

Exhibit No. 100

Exhibit No.:
Issue: Sale of Sewer Systems
Witness: Stephen Kadyk, PE
Exhibit Type: Direct
Sponsoring Party: Missouri American Water Company
Case No.: SM-2025-0067
Date: March 19, 2025

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. SM-2025-0067

DIRECT TESTIMONY

OF

STEPHEN KADYK

ON BEHALF OF

MISSOURI AMERICAN WATER COMPANY

**DIRECT TESTIMONY
STEPHEN KADYK
MISSOURI AMERICAN WATER COMPANY
CASE NO.: SM-2025-0067**

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DIRECT TESTIMONY

STEPHEN KADYK

I. INTRODUCTION

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Q. Please state your name and business address.

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

Q. By whom are you employed and in what capacity?

A. I am employed by Missouri-American Water Company (“MAWC”, “Missouri-American” or the “Company”) as the Engineering Manager of Customer Development.

Q. Please summarize your educational background and business experience.

A. I received a bachelor’s degree in Civil Engineering from the University of Missouri – Rolla, now known as Missouri S&T, in 1999. After graduation, I have worked for both public and private agencies in the fields of development, planning, construction, and acquisitions.

Q. What are your current employment responsibilities?

A. My responsibilities as Engineering Manager include the following: Coordinating the application and transaction process for partner communities that are interested in joining Missouri-American and for divestitures of assets from the Company to both public and private entities.

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

A. The purpose of my direct testimony is to support MAWC’s proposed sale of nineteen (19) small wastewater systems, all of one of which is located in Callaway County, Missouri, to Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”).

1 **II. MAWC**

2 **Q. Please describe MAWC.**

3 A. MAWC is a Missouri corporation with its principal office and place of business at 727
4 Craig Road, St. Louis, Missouri 63141. It currently provides water service to
5 approximately 484,000 customers and sewer service to approximately 24,000 customers in
6 several counties throughout the state of Missouri. MAWC is a “water corporation,” a
7 “sewer corporation,” and a “public utility” as those terms are defined in Section 386.020
8 and 393.1000(7), RSMo.

9 **III. SYSTEMS TO BE SOLD**

10 **Q. Did MAWC negotiate a Purchase Agreement with Confluence Rivers to sell certain**
11 **sewer systems to Confluence Rivers?**

12 A. Yes. MAWC entered into a *Purchase and Sale Agreement* (“Agreement”) to sell the
13 systems on October 19, 2023.

14 **Q. Please describe the systems that MAWC proposes to sell.**

15 A. MAWC seeks to sell nineteen (19) wastewater systems in Callaway and Morgan Counties. As of
16 April 2024, these systems had total connections of approximately 606 and are detailed below:

| No. | Facility Name | Permit # | Connections | Plant Type Detail | County |
|-----|------------------------------|-----------|-------------|---------------------------|----------|
| 1 | Big Sky Subdivision WWTP | MO0122106 | 30 | Extended Aeration | Callaway |
| 2 | Calley Trail | MOGD00471 | 11 | Recirculating Sand Filter | Callaway |
| 3 | Cedar Hills Subdivision WWTF | MO0121061 | 19 | Recirculating Sand Filter | Callaway |
| 4 | Dogwood Lake | MOGD00487 | 18 | Extended Aeration | Callaway |
| 5 | Evergreen Drive Acres WWTF | MO0138517 | 25 | Extended Aeration | Callaway |

| | | | | | |
|----|------------------------------|-----------|----|---------------------------|----------|
| 6 | Golden Ponds Lagoon WWTF | MO0118800 | 30 | Facultative Lagoon | Callaway |
| 7 | Halifax Road WWTF | MO0116947 | 38 | Extended Aeration | Callaway |
| 8 | Hidden Valley | MOGD00472 | 20 | Recirculating Sand Filter | Callaway |
| 9 | Hillers Creek Lagoon WWTF | MO0119407 | 43 | Facultative Lagoon | Callaway |
| 10 | Hunter's Creek | MOGD00488 | 67 | Extended Aeration | Callaway |
| 11 | Lee Street | MOGD00116 | 34 | Extended Aeration | Callaway |
| 12 | Maple Leaf WWTF | MO0120022 | 15 | Facultative Lagoon | Callaway |
| 13 | Ozark Meadows | MOGD00251 | 26 | Extended Aeration | Morgan |
| 14 | Ryan's Lake Subdivision WWTP | MO0121096 | 85 | Recirculating Sand Filter | Callaway |
| 15 | Southwind Meadows | MOGD00064 | 29 | Extended Aeration | Callaway |
| 16 | Sterling Ridge | MOGD00255 | 20 | Extended Aeration | Callaway |
| 17 | Stoney Creek | MOGD00264 | 23 | Recirculating Sand Filter | Callaway |
| 18 | Summit View | MOGD00240 | 44 | Extended Aeration | Callaway |
| 19 | The Highlands WWTF | MO0039012 | 29 | Facultative Lagoon | Callaway |

1

2 **Q. How did MAWC acquire these assets?**

3 A. The assets to be sold by MAWC were among the assets MAWC acquired from Aqua
4 Missouri, Inc., Aqua Development, Inc., and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc.
5 pursuant to approval granted by the Commission in Case No. WO-2011-0168. At that time,
6 MAWC acquired water and sewer systems located in Cole, Callaway, Pettis and Morgan
7 Counties, as well as water systems located in Barry, Benton, Christiaan, Greene, Stone and
8 Taney Counties. The transaction was associated with the decision by Aqua to largely exit
9 the state of Missouri as a regulated utility. This included approximately 52 sewer systems

1 in Cole and Callaway Counties, as well as Maplewood in Pettis County, and Ozark
2 Meadows in Morgan County.

3 **Q. Does MAWC intend to retain the balance of those former Aqua systems located in**
4 **Cole and Callaway Counties?**

5 A. Yes

6 **Q. What has MAWC's experience with owning and operating these systems been?**

7 A. MAWC has been successful in providing high quality customer service while exceeding
8 the regulatory standards through prudent capital investments.

9 **Q. What rates are currently paid by the customers of the subject systems?**

10 A. MAWC's current rate for these customers is \$65.36 (\$68.56, when WSIRA is included).

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

12 A. Yes. MAWC currently has a base rate case before the Commission (Case No. WR-2024-
13 0320). The operation of law date in that rate case is May 28, 2025.

14 **IV. PUBLIC INTEREST**

15 **Q. Do you believe that the sale of the subject wastewater systems to Confluence Rivers**
16 **is detrimental to the public interest?**

17 A. No. Approval of the underlying transaction and the proposed transfer will result in the
18 continuation of regulated sewer services provided to the current and future residents of the
19 subject service areas. The systems would be acquired by Confluence Rivers, a Missouri
20 public utility, and be subject to the jurisdiction of the Commission to own and operate the
21 sewer systems for which approval is sought. Confluence Rivers is an existing and
22 experienced owner and operator of wastewater systems in the State of Missouri.

1 **Q. Are there benefits associated with the sale of these systems?**

2 A. Yes. MAWC believes these very small systems (which have from 11 to 83 customers per
3 system) will be more efficiently serviced by Confluence Rivers' service model than the
4 full-time employees utilized by MAWC. Moreover, by divesting these smaller wastewater
5 facilities that do not overlap with its water service areas, MAWC can concentrate more
6 effectively on its main operational strengths and large-scale facilities. This should benefit
7 MAWC's remaining customers.

8 **Q. Are there benefits for the customers served by the subject wastewater systems?**

9 A. Yes. Confluence Rivers specializes in running and rehabilitating small systems. We
10 believe its focus on small, geographically dispersed systems gives Confluence Rivers an
11 advantage in managing the unique challenges that come with these types of operations.
12 Moreover, Confluence Rivers already has several small wastewater systems in the vicinity
13 of these systems.

14 **Q. What do you ask the Missouri Public Service Commission to do in this case?**

15 A. To approve the Application before it.

16 **Q. Does this conclude your direct testimony?**

17 A. Yes.

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

3/18/25

Dated