

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION**

**NASHVILLE, TENNESSEE**

**October 1, 2018**

**IN RE:**

**PETITION OF INTEGRATED RESOURCE  
MANAGEMENT, INC. FOR A CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY TO  
SERVE THE WATERSIDE DOUGLAS LAKE  
SUBDIVISION IN JEFFERSON COUNTY, TENNESSEE**

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**DOCKET NO.  
18-00063**

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**ORDER GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

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This matter came before Chair Robin Morrison, Vice Chair Kenneth C. Hill and Commissioner David F. Jones of the Tennessee Public Utility Commission (“TPUC” or “Commission”), the voting panel assigned to this docket, at a regularly scheduled Commission Conference held on July 23, 2018, for consideration of the *Petition of Integrated Resource Management, Inc. for a Certificate of Convenience and Necessity* (“*Petition*”) filed by Integrated Resource Management, Inc. (“Integrated” or “Utility” or “Company”) on May 22, 2018, requesting a Certificate of Public Convenience and Necessity (“CCN”) to operate a wastewater disposal system in Jefferson County, Tennessee.

**BACKGROUND AND PETITION**

Integrated is a company organized under the laws of the State of Tennessee on March 16, 2004 with a principal address located at 3444 Saint Andrews Drive, White Pine, Tennessee 37890.<sup>1</sup> In its *Petition*, which includes several exhibits, Integrated provides documentation indicating the rates, terms and conditions of services provided by Integrated to its other

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<sup>1</sup> *Petition* (May 22, 2018).

customers will not change as a result of the transaction and granting of the *Petition*.<sup>2</sup> Integrated seeks to operate a wastewater disposal system in the Waterside Douglas Lake Subdivision (“Waterside”) in Jefferson County, Tennessee.<sup>3</sup> Integrated will service Waterside with a Septic Tank Effluent Pumping System, using Bioclere Fixed Film Media Treatment and Telemetry with battery back-up technology capable of supporting all sewage treatment needs at the Waterside Subdivision. The system has a capacity flow of 42, 000 gpd<sup>4</sup> to service the 140<sup>5</sup> potential sewer customers at Waterside.

Integrated provided a copy of the Utility Services Agreement (“Agreement”) negotiated between the two parties, Integrated and Douglas Lake, LLC (“Developer”) for the build- out and continued operation of the wastewater system. The Agreement provides that upon the Utility’s acceptance of the system, the Developer shall convey all right, title, and interest in and to the system to the utility. The Developer shall, upon request of the Utility, execute and deliver any and all documents necessary to convey the system and to grant the Utility an easement in and to the real property surrounding the system to such extent necessary for access to repair, replace and maintain the system.<sup>6</sup> The Agreement also provides that the Developer will furnish an irrevocable Letter of Credit to the Utility for the cost of the project in the event that the Developer defaults on any payments for the build-out of the wastewater system.<sup>7</sup> The Agreement further provides that Integrated shall own the collection, treatment, and dispersal system, inclusive of the land, to serve Waterside.<sup>8</sup> The Company also filed with its *Petition*, the supporting Pre-Filed Direct Testimony of Jeffrey Cox, President of Integrated, who asserts that

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<sup>2</sup> *Id.* Exhibit E.

<sup>3</sup> *Petition*, p. 1.

<sup>4</sup> *Petitioner’s Response to Tennessee Public Utility Commission’s Data Request*, Application for a State Operation Permit (SOP) (July 3, 2018).

<sup>5</sup> Jeffrey W. Cox, Pre-Filed Direct Testimony, p. 2 (May 22, 2018).

<sup>6</sup> *Agreement*, p. 3 (May 22, 2018).

<sup>7</sup> *Id.* at 2.

<sup>8</sup> *Id.*

Integrated has all the necessary technical, managerial and financial capabilities to provide wastewater service to Waterside.<sup>9</sup> Mr. Cox states that Integrated has been providing water service since 2003 and that the service being requested for Waterside is the same as Integrated has petitioned for in the past. Mr. Cox further testifies that Integrated will be operating an onsite wastewater treatment facility in a residential application similar to five (5) other Integrated plants. Mr. Cox also testifies that this wastewater system beneficially reuses the water subsurface drip irrigation systems<sup>10</sup> Finally, Mr. Cox testifies the system is only fifteen (15) miles from his home office, making it very easy to service.<sup>10</sup>

Regarding public need, no municipality, utility district or other private wastewater utility currently provides or has the authority to provide wastewater service in this area and no other entity is seeking to serve this area. In its *Petition*, Integrated states that Jefferson County, Tennessee has no plans to provide sewer to the Development, providing a letter from the Jefferson County Mayor as evidence.<sup>11</sup> Integrated filed a copy of a letter from the Administrator of the City of Dandridge, stating there are no plans to provide wastewater sewer service to Waterside located on Douglas Lake in the next five (5) years.<sup>12</sup>

In addition to demonstrating the existence of a public need and the necessary financial, managerial and technical expertise to operate the wastewater system, a wastewater company seeking expansion is also required, pursuant to TPUC Rule 1220-4-13-.04(1)(b) to demonstrate that it is registered with the Secretary of State (“SOS”). The TPUC Staff confirmed that Integrated is registered with the SOS in Tennessee. The Company has also stated it will comply with all applicable Commission rules and regulations.<sup>13</sup>

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<sup>9</sup> Jeffrey W. Cox, Pre-Filed Direct Testimony, p. 2 (May 22, 2018).

<sup>10</sup> *Id.*

<sup>11</sup> *Petition*, p. 3, Exhibit D (May 22, 2018).

<sup>12</sup> Supplemental Exhibit List of Integrated to *Petition for a CCN* (June 18, 2018).

<sup>13</sup> Jeffrey W. Cox, Pre-Filed Direct Testimony, p. 2 (May 22, 2018).

## **STANDARD FOR COMMISSION APPROVAL**

No public utility is permitted to begin construction or operation of a new utility facility or service without first obtaining a CCN from the Commission, as set forth in Tenn. Code Ann. § 65-4-201(a), which states:

No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the commission, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system, or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate; provided, however, that this section shall not be construed to require any public utility to obtain a certificate for an extension in or about a municipality or territory where it shall theretofore have lawfully commenced operations, or for an extension into territory, whether within or without a municipality, contiguous to its route, plant, line, or system, and not theretofore receiving service of a like character from another public utility, or for substitute or additional facilities in or to territory already served by it.

Additionally, in order to obtain a CCN to provide wastewater service, TPUC Rule 1220-4-13-.04(1)(b) provides:

Any public wastewater utility requesting a Certificate of Public Convenience and Necessity (CCN) authorizing such public utility to construct and/or operate a wastewater system and/or expand the area in which such a system is operated, shall file an application in compliance with Rule 1220-1-1-1.03 and this rule. All applicants shall demonstrate to the Commission that they are registered with the Secretary of State, have obtained the financial security required under 1220-4-13-.07, and possess sufficient managerial, financial, and technical abilities to provide the wastewater services for which they have applied. Each application shall justify existing public need and include the required financial security consistent with Tenn. Code Ann. § 65-4-201 and these rules.

## **THE HEARING**

A Hearing in this matter was held before the voting panel of Commissioners during the regularly scheduled Commission Conference on July 23, 2018, as noticed by the Commission on July 13, 2018. Participating in the Hearing were:

Integrated Resource Management, Inc. – Charles B. Welch, Jr. Esq., Farris, Bobango, PLC, 414 Union Street, Suite 1105, Nashville, Tennessee 37219 and Jeffrey William Cox, Sr. President, Integrated Resource Management, Inc., 3444 Saint Andrews Drive, White Pine, Tennessee 37890.

During the Hearing, Mr. Cox ratified, then summarized his pre-filed testimony and was subject to questioning before the panel. There were no intervening parties to the proceeding. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

### **FINDINGS AND CONCLUSIONS**

In its *Petition*, Integrated has asked the Commission for approval pursuant to Tenn. Code Ann. § 65-4-201(a) and TPUC Rule 1220-4-13-.04(1)(b) to provide service to Waterside in Jefferson County, Tennessee. Based on a review and consideration of the pleadings, pre-filed testimony, and the entire administrative record, the panel made the following findings and conclusions:

The panel found that Integrated has demonstrated that it possesses the requisite managerial, financial and technical capabilities to provide wastewater services to Waterside and that a public need exists for such service as required under Tenn. Code Ann. § 65-4-201(a) and TPUC Rule 1220-4-13-.04(1)(b). Further, the panel found that Integrated is in good standing with the Commission and is in compliance with all Commission rules. Based on these findings, the panel voted unanimously to grant the *Petition*, contingent upon the filing of the following documents in this Docket:

1. The deed and/or easements for all the land and entitlement to ownership for all the land in the entitlement to ownership rights of the wastewater system assets (treatment, drip disposal, and collection);
2. All final contracts between Integrated and Developer;
3. A Copy of the final signed plat from Jefferson County, Tennessee showing Integrated as the Utility of record;

4. A copy of the final State Operating Permit issued by TDEC;
5. “As-built” plans for the sewer system and the collection system capable of providing wastewater service for a total of one hundred-forty (140) equivalent dwelling units certified as being inspected by Integrated.;
6. A final detailed cost itemization of the complete wastewater system transferred from the developer to Integrated;
7. The contract addendum addressing federal income taxes owed on contributed plant; and
8. A copy of the Surety confirming the Utility as the beneficiary to ensure complete construction of the system.

**IT IS THEREFORE ORDERED THAT:**

1. The *Petition of Integrated Resource Management, Inc. for a Certificate of Convenience and Necessity* is approved contingent upon Integrated Resource Management, Inc. filing the following in this docket:

- a) The deed and/or easements for all the land and entitlement to ownership for all the land in the entitlement to ownership rights of the wastewater system assets (treatment, drip disposal, and collection);
- b) All final contracts between Integrated Resource Management, Inc. and Douglas Lake, LLC;
- c) A Copy of the final signed plat from Jefferson County, Tennessee showing Integrated Resource Management, Inc. as the Utility of record;
- d) A copy of the final State Operating Permit issued by the Tennessee Department of Environment and Conservation;
- e) “As-built” plans for the sewer system and the collection system capable of

providing wastewater service for a total of one hundred-forty (140) equivalent dwelling units certified as being inspected by Integrated Resource Management, Inc.;

f) A final detailed cost itemization of the complete wastewater system transferred from the developer to Integrated Resource Management, Inc.;

g) The contract addendum addressing federal income taxes owed on contributed plant; and

h) A copy of the Surety confirming the Utility as the beneficiary to ensure complete construction of the system.

2. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

3. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

**Chair Robin Morrison, Vice Chair Kenneth C. Hill, and Commissioner David F. Jones concur.**

**ATTEST:**

  
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**Earl R. Taylor, Executive Director**