

BRANSTETTER, STRANCH & JENNINGS, PLLC

ATTORNEYS AT LAW

227 SECOND AVENUE NORTH

FOURTH FLOOR

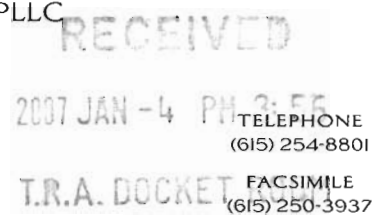
NASHVILLE, TENNESSEE 37201-1631

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January 4, 2007

TERESA W. CHAN
JOE P. LENISKI, JR.
MARK A. MAYHEW
J. GERARD STRANCH, IV
MICHAEL J. WALL

*ALSO ADMITTED IN GA



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

Via Hand Delivery

Attention: Sharla Dillon

Re: Petition of Lynwood Utility Corporation To Change and Increase Rates and Charges
Docket No. 07-00007

Dear Chairman Kyle:

Pursuant to T.C.A. § 65-5-103, I am enclosing an original and fourteen copies of a Petition of Lynwood Utility Corporation To Change and Increase Rates and Charges and a revised tariff effective February 3, 2007. In support of the Petition, I am enclosing an original and fourteen copies the direct testimony of Tyler Ring, President of Lynwood Utility Corporation.

I have enclosed a check for \$25.00 for the filing fee. Please return the additional copy of each document stamp filed. Thank you for your assistance.

Sincerely yours,

A handwritten signature in cursive script that reads "Donald L. Scholes".

DONALD L. SCHOLES

c: Tyler Ring
Jim Ford
Cynthia Kinser, Consumer Advocate

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

**IN RE: PETITION OF LYNWOOD UTILITY)
CORPORATION TO CHANGE AND)
INCREASE RATES AND CHARGES)**

DOCKET NO. 07-00007

PETITION

Petitioner, Lynwood Utility Corporation (Lynwood or the Company), a Tennessee corporation authorized to conduct a public utility business in the State of Tennessee, does hereby file with the Tennessee Regulatory Authority (Authority) this Petition and a revised tariff to become effective thirty (30) days after the date of issue and requests that the Authority, pursuant to T.C.A. § 65-5-101, *et seq.*, hear and determine that the increased rates as reflected in the revised tariff are just and reasonable. In support of this request, The Company avers:

1. Lynwood is a public utility as defined by T.C.A. § 65-4-101 and is subject to the regulation of this Authority. The Company was granted its original Certificate of Convenience and Necessity from the Tennessee Public Service Commission on June 14, 1976, to provide sewer service in Williamson County. The Company currently serves customers located in the Cottonwood Subdivision, Legends Ridge Subdivision, River Landings Subdivision, a few residences near these subdivisions and Walnut Grove Elementary School.

2. The Company's existing rates and charges do not provide it sufficient revenue to cover all of the costs it incurs in providing adequate sewer service to its customers, including its cost of capital. The Authority approved the Company's existing rates and charges by Order dated May 10, 2000. The Company's rates and charges must be revised to permit it to meet its

operating expenses, to earn a fair rate of return, and to provide funds to maintain its sewer plant and facilities to serve existing and future customers.

3. The Company has the responsibility to its customers to provide them with the best sewer service possible. This responsibility includes meeting the present and future service requirements of its customers, improving existing service, meeting the regulatory requirements of the Tennessee Department of Environment and Conservation (TDEC) for sewer systems and meeting the regulatory requirements of the Authority. The Company cannot meet these objectives without adequate earnings.

4. Since the Company's last rate increase, it has added approximately 150 customers. By Order dated January 4, 2006, the Authority approved long term financing in the amount of \$1,000,000 for capital improvements made to the Company's sewer plant and collection system.

5. Under present rates the Company's revenues and revenue projections are not sufficient and cannot be made sufficient to: (a) allow the Company to earn a fair rate of return to which it is entitled under Article 1, Section 8 of the Constitution of Tennessee and the Fourteenth Amendment of the Constitution of the United States; (b) provide a fair rate of return on its investment for a reasonable period; (c) attract on reasonable terms additional capital required to adequately maintain and improve the Company's sewer collection and treatment system to meet the needs of its present and future customers; (d) maintain its credit; and (e) maintain its operations at a level that will not be materially impaired or damaged.

6. The Company avers that a fair rate of return on the Company's operations is essential to the continued provision of adequate quality service, to meet the regulatory requirements of TDEC, and the Authority and to make necessary capital improvements and to

meet the expansion needs of present and future customers. Because of the continued increase in expenses and costs of providing adequate sewer service, the earnings situation of the Company has deteriorated to a level that the Company cannot meet demands for service in an orderly and economical manner without adequate rate relief.

7. The Company has selected as the historical test year the twelve months ended December 31, 2005, and has adjusted the test year for known and anticipated changes for the attrition year ending December 31, 2006. At the current approved rate of return of 8%, the Company would have a deficiency of \$177,471 on a rate base of \$236,382. The revenue deficiency set forth in Company Exhibit Schedule 1 filed by Tyler Ring with his testimony does not include any revenue necessary to meet the financial security requirements set forth in Rule 1220-4-13-.07 or to meet any future escrow/reserve account for the Company which the Authority may require under Rule 1220-4-13-.07. To the extent the Authority's requirements under Rule 1220-4-13-.07 requires additional revenue, the rates approved by the Authority will have to take such additional revenue requirement into account.

8. The Company has no other alternative except to petition this Authority to permit it to place higher rates into effect in order: (a) to avoid material impairment or damage to the Company's operations; (b) to enable the Company to earn a fair rate of return; (c) to meet the financial security requirements the Authority may require under Rule 1220-4-13-.07; and (d) to meet any future escrow/reserve account for the Company which the Authority may require under Rule 1220-4-13-.07.

9. The Company has filed simultaneously with this Petition a revised tariff effective February 3, 2007, designed to produce the additional gross revenues needed of \$177,471 which increases existing sewer rates by 34.85%.

9. The Company has filed simultaneously with this Petition a revised tariff effective February 3, 2007, designed to produce the additional gross revenues needed of \$177,471 which increases existing sewer rates by 34.85%.

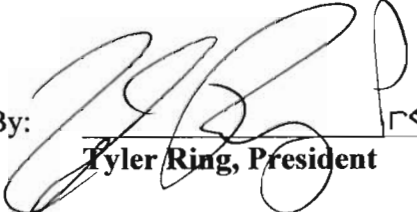
10. The Company avers that the proposed rate changes are necessary and proper and are designed to meet the present and future needs of its customers and future customers in its service area in an economically feasible manner. The Company's tariff as filed and the overall rate of return it has requested are fair and reasonable and in the best interests of the Company and the customers it services. Therefore, the tariff as filed should be approved.

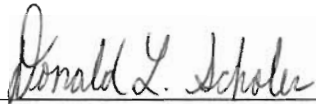
WHEREFORE, the Company requests the Authority to:

1. Schedule a hearing upon proper notice for the presentation of evidence as to the rates necessary to provide adequate sewer service to its customers and a fair rate of return to the Company.
2. Enter an Order approving the Company's revised schedule of rates to become effective on February 4, 2007, or as soon as lawfully permitted.
3. Grant such other and additional relief as may be required in light of the evidence to be produced at the hearing.

This the 4th day of January, 2007.

LYNWOOD UTILITY CORPORATION

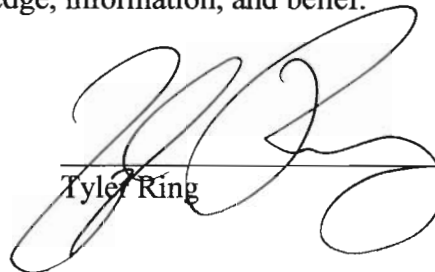
By:  res
Tyler Ring, President



Donald L. Scholes (#010102)
BRANSTETTER, STRANCH & JENNINGS, PLLC
227 Second Avenue North, Fourth Floor
Nashville, TN 37201-1631
(615) 254-8801
Attorney for Petitioner

State of Tennessee)
)
County of Williamson)

I, Tyler Ring, make oath that I am the President of Lynwood Utility Corporation, the Petitioner herein; that I have read the foregoing Petition and contents thereof, and that the contents thereof are true to the best of my knowledge, information, and belief.


Tyler Ring

Sworn to and subscribed before me this 4th day of January, 2007.


Notary Public

My Commission Expires:

9-10-2010

TENNESSEE REGULATORY AUTHORITY

STATE OF TENNESSEE

COUNTY OF WILLIAMSON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Tyler Ring, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Lynwood Utility Corporation before the Tennessee Regulatory Authority, and if present before the Authority and duly sworn, his testimony would set forth in the annexed transcript.


Tyler Ring

Sworn to and subscribed before me
This 4th day of January 2007


Notary Public

My commission expires 9-10-2010

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

**IN RE: PETITION OF LYNWOOD UTILITY)
CORPORATION TO CHANGE AND)
INCREASE RATES AND CHARGES)**

DOCKET NO. 07-00007

**RECEIVED
JAN - 4 PM 3:58
A. DOCKET ROOM**

DIRECT TESTIMONY OF

TYLER RING, PRESIDENT OF LYNWOOD UTILITY CORPORATION

Dated: January 4, 2007

1 Q. Please state your name for the record.

2 A. My name is Tyler Ring.

3 Q. What is your position with Lynwood Utility Corporation?

4 A. President.

5 Q. How long have you been President of Lynwood?

6 A. Since January 1, 2003.

7 Q. What duties do you perform as President?

8 A. I oversee all of the operations of Lynwood. I oversee all regulatory, utility operations, utility
9 construction and maintenance, and financial aspects of the Company.

10 Q. Are you an employee of Lynwood?

11 A. No.

12 Q. Does Lynwood have any full-time or part-time employees?

13 A. No.

14 Q. Who owns the stock of Lynwood?

15 A. All of the stock of Lynwood Utility Corporation is owned by Southern Utility Corporation.

16 Q. Who owns the stock of Southern Utility Corporation?

17 A. The stock of Southern Utility Corporation is owned by John Ring and Tyler Ring.

18 Q. Were the Company's accounting exhibits filed in support of the Company's rate case
19 attached to your testimony prepared by you or under your supervision?

20 A. Yes.

21 Q. What is the source of the information used in preparing the Company's accounting exhibits?

1 A. The information in the accounting exhibits was prepared from the financial and operational
2 records of the Company.

3 Q. What is the rate increase the Company is requesting in this case?

4 A. The Company is seeking a rate increase that would produce additional annual revenues of
5 \$177,471. The proposed rate increase will increase the Company's existing rates by 34.85%.

6 Q. When was the Company's last rate increase?

7 A. The Company's last rate increase was granted by the Authority on May 10, 2000.

8 Q. Were you and John Ring the owners of Southern Utility Corporation at that time?

9 A. No, we were not.

10 Q. When did you and John Ring become the owners of Southern Utility Corporation and
11 become involved in the operations of Lynwood?

12 A. On May 1, 2002, the shareholders of Southern Utility Corporation transferred 50% of the
13 outstanding stock of Southern Utility Corporation to John Ring and me, and on January 1, 2003,
14 the shareholders of Southern Utility Corporation transferred the remaining 50% of outstanding
15 stock of Southern Utility Corporation to John Ring and me.

16 Q. Will you please explain the Company accounting exhibit filed with your testimony in support
17 of the rate increase in this case?

18 A. Yes, I will.

19 Q. What is the test year the Company used in this case?

20 A. The Company used the historical test year of twelve months ending December 31, 2005. The
21 test year was adjusted for known and anticipated changes to arrive at the attrition year which is the
22 twelve months ending December 31, 2006.

1 Q. Please describe the Company accounting exhibit schedules filed with your testimony which
2 detail and support the revenues, expenses and rate base for the test year and attrition year.

3 A. I will. Schedule 1 shows the results of operations for the attrition year which supports the
4 revenue deficiency of \$177,471. Schedule 2 is an operating income summary for the test year and
5 attrition year with supporting schedules. Schedule 3 is a schedule of the Company's planned capital
6 additions in 2006, 2007 and 2008. Schedule 4 is an analysis of the Company's historical
7 contributions in aid of construction and estimated contributions for 2007 and 2008.

8 Q. How did the Company determine the revenues in Schedule 2?

9 A. The Company took the historical revenues from sewer fees and inspection fees for the twelve
10 months ending December 31, 2005 and adjusted these revenues for the attrition year by projecting
11 additional revenues for 2006 based upon customer growth in 2006 as set forth in Schedule 2-10.
12 Late fees were increased by 1.5%.

13 Q. Please explain the adjustments to operating and maintenance expenses made to the test year
14 expenses.

15 A. The test year did not have salaries and benefits as an expense. The adjustment to the test
16 year is \$131,250 which is set forth in Schedule 2-5. A portion of the salaries and wages expense is a
17 reclassification from contractual services. The Company has concluded that to properly operate and
18 maintain its treatment plant and collection system, to meet all operational requirements of Tennessee
19 Department of Environment and Conservation (TDEC) and to meet the additional operational costs
20 which the Company will incur when its adds new customers at the request of Williamson County, as
21 will be explained later in my testimony, additional personnel and labor will be required.

22 Q. Why did the Company adjust purchase treatment expense by \$30,033?

1 A. The adjustment to purchase treatment expense is set forth in Schedule 2-3. The Company
2 has experienced some odor problems at the sewer treatment plant and in force mains and pumping
3 stations where sewer flow is of low volume. The Company continues to receive complaints from
4 residents about odor problems especially in the hot summer months. The Company anticipates
5 spending approximately \$25,000 on additional odor control chemicals to address this odor problem.
6 The Company plans to install additional components to its telemetry system to more closely monitor
7 operational problems with its pump stations which current require daily inspection. The Company
8 anticipates additional annual expenses of \$5,000 a year once the new telemetry improvements are
9 installed.

10 Q. Explain why the Company has included a rent expense of \$20,000 in the attrition year.

11 A. The Company is consolidating all record keeping, communication, billing, customer service
12 and compliance functions in office space leased from Tenn. Contractors, Inc. Since January of 2003,
13 the operations of Lynwood have been conducted from several different locations. The consolidation
14 of these functions will result in better customer service for the Company's customers and more
15 efficient operation.

16 Q. The Company has included a transportation expense of \$9,000 in the attrition year. Please
17 explain this adjustment.

18 A. As set forth in Schedule 2-4, the transportation expense is a reclassification of this expense
19 from contractual services.

20 Q. Explain how the Company arrived at the regulatory expense of \$28,800 in the attrition year
21 set forth in Schedule 2-8.

1 A. The regulatory expense includes the legal, accounting and consulting fees for compliance
2 with all accounting and other regulatory matters before the Authority and regulatory matters before
3 TDEC.

4 Q. Explain how the Company arrived at the customer accounting expense of \$54,000 in the
5 attrition year set forth in Schedule 2-1.

6 A. The majority of this expense is a reclassification of this expense from contractual services.
7 The rest of this adjustment is the Company's annual amortization of an expense of \$45,000 over five
8 years for a new computer and related software for certain accounting and check writing functions
9 which are now done manually.

10 Q. How did the Company adjust depreciation expense for the attrition year?

11 A. The depreciation expense adjustment is based upon the increased depreciation based upon
12 the plant additions and equipment purchased in 2006.

13 Q. What adjustments were made to sludge removal treatment, purchased treatment, chemicals,
14 material and supplies, insurance and miscellaneous expenses?

15 A. The Company assumed a 3% increase in these expenses for the attrition year.

16 Q. Explain the amortization of rate case expense of \$8,800.

17 A. The rate case expense of \$26,400 is set forth in Schedule 2-9 is comprised of the legal,
18 accounting and consulting expenses anticipated to be incurred in this rate case which is amortized
19 over a three year period.

20 Q. The Company has pending before the Authority a Petition of Lynwood Utility Corporation
21 for Exemption from Filing Proof of Financial Security as Required by Rule 1220-4-13-.07(2) or, in
22 the Alternative, to Approve Another Type of Security or Security Amount, Docket No. 06-00139.

1 Does the Company exhibit include any expense for the cost of obtaining and providing the financial
2 security which may be approved by the Authority?

3 A. No, it does not.

4 Q. Under Rule 1220-4-13-.07, the Authority may require that the Company have an
5 escrow/reserve account. Does the Company exhibit include any expense for such an escrow/reserve
6 account?

7 A. No, it does not.

8 Q. If the Authority requires the submission of financial security and/or an escrow/reserve
9 account under Rule 1220-4-13-.07, will the costs of these items increase the Company's revenue
10 deficiency above the revenue deficiency set forth in Schedule 1?

11 A. Yes, and the Company's proposed rates would have to increased to cover these additional
12 expenses.

13 Q. Please explain the planned plant capital additions set forth in Schedule 3.

14 A. At the time the Company was putting the rate case together, the Company was in discussions
15 with Williamson County and a potential developer of a residential subdivision within its service area
16 about additional customers to be served by the Company. Williamson County has entered into
17 negotiations with the Company about providing sewer service to several older subdivisions whose
18 residences have septic tanks which are failing. Williamson County has appropriated funds to install
19 sewer collection lines within these subdivisions and desires for the Company to treat the wastewater
20 from these residents which hook on to this collection system. Based upon information from
21 Williamson County, the Company estimates that upon the completion of this collection system it
22 could be serving an additional 200 to 300 customers. These negotiations are continuing. The

1 subdivisions in question are not located within the Company's certificated service area, but are
2 located immediately adjacent to it. At the time the rate case was being prepared, the Company had
3 been approached by a developer of a residential subdivision about providing sewer service to
4 approximately 350 new homes. The Company has been advised that the Williamson County
5 Planning Commission has not approved this development and that the development may not go
6 forward. The majority of the planned capital additions in Schedule 3 were planned based upon the
7 Company having to increase its plant in service to serve these new customers.

8 Q. How did the Company plan to finance the construction of the planned capital additions in
9 Schedule 3?

10 A. The Company anticipated that the overwhelming majority of the planned capital additions
11 would be funded by the developer and/or Williamson County as contributions in aid of construction.

12 Q. Why did the Company use 8% as its rate of return of on the Company's rate base?

13 A. The Company used 8% as its rate of return because 8% is what the Authority approved in the
14 last rate case.

15 Q. What rates for sewer service does the Company propose in this case?

16 A. The Company requests that the Authority approved an increase in the rate for residential
17 service from \$5.77 per 1,000 gallons to \$7.78 per 1,000 gallons, a 34.85% increase. The Company
18 requests the same rate increase for its only non-residential customer, Walnut Grove Elementary
19 School. The school's current rate is a flat rate of \$787.50. The rate increase requested for the school
20 with a 34.85% increase is \$1,061.50.

21 Q. Is the Company seeking to increase any other fees and charges?

1 A. No. The Company is not proposing to increase its tap fee, sewer connection fee or returned
2 check charge fee.

3 Q. Does this conclude your testimony?

4 A. Yes it does.

TENNESSEE REGULATORY AUTHORITY

STATE OF TENNESSEE

COUNTY OF WILLIAMSON

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Tyler Ring, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of Lynwood Utility Corporation before the Tennessee Regulatory Authority, and if present before the Authority and duly sworn, his testimony would set forth in the annexed transcript.

Tyler Ring

Sworn to and subscribed before me
This ____ day of January 2007

Notary Public

My commission expires _____

**Company
Exhibit
Schedule 1**

**Lynwood Utility Corporation
2006 Rate Case
Results of Operations for the 12 Months Ended December 31, 2006**

Line No.		
1	Rate Base	236,382 A/
2	Pro-forma operating income at current rates	(121,267) B/
3	Earned rate of return on rate base	-51.30%
4	Approved <u>overall rate</u> of return	8.00%
5	Required operating income	46,683
6	Operating income deficiency	(167,950)
7	Revenues	525,078 B/
8	Overall Rate of Return (Current Approved Rate)	8%
9	Required revenues	702,549
10	Revenue deficiency	177,471

A/ Schedule 1-1

B/ Schedule 2

**Lynwood Utility Corporation
2006 Rate Case
Rate Base**

<u>Line No</u>		<u>12/31/2005</u>	<u>Adjustments</u>		<u>Balance</u>
1	Utility Plant in Service	2,151,581	200,000	A/	2,351,581
2	Accumulated Depreciation	(1,067,762)	(102,380)	A/	(1,170,143)
3	Contributions in Aid of Construction	(931,045)	(14,011)	B/	(945,056)
		<u>152,773</u>	<u>83,609</u>		<u>236,382</u>

A/ Schedule __3__

B/ Schedule __4__

Lynwood Utility Corporation
2006 Rate Case
Pro-forma Income for the year ended December 31, 2006

	2005		2006
Revenues			
Sewer Fees	484,783	26,012 A/	510,795
Inspection Fees	9,000	(2,250) A/	6,750
Late charges	7,143	390 B/	7,533
	<u>500,926</u>	<u>24,152</u>	<u>525,078</u>
Expenses:			
Operating & Maintenance			
Salaries & Wages/ benefits	-	131,250 C/	131,250
Purchased Sewage Treatment	1,087	30,033 D/	31,120
Sludge Removal Treatment	28,233	847 E/	29,080
Purchased Power	55,317	1,660 E/	56,977
Chemicals	22,640	679 E/	23,319
Material & Supplies	4,472	134 E/	4,606
Contractual Services	243,762	(145,580) F/	98,182
Rents		20,000 G/	20,000
Transportation Expense		9,000 H/	9,000
Insurance Expense	9,399	282 E/	9,681
Regulatory Expense		28,800 I/	28,800
Customer Accounting		54,000 J/	54,000
Miscellaneous Expense	22,899	686 E/	23,585
	<u>387,809</u>	<u>131,791</u>	<u>519,600</u>
Depreciation Expense	98,130	4,250	102,380
Amort of Cont. in Aid	(53,319)	(6,920)	(60,239)
Interest Expense	75,804		75,804
Amort of Rate Case Cost		8,800 K/	8,800
	<u>508,424</u>	<u>137,921</u>	<u>646,345</u>
Total Expenses	508,424	137,921	646,345
Income (Loss)	<u>(7,498)</u>	<u>(113,769)</u>	<u>(121,267)</u>

- A/ Schedule 2-10
- B/ Assumes 1.5% of Revenue
- C/ Schedule 2-5
- D/ Schedule 2-3
- E/ Assumes 3% increase in cost
- F/ Schedule 2-7
- G/ Schedule 2-6
- H/ Schedule 2-4
- I/ Schedule 2-8
- J/ Schedule 2-1
- K/ Schedule 2-9

Lynwood Utility Corporation
2006 Rate Case

Line
No.

Customer Accounting Expense

1	Prior Balance	\$	-	
2	Accounting System Amort.		9,000	A/
3	Customer Billing (\$500,000 Revenue x 0.09%)		45,000	B/
			<hr/>	
		\$	54,000	
			<hr/>	

A/ Assumes cost of \$45,000 amortized over five (5) years

B/ Reclassify customer billing from Contractual Services, Schedule 2-7

Lynwood Utility Corporation
2006 Rate Case

Line
No

Material and Supplies Expenses

1	Prior Balance	\$	4,472
2	3% Increase		<u>134 A/</u>
		\$	<u><u>4,606</u></u>

A/ Assumes 3% cost increase.

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

Purchased Sewage Treatment

1	Prior Balance		\$	1,087
2	Adjustments:			
3	3% Increase	33	A/	
4	Odor Control	25,000	B/	
5	Telemetry Cost	<u>5,000</u>	C/	
6	Total Adjustments			<u>30,033</u>
7				<u>\$ 31,120</u>

A/ Assumes 3% increase in cost

B/ Estimated cost of additional odor control chemicals

C/ Estimated cost of telemetry

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

Transportation Expense

1	Prior Balance	\$ -
2	Adjustment	<u>9,000 A/</u>
3	Proforma Balance	<u><u>\$ 9,000</u></u>

A/ Reclass from contractual services, schedule 2-7

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

Salaries and Benefits

1	Prior Balance	\$ -
2	Adjustment	<u>131,250 A/</u>
3	Proforma Balance	<u><u>\$ 131,250</u></u>

A/ Adjust as detailed below:

President and General Manager (Part-time)	\$ 30,000
Operation Manager	40,000
Operator	24,000
Secretary	<u>17,500</u>
Total Salaries	111,500
Payroll Tax Requirement (11.05%)	12,320
Retirement (5%)	5,575
Other Retirement Expenses	<u>1,855</u>
Salaries and Benefits	<u><u>\$ 131,250</u></u>

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

Rent Expense

1	Prior Balance	\$ -
2	Adjustment (\$1,667 per Month)	<u>20,000</u> A/
3		<u><u>\$ 20,000</u></u>

A/ Rental of office space to manage utility and consolidate record keeping and compliance reporting.

**Lynwood Utility Corporation
2006 Rate Case**

Contractual Services

Prior Balance \$ 243,762

Adjustments:

Accounting Services (45,000)

Transportation Exp (9,000)

Outside Contractor Cost (69,440)

Regulatory Expense (25,000)

3% Cost Increase 2,860

Total adjustments (145,580)

\$ 98,182

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

Regulatory Expenses

1	Prior Balance	\$	-	
2	Legal Expenses		12,000	A/
3	Accounting (\$600 per Month)		7,200	B/
4	Consulting Expenses (\$800 per Month)		<u>9,600</u>	C/
5	Proforma Balance	\$	<u>28,800</u>	

A/ Estimated expense

B/ Estimated expense - Bookkeeping

C/ Estimated expense - Vision, Inc.

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

Rate Case Expense

1	Prior Balance	\$	-	
2	Legal Expenses		14,000	A/
3	Accounting (\$600 per Month)		<u>12,400</u>	B/
5	Proforma Balance	\$	<u><u>26,400</u></u>	

A/ Estimated expense Branstetter, Stranch & Jennings, PLLC

B/ Estimated expense - Vision, Inc.

C/ Amortization over 3 years at \$8,800 per year

**Lynwood Utility Corporation
2006 Rate Case**

**Customers and Revenues at Current Rates
Including Subdivision**

Customers - 2006	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Residential	781	783	785	787	789	792	795	798	800	802	804	806	
Walnut Grove	1	1	1	1	1	1	1	1	1	1	1	1	1
	782	784	786	788	790	793	796	799	801	803	805	807	

Revenue - 2006

Residential (300gal/day)	41,121	41,226	41,331	41,437	41,542	41,700	41,858	42,016	42,121	42,226	42,332	42,437	501,345
Walnut Grove	788	788	788	788	788	788	788	788	788	788	788	788	9,450
	41,908	42,013	42,119	42,224	42,329	42,487	42,645	42,803	42,909	43,014	43,119	43,224	510,795

Inspection Fee (250/cust)	500	500	500	500	500	500	500	500	500	500	500	500	6,750
	42,408	42,513	42,619	42,724	42,829	43,237	43,395	43,553	43,409	43,514	43,619	43,724	517,545

**Lynwood Utility Corporation
2006 Rate Case**

**Line
No.**

	Plant Capital Additions Planned	Total	2006	2007	2008
1	Generator for back-up power	\$ 90,000		\$ 90,000	
2	Back-up power at pump stations	12,000		12,000	
3	Two trucks	30,000	30,000		
4	Telemetry at pump stations	20,000		20,000	
5	50KW generator trailer	30,000		30,000	
6	Odor control equipment	80,000	40,000	40,000	
7	Ultraviolet disinfectant	70,000		35,000	35,000
8	Sludge removal system	50,000		50,000	
9	Plant wet well	60,000			60,000
10	Intake screen / separator	75,000			75,000
11	Lab equipment (TDEC & EPA)	40,000	40,000		
12	Replace plant building	400,000		150,000	250,000
13	Upsizing collection pumps (Legends Ridge, River Landing #1 at sewer plant)	150,000		75,000	75,000
14	Engineering Fees	110,000	40,000	40,000	30,000
15	TDEC License Fee (Engineering, legal & EPA)	50,000	50,000	-	
16		1,267,000	200,000	542,000	525,000
17	Capitalized overhead	163,000	-	110,000	53,000
		<u>\$ 1,430,000</u>	<u>\$200,000</u>	<u>\$652,000</u>	<u>\$ 578,000</u>

Lynwood Utility Corporation
2006 Rate Case
Utility Plant

	353 Land	354 Struct. & Imp	371 Pump. Equip	380 Treat. & Disp	391 Transport. Eq.	Total
2000 Balance	10,000.00	125,105.00	50,986.00	1,548,515.00	2,885.00	1,737,491.00
Additions	-	-	-	-	-	-
Retirements	-	-	-	-	-	-
2001 Balance	10,000.00	125,105.00	50,986.00	1,548,515.00	2,885.00	1,737,491.00
Additions	-	-	-	-	-	-
Retirements	-	-	-	-	-	-
2002 Balance	10,000.00	125,105.00	50,986.00	1,548,515.00	2,885.00	1,737,491.00
Additions	-	-	62,412.00	216,254.00	-	278,666.00
Retirements	-	-	-	-	-	-
2003 Balance	10,000.00	125,105.00	113,398.00	1,764,769.00	2,885.00	2,016,157.00
Additions	-	-	-	92,366.00	-	92,366.00
Retirements	-	-	-	-	-	-
2004 Balance	10,000.00	125,105.00	113,398.00	1,857,135.00	2,885.00	2,108,523.00
Additions	-	-	-	43,057.63	-	43,057.63
Retirements	-	-	-	-	-	-
2005 Balance	10,000.00	125,105.00	113,398.00	1,900,192.63	2,885.00	2,151,580.63
Additions	-	-	-	170,000.00	30,000.00	200,000.00
Retirements	-	-	-	-	-	-
2006 Balance	10,000.00	125,105.00	113,398.00	2,070,192.63	32,885.00	2,351,580.63
Additions	-	-	-	600,000.00	-	600,000.00
Retirements	-	-	-	-	-	-
2007 Balance	10,000.00	125,105.00	113,398.00	2,670,192.63	32,885.00	2,951,580.63
Additions	-	-	-	500,000.00	-	500,000.00
Retirements	-	-	-	-	-	-
2008 Balance	10,000.00	125,105.00	113,398.00	3,170,192.63	32,885.00	3,451,580.63
Additions	-	-	-	130,000.00	-	130,000.00
Retirements	-	-	-	-	-	-
2009 Balance	10,000.00	125,105.00	113,398.00	3,300,192.63	32,885.00	3,581,580.63
Additions	-	-	-	100,000.00	-	100,000.00
2010 Balance	10,000.00	125,105.00	113,398.00	3,400,192.63	32,885.00	3,681,580.63
Additions	-	-	-	60,000.00	-	60,000.00
2011 Balance	10,000.00	125,105.00	113,398.00	3,460,192.63	32,885.00	3,741,580.63

DEPRECIATION	Vehicles	354 Struct. & Imp	371 Pump. Equip	380 Treat. & Disp	391 Transport. Eq.	Total
2000 Balance		104,737.00	51,521.00	457,744.00	4,033.00	618,035.00
Additions		6,255.25	(535.00)	77,425.75	(1,148.00)	81,998.00
Retirements		-	-	-	-	-
2001 Balance		110,992.25	50,986.00	535,169.75	2,885.00	700,033.00
Additions		6,255.25	-	77,425.75	-	83,681.00
Retirements		-	-	-	-	-
2002 Balance		117,247.50	50,986.00	612,595.50	2,885.00	783,714.00
Additions		6,255.25	1,560.30	82,832.10	-	90,647.65
Retirements		-	-	-	-	-
2003 Balance		123,502.75	52,546.30	695,427.60	2,885.00	874,361.65
Additions		1,602.25	3,120.60	90,547.60	-	95,270.45
Retirements		-	-	-	-	-
2004 Balance		125,105.00	55,666.90	785,975.20	2,885.00	969,632.10
Additions		-	3,120.60	95,009.63	-	98,130.23
Retirements		-	-	-	-	-
2005 Balance		125,105.00	58,787.50	880,984.83	2,885.00	1,067,762.33
Additions		-	3,120.60	99,259.63	-	102,380.23
Retirements		-	-	-	-	-
2006 Balance		125,105.00	61,908.10	980,244.46	2,885.00	1,170,142.56
Additions		-	3,120.60	118,509.63	3,750.00	125,380.23
Retirements		-	-	-	-	-
2007 Balance		125,105.00	65,028.70	1,098,754.09	6,635.00	1,295,522.79
Additions		-	3,120.60	146,009.63	7,500.00	156,630.23
Retirements		-	-	-	-	-

2008 Balance	125,105.00	68,149.30	1,244,763.73	14,135.00	1,452,153.03
Additions		3,120.60	161,759.63	7,500.00	172,380.23
Retirements					
2009 Balance	125,105.00	71,269.90	1,406,523.36	21,635.00	1,624,533.26
Additions		-	167,509.63	7,500.00	175,009.63
Retirements					
2010 Balance	125,105.00	71,269.90	1,574,032.99	29,135.00	1,799,542.89
Additions		-	171,509.63	3,750.00	175,259.63
Retirements					
2011 Balance	125,105.00	71,269.90	1,745,542.62	32,885.00	1,974,802.52

**Lynwood Utility Corporation
2006 Rate Case**

DEPRECIATION	354 Struct. & Imp	371 Pump. Equip	380 Treat. & Disp	391 Transport. Eq.	Total
2000 Balance	104,737.00	51,521.00	457,744.00	4,033.00	618,035.00
Additions	6,255.25	(535.00)	77,425.75	(1,148.00)	81,998.00
Retirements					
2001 Balance	110,992.25	50,986.00	535,169.75	2,885.00	700,033.00
Additions	6,255.25		77,425.75		83,681.00
Retirements					
2002 Balance	117,247.50	50,986.00	612,595.50	2,885.00	783,714.00
Additions	6,255.25	1,560.30	82,832.10		90,647.65
Retirements					
2003 Balance	123,502.75	52,546.30	695,427.60	2,885.00	874,361.65
Additions	1,602.25	3,120.60	90,547.60		95,270.45
Retirements					
2004 Balance	125,105.00	55,666.90	785,975.20	2,885.00	969,632.10
Additions		3,120.60	95,009.63		98,130.23
Retirements					-
2005 Balance	125,105.00	58,787.50	880,984.83	2,885.00	1,067,762.33
Additions		3,120.60	99,259.63		102,380.23
Retirements					
2006 Balance	125,105.00	61,908.10	980,244.46	2,885.00	1,170,142.56
Additions		3,120.60	118,509.63	3,750.00	125,380.23
Retirements					
2007 Balance	125,105.00	65,028.70	1,098,754.09	6,635.00	1,295,522.79
Additions		3,120.60	146,009.63	7,500.00	156,630.23
Retirements					
2008 Balance	125,105.00	68,149.30	1,244,763.73	14,135.00	1,452,153.03
Additions		3,120.60	161,759.63	7,500.00	172,380.23
Retirements					
2009 Balance	125,105.00	71,269.90	1,406,523.36	21,635.00	1,624,533.26
Additions		-	167,509.63	7,500.00	175,009.63
Retirements					
2010 Balance	125,105.00	71,269.90	1,574,032.99	29,135.00	1,799,542.89
Additions		-	171,509.63	3,750.00	175,259.63
Retirements					
2011 Balance	125,105.00	71,269.90	1,745,542.62	32,885.00	1,974,802.52

**Lynwood Utility Corporation
2006 Rate Case**

Analysis of Contribution in Aid of Construction

	GROSS	Accum. Amort.	NET
Balance 2000	429,050.00	32,420.00	396,630.00
Additions	196,850.00		196,850.00
Deduction (amortization)		26,373.75	26,373.75
Balance 2001	625,900.00	58,793.75	567,106.25
Additions	74,000.00		74,000.00
Deduction (amortization)		33,145.00	33,145.00
Balance 2002	699,900.00	91,938.75	607,961.25
Additions	225,000.00		225,000.00
Deduction (amortization)		40,620.00	40,620.00
Balance 2003	924,900.00	132,558.75	792,341.25
Additions	109,750.00		109,750.00
Deduction (amortization)		48,988.75	48,988.75
Balance 2004	1,034,650.00	181,547.50	853,102.50
Additions	133,000.00		133,000.00
Deduction (amortization)		55,057.50	55,057.50
Balance 2005	1,167,650.00	236,605.00	931,045.00
Additions	74,250.00		74,250.00
Deduction (amortization)		60,238.75	60,238.75
Balance 2006	1,241,900.00	296,843.75	945,056.25
Additions	74,250.00		74,250.00
Deduction (amortization)		63,951.25	63,951.25
Balance 2007	1,316,150.00	360,795.00	955,355.00
Additions	74,250.00		74,250.00
Deduction (amortization)		67,663.75	67,663.75
Balance 2008	1,390,400.00	428,458.75	961,941.25
Additions	74,250.00		74,250.00
Deduction (amortization)		71,376.25	71,376.25
Balance 2009	1,464,650.00	499,835.00	964,815.00

**Company
Exhibit
Schedule 5**

**Lynwood Utility Corporation
2006 Rate Case
Proposed Rates**

Line No.			
1	Revenue deficiency	\$	177,471 A/
2	Residential Customers		806 B/
3	Residential Volumes		88,257 C/
4	Current Rate Per 1,000 gallons	\$	5.77
5	Rate Increase Required Per 1000 gallons	\$	2.01
6	Proposed Rate	\$	7.78
5	Average increase per customer per month	\$	18.35
6	Percent Increase over current rate of \$5.77		34.85%

A/ Schedule 1

B/ Schedule 2-10

C/ Assumes 300 gallons per customer per day

TARIFF OF

LYNWOOD UTILITY CORPORATION

CONSISTING OF

SCHEDULE OF RATES, TERMS AND CONDITIONS

FOR

SANITARY SEWER SERVICE

APPLYING TO

LYNWOOD UTILITY CORPORATION SERVICE BOUNDARIES
FRANKLIN, TENNESSEE

NO MODIFICATION OF THESE SCHEDULES SHALL BE
MADE EXCEPT FOR THE PURPOSE OF CANCELLING OR
SUPERSEDING PREVIOUSLY ISSUED SCHEDULES

Issued By: Lynwood Utility Corporation
Tyler Ring, President
Address: 321 Billingsly Court, Suite 4
Franklin, TN 37065

RECEIVED
2007 JAN -4 PM 3:56
T.R.A. DOCKET ROOM

TENNESSEE REGULATORY AUTHORITY

Issue Date: January 4, 2007
Effective Date: February 3, 2007

RULES AND REGULATIONS

Governing the Sewerage and Sewage Treatment System of LYNWOOD UTILITY CORPORATION

Statement of Purpose

The general purposes of these rules and regulations are:

1. To establish procedures for furnishing sewerage and sewage treatment services to customers of LYNWOOD UTILITY CORPORATION.
2. To provide standards and procedures for:
 - c. Acceptable sewage characteristics
 - d. Excessive sewage volume
 - e. Engineering design standards
 - f. Construction and inspection requirements
 - g. Quality of materials

Definition of Terms

3. Company – The Company shall mean the Lynwood Utility Corporation.
4. Engineer – The word Engineer shall mean the consulting engineer of the Lynwood Utility Corporation.
5. Customer – The word Customer shall mean any person, firm, corporation, association or governmental unit furnished sewerage services by the Company.
6. Property – The word Property shall mean all facilities owned and operated by the Company.
7. Authority – The word Authority shall mean the Tennessee Regulatory Authority.
8. Trunk Sewer – The words Trunk Sewer shall mean a sewer that runs parallel to a natural drainage channel and receives sewage from many tributary branches and terminates at the sewage treatment plant or major lift station.
9. Collector Sewer – The words Collector Sewer shall mean those sewers running within a development and conveying the sewage to the trunk sewer.
10. Lateral Sewer – The words Lateral Sewer shall mean those sewers extending from the Collector Sewer to the property line of the Customer

11. Building Sewer – The words Building Sewer shall mean that sewer extending from the Customer's property line to the Customer's place of business or residence.

Authorization of Rules and Regulations

The LYNWOOD UTILITY CORPORATION, a corporation organized and engaged in business as a public utility in the State of Tennessee under a Certificate of Convenience and Necessity issued by the Tennessee Regulatory Authority on June 14, 1976 under Docket No. U-6162, submits the following statement of its rules and regulations.

Effect of Rules and Regulations

All provisions of these rules and regulations shall be incorporated in each contract with each sewerage Customer of Lynwood Utility Corporation.

Utility Items on Private Property

The Company shall not furnish on or maintain any items or appurtenances for sewer service on the customer's premises without execution of an agreement for an easement or encroachment. No property of the Company shall be located on the premises of customers except the sewer shut-off valve, and the Company shall be responsible for the shut-off valve. The Building Sewer shall be maintained by the Customer.

Discontinuance of Service

Sewer service may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth.

2. For misrepresentation in the application for service.
3. For adding to the Property or fixtures without notice to the Company.
4. For failure to protect the connections, service lines or fixtures in good order.
5. For tampering with any service pipes or any Property of the Company in any way whatsoever.
6. Vacancy of premises.
7. For violation of any rules of the Company.
8. For disconnecting or re-connecting service by any party other than a duly authorized agent of the Company without the consent of the Company.

Non-Payment Penalties

The Company has contracted with the City of Franklin and with H. B. & T. S. Utility District which utilities provide water service to the Company's customers to bill and collect its sewer charges. These water utilities have agreed to terminate water service for the non-payment of sewer charges to enforce the collection of sewer charges. Any penalty for late payment of sewer charges, fees related to the termination of water service to enforce the payment of sewer charges, and any reconnection fees will be the fees charged by these water utilities for these services. No service shall be turned on again if discontinued for non-payment (or any other valid reason) until all charges have been paid.

Change of Ownership, Tenancy or Service

A new application for service must be made and approved by the Company on any change in ownership of property, or in tenancy, or in the service as described in the application. In the event of failure of a new owner or tenant to make such application, the Company shall have the right to discontinue service until such new application is made and approved.

Security Deposits

Each new Customer, before connection or reconnection, of the service may be required to make a refundable deposit to secure payment of sewerage bills in an amount double the monthly bill for that particular type of customer. Interest as approved by the Authority will be paid on any such refundable Deposit.

Special Pretreatment Sewage Requirements

For all sewerage connections, in addition to the customary tap fees, the Company reserves the right to require any non-residential user to provide special treatment for any high strength effluent before discharge into its sewerage system. The Company may, upon the basis of recognized engineering standards and treatment cost, increase the tap fees or sewer service charges to cover the cost of treatment of high strength effluent or industrial waste with the approval of the Authority, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharged into its sewerage system.

Damages

The Company shall in no event be responsible for maintaining any service line owned by the Customer, for damages created by sewage escaping therefrom, or for defects in lines or fixtures on the property of the Customer. The Customer shall at all times comply with all regulations of the Tennessee Regulatory Authority and the Company relating to the service lines and shall make all changes in the Customer's line required on account of grade or otherwise.

All leaks in any pipe are fixture on the premises of the Customer shall be immediately repaired. On failure to repair any such leak, the service may be discontinued until repairs are made.

In Event of Emergency

The Company shall not be liable to the Customer for interruption in service or for damages or inconvenience as a result of any interruption, stoppage, etc., which is beyond the reasonable control of the Company.

Extension Plan

The Company will furnish sewer services to all property owners whose lands abut the trunk sewer. The sewer service charges and tap fees included in this tariff do not include costs for constructing collector and lateral sewers and do include costs for constructing trunk sewers and lift stations. Any collector and/or lateral sewers required to service such abutting properties shall be constructed at the cost of the party desiring it, and these sewers shall become the property of the Company to be credited to the account

for contribution in aid of construction. If the said desiring party does not wish to construct his own collector and lateral sewers, the Company may construct them and charge the desiring party the total project costs for same. The desiring party shall obtain at its expense the easements required by the Company for any collector and/or lateral sewers.

Plans for any extensions shall be reviewed and approved by the Engineer prior to construction.

Contributions in Aid of Construction & Advances in Aid of Construction

All contributions and advances that are treated as taxable revenues by the IRS, whether in the form of property or cash, shall be increased by a cash flow payment to the utility, in an amount equal to 33% of the contribution or advance. The contribution or advance will be equal to the "original cost" if in the form of property or face value if in the form of cash.

Contracts for Service

Each customer before installation of service shall be required to execute on the appropriate forms furnished by the Company or its designated representative.

1. A sewer service contract
2. The application and contract for sewer tap services

Customer Billing Forms

All customer billings shall be on a standard form whether residential, commercial or industrial.

Public Contact

Mr. Tyler Ring
Lynwood Utility Corporation
321 Billingsly Court, Suite 4
Franklin, TN 37065

Tennessee Regulatory Authority

The Company in its operation shall conform with all the applicable rules and regulations promulgated from time to time by the Tennessee Regulatory Authority.

LYNWOOD UTILITY CORPORATION

MONTHLY SEWER SERVICE BILLING

Residential, Condominium, House or Apartment:

Charge per 1,000 gallons
(actual or assumed flow) \$7.78

Minimum monthly charge \$15.00

Non-Residential:

Charge per 1,000 gallons
(actual or assumed flow) \$9.72

Minimum monthly charge \$20.00

Walnut Grove Elementary School:

Charge \$1061.50

TAP FEES

Residential : \$2,750.00

Non-Residential :

Charge per gallon per day
(Computed by multiplying the peak monthly
usage during the first year by 12 divided
by 365 days.) \$ 7.86

SEWER CONNECTION FEES

Residential or Non-Residential:\$250.00

GENERAL FEES

Returned Check Charge:\$20.00

SEWER SERVICE CONTRACT

The Undersigned, being the _____
(Owner, Owner's Agent)
property located at _____,
(Number) (Street)

does hereby request a permit to install and connect a building sewer to serve _____

at said location.

1. _____ Square Feet _____ Bedrooms
2. The name and address of the person or firm who will perform the proposed work is: _____.
3. Plans and specifications for the proposed building sewer are attached hereunto as Exhibit "A".
4. In consideration of the granting of this permit, the undersigned agrees:
 - (1) To accept and abide by all rules and regulations of the Lynwood Utility Corporation and of all other pertinent County and State regulations.
 - (2) To maintain the building sewer at no expense to Lynwood Utility Corporation.
 - (3) To notify the Lynwood Utility Corporation, when the building sewer is ready for inspection and connection to the public sewer, but before any portion of the work is covered.
5. The applicant understands that he will receive a monthly bill from the Company for sewerage services furnished. The Company has entered in billing and collection agreements with the utilities which provide water service to the Company's sewer customers. The applicant agrees that the non-payment of his or her bill for sewer service will result in the termination of water service by these utilities. The applicant understands that the billing and

collection procedure of the water utilities will be used to collect the Company's sewer bill. Applicant understands and acknowledges that failure to pay the monthly service charges or other charges when due may result in a lien against his property. Applicant understands that the acceptance of this application by the Company creates a lien against applicant's property for non-payment. It is further agreed and understood that service by the Company shall be cancelled only by WRITTEN NOTICE to the Company and that this contract shall be in effect at all times pending such notice.

6. No roof drains or other storm water will be connected to or allowed to flow into the sewerage system.

Date _____

Signed _____
(Applicant)

\$_____ security deposit paid.

(Address of Applicant)

Application approved and permit issued:

Date _____

By _____
LYNWOOD UTILITY CORPORATION

CONTRACT FOR SEWER TAP SERVICES

The undersigned applicant hereby applies to the LYNWOOD UTILITY CORPORATION, hereinafter referred to as Company to supply sewer service to the premises hereinafter described and agrees to pay for such services when statement for same is rendered therefor in accordance with the rates, charges and rules and regulations in effect at the time the service is rendered.

The undersigned agrees to abide by and be subject to all the rules and regulations promulgated by the Company as approved by the Tennessee Regulatory Authority governing the installation and the use of sewer services and agrees that the Company may require from the undersigned or tenant of the premises a cash deposit of such amount as the Company deems adequate as security for payment of services rendered these premises pursuant to this contract.

It is specifically agreed and understood that the applicant will make no claim for damage on account of the interruption of sewage disposal resulting from accident or when necessary to make alterations, repairs or improvements, or when services are discontinued on account of non-payment of bills.

It is further agreed and understood that the applicant shall pay the full amount of cost of service at the effective rates approved by the Tennessee Regulatory Authority in accordance with the rules and regulations of the Company. All rates and charges are on file in the Company offices and at the Tennessee Regulatory Authority.

The applicant understands that he will receive a monthly bill from the Company or its designated representative for sewerage services furnished. The Company has entered in billing and collection agreements with the utilities which provide water service to the Company's sewer customers. The applicant agrees that the non-payment of his or her bill for sewer service will result in the termination of water service by these utilities. The applicant understands that the billing and collection procedure of the water utilities will be used to collect the Company's sewer bill. Applicant understands and acknowledges that failure to pay the monthly service or other charges when due may result in a lien against his property. Applicant understands that the acceptance of this application by the Company is conditioned upon execution of the document creating a lien against applicant's property for non-payment.

It is further agreed and understood that service by the Company shall be cancelled only by WRITTEN NOTICE to the Company and that this contract shall be in effect at all times pending such notice.

TAPPING PROVISIONS

Wherein in this contract the applicant purchases a sewer tap the following terms and conditions shall apply:

It is understood by and between the parties hereto that the consideration hereinafter enumerated is for the privilege of tapping the sewer mains of the Company, and does not include any other right, title or interest or any other or further privilege than the privilege to tap said main, under the terms and conditions herein set forth. These taps are sold for lots known as _____ of _____, Williamson County, Tennessee, or

lot Nos. _____ of _____ Subdivision, a plan of which is recorded in Book No. _____, Page _____, Register's Office, Williamson County, Tennessee.

It is further understood and agreed that each tap herein purchased will be used only for the sole benefit of the occupants of one house only located on the lot for which said tap is sold and for no other persons, property or purpose. In the event an additional house or houses are built on said property, a tap privilege will have to be purchased for each additional house. A tap privilege herein purchased cannot be shifted or changed to any other house or any other lot, except with the written consent and approval of the Company, and upon such terms and conditions as the Company may require.

It is further understood and agreed that upon the failure on the part of the undersigned applicant, or the heirs, representatives, successors or assigns of the applicant to pay when due, any obligation incurred under this contract, that such failure shall immediately entitle the Company to disconnect said tap or taps from its sewer main, or mains, and discontinue the privilege and retain the amount already paid to it, by the applicant as rental or liquidated damages.

It is further understood and agreed that any abuse of said sewer tap privilege by the violation of any of the terms, provisions and conditions of this contract, by the undersigned, or any of the privies of the applicant, even after the payment of the consideration herein mentioned, that any such abuse or violation by the undersigned or any tenant, lessee, agent, heir, representative, successor, assign or grantee of the undersigned, shall give to the

Company, the immediate right to disconnect said pipe or taps from its mains and discontinue said tapping privileges, retaining the money paid for said tapping privilege, as rental or liquidated damages

It is further expressly understood and agreed by and between the parties that the Company shall not be required to establish any lateral mains or any pipes within the property line of the undersigned, and that all pipes within the property line of the undersigned shall be laid by and be the property of the undersigned, except the sewer shut-off valve, and that the Company shall not be required to maintain or inspect any pipe or pipes upon the property or premises of the undersigned except the sewer shut-off valve.

It is understood that the failure on the part of the Company to take advantage of any breach of this agreement shall not be construed as a waiver, the right herein given being continuing ones.

The Company may at any time when necessary for repairs or for any other reason whatsoever shut off the sewer service from the applicant property without being liable in any way.

It is further understood and agreed that this contract shall in no way be deemed for the benefit of any third persons, but is only an agreement existing between the parties hereto, and their privies and that there is no implied or express covenants, representations, or warranties, not expressly stated herein.

EXECUTED this _____ day of _____, _____.

Applicant

LYNWOOD UTILITY CORPORATION

By:_____

Payment Made:

Acknowledge of Receipt of
Payment Made

Sewer Tapping Fee\$_____

By:_____
LYNWOOD UTILITY CORPORATION

APPLICANT