



BOULT ■ CUMMINGS®  
CONNERS ■ BERRY PLC

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October 19, 2007

Eddie Roberson, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Pkwy.  
Nashville, TN 37243-0505

filed electronically in docket office 10/19/2007

**Re:   *Application of Bristol Tennessee Essential Services for a Certificate of  
Convenience and Necessity to Provide Competing Telecommunications Services  
Docket: 05-00251***

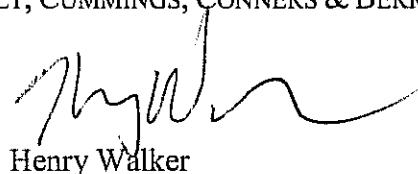
Dear Chairman Roberson:

Pursuant to the TRA's final order in the above-captioned docket, enclosed for filing are the year-end financials (for year-ending June 30, 2007) of the telephone unit of Bristol Tennessee Essential Services ("BTES"). Since the company's annual audit is still ongoing, these financial reports are not yet audited. A second filing will be made when the numbers are audited.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:



Henry Walker

HW/djc

Enclosures

cc:   Edward Phillips  
      Guy Hicks  
      Charles B. Welch, Jr.

Bristol Tennessee Essential Services  
Statistical Data  
Telephone Business Unit  
June 2007

Residential Telephone Customers	1697
Residential Telephone Lines	1748

Business Telephone Customers	56
Business Telephone Lines	105

Features

Individual Features	70
Basic Feature Package	1342
Enhanced Feature Package	181

Long Distance

100 Minutes	1063
200 Minutes	78
500 Minutes	9
Unlimited	77

BRISTOL TENNESSEE ESSENTIAL SERVICES  
COMPARATIVE BALANCE SHEET  
TELEPHONE BUSINESS UNIT  
June 2007  
\$(000)

LINE  
NO.

**ASSETS**

	June 2007	June 2006
<b><u>Fixed Assets</u></b>		
1 Total Telephone Plant	\$954.1	\$234.4
2 Less Accumulated Depreciation	47.5	0.0
3 Net Plant	906.6	234.4
<b><u>Other Assets</u></b>		
4 Cash	0.0	0.0
5 Start Up Costs	145.6	481.5
6 Capitalized Interest	25.7	
7 Accounts Receivable	53.1	0.0
8 Total Other Assets	224.4	481.5
9 TOTAL ASSETS	\$1,131.0	\$715.9

**LIABILITIES AND EQUITY**

**Long-Term Debt**

10 Loan from Electric Business Unit	1,020.0	629.0
11 Accounts Payable	15.8	0.0
12 Accrued Expenses	21.0	0.0
13 Total Current Liabilities	36.8	86.9
14 Equity in Telephone Business Unit	74.2	0.0
15 TOTAL LIABILITIES AND EQUITY	\$1,131.0	\$715.9

**BRISTOL TENNESSEE ESSENTIAL SERVICES  
STATEMENT OF INCOME AND EXPENSES  
TELEPHONE BUSINESS UNIT**

June 2007

\$(000)

<u>LINE NO.</u>	<u>June 2007</u>	<u>ACTUAL YTD</u>	<u>FY 2006 ACTUAL YTD</u>	<u>FY 2007 BUDGET</u>
<u>Operating Revenue</u>				
1 Telephone Revenue	\$74.9	\$390.1	\$0.0	\$384.3
2 Taxes and Fees	\$1.8	\$9.5		
3 Total Operating Revenue	76.7	399.6	0.0	384.3
<u>Cost of Goods Sold</u>				
4 Cost of Goods Sold	10.8	35.6	0.0	69.6
5 Network Trunk Interconnection	4.6	33.8	0.0	91.8
6 Total Cost of Goods Sold	15.4	69.4	0.0	161.4
<u>Operating &amp; Maintenance Expense</u>				
7 Customer Service Expense	11.1	25.9	0.0	45.7
8 Marketing Expense	0.0	0.0	0.0	41.0
9 Administrative & General Expense	5.4	21.0	0.0	135.6
10 Plant Allocation Factor	18.3	98.2	0.0	125.7
11 Total Operating & Maintenance	34.8	145.1	0.0	348.0
<u>Other Operating Expense</u>				
12 Depreciation Expense	8.0	47.6	0.0	29.3
13 Taxes and Tax Equivalents	1.8	4.5		
14 Start-Up Cost Amortization Expense	2.9	18.6	0.0	21.8
15 Total Other Operating Expense	12.7	70.7	0.0	51.1
16 Total Operating Expense	62.9	285.2	0.0	560.5
<u>Income</u>				
17 Operating Income	13.8	114.4	0.0	(176.2)
<u>Debt Expense</u>				
18 Interest Expense	4.3	40.2	0.0	24.4
19 NET INCOME	\$9.5	\$74.2	\$0.0	(\$200.6)