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EXHIBIT F64

WASTEWATER SERVICE AGREEMENT, DATED JULY 25,  
2011, BY AND AMONG  
CITY OF PHILADELPHIA AND DELCORA

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## **WASTEWATER SERVICE AGREEMENT**

This Agreement ("Agreement") is made this <sup>25<sup>th</sup></sup> day of July, 2011, 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 is scheduled to terminate on July 25, 2011; 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.

WHEREAS, the current wastewater services contract was expiring on July 25, 2011; and

WHEREAS, the City has been in negotiations with US EPA and PA DEP regarding the City's Long Term Control Plan Update; and

WHEREAS, the City has deferred negotiations with DELCORA until 2011;

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 30<sup>th</sup> 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.

## II. TERM

A. This Agreement shall be effective as of July 25, 2011 (the Effective Date) and shall continue in force and effect until July 25, 2013, 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.

#### C. AUTOMATIC EXTENSION OF CONTRACT TERM

It is anticipated that the City will provide DELCORA with its proportionate share of the City's Long Term Control Plan costs by no later than July 25, 2012 thus giving DELCORA one full year to review the costs and analyze its options. In the event that the City does not provide DELCORA this information by July 25, 2012 the term of this Agreement shall be automatically extended so that DELCORA shall have one full year to review the costs and analyze its options. For example, should the City not provide DELCORA with its proportionate share of the City's Long Term Control Plan costs until October 25, 2012, then the term of this Agreement shall be automatically extended to October 25, 2013 thus allowing DELCORA one full year to review the costs and analyze its options.

### **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. 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. 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) City shall reconcile Capital charges to DELCORA as of June 30, 2011 using its standard procedure for reconciling capital charges under the 1974 Agreement, as amended. Any overpayment by DELCORA to City shall be credited to DELCORA within thirty days from the City's signing of this Agreement..

(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) Should the City continue to provide wastewater treatment services to DELCORA after the expiration of the term of this Agreement, as set forth in Section II, DELCORA shall be responsible for paying its proportionate share of the City's cost of complying with the City's Long Term Control Plan. As of the Effective Date of this Agreement, this proportionate share has not yet been negotiated or agreed upon by the Parties.

The City and DELCORA hope to reach an agreement on DELCORA's proportionate share of the City's LTCP costs prior to the expiration of this Agreement. DELCORA is preparing an ACT 537 Plan to determine its options for wastewater treatment and to control Inflow and Infiltration in the Eastern Delaware County Service Area. It is anticipated that this plan may take up to two years to complete depending on the cooperation received from the participating Eastern Municipalities.

If, however, the City and DELCORA are unable to reach an agreement on DELCORA's proportionate share of the City's LTCP costs prior to the expiration of this Agreement then the following shall occur:

- A. The City shall no longer provide wastewater treatment services for DELCORA.
- B. DELCORA shall immediately initiate its plans for treatment of all its wastewater at facilities other than the SWWPCP and shall complete its plans and any new treatment facilities required as expeditiously as possible.
- C. In the interim, while DELCORA is completing its plans and any new treatment facilities required to remove its wastewater from the SWWPPC, the City shall continue to provide treatment of DELCORA's wastewater under the terms and conditions of this Agreement..
- D In addition to all other charges owed the City under the Agreement, DELCORA shall pay the City annually the amount of \$2,000,000 (Two Million Dollars) as its partial proportionate share of the City's LTCP costs. These annual payments shall begin upon the expiration of the term of this Agreement as provided under Section II of the Agreement and shall continue for each and every year, or part thereof, the City continues to serve DELCORA. The \$2,000,000 annual partial proportionate share payment shall be billed monthly as an additional charge of \$166,666.67.

- E. The City reserves the right to initiate arbitration under this Agreement to have DELCORA pay its full proportionate share of the City's LTCP costs during the period of time the City continues to treat DELCORA's wastewater.

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 Facilities. City retains sole ownership and control of the SWWPCP 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 DELCORA. 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 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, 5<sup>th</sup> Floor  
Philadelphia, PA 19107

If intended for DELCORA:

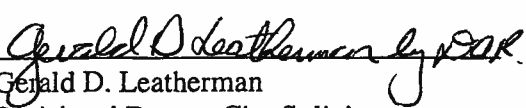
Executive Director  
DELCORA  
100 E. Fifth Street  
Chester, PA 19016

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 Directors has executed this Agreement on behalf of the Delaware County Regional Water Quality Control Authority, as of the day and year first above written.

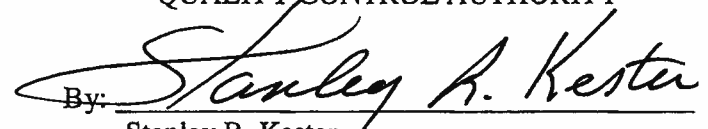
CITY OF PHILADELPHIA

By:   
Howard Neukrug  
Commissioner, Philadelphia Water Department

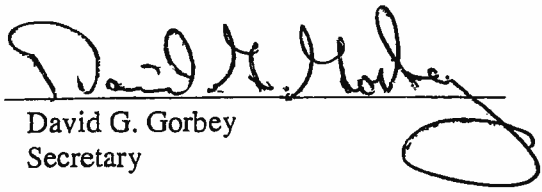
Approved as to form:

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

## **II. Phase-In of Exceedance Charges.**

- a. DELCORA shall be liable for exceedance charges during the first year succeeding the Effective Date at 33.3 % of the amounts calculated in accordance with this Agreement.
- b. DELCORA shall be liable for exceedance charges during the second year succeeding the Effective Date at 66.7 % of the amounts calculated in accordance with this Agreement.
- c. For exceedances occurring after two years and zero days after the Effective Date , DELCORA shall be liable at 100 % of the amounts calculated in accordance with this Agreement.

## **III. Charges for Years Subsequent to Calendar Year 2011**

During calendar year 2012, 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 the Chairman 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: 

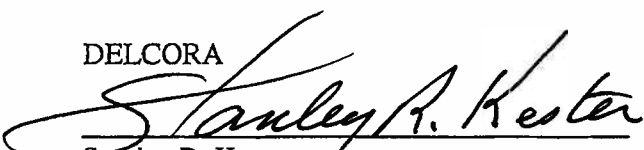
Howard Neukrug  
Water Commissioner

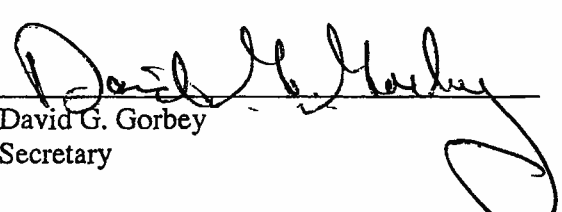
Approved as to form:

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
	<b>FY 2011 Test Year</b>		
	<b>Volume</b>		
1	Sanitary Wastewater	(Mcf)	1,404,000
2	Infiltration	(Mcf)	0
3	Total	(Mcf)	1,404,000
	<b>Suspended Solids</b>		
4	Sanitary Wastewater	(1,000 lbs)	12,528
5	Infiltration	(1,000 lbs)	0
6	Total	(1,000 lbs)	12,528
	<b>BOD</b>		
7	Sanitary Wastewater	(1,000 lbs)	11,214
8	Infiltration	(1,000 lbs)	0
9	Total	(1,000 lbs)	11,214
	<b>Contract Maximum Units</b>		
	<b>Capacity</b>		
10	Sanitary Wastewater	(Mcf/day)	13,392
11	Infiltration	(Mcf/day)	0
12	Total	(Mcf/day)	13,392
	<b>Volume</b>		
13	Sanitary Wastewater	(Mcf)	2,439,840
14	Infiltration	(Mcf)	0
15	Total	(Mcf)	2,439,840
	<b>Suspended Solids</b>		
16	Sanitary Wastewater	(1,000 lbs)	21,771
17	Infiltration	(1,000 lbs)	0
18	Total	(1,000 lbs)	21,771
	<b>BOD</b>		
19	Sanitary Wastewater	(1,000 lbs)	19,487
20	Infiltration	(1,000 lbs)	0
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 (a)	Retail Capacity	Volume	Capacity	Suspended Solids	BOD
		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>NON-WATER POLLUTION ABATEMENT PROGRAM FACILITIES</b>							
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
<b>WATER POLLUTION ABATEMENT PROGRAM FACILITIES</b>							
20	Influent Pumping Station	6,386	6,386				
21	Preliminary Treatment Building	24,513			24,513		
22	Primary Sedimentation Tanks	11,248		11,248			
23	Aeration Tanks	16,566					16,566
24	Oxygen Supply System	14,248					14,248
25	Compressor Building	3,771					3,771
26	Final Tanks	29,630		29,630			
27	Scum Concentration Building	1,387				1,387	
28	Sludge Thickener Building	12,682				6,341	6,341
29	Sludge Digestion Facilities	31,442				22,942	8,500
30	Effluent Pumping Station	5,990			5,990		
31	New Centrifuges	11,167				8,148	3,019
32	Composting Facilities	21,811				16,359	5,452
33	Sludge Dewatering	9,075				6,806	2,269
34	Sludge Gas Facilities	7,325				5,345	1,980
35	Subtotal	207,241	6,386	40,878	30,503	67,328	62,146
36	Admin. and Gen'l. Facilities	34,355	1,059	6,776	5,057	11,161	10,302
37	Adjust. for Joint Use Facilities	(10,345)			(474)	(7,385)	(2,486)
38	Total Water Pollution Abatement Program Facilities	231,251	7,445	47,654	35,086	71,104	69,962
39							
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) \$
	<b>COLLECTION SYSTEM</b>	
1	Sewers - Capacity	1,000,622,000
2	Pumping Stations - Capacity	<u>29,222,000</u>
3	Total Collection System	1,029,844,000
	<b>WATER POLLUTION CONTROL PLANTS</b>	
	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	<u>1,569,329,000</u>

(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	17,822,000	50 mgd = 6,684 Mcf/day	2,666.3674 /Mcf/day
	Retail, DELCORA, Lower Merion, Springfield, (excluding Wyndmoor), and Upper Darby			
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	<b>Total Allocated System Investment</b>					<b>30,327,717</b>	<b>30,328,000</b>

(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	Retail		Retail, DELCORA, Lower Merion, Springfield (w/o Wyndmoor) and Upper Darby		Suspended	BOD
		Expense	Volume	Capacity	Volume	Capacity	Solids	
		\$	\$	\$	\$	\$	\$	\$
	Personal Services							
1	Raw Wastewater Pumping	145,950		145,950				
2	Preliminary Treatment	1,926,542			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	326,928			326,928			
8	Chlorination	496,230			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	228,177					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			11,120	1,962		
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	92,365					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	2,393,482	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) Direct Operation & Maintenance Expense \$1,000	(2) Administrative & General Expense \$1,000	(3) Total Operation & Maintenance Expense \$1,000	(4) O&M Expense Deductions Less Interest Income \$1,000		(5) Less PA Clean Streams Grants \$1,000	(6) Net Operation & Maintenance Expense \$1,000
	<b>COLLECTION SYSTEM</b>							
	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	<b>COLLECTION SYSTEM</b>	47,495	21,063	68,558	256		0	68,302
	<b>WATER POLLUTION CONTROL PLANTS</b>							
	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	<b>CUSTOMER COSTS</b>	27,879	13,303	41,182	153		0	41,029
15	<b>Total Operation &amp; Maintenance Expense</b>	<b>162,159</b>	<b>70,633</b>	<b>232,792</b>	<b>867</b>		<b>500</b>	<b>231,425</b>

**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
<b>WATER POLLUTION CONTROL PLANTS</b>				
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 \$
<b>Collection System:</b>				
1	Sewer Maintenance (a)	0	3.20%	0
<b>SW Treatment Plants:</b>				
Retail, DELCORA, Lower Merion, Springfield (Excluding Wyndmoor), and Upper Darby				
2	Volume	1.1980	\$/Mcf	1,681,992
3	Capacity	61.3522	\$/Mcf/day	821,629
4	Suspended Solids	203.1720	\$/1,000 lbs	2,545,339
5	BOD	185.0571	\$/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**

	(1)	(2)	(3)	(4)	(5)
	Unit Costs				
Description	Annual	Volume	Capacity (a)	Suspended	BOD
	Lump Sum			Solids	
	\$	\$/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.