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October 9, 2025

**VIA ELECTRONIC AND U.S. MAIL:**

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Electronically Filed in TPUC Docket  
Room on October 22, 2025 at 10:05 a.m.

**Re: *Integrated Resource Management, Inc.'s Responses to the Consumer Advocate Division's First Set of Data Requests.***

Dear Mr. Broemel,

On September 3, 2025, Integrated Resource Management, Inc. (IRM) filed its Petition to Adopt an Alternative Regulatory Mechanism. The Consumer Advocate Division (CAD) filed a Petition to Intervene on September 24, 2025, with data requests submitted on September 25, 2025. On October 1, 2025, IRM filed a response opposing the CAD's intervention. IRM acknowledges that the CAD has proposed a scheduling order, which has neither been agreed to by IRM nor made binding in this docket. According to that scheduling order, IRM's responses to the CAD's first set of data requests are due on October 9, 2025.

Enclosed are IRM's responses to CAD's data requests. IRM is providing these responses informally with the hope that they adequately address any concerns the CAD may have regarding this docket. To the extent IRM's responses sufficiently address the CAD's concerns, IRM respectfully requests the CAD withdraw its intervention in this docket.

A hard copy of this letter and the enclosed responses will be deposited in the U.S. Mail, First Class, postage prepaid. Please contact me if you have any questions concerning this filing or require additional information.

Sincerely,

**PHELPS DUNBAR LLP**

  
Charles B. Welch

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**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF INTEGRATED RESOURCE</b>	)	
<b>MANAGEMENT, INC. TO ADOPT AN</b>	)	
<b>ALTERNATIVE REGULATORY</b>	)	<b>DOCKET NO. 25-00072</b>
<b>MECHANISM PURSUANT TO TENN.</b>	)	
<b>CODE ANN. § 65-5-103(d)(7)</b>	)	
	)	

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**INTEGRATED RESOURCE MANAGEMENT, INC'S RESPONSES TO THE  
CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST**

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Integrated Resource Management, Inc., d/b/a/ IRM Utility, Inc. ("IRM"), by and through counsel, hereby submits its Responses to the Consumer Advocate Division of the Attorney General's Office's ("CAD" or "Consumer Advocate") First Discovery Request.

**GENERAL OBJECTIONS AND DISCLAIMERS**

1. IRM objects to all requests that seek information protected by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or restriction on disclosure.
2. IRM objects to the definitions and instructions accompanying the requests to the extent such definitions and instructions contradict, are inconsistent with, or impose obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations, or orders of the Tennessee Public Utility Commission (the "Commission" or "TPUC").
3. IRM's responses are based on information now available to IRM, and IRM reserves the right to revise, clarify or supplement its responses.

4. IRM objects to each request to the extent that it is unreasonably cumulative or duplicative, speculative, unduly burdensome, irrelevant or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

5. IRM objects to each request to the extent it seeks information outside IRM's custody or control.

6. IRM's decision, now or in the future, to provide information or documents notwithstanding the objectionable nature of any of the definitions or instructions, or the requests themselves, should not be construed as: (a) a stipulation that the material is relevant or admissible, (b) a waiver of IRM's General Objections or the objections asserted in response to specific discovery requests, or (c) an agreement that requests for similar information will be treated in a similar manner.

7. IRM objects to those requests that seek the identification of "any" or "all" documents or witnesses or similar language related to a particular subject matter on the grounds that they are overbroad and unduly burdensome and exceed the scope of permissible discovery.

8. IRM objects to those requests that constitute a "fishing expedition," seeking information that is not relevant or reasonably calculated to lead to the discovery of admissible evidence and is not limited to this matter.

9. IRM's submission of these responses shall not be construed as a waiver or withdrawal of IRM's Response in Opposition to the Consumer Advocate Division's Petition to Intervene, or as otherwise consenting to the Consumer Advocate's intervention in this docket.

#### **IRM'S RESPONSES**

1-1. GDP-IPD Index. Refer to the Petition, Direct Testimony of Jeffrey Cox, p. 6, Q6/A6. Mr. Cox states, "IRM requests the Commission adopt TCA § 65-5-103(d)(7) to

authorize IRM to annually adjust its rates to reflect changes in the Gross Domestic Product Implicit Price Deflator ("GDP-IPD") Index.”

- a. Confirm that the GDP-IPD index is a measure of the current value (price) of all new domestic goods and services in an economy relative to the value (price) of a base year.
- b. Confirm that there are subcategories of the GDP-IPD that are more specific to utility industries.
- c. Confirm that rate base is comprised of historic capital investments with an amortization of rate base when setting rates.
- d. Explain how a rate increase based on the general inflation of goods and services is an accurate representation of rates based on a historic rate base.
- e. What subcategories of the GDP-IPD were considered by IRM? List any subcategories that were rejected and explain why the subcategories were rejected.
- f. What other indexes were considered by IRM? Why were they rejected?
- g. What percentage of IRM’s revenue requirement (annual costs) is variable costs?
- h. What is IRM’s current rate base?
- i. What percentage of IRM’s revenue requirement (annual cost) is from the cost of capital (weighed average cost of capital multiplied by rate base)?
- j. What percentage of IRM’s revenue requirement (annual cost) is from the amortization of rate base?
- k. What capital investments are IRM projecting for each of the next 5 years?

**RESPONSE:**

- a. IRM maintains that the following definition of GDP Price Deflator (“GDP-IPD”), provided by the United States Bureau of Economic Analysis (“BEA”) speaks for itself:

*A measure of inflation in the prices of goods and services produced in the United States, including exports. The gross domestic price deflator closely mirrors the GDP price index, although they are calculated differently. The GDP deflator is used by some firms to adjust payments in contracts.<sup>1</sup>*

- b. IRM confirms that Table 1.1.9., Implicit Price Deflators for Gross Domestic Product, published by the BEA, contains twenty-seven (27) subcategories, one or more of which may be “more specific” to utilities.<sup>2</sup> However, IRM would note that although one or more categories may be “more specific” to utilities, no such categories are specifically designated to utilities. Further, IRM seeks to clarify that as a utility, its net operating income is dependent upon a number of factors and components related to various industries. For example, the cost of fossil fuels, electricity, service and labor, motor vehicle parts and maintenance, insurance, and equipment, consisting of various component parts and types of materials, and more, all impact IRM’s net operating income. Therefore, IRM contends that it would be misleading and incorrect to state that IRM’s use of the overall GDP-IPD figure is improper because it is not “specific to the utility industry.” To the contrary, IRM maintains that overall GDP-IPD is perhaps the most appropriate figure to utilize as it accounts for the economy as a whole, including the various industries and categories ultimately contributing to IRM’s net operating income.
- c. IRM defers to the Commission with respect to defining or confirming the definition of “rate base.” With that being said, IRM would refer the CAD to the testimony of Grace Marek, a Financial Regulatory Analyst with TPUC, in TPUC Docket No. 24-00073.<sup>3</sup> In that docket, Ms. Marek testified that rate base “is the total of the investor funded or supplied plant, facilities, and other investments used by the utility in provisioning service to its customers. For many utilities, the rate base is the investment base on which a fair rate of return is applied to arrive at the net operating income requirement. In this case, IRM’s rate base components include additions for net utility plant in service (“UPIS”), deferred rate case expense and working capital funds advanced by the utility; and deductions for net contributions in aid of construction (“CIAC”) and escrow and customer deposits held by the utility.”<sup>4</sup> Further, Ms. Marek testified that IRM’s rate base is relatively small because most of IRM’s rate base is financed by donations of plant or CIAC, which are deducted from the rate base since IRM’s

<sup>1</sup> United States Bureau of Economic Analysis, *GDP Price Deflator* (last accessed September 25, 2025), <https://www.bea.gov/data/prices-inflation/gdp-price-deflator>.

<sup>2</sup> United States Bureau of Economic Analysis, *Table 1.1.9. Implicit Price Deflator* (last revised on September 25, 2025; last accessed on October 1, 2025).

<sup>3</sup> *Direct Testimony of Grace Marek*, TPUC Docket No. 24-00073 (Nov. 14, 2025).

<sup>4</sup> *Id.* at 2:2-9.

own funds are not invested in the plant.<sup>5</sup> Additionally, depreciation on contributed plant and CIAC is not used as an expense in establishing rates for the utility.<sup>6</sup>

IRM contends that the testimony of Grace Marek speaks for itself.

- d. In TPUC Docket No. 24-00072, Craig Cox, a Financial Regulatory Analyst with the TPUC's Utilities Division, testified that utility rates are designed to generate sufficient revenue to cover reasonable operating expenses, depreciation on utility plant and equipment, and taxes, plus a fair profit to owners and shareholders.<sup>7</sup> The revenue required to cover operating expenses, depreciation, taxes, and provide a fair profit is referred to as the "Revenue Requirement."<sup>8</sup> Thus, operating expenses are a key factor in determining rates.

"Operating expenses" include labor, professional and contractor services, administrative and office expenses, maintenance and repairs, and purchased power.<sup>9</sup> It is common knowledge that generally, as time passes, inflation results in cost increases across the board—goods, labor, services, equipment, and energy, all tend to increase over time, not decrease. It necessarily follows that as the cost of operating increases, so does the revenue required to yield a fair profit. Not only is inflation proper to consider when setting base rates, but it is relevant to rate base.

As discussed, Grace Marek testified that for many utilities, the rate base is the investment base on which a fair rate of return is applied to arrive at the net operating income requirement.<sup>10</sup> Because inflation results in increased operating expenses, it directly impacts the investment on which a fair rate of return is applied to arrive at the net operating income requirement. Therefore, IRM avers that a rate increase based on general inflation of goods and services accurately represents rates based on a historic rate base.

- e. IRM did not consider any categories other than the overall GDP-IPD. Please see IRM's response to request 1-1b above. Additionally, the ARM proposed by IRM in this docket mirrors the ARM approved in TPUC Docket 23-00069, which applies the general GDP-IPD figures utilized by IRM. Because the Commission has already declared the ARM approved in TPUC Docket No. 23-00069 to both appropriate for a small utility and beneficial to the public interest,<sup>11</sup> there was no reason for IRM to consider other categories.

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<sup>5</sup> *Id.* at 2:11-15.

<sup>6</sup> *Id.* at 2:15-16.

<sup>7</sup> Direct Testimony of Craig Cox, 3:17-19, TPUC Docket No. 24-00073 (Nov. 14, 2024).

<sup>8</sup> *Id.* at 3:21-22.

<sup>9</sup> *Id.* at 4:2-4.

<sup>10</sup> *Direct Testimony of Grace Marek* at 2:2-9.

<sup>11</sup> See *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, TPUC Docket No. 23-00069 (March 4, 2024).

- f. **IRM did not consider any other indexes. The ARM proposed by IRM in this docket mirrors the ARM approved by the Commission in TPUC Docket No. 23-00069, which utilized the GDP-IPD. Because the Commission has already declared the ARM approved in TPUC Docket No. 23-00069 to be both appropriate for a small utility and beneficial to the public interest,<sup>12</sup> there was no reason for IRM to consider other indexes.**
- g. **Most of IRM's costs are variable, including utility bills, parts and labor, fuel, hiring outside contractors, and legal expenses incurred to help answer requests like these. Providing a precise percentage is challenging, as variable costs fluctuate.**
- h. **To the best of my knowledge, IRM's current rate base is \$85,075.00.**
- i. **IRM is uncertain as to the intent of this request. If the question pertains to capital improvements, IRM's capital improvements typically account for around 5-10% of total revenue, excluding costs not considered part of the "revenue requirement."**
- j. **To the best of my knowledge, there has only been one amortization of the rate base in the last 15 years.**
- k. **Objection. To the extent this request requires speculation, it is objected to by counsel. Notwithstanding said objection, IRM states that it cannot accurately predict all capital investments that will be made in the next five years. For a small utility like IRM, capital investments are often impacted by unforeseen circumstances outside of IRM's control. Moreover, capital investments are not clearly defined. That being said, IRM anticipates capital investments similar to previous years. Generally, it is easier to express this as a percentage due to the many unknown variables involved. As mentioned previously, approximately 5-10% of IRM's revenue goes to capital investments. However, capital investments over the next five years could be on the higher range of previous years as IRM anticipates improvements to treatment units, pumps, and panels in the next five years.**

1-2. Existing ARMs. Refer to the Petition, Direct Testimony of Jeffrey Cox, pp 7-8, Q8/A8. Mr. Cox states that "the Commission has either approved or is considering ARMs for the following utilities," and he provides a table of specific dockets (Table 2 – TPUC Approved Alternative Rate Mechanisms). Referring to Table 2, answer the following:

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<sup>12</sup> See *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, TPUC Docket No. 23-00069 (March 4, 2024).

- a. Explain how the ARM approved or requested in each docket is the same (using the same formula and index) as the mechanism being requested by IRM.
- b. Explain how each Commission's decision applies to IRM's requested ARM.

**RESPONSE:**

- a. **In his Direct Testimony in this Docket, Mr. Jeffrey Cox testified that he reviewed ARMs approved by the Commission for other utilities, providing the docket numbers and applicable subparts for those ARMs in Table 2.<sup>13</sup> With the exception of the ARM approved by the Commission in TPUC Docket No. 23-00069, Mr. Cox never testified that the ARMs referenced in Table 2 were “the same” as the ARM proposed in this docket. That said, IRM contends that the ARM proposed in this docket mirrors the ARM proposed to and approved by the Commission in TPUC Docket No. 23-00069. Specifically, both ARMs provide for the same modest annual rate adjustment based upon changes to GDP-IPD.**
- b. **The Commission's decisions in each of the TPUC Dockets referenced in Table 2 speak for themselves. As mentioned, with the exception of the ARM approved by the Commission in TPUC Docket No. 23-00069, which the ARM proposed by IRM in this docket mirrors, the Commission's decisions in the docket numbers cited in Table 2 were not considered and may not apply to IRM's requested ARM. Again, those dockets were listed in Mr. Cox's testimony purely to note that Mr. Cox was aware that those ARMs had been approved by the Commission and that Mr. Cox had reviewed them “at a very high level.”<sup>14</sup>**

1-3. Existing ARMs. Refer to the Petition, Direct Testimony of Jeffrey Cox, p. 10, Q11/A11. Mr. Cox states, “The Commission approved an application to adopt this exact ARM in Docket No. 23-00069.” Respond to the following:

- a. Confirm that in TPUC Docket No. 23-00069 the Consumer Advocate stated that it was not endorsing use of the GDP-IPD for setting utility rates.<sup>15</sup>
- b. Confirm that in TPUC Docket No. 23-00069 the Consumer Advocate stated that a detriment of adopting GDP-IPD was that rates would no longer be tied to costs.<sup>16</sup>

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<sup>13</sup> *Direct Testimony of Jeffrey Cox*, pp. 7-8, Q8/A8.

<sup>14</sup> *Id.* at p. 7, Q8-A8.

<sup>15</sup> *Direct Testimony of David N. Dittmore* at 4:1-8, TPUC Docket No. 23-00069 (Nov. 1, 2025).

<sup>16</sup> *Id.* at 5:12-16.

- c. Confirm that the Consumer Advocate's support of the proposed ARM in TPUC Docket No. 23-00069 was subject to nine conditions that were explained in detail.<sup>17</sup>

**RESPONSE:**

- a. IRM submits that the portion of David N. Dittimore's Direct Testimony on behalf of the Consumer Advocate Division in TPUC Docket No. 23-00069, referred to in this question, speaks for itself. IRM cannot speak on behalf of the Consumer Advocate Division or its consultants. That being said, IRM acknowledges that Mr. Dittimore testified that, although he was not "necessarily endorsing the application of the [GDP-IPD] to establish utility rates," he did testify that it was appropriate for a small utility.<sup>18</sup> Notably, the utility in TPUC Docket No. 23-00069 is larger than IRM.
- b. IRM submits that the portion of David N. Dittimore's Direct Testimony on behalf of the Consumer Advocate Division in TPUC Docket No. 23-00069, referred to in this question, speaks for itself. IRM cannot speak on behalf of the Consumer Advocate Division or its consultants. That being said, IRM acknowledges that Mr. Dittimore testified that, in his opinion, a detriment of adopting GDP-IPD was the "delinking" of rates from actual operation costs.<sup>19</sup> IRM notes, however, that after fully considering Mr. Dittimore and the CAD's opinions in TPUC Docket No. 23-00069, the Commission approved adoption of this ARM, declaring it to benefit both the utility and the interests of consumers and the public.<sup>20</sup>
- c. IRM submits that David N. Dittimore's Direct Testimony on behalf of the CAD in TPUC Docket No. 23-00069, referred to in this question, speaks for itself. That being said, IRM acknowledges that Mr. Dittimore and the CAD's support of the ARM in Docket No. 23-00069 was contingent upon the adoption of nine conditions.<sup>21</sup> However, IRM avers that it is the Commission, not the CAD, who is responsible for and has authority to approve adoption and implementation of an ARM.<sup>22</sup> IRM further states that after fully considering the opinions and suggestions submitted by Mr. Dittimore and the CAD, the Commission flatly refused to adopt the nine conditions, stating that doing so would only "complicate the mechanism without providing measurable benefits or increased accountability."<sup>23</sup>

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<sup>17</sup> *Id* at 8:10 – 14:4.

<sup>18</sup> *Direct Testimony of David N. Dittimore* at 4:1-8, TPUC Docket No. 23-00069 (November 1, 2023).

<sup>19</sup> *Id.* at 5:12-15.

<sup>20</sup> *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, TPUC Docket No. 23-00069 (March 4, 2024).

<sup>21</sup> *Direct Testimony of David N. Dittimore* at 8:4–14:3.

<sup>22</sup> Tenn. Code Ann. § 65-5-103(d)(1)(A).

<sup>23</sup> *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC* at p. 10.

1-4. Statistical Correlation. Refer to the Petition, Direct Testimony of Jeffrey Cox, p. 11, Table 6 – IRM Rates Adjusted for GDP0-IPD Index. Mr. Cox discussed “that an annual GDP-IPD index adjustment would be an appropriate substitute to use as an alternative regulatory mechanism.” Respond to the following:

- a. Confirm that the comparison, in Table 6, uses only two data points;
- b. Confirm that generally no statistical evidence can be proven with only two data points; and
- c. Confirm that generally 30 data points per group is considered the minimum number necessary for basic statistical tests.

**RESPONSE:**

**Objection.** To the extent Requests 1-4a through 1-4c call for expert testimony, they are objected to by counsel. IRM is in the business of providing wastewater services to Tennesseans. IRM is not an expert in mathematics or statistics, nor is IRM prepared to submit opinions or confirm assertions related thereto. Notwithstanding the foregoing, IRM maintains that Table 6 speaks for itself.

Respectfully Submitted,

**PHELPS DUNBAR LLP**

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*Attorneys for Petitioner, Integrated Resource  
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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served via electronic mail upon:

Vance L Broemel, #011421  
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This the 9<sup>th</sup> day of October, 2025.

*/s/ Charles B. Welch*

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Charles B. Welch