Branstetter, Stranch & Jennings, Pllc

ATTORNEYS AT LAW 227 SECOND AVENUE NORTH FOURTH FLOOR

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NASHVILLE, TENNESSEE 37201-1631

(615) 254-8801 FACSIMILE (615) 250-3937

TELEPHONE

May 10, 2007

TERESA W. CHAN IOE P LENISKI IR. B. DENARD MICKENS J. GERARD STRANCH, IV MICHAEL J. WALL

*ALSO ADMITTED IN GA

Sara Kyle, Chairman

Via Hand Delivery

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

filed electronically in docket office on 05/10/07

Attention: Sharla Dillon

Petition of Lynwood Utility Corporation To Change and Increase Rates and Re:

Charges

Docket No. 07-00007

Dear Chairman Kyle:

I have enclosed an original and five copies of Lynwood Utility Corporation's Fourth Supplemental Response to Consumer Advocate's First Discovery Request to Lynwood Utility Corporation.

Although not requested in the Consumer Advocate's First Discovery Request to Lynwood Utility Corporation, the Consumer Advocate made an informal request for Lynwood's 2006 income tax return. I have enclosed six copies of the 2006 income tax return for Southern Utility Corporation and its subsidiary, Lynwood Utility Corporation.

This Fourth Supplemental Response, the 2006 income tax return for Southern Utility Corporation and its subsidiary, Lynwood Utility Corporation, and this cover letter are being filed electronically by electronic mail this same date. A copy has been served on the Ryan McGeehee, Counsel for the Consumer Advocate.

Please return the additional copy of the Fourth Supplemental Response and of the 2006 income tax return Southern Utility Corporation and its subsidiary, Lynwood Utility Corporation stamp filed to me.



Sara Kyle, Chairman May 10, 2007 Page 2

Thank you for your assistance.

Sincerely yours,

DONALD L. SCHOLES

Enclosures

Tyler Ring Jim Ford c:

Ryan McGeehee, Consumer Advocate

IN THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

IN RE:)
PETITION OF LYNWOOD UTILITY) DOCKET NO. 07-00007
CORPORATION TO CHANGE AND)
INCREASE CERTAIN RATES AND)
CHARGES)
)

FOURTH SUPPLEMENTAL RESPONSE TO CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST TO LYNWOOD UTILITY CORPORATION

To: Ryan McGeehee
Counsel for Consumer Advocate
Office of the Tennessee Attorney General and Reporter,
Consumer Advocate and Protection Division
425 Fifth Avenue North
Nashville, TN 37243

The following is the Fourth Supplemental Response to the Consumer Advocate's First Discovery Requests directed to Lynwood Utility Corporation (the Company or Lynwood):

FIRST DISCOVERY REQUESTS

16. Identify and describe with specificity all new plant additions, modifications or improvements since 2003.

RESPONSE: See attached Fourth Supplemental Response to Request No. 16. This Response has additional invoices which support the new plant additions and modifications to the

Lynwood plant and collection system for 2002 through 2006 which were not available when the Second Supplemental Response was filed on April 26, 2007.

Dated May 10, 2007.

Respectfully submitted,

DONALD L. SCHOLES BPR #10102

Branstetter, Stranch & Jennings, PLLC

227 Second Avenue North, Fourth Floor

Nashville, TN 37219

615-254-8801

Attorney for Lynwood Utility Corporation

E. Roberts Alley & Associates, Inc. Project Billing

Selection: project (Project ID One of: 2002-3227)

(1)										
Project Tale	alle alle				The state of the s					
Clear tonover		do	lype	Billing	Retainage	Relainer	Payments		Clerify (Incollectivis	
2802-322 Lynnwaod Ufflity Corp. (Mission Prop.) 2802-322 Lynwood Ufflity District - Nitrogen Study	ity Corp. (Mission Unity District - Niu	Prop.) rogen Study							Difference of the second	Challaci
	5	DI Prolect 2002	Di Cost Phis Prolect 2012-12-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	27,183.50	0.00	000	27,185.50	0.00	55	
			A TO CHEN BOUGH LONGS.	- 1	0.00	000	27,185.50	00:0	0.00	0.00
				27,185.50	00.0	0.00	27,185.50	00:0	0.00	0.00
			Report Totals:	27,185.50	000	0.00	27,185,50	0.00	0.00	000
				-						

Page

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Balance

Page I

E. Roberts Alley & Associates, Inc. Project Billing

Sefection: project (Project II) One of: '993787)

roject	Project Title	BillGrp	Type	Billing	Retainage	Relainer	Payments	Credits	Credits Uncollectible
Client: [70051] L) 99378	Client: [70051] Lynwood Utility Corporation 99378	Remort for Servino	Fermination Hilley						
		100	901 Cost Plus	5,852.85	00'0	0.00	5,852.85	0.00	0.00
		Project 9	Project 99378 for Citent 70051 Totals:	5,852.85	0.00	00.0	5,852.85	00.0	00.0
			Client 70051 Totals:	5,852.85	0.00	000	5,852.85	0.00	00.0
		, ar s r	Report Totals:	5,852.85	00.0	600	5,852.85	0.00	0.00

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Page !

E. Roberts Alley & Associates, Inc.

right right life	BillCrp	Type	Billing	Retainage	Retainer	Payments	Credits	Credits Uncollectible	Ealance
Client; [380843] Lymwood Utility Corp. (Rission Frop.) 2002-426 Lymwood (Filter District Advant Comm. Coxim.	(Mission Prop.)	The fifth for the state of the							
	100	Cost Plus	8,989.31	00'0	00.00	8,939.31	0.00	6.00	0.90
	Project 200	Project 2002-426 for Client 90048 Totals;	8,989.31	0.00	0.00	8,989.31	0.00	0.00	0.00
		Client 90048 Totals:	8,989.31	00.00	0.00	8,989.31	0.00	0.00	00.0
		Report Totals:	1,989.31	00.00	00'0	8,989.31	0.00	0.00	00.0

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Page

E. Roberts Alley & Associates, Inc. Project Billing

Schetion; project (Project ID One of: '98070'?)	s of: '98070'F)								•	•
Project	Project Title	BillGrp	Туре	Billing	Retainage		Retainer Payments	Credits	Credits Uncollectible	Balance
Client: (70851) L	Client: [70951] Lynwood Utility Corporation	5								
94946	Lynnwood Utility Distri	ict Sewage Treatment	Plant Expansion							
	001 Fixed Fee	100	Fired For	69,495.00	0.00		69,493.00	00'0	0.00	0.00
		700	Fired Fee	205.00	00'0		205.00	00'0	00.0	0.00
		Project थ	Project 98070 for Olient 70051 Totals:	69,700.00	0.00	09.0	69,700.00	0.50	86	00.00
			Client 70051 Totals:	69,700.00	0.00	0.00	69,700.00	0.00	0000	0.00
			Report Totals:	69,700.00	0.00	0.00	69,700.09	0.00	0.00	00'0
***************************************										,

	Date (1/167 pages 4	Fram	Ço.	Phone #	न्बर है
•	Post-It" Fax Note 7871	To Local	Co/Dept.	Phone #	Fax 176-7028

Printed on 5/1/2007 at 7:08:22AM

1120S

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed Form 2553 to elect to be an S corporation.

OMB No. 1545-0130

Form 1120S (2006)

Department of the Treasury 2006 Internal Revenue Service EXTENSION GRANTED TO 09/15/07 For calendar year 2006, or tax year beginning and ending A Effective date of S C Employer identification number election Use SOUTHERN UTILITY CORPORATION AND the IRS 05/15/1999 SUBSIDIARY label. 62-1781405 **Business activity** Other-Number, street, and room or suite no. If a P.O. box, see instructions. D Date incorporated code number (see wise. 5250 VIRGINIA WAY, SUITE 100 instructions) 05/15/1999 print City or town, state, and ZIP code or type. E Total assets (see instructions) 221300 BRENTWOOD, TN 37027 1,282,848. Check if: Initial return ___ Final return (3) Name change Address change Amended return Enter the number of shareholders in the corporation at end of the tax year Check if Schedule M-3 is required (attach Schedule M-3) Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information. 519,012 • b Less returns and allowances 519,012. Cost of goods sold (Schedule A, line 8) 2 2 3 Gross profit. Subtract line 2 from line 1c 3 519,012. Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 4 4 5 Other income (loss) (attach statement) 5 6 Total income (loss). Add lines 3 through 5 519,012. 6 7 Deductions (See instructions for limitations) 7 8 Salaries and wages (less employment credits) 8 9 g 168,046. 10 10 11 11 16,667. 12 STATEMENT 12 24,437. 13 13 96,837. 14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562) 14 87,585 15 Depletion (Do not deduct oil and gas depletion.) 15 16 16 17 Pension, profit-sharing, etc., plans 17 18 Employee benefit programs 18 19 Other deductions (attach statement) STATEMENT 2 19 323,212 Total deductions. Add lines 7 through 19 20 716,784. 20 21 Ordinary business income (loss). Subtract line 20 from line 6 <197,772 21 22 a Excess net passive income or LIFO recapture tax (see instructions) 22a Tax from Schedule D (Form 1120S) 22b Add lines 22a and 22b 22c 23 a 2006 estimated tax payments and 2005 overpayment credited to 2006 **Fax and Payments** 23a Tax deposited with Form 7004 23b Credit for federal tax paid on fuels (attach Form 4136) 23c Credit for federal telephone excise tax paid (attach Form 8913) Add lines 23a through 23d 23e Estimated tax penalty (see instructions). Check if Form 2220 is attached 24 24 Amount owed. If line 23e is smaller than the total of lines 22c and 24, enter amount owed 25 26 Overpayment. If line 23e is larger than the total of lines 22c and 24, enter amount overpaid 26 Enter amount from line 26 Credited to 2007 estimated tax Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Sign May the IRS discuss this return with the Here preparer shown below (see instr.)? Signature of officer Title X Yes Date Preparer's Check if Preparer's SSN or PTIN Paid signature self-03/27/07 Preparer's X P00034907 employed Firm's name (or yours if self-KRAFTCPAS PLLC **Use Only** employed), address, and ZiP code 555 GREAT CIRCLE ROAD, SUITE 200 EIN 62-0713250 NASHVILLE, TN 37228-1310 Phone no. (615)242 - 7351AWL

611701 12-28-06

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

		205 (2006) SOUTHERN UTILITY CORPOR	CINK MOTURS	CIIDCIDI			
S	che	edule A Cost of Goods Sold (see instructions)	CATION AND	PORPIDI	62	2-17814	105 Page
1	Inve	ntory at beginning of year				-	
2	Purc	hases			1		
		hases of labor					
4	Addi	of labor tional section 263A costs (attach statement) r costs (attach statement)					
		, , , , , , , , , , , , , , , , , , , ,			,		
6	Tota	I. Add lines 1 through 5	***************************************		5		
		5 The state of the			7		
9 a	Chec	k all methods used for valuing closing inventory: (i) Cos	t as described in Regulat		8		
	(ii)	Lower of cost or market as described in Regulations section 1.4	t as described in Regulat 171-4	ions section 1.471-3			
	(iii)	Other (Specify method used and attach explanation)					
b	Chec	k if there was a writedown of subnormal goods as described in Regulative	ons section 1.471-2/c)		***************************************		
						• • • • • • • • • • • • • • • • • • • •	🏲 📙
	COILIF	ated midel FIFO			104	1	
		. Section 2634 or	white the cornerations				7
		g and determining quantities, cost, or valuations nerween i	opening and closing inve	nton/2	•••••		Yes N
			, and are discounty in to				Yes N
S	che	dule B Other Information (see instructions)					Van N
7 (Sneck	method of accounting: (a) Cash (b) X Accrual (c)	Other (specify)	>			Yes No
		ne instructions and enter the:					-
2 (a) B	usiness activity ►UTILITY (b	Product or service	SEWER			
3 /	AL LITE	end of the tax year, did the corporation own, directly or indirectly, 50%	or more of the vetime at-	-11			-
,	orpo	tation: (1 of fules of attribution, see section 267(c)) if "Vec " attach a cto	tomant abouter (-)				
		roution number (Ent.), (b) percentage owned and (c) if 100% owned is	ing a Acub alastic.	•			X
							X
						▶ □	A
		sked, the corporation may have to file Form 8281, Information Return for ments.	r Publicly Offered Origina	l Issue Discount			
,,	13(14)	nents.					
a	sset	corporation: (a) was a C corporation before it elected to be an S corpora with a basis determined by reference to its basis (or the basis of any other oration and (h) has not unrealized built in said (defined in side of the basis of any other oration).	tion or the corporation ac	equired an			
C	corp	oration and (b) has net unrealized built-in gain (defined in section 1374)	er property) in the hands (d)(1)) in excess of the po	of a			
Q V	unt-ir ears	gain from prior years, enter the net unrealized built-in gain reduced by	net recognized built-in ga	in from prior			
9 A	re the	he accumulated earnings and profits of the corporation at the end of the	tax year	🕨 💲			
le	ss th	e corporation's total receipts (see instructions) for the tax year and its to an \$250,000? If "Yes," the corporation is not required to complete Sched	tal assets at the end of th	e tax year			
Note:	If the	corporation, at any time during the tay year, had see to a reserve to	ules L and M-1		• • • • • • • • • • • • • • • • • • • •		X
may b	e req	corporation, at any time during the tax year, had assets or operated a builted to attach Schedule N (Form 1120), Foreign Operations of U.S. Cor	isiness in a foreign count	ry or U.S. possession,	it		
Sc	hed	ule K Shareholders' Pro Rata Share Items	porations, to this return.	See Schedule N for de	tails.		
	1	Ordinary business income (loss) (page 1, line 21) Net rental real estate income (loss) (attach Form 8895)				Total amo	
	ł	The solution (1033) (attach Fulli 0025)			1	<u> </u>	7,772.>
	3	a Other gross rental income (loss)	20		2		
	1	2 Expenses from other rental activities (attach statement)	38		4		
(S		Other net rental income (loss). Subtract line 3b from line 3a	30		_		
Los	4	Interest income	ድምአብ	יביאדי א	3c		
Income (Loss)	5	Dividends: a Ordinary dividends		<u>\$</u>	4		8.
ő		b Qualified dividends	5h		5a		
Ĕ	6	Royalties					
	7	(attach Schedule D (Form 1120S)			6		
	8a	11000 (allacit Schenille i) /Form 11000/			7		
	-	Generalics (20%) gain (loss)	- Rh		8a	V-10-10-10-10-10-10-10-10-10-10-10-10-10-	
	, ,	ontecaptured section 1250 dain (attach statement)	0-		1		
	9	iver section 1231 gain (loss) (attach Form 4797)					
	10	Other income (loss) (see instructions) Type ▶	•••••••••••		9		A-1-1
WA					10	P. 4.4	300
						rorm 112	20S (2006)

611711 12-28-06

Form	1120S (2006) SOUTHERN UTILITY CORPORATION AND SUBSIDI	60	1701405
	Shareholders' Pro Rata Share Items (continued)		1781405 Page 3
S	11 Section 179 deduction (attach Form 4562)		Total amount
Deductions	12 a Contributions b Investment interest expanse	11	
EC	The state of the s	1	
ဝိုင	1 Contour solo(/2) experiations (1) Type	i 1	
	d Other deductions (see instructions). Type		
	13a Low-income housing credit (section 42(i)(5))	12d	
	b Low-income housing credit (other) c Qualified rehabilitation expenditures (rental real setate) (attach 50.000)	13a	
its			
Credits	1 2 Strict Total Total College Cledity (See HISTRICTIONS) Type	1 1	
O	e Other rental credits (see instructions) Type	13d	
	f Credit for alcohol used as fuel (attach Form 6478)	13e	
	g Other credits (see instructions) Type ▶	13f	
	14a Name of country or U.S. possession	13g	
	b Gross income from all sources		
	b Gross income from all sources c Gross income sourced at shareholder level Foreign gross income sourced at comparety level	14b	
	Foreign gross income sourced at corporate level	14c	
(0	d Passive		
Ö	d Passive e Listed categories (attach statement)	14d	
acti	e Listed categories (attach statement) f General limitation	14e	
ü	f General limitation Deductions allocated and apportioned at shareholder level	14f	
Foreign Transactions	and appointed at stidictional level	P0000000000000000000000000000000000000	
gu	g Interest expense	14g	
<u>je</u>	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
ñ	i Passive		
	i Passive i Listed categories (attach statement)	14i	
	1 Street (wetwork Stateshort)	1	
	k General limitation Other information	14k	
	Total foreign taxes (check one): ► Paid Accrued m Reduction in taxes available for credit (attach oteranet)	141	
	The state of the s	1 1	
	n Other foreign tax information (attach statement)		
Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment b Adjusted gain or loss	15a	3,458.
<u>द</u> 3 ह	b Adjusted gain or loss C Depletion (other than oil and ras)	1 1	
EEE	c Depletion (other than oil and gas) d Oil, gas, and geothermal properties - gross income	1 1	
	d Oil, gas, and geothermal properties - gross income		
E	e Oil, gas, and geothermal properties - deductions f Other AMT items (attach statement)	1 4- 1	
<u> </u>			
Shareholder Basis	16a Tax-exempt interest income b Other tax-exempt income	16a	
sho	The state of the s	1 1	
Bare	oxportsos	1 1	
Š	and the state of t	1 1	
<u></u>	The state of the s	1 1	
aţi		179	8.
5 5			
Infe	b distributions paid from accumulated earnings and profits		
- E	d Other items and amounts (attach statement)		
ciliation Information			
말등	Through 10 in the far right column		
VA	From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	<197,764.>
			Form 1120S (2006)

12-28-06

S	chedule L Balance Sheets per Books	Beginning	of tax year		<u>2—1781405 </u>
	Assets	(a)	(b)	(c)	(d)
1	Cash		174,102.	(9/	93,155.
2 a	Trade notes and accounts receivable				73,133.
b	Less allowance for bad debts		-		
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (att. stmt.)	STATEMENT 6	96,285.		87,413.
7	Loans to shareholders				07,413.
8	Mortgage and real estate loans				
g	Other investments (att. stmt.)				
10 a	Buildings and other depreciable assets	1,876,706.		1,882,659.	
b	Less accumulated depreciation	699,294.	1,177,412.	786,879.	1,095,780.
	Depletable assets			100/013.	1,093,780.
	Less accumulated depletion				
12	Land (net of any amortization)		75,000.		
13 a	Intangible assets (amortizable only)	16,531.	.5,000.	16,531.	
b	Less accumulated amortization	16,531.	0.	16,531.	0
14	Other assets (att. stmt.)	STATEMENT 7	5,000.	10,331.	6.500
15	Total assets		1,527,799.		6,500. 1,282,848.
	Liabilities and Shareholders' Equity		2/02///35.		1,202,040.
16	Accounts payable		136,987.		212 120
17	Mortgages, notes, bonds payable in less than 1 year		130/30/.		213,129.
18	Other current liabilities (att. stmt.)	STATEMENT 8	84,547.		02 721
19	Loans from shareholders		390,000.		93,721.
20	Mortgages, notes, bonds payable in 1 year or more		38,482.		390,000.
21	Other liabilities (att. stmt.)	STATEMENT 9	860,000.		705 000
22	Capital stock		1,000.		785,000.
23	Additional paid-in capital		993,921.		1,000.
24	Retained earnings	STATEMENT 12	<927,138.		993,921.
25	Adjustments to shareholders' equity (att. stmt.)				<1,143,923.>
26	Less cost of treasury stock		(50,000.)		
27			1,527,799.		(50,000.)
	chedule M=1 Reconciliation of Note: Schedule M-3 requ	ired instead of Schedule M-1 i	Books With Income (f total assets are \$10 million o	r more - see instructions	1,282,848.
	Net income (loss) per books	<216,785.	>5 Income recorded on book	s this year not	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a,		included on Schedule K, li		
	6, 7, 8a, 9, and 10, not recorded on books this year		10 (itemize):		
	(itemize):		a Tax-exempt interest \$		
3	Expenses recorded on books this year not		6 Deductions included on So	chedule K lines 1	
	included on Schedule K, lines 1 through 12		through 12 and 14i, not ch		
	and 14I (itemize):		book income this year (ite		
	a Depreciation \$		a Depreciation \$,	
	b Travel and entertainment \$		STMT 11	96,837.	06 027
	STMT 10 $\overline{115,858}$.	115,858.		90,037.	96,837. 96,837.
4	Add lines 1 through 3		>8 Income (loss) (Schedule K, line	10) (in A ())	<197,764.>
erenan.		mulated Adjustment	S Account. Other Ac	flustments Account	

Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

		(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
	Balance at beginning of tax year	<837,613.	> <89,525.	>
2	Ordinary income from page 1, line 21		05/323.	
	Other additions STATEMENT 5	8.		
4	Loss from page 1, line 21	(197,772)		
5	Other reductions	(1	
6	Combine lines 1 through 5	<1,035,377.	> <89,525.	>
7	Distributions other than dividend distributions		105/325.	
_8		<1,035,377.	> <89,525.	>
611	731 28-06 JWA	4		T 44000 (0000)

4562

Depreciation and Amortization (Including Information on Listed Property)

OTHER

OMB No. 1545-0172

Attachment Sequence No. **67** Identifying number

Department of the Treasury Internal Revenue Service Name(s) shown on return

► See separate instructions. Attach to your tax return.

SOUTHERN UTILITY CORPORATION AND

Business or activity to which this form relates

	BSIDIARY			THER DE	PRECIATI	ON	62-1781405
Ма	ert 1 Election To Expense Certain Pro	perty Under Section 1	79 Note: If you have ar	y listed proper	ty, complete Pai	rt V before	you complete Part I.
1	Maximum amount. See the instruction	ons for a higher limit	for certain businesses	;		1	108,000
2	lotal cost of section 179 property p	laced in service (see	instructions)			2	
3	inreshold cost of section 179 prope	erty before reduction	in limitation			3	430,000
4	Reduction in limitation. Subtract line	3 from line 2. If zero	or less, enter -0-			4	
5 [Dollar limitation for tax year. Subtract line 4 from	line 1. If zero or less, ente	r -0 If married filing separatel	y, see instructions .		5	
6	(a) Description of			ousiness use only)		ted cost	

	Listed property. Enter the amount fr		•••••	7			
8	Total elected cost of section 179 pro	perty. Add amounts	s in column (c), lines 6	and 7		8	
9	entative deduction. Enter the small	ler of line 5 or line 8				9	
10 0	Carryover of disallowed deduction fr	om line 13 of your 2	005 Form 4562			10	
77 H	Business income limitation. Enter the	e smaller of busines:	s income (not less than	zero) or line 5		11	
12 3	Section 179 expense deduction. Add	d lines 9 and 10, but	do not enter more that	n line 11	*******	12	0
13 (Carryover of disallowed deduction to	2007. Add lines 9 a	and 10, less line 12	🕨 13			
Note	: Do not use Part II or Part III below						
	rt II Special Depreciation Allow	wance and Other D	epreciation (Do not in	clude listed pro	operty.)		
14	Special allowance for qualified New York	Liberty or Gulf Opportı	inity Zone property (other	than listed prope	erty)		
t	placed in service during the tax year	***************************************				14	
15 F	Property subject to section 168(f)(1)	election				15	
10 (Other depreciation (including ACRS)					16	8,650
Pa	rt III MACRS Depreciation (Do	not include listed pr	operty.) (See instruction	ns.)		10	0,030
			Section A				
17 N	MACRS deductions for assets place	d in service in tax ye	ears beginning before 2	006		17	77,744
18 1	f you are electing to group any assets placed in	service during the tax year	into one or more general asset	accounts, check he	re 🕨		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Section B - Asse	ts Placed in Servic	e During 2006 Tax Ye	ar Using the G	eneral Depreci	ation Syst	em
	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recove	ry (e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property		5 , 953	3. 5.0	HY	200DB	1,191
С	7-year property						1/1/1
d	10-year property						
е	15-year property						
f	20-year property						
9	25-year property			25 yrs.		S/L	
		/		27.5 yrs	. MM		
h	Residential rental property	/		27.5 yrs		S/L	
		1 /				S/L	
i	Nonresidential real property	,		39 yrs.	MM	S/L	
	Section C - Assets	Placed in Service	During 2006 Tax Year	Using the Alte	MM	S/L	
20a	Class life		During 2000 Tax Teal	Using the Aite	ernative Deprec		item
b	12-year			10		S/L	
С	40-year	/		12 yrs.		S/L	
Par	1 IV Summary (see instructions)		West of the second seco	40 yrs.	MM	S/L	
	isted property. Enter amount from lin	28					
						21	
 F	otal. Add amounts from line 12, lines	s of vour ==	s 19 and 20 in column	(g), and line 21	•		<u></u>
3 ⊏	nter here and on the appropriate line	s of your return. Pa	πnerships and S corpo	rations - see in:	str	22	87 , 585.
-w- I" - N	or assets shown above and placed in	n service during the	current year, enter the				
316251 0-17-0	ortion of the basis attributable to sec	LIUN ZOJA COSTS		23			
0-17-0	66 LHA For Paperwork Reduction	n Act Notice, see s	separate instructions.				Form 4562 (2006)

Form	4562	(2006)
1 01111	7002	(2000)

SOUTHERN UTILITY CORPORATION AND SUBSIDI

62-1781405 Page 2

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

(a) (b) (c) (c) (d) again for property (list vehicles first) placed in Service State vehicles first) placed in Service State of the Passis of Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use: 1		ection A - Depreciation and a Do you have evidence to sup	pport the bus	iness/investr	nent use	claimed?		Yes	N					ia	7	
Seption B - Information on Use of Vehicles Total business/investment miles driven during the year (do not include commuting miles) Total commuting miles of three during the year and dilines 30 through 32. Was the vehicle available for personal use of vehicles available for personal use or related persons? Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees Was the vehicle used primarily by a more than 55% one or determine if you meet an exception to completing Section B for vehicles used by a more than 55% one or determine if you meet an exception to completing Section B for vehicles used by a more than 55% one or determine if you meet an exception to competing the year. Add lines 30 through 32. Was the vehicle used primarily by a more than 55% one or determine if you meet an exception to competing the year. Add lines 30 through 32. Was the vehicle used primarily by a more than 55% one or determine if you meet an exception to competing the year. Add lines 30 through 32. Was the vehicle used primarily by a more than 55% one or determine if you meet an exception to competing the year. Add lines 30 through 32. Was the vehicle used primarily by a more than 55% one or determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 55% one or elated persons. Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. Do you meet the requirements conserning qualified automobile demonstration use? Amortization of costs that begins during your 2006 tax year: Amortization of costs that begins during your 2006 tax year:		(a) Type of property	(b) Date placed in	(c) Business investmer	i/ nt	(d) Cost or		Basis for ((e) lepreciatio investmen	n Recovery	М	(g) ethod/	Den	(h) reciation	E	(i) lected
Property used more than 50% in a qualified business use: Property used more than 50% in a qualified business use: 96	25	Special allowance for qualified	d New York L	iberty or Gulf	Opportu	nity Zone	prope	rty placed	in convic	e during the			+		1	cost
1		and used more than 50% in a	i quanned bus	siness use						o during the	tax year	25				
Property used 50% or less in a qualified business use: 1	6	Property used more than t	50% in a qu	alified busi	ness us	e:			***************************************			25			<u> </u>	
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Property used 50% or less in a qualified business use:															1	
96 S/L	7	Property used 50% or loss			%										<u> </u>	***************************************
96 S/L S		1 Toporty used 30 % of less	į.	ea business			— т									
Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 Add amounts in column (h), lines 25. Enter here and on line 7, page 1 Section 8 - Information on Use of Vehicles Section 6 - Information on Use of Vehicles May be section for vehicles used by a sole proprietor, partner, or other "more thans % owner," or related person. Total business/investment miles driven during the vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for vehicles. (a) (b) (c) (c) (d) (d) (e) (d) (e) (d) (e) (d) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f																
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Do you treat all use of vehicles by employees as personal use? Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? Do you meet the requirements concerning qualified automobile demonstration use? Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles. Amortization (a) Description of costs (b) Date amortization Amortizable amount Amortizable amount Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax years	SV ne	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees?	arily by a moderson? for persona ection C - Cermine if you	Questions for meet an expension that pro	ception hibits a	to comp	oleting ——— al use	Section of vehic	B for v	ehicles use	d by em muting,	ployees by your	who ar	re not mo		T
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the use of the vehicles, and retain the information received? Do you meet the requirements concerning qualified automobile demonstration use? Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles. (a) Code Amortization Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax years	SV The	Was the vehicle used prima than 5% owner or related p is another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instructions	arily by a moderson? for persona ection C - Cermine if you olicy statem colicy statem tions for ye	Questions for meet an expension of that pro-	phibits a	Ito comp	al use	Section of vehic	B for v	uding com	d by em muting, g, by yo	by your	who ar			T
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles. (a) Description of costs (b) Date amortization Amortization Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax years	SV The	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle	arily by a moderson? for persona ection C - Cermine if you olicy statem colicy statem tions for veiles by emple	Questions for meet an expensive that property that property that property used to yees as personal property as per	phibits a	I to composition to c	al use use of icers,	of vehicles	B for v	uding comuting commuting or more ov	d by em muting, g, by yo	by your	who ar			T
Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax years	SV The	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle to you provide more than five	arily by a moderson? for persona ection C - Cermine if you olicy statem olicy statem tions for vel les by employe vehicles	Questions for meet an expent that property used to your empty.	phibits a phibits phibits p by corp	Ito comp	al use	y Section of vehice vehicles directors	B for v	uding comuting commuting or more ov	d by em muting, g, by yo	by your	who ar			T
(a) Description of costs (b) Date amortization begins Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax years	SV Ynd E	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle you provide more than find use of the vehicles, and	arily by a moderson? for persona ection C - Cermine if you olicy statem tions for veiles by employe vehicles retain the in	Questions for meet an expent that promisent that prohicles used oyees as pet to your emptormation reformation or	phibits a phibits p by corp prsonal to	Il person ersonal i orate off use? obtain ir	al use	of vehicles directors	B for v	uding comuting commuting or more on	muting, g, by you wners	by your	who ar			T
Description of costs Date amortization begins Amortizate amount Amortizate amount Code Section Amortization period or percentage Amortization for this year Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax years	SV rne	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle you provide more than find use of the vehicles, and you meet the requirements.	arily by a moderson? for personal ection C - C ermine if you olicy statem titions for veiles by employe vehicles retain the ints concerning	Questions for meet an expensive that property used to your empty of the qualified and qualified the	phibits a phibits p phibits p by corp pronal to	Il person ersonal u orate off use? obtain ir	al use	yehicles directors	B for v	uding comuting commuting or more ou	muting, g, by you wners	by your	who ar			5%
Amortization of costs that begins during your 2006 tax year: Amortization of costs that began before your 2006 tax year:	SV TO E	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to dete ers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle you provide more than find the use of the vehicles, and you meet the requirement wote: If your answer to 37, 3	arily by a moderson? for personal ection C - C ermine if you olicy statem titions for veiles by employe vehicles retain the ints concerning	Questions for meet an expensive that property used to your empty of the qualified and qualified the	phibits a phibits p phibits p by corp pronal to	Il person ersonal u orate off use? obtain ir	al use	yehicles directors	B for v	uding comuting commuting or more ou	muting, g, by you wners	by your	who ar			T
Amortization of costs that began before your 2006 tox year		Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle to you provide more than find use of the vehicles, and the use of the vehicles of the vehicles of the vehicles of the use of the vehicles of the vehi	arily by a moderson? for personal ection C - Cermine if you olicy statem olicy statem tions for veiles by employe vehicles retain the ints concerni 38, 39, 40, 6	Questions for meet an expensive used to your emportance or 41 is "Yes	phibits a phibits phibits phibits phibits personal uployees, eccived automos, "do nortization portization points against the property of the phibits and phibits a	Il person ersonal u orate off use? obtain ir obile dem	al use use of icers, nonstrete Se	vehicles directors ation us action B	B for v	uding comuting commuting or more over commuting commuting over covered vehicles	muting, g, by you where about	by your our (e) Amortization	s who as		Yes	T
Amortization of costs that began before your 2006 tax year	SV ne I e I I I I	Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle you provide more than find use of the vehicles, and the use of the vehicles, and you meet the requirement of your meet the your answer to you meet the your meet	arily by a moderson? for personal ection C - Cermine if you olicy statem olicy statem tions for veiles by employe vehicles retain the ints concerni 38, 39, 40, 6	Questions for meet an expensive used to your emportance or 41 is "Yes	phibits a phibits phibits phibits phibits personal uployees, eccived automos, "do nortization portization points against the property of the phibits and phibits a	Il person ersonal u orate off use? obtain ir obile dem	al use use of icers, nonstrete Se	vehicles directors ation us action B	B for v	uding comuting commuting or more over commuting commuting over covered vehicles	muting, g, by you where about	by your our (e) Amortization	s who as	Amo	Yes (f)	T
Amortization of costs that began before your 2006 tax year		Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deteers or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle you provide more than find use of the vehicles, and the use of the vehicles, and you meet the requirement of your meet the your answer to you meet the your meet	arily by a moderson? for personal ection C - Cermine if you olicy statem olicy statem tions for veiles by employe vehicles retain the ints concerni 38, 39, 40, 6	Questions for meet an expensive used to your emportance or 41 is "Yes	phibits a phibits phibits phibits phibits personal uployees, eccived automos, "do nortization portization points against the property of the phibits and phibits a	Il person ersonal u orate off use? obtain ir obile dem	al use use of icers, nonstrete Se	vehicles directors ation us action B	B for v	uding comuting commuting or more over commuting commuting over covered vehicles	muting, g, by you where about	by your our (e) Amortization	s who as	Amo	Yes (f)	T
		Was the vehicle used prima than 5% owner or related p ls another vehicle available use? Sewer these questions to deters or related persons. Do you maintain a written poemployees? Do you maintain a written poemployees? See the instruction you treat all use of vehicle you provide more than find use of the vehicles, and you meet the requirement to 37, 30 Amortization (a) Description of costs that be sent than 5% of the second than 5% of the vehicles, and you meet the requirement of the second than 5% of the second than 5	arily by a moderson? for personal ection C - Cermine if you olicy statem tions for vei les by employe vehicles retain the in ats concerni 38, 39, 40, 6 egins during	neet an expent that property and property an	ohibits a ohibits p by corp ersonal t ployees, eceived automo s, " do no	Il person ersonal u orate off ise? obtain ir comple	al use al use of icers, formationstreete Se	vehicles directors ation from ation us section B	B for v	uding comuting commuting or more or mployees a covered veh	muting, g, by you where about	by your our (e) Amortization iod or percer	s who as	Amo	Yes (f)	T

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2)) Attach to your tax return.

OMB No. 1545-0184

Name(s) shown on return SOUTHERN UTILITY CORPORATION AND SUBSIDIARY

Identifying number

62-1781405

Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (f) Cost or other (b) Date (C) Date (g) Gain or (loss) (d) Gross (e) Depreciation (a) Description of Subtract (f) from the sum of (d) and (e) acquired sold allowed or allowable sales price improvements and property (mo., day, yr.) (mo., day, yr.) since acquisition expense of sale 3 Gain, if any, from Form 4684, line 42 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 4 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5 6 Gain, if any, from line 32, from other than casualty or theft 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 7 Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. Nonrecaptured net section 1231 losses from prior years (see instructions) 8 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) Part II Ordinary Gains and Losses 10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7 11 12 Gain, if any, from line 7 or amount from line 8, if applicable 12 Gain, if any, from line 31 13 13 Net gain or (loss) from Form 4684, lines 34 and 41a 14 14 Ordinary gain from installment sales from Form 6252, line 25 or 36 15 15 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 16 17 Combine lines 10 through 16 17 18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: a If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a."

JWA For Paperwork Reduction Act Notice, see separate instructions.

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040,

Form 4797 (2006)

18a

Part III Gain From Disposition of Property Under Sec	tions 124	5, 1250, 1252, 1254,	and 1255	···				Page
			una rego		***************************************	(b) Da	ite acquired	(c) Date sold
19 (a) Description of section 1245, 1250, 1252, 1254, or 125	5 propert	/ :				1	, day, yr.)	(mo., day, yr
_ A LAND							30196	11290
В	***************************************					+	30130	11270
C						+		
D								· · · · · · · · · · · · · · · · · · ·
These columns relate to the properties on				*******************************				ATER CONTRACTOR CONTRA
lines 19A through 19D.		Property A	Proper	ty B	Property	C	Pro	perty D
Gross sales price (Note: See line 1 before completing.)	20	75,000.				-		
21 Cost or other basis plus expense of sale 22 Depreciation (or depletion) allowed or allowed by	21	75,000.				-		
(or appetion) allowed of allowable	22							
23 Adjusted basis. Subtract line 22 from line 21	23	75,000.						***************************************
24 Total gain. Subtract line 23 from line 20		_						
g	24	0.						
in the property.								
a Depreciation allowed or allowable from line 22 b Enter the smaller of line 24 or 25a	25a							
	25b			Market Landson				
Property: If Straight line depreciation								
was used, enter -0- on line 26g, except for a corporation subject to section 291.								
a Additional depresenting attacks and								
	26a							
b Applicable percentage multiplied by the smaller of line 24 or line 26a								
ine 24 or line 26a C Subtract line 26a from line 24. If residential rental	26b							
property or line 24 is not more than line 26a, skip lines 26d and 26e								
***************************************	26c							
 d Additional depreciation after 1969 and before 1976 e Enter the smaller of line 26c or 26d 	26d							
	26e							
f Section 291 amount (corporations only)	26f							
g Add lines 26b, 26e, and 26f 7 If section 1252 property: Skip this section if you did not	26g	0.	***************************************					
property: only this section if you did not								
dispose of farmland or if this form is being completed for								
a partnership (other than an electing large partnership).a Soil, water, and land clearing expenses								
b Line 27a multiplied by applicable percentage	27a							
c Enter the smaller of line 24 or 27b	27b	***************************************						
28 If section 1254 property:	27c			····				
a Intangible drilling and development costs, expenditures								
for development of mines and other natural deposits,								
and mining exploration costs b Enter the smaller of line 24 or 28a	28a							
29 If section 1255 property:	28b				***			
a Applicable percentage of payments excluded from								
income under section 126	00-							
b Enter the smaller of line 24 or 29a	29a		1					
Summary of Part III Gains, Complete present and	29b							
Summary of Part III Gains. Complete property colur	nns A thro	ugh D through line 29	b before going	to line 30		,		
30 Total gains for all properties. Add property columns A thro	D. C	0.4						
The same for all proporties. And property columns A (1110	ugn D, IIN	e 24				30		
31 Add property columns A through D lines 25h 26g 27g 2	0h and 00	N						
7 17 1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	50, and 25	D. Enter here and on I	ne 13	•••••		31		
and the state of the portion hom casua	ity or thett	on Form 4684, line 36	6. Enter the port	tion				
from other than casualty or theft on Form 4797, line 6 Part IV Recapture Amounts Under Section	one 17) 000F(L)(0	\ 140 m			32		
Part IV Recapture Amounts Under Sections (see instructions.)	ons 17	and 280F(b)(2) When Bเ	ısines	s Use Drops	to 50	% or Le	ess
(SUB-MORE DOCUMENT)								
					(a) Section		(b) Sei	
33 Section 179 expense deduction or depreciation allowable in	n prio = · · ·				179		280F(l	0)(2)
and any area acceptance of debieciation allowable if	гриог уеа	15		33				
35 Recapture amount. Subtract line 34 from line 33. See the in	ctruction -	for whom to		34				
18002 3-17-06 JWA	SUUCUONS	o or where to report		35				

FORM 11:	20S TAXES AND LICE	NSES	STATEMENT
DESCRIP	TION		AMOUNT
SEE CONS	SOLIDATED TRADE OR BUSINESS INCOME AN	D DEDUCTIONS	24,437
TOTAL TO	O FORM 1120S, PAGE 1, LINE 12		24,437
FORM 112	20S OTHER DEDUCTION	ONS	STATEMENT
DESCRIPT	rion		AMOUNT
SEE CONS	SOLIDATED TRADE OR BUSINESS INCOME ANI	DEDUCTIONS	323,212
TOTAL TO	O FORM 1120S, PAGE 1, LINE 19		323,212
	LIST OF CORPORATIONS INCLUI	DED IN THIS RETURN	STATEMENT :
COMPANY NUMBER	NAME AND ADDRESS OF CORPORATION	FEDERAL EMPLOYER ID NO	DATE OF QSSS ELECTION
3	SOUTHERN UTILITY CORPORATION 5250 VIRGINIA WAY, SUITE 100 BRENTWOOD, TN 37027	62-1781405	05/15/1999
3	LYNNWOOD UTILITY CORPORATION 5250 VIRGINIA WAY, SUITE 100 BRENTWOOD, TN 37027	62-1602949	05/15/1999

SCHEDULE K INTERE	ST INCOME		STATEMENT	4
DESCRIPTION	·	US	OTHER	
SEE CONSOLIDATED SHARE OF INCOME, DED	CT			8.
TOTAL TO SCHEDULE K, LINE 4				8.
SCHEDULE M-2 ACCUMULATED ADJUSTMENTS	ACCOUNT - OTHER	R ADDITIONS	STATEMENT	5
DESCRIPTION			AMOUNT	
PORTFOLIO INTEREST INCOME				8.
TOTAL TO SCHEDULE M-2, LINE 3 - COLUMN	V (A)			8.
SCHEDULE L OTHER CUI	RRENT ASSETS		STATEMENT	6
DESCRIPTION		INNING OF AX YEAR	END OF TA YEAR	X
ELIMINATION AND ADJUSTMENT SEE CONSOLIDATED BALANCE SHEET		<636,810.> 733,095.	<636,8 724,22	
TOTAL TO SCHEDULE L, LINE 6		96,285.	87,4	13.
SCHEDULE L OTHER	ASSETS		STATEMENT	
DESCRIPTION		INNING OF AX YEAR	END OF TAX	ζ
SEE CONSOLIDATED BALANCE SHEET		5,000.	6,50	00.
TOTAL TO SCHEDULE L, LINE 14		5,000.	6,50	00.

SCHEDULE L OTHER CURRENT LIABIL	ITIES	STATEMENT	8
DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX	ζ.
ELIMINATION AND ADJUSTMENT SEE CONSOLIDATED BALANCE SHEET	<47,810.> 132,357.	<47,81 141,53	
TOTAL TO SCHEDULE L, LINE 18	84,547.	93,72	
SCHEDULE L OTHER LIABILITIES	S	STATEMENT	9
DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR	MITTO ARTICLE STATE OF THE STAT
ELIMINATION AND ADJUSTMENT SEE CONSOLIDATED BALANCE SHEET	<589,000.> 1,449,000.	<589,00 1,374,00	
TOTAL TO SCHEDULE L, LINE 21	860,000.	785,00	0.
SCHEDULE M-1 EXPENSES RECORDED ON BOOK NOT INCLUDED ON SCHE	KS THIS YEAR EDULE K	STATEMENT	10
DESCRIPTION		AMOUNT	
SEE CONSOLIDATED SCHEDULES M-1, M-2 AND RETAINE	ED EARNINGS	115,85	8.
TOTAL TO SCHEDULE M-1, LINE 3	=	115,85	8.
SCHEDULE M-1 DEDUCTIONS ON SCHED NOT CHARGED AGAINST BOOK IN	ULE K ICOME THIS YEAR	STATEMENT	 11
DESCRIPTION		AMOUNT	
SEE CONSOLIDATED SCHEDULES M-1, M-2 AND RETAINE	D EARNINGS	96,83	7.
TOTAL TO SCHEDULE M-1, LINE 6		96,83	

SCHEDULE L	ANALYSIS OF	TOTAL	RETAINED	EARNINGS	PER BOOKS	STATEMENT	12
					THE BOOKS	SIATEMENT	
DESCRIPTION						AMOUNT	
BALANCE AT BEG NET INCOME PER DISTRIBUTIONS OTHER INCREASE	R BOOKS					<927,1 <216,7	
BALANCE AT END	OF YEAR - SO	HEDULE	L, LINE 2	24, COLUMN	I (D)	<1,143,9	23.>

Consolidated Trade or Business Income and Deductions

Name SOUTHERN UTILITY CORPORATION AND SUBSIDIARY		Employer ID I 62–1781	
Income	Combined Amounts	Elimination/ Consolidat Adjustments Amounts	ed
1 a Gross sales	519,012.	519,	
b Less: returns and allowances		3157	012
c Balance	519,012.	F10	010
2 Cost of goods sold	317,012.	519,	012
3 Gross profit	519,012.	510	010
4 Net gain (loss)	319,012.	519,	012
5 Other income (loss)			
6 Total income (loss)	519,012.	519,	012
Deductions	· · · · · · · · · · · · · · · · · · ·	1 315/	012
7 Companyation of officers			
7 Compensation of officers 8 Salaries and wages			
9 Repairs and maintenance	168,046.	160	0.4.6
10 Bad debts	100,040.	168,	<u>046</u> .
11 Rents	16,667.	16	667.
12 Taxes and licenses SEE STATEMENT 13	24,437.		437.
13 Interest	96,837.		$\frac{137.}{837.}$
14 Depreciation	87,585.		585.
15 Depletion			
16 Advertising			
17 Pension, profit-sharing, etc., plans			
18 Employee benefit programs 19 Other deductions SEE STATEMENT 14	222 212		
O CARL GOLDONS DEED OFFICENCE 14	323,212.	323,2	<u> 212.</u>
20 Total deductions	716,784.	716,	784.
21 Ordinary income (loss)	<197,772.>	<197,	772.
Cost of Goods Said		,	
1 Inventory at beginning of year		1	<u> </u>
2 Purchases			
3 Cost of labor			
4 Additional section 263A costs			
5 Other costs			
6 Total. Add lines 1 through 5			
7 Inventory at end of year			
8 Cost of goods sold (Subtract line 7 from line 6)			

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SOUTHERN UTILITY CORPORATION AND SUBSIDI

	COMBINED	SOUTHERN UTILITY CORPORATION 62-1781405	LYNNWOOD UTILITY CORPORATION 62-1602949	
lincome de la companya de la company				
1 a Gross sales b Less: returns and allowances	519,012.		519,012	
c Balance	519,012.		519,012.	
	519,012.		519,012.	
5 Other income (loss) 6 Total income (loss) Deductions	519,012;		N	
Repairs and maintenance 0 Bad debts 1 Rents	168,046,			
Interest Depreciation	24, 437. 96,837. 87,585.	120.		
Depletion Advertising Pension, profit-sharing, etc., p Employee benefit program				
19 Other deductions 20 Total deductions	323,212.	120.	323,212. 716,66 4.	
21 Ordinary income (loss)	<197,772.>	×120.>>	<197,652.>	
Inventory at beginning of year				
19				
6 Total. Add lines 1 through 5 7 Inventory at end of year 8 Cost of social in the social interval in the social interval in the social in the				
o cost of goods sold (line 6 less line 7)				

SUBSIDI
AND
CORPORATION
UTILITY
SOUTHERN

TRADE OR BUSINESS			TAXES AND LICENSES	STATEMENT
	COMBINED AMOUNTS	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION	
		62-1781405	62-1602949	
TAXES AND LICENSES EXPENSE	24,437.	120.	24,317.	
TOTAL	24,437.	120.	24,317.	

14

STATEMENT

TRADE OR BUSINESS			OTHER DEDUCTIONS	Ω.
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION	
		62-1781405	62-1602949	
ACCOUNTING FEES	30 998		30 998	
BANK CHARGES	108		108	
BILLING & COLLECTION FEES	42,118,		42,118,	
ENGINEERING EXPENSES	16,287		16,287.	
INSURANCE	9,554,		9,554.	
LEGAL & PROFESSIONAL	49,001.		49,001.	
MANAGEMENT FEES	66,293		66,293.	
MEMBERSHIP DUES	2,302,		2,302.	
MISCELLANEOUS EXPENSE	20.		20.	
OFFICE SUPPLIES	° 666		. 666	
PERMITS	1,878,		1,878,	
PLANT SUPPLIES	21,545,		21,545.	
SLUDGE DISPOSAL	17,592.		17,592.	
TELEPHONE EXPENSE	3,147.		3 147.	
UTILITIES	58,724.		58 724	
UTILITY REGULATORY ASSESSMENT FEE	2,652.		2,652.	
TOTAL	323,212.		323,212.	
			The state of the s	

STATEMENT(S) 14

Consolidated Shareholders' Shares of Income, Deductions, Credits, etc.

Name SOUTHERN UTILITY CORPORATION AND

Employer ID Number 62-1781405

SUBSIDIARY (come (loss)	Combined Amounts Elimination / A	
1 Ordinary business income (loss)	<197,772.>	<197,772
2 Net rental real estate income (loss)		·
3a Other gross rental income (loss)		
b Expenses from other rental		
c Other net rental income (loss)		
4 Interest income STATEMENT 15	8.	8
5a Ordinary dividends		
b Qualified dividends		
6 Royalties		
7 Net short-term capital gain (loss)		
8a Net long-term capital gain (loss)		
b Collectibles (28%) gain (loss)		
c Unrecaptured section 1250 gain		
9 Net section 1231 gain (loss)		
10 Other income (loss)	<u> </u>	I
eductions		
11 Section 179 deduction		
12a Charitable contributions		
b Investment interest expense		
c Section 59(e)(2) expenditures		
1(1) Deductions related to portfolio income		
(2) Other deductions		
Credit and Credit Recapture	, 	
13a Low-income housing credit (section 42(j)(5))		
b Low-income housing credit (other)		
c Qualified rehabilitation expenditures (rental real estate)		
d Other rental real estate credits		
e Other rental credits		
f Credit for alcohol used as fuel		
g Other credits and credit recapture	1	
Foreign Transactions		
14b Gross income from all sources	1	
c Gross income sourced at shareholder level		
Foreign gross income sourced at corporate level:		
d Passive		
e Listed categories		
f General limitation		
Deductions allocated and apportioned at shareholder level:		
g Interest expense		
h Other Deductions allocated and apportioned at corporate level:		
i Passive		
j Listed categories		
k General limitation		
Other information:		
I(1) Total foreign taxes paid		
(2) Total foreign taxes accrued		
mReduction in taxes available for credit		
Atternative Minimum Tax Items	2.450	2.450
15a Post-1986 depreciation adjustment	3,458.	3,458
b Adjusted gain or loss		
c Depletion (other than oil and gas		
d Oil, gas, or geothermal properties - gross income		
e Oil, gas, or geothermal properties - deductions		

	Consolidated Shareholders	'Share of Other It	ems	
Name	COMMUNICAL LIMIT THE CORROBATION AND			Employer ID Number
	SUBSIDIARY			62-1781405
Items	Affecting Shareholder Basis	Combined Amounts	Elimination/Adjustments	Consolidated Amounts
16a	Tax-exempt interest income			
b (Other tax-exempt income			
	Nondeductible expenses			
d l	Property distributions	·		
e l	Repayment of loans from shareholders			
North Control	Information			
17a	Investment income	8.		8.
b	Investment expenses			
	Dividend distributions paid from accumulated earnings and profits	:		
	Other items and amounts			
е	Income (loss)	<197,764.	>	<197,764.

	COMBINED	SOUTHERN UTILITY	LYNNWOOD UTILITY CORPORATION	
Income (Loss)		62-1781405	62-1602949	
	1			
1 Ordinary business income (loss) Net rental real estate income (loss)	<197,772.>	<120.>		
c Other net rental income (loss)				
Interest income	œ .			
a Ordinary dividends b Qualified dividends				
6 Royalties 7 Net short-term canital rain (loss)				化多分类素 化多型物物 医多种性 医多种性 医神经性 医水杨二氏病
ن م				
9 Net section 1231 gain (loss)10 Other income (loss)				
		1		
c Section 59(e)(2) expenditures				
(2) Other deductions				
Credits and Credit Recapture				
13a Low-income housing credit credit				
(sec 420/0/) b Low-income housing credit (other)				
c Qualified rehabilitation expenditures (rental real estate)				
0.0				
f Oredit for alcohol used as fuel				
g Oniel credits and credit recapture				
			化多次加加热电影 法外的联合的复数 化多角子 医大手引起	
612001			19	

		THE POST	TOO WATER			
	COMBINED	UTILITY CORPORATION 62-1781405	UTILITY CORPORATION 62-1602949			
14b Gross income from all sources c Gross income sourced at						
at corporate level:						
Φ.						
e Listed categories f General limitation						
Deductions allocated and apportioned at shareholder level:						
g Interest expense h Other						
apportioned at corporate level.						
Listed categories						
K. General limitations Other information:						
I(1)Total foreign taxes paid						
m Reduction in taxes available for credit						
Alternative Minimum Tax Items						
	3,458.		3,458			
d Oil, gas, or geothermal properties-						
e Oil, gassingenermal properties- deductions						
f Other AMT items						
Items Affecting Shareholder basis 16a Tax-exempt interest income						
b Other tax-exempt income c Nondeductible expenses						
d Property distributions e Repayment of loans						
from shareholders						
Other Information	6		w			
b Investment expenses						
d Other Items e Income (loss)	<197,764.	.> <120.>	<197,			

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SCHEDULE K			INTEREST INCOME	STATEMENT 15	15
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		·
		62-1781405	62-1602949		
INTEREST	And desired to the state of the	σ.	. 8		
TOTAL		8.	œ		

Consolidated Beginning Balance Sheet

Name

SOUTHERN UTILITY CORPORATION AND SUBSIDIARY

Employer identification number

Assets	Combined Amounts	Consolidated Adjustments	Consolidated Amounts
Cash	174,102.		174,102
Trade notes and accounts receivable			
Less allowance for bad debts			
Inventories			
U.S. government obligations			
Tax-exempt securities			
Other current assets STATEMENT 16	733,095.	<636,810.>	96,285
Loans to shareholders			
Mortgage and real estate loans			
Other investments			
Buildings and other depreciable assets	1,876,706.		1,876,706
Less accumulated depreciation	699,294.		699,294
Depletable assets			
Less accumulated depletion			
Land (net of any amortization)	75,000.		75,000
Intangible assets (amortizable only)	16,531.		16,531
Less accumulated amortization	16,531.		16,531
Other assets STATEMENT 17	5,000.		5,000
Total Assets	2,164,609.	<636,810.>	1,527,799
Liabilities and Shareholders' Equity			
Accounts payable	136,987.		136,987
Mortgages, notes, bonds payable in less than 1 year			
Other current liabilities STATEMENT 18	132,357.	<47,810.>	84,547
Loans from shareholders	390,000.		390,000
Mortgages, notes, bonds payable in 1 year or more	38,482.		38,482
Other liabilities STATEMENT 19	1,449,000.	<589,000.>	860,000
Capital stock	1,000.		1,000
Additional paid-in capital	993,921.		993,921
Retained earnings	<927,138.>		<927,138
Adjustments to shareholders' equity			
Less cost of treasury stock	50,000.		50,000
Total Liabilities and Shareholders' Equity	2,164,609.	<636,810.>	1,527,799

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COMBINED BEGINNING BALANCE SH
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174,102, 342, 117,760, 174,102, 342, 117,760, 174,102, 342, 117,760, 174,102, 342, 117,760, 174,102, 342, 342, 342, 342, 342, 342, 342, 34		COMBINED	UTILITY CORPORATION 62-1781405	UTILITY CORPORATION 62-1602949	
114,102, 342, 117,760, 114,102, 114,102, 117,760, 11					
note and abcounts receivable solution and abcounts receivable solution and abcounts receivable solution and abcounts receivable source seals and seals attack consistency and abcounts receivable seals seals seals and seals	Cash Pine County	174,102.	342.	173,	
apatients 1, 275, 705, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 706, 1, 376, 707, 1, 376,	Trade notes and accounts receivable Less allowance for bad debts				
### 132,095	Inventories U.S. government obligations				
tate loans 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 876, 706, 1, 871, 132, 133, 1, 871, 132, 133, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 132, 1, 871, 457, 1, 871, 457,		733,095	310.	96,285.	
1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,876,706, 1,877,132, 1,877,1457,	s tate loans				
ded depreciation 699, 294. 699, 294. ded depreciation 75,000. 75,000. monortizable only) 16, 531. 16, 531. ded amonortization 2,164, 609. 637, 152. 1,527, 457. bends payable in less than 132, 397. 136, 987. bends payable in 1 year 39, 482. 138, 482. bends payable in 1 year 39, 921. 100. 132, 257. areholders' equity 59, 000. 449, 000. 1,000. 000. 1,000. 000. 1,000. 000.	r depreciable assets			,876	
red depletion 75,000. 75,000. 16,531. 16,531. montration only 16,531. 16,531. 16,531. montration only 16,531.	Less accumulated depreciation	699,294.		,294.	
75 000	Depletable assets Less accumulated depletion				
arrioritzation 16,531 1,527,457 1,500. 2,164,609 637,152 1,527,457. bonds payable in less than 132,357 100. 132,257. bonds payable in 1 year 39,000. 390,000. 132,257. bonds payable in 1 year 39,482. 1,449,000. 1,000,000. 1,000. 000. 1,000. 000.	Land (net of any amortization)	75,000.		5,000. 6 531.	
areholders' Equity 2 , 164, 609 . 637, 152 . 1, 527, 457. bonds payable in less than bonds payable in 1 year 38, 482 . 390,000 . 132,257 . codess bonds payable in 1 year 38, 482 . 38	sets (amortizable only) mulated amortization	16,531.		531.	
2 , 164 , 609 . 637, 152 . 1, 527, 457 . areholders' Equity 136,987 . 136,987 . bonds payable in less than				.000	
areholders' Equity 136,987. 136,987. 136,987. bonds payable in less than 132,357. 130,000. 290,000. 291,000. 1,000. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 293,921. 2164,609. 637,152. 1,527,457.		,164,		,527,457.	
bonds payable in less than 136,987. 136,987. bonds payable in less than 39,357. 390,000. 132,257. bonds payable in 1 year 39,482. 38,482. bonds payable in 1 year 38,482. 38,482. capital 48,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,000,000. 1,527,457.	Liabilities and Shareholders' Equity				
132,357. 390,000. 390,000. 38,482. 38,482. 1,449,000. 1,000. 993,921. <927,138.> <151,948.> <775,190.> 50,000. 50,000. 2,164,609. 637,152. 1,527,457.	Accounts payable			6,987.	
1136,337, 100. 390,000. 390,000. 38,482. 1,482,000. 1,000. 1,000. 993,921. <927,138.> <151,948.> <775,190.> 50,000. 2,164,609. 637,152. 1,527,457.	Mortgages, notes, portes payable in less man 1 year				
ear 38 482. 38 482. 1,449,000. 1,000,000. 1,000. 1,000. 993,921. <927,138.> <151,948.> <775,190.> 50,000. 50,000. 2,164,609. 637,152. 1,527,457.		132,357. 390,000.			
1, 482. 1, 000. 1, 000. 1, 000. 993.921. <927,138.> <151,948.> <775,190.> 50,000. 2,164,609. 637,152. 1,527,457.	Mortgages, notes, bonds payable in 1 year		• 11.11	.07	
1,000. 1,000. 293,921. <927,138.> <151,948.> <775,190.> 50,000. 50,000. 1,527,457.		ν 4	-	000	
<pre><927,138.> <151,948.> 50,000 50,000 5,000 2,164,609; 637,152, 1,527,457.</pre>		993		000. 921.	
stock 2,164,609. 50,000.		<927,138.>	948	<775,	
2,164,609; — 2,164	Less cost of treasury stock		•		
	Total Liabilities and				
	Shareholders' Equity	2,164,609.	637,	•	

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SCHEDULE L			OTHER CURRENT ASSETS	 STATEMENT	1
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		1
		62-1781405	62-1602949		
A/R - OTHER ACRIED INPEDEGU	84,285,	. 018 7.4	84,285.		
CONTRIBUTION IN AID OF CONSTRUCTION	12,000.		. 12,000.		
CORPORATION DESCRIPTION OF THE PROPERTY OF THE	.000,688	. 589,000			
IN FEE ABCELVABLE • ELIMINATION AND ADJUSTMENTS	<636,810.>	^ .			
TOTAL	96,285.	636,810	96,285.		

STATEMENT(S) 16

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CORPORATION
UTILITY
SOUTHERN

SCHEDULE L			OTHER ASSETS	STATEMENT	ENT 1
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		
		62-1781405	62-1602949		
BOND FOR EXPANSION / ESCROW RENT DEPOSIT	2,000.		5,000.		
TOTAL	2,000.	•	5,000.		

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SCHEDULE L			OTHER CURRENT LIABILITIES	STATEMENT	IT 18
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		
		62-1781405	62-1602949		
ACCRUED INTEREST PAYABLE ACCRUED IN F&E EXPENSES ACCRUED IN INSPECTION FEE	100,833.	100.	100,833. 1,491. 1,488.		
CHAPELWOOD PERFORMANCE BOND PROPERTY TAXES PAYABLE ELIMINATION AND ADJUSTMENTS	6,500. 21,945. <47,810.>		6,500. 21,945.		
TOTAL	84,547.	100.	132,257.		

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SCHEDULE L			OTHER LIABILITIES STATEMEN	STATEMENT 19
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION	
		62-1781405	62-1602949	
L/P - SOUTHERN UTILITIES CORPORATION L/P - TENNESSEE CONTRACTORS NOTE PAYABLE - J&C PROPERTIES NOTE PAYABLE - LUMBERMANS NOTE PAYABLE - SC VENTURES • ELIMINATION AND ADJUSTMENTS	\$89,000. 411,000. 99,000. 300,000. 50,000.	39,000. 300,000. 50,000.	589,000. 411,000.	
TOTAL	860,000.	449,000.	1,000,000.	

Consolidated Ending Balance Sheet

Name
SOUTHERN UTILITY CORPORATION AND SUBSIDIARY

Employer identification number

BUBBIDIARI	4		62-1/81405
Assets	Combined Amounts	Consolidated Adjustments	Consolidated Amounts
Cash	93,155.		93,155.
Trade notes and accounts receivable			
Less allowance for bad debts			
Inventories			
U.S. government obligations			
Tax-exempt securities			
Other current assets STATEMENT 20	724,223.	<636,810.	× 87,413.
Loans to shareholders			·
Mortgage and real estate loans			
Other investments			
Buildings and other depreciable assets	1,882,659.		1,882,659.
Less accumulated depreciation	786,879.		786,879.
Depletable assets			
Less accumulated depletion			
Land (net of any amortization)			
Intangible assets (amortizable only)	16,531.		16,531.
Less accumulated amortization	16,531.		16,531.
Other assets STATEMENT 21	6,500.		6,500.
Total Assets	1,919,658.	<636,810.	1,282,848.
Liabilities and Shareholders' Equity		,	, and a
Accounts expelle	212 120		212 120
Accounts payable	213,129.		213,129.
Mortgages, notes, bonds payable in less than 1 year Other current liabilities STATEMENT 22	141 521	<47 010	02 721
	141,531.	<47,810.	
Loans from shareholders	390,000.		390,000.
Mortgages, notes, bonds payable in 1 year or more	1 274 000	<f.00 000<="" td=""><td>705 000</td></f.00>	705 000
Other liabilities STATEMENT 23	1,374,000.	<589,000.	
Capital stock	1,000.		1,000.
Additional paid-in capital	993,921.		993,921.
Retained earnings	<1,143,923.>		<1,143,923.
Adjustments to shareholders' equity	E0 000		
Less cost of treasury stock	50,000.		50,000.
Total Liabilities and Shareholders' Equity	1,919,658.	<636,810.	1,282,848.

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TA TON SANA OCCUPATIONS	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION	
Assets		62-1781405	62-1602949	
Cash Trade notes and accounts receivable	93,155.	222.	92,933.	
Less allowance for bad debts Inventories				
U.S. government obligations Tax-exempt securities				
Other current assets Loans to shareholders	724,223.	636,810.	87,413.	
Mortgage and real estate loans Other investments				
Buildings and other depreciable assets Less accumulated depreciation	1,882,659. 786,879.		1,882,659.	
Depletable assets Less accumulated depletion				
Land (net of any amortization) Intangible assets (amortizable only)	16,531.		16 531.	
Less accumulated amortization Other assets	16,531. 6,500.		` ຜູ້ຜ	
Total Assets	1,919,658.	637,032.	1,282,626.	
Liabilities and Shareholders' Equity				
Accounts payable	213,129.		213,129.	
wortgages, notes, bonds payable in less than 1 year				
Other current liabilities Loans from shareholders	141,531. 390,000.	390,000.	141,431.	
Ω				
Other liabilities Capital stock	1,374,000.	449,000.	925,000.	
Additional paid-in capital Retained earnings	993,921.	<152 068 >	* : *	
Adjustments to shareholders' equity Less cost of treasury stock	20,000.	000		
Total Liabilities and				
Shareholders' Equity	1,919,658	637,032	1,282,626.	1,282,626,700 - 100
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SCHEDULE L			OTHER CURRENT ASSETS	STAT	STATEMENT
	COMBINED AMOUNTS	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		
		62-1781405	62-1602949		
A/R - OTHER ACCRUED INTEREST CONTRIBUTION IN AID OF CONSTRICTION	87,326. 47,810.	47,810.	87,326.		
LOAN RECEIVABLE - LYNNWOOD UTILITY CORPORATION TH FEE RECEIVABLE • ELIMINATION AND ADJUSTMENTS	589,000. 87. <636,810.>	589,000.	87.		
TOTAL	87,413.	636,810.	87,413.		

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SCHEDULE L			OTHER ASSETS	STATEMENT	21
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		
		62-1781405	62-1602949		
BOND FOR EXPANSION / ESCROW RENT DEPOSIT	5,000.		5,000.		
TOTAL	6,500.		6,500.		
			The state of the s		

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STATEMENT

OTHER CURRENT LIABILITIES	LYNNWOOD UTILITY CORPORATION	62-1602949	119,854.	1,402,	20,175.	141,431.
-	SOUTHERN UTILITY CORPORATION	62-1781405	100.			100.
	COMBINED		119,854.	1,402.	20,175. <47,810.>	93,721.
SCHEDULE L			ACCRUED INTEREST PAYABLE ACCRUED IN FEE EXPENSES	ACCRUED IN INSPECTION FEE CHAPELWOOD PERFORMANCE BOND	PROPERTY TAXES PAYABLE • ELIMINATION AND ADJUSTMENTS	TOTAL

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SCHEDULE L			OTHER LIABILITIES	STATEMENT	EMENT
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		
		62-1781405	62-1602949		
L/P - SOUTHERN UTILITIES CORPORATION L/P - TENNESSEE CONTRACTORS NOTE PAYABLE - J&C PROPERTIES NOTE PAYABLE - LUMBERMANS NOTE PAYABLE - SC VENTURES • ELIMINATION AND ADJUSTMENTS	\$89,000. 336,000. 99,000. 300,000. 50,000.	99,000. 300,000. 50,000.	336,000. 336,000.	No.	
TOTAL	785,000.	449,000.	925,000.		

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Consolidated Schedule M-1

Name SOUTHERN UTILITY CORPORATION AND			Employer ID Number
SUBSIDIARY			62-1781405
	Combined Amounts	Elimination/ Adjustments	Consolidated Amounts
Net income (loss) per books	<216,785.>		<216,785.>
Income included on Schedule K, not recorded on books			
Expenses recorded on books not included on Schedule K (itemize):			
Depreciation			
Travel & entertainment			
Other STATEMENT 24	115,858.		115,858.
Total increases	<100,927.>		<100,927.>
Income recorded on books this year not included on Schedule K (itemize):			
Tax-exempt interest			
Other			
Deductions included on Schedule K not charged against book income (itemize):			
Depreciation			
Other STATEMENT 25	96,837.		96,837.
Total decreases	96,837.		96,837.
Taxable income	<197,764.>		<197,764.>

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Net income (loss) per books Income included on Schedule K, not recorded on books this year not Expenses recorded on books this year not included on Schedule K (itemize): Depreciation Travel & entertainment Other	<216,785.> 115,858.	UTILITY CORPORATION 62-1781405 <120.>	CO CO E 62			
lotal increases Income recorded on books this year not included on Schedule K (itemize): Tax-exempt interest Other Deductions included on Schedule K not charged against book income this year (itemize): Depreciation Other Total decreases Taxable income	<100,927.> 96,837. 96,837. <197,764.>	<120.> <120.>	<100,80 96,83 96,83 197,644			

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SCHEDULE M-1			OTHER BOOK/TAX ADJUSTMENTS	STATEMENT	2
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		1 .
		62-1781405	62-1602949		
INTEREST EXPENSE	115,858.		115,858.		
TOTAL	115,858.		115,858.		

SUBSIDI	:
AND	
SOUTHERN UTILITY CORPORATION AND	
UTILITY	
SOUTHERN	

SCHEDULE M-1			OTHER BOOK/TAX ADJUSTMENTS	STATEMENT 25	25
	COMBINED AMOUNTS	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION		e.
		62-1781405	62-1602949		
INTEREST EXPENSE	96,837.	17.	96,837.		
TOTAL	96,837.		96,837.		

STATEMENT(S) 25

Consolidated Schedule M-2 and Retained Earnings per Books

Name			Employer ID Number
Schedule M-2 - Accumulated Adjustments Account	Combined Amounts	Elimination/ Adjustments	Consolidated Amounts
Beginning Balance	<837,613.	>	<837,613.
Ordinary Income			
Other Additions STATEMENT 26	8.		8.
Ordinary Loss	197,772.		197,772.
Other Reductions			
Total before distributions	<1,035,377.	>	<1,035,377.
Distributions			
Balance at end of year	<1,035,377.	>	<1,035,377.
Schedule M-2 - Other Adjustments Account			
Beginning Balance	<89,525.	>	<89,525.
Other Additions			
Other Reductions			
Total before distributions	<89,525.	>	<89,525.
Distributions	·		
Balance at end of year	<89,525.	>	<89,525.
Schedule M-2 - Shareholders' Undistributed Taxable Inco	ome Previously Taxe	ed	
Beginning Balance			0.
Distributions			
Balance at end of year			
Retained Earnings per Books			
Balance at beginning of year	<927,138.	>	<927,138.
Net income (loss) per books	<216,785.	>	<216,785.
Other increases & decreases			
Distributions			0.
Balance at end of year	<1,143,923.	>	<1,143,923.

SOUTHERN UTILITY CORPORATION AND SUBSIDI

00000000000000000000000000000000000000		SOUTHERN	LYNNWOOD	•
	COMBINED	UTILITY CORPORATION 62-1781405	UTILITY CORPORATION 62-1602949	
Schedule M-2 - Accumulated Adjustments Account				
Beginning Balance	<837,613,>	<382.>		
Ordinary Income Other Additions				
Ordinary Loss Other Reductions	197,772.	120.		
Total before distributions <1,035,377.>	<1,035,377.>	<502.>	<1,034,875:>	
Balance at end of year Schedule M-2 - Other Adjustments Account	<1,035,377.>	<502,>	<1,034,875.>	
Beginning Balance	<89,525.>	<151,566.>	62,041.	
Other Additions Other Reductions			· 1966年 - 196	
Total before distributions Distributions	<89,525.>	<151,566.>		
Balance at end of year Schedule M-2 - Shareholders' Undistributed	<89,525.>	<151,566.>		
Taxable Income Previously Taxed				
Beginning Balance Distributions				
Balance at end of year Retained Earnings per Books		· · · · · · · · · · · · · · · · · · ·		
Balance at beginning of year Net income (loss) per books	<927,138,> <216,785,>	<151,948.> <120.>	<775,190.> <216,665.>	
Other increases & decreases Distributions				
nd of year	<1,143,923.>	<152,068.>	<991,855.>	

SUBSIDI
AND
CORPORATION
UTILITY
SOUTHERN

SCHEDULE M-2			OTHER ADDITIONS (AAA)	STATEMENT 26
	COMBINED	SOUTHERN UTILITY CORPORATION	LYNNWOOD UTILITY CORPORATION	
		62-1781405	62-1602949	
PORTFOLIO INTEREST INCOME		8.	8	
TOTAL		8.	.80	

Schedule K-1 (Form 1120S)	2006				(-1 OMB No. 1545-013
Department of the Treasury	2006		Part III Shareholder's Share Deductions, Credits,		
Internal Revenue Service	For calendar year 2006, or tax year beginning		ordinary business income (loss)	13	Credits
	ending		let rental real estate income (loss)		
	of Income, Deductions, separate instructions.	30	ther net rental income (loss)		
Part I Informat	ion About the Corporation	4 lr	nterest income 4 •		
A Corporation's employer in 62–1781405	dentification number	5a 0	Irdinary dividends		
B Corporation's name, addi SOUTHERN UTII	ress, city, state, and ZIP code	5b Q	lualified dividends	14	Foreign transactions
SUBSIDIARY 5250 VIRGINIA	A WAY, SUITE 100	6 R	oyalties		
BRENTWOOD, TN		7 N	let short-term capital gain (loss)		
C IRS Center where corpora OGDEN, UT	ation filed return	8a N	et long-term capital gain (loss)		
	tion number, if anyis attached	8b C	ollectibles (28%) gain (loss)		
50220000000000		8c U	nrecaptured sec 1250 gain		
Part II Informat F Shareholder's identifying	ion About the Shareholder	9 N	et section 1231 gain (loss)		
414-66-1899		100	ther income (loss)	15 /	Alternative min tax (AMT) items
G Shareholder's name, add	ress, city, state and ZIP code			A	1,729.
JOHN D. RING 516 LAKE VALI					
FRANKLIN, TN	37069			_	
H Shareholder's percentage ownership for tax year	e of stock 50 • 000000%				
		-			
		11 8	ection 179 deduction	16	Items affecting shareholder basis
		120	ther deductions		
Only					
. Use					
For IRS Use Only					
R		-		17 (Other information
		-		A	4.
				ļ	
			*See attached statement for	r addi	tional information

611271 12-28-06 JWA For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2006 SHAREHOLDER NUMBER 1

	der Basis Worksheet	
Shareholder Number: 1 Shareholder Name: JOHN D. RING	Year Ended: DECEMBER 31, S Corporation Name: SOUTHERN UTILITY CORPORAT SUBSIDIARY	
Shareholder ID Number: 414-66-1899	S Corporation ID Number:	
Ownership Percentage: 50.00000 %	62–1781405	
	Stock Basis	
1. a. Stock basis, beginning of year (Not less than zero)	0.	
b. Additional capital contributions		
2. Increases:		
a. Ordinary income from trade or business		
b. Net income from rental real estate activities		
c. Net income from other rental activities		
d. Net short-term capital gains		
e. Net long-term capital gains		
f. Other portfolio income	4.	
g. Net gain under Section 1231		
h. Other income		
i. Tax exempt interest income		
j. Other tax-exempt income		
k. Section 179 recapture		
Depletion (other than oil and gas) in excess of basis		
m. Other increases:		
3. Total increases (Add lines 2(a) through 2(m))	4.	
Total increases to stock basis (Add lines 1 and 3)		4.
5. Less: Distributions		4 •
6. Subtract line 5 from line 4 (Not less than zero)		4.
7. Decreases:		Ι.
a. Ordinary losses from trade or business	98,886.	
b. Net losses from rental real estate activities		
c. Net losses from other rental activities		
d. Net short-term capital losses		
e. Net long-term capital losses		
f. Other portfolio losses		
g. Net losses under Section 1231		
h. Other deductions		
i. Charitable contributions		
j. Section 179 expense deduction		
k. Deductions related to portfolio income (losses)		
I. Interest expense on investment debts		
m. Foreign taxes paid or accrued		
n. Section 59(e) expenditures		
o. Nondeductible expenses		
p. Oil and gas depletion		
q. Other decreases:		
Distributed in the second of t	98,886.	
r. Disallowed prior year's losses and deductions		
8. Total decreases (Add lines 7(a) through 7(r))		98,886.
9. Net increases or decreases to basis (Subtract line 8 from line 6)		<98,882.
10. Less: Net increases applied to debt basis		
11. Stock basis, end of year (Subtract line 10 from line 9) (Not less than a	zero)	0.

	Shareholder Basis Wor	ksheet, Continued	
Shareholder Number	r: 1	Year Ended:	
Shareholder Name:		DECEMBE	R 31, 2006
	JOHN D. RING	Shareholder ID Number:	414-66-1899
	Debt Bas	iis	
12. Debt basis, beg	ginning of year (Not less than zero)		40,703.
13. Loans made du	uring the year		40,703
14. Restoration of	debt basis (from line 10)		
15. Subtotal (Add I	ines 13 and 14)		
16. Less: Loan rep	ayments		
17. Gain from loan	repayments		
18. Other adjustme	ents:		
•			
19. Subtotal (Comi	bine lines 12, 15, 16, 17 and 18)		40,703.
20. Applied against	t excess loss and deductions		40,703.
21. Debt basis, end	i of year (Not less than zero)		0.
22. Total sharehold	der stock and debt basis, end of year (Add lines 11 and 21) (Not less th	an zero)	0.
	, , , , , , , , , , , , , , , , , , , ,		
	Gain on Distrik	outions	
23. Distributions			
	ora distributions		
25 Enter excess of	ore distributions		
20. Litter excess of	f line 23 over line 24 (capital gain)		
		Total	Debt Basis Applied
	Carryover	Disallowed Losses	Against Excess Losses and Deductions
26. Beginning of ye	par		154,297.
07	d deductions this year	98,886.	40,703.
27. Add: Losses an	his year	40,707.	40,703.
27. Add: Losses an 28. Less: Applied th			
28. Less: Applied th	ot less than zero)	58,179.	195,000.

LOANS MADE OR PAID DURING THE YEAR

	Alloca	ation of Losses	s and Deduc	ctions	
Shareholder Number: Shareholder Name:	1 JOHN D. RING			Year Ended: DECEMBE Shareholder ID Number:	R 31, 2006 414-66-1899
Harting to the control of the contro				Onateriolaer 10 Natitues.	114 00 105.
		(a) Beginning of Year and Current Year Losses and Deductions	(b) %	(c) Allowable Losses and Deductions in Current Year	(d) Disallowed Losses and Deductions (Carryover to Next Year)
Ordinary losses from trade or business		98,886.	100.000000	40,707.	58,179
Net losses from rental real estate activities Net losses from other rental activities					
Net short-term capital losses					
Net long-term capital losses					
Other portfolio losses					
Net losses under Section 1231					
	s				**************************************
	eduction				
Deductions related to p	ortfolio income (losses)				
	estment debts				
Foreign taxes paid or ac	ccrued				
Section 59(e) expenditu	Section 59(e) expenditures				
Other decreases	•••••				
Total deductible losses and deductions		98,886.	100.000000	40,707.	58,179
Nondeductible expense	s				
Total nondeductible	expenses and oil and gas				
depletion					

98,886.

40,707.

58,179.

			Analysis of Shareho	older's Loan Acco	unts	
	r Number:	1		Year Ended:		
holde	r Name:	JOHN D. RING		Shareholder ID Numb		R 31, 2006 414-66-18
	A Loan Number	B Original Loan Balance	C Amount to Restore Debt Basis, Beginning of Year	D Debt Basis Beginning of Year	E Loans Made During Year	F Restored Debt Basis Prior Year Amounts N to Exceed Column (
1	1	195,000.	154,297.	40,703.		to Exceed Column
2 3 4						
5 6 7						
8 9 10						
	Totals	195,000.	154,297.	40,703.		
		G Basis after Restoration Add: Columns D through F	H Amount of Debt Basis Applied Against Excess Losses and Deductions	l Subtotal Column G Minus Column H	J Less: Loan Repayments	K Gain from Loan Repayment
	3 4 5 6 7 8	40,703.	40,703.			
	9 10					
		40,703.	40,703.			
					End of Year Balances	
				L Loan Balance Combine Columns B, E and J	M Amount to Restore Debt Basis (Column L Minus Column N)	N Debt Basis Combine Columns through K
			1 2	195,000.	195,000.	
			3			
			5			
			6			
			78			
			9			
			10	195,000.	195,000.	

Schedule K-1 (Form 1120S)		2006				C-1 OMB No. 1545-013
•		2006	Pa	art III Shareholder's Share		
Department of the T Internal Revenue Se		-	1.00	Deductions, Credits,		
	year beginning	· ·		linary business income (loss)	1	Credits
	ending		2 Net	rental real estate income (loss)		
Shareholder's Credits, etc.	s Share of Income, Deductions ▶ See separate instructions.	s, 3	3 Oth	er net rental income (loss)		
Part I Ir	nformation About the Corpora	tion ⁴	4 Inte	erest income 4 .		
62-17814		5a	a Ord	linary dividends		
SOUTHERN	name, address, city, state, and ZIP code UTILITY CORPORATION		o Qua	alified dividends	14	Foreign transactions
	RGINIA WAY, SUITE 100	0	Roy	/alties		
	DD, TN 37027	7	7 Net	short-term capital gain (loss)		
OGDEN, U				long-term capital gain (loss)		
D Tax shelt E Check if	ter registration number, if any Form 8271 is attached			lectibles (28%) gain (loss)		
Part II Ir	nformation About the Shareho	lder		recaptured sec 1250 gain		
F Shareholder's 412-17-3	identifying number			section 1231 gain (loss)		, Xiv
	name, address, city, state and ZIP code	10) Oth	er income (loss)	15 . A	Alternative min tax (AMT) items 1,729.
FRANKLIN	ICER CREEK ROAD 1, TN 37069					
1	percentage of stock tax year	50.00000%	+			
		11	Sec	tion 179 deduction	16	Items affecting shareholder basis
-		12	! Othe	er deductions		
Only						
For IRS Use Only						
For I			1			
			_		17 (A	Other information 4.
			\downarrow			
			+			
			+			
				*See attached statement to	r addi	itional information

Shareholder Number: 2 Shareholder Name: S Corporation Name: S Corporation Name: S COUTHERN UTILITY CORPORATION AI SUBSIDIARY Shareholder ID Number: 412-17-3455 Ownership Percentage: 50.000000 % SCORPORATION AI SUBSIDIARY Stock Basis 1. a. Stock basis, beginning of year (Not less than zero)	JD
Stock Basis	·
Stock Basis 1. a. Stock basis, beginning of year (Not less than zero)	
1. a. Stock basis, beginning of year (Not less than zero) b. Additional capital contributions 2. Increases: a. Ordinary income from trade or business b. Net income from rental real estate activities c. Net income from other rental activities d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt interest income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
b. Additional capital contributions 2. Increases: a. Ordinary income from trade or business b. Net income from rental real estate activities c. Net income from other rental activities d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
2. Increases: a. Ordinary income from trade or business b. Net income from rental real estate activities c. Net income from other rental activities d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
a. Ordinary income from trade or business b. Net income from rental real estate activities c. Net income from other rental activities d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
b. Net income from rental real estate activities c. Net income from other rental activities d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases:	
c. Net income from other rental activities d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases:	
d. Net short-term capital gains e. Net long-term capital gains f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases:	
e. Net long-term capital gains f. Other portfolio income	
f. Other portfolio income g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
g. Net gain under Section 1231 h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
h. Other income i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
i. Tax exempt interest income j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
j. Other tax-exempt income k. Section 179 recapture l. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
I. Depletion (other than oil and gas) in excess of basis m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
m. Other increases: 3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
3. Total increases (Add lines 2(a) through 2(m)) 4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
4. Total increases to stock basis (Add lines 1 and 3) 5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	
5. Less: Distributions 6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	1
6. Subtract line 5 from line 4 (Not less than zero) 7. Decreases:	4.
7. Decreases:	4.
	- T •
a. Ordinary losses from trade or business 98,886.	
b. Net losses from rental real estate activities	
c. Net losses from other rental activities	
d. Net short-term capital losses	
e. Net long-term capital losses	
f. Other portfolio losses	
g. Net losses under Section 1231	
h. Other deductions	
i. Charitable contributions	
j. Section 179 expense deduction	
k. Deductions related to portfolio income (losses)	
I. Interest expense on investment debts	
m. Foreign taxes paid or accrued	
n. Section 59(e) expenditures	
o. Nondeductible expenses	
p. Oil and gas depletion	
q. Other decreases:	
00.006	,
r. Disallowed prior year's losses and deductions	
	8,886.
**************************************	O.OOD.
10. Less: Net increases applied to debt basis	
11. Stock basis, end of year (Subtract line 10 from line 9) (Not less than zero)	8,882.

Shareholder Number:	2		
Shareholder Name:	<u> </u>	Year Ended:	
Shareholder Name.	TYLER L. RING	DECEMBE	R 31, 2006
	TILLER II. KING	Shareholder ID Number:	412-17-345
	Debt Basis		
12. Debt basis, begin	ining of year (Not less than zero)		40,705
13. Loans made duri	ng the year		40,703
14. hestoration of de	ot basis (from line 10)		
15. Subtotal (Add line	es 13 and 14)		
10. Loss. Loan Tepay	ments		
17. Gain from loan re	payments	•••••••••••••••••••••••••••••••••••••••	
18. Other adjustment	S:	•••••••••••••••••••••••••••••••••••••••	
		7	
19. Subtotal (Combin	e lines 12, 15, 16, 17 and 18)		40,705.
20. Applied against 67	voess loss and deductions		40,705.
Zi. Debt basis, elle of	i year (Not less than zero)		0.
22. Total shareholder	stock and debt basis, end of year (Add lines 11 and 21) (Not less than zero)		0.
	Gain on Distributions		
23. Distributions		ſ	
23. Distributions 24. Less: Basis before			
24. Less. Dasis Deloie	e distributions		
24. Less. Dasis Deloit			
24. Less. Dasis Deloie	e distributions		
24. Less. Dasis Deloie	e distributions		
24. Less. Dasis Deloie	e distributions		
24. Less. basis before	e distributions ne 23 over line 24 (capital gain)	Total	Debt Basis Applied
24. Less. Dasis Deloie	e distributions	Total Disallowed	Debt Basis Applied Against Excess Losses
25. Enter excess of lin	e distributions ne 23 over line 24 (capital gain) Carryover	Total Disallowed	Debt Basis Applied Against Excess Losses and Deductions
25. Enter excess of lin26. Beginning of year27. Add: Losses and d	c distributions le 23 over line 24 (capital gain) Carryover deductions this year	Total Disallowed Losses	Debt Basis Applied Against Excess Losses and Deductions 154,295.
25. Enter excess of lin 26. Beginning of year 27. Add: Losses and d 28. Less: Applied this	c distributions De 23 over line 24 (capital gain) Carryover Deductions this year year	Total Disallowed Losses 98,886.	Debt Basis Applied Against Excess Losses and Deductions
25. Enter excess of lin 26. Beginning of year 27. Add: Losses and d 28. Less: Applied this	e distributions ne 23 over line 24 (capital gain) Carryover	Total Disallowed Losses 98,886.	Debt Basis Applied Against Excess Losses and Deductions 154,295.

		Alloca	ation of Losses	and Deduc	ctions	٧.	
Shareholder Number: Shareholder Name:	2 TYLER L.	RING	Year Ended: DECEMBE! Shareholder ID Number:			ER 31, 2006 412-17-3455	
			(a) Beginning of Year and Current Year Losses and Deductions	(b) %	(c) Allowable Losses and Deductions in Current Year	(d) Disallowed Losses and Deductions (Carryover to Next Year)	
Ordinary losses from tra			98,886.	100.000000	40,709.	58,177.	
Net losses from rental r							
Net losses from other re							
Net short-term capital lo							
	Net long-term capital losses						
	Other portfolio losses						
Net losses under Section 1231							
Other deductions							
Charitable contributions							
Section 179 expense de							
Deductions related to pe							
Interest expense on inve							
Foreign taxes paid or ac							
Section 59(e) expenditu							
Other decreases							
Total deductible loss	es and deductions		98,886.	100.000000	40,709.	58,177.	
Nondeductible expenses	ς .		-				
Oil and gas depletion							
Total nondeductible	expenses and oil and	d gas					

98,886.

40,709.

58,177.

Analysis of Shareholder's Loan Accounts 2 Shareholder Number: Year Ended: Shareholder Name: DECEMBER 31, 2006 TYLER L. RING 412-17-3455 Shareholder ID Number: D Loan Original Loan Balance Amount to Restore Debt **Debt Basis** Loans Made During Year Restored Debt Basis of Number Basis, Beginning of Year Beginning of Year Prior Year Amounts Not to Exceed Column C 2 195,000. 154,295. 1 40,705. 2 3 5 6 8 10 Totals 195,000. 154,295. 40,705. G J K Basis after Amount of Debt Basis Subtotal Gain from Restoration **Applied Against Excess** Column G Less: Loan Loan Add: Columns D through F Losses and Deductions Minus Column H Repayments Repayment 40,705. 40,705. 2 3 4 5 6 7 8 9 10 40,705. 40,705. **End of Year Balances** M Loan Balance Amount to Restore Debt Basis Combine Columns Debt Basis Combine Columns I B, E and J (Column L Minus Column N) through K 195,000 195,000. 2 3 5 6 7 8 9 10 195,000.

Form 7004

(Rev. December 2006)
Department of the Treasury
Internal Revenue Service

Application for Automatic 6-Month Extension of Time To File Certain Business Income Tax, Information, and Other Returns

File a separate application for each return

OMB No 1545-0233

Type or	SOUTH TON TIMET TON	IODDOD I MTOIL		Identifying num	iber
Print	SOUTHERN UTILITY (SUBSIDIARY	ļ			
File by the due	Number, street, and room or suite no (If P O bit	OX. see (natructions)		62-1781405	
date for the	5250 VIRGINIA WAY,				
return for which an extension is	City, town, state, and ZIP code (If a foreign add)	ress, enter city, province or state	e, and country (follow the country's practice for entening	·	
requested See	postal code))	, , , , , , , , , , , , , , , , , , ,	of and country (to low the country's practice for entering		
instructions	BRENTWOOD, TN 370	27			
Note See inst	ructions before completing this form	-			
1 Enter the f	form code for the return that this application	on is for (see below)			25
2 If the fores	gn corporation does not have an office or	place of business in the Ur	nited States, check here	>	
3 If the orga	nization is a corporation or partnership th	at qualifies under Regulatio	ons section 1 6081-5, check here	•	
4 a The applic	ation is for calendar year 2006, or ta	x year beginning	, and ending		
b Short tax y	/ear If this tax year is less than 12 month al return Final return				
"	Final return	Change in accour	nting period Consolidated return to	be filed	
5 If the organ	nization is a corporation and is the commo	in narget of a proup that in	tends to file a consolidated return, check here		
If checked	, attach a schedule, listing the name, addre	ass, and Employer Identific	tenus to life a consolidated return, check here ation Number (EIN) for each member covered by		
		and Employ of recitance	ation Number (EIN) for each member covered by	this-application	
6 Tentative to	otal tax			6	0.
					<u> </u>
7 Total payr	nents and credits (see instructions)			7	0.
8 Balance di					
o balance go	se Subtract line 7 from line 6 Generally,	you must deposit this am	ount using the Electronic Federal		
(see instru	ent System (EFTPS), a Federal Tax Depo- ctions for exceptions)	sit (FTD) Coupon, or Elect	ronic Funds Withdrawa! (EFW)		
Application	- To to cooption of			8	0.
ls For		Form Code	Application Is For		Form
Form 706-GS(D)	01			Code
Form 706-GS(T)	02	Form 1120-H	***************************************	17
Form 990-C (20	O5 fiscal year filers only)	03	Form 1120-ND		18
Form 1041 (est	ate)	04	***************************************		19
Form 1041 (trus	st)	05	Form 1120-ND (section 4951 taxes) Form 1120-PC		20
Form 1041-N		06	Form 1120-PQL	***************************************	21
Form 1041-QFT		07	Form 1120-REIT		22
Form 1042		08	Form 1120-RIC	***************************************	23
Form 1065		09	Form 1120-S		24
Form 1065-B		10	Form 1120-SF		25
Form 1066		11	Form 3520-A	***************************************	26
Form 1120		12	Form 8612		27
Form 1120 (sub	T) (2005 fiscal year filers only)	13		*****************	28
Form 1120-A		14	Form 8613 Form 8725		29
Form 1120-C		34	Form 8804		30
orm 1120-F		15	Form 8831		31
om 1120-F8C		16	Form 8876		32
HA For Paper	rwork Reduction Act Notice, see instructi	ons	1 r vitii 0070		33
	-,			Form 7004 (Rev 12-2006)