

Exhibit No.:	
Issue:	Sale of Sewer Systems
Witness:	Stephen Kadyk, PE
Exhibit Type:	Surrebuttal
Sponsoring Party:	Missouri American Water Company
Case No.:	SM-2025-0067
Date:	May 23, 2025

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. SM-2025-0067**

**SURREBUTTAL TESTIMONY**

**OF**

**STEPHEN KADYK**

**ON BEHALF OF**

**MISSOURI AMERICAN WATER COMPANY**

**SURREBUTTAL TESTIMONY  
STEPHEN KADYK  
MISSOURI AMERICAN WATER COMPANY  
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**SURREBUTTAL TESTIMONY****STEPHEN KADYK****I. INTRODUCTION**

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

A. Stephen Kadyk. and my business address is 727 Craig Road, St. Louis, MO, 63141.

**Q. Are you the same Stephen Kadyk who previously submitted Direct Testimony in this proceeding before the Missouri Public Service Commission (“Commission”)?**

A. Yes.

**Q. What is the purpose of your Surrebuttal Testimony in this proceeding?**

A. The purpose of my Surrebuttal Testimony is to respond on behalf of Missouri-American Water Company (“MAWC”) to the rebuttal testimonies of Office of the Public Counsel (“OPC”) witnesses Geoff Marke and David Murray. I will also respond to the Rebuttal Testimony of Commission Staff witness Jarrod J. Robertson.

**II. SYSTEMS TO BE SOLD**

**Q. In your Direct Testimony, did you provide a table containing, among other things, connection numbers for the systems MAWC proposes to sell?**

A. Yes, on pages 4-5 of my Direct Testimony.

**Q. OPC witness Murray indicates that he is a customer of the Hunter’s Creek system and alleges that this system has 52 connections, not the 67 identified in your table. (Murray RT, p. 5). How do you respond?**

A. Mr. Murray is correct. Upon further review, the Hunter’s Creek system has 52 connections. The initial count was incorrect due to an error in MAWC’s GIS system that pulled premise

1 data from a nearby system. The location of those premises has been corrected since the  
2 initial count was published. We also identified a discrepancy in the connection count for  
3 the Golden Pond system. The current count is 44 for that system (rather than the 30  
4 connections originally used).

5 **Q. Mr. Murray further identifies some systems where the Confluence Rivers engineering**  
6 **reports identify a different number of connections than what is found in your table.**  
7 **(Murray RT, p. 5). Does your table correctly identify the number of connections**  
8 **being billed by MAWC?**

9 A. Yes, the table provided by MAWC sets forth the correct number of connections for the  
10 Halifax Road and The Highlands systems. After conferring with Confluence Rivers, it was  
11 determined that the number referenced in the Highlands engineering report was an estimate  
12 of the number of dwelling units, which included multi-family homes, versus building  
13 connections. The connection number for the Halifax Road system listed in the engineering  
14 report was an error and should have listed the connection total of 38.

15 **Q. What is the total number of connections being billed by MAWC that are associated**  
16 **with the 19 subject systems?**

17 A. In addition to the changes described above for Hunter's Creek and Golden Pond, there have  
18 been some normal changes in the active connections since the original list was created.  
19 Thus, as of March 3, 2025, the total number of active connections for the 19 systems is  
20 616.

21 **Q. In his Rebuttal Testimony, Staff witness Robertson provides a schedule that provides**  
22 **a review of the condition of the individual systems to be sold by MAWC and suggests**  
23 **that Hiller's Creek, Stoney Creek and The Highlands systems have recently had**

1 **violations and that several of the systems have experienced ammonia exceedances.**  
2 **(Robertson RT, Sched., pp. 4-8 of 17). Do you agree with this assessment?**

3 A. Yes, I agree with Mr. Robertson's assessment of these three systems.

4 Q. **How is MAWC planning to address these matters if it does not sell these systems?**

5 A. MAWC has worked closely with MDNR to design projects that would address the concerns  
6 in the Hiller's Creek and Stoney Creek systems. These projects will move forward as  
7 planned if MAWC retains these systems. The Highlands system has been studied and if  
8 growth continues in the subdivision, MAWC has plans for improvements that will meet  
9 the permitted limits. MAWC has coordinated with MDNR and Confluence Rivers on the  
10 status for all 19 systems included in this application. I have confidence that if this  
11 transaction is approved, there will be a smooth transition that will not impact customer  
12 satisfaction or future regulatory compliance.

13 Q. **In his Rebuttal Testimony, OPC witness Marke makes the observation that MAWC**  
14 **"appears to have systems, including larger wastewater systems, even closer to these**  
15 **systems" than does Confluence Rivers. (Marke RT, p. 7). Is there inefficiency**  
16 **associated with serving the subject systems from the Jefferson City, Taos and**  
17 **Wardsville locations specifically referenced by Dr. Marke?**

18 A. Yes, the time spent traveling to and from these smaller systems is not the best use of our  
19 operations personnel. The full-time personnel operations model provides better value for  
20 customers on larger systems where they are performing skilled work versus spending time  
21 traveling from one small system to the next.

### 22 III. CAPITAL INVESTMENT

23 Q. **OPC witness Murray states that MAWC plans to make capital improvements in the**

1        amount of “\*\* \_\_\_\_\_ \*\* in two of the nineteen systems in the next year and  
2        \*\* \_\_\_\_\_ \*\* in another system in 2029, for a total of \*\* \_\_\_\_\_ \*\*” based  
3        on MAWC’s response to OPC data request 31. (Murray RT, p. 12)<sup>1</sup>. Is that an  
4        accurate interpretation of MAWC’s data request response?

5        A.    No. Attached as Schedule SK-1 is a copy of the referenced response to OPC DR 31.  
6        Schedule SK-1 is identified as Confidential in accordance with Commission Rule 20 CSR  
7        4240-2.135(2)(A).3, as it contains marketing analysis or other market-specific information  
8        for competitive services.

9        The capital budget table found in MAWC’s response to OPC DR 31 provided two different  
10       sets of information. The table of values titled “Jefferson City WW Capital Budget” refers  
11       to budget line items where capital is anticipated to be spent within each of those categories  
12       over the next five years. The second table of values titled “Individual Projects Scheduled”  
13       refers to projects that are anticipated to be completed in addition to the budgeted line items.

14       MAWC’s planned investment in the nineteen systems to be sold would include the \*\*  
15       \_\_\_\_\_ \*\* assumed by Mr. Murray, plus a portion of the \*\* \_\_\_\_\_ \*\*  
16       identified in the table of values titled “Jefferson City WW Capital Budget.” When added  
17       together, these amounts would reflect the total capital budget for the systems in question.

18       **Q.    Are you able to determine how much of the “Jefferson City WW Capital Budget” is**  
19       **attributable to the nineteen systems that are the subject of this case?**

20       A.    No. MAWC’s general items budget is not built in a way that I can determine that specific  
21       break out.

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<sup>1</sup> OPC witness Marke also erroneously references this information. (Marke RT, p. 4, FN 9).

1 However, the systems to be sold represent 19 of 48 systems in the Jefferson City WW  
2 group. That represents 39.58% of the systems. That portion of the 3 year and 5 year  
3 “Jefferson City WW Capital Budget” investments, is \*\* \_\_\_\_\_ \*\* and \*\* \_\_\_\_\_  
4 \*\*, respectively, of the anticipated spending.

5 **Q. Does MAWC expect to spend more than the \*\* \_\_\_\_\_ \*\* assumed by Mr.**  
6 **Murray over the next five years?**

7 A. Yes.

8 **Q. Mr. Murray also referenced that MAWC had “\*\* \_\_\_\_\_ \*\* of planned capital**  
9 **expenditures over the next three years . . .” (Murray RT, p. 13). Given your correction**  
10 **above as to the interpretation of MAWC’s OPC DR 31 response, does MAWC plan**  
11 **to spend more than the amount assumed by Mr. Murray over the next three years?**

12 A. Yes.

#### 13 **IV. RATES**

14 **Q. OPC witness Murray indicates that the customers of the subject systems are currently**  
15 **paying \$67.55, when WSIRA rates are included. (Murray RT, p. 3, FN 1). Is that**  
16 **correct?**

17 A. No. MAWC’s current rate for these customers is \$68.56, when WSIRA is included.

18 **Q. Will those rates likely change prior to the conclusion of this case?**

19 A. Yes. MAWC currently has a base rate case before the Commission (Case No. WR-2024-  
20 0320). On May 12, 2025, MAWC filed proposed sewer tariff sheets that included a

1 monthly rate of \$74.11, for the subject customers.<sup>2</sup> MAWC has also filed a Motion for  
2 Expedited treatment that asks that these tariff sheets be effective on May 28, 2025, the  
3 “operation of law” date for its rate case. That Motion was granted by the Commission in  
4 an Order Approving Tariffs issued on May 16, 2025.

5 **Q. Does this conclude your Surrebuttal Testimony?**

6 **A. Yes.**

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<sup>2</sup> Confluence Rivers’ current District 1 rate is \$60.21/month, and its District 2 rate is \$70.83/month, as were established in Commission Case No. WR-2023-0006.



## AFFIDAVIT

I, Stephen Kadyk, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am the Engineering Manager of Customer Development for Missouri-American Water Company, Inc., that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.



\_\_\_\_\_  
Stephen Kadyk

5/22/25

\_\_\_\_\_  
Dated

**SCHEDULE SK-1**

HAS BEEN IDENTIFIED AS

**CONFIDENTIAL**

IN ITS ENTIRETY