

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	February 19, 2008	
)	
PETITION OF LYNWOOD UTILITY)	DOCKET NO.
CORPORATION TO APPROVE)	07-00167
ALTERNATIVE FORM OF)	
FINANCIAL SECURITY UNDER)	
RULE 1220-4-13-.07)	

ORDER GRANTING ALTERNATIVE FINANCIAL SECURITY

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on January 28, 2008 upon the *Petition* of Lynwood Utility Corporation (“Lynwood” or the “Company”) requesting approval of its proposal for an alternative form of financial security pursuant to TRA Rule 1220-4-13-.07(5).

BACKGROUND AND THE PETITION

In Docket No. 06-00139,¹ on April 24, 2007, the Authority entered an *Order Granting Alternative Financial Security* approving Lynwood’s proposal for an alternative form of financial security pursuant to TRA Rule 1220-4-13-.07(5). In that docket, in lieu of the financial security required by TRA Rule 1220-4-13-.07(2), the

¹*In re: Petition Of Lynwood Utility Corporation For Exemption From Filing Proof Of Financial Security As Required By Rule 1220-4-13-.07(2) Or, In The Alternative, To Approve Another Type Of Security Or Security Amount*, Docket No. 06-00139, *Order Granting Alternative Financial Security* (April 24, 2007).

Authority accepted a personal letter of credit in the amount of \$20,000 from Lynwood for the period July 1, 2006 through June 30, 2007.²

On July 9, 2007, Lynwood filed its *Petition* in this docket which seeks approval of the following as an alternative form of financial security as permitted by TRA Rule 1220-4-13-.07(5):

1. The submission of a letter of credit by Tennessee Commerce Bank in the amount of \$20,000 effective November 7, 2007; and,
2. The amendment of Lynwood's existing billing and collection agreements with the City of Franklin, Tennessee and with H. B. & T. S. Utility District to provide that in the event the Authority takes action under TRA Rule 1220-4-13-.09 to suspend or revoke Lynwood's CCN or to cause a forfeiture of Lynwood's funds, the City of Franklin and H. B. & T. S. Utility District will agree to send all funds collected from Lynwood's customers to the Authority, a court appointed receiver or other entity or person to whom the Authority may direct to continue the operation of Lynwood's sewer system.

In its *Petition*, Lynwood asserts that the same reasons which justified the approval of its alternative form of financial security in Docket No. 06-00139 continue to be applicable for the year July 1, 2007 through June 30, 2008.

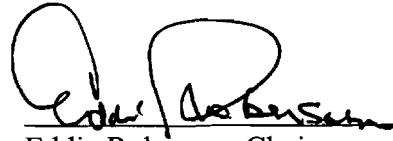
FINDINGS AND CONCLUSIONS

At a regularly scheduled Authority Conference held on January 28, 2008, the panel considered the *Petition*. Finding that the circumstances which justified the approval of an alternative form of financial security in Docket No. 06-00139 continue to exist, the panel voted unanimously to grant the Lynwood *Petition* for an alternative form of financial security pursuant to TRA Rule 1220-4-13-.07(5). Further, the panel directed Lynwood to timely file any future alternative financial security proposals by May 1 each year as required by TRA Rule 1220-4-13-.07(5).

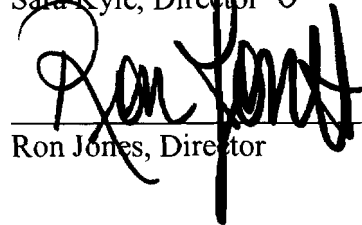
²*Id.*

IT IS THEREFORE ORDERED THAT:

The proposal of Lynwood Utility Corporation for an alternative form of financial security in accordance with TRA Rule 1220-4-13-.07(5), as described in its *Petition* and discussed herein, is granted.


Eddie Roberson, Chairman


Sara Kyle, Director


Ron Jones, Director