

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

July 8, 2009

IN RE:

**PETITION OF LYNWOOD UTILITY CORPORATION
FOR APPROVAL OF AN ADDITIONAL \$250,000
LOAN FROM TENNESSEE BANK OF COMMERCE
PURSUANT TO TENN. CODE ANN. § 65-4-109**

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**DOCKET NO.
09-00042**

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman 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 15, 2009 for consideration of the *Petition* filed on March 19, 2009 by Lynwood Utility Corporation (“Lynwood” or “Company”) for approval to borrow an additional \$250,000 to refinance its existing working capital line of credit.

Lynwood provides sewer service to approximately 830 customers in Williamson County, Tennessee, pursuant to a certificate of public convenience and necessity issued originally to Lynwood Utility Company on June 14, 1976.

BACKGROUND

In Docket No. 07-00263,¹ the Authority approved Lynwood’s request to take out a \$1,000,000 long-term loan and a \$250,000 short-term working capital line of credit. In the instant *Petition*, Lynwood requests to undertake an additional \$250,000 of long-term debt under

¹ *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. § 65-5-109, Docket No. 07-00263, Order Approving Financing Transaction (February 19, 2008).*

the same terms as the existing \$1,000,000 loan approved in Docket No. 07-00263. Lynwood asserts that the purpose of the requested \$250,000 loan is to repay short-term debt incurred making property additions in 2007 and 2008 and for working capital.² A review of the documentation concerning the capitalization of Lynwood demonstrates that the instant financing request does not increase the total indebtedness of Lynwood as the funds are to be used to retire maturing short-term debt.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

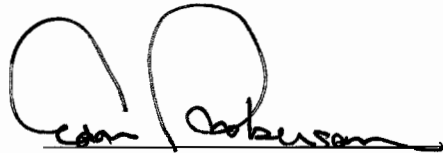
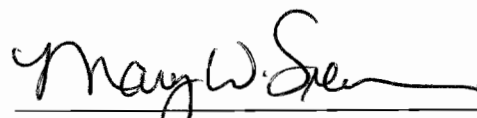
At a regularly scheduled Authority Conference held on June 15, 2009, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transaction is being made in accordance with laws enforceable by this agency.
3. The proposed financing transaction is in the public interest because it will help Lynwood to maintain an appropriate level of customer service for its customers.

² Data Response, p. 1 (June 2, 2009).

IT IS THEREFORE ORDERED THAT:

1. Lynwood Utility Corporation is authorized to enter into the financing transaction described in the *Petition*.
2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.
3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Eddie Roberson, Chairman
Sara Kyle, Director
Mary W. Freeman, Director