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August 8, 2007

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

Via Hand Delivery

Attention: Sharla Dillon

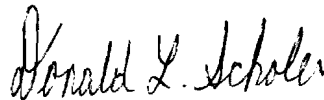
Re: Petition of Lynwood Utility Corporation to Change and Increase Rates and
Charges
Docket No. 07-00007

Dear Chairman Roberson:

I have enclosed the original and 14 copies of the Response of Lynwood Utility Corporation to August 3, 2007, Order Setting Matter for Hearing on August 20, 2007 and Resuspending Tariff through September 10, 2007, in this docket.

Please return one of the copies to me stamped filed. Thank you for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Ryan McGehee, Consumer Advocate
Tyler Ring
Jim Ford

**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)	
)	

**RESPONSE OF LYNWOOD UTILITY CORPORATION TO AUGUST 3, 2007,
ORDER SETTING MATTER FOR HEARING ON
AUGUST 20, 2007 AND RESUSPENDING TARIFF THROUGH SEPTEMBER 10, 2007**

Upon its receipt of the Hearing Officer's August 3, 2007, Order Setting Matter for Hearing on August 20, 2007 and Resuspending Tariff through September 10, 2007, Lynwood Utility Corporation (Lynwood) believed that a Response to the Order was appropriate to clarify the intent of its July 27, 2007 letter to Chairman Eddie Roberson in this matter.

The intent of the July 27, 2007, letter to Chairman Roberson was to let the Authority know that Lynwood wanted the proposed Settlement Agreement considered as soon as it could be and to let the Authority know that it had no objection to the extension of the suspension of its tariff until the August 13, 2007 Conference Agenda date. Lynwood's motivation to have the proposed Settlement Agreement considered as soon as possible is the improvement of financial status of Lynwood. The Hearing Officer indicated that by the submission of this letter, Lynwood was attempting to circumvent the statutory requirement that a hearing be conducted on the rate petition. Based upon its discussions with the Consumer Advocate, Lynwood understood that the submission of the proposed Settlement Agreement with the Consumer Advocate for

consideration by the Authority at an Authority Conference was the next step to take to get the proposed rate increase set forth in the Settlement Agreement approved. Lynwood understood that if the proposed Settlement Agreement was not approved, then it would have been required to proceed with a new scheduling order and a hearing. Any misunderstanding of the next step in obtaining the approval of the proposed Settlement Agreement was the result of Lynwood counsel's understanding of the next step to take and was not an attempt to circumvent a public hearing requirement.

The Hearing Officer further indicates that by its July 27, 2007, letter, Lynwood was somehow seeking to have the stay removed on the procedural schedule established in this case. The submission of the proposed Settlement Agreement by the Consumer Advocate and Lynwood is a request for approval by the Authority of the settlement of the merits of Lynwood's rate petition. If the proposed Settlement Agreement was approved, then Lynwood understood that there would be no need for any additional discovery by either party to this case and thought the consideration of the Settlement Agreement at an Authority Conference satisfied the public hearing requirement. If the Authority does not approve the proposed Settlement Agreement, Lynwood understands that it would be required to participate in a status conference on amending the procedural schedule which had been stayed at the request of the parties.

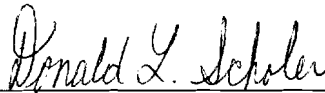
The Consumer Advocate and Lynwood have engaged in good faith negotiations to reach a Settlement Agreement to submit to the Authority for its review and approval. These negotiations occurred with free and unobstructed exchanges of information between Lynwood and the Consumer Advocate without the necessity of additional formal discovery requests and with numerous phone calls and meetings between the parties. Lynwood has kept the Authority informed of the information which was being provided to the Consumer Advocate by filing

several supplemental responses to the Consumer Advocate's First Discovery Requests and by filing letters with the Authority of the information being provided to the Consumer Advocate. While the proposed Settlement Agreement does not necessarily reflect the positions taken by Lynwood or the Consumer Advocate in this case, it does represent the result of good faith negotiations on disputed issues in this case upon which both parties reached an agreement.

I hope this Response clarifies the intent of Lynwood counsel's letter dated July 27, 2007. In his Order the Hearing Officer ordered Lynwood to give public notice of the August 20, 2007, hearing which Lynwood will give provide.

Dated August 8, 2007.

Respectfully submitted,

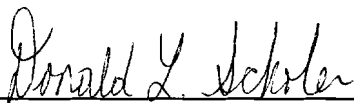


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615-254-8801
Attorney for Lynwood Utility Corporation

Certificate of Service

I hereby certify that a true and exact copy of the foregoing Response of Lynwood Utility Corporation to Order Setting Matter for Hearing on August 20, 2007 and Resuspending Tariff through September 10, 2007, has been mailed, postage prepaid, on this 8th day of August, 2007, to the following:

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



Donald L. Scholes