

Exhibit No.:  
Issue: Transfer of Water and Sewer Systems  
Witness: Carl Richard Mills  
Sponsoring Party: Respondents  
Type of Exhibit: Rebuttal Testimony  
Case No.: WC-2017-0345  
Date Prepared: January 10, 2018

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

DERALD MORGAN, RICK AND CINDY )  
GRAVER, WILLIAM AND GLORIA PHIPPS, )  
and DAVID LOTT, )

Complainants, )

v. )

File No. WC-2017-0037

CARL RICHARD MILLS, )  
CARRIAGE OAKS ESTATES, )  
DISTINCTIVE DESIGNS, and )  
CARING AMERICANS TRUST )  
FOUNDATION, INC. (f/k/a Caring )  
Americans Foundation, Inc.), CARRIAGE )  
OAKS NOT-FOR-PROFIT WATER AND )  
SEWER CORPORATION )

Respondents. )

**REBUTTAL TESTIMONY OF CARL RICHARD MILLS ON BEHALF OF  
RESPONDENTS**

**Springfield, Missouri  
January 10, 2018**

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3 **REBUTTAL TESTIMONY OF CARL RICHARD MILLS**  
4

5 *Introductions and Witness Qualifications*

6 **Q: Please state your name.**

7 My name is Carl Richard Mills.

8 **Q: Please provide a summary of your professional experience.**

9 I am the former owner and founder of Chicago Fluid Power Corporation, a company which  
10 specialized in designing actuators and other power fluid mechanisms for municipal projects,  
11 nuclear and non-nuclear power stations, refineries, defense projects, offshore oil and gas, and  
12 dams, water control, and wastewater projects all across the world. Prior to starting my company,  
13 I served in the military and taught fluid power mechanics. In 1990, I sold my company and  
14 eventually moved back to the Ozarks to retire.

15 **Q: Where do you currently reside?**

16 I current reside at 209 Falling Leaf Court, Branson West, MO 65737

17 **Q: How long have you resided there?**

18 I have resided at my current address since 1999.

19 **Q: What is your relationship to the Respondents in this case?**

20 I am the President of Carriage Oaks Estates Homeowners Association. Distinctive Designs is a  
21 fictitious name used by my company Mills Properties Group, Ltd., which is the Developer of  
22 Carriage Oaks Estates. I am also the founder and president of Caring Americans Trust  
23 Foundation, Inc. and Carriage Oaks Not-for-Profit Water and Sewer Corporation.

24 **Q: Please provide a brief background and general overview of the function of Carriage**  
25 **Oaks Estates.**

1 Carriage Oaks Estates is a residential subdivision located in Stone County, Missouri.

2 **Q: Please provide a brief background and general overview of the function of Caring**  
3 **Americans Trust Foundation, Inc.**

4 Caring Americans Trust Foundation, Inc. (formerly known as a Caring Americans Foundation,  
5 Inc.), is a Missouri Nonprofit Corporation. I founded Caring Americans Trust Foundation, Inc.  
6 on September 11, 2012 with the overall goal of supporting other charitable organizations and  
7 events which are targeted at helping those less fortunate.

8 **Q: Please provide a brief background and general overview of the function of Carriage**  
9 **Oaks Not-For-Profit Water and Sewer Corporation.**

10 Carriage Oaks Not-for-Profit Water and Sewer Corporation is a Missouri Nonprofit Water and  
11 Sewer Corporation formed under Sections 393.825 and 393.954 *RSMo* on January 18, 2017.

12 **Q: Do you know the Complainants in this case?**

13 Yes.

14 **Q: How do you know them?**

15 The Complainants are homeowners in Carriage Oaks Estates.

16 *Carriage Oaks Estates*

17 **Q: When was Carriage Oaks Estates established?**

18 Carriage Oaks Estates was established in 2001.

19 **Q: How many total lots are in Carriage Oaks Estates?**

20 When all three phases of development are complete, there will be approximately 53 lots.

21 **Q: How many of those lots have been developed?**

22 Seven lots are currently developed.

23 **Q: Is Carriage Oaks Estates subject to any Easements, Covenants, and Restrictions?**

1 Yes, each lot in Carriage Oaks Estates is subject to those certain Easements, Covenants and  
2 Restrictions filed with the Stone County Recorder of Deeds on June 1, 2001.

3 **Q: How is Carriage Oaks Estates managed?**

4 Carriage Oaks Estates is managed by Carriage Oaks Estates Homeowners Association, a  
5 Missouri nonprofit corporation.

6 **Q: Please describe the structure of Carriage Oaks Estates Homeowners Association,  
7 including membership and voting rights, if applicable.**

8 Pursuant to the Bylaws and Articles of Incorporation of Carriage Oaks Estates Homeowners,  
9 each person or entity who owns a lot in Carriage Oaks Estates shall be a member of the  
10 Association. Membership is divided into two classes: Class A Membership and Class B  
11 Membership. Class A Members is composed of all lot owners (except the Developer/Owner) and  
12 is entitled to one vote per lot. Class B Membership is limited to the Developer and its assigns  
13 and is entitled to ten votes per lot. Because I, as the Developer, still own the majority of the lots,  
14 I hold the majority of the votes. As the remaining lots are sold, my voting power will also  
15 subside.

16 ***Water and Sewer Systems***

17 **Q: Does Carriage Oaks Estate have its own water and sewer facility?**

18 Yes, Carriage Oaks Estates has its own water and sewer facility.

19 **Q: Who currently owns the water and sewer facilities?**

20 The water and sewer facilities are currently owned by Carriage Oaks Not-for-Profit Water and  
21 Sewer Corporation.

22 **Q: How long has Carriage Oaks Not-For-Profit owned the water and sewer facilities?**



1 The water and sewer facilities were transferred to Carriage Oaks Not-for-Profit on January 27,  
2 2017.

3 **Q: Who owned the water and sewer facilities prior to Carriage Oaks Not-For-Profit?**

4 The water and sewer facilities were originally owned by my trust. In 2016, both the water and  
5 sewer facilities were transferred to Caring Americans Trust Foundation, Inc.

6 **Q: What prompted these transfers of ownership?**

7 The original transfer from my trust to Caring Americans was merely for estate planning  
8 purposes. I am a 77 year old widower. Upon my demise, I wanted to ensure there was an entity  
9 in place which would properly care for and maintain the wastewater and sewer systems. Caring  
10 Americans seemed like the perfect entity to hold such facilities. In addition to receiving all of my  
11 lots in Carriage Oaks Estates upon my death, Caring Americans also has a board member who  
12 has received special certification and training from the Missouri Department of Natural  
13 Resources on the operation of wastewater facilities. The transfer from Caring Americans to  
14 Carriage Oaks Not-for-Profit was at the suggestion of the PSC staff in an effort to accommodate  
15 the Complainants.

16 **Q: Who currently manages the water and sewer facilities?**

17 The water and sewer facilities are currently managed by Carriage Oaks Not-For-Profit.

18 **Q: Who previously managed the water and sewer facilities?**

19 Distinctive Designs previously managed the water and sewer facilities.

20 **Q: Does Carriage Oaks Not-For-Profit Water and Sewer Corporation charge a fee for the**  
21 **management and maintenance of the water and sewer facilities?**

1 Yes, Carriage Oaks Not-For-Profit charges a flat fee of \$6,450 per year for its management and  
2 maintenance of the water and sewer facility; \$4,200 of such fee is for the management of the  
3 water and sewer facility and \$2,250 is for the maintenance of the water and sewer facility.

4 **Q: Did Distinctive Designs charge a fee for the management and maintenance of the water  
5 and sewer facilities?**

6 Yes, Distinctive Designs began charging a flat fee of \$6,450 per year for the management and  
7 maintenance of the water and sewer facilities beginning in in 2014.

8 **Q: How did Distinctive Designs and Carriage Oaks Not-for-Profit Water and Sewer  
9 Corporation calculate the fee for management and maintenance?**

10 Prior to charging for their services in 2014, Distinctive Designs met with local competitor White  
11 River Valley (predecessor to Ozarks Clean Water) to determine what they would charge for their  
12 water and maintenance services. White River Valley quoted Distinctive Designs a total of \$75  
13 per hour for maintenance and \$4,704 for management of the water and sewer system. Distinctive  
14 Designs based their quote for services on the quote from White River Valley.

15 **Q: What prompted Distinctive Designs to begin billing for management and maintenance  
16 in 2014?**

17 Prior to 2014, Distinctive Designs had provided the management and maintenance to the  
18 homeowners at no cost. The only expenses homeowners were charged were for the  
19 reimbursement of chemicals and testing related to the water and sewer facilities. In 2014, I  
20 expended \$40,000 to upgrade the water and sewer systems at the verbal promise of homeowners  
21 to pay for such upgrades. Despite such promise, after the upgrades were already installed, the  
22 homeowners proclaimed that they refused to pay for the upgrades. After such enormous out of

1 pocket expense, I determined that it would no longer be financially feasible for me to “donate”  
2 my time and effort in managing and maintaining the water and sewer systems.

3 **Q: How are the fees for management and maintenance charged?**

4 Each year Distinctive Designs (and subsequently Carriage Oaks Not-For-Profit for the year of  
5 2017) invoice Carriage Oaks Homeowners Association for their yearly fee. Carriage Oaks  
6 Homeowners Association subsequently passes the cost onto the homeowners in their yearly  
7 assessment.

8 **Q: Did Caring Americans (or any previous owners) operate the water and sewer facilities  
9 for a gain?**

10 No, Caring Americans nor any previous owner never profited from the water and sewer facilities.  
11 In fact, Caring Americans nor any of the previous owners never received any payments for such  
12 services directly from the Complainants as all invoices were sent directly from Distinctive  
13 Designs to Carriage Oaks Homeowners Association. Additionally, even if one were to take all  
14 of the Respondents in totality, the operation of the water and sewer facilities were never  
15 profitable and the amount of additional expenditures (including the \$40,000 upgrade) far exceeds  
16 any revenue received from the homeowners.

17 ***Carriage Oaks Not-For-Profit Water and Sewer Corporation***

18 **Q: Who serves on the Board of Directors of Carriage Oaks Not-for-Profit?**

19 The Board of Directors of Carriage Oaks Not-for-Profit is composed of myself, Dr. Marian  
20 Stewart, Joseph R. Mills, Robert Sykes, and Donald B. Mills. All of the members of the Board  
21 of Directors own property within Carriage Oaks Estates.

22 **Q: Has Carriage Oaks Not-for-Profit adopted a set of Bylaws?**

23 Yes.



1 **Q: Have these Bylaws been adopted by the Board of Directors of Carriage Oaks Not-for-**  
2 **Profit?**

3 Yes.

4 **Q: Is the document attached hereto as Exhibit A a true and accurate depiction of the**  
5 **Bylaws approved by the Board of Directors of Carriage Oaks Not-for-Profit?**

6 Yes.

7 **Q: Pursuant to the Bylaws, who are the members of Carriage Oaks Not-for-Profit?**

8 Under Article II, Section 3 of the Bylaws, membership is limited to property owners and  
9 customers located within the specific geographic area served by Carriage Oaks Not-for-Profit.

10 **Q: What is the Geographic Service Area of Carriage Oaks Not-for-Profit?**

11 Pursuant to Exhibit A of the Bylaws, the Geographic Service Area is narrowly tailored to reflect  
12 only Carriage Oaks Estates. Therefore, Carriage Oaks Not-for-Profit only has the authority to  
13 provide services to Carriage Oaks Estates.

14 **Q: Are individuals who do not own land inside Carriage Oaks Estates entitled to be a**  
15 **member of Carriage Oaks Not-for-Profit?**

16 No.

17 **Q: Have Complainants' ever previously voiced their concern about being a member of**  
18 **Carriage Oaks Not-for-Profit?**

19 When Carriage Oaks Not-for-Profit was first created, Complainants never voiced their objection  
20 to being a member. In fact, it wasn't until a filing with the PSC in November 2017, nearly 11  
21 months after Carriage Oaks Not-for-Profit was formed, that I first became aware of the  
22 Complainants' objections to being a member in such organization.

1 **Q: Pursuant to the Bylaws, please describe the voting procedure for Carriage Oaks Not-**  
2 **For-Profit members?**

3 Pursuant to Section 2, each owner of property that is or will receive water or sewer services from  
4 Carriage Oaks Not-for-Profit is entitled to one membership interest and one vote. Members may  
5 have more than one membership and interest. As such, the system is laid out in such a manner to  
6 allow for one vote per lot.

7 **Q: Please explain the intent behind structuring the voting in such a manner.**

8 The system is set out to allow voting to be equivocal to the ownership structure of the lots in  
9 Carriage Oaks Estates. As is only equitable, individuals owning more lots have more votes.  
10 Because I, as the developer, currently own the majority of the lots, I have a majority of the votes.  
11 As the remainders of my lots are sold, my voting power will diminish accordingly. This concept  
12 is not unique to Carriage Oaks Estates Not-For-Profit and is in fact modeled after a similar Not-  
13 for-Profit Water and Sewer Corporation in Missouri.

14 **Q: Were these Bylaws of Carriage Oaks NFP previously submitted to Missouri Department**  
15 **of Natural Resources in compliance with Section 393.825 and 393.900 RSMO?**

16 Yes.

17 **Q: Is the document attached hereto as Exhibit B a true and accurate depiction of the letter**  
18 **you received from the Missouri Department of Natural Resources?**

19 Yes.

20 **Q: What does the letter set forth in Exhibit B state about the Missouri Department of**  
21 **Natural Resources' review of the Bylaws?**

22 In sum, this letter states that the Articles of Incorporation and Bylaws of Carriage Oaks Not-for-  
23 Profit are both in compliance with all statutory requirements.

1 *Relationship with Complainants*

2 **Q: What attempts, if any, have you made to listen to and accommodate the Complainants'**  
3 **demands and request?**

4 I have made multiple attempts to listen to the concerns and demands of the Complainants, but  
5 have been met with no success. Most recently, in August 2017 at the annual Carriage Oaks  
6 Homeowners Association meeting, the Complainants stated that all they wanted was for an  
7 independent third party to manage and maintain the water and sewer systems. After such  
8 meeting, I immediately sought a quote for management and maintenance from Ozarks Clean  
9 Water and passed this quote along all homeowners of Carriage Oaks Estates, including the  
10 Complainants. Not a single homeowner voted in favor of transferring the management and  
11 maintenance of the water and sewer system to Ozarks Clean Water, despite their previous  
12 demand.

13 **Q: Have the Complainants ever made any allegations about the Respondents provision of**  
14 **water and sewer services, such as high fees or poor quality?**

15 No, Complainants have never alleged, neither verbally or through the filings with the PSC, that  
16 the prices charged by an entity under my control are too expensive or that the quantity of  
17 services and/or water quality are poor. Complainants only allegation is that they fear that I could  
18 be abusive. Complainants have only cited one instance of alleged abuse, which actually related  
19 to a homeowner's failure to follow the developer's rules and regulations and was not related to  
20 the administration of water and sewer services.

21 **Q: Is there anything else that you want to Public Service Commission to know about this**  
22 **matter that may not have been previously set forth in the testimony or prior filings?**

1 This dispute has torn our subdivision apart, destroying what use to be a peaceful, friendly  
2 neighborhood and has ended many friendships. This dispute has prevented new homeowners  
3 from building. I pray that the PSC will put an end to this madness and provide fair and equitable  
4 relief to the Respondents by dismissing this claim.



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Respondents. )

**AFFIDAVIT OF CARL RICHARD MILLS**

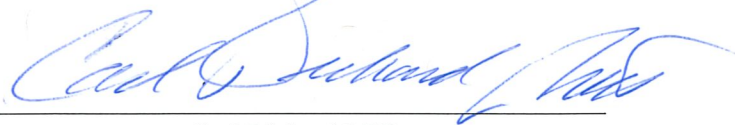
STATE OF MISSOURI )

) ss.

COUNTY OF GREENE )

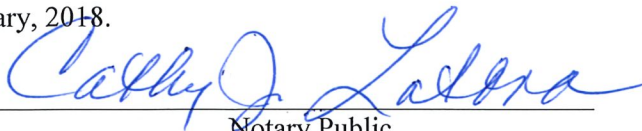
Carl Richard Mills, being first duly sworn on his oath, states as follows:

1. My name is Carl Richard Mills. I am a Respondent in the above-reference matter. I am over 18 years of age and competent to give testimony.
2. Attached hereto and made a part of for all purposes is my Rebuttal Testimony on behalf of Respondents consisting of 12 pages, Exhibit(s) A + B, all of which have been prepared in written form for introduction into evidence in the above reference docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



Carl Richard Mills

Subscribed and sworn to me this 10<sup>th</sup> day of January, 2018.



Notary Public

My commission expires:  
10-24-2020

