

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water :
Company under Sections 1102(a) and 1329 of the :
Pennsylvania Public Utility Code, 66 Pa C.S. §§ 1102(a) :
and 1329, for approval of (1) the transfer, by sale, to :
Pennsylvania-American Water Company, of substantially : Docket Nos. A-2021-3024058,
all of the assets, properties and rights related to the : *et al.*
wastewater collection and conveyance system owned by :
Brentwood Borough, (2) the rights of Pennsylvania- :
American Water Company to begin to offer or furnish :
wastewater service to the public in Brentwood Borough, :
in Allegheny County, Pennsylvania :

**DIRECT TESTIMONY OF
GEORGE ZBOYOVSKY
BOROUGH MANAGER
BOROUGH OF BRENTWOOD**

**With Regard To
A General Overview of the Borough and its System
Brentwood's Wastewater Collection and Conveyance System and Operations
Benefits of the Proposed Transaction
Brentwood Customers' Rates**

March 31, 2023

BOROUGH OF BRENTWOOD, ALLEGHENY COUNTY
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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 **A. My name is George Zboyovsky. My business address is 3735 Brownsville Road,**
4 Brentwood, PA 15227.

6 **Q. In what capacity are you affiliated with the Borough of Brentwood?**

7 **A. I am the Borough Manager for the Borough of Brentwood (the “Borough” or**
8 “Brentwood”). The Borough Manager is appointed by the Borough’s seven-member
9 Council (the “Council”) to serve as the municipality’s Chief Executive Officer and
10 oversee many of the Borough’s day-to-day administrative operations. Additionally, I
11 advise the Council on policy matters, submit an annual budget, implement and execute
12 spending decisions, and oversee department directors – including the Borough’s Public
13 Works Department.

14 As Borough Manager, I also devote significant time to planning for future
15 Borough needs, coordinating with professional consultants and outside agencies, and
16 communicating with the public.

18 **Q. Please provide a brief description of your education and work experience.**

19 **A. I completed a Joint Degree Program at the California University of Pennsylvania, where I**
20 received a Bachelor of Art in Physics, and Pennsylvania State University, where I
21 received a Bachelor of Science in Civil Engineering focused on transportation and
22 planning. I am currently a licensed professional engineer in the Commonwealth of
23 Pennsylvania and keep said license current. I also attended the University of Pittsburgh,

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1 where I received master degrees in business administration and public and international
2 affairs focused in urban and regional planning. I have served as the Borough Manager
3 since January 2008.

4 As Borough Manager, I oversee the development of the Borough annual budget
5 and all aspects of our annual reporting. I oversee all day-to-day activities and am
6 responsible for all Borough departments except for the Police Department, which is the
7 responsibility of the Mayor per the Pennsylvania Borough Code. I work to ensure that
8 the vision of the electorate is efficiently and responsibly implemented while concurrently
9 assuring that all residents receive fair access to governmental services. Prior to my
10 current position, I served as the Assistant Borough Manager for Dormont Borough from
11 January 2006 to April 2006 before being promoted to Borough Manager -- a position I
12 held from April 2006 to September 2007 before taking a position to serve as the District
13 Director for United States Congressman Timothy Murphy in the 18th District in
14 Pennsylvania from September 2007 to December 2007.

15
16 **Q. Have you testified before the Pennsylvania Public Utility Commission (“PUC” or**
17 **the “Commission”) before?**

18 **A.** No.

19
20 **Q. On whose behalf are you testifying in this proceeding?**

21 **A.** My testimony is on behalf of the Borough and in support of the application of
22 Pennsylvania-American Water Company (“Pennsylvania-American”) to purchase the
23 Borough’s wastewater collection and conveyance system (the “System”) and begin to

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1 furnish wastewater service to Borough customers in this proceeding (the “Proposed
2 Transaction”).

3

4 **Q. What is the purpose of your direct testimony?**

5 **A.** The purpose of my testimony is (1) to provide a description of the Borough and its
6 System, (2) to describe the substantial public benefits of the Proposed Transaction, and
7 (3) to describe how the Borough sets its annual sewage rates.

8

9 **Q. Are you sponsoring any Exhibits with your testimony?**

10 **A.** No.

11

12 **II. DESCRIPTION OF THE BOROUGH AND ITS WASTEWATER SYSTEM**

13 **Q. Please provide a general overview of the Borough.**

14 The area now known as present-day Brentwood was incorporated as the established
15 community of Baldwin Township in 1844. On November 6, 1915, the Allegheny
16 County Court of Quarter Session approved the transfer of 880 acres of Baldwin
17 Township to an independent municipality. In 1929, Brentwood’s boundaries
18 expanded after the Borough annexed an additional 130 acres. The Borough is
19 located in Allegheny County, Pennsylvania, and is part of the greater Pittsburgh
20 area. The size of the entire Borough is approximately 1.5 square miles. The
21 Borough is governed by an elected seven-member Council. Presently, there are
22 approximately 10,082 residents in the Borough.

23

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1 **Q. How is the Borough’s financial condition?**

2 **A.** Financially, the Borough is not in distress. The Borough Council aims to avoid raising
3 our constituents’ tax rate to the extent practicable, and the Borough has achieved that
4 goal for 8 consecutive years. However, with some of the Borough’s debt repayment
5 obligations (approximately \$900,000 per year), the Borough may be required to increase
6 taxes to create financial breathing room. Thus, if the Commission approves the Proposed
7 Transaction, the Borough will be better positioned to avoid tax increases to its residents
8 in the near future. This is critical due to the fact the Brentwood Borough School District
9 is a single community school district and as a result carries with this the highest school
10 taxes of any district in Allegheny County. Moreover, as we all are aware, the economy is
11 unpredictable and financial stability is not always guaranteed – especially for our
12 individual taxpayers as they also weather inflation and economic challenges. Any
13 reprieve the Borough can provide its constituents with respect to property taxes is an
14 obvious benefit.

15
16 **Q. Please provide a description of the Borough’s System.**

17 **A.** The Borough owns and operates the System, which consists of approximately 200,000
18 linear feet of gravity collection mains, approximately 1,050 manholes, associated
19 infrastructure and appurtenances, and numerous related land rights. Approximately
20 seventy-five percent (75%) of the System was built between 1925 through 1930, meaning
21 that the vast majority of the System is nearly 100 years old. Maintaining the System is a
22 looming financial burden to the Borough that, in my opinion, would be more efficiently

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1 and effectively managed by Pennsylvania-American because this is what they do every
2 day.

3 The Borough's sewage flows through a series of intermunicipal trunk lines that
4 flow through downgradient communities, where the flow is ultimately treated by the
5 Allegheny County Sanitary Authority ("ALCOSAN") sewage treatment facility in
6 Pittsburgh, Pennsylvania. The System's pipe network is split into two sewer sheds
7 located at Point of Connection MH-89 (Saw Mill Run) and Point of Connection MH-42
8 (Streets Run), which are both part of the ALCOSAN service area. The Borough's
9 System currently services approximately 3,980 active public, commercial, and residential
10 customers as of February 2023.

11 The Borough is party to the Pittsburgh Zone Project Agreement of December 1,
12 1949, between ALCOSAN, the City of Pittsburgh, and Borough of Brentwood (the "Z
13 Agreement"). The Borough and Pennsylvania-American entered into a Cooperation and
14 Allocation of Responsibilities Agreement defining and agreeing to allocate certain rights
15 and obligations to Pennsylvania-American under the Z Agreement, and the Borough will
16 remain primarily responsible for its municipal rights and obligations under the Z
17 Agreement.

18 Due to the Borough's agreement for wastewater treatment services with
19 ALCOSAN, the System is also bound by the terms of a federal Consent Decree described
20 in more detail below, that requires ALCOSAN to reduce inflow and infiltration into
21 ALCOSAN's sanitary sewer system. Again, complying with the Consent Decree is not
22 only a looming financial burden to the Borough but also creates a legal liability to the
23 Borough to ensure its compliance with the Consent Decree that, in my opinion, is better

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1 suited by an organization such as Pennsylvania-American because of their expertise in
2 these matters.

3

4 **Q. Please briefly describe the Borough’s relationship with ALCOSAN.**

5 **A.** As stated above, the Borough is part of ALCOSAN’s large sewage collection and
6 treatment network and party to the Z Agreement. More specifically, the Borough collects
7 its customers’ sewage through a network of Borough sewage pipes, which is then
8 transported through the System’s gravity collection mains to ALCOSAN’s wastewater
9 collection system for treatment. As stated above, the Borough is bound by ALCOSAN’s
10 federal Consent Decree that was renewed in 2020, to remediate several environmental
11 concerns including sanitary sewer system overflows and dry weather discharges.

12 While ALCOSAN treats the Borough’s sewage, ALCOSAN does not directly bill
13 our customers. Instead, the Borough directly bills its customers on behalf of ALCOSAN,
14 which currently includes a \$7.30 service fee per household and a \$10.42 consumption fee
15 per thousand gallons of water.¹ When ALCOSAN adjusts these fees, the Borough passes
16 on the higher rates to its customers. Additionally, the consumption volumes are obtained
17 from Pennsylvania-American that, in turn, are used to prepare the customer’s monthly
18 bill from the Borough. This relationship has at times caused some administrative
19 inefficiencies with respect to customer questions regarding their bills as the water meters
20 used to calculate water usage are not owned by the Borough. As such, the Borough’s two

¹ These fees do not include the consumption and service fees that the Borough separately assesses, explained in more detail below in Section VI.

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1 (2) administrative employees spend valuable time and resources communicating with our
2 customers without having the ability to directly resolve their issues.

3 To date, the Borough and ALCOSAN have enjoyed a good working relationship;
4 however, with the significant capital investment and time required to bring the Borough's
5 nearly century old System into compliance, the Borough leadership ultimately
6 determined that a sale to a third party was in the best interest of the Borough and its
7 customers. In short, the Borough Council does not believe it can operate and maintain
8 the System as well as Pennsylvania-American will.

9
10 **III. COMPLIANCE ISSUES AND CHALLENGES WITH THE SYSTEM**

11 **Q. Please provide an overview of any compliance issues with the System experienced by**
12 **the Borough.**

13 **A.** The Borough and its System are governed by the terms of ALCOSAN's federal Consent
14 Decree in efforts to reduce the inflow and infiltration into the ALCOSAN sanitary sewer
15 system. Towards that end, the Consent Decree directs ALCOSAN to eliminate sanitary
16 sewer overflows, reduce combined sewer overflows, provide enhanced control to
17 sensitive areas, and meet water quality standards. The Borough owns the portion of
18 intermunicipal trunk lines within its border, which have long contributed to the excess
19 infiltration/inflow and sanitary sewer overflows reaching the ALCOSAN wastewater
20 treatment plant.

21 These compliance issues were, among others, a substantial motivating factor in
22 the Borough's decision to sell its System to a large third-party public utility like

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1 Pennsylvania-American, which is better equipped to address the environmental
2 compliance issues posed by the Borough's nearly century old System.

3
4 **Q. Are there any other challenges you would like to address regarding the System**
5 **generally?**

6 **A.** The age of the System and its impact on the compliance challenges that ALCOSAN faces
7 as a result cannot be understated. Only eighteen percent (18%) of the System was
8 installed between 1931 to present. The remaining eighty-two percent (82%) of the
9 System was installed between 1919 and 1930 – rendering most of the System nearly or
10 over 100 years old.

11 Similarly, there are approximately 1,050 manholes made of concrete and brick.
12 Concrete and brick manholes are susceptible to the corrosive sewer processes that can
13 exacerbate issues of infiltration in a wastewater system like ours. Rehabilitating and/or
14 replacing our nearly 1,050 brick/concrete manholes is a costly but necessary endeavor to
15 remedy the persistent inflow and infiltration issues with our System that affect the region
16 in general as evidenced by ALCOSAN's Consent Decree.

17
18 **IV. SALE PROCESS**

19 **Q. Please describe the Borough's decision process in concluding that a sale of the**
20 **System was in the best interest of the Borough.**

21 **A.** The decision to sell the System came after careful consideration by the Borough, its
22 administration, and our residents. Beginning in September 2019, with the assistance of
23 outside experts, we undertook an extensive process to value the System, assess future

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1 costs of capital and revenue requirements, evaluate the ongoing time commitments of
2 Borough personnel to address System issues, and carefully consider the numerous
3 qualitative and quantitative factors that weigh in favor of or against the Borough keeping
4 the System.

5 From the Borough's perspective, its continued ownership of the System was no
6 longer feasible when we considered the administrative and financial burden of operating
7 the System, the capital investment necessary to improve the aging System, and the
8 challenges posed by the persistent environmental compliance issues in the region
9 generally. For example, as stated above, the Borough bills its customers on behalf of
10 ALCOSAN for ALCOSAN'S treatment service, and those rates have steadily increased.
11 Moreover, since 2019, the Borough has not increased the fee it charges to customers for
12 the Borough's collection service. However, such a continued rate freeze is not
13 sustainable given the System's need for capital improvement. Thus, the collection
14 portion of Borough customers' bills is certain to increase if the Proposed Transaction
15 does not close.

16 With these considerations in mind, the Borough identified two primary options for
17 the path forward: (1) to transfer ownership of its largest wastewater asset, the large
18 intermunicipal trunk lines, to ALCOSAN for no compensation and continue to own and
19 maintain certain other collection assets, or (2) to sell the System entirely and allocate
20 certain rights and obligations under the Z Agreement to a third-party PUC-regulated
21 utility such as Pennsylvania-American, allowing the Borough to exit the sanitary sewer
22 business. In path 1, the Borough would continue to operate the portions of the System
23 not transferred to ALCOSAN and would still be required to indemnify ALCOSAN for

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1 certain items for a number of years after transferring the trunk lines to ALCOSAN for no
2 compensation. Thus, the Borough ultimately decided on path 2 as it was in the best
3 interest of the Borough both financially and administratively. The sale to a PUC-
4 regulated utility provides an opportunity to formulate effective alternatives to repair and
5 upgrade the System. Additionally, a PUC-regulated utility with a large customer base is
6 not only well-positioned to finance necessary infrastructure improvements for the
7 System, but also has the operational expertise and time to dedicate to the improvements,
8 particularly when compared to the Public Works Department in the Borough.

9 After the extensive due diligence process, we issued a Request for Bids. Once we
10 reviewed the responses, we determined that Pennsylvania-American submitted a bid that
11 was in the best interest of, and provided the greatest value to, the Borough and its
12 residents, and accepted that bid.

13
14 **Q. Did the Borough request public input on the sale?**

15 **A.** Yes. The deliberative process undertaken by the Borough in deciding to sell the System
16 was public and involved multiple opportunities for public comment. For example, the
17 Borough openly discussed the potential sale at the following public Council meetings,
18 where our residents are not only invited, but encouraged to provide comments:

- 19 • September 17, 2019: The Borough's financial advisor provided an overview of
20 the sale process for the Council to consider in advance of any formal action taking
21 place.

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- 1 • September 23, 2019: The Council unanimously approved Resolution No. 2019-
- 2 51, which authorized the Borough to enter an agreement with its financial advisor
- 3 to perform an analysis and valuation of the System.
- 4 • December 9, 2019: The Borough’s financial advisor outlined a timeline should
- 5 the Borough elect to proceed with the potential sale of the System. At the close of
- 6 the meeting, the Council unanimously approved Resolution No. 2019-82, which
- 7 authorized the Borough to release a formal Request for Qualifications.
- 8 • January 1, 2020: The Borough Council unanimously approved Resolution 2020-
- 9 14, which authorized the Borough to engage Special Counsel for the proposed
- 10 sale of the System.
- 11 • February 24, 2020: The Borough’s Administrative and Finance Committee
- 12 provided an update regarding the responses to the Request for Qualifications and
- 13 the next steps in the sale process (to meet with the management of each entity).
- 14 • August 24, 2020: The Borough’s financial advisor gave a presentation to update
- 15 the public on the ongoing sale process, including an introduction to the pre-
- 16 qualified bidder and answers to some common questions regarding a sale of
- 17 wastewater assets.
- 18 • September 28, 2020: The Borough informed the public that the Request for Bids
- 19 has been finalized and released, and announced that proposals are due by October
- 20 28, 2020.
- 21 • November 9, 2020: The Borough’s financial advisor gave a presentation
- 22 regarding the result of the Request for Bids. Ultimately, the Council determined
- 23 that Pennsylvania-American’s bid was in the best interest of the public and

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1 scheduled a special meeting for its financial advisor to present the bid and field
2 questions from the public. There were no questions and/or comments made by
3 the public.

- 4 • November 30, 2020: The Council held a meeting where its financial advisor gave
5 a presentation of Pennsylvania-American's bid, the alternatives considered in lieu
6 of the Proposed Transaction, and the reasons for selecting Pennsylvania-
7 American. The public was provided the opportunity, and encouraged, to ask any
8 questions and/or offer any comments regarding the Proposed Transaction with
9 Pennsylvania-American.

- 10 • December 7, 2020: The Council unanimously voted to accept Pennsylvania-
11 American's bid.

12 Similarly, the Borough published articles regarding the Proposed Transaction in the
13 Spring 2020, Winter 2020, and Spring 2021 editions of the Borough's IN Community
14 magazine.

15
16 **Q. Did the Borough Council hold a vote at a regularly scheduled public meeting on the**
17 **sale, following input from the Borough residents?**

18 **A.** Yes, the duly elected Borough Council decided that the Proposed Transaction was in the
19 best interests of the Borough. After numerous public meetings, as detailed above,
20 Council unanimously voted to approve the sale to Pennsylvania-American on December
21 7, 2020, at a regularly scheduled public meeting.

22

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1 **V. BENEFITS OF THE PROPOSED TRANSACTION**

2 **Q. Please describe the benefits of the Proposed Transaction for the Borough.**

3 **A.** The Proposed Transaction offers numerous benefits to the Borough, its aging System, the
4 region, its customers and residents. From the Borough’s perspective, there are two
5 primary benefits of this Transaction: (1) engaging an industry expert to address the
6 compliance issues posed by our aging System that contributes to the region-wide
7 environmental compliance issues, while simultaneously lessening the financial burden to
8 the Borough in maintaining the System; and (2) enhancing the operation/management of
9 the System and customer service to our customers by a large team whose sole focus is
10 utility service, and allowing the Borough to reallocate administrative time and expense to
11 focusing on other key initiatives of the Borough.

12 The Proposed Transaction provides an opportunity for the Borough—through
13 Pennsylvania-American—to add a proven partner with expertise and a proven record of
14 success in improving and correcting systems with compliance issues to help ALCOSAN
15 as it continues to navigate the persistent environmental issues in the region. For example,
16 Pennsylvania-American employs a Manager of Wastewater Compliance, whose sole
17 purpose is to address environmental compliance for all the company’s wastewater
18 treatment systems in conjunction with its compliance team. Additionally, Pennsylvania-
19 American’s much larger compliance team has shared resources and more advanced
20 management tools than those available to the Borough’s Public Works Department. Our
21 Public Works team is currently comprised of only eight (8) employees that are tasked
22 with preserving the Borough’s entire infrastructure including, but not limited to,
23 maintaining roadways, and the stormwater system, removing snow, maintaining parks

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1 and swimming pools, controlling traffic, maintaining the Borough Stadium, maintaining
2 four ballfields, maintaining all Borough facilities, assisting capital construction
3 contractors, and ensuring all rights-of-way are clear of any obstruction.

4 While our Public Works team has coordinated well with ALCOSAN to achieve
5 compliance throughout the years, the Borough – and likely the entire region, which is
6 constantly impacted by the compliance issues – will greatly benefit from Pennsylvania-
7 American’s Environmental Management Plans, which are reviewed and confirmed each
8 quarter to ensure that the compliance issues are continuously improving. Pennsylvania-
9 American will serve as a competent collaborative partner with ALCOSAN, while
10 alleviating financial burdens to the Borough by its continued ownership of the aged
11 System.

12 Additionally, our customers will enjoy an enhanced customer service experience
13 under the Proposed Transaction – both operationally and administratively.

14 Administratively, Borough customers will have a more user-friendly bill-pay
15 experience. For example, our customers currently receive two separate bills for their
16 water and wastewater service. However, Pennsylvania-American also provides water
17 service to the Borough customers; thus, after closing of the Proposed Transaction
18 (“Closing”), Borough customers will have one bill for both water and wastewater
19 services, providing our customers a more efficient payment process for both services.
20 Similarly, our two Administrative employees often receive calls disputing charges on
21 their sewage bills that are related to their water usage. The Borough employees have no
22 authority to address these complaints since the Borough does not own the water meters.
23 Borough Administrative employees spend valuable time and resources fielding billing

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1 concerns that the Borough cannot fix. Eliminating these calls alone will provide the
2 Administrative employees a material amount of time they can deploy to other key
3 initiatives of the Borough as they support several departments as well as my office – in
4 addition to the amount of time and resources that can be re-allocated if the Borough exits
5 the sanitary sewer business entirely. Also, this existing cumbersome process is very
6 frustrating to the residents we serve.

7 From an operational perspective, our customers will also experience enhanced
8 customer service due to Pennsylvania-American’s larger team of customer service
9 representatives and its in-house engineering team. Currently, the Borough’s customer
10 service hours are limited to the regular business hours of 8:00 a.m. to 4:30 p.m., as
11 opposed to Pennsylvania-American’s call center that is available from 7:00 a.m. to 7:00
12 p.m. Additionally, Pennsylvania-American customers can also reach a representative via
13 electronic mail at any time at infopa@amwater.com, a service that the Borough does not
14 provide its customers.

15 Currently, if a Borough customer experiences an after-hours sewage emergency,
16 the customer can either (1) leave a voice message with the Public Works Department that
17 will be addressed the following day, or (2) call 911 to report the emergency, which is
18 only addressed the same evening if there is a public safety concern. On Thanksgiving
19 2022, several residential customers experienced sewage back-ups in their homes that the
20 Borough was unable to properly address for approximately three (3) days. However,
21 under Pennsylvania-American ownership, these very same customers would experience a
22 swifter response from Pennsylvania-American’s much larger team of customer service
23 representatives and engineers.

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1 Overall, as demonstrated above, the Proposed Transaction not only alleviates the
2 financial and operational burdens on the Borough associated with providing sanitary
3 sewer service and bringing the Borough's aged System into compliance, but also lightens
4 the operation and maintenance burden on ALCOSAN by adding a partner with industry
5 expertise and a proven record of environmental stewardship in the Commonwealth to
6 assist with the environmental challenges at large.

7
8 **Q. Please describe any further benefits from the Proposed Transaction.**

9 **A.** The Borough will realize many additional benefits from the sale of its wastewater system
10 to Pennsylvania-American. These benefits include, but are not limited to, the following:

- 11 • Our low-income residents will have access to Pennsylvania-American's customer
12 assistance programs to assist with paying their bills, which the Borough does not
13 currently provide. The only payment arrangement the Borough offers is a
14 standardized delinquency payment arrangement that does not consider the
15 customer's income. For example, regardless of the amount the customer owes,
16 the delinquency arrangement requires the customer to pay off the entire balance
17 over a *maximum* of twelve (12) months;
- 18 • Pennsylvania-American will also be more effective in their collecting of sewage
19 fees. The Borough typically carries a delinquent account balance of \$400,000 to
20 \$500,000. During the last couple of years when there was a moratorium on water
21 terminations due to failure to pay one's sewage bill, the Borough's delinquent
22 account balance exceeded \$600,000.

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- 1 • As mentioned, one of the most effective methods for collecting delinquent
2 accounts the Borough utilizes is water terminations. This unpopular method,
3 although effective, places additional stress on the Borough's two Administrative
4 employees who have to deal with irate customers. In addition, the Borough
5 Police Officers are removed from patrolling the Borough in order to post the
6 properties that are scheduled for water termination as required.
- 7 • Pennsylvania-American will impose a two-year rate-freeze for Borough
8 customers following Closing to avoid any immediate rate increases as a result of
9 the sale.
- 10 • Similarly, the wastewater service provided to customers would now fall under
11 Commission jurisdiction, which will ensure regulatory oversight, require approval
12 for all rate increases, and provide significant consumer protection.
- 13 • The Proposed Transaction will enable the Borough to reallocate administrative
14 time to focus on other key initiatives, while also providing much needed sale
15 proceeds to provide financial stability and security in the current unpredictable
16 economic environment.

17
18 **Q. One of the benefits you referenced above is the sale proceeds. Has the Borough**
19 **determined how it will use the proceeds from the Proposed Transaction?**

20 **A.** The Borough has not committed to using the proceeds from the Proposed Transaction in
21 any particular way at this point. Nonetheless, the Council has informed me that it may
22 allocate at least portions of the proceeds to the following projects: (1) eliminating the
23 Borough's current debt obligations, (2) funding renovations to the Borough's Civic

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1 Center, which is open for the public to rent for gatherings with friends such as birthdays,
2 holidays, and other community-based activities, (3) assisting with future grant
3 matching/cost sharing opportunities for other development projects in the Borough, (4)
4 ensuring that the Borough does not have to raise taxes to its residents in the near future,
5 and (5) creating an economic development fund to offer incentives for new or existing
6 businesses to improve and/or expand their businesses. The fund may be through a grant
7 program or a low interest loan program to ensure the sustainability of this program for
8 years to come.

9
10 **Q. Do you believe that the Proposed Transaction provides affirmative public benefits**
11 **and is in the public interest?**

12 **A.** Yes. For the reasons set forth above, I believe that the Proposed Transaction provides
13 substantial affirmative public benefits and is in the public interest. I urge the
14 Commission to promptly approve the Proposed Transaction.

15
16 **VI. RATES**

17 **Q. How are the rates for Borough customers established?**

18 **A.** Each month, Borough customers receive a bill with two separate components: (1) the
19 ALCOSAN fees (both a flat monthly service fee and an additional fee for each thousand
20 gallons of usage), and (2) the Borough's fees assessed for sewer infrastructure and
21 maintenance for collection fees. The Borough has absolutely no control over the fees
22 established by ALCOSAN. To my knowledge, the Borough has always passed the
23 ALCOSAN charges through to customers. In October 2021, ALCOSAN publicly

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1 approved 7% annual increases for 2022 through 2026. The Borough raised its treatment
2 rates 7% accordingly in each of 2022 and 2023. If the Proposed Transaction does not
3 close, consistent with past practice, I fully anticipate the Borough raising the treatment
4 rates each time ALCOSAN raises its treatment rates.

5 As of January 1, 2023, ALCOSAN assesses a \$7.30 service fee per household and
6 a \$10.42 consumption fee per thousand gallons of water used. The fees charged by the
7 Borough are set annually by the Council. The Borough currently assesses a \$4.57 service
8 fee per household and an \$8.91 consumption fee per thousand gallons of water used.

9 As stated above, Pennsylvania-American has agreed to freeze the Borough rates
10 for two years after closing if the Proposed Transaction is approved.

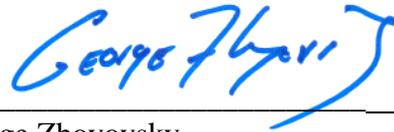
11
12 **VII. CONCLUSION**

13 **Q. Does this conclude your testimony?**

14 **A.** Yes, it does. However, I reserve the right to file additional testimony at a later date as
15 may be necessary or appropriate.

VERIFICATION

I, George Zboyovsky, the Manager of the Borough of Brentwood, hereby verify that the statements of fact made in the foregoing document are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



George Zboyovsky

Dated: March 30, 2023