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August 22, 2007

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

Via Hand Delivery

Attention: Sharla Dillon

Re: Docket No. 07-00167 – Petition of Lynwood Utility Corporation to Approve
Alternative Form of Financial Security under Rule 1220-4-13-.07

Dear Chairman Roberson:

On August 10, 2007, I received a request from Darlene Standley, Chief of Utilities Division, to respond to two questions in the above captioned docket as set forth in her letter. By this letter I am responding to this request for information on behalf of Lynwood Utility Corporation.

1. Lynwood states in its petition that its request for an alternative security (\$20,000 bond) is based upon the same rationale as last year. For the current year, have financial institutions declined to provide Lynwood with the security required under TRA rules? If so, please provide copies of letters from financial institutions that are not willing to provide the requested security.

RESPONSE: Lynwood has not attempted to obtain an irrevocable letter of credit or surety bond from financial institutions for the current year.

2. If Lynwood has not attempted to obtain the security required by TRA rules, please explain why such efforts have not been made.

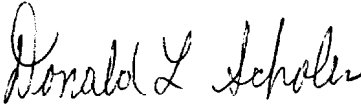
RESPONSE: As of December 31, 2006, Lynwood Utility Corporation's operating results was a loss of \$249,548.00. The Company's capital accounts reflected a deficit of \$144,782.00. The 2007 operating results to date have not improved. With higher interest rates and a water shortage in its

Eddie Roberson, Chairman
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service area, improvement in Lynwood's financial condition for 2007 is not expected. As a result of the above information, financial institutions would not be inclined to change their positions from the Company's prior request.

I have enclosed the original and 14 copies of Lynwood Utility Corporation's Response to Tennessee Regulatory Authority Information Request in this docket. Please return one of the copies to me stamped filed. If I can provide further information, please let me know.

Sincerely yours,


DONALD L. SCHOLES

c: Darlene Standley
Tyler Ring
Jim Ford