

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**September 14, 2010**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF LYNWOOD UTILITY</b>	)	<b>DOCKET NO.</b>
<b>CORPORATION TO APPROVE</b>	)	<b>10-00130</b>
<b>ALTERNATIVE FORM OF FINANCIAL</b>	)	
<b>SECURITY UNDER RULE 1220-4-13-.07</b>	)	

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**ORDER GRANTING ALTERNATIVE FINANCIAL SECURITY**

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This matter came before Director Eddie Roberson, Director Kenneth C. Hill 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 August 23, 2010 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 Tennessee Commerce Bank for the period July 1, 2007 through June 30, 2008.

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<sup>1</sup> See *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 July 15, 2008, the Authority entered an *Order Granting Alternative Financial Security* in Docket No. 08-00075<sup>2</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 that docket, Lynwood proposed an alternative form of financial security in the same amount and with the same conditions for the year July 1, 2008 through June 30, 2009 that was approved in Docket No. 07-00167. Lynwood asserted that the same reasons which justified the approval of the alternative form of financial security in Docket No. 07-00167 were equally applicable for the year July 1, 2008 through June 30, 2009.

On August 25, 2009, the Authority entered an *Order Granting Alternative Financial Security* in Docket No. 09-00078<sup>3</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 that docket, Lynwood proposed an alternative form of financial security in the same amount and with the same conditions for the year July 1, 2009 through June 30, 2010 that was approved in Docket No. 08-00075. Lynwood asserted that the same reasons which justified the approval of the alternative form of financial security in Docket No. 08-00075 were equally applicable for the year July 1, 2009 through June 30, 2010.

On July 1, 2010, Lynwood filed its *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 with the same conditions as was approved in Docket Nos. 07-00167, 08-00075 and 09-00078. Lynwood asserts that the same reasons which justified the approval of the alternative form of financial security in

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<sup>2</sup> See *In re: Petition of Lynwood Utility Corporation to Approve Alternative Form of Financial Security Under Rule 1220-4-13-.07*, Docket No. 08-00075, *Order Granting Alternative Financial Security* (July 15, 2008).

<sup>3</sup> See *In re: Petition of Lynwood Utility Corporation to Approve Alternative Form of Financial Security Under Rule 1220-4-13-.07*, Docket No. 09-00078, *Order Granting Alternative Financial Security* (August 25, 2009).

Docket Nos. 07-00167, 08-00075 and 09-00078 are equally applicable for the year July 1, 2010 through June 30, 2011.<sup>4</sup>

The alternative form of financial security and conditions, approved previously 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 Certificate of Public Convenience and Necessity 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.

#### **FINDINGS AND CONCLUSIONS**

At a regularly scheduled Authority Conference held on August 23, 2010, the panel considered the *Petition*. Finding that the circumstances which justified the approval of an alternative form of financial security in Docket Nos. 07-00167, 08-00075 and 09-00078 continue to exist, the panel voted unanimously to grant Lynwood's *Petition* for an alternative form of financial security pursuant to TRA Rule 1220-4-13-.07(5). Further, the panel found that Lynwood has consistently missed the deadline to file alternative financial security proposals by May 1 each year as required by TRA Rule 1220-4-13-.07(5) for the past five years. Therefore, 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) and to comply with all rules and regulations of the Authority.

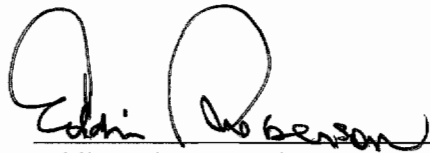
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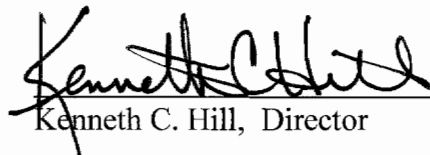
<sup>4</sup> *Petition*, page 2.

**IT IS THEREFORE ORDERED THAT:**

1. 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.

2. Lynwood Utility Corporation shall timely file any future alternative financial security proposals by May 1 each year as required by TRA Rule 1220-4-13-.07(5) and shall also comply with all rules and regulations of the Authority.

  
Eddie Roberson, Director

  
Kenneth C. Hill, Director

  
Sara Kyle, Director