
EXHIBIT F42

AMENDMENT TO SERVICE AGREEMENT, DATED
JUNE 22, 1999, BY AND AMONG
DELCORA AND DARBY CREEK JOINT AUTHORITY

AMENDMENT TO SERVICE AGREEMENT

This Amendment to the Service Agreement between the parties dated December 1, 1973 (Service Agreement) and amended on July 7th, 1981 ("1981 Amendment") is made this 22ND day of JUNE, 1999 between the Delaware County Regional Water Quality Control Authority (DELCORA) and Darby Creek Joint Authority (DCJA) ("1999 Amendment").

RECITALS

- A. DELCORA and DCJA entered into the Service Agreement, dated December 1, 1973 and an amendment thereto on July 7, 1981. DELCORA also entered into similar agreements with Central Delaware County Authority (CDCA) and Muckinipates Authority. All of the aforesaid agreements were entered into for the purpose of developing a conveyance system (hereinafter collectively called the "Eastern Delaware County Conveyance System") to convey sewage from the Eastern Delaware County Service Area to the existing Southwest Water Pollution Control Plant (hereinafter called the "City Plant") of the City of Philadelphia (hereinafter called the "City") for treatment. DELCORA has entered into an agreement with the City for such treatment (the "City Agreement").

- B. The Eastern Delaware County Conveyance System constitutes a single interconnected system of sewage conveyance for the Eastern Delaware County Area located within the service areas of the DCJA, CDCA and Muckinipates Authority for conveyance of sewage to the City Plant.
- C. Due to excessive stormwater inflow into the sewer systems of the Eastern Delaware County Service Area, DELCORA periodically exceeds the flow limits prescribed by the City Agreement. DELCORA has negotiated an amendment (City Amendment) to the City Agreement dated May 1, 1995 and as a result, DELCORA will undertake a project to abate the excessive flow problem. Among other things, the City Amendment includes a financial settlement agreement of disputed payments and the requirement that DELCORA proceed with a project to eliminate flow exceedances within five years of the date DELCORA submitted its plan of action to the City (Plan). The Plan was submitted to the City by DELCORA on May 11, 1995 and was subsequently approved by the City on June 14, 1995.
- D. In accordance with the Plan, DELCORA will construct the Chester By-Pass which is a force main from DELCORA's Central Delaware County Pumping Station (CDPS) to connect with an existing force main near DELCORA's Chester Pumping Station in the City of Chester, thus allowing the diversion of

a portion of the Eastern Delaware County Service Area flows to DELCORA's Western Regional Treatment Plant (WRTP). In addition, DELCORA will make modifications at the WRTP and the Central Delaware County, Chester and Kimberly Clark Pumping Stations as needed to accommodate the additional flows. Under normal operation, Darby Creek Joint Authority and Muckinipates Authority service area flows will be conveyed to the City Plant and CDCA service area flows will be conveyed to the WRTP.

- E. The above changes in the DELCORA facilities require that the Service Agreement be further amended to incorporate the Chester By-Pass and to redefine the costs that will be shared by DCJA, CDCA and Muckinipates Authority. No change will be made to the definition of the Eastern Delaware County Service Area nor will there be any change in the method by which costs are distributed among DCJA, CDCA and Muckinipates Authority.
- F. Believing it to be in the best interest of the public, particularly the DCJA members, the parties hereto desire to continue their relationship in accordance with the terms of this 1999 Amendment which further amends the Service Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the premises and intending to be legally bound, hereby agree as follows:

1. Sections 1.01, 1.02 and 1.04 of Article I of the Service Agreement shall be and are amended to read as follows:

1.01 Construction of Facilities: Design Capacities. DELCORA has completed construction of the Eastern Delaware County Conveyance System and will cause plans and specifications to be completed with all reasonable dispatch, and upon receipt of the approvals of all governmental agencies, shall award construction contracts and cause the Chester By-Pass to be constructed and completed in accordance with such plans and specifications and sound engineering principles.

The Eastern Delaware County Conveyance System and the Chester By-Pass shall all provide design capacity sufficient to meet the estimated requirements of the respective users thereof in the Eastern Delaware County Service Area, as set forth in the Engineering Report and as revised from time to time. Said capacity has been and will be made available by DELCORA to all such users immediately or subsequently, as contemplated by the Engineering Report and the above recitals to this agreement, on substantially equal terms for all users from time to time as provided in Section 9.03 hereof, the charges for all users being determined in the manner set forth in Article III hereof.

1.02 Review and Inspection. Throughout the term of this Agreement, DELCORA shall cause the Consulting Engineers to make available at reasonable times and places, all information concerning the design, construction and operation of the Eastern Delaware County Conveyance System and the Chester By-Pass reasonably requested by DCJA which shall have the right at all reasonable times to inspect the construction and operation of said System and all records of DELCORA in respect thereof.

1.04 Project. This 1999 Amendment provides for a flow diversion system which allows all or a portion of CDCA Service Area flows to be conveyed to DELCORA's WRTP in Chester, or to be conveyed to Philadelphia. For the purposes of these new facilities, the "Project" is defined as activities associated with the planning, design, financing, permitting, and construction of, (1) a new force main from the CDPS to the Chester Force Main, (2) the addition of a 4th pump and upgrades to 3 existing pumps in the CDPS, (3) installation of a new flow diversion vault including motorized control valve, flow meter, associated piping, valves and controls, (4) upgrades to aeration and disinfection facilities at WRTP, and (5) any improvements to pumping systems in Kimberly-Clark's Pumping Station or DELCORA's Chester Pumping Station which are required solely to accommodate the aforementioned facilities which comprise the Project.

2. Section 2.01 of Article II of the Service Agreement shall be and is hereby amended as follows:

2.01. Point of Connection; Metering Station; Acceptance of Sewage.

The Sewage covered by this Agreement will be delivered by DCJA to DELCORA at a point of connection adjacent to the Darby Creek Pumping Station approved by DELCORA's Consulting Engineers.

DELCORA will construct a metering station at or near said point of connection and operate and maintain the same at its expense (which will then become a part of the "Operating and Capital Costs" as defined in Section 3.02).

Following the completion of both the enlargement of the City Plant and construction of the DC By-Pass System, the Eastern Delaware County By-Pass and the Darby Creek Pumping Station, during the term of this Agreement all Sewage emanating from the DCJA Members and any direct customers of DCJA shall be delivered by DCJA at the abovementioned connection point (subject to the other provisions hereof) where it will be accepted by DELCORA for conveyance and treatment through the DC Pumping Station, the Eastern Delaware County By-Pass, the DC By-Pass System and the City Plant, subject to the terms of the City Agreement, or by other facilities provided by DELCORA pursuant to Section 2.02.

DCJA shall commence delivering its sewage to the Eastern Delaware County By-Pass as soon as practicable after such facilities are sufficiently complete to provide service (as certified by DELCORA's Consulting Engineers).

3. Sections 3.01 and 3.02 of Article III of the Service Agreement shall be and are hereby amended as follows:

3.01 Proportion. DCJA agrees to pay to DELCORA, subject to the other provisions hereof, as a service charge, an amount in respect of each calendar year or portion thereof during which this Agreement is in effect which bears the same proportion to the total of the Operating and Capital Costs (as hereinafter defined) as the metered Sewage discharge from DCJA facilities into the Eastern Delaware County By-Pass during such year or portion thereof bears to the total amount of metered Sewage flowing through the Eastern Delaware County Conveyance System to the City Plant and through the Chester By-Pass to the WRTP during such year or portion thereof.

3.02 "Operating and Capital Costs" shall mean the total of the following items, each such item being determined for the calendar year or portion thereof under consideration: (1) the pro rata share of DELCORA's Administration Expenses (as defined and determined in Section 3.03); (2) all the expenses and costs of effective and reasonable operation, maintenance, repair, renewal or replacement of the

Eastern Delaware County Conveyance System, the Chester By-Pass, and a pro rated share of such expenses and costs for the WRTP and Chester Force Main, all as defined in Section 3.04, and of making all ordinary improvements thereto the costs of which are not otherwise provided for; (3) all amounts which DELCORA is required to pay under the City Agreement for treatment of Sewage flowing through the Darby Creek By-Pass; and (4) all amounts which DELCORA is required to pay from time to time to carry and amortize that portion of its temporary or bonded indebtedness allocable to the "Project Cost", as defined in Section 3.05, of constructing the Eastern Delaware County Conveyance System and the "Project Cost", as defined in Section 3.05 of constructing the Chester By-Pass, as well as pro rated portions of such amounts allocable to the WRTP and Chester Force Main, including required payments to reserve funds.

4. The last paragraph of Section 3.03 of Article III of the Service Agreement shall be and is amended to read as follows:

3.03 Administration Expenses ... The amount of the total annual Administration Expenses to be charged to the Eastern Delaware County Service Area under Section 3.02 above shall be the same proportion of the said total annual costs as the total annual flows conveyed from the Eastern Delaware County Service Area to the City Plant, and to the WRTP, bears to the total annual flows in all systems owned

or operated by DELCORA as measured at the City Plant and all other plants or facilities operated by DELCORA or receiving Sewage from DELCORA for treatment.

5. Sections 3.04 and 3.05 of Article III of the Service Agreement shall be and are amended to read as follows:

3.04 Costs of Operation. For the purposes of Section 3.02 above, expenses and costs of effective and reasonable operation, maintenance, repair, renewal or replacement shall include reasonable amounts for the following: (a) salaries and wages of supervisory and operating or maintenance personnel engaged in operating and maintaining the Systems, together with the social security and unemployment taxes, workmen's compensation insurance premiums, health and accident insurance premiums and pension benefits applicable thereto, pro rating such items in accordance with employees' time spent on Eastern Delaware County Service Area related work, where the same employees also work on other facilities of DELCORA; (b) power, chemicals, fuel, materials, supplies, equipment and tools used or employed for the operation and maintenance of the Systems; (c) costs of maintenance and repairs (including replacements) of the Systems, including costs of any work done under any contract; (d) the fees and expenses of attorneys, consulting engineers and certified public accounts for services performed in connection with the management, operation and maintenance of the Systems; (e) premiums for insurance on the Systems; (f) the

payments to the City for maintenance and repair of the Darby Creek By-Pass under the City Agreement; and (g) all other costs and expenses reasonably incurred and properly allocable, under sound accounting principles consistently applied, to the operation, maintenance, repair and replacement of the Systems.

3.05 "Project Cost", for purposes of Section 3.02 above, shall include the following items with respect to the Eastern Delaware County Conveyance System; and the Project as defined in Section 1.04; (a) obligations incurred for labor and to contractors, builders and materialmen in connection with construction; (b) the reasonable administration expenses of DELCORA allocable to such projects, and interest on DELCORA's bonds, both during the construction period and thereafter; (c) the cost of acquiring by purchase and the amount of any award or final judgment in any proceedings to acquire by condemnation such lands, property rights, rights-of-way, franchises, easements and other interests as may be deemed necessary or convenient in connection with such projects, and the amount of any damages incident to or consequent upon such acquisition or construction; (d) the cost of acquiring any property (real, personal or mixed, tangible or intangible), or any interests therein, necessary or desirable for carrying out such projects; (e) 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; (f) the fees and expenses of engineers or other experts and the cost of surveys, estimates, plans and specifications and preliminary investigation, and for supervising construction as well as for the performance of all other duties of such engineers or other experts required by or consequent upon the proper performance of any such construction; (g) the fees and expenses of DELCORA's legal counsel for services in connection with the preparation of the service agreements and related work; (h) all costs of issuing DELCORA's bonds allocable to construction of the Systems including bond discount, fees of accountants, bond counsel, financial advisors and other experts, trustee's fees, printing and similar financing costs; (i) all costs which DELCORA may be required to pay under the terms of any contract or contracts for such construction; (j) any sums required to reimburse DELCORA, the County or others for advances made for any of the above items, or for any other costs, and for work done by any of them which are properly chargeable to construction of the Systems; (k) any amount which DELCORA may be required or elect to pay to the City as a capital contribution in respect of reserve capacity in the City Plant; and (l) any costs of the type referred to above incurred hereafter in connection with any future expansion of the Systems pursuant to Section 2.02 above. There shall be deducted in determining such Project Cost all grants received from the Common-

wealth of Pennsylvania or the United States of America, or agencies of either, which are allocable to construction of the Systems or expansion of the City Plant.

6. Sections 4.01 and 4.02 of Article IV of the Service Agreement shall be and are amended to read as follows:

4.01 Meters. The quantity of Sewage emanating from the DCJA facilities and discharged into the Systems shall be based upon the sum of the readings of the sewer meter installed pursuant to Section 2.01 above. The quantity of Sewage flowing through the Systems shall be based upon the readings of a sewer meter which will be installed by DELCORA at or near the point where the Darby Creek By-Pass discharges into the City Plant and where the CDPS discharges into the Chester By-Pass.

4.02. Meter Readings, Maintenance and Calibration. DELCORA will record meter readings each day of the Sewage flowing through the aforesaid meters and the City will record meter readings on the meter at the City Plant, pursuant to the City Agreement. DELCORA will forward a report of all readings to DCJA not less often than quarterly. DELCORA will maintain, or cause to be maintained, as part of the "Operating and Capital Costs" the aforesaid meters and cause them to be inspected and calibrated at least quarterly for accuracy by the manufacturer thereof or some other company or person qualified to make such inspections.

7. Section 6.01 of Article VI of the Service Agreement shall be and is amended to read as follows:

6.01 Eastern Delaware County Conveyance System and Chester By-Pass System. During the term hereof, DELCORA will continuously operate, maintain and repair the Eastern Delaware County Conveyance System (subject to Section 9.04) and the Chester By-Pass, or cause them to be maintained and repaired so that they will be at all times in efficient operating condition and in compliance with the standards prescribed by all appropriate regulatory agencies for the purpose of this Agreement.

8. Section 9.01 of Article IX of the Service Agreement shall be and is amended to read as follows:

9.01. Insurance; Repairs and Reconstruction. DELCORA will insure, or cause to be insured, DELCORA's Systems, or such parts thereof as are usually insured by the owners and/or operators of sewer systems in the Commonwealth of Pennsylvania to the full insurable value, in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth. Such insurance policies shall be non-assessable. Immediately

upon the occurrence of any loss or damage to any part of the Systems, whether or not covered by insurance, DELCORA will commence and promptly complete, or cause to be so commenced and promptly completed the repairing, replacement or plans and specifications prepared by its Consulting Engineers and shall collect and apply, or cause to be applied, the proceeds of such insurance to the cost of such repair, replacement or reconstruction.

9. The following definitions are hereby added to Section 9.12 of Article IX of the Service Agreement:

9.12 Definitions

(d) Eastern Delaware County Conveyance System - The Eastern Delaware County By-Pass and the Darby Creek By-Pass.

(e) Chester By-Pass - The new force main running from the CDPS to the existing Chester Force Main in Chester.

(f) Chester Force Main - The force main running from the Chester Pumping Station to the W RTP.

(g) Engineering Report - Appendix B: Feasibility Study, Partial Diversion of Eastern Service Area Flows to W RTP of the December 1997 Act 537 Sewage Facilities Plan for the Treatment and Disposal of Wastewater from the Central Delaware County Authority Service Area.

(h) Systems - The Eastern Delaware County Conveyance System, Chester By-Pass and other DELCORA facilities processing Eastern Delaware County Service Area wastewaters.

(i) Kimberly Clark Pumping Station - A pumping station which also pumps into the Chester Force Main.

(j) Chester Pumping Station — A pumping station which also pumps into the Chester Force Main.

10. Terms used in this 1999 Amendment without definition that are defined in the Service Agreement shall have meanings ascribed to them therein.

11. This 1999 Amendment may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but each counterpart shall together constitute one and the same instrument.

12. All other terms and conditions of the Service Agreement and the 1981 Amendment are to remain in full force and effect and the same are hereby ratified and confirmed.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers and their respective seals to be hereunto affixed.

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

(CORPORATE SEAL)

ATTEST: David H. Hohey
SECRETARY

BY: Stanley R. Kester
CHAIRMAN

DARBY CREEK JOINT AUTHORITY

(CORPORATE SEAL)

ATTEST: John A. O'Neill
SECRETARY

BY: Charles W. Butler
CHAIRMAN