

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)	
)	
INTEGRATED RESOURCE)	DOCKET NO. 7-00036
MANAGEMENT, INC. REQUEST TO)	
UTILIZE ALTERNATIVE FINANCIAL)	
SECURITY PURSUANT TO)	
TENN. COMP. R. & REGS. 1220-4-13-.07(5))	

**PETITION OF INTEGRATED RESOURCE MANAGEMENT, INC.
FOR ALTERNATIVE FINANCIAL SECURITY**

Integrated Resource Management, Inc. ("IRM") petitions the Tennessee Public Utility Commission ("the Commission") pursuant to TPUC Rule 1220-4-13-.07(5) to accept as alternative financial security an irrevocable letter of credit in an amount of \$90,000. This amount is sufficient to pay the operating expenses of the utility for approximately nine months in the event that the Commission assumes control of the utility. The pre filed testimony of Jeffrey Cox is attached hereto in support of this Petition.

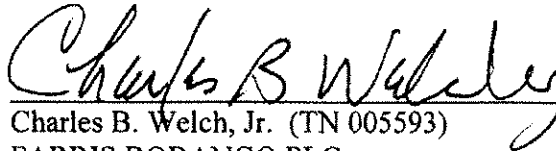
According to the most recent UD20 Form filed by IRM, the utility's reported annual revenue is approximately \$161,000. Obtaining a letter of credit in an amount equal to the utility's annual revenue as required by TPUC Rule 1220-4-13-.07 will create an undue burden on IRM. Because of the number of independent systems operated by IRM, the requested bond amount is more than adequate to cover any operational problems that might arise.

Furthermore, at the time this rule was adopted, IRM and other similar utilities were much smaller than they are today. It is no longer reasonable to require a wastewater utility the size of IRM to obtain a bond equal to 100% of its annual revenue. In addition, IRM has recently

completed a staff assisted rate case and has been granted relief for alternative financial security after deliberation by the Commission on April 10, 2017, in Docket No. 16-00086.

Therefore, IRM respectfully requests that this petition be granted and that the TPUC approve this alternative form of financial security in accordance with TPUC Rule 1220-4-13-.07(5).

Respectfully submitted,

A handwritten signature in cursive script, reading "Charles B. Welch, Jr.", written in black ink.

Charles B. Welch, Jr. (TN 005593)

FARRIS BOBANGO PLC
414 Union Street, Suite 1105
Nashville, TN 37219
(615) 726-1200

**BEFORE
THE TENNESSEE PUBLIC UTILITY COMMISSION**

**PETITION OF INTEGRATED
RESOURCE MANAGEMENT, INC. TO
POST ALTERNATIVE FINANCIAL
SECURITY**

Docket No.

DIRECT TESTIMONY

of

JEFFREY COX

**ON BEHALF OF
INTEGRATED RESOURCE MANAGEMENT, INC.**

May 1, 2017

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., IRM has always provided excess surety. IRM is
6 requesting a reduction to \$90,000.00.

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

8 A. Yes. Integrated Resource Management, Inc. is a public utility as defined in Tenn. Code
9 Ann. § 65-4-101 and is engaged in providing wastewater services to approximately 58
10 residential customers and 68 commercial customers located in the counties of Blount,
11 Campbell, Decatur, Knox, Roane, Sevier, and Union.

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

19 **Q. Why is it important that IRM maintain this level of surety with the existing LOC?**

20 A. IRM has equity established and a beneficial relationship with the holder of the Letter of
21 Credit. The Letter of Credit does not cost IRM and subsequently the customer at this
22 time.

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

1 A. The existing rules requiring 100% of total gross revenues as reported on the "Annual
2 Report" are to be secured. IRM has engaged an agent that performed bonding in the past
3 for IRM when the Utility had a smaller cash flow. The higher surety is not attainable at
4 this time. Attempts to acquire additional surety suggest collateral requirements of 110%
5 of the bond amount. This is not obtainable by IRM under its current financial condition.

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

7 A. The efficiency of this request is that there will be no charge to the customers or added
8 expense to the Company.

9 **Q. Dose IRM plan to continue its effort to secure additional financial security prior to**
10 **July 1, 2017 if this petition is not approved?**

11 A. Yes, the process is taking much administrative time that needs to be reimbursed if
12 required to continue. This was not built into the "Rate Case" that was previously
13 approved and involves more time than is currently funded.

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

15 A. Yes, it does.

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21 VERIFICATION PAGE TO FOLLOW
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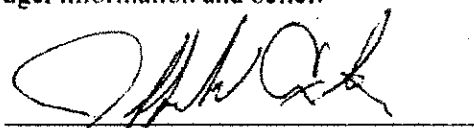
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VERIFICATION

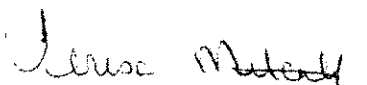
STATE OF TENNESSEE)

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 1 day of May, 2017.


exp. 6-20-2017