



***Q1. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE RECORD.***

***A1.*** My name is Jeffrey W. Cox, Jr. I am the President of Integrated Resource Management, Inc. (“IRM”). My business address is 3444 Saint Andrews Dr., White Pine, TN 37890.

***Q2. ARE YOU THE SAME JEFFREY COX WHO PRESENTED THE PRE-FILED TESTIMONY IN THIS DOCKET?***

***A2.*** Yes.

***Q3. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?***

***A3.*** The purpose of this rebuttal testimony is to respond on behalf of IRM to the direct testimony of Mr. Clark Kaml, filed on behalf of the Consumer Advocate Division of the Tennessee Attorney General’s Office (the “Consumer Advocate Division”) in this docket.

***Q4. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF MR. KAML IN THIS DOCKET?***

***A4.*** Yes.

***Q5. ARE YOU QUALIFIED TO RESPOND TO THE DIRECT TESTIMONY OF MR. KAML IN THIS DOCKET?***

***A5.*** Yes. I have worked in the public utility industry for over twenty years and serve as IRM’s president. Through my occupation, I have acquired experience and knowledge of ratemaking and the economic considerations relevant to a public wastewater utility which qualify me to provide this testimony. I note that unlike the expert hired by the Consumer Advocate Division, I am not an economist, nor am I prepared to provide expert opinions on economics or to refute the same. My testimony is intended as a general response to the Direct Testimony of Mr. Clark Kaml in this docket as I understand it on behalf of IRM and based upon the knowledge and

experience I have acquired working in this field over the last twenty plus years.

***Q6. DID IRM CONSIDER HIRING AN EXPERT WITNESS TO PROVIDE REBUTTAL TESTIMONY IN THIS DOCKET?***

**A6.** Yes. IRM did consider hiring an expert witness to assist in this docket. However, because the Commission reviewed a nearly identical proposal to this one in TPUC Docket No. 23-00069 (the “Superior Docket”), which included expert testimony, we felt that incurring the additional expense of hiring an expert to testify in this docket was not prudent.

***Q7. PLEASE SUMMARIZE YOUR RESPONSE TO MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET.***

**A7.** IRM is a small wastewater utility.<sup>1</sup> The burdens associated with filing a traditional rate case are substantial for a small utility like IRM. The alternative regulatory mechanism (“ARM”) proposed by IRM is intended to reduce the regulatory burdens and costs associated with traditional rate cases by providing for annual rate adjustments for inflation, as determined by changes in the Gross Domestic Product Implicit Price Deflator (GDP-IPD) Index, representing a proxy for actual cost increases incurred by IRM in operating its system. Notably, the proposed ARM would provide for both rate increases *and* decreases corresponding to inflation. I further note that the annual rate adjustments would be conservative, thereby avoiding substantial one-time increases like those produced through traditional rate cases. The benefits and appropriateness of an ARM nearly identical, if not identical, to the one proposed in this docket have already been recognized by this Commission in the Superior Docket.<sup>2</sup> IRM went to the greatest lengths possible to mirror the ARM considered and approved in the Superior Docket.

Based on my understanding of Mr. Kaml’s Direct Testimony in this docket, he

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<sup>1</sup> Consumer Advocate’s Resp. to IRM’s Data Req. No. 1-13, TPUC Docket No. 25-00072 (Nov. 10, 2025).

<sup>2</sup> See generally *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, TPUC Docket No. 23-00069 (March 4, 2024).

recommends that IRM’s proposal for an ARM be rejected.<sup>3</sup> In the alternative, Mr. Kaml recommends a formula that “bifurcates” operating and capital expenditures and captures the benefits of an ARM and shares them with customers.<sup>4</sup> Mr. Kaml also asserts that several conditions should be adopted.<sup>5</sup> Mr. Kaml’s concerns appear to largely involve “delinking” costs and rates, which Mr. Kaml suggests would enable a utility to raise rates without demonstrating increased costs and would incentivize utilities to cut costs to maximize profits.<sup>6</sup> Mr. Kaml’s recommendations and concerns, as I understand them, appear to be misplaced, irrelevant, or have already been addressed and dismissed by the Commission.

I begin by disagreeing with Mr. Kaml’s recommendation to reject IRM’s ARM. Further, I disagree with Mr. Kaml’s recommendation to bifurcate the ARM. Based on Mr. Kaml’s testimony, and the responses provided by the Consumer Advocate Division in discovery, it appears that bifurcating the mechanism would only complicate it and reduce regulatory savings while providing no measurable benefit to customers or increased accountability.

Specifically, Mr. Kaml asserts that his recommendations would eliminate the incentive to cut costs to increase profitability.<sup>7</sup> This assertion, however, fails to consider that IRM’s proposed ARM could result in a rate decrease; the “incentive” which Mr. Kaml cites as support for bifurcation does not exist where rates are subject to decrease. In addition, the incentive to which Mr. Kaml refers exists regardless of how rates are set. In any event, the stark reduction of costs in relation to revenue would be evident upon review of the utility’s annual reports to the Commission. Furthermore, the risk cited by Mr. Kaml in support of bifurcation assumes that a utility would act in bad faith by delaying or eliminating services to the detriment of its customers. IRM is a small,

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<sup>3</sup> *Direct Testimony of Clark Kaml* at 3:22, TPUC Docket No. 25-00072 (Oct. 30, 2025).

<sup>4</sup> *Id.* at 3:22–4:3.

<sup>5</sup> *Id.* at 10:11–28 and 11:11.

<sup>6</sup> *See Id.* at 5:4–5.

<sup>7</sup> *See Id.* at 9:14–16.

family owned and operated utility that has provided wastewater services to Tennesseans for decades. IRM vehemently rejects any suggestion that it has or will engage in the bad faith practices Mr. Kaml speculates would be made possible or incentivized by the adoption of the proposed ARM.

With respect to the conditions proposed by Mr. Kaml in his testimony, the Commission has already considered and rejected those conditions in the Superior Docket. Specifically, the Commission stated that those conditions only serve to complicate the mechanism without providing any measurable benefits or increased accountability.<sup>8</sup> With the exception of the fourth condition included in Q25/A25 of Mr. Kaml's testimony, which provides for a GDP-IPD true-up mechanism, I would recommend that all other recommendations of Mr. Kaml be rejected.

***Q8. PLEASE ADDRESS Q12/A12 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

**A8.** Mr. Kaml's response to Q12 purports to speak of alternative regulation methods generally. As evident from the eleven-year-old, approximately 100-page report attached as an exhibit to Mr. Kaml's testimony, there are many different types of ARMs.<sup>9</sup> Mr. Kaml and the Consumer Advocate Division fail to specify whether the concerns expressed in A12 apply to the ARM in this docket.

In Q12/A12, Mr. Kaml also argues that two conditions must exist for ratepayers to benefit from an ARM: (1) operating efficiencies result from the alternative methods through operating or capital efficiencies, and (2) that the efficiencies are captured for customers.<sup>10</sup> While I am not qualified to refute Mr. Kaml's statement that those two conditions must exist for ratepayers to benefit from an ARM, I contend that such conditions *are* satisfied. First, the adoption of the

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<sup>8</sup> See *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, pp. 9–10, TPUC Docket No. 23-00069 (March 4, 2024).

<sup>9</sup> See *Direct Testimony of Clark Kaml* at Exhibit CK-1.

<sup>10</sup> *Id.* at 4:19–5:2.

proposed ARM would decrease the regulatory burdens and costs associated with traditional ratemaking, thereby improving operating efficiency. Second, the reduction of regulatory burdens and costs ultimately borne by customers is a benefit to customers.<sup>11</sup>

I would additionally note that, in the Superior Docket, the Consumer Advocate Division's expert, Mr. David Dittmore, testified that the ARM proposed in that docket benefitted customers.<sup>12</sup> Again, IRM went to the greatest lengths possible to mirror the ARM approved in the Superior Docket.

***Q9. PLEASE ADDRESS Q13/A13 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

**A9.** Mr. Kaml's response in A13 of this docket suggests that ARMs generally shift risks to ratepayers by providing for rate increases without demonstrating actual increases in costs or benefits to customers. As the Consumer Advocate Division notes in its discovery responses in this docket, inflation ". . . is a reflection (or measure) of the change in prices or costs."<sup>13</sup> The ARM proposed by IRM provides for conservative rate adjustments (both increases and decreases, as the case may be) for inflation, as reflected by changes in the GDP-IPD index, representing a proxy for actual costs increases. By demonstrating changes in the GDP-IPD Index, IRM demonstrates changes in inflation, which reflects changes in prices or costs.

***Q10. PLEASE ADDRESS Q14/A14 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

**A10.** In Q14/A14 of the Direct Testimony of Mr. Kaml in this docket, Mr. Kaml notes several arguments offered in support of ARMs generally. Then, Mr. Kaml states that methods which promote efficiency and reduce costs include benefits to customers. Mr. Kaml's response

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<sup>11</sup> See Consumer Advocate's Resp. to IRM's Data Req. No. 1-18d (agreeing that reducing regulatory costs can benefit customers).

<sup>12</sup> *Direct Testimony of David N. Dittmore* at 4:15–17, TPUC Docket No. 23-00069 (Nov. 1, 2023).

<sup>13</sup> *Id.* at No. 1-19.

next suggests that methods which adjust rates based on the performance of an index may provide benefits to customers, but only if the increase is equal to a portion of the index, such as 50% of the index. This concept was reiterated by the Consumer Advocate Division in its discovery responses.<sup>14</sup> I understand this logic to be flawed.

A mechanism that provides rate adjustments equal to a portion of an index is still adjusting rates based on the performance of that index and not based on actual costs. For this reason, it is illogical to claim that a mechanism which adjusts rates based on an arbitrary percentage, such as 50%, of an index is beneficial to customers, whereas a mechanism that adjusts rates based on 100% of that index is not. In both circumstances, the adjustments are based on the performance of the index, not actual costs; the only difference would appear to be the degree of the rate adjustment. If the utility fails to capture most of its increased costs, it will be forced to pursue traditional measures for a rate increase, and the benefit of the ARM will never be realized. When provided with an opportunity to explain this discrepancy, the Consumer Advocate Division refused to provide a meaningful response. Again, regardless of whether a rate adjustment is based on 50% or 100% of an index, the rate adjustment is still based on the performance of that index, and therefore, not based on actual costs. In any event, I submit that the ARM proposed in this docket would benefit IRM's customers.

***Q11. PLEASE ADDRESS Q15/A15 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

***A11.*** Here, Mr. Kaml discusses why he believes it is important to distinguish between operating costs and capital expenses. Specifically, Mr. Kaml again suggests that failing to distinguish between operating and capital expenditures provides an incentive to avoid capital expenditures.

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<sup>14</sup> *Id.* at No. 1-20.

I am not qualified to refute the expert opinions of Mr. Kaml regarding the importance of distinguishing between operating costs and capital expenses. However, I hope to emphasize that the ARM proposed in this docket is merely intended to provide for conservative rate adjustments tied to a general inflation rate. As noted previously, the Consumer Advocate Division itself stated that inflation is a reflection or measure of costs or prices. Therefore, while the proposed ARM may not involve a review of IRM's actual costs, any rate adjustments it produces *are* based on costs and prices generally. Although the proposed ARM may not be mathematically precise, it would enable IRM — a small, family-owned and operated utility — to stay on trend with inflation, while reducing the regulatory burdens ultimately borne by its customers, and providing for conservative and more predictable rate adjustments year-over-year.

***Q12. PLEASE ADDRESS Q17/A17 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

***A12.*** Mr. Kaml begins his response in A17 by stating that IRM has not explained how the increase will be applied, and whether the increase will be applied to all or only specific rates. To address Mr. Kaml's question: IRM proposes to apply the ARM to all of its base service rates, residential and commercial. The ARM would not apply to any rates other than base service rates.

In A17, Mr. Kaml also discusses IRM's escrow rates, stating that the ARM should apply equally to the escrow mechanism. I disagree and submit that no adjustment to the escrow rate is necessary. Prior to IRM's receiving approval to withdraw escrow funds in TPUC Docket Nos. 25-00023 (\$22,956.43) and 25-00051 (\$5,468.71), the balance of IRM's escrow account was approximately \$95,000. IRM's current escrow rate has proven sufficient to adequately fund IRM's escrow account to cover the extraordinary and capital expenses it incurs which qualify for reimbursement from escrow.

In addition, escrow charges are paid by the customer.<sup>15</sup> If IRM's escrow rate increases, so does the monthly bill of its customers. Therefore, increasing the escrow rate beyond that which is necessary to sufficiently fund the escrow account does nothing to benefit customers; rather, doing so is a burden on customers. I would also note that IRM's most recent rate case was a staff-assisted rate case.<sup>16</sup> To the best of my memory, there was no indication by Party Staff in that case that IRM's escrow rates were insufficient or needed to be increased.

***Q13. PLEASE ADDRESS Q18/A18 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

***A13.*** The bifurcation of operating costs and capital investments complicates what is intended to be a simple solution for addressing inflation. Any benefit produced by such bifurcation, as well as the risks sought to be prevented, appear to be theoretical.

***Q14. PLEASE ADDRESS Q19/A19 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

***A14.*** The calculations provided in IRM's petition in this docket were merely included as examples to demonstrate how the mechanism works and the conservative rate adjustments it would produce.

***Q15. PLEASE ADDRESS Q22/A22 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET.***

***A15.*** In A22, Mr. Kaml states that in the Superior Docket, the Consumer Advocate Division's position was that "a streamlined approach to ratemaking can minimize regulatory costs, an important consideration for a small utility."<sup>17</sup> Further, Mr. Kaml stated that the Consumer

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<sup>15</sup> See Consumer Advocate's Resp. to IRM's Data Req. No. 1-19a ("The Consumer Advocate agrees that customers pay for escrow charges . . .").

<sup>16</sup> See generally *In Re: Joint Petition of Integrated Resource Management, Inc. d/b/a IRM Utility, Inc., and Commission Staff as a Party to Increase Rates and Charges*, TPUC Docket No. 24-00073.

<sup>17</sup> *Direct Testimony of Clark Kaml* at 8:19–21.

Advocate’s position in the Superior Docket was that the ARM would allow for rate increases tied to a general inflation rate as a proxy for actual cost increases. This summary of the Consumer Advocate Division’s position in the Superior Docket appears to be a tactical oversimplification and fails to recognize the many instances in which David Dittmore, the Consumer Advocate Division’s expert in that docket, recognized the benefits provided by the Superior ARM. For example:

a. In Q8/A8 of Mr. Dittmore’s testimony, he stated: “I believe this general measure of inflation, while not a precise measurement of the costs to operate a wastewater system, is reasonable to apply to a small utility such as Superior Wastewater.”<sup>18</sup>

b. In Q9/A9 of Mr. Dittmore’s testimony, he stated: “In summary, I believe the adoption of the IPD as an inflation index and applied to Superior Wastewater is appropriate.”<sup>19</sup>

c. In Q10/A10 of Mr. Dittmore’s testimony, he stated: “I generally support the Company’s proposal, conditioned upon the adoption of the additional requirements identified later in my testimony.”<sup>20</sup> Those conditions were rejected by the Commission.

d. In Q12/A12 of Mr. Dittmore’s testimony, in discussing the ARM, he stated: “I believe this streamlined approach to ratemaking will minimize regulatory costs — a very important consideration for a utility of this size.”<sup>21</sup>

e. In Q19/A19 of Mr. Dittmore’s testimony, he stated: “Our office supports the unique ARM methodology with the expectation that it will eliminate the need for more costly base rate filings.”<sup>22</sup>

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<sup>18</sup> *Direct Testimony of David N. Dittmore* at 3:18–20, TPUC Docket No. 23-00069 (Nov. 1, 2023).

<sup>19</sup> *Id.* at 4:8–9.

<sup>20</sup> *Id.* at 4:12–13.

<sup>21</sup> *Id.* at 5:1–2.

<sup>22</sup> *Id.* at 7:21–8:1.

f. In Q27/A27, Mr. Dittmore states: “The primary benefit of this annual ARM mechanism from the customer perspective is the avoidance of regulatory costs that likely would be significant when spread over the Company’s small customer base.”<sup>23</sup>

***Q16. PLEASE ADDRESS Q23/A23 OF MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET.***

***A16.*** In this response, Mr. Kaml refers again to the alleged incentive that this ARM would create to reduce costs to increase profitability. The concerns expressed by Mr. Kaml assume that rates would increase. However, IRM’s proposed ARM could also produce a decrease in rates. Further, the bad faith practice of delaying or eliminating services to cut costs and maximize profitability could occur regardless of how rates are set. For example, a utility could obtain a rate increase through a traditional ratemaking case, then, in the following year, cut corners to decrease costs while continuing to charge the same rates. In any event, an intentional cutting of costs compared to revenue would likely be evident upon review of the utility’s annual reports to the Commission. I again vehemently reject any suggestion that IRM has or will engage in the bad faith practice of delaying or eliminating services or otherwise cutting corners to maximize profitability. IRM is committed to complying with the rules of this Commission and to providing quality services to its valued customers.

***Q17. PLEASE ADDRESS Q24/A24 OF MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET.***

***A17.*** Here, Mr. Kaml states that in the Superior Docket, the Consumer Advocate Division discussed the delinking of costs from rates along with “the fact that customers would likely incur annual rate increases under the mechanism.”<sup>24</sup> Further, Mr. Kaml notes that in the

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<sup>23</sup> *Id.* at 12:12–14.

<sup>24</sup> *Direct Testimony of Clark Kaml* at 10:4–6, TPUC Docket No. 25-00072 (Oct. 30, 2025) (quoting *Direct Testimony of David N. Dittmore* at 5:12–16).

Superior Docket, additional monitoring was recommended.

I begin by reiterating that the proposed ARM would make rate adjustments corresponding to changes in the GDP-IPD, regardless of whether those changes would result in an increase or decrease in rates. Second, I would note that the conditions suggested by the Consumer Advocate Division in the Superior Docket for the purpose of providing “additional monitoring and analysis” were rejected by the Commission.<sup>25</sup> Specifically, the Commission stated that the adoption of those conditions would complicate the mechanism without providing measurable benefits or increased accountability.<sup>26</sup> Third, the adoption of the proposed ARM would neither impair nor diminish the Commission’s regulatory or ratemaking authority. Lastly, IRM will make annual ARM filings to the Commission, and IRM’s annual reports to the Commission will still be subject to review by the Commission. The Consumer Advocate Division will also still be entitled to submit a public records request to obtain such annual reports and filings from the Commission.

***Q18. PLEASE ADDRESS Q25/A25 OF MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET.***

***A18.*** The conditions listed in A25 by Mr. Kaml appear to be the exact conditions proposed by David Dittmore on behalf of the Consumer Advocate Division in the Superior Docket.<sup>27</sup> In the Commission’s Order approving the ARM in the Superior Docket, the Commission rejected these conditions, stating that their adoption would serve to complicate the mechanism while providing no measurable benefits or increased accountability.<sup>28</sup>

***Q19. PLEASE ADDRESS Q26/A26 OF MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET REGARDING WHY THERE IS A NEED FOR CONDITIONS TO AN ARM.***

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<sup>25</sup> *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, pp. 9–10 (March 4, 2024).

<sup>26</sup> *Id.*

<sup>27</sup> *Compare Direct Testimony of Clark Kaml* at 10:11-28 and 11:1-9 with *Direct Testimony of David N. Dittmore* at 8:10-9:4.

<sup>28</sup> *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, pp. 9-10.

**A19.** I am not qualified to refute Mr. Kaml’s opinion regarding the need for conditions to an ARM. However, I again note that the conditions proposed by Mr. Kaml were rejected by the Commission in the Superior Docket.<sup>29</sup>

**Q20. PLEASE ADDRESS Q27/A27 OF MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET REGARDING THE ANNUAL REPORT BEING SUBMITTED WITH THE ANNUAL ARM FILING.**

**A20.** I begin by noting that this condition has already been rejected by the Commission.<sup>30</sup> I further note that the approval and adoption of the proposed ARM does nothing to preclude the Consumer Advocate Division from obtaining a copy of IRM’s annual report through a public records request. Many pages in IRM’s annual report would not be relevant to the annual ARM filing. IRM will include in its annual ARM filing those pages from its annual report necessary to demonstrate existing operating expenses, income, and customer data. Therefore, including the entire annual report is not necessary and I would recommend this condition be rejected.

**Q21. PLEASE ADDRESS Q28/A28 OF MR. KAML’S DIRECT TESTIMONY IN THIS DOCKET REGARDING OBTAINING PAYROLL CHARGES.**

**A21.** I begin by noting that this condition has already been rejected by the Commission.<sup>31</sup> I further note that it appears that Mr. Kaml is making this recommendation “to confirm that Plant-in-Service and Operating Expenses are not skewed due to unreasonable consumption levels . . . .”<sup>32</sup> I disagree with Mr. Kaml’s recommendation. First, the ARM proposed by IRM only addresses rate adjustments corresponding to a conservative measure of inflation. If I were to increase my own personal compensation charges to IRM, this would not be reflected in the ARM adjustment. It would, however, be reflected in IRM’s annual reports to the Commission. I recommend this

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<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> *Direct Testimony of Clark Kaml at 12:26–13:4.*

condition be rejected.

***Q22. PLEASE ADDRESS Q29/A29 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET REGARDING SUPPORTING DOCUMENTATION TO CONFIRM THE IPD RATE.***

**A22.** IRM will provide supporting documentation to confirm the IPD rate in its annual ARM filing.

***Q23. PLEASE ADDRESS Q30/A30 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET CONCERNING THE NEED FOR ADJUSTMENTS TO THE SEPTEMBER 30<sup>th</sup> IPD DATA.***

**A23.** Because of the timing required to first obtain the GDP-IPD rates and then to make an ARM tariff filing available for review for implementation on January 1<sup>st</sup> of each year, IRM will always utilize the initial rate published on the Bureau of Economic Analysis website. However, GDP-IPD rates may be revised by the Bureau of Economic Analysis at a later date. IRM agrees that GDP-IPD revisions should be properly reflected in the ARM calculation for the subsequent year. Therefore, in the subsequent ARM filing, IRM will recalculate what its revenue should have been if the final GDP-IPD rate had been known in the previous ARM filing, and then make this revenue adjustment to the subsequent ARM filing. I would therefore recommend that the Commission accept the requirement contained in the fourth condition listed in Q25/A25 Mr. Kaml's testimony relative to the true-up mechanism.

***Q24. PLEASE ADDRESS Q31/A31 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET REGARDING A FIVE-YEAR TERM LIMIT.***

**A24.** I begin by noting that the five-year term limit was rejected by the Commission in

the Superior Docket.<sup>33</sup> The ARM in this Docket, like the ARM in the Superior Docket, is designed to only provide a conservative rate adjustment for inflation. Accordingly, a five-year ARM re-evaluation would only show historical inflation adjustments and how IRM's rates have been adjusted for that inflation. Therefore, I recommend that the Commission reject the five-year limit.

***Q25. PLEASE ADDRESS Q32/A32 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET REGARDING THE PROPOSAL TO LIMIT THE CONDITIONS UNDER WHICH IRM COULD SEEK TRADITIONAL RATE RELIEF PRIOR TO THE EXPIRATION OF THE INITIAL FIVE-YEAR TERM.***

**A25.** I begin by noting that this condition was rejected by the Commission in the Superior Docket.<sup>34</sup> Here, Mr. Kaml essentially restates the testimony of David Dittmore in the Superior Docket.<sup>35</sup> This condition seeks to increase the burden of proof in a future rate case. I am unaware of any similar burden of proof that has previously been placed on a utility solely because they received approval to implement an ARM. Additionally, it is my understanding that the burden of proof in a traditional rate case is always placed on the utility, so it is unclear would be required to meet this new, heightened burden. I recommend that the Commission reject this condition.

***Q26. PLEASE ADDRESS Q33/A33 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET REGARDING DEFLATION ADJUSTMENTS.***

**A26.** As has been noted, IRM's proposed ARM would adjust rates for inflation, as reflected by changes in the GDP-IPD, whether that be an increase or decrease. An opportunity to lower the ARM rates for customers would be welcomed as it would indicate a downward trend in inflation and decreased costs of providing all goods and services. Because IRM's proposed ARM already provides for both positive and negative adjustments, I would recommend that the

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<sup>33</sup> *Order Approving Initial Annual Rate Review Mechanism for Superior Wastewater Systems, LLC*, pp. 9-10.

<sup>34</sup> *Id.*

<sup>35</sup> *Compare Direct Testimony of Clark Kaml at 14:20-21 and 15:1-9 with Direct Testimony of David N. Dittmore at 12:12-21.*

Commission disregard this condition and the claims made in Q33/A33 of Mr. Kaml's testimony.

***Q27. PLEASE ADDRESS Q34/A34 OF MR. KAML'S DIRECT TESTIMONY IN THIS DOCKET REGARDING THE TRANSFERRABILITY OF AN ARM.***

***A27.*** Mr. Kaml's concern here relates to the potential for IRM to be acquired by another entity and if so, whether the ARM would transfer. IRM is not considering a sale or transfer. If IRM were to consider a sale or transfer, my understanding is that we would be required to file a petition with the Commission in a new docket. I contend that such an acquisition docket would be the appropriate opportunity for the Commission to decide whether the ARM should transfer. Therefore, I recommend that the Commission reject this condition.

***Q28. MR. COX, PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.***

***A28.*** To summarize, I believe that the concerns expressed by Mr. Kaml in his testimony, as I understand them, are either misplaced, not relevant, or have already been considered and dismissed by this Commission. The proposed ARM in this docket is intended to reduce the regulatory burdens and costs associated with a traditional rate case by providing for annual rate adjustments — both increases and decreases — for inflation as reflected by changes in the GDP-IPD as a proxy for actual cost increases incurred by IRM. With the exception of the true-up mechanism referenced in the fourth condition in Q25/A25 of Mr. Kaml's Direct Testimony in this docket, I recommend that Mr. Kaml and the Consumer Advocate Division's other recommendations be rejected, and respectfully request the ARM proposed in this docket be approved for implementation.

***Q29. DOES THIS COMPLETE YOUR TESTIMONY?***

***A29.*** Yes, it does.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE

IN RE:

PETITION OF INTEGRATED RESOURCE )  
MANAGEMENT, INC. TO ADOPT AN )  
ALTERNATIVE REGULATORY ) DOCKET NO. 25-00072  
MECHANISM PURSUANT TO TENN. )  
CODE ANN. § 65-5-103(D)(7) )

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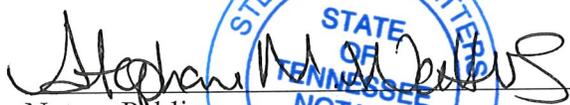
AFFIDAVIT

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I, Jeffrey W. Cox, Jr., on behalf of Integrated Resource Management, Inc. hereby certify that the attached Rebuttal Testimony represents my opinion in the above referenced case.

  
\_\_\_\_\_  
Jeffrey W. Cox

Sworn to and subscribed before me this 14<sup>th</sup> day of November, 2025.

  
\_\_\_\_\_  
Notary Public



My Commission Expires: Aug. 28, 2029