
EXHIBIT S1

GF SERVICE AGREEMENT AND INVOICES



Excellence Delivered As Promised

December 17, 2019

Via E-Mail to WCPackerJr@aquaamerica.com

Mr. William C. Packer
Vice President – Controller
Aqua Pennsylvania, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010

Dear Mr. Packer:

Fair Market Value Appraisal

In response to your request, Gannett Fleming Valuation and Rate Consultants, LLC is pleased to submit this cost proposal to provide Aqua Pennsylvania Wastewater, Inc. (“Aqua”) with a fair market value appraisal of the Delaware County Regional Water Quality Control Authority’s wastewater system assets (“Wastewater System”) consistent with the date of the Engineer’s Assessment.

SCOPE OF SERVICES

Gannett Fleming Valuation and Rate Consultants, LLC (“Gannett”) proposes to conduct a fair market value appraisal of the Wastewater System in compliance with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches. It should be noted that Gannett will utilize asset cost information provided by the Engineering Assessment of the Wastewater System’s assets.

Fair market value is defined as “the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”

As stated, the standard of value for this engagement is fair market value. The premise of value is going concern. The going concern premise of business value assumes that the business will continue running normally using all of its assets to produce income and will continue operating beyond the valuation date.

Gannett will value the Wastewater System’s assets as a group under the premise that they collectively comprise an ongoing operating business enterprise. In accordance with 66 Pa. C.S.

Gannett Fleming Valuation and Rate Consultants, LLC

1010 Adams Avenue • Audubon, PA 19403-2402
t: 610.650.8101 • f: 610.650.8190
www.gannettfleming.com

Section 1329, the original source of funding for any part of the assets of the selling utility will not be relevant to the determination of the value of said assets.

We will accept all information and data provided by the Wastewater System and Aqua as it pertains to this assignment “as is” after a limited review. That is, we will neither audit nor verify any data, original cost study, financial records or operating data provided for this assignment.

We will provide direct testimony summarizing our fair market value appraisal suitable for filing before the Pennsylvania Public Utility Commission (PAPUC). Our appraisal and/or direct testimony will reflect the list of items concerning Utility Valuation Expert appraisals for applications to the PAPUC under 66 Pa. C.S. Section 1329, provided previously by Alexander R. Stahl (letter of December 17, 2019).

SITE INSPECTION

We will visit or inspect the Wastewater System’s facilities and rely on the information provided by the Engineering Assessment of the Wastewater System’s assets provided by the Wastewater System and Aqua.

APPRAISAL REPORT

We will prepare a written document to substantiate our opinion. Our appraisal will be developed consistent with the Uniform Standards of Professional Appraisal Practices. Our valuation will include a detailed analysis and will be presented in a narrative comprehensive, “stand-alone” document for your use. The estimate of value that results from a valuation engagement will be expressed as a conclusion of value to be used for the purposes stated above.

Although our valuation is intended to estimate fair market value, we assume no responsibility for the inability of a seller or buyer to obtain a sale or purchase contract at that price.

QUALIFICATIONS

Since 1915, Gannett and its predecessors have been helping clients in public pricing policy and related financial matters for managerial purposes, before regulatory commissions and in courts of law. Our staff has considerable experience in providing an array of specialized financial services to support the core needs and objectives of our clients.

Our specialized financial services encompass utility valuations, economic valuation studies, cost of capital studies, depreciation studies, rate studies, lead lag studies, analyses of public utility accounting systems, debt financing reports, economic and demographic studies, financial decision studies, optimum capital structure, debt service levels, dividend policy, private placement of debt, financial benchmarking, and conducting property inventories.

We design each study and its related report to meet the specific requirements of our clients. These studies require objective analyses of basic data, informed professional judgment, and clear presentation of the results. Our staff includes professionals specialized in public utility accounting and ratemaking, valuation, cost of capital, lead lag, depreciation, associated technical services, and financial analysis. We are experienced utility valuation experts who determine fair market value using the cost, market and income approaches in accordance with 66 Pa. C.S. Section 1329. We are a registered Municipal Advisor with the Securities & Exchange Commission (SEC); and are a subsidiary of Gannett Fleming, Inc.

Gannett is approved as a "Utility Valuation Expert" by the PAPUC within the context of 66 Pa. C.S. Section 1329, Valuation of Acquired Water and Wastewater Systems.

FIDUCIARY DUTY

Gannett has a fiduciary duty to, and will, provide a thorough, objective, and fair market valuation using the cost, market and income approaches in accordance with 66 Pa. C.S. Section 1329 and Pennsylvania laws.

Gannett attests that it does not derive any material financial benefit from the sale of, or purchase of, a selling utility other than fees for services rendered. Gannett also verifies it does not have any immediate family members who are directors, officers or employees of either an acquiring public utility, entity or selling utility within a 12-month period of the date of hire to perform an appraisal. We further affirm that Gannett is not directly or indirectly owned, partnered or in any way affiliated with a water/wastewater distribution company.

BASIS FOR COMPENSATION

Gannett will perform the above services, and other related services that you may authorize, based on hourly billing rates for our personnel in effect when we perform the work, plus the reimbursement of direct expenses. Direct expenses include transportation, meals, lodging and incidental expenses incurred while traveling and any other expenses required as a result of the assignment that are not incidental to the normal conduct of business. Attached is a copy of our billing rates currently in effect. We will render invoices monthly for services performed during the preceding month.

Based on our experience, we estimate the cost for a complete study, direct testimony, and other filing requirements will range from \$35,000 to \$40,000. The actual charges for these services will, of course, depend on the time required to complete the assignment and the extent to which data are provided. The availability and quality of the required data sources of information will affect the final cost.

SCHEDULE

The fair market value appraisal will be completed by early February 2020 assuming timely receipt of an executed proposal and the requested data.

PROPOSAL

Based on the understanding outlined in this letter, we propose that Aqua Pennsylvania Wastewater, Inc. retain Gannett Fleming Valuation and Rate Consultants, LLC to perform the services as outlined in this letter. If this proposal is satisfactory to you, please so indicate by signing where indicated below and scanning and emailing the executed copy to me via email at hwalker@gfnet.com, with a copy to Cheryl Rutter at crutter@gfnet.com.

We thank Aqua for this opportunity to provide valuation services in connection with the fair market value appraisal of the Wastewater System's assets. We look forward to acceptance of our proposal and to a successful project.

Respectfully Submitted,

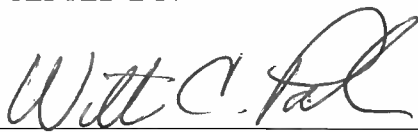
GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC




HAROLD WALKER, III
Manager, Financial Studies

Aqua Pennsylvania Wastewater, Inc. accepts the foregoing Proposal and authorizes Gannett Fleming Valuation and Rate Consultants, LLC to proceed with the services described herein.


ACCEPTED BY:



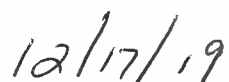
(Signature)



(Printed Name)



(Title)



(Date)

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

<u>Personnel</u>	<u>Hourly Rate</u>
SUPERVISORY STAFF	
W. M. Stout, Principal Consultant	\$300.00
P. R. Herbert, Senior Consultant	280.00
J. J. Spanos, President	280.00
H. Walker, III, Manager, Financial Studies	250.00
J. F. Wiedmayer, Jr., Project Manager, Depreciation	230.00
N. W. Allis, Vice President	230.00
C. E. Heppenstall, Senior Project Manager, Rate Studies	230.00
STAFF	
Analysts and Engineers	180.00
Associate Analysts and Engineers	170.00
Assistant Analysts and Engineers	160.00
Senior Technicians	120.00
Support Staff	120.00