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April 16, 2009

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filed electronically on 04/16/09

\*ALSO ADMITTED IN GA

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

*Via E-mail and Hand Delivery*

Attention: Sharla Dillon

Re: Petition of Lynwood Utility Corporation for Approval of an Additional \$250,000  
Loan from Tennessee Commerce Bank Pursuant To T.C.A. § 65-4-109  
Docket No. 09-00042

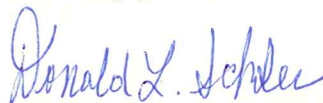
Dear Chairman Roberson:

I have enclosed for filing I have enclosed an original and five copies of the Response of Lynwood Utility Corporation to the Staff Data Request in this docket including a CD with the Response on it.

This Response and this cover letter are being filed electronically by electronic mail this same date. Please return the additional copy of the Response stamp filed to me.

Thank you for your assistance.

Sincerely yours,



DONALD L. SCHOLLES

Enclosures

c: Tyler Ring  
Jim Ford

**IN THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

<b>IN RE: PETITION OF LYNWOOD</b>	)	
<b>UTILITY CORPORATION FOR</b>	)	
<b>APPROVAL OF AN ADDITIONAL</b>	)	<b>DOCKET NO. 09-00042</b>
<b>\$250,000 LOAN FROM TENNESSEE</b>	)	
<b>COMMERCE BANK PURSUANT TO</b>	)	
<b>T.C.A. § 65-4-109</b>	)	
	)	

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**RESPONSE OF LYNWOOD UTILITY CORPORATION TO STAFF DATA REQUEST**

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To:    Jerry Kettles, Chief  
         Economic Analysis and Policy Division  
         Tennessee Regulatory Authority  
         460 James Robertson Parkway  
         Nashville, TN 37243-0505

The following are the Responses of Lynwood Utility Corporation to Staff Data Request:

1.        Will collateral be pledged for the additional \$250,000 loan amount?

**RESPONSE:** Yes. The collateral for the \$250,000 additional amount and for the total loan of \$1,250,000.00 will be the Company's utility plant and the personal guarantee of the owners.

2.        Describe how the proposed financing transaction is in the public interest?

**RESPONSE:** The loan will continue to allow the Company to provide good customer service and not impair the overall operations of the Company's sewer plant.

3. Provide a signed verification from Lynwood verifying that the information contained in the *Petition* is true and correct to their best knowledge, information and belief.

**RESPONSE:** The verification will be filed separately in this docket.

4. Is the impact of the instant loan approval request on Lynwood's financial state reflected in the rate case filed in Docket No. 09-00034?

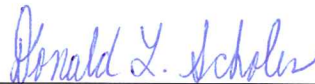
**RESPONSE:** See Response to No. 5.

5. Provide supporting documentation showing that the requested loan does not change Lynwood's cost of capital or alter its annual cash requirement. If, as noted in the Commitment Letter attached to the *Petition*, Lynwood must purchase flood insurance will its annual cash requirement change?

**RESPONSE:** Since almost all of Lynwood's capital is debt, the 8% allowed rate of return will not change. If the Company must purchase flood insurance, there will be an increase to cost of service for the increased insurance. The request for flood insurance does not arise out of the loan for the additional \$250,000. If required, this request would have also been made upon the renewal of the note in two years.

Dated April 16, 2009.

Respectfully submitted,



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*Attorney for Lynwood Utility Corporation*