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2007 AUG 2 PM 3 27

August 2, 2007

TN REGULATORY AUTHORITY
DOCKET ROOM

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Via Hand Delivery

Eddie Roberson, 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 Roberson:

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

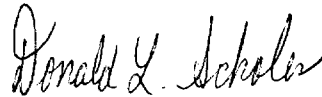
2) the amendment of Lynwood's existing billing and collection agreements with the City of Franklin, Tennessee and with H. B. & T. S. Utility District to provide that in the event the Authority takes action under 1220-4-13-.09 to suspend or revoke Lynwood's certificate of public convenience and necessity 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.

Eddie Roberson, Chairman
August 2, 2007
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I have enclosed for filing fifteen copies of the Amendment to Contract for the Collection of Sewer Service Charges entered into between Lynwood and the City of Franklin, Tennessee, which amends their existing billing and collection agreement. This Amendment provides that in the event the City 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 City 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.

Thank you for your assistance in this matter.

Sincerely yours,

A handwritten signature in cursive script, reading "Donald L. Scholes".

DONALD L. SCHOLES

Enclosures

c: Tyler Ring
Jim Ford

**AMENDMENT TO CONTRACT FOR THE
COLLECTION OF SEWER SERVICE CHARGES**

This Amendment to Contract for the Collection of Sewer Service Charges is made by and between Lynwood Utility Corporation, hereinafter Lynwood, and City of Franklin, Tennessee, hereinafter the City.

WITNESSETH:

Whereas, Lynwood and the City entered into a Contract for the Collection of Sewer Service Charges the 14th of December, 1999, in which the City agreed to bill and collect Lynwood's sewer service charges from the City's customers who receive sewer service from Lynwood;

Whereas, under Rule 1220-4-13-.07, the Tennessee Regulatory Authority (TRA) has required that Lynwood submit proof of financial security or an appropriate alternative to insure that funds are available for the operation of its sewer system in the event the TRA were to suspend or revoke Lynwood's certificate of public convenience and necessity should Lynwood demonstrate an unwillingness, incapacity or refusal to effectively operate or manage its sewer system;

Whereas, Lynwood has proposed an alternative to the submission of proof of financial security as required by Rule 1220-4-13-.07 which alternative includes Lynwood amending its billing and collection agreements with the City of Franklin, Tennessee and H. B. & T. S. Utility District, to provide that these water utilities 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 in the event the Authority takes action under Rule 1220-4-13-.09 to suspend or revoke Lynwood certificate of public convenience and necessity; and

Whereas, the TRA has agreed to Lynwood's proposed alternative to the submission of financial security in Docket No. 06-00071.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements

hereinafter set forth, the parties do hereby agree as follows:

1. The parties agree to amend the Contract for the Collection of Sewer Service Charges dated the 14th of December, 1999 ("the Contract"), by adding a new section 15 to read as follows:

15. In the event the City receives an order and notice from the Tennessee Regulatory 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 City shall withhold administrative fees and charges authorized by the Contract, then pay all remaining 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.

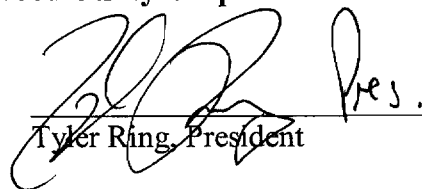
2. The parties agree to amend the Contract by adding a new section 16 to read as follows:

16. Lynwood shall indemnify and hold harmless the City from and against any and all claims related to the City's obligation to pay sewer service charges 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 pursuant to section 15 of this Contract.

3. All other terms and conditions in the parties' Contract for the Collection of Sewer Service Charges dated the 14th of December, 1999, shall remain in full force and effect.

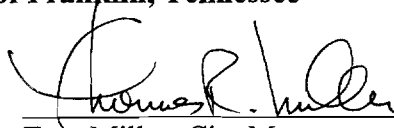
Lynwood Utility Corporation

By:

 Pres.
Tyler Ring, President

City of Franklin, Tennessee

By:


Tom Miller, City Mayor

Approved as to form
by City Attorney's Office on

6/19/07
Initials: 