
EXHIBIT F126

AGREEMENT OF SALE AND SERVICE,
DATED JANUARY 1, 2005, BY AND AMONG
DELCORA AND SUNOCO, INC. (R&M)

AGREEMENT OF SALES AND SERVICE

COPY

THIS AGREEMENT is made as of the 1st day of January, 2005 by Delaware County Regional Water Quality Control Authority ("DELCORA"), a Pennsylvania Municipal Authority and Sunoco, Inc. (R&M) ("SUNOCO"), a Pennsylvania Corporation.

RECITALS

A. DELCORA owns and operates (i) a wastewater treatment plant (the "Western Regional Plant") located in the City of Chester, Pennsylvania and (ii) a related conveyance system consisting of interceptors, sewers, pump stations and other equipment (together with the Western Regional Plant, the "Western Regional System").

B. DELCORA and SUNOCO entered into an Agreement dated as of December 1, 1973 (the "Original Agreement") pursuant to which the Authority has been treating SUNOCO wastewater since the Western Regional System began commercial operation.

C. The Original Agreement will terminate on December 1 2004, and the parties are replacing the Original Agreement with this Agreement to set forth the terms under which the Authority will continue to treat SUNOCO wastewater.

D. For purposes of this Agreement, SUNOCO shall be classified as a "Wholesale Industrial User."

E. SUNOCO is authorized to discharge certain wastewaters into the Western Regional System (i) under an Industrial Discharge Permit No. 10T-03-02, which was issued to SUNOCO by the Authority on December 10, 2003 (the "Permit"), and (ii) subject to the conditions of the Permit and the Authority's Resolution 91-03, as first adopted May 22, 1991, and as amended from time to time (the "Rules and Regulations"). Such wastewater is referred to herein as "Permitted Wastewater."

AGREEMENT

Now, therefore, in consideration of the foregoing and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I DELIVERY AND ACCEPTANCE OF WASTEWATER

1.01 Point of Connection and Metering. Permitted Wastewater shall be delivered by SUNOCO to the Western Regional System at a point of connection at the boundary of SUNOCO's property as described in Exhibit A. SUNOCO's metering station located as shown on Exhibit A shall measure and record all flows from SUNOCO to the Western Regional System.

1.02 Acceptance of Wastewater. DELCORA shall accept Permitted Wastewater from the SUNOCO conveyance facilities in an amount not to exceed ten million gallons per day (average daily flow) based on a monthly average, consistent with the Permit. SUNOCO's daily peak flow shall not exceed 15.0 million gallons per day. In the event that SUNOCO's daily peak flow exceeds 15 million gallons per day, SUNOCO shall pay a surchargesurcharge equal to \$5,000.00 per million gallons in excess of 15.0 million gallons per day. Said surchargesurcharge shall be billed to SUNOCO as part of the regular quarterly billing as set forth in Section 2.04.

ARTICLE II SERVICE CHARGES AND PAYMENTS

2.01 Service Charges. SUNOCO shall 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 conveyance services rendered by DELCORA to SUNOCO for Permitted Wastewater. The service charge shall be based upon rates which are uniform for all users categorized as "Wholesale Industrial Users" in the Western region and

DELCORA, in its sole and reasonable discretion, shall allocate the costs of the system among classes of users based upon the respective burdens placed on the system by each class. The service charge for the Wholesale Industrial Users class shall be determined by annual resolution passed by the DELCORA Board of Directors.

Charges will be reconciled at year end based on actual flows and loadings. DELCORA's good faith determinations as to the elements of costs, classifications of its customers, size of reasonable reserves and like matters shall be conclusive.

Notwithstanding the above provisions, DELCORA may, within DELCORA's sole discretion, make improvements that will more closely quantify components of treatment costs should DELCORA determine that said improvements would be more equitable.

2.02 Estimates of Service Payments to be Made by SUNOCO.

(a) **Preliminary Estimate.** On or before October 31st of each year commencing in 2005, DELCORA will prepare and submit to SUNOCO a preliminary statement for the next succeeding calendar year showing the estimated amounts to be paid by SUNOCO during such year.

(b) **Final Estimate.** On or before December 1st of each year commencing in 2005, DELCORA will prepare and submit to SUNOCO a statement approved by the DELCORA Board of Directors showing, in reasonable detail, for the next succeeding calendar year: the estimated amounts to be paid by SUNOCO during such year determined in accordance with the provisions hereof, hereafter "Final Estimate." The amounts to be paid by SUNOCO contained within the Final Estimate shall be hereafter referred to as the "Estimated Service Payments to be Made by SUNOCO."

2.03 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 SUNOCO'S wastewater flow, DELCORA may amend the Estimated Service Charges to reflect such changed conditions. A statement showing the amended estimated payments, hereafter "Amended Estimate," in reasonable detail, and the reasons therefore shall be submitted to SUNOCO, thereafter, commencing with the next quarterly payment, the payments made by SUNOCO shall be based upon the Amended Estimate.

2.04 Payments on Estimates. DELCORA shall submit to SUNOCO quarterly invoices reflecting the amount due and owing to DELCORA. SUNOCO agrees to pay said Estimated Service Charges for the next succeeding calendar year in four (4) equal installments to be paid within thirty (30) days of the receipt of each correct quarterly invoice. Actual usage of DELCORA's sewer system will be reconciled with the estimates utilized in calculating quarterly billings and adjustments made pursuant to 2.05 below.

2.05 Audited Statements. DELCORA shall cause to be prepared and certified by an independent Certified Public Accountant on or before May 31st of each year, a report setting forth in reasonable detail (a) the Operating and Capital Costs of the Western Regional System for the preceding calendar year, and (b) the final service charge chargeable to SUNOCO for such year determined in accordance with the provisions of Sections 2.01 through 2.04 above. Such report shall contain statements setting forth the payments theretofore made by SUNOCO as estimated payments of service charges and the amount by which the final service charge to SUNOCO exceeds or is less than the aggregate of the payments and credits theretofore made by or allowed to SUNOCO on account of such service charge. Said final service charge shall be added to or subtracted from the third quarterly billing of the succeeding year.

2.06 Penalty on Late Payments. If SUNOCO does not make full payment of any such quarterly installments or additional charges, except as specified in 2.03, on or before the specified payment date, there shall be added to the amount thereof interest at the rate of 10% per annum from the due date of such charge to the date on which DELCORA shall receive payment thereof.

2.07 State and Federal Regulations to be Followed. Notwithstanding any provision set forth in this Article, the service charges payable by SUNOCO 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.

ARTICLE III MEASUREMENT OF WASTEWATER FLOWS

3.01 Metering. The quantity of wastewater emanating from SUNOCO's facilities and discharged into the Sun Force Main shall be based upon readings of SUNOCO's meter as referenced in Section 1.1 above.

3.02 Access to Meters. DELCORA shall have the right of access to the meter for the purpose of reading and checking in place for accuracy, at its expense.

3.03 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 upon DELCORA's consideration of DELCORA and/or SUNOCO records of past flow or similar flows as applied to the current conditions, for use in place of meter readings.

ARTICLE IV WASTEWATER QUALITY RESTRICTIONS

4.01 Uniform Standards. DELCORA has adopted uniform wastewater quality standards known as the "DELCORA Standards, Rules and Regulation of 1991", Resolution 91-03, as amended, which comply with the requirements of Federal, State and Local regulatory authorities. SUNOCO will refrain from discharging or permitting the discharge of wastewater from SUNOCO'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 of 1991, as amended, is hereinafter referred to as "improper wastewater" or "improper discharge".

4.02 Reimbursement for Damages from Improper Discharge. SUNOCO will assist DELCORA in determining the source of any improper wastewater. Upon notice from and at the direction of DELCORA, SUNOCO will assist DELCORA in terminating the flow of any improper discharge. All damages caused to DELCORA's and SUNOCO's property as the result of improper discharge shall be recoverable from the person or entity which is the source of the 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 general rate structure in succeeding years. SUNOCO shall indemnify and hold harmless DELCORA with respect to any damages or losses suffered by DELCORA on any other person or entity resulting from an improper discharge or improper wastewater originating from SUNOCO.

ARTICLE V OPERATION AND MAINTENANCE OF FACILITIES

5.01 DELCORA Facilities. DELCORA will exercise best efforts to continuously operate, maintain and repair the Western Regional 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

5.02 Hold Harmless. DELCORA shall own the pipeline from the point of connection referred to in Section 1.1 , but will not hold SUNOCO harmless for any damages or losses to the Western Regional System or the person or property of third parties directly resulting from (a) SUNOCO's breach of this Agreement; (b) SUNOCO's non-compliance with the DELCORA Standards, Rules and Regulations then in effect; (c) SUNOCO'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 SUNOCO.

ARTICLE VI **MISCELLANEOUS**

6.01 Insurance. DELCORA will insure, or cause to be insured, the Western Regional System, or such parts thereof as are usually insured by the Owners and/or operators of wastewater systems in the Commonwealth of Pennsylvania. Such insurance policies shall be non-assessable. DELCORA will also maintain liability insurance consistent with similar wastewater systems.

6.02 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 representative to examine and inspect their respective records and physical facilities relevant to the subject matter of this Agreement.

6.03 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 due to circumstances beyond the party's control, or other event beyond its reasonable control. If a force majeure event occurs: (a) the non-performing party shall give the other party prompt written notice describing the particulars of the force majeure event and the potential duration thereof; and (b) the non-performing party shall resume performance at the earliest practicable time after the end of the force majeure event.

6.04 Indemnity. To the extent permitted by law, 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, notwithstanding the provisions of Section 5.02.

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

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

6.07 Headings. The headings in this Agreement are solely for convenience and shall have no affect in the legal interpretation of any provision hereof.

6.08 Effective Date, Term and Termination. This Agreement shall become effective as of January 1, 2005 and shall remain in force and effect for a period of twenty years from such date. The term of the Original Agreement is hereby extended until and through December 31, 2004.

6.09 Notice of Termination. Either party may elect to terminate this Agreement, after this Agreement has been in effect for a period of fifteen years, with the provision of five years written notice to the other party delivered at any time ten or more years after the effective date of this Agreement.

6.10. Waiver. The failure of SUNOCO or DELCORA to insist upon strict performance of any of the terms contained herein shall not be construed as a waiver of any rights hereunder.

6.11 Counterparts. This Agreement has been executed in five (5) 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.

6.12. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

6.13. Assignment of Service Charges. DELCORA's right to receive payments hereunder may be assigned and pledged to Commerce Bank , as Trustee under Indenture dated July 1, 2001, or any subsequent Indenture to secure DELCORA'S Sewer Revenue Bonds currently outstanding or hereafter issued to cover any Project Costs to DELCORA.

ARTICLE VII **DEFINITIONS**

7.01 Definitions Incorporated Herein. The definitions set forth in the DELCORA Standards, Rules and Regulations of 1991, Resolution 91-03, as amended, are incorporated herein by reference thereto as though set forth in full herein. Wherever used herein, the said

terms shall have the meanings as so defined except in those instances where the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement of Sales and Service 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)

By: Stanley A. Koster
Chairman

Attest:

Daniel H. Hady
Secretary

SUNOCO, INC. (R&M)

4/28/95
HAK

(CORPORATE SEAL)

By: Kevin Robles



Attest:

Eric C. Gerner
Secretary

Vice President
and Assistant

ERIC C. GERNER

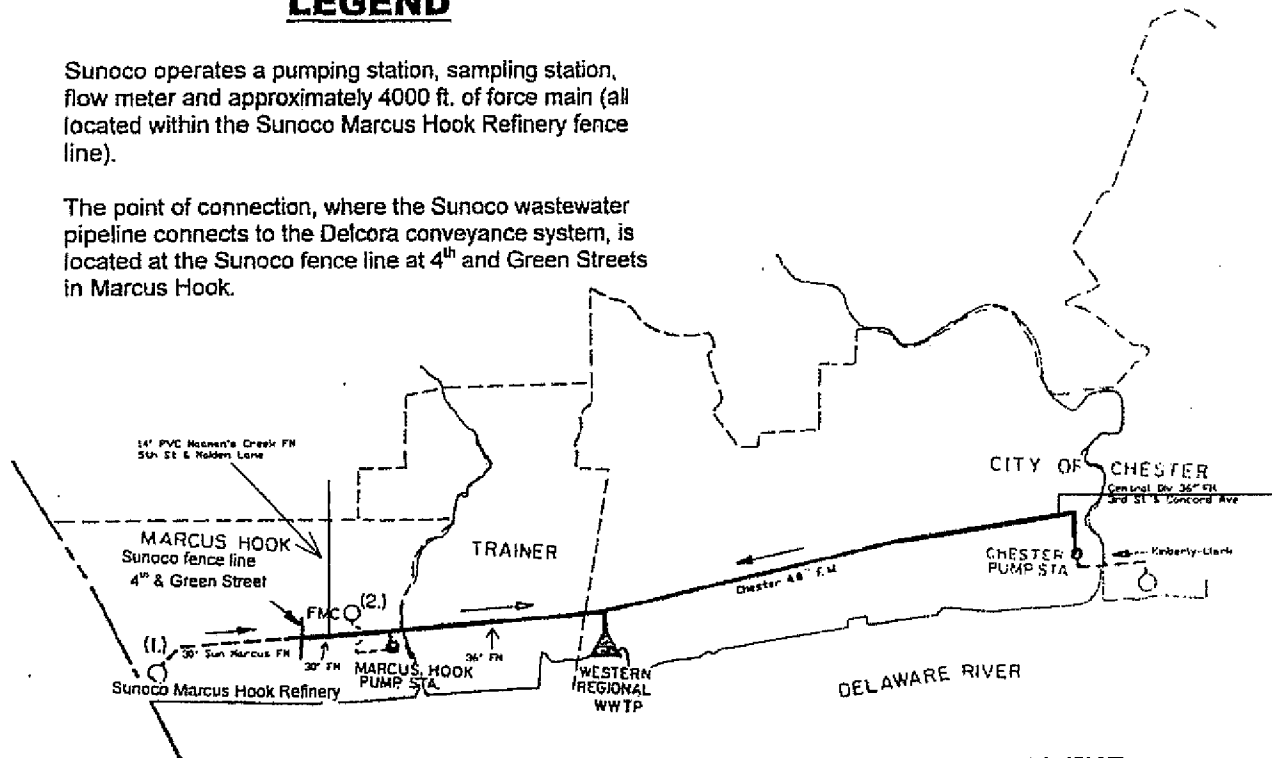
EXHIBIT A

**DELCORA WESTERN CONVEYANCE SYSTEM
SUNOCO CONNECTION**

LEGEND

Sunoco operates a pumping station, sampling station, flow meter and approximately 4000 ft. of force main (all located within the Sunoco Marcus Hook Refinery fence line).

The point of connection, where the Sunoco wastewater pipeline connects to the Delcora conveyance system, is located at the Sunoco fence line at 4th and Green Streets in Marcus Hook.



**SUNOCO CONNECTION TO THE
DELCORA WESTERN CONVEYANCE
SYSTEM**

AGREEMENT

BETWEEN

DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY

AND

SUN OIL COMPANY OF PENNSYLVANIA

FOR

Conveyance and Treatment of Industrial
Wastewaters in Western Regional System

THIS AGREEMENT is made as of the first day of *Dec.* of 1973 between SUN OIL COMPANY OF PENNSYLVANIA, a Pennsylvania corporation ("Industry") and Delaware County Regional Water Quality Control Authority ("DELCORA"), a Pennsylvania Municipal Authority.

RECITALS

A. By orders of the Pennsylvania Department of Environmental Resources dated May 5, 1972, from which Industry appealed certain municipal authorities and certain corporations, including Industry, in Delaware County have been ordered to negotiate with DELCORA for the future treatment of sewage in regional facilities, specifically in the case of Industry, at a new plant to be located in the City of Chester (the "Western Regional Plant"). Pursuant to said orders and various engineering studies and regulatory approvals, DELCORA has entered into an agreement with the City of Chester dated February 12, 1973, to purchase the existing treatment plant of said City and certain other sewage facilities.

B. DELCORA has caused plans and specifications to be prepared for (1) construction of the Western Regional Plant, to be located on the site of the existing plant of the City of Chester, as shown on the map attached hereto as Exhibit "B", which new plant will have a design capacity of 40 million gallons per day ("MGD"), and (2) a conveyance system consisting of interceptors, sewers, pump stations and the like (the "conveyance system"),

said plant and conveyance system, being hereinafter referred to as "the System".

C. Industry desires to send industrial wastes resulting from its operations and those of SUNOLIN CHEMICAL COMPANY which are combined with Industry ("said wastewater") to the Western Regional Plant, it being estimated that the said wastewater will amount to 12.0 MGD containing a daily average of 17,500 pounds of BOD 5 and 10,500 pounds of suspended solids, and DELCORA is willing to provide sufficient capacity in said plant to treat the same. DELCORA agrees that the existing wastewater of Industry, based on representations made by Industry and subject to applicable federal laws and regulations, is acceptable to DELCORA without the necessity for a surcharge.

D. In order to finance the construction of the additional capacity in the Western Regional Plant required to treat said wastewater to be delivered by Industry and the construction of said conveyance system required to serve Industry, DELCORA requires assurance that Industry will continue to use said plant and conveyance system or, if its use thereof is diminished or terminated, to pay that portion of the debt service cost attributable to the capacity provided for it in said plant and conveyance system by DELCORA unless, pursuant hereto, DELCORA is receiving some or all of such cost from other users of said plant and conveyance system.

E. Plans for said Western Regional Plant have been prepared by Albright & Friel, a division of Betz Environmental Engineers, Inc., which firm estimates that the cost thereof will total \$ 32,370,000.00, and DELCORA has applied for and received from the Environmental Protection Agency of the United States Government ("EPA") a construction grant in the amount of \$ 24,277,200.00

("said Federal grant"), none of which is subject to any industrial repayment requirement. Plans for said conveyance system will be prepared by DELCORA in conjunction with Industry, and DELCORA will apply for such Federal grants, which may be subject to industrial repayment requirements, and such State grants as may be available.

F. Industry is willing to obtain from DELCORA, and DELCORA is willing to provide to Industry, services involving the conveyance to and the treatment at said Western Regional Plant of said wastewater upon the terms and provisions hereinafter set forth.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

Section I. Service.

1.1. Industry agrees to deliver to DELCORA said wastewater from its facility located primarily in the Borough of Marcus Hook, Delaware County, Pennsylvania, which is located in the Western Delaware County Service Area of DELCORA as shown on the map attached hereto as Exhibit "A". Such delivery shall be made to DELCORA at the point or points of connection between the facilities of Industry and those of DELCORA to be specified under the agreement referred to in Section 8 hereof.

1.2. Subject to the other provisions hereof, DELCORA agrees to accept said wastewater at said point or points and to transport said wastewater delivered to it, and to treat and dispose of it at its Western Regional Plant.

1.3. DELCORA, further, hereby agrees to provide sufficient capacity in

said Western Regional Plant for the treatment of said wastewater during the term hereof.

Section 2. Standards, Rules, and Regulations.

2.1. Industry agrees that the wastewaters delivered by it to DELCORA'S system shall comply in all respects to the standards, rules, and regulations for the acceptance of industrial wastewaters by DELCORA as duly adopted by DELCORA (the "DELCORA Standards, Rules, and Regulations of 1973"), a copy thereof having been supplied to Industry, and such changes and amendments as hereafter are adopted by DELCORA in accordance with its said rules and regulations and the provisions of this agreement.

Section 3. Service Charges.

3.1. Industry agrees to pay to DELCORA for said wastewater conveyance and treatment service rendered by DELCORA hereunder the Service Charges as submitted by DELCORA determined and established in accordance with the Standards, Rules, and Regulations for determining Major Industrial User Service Charges as duly adopted by DELCORA (the "DELCORA Major Industrial User Service Charges of 1973"), a copy thereof having been supplied to Industry, and such changes and amendments as hereafter are adopted by DELCORA in accordance with its said rules and regulations and the provisions of this agreement. It is understood and agreed that the Major Industrial User Service Charges established by DELCORA shall not require Industry to pay, as part of a Debt Service Charge, any sum on account of or in repayment of said Federal grant

mentioned in recital "E".

3.2. DELCORA will have the right to alter or amend the Major Industrial User Service Charges in the future as necessitated by increased costs of normal operation, maintenance, repairs, replacements, renewals and ordinary improvements, or the necessity to alter the degree of treatment provided by the Western Regional Plant to meet any changed water or air quality standards required by any law, or order or regulation of any regulatory agency. The User Service Charges established by DELCORA, however, will be uniform for all users in the same category and region as Industry. Such Service Charges will not include any costs of; (1) the collection, conveyance and treatment of wastewater in the Eastern Delaware County Service Area; (2) the cost of any of DELCORA's collection conveyance, or treatment facilities in the Western Delaware County Service Area not used for Industry's wastewater hereunder; (3) any debt service costs for expansion of the Western Regional Plant beyond a capacity of 60 MGD, except to the extent that such expansion is required to provide additional capacity or increased degree of treatment for Industry. All of the foregoing is subject to the requirements of applicable regulations of Federal and State regulatory agencies with respect to rate structures.

3.3. DELCORA shall maintain cost accounting records adequate to enable it to allocate, in accordance with generally accepted accounting principles, all costs incurred by it relating to the collection, conveyance and treatment systems operated by it, or such part or parts thereof, as will permit it to properly calculate the conveyance and treatment charges for Industry.

Section 4. Minimum Debt Service Charge.

4.1. As long as any Bonds of the Authority issued to pay the cost of constructing the System or the costs of any enlargements or upgrading covered by this Agreement are outstanding, Industry shall at all times be obligated to pay a minimum debt service charge equal to: (1) 21% of the annual debt service charges (including principal and interest, coverage, sinking fund and reserve funds as required under its Trust Indenture) incurred by DELCORA in connection with the bonds issued by it for the purchase and construction of the Western Regional Treatment Plant; and (2) 76% of such annual debt service charges incurred by DELCORA in connection with the bonds issued by it for the purchase and construction of that portion of the Conveyance System required to serve Industry. The said percentages are based upon the estimated cost of the Western Regional Plant and the Conveyance System presently deemed necessary to serve Industry as set forth in Exhibit C of this Agreement. The percentages to be applied in each instance will be adjusted when the final costs of acquisition and construction of the facilities to be used by Industry have actually been determined. Any payments made by Industry prior to said adjustment will be adjusted based on the final percentages.

4.2. DELCORA is willing to adjust the minimum debt service charge provided in this Section 4, from time to time during the term of this Agreement, to the extent that such adjustments are made possible by the following factors: (1) Industry's requirements for treatment capacity are less than the capacity being provided under the terms of this Agreement; and (2) DELCORA is able to

obtain an Agreement with other Industries by which such Industries agree to pay minimum debt service charges at least equal to the difference between Industry's minimum debt service charge as specified in Section 4.1 and Industry's reduced minimum debt service charge based on such reduced requirements. DELCORA will redetermine temporarily or permanently, Industry's minimum debt service charge upon request by Industry but not more frequently than every two (2) years.

4.3. DELCORA also is willing to adjust the minimum debt service charge provided in this Section 4, from time to time during the term of this Agreement, to the extent that such adjustments are made possible by the following factors:

(1) DELCORA issues its bonds (the "Refunding Bonds") to refund the bonds previously issued by DELCORA to finance the costs of construction of the Western Regional Plant and Conveyance System or any enlargements or upgrading covered by this Agreement; and (2) the annual debt service charge (including principal and interest, coverage, sinking fund and reserve funds as required under its Trust Indenture) incurred by DELCORA in connection with said Refunding Bonds is less than the said annual debt service charges incurred by DELCORA in connection with the bonds thereby refunded.

Section 5. Compliance with Standards, Rules and Regulations.

5.1. Industry agrees to comply with the DELCORA Standards, Rules and Regulations of 1973 as established by DELCORA and amended from time to time, relating to the prohibition of harmful wastes to the facilities of DELCORA, and the sampling, monitoring and reporting concerning the quantity and quality of

wastes delivered, and to comply with any regulations regarding pretreatment and other matters which may be required pursuant to State or Federal regulations, and with the provisions of any permit issued by any State or Federal agency.

5.2. DELCORA agrees to give written notice to Industry of any proposed amendments or changes to the Standards, Rules and Regulations of 1973 or Major Industrial User Service Charges of 1973 at least sixty (60) days prior to the date established by DELCORA for such amendments or changes to become effective, unless State or Federal regulations or requirements provide otherwise. Such notice shall include a statement of the reasons for the amendments or changes.

Section 6. Reimbursement for Improper Discharge.

6.1. Industry will pay the cost of any damage to the facilities of DELCORA resulting from discharge of said wastewaters in violation of the applicable standards and restrictions mentioned in this Agreement and shall indemnify and hold harmless DELCORA with respect thereto.

Section 7. Grants.

7.1. DELCORA will make all applications for available grants and subsidies with respect to the construction and operation of the facilities owned and operated by it, and used by Industry, and the proceeds thereof will be credited equitable to all users of the system in computing the rates to be charged by DELCORA, subject to applicable State and Federal regulations.

Section 8. Agreement for Conveyance System.

8.1. Industry shall have the option, during the time hereinafter specified, to elect to construct, operate and maintain at its sole cost and expense the portion of the conveyance system required to transport Industry's said wastewaters from its facilities which would be constructed on property owned or controlled by Industry. The option granted hereby will be exercised by the execution by Industry of a separate agreement with DELCORA providing for such construction, operation and maintenance before DELCORA commences final engineering plans for the said Conveyance System. DELCORA will give Industry at least ninety (90) days written notice of the date it intends to start said final engineering plans.

8.2. If a separate agreement is entered into as provided under 8.1 hereof, said Agreement shall govern the construction, operation and maintenance of said portion of the conveyance system, otherwise all terms and conditions of this Agreement shall be applicable to the entire conveyance system used by Industry.

Section 9. Force Majeure.

9.1. The performance by either party of this Agreement is subject to Force Majeure and is contingent upon strikes, accidents, acts of God, flood, breakdown of the Western Regional Plant or Conveyance System, regulations or restrictions imposed by any government agency, or other delays beyond either party's control, provided, however that nothing in this Section shall be deemed or construed to supercede or suspend the provision of Section 5 or Section 6 hereof, nor shall any such event relieve Industry of the liability for

payment of service charges under Sections 3 and 4 hereof during the time the Western Regional Plant or Conveyance System is inoperable by reason of any such event.

Section 10. Term.

10.1. This Agreement shall remain in full force for a period of thirty-one (31) years from the date hereof or until all bonds issued by DELCORA to finance the cost of construction of the System have been paid, whichever shall occur first. Either party hereto may terminate this Agreement at the end of said term by giving to the other party written notice thereof at least one (1) year prior thereto, but in default of such notice, this Agreement shall continue upon the same terms and conditions in force immediately prior to the expiration of the term hereof as are herein contained for a further period of five (5) years and so on automatically thereafter for additional periods of five years each unless or until terminated by either party hereto giving the other at least one (1) year's written notice of termination prior to the expiration of the then current term.

Section 11. Permit.

11.1. This Agreement shall be deemed to be the permit that is required for users, under the DELCORA Standards, Rules and Regulations of 1973 and Industry shall be exempt from the applicability of said permit sections thereof.

Section 12. No Joint Ownership.

12.1. No provision of this Agreement shall be construed to create any type

of joint ownership or any rights or liabilities except as expressly set forth herein.

Section 13. Severability.

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

Section 14. Headings.

14.1. The headings in this Agreement are solely for convenience and shall have no effect on the legal interpretation of any provision hereof.

Section 15. Waiver.

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

Section 16. Counterparts.

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

Section 17. Successors and Assigns.

17.1. This Agreement may be assigned, in whole or in part, by Industry without the prior written consent of DELCORA provided, however, that any such

assignment shall not relieve Industry from primary liability to DELCORA for any of Industry's obligations hereunder unless such assignment has been approved by DELCORA in writing. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto.

Section 18. Notice.

18.1. Each notice when required hereunder shall be deemed to have been given when mailed by U.S. Postal Service certified mail, postage prepaid; addressed as follows:

- (a) if to DELCORA, to its office at 100 East Fifth Street,
Chester, Pennsylvania, 19013;
- (b) If to Industry, to its Refinery Manager,
P.O. Box 426, Marcus Hook, Pennsylvania 19061.

Section 19. Industry Option to Terminate.

19.1. DELCORA previously has or promptly will advertise for and receive bids for the construction of the said Western Regional Plant. If the total cost of construction of said Western Regional Plant, as hereinafter defined, based on said bids exceeds \$ 37,000,000.00, Industry shall have the option to withdraw from participation in the use of DELCORA'S System in the manner and under the conditions provided in this Section 19.

19.2. For the purpose of this Section 19, total cost of construction of said Western Regional Plant shall include the following: acquisition of existing

Chester Treatment Plant, including land, buildings and structures and equipment; acquisition of rights of way; contracts for site preparation and all other phases of construction, equipment and materials; engineering fees and services including core borings and testing; legal and fiscal fees, administrative expenses; insurance; contingency and all other items which are included within said term in accordance with generally accepted municipal authority accounting principles or are considered eligible for determining the Federal Grant under current EPA regulations. Total cost of construction shall not include any costs of financing the project including but not limited to discount on bonds sold, interest during construction, legal and engineering fees relating solely to financing, cover and other such items which are included in financing expenses in accordance with generally accepted municipal authority accounting principles.

19.3. If the total cost of construction exceeds \$ 37,000,000.00, DELCORA shall give Industry written notice of the total cost of construction, determined in accordance with the provisions of this Section 19, within seven (7) days of receipt of said bids. Within twenty (20) days from receipt of said notice from DELCORA, Industry shall notify DELCORA in writing whether said total cost of construction is acceptable to it or whether Industry elects to exercise the option granted as aforesaid. The failure of Industry to give said notice within said time shall be deemed and construed as an acceptance by Industry of the total cost of construction and waiver of the said option.

19.4. Upon the exercise of the said option granted to Industry by this Section 19, Industry shall be released from all further liability under the terms

of this Agreement except the liability to pay to DELCORA either in a lump sum or as annual charges as determined by the parties compensation for the following: (1) the proportionate share of the cost of site preparation which Industry would pay as a full participant in the System; (2) Industry's proportionate share of the additional engineering expense heretofore incurred by DELCORA as a result of the redesign of certain individual treatment units of the proposed Western Regional Plant; (3) the additional engineering expense, if any, incurred by DELCORA to redesign the Western Regional Plant for less than 40 MGD as the result of Industry's exercise of said option; and (4) an amount equal to one percent (1%) of the sum of items (1), (2) and (3) above to compensate DELCORA for general administrative and overhead expenses incurred in the development of the project for Industry's participation and negotiation of this Agreement.

19.5. Upon the exercise of said option and payment by Industry of all amounts determined due to DELCORA as provided in this Section 19, this Agreement shall be deemed terminated, null and void.

Section 20. Special Provisions.

20.1. It is a general principle of this agreement that DELCORA will provide maximum treatment of Industry's wastewater, consistent with prudent operation in processing all wastewater handled in DELCORA's Western Regional Plant, to mitigate pretreatment requirements. To this end, and subject to the approval of EPA, DELCORA and Industry agree that the following are compatible pollutants subject to pretreatment requirements of 40 CFR 128.132 by reason of the definition

of 40 CFR 128.121, in that the treatment works as designed will remove such pollutants to a substantial degree: chemical oxygen demand, total organic carbon, and phenol. In addition, DELCORA and Industry will attempt to obtain similar consideration for any other elements or compounds which may be subject to effluent guidelines for the Industry or other water quality regulations. References to CFR refer to the language and classification in force as of the date of this Agreement. In the event that any such compatible pollutant causes the DELCORA effluent not to meet DER, EPA or DRBC existing or future effluent or water quality standards, DELCORA may enact pretreatment standards for such compatible pollutants.

20.2. DELCORA agrees to apply for maximum applicable percentage reduction credits in its National Pollutant Discharge Elimination System Permit for any incompatible pollutants in Industry's wastewater.

20.3. Whenever possible, reduction credits will be based on actual plant trials to which Industry may send an observer. Prior to plant start-up, treatability studies to support reduction credits of interest to Industry will be carried out by a testing laboratory acceptable to both Industry and DELCORA, the cost of which tests shall be borne entirely by Industry.

20.4. Both parties agree that DELCORA need not install specialized equipment solely for processing pollutants unique to Industry's wastewater unless separate capital repayment and operating cost agreement is made which is acceptable to both parties. The inability of Industry or DELCORA to agree to such separate agreement will in no way affect the rights and obligations of either or both parties

to this initial agreement.

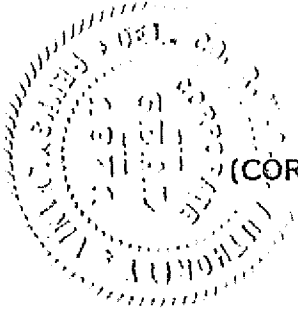
20.5 DELCORA agrees that the existing wastewater of Industry, based on representations made by Industry and subject to applicable federal laws and regulations, is acceptable to DELCORA without the necessity for a surcharge.

20.6 The parties agree that, in accordance with the data developed by the Albright & Friel Treatability Study of April - June 1971, Industry's wastewater may contain levels of certain elements or compounds which are in excess of the permissible levels of such elements or compounds established by the Delcora Standards, Rules and Regulations of 1973. The said elements or compounds and the said Industry levels are as follows:

| | |
|---------------|---------------|
| Cooper (Cu) | 0.3 mg/l |
| Selenium (Sc) | 0.06 mg/l |
| Phenol | 1600 lbs./day |

The parties further recognize that acceptance of Industry's wastewater containing said levels constitute an exception to said Standards, Rules and Regulations of 1973. DELCORA agrees to accept the wastewaters from Industry containing said levels, subject, however, to the following conditions: (1) the acceptance of said wastewater containing said levels does not contravene specific statutes or regulations of EPA, DER, DRBC or any other regulatory agency having jurisdiction thereof; and (2) the acceptance of said wastewater with said levels does not result in decreased efficiency of the Western Regional Treatment Plant.

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



(CORPORATE SEAL)

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By Joseph L. Salmer
Vice Chairman

Attest: George F. Blessing
Secretary

THE SUN OIL COMPANY OF PENNSYLVANIA

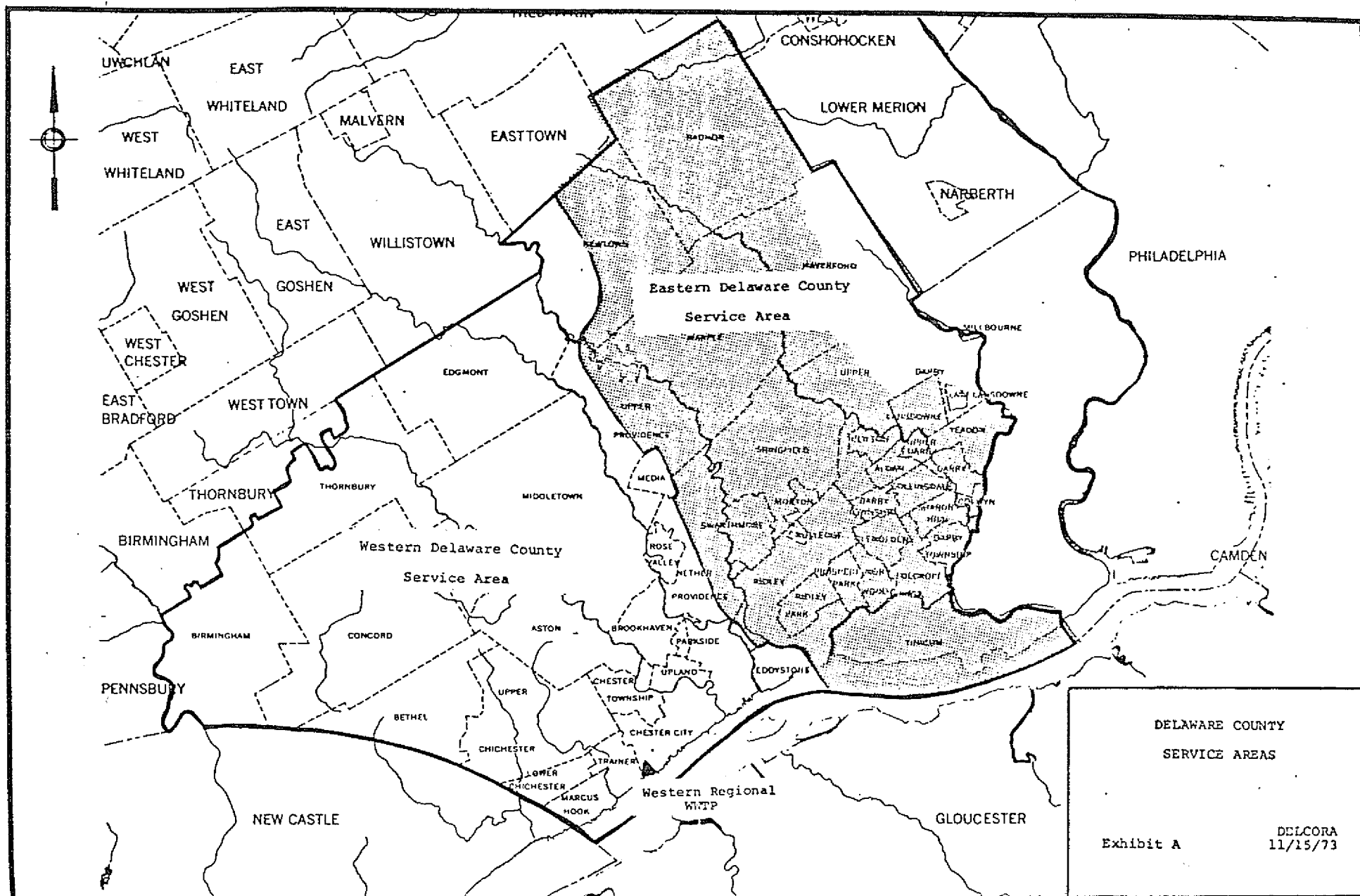
(CORPORATE SEAL)

By Robert W. Danahue

Attest: Michael P. S.

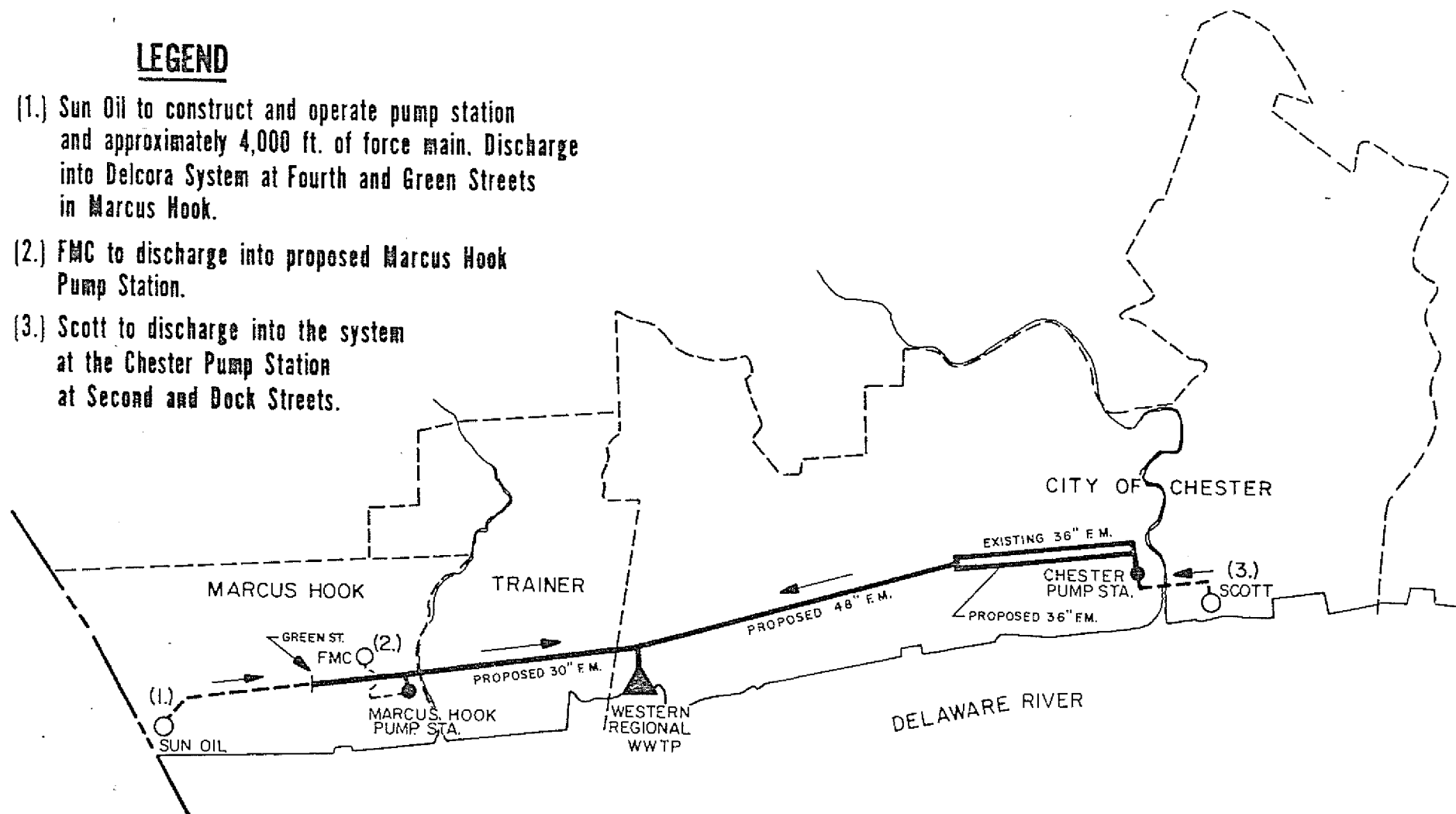
Approved - SUNOLIN CHEMICAL COMPANY

By: James E. Lel



LEGEND

- (1.) Sun Oil to construct and operate pump station and approximately 4,000 ft. of force main. Discharge into Delcora System at Fourth and Green Streets in Marcus Hook.
- (2.) FMC to discharge into proposed Marcus Hook Pump Station.
- (3.) Scott to discharge into the system at the Chester Pump Station at Second and Dock Streets.



DELCORA WESTERN CONVEYANCE SYSTEM
LOCATION OF PROPOSED MAJOR INDUSTRIAL CONNECTIONS

EXHIBIT B

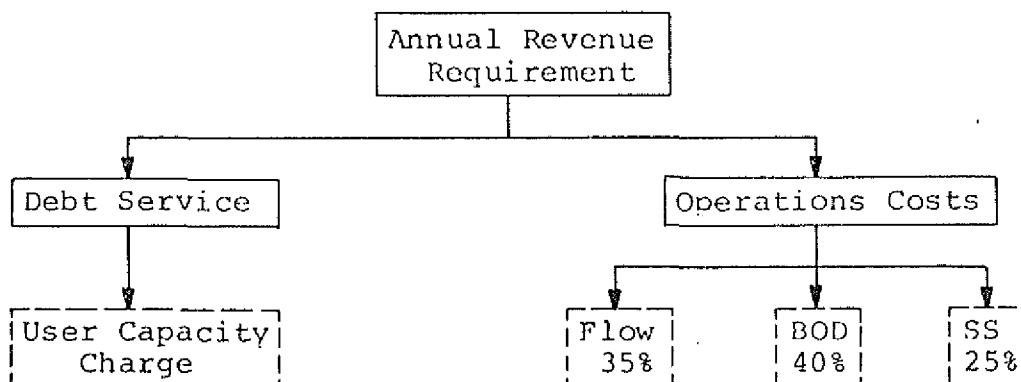
DELCORA
11/15/73

EXHIBIT "C"

ANNUAL USER TREATMENT CHARGE

Charge based on four (4) cost components:

- a) Debt Service
- b) O & M - flow proportional
- c) O & M - BOD proportional
- d) O & M - SS proportional



Annual Cost Equation (1)

$$T = UDSC + UOMC \quad (\text{Eq. 5})$$

$$UDSC = \frac{Uc}{Cc} + Dt \quad (\text{Eq. 3})$$

$$UOMC = O \ \& \ M \left(f^1 \times \frac{\text{User Flow}}{\text{Total Flow}} + f^2 \times \frac{\text{User BOD}}{\text{Total BOD}} + f^3 \times \frac{\text{User SS}}{\text{Total SS}} \right) \quad (\text{Eq. 4})$$

(1) Equations and terms are defined in DELCORA's "Major Industrial User Service Charges of 1973".

Revised

DELCORA
8/14/73
12/14/73

TREATMENT CAPITAL COST BREAKDOWN (1,2)

| Design | Unit | Est. Const. Cost \$1,000's | Flow | | BOD | | S.S. | |
|--------|---------------------------------|----------------------------------|------|----------|------|---------|------|---------|
| | | | % | \$ | % | \$ | % | \$ |
| 60 mgd | Site Work | 7,000 | 100 | 7,000 | | | | |
| 60 mgd | Yard Piping | 900 | 70 | 630 | 15 | 135 | 15 | 135 |
| 60 mgd | Pre Aeration Grit Removal | 400 | 100 | 400 | | | | |
| 60 mgd | Primary Settling | 1,300 | 85 | 1,105 | | | | |
| 60 mgd | Aeration Tanks | 2,300 | 20 | 560 | 80 | 2,240 | 15 | 195 |
| 40 mgd | Final Settling Tanks | 1,200 | 50 | 600 | 25 | 300 | 25 | 300 |
| 60 mgd | Return Sludge Pump Station | 340 | | | 50 | 170 | 50 | 170 |
| 40 mgd | Post-aeration, Chlorine Tank | 290 | 100 | 290 | | | | |
| 60 mgd | Flotation Thickener | 1,200 | | | 50 | 600 | 50 | 600 |
| 60 mgd | Solids Handling Bldg. | 5,300 | | | 50 | 2,650 | 50 | 2,650 |
| 60 mgd | Modifications | 1,000 | 100 | 1,000 | | | | |
| 60 mgd | Control Bldg. | 670 | 100 | 670 | | | | |
| 60 mgd | Computer and Instrumentation | 1,300 | 100 | 1,300 | | | | |
| 60 mgd | Electrical | 1,000 | 100 | 1,000 | | | | |
| | Sub Total | 24,700 | 58.9 | 14,555 | 24.7 | 6,095 | 16.4 | 4,050 |
| | Contingency | 2,000 | | | | | | |
| | Construction Cost | 26,700 | | 15,726 | | 6,595 | | 4,379 |
| | Land | 2,200 | | | | | | |
| | Engineering | 2,300 | | | | | | |
| | Legal | 700 | | | | | | |
| | Admin. | 200 | | | | | | |
| | | \$32,200 | | \$18,966 | | \$7,953 | | \$5,281 |

(1) Does not include plant expansion anticipated in 1987

(2) No allowance for tertiary treatment

Deleora
9/22/73

TREATMENT DESIGN CAPACITY ALLOCATION

(Design Cap. = 60 MGD)

| <u>Discharger</u> | <u>Flow (MGD)</u> | <u>%</u> | <u>BOD</u> | | | <u>SS</u> | | |
|-------------------|-------------------|-------------|-------------|---------------|-------------|-------------|---------------|-------------|
| | | | <u>mg/l</u> | <u>#/day</u> | <u>%</u> | <u>mg/l</u> | <u>#/day</u> | <u>%</u> |
| Municipal | 30.7 | 51.2 | 135 | 34,500 | 51.2 | 125 | 32,000 | 49.5 |
| Scott | 16.5 | 27.5 | 91 | 12,500 | 18.5 | 152 | 20,900 | 32.2 |
| Sun Oil | 12.0 | 20.0 | 175 | 17,500 | 26.5 | 105 | 10,500 | 16.3 |
| FMC | 0.8 | 1.3 | 450 | 3,000 | 4.3 | 225 | 1,500 | 2.0 |
| <u>Total</u> | <u>60.0</u> | <u>100%</u> | <u>135</u> | <u>67,500</u> | <u>100%</u> | <u>130</u> | <u>64,900</u> | <u>100%</u> |

Belcora
8/14/73

TREATMENT CAPITAL COST ALLOCATION

| | <u>Flow</u> | | <u>BOD</u> | | <u>SS</u> | | <u>Total</u> | |
|------------------|--------------|-----------------|--------------|----------------|-------------|----------------|--------------|-----------------|
| <u>Discharge</u> | | (\$13,966,000) | | (\$7,953,000) | | (\$5,281,000) | | (\$32,200,000) |
| | % | \$1,000 | % | \$1,000 | % | \$1,000 | % | \$1,000 |
| Municipal | 51.2 | 9,710 | 51.2 | 4,072 | 49.5 | 2,514 | 51.0 | 16,396 |
| Seabro | 27.5 | 5,215 | 18.5 | 1,471 | 32.2 | 1,700 | 26.0 | 8,396 |
| Sun Oil | 20.0 | 3,795 | 26.0 | 2,068 | 16.3 | 861 | 21.0 | 6,724 |
| FWO | 1.3 | 246 | 4.3 | 342 | 2.0 | 106 | 2.0 | 694 |
| | <u>100.0</u> | <u>\$19,966</u> | <u>100.0</u> | <u>\$7,953</u> | <u>100%</u> | <u>\$5,281</u> | <u>100%</u> | <u>\$32,200</u> |

DeLoora
8/21/73

DELCORA
CHESTER WASTEWATER TREATMENT PLANT
ESTIMATED ANNUAL DEBT SERVICE CHARGES

| | |
|---|-------------------|
| Total Estimated Cost | \$ 32,200,000 |
| Grant | <u>24,277,200</u> |
| Amount Financed | \$ 7,922,800 |
| Estimated Annual Debt Service (5-3/4% 30 yr., 10% Cover) | 616,200 |

TREATMENT ANNUAL DEBT SERVICE ALLOCATION

| <u>Discharger</u> | <u>% Capital Cost</u> | <u>Annual Debt Service</u> |
|-------------------|-----------------------|----------------------------|
| Municipal | 51 | 314,262 |
| Scott | 26 | 160,212 |
| Sun Oil | 21 | 129,402 |
| FMC | 2 | 12,324 |
| | | <hr/> |
| | <u>Total</u> | <u>\$ 616,200</u> |

Delcora
8/14/73

(1)

ANNUAL TREATMENT O & M ALLOCATION

| <u>Year</u> | <u>Municipal</u> | <u>Scott</u> | <u>Sun</u> | <u>FMC</u> | <u>Total</u> |
|-------------|------------------|--------------|------------|------------|--------------|
| 1975 | 348,000 | 531,000 | 457,000 | 64,000 | \$ 1,400,000 |
| 1980 | 490,000 | 530,000 | 455,000 | 55,000 | 1,530,000 |
| 1985 | 805,000 | 490,000 | 405,000 | 50,000 | 1,740,000 |
| 1990 | 1,277,000 | 513,000 | 463,000 | 57,000 | 2,310,000 |
| 1995 | 1,556,000 | 513,000 | 446,000 | 65,000 | 2,580,000 |

(6)

(1) Includes O & M escalation @ 2.5 percent per year. No allowance for tertiary treatment which may be required in 1985

Delcora
8/14/73

(1,2)

ESTIMATED TOTAL ANNUAL TREATMENT COST

| <u>Year</u> | <u>Municipal</u> | <u>Scott</u> | <u>Sun</u> | <u>FMC</u> | <u>Total</u> |
|-------------|------------------|--------------|------------|------------|--------------|
| 1975 | \$562,260 | \$691,210 | \$586,400 | \$76,320 | \$2,016,170 |
| 1980 | 804,260 | 690,210 | 584,400 | 67,320 | 2,146,190 |
| 1985 | 1,119,260 | 640,210 | 534,400 | 62,320 | 2,356,190 |
| 1990 | 1,591,260 | 673,210 | 592,400 | 69,320 | 2,926,190 |
| 1995 | 1,870,260 | 673,210 | 575,400 | 77,320 | 3,196,190 |

(1) Does not include plant expansion
anticipated in 1987.

(2) Included O & M escalation @ 2.5
percent per year. No allowance for
tertiary Treatment.

Delcora
8/14/73

(7)

ESTIMATED TOTAL ANNUAL CONVEYANCE COST
(1972 \$)

SUN OIL (flow capacity = 18.0 MGD)

| | | |
|--|-------------------|-----|
| Annual Debt Service for | | |
| Pump Station and Force Main from pt. A to C | \$ 97,200 | (1) |
| Annual O & M for Pump Station | | |
| operation | \$ 7,300 | |
| repair & maintenance | \$20,000 | |
| power | \$47,500 | |
| | \$ 74,800 | (1) |
| Annual Debt Service Allocation from pt. C to D | \$ 8,450 | |
| Annual Grant Repayment for pt. C. to D | \$ 11,000 | |
| | <u>\$ 191,450</u> | |

TOTAL ANNUAL CONVEYANCE COST

FMC (flow capacity = 1.2 MGD)

| | | |
|---|------------------|--|
| Annual Debt Service Allocation for | | |
| Pump Station and Force Main from pt. B to C | \$ 2,550 | |
| Annual Grant Repayment for Pump Station and pt. | | |
| B to C | \$ 3,350 | |
| Annual O & M Allocation for Pump Station | \$ 4,950 | |
| Annual Debt Service Allocation from pt. C to D | \$ 600 | |
| Annual Grant Repayment for pt. C to D | \$ 720 | |
| | <u>\$ 12,170</u> | |

TOTAL ANNUAL CONVEYANCE COST

MARCUS HOOK (flow capacity = 4.5 MGD)

| | | |
|--|------------------|--|
| Annual Debt Service Allocation for | | |
| Pump Station and Force Main from pt. B to C | \$ 9,550 | |
| Annual O & M Allocation for Pump Station | \$ 18,460 | |
| Annual Debt Service Allocation from pt. C to D | \$ 2,115 | |
| | <u>\$ 30,125</u> | |

TOTAL ANNUAL CONVEYANCE COST

- (1) Sun Oil Company by letter dated November 28, 1973, has notified DELCORA that it intends to construct the pump station and force main from point A to C. Actual costs will be adjusted accordingly.

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DELCORA
8/14/73
12/14/73

ESTIMATED TOTAL ANNUAL CONVEYANCE COST (Cont'd.)

(1972 \$)

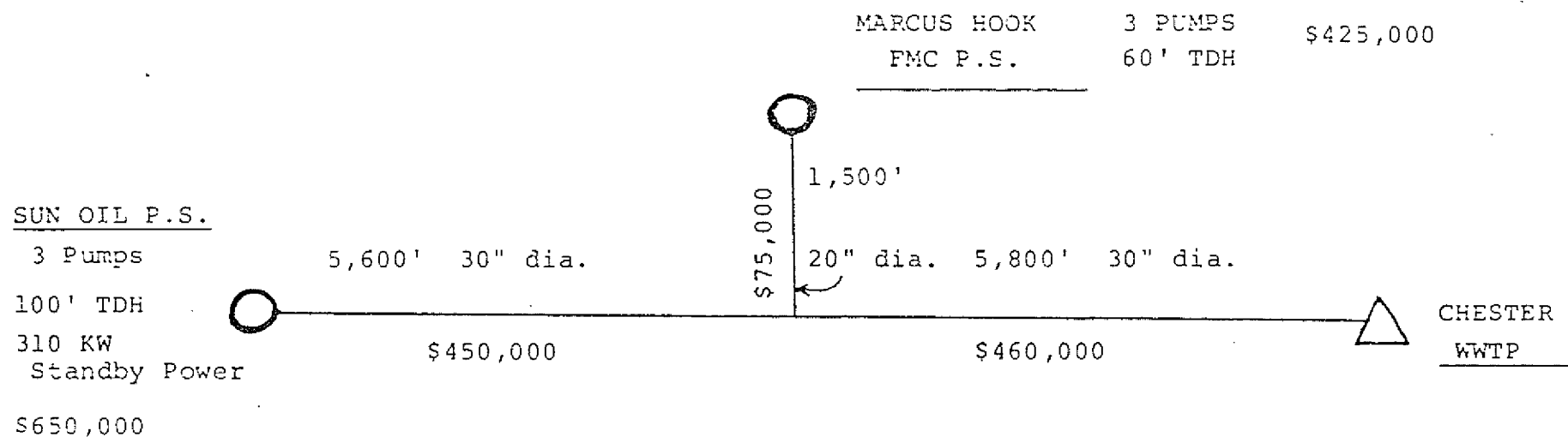
SUMMARY

| | <u>EST. TOTAL ANNUAL CONVEYANCE COST</u> |
|-------------------|--|
| SUN OIL | \$191,450 |
| FMC | 12,170 |
| MARCUS HOOK | <u>30,125</u> |
| GRAND TOTAL | <u><u>\$233,745</u></u> |

DELCORA
8/14/73

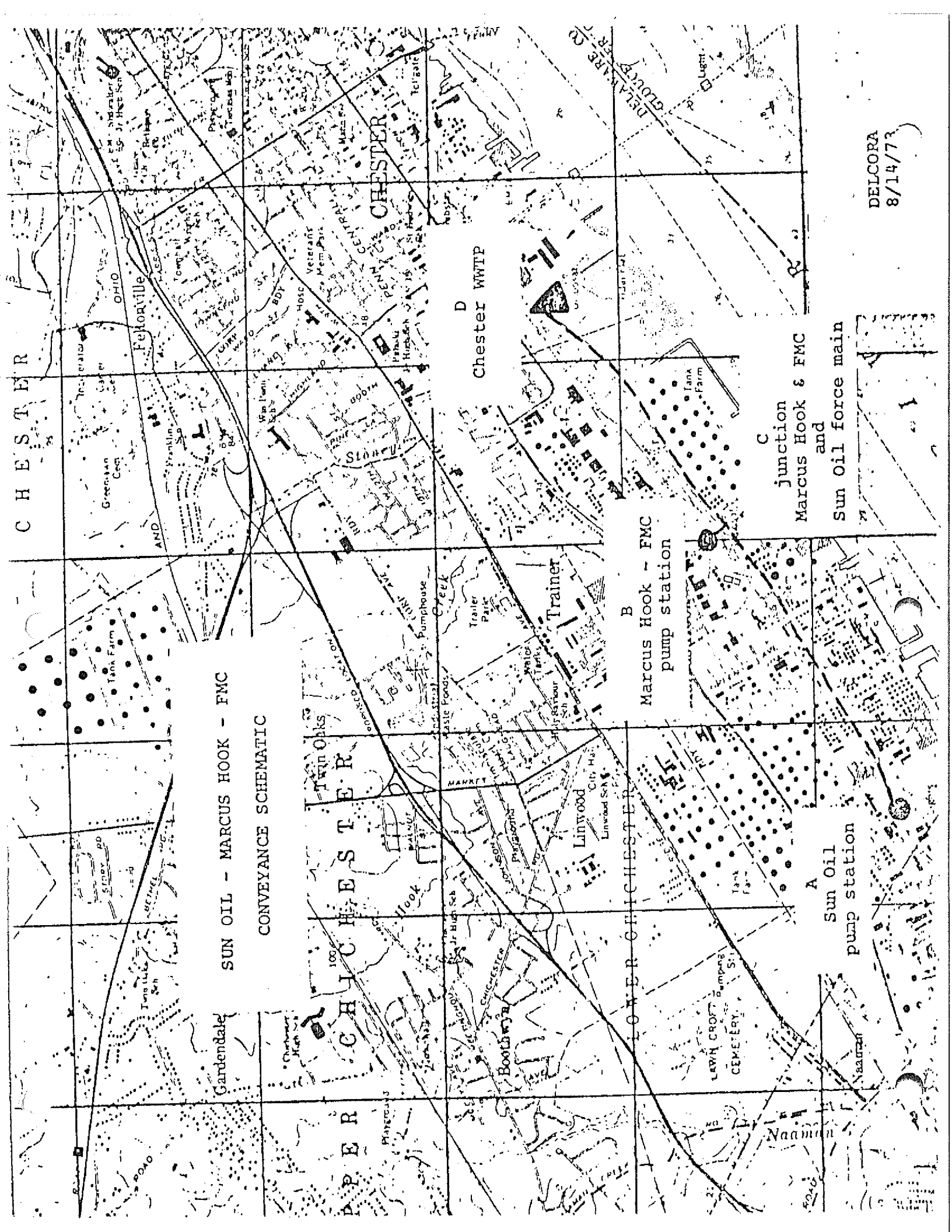
SUN OIL - FMC - MARCUS HOOK CONVEYANCE SYSTEM

PRELIMINARY DESIGN DATA SUMMARY



ALL COSTS ARE ESTIMATED
CONSTRUCTION COSTS IN 1972 \$

| | <u>Average Flow (MGD)</u> | <u>Capacity (MGD)</u> |
|-------------|-------------------------------|-----------------------|
| Sun Oil | 12.0 | 18.0 |
| FMC | 0.8 | 1.2 |
| Marcus Hook | 1.8 | 4.5 |



C H E S T E R

C H E S T E R

C H E S T E R

L O W E R C H E S T E R

SUN OIL - MARCUS HOOK - FMC

CONVEYANCE SCHEMATIC

Chester WWTP

B
Marcus Hook - FMC
pump station

C
junction
Marcus Hook & FMC
and
Sun Oil force main

A
Sun Oil
pump station

DELCORA
8/14/73