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EXHIBIT F7

FIRST SUPPLEMENTAL AGREEMENT, DATED FEBRUARY 6,  
1975, BY AND BETWEEN THE TOWNSHIP OF FALLS  
AUTHORITY, TOWNSHIP OF LOWER MAKEFIELD, AND THE  
MUNICIPAL SEWER AUTHORITY OF THE TOWNSHIP OF  
LOWER MAKEFIELD

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FIRST SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made this 6<sup>B</sup> day of February 1975, by and between TOWNSHIP OF FALLS AUTHORITY, a municipal authority organized and existing under the Pennsylvania Municipality Authorities Act of 1945, as amended (the "Falls Authority") and the TOWNSHIP OF LOWER MAKEFIELD, Bucks County, Pennsylvania (the "Township") and the MUNICIPAL SEWER AUTHORITY OF THE TOWNSHIP OF LOWER MAKEFIELD, a municipal authority existing under the Pennsylvania Municipality Authorities Act of 1945, as amended (the "Lower Makefield Authority").

WITNESSETH

WHEREAS, Falls Authority, Township and Lower Makefield Authority entered into an agreement dated the 13th day of March 1965 (the "Agreement") which provided, inter alia, for the Falls Authority to treat sewage emanating from Lower Makefield Township through sewage lines constructed by Lower Makefield Authority and leased to Township; and

WHEREAS, Township has requested Falls Authority to agree to accept an increased flow of sewage; and

WHEREAS, Falls has requested a modification of the service charge under the Agreement and the method for calculating the service charge as well as a capital contribution toward the cost of construction of a parallel interceptor sewer line as provided for in the Agreement; and

WHEREAS, Falls Authority has requested certain other modifications in the Agreement, all of which have been agreed to by Township and Lower Makefield Authority.

NOW, THEREFORE, in consideration of the mutual promises herein contained and intending to be legally bound hereby, it is agreed as follows:

SECTION 1. Sections 5 and 5-A of the Agreement are deleted and the following is substituted in its place and stead.

"Section 5. Falls Authority covenants and agrees that during the term of this Agreement, it will receive, transport, treat and dispose of all sanitary sewage from the Contract Area collected by Lower Makefield Township Sewage Collection System. Falls Authority hereby grants to Lower Makefield Authority or Township or both the right to connect the Lower Makefield Sewage Collection System to the Falls Sewer System at the points shown on Exhibit "B" attached hereto or at such other point or points as hereinafter may be agreed to by the parties. The quantity of sanitary sewage required to be received, transported, treated and disposed of by Falls Authority hereunder (unless a larger quantity shall be agreed to in writing by the Falls Authority) shall be limited to an amount equivalent to 466,000 gallons per day, of which number 85,000 gallons per day in the area marked Area I on the plan attached hereto and marked Exhibit "A" can only be served by Township or Lower Makefield Authority providing the necessary capital to construct an interceptor sewer line in a generally southerly direction to connect with the existing sewer system of the Falls Authority. In addition, 131,000 gallons per day in the area marked Area II and 250,000 gallons per day in the area marked Area III can only be provided with sewer service upon the Township or Lower Makefield Authority providing the necessary capital funds to make improvements to the Falls Authority Sewage System to provide for the increased flows."

SECTION 2. Section 6 of the Agreement is hereby deleted and the following is substituted in its place and stead:

"Section 6. One month after the end of each calendar quarter during the term of this Agreement, Township or Lower Makefield Authority will pay to Falls Authority a service charge for receiving, transporting from point of connection, and treating (the "treatment

charge") in such calendar quarter the sanitary sewage from Lower Makefield Sewage Collection System, a treatment charge which shall be determined, whether on a gallonage or an equivalent dwelling unit basis, as set forth in Exhibit "B" attached hereto based upon the actual costs of operation of Falls Authority. The treatment charge shall be adjusted on an annual basis based upon actual costs, commencing with the treatment charge for the second calendar quarter of each year during the term of this agreement for which payment will be due July 30 of each year based on a calculation under the formula in Exhibit "B" in accordance with a certified annual audit of the independent public accountants of Falls Authority. The initial treatment charge to Township and Lower Makefield Authority shall be \$36.87 per year per equivalent dwelling unit. For the purpose of computing the equivalent dwelling unit treatment charge under this Agreement, it has been assumed that an equivalent dwelling unit supplies 91,000 gallons of sewage per year. The initial treatment charge is composed of the following charges:

Treatment cost	\$28.29 per year
Transportation cost	6.40 per year
Upper interceptor debt service cost	2.18 per year

It is recognized that the most equitable way of providing a sewer charge is on a per gallon basis. However, due to the minimum flows presently being experienced in the Lower Makefield Sewage Collection System a sewage flow meter will not accurately measure the flows. It is agreed that Township and Lower Makefield Authority will construct a meter pit and install a metering device at each point of connection at its own expense when the equivalent dwelling units connected to the system and passing through any point of connection with the Falls Authority Sewage Collection System is the equivalent of 350 equivalent dwelling units.

The design and components of each meter pit and each meter device shall be approved in writing by the Consulting Engineer of Falls Authority."

SECTION 3. Exhibit "A" attached hereto supercedes and replaces Exhibit "A" attached to Agreement as incorporated in SECTION 1(h) defining Contract Area provided however, that the area designated "Morrisville Authority Area" shall not be a Contract Area of Falls Authority until Township and Lower Makefield Authority obtain a release of that Contract Area from its existing contract with The Municipal Authority of the Borough of Morrisville.

SECTION 4. SECTION 15 is added as follows:

"SECTION 15. Infiltration of ground water into the Lower Makefield Sewage Collection System can be a serious problem during the life of this Agreement, if requested to do so by Falls Authority, Township and Lower Makefield Authority shall undertake an infiltration study under the direction of its Consulting Engineer consisting of visual inspection of manholes and the determination of differences in dry weather and wet weather flows. If it is determined and certified by the Consulting Engineer of Falls Authority that the wet weather flows exceed those allowed by the standard of the Pennsylvania Department of Environmental Resources or its successor, then and in that event, Township and Lower Makefield Authority shall undertake whatever work is recommended by its Consulting Engineer to correct the infiltration. In the event Township and Lower Makefield Authority fail to act to conduct the preliminary infiltration study within ninety (90) days of a request to do so by Falls Authority, or fail to proceed with the repairs as outlined by its Consulting Engineer after the determination that unreasonable infiltration exists within the Lower Makefield Sewage Collection System, then and in either event, Falls Authority may enter the Lower Makefield Collection System, perform the necessary work at the cost and expense of Township of Lower Makefield Authority. The actual charges incurred by Falls Authority shall be paid by Lower Makefield Authority to Falls Authority within thirty (30) days of the date of billing together with a service charge of five per cent (5%) of the amount of the bill."

SECTION 5. SECTION 16 is added as follows:

"SECTION 16. When anyone requests an extension of the Lower Makefield Sewage Collection System which extension will provide sewage flow into the Falls Authority sewage treatment plant, no construction permit for the sewage lines shall be granted until the plans have been reviewed by the then Consulting Engineer of Falls Authority. Township and Lower Makefield Authority agree that it will cause to be posted with the Township or Lower Makefield Authority an escrow deposit sufficient to cover the costs of the review by the Consulting Engineer of Falls Authority. After completion of construction, Township and Lower Makefield Authority agree that it will supply Falls Authority with a set of "As Built" Sewer System Plans together with a certification from its Consulting Engineer that the construction of the extension was performed under their inspection and in accordance with the then minimum acceptable engineering and construction standards for sewage systems being implemented by Falls Authority."

SECTION 7. All of the terms and conditions of the Agreement dated as of the 13th day of March 1965, except for those terms and conditions expressly modified herein are hereby ratified and affirmed.

SECTION 8. This Agreement and the rates set forth herein shall be effective as of January 1, 1975.

SECTION 9. This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, TOWNSHIP OF FALLS AUTHORITY and MUNICIPAL SEWER AUTHORITY OF THE TOWNSHIP OF LOWER MAKEFIELD each has caused this Agreement to be executed in its name and in its behalf by its Chairman or Vice Chairman and its corporate seal to be affixed thereto and attested by its Secretary or Assistant Secretary, and the TOWNSHIP OF LOWER MAKEFIELD, Bucks County, Pennsylvania, has caused this Agreement to be executed in its name and its behalf by its Chairman of the Board of Supervisors of the Township and its corporate seal to be affixed hereto and attested by its Secretary, all as of the day and year first above written.

TOWNSHIP OF FALLS AUTHORITY

(SEAL)

Attest:

Richard D. Adamson  
Secretary

By:

C. W. Ricketts  
Chairman

MUNICIPAL SEWER AUTHORITY  
OF THE TOWNSHIP OF LOWER  
MAKEFIELD

(SEAL)

Attest:

John M. Zelenka  
Secretary

By:

Samuel W. ...  
Chairman

TOWNSHIP OF LOWER MAKEFIELD

(SEAL)

Attest:

Blaze H. ...  
Secretary

By:

Frank P. ...  
Chairman

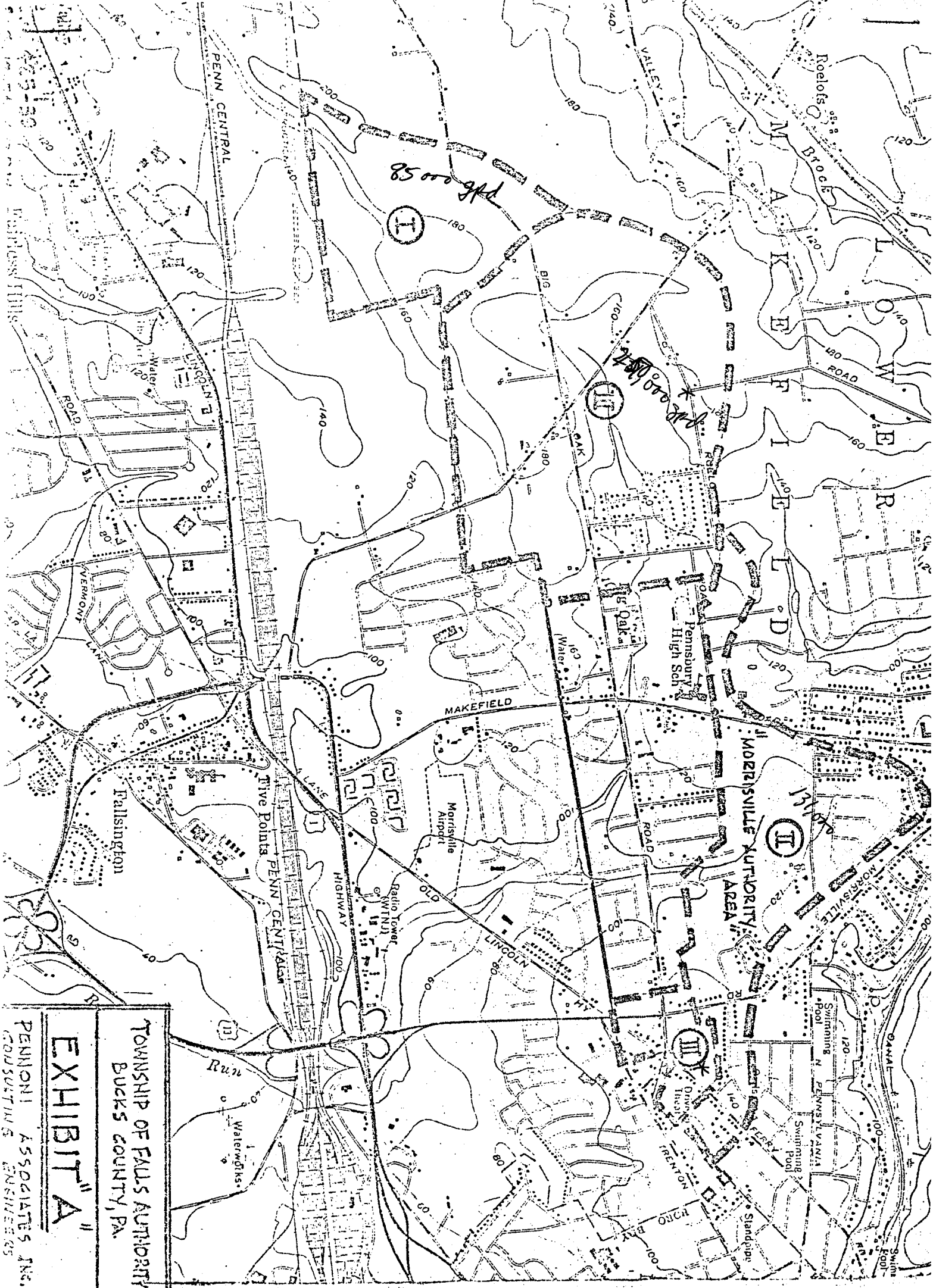


Exhibit "A"

TREATMENT AND TRANSMISSION COST

$$\left( \frac{\text{T.C.C.} + \text{A.T.O.C.}}{\text{E.D.U.}} \right) + \text{T.C.} + \text{U.I.} = \text{Annual Treatment and Transmission Cost per E.D.U.}$$

$$\frac{\text{Annual E.D.U. Cost} \times 1000 \text{ Gal.}}{365 \text{ days} \times 250 \text{ GPD}} = \text{Treatment and Transmission per 1000 gallons}$$

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- T.C.C. = Treatment Capital Cost - Debt service is based on the fact that 25% of the T.O.F.A. facilities are used for sewage treatment. Therefore 25% of the \$400,000 per year debt service should be allocated for treatment.
- A.T.O.C. = Annual Treatment Operating Cost = Operating cost of sewage treatment, including disposal cost.
- E.D.U. = Total Equivalent Dwelling Units served by T.O.F.A. based on 250 GPD usage per E.D.U.
- T.C. = Transmission Cost = Cost from original agreement \$6.40/EDU
- U.I. = Upper Interceptor = Cost of upper interceptor  
\$.024/100) Gal. x 91,000 Gal./yr. = \$2.18/EDU