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February 14, 2007

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MICHAEL J. WALL

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Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Attention: Sharla Dillon

Re: Petition of Lynwood Utility Corporation for Exemption from Filing Proof of Financial Security as Required by Rule 1220-4-13-.07(2) or, in the Alternative, to Approve Another Type of Security or Security Amount
Docket No. 06-00139

Dear Chairman Kyle:

At the Authority Conference of the Tennessee Regulatory Authority (TRA) on January 8, 2007, the TRA approved an alternative type of security for Lynwood Utility Corporation in lieu of Lynwood filing an irrevocable letter of credit or surety bond for the amount of its annual revenues as required by Rule 1220-4-13-.07. The alternate security approved by the Authority requires:

(1) the submission of personal irrevocable letter of credit by the owners of Lynwood in the amount of \$20,000; and

2) the amendment of Lynwood's its existing billing and collection agreements with the City of Franklin, Tennessee and with H. B. & T. S. Utility District to provide that in the event the Authority takes action under 1220-4-13-09 to suspend or revoke Lynwood's certificate of public convenience and necessity or to cause a forfeiture of Lynwood's funds, Franklin and H. B. & T. S. Utility District will agree to send all funds collected from their customers for Lynwood sewer service to the Authority, a court appointed receiver or other entity or person to whom the Authority may direct to continue the operation of Lynwood's sewer system.

I have enclosed for filing an original and fourteen copies of the personal irrevocable letter of credit in the amount of \$20,000 issued by the owners of Lynwood, Tyler Ring and John Ring,

Sara Kyle, Chairman
February 14, 2007
Page 2

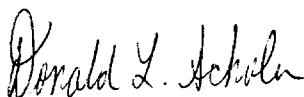
in favor of the Authority. The language used in the personal irrevocable letter of credit is substantially the same as the language in the form letter of credit set forth in Rule 1220-4-13-.08. The letter of credit needs to be approved and endorsed by the Authority. I would appreciate you providing me a copy of the letter of credit after its endorsement.

I have enclosed for filing fifteen copies of the Amendment to Contract for the Collection of Sewer Service Charges entered into between Lynwood and H. B. & T. S. Utility District which amends their existing billing and collection agreement. This Amendment provides that in the event the District receives an order and notice from the Authority that the Authority has suspended or revoked Lynwood's certificate of public convenience and necessity to operate a sewer utility pursuant to Authority Rule 1220-4-13-.09, the District shall pay all sewer service charges collected for Lynwood after the receipt of the order and notice to the Authority, a court appointed receiver or other entity or person to whom the Authority directs which entity or person shall be responsible for continuing the operation of Lynwood's sewer system.

As soon as Lynwood has obtained a similar Amendment to its billing and collection agreement with the City of Franklin, a copy of such Amendment will be filed with the Authority in this docket.

Thank you for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Tyler Ring
Jim Ford

LETTER OF CREDIT

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Lynwood Utility Corporation
Company ID # as assigned by the TRA: TN0029718
Effective Date: February 1, 2007

Sir/Madam:

You have requested of John D. Ring and Tyler L. Ring (the “**Lender**”) that we establish an irrevocable letter of credit which will remain available on behalf of Lynwood Utility Corporation (the “**Company**”) who has authority from the Tennessee Regulatory Authority (the “**Authority**”) to provide public wastewater services in the State of Tennessee. The purpose of this letter is to secure payment of any monetary obligation imposed against the Company, its representatives, successors or assigns, in any contested case proceeding brought under Tenn. Comp. R. & Regs. Chapter 1220-4-13 (the “**Rule**”) by and on behalf of the Authority.

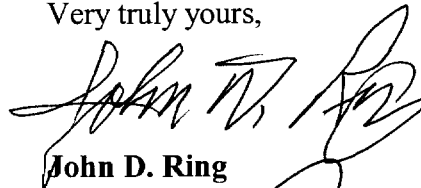
We hereby establish and issue, in favor of the Authority, an irrevocable letter of credit in the amount of Twenty Thousand and 00/100 Dollars (\$20,000.00) lawful money of the United States of America. Upon entry of an Order that finds a monetary obligation pursuant to the Rule, the Authority may draw upon this letter of credit, at any time and from time to time, by delivering a Letter of Credit Notice, substantially in the form set forth in the Rule (“**Notice**”), which Notice shall specify the amount (the “**Draw Amount**”) to be drawn and the account (the “**Bank Account**”) to which the Draw Amount should be delivered and shall be signed by an official designated and duly authorized by the Authority, to Lender at the address listed below, or to such other address as the Lender shall notify the Authority in writing by certified mail. Promptly after the delivery of each Notice, the Lender hereby covenants and agrees to deliver, by wire transfer of immediately available funds, the Draw Amount to the Bank Account.

This letter of credit shall be deemed automatically renewed without amendment for successive one-year periods and may be canceled by the Lender by giving thirty (30) days advanced written notice by certified mail of such cancellation to the Authority and the Company, it being understood that the Lender shall not be relieved of liability that may have accrued under this letter of credit prior to the date of cancellation.

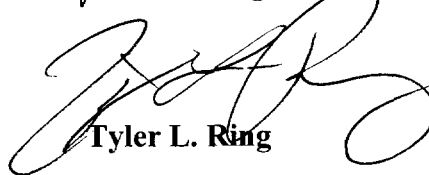
Failure to renew this letter of credit shall allow the Authority to draw upon it without the necessity of the Authority being required to hold a hearing concerning the Company's operation or Certificate of Public Convenience and Necessity. In such an event and upon a directive from the Authority, the Lender hereby covenants and agrees to deliver by wire transfer of immediately available funds the maximum sum of this letter of credit to the Bank Account to enable the continued operation of the public wastewater utility.

The Lender hereby represents and warrants that it is qualified and authorized to issue this letter of credit.

Very truly yours,



John D. Ring



Tyler L. Ring

Address of Lender: 321 Billingsley Court, #3
Franklin, TN 37067

APPROVAL AND ENDORSEMENT

This is to certify that I have examined the foregoing letter of credit and found the same to be sufficient and in conformity to law and that the same has been filed with the Tennessee Regulatory Authority, State of Tennessee, this ____ day of February, 2007.

Name: _____

Title: _____