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: Surrebuttal Testimony Case No.: WA-2018-0370 Date Prepared: March 8, 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 Authorizing it to Install, Own, Acquire, Construct, Operate, Control, Manage and Maintain Water Systems in Carriage Oaks Estates

File No. WA-2018-0370

## SURREBUTTAL OF AMANDA MCMELLEN'S TESTIMONY BY DERALD MORGAN ON BEHALF OF INTERVENORS

Branson, Missouri March 8, 2019

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3 4	I.	INTRODUCTION
5 6		Q. Please state your name.
7		My name is Dr. John Derald Morgan.
8		Q. Did you have an opportunity to read the Rebuttal Testimony of Amanda
9		McMellen?
10		Yes.
11	II.	FACTUAL DISPUTES
12		Q. Are there any facts in the Rebuttal Testimony of Ms. McMellen that you and
13		the other Intervenors dispute?
14		Yes. First, I do not agree with McMellen that there should be data collected on usage
15		before rates are set. Mills has been collecting usage data for a significant amount of
16		time and this information is probably useful for setting rates based on usage per
17		individual. Mills probably does not want to share this information as he is the major
18		user of water. He has the largest lot by twice and irrigates this lot. He also has a
19		swimming pool. He does not want individual rates as he will not be the beneficiary of
20		this type of rate setting. For that reason, Intervenors would be harmed by the flat rate
21		analysis proposed by McMcMellen.
22		Q. Do you have any other issues with Ms. McMellen's analysis?
23		Ms. McMellen updated costs for testing of water with testing twice a year and did so
24		based on Mills' test data. These testing costs should not be used in this case. First, he
25		submitted test data that was taken nearly two years apart. This testing was done after
26		the complaint was filed with the PSC. Secondly, we do not know where these samples
27		for testing were taken. If they are at the wellhead, they are meaningless. Such a
28		sample would not provide accurate data of the water system and the management of

the water. All samples for bacteria and quality should be taken from the point farthest from the treatment area.

- Thirdly, he has not tested for free chlorine and this test should be done at least every week. It is a simple titration test that can be done in a couple of minutes and has little cost and no cost if the well and system are inspected weekly.
- Fourthly, the tank does not have a free chlorine monitor on the tank and this needs
  to be installed to assure that the water treated is properly treated and that the levels of
  free chlorine are maintained.

Finally, McMellen has included a reasonable estimate for bush-hogging expense
by estimating the annualized total at 30 weeks per year, approximately 15 minutes each
time, at \$50 an hour, including labor and a tractor. This is not an appropriate analysis
since there has never been any bush hogging or clearing of areas around the well and
tank. It is impossible to bush hog the slope around the well and tank. This is a false claim
by Mills and a failure of staff to observe the well and placement of the tank and well. No
expense for clearing or maintaining the area should be included.

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# Q. Did Ms. McMellen analyze the amounts incorporated in the cost of each lot that is attributed to the cost of the construction of the well and the system?

As far as I can tell, this analysis was not made. Each person purchasing a lot paid 18 a part of the construction costs of the well and system. Each lot owners should be 19 credited for the costs allocated to the lot based on Mills intent to recoup all his costs for 20 the development. She also as best I can tell incorporated the cost of the tank and pumps 21 installed a few years ago in her analysis. In Mills' previous filings he indicated that this 22 equipment was paid for by a Charity that he owned. Unless Mills can show clearly that he 23 repaid the Charity for these costs by having a staff investigation and proof of repayment, 24 then these equipment costs should not be included in the system costs. 25

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File No. WA-2018-0370

#### AFFIDAVIT OF DERALD MORGAN

### STATE OF MISSOURI ) ) ss COUNTY OF TANEY )

Derald Morgan, being first duly sworn on his oath, states as follows:

- My name is Derald Morgan. I am an Intervenor in the above-referenced matter. I am over 18 years of age and competent to give testimony.
- 2. Attached hereto and made a part hereof for all purposes is my Surrebuttal of Amanda McMellen's

Testimony on behalf of Intervenors consisting of 5 pages, all of which have been prepared in written

form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein

propounded are true and correct.

Derald Morgan

Subscribed and sworn to me this 23 day of March 19

acBuer Notary Public

My commission expires:

Feb. 12, 2022

