

Exhibit No.:
Issues: Neosho Acquisition
Witness: Stephen C. Kadyk
Exhibit Type: Rebuttal
Sponsoring Party: Missouri-American Water Company
Case No.: WA-2026-0072
Date: May 7, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WA-2026-0072

REBUTTAL TESTIMONY

OF

STEPHEN C. KADYK

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

AFFIDAVIT

I, Stephen C. Kadyk, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am a Principal of Business Development for Missouri-American Water Company, 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 C. Kadyk

5/7/26

Dated

**REBUTTAL TESTIMONY
STEPHEN C. KADYK
MISSOURI-AMERICAN WATER COMPANY
CASE NO.: WA-2026-0072**

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REBUTTAL TESTIMONY

STEPHEN C. KADYK

I. INTRODUCTION

1

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

3 A. My name is Stephen C. Kadyk, and my business address is 727 Craig Road, St. Louis, MO,
4 63141.

5 **Q. Are you the same Stephen C. Kadyk who previously submitted direct testimony in**
6 **this proceeding?**

7 A. Yes.

8 **Q. What is the purpose of your Rebuttal Testimony?**

9 A. I have read the Direct Testimony filed in this case and will respond to certain testimony
10 provided by Office of the Public Counsel (OPC) witness Geoff Marke related to Missouri-
11 American Water Company's (MAWC) application for Certificate of Convenience and
12 Necessity regarding its proposed acquisition of the water and sewer assets of the City of
13 Neosho, Missouri (Neosho).

14

II. PUBLIC INTEREST

15 **Q. What position does OPC witness Marke take in this matter?**

16 A. Dr. Marke takes the position that the proposed acquisition is not in the public interest.

17 **Q. On p. 3 of his Direct Testimony, OPC witness Marke states that "Approval of this sale**
18 **will raise costs on all future acquisitions by inflating future fair market valuation**
19 **appraisals from MAWC...." Do you believe this statement to be true?**

20 A. I do not.

1 **Q. Has the Commission's past approval of transactions pursuant to Section 393.320,**
2 **RSMo, inflated fair market valuation appraisals?**

3 A. No. A review of past fair market value deals in both Missouri and Illinois shows that
4 previous valuations do not have an ever-increasing trend from deal to deal on a cost-per-
5 customer basis. Attached as **Schedule SCK-1** is a listing of those transactions identified
6 in the appraisal, the date of the appraisal or purchase agreement¹, and the cost-per-customer
7 for each.

8 **Q. Is the cost-per-customer the only comparison that is made as a part of the appraisal**
9 **process?**

10 A. No. The appraisal documents identify the cost-per-customer metric as one of the tools used
11 during the sales comparison approach. It is only one of the variables that is evaluated when
12 completing the final determination of value and for a system.

13 **Q. What other methods are utilized by appraisers?**

14 A. The three standard methods of valuation used for an appraisal of water and sewer systems
15 are the sales comparison approach, cost approach, and income capitalization approach.
16 Historically, the income capitalization approach is not applicable to the valuation of water
17 and sewer systems and is omitted.

18 **Q. Were those methods reviewed by the appraisers in regard to the Neosho systems?**

19 A. Yes, both the sales comparison approach and cost approach were evaluated as part of the
20 appraisal.

¹ When available, the appraisal date was used in lieu of the purchase agreement date.

1 **Q. On p. 3 of his Direct Testimony, OPC witness Marke states, "...MAWC is requesting**
2 **that Neosho customers maintain their current rates, which are 21% lower than**
3 **MAWC's non-St. Louis County District cost until its next rate case." Do you believe**
4 **that lower rates for customers at the time of closing are a public interest concern?**

5 A. No. The rates paid by Neosho customers from closing to the conclusion of the next general
6 rate case will provide stability for Neosho customers and will not have an impact on
7 MAWC's existing customers. It will only have an impact on the revenues collected by
8 MAWC during that period of time. Leaving the Neosho rates at their current level during
9 this interim period will provide some consistency after closing and allow any increase in
10 rates to be based on the Commission's decision in a general rate case. We do not believe
11 that setting rates 21% lower for Neosho customers initially until the next rate case is a
12 public interest concern but a benefit to the Neosho customers.

13 **Q. Does this conclude your Rebuttal Testimony?**

14 A. Yes.

Missouri & Illinois - Water and Sewer Acquisition History

Entity	State	Date	PSC / ICC ID	Customer Count		Purchase Price		Cost per Customer	
				Water	Sewer	Water	Sewer	Water	Sewer
Lawson	Missouri	8/31/2018	WA 2018-0222	970	904	\$ 2,630,000	\$ 1,370,000	\$ 2,711	\$ 1,515
City of Livingston	Illinois	6/19/2020	ICC 20-0680	375	340	\$ 550,000	\$ 1	\$ 1,467	\$ 0
Village of Bourbonnais	Illinois	12/7/2020	ICC 20-0866	-	6,949	\$ -	\$ 32,100,000	N/A	\$ 4,619
Trimble	Missouri	4/9/2021	SA-2021-0074	-	280	\$ -	\$ 1,000,000	N/A	\$ 3,571
Country Meadows	Illinois	6/30/2021	ICC 21-0548	230	-	\$ 400,000	\$ -	\$ 1,739	N/A
Garden City	Missouri	12/14/2021	WA-2021-0391	670	670	\$ 2,000,000	\$ 1,000,000	\$ 2,985	\$ 1,493
City of Mt. Pulaski	Illinois	12/17/2021	ICC 21-0309	834	800	\$ 3,800,000	\$ 1,450,000	\$ 4,556	\$ 1,813
City of Rosiclare	Illinois	2/14/2022	ICC 22-0143	525	-	\$ 2,700,000	\$ -	\$ 5,143	N/A
Orrick	Missouri	2/15/2022	WA-2022-0049	335	335	\$ 840,000	\$ 670,000	\$ 2,507	\$ 2,000
Village of Hardin	Illinois	6/7/2022	ICC 21-0511	435	405	\$ 2,300,000	\$ 1,000,000	\$ 5,287	\$ 2,469
Timber Ridge	Illinois	8/1/2022	ICC 22-0554	706	706	\$ 700,000	\$ 700,000	\$ 992	\$ 992
Village of Broadlands	Illinois	8/1/2022	ICC 22-0537	155	-	\$ 425,000	\$ -	\$ 2,742	N/A
Eureka	Missouri	8/4/2022	WA-2021-0376	4,009	3,957	\$ 18,000,000	\$ 10,000,000	\$ 4,490	\$ 2,527
Village of Tolono	Illinois	8/11/2022	ICC 22-0536	1,295	1,254	\$ 4,000,000	\$ 5,475,000	\$ 3,089	\$ 4,366
City of Villa Grove	Illinois	9/22/2022	ICC 21-0869	1,489	1,069	\$ 7,000,000	\$ 4,000,000	\$ 4,701	\$ 3,742
Royal Oaks Mobile	Illinois	10/13/2022	ICC 21-0836	253	253	\$ 56,000	\$ 35,000	\$ 221	\$ 138
Four Seasons	Illinois	10/13/2022	ICC 21-0836	212	212	\$ 26,000	\$ 15,000	\$ 123	\$ 71
Village of Oak Brook	Illinois	11/29/2022	ICC 21-0872	4,036	-	\$ 12,500,000	\$ -	\$ 3,097	N/A
Stewartsville	Missouri	2/18/2023	WA-2022-0311	357	354	\$ 900,000	\$ 1,000,000	\$ 2,521	\$ 2,825
Smithton	Missouri	2/28/2023	WA-2023-0071	225	223	\$ 565,000	\$ 1	\$ 2,511	\$ 0
Granite City	Illinois	4/6/2023	ICC 23-0304	-	35,444	\$ -	\$ 83,000,000	N/A	\$ 2,342
Westfield HOA	Illinois	6/30/2023	ICC 23-0588	-	223	\$ -	\$ 50,000	N/A	\$ 224
Wood Heights	Missouri	7/20/2023	WA-2023-0345	288	194	\$ 800,000	\$ 200,000	\$ 2,778	\$ 1,031
Ironton	Missouri	12/13/2023	WA-2023-0434	726	705	\$ 2,000,000	\$ 1,700,000	\$ 2,755	\$ 2,411
Johnson Co. PWSD #3	Missouri	11/13/2025	WA-2025-0298	133	-	\$ 600,000	\$ -	\$ 4,511	N/A
Neosho	Missouri	9/23/2024	WA-2026-0072	5,783	5,700	\$ 17,400,000	\$ 17,100,000	\$ 3,000	\$ 3,000