
EXHIBIT F110

DELCORA-SOUTHWEST DELAWARE COUNTY MUNICIPAL
AUTHORITY AGREEMENT OF SERVICE,
DATED DECEMBER 21, 2009, BY AND AMONG
SOUTHWEST DELAWARE COUNTY MUNICIPAL
AUTHORITY AND DELCORA

DELCORA-SOUTHWEST DELAWARE COUNTY MUNICIPAL AUTHORITY AGREEMENT
AGREEMENT OF SERVICE

THIS AGREEMENT is made as of the 21st day of **December 2009**, between the SOUTHWEST DELAWARE COUNTY MUNICIPAL AUTHORITY ("SOUTHWEST"), a Pennsylvania Municipal Authority, and DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY ("DELCORA"), a Pennsylvania Municipal Authority.

RECITALS

WHEREAS, By Order of the Pennsylvania Department of Environmental Protection ("DEP"), a regional wastewater system has been constructed and is operated by DELCORA to provide proper conveyance and treatment for wastewaters generated in portions of Delaware County.

WHEREAS, SOUTHWEST owns and operates a wastewater collection system and treatment facility servicing portions of Aston Township, Brookhaven Borough, Upper Providence Township, Bethel Township, Upper Chichester Township, Chester Township and Middletown Township.

WHEREAS, SOUTHWEST pursuant to a sewage treatment agreement with Middletown Delaware County Sewer Authority (MIDDLETOWN) dated the 10th of January, 1968, as amended has agreed to receive and treat sewage generated in certain portions of Middletown Township.

WHEREAS, SOUTHWEST desires to cease to treat wastewater and instead to divert flows from Aston Township, Brookhaven Borough, Upper Providence Township, Bethel Township and Upper Chichester Township to DELCORA's Western Regional Treatment Plant in the City of Chester (The WRTP) or other facilities in the DELCORA System.

WHEREAS, SOUTHWEST desires to terminate its obligations to receive and treat sewage generated in Middletown Township pursuant to its agreement with MIDDLETOWN upon the connection and transmission of sewage to DELCORA as provided for in this Agreement.

WHEREAS, DELCORA will design and construct a Pump Station with metering and a force main ("The System"), which will convey certain wastewater from SOUTHWEST's treatment plant to DELCORA, DELCORA will then operate and maintain "The System" in accordance with the provisions set forth in this Agreement.

WHEREAS, the wastewater received from SOUTHWEST pursuant to this Agreement will be conveyed to DELCORA for treatment via "The System".

WHEREAS, this Agreement is in addition to and does not supersede or replace any other earlier agreements between SOUTHWEST, its member municipalities, for treatment of wastewater except for the Agreement with respect to treatment of Middletown and Chester Township as set forth in this Agreement].

NOW, THEREFORE, with the foregoing recitals made a part hereof and incorporated herein, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

ARTICLE I
CONSTRUCTION OF THE SYSTEM

1.01 Construction and Design Capacity. DELCORA will be responsible for design and construction of "The System" and will use its best efforts to have "The System" on line and operational as soon as practical. "The System" shall be designed at a minimum to provide capacity sufficient to meet SOUTHWEST's present and future requirements projected in any amendment to SOUTHWEST's Act 537 Plan made incident to the diversion of wastewater to DELCORA for treatment. SOUTHWEST reserves the right to review the design and specifications of "The System."

1.02 SOUTHWEST shall provide to DELCORA the necessary easement to construct the Pump Station on property now owned or leased by SOUTHWEST. DELCORA shall be responsible to obtain all other necessary easements for "The System."

ARTICLE II
CONDITIONS PRECEDENT TO THIS AGREEMENT

2.01 The obligations contained in this Agreement are conditioned upon the following:

- a. MIDDLETOWN and DELCORA enter into an Agreement by which DELCORA agrees to receive and treat all sewage flows from MIDDLETOWN which are now received and treated by SOUTHWEST and MIDDLETOWN agrees with DELCORA to separate metered flows, separate billing and separate rates to be imposed by DELCORA and paid by MIDDLETOWN.
- b. MIDDLETOWN agrees to terminate its Agreement dated January 10, 1968, as amended, with SOUTHWEST by which MIDDLETOWN releases and forever discharges SOUTHWEST from all claims, costs, causes of action which said MIDDLETOWN has, now has, or will have in the future, and, further providing for said Agreement dated January 10, 1968 as amended to be null and void.
- c. MIDDLETOWN agrees to pay its proportionate share of the costs of "The System".
- d. MIDDLETOWN and SOUTHWEST enter into agreements respecting easements and other relevant issues.
- e. All flows emanating from Chester Township and currently being treated by SOUTHWEST will become direct customers of DELCORA, as long as the diversion is determined by DELCORA'S engineer to be feasible.
- f. DELCORA obtains necessary governmental approvals for the construction and operation of "The System", including necessary 537 Plans and Chapter 94 Approvals.
- g. Initial diversion must occur on or before December 31, 2014.

ARTICLE III
DELIVERY AND ACCEPTANCE OF WASTEWATER

3.01. Point of Connection. Acceptance of Wastewater. The wastewater covered by this Agreement will be delivered by SOUTHWEST to DELCORA at a point of connection at the Pump Station to be constructed by DELCORA located at the SOUTHWEST's Treatment Plant site. A Metering Station, to be owned by DELCORA, will be constructed in the Pump Station as part of the SOUTHWEST System which will measure and record all flows from SOUTHWEST to DELCORA.

3.02 Acceptance of Wastewater: Subject to the availability of capacity for treatment, DELCORA agrees to accept those discharges which are in compliance with the DELCORA Standards, Rules & Regulations from the SOUTHWEST tributary and conveyance facilities.

ARTICLE IV
SERVICE CHARGES AND PAYMENTS

4.01 Construction Costs/Debt Service. SOUTHWEST will pay costs associated with the design and construction of the infrastructure needed to convey the flow to the WRTP amortized over a period to twenty (20) years, however, SOUTHWEST will only be responsible for the costs (principal and interest) based on SOUTHWEST's percentage of flow to the WRTP in relation to the total flow of The Pump Station which percentage will be calculated annually; provided, however, that should SOUTHWEST divert any portion of its flow to any other facility while any debt, or the refinancing of any debt, for "The System" remains outstanding, SOUTHWEST will remain liable for its share of such debt in the proportion that existed immediately prior to such diversion.

4.02 Service Charge. SOUTHWEST agrees to pay DELCORA in each calendar year or portion thereof during which this Agreement is in effect, subject to the other provisions hereof, a service charge for the wastewater treatment and transportation services rendered by DELCORA to SOUTHWEST for wastewater emanating from SOUTHWEST. The service charge shall be based upon rates which are uniform for DELCORA's wholesale users. Costs may include pro rata shares of administrative and general expenses, costs of effective and reasonable operation, maintenance, repair, renewal, and replacement, ordinary improvements, costs of construction, costs of operating and maintaining flow monitoring and sampling equipment, all amounts required to carry and amortize temporary and bonded indebtedness including required payments to reserve funds, and reasonable reserves.

Service charges for any industrial users in SOUTHWEST member municipalities served by this Agreement who are required to obtain an industrial discharge permit shall be shown separately on each invoice, charges for such industries shall include a volume charge (based upon wastewater flow or water consumption as deemed appropriate by DELCORA) and any applicable surcharges for high strength flows. Such rates and surcharges shall be equitable and consistent with rates and surcharges established for industrial users in other parts of the Western Service Area. Charges for industrial users will be reconciled at year end based on actual flows and loadings.

4.03. Estimate of Service Charges. On or before December 1st of each year commencing in the year of initial diversion, DELCORA will prepare and submit to SOUTHWEST a statement approved by the DELCORA's Board of Directors showing, in reasonable detail, for the next succeeding calendar year: (1) the estimated amounts to be paid by SOUTHWEST during such year as its estimated service charge determined in accordance with the provisions hereof; (2) the amount, if any, to be credited against the estimated service charge for such years as the result of any overpayments or adjustments of payments for any preceding year, as provided under Section 4.07 below; and (3) the amount of any prior bill not paid pursuant to Section 4.02 plus 6% interest pursuant to Section 4.02. On or before November 1st of each year following the Initial Conveyance, DELCORA will prepare and submit to SOUTHWEST preliminary Estimated Service Charged.

4.04 Amended Estimates. In the event of unusual contingencies requiring an upward revision in the current budget adopted by DELCORA, or in the event of a material change in the quantity or quality of SOUTHWEST wastewater flow, DELCORA may amend the estimated service charges to reflect such changed conditions. A statement showing the amended estimated payments, in reasonable detail, and the reasons therefore shall be submitted to SOUTHWEST thereafter, commencing with the next quarterly payment the payments made by SOUTHWEST shall be based upon the amended estimate. In the event SOUTHWEST is not able legally to obtain funds with which to pay all of its share of the increase, any unpaid amount shall be paid by it in the calendar year following the receipt of the notice of the amended service charge. Interest on the increase resulting from the amended service charge shall be applied at the rate of 6% A.P.R. to the portion of the increase remaining to be paid as of March 1 of the said calendar year following the year in which the notice of the increase was received.

4.05 Payments on Estimates. SOUTHWEST agrees to pay its Estimated Service Charges for such next succeeding calendar year in four (4) equal installments to be paid on or before March 1, June 1, September 1, and December 1 of each year. Actual usage of DELCORA's sewer system will be reconciled with the estimates utilized in calculating quarterly billings and adjustments made pursuant to 4.06 below.

4.06 Audited Statements. DELCORA shall cause to be prepared and certified by an Independent Public Accountant on or before April 30th of each year a report setting forth in reasonable (a) the Operating and Capital Costs of the Western Regional System for the preceding calendar year, and (b) the final service charge chargeable to SOUTHWEST for such year determined in accordance with the provisions of Sections 4.02 through 4.05 above. Such report shall contain statements setting for the payments theretofore made by SOUTHWEST for such year as determined in accordance with the provisions of Sections 4.02 through 4.05 above. Such report shall contain statements setting forth the payments theretofore made by or allowed to SOUTHWEST on account of such service charge.

4.07 Payment to Final Service Charges; Credit for Overpayments. If the Final Service Charge to SOUTHWEST for any calendar year as shown by such certified report differs from the aggregate of the payments and credits theretofore made by it based upon the aforesaid estimates, then SOUTHWEST will pay to DELCORA the amount of the any deficiency within thirty (30) days after delivery of said certified

report, and any excess of such payments and credits on account of estimates over the Final Service Charges shall be refunded to SOUTHWEST within thirty (30) days.

4.08 Interest on Late Payments. If SOUTHWEST does not make full payment of any such quarterly installments or additional charges, except as specified in Section 4.04, on or before the specified payment date, there shall be added to the amount thereof interest at the rate of 6 % from the due date of such charge to the date on which DELCORA shall receive payment thereof.

4.09 State and Federal Regulations to be Followed. Notwithstanding any provision set forth in this Article, the service charges payable to DELCORA under this Agreement shall be calculated in such manner as will comply with the applicable regulations of the Federal Environmental Protection Agency and the Pennsylvania Department of Environmental Protection, or any successor agencies having jurisdiction thereof.

4.10 Tapping Fees. DELCORA will not charge a tapping fee in connection with the initial diversion of SOUTHWEST's wastewater to WRTP. DELCORA may institute a tapping fee applicable to SOUTHWEST's new connections on or after two (2) years from initial diversion of wastewater.

ARTICLE V

MEASUREMENT OF WASTEWATER FLOWS

5.01 Installation of Meters. The quantity of wastewater emanating from SOUTHWEST's facilities and discharged into "The System" shall be based upon readings of the meter at the metering station in the Pump Station as referenced in Section 3.01 above.

5.02 Meter Readings, Maintenance and Calibration. DELCORA will maintain a daily record of the wastewater flowing through the aforesaid meter. DELCORA will maintain, or cause to be maintained, as part of the annual costs the aforesaid meter and cause it 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.

5.03 Access to Meter. SOUTHWEST shall have the right of access to the meter and all meter records for the purpose of reading and checking for accuracy, at its expense.

5.04 Missing or Inaccurate Flow Records. In the case of missing or inaccurate flow records due to faulty meter operation or otherwise, an estimate of flows shall be made by DELCORA based on records of past flow or similar flows as applied to the current conditions, for use in place of meter readings.

ARTICLE VI

WASTEWATER QUALITY RESTRICTIONS

6.01 Standards, Rules and Regulations. DELCORA has adopted uniform wastewater quality standards known as the DELCORA Standards, Rules and Regulations, which comply with the requirements of Federal, State and Local regulatory authorities. SOUTHWEST and its member municipalities will refrain from discharging or permitting the discharge of wastewater from the SOUTHWEST's facilities into DELCORA's System that would violate any of such standards as they now exist or as they may be

modified from time to time. Wastewater which does not meet the standards set forth in the DELCORA standards, Rules and Regulations is hereinafter referred to as "improper wastewater" or "improper discharge".

6.02 Compelling Compliance by Users; Penalties; Enforcement.

- a. SOUTHWEST and its member municipalities, if they have not already done so, shall adopt an ordinance or suitable regulation which, at a minimum, offers equivalency with DELCORA's Standards, Rules & Regulations, as amended, prior to the acceptance of any discharge by DELCORA. Further, SOUTHWEST and its member municipalities agree to adopt an ordinance or suitable regulations which, at a minimum, offers equivalency with any amendment to, revisions of, or substitution of DELCORA's Standards, Rules & Regulations, within 60 days of notice of the passage of said amendment, revision or substitute resolution.
- b. SOUTHWEST and its member municipalities, if they have not already done so, shall adopt an ordinance setting criminal and civil penalties for violations of DELCORA's Standards, Rules & Regulations which shall be applicable to all discharges into SOUTHWEST's tributary and conveyance facilities and which are at least as high as the minimum penalties established by EPA's Pretreatment Regulations.
- c. SOUTHWEST and its member municipalities shall cooperate with DELCORA in enforcing the DELCORA Standards, Rules & Regulations, shall help identify industrial users located within their boundaries, and shall delegate their enforcement authority to DELCORA to the extent allowed by law.

6.03 Permits for Industrial Connections. SOUTHWEST expressly acknowledges that any and all industrial users discharging to the SOUTHWEST tributary and conveyance facilities must have a permit issued by DELCORA prior to acceptance by DELCORA of the discharge from the industrial user. SOUTHWEST and its member municipalities shall identify each industrial user now discharging or hereafter desiring to discharge industrial waste into SOUTHWEST's collection system and shall require each such industrial user to apply to and receive from DELCORA a permit complying with DELCORA's Standards, Rules & Regulations, as hereafter supplemented or amended and SOUTHWEST and its member municipalities will prohibit any such discharge by any industrial user which has not received such a permit from DELCORA. Should DELCORA and SOUTHWEST agree, DELCORA will enforce the standards, rules and regulations and operate the pretreatment program for SOUTHWEST's customers and member municipalities, and the parties will cooperate to cause each customer and member municipality to take such action as may be necessary to give it authority to do so. Should DELCORA and SOUTHWEST not agree, SOUTHWEST will enforce the standards, rules and regulations and operate the pretreatment program for SOUTHWEST's customers and member municipalities, and the parties will cooperate to cause each customer and member municipality to take such action as may be necessary to give it authority to do so to insure the protection of the DELCORA W RTP in accordance with U.S. EPA regulations..

6.04 Reimbursement for Damages from Improper Discharge. SOUTHWEST and its member municipalities will assist DELCORA in determining the source of any improper wastewater. Upon notice from and at the direction of DELCORA, SOUTHWEST and its member municipalities will assist DELCORA in terminating the flow of any improper discharge. DELCORA shall be SOUTHWEST's and its member municipalities' agent in prosecuting and/or initiating civil action against the person or entity which is the source of the improper discharge. All damages caused to DELCORA's and SOUTHWEST's property as the result of improper discharge shall be recoverable from the person or entity which is the source of improper discharge. If DELCORA is unable to recover its damages after pursuing a civil action against the source, the excess damages shall be recovered through the rate structure in succeeding years.

ARTICLE VII

OPERATION AND MAINTENANCE OF FACILITIES

7.01 DELCORA Facilities. After completion of the construction of the Pump Station and the Force Main, DELCORA will exercise best efforts to continuously operate, maintain and repair "The System" or cause it to be maintained and repaired so that it 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.

7.02 SOUTHWEST Facilities. SOUTHWEST and its member municipalities will continue to operate, maintain, and repair their sanitary sewer systems and any other sewage conveyance facilities so that they will at all times be in efficient operating condition and in compliance with the standards prescribed by all appropriate regulatory agencies.

7.03 Imposition of Sewer Rentals by SOUTHWEST. SOUTHWEST reserves and retains the right as an independent authority to maintain its facilities and bill its customers as provided by law and the Pennsylvania Municipality Authority Act.

7.04 Hold Harmless. DELCORA shall hold SOUTHWEST harmless for damages or losses to person or property of third parties directly resulting from DELCORA's maintenance or repair of "The System" pursuant to Section 7.01 hereof; provided however, that the hold harmless provisions of this Section 7.04 shall not apply with respect to maintenance and repairs to "The System" required as a result of (a) SOUTHWEST's breach of this Agreement; (b) SOUTHWEST's non-compliance with the DELCORA Standards, Rules and Regulations then in effect; (c) SOUTHWEST's violation of federal state or local statutes, ordinances, regulations or procedures applicable wastewater transportation, treatment and/or disposal; and/or (d) illegal, intentional and/or negligent act(s) of SOUTHWEST or its member municipalities.

ARTICLE VIII

GOVERNMENTAL GRANTS AND SUBSIDIES; PERMITS

8.01 Applications. In its discretion, DELCORA may make proper and timely applications to the Commonwealth of Pennsylvania and to the United States of America and their appropriate agencies for

available grants, subsidies or other payments and for all permits and approvals in respect to the construction, acquisition, operation and maintenance of "The System."

8.02 Compliance with Conditions for Grants. Each party will take all such action, within its legal powers, as may be required to comply with applicable laws and regulations relating to Federal and State grants and subsidies, to the end that such grants and subsidies may be obtained for "The System" in the maximum amount, and each party will use its best efforts to obtain the similar compliance from users and others.

ARTICLE IX MISCELLANEOUS

9.01 Insurance. DELCORA shall maintain the following types and amounts of insurance during the term of this Agreement. SOUTHWEST shall be named as an additional insured in the applicable liability insurance policies for claims arising out of DELCORA's negligence.

<u>Type of Coverage</u>	<u>Minimum Limits</u>
Worker's Compensation	Statutory
General Liability	\$2,000,000
Excess General Liability	\$5,000,000
Automobile Liability	\$500,000
Excess Automobile Liability	\$5,000,000
Pollution Control and Liability	\$1,000,000

DELCORA will provide the SOUTHWEST with a certificate of insurance evidencing the required coverage upon SOUTHWEST's request.

9.02 Inspection. Each party shall provide each other from time to time all information relevant to the proper administration of their responsibilities under this Agreement, or in respect to the interpretation hereof, as, and in such form and detail as, may be reasonably requested and each shall at all reasonable times and from time to time permit their representatives to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

9.03 Force Majeure. Notwithstanding any other provision of this Agreement neither party hereto shall be responsible in damages to the other for any failure to comply with this Agreement resulting from an act of God or riot, sabotage, public calamity, flood, strike, breakdown of conveyance or treatment facilities, or other even beyond its reasonable control.

9.04 Indemnity; Agency. To the extent permitted by the Political Subdivision Tort Claims Act, 42 C.S.A. Section 8541 et seq., each party agrees to indemnify, defend and save harmless the other party against all costs, claims, losses, damages or legal actions of any nature on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of such party or its agents, employees, contractors or subcontractors.

DELCORA agrees to indemnify, defend and save harmless SOUTHWEST from any costs, claims, losses, damages and legal actions of any nature arising from or in connection with the design, construction of "The System".

9.05 No Joint Ownership. No provision of this Agreement shall be construed to create any type of joint ownership of any property, any partnership or joint venture, or create any other rights of liabilities except as expressly set forth herein.

9.06 Severability. Should any provision hereof for any reason be held illegal or invalid, no provision of this Agreement shall be affected, and this Agreement shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

9.07 Headings. The headings in this Agreement are solely for convenience and shall have no effect in the legal interpretation of any provision thereof.

9.08 Effective Date and Term of Agreement. This Agreement shall become effective as of the date and year first written above and shall remain in force and effect for a period of twenty five (25) years from such date, (subject to appropriate extensions of the period of existence of DELCORA and of similar extensions of the other Service Agreements) and may be renewed by either party for an additional period of twenty five (25) years, subject to any limitation on the life of either party under the Municipality Authorities Act.

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

9.10 Counterparts. This Agreement has been executed in counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

9.11 Successors and Assigns. Except as provided in Section 9.12 hereof, this Agreement may not be voluntarily assigned by either party without the consent of the other. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

9.12 Assignment of Service Charges. DELCORA may assign and/or pledge its rights to receive payments from SOUTHWEST incident to any financing, present or future.

ARTICLE X DEFINITIONS

10.01 Defined Terms. Applicable terms not defined herein shall have the meanings given to them in DELCORA's Standards, Rules and Regulations as amended, except in those instances where the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first written above 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 M. Hoke
Secretary

By: Stanley P. Kester
Chairman

SOUTHWEST DELAWARE COUNTY
MUNICIPAL AUTHORITY

(CORPORATE SEAL)

Attest: Thomas J. Flanagan
Secretary

By: William C. Deffen
Chairman