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**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)
)

**CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST TO LYNWOOD UTILITY
CORPORATION**

To: Lynwood Utility Corporation
c/o Donald L. Scholes, Esq.
Branstetter, Stranch & Jennings, PLLC
227 Second Avenue North, Fourth Floor
Nashville, TN 37201-1631

This Discovery Request is hereby served upon Lynwood Utility Corporation, ("Lynwood", or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Ryan McGehee, on or before March 27, 2007.

PRELIMINARY MATTERS AND DEFINITIONS

Each discovery request calls for all knowledge, information and material available to Company, as a party, whether it be Company's, in particular, or knowledge, information or material possessed or available to Company's attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Company which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Company supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or

handwritten messages, or otherwise.

For purposes of these discovery requests, the term “you” shall mean and include:
Lynwood Utility Corporation, Tennessee Contractors, Inc., and all employees, agents and
representatives thereof.

The term “person” or “persons” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company’s response. Moreover, the company’s designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term “identity” and “identify” as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term “document” as used herein, means any medium upon which intelligence or

information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, workpaper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state

the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

FIRST DISCOVERY REQUESTS

1. Identify any and all expert witnesses the Company intends to call in support of the petition in this docket, and for each expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds (including without limitation any factual bases) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- (e) Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;

- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

RESPONSE:

2. Identify any and all non-expert witnesses the Company intends to call in support of the petition in this docket and any position(s) their testimony is intended to support.

RESPONSE:

3. Please produce copies of all documents -- including, without limitation, workpapers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- that Lynwood contends support the factual assertions, conclusions, or opinions of any Lynwood witness in this matter.

RESPONSE:

4. Please produce copies of all hearing exhibits that you will introduce, use, or reference during the hearing for this matter.

RESPONSE:

5. Admit or Deny:

Tyler Ring is a full time employee of Tennessee Contractors, Inc.

RESPONSE:

6. Provide a description of Tyler Ring's daily duties and assignments in his employment with Tennessee Contractors, Inc.

RESPONSE:

7. Provide a listing and individual work orders of all contractual services provided by Tennessee Contractors, Inc. to Lynwood by month for the last three years. Provide a description and purpose for each billed service.

RESPONSE:

8. Provide the basis for allocating costs associated with “contractual services” or other services or benefits provided by Tennessee Contractors, Inc. to Lynwood.

RESPONSE:

9. Provide the total cost subject to allocation from Tennessee Contractors, Inc. to Lynwood and support in detail the amounts allocated to Lynwood by account by month for the last three years.

RESPONSE:

10. In regards to the two full time employees and the part-time secretary proposed in Schedule 2-5, provide justification and support for the proposition that a company of Lynwood’s size and function requires full-time employees and a part-time secretary in order to provide sewer service.

RESPONSE:

11. Provide the purpose of and a detailed description of the regulatory expense set forth in Schedule 2-8 of the Petition.

RESPONSE:

12. Provide the depreciation rates by plant account used to calculate depreciation expense.

RESPONSE:

13. Provide the utility plant in service by account, and forecasted plant additions by account by month through December, 2007 per Schedule 3. Include invoices and/or other documentation providing support for the requested information.

RESPONSE:

14. Provide the total amount of contributions in aid of construction by account and additions by account through December, 2007. Include documentation providing support for the figure.

RESPONSE:

15. Disclose all regulatory or judicial obligations the Company is currently under other than those imposed by the Tennessee Regulatory Authority. Include in your response sufficient information to identify any pending or on-going matters before a regulatory or judicial entity

other than the Tennessee Regulatory Authority.

RESPONSE:

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

RESPONSE:

17. Produce copies of the respective billing agreements between Lynwood, the City of Franklin and HB&T Utility District.

RESPONSE:

18. Produce the respective amounts by month for the last three years that the City of Franklin and HB&T Utility District retained as payment under the billing agreements with Lynwood.

RESPONSE:

19. Provide support and an explanation for the need and use of 990 square feet of office space for Lynwood as described in the proposed lease between the Tennessee Contractors, Inc. and the

Company.

RESPONSE:

20. Provide support for the actual costs associated with the office space the Company claims is necessary and the actual cost paid by Tennessee Contractors, Inc.

RESPONSE:

21. Referring to Schedule 2 (and 2-3), provide invoices and/or other documentation supporting the estimated cost of odor control equipment.

RESPONSE:

22. Referring to Schedule 3, provide invoices and/or other documentation supporting the estimated cost of lab equipment.

RESPONSE:

23. Referring to Schedule 3, provide invoices and/or other documentation supporting the estimated cost of Engineering Fees.

RESPONSE:

24. Provide a detailed description of the services provided to the company under the calculation of Engineering Fees.

RESPONSE:

25. Provide copies of the Company's accounting books and ledgers for the past three years, including 2006.

RESPONSE:

26. Provide invoices, bank statements and/or all other documentation supporting the accounting/general ledger entries for 2006.

RESPONSE:

27. Referring to all long term financing made available by Tennessee Contractors, Inc. to Lynwood, provide invoices and/or other documentation demonstrating and supporting how Lynwood has spent the loaned financing.

RESPONSE:

28. Referring to Schedule 2 of the Company's petition, please explain the inclusion of "Interest Expense" in Net Operating Income.

RESPONSE:

29. Referring to Schedule 2 (and 2-3) of the Company's petition, provide supporting documentation and an explanation for the 2006 "Purchased Sewage Treatment" calculation.

RESPONSE:

30. Referring to Schedule 2 of the Company's petition, provide invoices and/or documentation supporting the calculations of "Miscellaneous Expenses" for 2005 and 2006 an explanation for any recurrence of such expenses in future years.

RESPONSE:

31. Referring to Schedule 2-7 of the Company's petition, provide invoices and/or documentation supporting the calculations of "Contractual Services".

RESPONSE:

32. Referring to Schedule 2-7 of the Company's petition, provide a breakdown of and invoices and/or other documentation supporting the calculations of "Outside Contractor Cost."

RESPONSE:

33. Provide copies of the following tax returns (state) for the most recent three (3) tax years:

- a. Tennessee Gross Receipts Tax Returns
- b. Tennessee Franchise and Excise Tax Returns
- c. Property tax invoices
- d. Inspection Fee levied by the Tennessee Regulatory Authority

RESPONSE:

34. In TRA Docket 99-00507, Lynwood proposed to change the method of billing residential customers by billing based on the amount of water consumed rather than the number of bedrooms a residence contained. The proposal was approved and Lynwood was able to secure the assistance of two local water utilities in billing. Lynwood has indicated in this matter a desire to

bill the Company's customers without the assistance of HB&T Utility District and the City of Franklin.

Explain how the Company proposes to bill consumers if and when the Company begins to bill residential consumers based on water use without the assistance of other local water utilities.

This explanation should include how the Company will continue to bill residential customers based on the amount of water used.

RESPONSE:

35. In reference to Discovery Request #34, provide an explanation as to whether the proposal regarding Lynwood taking over the billing of consumers would affect or alter the requirements ordered in TRA Docket 06-00139 (requiring amendments to the respective billing agreements currently in place).

RESPONSE:

36. In reference to Discovery Request #34, when does the Company plan to implement its own proposed billing system for revenues and collections operations.

RESPONSE:

37. Provide copies of all the Company's bank statements for 2006.

RESPONSE:

38. Provide the number of customers by month for 2005 and 2006 by rate class.

RESPONSE:

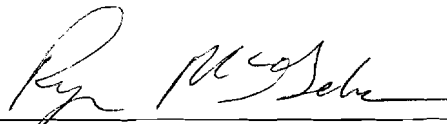
39. Provide the number of gallons billed by month and by rate class for 2005 and 2006.

RESPONSE:

40. Provide support for all other revenues, expenses, and investments included in the proposed cost of service which were not specifically addressed by the preceding discovery questions and requests.

RESPONSE:

Respectfully Submitted,



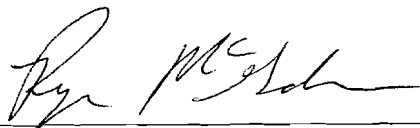
RYAN McGEHEE B.P.R. #25559
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202
(615) 532-5512

Dated: March 2, 2007

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or facsimile on March 2, 2007 upon:

Donald L. Scholes, Esq.
Branstetter, Stranch & Jennings, PLLC
227 Second Ave. North, 4th Floor
Nashville, TN 37201-1631



Ryan McGehee
Assistant Attorney General

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