

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**IN RE:** **July 15, 2008**

**PETITION OF LYNWOOD UTILITY  
CORPORATION TO APPROVE  
ALTERNATIVE FORM OF  
FINANCIAL SECURITY UNDER  
RULE 1220-4-13-.07**

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**DOCKET NO.  
08-00075**

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**ORDER GRANTING ALTERNATIVE FINANCIAL SECURITY**

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This matter came before Chairman Eddie Roberson, Director Tre Hargett and Director Sara Kyle of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 23, 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**

On February 19, 2008, the Authority entered an Order Granting Alternative Financial Security in Docket No. 07-00167<sup>1</sup> in which Lynwood requested approval of a proposal for an alternative form of financial security pursuant to TRA Rule 1220-4-13-.07(5). In lieu of the financial security required by TRA Rule 1220-4-13-.07(2), the Authority accepted a letter of credit in the amount of \$20,000 from Lynwood’s owners for the period July 1, 2007 through June 30, 2008.

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<sup>1</sup> *In re: Petition of Lynwood Utility Corporation to Approve Alternative Form of Financial Security Under Rule 1220-4-13-.07, Docket No. 07-00167, Order Granting Alternative Financial Security* (February 19, 2008).

On May 8, 2008, Lynwood filed a *Petition* in this docket which again seeks approval of an alternative form of financial security as permitted by TRA Rule 1220-4-13-.07(5). Lynwood proposes an alternative form of financial security in the same amount and same conditions for the year July 1, 2008 through June 30, 2009 that was approved in Docket No. 07-00167.

Lynwood asserts that the same reasons which justified the approval of the alternative form of financial security in Docket No. 07-00167 are equally applicable for the year July 1, 2008 through June 30, 2009. Specifically, Lynwood asserts that the new rates approved by the Authority in Docket No. 07-00007<sup>2</sup> have not yet placed Lynwood in a significantly different financial position from what it was in when the Authority approved the alternate form of financial security in Docket No. 07-00167.

The alternative form of financial security and conditions, approved last year and proposed this year, are as follows:

1. A letter of credit by Tennessee Commerce Bank in the amount of \$20,000 effective November 7, 2007 automatically renewed without amendment for successive one-year periods; and,
2. The continuation 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.

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<sup>2</sup> *In re: Petition of Lynwood Utility Corporation to Change and Increase Rates*, Docket No. 07-00007, *Order Approving Settlement Agreement* (December 11, 2007).

## **FINDINGS AND CONCLUSIONS**

At a regularly scheduled Authority Conference held on June 23, 2008, the panel considered the *Petition*. Finding that the circumstances which justified the approval of an alternative form of financial security in Docket No. 07-00167 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).

### **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.

  
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Eddie Roberson, Chairman  
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Tre Hargett, Director  
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Sara Kyle, Director