



Bristol Tennessee Essential Services

Electric • Internet • Telephone • Cable

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filed electronically 12/31/08

December 31, 2008

Mr. Tre Hargett, Chairman
Tennessee Regulatory Authority
460 James Robinson Parkway
Nashville TN 37243-0505

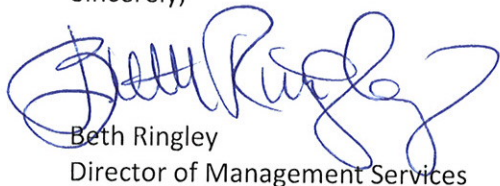
RE: Application of Bristol Tennessee Essential Services for a Certificate of Public Convenience and Necessity to provide Telecommunications Services. 05-00251

Dear Chairman Hargett,

Please find enclosed the report of Hal Novak, CPA, for the Bristol Tennessee Essential Services Cost Allocation Manual Annual Audit for period ending June 30, 2008.

If you have any questions or need additional information related to this audit, please call me at 423-793-5531.

Sincerely,



Beth Ringley
Director of Management Services

BR/jb

Enclosure

WHN CONSULTING

19 Morning Arbor Place
The Woodlands, TX 77381

December 30, 2008

Dr. R. Michael Browder
General Manager
Bristol Tennessee Essential Services
PO Box 549
Bristol, TN 37621-0549

RE: Compliance Audit of BTES Cost Allocation Manual for the twelve months ended June 30, 2008

Dear Dr. Browder:

We have examined the common cost business unit allocation procedures of Bristol Tennessee Essential Services ("BTES" or the "Company") for the twelve months ended June 30, 2008. The purpose of this examination was to determine if the methods used by the Company to allocate costs to the appropriate business units are in compliance with the procedures prescribed by the Company's Cost Allocation Manual ("CAM").

This examination does not provide an opinion on whether the financial statements of BTES taken as a whole are fairly presented in all material respects, but whether the Company is in material compliance with its CAM for allocating common costs to the individual business units of BTES.

In our opinion, subject to the limitations detailed above, the Company is in material compliance with the allocation methodology described in the CAM for the twelve months ended June 30, 2008.

Sincerely,



William H. Novak