



Bristol Tennessee Essential Services

Electric • Internet • Telephone • Cable

P.O. Box 549 • 2470 Volunteer Parkway • Bristol, TN 37621-0549
423/968-1526 • Fax 423/793-5545

December 31, 2009

Ms. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Bristol Tennessee Essential Services, Docket 05-00251

Dear Chairman Kyle,

Please find enclosed the report of Hal Novak, CPA, for the Bristol Tennessee Essential Services Cost Allocation Manual Annual Audit for the period ending June 30, 2009.

If you have any questions or need additional information related to this audit, please call me at 423-793-5517.

Sincerely,

Lola McVey
Supervisor of Accounting

Cc: Sharla Dillon, Docket Room Manager

WHN CONSULTING

19 Morning Arbor Place
The Woodlands, TX 77381

December 31, 2009

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, 2009

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, 2009. 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, 2009.

Sincerely,



William H. Novak