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Reply to:
Nashville Office

February 15, 2006

Ms. Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: TRA Rulemaking Docket for Wastewater Utilities (05-00105)

Dear Ms. Standley:

We are in receipt of your letter of February 7th requesting information regarding IRM Utility's ("IRM's" or the "Company's") estimated financial security cost and monthly rate adjustment applicable to the TRA's rulemaking docket (05-00105) for wastewater utilities. This letter should be considered the Company's response to your request.

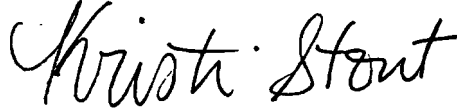
IRM will fund the cost of a surety bond via a pass-through mechanism as permitted by Proposed Rule at 1220-4-13.07(7). We have been quoted an annual premium of \$850 for a surety bond that would satisfy the TRA's financial security requirement. Presently, there are approximately six (6) customers of the utility with another two hundred eighty (280) lots still held by developers that will eventually be transferred to homeowners. Approximately sixty (60) privately owned lots have not been developed. IRM submits it would not be fair to pass all costs to the six (6) existing customers and that it would be too cumbersome and cost ineffective to begin billing the other lots in the middle of a billing cycle.

Beginning with the next billing cycle, December 1, 2006, IRM will charge a pro rata fee to existing customers, undeveloped private lots, and developers, owners of unsold lots. It is anticipated that within the next twenty-four (24) months that IRM will remain within the minimum financial security requirement and will charge lot owners less than \$0.50 per month under the pass through mechanism in Proposed Rule 1120-4-13.07(7).

Thank you for your timely consideration of this response. Should you have any questions, or need anything further, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

A handwritten signature in black ink that reads "Kristi Stout". The signature is written in a cursive, flowing style.

Kristi Stout