

# TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman  
Eddie Roberson, Director  
Pat Miller, Director  
Ron Jones, Director



2007 MAY 11 11:11 AM  
TRA  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

May 11, 2007

Donald L. Scholes, Esq.  
Branstetter, Stranch & Jennings, PLLC  
227 Second Avenue, North  
Fourth Floor  
Nashville, TN 37201-1631

RE: Docket 07-00007 - Petition of Lynwood Utility Corporation to Change and Increase Certain Rates and Charges

Dear Mr. Scholes:

Please provide responses to the attached First Discovery Requests of the Advisory Staff. Pursuant to TRA 1220-1-1-.03, submit an original written response and thirteen (13) copies or an electronic response and four (4) written copies.

Responses should be provided no later than **Monday, June 4, 2007**. Should you have questions regarding any item number on the attached request, please contact Pat Murphy at (615) 741-2904 (extension 178) or Paul Greene (extension 156) for clarification before responding.

Sincerely,

Darlene Standley  
Chief  
Utilities Division

Enclosure

Cc: Docket No. 07-00007  
Ryan McGehee, Assistant Attorney General

First Discovery Requests of TRA Advisory Staff

These questions are being sent in this docket pursuant to TRA Rule 1220-4-13-.07(8). This Rule requires the Authority to determine, on a case by case basis, whether there exists a need for a wastewater utility to maintain a reserve/escrow account for non-routine operation and maintenance which would include certain plant replacement. This data request will assist the Advisory Staff in its financial review of Lynwood Utilities. Also attached is a copy of the TRA Wastewater Regulations 1220-4-13-.07.

When responding to the following questions, please repeat the question number and question, followed by the Company's response.

1. Does your company maintain an escrow account to appropriate funds dedicated to system repairs or operations in the event of an emergency? Does the company maintain an escrow account for any other purpose? If so, when was this account(s) first established?
2. If your company does not have an escrow account, please explain how the company would fund extensive system repairs or operations in the event of an emergency.
3. If an escrow account(s) exists, please answer the following questions:
  - a. Does the company have a copy of the legal document establishing this account?
  - b. Is the account separately recorded on the company's financial statements?
  - c. What is the current balance in this account?
  - d. For what purposes can funds from this account be used?
  - e. Has your company had occasion to use funds from this account over the last five (5) years? If yes, describe the event(s) that necessitated use of the funds.
  - f. What internal procedures are in place for deposits and disbursements to this account?
  - g. Who is (are) the person(s) responsible for carrying out these procedures?
  - h. Who is the person that is authorized to approve disbursements?
  - i. Does the company keep detailed records of deposits to and disbursements from this account?
  - j. How is this account funded?
  - k. What is the account number and where on the company's annual report to the TRA is the account disclosed?