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**BEFORE THE TENNESSEE REGULATORY AUTHORITY
- NASHVILLE, TENNESSEE**

February 27, 2006

T.R.A. DOCKET ROOM

IN RE: Application of Bristol Tennessee)
Essential Services for a Certificate of)
Convenience and Necessity to Provide)
Competing Telecommunications Services)

Docket No.: 05-00251

**JOINT MOTION OF BRISTOL TENNESSEE ESSENTIAL SERVICES AND UNITED
TELEPHONE-SOUTHEAST, INC TO APPROVE SETTLEMENT AGREEMENT**

Bristol Tennessee Essential Services ("BTES") and United Telephone-Southeast, Inc. ("UTSE") jointly ask the Tennessee Regulatory Authority to approve the "Settlement Agreement" filed on February 10, 2006, and incorporate that Agreement into an order granting the application of BTES for a certificate of convenience and necessity. The proposed agreement is consistent with state law and with prior decisions of the Authority granting similar applications.

In sum, the settlement agreement (1) limits the service area of BTES to the area in which BTES provides electric service and requires BTES to return to the Authority to amend its certificate should BTES wish to expand its service area; (2) requires BTES to obtain the consent of Sullivan County and other applicable local governments before providing telephone service outside the city of Bristol, Tennessee; (3) requires an independent auditor to examine the cost allocation manual filed by BTES; and (4) requires BTES to file annual reports with the TRA demonstrating compliance with the cost allocation manual and showing the financial results of each BTES business unit.

As shown below, every requirement in the Settlement Agreement is taken from a prior TRA order in a similar case, reflects state legal requirements, or is an additional requirement which the parties believe will complement the agreement.

1. Part 2(a) of the Agreement requires BTES to submit to an audit of its cost allocation procedures within ninety days of the grant of this application. This requirement is not found in any prior TRA order but is an additional condition agreed to by BTES and UTSE to help ensure that BTES's cost allocation manual will serve its intended purpose.
2. Part 2(b) of the Agreement requires BTES to submit to an annual audit to determine that BTES is operating in compliance with the cost allocation manual and the Authority's rules and order. This requirement is taken from the Authority's final order in the Memphis Networx application, Docket 99-00909, Order issued August 9, 2001, at 39, and is also found in the order approving the JEA application, Docket 03-00438, Order issued March 5, 2004, at 10.
3. Part 2(c) of the Agreement, which gives the TRA full access to the records of BTES, comes from the JEA Order, at 10.
4. Part 3(a) of the Agreement, which is designed to ensure that BTES does not favor its telephone business unit over third party telephone companies, is copied from the Memphis Networx Order, at 39-40.
5. Part 3(b) of the Agreement, which governs the record keeping practices of BTES, is taken from the Memphis Networx Order, at 40.
6. Part 3(c) prohibits BTES from entering into a joint venture to offer telephone services without the consent of the TRA. The same provision is found at page 40 of the Memphis Networx Order.

7. Part 4 of the Agreement concerns the obligation of BTES to obtain the consent of various local governments and is the same as the requirement of T.C.A. §7-52-401. Part 4 also limits the service area of BTES to the area which BTES provides electric service. If BTES later wishes to expand its service area, it must ask the TRA to amend the carrier's certificate.
8. Part 5(a) of the Agreement requires BTES to file annual financial reports with the Authority and is based on a similar requirement in the JEA Order, at 11.
9. Part 5(b) requires BTES to file with the Authority copies of reports that BTES is required to file with TVA.
10. Part 5(c) of the Settlement requires BTES to file with the TRA copies of any correspondence that BTES files with the State Director of Local Finance pursuant to T.C.A. §7-52-402(2).

In conclusion, the proposed Settlement Agreement is consistent with the Authority's orders in similar cases involving municipal electric systems and, in some instances, the Agreement goes further than the Authority's prior decisions in protecting the public interest. For these reasons, BTES and UTSE ask that the Settlement Agreement be approved and incorporated into a final order of the TRA granting the certificate of application to BTES.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing is being forwarded via U.S. mail, postage prepaid,, to:

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on this the 27th day of February 2006.


Henry Walker