

Exhibit No.
Issues: Whether Carl Mills' Trust should be granted a certificate of convenience to operate the water system.
Witness: Derald Morgan
Sponsoring Party: Intervenors
Type of Exhibit: Rebuttal Testimony
Case No. : WA-2018-0370
Date Prepared: January 30, 2019

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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In the Matter of Carl R. Mills Trust for a)	
Certificate of Convenience and Necessity)	File No. WA-2018-0370
Authorizing it to Install, Own, Acquire,)	
Construct, Operate, Control, Manage and)	
Maintain Water Systems in Carriage Oaks)	
Estates)	
)	
)	

REBUTTAL TESTIMONY OF DERALD MORGAN ON BEHALF OF INTERVENORS

Branson, Missouri
January 30, 2019

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1 Mr. Mills in his recent filing with the PSC has included the storage tanks and pumps
2 in his costs for the system. In his testimony and filing in prior testimony, he
3 produced an invoice that shows that Caring Americans actually paid for the tank and
4 pumps.

5 **Q. Did you have any issue with his testimony regarding the proposed rates?**

6 Mr. Mills proposed rates that are well beyond what others are paying in
7 subdivisions in the general area that are operated by the owners of the subdivision. He
8 has attempted to profit from the water and sewer systems beyond a reasonable
9 operational cost. In my direct testimony, I pointed out that Mr. Mills claims costs that
10 are comingled with other costs. Mr. Mills cannot show the hours spent performing
11 duties or costs. He uses data cherry picked from other systems with professional
12 operators and significant overhead to justify his charges to the HOA and the possible
13 future water system.

14 Mr. Mills claims he turned over all data to the PSC staff. No one has seen this
15 information. The Intervenors would like the material to be disclosed as we may have
16 material from meetings that is pertinent and may conflict with the material disclosed.

17 **Q. Do you believe Mr. Mills is qualified to operate the water system?**

18 He is not qualified to operate the system either by training, experience or
19 temperament.

20 **Q. Does Mr. Mills' have the financing to operate the water system?**

21 No. He has not presented proof that he has the financial backing to maintain and
22 operate the system. Saying it is true is inadequate. We know he doesn't own his
23 home. He is working on a plan for estate management and giving much to the charity
24 he owns. Estate planning does not include the financial backing for the water and
25 sewer system. Moreover, Mr. Mills has not demonstrated a succession plan for the

1 operation of the water system. Mr. Mills is an elderly individual, and should he pass
2 away or become incapacitated, there is no mechanism in place to ensure that the
3 maintenance and control of the water system will pass to an entity qualified to
4 provide water services.

5 **Q. Are the rates proposed by Mr. Mills economically feasible?**

6 Mr. Mills proposed rates are way out of line. As an example, I pay for more water
7 than I use in my Carriage Oaks residence at a condo I own in Oklahoma City. I get
8 water, trash and sewer for less than his proposed water rate. There is only one retired
9 operator employee and yet the rates exceed a professionally-operated water trash and
10 sewer system.

11 **Q. Does Mr. Mills' operation of the water system serve the public interest?**

12 No. He is not customer oriented, is not truthful, is vindictive and manipulative and
13 will do anything to have his way in all matters. This is hardly a formula for meeting
14 public interest. For example, he claims that all homes were required to install a
15 meter. This is not written anywhere in the covenants nor can he demonstrate that this
16 statement is true. I never received any communication written or verbal related to the
17 installation of a meter. The fact is that the owners of water systems typically own and
18 install meters. There are reasons for such. The owner is normally required to have the
19 ability to test and certify the accuracy of a meter. Mr. Mills likes to palm off costs
20 that are normally and properly his on to others.

21 **Q. Do you have concerns about Mr. Mills' temperament?**

22 Mr. Mills states he is not vindictive in his testimony. It is certainly easy to prove that
23 he is nasty and vindictive with all the nasty written material that I have received over
24 the years. He has made light of my degrees and my employment as a professor with
25 the insinuation that I am not very wise and that I did not make millions upon millions

1 like he did in his life. I believe that I can demonstrate that he has vindictively driven
2 over my property with his tractor, sprayed my house and cars with rocks from his
3 brush hoppers, damaged my plantings that are 3 feet inside the property line, broken a
4 window with rocks thrown by his mower, knocked over my entry post and did not
5 concrete it back, etc. Except for his fixing the window, he has never apologized nor
6 taken steps to apologize or correct his actions.

7 **Q. Has Mr. Mills' ever addressed the issues you had with the quality of the**
8 **water?**

9 He claims that all homes are required to install a pleated filter. This is not written
10 anywhere in the covenants nor can he demonstrate that this statement is true. In
11 written response to questions not one homeowner knew or was told that a filter was
12 required. Owners have installed them because their plumbers or experience has
13 shown the need for a filter. He states in his direct testimony that the homeowners
14 never complained about iron in the system, rocks etc. All the intervenors involved in
15 this action with the PSC will tell you of the many times we have complained in
16 meetings. The unfortunate part is we never put it all in writing. He writes and edits
17 the minutes, so these complaints never are documented. We can tell you that he told
18 us in a meeting he was not going to flush out the system because the last time he tried
19 to do it something blew up and he had to call Lefty to fix it. We really don't
20 understand what he told us with the exception that he wasn't going to regularly flush
21 the system because he didn't know how to do it. That doesn't speak well for the claim
22 that he is a qualified operator.

23 Mr. Mills states that the home filter will sure all ills regarding iron deposits and
24 gravel in the water. This is not true since all sprinkler systems take off the supply
25 before the home water filters and gravel will clog the systems and in fact does.

1 He states that he has met all the water testing requirements for safe water with one or
2 two tests per year. This should be easy to prove as he can produce the test results. He
3 has never provided one test report to any owner of a home in the subdivision that I am
4 aware of. He has certainly never provided one to me. I have done my own testing on
5 occasion as have others. If he provided these tests to the staff, they should be made
6 public.

7 **Q. Do you have any other concerns about Mr. Mills' testimony?**

8 Mr. Mills goes to great lengths to explain how he is qualified to operate a water
9 system safely. He states that his company was involved in water and sewer projects as
10 well as nuclear power plants and other projects. His company made a valve and or
11 actuators, a very small part of a major project. Supplying a few components has
12 nothing to do with the actual final system operation. There is more to operating a safe
13 and effective water system than selling parts to companies or manufacturing a few
14 items that you sell.

15 Mr. Mills claims he is knowledgeable and able to operate the water system. Yet,
16 for months he failed to put chlorine into the system after the tank was installed. When
17 this was noted in a meeting, he locked the box on the chlorine supply system so that
18 none of us could see if it was in operation.

19 Just to make simple calculations on water usage he had to engage an engineer to
20 evaluate the water usage. He then used this engineering report as justification for
21 installing a storage tank. He then began to harass the homeowners for payment for the
22 tank. We then provided him with information that he was required by DNR to install
23 the tank and that he had installed a tank that was much too large for the current usage.
24 It was then pointed out to him that at long periods of time that we would be getting
25 water that was stagnant and that has likely been stored beyond the time of adequate

1 chlorination of the water. No tests have ever been provided of the chlorine levels or
2 adequacy of the chlorination of the water.

3 **Q. Did you or the other Intervenors ever receive copies of the water tests**
4 **purportedly done by Mr. Mills?**

5 No. He states that the PSC stated he was supplying safe water. Can we assume
6 that he provided chlorination test data to the PSC along with the other tests that he
7 claims are done once or twice a year? If so, would it not be expected that a good
8 system operator would provide the customer with these tests? Would he not include
9 this test data in his filing to show all interested parties that he has tested the water and
10 that it meets standards for safe and clean water?

11 His solution is to not fill the tank at certain times of the year. This of course will
12 change the water pressure as pressure is a function of head. Flow is related to pressure
13 but if there are restrictions like pipe size changes and sedimentation then flow will not
14 follow. Or if there is so much sedimentation that the filters clog then flow does not
15 follow. Pumps and pressure tanks help if operated properly but the results indicate
16 that such is not the case.

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