

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESEE

September 18, 2007

IN RE:)	
)	
PETITION OF INTEGRATED)	DOCKET NO.
RESOURCE MANAGEMENT, INC. TO)	07-00090
AMEND ITS CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	
SERVE AN AREA IN SEVIER COUNTY,)	
TENNESSEE KNOWN AS THE LANDING)	
AT BIRD’S CREEK SUBDIVISION)	

OPINION OF DIRECTOR RON JONES DISSENTING IN PART

This docket came before a panel of the Tennessee Regulatory Authority (“Authority”) at an Authority Conference held on June 25, 2007 for consideration of the *Petition to Amend Certificate of Public Convenience and Necessity* filed by Integrated Resource Management, Inc. (“IRM”) on April 10, 2007. On September 13, 2007, the panel, including myself, filed an *Order Approving Petition to Amend Certificate of Public Convenience*. I signed this order to reflect my agreement with the decisions to grant the extension of the certificate of convenience and necessity and to approve the residential rates. I file this separate opinion to explain my disagreement with the decision to apply the commercial rates to customers that rent their property to the public for any portion of the year.¹

On April 10, 2007, IRM filed a petition to amend its certificate of convenience and necessity to include a portion of Sevier County, Tennessee known as the Landings at Bird’s

¹ A footnote regarding my disagreement on the rate to be charged customers that rent their property to the public for any part of the year was inadvertently omitted from the *Order Approving Petition to Amend Certificate of Public Convenience*.

Creek Subdivision.² The proposed service area covers approximately 25 acres³ and includes 13 vacation/rental home customers that will be billed as commercial customers.⁴

On May 1, 2007, the Authority issued data requests to IRM requesting, in part, that IRM provide the proposed wastewater service tariffs for the requested service area. In response, IRM filed a tariff sheet that contains the following language:

Residential rate of \$35.11 per month will apply unless the owner rents the unit to the public for any portion of the year. In this case, the commercial rate will apply and be determined according to the approved tariff sheet based upon total projected gallons per day. *See Commercial Rate Sheet.* Billings for service shall be sent to and remain the responsibility of the unit's owner.⁵

The Authority convened the hearing on the petition on June 25, 2007. During the hearing, Jeffery Cox, president of IRM, testified that a customer is given the opportunity on the application for service to indicate whether the customer property is used as a full-time residence or a rental cabin. If a customer checks the box on the application for service indicating that the property is a rental cabin, then IRM will charge the customer a commercial rate. Mr. Cox explained that commercial treatment of the customer is “due to the transient nature and management of those types of systems.”⁶

During the conference, I voiced my negative vote with regard to the decision to approve the application of commercial rates to those customers that indicate their property will be used as a rental cabin. As justification for my vote, I offered my assessment that properties used as rentals may not always be occupied. Therefore, the overall demand of these properties on

² *Petition to Amend Certificate of Public Convenience and Necessity*, 1 (Apr. 10, 2007).

³ *Id.*, Pre-Filed Direct Testimony of Jefferey W. Cox, Sr., 3 (Apr. 10, 2007)

⁴ *Id.*


⁵ Letter to Chairman Kyle from Jamie R. Hollin, counsel to IRM, attachment (Jun. 5, 2007). IRM's commercial sewer rates without food service include a minimum monthly charge of \$75 per month for the first 300 gallons per day of design flow expected and additional charges for usage greater than 300 gallons per day of design flow expected. *See* IRM Utility, Inc. Wastewater Service Tariff, TRA #3, Commercial Services, Tariff Rate Sheet, Commercial Sewer Rate – Without Food Service, Sheet 2, effective date July 12, 2004.

⁶ Transcript of Authority Conference, p. 42 (Jun. 25, 2007).

system resources would be less than the demand of a full-time residence.⁷ In addition, I note that the record contains no proof to support a conclusion that the transient nature of rental properties and the management of rental unit sewage systems generate more expenses to the public utility than do residential properties.

II. CONCLUSION

Based on the foregoing, I conclude that the request to apply commercial rates to customers that rent their property to the public for any portion of the year should be denied, and I respectfully dissent in this regard from the *Order Approving Petition to Amend Certificate of Public Convenience* issued on September 13, 2007.



Ron Jones, Director

⁷ *Id.* at 43-44.