

EXHIBIT S2



Smart. Focused. Done Right.®

ScottMadden, Inc.
1900 West Park Drive
Suite 250
Westborough, MA 01581
508-202-7918
scottmadden.com

July 15, 2022

Privileged and Confidential

Tony Sajone
Borough Manager
15 W Washington Street
Shenandoah, PA 17976

Matt Rossi, Esquire
Municipal Authority of the Borough of Shenandoah
424 Raven Run Road
Shenandoah, PA 17976

Dear Messrs Sajone and Rossi:

Thank you for contacting ScottMadden, Inc. ("ScottMadden") regarding providing the Municipal Authority of the Borough of Shenandoah ("Shenandoah") with our proposed fees for a valuation study and associated valuation report. The study will establish a fair value for the operations of Shenandoah's operations in accordance with the American Society of Appraisers' Business Valuation Standards and the Uniform Standards of Professional Appraisers Practice guidelines.

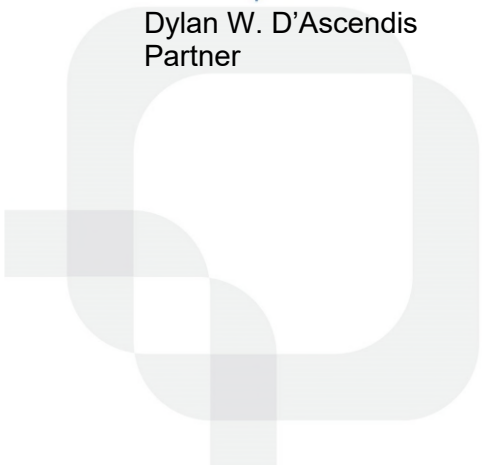
ScottMadden is highly qualified and strongly positioned to provide the requested services in a thorough, efficient, and cost effective manner. The remainder of this letter is intended to describe our proposed approach to this engagement, and summarize our proposed commercial terms.

Please be assured we will work with you to deliver the results you require. If you have any questions regarding this engagement letter, or require any additional information or clarification, I may be reached at ddascendis@scottmadden.com or 609.680.8695.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. D'Ascendis", is positioned above the printed name.

Dylan W. D'Ascendis
Partner



Municipal Authority of the Borough of Shenandoah

Asset Valuation Proposal

July 15, 2022



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scottmadden
MANAGEMENT CONSULTANTS



SCOTTMADDEN'S BACKGROUND

Founded in 1983, ScottMadden is a general management consulting firm serving the North American energy market. Since our founding, we have provided independent and objective counsel to more than 500 clients worldwide.

At ScottMadden, we do what it takes to get it done right. Our seasoned practitioners possess a wealth of industry experience that gives us a deeper understanding of the challenges our clients are facing. Our practice areas include Energy; Corporate & Shared Services; and Rates & Regulation. Our service offerings range from strategic planning through implementation across many industries, business units, and functions.

Getting it done right is about working side-by-side with our clients. It's about solving the right problem in the right way. And it's about doing it all with integrity, tenacity, and a genuine passion throughout the entire process. Our broad and deep energy utility expertise is not theoretical, it is experience-based. Our clients trust us with their most important challenges. They know that chances are, we have seen and solved a similar problem to theirs. They know we will do what we say we will do with integrity and determination, and we will produce real results.

SCOPE OF WORK

VALUATION STUDY AND ASSOCIATED VALUATION REPORTS

Description of Analysis, Work Plan, and Schedule

The overall requirements of this assignment fall into four general categories: (1) planning and administration; (2) data collection and verification; (3) analysis and financial modeling; and (4) report generation. These general categories are discussed in the context of our proposed approach, which consists of the following tasks.

Task 1: Kickoff Meeting

The purpose of this task is to begin the project planning and administration as well as better understand the goals of this valuation study. We plan to accomplish this task by holding a kickoff meeting. Specific activities related to this task include:

- Gathering of relevant data and information relating to the valuation study, including, but not limited to:
 - Asset listing by NARUC account (if available);
 - Date in Service
 - Original Cost
 - Accumulated Depreciation
 - Historical Financial Statements;

- Income statements from 2017-2021
- Cash flow statements (if available) from 2017-2021
- History of last five rate increases (% increase, year enacted)
- Forecasted Financial Statements;
 - Assumptions regarding revenues long-term (20 years)
 - Assumptions regarding operating expenses (20 years)
 - Assumptions regarding capital expenditures (20 years)
 - Assumptions regarding financing of capital (20 years)
 - Type of debt financing (e.g., sinking funds)

Task 2: Data Analysis and Interviews

After compiling the data outlined in Task 1, it will be necessary to meet with people familiar with the Shenandoah operations (in person or via telephone) to discuss trends in the data. It will also be necessary to tour the facilities to determine the condition of the assets. After these meetings, we will solidify our assumptions with respect to the valuation analysis.

Task 3: Development of Valuation Study

After gathering the data and discussing with Shenandoah, the valuation study will be developed. The study will consider the national, regional, and local economy and its impact on Shenandoah as well as industry trends and competition in the space. The study will consider three valuation approaches; the Asset (or Cost) approach, the Market approach, and the Income approach, to determine our conclusion.

Asset Approach

The Asset (or Cost) Approach is used to estimate a value of property based on the current cost of the subject assets, minus physical deterioration, functional obsolescence and economic obsolescence. In the asset approach, an analysis must be made of the property that is actually and physically being valued. The method ScottMadden will use to determine the current cost of the assets will be a trended original cost study. This will be completed by trending each individual asset forward to current cost by use of the Handy-Whitman Index of Public Utility Construction Costs. From this current value the accumulated depreciation of those assets will be subtracted to provide an indication of the value of the assets using the Asset Approach.

Market Approach

The Market Approach develops a value through an analysis of recent sales of comparable property. These transactions must be actual transactions (or current offerings) involving similar property. The transactions can be broken down into specific multiples (e.g. purchase price per customer / connection, purchase price / EBIT, etc.) and applied to Shenandoah's asset, or the actual purchase price can be adjusted to reflect differences between the completed transactions and Shenandoah's asset. Unfortunately, an active market may or may not exist, which means there can be too few transactions or non-representative transactions for the approach to be meaningful. ScottMadden will conduct

searches for similar market transactions for regulated companies and will apply judgment on which adjustments to use, or which multiples are applicable to the regulated companies. ScottMadden will also determine if the transactions identified are meaningful and if the Market Approach is valid in this case.

Income Approach

The Income Approach measures the present value of monetary benefits anticipated to be derived in the future from asset ownership. The present value of monetary benefits is measured by taking into account the duration and pattern of the income stream and the risk inherent in realizing that income stream. ScottMadden will use historical and projected income statements to determine a realistic pattern of cash flows over a 20-year time frame then determine an appropriate capitalization rate to discount those cash flows back to present value which determines the indicated value.

Task 4: Report Generation

The valuation study will be used to generate the valuation report ("Report"). As mentioned above, each valuation approach will produce an indicated value for the assets. ScottMadden will incorporate all three valuation approaches in the final Report. The entire process (the kickoff meeting through Report generation) should take no longer than 60 days, depending on the quality of data provided by Shenandoah.

PROJECT TEAM

The project will be led by Dylan W. D'Ascendis, CRRA, CVA, Partner of ScottMadden, Inc. Mr. D'Ascendis will author the reports and testify in any subsequent regulatory filing (if needed). Mr. D'Ascendis will be supported by ScottMadden's pool of highly qualified consultants and analysts, as needed, throughout the engagement.

PROPOSED COMMERCIAL TERMS

Based on the above Scope of Work, which outlines our approach to developing the valuation study, associated Report, and related appendices, ScottMadden proposes a fee of \$30,000, of which \$15,000 will be due upon delivery of the Report, and the remaining \$15,000 will be due 180 days after delivery of the Report. Any travel related to the study will be billed at our direct cost with no markup and is in addition to the \$30,000 fee. ScottMadden understands the delivery date of the Report to be on or around August 31, 2022.

Any additional services required after delivery of the Report (e.g., testimony, discovery requests) will be billed at the hourly rates listed in the table below:

Position	Hourly Rate
Partner / Executive Advisor	\$325
Director	\$295
Manager	\$270
Senior Associate	\$230
Associate	\$200
Senior Analyst	\$150
Analyst	\$125
Administrative Assistant	\$65

Given the scope of the project, we assume that we will have to travel to Shenandoah, Pennsylvania at least once for the site visit and interviews of Shenandoah personnel. Please note, ScottMadden's normal practice is to invoice monthly for professional fees and travel expenses (with no mark-up), as well as for reasonable direct expenses, as incurred, with no additional mark-up.

Should you have any questions, or wish to discuss the proposed terms, please feel free to contact me directly at your convenience via phone (609) 680-8695 or email ddascendis@scottmadden.com. We look forward to working with you and your staff.

Sincerely,



Dylan W. D'Ascendis
Partner

ACCEPTED AND AGREED BY:

Name: _____

Signature: _____

Title: _____

Date: _____

Position	Hourly Rate
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Sincerely,



Dylan W. D'Ascendis
Partner

ACCEPTED AND AGREED BY:

Name:

Katie R Catizone

Signature:

Katie R Catizone

Title:

Shenandoah Borough Council President

Date:

7/25/22

Summary

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). Dylan joined ScottMadden in 2016 and has become a leading expert witness with respect to cost of capital and capital structure. He has served as a consultant for investor-owned and municipal utilities and authorities for 14 years. Dylan has testified as an expert witness on over 100 occasions regarding rate of return, cost of service, rate design, and valuation before more than 30 regulatory jurisdictions in the United States and Canada, an American Arbitration Association panel, and the Superior Court of Rhode Island. He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured. Dylan holds a B.A. in economic history from the University of Pennsylvania and an M.B.A. with concentrations in finance and international business from Rutgers University.

Professional Qualifications & Memberships

- North Carolina Utility Commission Qualified Utility Valuation Expert
- Pennsylvania Public Utility Commission Registered Utility Valuation Expert
- Member of the Society of Utility and Regulatory Financial Analysts
- Member of the National Association of Certified Valuation Analysts

Areas of Specialization

- Utility Appraisals and Valuations
- Regulation and Rates
- Rate of Return
- Regulatory Strategy

Recent Expert Testimony Submission/Appearance

- Pennsylvania Public Utility Commission - Valuation
- Regulatory Commission of Alaska – Capital Structure
- Federal Energy Regulatory Commission – Rate of Return
- Public Utility Commission of Texas – Return on Equity
- Hawaii Public Utilities Commission – Cost of Service / Rate Design

Recent Assignments

- Sponsored valuation testimony for a large municipal water company in front of an American Arbitration Association Board to justify the reasonability of their lease payments to the City
- Co-authored a valuation report on behalf of a large investor-owned utility company in response to a new state regulation which allowed the appraised value of acquired assets into rate base
- Provided expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies

Recent Articles and Speeches

- Co-Author of: “Decoupling, Risk Impacts and the Cost of Capital”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal, March, 2020
- Co-Author of: “Decoupling Impact and Public Utility Conservation Investment”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal, 130 (2019), 311-319
- “Establishing Alternative Proxy Groups”, before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum, April 4, 2019, New Orleans, LA
- “Past is Prologue: Future Test Year”, Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit, May 2, 2017, Savannah, GA.
- Co-author of: “Comparative Evaluation of the Predictive Risk Premium Model™, the Discounted Cash Flow Model and the Capital Asset Pricing Model”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley, The Electricity Journal, May, 2013

Sponsor	Date	Assets Valued	Description
Confidential	02/2022	Electric Distribution System	Co-authored valuation report for Internal purposes
Confidential	10/2021	Water Operations	Co-authored valuation report for Internal purposes
Confidential	10/2021	Water & Wastewater Operations	Co-authored valuation report for Internal purposes
City of York, PA	06/2021	Wastewater Operations	Co-authored Valuation Report, which will be a part of an Act 12 Filing
Aqua New Jersey, Inc.	05/2021	Confidential Water and Wastewater Operations in NJ	Authored Valuation Report for internal purposes
Aqua New Jersey, Inc.	05/2021	Confidential Water and Wastewater Operations in NJ	Authored Valuation Report for internal purposes
Aqua Ohio, Inc.	05/2021	Confidential Water Operations in OH	Authored Valuation Report for internal purposes
Aqua Pennsylvania, Inc.	04/2021	Confidential Wastewater Operations in PA	Authored Valuation Report for internal purposes
Aqua New Jersey, Inc.	04/2021	Confidential Wastewater Operations in NJ	Authored Valuation Report for internal purposes
Aqua Pennsylvania, Inc.	02/2021	Confidential Wastewater Operations in PA	Authored Valuation Report for internal purposes
Artesian Water Company, Inc.	01/2021	Wastewater Operations for Delaware City, DE	Authored valuation report for internal purposes
EPCOR Distribution and Transmission, Inc., Alberta Canada	12/2020	Fiber Optic Cable Assets	Fiber optic cable available for lease for Internal purposes
EPCOR Distribution and Transmission, Inc., Alberta Canada	12/2020	Duct Bank Assets	Duct banks available for lease for Internal purposes
Borough of Lewistown, PA	08/2020	Water Operations	Authored valuation report for internal purposes
Artesian Water Company, Inc.	06/2020	Wastewater Operations for Town of Frankford, DE	Authored valuation report for internal purposes
Foster Township, PA	04/2020	Water Operations	Authored valuation report for internal purposes
City of Erie, PA	04/2020	Water Operations	Authored valuation report for internal purposes
Delaware County Regional Water Quality Control Authority	02/2020	Wastewater Operations	Authored Valuation Report, which is part of an Act 12 Filing
Aqua North Carolina, Inc.	02/2020	Confidential Water Operations in NC	Authored Valuation Report for internal purposes
Aqua New Jersey, Inc.	02/2020	Confidential Water Operations in NJ	Authored Valuation Report for internal purposes
Aqua Ohio, Inc.	11/2019	Confidential Wastewater Operations in OH	Authored Valuation Report for internal purposes
Steelton Water Authority	06/2018	Water Operations	Authored Valuation Report, which is part of an Act 12 Filing
Sara Golvinveaux McGinnes Trust	04/2018	Electric Operations of Block Island Power Company	Authored Valuation Report for Superior Court Trial
Mahoning Township, PA	09/2017	Water and Sewer Assets	Authored Valuation Report, which is part of an Act 12 Filing

Sponsor	Date	Assets Valued	Description
Atmos Energy Corporation	09/2016	Intrastate Natural Gas Pipeline	Authored Valuation for internal purposes.
Springfield Township, PA	08/2014	Water and Sewer Assets	Co-Authored Valuation Report, which was part of House Bill 1379 Filing (similar to PA Act 12)
Aqua Illinois, Inc.	07/2014	Village of Glenview, IL (North Maine Utilities) Sewer Assets	Co-Authored Valuation report for internal purposes
Erie City Water Authority, Erie, PA	12/2013	Water Assets	Sponsored Valuation Testimony in Arbitration Hearing
City of Allentown, PA	12/2012	Water and Sewer Assets	Assisted in the generation of Valuation Report