

BRANSTETTER, STRANCH & JENNINGS, PLLC

ATTORNEYS AT LAW

227 SECOND AVENUE NORTH

FOURTH FLOOR

NASHVILLE, TENNESSEE 37201-1631

2007 DEC 13 AM 10 40

December 13, 2007

TN REGULATORY AUTHORITY
DOCKET ROOM

TELEPHONE
(615) 254-8801

FACSIMILE
(615) 250-3937

CECIL D. BRANSTETTER, SR.
C. DEWEY BRANSTETTER, JR.
RANDALL C. FERGUSON
R. JAN JENNINGS*
JOE P. LENISKI, JR.
DONALD L. SCHOLLES
JAMES G. STRANCH, III
J. GERARD STRANCH, IV
JANE B. STRANCH

B. DENARD MICKENS
J. D. STUART
MICHAEL J. WALL

*ALSO ADMITTED IN GA

Via Hand Delivery

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

Attention: Sharla Dillon

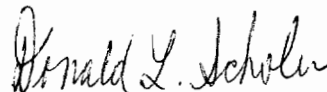
Re: *In re: Petition of Lynwood Utility Corporation*, Docket No. 07-00263

Dear Chairman Roberson:

I have enclosed for filing an original and fourteen copies of Amended Petition for Approval of a Loan in an Amount Not to Exceed \$1,000,000 to Refinance Existing Indebtedness and for Approval of a Working Capital Line of Credit Not to Exceed \$250,000 pursuant to T.C.A. § 65-4-109 by Lynwood Utility Corporation in this docket. I would appreciate your returning to me the extra copy stamped filed.

The commitment from Tennessee Commerce Bank for the loan and letter of credit in the Amended Petition will expire on March 31, 2008. The original Petition, filed with the TRA on November 27, 2007, indicated that the Bank's commitment would expire on December 31, 2007, but the deadline has been extended. Lynwood respectfully requests that the Authority review and approve this Petition to enable it to close the loan and letter of credit transaction before March 31, 2008. Thank you for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLLES

Enclosures

c: Tyler Ring
Jim Ford
Timothy Phillips

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

2007 DEC 13 AM 10 43

**In re: PETITION OF LYNWOOD UTILITY)
CORPORATION FOR APPROVAL OF)
A LOAN IN AN AMOUNT NOT TO)
EXCEED \$1,000,000 TO REFINANCE)
EXISTING INDEBTEDNESS AND FOR)
APPROVAL OF A WORKING CAPITAL)
LINE OF CREDIT NOT TO EXCEED)
\$250,000 PURSUANT TO T.C.A. § 65-4-109)**

**TN REGULATORY AUTHORITY
DOCKET ROOM**

Docket No. 07-00263

AMENDED PETITION

Comes now Lynwood Utility Corporation (Lynwood) and files this Amended Petition for approval of a loan in an amount not to exceed \$1,000,000 to refinance existing indebtedness and for approval of a working capital line of credit not to exceed \$250,000 pursuant to T.C. A. § 65-4-109. In support of its Amended Petition, Lynwood states as follows:

1. Lynwood Utility Corporation provides sewer service in Williamson County, Tennessee, pursuant to a certificate of public convenience and necessity issued originally to Lynwood Utility Company on June 14, 1976. Lynwood provides sewer service to approximately 790 customers within its certificated service area.

2. In 2006 Lynwood entered into a Promissory Note with Tenn. Contractors, Inc., for a loan in the amount of \$1,000,000 with a maturity date of twenty years and an interest rate set at 2% above the Wall Street Journal Prime Index. The interest rate changes quarterly based upon the Prime Index rate as of the first business day of each calendar quarter. This Note is secured by a First Deed of Trust on the land and physical assets of Lynwood and twenty percent (20%) of new additions to the Lynwood utility plant after the execution of the Note. The Authority approved this Note in Docket No. 05-00173.

3. Lynwood obtained a commitment dated December 7, 2007, from Tennessee Commerce Bank (the Bank) to loan Lynwood an amount not in excess of \$1,000,000 to refinance Lynwood's existing Note to Tenn. Contractors, Inc. and to establish a working capital line of credit in an amount not to exceed \$250,000. The term of the \$1,000,000 loan is five years with an interest rate of 7.5% fixed for five years. Principal and interest payments are based upon a fifteen year amortization. The interest rate of the working capital line of credit is prime plus 0.5% with interest payable monthly. The Bank's commitment letter setting forth the terms of the proposed loan and line of credit is attached hereto as Exhibit 1.

4. Lynwood's interest rate on the new \$1,000,000 loan is less than the interest rate of the existing Note. The interest rate on the existing Note is 2% over the Wall Street Journal Prime Index which rate changes the first business day of each calendar quarter. The current interest rate on the Note is 9.75% (Prime Index rate on October 1, 2007 of 7.75% plus 2%). Therefore, the grant of this Amended Petition will lower Lynwood's cost of capital in providing sewer service to its customers and will reduce its annual cash requirement by approximately \$20,000.

5. The \$250,000 line of credit will provide Lynwood access to funds needed for on-going working capital and property additions when needed until long term financing can be arranged.

6. The approval of the proposed financing by Tennessee Commerce Bank will put into place a lender for Lynwood which is an unrelated party.

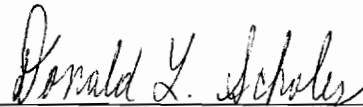
7. The commitment from Tennessee Commerce Bank expires on March 31, 2008; therefore, the Authority must approve the loan and working capital line of credit to allow Lynwood to close on the loan and line of credit before March 31, 2008.

WHEREFORE, PREMISES CONSIDERED, PETITIONER PRAYS THAT THE
AUTHORITY:

1. Approve the loan from Tennessee Commerce Bank in an amount not in excess of \$1,000,000 pursuant to T.C.A. § 65-4-109 to used to refinance Lynwood's existing Promissory Note to Tenn. Contractors, Inc.
2. Approve, if the Authority deems necessary, the working capital line of credit from Tennessee Commerce Bank in an amount not to exceed \$250,000.00.
3. To review and approve of loan and line of credit to permit Lynwood to close on the loan and line of credit by March 31, 2008.
4. Have such other relief to which it may be entitled.

Dated December 13, 2007

Respectfully submitted,



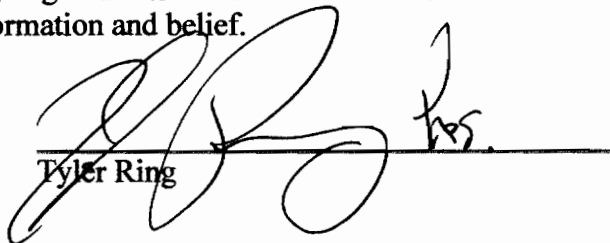
DONALD L. SCHOLES BFR# 010102
Branstetter, Stranch & Jennings, PLLC
227 Second Avenue, North, Fourth Floor
Nashville, TN 37201-1631
(615) 254-8801

Attorney for Lynwood Utility Corporation

VERIFICATION

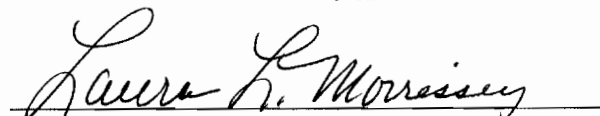
STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

I, Tyler Ring, being duly sworn, depose and say that I am the President of Lynwood Utility Corporation and that I have read the foregoing Petition and know the contents thereof are true and correct to the best of my knowledge, information and belief.



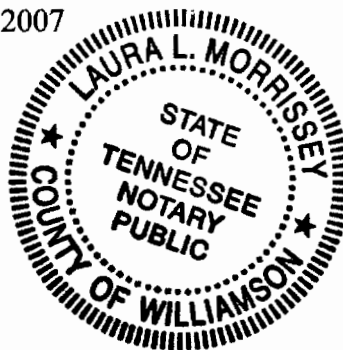
Tyler Ring

Sworn to before me this 2th day of December, 2007



NOTARY PUBLIC

My Commission Expires: 9-20-2010





December 7, 2007

Mr. Tyler Ring, President
Lynnwood Utility Corporation
321 Billingsly Court
Suite 4
Franklin, Tenn. 37067

Dear Mr. Ring,

Tennessee Commerce Bank (hereafter "Bank") is pleased to offer to Lynnwood Utility Corporation ("Borrower") a commitment to lend on the following terms and conditions pending Bank Board approval. We thank you for the opportunity to work with you.

| | |
|-----------------------|--|
| Borrower: | Lynnwood Utility Corporation |
| Facility: | A) Term Loan B) Line of Credit |
| Loan Amount: | A) Not to exceed \$1,000,000 B) Not to exceed \$250,000 |
| Purpose: | A) Refinance existing debt. B) Working capital line of credit. |
| Interest Rate: | A) 7.5% fixed for five years B) Prime plus .5% floating |
| Fee: | A & B) .5% of total commitment |
| Repayment: | A) Principal and interest will be paid monthly based on a Fifteen year amortization. The term will be five years from |

the date of closing.

B) Interest monthly. Review at maturity (one year from closing)

Collateral: A&B) A first lien on all of the Company's real estate, and equipment. Additionally a life insurance policy on John Ring in an amount of not less than \$1,250,000 will be pledged as collateral.

A & B) The two loans will be cross pledged and cross defaulted.

Guarantors: Southern Utility Corporation, Tyler Ring and John Ring will be required to sign joint and several guarantees for 100% of the debt.

Covenants: A & B) Loans will be cross defaulted.

Other Terms: Borrower will provide annual financial Statements acceptable to the Bank as well as any Documentation the Bank finds necessary to properly Underwrite and document the credit.

A title policy will be provided to the Bank in an amount not less than \$1,250,000 on the Borrowers real estate taken as collateral.

A new appraisal will be provided on the Borrowers real estate.

Borrower will pay all of bank's costs and expenses, including attorney's fees, which we incur in the preparation, negotiation and execution of the loan documents, regardless of whether the loan is made.

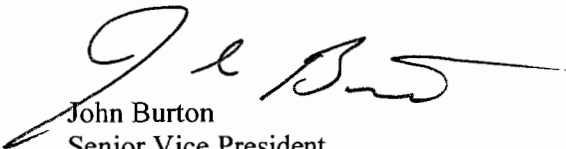
Borrower represents and agrees that all financial statements and other information delivered to the Bank are correct and complete. No material adverse change may occur in, nor may any adverse circumstances be discovered as to, the business or financial condition of the Borrower prior to closing.

Please indicate your acceptance of this offer and the terms and conditions contained herein by signing below and returning this commitment letter to the undersigned. This offer shall expire unless the acceptance is received by the undersigned on or before March 31, 2008.

Thank you for allowing Tennessee Commerce Bank to be of service. Please do not hesitate to give me a call at 615-468-2075 if I can be of further assistance. I look forward to receiving the

executed commitment and to initiating and coordinating the closing process to a smooth conclusion. For Tennessee Commerce Bank, I remain,

Sincerely yours,


John Burton
Senior Vice President

ACCEPTANCE OF LOAN COMMITMENT:

The above commitment is agreed to and accepted on the terms and conditions provided in this letter.

Lynnwood Utility Corporation

By: _____


Tyler Ring, President

Date: _____

12/7/07