked at the City-Township border except to emergency vehicles;
- B.** Cause its contractors, at Tessa's sole cost and expense, to construct water lines from the water line to be installed pursuant to the Agreement (the "Water Line") onto the two (2) properties on Hagy's Mill Road belonging to Allen Woodruff and Abby Ruder/Ellen Tichenor and to connect such water lines to the existing plumbing system at each of those two houses;
- C.** Cause its contractors to resurface only the portion of Hagy's Mill Road between Spring Lane and the Philadelphia-Whitemarsh Township boundary that will be excavated for the installation of the Water Line, but not any other portion of Hagy's Mill Road in the City of Philadelphia;
- D.** Cause its contractors not to cut down any trees along Hagy's Mill Road unless the Philadelphia Water Department or such contractors determine that the cutting down of any tree(s) is necessary in order to properly install the Water Line;
- E.** Plant pine trees on the portion of the Ruder/Tichenor property adjoining the Philadelphia-Whitemarsh border, or, if permission is obtained by a third party to plant such trees on the land adjacent to the Ruder/Tichenor property belonging to the Schuylkill Center for Environmental Education ("SCEE"), on the SCEE property;
- F.** Enter into a temporary construction license or easement agreement, reasonable in form and content, to allow a third party who wishes to extend the Water Line to Manor Road from its point of termination on the Premises to enter the Premises to construct such extension of the Water Line, provided such third party (1) presents such agreement to Tessa within one (1) year of the date of this Agreement and (2) agrees to construct the Water Line extension at its sole cost and expense (including any road resurfacing necessitated by the construction of the Water Line extension);
- G.** Monitor all landfill materials excavated during the course of construction on the Premises with OVA and PID Test Equipment, and to notify the Residents of Shawmont Valley Association, Miquon Area Preservation Society, Philadelphia City Councilman Michael Nutter ("Councilman Nutter") and Tri-State Engineers if any Hazardous Materials (as defined in the applicable federal and state statutes) are discovered;

H. Pay the sum of Six Thousand Five Hundred Dollars (\$6,500.00) as a contribution toward the cost of connecting the residences located at 150 Spring Lane, Philadelphia, PA, 170 Spring Lane, Philadelphia, PA, 190 Spring Lane, Philadelphia, PA, 8520 Hagy's Mill Rd., Philadelphia, PA and 8524 Hagy's Mill Road, Philadelphia, PA (the "Neighboring Residences") to a water line which will be constructed to provide water service to the Neighboring Residences (based on a contribution of Thirteen Hundred Dollars [\$1,300.00] per residence, regardless of the number of structures or dwelling units at each Neighboring Residence) (the "Connection Contribution"). Tessa shall pay the Connection Contribution within thirty (30) days following the latter of: (i) Tessa's receipt of written notice that the contractor constructing the water line to the Neighboring Residences has commenced the connection of at least one (1) of the Neighboring Residences to such new water line, or (ii) Tessa's commencement of construction of the roads and utilities on the Premises; and

I. Provide for the testing, pursuant to the provisions set forth below, of the tap water of a residence in Whitemarsh Township chosen by Councilman Nutter & MAPS (the "Whitemarsh Residence"), if the owner of such residence complies with the requirements of this Paragraph I:

1. Tessa shall only be obligated to perform the Testings (as hereinafter defined) if the owner of the Whitemarsh Residence causes his or her tap water to be tested at his or her own cost and expense, such cost and expense not to exceed six hundred dollars (\$600.00), within twenty (20) days following written notice from Tessa that Tessa will shortly be commencing excavation activities upon the Premises, copies of which notice shall be provided to Councilman Nutter (the "Baseline Testing"). Within such time period, Tessa, the Whitemarsh Residence and Councilman Nutter shall collectively agree on the procedure to be used for the Baseline Testing and the Testings. The Whitemarsh Residence shall cause one (1) reputable, licensed company experienced in such testing to perform the Baseline Testing. The Whitemarsh Residence's contract with the company performing the Baseline Testing shall provide that the testing company (a) shall provide at least three (3) days notice to Tessa and Councilman Nutter of the date the testing company will be collecting samples for the Baseline Testing, (b) shall allow a representative of Tessa to be present at the sample collecting for the Baseline Testing, and (c) will simultaneously provide copies of all test results to Tessa, Councilman Nutter and the Whitemarsh Residence.

2. If the owner of the Whitemarsh Residence has performed the Baseline Testing, Tessa shall cause the tap water from the Whitemarsh Residence to be tested as follows:

(a) within ninety (90) days following the completion of construction of the roads and utilities in Phase I (as shown on Tessa's land development plan) of the Premises (the "Phase I Testing"); and

(b) within ninety (90) days following the completion of construction of the roads and utilities in Phase II (as shown on Tessa's land development plan) of the Premises (the "Phase II Testing") (the Phase I Testing and Phase II Testing are hereinafter collectively referred to as the "Testings" or individually as a "Testing").

3. The Testings shall be performed by a reputable, licensed company experienced in such testing. The testing procedure used for the Testings shall be identical to the testing procedure employed in the Baseline Testing, provided, however, that Tessa shall not be required to perform any testing procedure which will cost more than six hundred dollars (\$600.00). Tessa shall provide the Whitemarsh Residence and Councilman Nutter with at least three (3) days notice of the

date Tessa's contractor will be collecting samples for each Testing, and the owner of the Whitemarsh Residence shall have the right to have a representative present at such sample collecting. Tessa shall cause the results of each Testing to be provided to the Whitemarsh Residence and to Councilman Nutter in a timely manner.

4. Tessa shall notify the Whitemarsh Residence and Councilman Nutter in writing thirty (30) days prior to commencement of the construction of the roads and utilities in both Phase 1 and Phase 2; provided, however, that if construction of the Phase 1 roads and utilities is scheduled to begin less than thirty (30) days following the completion of the Baseline Testing, Tessa shall notify the Whitemarsh Residence and Councilman Nutter of the commencement of such construction prior to the commencement date but shall not be required to wait thirty (30) days to begin construction.

5. Tessa's obligation to perform the Testings is dependent upon the Whitemarsh Residence complying with the obligations set forth in this Paragraph I in a timely manner.

J. This Agreement shall be binding upon Tessa, its successors and assigns.

TESSA, LTD.

By: 

Name/Title: J. GALLIKER

DIRECTOR.

AGREEMENT

This agreement (hereinafter called the "Agreement"), made this 29th day of June, 2000, (Hereinafter "Effective Date") by and between the City of Philadelphia, Pennsylvania (hereinafter called the "City"), and the Philadelphia Suburban Water Company, located at 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010, (hereinafter called "Wholesale Purchaser") (Collectively the "Parties").

WHEREAS, by Ordinance (Bill No.1129, certified on May 20, 1987) the Water Commissioner of the City has been authorized to enter into agreements for the sale of drinking water in accordance with the standards set forth in the Ordinance; and

WHEREAS, the City owns and operates a drinking water treatment and conveyance system (hereinafter called "City Facilities") within the City limits and can supply safe drinking water to Wholesale Purchaser in addition to meeting the present and anticipated future needs of its existing drinking water customers; and

WHEREAS, the Wholesale Purchaser has requested that the City supply it with sufficient drinking water to meet the demands of a new facility to be constructed, known as the Liberty Electric Power facility in Eddystone Borough, Delaware County, as well as to furnish drinking water for other entities and purposes; and

WHEREAS, Wholesale Purchaser has agreed to pay Water Charges in accordance with Article V of this Agreement in consideration of the City's commitment to reserve and allocate drinking water and conveyance capacity on a long term basis; and

WHEREAS, the City is desirous of fully utilizing its drinking water treatment and conveyance capacity and receiving full and fair compensation for its capital and operating costs; and

WHEREAS, Wholesale Purchaser has agreed to install all water lines, pipes and connected fixtures contemplated by this Agreement in accordance with City specifications;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained herein, the parties agree that the City shall supply drinking water to

Wholesale Purchaser, and Wholesale Purchaser shall receive and pay for this drinking water supplied to it according to the following terms and conditions:

Article I - Wholesale Purchaser Facilities.

Wholesale Purchaser shall provide at its sole cost and expense all necessary equipment, pipes and facilities to connect to, receive, maintain, control, meter and distribute drinking water from the City's distribution system (Hereinafter "Wholesale Purchaser Facilities"). Wholesale Purchaser shall be solely responsible for the design, construction, operation, maintenance, repair and replacement of all Wholesale Purchaser Facilities with one exception. That exception is the Water Metering System(s), defined and discussed in Article IV, which sets forth the respective rights and obligations of the Parties regarding the Water Metering System(s).

Wholesale Purchaser shall provide the City with its design plans and specifications for interconnection and metering facilities at the Tincum Interconnection and the Cheltenham Interconnection. Construction of these facilities shall not begin until the City has reviewed and approved the design plans and specifications, and City agrees that such approval will not be unreasonably delayed or denied. Wholesale Purchaser must meet all applicable City design and construction standards. The current metering system at the Bensalem Interconnection will remain in service and not be modified, as long as it serves as an emergency interconnection only.

The interconnection and metering facilities shall be designed and built so that a shut off valve prior to the metering chamber can be operated by the City. Wholesale Purchaser conveys all necessary access and rights of way to the City so that the City can access and operate the valve. Any bypass piping around the meter shall be alarmed so that an alarm signal is sent to the City when flow is bypassing the meter.

Article II - City Facilities.

The City shall only be responsible for operating, maintaining, repairing and replacing City owned mains and City owned related fixtures that are necessary to convey safe drinking water to the Interconnection Points set forth in Article III (Hereinafter "City Facilities"). In addition, the City shall have Water Metering System obligations as set forth in Article IV and the

water supply obligations as set forth in article VIII. The obligation of the City to provide safe drinking water means, from a water quality standpoint, that the quality of the water delivered to Wholesale Purchaser at the point of interconnection as set forth in Article III shall comply with all federal and state safe drinking water requirements. Wholesale Purchaser will have the opportunity to review City water quality information and to conduct its own sampling program at the point of interconnection upon reasonable notice to City. Such sampling shall be conducted in accordance with sampling and analytical protocols approved by the City.

Wholesale Purchaser has the sole responsibility for maintaining water quality at all points after the Interconnection Points set forth in Article III. The City shall not have any responsibility or liability for water quality beyond the point at which it delivers water to the Wholesale Purchaser as set forth in Article III.

Article III - Interconnection Points.

Wholesale Purchaser shall connect its Wholesale Purchaser Facilities to the City's distribution system only at the following three approved interconnection points:

- (1) Industrial Highway (Route 291) in the vicinity of Septa's R-1 Airport Rail Line (Hereinafter the "Tinicum Interconnection")
- (2) Vernon Road and Cheltenham Avenue (Hereinafter the "Cheltenham Interconnection")
- (3) Knights Road north of Mechanicsville Road (Hereinafter the "Bensalem Interconnection").

These connection points may be modified or supplemented, upon mutual written agreement of the parties.

Article IV - Metering.

Wholesale Purchaser shall at its sole cost and expense, construct, with the City's prior review and approval, a Water Metering System at the Tinicum and Cheltenham Interconnection

Points to accurately measure Wholesale Purchaser's water usage. These Water Metering System(s) shall consist of a water meter and telemetry equipment to bring the water usage information to the City's Load Control Center. (The "Water Metering System(s)")

Once constructed, Wholesale Purchaser hereby transfers sole and exclusive ownership of the Water Metering Systems to the City. . The City shall have the sole and exclusive right and obligation to maintain, repair, replace, inspect and calibrate the Water Metering Systems. Wholesale Purchaser hereby conveys all necessary access, egress and rights of way to the City, its agents and/or contractors, so that the City may operate, maintain, repair, replace, inspect and calibrate the Water Metering Systems.

Wholesale Purchaser may also install telemetry equipment to bring the water usage information to its load control center. Other than the Water Metering Systems, all other Wholesale Purchaser Facilities shall remain owned, operated and maintained by the Wholesale Purchaser.

The City shall calibrate the meters quarterly and provide calibration reports to the Wholesale Purchaser. Wholesale Purchaser has the right to be present at all meter calibrations and to request all calibration information in the possession of the City and/or its contractor performing the calibration work.

Article V – Water Charge, Management Fee and Change to Water Charge

A. Water Charge

The Water Charge shall be paid by the Wholesale Purchaser to the City for supplying it with drinking water. The Water Charge shall consist of a fixed charge and a usage charge.

(1) The Fixed Charge

The fixed charge shall be assessed as one charge covering service to both the Tinicum and Cheltenham Interconnections. The fixed charge shall be as follows:

- (a) For the period beginning at the commencement of water supply to the Tincum Interconnection until two (2) years from the Effective Date of the agreement, a fixed charge of \$54,300 per month shall be assessed. This time period reflects the starting of the Liberty Electric Facility in Eddystone and the two (2) year waiting period before City water can be used to supplant water purchased by the Wholesale Purchaser under another supply contract.
- (b) For the period beginning two (2) years from the effective date of this agreement until the commencement of service through the Cheltenham Interconnection, or December 31, 2002, whichever occurs first, a fixed charge of \$98,000 per month shall be assessed. This time period reflects full service at the Tincum Interconnection.
- (c) For the period beginning with the commencement of water service through the Cheltenham Interconnection, or December 31, 2002, whichever occurs first, and continuing throughout the remaining term of the Agreement a fixed charge of \$141,900 per month shall be assessed.
- (d) [Reserved for possible Bensalem connection – See Article IX]
- (e) In the event Liberty Electric's water purchases from Wholesale Purchaser completely cease and are not replaced by other water purchases, Wholesale Purchaser can request the City to revise Wholesale Purchaser's capacities at the Tincum connection, as shown in Article VIII A. City shall revise the capacities and fixed charges as follows:
 - (i) If Liberty Electric's purchases completely cease during the period covered in Article VA (1) (a), the average day demand, maximum day demand limits and maximum half hour demand limits shall be zero and there shall be no fixed charge assessed to Wholesale Purchaser.
 - (ii) If Liberty Electric's purchases completely cease during the period covered by Article VA (1)(b), the average day demand shall be reduced to 2.0

MGD; and the maximum day demand limit shall be reduced to 3.4 MGD. The maximum ½ hour demand limit shall be 5.0 MGD for Tinicum. The fixed charge shall accordingly be reduced to \$44,000 per month.

(iii) If Liberty Electric's purchase completely cease during the period covered by Article VA (1)(c), the average day demand shall be reduced to 4.0 MGD (2.0 MGD for Tinicum and 2.0 MGD for Cheltenham) and the maximum day demand limits shall be reduced to 3.4 MGD for Tinicum and 2.5 MGD for Cheltenham. The maximum ½ hour demand limits shall be 5.0 MGD for Tinicum and 3.0 for Cheltenham. The fixed charge shall accordingly be reduced to \$87,700 per month.

(iv) If Liberty Electric's purchases are substantially reduced, City and Wholesale Purchaser agree to negotiate an equitable adjustment to the fixed charges as well as appropriate adjustments to the flow rates shown in Article VIII A.

(f) Should Wholesale Purchaser be unable to utilize the Tinicum Interconnection due to a force majeure event the fixed charge for the Cheltenham Interconnection shall be \$32,400 per month.

(2) The Usage Charge

In addition to the monthly fixed charge all water usage shall be billed at \$0.103 per 1000 gallons.

B. Management Fee

In addition to the Water Charge described in Article V (A), Wholesale Purchaser shall pay to the City a Management Fee equal to ten percent (10%) of the Water Charge. The City shall add this 10% Management Fee to Wholesale Purchaser's monthly billings.

C. Periodic Rate Adjustments to Water Charge

As a matter of law the City is required to recover from Wholesale Purchaser its costs incurred in providing Wholesale Purchaser with safe drinking water and the applicable management fee. As the costs of providing safe drinking water to Wholesale Purchaser increases, the City may increase the Water Charge to Wholesale Customer accordingly. (Hereinafter "Periodic Rate Adjustments"). These Periodic Rate Adjustments shall be calculated in accordance with a cost of service study which shall be provided at least sixty (60) days in advance of the effective date of any new Water Charge. These Periodic Rate Adjustments shall occur from time to time throughout this Agreement when the City adjusts its general water rates for its City customers. Should the City raise its water rates prior to July 1, 2002, the City agrees not to bill Wholesale Purchaser based on the increased rates until July 1, 2002.

Wholesale Purchaser shall review the Periodic Rate Adjustment and the cost of service study within 60 days of their receipt. If the Wholesale Purchaser believes that the Periodic Rate Adjustment/cost of the service study is incorrect then Wholesale Purchaser shall, within the 60 day period, deliver to the City a letter formally objecting to the Periodic Rate Adjustment/cost of service study. This letter shall specify all Wholesale Purchaser objections to the Periodic Rate Adjustment/cost of service study in as precise detail as possible. Receipt of the objection letter by the City shall immediately trigger the Arbitration provision of this Agreement contained in Article XV.

While the Periodic Rate Adjustment dispute is being resolved, the City shall bill, and Wholesale Purchaser shall pay, at the new rate reflected in the Periodic Rate Adjustment/cost of service study. However, until the Periodic Rate Adjustment dispute is settled by the parties or the Board of Arbitrators, Wholesale Purchaser may pay the disputed portion of the bill into the Escrow Account as set forth in Article VI(C). All undisputed amounts shall be paid directly to the City.

D. Use of Water for Testing and Disinfecting Wholesale Purchaser's Facilities

Wholesale Purchaser shall have the right to use water for the purposes of testing its facilities and disinfecting its main prior to startup of the Tinicum Interconnection. For this period only no fixed charge shall apply. Wholesale Purchaser agrees to pay \$0.90 per one thousand gallons of usage, inclusive of the management fee.

Article VI – Billing and Payment

A. Billing

The City shall bill Wholesale Purchaser for its Water Charge and Management Fees, and any other costs or charges owed to the City, on a monthly basis.

B. Payment

- (1) Wholesale Purchaser shall make payment in full within thirty (30) days from the date of the bill.
- (2) If Wholesale Purchaser objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (This writing shall be referred to hereinafter as the "Bill Objection Letter".) The Bill Objection Letter shall state in precise detail, based on the information available to the Wholesale Purchaser the exact nature of the objections and shall include any facts or documentation supporting the objections. Sixty (60) days after the City's receipt of the Bill Objection Letter both parties shall proceed to arbitration pursuant to Article XV of the Agreement in order to resolve the specific objections raised in the Bill Objection Letter. During this 60-day period prior to Arbitration both parties shall attempt to negotiate a settlement of their differences. Upon the mutual agreement of the City and Wholesale Purchaser, the arbitration may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The

delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties.

C. Escrow

All billings, including all billings subject to a Bill Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if a Bill Objection Letter is received prior to the bill's due date, the Wholesale Purchaser may elect to pay the disputed portion of the bill into a special escrow account held by the City. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by arbitrator(s). If a Bill Objection Letter is not received prior to the bill's due date, then the Wholesale Purchaser shall pay the billing in full and on time directly to the City and not into the escrow account. The City shall be entitled to the interest earned on the portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, Wholesale Purchaser shall be entitled to the interest earned on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Wholesale Purchaser. The interest payable to the Wholesale Purchaser shall be applied as a credit to the Wholesale Purchaser's next billing.

D. Late Fees.

Late Fees at the rate of one and one-quarter percent (1¼%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing. Under two special conditions, funds paid into the escrow account shall also be subject to a late charge of one and one quarter percent (1¼%) per month. These two special conditions are:

- (1) The arbitrator(s) determine that the Wholesale Purchaser's payment into the escrow account was made in bad faith; or
- (2) The Wholesale Purchaser made payments into the escrow account without submitting its Objection Letter to the City prior to the bill's due date.

Article VII – Billings.

Billings shall be based on the telemetry information received from the City’s Water Metering Systems.

In the event that the City’s telemetry reading shall malfunction or become inoperative for any period of time the City shall estimate the quantity of water delivered to Wholesale Purchaser during the period of malfunction or non-operation based upon one of the following methods set forth in their order of preference:

- (1) In cases where Wholesale Purchaser has installed its own telemetry measuring total flow, such telemetry readings will be used; or
- (2) An actual reading of the meter at the metering chamber; or
- (3) In all other cases, estimates will be based upon prior metered usage.

The water meter will be calibrated quarterly. If the calibrations reveal that during the past quarter the meter was recording the flow within a plus or minus 2.00% margin of error then the recorded flow and all bills based on such recorded flow shall be acceptable to both parties. Should the quarterly calibration reveal that the meter’s error was greater than plus or minus 2.00%, both parties agree that the previous quarter’s bills shall be adjusted to reflect the full error rate determined by the quarterly calibration.

Article VIII – Average, Maximum and Instantaneous Flow.

A. At the Tincum Interconnection, the City will provide to Wholesale Purchaser a rate flow sufficient to satisfy:

- (i) An annual average daily demand of 4.5 million gallons per day (“MGD”)
- (ii) a maximum daily demand limit of 8.5 MGD and
- (iii) an instantaneous (½ hour) maximum demand limit of 10 MGD.
- (iv) During the interim periods of this agreement, as described in Articles VA1(a) and VA1(b), the demand limits shall be as follows:

Article VA1(a):
Maximum Day 5.6 MGD

Maximum ½ hr. 6.1 MGD

Article VA1(b):

Maximum Day 8.5 MGD

Maximum ½ hr. 10 MGD

B. At the Cheltenham Interconnection the City will provide to Wholesale Purchaser a rate of flow sufficient to satisfy:

- (i) An annual average daily demand of 2.0 MGD
- (ii) a maximum daily demand limit of 2.5 MGD
- (iii) an instantaneous (½ hour) maximum demand limit of 3.0 MGD

[Reserved for possible Bensalem connection – See Article IX]

Article IX – Emergency Service through the Bensalem Interconnection

The parties agree that they will work together to develop a service connection at the Bensalem Interconnection. If the parties are successful and an agreement can be reached for service at the Bensalem Interconnection, the City shall consider Wholesale Purchaser's existing water usage through the Tinicum and Cheltenham Interconnections in calculating the Water Charge for service at the Bensalem Interconnection.

Article X – Excess Demand Charges

In the event Wholesale Purchaser exceeds the Maximum Day or Maximum ½ Hour demand limits, or both, as stated in Article VIII; or as revised in accordance with the terms of Article VA(1)(e), the City shall assess Wholesale Purchaser an excess demand charge as follows:

A. Exceedance of Maximum Daily Demand Limit(s)

1. For exceedance of the maximum daily demand limit at any interconnection, the excess demand charge shall be calculated by determining the percentage exceedance, as measured by the City, relative to the contract limit and multiplying that percentage by the current monthly fixed charge. For any

exceedance of the maximum daily limit greater than 15% the excess demand charge above shall be multiplied by three (3).

2. If an exceedance of the maximum daily demand limit occurs in three (3) consecutive months; the excess demand charges shall be calculated by multiplying the monthly fixed charge by two (2) for the third month in which the exceedance(s) occurs, and any subsequent months in which an exceedance(s) occurs in the same calendar year. If calculation of the excess demand charge under A1 above is greater than under A2, the higher charge shall be billed to Wholesale Purchaser. This paragraph, XA(2), shall not become effective until two years after the Effective Date of this Agreement.

3. In the event of exceedance(s) greater than 15%, or as specified in Article XA2 above, Wholesale Purchaser shall have the right to contract for higher maximum daily limits to cover its exceedance(s), provided City, in its judgement, has such capacity to make available to Wholesale Purchaser. If such higher limits are contracted for City agrees to waive the excess demand charge retroactive to the first such charge levied in the current calendar year, and City shall rebill Wholesale Purchaser using the new higher fixed monthly charge retroactive to the earliest month in which the excess demand charge was waived.

B. Exceedances of Maximum ½ Hour Demand Limit(s)

For exceedances of the Maximum ½ hour demand limit, the excess demand charge shall be equal to the monthly fixed charge for each month in which such exceedance(s) occur. If exceedance(s) of the limit occur in three or more consecutive months the excess demand charge shall be calculated by multiplying the monthly fixed charge by two (2) for the third and subsequent months in a calendar year in which exceedance(s) occur.

C. For purposes of calculating excess demand charges the fixed charges between the Tincicum and Cheltenham interconnections shall be allocated as follows:

- (1) For the period from the beginning of this Agreement to the start of the Cheltenham interconnection or to January 1, 2003, whichever comes first, Tincum is allocated 100%.
 - (2) For the period starting when the Cheltenham interconnection starts or January 1, 2003, whichever comes first, through to the end of this Agreement, Tincum is allocated 77% and Cheltenham is allocated 23%.
 - (3) In the event the Liberty Electric Plant ceases operation permanently Tincum is allocated 58% and Cheltenham is allocated 42%.
 - (4) Should Wholesale Purchaser be unable to utilize the Tincum Interconnection due to a force majeure event the Cheltenham Interconnection is then allocated 100%.
- D. When multiple exceedances occur in a given month, the exceedance used for billing excess demand charges shall be that which yields the higher (est) charge.
- E. Nothing in Article X shall require the City to make improvements to its water system in order to make additional capacity available to Wholesale Purchaser.
- F. All Excess Demand charges shall be in addition to the regular Water Charges as described in Article V, and shall be subject to the terms of Article VI.
- G. For the purposes of determining whether an exceedance has occurred the City acknowledges that meters are accurate within plus or minus 2.00%. Therefore, an exceedance will only be deemed to occur if the maximum daily demand limits or the maximum ½ hour demand limits are exceeded by more than 2.00% over the demand limits set forth in Article VIII. Should an exceedance occur, the calculation of Excess Demand Charges pursuant to this Article shall be based on the actual demand limits set forth in Article VIII.

Article XI – No Liability for Interruption in Service.

Wholesale Purchaser acknowledges that service can be interrupted by, among other things, main breaks, equipment failures, weather conditions, etc. Therefore, the City cannot guarantee that there will be no interruptions in service. Further, the City can not guarantee any specific pressures or that fluctuations in pressure will not occur. Wholesale Purchaser agrees that the City shall not be liable or responsible for any losses or damages, consequential or otherwise, as a result of an interruption in service or failure or fluctuation in pressures. However, the City is obligated to use its best efforts to restore service and/or pressures. The City agrees not to make any changes to its City Facilities that would substantially diminish the pressures of water historically available at the Interconnection Points. Wholesale Purchaser acknowledges and accepts that the City may be required to engage in maintenance, repair or improvement activities to its City Facilities which may temporarily influence pressures available at the Interconnection Points.

Article XII - Sole Ownership and Responsibility.

The City retains sole ownership with respect to any and all City Facilities. No provisions of the Agreement shall be construed to create any type of joint ownership of property, any partnership or joint venture, or any other rights or liabilities except as expressly set forth in the Agreement.

Article XIII - Sole Right to Management and Control of City Facilities.

The City retains exclusive, full and final control with respect to all City Facilities, and further retains the sole and exclusive right to make all managerial and other decisions as to City Facilities, including but not limited to decisions regarding operation, maintenance, repair, expansion or replacement of all or a portion of City Facilities.

Article XIV - Inspection and Audit.

The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days prior written notice. If required by any

law or regulation, the City and Wholesale Purchaser shall make said records and accounts immediately available to federal, state, and local authorities.

Article XV - Arbitration of Disputes.

If any dispute shall arise between the parties hereto, concerning the terms, conditions and covenants of this Agreement or alleged violations thereof, such disputes shall be submitted to arbitration as follows:

- A. To the American Arbitration Association (AAA) for appointment of the arbitrator(s) and resolution under the Commercial Arbitration Rules and, if applicable, under the Supplemental Procedures for Large Complex Disputes or the then current rules.

- B. In the event that the AAA is no longer available for such arbitrations the parties shall follow the following procedures:
 - (1) A Board of Arbitration shall be established, composed of three (3) arbitrators, one (1) appointed by City, one (1) by Wholesale Purchaser, and the third to be agreed upon jointly by the arbitrators selected by City and Wholesale Purchaser. The third arbitrator shall be the chair.

 - (2) The arbitrators representing Wholesale Purchaser and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointments, the two (2) arbitrators appointed by City and Wholesale Purchaser cannot agree on the third arbitrator, then either appointed arbitrator may request an independent arbitration organization to furnish a list of three (3) arbitrators from which the third arbitrator shall be selected.

 - (3) The arbitrator appointed by Wholesale Purchaser shall then eliminate one (1) name from the list furnished by the independent arbitration organization within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

 - (4) Each party shall bear the costs of its own arbitrator and the parties shall equally divide the costs of the third arbitrator and all other common costs.

- (5) The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) days after the third arbitrator is selected and shall make its determination within thirty (30) days after the appointment of the third arbitrator.

- C. All petitions to compel or stay arbitration and appeals of the arbitration decision (in cases where fraud is alleged) shall be filed in Philadelphia County Court of Common Pleas and Wholesale Purchaser accepts venue therein.

- D. The decision of the arbitrator(s) shall be final and binding upon the parties, except in the case of fraud.

Article XVI - Claims, Insurance and Related Matters.

- A. Wholesale Purchaser agrees to defend, indemnify and hold harmless the City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from Wholesale Purchaser's performance of the terms and conditions of this Agreement (Hereinafter "Causes of Action"). Such Causes of Action would include, but are not limited to, actions which arise as the result of:

- (1) injury (including death) to persons and damages to property arising from this Agreement due to the fault or negligence of the Wholesale Purchaser or their employees, servants or agents or the inherent nature of their operations;

- (2) United States Environmental Protection Agency (Hereinafter "EPA") or Pennsylvania Department of Environmental Protection (Hereinafter "DEP") actions of any kind whatsoever, whether direct or indirect, disapproving, rejecting or disallowing any work undertaken by Wholesale Purchaser, its contractors or consultants pursuant to this Agreement.

Wholesale Purchaser agrees to defend, indemnify and hold harmless the City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from the City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement.

- B. Nothing set forth in this Agreement shall limit or prevent the parties from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this Article.
- C. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Wholesale Purchaser or to vest in said third person any cause of action against City or Wholesale Purchaser or to authorize any such person to institute any suit or suits against City or Wholesale Purchaser.

ARTICLE XVII—FORCE MAJEURE

Neither Party shall be responsible to the other for the inability, due to causes beyond its control, to perform any provisions of this Agreement. Nothing in this Article shall be construed to in any manner limit, restrict, impair, diminish or in any manner affect Article XVI of this Agreement that provides that Wholesale Purchaser shall indemnify and hold the City harmless.

Article XVIII - No Transfer of Rights Without Express Prior Written Consent.

- A. Transfer. Wholesale Purchaser shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of water supply without the express prior written consent of the City. Such consent shall not be unreasonably withheld. Any transfer by either party shall not impede the rights of either City or Wholesale Purchaser. Notwithstanding the above, Wholesale Purchaser is authorized to use the water to serve its customers in its service territory. Notwithstanding the above, the consent of the City shall not be required and the rights under the Agreement may be freely transferred to any successor or assign of Wholesale Purchaser if the Wholesale Purchaser requests and obtains approval from the Pennsylvania Public Utility Commission for such transfer.

- B. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words “successors and assigns” had, in each case, been specifically mentioned.

Article XIX - Term.

- A. This Agreement shall remain in effect until March 1, 2026, and thereafter shall terminate unless terminated earlier in accordance with the provisions in Paragraph B immediately below.
- B. Either party shall have the right to terminate this Agreement for cause at any time, but only upon one (1) year of written notice. For cause shall mean:
- (1) Failure of the Wholesale Purchaser to meet its financial obligations under this Agreement for a period of two (2) consecutive billing periods;
 - (2) Failure of Wholesale Purchaser to make an escrow payment in accordance with Article VI C;
 - (3) Failure of the City to materially meet its obligations to supply drinking water.
 - (4) Failure of either party to comply with a decision or determination of an arbitrator, arbitration panel or court of competent jurisdiction rendered under this agreement within ninety (90) days of the date of the decision or determination.

- C. Right of Termination until September 1, 2000

Wholesale Purchaser shall have the right to terminate this Agreement on or before September 1, 2000. Thereafter, Wholesale Purchaser’s right of termination is null and void and the Agreement shall remain in full force and effect.

Article XX – Drought Provision

In the event that the City is required to limit service to its in City customers as the result of drought restrictions, the City shall impose the same drought restriction on Wholesale

Purchaser. In implementing such restrictions, the City will give due consideration to any exemptions Wholesale Purchaser or its customers are entitled to through actions of the Pennsylvania Department of Environmental Protection or the Delaware River Basin Commission, or their successor agencies.

Article XXI- Severability

In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

Article XXII - Waiver.

The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

Article XXIII - Notices.

All notices, payments and communications required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Wholesale Purchaser may designate in writing from time to time:

If Intended for City:

Attn: Water Commissioner
Philadelphia Water Department
ARAMARK Tower
1101 Market Street, 5th Floor
Philadelphia, PA 19107

If Intended for Wholesale Purchaser: Attn: President
Philadelphia Suburban Water Company
762 Lancaster Avenue

Bryn Mawr, PA 19010
With a copy to General Counsel

All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

Article XXIV - Captions.

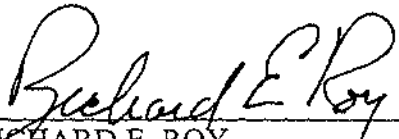
The captions in this Agreement are for convenience only and are not part of the Agreement.

IN WITNESS WHEREOF, The Water Commissioner of the City of Philadelphia has caused this Agreement to be executed on behalf of the City and the appropriate officers of Wholesale Purchaser have executed this Agreement on behalf of Wholesale Purchaser.


THE CITY OF PHILADELPHIA

Approved as to Form:


DAVID A. KATZ
Divisional Deputy City Solicitor

By 
RICHARD E. ROY
Acting Water Commissioner

PHILADELPHIA SUBURBAN
WATER COMPANY

By 
RICHARD R. RIEGLER
Senior Vice President
Engineering and Environmental
Affairs

AGREEMENT

This agreement (hereinafter called the "Agreement"), made this 29th day of June, 2000, (Hereinafter "Effective Date") by and between the City of Philadelphia, Pennsylvania (hereinafter called the "City"), and the Philadelphia Suburban Water Company, located at 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010, (hereinafter called "Wholesale Purchaser") (Collectively the "Parties").

WHEREAS, by Ordinance (Bill No.1129, certified on May 20, 1987) the Water Commissioner of the City has been authorized to enter into agreements for the sale of drinking water in accordance with the standards set forth in the Ordinance; and

WHEREAS, the City owns and operates a drinking water treatment and conveyance system (hereinafter called "City Facilities") within the City limits and can supply safe drinking water to Wholesale Purchaser in addition to meeting the present and anticipated future needs of its existing drinking water customers; and

WHEREAS, the Wholesale Purchaser has requested that the City supply it with sufficient drinking water to meet the demands of a new facility to be constructed, known as the Liberty Electric Power facility in Eddystone Borough, Delaware County, as well as to furnish drinking water for other entities and purposes; and

WHEREAS, Wholesale Purchaser has agreed to pay Water Charges in accordance with Article V of this Agreement in consideration of the City's commitment to reserve and allocate drinking water and conveyance capacity on a long term basis; and

WHEREAS, the City is desirous of fully utilizing its drinking water treatment and conveyance capacity and receiving full and fair compensation for its capital and operating costs; and

WHEREAS, Wholesale Purchaser has agreed to install all water lines, pipes and connected fixtures contemplated by this Agreement in accordance with City specifications;

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained herein, the parties agree that the City shall supply drinking water to

Wholesale Purchaser, and Wholesale Purchaser shall receive and pay for this drinking water supplied to it according to the following terms and conditions:

Article I - Wholesale Purchaser Facilities.

Wholesale Purchaser shall provide at its sole cost and expense all necessary equipment, pipes and facilities to connect to, receive, maintain, control, meter and distribute drinking water from the City's distribution system (Hereinafter "Wholesale Purchaser Facilities"). Wholesale Purchaser shall be solely responsible for the design, construction, operation, maintenance, repair and replacement of all Wholesale Purchaser Facilities with one exception. That exception is the Water Metering System(s), defined and discussed in Article IV, which sets forth the respective rights and obligations of the Parties regarding the Water Metering System(s).

Wholesale Purchaser shall provide the City with its design plans and specifications for interconnection and metering facilities at the Tincum Interconnection and the Cheltenham Interconnection. Construction of these facilities shall not begin until the City has reviewed and approved the design plans and specifications, and City agrees that such approval will not be unreasonably delayed or denied. Wholesale Purchaser must meet all applicable City design and construction standards. The current metering system at the Bensalem Interconnection will remain in service and not be modified, as long as it serves as an emergency interconnection only.

The interconnection and metering facilities shall be designed and built so that a shut off valve prior to the metering chamber can be operated by the City. Wholesale Purchaser conveys all necessary access and rights of way to the City so that the City can access and operate the valve. Any bypass piping around the meter shall be alarmed so that an alarm signal is sent to the City when flow is bypassing the meter.

Article II - City Facilities.

The City shall only be responsible for operating, maintaining, repairing and replacing City owned mains and City owned related fixtures that are necessary to convey safe drinking water to the Interconnection Points set forth in Article III (Hereinafter "City Facilities"). In addition, the City shall have Water Metering System obligations as set forth in Article IV and the

water supply obligations as set forth in article VIII. The obligation of the City to provide safe drinking water means, from a water quality standpoint, that the quality of the water delivered to Wholesale Purchaser at the point of interconnection as set forth in Article III shall comply with all federal and state safe drinking water requirements. Wholesale Purchaser will have the opportunity to review City water quality information and to conduct its own sampling program at the point of interconnection upon reasonable notice to City. Such sampling shall be conducted in accordance with sampling and analytical protocols approved by the City.

Wholesale Purchaser has the sole responsibility for maintaining water quality at all points after the Interconnection Points set forth in Article III. The City shall not have any responsibility or liability for water quality beyond the point at which it delivers water to the Wholesale Purchaser as set forth in Article III.

Article III - Interconnection Points.

Wholesale Purchaser shall connect its Wholesale Purchaser Facilities to the City's distribution system only at the following three approved interconnection points:

- (1) Industrial Highway (Route 291) in the vicinity of Septa's R-1 Airport Rail Line (Hereinafter the "Tinicum Interconnection")
- (2) Vernon Road and Cheltenham Avenue (Hereinafter the "Cheltenham Interconnection")
- (3) Knights Road north of Mechanicsville Road (Hereinafter the "Bensalem Interconnection").

These connection points may be modified or supplemented, upon mutual written agreement of the parties.

Article IV - Metering.

Wholesale Purchaser shall at its sole cost and expense, construct, with the City's prior review and approval, a Water Metering System at the Tinicum and Cheltenham Interconnection

Points to accurately measure Wholesale Purchaser's water usage. These Water Metering System(s) shall consist of a water meter and telemetry equipment to bring the water usage information to the City's Load Control Center. (The "Water Metering System(s)")

Once constructed, Wholesale Purchaser hereby transfers sole and exclusive ownership of the Water Metering Systems to the City. . The City shall have the sole and exclusive right and obligation to maintain, repair, replace, inspect and calibrate the Water Metering Systems. Wholesale Purchaser hereby conveys all necessary access, egress and rights of way to the City, its agents and/or contractors, so that the City may operate, maintain, repair, replace, inspect and calibrate the Water Metering Systems.

Wholesale Purchaser may also install telemetry equipment to bring the water usage information to its load control center. Other than the Water Metering Systems, all other Wholesale Purchaser Facilities shall remain owned, operated and maintained by the Wholesale Purchaser.

The City shall calibrate the meters quarterly and provide calibration reports to the Wholesale Purchaser. Wholesale Purchaser has the right to be present at all meter calibrations and to request all calibration information in the possession of the City and/or its contractor performing the calibration work.

Article V – Water Charge, Management Fee and Change to Water Charge

A. Water Charge

The Water Charge shall be paid by the Wholesale Purchaser to the City for supplying it with drinking water. The Water Charge shall consist of a fixed charge and a usage charge.

(1) The Fixed Charge

The fixed charge shall be assessed as one charge covering service to both the Tinicum and Cheltenham Interconnections. The fixed charge shall be as follows:

- (a) For the period beginning at the commencement of water supply to the Tincum Interconnection until two (2) years from the Effective Date of the agreement, a fixed charge of \$54,300 per month shall be assessed. This time period reflects the starting of the Liberty Electric Facility in Eddystone and the two (2) year waiting period before City water can be used to supplant water purchased by the Wholesale Purchaser under another supply contract.
- (b) For the period beginning two (2) years from the effective date of this agreement until the commencement of service through the Cheltenham Interconnection, or December 31, 2002, whichever occurs first, a fixed charge of \$98,000 per month shall be assessed. This time period reflects full service at the Tincum Interconnection.
- (c) For the period beginning with the commencement of water service through the Cheltenham Interconnection, or December 31, 2002, whichever occurs first, and continuing throughout the remaining term of the Agreement a fixed charge of \$141,900 per month shall be assessed.
- (d) [Reserved for possible Bensalem connection – See Article IX]
- (e) In the event Liberty Electric's water purchases from Wholesale Purchaser completely cease and are not replaced by other water purchases, Wholesale Purchaser can request the City to revise Wholesale Purchaser's capacities at the Tincum connection, as shown in Article VIII A. City shall revise the capacities and fixed charges as follows:
 - (i) If Liberty Electric's purchases completely cease during the period covered in Article VA (1) (a), the average day demand, maximum day demand limits and maximum half hour demand limits shall be zero and there shall be no fixed charge assessed to Wholesale Purchaser.
 - (ii) If Liberty Electric's purchases completely cease during the period covered by Article VA (1)(b), the average day demand shall be reduced to 2.0

MGD; and the maximum day demand limit shall be reduced to 3.4 MGD. The maximum ½ hour demand limit shall be 5.0 MGD for Tinicum. The fixed charge shall accordingly be reduced to \$44,000 per month.

(iii) If Liberty Electric's purchase completely cease during the period covered by Article VA (1)(c), the average day demand shall be reduced to 4.0 MGD (2.0 MGD for Tinicum and 2.0 MGD for Cheltenham) and the maximum day demand limits shall be reduced to 3.4 MGD for Tinicum and 2.5 MGD for Cheltenham. The maximum ½ hour demand limits shall be 5.0 MGD for Tinicum and 3.0 for Cheltenham. The fixed charge shall accordingly be reduced to \$87,700 per month.

(iv) If Liberty Electric's purchases are substantially reduced, City and Wholesale Purchaser agree to negotiate an equitable adjustment to the fixed charges as well as appropriate adjustments to the flow rates shown in Article VIII A.

(f) Should Wholesale Purchaser be unable to utilize the Tinicum Interconnection due to a force majeure event the fixed charge for the Cheltenham Interconnection shall be \$32,400 per month.

(2) The Usage Charge

In addition to the monthly fixed charge all water usage shall be billed at \$0.103 per 1000 gallons.

B. Management Fee

In addition to the Water Charge described in Article V (A), Wholesale Purchaser shall pay to the City a Management Fee equal to ten percent (10%) of the Water Charge. The City shall add this 10% Management Fee to Wholesale Purchaser's monthly billings.

C. Periodic Rate Adjustments to Water Charge

As a matter of law the City is required to recover from Wholesale Purchaser its costs incurred in providing Wholesale Purchaser with safe drinking water and the applicable management fee. As the costs of providing safe drinking water to Wholesale Purchaser increases, the City may increase the Water Charge to Wholesale Customer accordingly. (Hereinafter "Periodic Rate Adjustments"). These Periodic Rate Adjustments shall be calculated in accordance with a cost of service study which shall be provided at least sixty (60) days in advance of the effective date of any new Water Charge. These Periodic Rate Adjustments shall occur from time to time throughout this Agreement when the City adjusts its general water rates for its City customers. Should the City raise its water rates prior to July 1, 2002, the City agrees not to bill Wholesale Purchaser based on the increased rates until July 1, 2002.

Wholesale Purchaser shall review the Periodic Rate Adjustment and the cost of service study within 60 days of their receipt. If the Wholesale Purchaser believes that the Periodic Rate Adjustment/cost of the service study is incorrect then Wholesale Purchaser shall, within the 60 day period, deliver to the City a letter formally objecting to the Periodic Rate Adjustment/cost of service study. This letter shall specify all Wholesale Purchaser objections to the Periodic Rate Adjustment/cost of service study in as precise detail as possible. Receipt of the objection letter by the City shall immediately trigger the Arbitration provision of this Agreement contained in Article XV.

While the Periodic Rate Adjustment dispute is being resolved, the City shall bill, and Wholesale Purchaser shall pay, at the new rate reflected in the Periodic Rate Adjustment/cost of service study. However, until the Periodic Rate Adjustment dispute is settled by the parties or the Board of Arbitrators, Wholesale Purchaser may pay the disputed portion of the bill into the Escrow Account as set forth in Article VI(C). All undisputed amounts shall be paid directly to the City.

D. Use of Water for Testing and Disinfecting Wholesale Purchaser's Facilities

Wholesale Purchaser shall have the right to use water for the purposes of testing its facilities and disinfecting its main prior to startup of the Tinicum Interconnection. For this period only no fixed charge shall apply. Wholesale Purchaser agrees to pay \$0.90 per one thousand gallons of usage, inclusive of the management fee.

Article VI – Billing and Payment

A. Billing

The City shall bill Wholesale Purchaser for its Water Charge and Management Fees, and any other costs or charges owed to the City, on a monthly basis.

B. Payment

- (1) Wholesale Purchaser shall make payment in full within thirty (30) days from the date of the bill.
- (2) If Wholesale Purchaser objects to any bill, in whole or in part, it shall notify the City in writing prior to the bill's due date. (This writing shall be referred to hereinafter as the "Bill Objection Letter".) The Bill Objection Letter shall state in precise detail, based on the information available to the Wholesale Purchaser the exact nature of the objections and shall include any facts or documentation supporting the objections. Sixty (60) days after the City's receipt of the Bill Objection Letter both parties shall proceed to arbitration pursuant to Article XV of the Agreement in order to resolve the specific objections raised in the Bill Objection Letter. During this 60-day period prior to Arbitration both parties shall attempt to negotiate a settlement of their differences. Upon the mutual agreement of the City and Wholesale Purchaser, the arbitration may be delayed for a specified period of time in order to allow the parties additional time for a negotiated settlement. The

delay in proceeding to arbitration shall last only as long as is mutually agreed by both parties.

C. Escrow

All billings, including all billings subject to a Bill Objection Letter, shall be paid in full and on time. There are no exceptions to this rule. However, if a Bill Objection Letter is received prior to the bill's due date, the Wholesale Purchaser may elect to pay the disputed portion of the bill into a special escrow account held by the City. Payment into this escrow account shall occur on or before the bill's due date. The undisputed portion of the bill shall be paid directly to the City. The funds shall remain in the special escrow account until the matter is settled by the parties or is resolved by arbitrator(s). If a Bill Objection Letter is not received prior to the bill's due date, then the Wholesale Purchaser shall pay the billing in full and on time directly to the City and not into the escrow account. The City shall be entitled to the interest earned on the portion of the escrowed funds which by agreement or through arbitration is deemed payable to the City. Similarly, Wholesale Purchaser shall be entitled to the interest earned on that portion of the escrowed funds which by agreement or through arbitration is deemed payable to Wholesale Purchaser. The interest payable to the Wholesale Purchaser shall be applied as a credit to the Wholesale Purchaser's next billing.

D. Late Fees.

Late Fees at the rate of one and one-quarter percent (1¼%) per month simple interest shall be added to any balance unpaid thirty (30) days after billing. Under two special conditions, funds paid into the escrow account shall also be subject to a late charge of one and one quarter percent (1¼%) per month. These two special conditions are:

- (1) The arbitrator(s) determine that the Wholesale Purchaser's payment into the escrow account was made in bad faith; or
- (2) The Wholesale Purchaser made payments into the escrow account without submitting its Objection Letter to the City prior to the bill's due date.

Article VII – Billings.

Billings shall be based on the telemetry information received from the City’s Water Metering Systems.

In the event that the City’s telemetry reading shall malfunction or become inoperative for any period of time the City shall estimate the quantity of water delivered to Wholesale Purchaser during the period of malfunction or non-operation based upon one of the following methods set forth in their order of preference:

- (1) In cases where Wholesale Purchaser has installed its own telemetry measuring total flow, such telemetry readings will be used; or
- (2) An actual reading of the meter at the metering chamber; or
- (3) In all other cases, estimates will be based upon prior metered usage.

The water meter will be calibrated quarterly. If the calibrations reveal that during the past quarter the meter was recording the flow within a plus or minus 2.00% margin of error then the recorded flow and all bills based on such recorded flow shall be acceptable to both parties. Should the quarterly calibration reveal that the meter’s error was greater than plus or minus 2.00%, both parties agree that the previous quarter’s bills shall be adjusted to reflect the full error rate determined by the quarterly calibration.

Article VIII – Average, Maximum and Instantaneous Flow.

A. At the Tincum Interconnection, the City will provide to Wholesale Purchaser a rate flow sufficient to satisfy:

- (i) An annual average daily demand of 4.5 million gallons per day (“MGD”)
- (ii) a maximum daily demand limit of 8.5 MGD and
- (iii) an instantaneous (½ hour) maximum demand limit of 10 MGD.
- (iv) During the interim periods of this agreement, as described in Articles VA1(a) and VA1(b), the demand limits shall be as follows:

Article VA1(a):
Maximum Day 5.6 MGD

Maximum ½ hr. 6.1 MGD

Article VA1(b):

Maximum Day 8.5 MGD

Maximum ½ hr. 10 MGD

B. At the Cheltenham Interconnection the City will provide to Wholesale Purchaser a rate of flow sufficient to satisfy:

- (i) An annual average daily demand of 2.0 MGD
- (ii) a maximum daily demand limit of 2.5 MGD
- (iii) an instantaneous (½ hour) maximum demand limit of 3.0 MGD

[Reserved for possible Bensalem connection – See Article IX]

Article IX – Emergency Service through the Bensalem Interconnection

The parties agree that they will work together to develop a service connection at the Bensalem Interconnection. If the parties are successful and an agreement can be reached for service at the Bensalem Interconnection, the City shall consider Wholesale Purchaser's existing water usage through the Tinicum and Cheltenham Interconnections in calculating the Water Charge for service at the Bensalem Interconnection.

Article X – Excess Demand Charges

In the event Wholesale Purchaser exceeds the Maximum Day or Maximum ½ Hour demand limits, or both, as stated in Article VIII; or as revised in accordance with the terms of Article VA(1)(e), the City shall assess Wholesale Purchaser an excess demand charge as follows:

A. Exceedance of Maximum Daily Demand Limit(s)

- 1. For exceedance of the maximum daily demand limit at any interconnection, the excess demand charge shall be calculated by determining the percentage exceedance, as measured by the City, relative to the contract limit and multiplying that percentage by the current monthly fixed charge. For any

exceedance of the maximum daily limit greater than 15% the excess demand charge above shall be multiplied by three (3).

2. If an exceedance of the maximum daily demand limit occurs in three (3) consecutive months; the excess demand charges shall be calculated by multiplying the monthly fixed charge by two (2) for the third month in which the exceedance(s) occurs, and any subsequent months in which an exceedance(s) occurs in the same calendar year. If calculation of the excess demand charge under A1 above is greater than under A2, the higher charge shall be billed to Wholesale Purchaser. This paragraph, XA(2), shall not become effective until two years after the Effective Date of this Agreement.

3. In the event of exceedance(s) greater than 15%, or as specified in Article XA2 above, Wholesale Purchaser shall have the right to contract for higher maximum daily limits to cover its exceedance(s), provided City, in its judgement, has such capacity to make available to Wholesale Purchaser. If such higher limits are contracted for City agrees to waive the excess demand charge retroactive to the first such charge levied in the current calendar year, and City shall rebill Wholesale Purchaser using the new higher fixed monthly charge retroactive to the earliest month in which the excess demand charge was waived.

B. Exceedances of Maximum ½ Hour Demand Limit(s)

For exceedances of the Maximum ½ hour demand limit, the excess demand charge shall be equal to the monthly fixed charge for each month in which such exceedance(s) occur. If exceedance(s) of the limit occur in three or more consecutive months the excess demand charge shall be calculated by multiplying the monthly fixed charge by two (2) for the third and subsequent months in a calendar year in which exceedance(s) occur.

C. For purposes of calculating excess demand charges the fixed charges between the Tincicum and Cheltenham interconnections shall be allocated as follows:

- (1) For the period from the beginning of this Agreement to the start of the Cheltenham interconnection or to January 1, 2003, whichever comes first, Tincum is allocated 100%.
 - (2) For the period starting when the Cheltenham interconnection starts or January 1, 2003, whichever comes first, through to the end of this Agreement, Tincum is allocated 77% and Cheltenham is allocated 23%.
 - (3) In the event the Liberty Electric Plant ceases operation permanently Tincum is allocated 58% and Cheltenham is allocated 42%.
 - (4) Should Wholesale Purchaser be unable to utilize the Tincum Interconnection due to a force majeure event the Cheltenham Interconnection is then allocated 100%.
- D. When multiple exceedances occur in a given month, the exceedance used for billing excess demand charges shall be that which yields the higher (est) charge.
- E. Nothing in Article X shall require the City to make improvements to its water system in order to make additional capacity available to Wholesale Purchaser.
- F. All Excess Demand charges shall be in addition to the regular Water Charges as described in Article V, and shall be subject to the terms of Article VI.
- G. For the purposes of determining whether an exceedance has occurred the City acknowledges that meters are accurate within plus or minus 2.00%. Therefore, an exceedance will only be deemed to occur if the maximum daily demand limits or the maximum ½ hour demand limits are exceeded by more than 2.00% over the demand limits set forth in Article VIII. Should an exceedance occur, the calculation of Excess Demand Charges pursuant to this Article shall be based on the actual demand limits set forth in Article VIII.

Article XI – No Liability for Interruption in Service.

Wholesale Purchaser acknowledges that service can be interrupted by, among other things, main breaks, equipment failures, weather conditions, etc. Therefore, the City cannot guarantee that there will be no interruptions in service. Further, the City can not guarantee any specific pressures or that fluctuations in pressure will not occur. Wholesale Purchaser agrees that the City shall not be liable or responsible for any losses or damages, consequential or otherwise, as a result of an interruption in service or failure or fluctuation in pressures. However, the City is obligated to use its best efforts to restore service and/or pressures. The City agrees not to make any changes to its City Facilities that would substantially diminish the pressures of water historically available at the Interconnection Points. Wholesale Purchaser acknowledges and accepts that the City may be required to engage in maintenance, repair or improvement activities to its City Facilities which may temporarily influence pressures available at the Interconnection Points.

Article XII - Sole Ownership and Responsibility.

The City retains sole ownership with respect to any and all City Facilities. No provisions of the Agreement shall be construed to create any type of joint ownership of property, any partnership or joint venture, or any other rights or liabilities except as expressly set forth in the Agreement.

Article XIII - Sole Right to Management and Control of City Facilities.

The City retains exclusive, full and final control with respect to all City Facilities, and further retains the sole and exclusive right to make all managerial and other decisions as to City Facilities, including but not limited to decisions regarding operation, maintenance, repair, expansion or replacement of all or a portion of City Facilities.

Article XIV - Inspection and Audit.

The parties agree that each shall keep complete records and accounts concerning their responsibilities under this Agreement. Each party shall at all times have the right to examine and inspect said records and accounts upon thirty (30) days prior written notice. If required by any

law or regulation, the City and Wholesale Purchaser shall make said records and accounts immediately available to federal, state, and local authorities.

Article XV - Arbitration of Disputes.

If any dispute shall arise between the parties hereto, concerning the terms, conditions and covenants of this Agreement or alleged violations thereof, such disputes shall be submitted to arbitration as follows:

- A. To the American Arbitration Association (AAA) for appointment of the arbitrator(s) and resolution under the Commercial Arbitration Rules and, if applicable, under the Supplemental Procedures for Large Complex Disputes or the then current rules.

- B. In the event that the AAA is no longer available for such arbitrations the parties shall follow the following procedures:
 - (1) A Board of Arbitration shall be established, composed of three (3) arbitrators, one (1) appointed by City, one (1) by Wholesale Purchaser, and the third to be agreed upon jointly by the arbitrators selected by City and Wholesale Purchaser. The third arbitrator shall be the chair.

 - (2) The arbitrators representing Wholesale Purchaser and City shall be named within five (5) days from the request for the appointment of such Board. If after a period of ten (10) days from the date of the appointments, the two (2) arbitrators appointed by City and Wholesale Purchaser cannot agree on the third arbitrator, then either appointed arbitrator may request an independent arbitration organization to furnish a list of three (3) arbitrators from which the third arbitrator shall be selected.

 - (3) The arbitrator appointed by Wholesale Purchaser shall then eliminate one (1) name from the list furnished by the independent arbitration organization within five (5) days after its publication, following which the arbitrator appointed by City shall eliminate one (1) name from the list within five (5) days thereafter. The individual whose name remains on the list shall be the third arbitrator and shall act as the Chairman of the Board of Arbitrators.

 - (4) Each party shall bear the costs of its own arbitrator and the parties shall equally divide the costs of the third arbitrator and all other common costs.

- (5) The Board of Arbitrators, thus established, shall commence the arbitration proceedings within ten (10) days after the third arbitrator is selected and shall make its determination within thirty (30) days after the appointment of the third arbitrator.

- C. All petitions to compel or stay arbitration and appeals of the arbitration decision (in cases where fraud is alleged) shall be filed in Philadelphia County Court of Common Pleas and Wholesale Purchaser accepts venue therein.

- D. The decision of the arbitrator(s) shall be final and binding upon the parties, except in the case of fraud.

Article XVI - Claims, Insurance and Related Matters.

- A. Wholesale Purchaser agrees to defend, indemnify and hold harmless the City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from Wholesale Purchaser's performance of the terms and conditions of this Agreement (Hereinafter "Causes of Action"). Such Causes of Action would include, but are not limited to, actions which arise as the result of:

- (1) injury (including death) to persons and damages to property arising from this Agreement due to the fault or negligence of the Wholesale Purchaser or their employees, servants or agents or the inherent nature of their operations;

- (2) United States Environmental Protection Agency (Hereinafter "EPA") or Pennsylvania Department of Environmental Protection (Hereinafter "DEP") actions of any kind whatsoever, whether direct or indirect, disapproving, rejecting or disallowing any work undertaken by Wholesale Purchaser, its contractors or consultants pursuant to this Agreement.

Wholesale Purchaser agrees to defend, indemnify and hold harmless the City from and against all claims, actions, causes, suits, demands, losses, interest, penalties and liabilities arising from the City's inability, due to causes beyond its control, to perform any of the provisions of this Agreement.

- B. Nothing set forth in this Agreement shall limit or prevent the parties from resorting to any appropriate remedy in law or equity, or any combination of remedies for non-compliance with this Article.
- C. Nothing contained in this Agreement shall be deemed to confer upon any third person any right against City or Wholesale Purchaser or to vest in said third person any cause of action against City or Wholesale Purchaser or to authorize any such person to institute any suit or suits against City or Wholesale Purchaser.

ARTICLE XVII—FORCE MAJEURE

Neither Party shall be responsible to the other for the inability, due to causes beyond its control, to perform any provisions of this Agreement. Nothing in this Article shall be construed to in any manner limit, restrict, impair, diminish or in any manner affect Article XVI of this Agreement that provides that Wholesale Purchaser shall indemnify and hold the City harmless.

Article XVIII - No Transfer of Rights Without Express Prior Written Consent.

- A. Transfer. Wholesale Purchaser shall not confer, transfer, convey, assign or license to any third party any rights obtained under this Agreement including but not limited to assignment of water supply without the express prior written consent of the City. Such consent shall not be unreasonably withheld. Any transfer by either party shall not impede the rights of either City or Wholesale Purchaser. Notwithstanding the above, Wholesale Purchaser is authorized to use the water to serve its customers in its service territory. Notwithstanding the above, the consent of the City shall not be required and the rights under the Agreement may be freely transferred to any successor or assign of Wholesale Purchaser if the Wholesale Purchaser requests and obtains approval from the Pennsylvania Public Utility Commission for such transfer.

- B. Successors and Assigns. All the covenants contained in this Agreement shall extend to and bind the respective successors and assigns of the parties hereto with the same effect as if the words "successors and assigns" had, in each case, been specifically mentioned.

Article XIX - Term.

- A. This Agreement shall remain in effect until March 1, 2026, and thereafter shall terminate unless terminated earlier in accordance with the provisions in Paragraph B immediately below.
- B. Either party shall have the right to terminate this Agreement for cause at any time, but only upon one (1) year of written notice. For cause shall mean:
- (1) Failure of the Wholesale Purchaser to meet its financial obligations under this Agreement for a period of two (2) consecutive billing periods;
 - (2) Failure of Wholesale Purchaser to make an escrow payment in accordance with Article VI C;
 - (3) Failure of the City to materially meet its obligations to supply drinking water.
 - (4) Failure of either party to comply with a decision or determination of an arbitrator, arbitration panel or court of competent jurisdiction rendered under this agreement within ninety (90) days of the date of the decision or determination.

- C. Right of Termination until September 1, 2000

Wholesale Purchaser shall have the right to terminate this Agreement on or before September 1, 2000. Thereafter, Wholesale Purchaser's right of termination is null and void and the Agreement shall remain in full force and effect.

Article XX – Drought Provision

In the event that the City is required to limit service to its in City customers as the result of drought restrictions, the City shall impose the same drought restriction on Wholesale

Purchaser. In implementing such restrictions, the City will give due consideration to any exemptions Wholesale Purchaser or its customers are entitled to through actions of the Pennsylvania Department of Environmental Protection or the Delaware River Basin Commission, or their successor agencies.

Article XXI- Severability

In the event any provision hereof is held illegal or invalid, no other provision of this Agreement shall be affected; and this Agreement shall then continue in full force as if such illegal or invalid provision had not been contained herein.

Article XXII - Waiver.

The failure of a party hereto to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights herein granted.

Article XXIII - Notices.

All notices, payments and communications required to be given in writing under this Agreement shall be sent by United States mail, postage prepaid, or delivered by hand delivery with receipt obtained, to the addresses below or at such other addresses as City or Wholesale Purchaser may designate in writing from time to time:

If Intended for City:

Attn: Water Commissioner
Philadelphia Water Department
ARAMARK Tower
1101 Market Street, 5th Floor
Philadelphia, PA 19107

If Intended for Wholesale Purchaser: Attn: President
Philadelphia Suburban Water Company
762 Lancaster Avenue

Bryn Mawr, PA 19010
With a copy to General Counsel

All notices shall be deemed received five (5) calendar days after mailing or upon actual receipt, whichever is earlier.

Article XXIV - Captions.

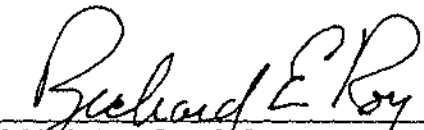
The captions in this Agreement are for convenience only and are not part of the Agreement.

IN WITNESS WHEREOF, The Water Commissioner of the City of Philadelphia has caused this Agreement to be executed on behalf of the City and the appropriate officers of Wholesale Purchaser have executed this Agreement on behalf of Wholesale Purchaser.


THE CITY OF PHILADELPHIA

Approved as to Form:


DAVID A. KATZ
Divisional Deputy City Solicitor

By 
RICHARD E. ROY
Acting Water Commissioner

PHILADELPHIA SUBURBAN
WATER COMPANY

By 
RICHARD R. RIEGLER
Senior Vice President
Engineering and Environmental
Affairs

AMENDMENT TO DRINKING WATER AGREEMENT

This Amendment to the Drinking Water Agreement (this "Amendment"), made this First day of July, 2006, (the Effective Date) by and between the City of Philadelphia, Pennsylvania, acting through its Water Department (the "City") and Aqua Pennsylvania, Inc. formerly Philadelphia Suburban Water Company, located at 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania, 19010 (the "Wholesale Purchaser")(collectively the "Parties").

WHEREAS, pursuant to the Drinking Water Agreement by and between the Parties, dated June 29, 2000, (the "Agreement"), and for water charges paid by the Wholesale Purchaser, the City supplies drinking water to the Wholesale Purchaser; and

WHEREAS, pursuant to Article V(A)(e)(iv) of the Agreement, the Parties desire to amend the Agreement by this Amendment in order to adjust the fixed charges, the flow rates, and excess demands charges now that Liberty Electric's purchases have been substantially reduced.

NOW THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained herein, the Parties agree as follows:

FLOW RATES

At the Tincum Interconnection, the City will provide to Wholesale Purchaser a rate flow sufficient to satisfy: an annual average daily demand of 3.705 MGD, a maximum daily demand limit of 7.0 MGD, and an instantaneous (1/2 hour) maximum demand limit of 8.25 MGD.

EXCESS DEMAND CHARGES

In the event Wholesale Purchaser exceeds the Maximum Day or Maximum ½ Hour demand limits, or both, the City shall assess Wholesale Purchaser an excess demand charge as follows:

The fixed charges between the Tincum and Cheltenham interconnections shall be allocated between the Tincum and Cheltenham interconnections with 74% to Tincum and 26% to Cheltenham.

AGREEMENT IN FULL FORCE

Except for those terms amended by this Amendment, the Agreement shall continue in full force and effect, including the right of the Parties to make future amendments to the agreement pursuant to Article V (A) of the Agreement

DEFINED TERMS

All terms in this Amendment not defined herein shall have the definitions set forth in the Agreement.

IN WITNESS WHEREOF, the Water Commissioner of the City of Philadelphia has caused this Amendment to be executed on behalf of the City and the appropriate officer of the Wholesale Purchaser has executed this Amendment on behalf of the Wholesale Purchaser.

THE CITY OF PHILADELPHIA

Approved as to Form:

By Keith J. Jones
Keith J. Jones
Divisional Deputy City Solicitor

Bernard Brunwasser
Bernard Brunwasser
Water Commissioner

Aqua Pennsylvania, Inc.

By Karl Kyriss
Karl Kyriss
President, Aqua Pennsylvania, Inc.

**Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by PAUL C. ROGERS, Vice President, and L. L. GOUCHER, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint Francis J. CURRAN, Marina A. KENNEY, Sally PHILLIPS and Christopher ROAK, all of Philadelphia, Pennsylvania, EACH its true and lawful agent and Attorney-in-Fact to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: ~~any and all bonds and undertakings, and the execution of such bonds or undertakings in pursuance of these presents shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons.~~ This power of attorney revokes that issued on behalf of Francis J. CURRAN, Marina A. KENNEY, Sally PHILLIPS and Christopher ROAK, dated August 9, 2002.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 29th day of July, A.D. 2003.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



L. L. Goucher

L. L. Goucher

Assistant Secretary

By:

Paul C. Rogers

Paul C. Rogers

Vice President

State of Maryland }
City of Baltimore } ss:

On this 29th day of July, A.D. 2003, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and L. L. GOUCHER, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Dennis R. Hayden

Dennis R. Hayden

Notary Public

My Commission Expires: February 1, 2009

EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,....and to affix the seal of the Company thereto."

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 6th day of September, 2006.


Assistant Secretary

**AMENDMENT TO
DRINKING WATER AGREEMENT**

This Amendment to the Drinking Water Agreement (this "Amendment"), made this First day of July, 2006, (the Effective Date) by and between the City of Philadelphia, Pennsylvania, acting through its Water Department (the "City") and Aqua Pennsylvania, Inc. formerly Philadelphia Suburban Water Company, located at 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania, 19010 (the "Wholesale Purchaser")(collectively the "Parties").

WHEREAS, pursuant to the Drinking Water Agreement by and between the Parties, dated June 29, 2000, (the "Agreement"), and for water charges paid by the Wholesale Purchaser, the City supplies drinking water to the Wholesale Purchaser; and

WHEREAS, pursuant to Article V(A)(e)(iv) of the Agreement, the Parties desire to amend the Agreement by this Amendment in order to adjust the fixed charges, the flow rates, and excess demands charges now that Liberty Electric's purchases have been substantially reduced.

NOW THEREFORE, intending to be legally bound and in consideration of the mutual covenants contained herein, the Parties agree as follows:

FLOW RATES

At the Tincum Interconnection, the City will provide to Wholesale Purchaser a rate flow sufficient to satisfy: an annual average daily demand of 3.705 MGD, a maximum daily demand limit of 7.0 MGD, and an instantaneous (1/2 hour) maximum demand limit of 8.25 MGD.

EXCESS DEMAND CHARGES

In the event Wholesale Purchaser exceeds the Maximum Day or Maximum ½ Hour demand limits, or both, the City shall assess Wholesale Purchaser an excess demand charge as follows:

The fixed charges between the Tincum and Cheltenham interconnections shall be allocated between the Tincum and Cheltenham interconnections with 74% to Tincum and 26% to Cheltenham.

AGREEMENT IN FULL FORCE

Except for those terms amended by this Amendment, the Agreement shall continue in full force and effect, including the right of the Parties to make future amendments to the agreement pursuant to Article V (A) of the Agreement

DEFINED TERMS

All terms in this Amendment not defined herein shall have the definitions set forth in the Agreement.

IN WITNESS WHEREOF, the Water Commissioner of the City of Philadelphia has caused this Amendment to be executed on behalf of the City and the appropriate officer of the Wholesale Purchaser has executed this Amendment on behalf of the Wholesale Purchaser.

THE CITY OF PHILADELPHIA

Approved as to Form:

By Keith J. Jones
Keith J. Jones
Divisional Deputy City Solicitor

Bernard Brunwasser
Bernard Brunwasser
Water Commissioner

Aqua Pennsylvania, Inc.

By Karl Kyriss
Karl Kyriss
President, Aqua Pennsylvania, Inc.

**Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by PAUL C. ROGERS, Vice President, and L. L. GOUCHER, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint Francis J. CURRAN, Marina A. KENNEY, Sally PHILLIPS and Christopher ROAK, all of Philadelphia, Pennsylvania, EACH its true and lawful agent and Attorney-in-fact to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, and the execution of such bonds or undertakings in pursuance of these presents shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Francis J. CURRAN, Marina A. KENNEY, Sally PHILLIPS, Christopher ROAK, dated August 9, 2002.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 29th day of July, A.D. 2003.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



L. L. Goucher

L. L. Goucher

Assistant Secretary

By:

Paul C. Rogers

Paul C. Rogers

Vice President

State of Maryland }
City of Baltimore } ss:

On this 29th day of July, A.D. 2003, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and L. L. GOUCHER, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Dennis R. Hayden

Dennis R. Hayden

Notary Public

My Commission Expires: February 1, 2009

EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seal of the Company thereto."

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

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RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 6th day of September, 2006.



R. E. Smith

Assistant Secretary