

EXHIBIT S1

June 8, 2022

Privileged and Confidential

Mr. Thomas F. Rafferty
Director, Business Development
Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

Dear Mr. Rafferty,

ScottMadden, Inc. ("ScottMadden") is pleased to provide Aqua Pennsylvania, Inc. with this engagement letter and our proposed fees for a PA Act 12 valuation study and associated valuation report for the City of Beaver Falls Wastewater System ("Beaver Falls") to be completed within the 90-day Act 12 requirements. The study will establish a fair value for the operations of Beaver Falls in accordance with Public Utility Code (66 PA.C.S.) - Valuation of Acquired Water and Wastewater Systems for Ratemaking Purposes.

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,



Dylan W. D'Ascendis
Partner

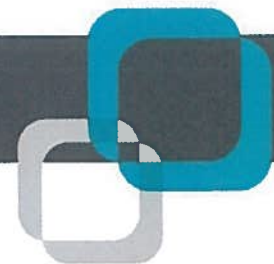
Valuation of the City of Beaver Falls Wastewater System

Engagement Letter

June 8, 2022



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SCOPE OF WORK

VALUATION STUDY AND ASSOCIATED VALUATION REPORTS

Description of Analysis, Work Plan, and Schedule

ScottMadden, Inc. ("ScottMadden") is pleased to provide Aqua America, Inc. with this engagement letter for a PA Act 12 valuation study and associated valuation report for the City of Beaver Falls Wastewater System ("Beaver Falls"). 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: Kick Off Meeting

The purpose of this task is to begin the project planning and administration as well as better understand the goals of Beaver Falls regarding 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 Beaver Falls 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 Beaver Falls, the valuation study will be developed. The study will consider the national, regional, and local economy and its impact on Beaver Falls 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 Beaver Falls' asset, or the actual purchase price can be adjusted to reflect differences between the completed transactions and Beaver Falls' 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 water / wastewater companies and will apply judgment on which adjustments to use, or which multiples are applicable to regulated water / wastewater 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.

Report Generation

The valuation study will be used to generate the valuation 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.

PROJECT TEAM

The project will be led by Dylan W. D'Ascendis, CRRA, CVA, Partner of ScottMadden, Inc. Mr. D'Ascendis will co-author the reports and testify in any subsequent regulatory filing (if needed). Mr. D'Ascendis will be supported by Matthew Howard, Manager, who will be Mr. D'Ascendis' co-author, but will not testify. Resumes and prior testimonies are available upon request.

In addition to Mr. Howard, the Project Team will be supplemented by ScottMadden's pool of highly qualified consultants, 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 \$35,000. Any travel related to the study will be billed at our direct cost with no markup and is not included in the \$35,000 fee.

Any additional services required after delivery of the report (e.g., testimony, discovery requests) will be billed at the following hourly rates:

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

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.

Please indicate your acceptance of these terms by signing in the space provided on the following page.

Mr. Thomas F. Rafferty
June 8, 2022

Privileged and Confidential

We look forward to working with Aqua Pennsylvania, Inc. on this engagement.

Sincerely,



Dylan W. D'Ascendis
Partner

ACCEPTED AND AGREED BY:

Name: MARC LUCCA

Signature: [Handwritten Signature]

Title: PRESIDENT

Date: 6/8/22



Smart. Focused. Done Right.

ScottMadden, Inc.
2626 Glenwood Avenue
Suite 480
Raleigh, NC 27608
919-781-4191
scottmadden.com

October 20, 2022

Invoice Number: 021724

PO Number: 5550M00066

Contract No.: 5381000

Thomas F. Rafferty
Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

In Reference To: Professional services provided for project 335-022
City of Beaver Falls Wastewater Valuation Study

	<i>Amount</i>
Professional Fees	\$ 2,055.00
Total Fees & Expenses	\$ 2,055.00
Fixed Fee for Valuation Study	\$ 35,000.00
Total Due	<u>\$ 37,055.00</u>

If you have any questions regarding this invoice, please let me know. Please remit payment in U.S. funds to: ScottMadden, PO Box 935955, Atlanta, GA 31193-5955. Thank you for retaining ScottMadden.

Sincerely,

Dylan D'Ascendis

Partner

ScottMadden, Inc.
Tax ID: 56-1445505

City of Beaver Falls
Order # 5550M00066
Account # 5381000
Company Code : 5550
PC: P5550000
Contact : Thomas Rafferty

Project City of Beaver Falls Wastewater Valuation Study
In Reference to: Professional services for project 335-022

		<u>Current</u> <u>Hours</u>	<u>Rate</u>	<u>Current</u> <u>Amount</u>
Professional Fees				
Dylan D'Ascendis	9/22/2022	3.00	325.00	975.00
Direct testimony				
Matthew Howard	9/20/2022	4.00	270.00	1,080.00
Testimony				
	Professional Fees	<u>7.00</u>		<u>2,055.00</u>