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JAMES G. STRANCH, III
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JANE B. STRANCH

*ALSO ADMITTED IN GA

ASSOCIATES:
B. DENARD MICKENS
STEVEN J. SIMERLEIN ***
J. D. STUART
MICHAEL J. WALL

OF COUNSEL:
ROBERT J. RICHARDSON, JR. **

**ONLY ADMITTED IN OH
***ONLY ADMITTED IN CA

March 5, 2009

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

Via Hand Delivery

filed electronically in docket office on 03/05/09

Attention: Sharla Dillon

Re: Petition of Lynwood Utility Corporation To Change and Increase Rates and
Charges
Docket No. 09- 00034

Dear Chairman Roberson:

Enclosed please find the original and thirteen copies of a Petition to be filed on behalf of our client, Lynwood Utility Corporation (the Company), pursuant to T.C.A. § 65-5-203. I am simultaneously, with the filing of this Petition, filing with Ms. Pat Murphy certain tariffs for Company, which are explained and discussed in the Petition and which tariffs have an issue date of March 5, 2009, and an effective date of April 4, 2009.

I am enclosing the original and thirteen copies of the pre-filed testimony and exhibits of Tyler Ring and James B. Ford who will testify on behalf of the Company.

The entire contents of this filing in PDF format are also contained on a compact disc filed herewith. Also, I have emailed to Ms. Sharla Dillon an electronic version in PDF format of the Petition, the testimony, their exhibits, and the tariff filings.

Also enclosed is our check in the amount of \$25.00, payable to the Tennessee Regulatory Authority for the filing fee.

Please return one copy of the Petition and sworn testimony and exhibits, which I would appreciate your stamping "filed," and returning to me.

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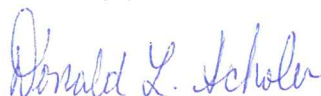
Dear Ms. Murphy:

Enclosed please find an original and thirteen copies of revised rates and charges tariffs being filed with a Petition proposing changes and increases in rates and charges by the Lynwood Utility Corporation (the Company).

The tariffs enclosed have an issue date of March 5, 2009, and effective April 4, 2009. I am enclosing a copy of the Petition filed by the Company and a copy of my letter to Chairman Roberson, together with the copies of pre-filed testimony and exhibits filed by the witnesses in this matter. The tariffs enclosed and their revenue impacts are explained in the Petition and the testimony and exhibits of the Company witnesses.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Tyler Ring
Jim Ford
General Timothy Phillips

TARIFF OF

LYNWOOD UTILITY CORPORATION

CONSISTING OF

SCHEDULE OF RATES, TERMS AND CONDITIONS

FOR

SANITARY SEWER SERVICE

APPLYING TO

LYNWOOD UTILITY CORPORATION SERVICE BOUNDARIES
FRANKLIN, TENNESSEE

NO MODIFICATION OF THESE SCHEDULES SHALL BE
MADE EXCEPT FOR THE PURPOSE OF CANCELLING OR
SUPERSEDING PREVIOUSLY ISSUED SCHEDULES

Issued By: Lynwood Utility Corporation
Tyler Ring, President
Address: 321 Billingsly Court, Suite 4
Franklin, TN 37065

TENNESSEE REGULATORY AUTHORITY

Issue Date: March 5, 2009
Effective Date: April 4, 2009

RULES AND REGULATIONS
Governing the Sewerage and Sewage Treatment System of
LYNWOOD UTILITY CORPORATION

Statement of Purpose

The general purposes of these rules and regulations are:

1. To establish procedures for furnishing sewerage and sewage treatment services to customers of LYNWOOD UTILITY CORPORATION. (D)
2. To provide standards and procedures for:
 - a. Acceptable sewage characteristics
 - b. Excessive sewage volume
 - c. Engineering design standards
 - d. Construction and inspection requirements
 - e. Quality of material

Definition of Terms

1. Corporation - The Corporation shall mean the Lynwood Utility Corporation.
2. Engineer - The word Engineer shall mean the consulting engineer of the Lynwood Utility Corporation.
3. Customer - The word Customer shall mean any person, firm, corporation, association or government unit furnished sewerage services by the Corporation.
4. Property - The word Property shall mean all facilities owned and operated by the Corporation.
5. Authority - The word Authority shall mean the Tennessee Regulatory Authority.

6. Trunk Sewer - The words Trunk Sewer shall mean a sewer that runs parallel to a natural drainage channel and receives sewage from many tributary branches and terminates at the sewage treatment plant or major lift station.
7. Collector Sewer - The words Collector Sewer shall mean those sewers running within residential areas and conveying the sewage to the trunk sewer. (N)
8. Lateral Sewer - The words Lateral Sewer shall mean those sewers extending from the Collector Sewer to the property line of the Customer (N)
9. Building Sewer - The words Building Sewer shall mean that sewer extending from the Customer's property line to his place of business or residence.

Authorization of Rules and Regulations

The LYNWOOD UTILITY CORPORATION, a corporation organized and engaged in business as a public utility in the State of Tennessee under a Certificate of Convenience and Necessity issued by the Tennessee Public Service Commission on June 14, 1976 under Docket No. U-6162, submits the following statement of its rules and regulations.

Effect of Rules and Regulations

All provisions of these rules and regulations shall be incorporated in each contract with each sewerage Customer of Lynwood Utility Corporation.

Utility Items on Private Property

The Corporation shall not furnish on or maintain any items or appurtenances for sewer service on the customer's premises without execution of an agreement for an easement or encroachment. No property of the Corporation shall be located on the premises of customers except the sewer shut-off valve, and the Corporation shall be responsible for the shut-off valve. The Building Sewer shall be maintained by the Customer.

Discontinuance of Service

Sewer service may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth.

2. For misrepresentation in the application for service.
3. For adding to the Property or fixtures without notice to the Corporation.
4. For failure to protect the connections, service lines or fixtures in good order.
5. For tampering with any service pipes or any Property of the Corporation in any way whatsoever.
6. Vacancy of premises.
7. For violation of any rules of the Corporation.
8. For disconnecting or re-connecting service by any party other than a duly authorized agent of the Corporation without the consent of the Corporation.

Non-Payment Penalties

The Corporation has contracted with water utilities which utilities provide water service to the Corporation's customers to bill and collect its sewer charges. These water utilities have agreed to terminate water service for the non-payment of sewer charges to enforce the collection of sewer charges. Any penalty for late payment of sewer charges, fees related to the termination of water service to enforce the payment of sewer charges, and any reconnection fees will be the fees charged by these water utilities for these services. No service shall be turned on again if discontinued for non-payment (or any other valid reason) until all charges have been paid. (N)

Change of Ownership, Tenancy or Service

A new application and agreement must be made and approved by the Corporation on any change in ownership of property, or in tenancy, or in the service as described in the application. In the event of failure of a new owner or tenant to make such application, the Corporation shall have the right to discontinue service until such new application is made and approved.

(D)

Special Pretreatment Sewage Requirements

For all sewerage connections, in addition to the customary tap fees, the Corporation reserves the right to require any non-residential user to provide special treatment for any high strength effluent before discharge into its sewerage system. The Corporation may, upon the basis of recognized engineering standards and treatment cost, increase the tap fees or sewer service charges to cover the cost of treatment of high strength effluent or industrial waste with the approval of the Authority, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharged into its sewerage system.

Damages

The Corporation shall in no event be responsible for maintaining any building sewer owned by the Customer, for damages created by sewage escaping therefrom, or for defects in lines or fixtures on the property of the Customer. The Customer shall at all times comply with all regulations of the Tennessee Regulatory Authority and the Corporation relating to the building sewer and shall make all changes in the Customer's line required on account of grade or otherwise. (N)

All leaks in any pipe are fixture on the premises of the Customer shall be immediately repaired. On failure to repair any such leak, the service may be discontinued until repairs are made.

In Event of Emergency

The Corporation shall not be liable to the Customer for interruption in service or for damages or inconvenience as a result of any interruption, stoppage, etc., which is beyond the reasonable control of the Corporation.

Extension Plan

The Corporation will furnish sewer services to all property owners whose lands abut the trunk sewer. The sewer service charges and tap fees included in this tariff do not include costs for constructing collector and lateral sewers and do include costs for constructing trunk sewers and lift stations. Any collector and/or lateral sewers required to service such abutting properties shall be constructed at the cost of the party desiring it, and these sewers shall become the property of the Corporation to be credited to the account for contribution in aid of construction. If the said desiring party does not wish to construct his own collector and lateral sewers, the Corporation may construct them and charge the desiring party the total project costs for same. The desiring party shall obtain at its expense the easements required by the Corporation for any collector and/or lateral sewers.

Plans for any extensions shall be reviewed and approved by the Engineer prior to construction.

New Developments

In the event a new development seeks sewer service from the Corporation, the developer and the Corporation shall enter into a contract for sewer service for the development in which the developer shall agree to pay all costs in connection with the Corporation providing sufficient capacity and facilities to provide sewer service to the development. These costs shall include any upgrade in the sewer treatment plant, new pump stations, pump station upgrades, trunk sewers, collector sewers, lateral sewers and other related sewer facilities plus all engineering, inspection, legal and administrative costs associated with the construction of these sewer facilities.

Contributions in Aid of Construction & Advances in Aid of Construction

All contributions and advances that are treated as taxable revenues by the IRS, whether in the form of property or cash, shall be increased by a cash flow payment to the utility, in an amount equal to 33% of the contribution or advance. The contribution or advance will be equal to the "original cost" if in the form of property or face value if in the form of cash.

Contracts for Service

Each customer before installation of service shall be required to execute on the appropriate forms furnished by the Corporation or its designated representative.

1. A sewer service contract

2. The application and contract for sewer tap services (M)

(D)

Public Contact

Mr. Tyler Ring
Lynwood Utility Corporation
321 Billingsly Court, Suite 4
Franklin, TN 37065

Tennessee Regulatory Authority

The utility in its operation shall conform with all the applicable rules and regulations promulgated from time to time by the Tennessee Regulatory Authority.

LYNWOOD UTILITY CORPORATION

MONTHLY SEWER SERVICE BILLING

Residential, Condominium, House or Apartment:

Charge per 1,000 gallons (actual or assumed flow)	\$ 8.78	(I)
<u>Minimum monthly charge</u>	<u>\$20.00</u>	(I)

Non-Residential:

Charge per 1,000 gallons (actual or assumed flow)	\$10.41	(I)
<u>Minimum monthly charge</u>	<u>\$30.00</u>	(I)

(D)

TAP FEES

<u>Residential :</u>	\$4,500.00	(I)
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Non-Residential :

Charge per gallon per day (Computed by multiplying the peak monthly usage during the first year by 12 divided by 365 days.)	\$10.41	(I)
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SEWER CONNECTION FEES

<u>Residential or Non-Residential:</u>	\$350.00	(I)
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GENERAL FEES

<u>Returned Check Charge:</u>\$30.00	(I)
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TRA No. 1
Original Page No. 9

SEWER SERVICE CONTRACT

SEWER SERVICE CONTRACT

The Undersigned, being the _____
(Owner, Owner's Agent)
property located at _____,
(Number) (Street)

does hereby request a permit to install and connect a building sewer to serve _____

at said location.

1. _____ Square Feet _____ Bedrooms

2. The name and address of the person or firm who will perform the proposed
work is: _____.

3. Plans and specifications for the proposed building sewer are attached hereunto
as Exhibit "A".

4. In consideration of the granting of this permit, the undersigned agrees:

1. To accept and abide by all rules and regulations of the Lynwood Utility Corporation
and of all other pertinent County and State regulations.

2. To maintain the building sewer at no expense to Lynwood Utility Corporation.

3. To notify the Lynwood Utility Corporation, when the building sewer is ready for
inspection and connection to the public sewer, but before any portion of the work is
covered.

4. The applicant understands that he will receive a monthly bill from the Corporation for
sewerage services furnished. The Corporation has entered in billing and collection
agreements with the utilities which provide water service to the Corporation's sewer
customers. The applicant agrees that the non-payment of his or her bill for sewer service
will result in the termination of water service by these utilities. The applicant understands
that the billing and collection procedure of the water utilities will be used to collect the
Corporation's sewer bill. Applicant understands and acknowledges that failure to pay the
monthly service charges or other charges when due may result in a lien against his
property. Applicant understands that the acceptance of this application by the
Corporation creates a lien against applicant's property for non-payment. It is further
agreed and understood that service by the Corporation shall be cancelled only by
WRITTEN NOTICE to the Corporation and that this contract shall be in effect at all
times pending such notice.

Issue Date: March 5, 2009

10

Effective Date: April 4, 2009

5. No roof drains or other storm water will be connected to or allowed to flow into the sewerage system.

Date _____

Signed _____
(Applicant)

\$ _____ security deposit paid.

(Address of Applicant)

Application approved and permit issued:

Date _____

By _____
LYNWOOD UTILITY CORPORATION

CONTRACT FOR SEWER
TAP SERVICES

CONTRACT FOR SEWER TAP SERVICES

The undersigned applicant hereby applies to the LYNWOOD UTILITY CORPORATION, hereinafter referred to as Corporation to supply sewer service to the premises hereinafter described and agrees to pay for such services when statement for same is rendered therefor in accordance with the rates, charges and rules and regulations in effect at the time the service is rendered.

The undersigned agrees to abide by and be subject to all the rules and regulations promulgated by the Corporation as approved by the Tennessee Regulatory Authority governing the installation and the use of sewer services and agrees that the Corporation may require from the undersigned or tenant of the premises a cash deposit of such amount as the Corporation deems adequate as security for payment of services rendered these premises pursuant to this contract.

It is specifically agreed and understood that the applicant will make no claim for damage on account of the interruption of sewage disposal resulting from accident or when necessary to make alterations, repairs or improvements, or when services are discontinued on account of non-payment of bills.

It is further agreed and understood that the applicant shall pay the full amount of cost of service at the effective rates approved by the Tennessee Regulatory Authority in accordance with the rules and regulations of the Corporation. All rates and charges are on file in the Corporation offices and at the Tennessee Regulatory Authority.

The applicant understands that he will receive a monthly bill from the Corporation or its designated representative for sewerage services furnished. The Corporation has entered in billing and collection agreements with the utilities which provide water service to the Corporation's sewer customers. The applicant agrees that the non-payment of his or her bill for sewer service will result in the termination of water service by these utilities. The applicant understands that the billing and collection procedure of the water utilities will be used to collect the Corporation's sewer bill. Applicant understands and acknowledges that failure to pay the monthly service or other charges when due may result in a lien against his property. Applicant understands that the acceptance

of this application by the Corporation is conditioned upon execution of the document creating a lien against applicant's property for non-payment.

It is further agreed and understood that service by the Corporation shall be cancelled only by WRITTEN NOTICE to the Corporation and that this contract shall be in effect at all times pending such notice.

TAPPING PROVISIONS

Wherein in this contract the applicant purchases a sewer tap the following terms and conditions shall apply:

It is understood by and between the parties hereto that the consideration hereinafter enumerated is for the privilege of tapping the sewer mains of the Corporation, and does not include any other right, title or interest or any other or further privilege than the privilege to tap said main, under the terms and conditions herein set forth. These taps are sold for lots known as _____ of _____, Williamson County, Tennessee, or lot Nos. _____ of _____ Subdivision, a plan of which is recorded in Book No. _____, Page _____, Register's Office, Williamson County, Tennessee.

It is further understood and agreed that each tap herein purchased will be used only for the sole benefit of the occupants of one house only located on the lot for which said tap is sold and for no other persons, property or purpose. In the event an additional house or houses are built on said property, a tap privilege will have to be purchased for each additional house. A tap privilege herein purchased cannot be shifted or changed to any other house or any other lot, except with the written consent and approval of the Corporation, and upon such terms and conditions as the Corporation may require.

It is further understood and agreed that upon the failure on the part of the undersigned applicant, or the heirs, representatives, successors or assigns of the applicant to pay when due, any obligation incurred under this contract, that such failure shall immediately entitle the Corporation to disconnect said tap or taps

from its sewer main, or mains, and discontinue the privilege and retain the amount already paid to it, by the applicant as rental or liquidated damages.

It is further understood and agreed that any abuse of said sewer tap privilege by the violation of any of the terms, provisions and conditions of this contract, by the undersigned, or any of the privies of the applicant, even after the payment of the consideration herein mentioned, that any such abuse or violation by the undersigned or any tenant, lessee, agent, heir, representative, successor, assign or grantee of the undersigned, shall give to the Corporation, the immediate right to disconnect said pipe or taps from its mains and discontinue said tapping privileges, retaining the money paid for said tapping privilege, as rental or liquidated damages

It is further expressly understood and agreed by and between the parties that the Corporation shall not be required to establish any lateral mains or any pipes within the property line of the undersigned, and that all pipes within the property line of the undersigned shall be laid by and be the property of the undersigned, except the sewer shut-off valve, and that the Corporation shall not be required to maintain or inspect any pipe or pipes upon the property or premises of the undersigned except the sewer shut-off valve.

It is understood that the failure on the part of the Corporation to take advantage of any breach of this agreement shall not be construed as a waiver, the right herein given being continuing ones.

The Corporation may at any time when necessary for repairs or for any other reason whatsoever shut off the sewer service from the applicant property without being liable in any way.

It is further understood and agreed that this contract shall in no way be deemed for the benefit of any third persons, but is only an agreement existing between the parties hereto, and their privies and that there is no implied or express covenants, representations, or warranties, not expressly stated herein.

EXECUTED this _____ day of _____, _____.

Applicant

LYNWOOD UTILITY CORPORATION

By: _____

Payment Made:

Acknowledge of Receipt of
Payment Made

Sewer Tapping Fee \$ _____

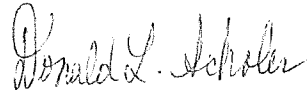
By: _____
LYNWOOD UTILITY CORPORATION

APPLICANT

Eddie Roberson, Chairman
March 5, 2009
Page 2

Should you have any questions concerning any of the enclosed, please don't hesitate to contact me.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Donald L. Scholes".

DONALD L. SCHOLES

Enclosure

c: Tyler Ring
Jim Ford
General Timothy Phillips

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

**IN RE: PETITION OF LYNWOOD UTILITY)
CORPORATION TO CHANGE AND)
INCREASE RATES AND CHARGES)**

DOCKET NO. _____

PETITION

Petitioner, Lynwood Utility Corporation (Lynwood or the Company), a Tennessee corporation authorized to conduct a public utility business in the State of Tennessee, does hereby file with the Tennessee Regulatory Authority (Authority) this Petition and a revised tariff to become effective thirty (30) days after the date of issue and requests that the Authority, pursuant to T.C.A. § 65-5-101, *et seq.*, hear and determine that the increased rates as reflected in the revised tariff are just and reasonable. In support of this request, The Company avers:

1. Lynwood is a public utility as defined by T.C.A. § 65-4-101 and is subject to the regulation of this Authority. The Company was granted its original Certificate of Convenience and Necessity from the Tennessee Public Service Commission on June 14, 1976, to provide sewer service in Williamson County. The Company currently serves customers located in the Cottonwood Subdivision, Legends Ridge Subdivision, River Landings Subdivision, a few residences near these subdivisions and two non-residential customers.

2. The Company's existing rates and charges do not provide it sufficient revenue to cover all of the costs it incurs in providing adequate sewer service to its customers, including its cost of capital. The Authority approved the Company's existing rates and charges by Order dated December 11, 2007. The Company's rates and charges must be revised to permit it to

meet its operating expenses, to earn a fair rate of return, and to provide funds to maintain its sewer plant and facilities to serve existing and future customers.

3. The Company must provide a level of sewer service to meet the present and future service requirements of its customers, to improve existing service, to meet the requirements set forth in its National Pollutant Discharge Elimination System (NPDES) permit, to meet the regulatory requirements of the Tennessee Department of Environment and Conservation (TDEC) for sewer systems and to meet the regulatory requirements of the Authority. The Company cannot meet these objectives without adequate earnings.

4. The Company must continue to replace and upgrade its sewer treatment plant and collection system to properly operate its sewer system to remain in compliance with its NPDES permit and TDEC regulations. The Company continues to experience increases in its operating and maintenance expenses.

5. Under present rates the Company's revenues and revenue projections are not sufficient and cannot be made sufficient to: (a) allow the Company to earn a fair rate of return to which it is entitled under Article 1, Section 8 of the Constitution of Tennessee and the Fourteenth Amendment of the Constitution of the United States; (b) provide a fair rate of return on its investment for a reasonable period; (c) attract on reasonable terms additional capital required to adequately maintain and improve the Company's sewer collection and treatment system to meet the needs of its present and future customers; (d) maintain its credit; (e) maintain its operations at a level that will not be materially impaired or damaged; and (f) remain in compliance with its NPDES permit and TDEC regulations.

6. The Company avers that a fair rate of return on the Company's operations is essential to the continued provision of adequate quality service, to meet the regulatory

requirements of TDEC and the Authority and to make necessary capital improvements and to meet the expansion needs of present and future customers. Because of the continued increase in expenses and costs of providing adequate sewer service, the earnings situation of the Company has deteriorated to a level that the Company cannot meet demands for service in an orderly and economical manner without adequate rate relief.

7. The Company has selected as the historical test year the twelve months ended December 31, 2008, and has adjusted the test year for known and anticipated changes for the attrition year ending December 31, 2009. At the current approved rate of return of 8%, and taking into account other factors as laid out in Schedule A by James B. Ford with his testimony, the Company would have a deficiency of \$185,440 on a rate base of \$1,028,953. The revenue deficiency set forth in Schedule A does not include any revenue necessary to meet the financial security requirements set forth in Rule 1220-4-13-.07 or to meet any future escrow/reserve account for the Company which the Authority may require under Rule 1220-4-13-.07. To the extent the Authority's requirements under Rule 1220-4-13-.07 requires additional revenue, the rates approved by the Authority will have to take such additional revenue requirement into account. This revenue deficiency does not include the revenue necessary for the Company to cover its deferred odor elimination costs which the Company anticipates recovering through the sewer service surcharge in the Petition of Lynwood Utility Corporation for Approval of Cost Recover Mechanism for Deferred Odor Elimination Costs, Docket No. 08-00060.

8. The Company has no other alternative except to petition this Authority to permit it to place higher rates into effect in order: (a) to avoid material impairment or damage to the Company's operations; (b) to enable the Company to earn a fair rate of return; (c) to remain in compliance with its NPDES permit and TDEC regulations; (d) to meet the financial security

requirements the Authority may require under Rule 1220-4-13-.07; and (e) to meet any future escrow/reserve account for the Company which the Authority may require under Rule 1220-4-13-.07.

9. The Company has filed simultaneously with this Petition a revised tariff effective April 5, 2008, designed to produce the additional gross revenues needed of \$185,440 which increases existing sewer rates by 33.82%.

10. The Company avers that the proposed rate changes are necessary and proper and are designed to meet the present and future needs of its customers and future customers in its service area in an economically feasible manner. The Company's tariff as filed and the overall rate of return it has requested are fair and reasonable and in the best interests of the Company and the customers it services. Therefore, the tariff as filed should be approved.

WHEREFORE, the Company requests the Authority to:

1. Schedule a hearing upon proper notice for the presentation of evidence as to the rates necessary to provide adequate sewer service to its customers and a fair rate of return to the Company.

2. Enter an Order approving the Company's revised schedule of rates to become effective on April 5, 2009, or as soon as lawfully permitted.

3. Grant such other and additional relief as may be required in light of the evidence to be produced at the hearing.

This the 5th day of March, 2009.

LYNWOOD UTILITY CORPORATION

By: _____

Tyler Ring, President

Donald L. Scholes

Donald L. Scholes BPR #010102

BRANSTETTER, STRANCH & JENNINGS, PLLC

227 Second Avenue North, Fourth Floor

Nashville, TN 37201-1631

(615) 254-8801

Attorney for Petitioner

State of Tennessee)

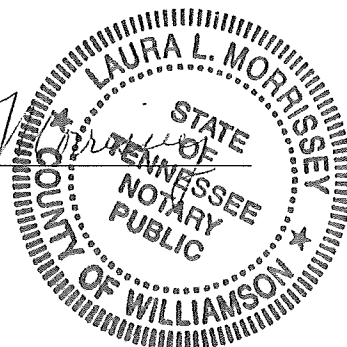
County of Williamson)

I, Tyler Ring, make oath that I am the President of Lynwood Utility Corporation, the Petitioner herein; that I have read the foregoing Petition and contents thereof, and that the contents thereof are true to the best of my knowledge, information, and belief.

Tyler Ring

Sworn to and subscribed before me this 4th day of March, 2009.

Laura L. Morrissey
Notary Public



My Commission Expires: 9-20-10

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

**IN RE: PETITION OF LYNWOOD UTILITY)
CORPORATION TO CHANGE AND)
INCREASE RATES AND CHARGES)**

DOCKET NO. _____

DIRECT TESTIMONY OF

**JAMES B. FORD, FINANCIAL CONSULTANT
TO LYNWOOD UTILITY CORPORATION**

Dated: March 5, 2009

1 Q. Please state your name for the record.

2 A. My name is James B. Ford.

3 Q. What is your position with Lynwood Utility Corporation (Lynwood)?

4 A. Financial Consultant to Lynwood and Southern Utility Company.

5 Q. How long have you been a Financial Consultant to Lynwood?

6 A. Since 2005.

7 Q. What duties do you perform as Financial Consultant?

8 A. I set up and oversee the overall financial direction for accounting for the Company related to

9 record keeping and reporting, and I assess and make recommendations on the Company's financial

10 needs.

11 Q. Please summarize your business experience and experience in the regulated utility

12 industry.

13 A. I have been in the business world for 39 years. I am a licensed Certified Public

14 Accountant (retired) in Tennessee. I have also been licensed in Georgia and Kansas. I worked

15 for Arthur Andersen & Co. for eight years in the Audit Division. I joined United Cities Gas

16 Company in 1978 as Vice President and Controller, and in 1986 I was appointed Senior Vice

17 President, Treasurer and Chief Financial Officer. During this period United Cities made 32

18 acquisitions and raised more than \$300 million in capital to provide for the company's growth.

19 In 1997, United Cities Gas Company was sold to Atmos Energy Corporation. I retired and

20 began consulting work for utilities and small businesses.

1 Q. Were the Company's accounting exhibits filed in support of the Company's rate case
2 attached to your testimony prepared by you or under your supervision?

3 A. Yes.

4 Q. What is the source of the information used in preparing the Company's accounting exhibits?

5 A. I prepared the information in the accounting exhibits from the financial and operational
6 records of the Company.

7 Q. What is the rate increase the Company is requesting in this case?

8 A. The Company is seeking a rate increase that would produce additional annual revenues of
9 \$185,440. The proposed rate increase will increase the Company's existing rates by 33.82%.

10 Q. When was the Company's last rate increase?

11 A. The Company's last rate increase was granted by the Authority on December 11, 2007.

12 Q. Were you the Financial Consultant to Lynwood at that time?

13 A. Yes.

14 Q. Will you please explain the Company accounting exhibit filed with your testimony in support
15 of the rate increase in this case?

16 A. Yes, I will.

17 Q. What is the test year the Company used in this case?

18 A. The Company used the historical test year of twelve months ending December 31, 2008. The
19 test year was adjusted for known and anticipated changes to arrive at the attrition year which is the
20 twelve months ending December 31, 2009.

21 Q. Please describe the Company accounting exhibit schedules filed with your testimony which
22 detail and support the revenues, expenses and rate base for the test year and attrition year.

1 A. I will. Schedule A shows the Company's revenue requirements for the attrition year which
2 supports the revenue deficiency of \$185,440. Schedule R/E and its related schedules show the
3 Company's operating loss for the test year and attrition year with existing rates. Schedule B is a
4 schedule of the Company's rate base on December 31, 2008.

5 Q. How did the Company determine the revenues in Schedule R/E?

6 A. The Company took the historical revenues from sewer fees and inspection fees for the twelve
7 months ending December 31, 2008.

8 Q. Please explain the adjustments to operating expenses made to the test year expenses.

9 A. The adjustment to operating expenses for the test year is \$20,850 which is set forth in
10 Schedule E-1. The purchased waste water expense was adjusted by \$189 to reflect the forthcoming
11 8% rate increase by the City of Franklin from which Lynwood purchases water. The sludge removal
12 expense was adjusted by \$3,147 based upon information from Waste Management, Inc. The
13 chemical expense was adjusted by \$3,859 to reflect the projected 10% increase in chemical costs.
14 The purchased power expense was adjusted by \$10,465 to reflect the anticipated 20% rate increase
15 by the Tennessee Valley Authority and Middle Tennessee Electric Membership Corporation. The
16 materials and supplies expense was adjusted by \$597 and the repairs and maintenance expense was
17 adjusted by \$2,593 to account for projected 3% inflation in the cost of those services to Lynwood.

18 Q. How did the Company determine its customer accounting expenses in Schedule E-2?

19 A. The Company's customer accounting expenses are comprised of the actual costs billed to the
20 Company by the water utilities which provide billing and collection services to the Company, the
21 bad debts reported by these water utilities on the Company's bills for sewer service and the time
22 spent by the Company's part-time clerical employee handling billing matters.

1 Q. Please explain the adjustments to the general and administrative expense made to the test
2 year expenses.

3 A. The adjustment to the general and administrative expense for the test year is \$1,590 which is
4 set forth in Schedule E-3. The accounting and bookkeeping expense was adjusted by \$485 to
5 account for a projected 3% inflation of those costs to Lynwood. The insurance expense was adjusted
6 by \$1,058 to reflect the projected 6% increase in Lynwood's insurance rates for the test year. The
7 other miscellaneous expenses were adjusted by \$47 to account for a projected 3% inflation of those
8 costs to Lynwood.

9 Q. Please explain the adjustments to the regulatory expenses made to the test year expenses.

10 A. The adjustment to regulatory expenses for the test year is \$12,000 which is set forth in
11 Schedule E-5 and Schedule E-5/1. The regulatory expense was adjusted by \$36,000 to reflect the
12 projected \$16,000 in accounting fees, \$18,000 in legal fees, and \$2,000 in other related fees for this
13 rate case filed by Lynwood. This total was then amortized over three years to reach the \$12,000
14 figure for the test year.

15 Q. Did the Company adjust depreciation and amortization expenses for the attrition year?

16 A. Yes. The amortized credit of contribution in aid of construction was reduced by \$4,750 in
17 accordance with the Company's amortization schedule.

18 Q. Under Rule 1220-4-13-.07, the Authority may require that the Company have an
19 escrow/reserve account. Does the Company exhibit include any expense for such an escrow/reserve
20 account?

21 A. No, it does not.

1 Q. If the Authority requires the submission of financial security and/or an escrow/reserve
2 account under Rule 1220-4-13-.07, will the costs of these items increase the Company's revenue
3 deficiency above the revenue deficiency set forth in Schedule A?

4 A. Yes, and the Company's proposed rates would have to increased to cover these additional
5 expenses.

6 Q. What is the Company's rate base as of December 31, 2008?

7 A. \$1,028,953 as shown on Schedule B and its supporting schedules.

8 Q. Why did you include working capital as a component of the Company's rate base?

9 A. Working capital is included in the rate base because the Company pays bills within the first
10 fifteen days of the month but does not receive revenues for services provided until twenty days into
11 the following month.

12 Q. Why did the Company use 8% as its rate of return of on the Company's rate base?

13 A. The Company used 8% as its rate of return because 8% is what the Authority approved in the
14 last rate case.

15 Q. What rates for sewer service does the Company propose in this case?

16 A. The Company requests that the Authority approve an increase in the rate for residential
17 service from \$6.53 per 1,000 gallons to \$8.78 per 1,000 gallons, a 33.82% increase. The Company
18 requests the same rate increase for its non-residential customers from \$8.16 to \$10.41.

19 Q. Does this conclude your testimony?

20 A. Yes it does.

LYNWOOD UTILITY CORPORATION
REVENUE REQUIREMENTS
12/31/2008

REVENUE REQUIREMENTS

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LYNWOOD UTILITY CORPORATION
REVENUE AND EXPENSES FOR 12 MONTH ENDED
12/31/2008

SCHEDULE R/E

SCHEDULE	REVENUES	Per Books	Adjustments	As Adjusted
R-1	SEWER FEES	\$ 539,105	\$	539,105
	INSPECTION FEES	1,000		1,000
	LATE CHARGES	8,163		8,163
		<u>548,268</u>		<u>548,268</u>
	OPERATIONS AND EXPENSES			
E 1	OPERATING EXPENSES	294,082	20,850	314,932
E 2	CUSTOMER ACCOUNTING EXPENSE	55,300		55,300
E 3	GENERAL AND ADMINISTRATIVE EXPENSE	86,515	1,590	88,105
E 4	TAXES OTHER THAN INCOME	20,716		20,716
E 5	REGULATORY EXPENSES	21,524	12,000	33,524
E 6	DEPRECIATION AND AMORTIZATION, NET	126,319	-4,750	121,569
	TOTAL OPERATION EXPENSES	<u>\$604,456</u>	<u>\$29,690</u>	<u>\$634,146</u>
	INCOME (LOSS)	<u>(\$56,188)</u>	<u>\$29,690</u>	<u>(\$85,878)</u>

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LYNWOOD UTILITY CORPORATION

REVENUE

SCHEDULE R-1
2008 WORKSHEET

	2005	2006	2007	2008	2009	2010
JAN	\$ 28,151	\$ 26,956	\$ 29,682	\$ 36,470		
FEB	\$ 32,297	\$ 26,132	\$ 28,536	\$ 26,329		
MAR	\$ 25,194	\$ 26,136	\$ 26,452	\$ 35,673		
APR	\$ 24,741	\$ 28,308	\$ 29,503	\$ 31,557		
MAY	\$ 27,137	\$ 31,700	\$ 33,052	\$ 30,818		
JUN	\$ 38,813	\$ 38,458	\$ 45,592	\$ 36,111		
JUL	\$ 42,814	\$ 47,377	\$ 68,709	\$ 49,797		
AUG	\$ 54,834	\$ 61,300	\$ 64,926	\$ 48,143		
SEP	\$ 45,925	\$ 54,259	\$ 59,871	\$ 82,863		
OCT	\$ 44,949	\$ 49,507	\$ 46,208	\$ 61,671		
NOV	\$ 49,741	\$ 42,837	\$ 53,831	\$ 41,639		
DEC	\$ 43,321	\$ 31,096	\$ 44,301	\$ 57,802		
SUBTOTAL	\$ 457,917	\$ 464,066	\$ 530,663	\$ 538,873		
Adjustments	\$ 26,866	\$ 747	\$ 6,135	\$ 233		
Penalty, Net	\$ 7,143	\$ 6,717	\$ 7,412	\$ 8,162		
Inspection Fee	\$ 9,000	\$ 4,500	\$ 12,500	\$ 1,000		
TOTAL	\$ 500,926	\$ 476,030	\$ 556,710	\$ 548,268		

LYNWOOD UTILITY CORPORATION
OPERATING EXPENSES
12/31/2008

SCHEDULE E-1

A/C		Per Book	Factor		Adjustment	As Adjusted Amount
710	PURCHASED WASTE WATER	\$ 2,362	1.08%	(1)	\$ 189	\$ 2,551
711	SLUDGE REMOVAL	31,470	1.10%	(2)	3,147	34,617
715	PURCHASED POWER	52,328	1.20%	(3)	10,465	62,793
718	CHEMICALS	38,591	1.10%	(2)	3,859	42,450
720	MATERIALS AND SUPPLIES	19,905	1.03%	(4)	597	20,502
731	ENGR. INSPECTIONS	2,701				2,701
735	TESTING	31,488				31,488
736	REPAIRS AND MAINTENANCE	86,437	1.03%	(4)	2,593	89,030
734.2	OPERATIONS MANAGEMENT	\$ 28,800				\$ 28,800
	TOTAL OPERATING EXPENSES	\$ 294,082			\$ 20,850	\$ 314,932
(1)	City of Franklin Rate Increase					
(2)	Waste Management & Chemical Projected Increase					
(3)	TVA Rate Increase					
(4)	Inflation Factor					

LYNWOOD UTILITY CORPORATION
CUSTOMER ACCOUNTING EXPENSES
12/31/2008

SCHEDULE E-2

732.1 BILLING AND COLLECTION FEES \$44,966

5100 BAD DEBT EXPENSE \$10,334

TOTAL CUSTOMER ACCOUNTING EXPENSE \$55,330

These Two Items are Based on Revenue Adjustment of 7.5%
For Billing and 1.8% on Bad Debt Factor Total of 9.3%
Expansion of Revenue Requirement

LYNWOOD UTILITY CORPORATION			SCHEDULE E-3		
GENERAL AND ADMINISTRATION EXPENSES					
12/31/2008					
	Per Book	Factor	Adjustment	As Adjusted	
732.3 ACCOUNTING AND BOOKKEEPING	\$ 16,150	1.03%	\$ 485	\$ 16,635	
732.4 TAX ACCOUNTING	2,850			2,850	
732 ACCOUNTING - OTHER	13,049			13,049	
733 LEGAL	8,899			8,899	
734.1 MANAGEMENT	16,000			16,000	
741 RENT	10,344			10,344	
755-59 INSURANCE	17,641	1.06% (1)	1,058	18,699	
775-720,16 OTHER MISC. EXPENSES	1,582	1.03% (2)	47	1,629	
	<u>\$ 86,515</u>		<u>\$ 1,590</u>	<u>\$ 88,105</u>	
(1 Projected increase					
(2 Inflation factor					

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LYNWOOD UTILITY CORPORATION
TAXES OTHER THAN INCOME

12/31/2008

SCHEDULE E-4

408.13	PROPERTY TAXES	\$	17,013
408.14	TN FRANCHISE TAXES		3,000
408	TAXES OTHER		703
TOTAL TAXES - OTHER THAN INCOME		\$	<u>20,716</u>

LYNWOOD UTILITY CORPORATION
REGULATORY EXPENSES
12/31/2008

SCHEDULE E-5

	Per Book	Adjustment	As Adjusted
667 REGULATORY EXPENSES	\$ 17,371	\$ 12,000 (1)	\$ 29,371
408.1 UTILITY REGULATORY ASSESSMENT FEE	4,153		4,153
TOTAL REGULATORY EXPENSES	<u>\$ 21,524</u>	<u>\$ 12,000</u>	<u>\$ 33,524</u>

(1) 2009 Rate Case Expense \$36,000 ÷ 3 years

LYNWOOD UTILITY CORPORATION
2009 RATE CASE EXPENSES

SCHEDULE E-5/1

12/31/2008

ACCOUNTING	\$ 16,000
LEGAL	18,000
EXPENSES, FEES, COPIES ETC.	<u>2,000</u>
	<u>\$ 36,000</u>
	<u>÷3</u>
	<u>\$ 12,000 per year</u>

LYNWOOD UTILITY CORPORATION

SCHEDULE E-6

DEPRECIATION AND AMORTIZATION EXPENSES , NET

12/31/2008

406	DEPRECIATION EXPENSES	\$	157,214	\$	157,214
404.1	AMORTIZATION CREDIT OF CIAC		-46,074	\$ (4,750) (1)	-50,824
406	AMORTIZATION OF TDEC-R		15,179		15,179
	TOTAL DEPRECIATION AND AMORTIZATION, NET	\$	<u>126,319</u>	\$ <u>(4,750)</u>	<u>121,569</u>

(1) Per Detail Amortization Schedule

LYNWOOD UTILITY CORPORATION

2009 RATE CASE

RATE BASE 12/31/08

SCHEDULE B

SCHEDULE

B-1	UTILITY PLANT IN SERVICE	\$3,122,341
B-2	DEFERRED DEBITS AND DEPOSITS	143,618
B-3	ACCUMULATED DEPRECIATION	(1,602,052)
B-5	WORKING CAPITAL	52,570
B-4	CONTRIBUTION AID OF CONSTRUCTION RATE BASE @ 12/31/08	(687,524)
		<u>\$1,028,953</u>

SCHEDULE B-1

A/C # (Life)	303/ (-)	304/ (20)	311/ (10)	331/ (20)	344/ (5)	320/ (20)	341/ (5)	TRA TOTAL
	LAND	STRUCTURES & IMPROVEMENT	PUMP EQUIPMENT	COLLECTION SYSTEM	LAB EQUIPMENT	TREATMENT & DISPOSAL	TRANSPORT EQUIPMENT	
2000 BALANCE	10,000.00	125,105.00	50,966.00	22,000.00	0.00	1,548,515.00	2,885.00	1,759,471.00
ADDITIONS				19,500.00				19,500.00
RETIREMENTS								0.00
2001 BALANCE	10,000.00	125,105.00	50,966.00	41,500.00	0.00	1,548,515.00	2,885.00	1,778,971.00
ADDITIONS			35,353.00	14,250.00		47,868.67		97,471.67
RETIREMENTS								0.00
2002 BALANCE	10,000.00	125,105.00	86,339.00	55,750.00	0.00	1,596,383.67	2,885.00	1,876,462.67
ADDITIONS			88,181.00	16,500.00		645,156.92		749,837.92
RETIREMENTS								0.00
2003 BALANCE	10,000.00	125,105.00	174,520.00	77,250.00	0.00	2,241,540.59	2,885.00	2,631,300.59
ADDITIONS				30,000.00		224,190.00	10,500.00	264,690.00
RETIREMENTS								0.00
2004 BALANCE	10,000.00	125,105.00	174,520.00	102,250.00	0.00	2,465,730.59	13,385.00	2,890,990.59
ADDITIONS			9,720.00	36,000.00		33,647.63		79,367.63
RETIREMENTS								0.00
2005 BALANCE	10,000.00	125,105.00	184,240.00	138,250.00	0.00	2,499,378.22	13,385.00	2,970,358.22
ADDITIONS		6,475.00	2,377.00	13,500.00		26,511.67		48,863.67
RETIREMENTS						-60,717.00		-60,717.00
2006 BALANCE	10,000.00	131,580.00	186,617.00	151,750.00	0.00	2,465,172.89	13,385.00	2,958,504.89
ADDITIONS			5,730.57	16,500.00	12,767.88	48,321.87		83,320.32
RETIREMENTS								
2007 BALANCE	10,000.00	131,580.00	192,347.57	168,250.00	12,767.88	2,513,494.76	13,385.00	3,041,825.21
ADDITIONS		24,000.00	8,453.26	22,839.43	2,540.00	22,683.20		80,515.89
RETIREMENTS								
2008 BALANCE	10,000.00	155,580.00	200,800.83	191,089.43	15,307.88	2,536,177.96	13,385.00	3,122,341.10

LWM/MAINTENANCE/JF/LW/REVENUE/WORKSHEET/PROPERTY DETAIL ANALYSIS

LYNWOOD UTILITY CORPORATION		SCHEDULE B-2		
DEFERRED DEBITS AND DEPOSITS		12/31/2008	Adjustment	Pro Forma
181.0	UNAMORTIZED DEBT DISCOUNT	9,280		9,280
181.6	DEFERRED COST OF 2006 RATE CASE	30,020		30,020
186.61	DEFERRED COST OF 2009 RATE CASE		36,000	36,000
186.7	DEFERRED COST OF ODOR CONTROL	34,959		34,959
171.1	RENT DEPOSIT	1,500		1,500
171.2	CONTAINER DEPOSIT	1,500		1,500
101	TDEC CASE BALANCE	30,359		30,359
TOTAL DEFERRED DEBITS AND DEPOSITS		<u>107,618</u>	<u>36,000</u>	<u>143,618</u>

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LYNWOOD UTILITY CORPORATION
DEPRECIATION ANALYSIS

SCHEDULE B-3

[illegible]

LYNWOOD UTILITY CORPORATION

SCHEDULE B-4

ANALYSIS OF CONTRIBUTIONS IN AID OF CONSTRUCTION

31-Dec	Gross	Accum	Net
BALANCE	303,700.00	Amortization	
1977-1997	303,700.00	-303,700.00	0.00
ADDITIONS	36,000.00		36,000.00
AMORTIZATION		-1,800.00	-1,800.00
BALANCE	339,700.00	-305,500.00	34,200.00
1998	339,700.00		
ADDITIONS	42,600.00		42,600.00
AMORTIZATION		-3,930.00	-3,930.00
BALANCE	382,300.00	-309,430.00	72,870.00
1999	382,300.00		
ADDITIONS	46,750.00		46,750.00
AMORTIZATION		-6,268.00	-6,268.00
BALANCE	429,050.00	-315,698.00	113,352.00
2000	429,050.00		
ADDITIONS	196,850.00		196,850.00
AMORTIZATION		-16,111.00	-16,111.00
BALANCE	625,900.00	-331,809.00	294,091.00
2001	625,900.00		
ADDITIONS	74,000.00		74,000.00
AMORTIZATION		-19,811.00	-19,811.00
BALANCE	699,900.00	-315,620.00	384,280.00
2002	699,900.00		
ADDITIONS	225,000.00		225,000.00
ADDITION-SPECIAL	138,000.00		138,000.00
AMORTIZATION		-58,661.00	-58,661.00
BALANCE	1,062,900.00	-410,281.00	652,619.00
2003	1,062,900.00		
ADDITIONS	109,750.00		109,750.00
AMORTIZATION		-64,149.00	-64,149.00
BALANCE	1,172,650.00	-474,430.00	698,220.00
2004	1,172,650.00		
ADDITION	133,000.00		133,000.00
AMORTIZATION		-70,799.00	-70,799.00
BALANCE	1,305,650.00	-545,229.00	760,421.00
2005	1,305,650.00		
ADDITIONS	49,500.00		49,500.00
AMORTIZATION		-73,274.00	-73,274.00
BALANCE	1,355,150.00	-618,503.00	736,647.00
2006	1,355,150.00		
ADDITIONS	60,500.00		60,500.00
AMORTIZATION		-76,299.00	-76,299.00
BALANCE	1,415,650.00	-694,802.00	720,848.00
2007	1,415,650.00		
ADDITIONS	17,500.00		17,500.00
AMORTIZATION		-50,824.00	-50,824.00
BALANCE	1,433,150.00	-745,626.00	687,524.00
2008	1,433,150.00		
MAINTENANCE/LWREVENUEWORKSHEETANALYSIS OF CONTRIBUTIONS IN AID			

**LYNWOOD UTILITY CORPORATION
WORKING CAPITAL REQUIREMENT
12/31/2008**

EXHIBIT B-5

2008 REVENUE	\$	548,268	
		$\div 365 \text{ Days}$	
		<u>1,502</u>	
AVERAGE TIME TO RECEIVE			(50 DAYS)
AVERAGE TIME TO PAY			15 DAYS
			x35
WORKING CAPITAL REQUIREMENT	\$	<u><u>52,570</u></u>	

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

IN RE: PETITION OF LYNWOOD UTILITY)
CORPORATION TO CHANGE AND) DOCKET NO. _____
INCREASE RATES AND CHARGES)

DIRECT TESTIMONY OF

TYLER RING, PRESIDENT OF LYNWOOD UTILITY CORPORATION

Dated: March 5, 2009

1 Q. Please state your name for the record.

2 A. My name is Tyler Ring.

3 Q. What is your position with Lynwood Utility Corporation (Lynwood or Company)?

4 A. President.

5 Q. How long have you been President of Lynwood?

6 A. Since January 1, 2003.

7 Q. What duties do you perform as President?

8 A. I oversee all of the operations of the Company. I oversee all regulatory, utility operations,
9 utility construction and maintenance, financial aspects and customer relations of the Company.

10 Q. Are you an employee of Lynwood?

11 A. No, I am not an employee of Lynwood, but I am involved in the day-to-day operations of the
12 Lynwood treatment plant and collection system. I have daily discussions with the full time
13 maintenance worker at the plant about the operations of Lynwood. I supervise the part-time
14 secretary for Lynwood and take all telephone calls related to Lynwood which the secretary is not
15 able to answer or when she is not available. I directly supervise the daily work of the certified
16 operator for the sewer system. I respond to emergency calls at the plant when the full time
17 maintenance worker is not available to respond, the emergency requires my input into actions which
18 must be taken at the plant to address the emergency is or additional personnel are needed to address
19 an emergency. I handle all discussions with developers about receiving sewer service from the
20 Company in its service area. I am the representative of the Company and have all discussions with
21 governmental agencies and entities regarding the Company including the Authority, the Tennessee
22 Department of Environment and Conversation (TDEC), Williamson County, the City of Franklin
23 and H. B. & T. S. Utility District.

1 Q. Who owns the stock of Lynwood?

2 A. All of the stock of Lynwood Utility Corporation is owned by Southern Utility Corporation.

3 Q. Who owns the stock of Southern Utility Corporation?

4 A. The stock of Southern Utility Corporation is owned by John Ring and Tyler Ring.

5 Q. Were the Company's accounting exhibits filed in support of the Company's rate case
6 prepared under your supervision?

7 A. Yes. The accounting exhibits were prepared by James B. Ford, Financial Consultant, to
8 Lynwood but under my supervision.

9 Q. What is the source of the information used in preparing the Company's accounting exhibits?

10 A. The information in the accounting exhibits prepared by Mr. Ford are from the financial and
11 operational records of the Company.

12 Q. What is the rate increase the Company is requesting in this case?

13 A. The Company is seeking a rate increase that would produce additional annual revenues of
14 \$185,440. The proposed rate increase will increase the Company's existing rates by 33.82%.

15 Q. When was the Company's last rate increase?

16 A. The Company's last rate increase was granted by the Authority on December 11, 2007.

17 Q. What rates for sewer service does the Company propose in this case?

18 A. Exhibit 1 to my testimony shows the revised rates for sewer service the Company is
19 requesting the Authority approve in this case to address the Company's revenue deficiency.

20 Q. Why is the Company seeking to increase the minimum monthly charge for its residential and
21 non-residential customers?

22 A. Overall costs have risen to the level to the point that fairness to all customers requires a
23 modest increase in the minimum bill.

1 Q. Why is the Company seeking to increase its tap fee from \$3,500 to \$4,500 and its sewer
2 connection fee from \$250 to \$350?

3 A. The Company has incurred additional management supervision, additional requirements for
4 the environmental security of the system and increased compliance costs with local regulatory
5 requirements which these increases are designed to recover.

6 Q. Why is the Company seeking to increase its returned check charge to \$30?

7 A. Tennessee law now permits businesses to charge a maximum of \$30 for a returned check
8 charge which the Company believes is appropriate.

9 Q. Does the Company plan to continue to use the water utilities which provide water service
10 to its customers to bill and collect its sewer charges?

11 A. Yes. While the water utilities charge 7.5% of the Lynwood sewer customer's bill to
12 provide billing and collection services, the cost of the service provided is justified. In addition to
13 providing billing and collection services, the water utilities are contractually obligated to
14 terminate water service for the non-payment of sewer charges. Having the water utilities bill and
15 collect the Company's sewer charges and terminate water service for nonpayment of sewer bills
16 is the most practical and cost effective way to insure the Company's sewer bills are paid timely.

17 Q. The flow upon which the Company's rates are applied for billing its customers will
18 continue to be based upon the actual water usage of its customers. Has the Company considered
19 alternatives to continuing to use actual water usage for the flow amount upon which its
20 customers are charged the approved sewer rates?

21 A. Yes. The Company is aware that water usage may not always be an accurate estimate of
22 the flow from a customer which enters the Company's sewer collection system for treatment.
23 Water used by a customer for irrigation or water from a leak does not generally enter the

1 customer's sewer service line for treatment by the Company. Nevertheless, any change to the
2 Company's existing rate structure in which actual water usage is not used to bill for the
3 Company's sewer flow would significantly reduce its revenues under the proposed rates. Such a
4 change would require a substantially greater residential and commercial rate per 1,000 gallons
5 than proposed in this case. Therefore, the Company concluded no change in its proposed rate
6 structure is justified at this time.

7 Q. Does this conclude your testimony?

8 A. Yes it does.

LYNWOOD UTILITY CORPORATION

MONTHLY SEWER SERVICE BILLING

Residential, Condominium, House or Apartment:

Charge per 1,000 gallons
(actual or assumed flow) \$ 8.78

Minimum monthly charge \$20.00

Non-Residential:

Charge per 1,000 gallons
(actual or assumed flow) \$10.41

Minimum monthly charge \$30.00

TAP FEES

Residential : \$4,500.00

Non-Residential :

Charge per gallon per day
(Computed by multiplying the peak monthly
usage during the first year by 12 divided
by 365 days.) \$10.41

SEWER CONNECTION FEES

Residential or Non-Residential: \$350.00

GENERAL FEES

Returned Check Charge:\$30.00