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January 5, 2007

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Via Hand Delivery

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

Attention: Sharla Dillon

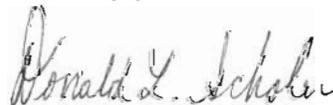
Re: Petition of Lynwood Utility Corporation To Change and Increase Rates and
Charges
Docket No. 07-00007

Dear Chairman Kyle:

My office filed the above Petition on January 4, 2007 with the Authority. The Petition which was filed did not have the signature and verification of the President of Lynwood Utility Corporation on the Petition. In addition, the verification page to the Direct Testimony of Tyler Ring was not signed as well.

I have enclosed an original and fourteen copies of the Petition with the signature and verification pages signed by Mr. Ring. I have enclosed an original and fourteen copies of the verification page to the Direct Testimony of Tyler Ring which I would appreciate you inserting at the end of his Direct Testimony in place of the unsigned verification page. Please return the additional copy of each document stamp filed to me. Thank you for your assistance.

Sincerely yours,



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. § 65-5-201, *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%.

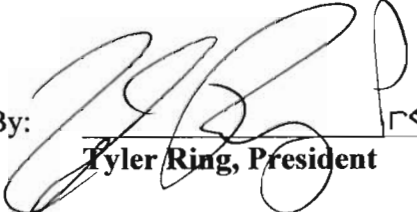
10. The Company avers that the proposed rate changes are necessary and proper and are designed to meet the present and future needs of its customers and future customers in its service area in an economically feasible manner. The Company's tariff as filed and the overall rate of return it has requested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

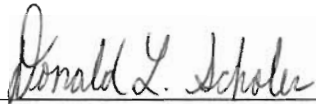
WHEREFORE, the Company requests the Authority to:

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

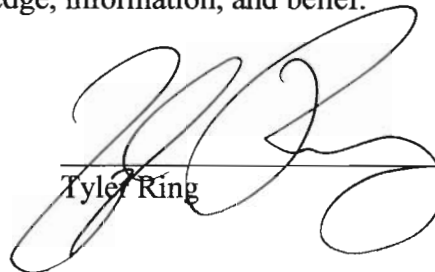
By:  res
Tyler Ring, President



Donald L. Scholes (#010102)
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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