

**BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION**

<b>In Re:</b>	)	
	)	
<b>Transfer of Certificate of</b>	)	<b>Docket No. 96-01012</b>
<b>Convenience and Necessity from</b>	)	
<b>Lynnwood Utility Company to</b>	)	
<b>Lynnwood Utility Corporation</b>	)	

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**ORDER GRANTING PETITION TO TRANSFER  
CERTIFICATE OF CONVENIENCE AND NECESSITY  
AND APPROVAL OF ASSET PURCHASE AGREEMENT**

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Upon review of the Joint Verified Petition, and Supplement thereto, filed by Lynnwood Utility Company and Lynnwood Utility Corporation, upon receipt and review of the recommendation of Commission staff, upon entry of appearance of the Tennessee Attorney General's Office, Consumer Advocate Division, without objection to the petition, and upon receipt of information concerning resolution of concerns raised by Farmington Homeowners' Association (said concerns being raised by a Petition to Intervene which subsequently was withdrawn and said concerns being addressed by ¶ 2 below), the Tennessee Public Service Commission hereby **ORDERS** as follows:

1. The Commission herein approves the Asset Purchase Agreement (dated March 5, 1996 and as amended by amendments dated May 30, 1996 and June 24, 1996) and incorporates in its approval the commitment by Lynnwood Utility Corporation set forth in the Petition that it will not petition the Commission for a rate or tap fee increase to recoup the difference between

the purchase price of the assets of Lynnwood Utility Company and the net book value of the system's assets.

2. The Commission herein approves, pursuant to T.C.A. § 65-4-113, the transfer of the Certificate of Convenience and Necessity issued to Lynnwood Utility Company on June 14, 1976 to Lynnwood Utility Corporation with the following conditions:

- (a) The certificated service area of the present Lynnwood Utility Company transferred to Lynnwood Utility Corporation will hereafter exclude the area currently occupied by the Farmington, Meadowgreen and Hillsboro Acres subdivisions in northern Williamson County. This area is being excluded from the certificated service area of Lynnwood Utility Corporation to permit the residents of the Farmington, Meadowgreen and Hillsboro Acres subdivisions to create a utility district under state law to provide sewer service to this area so excluded from the Lynnwood service area.
- (b) Notwithstanding the exclusion of the aforesaid areas from the Lynnwood service area, Lynnwood Utility Corporation may nevertheless need reasonable access/easement rights through the areas so excluded from the Lynnwood service area to provide sewer service to future customers in that portion of its service area that lies to the east of the excluded areas. Farmington Homeowners Association, Inc. has agreed to grant such access/easement rights over any property owned by it needed to serve such area pursuant to a recordable easement agreement reasonably acceptable to

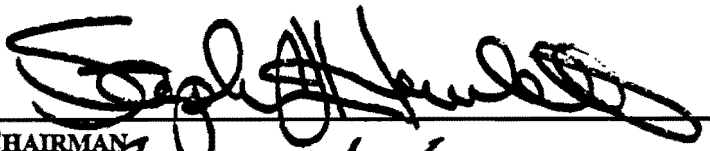
it and Lynnwood Utility Corporation, and Farmington Homeowners Association, Inc. will cooperate with Lynnwood Utility Corporation in obtaining access/easement rights needed by Lynnwood Utility Corporation to serve such area from any other person or entity within the excluded areas.


- (c) If a new sewer utility district is created for the area above-excluded from the Lynnwood service area, and if that new sewer utility approaches Lynnwood Utility Corporation to request the use of its plant for sewer treatment, all engineering plans and specifications for such utilization are subject to the approval of an engineering firm of Lynnwood Utility Corporation's choice, and the granting by Lynnwood Utility Corporation of such use shall be upon such reasonable terms, requirements, and conditions as shall be set forth by Lynnwood Utility Corporation;
- (d) In the event the residents of the Farmington, Meadowgreen, and Hillsboro Acres subdivisions do not create a utility district to provide sewer service within this exclusive area, the area herein excluded from the certificated service area of Lynnwood Utility Corporation, or any part thereof, shall be incorporated back into its certificated service area only upon a petition being filed by, and at the election of, Lynnwood Utility Corporation with the appropriate body.

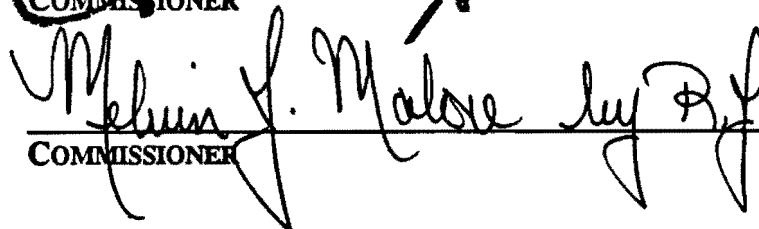
(3) Upon the closing of the Asset Purchase Agreement, as amended, Lynnwood Utility Corporation will have full authority to provide sewer services to the designated service area, as modified herein, subject to the continuing regulation of the Commission or any subsequent governmental authority having jurisdiction over such matters. Lynnwood Utility Corporation is to comply fully with all applicable policies, rules, regulations and orders of the Commission or any subsequent governmental authority having jurisdiction over such matters relating to the providing of said service.

(4) Upon the closing of the Asset Purchase Agreement, as amended, Lynnwood Utility Company will no longer have any authority or obligation to provide sewer services to the service area, as modified herein, or to the area specifically excluded herein from the service area.


It is so ORDERED this the 27th day of June, 1996.

  
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CHAIRMAN

  
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COMMISSIONER

  
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COMMISSIONER

ATTEST:

  
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EXECUTIVE DIRECTOR

**APPROVED FOR ENTRY:**

*J. Graham Matherne by Donald L. Scholes with permission*

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