BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

IN RE: PETITION OF LYNWOOD UTILITY CORPORATION TO CHANGE AND INCREASE RATES AND CHARGES	)))	**DOCKET NO. 99-00507**

PRE-HEARING BRIEF OF LYNWOOD UTILITY CORPORATION

Preliminary Matters

The Authority issued a Notice of Hearing dated July 19, 2000 in this docket. The Notice of Hearing did not state the specific issues to be addressed at this hearing. Lynwood Utility Corporation (Lynwood) anticipates that the purpose of this hearing is to address the three issues the Authority indicated it would address at a later time in its May 10, 2000 Order Approving Rate Increase. These three issues are: (1) the overbilling of Walnut Grove Elementary School, (2) the transfer of Lynwood to its current owner which was not approved by the Authority, and (3) the alleged waiver of tap fees by Lynwood's previous owner.

Lynwood is prepared to go forward on these three issues at the hearing scheduled for August 2, 2000. To the extent the Authority seeks to address any other issues, Lynwood would object to the consideration of any other issues. In all fairness Lynwood should receive notice about any other issues which may be addressed other than these three before any hearing is conducted on any other issues.

Lynwood renews its objection to the participation by Chris Martin as a party in this hearing. At its Authority Conference on July 11, 2000, the Authority did not act on Mr. Martin's Petition for Reconsideration. The Authority did indicate, however, that it would permit Mr. Martin to participate

in the hearing to be conducted on the three remaining issues to be addressed in this hearing. Lynwood has taken the position that Mr. Martin's letter should not be treated as a Petition for Reconsideration because he was not a party in the rate case. In addition, Lynwood has taken the position that the Petition for Reconsideration was not timely filed and that the Petition for Reconsideration was deemed denied as a matter of law because it was not acted upon within 20 days of the date of its filing in accordance with T.C.A. § 4-5-317(c). For these same reasons Mr. Martin should not be permitted to participate as a party in the hearing scheduled for August 2, 2000.

Waiver of Tap Fees by Lynwood Under Prior Management

During the investigation of Lynwood's rate increase request and at the hearing on the rate increase request, the Authority was advised by Lynwood's current President, Davis Lamb, that tap fees for lots in the Legends Ridge Subdivision were waived by Lynwood under the prior management of Lynwood. At the time the tap fees were waived, the sole shareholder of Lynwood was David Terry who also served as President of Lynwood. Mr. Terry was also the owner of the Legends Ridge Subdivision development. During the hearing Mr. Lamb testified that Lynwood had not yet decided if and how it might proceed to recover these unpaid tap fees.

Shortly after the hearing Lynwood became involved in negotiations with Mr. Terry about the payment of the waived tap fees and other damages Lynwood claimed his actions had caused the corporation while he owned the stock of Lynwood. On June 30, 2000, Lynwood reached an agreement with Mr. Terry concerning the waived tap fees and other damages. As a compromise and settlement of all potential claims of Lynwood, Mr. Terry, Legends Ridge, LLC, and Legends Properties, Inc. entered into a promissory note in which they agreed to pay Lynwood $138,000

payable on or before June 30, 2001 with an interest rate of 9.5%. The promissory note is secured by a deed of trust on an unimproved lot in the Legends Ridge Subdivision, Lot 817. The value of Lot 817 should be sufficient to fully secure this debt. The deed of trust has been filed with the Williamson County Register of Deeds. A copy of the promissory note and Deed of trust are attached as Exhibits 1 and 2 to this Pre-Hearing Brief.

To date no payments have been made on the promissory note. Should Lot 817 sell before June 30, 2001, the proceeds from the sale will be applied first to satisfy the debt of the promissory note. If Mr. Terry, Legends Ridge, LLC, and Legends Ridge default on the note by not paying the principal and interest amounts in full by June 30, 2001, Lynwood may foreclose on the lot to enforce its lien.

The $138,000 amount of the settlement is sufficient to cover the amount of tap fees which were waived by the previous management of Lynwood. Mr. Lamb testified at the rate hearing that he documented 77 taps in Legends Ridge which were not collected. Therefore, the amount of tap fees waived was $134,750. Lynwood contends that the settlement reached with Mr. Terry is in the best interests of its customers. Lynwood will not have to seek to recover the tap fees from the individual homeowners in Legends Ridge. In addition, Lynwood will not have to incur the expense of litigation and uncertainty of litigation with Mr. Terry to attempt to recover these amounts and obtain a judgment which it may or may not be able to collect. Should Lynwood be required to sue on the promissory note to collect the amount of the note, such litigation will be much simpler and less costly than a suit to try to recover the waived tap fees and other damages from Mr. Terry.

Lynwood recognizes that when it receives the payment under the promissory note, it will need to determine how to treat the funds received for ratemaking purposes. In its rate case the

Authority approved Lynwood treating the payment of tap fees as contributions in aid of construction. In all likelihood Lynwood will suggest that the funds received up to the amount of the tap fees waived of $134,750 be recorded as contributions in aid of construction rather than operating revenue. Lynwood is willing to work with the Authority's Staff to determine how best to treat these funds when they are received.

Whether the Transfer of the Stock of Lynwood Required Authority Approval

On May 12, 2000, Mr. Terry conveyed all of the outstanding stock of Lynwood Utility Corporation to Southern Utility Corporation. Attached as Exhibit 3 to this Pre-Hearing Brief is the Bill of Sale representing this stock transfer. The corporate structure of Lynwood remained unchanged. This transaction did not involve the sale of assets or the transfer of Lynwood's operating authority to another entity. As such Lynwood asserts that the approval of the transfer of the stock of Lynwood from Mr. Terry to Southern Utility Corporation did not require the approval of the Authority under T.C.A. § 65-4-113.

Under T.C.A. § 65-4-113(a), no public utility may "transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation, or other entity without first obtaining the approval of the authority." This statute does not appear to be applicable in that Lynwood Utility Corporation did not seek to transfer its authority to provide sewer service to another entity. Mr. Terry conveyed the stock of Lynwood to Southern Utility Corporation and the corporate structure of Lynwood did not change.

While Lynwood is not aware of this issue ever being addressed directly by the Authority, its predecessor, the Public Service Commission, had taken the position that the transfer of stock only of a public utility did not come within the purview of this statute.

In the event the Authority concludes that the transfer of the stock of Lynwood from Mr. Terry to Southern Utility Corporation should have been approved by the Authority under T.C.A.§ 65-4-113, the failure to obtain such approval was not made in bad faith. Lynwood asserts that the stock transfer and subsequent new management which was put in place was necessary for the continued viability of Lynwood as a sewer utility.

Whether Walnut Grove Elementary School Has Been Overbilled

After the hearing on the rate increase, Mr. Lamb discovered that Walnut Grove Elementary School was not being billed the commercial rate set forth in the Lynwood tariff. The commercial rate in the Lynwood tariff was $1.40 per thousand gallons of actual or assumed flow. Since Mr. Lamb has been President of Lynwood, Walnut Grove Elementary School has received a flat rate bill of $787.50. Upon receiving the water usage of the Walnut Grove Elementary School from the City of Franklin after the hearing, it became apparent that the School was not being charged the $1.40 commercial rate in the tariff. I have attached as Exhibit 4 to this Pre-Hearing Brief the portion of Mr. Lamb's Response to the Staff's Fourth Information Request on this issue.

Since the hearing Mr. Lamb did further investigation to see if he could find out how the flat rate of $787.50 had been developed. Mr. Lamb spoke with Judy Trosper who handled the payments for Lynwood when the utility's assets were owned by Martin Zeitlin and when Lynwood was owned by Mr. Terry. She confirmed to Mr. Lamb that the School had been charged the $787.50 flat rate

since 1992. Mr. Lamb reviewed all of the records of Lynwood which he has in his possession and found no reference to the establishment of the rate. Mr. Lamb did find correspondence between Lynwood and the Williamson County School Board which references the initial provision of service to the School, but the rate is not mentioned. Attached as Collective Exhibit 5 to the Pre-Hearing Brief is this correspondence. Finally, Mr. Lamb spoke with the personnel with the Williamson County School Board responsible for paying the Lynwood sewer bill and requested that they search their files to see if they had any documentation referencing the rate for sewer service. Mr. Lamb was advised that no such documentation was found.

Walnut Grove Elementary School is the only non-residential customer of Lynwood. When the commercial rate in Lynwood's tariff was adopted in 1986, the date of its last rate case, it had no commercial customers. Nevertheless, Lynwood did have a commercial rate in its tariff. The existing management of Lynwood does not know how the flat rate charged the School was originally developed and why the commercial rate in the tariff was not used.

The School has paid the flat rate of $787.50 since at least 1992 without disputing the rate. The water meter for the School was set in 1989; therefore, it has probably been receiving sewer service from Lynwood since 1989 or 1990. The School may have been paying this same rate since it opened. Apparently, the flat rate of $787.50 was a special rate agreed to by Lynwood and the School. Since this rate was not included in the Lynwood tariff, Lynwood should have obtained approval of the special rate when it was established. Such approval was never obtained. This rate was not approved by the Authority until its May 10, 2000 Order.

Neither Mr. Terry nor the present management of Lynwood ever questioned the rate being charged to the School. Since Lynwood's rates did not produce sufficient revenues to cover its

operating expenses for several years before the recent rate increase, the rate charged the School does not appear to have been unjust or unreasonable. Lynwood would suggest that the Authority find that the rate to the School was a special rate for the School which was never included in the Lynwood tariff. As such Lynwood did not charge the School the incorrect rate, but charged a rate that was never included in the tariff.

Lynwood recognizes that the Authority has the discretion to determine what action, if any, it should take to address Lynwood charging a rate which was not in its tariff and which was never approved by the Authority. If the Authority orders any amount of refund to the School, funds for the refund must come from revenue received from the rates approved in its May 10, 2000 Order. The test year used to set rates for Lynwood in this Order projects that revenues to be derived from these rates still will not cover its operating expenses and the approved rate of return. Therefore, Lynwood contends that ordering a refund would not be in the best interest of Lynwood's customers or Lynwood.

Respectfully submitted,

Donald L. Scholes

DONALD L. SCHOLES
BRANSTETTER, KILGORE, STRANCH & JENNINGS
227 Second Avenue, North, Fourth Floor
Nashville, TN 37201-1631
(615) 254-8801

Attorney for Lynwood Utility Corporation

Certificate of Service

I hereby certify that a true and exact copy of the foregoing Pre-Hearing Brief has been served by United States Mail, postage prepaid upon the following on this the 28th day of July, 2000:

Jacob C. Martin
306 Cypress Court
Franklin, TN 37069

Vincent Williams, Esq.
Consumer Advocate
426 Fifth Avenue, North
2nd Floor, Cordell Hull Bldg.
Nashville, TN 37243-0500

Donald L. Scholes

PROMISSORY NOTE

Nashville, Tennessee
June 30, 2000

$138,000.00

FOR VALUE RECEIVED, LEGENDS PROPERTIES, INC., LEGENDS RIDGE, LLC and DAVID A. TERRY (collectively, the "Borrowers") jointly and severally promise and agree to pay to the order of LYNWOOD UTILITY CORPORATION, its successors, assigns or any subsequent holder of this Promissory Note (the "Lender") at its office address which is 5214 Maryland Way, Suite 405, Brentwood, TN 37027, or at such other place as may be designated in writing by Lender, in lawful money of the United States of America in immediately available funds, the principal sum of One Hundred Thirty Eight Thousand and No/100 Dollars ($138,000.00), together with interest thereon and other amounts due at a fixed rate of interest of 9.5% per annum.

Unless this note is extended by Lender as provided hereinafter, a final payment of all outstanding principal and accrued interest will be due and payable on June 30, 2001 (the "Maturity Date").

All or part of the indebtedness evidenced by this Note may be paid at any time before the Maturity Date without premium or penalty

Lender and Borrowers intend to conform strictly to applicable usury laws as presently in effect. Accordingly, Borrowers and Lender agree that, notwithstanding anything to the contrary herein or in any agreement executed in connection with or as security for this Note, the sum of all consideration that constitutes interest under applicable law which is contracted for, charged, or received hereunder shall under no circumstance, including without limitation any circumstance in which the Note has been accelerated or prepaid, exceed the maximum lawful rate of interest permitted by applicable law. Any excess interest shall be credited on this Note or, if this Note shall have been paid in full, refunded to Borrowers, by the holder hereof.

Following the occurrence of any Event of Default (as defined below), whether or not any notice of such default has been delivered, principal and unpaid interest shall bear interest (both before and after judgment) until paid at the highest lawful rate (the "Default Interest").

All amounts received for payment under this Note shall at the option of Lender be applied first to any unpaid expenses due Lender under this Note or the Deed of Trust executed in connection herewith which secures the obligations of Borrowers to Lender, then to the unpaid Late Charge, then to the unpaid Default Interest, then to all other accrued but unpaid interest due under this Note and finally to the reduction of outstanding principal due under this Note.

Time is of the essence of this Note.

EXHIBIT
1

Any of the following events or conditions shall constitute an "Event of Default" hereunder: (a) Borrowers fail to make any payment as and when due; or (b) Borrowers breach any promise made in this Note; or (c) any bankruptcy case, assignment for the benefit of creditors, receivership or other state, federal or foreign insolvency proceeding is commenced with respect to the Borrowers or any guarantor of this Note; or (d) Borrowers or any guarantor discontinue its usual business, dies, or commences to dissolve, wind-up or liquidate itself; or (e) any default occurs under the Deed of Trust. Upon the occurrence of an Event of Default under Sections (c) or (d) above, the entire indebtedness evidenced hereby shall automatically be immediately due and payable, without notice, and upon the occurrence of any other Event of Default, at the option of Lender, the entire indebtedness evidenced hereby shall become due, payable and collectible then or thereafter, without notice, as Lender may elect, regardless of the Maturity Date. Lender may waive any Event of Default before or after the same has been declared and restore this Note to full force and effect without impairing any rights hereunder, such right of waiver being a continuing one, but one waiver shall not imply any additional or subsequent waiver.

Borrowers and any and all accommodation parties, endorsers, guarantors and other parties liable on this Note, and any and all general partners of Borrowers or any endorsers, guarantors or other parties liable on this Note (collectively, the "Obligors") jointly and severally waive presentment for payment, protest, notice of protest, notice of nonpayment of this Note, demand and all legal diligence in enforcing collection, and any discharge or defenses based on suretyship or impairment of collateral; and hereby expressly consent to (i) any and all delays, extensions, renewals or other modifications of this Note or any waivers of any term hereof, (ii) any release or discharge by Lender of any of the Obligors, (iii) any release, substitution or exchange of any security for the payment hereof, (iv) any failure to act on the part of Lender, and (vi) any indulgence shown by Lender from time to time (without notice or further assent from any of the Obligors) and hereby agree that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any of the Obligors.

BORROWERS HEREBY IRREVOCABLY CONSENT TO THE JURISDICTION OF THE COURTS LOCATED IN DAVIDSON COUNTY, TENNESSEE, INCLUDING WITHOUT LIMITATION FEDERAL COURTS SITTING IN THE MIDDLE DISTRICT OF TENNESSEE AND THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE, FOR ANY SUIT BROUGHT OR ACTION COMMENCED IN CONNECTION WITH THIS NOTE, ANY DOCUMENTS EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR ANY RELATIONSHIP BETWEEN LENDER AND BORROWERS, AND AGREES NOT TO CONTEST OR CHALLENGE VENUE IN ANY SUCH COURTS.

Borrowers irrevocably consent to the service of process of any such courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, return receipt requested, to Borrowers at the address opposite its signature below or to such other address as Borrowers may have furnished to Lender in

writing, and agrees that such service shall become effective thirty (30) days after such mailing. However, nothing herein shall affect the right of Lender or Borrowers to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Lender or Borrowers in any other jurisdiction.

Borrowers shall pay, on demand, all costs and expenses (including court costs, attorneys' fees and expenses) incurred by Lender in attempting to enforce or collect this Note, protect or enforce its rights under this Note or protect or collect on any security for the payment of this Note.

This is a secured Note and has been executed and delivered in, and shall be governed by and construed according to the laws of the State of Tennessee except to the extent pre-empted by applicable laws of the United States of America. If any provision of this Note should for any reason be invalid or unenforceable, the remaining provisions hereof shall remain in full force and effect.

This Note may not be changed, extended or terminated except in writing signed by Borrowers and Lender. No waiver of any term or provision hereof shall be valid unless in writing signed by Lender.

Executed this _____ day of June, 2000.

Borrowers' Address:

108 FOURTH AVE S.
SUITE 212
FRANKLIN TN 37064

LEGENDS PROPERTIES, INC.

By: David A. Terry

Title: President

LEGENDS RIDGE, LLC

By: David A. Terry

Title: Chief Manager

David A Terry

DAVID A. TERRY

BILL OF SALE

I, David A. Terry, hereby convey to Southern Utility Corporation all of my right, title and interest in and to Certificate No. 1 representing one hundred (100) shares of common stock of Lynwood Utility Corporation, as well as any other shares of said corporation (the "Stock").

The Stock is subject to a perfected security interest in favor of Lumbermen's Investment Corporation which has possession of said share Certificate No. 1. Except for the lien in favor of Lumbermen's Investment Corporation, the Stock is unencumbered and I have full and lawful ownership thereof. I hereby covenant and bind myself, my heirs, successors and assigns to warrant and forever defend title to the Stock in favor of Southern Utility Corporation, its successors and assigns, against the lawful claims of all persons.

WITNESS the signature of the undersigned on this _____ day of May, 1999.

DAVID A. TERRY

361088.1 5/11/99

EXHIBIT

3

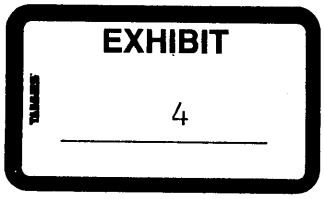
RESPONSE TO FOURTH INFORMATION REQUEST TO LYNWOOD UTILITY CORPORATION IN DOCKET NO. 99-00507 DATED JANUARY 27, 2000

Request 1. In your filing, you have proposed a rate increase from $1.40 - $7.21 per 1000 gallons for your one Non Residential Customer (Walnut Grove Elementary School). In your exhibits, you do not show any noticeable increase in revenue for the school over the 1999 revenue in any of the projected years (2000-2005). Using the present and proposed rates and the usage data, calculate the monthly/annual revenue for this customer? (This was requested at the hearing as an exhibit).

Response 1. At the hearing Director Greer pointed out that the revenue projection for the Walnut Grove Elementary School for 2000 did not show any increase in revenue over 1999 even though Lynwood filed for a rate increase for its commercial customers from $1.40 per 1000 gallons to $5.77 per 1000 gallons. Immediately after the hearing, I realized I had made no adjustment to the revenue projection for Walnut Grove Elementary School to take into account the increased rate. Although the rate for commercial customers in Lynwood's tariff is based upon water usage at an actual or assumed flow, to my knowledge Lynwood has always charged Walnut Grove Elementary School a flat rate of $787.50 per month. I understand that this rate has been in effect since the school was built, and I have no knowledge of how it was originally computed. The school began receiving water service in September of 1989, and I presume that sewer service began at the same time. I have not been able to verify the date sewer service actually began.

To project the revenue effect of the proposed commercial rate increase, I contacted the City of Franklin to obtain the actual water usage of Walnut Grove Elementary School for the past year. I have attached as Exhibit 1 to this Response the computer print out I received from Franklin which shows the monthly water usage of the school for November 1998 through January 2000 billing periods. The average water usage of the school was 81,333 gallons per month. When I applied the existing Lynwood commercial rate of $1.40 per 1000 gallons, I discovered that the school had not been charged the commercial rate in the tariff. Based upon an average monthly usage of 81,333, the average sewer bill to the school would have been $113.86. Lynwood is currently charging the school $787.50 per month for sewer use. Under the proposed commercial rate of $7.20 per 1000 gallons, the average monthly bill for the school would have been $586.41 which is also less than the $787.50 the school has been billed.

Since I began working with Lynwood, I assumed that the school was a commercial customer and that the flat bill it has been paying was based upon an assumed flow which was used to compute the $787.50. Clearly, the commercial rate in the Lynwood tariff was not used to compute the school's sewer bill. I do not know how the management of Lynwood at the time the school became a customer arrived at the $787.50 monthly rate. I do not know if the management of Lynwood at that time did not consider the school to be a commercial customer and just established a separate flat rate for the school or whether the commercial rate was inappropriately applied.



To produce an average monthly bill of the amount the school is currently being charged of $787.50, a commercial rate of $9.68 per 1000 gallons is necessary. The average water bill of Walnut Grove Elementary School for the period set forth in the attached exhibit is $251.28.

To assist in determining whether any increase in the commercial rate for Walnut Grove Elementary School is appropriate, I obtained from the City of Franklin the water usage and sewer bill of three other elementary schools which receive water and sewer service from the City of Franklin. The average monthly sewer bill for Liberty Elementary School from January 1999 to December 1999 is $714.16. The average monthly sewer bill for Johnson Elementary School from January 1999 to December 1999 is $166.25. The average monthly sewer bill for Hunters Bend Elementary School from January 1999 to December 1999 is $316.74.

Walnut Grove Elementary School appears to be paying for sewer service at a higher rate than other local elementary schools receiving sewer service from the City of Franklin. The monthly sewer service rate based upon water usage necessary to maintain the school's current revenue contribution, which is $9.68 per 1000 gallons, is 40% higher than the proposed residential sewer service rate. Consequently, an increase in the commercial rate for the school does not appear to be just and reasonable. If the TRA agrees, Lynwood suggests that the TRA find that Walnut Grove Elementary School be classified as a commercial customer and that it approve a rate of $9.68 per 1000 gallons which is designed to have the school's average monthly bill remain the same based upon recent monthly water usage.

Request 2. In your petition, you proposed an increase in your Tap Fee from $1,750 to $2,750 and a Sewer Connection Fee of $250. You state in your testimony that future tap fees will be booked as Contribution in Aid of Construction to offset plant expansion cost. Provide the cost justification for the proposed fees, how the rate was developed and the total revenue by year. Also include the total cost of the expansion for Phase II and what portion the tap fees will offset. In addition provide the number of tap fees waived by the previous owner of Lynwood?

Response 2.

Tap Fees

When the petition was filed, Lynwood looked at the tap fee as the means by which Lumbermen's Investment Corporation would be repaid for its investment in the new plant expansion for the River Landing Subdivision. At that time Lynwood was seeking to provide funds to reimburse LIC as rapidly as possible without imposing an undue burden on the lot owners. The only comparable private sewer utility to Lynwood for comparison purposes at that time was Cartwright Creek Utility Company, Inc. which is the sewer provider immediately to the north of Lynwood's service area. The TRA approved a tap fee of $2,750 for Cartwright Creek Utility Company, Inc. in October of 1996.

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August 29, 1988

Robert G. Wheeler, Jr., Esq.
Brown, Brown & White
2917 Foster Creighton Drive
P. O. Box 40244
Nashville, TN 37204

Re: Williamson County Board of Education
and Lynnwood Utility District
Your File No. 80763

Dear Mr. Wheeler:

In response to your letter of August 23, 1988, I enclose herewith report of Stanley Tyson, Plant Manager of Lynnwood Utility Company. Assuming that the Board of Education can meet the specifications of Mr. Tyson's report, we beg to advise that Lynnwood Utility Company is prepared to offer the service requested by the Williamson County Board of Education.

Further inquiry, please do not hesitate to contact me. With kindest regards, I am

Sincerely yours,

John D. Whalley

JDW:scp
Enclosure
cc: Martin Zeitlin

EXHIBIT
5

Lynnwood Utility

P.O. Box 1264 Franklin, TN 37065-1264

August 24, 1988

Subject: Grassland II Elementary School

To: Martin Zeitlin

The following recommended positions are submitted concerning the future connection of the Grassland II Elementary School waste collection system with the Lynnwood Utility collection system. The proposed school is to be located along Berry's Chapel Road (Cotton Road) and Walnut Grove Drive.

1. Lynnwood Utility Company agrees to provide wastewater treatment service for the school's effluent discharge, maximum not to exceed 20,000 gallons per school day. Grassland II Elementary School effluent will be pumped to Manhole #1, Cottonwood Drive, Cottonwood Subdivision.

2. Engineering design will ensure that an approved grease trap is provided for the kitchen facility, that it is readily available for both maintenance and inspection, and that a specified cleaning schedule is furnished to school authorities.

3. Engineering design will ensure that only kitchen and rest room wastewater will be allowed to enter the collection system. Flows from all other sources such as roof, floor and storm drains will be routed for other disposal.

4. Engineering design will ensure that two submersible grinder-type pumps are provided for the collection system lift station. Each pump will have a maximum rate of flow not to exceed 100 gallons per minute, and the combined emergency flow of both pumps will not exceed 200 gallon per minute.

* 5. Williamson County will be responsible for the installation of the collection system from the school site to Manhole #1 in Cottonwood Subdivision. The collection system will include all pipe, lift station, force main, and subsequent tap into Manhole #1.

6. Lynnwood Utility will inspect the connection of the discharge line into Manhole #1. Five days prior notification will be given so that the Lynnwood representative can be on site when the tap is completed.

* 7. Williamson County will retain responsibility for the operation, maintenance and repair of the Grassland II Elementary School collection system from the school site to Manhole #1, Cottonwood Subdivision.

Stanley Tyer