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EXHIBIT F138

SERVICE AGREEMENT, DATED APRIL 15, 1986,  
BY AND AMONG BOROUGH OF TRAILER AND DELCORA

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DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY  
P.O. Box 999 • 100 East Fifth Street • Chester, Pa. 19016

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May 16, 1986

Joseph F. Battle, Esq.  
Borough of Trainer  
29 East 5th Street  
Chester, Pennsylvania 19013

Re: Trainer Agreement

Dear Joe:

Enclosed is a fully executed copy of the service agreement between Trainer and DELCORA. This copy includes the corrected Page 7 forwarded with your April 19th letter.

We appreciate the cooperation extended by Borough officials and your office in this matter.

Very truly yours,

William C. Ross  
Executive Director

WCR:smi  
Enclosure

cc: A.S. Ackerman, Esq.  
Mr. F.J. McCourt, DELCORA

DIRECT-DIAL TELEPHONES (AREA CODE 215)

ADMINISTRATION  
☒ 876-5523

CUSTOMER BILLING  
☐ 876-5526

PURCHASING  
☐ 494-4015

PLANT & MAINTENANCE  
☐ 485-1925

## SERVICE AGREEMENT

THIS AGREEMENT is made as of the 15th day of APRIL, 1986 between the BOROUGH OF TRAINER ("Municipality") and the DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY ("DELCORA"), a Pennsylvania municipality authority.

### RECITALS

A. By orders of the Pennsylvania Department of Environmental Resources, 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.

B. Municipality is a customer of DELCORA and discharges wastewaters to DELCORA'S Western Regional System. This service is currently provided pursuant to a service agreement between Municipality and the City of Chester dated February 14, 1963, which was assumed by DELCORA in 1973 when DELCORA acquired the wastewater facilities previously owned by the City of Chester.

C. The existing service agreement between Municipality and the City of Chester is not consistent with current needs and does not satisfy U. S. Environmental Protection Agency Municipal Industrial Pretreatment Program (MIPP) requirements.

D. In order to correct these deficiencies, the parties have agreed to replace the former service agreement with a new agreement between the Municipality and DELCORA.

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

## ARTICLE I

### DELIVERY AND ACCEPTANCE OF WASTEWATER

1.01. Point of Connection, Metering Stations. The wastewater covered by this Agreement will be delivered by Municipality to DELCORA at points of connection to be specified by Agreement between DELCORA and the Municipal Engineer.

DELCORA may at its option, construct, operate and maintain metering stations at or near said points of connection.

1.02. Acceptance of Wastewater. All wastewater emanating from the Service Area shall be delivered by Municipality at the above mentioned connection points (subject to the other provisions hereof) where it will be accepted by DELCORA for conveyance and treatment.

1.03. Additional Capacity. DELCORA agrees to provide at all times during the term of this Agreement, sufficient conveyance and treatment capacity for all wastewater emanating from Municipality and the entire Western Delaware County Service Area. If, at any time in the opinion of DELCORA or as validly determined by any governmental agency having regulatory powers over wastewater treatment, such capacity will become inadequate, at a time less than ten years thereafter, to convey or treat the total flows of wastewater emanating from the entire Western Delaware County Service Area, DELCORA shall, design, plan and construct or otherwise provide such additional conveyance and treatment facilities as in its opinion or as required by said governmental agencies, are necessary to provide sufficient capacity. No capital contributions will be required from Municipality in connection with any of the above mentioned construction without an appropriate supplement hereto executed by Municipality,

but no supplement or other Agreement shall be required prior to any adjustments of rates to recover thereby the cost of such construction, subject to Section 2.01 hereof.

## ARTICLE II

### SERVICE CHARGES AND PAYMENTS

2.01. Service Charges. Municipality agrees to pay to 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 Municipality for wastewater emanating from Municipality. The service charge shall be based upon rates which are uniform for all users within a particular class in the region served and which are equitable between classes. 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 constructing, operating and maintaining flow monitoring and sampling equipment, costs of obtaining water consumption data (if not available from the Municipality), 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 Municipality 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.

Such service charges will not include any costs of: (1) the collection, conveyance and treatment of wastewater in the Eastern Delaware County Service Area; and (2) the costs of any of DELCORA'S facilities in the Western Delaware County Service Area not used for Municipality's wastewater hereunder. DELCORA'S good faith determinations as to elements of costs, classification of customers, size of reasonable reserves and like matters shall be conclusive.

The 1986 service charge to Municipality will be as stated in DELCORA'S "1986 Budget" (as amended). Charges for industrial users will be reconciled at year end based on actual flows and loadings.

2.02. Estimates of Service Charges. On or before November 1, of each year, commencing in 1986, DELCORA will prepare and submit to Municipality a statement approved by the Board of DELCORA showing, in reasonable detail, for the next succeeding calendar year, (1) the estimated amounts to be paid by Municipality 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 year as the result of any overpayments or adjustments of payments for any preceding year as provided under Section 2.03 below; and (3) the amount of any prior bill not paid pursuant to Section 2.03, plus interest pursuant to Section 2.04.

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 Municipality's

wastewater flow, DELCORA may amend the estimated service charges to reflect such changed conditions. A statement showing the amended estimated payments, and, in reasonable detail, the reasons therefore shall be submitted to Municipality, thereafter, commencing with the next quarterly payment, the payments made by Municipality shall be based upon the amended estimate. In the event Municipality 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 June 15th of the said calendar year following the year in which the notice of the increase was received.

2.04. Payments on Estimates. (a) For 1986, Municipality agrees to pay one-half (1/2) of the 1986 service charge on or before June 15, 1986, and one-half (1/2) on or before December 15, 1986, with a final adjustment at year end for industrial users. (b) Beginning in 1987, Municipality agrees to pay its Estimated Service Charges for such next succeeding calendar year in four equal installments to be paid on or before March 15th, June 15th, September 15th, and December 15th, 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 2.05 below.

2.05. Audited Statements. DELCORA shall cause to be prepared and certified by an Independent Public Accountant on or before March 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 Municipality 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 Municipality as estimated payments of service charges and the amount by which the final service charge to Municipality exceeds or is less than the aggregate of the payments and credits theretofore made by or allowed to Municipality on account of such service charge.

2.06. Payment to Final Service Charges; Credit for Overpayments.

If the Final Service Charge to Municipality 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 Municipality will pay to DELCORA the amount of any deficiency within thirty (30) days after the 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 Municipality within thirty (30) days.

2.07. Interest on Late Payments. If Municipality shall 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 8% from thirty (30) days after the due date of such charge to the date on which DELCORA shall receive payment thereof. This paragraph shall not be deemed to be an extension of the specified payment dates. Payments are due on the dates indicated. This is only to allow for occasional delays caused by administrative and similar problems.



2.08. Federal Regulations to be Followed. Notwithstanding any provision set forth in this Article, the service charges payable by Municipality under this Agreement shall be calculated in such manner as will comply with the applicable regulations of the Environmental Protection Agency, or any successor agency of the United States Government having jurisdiction thereof.

### ARTICLE III

#### MEASUREMENTS OF WASTEWATER FLOWS OR WATER FLOWS

3.01. Water Flow. Beginning in 1987 and continuing unless changed pursuant to 3.03 below, water consumption information for the service area shall be utilized in determining the annual service charge. This information shall be obtained from the water utilities serving the service area. Municipality will cooperate fully to insure that proper and adequate water consumption information is obtained for the service area.

3.02. Installation of Meters. If feasible and cost effective, as determined by DELCORA and agreed to by Municipality, the quantity of wastewater emanating from Municipality facilities shall be based upon readings of a meter or meters installed by DELCORA at the points of connection of Municipality's discharge to the DELCORA system. The quantity of wastewater flowing through the Western Regional Treatment Plant shall be based upon the readings of a meter or meters which will be installed by DELCORA at the Western Regional Treatment Plant.

3.03. Meter Readings, Maintenance and Calibration. DELCORA will maintain a continuous record of the wastewater flowing through the aforesaid meters. DELCORA will maintain, or cause to be maintained, as part of the

annual costs, the aforesaid meters and cause them to be inspected and calibrated at least quarterly for accuracy by the manufacturer thereof or some other company or person qualified to make such inspections.

3.04. 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.

3.05. Access to Meters. Municipality shall have the right of access to the meters for the purpose of reading them and checking them in place for accuracy, at its expense.

#### ARTICLE IV

##### WASTEWATER QUALITY RESTRICTIONS

4.01. Uniform Standards. DELCORA has adopted uniform wastewater quality standards known as the "DELCORA Standards, Rules and Regulations of 1984" which will comply with the requirements of all regulatory authorities. Municipality will refrain from discharging or permitting the discharge of wastewater from the Municipality'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.

4.02. Compelling Compliance by Users. Municipality shall enact and keep in full force and effect at all times Ordinances and Resolutions prohibiting and providing penalties for the discharge into its system of anything violating the above-mentioned DELCORA Standards, Rules and Regulations of 1984 (as amended). Such Ordinance shall also prohibit and/or regulate the discharge into its collection system by industries of Industrial Waste as defined in the applicable Resolution of DELCORA. Municipality shall not permit any discharge into its local collection system except in the manner and in accordance with the provisions of said Resolution of DELCORA.

4.03. Permits for Industrial Connections. Municipality will require each industry now discharging or hereafter desiring to discharge Industrial Waste into Municipality's collection system to apply to and receive from DELCORA a permit as required by DELCORA'S said Standards, Rules and Regulations of 1984, as hereafter supplemented or amended, and Municipality will prohibit any such discharge by any industry which has not received a permit from DELCORA.

4.04. Sampling Facilities. If deemed required by DELCORA, DELCORA shall install, maintain and operate, for such period of time as required by DELCORA, sampling equipment or facilities at or near the point that the Municipality's facilities discharge wastewater into the DELCORA System. DELCORA will have samples collected and tested. The cost of installation, operation and maintenance of such sampling equipment and the cost of collecting and testing samples shall be incorporated in the service charge as a part of the general rate structure or and shall not be a separate or additional billing.

4.05. Treatment and Harmful Wastes. If any analysis of samples pursuant to Section 4.04 indicates that the wastewater discharged by Municipality into the DELCORA System requires special treatment or would be harmful to such system or the Western Regional Treatment Plant, then upon request by DELCORA, Municipality will either (i) pay DELCORA the entire cost of such special treatment, after receiving the same from the person or entity which is the source of the harmful discharge, (ii) provide or require pretreatment of such wastewater in such manner as DELCORA shall specify or (iii) compel disconnection from the collection system of the property from which harmful wastewater is being discharged.

4.06. Reimbursement for Damages from Improper Discharge. Municipality will assist DELCORA in determining the source of any improper wastewater. Upon notice from, and at the direction of DELCORA, Municipality will assist DELCORA in terminating the flow of any improper discharge. DELCORA shall be the Municipality's 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 Municipality'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.

#### ARTICLE V

##### OPERATION AND MAINTENANCE OF FACILITIES

5.01. DELCORA Facilities. During the term hereof, DELCORA will exercise best efforts to continuously operate, maintain and repair the system or cause them to be maintained and repaired so they will be at all times in efficient operating condition and in compliance with the standards prescribed by all appropriate regulatory agencies for the purpose of this Agreement.

5.02. Municipality Facilities. Municipality will continue to operate, maintain, repair its plant and other facilities so that they will be at all times in efficient operating condition and in compliance with the standards prescribed by all appropriate regulatory agencies.

5.03. Imposition of Sewer Rentals by Municipality. Amounts payable by Municipality hereunder will be payable solely from the current revenues of the Municipality derived from the imposition of sewer rents and charges and other revenues from operation of the existing sewage collection system of Municipality, as it may be enlarged from time to time. Municipality

agrees to impose and collect rents and charges for the use thereof which together with all other revenues from operation of said system will be sufficient to provide in each year from and after 1987, 110% of the cost of operating said system, providing for any debt service and making the payments due under this Agreement and any other Agreements relating to sewage service. Municipality further agrees to assess all industrial charges segregated on each invoice directly to each indentified industry. To the extent that sewer revenues of Municipality are insufficient in any year to comply with the foregoing requirement, Municipality will promptly increase its sewer rentals and charges by an amount sufficient to provide in the immediately following year for the deficiency and future compliance with such requirement.

#### ARTICLE VI

##### GOVERNMENTAL GRANTS AND SUBSIDIES: PERMITS

6.01. Applications. DELCORA will make proper and timely applications to the Commonwealth of Pennsylvania and to the United States of America and their appropriate agencies, for all available grants, subsidies or other payments and for all permits and approvals in respect of the construction, acquisition, operation and maintenance of the Western Regional System.

6.02. 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

Western Regional System in the maximum amount, and each party will use its best efforts to obtain similar compliance from users and others.

## ARTICLE VII

### MISCELLANEOUS

7.01. Insurance; Repairs and Reconstruction. 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, in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania, against loss or damage by fire and such other risks (including public liability) and casualties and in such amounts as are usually carried on like properties in said Commonwealth. Such insurance policies shall be non-assessable.

7.02. 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.

7.03. Force Majeur. 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 the Western Regional Treatment Plant, or other event beyond its reasonable control.

7.04. Indemnity. Each party agrees to indemnify and save harmless the other party against all costs, losses or damage 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 or employees.

7.05. 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 or liabilities except as expressly set forth herein.

7.06. 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.

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

7.08. Effective Date and Term of Agreement. This Agreement shall become effective as of the date hereof and shall remain in force and effect for a period of forty-five (45) years from such date, and (subject to appropriate extensions of the period of existence of DELCORA and of similar extensions of the other Service Agreements) may be renewed by either party for an additional period of fifty (50) years.

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

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

7.11. Successors and Assigns. Except as provided in Section 7.12 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.

7.12. Assignment of Service Charges. DELCORA'S rights to receive payments hereunder may be assigned and pledged to Mellon Bank (East), as Trustee under Indenture dated May 1, 1974, or any subsequent Indenture to secure DELCORA'S Sewer Revenue Bonds currently outstanding or hereafter issued to cover any Project Costs of DELCORA.

## ARTICLE VIII

### DEFINITIONS

8.01. Definitions Incorporated Herein. The definitions set forth in ARTICLE II of the DELCORA Standards, Rules and Regulations of 1984 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 to be executed by their respective duly authorized officers and their respective seals to be hereunto affixed.

DELAWARE COUNTY REGIONAL WATER  
QUALITY CONTROL AUTHORITY

(CORPORATE SEAL)

By: John J O'Malley  
Chairman

Attest: Dee J Wythe  
Secretary

BOROUGH OF TRAINER

(CORPORATE SEAL)

By: Cliff M  
President of Council

Attest: William G. Heald Jr.  
Secretary

Approved: Paul J Barnard  
Mayor