

filed electronically in docket office on 01/8/16

Pre-Filed Testimony

Jeffrey W. Cox, Sr.

President

Integrated Resource Management, Inc.

1 **Q. Please state your name, position and business address.**

2 A. My name is Jeffrey Cox. I am the President of Integrated Resource Management, Inc.
3 My business address is 3444 Saint Andrews Drive, White Pine, TN 37890.

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. As the President of IRM Utility, Inc., I am providing a general overview of IRM's
6 operations and a summary of the rate relief that the Company is requesting in
7 coordination with TRA Staff. Joe Shirley, Tiffany Underwood, and Daniel Ray of the
8 TRA Staff will provide testimony on the ratemaking methodologies and calculations used
9 to forecast the Company's cost of service and rate design for the attrition period.

10 **Q. Mr. Cox, could you please describe the Company's utility operations?**

11 A. Yes. Integrated Resource Management, Inc. is a public utility as defined in Tenn. Code
12 Ann. § 65-4-101 and is engaged in providing wastewater services to approximately 58
13 residential customers and 67 commercial customers located in the counties of Blount,
14 Campbell, Decatur, Knox, Roane, Sevier, and Union.

15 Because of the remote mountainous terrain and geology of the Company's service
16 territories, a typical wastewater system is unfeasible and is not available to our service
17 areas. Instead, a Septic Tank Effluent Pump system with occasional lift stations is
18 employed to move wastewater from the customers' residences/commercial properties to
19 IRM's treatment facilities. The treatment systems are typically fixed film media with
20 disposal to a "green drip irrigation disposal". All are approved by the Tennessee
21 Department of Environment and Conservation.

22 **Q. When was IRM's last rate increase?**

1 A. IRM has never filed a rate case petition since it began operations over eleven years ago in
2 2004. The cost of consultants, an attorney, and accountants made a rate case not
3 affordable. The currently-tariffed rates and charges of IRM were approved by the
4 Authority as part of its granting of IRM's Certificate of Public Convenience and
5 Necessity.

6 **Q. Mr. Cox, why is IRM requesting rate relief at this time?**

7 A. Due to increases in the expenses of operating IRM's wastewater systems, the Company
8 has experienced significant revenue shortfalls in recent years. Under the current rates and
9 charges, the Company's revenues and revenue projections are not sufficient to allow the
10 Company a fair opportunity to recover its reasonable operating costs and to provide a fair
11 and reasonable net operating income. In 2014, the Company reported a net operating loss
12 of \$82,633 in its Annual Report to the Tennessee Regulatory. As will be shown by the
13 Staff, the Company is projected to experience a net operating loss of \$80,424 for the
14 Twelve Month Attrition Period Ending December 31, 2016. These losses are
15 unsustainable going forward, and it has become apparent that IRM cannot continue to
16 provide a reliable wastewater service to customers without rate relief.

17 **Q. Are there any particular expense items the Company is requesting in this docket?**

18 A. Yes. As part of the service territory described as Riverstone, it is necessary to add a new
19 contractual service expense to respond to TDEC's regulations. The contractual service is
20 for an operator to provide on-call maintenance, repair, and quality testing for the
21 Riverstone Territory wastewater system. Based on a proposal obtained from BB&H
22 Wastewater Systems Management on December 22, 2015, the cost of the new contractual

1 service will be \$1,431 monthly and \$477 quarterly. A copy of the proposal is attached as
2 Exhibit A to my testimony.

3 Additionally, the Company pays contractors to perform certain IRM business and
4 operations. Due to general inflation and growth in customers, if the requested rate relief is
5 granted IRM plans to increase the payments to Farris Bobango by \$3,600 per year from
6 \$14,400 to \$18,000 for legal fees in response to their nature of increased billing as
7 reflected in the attached email from Charles B. Welch at Farris Bobango in Attachment
8 B. IRM also needs to increase the payments to Pugh and Associates by \$1,884 per year
9 from \$1,616 to \$2,800 for tax accounting services as reflected on the attached invoice in
10 Attachment C provided by Pugh and Associates.

11 **Q. What rate relief is the Company requesting?**

12 A. As will be addressed by the Staff, IRM's current rates and charges are insufficient to
13 cover its operating costs and provide for a reasonable net operating income. Without rate
14 relief, the Staff projects that IRM will have a revenue deficiency of approximately
15 \$93,456 for the Twelve Month Attrition Period Ending December 31, 2016, under the
16 operating margin method. In order to have a fair opportunity to cover its operating
17 expenses and earn a reasonable net operating income, IRM is requesting that it be
18 allowed to increase rates and charges to eliminate this revenue deficiency. To that end,
19 the Company supports and recommends the rate design proposed by the Staff and
20 requests that the proposed rates become effective February 8, 2016.

21 **Q. Have customer's been notified of the rate increase?**

22 A. Yes, On January 7th and 8th, 2016, IRM mailed the attached customer Notice reflected in
23 Attachment D along with each of the Company's customers' January bills by first-class

1 U.S. Postal Service Mail, and IRM posted the same at the Company's principal business
2 office located 3444 Saint Andrews Drive White Pine, Tennessee 37890.

3 **Q. Any further comments?**

4 A. IRM is convinced that the value of service justifies the rate increase in order to provide
5 service for our customers and to protect the waters of the State of Tennessee.

6 **Q. Does this conclude your testimony?**

7 A. Yes it does.

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11
12
13 VERIFICATION PAGE TO FOLLOW

VERIFICATION

STATE OF TENNESSEE)

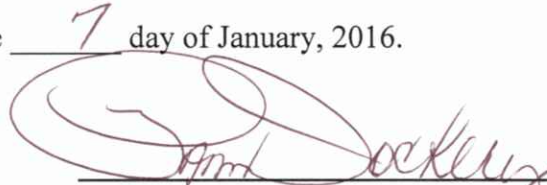
COUNTY OF JEFFERSON)

I, Jeffrey W. Cox, Sr., being duly sworn, state that I am authorized to make this verification on behalf of Integrated Resource Management, Inc.; that I have read the foregoing Pre-filed Direct Testimony and Exhibits of Jeffrey W. Cox, Sr., and know the content thereof; and that the same are true and correct to the best of my knowledge, information and belief.



Jeffrey W. Cox, Sr.

Sworn to and subscribed before me the 7 day of January, 2016.



Notary Public

My Commission Expires: 7



Invoice

BB&H Wastewater Systems Management

340 Lynnford Dr. Murfreesboro TN, 37128
 E Mail cb138724@gmail.com
 Business Phone 865-776-1455

Date: December 17, 2015
 Invoice #: 1
 Customer ID: IRM Utility, Inc.

To: Jeffrey Cox
 IRM Utility, Inc.
 P.O. Box 642
 White Pine, TN 37890
 865-674-0828

Salesperson	Job	Payment Terms	Due Date
Cecil R. Brown	Riverstone	Due upon receipt	1/17/16

Qty	Description	Unit Price	Line Total
	MONTHLY OPERATIONS CHARGE		
	Riverstone - Decatur County		
16	Licensed Operator Charge (2 - Days)	75.00	1,200.00
252	Mileage (126 each way X 2 = 252 Total)	0.56	141.12
1	Overnight Charge (Bear Inn, Clifton)	89.00	89.00

THIS DOES NOT INCLUDE REPAIRS, PARTS, for
 Non-Routine Maintenance or Routine Maintenance

Subtotal \$ 1,430.12
 Sales Tax
 Total \$ 1,430.12

BB&H Wastewater Systems Management

Thank you for your business!

Invoice

BB&H Wastewater Systems Management

340 Lynnford Dr. Murfreesboro TN, 37128

E Mail cb138724@gmail.com

Business Phone 865-776-1455

Date: December 17, 2015

Invoice #: 2

Customer ID: IRM Utility, Inc.

To: Jeffrey Cox
IRM Utility, Inc.
P.O. Box 642
White Pine, TN 37890
865-674-0828

Salesperson	Job	Payment Terms	Due Date
Cecil R. Brown	Riverstone	Due upon receipt	1/17/16

Qty	Description	Unit Price	Line Total
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QUARTERLY MONITORING CHARGE

Riverstone - Decatur County

MONITORING REQUIREMENTS MUCH MORE EXTENSIVE IF

THER IS A DISCHARGE

ANALYTICAL CHARGES

1	BOD5 (Biochemical Oxygen Demand)	68.25	68.25
1	Eschericia Coli	68.25	68.25
4	Licensed Wastewater Operator	75.00	300.00
72	Mileage to the Microbac Laboratory - Nashville	0.56	40.32

Subtotal \$ 476.82

Sales Tax

Total \$ 476.82

BB&H Wastewater Systems Management

Thank you for your business!



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

September 2, 2014

Mr. Jeffrey W. Cox, Sr., President
e-copy: envsoilconsulting@charter.net
IRM Utility, Inc.
PO Box 642
3444 Saint Andrews Dr.
White Pine, TN 37890

Subject: **NPDES Permit No. TN0078379**
IRM Utility, Inc - Riverstone Estates Wastewater Treatment Plant
Bath Springs, Decatur County, Tennessee

Dear Mr. Cox:

In accordance with the provisions of the Tennessee Water Quality Control Act, Tennessee Code Annotated (T.C.A.), Sections 69-3-101 through 69-3-120, the Division of Water Resources hereby issues the enclosed NPDES Permit. The continuance and/or reissuance of this NPDES Permit is contingent upon your meeting the conditions and requirements as stated therein.

Please be advised that a petition for permit appeal may be filed, pursuant to T.C.A. Section 69-3-105, subsection (i), by the permit applicant or by any aggrieved person who participated in the public comment period or gave testimony at a formal public hearing whose appeal is based upon any of the issues that were provided to the commissioner in writing during the public comment period or in testimony at a formal public hearing on the permit application. Additionally, for those permits for which the department gives public notice of a draft permit, any permit applicant or aggrieved person may base a permit appeal on any material change to conditions in the final permit from those in the draft, unless the material change has been subject to additional opportunity for public comment. Any petition for permit appeal under this subsection (i) shall be filed with the Technical Secretary of the Water Quality, Oil and Gas Board within thirty (30) days after public notice of the commissioner's decision to issue or deny the permit. A copy of the filing should also be sent to TDEC's Office of General Counsel.

If you have questions, please contact the Jackson Environmental Field Office at 1-888-891-TDEC; or, at this office, please contact Mr. Hari Akunuri at (615) 532-0650 or by E-mail at Hari.Akunuri@tn.gov.

Sincerely,

Vojin Janjic
Manager, Water-Based Systems

cc: Permit File
Jackson Environmental Field Office
Mr. Kenneth Templeton, Operator, Riverstone Estates Wastewater Treatment, 9220 Highway 128, Savannah, TN 38372
Ms. Michelle Ramsey, Utilities Division, Tennessee Regulatory Authority, michelle.ramsey@tn.gov
Mrs. Jennifer Ray, Riverstone Estates Wastewater Treatment, 890 Pickwick Street, Savannah, TN 38372
Mrs. Sharon Reeves, VP of the Homeowners Association, Riverstone Estates Wastewater Treatment, PO Box 625, Clifton, TN 38425
Mr. Jeff Wilkes, Riverstone Estates Wastewater Treatment, 890 Pickwick Street, Savannah, TN 38372

STATE OF TENNESSEE



NPDES PERMIT

No. TN0078379

Authorization to discharge under the
National Pollutant Discharge Elimination System

Issued By

State of Tennessee
Department of Environment and Conservation
Division of Water Resources
William R. Snodgrass - Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243-1102

Under authority of the Tennessee Water Quality Control Act of 1977 (T.C.A. 69-3-101 et seq.) and the delegation of authority from the United States Environmental Protection Agency under the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (33 U.S.C. 1251, et seq.)

Discharger: **IRM Utility, Inc - Riverstone Estates Wastewater Treatment Plant**

is authorized to discharge: treated domestic wastewater from Outfall 001

from a facility located: Bath Springs, Decatur County, Tennessee

to receiving waters named: Tennessee River at mile 161.6 or drip irrigation

in accordance with effluent limitations, monitoring requirements and other conditions set forth herein.

This permit shall become effective on: October 1, 2014

This permit shall expire on: August 31, 2018

Issuance date: September 1, 2014

for Tisha Calabrese Benton
Director

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PART 1**A. EFFLUENT LIMITATION AND MONITORING REQUIREMENTS**

Discharge 001 consists of domestic wastewater from a treatment facility with a design capacity of .033 MGD. Discharge 001 shall be limited and monitored by the permittee as specified below.

Description : External Outfall, Number : 001, Monitoring : Effluent Gross, Season : All Year

<u>Parameter</u>	<u>Qualifier</u>	<u>Value</u>	<u>Unit</u>	<u>Sample Type</u>	<u>Frequency</u>	<u>Statistical Base</u>
BOD, 5-day, 20 C	<=	30	mg/L	Grab	Twice Every Month	Monthly Average
BOD, 5-day, 20 C	<=	45	mg/L	Grab	Twice Every Month	Daily Maximum
Chlorine, total residual (TRC)	<=	1	mg/L	Grab	Five Per Week	Daily Maximum
E. coli	<=	487	CFU/100mL	Grab	Twice Every Month	Daily Maximum
E. coli	<=	126	CFU/100mL	Grab	Twice Every Month	Monthly Average
Flow	Report	-	Mgal/d	Instantaneous	Five Per Week	Daily Maximum
Flow	Report	-	Mgal/d	Instantaneous	Five Per Week	Monthly Average
Oxygen, dissolved (DO)	>=	1	mg/L	Grab	Five Per Week	Daily Minimum
Settleable Solids	<=	1	mL/L	Grab	Two Per Week	Daily Maximum
Total Suspended Solids (TSS)	<=	45	mg/L	Grab	Twice Every Month	Daily Maximum
Total Suspended Solids (TSS)	<=	30	mg/L	Grab	Twice Every Month	Monthly Average
pH	>=	6	SU	Grab	Twice Per Week	Minimum
pH	<=	9	SU	Grab	Twice Per Week	Daily Maximum

The acceptable methods for analysis of TRC are any methods specified in Title 40 CFR, Part 136 as amended. The method detection level (MDL) for TRC shall not exceed 0.05 mg/l unless the permittee demonstrates that its MDL is higher. The permittee shall retain the documentation that justifies the higher MDL and have it available for review upon request.

B. EFFLUENT LIMITATION AND MONITORING REQUIREMENTS FOR DRIP IRRIGATION

The treatment system shall be monitored by the permittee as specified below:

<u>Parameter</u>	<u>Sample Type</u>	<u>Daily Maximum</u>	<u>Measurement Frequency</u>
Flow *	Totalizer		1/month
BOD ₅	Grab	45 mg/l	Once/year
<i>E. Coli</i>	Grab	941 (colonies/100 ml)	1/quarter

* Report average daily flow for each calendar month.

Sampling requirements in the table above apply to effluent being discharged to the drip irrigation plots.

This permit allows the operation of a wastewater drip irrigation system. There shall be no discharge of wastewater to any surface stream or any location where it is likely to enter surface waters. There shall be no discharge of wastewater to any open throat sinkhole. In addition, the drip irrigation system shall be operated in a manner preventing the creation of a health hazard or a nuisance.

Instances of ponding or pools under dry weather conditions shall be promptly investigated and remedied. Instances of ponding or pools, or any wastewater runoff shall be noted on the monthly operation report. The report shall include details regarding the location(s), determined cause(s), the actions taken to eliminate the ponding or pools, or any wastewater runoff, and the dates the corrective actions were made. Any wastewater runoff due to improper operation must be reported in writing to the Division of Water Resources, Jackson Environmental Field Office within 5 days of discovery by the permittee.

The permittee must disinfect the wastewater in order to meet the above *E. Coli* limit.

All drip lines shall be buried and maintained 6 to 10 inches below the ground surface.

The site shall be inspected by the certified operator or his/her designee, at a minimum, once per fourteen days (default) OR in accordance with an operating and maintenance inspection schedule in the permit administrative file record. The default inspection frequency will apply if an operating and maintenance inspection schedule is not submitted to be a part of the permit administrative file record. The operating and maintenance inspection schedule shall at a minimum evaluate the following via onsite visits or telemetry monitoring or a combination of the two:

- the condition of the treatment facility security controls (doors, fencing, gates, etc.),
- the condition of the drip area security controls (doors, fencing, gates, etc.),
- the condition of the site signage,
- the operational status of the mechanical parts of the treatment system (pumps, filters, telemetry equipment, etc.)
- the condition of the UV bulbs (if applicable)

envsoilconsulting@charter.net

From: "Chuck Welch" <cwelch@farris-law.com>
To: <envsoilconsulting@charter.net>
Sent: Thursday, November 12, 2015 3:37 PM
Subject: Attorneys Fees

Jeffery,

As you know, our firm's legal fees have been paid on a fixed fee basis of \$1200.00 per month for approximately 10 years. Further, we have agreed that an increase in our fees would be fair and equitable. Accordingly, our monthly retainer fee going forward will be \$1500.00 per month. Thank you. If you would like to discuss further, I am available at your convenience. Thank you.

Best regards,
Chuck

Charles B. Welch Jr.
414 Union Street, Suite 1105
Nashville, Tennessee 37219
615-726-1200 phone
615-726-1776 fax
cwelch@farris-law.com

FARRIS BOBANGO
ATTORNEYS AT LAW

www.farrishobango.com

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11/12/2015



*Certified Public Accountants
P.O. Box 31409
Knoxville, TN 37930-1409
865-769-0660*

*Integrated Resource Management, Inc.
Attn: Jeffrey Cox
P.O. Box 642
White Pine, TN 37890*

*Invoice No. 64554
Date 11/17/2015
Client No. 43180.000*

For professional services rendered:

Preparation of Form 1120 - U. S. Tax Return and Tennessee Franchise and
Excise Tax Return for 2014.

Review and assistance with intercompany transactions and general ledger accounting.

Current Amount Due

\$ 2,800.00

Integrated Resource Management, Inc.
Jeffrey W. Cox, Sr., President
3444 Saint Andrews Drive
White Pine, Tennessee 37890
(865) 674-0828

CUSTOMER NOTICE

Dear Valued Customer:

On December 30, 2015, Integrated Resource Management, Inc. filed a Joint Petition with the Tennessee Regulatory Authority to increase rates for wastewater services. We have been providing wastewater services since 2004 and have never previously filed a petition requesting a general rate increase. While we have made efforts to control costs, the current increases are necessary to cover ongoing revenue shortfalls caused by increases in the expenses of operating our systems that we have experienced and absorbed over the past eleven years.

A copy of the Joint Petition and all related filings and supporting calculations, as well as hearing orders and notices, can be found in their entirety on the Dockets Index page of the Tennessee Regulatory Authority's website at <http://share.tn.gov/tra/dockets/1500130.htm> under TRA Docket No. 15-00130.

In sum, we are requesting the following rate changes:

<u>Customer Class</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
<u><i>Residential:</i></u>		
Emory Pointe	\$34.95	\$58.11
All other systems	\$35.11	\$58.11
<u><i>Commercial Without Food/ Overnight Cabin Rentals:</i></u>		
300 GPD or less	\$75.00	\$114.64
301-400 GPD	\$90.00	\$144.97
401-500 GPD	\$105.00	\$174.29
501-600 GPD	\$120.00	\$203.62
601-700 GPD	\$135.00	\$237.95
701-800 GPD	\$150.00	\$272.28
801-900 GPD	\$165.00	\$306.60
901-1000 GPD	\$180.00	\$340.93
1,500 GPD	\$320.00	\$538.57
5,000 GPD	\$692.00	\$824.64

(GPD = estimated wastewater flows measured in gallons per day)

<u>Customer Class</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
<u>Commercial With Food:</u>		
700 GPD	\$175.00	\$205.00
1,000 GPD	\$226.00	\$256.00
2,000 GPD	\$396.00	\$426.00
(GPD = estimated wastewater flows measured in gallons per day)		
<u>Special Contracts:</u>		
River Club	\$112.00	\$132.00
Cove Mtn	\$145.00	\$333.58
Access Fees (Annually)	\$84.00	\$160.00

The Joint Petition requests the Tennessee Regulatory Authority to conduct a rate hearing in this matter on February 8, 2016, and to approve the proposed rates to become effective on February 8, 2016.

The hearing in this matter is open to the public and will be held at **1:00 p.m. on February 8, 2016**, in the Hearing Room on the Ground Floor of the Andrew Jackson State Office Building, 502 Deaderick Street, Nashville, Tennessee.

You may file written comments with the Tennessee Regulatory Authority before the hearing at the following address:

Tennessee Regulatory Authority
Dockets and Records Office
502 Deaderick Street, 4th Floor
Nashville, TN 37243