BOULT ■ CUMMINGS
CONNERS ■ BERRY PLC

Henry Walker
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January 6, 2006

Mr. Edward Phillips
United Telephone-Southeast, Inc.
Mailstop: NCWKFR0313
14111 Capital Blvd.
Wake Forest, NC 27587-5900

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

Dear Ed:

Enclosed are the responses of BTES to the Second Set of Interrogatories from Sprint.

These individuals largely contributed to the indicated responses. Each has pre-filed testimony related, directly or indirectly, to the requested information. The contact information for each witness is included in his or her pre-filed testimony.

1. Dr. Mike Browder and his staff: Questions 1 – 7, 10, 11, and 17.

2. Dwight Work: Questions 12, 13, 15, 16, 18, 19, and 20.

The remaining questions were largely answered by counsel.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:
Henry Walker

HW/djc

1214175 v1
106554-002
1/6/2006

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

January 6, 2006

IN RE: Application of Bristol Tennessee Essential Services for a Certificate of Convenience and Necessity to Provide Competing Telecommunications Services	))))	Docket No.: 05-00251

BRISTOL TENNESSEE ESSENTIAL SERVICES RESPONSE TO UNITED TELEPHONE-SOUTHEAST, INC.'S SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

Bristol Tennessee Essential Services ("BTES") hereby submits the following responses to the First Set of Interrogatories and Requests for Production of Documents from United Telephone-Southeast, Inc. ("UTSE") filed in this docket on December 19, 2005.

GENERAL OBJECTIONS

BTES makes the following general objections, which apply to each of UTSE's Interrogatories and other discovery requests ("Discovery Request"):

A. BTES objects to the Discovery Requests to the extent they seek to impose obligations beyond the requirements of the Tennessee Rules of Civil Procedure. TRA Rule 1220-1-2-.11 requires that discovery in contested cases before the TRA be "effectuated in accordance with the Tennessee Rules of Civil Procedure [TRCP] "

B. BTES objects to the request to the extent it seeks to impose an obligation on BTES to respond on behalf of parents, subsidiaries, affiliates or other persons that are not parties to this case on the grounds that such request is overly broad, unduly burdensome, oppressive, and not permitted by applicable discovery rules.

C. BTES objects to the Discovery Requests to the extent they call for information that is exempt from discovery by virtue of the attorney-client privilege, the work product doctrine, or other applicable privilege. BTES further objects to the extent that the definition of "Representatives" in UTSE's Interrogatories seek information in the possession of counsel and that is exempt from discovery by virtue of any such privilege.

RESPONSES

1. Provide all documents related to the June 27, 2005 understanding between the Tennessee Valley Authority (TVA) and Bristol Tennessee Essential Services (BTES). Provide all documents exchanged between the TVA and BTES both before and after June 27, 2005 that relate to the understanding.

RESPONSE: BTES will provide copies of the two interdivision loan documents dated June 27th from TVA.

66

Tennessee Valley Authority Post Office Box 292409 Nashville Tennessee 37229-2409

67318A

June 27, 2005 TV-~~73611~~A, Supp No 66

Mr Patrick W. Hickie Jr., Chairman
Bristol Tennessee Essential Services
Post Office Box 549
Bristol, Tennessee 37621

Dear Mr Hickie

This letter confirms the understanding between the City of Bristol, Tennessee (Bristol), and Tennessee Valley Authority (TVA) relating to the joint use of funds between the Bristol Tennessee Essential Services (Electric Services) and the Telephone Business Unit (Telephone Business Unit) of Bristol Tennessee Essential Services, both systems being managed by the same independent five member board, which has oversight into the financial soundness of each

Bristol represents that

A The General Assembly of the State of Tennessee enacted the Tennessee Code Annotated, Title 7, Chapter 52, which provides for municipal electric plants to own and operate telecommunications services Under this provision, the municipal electric system can lend funds to the Telephone Business Unit,

B The Electric Services has revenues and assets available to loan to the Telephone Business Unit, as authorized by state statute,

C Any use of property and personnel jointly by Bristol for its Electric Services and to operate the Telephone Business Unit, with those expenses being properly allocated between the Electric Services and the Services, will provide efficiency and economy in the Electric Services' overall operations, and

D The Electric Services will financially benefit from its loans to the Telephone Business Unit

Based upon the above assurance and subject to the following terms and conditions, this letter shall constitute TVA's agreement, as provided for in section 1(a) of the Schedule of Terms and Conditions of the Power Contract between Bristol and TVA, numbered TV-67518A and dated June 27, 1985, as amended (Power Contract), to the Electric Services' loan or loans to the Telephone Business Unit described herein In light of the foregoing:

1. Bristol may make a loan or loans from Electric Services funds not to exceed an aggregate amount of up to $2,000,000 (2 million dollars) to the Telephone Business Unit Electric Services has no obligation or responsibility to make or keep any funds available for this purpose

2. Bristol shall cause its Telephone Business Unit to pay semi-annually to its Electric Services interest accruing on all advances outstanding and to make repayments of the amortized principal balance, beginning 18 (eighteen) months after the initial funding date of each loan (Initial Date), until such time as the principal is fully repaid The Telephone Business Unit shall repay the Electric Services the principal amount, together with all accrued and unpaid interest, not to exceed 20 years beyond the Initial Date of each loan, unless Bristol and TVA agree on a later date

3 Unless TVA agrees otherwise, the Telephone Business Unit shall accrue interest payable to the Electric Services at the highest interest rate then earned by the Electric Services on invested electric plant funds in accordance with state law as set out in Tennessee Code Annotated Section 7-52-402 The interest accrual will be calculated by applying the ratio of the annual interest rate over a period of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding In no event shall the effective rate of interest for any semi-annual payment exceed the highest rate of interest permitted to be charged under the laws of the State of Tennessee

4 If the Telephone Business Unit fails to make a required payment on or prior to the applicable payment date, interest will accrue on such payment at a rate equal to the applicable interest rate + 1% until such payment is made, and such failure shall not affect the Telephone Business Unit' obligation to make other required payments If the Telephone Business Unit fails to make all of its required payments by the date on which the last required payment is due, the Electric Services shall, unless TVA agrees otherwise, take steps satisfactory to TVA to fully maintain and exercise all legal rights and remedies it may possess or hereafter acquire with respect to the full recovery of the liability between the Telephone Business Unit and the Electric Services in order to make the Electric Services whole as soon as practical

5 This agreement shall terminate in the event that ownership or control of Telephone Business Unit reverts or changes to an entity other than the Electric Services In addition, Electric Services shall make no additional loans in the event that ownership or control of Telephone Business Unit reverts or changes to an entity other than Bristol

6 It is recognized that under the Power Contract, section 5 (c), the Electric Services shall be maintained on a self-supporting and financially sound basis If TVA determines, in its judgment, that continuing the loans from the Electric Services to the Telephone Business Unit might threaten the financial soundness of the Electric Services, then TVA may terminate this agreement upon 90 days' written notice to Bristol

7. Unless otherwise agreed to by TVA in writing, upon any termination of this agreement, Telephone Business Unit shall immediately repay any funds previously advanced by Electric Services, along with accumulated interest, and the loan or loans shall be closed and of no further force or effect

8 Unless TVA agrees otherwise, Electric Services will furnish no other credit, guarantee or other financial accommodation to or on behalf of Telephone Business Unit, except for the loan or loans described above

9 In the event that Bristol, for purposes of efficiency and economy, wishes to use any additional property and personnel jointly for its Electric Services and to operate the Telephone Business Unit, those arrangements will be provided for in a supplementary agreement in which those expenses are properly allocated between the Electric Services and the Telephone Business Unit.

10. The Electric Services shall, within ninety days of each of the fiscal year and mid-year reporting periods of the Telephone Business Unit, provide a semi-annual financial statement and supplementary reports to TVA including year-to-date financial results measured against the business plan of the Telephone Business Unit

11. This agreement may not be modified except in writing signed by the parties' authorized representatives

If this letter correctly states the understanding between us, please so indicate by having a duly authorized representative sign both enclosed originals on behalf of the City of Bristol, Tennessee, and return them to your TVA Customer Service Manager. A fully executed original will be returned to you following signature on behalf of TVA

Sincerely,

Cynthia L. Herron

Cynthia L. Herron
General Manager, Contracts and Pricing
Customer Service and Marketing

Accepted and agreed to as of
the 8 day of July, 2005

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By [signature] Hickie
Title CHAIRMAN

July 20, 2005

Dear Dr Browder,

We understand that you have requested that fully executed copies of TV-67518A, Supp No 65, and TV-67518A, Supp. No. 66, both dated June 27, 2005, be sent to your office directly Herein, you will find one fully executed copy of each of these two documents which authorize the joint use of funds between Bristol Tennessee Essential Services and its Internet and Cable Unit and Telephone Business Unit, respectively, under the conditions specified in each agreement If you have any questions, please feel free to contact me

Thank you

Megan Keen

Megan Keen
Electrical Engineer
TVA, Power Contracts
(615) 232-6114

Tennessee Valley Authority Post Office Box 292409 Nashville Tennessee 37229 2409

June 27, 2005

673/8A 65
TV-~~73611A~~, Supp. No ~~62~~

Mr Patrick W Hickie Jr., Chairman
Bristol Tennessee Essential Services
Post Office Box 549
Bristol, Tennessee 37621

Dear Mr. Hickie:

This letter confirms the understanding between the City of Bristol, Tennessee (Bristol), and Tennessee Valley Authority (TVA) relating to the joint use of funds between the Bristol Tennessee Essential Services (Electric Services) and the Internet and Cable Unit (Internet and Cable Unit) of Bristol Tennessee Essential Services, both systems being managed by the same independent five member board, which has oversight into the financial soundness of each

Bristol represents that

A The General Assembly of the State of Tennessee enacted the Tennessee Code Annotated, Title 7, Chapter 52, which provides for municipal electric plants to own and operate cable and internet services. Under this provision, the municipal electric system can lend funds to the Internet and Cable Unit,

B The Electric Services has revenues and assets available to loan to the Internet and Cable Unit, as authorized by state statute,

C Any use of property and personnel jointly by Bristol for its Electric Services and to operate the Internet and Cable Unit, with those expenses being properly allocated between the Electric Services and the Internet and Cable Unit, will provide efficiency and economy in the Electric Services' overall operations, and

D. The Electric Services will financially benefit from its loans to the Internet and Cable Unit

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Based upon the above assurance and subject to the following terms and conditions, this letter shall constitute TVA's agreement, as provided for in section 1(a) of the Schedule of Terms and Conditions of the Power Contract between Bristol and TVA, numbered TV-67518A and dated June 27, 1985, as amended (Power Contract), to the Electric Services' loan or loans to the Internet and Cable Unit described herein In light of the foregoing

1 Bristol may make a loan or loans from Electric Services funds not to exceed an aggregate amount of up to $28,000,000 (28 million dollars) to the Internet and Cable Unit Electric Services has no obligation or responsibility to make or keep any funds available for this purpose

2. Bristol shall cause its Internet and Cable Unit to pay semi-annually to its Electric Services interest accruing on all advances outstanding and to make repayments of the amortized principal balance, beginning 18 (eighteen) months after the initial funding date of each loan (Initial Date), until such time as the principal is fully repaid The Internet and Cable Unit shall repay the Electric Services the principal amount, together with all accrued and unpaid interest, not to exceed 20 years beyond the Initial Date of each loan, unless Bristol and TVA agree on a later date

3 Unless TVA agrees otherwise, the Internet and Cable Unit shall accrue interest payable to the Electric Services at the highest interest rate then earned by the Electric Services on invested electric plant funds in accordance with state law as set out in Tennessee Code Annotated Section 7-52-603 (B) The interest accrual will be calculated by applying the ratio of the annual interest rate over a period of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding In no event shall the effective rate of interest for any semi-annual payment exceed the highest rate of interest permitted to be charged under the laws of the State of Tennessee

4 If the Internet and Cable Unit fails to make a required payment on or prior to the applicable payment date, interest will accrue on such payment at a rate equal to the applicable interest rate + 1% until such payment is made, and such failure shall not affect the Internet and Cable Unit' obligation to make other required payments If the Internet and Cable Unit fails to make all of its required payments by the date on which the last required payment is due, the Electric Services shall, unless TVA agrees otherwise, take steps satisfactory to TVA to fully maintain and exercise all legal rights and remedies it may possess or hereafter acquire with respect to the full recovery of the liability between the Internet and Cable Unit and the Electric Services in order to make the Electric Services whole as soon as practical

5 This agreement shall terminate in the event that ownership or control of Internet and Cable Unit reverts or changes to an entity other than the Electric Services In addition, Electric Services shall make no additional loans in the event that

ownership or control of Internet and Cable Unit reverts or changes to an entity other than Bristol

6 It is recognized that under the Power Contract, section 5 (c), the Electric Services shall be maintained on a self-supporting and financially sound basis If TVA determines, in its judgment, that continuing the loans from the Electric Services to the Internet and Cable Unit might threaten the financial soundness of the Electric Services, then TVA may terminate this agreement upon 90 days' written notice to Bristol

7 Unless otherwise agreed to by TVA in writing, upon any termination of this agreement, Internet and Cable Unit shall immediately repay any funds previously advanced by Electric Services, along with accumulated interest, and the loan or loans shall be closed and of no further force or effect

8 Unless TVA agrees otherwise, Electric Services will furnish no other credit, guarantee or other financial accommodation to or on behalf of Internet and Cable Unit, except for the loan or loans described above

9 In the event that Bristol, for purposes of efficiency and economy, wishes to use any additional property and personnel jointly for its Electric Services and to operate the Internet and Cable Unit, those arrangements will be provided for in a supplementary agreement in which those expenses are properly allocated between the Electric Services and the Internet and Cable Unit

10 The Electric Services shall, within ninety days of each of the fiscal year and mid-year reporting periods of the Internet and Cable Unit, provide a semi-annual financial statement and supplementary reports to TVA including year-to-date financial results measured against the business plan of the Internet and Cable Unit

11. This agreement may not be modified except in writing signed by the parties' authorized representatives

If this letter correctly states the understanding between us, please so indicate by having a duly authorized representative sign both enclosed originals on behalf of the City of Bristol, Tennessee, and return them to your TVA Customer Service Manager. A fully executed original will be returned to you following signature on behalf of TVA.

Sincerely,

Cynthia L Herron

Cynthia L Herron
General Manager, Contracts and Pricing
Customer Service and Marketing

Accepted and agreed to as of
the 8 day of July, 2005

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By [signature]
Title CHAIRMAN

W051905
0030\C9589 joint use

2. Referencing the June 27, 2005 understanding between the TVA and BTES at paragraph 3 (on page 2 of 4), fully explain how the interest rate on the inter-division loan(s) from the electric division to the cable/internet division and the telephone division (the Inter-Division Loans) will be calculated.

RESPONSE: BTES will use the highest interest rate earned on cash investments (in the month in question) by the Electric Business Unit to calculate the interest to be charged to each business unit.

3. Will the interest rate on the Inter-Division Loans be re-calculated at some time interval to reflect the highest interest rate then earned by the electric division on invested electric funds?

RESPONSE: The interest rate will be re-calculated each month.

4. Referencing the July 1, 2005 Resolution of the BTES Board of Directors, please provide any documents the General Manager has executed to consummate the Inter-Division Loans.

RESPONSE: BTES will provide a copy of the Board Agenda and minutes for June 2005 Board Meeting, which took place on July 1, 2005. There are no other documents responsive to this question.

A RESOLUTION AUTHORIZING A LOAN OF CERTAIN FUNDS FROM THE ELECTRIC BUSINESS UNIT TO THE CABLE AND INTERNET BUSINESS UNIT

WHEREAS, the Board of Directors ("Board") of Bristol Tennessee Essential Services ("BTES"), has provided for the creation of a Cable and Internet Business Unit of BTES ("Cable and Internet Business Unit") to provide the services authorized in Tennessee Code Annotated § 7-52-601, et seq.; and

WHEREAS, certain short-term expenditures have been made and certain long-term capital investments and expenditures will be required by the Cable and Internet Business Unit.

NOW, THEREFORE, BE IT RESOLVED, by the Board of BTES that:

1. The General Manager is authorized, but not required, to execute such documents and to take such further action as may be necessary to consummate a loan in an amount not to exceed Twenty-eight Million Dollars ($28,000,000) from BTES Electric Business Unit funds to the Cable and Internet Business Unit to provide for reimbursement of certain expenses and to provide the capital necessary for working capital requirements and capital expenditures of the Cable and Internet Business Unit

2. The loan authorized under Section 1 of this Resolution shall be made in accordance with the requirements of Tennessee Code Annotated § 7-52-603 and the requirements of the TVA Wholesale Power Contract, pursuant to the attached letter dated June 27, 2005, and this authorization shall not create any further obligations or liabilities of BTES' Electric Business Unit in favor of its Cable and Internet Business Unit

Resolution ADOPTED this 1 day of July, 2005

Board Chairman

ATTEST:

R Michael Browder

Secretary/Treasurer

A RESOLUTION AUTHORIZING A LOAN OF CERTAIN FUNDS FROM THE ELECTRIC BUSINESS UNIT TO THE TELEPHONE BUSINESS UNIT

WHEREAS, the Board of Directors ("Board") of Bristol Tennessee Essential Services ("BTES"), has provided for the creation of a Telephone Business Unit of BTES ("Telephone Business Unit") to provide the services authorized in Tennessee Code Annotated § 7-52-401, *et seq.*, and

WHEREAS, certain short-term expenditures have been made and certain long-term capital investments and expenditures will be required by the Telephone Business Unit

NOW, THEREFORE, BE IT RESOLVED, by the Board of BTES that:

1. The General Manager is authorized, but not required, to execute such documents and to take such further action as may be necessary to consummate a loan in an amount not to exceed Two Million Dollars ($2,000,000) from BTES Electric Business Unit funds to the Telephone Business Unit to provide for reimbursement of certain expenses and to provide the capital necessary for working capital requirements and capital expenditures of the Telephone Business Unit

2. The loan authorized under Section 1 of this Resolution shall be made in accordance with the requirements of Tennessee Code Annotated § 7-52-402 and the requirements of the TVA Wholesale Power Contract, pursuant to the attached letter dated June 27, 2005, and this authorization shall not create any further obligations or liabilities of BTES' Electric Business Unit in favor of its Telephone Business Unit

Resolution ADOPTED this 1 day of July, 2005

Patrick W Hickie

Board Chairman

ATTEST:

R Michael Bond

Secretary/Treasurer

JUNE 2005 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Friday, July 1, 2005 at Noon at 2470 Volunteer Parkway, Bristol, Tennessee.

Board members present were Pereda R "Pete" Paty, J. Scott MacMorran, John S Gaines, Bryan K Boyd and Patrick W. Hickie, Jr Others present were General Manager R Michael Browder, Director of Management Services and Secretary to the Board Beth Ringley, Director of Accounting and Finance Wendi Davis and David McGee

Chairman Hickie called the meeting to order Minutes of the May meeting were approved as mailed.

At the call of the Chairman for the next item of business, the Financial Statement for the month of May was filed for audit as submitted

At the call of the Chairman for the next item of business, the General Manager made a recommendation to adopt a resolution creating a Cable and Internet Business Unit and a Telephone Business Unit within Bristol Tennessee Essential Services Following discussion, Dr Gaines made a motion to accept the resolution as presented Mrs Paty seconded the motion, and the Board approved it unanimously

At the call of the Chairman for the next item of business, the General Manager made a recommendation to approve an agreement between TVA and BTES related to the joint use of funds between the Electric Business Unit and the Internet and Cable Business Unit. Mr MacMorran made a motion to approve the agreement. Mr. Boyd seconded the motion, and the Board approved it unanimously

For the next item of business, the General Manager presented a resolution authorizing a loan of certain funds from the Electric Business Unit to the Cable and Internet Business Unit Mr. Boyd made a motion to adopt the resolution, and Dr Gaines seconded the motion The Board approved it unanimously.

At the call of the Chairman for the next item of business, the General Manager made a recommendation to approve an agreement between TVA and BTES related to the joint use of funds between the Electric Business Unit and the Telephone Business Unit Mrs Paty made a motion to approve the agreement Mr Boyd seconded the motion, and the Board approved it unanimously

For the next item of business, the General Manager presented a resolution authorizing a loan of certain funds from the Electric Business Unit to the Telephone Business Unit Mrs. Paty made a motion to adopt the resolution, and Dr Gaines seconded the motion The Board approved it unanimously

In other business, the General Manager made a recommendation to purchase fiber optic cable from OFS for a total $405,190 Dr Gaines made a motion to approve the recommendation Mr Boyd seconded the motion, and the Board approved it unanimously

For the next item of business, the General Manager made a recommendation to purchase fiber optic hardware from Preformed Line Products for a total of $205,061 Mr. MacMorran made a motion to approve the recommendation Mr Boyd seconded the motion, and the Board approved it unanimously

At the call of the Chairman for the next item of business, the General Manager made a recommendation to purchase fiber optic cable vaults from Strongwell for a total cost of $130,500 Mrs Paty made a motion to approve the recommendation, and Dr Gaines seconded the motion The Board approved it unanimously.

In other business, the General Manager presented the 2005-2006 BTES Budget and Business Plan He reviewed the highlights of the 2004-2005 Budget and discussed projects for the coming year.

TENTATIVE AGENDA

JUNE BOARD MEETING

FRIDAY, JULY 1, 2005

1. Roll Call

2. Minutes

3. Financial Report

4 Resolution to Create a Cable and Internet Business Unit and a Telephone Business Unit

5. Agreement between TVA and BTES related to the joint use of funds between the Electric Business Unit and the Internet and Cable Business Unit

6. Resolution Authorizing a Loan From the Electric Business Unit to the Cable and Internet Business Unit

7 Agreement between TVA and BTES related to the joint use of funds between the Electric Business Unit and the Telephone Business Unit

8. Resolution Authorizing a Loan From the Electric Business Unit to the Telephone Business Unit

9. Purchase of Fiber Optic Cable

10. Purchase of Fiber Optic Hardware

11 Purchase of Fiber Optic Cable Vaults

12 BTES Budget/Business Plan

13. Other Business

14. General Manager's Report

5. To extent loans have already been extended by the electric division to the cable/internet division and telephone divisions, fully explain the interest rate that is now being accrued on the loans.

RESPONSE: BTES is using the highest interest rate earned on cash investments (in the month in question) by the Electric Business Unit to calculate the interest to be charged to each business unit.

6. In the follow-up to Question 11 of United's First Set of Interrogatories to BTES, please provide the highest rate of interest earned by BTES on invested electric plant funds broken out by current and non-current assets for year 1999, 2000, 2001, 2002, 2003, 2004, and 2005 to date.

RESPONSE:

YEAR	CURRENT ASSETS	NON-CURRENT ASSETS
1999	6.31%	6.31%
2000	6.75%	7.15%
2001	6.60%	7.15%
2002	3.00%	2.20%
2003	3.00%	2.20%
2004	2.17%	1.85%
2005	4.35%	4.14%

7. What amount of the proceeds from the July 2005 bond produced in response Question 12 of United's First Set of Interrogatories will be used to fund facilities that will provide cable television, internet and telephone services?

RESPONSE: As described in the Response to Question 12 in the First Set of Interrogatories, the entire bond amount will be used to improve and extend the electric transmission and distribution system and to pre-purchase power from TVA. The telecommunications, Internet and cable television division of BTES will pay the electric division an access fee for the use of the improved and extended electric system as described in the CAM.

8. To the extent the July 2005 bond has been issued in such a way that interest thereon is excludable from gross income for federal income tax purposes, explain how BTES intends to comply with Tenn. Code Ann. §7-34-104(b) in general and subsection (b)(2) in particular.

RESPONSE: T.C.A. §7-34-104(b) provides supplemental authorization to issue bonds for telephone and telecommunications projects. The July 2005 electric system bonds were issued for the purposes described in response to Question 7. Those bonds were not issued pursuant to T.C.A. §7-34-104(b) and, therefore, T.C.A. §7-34-104(b) is not applicable to the July 2005 bond issue.

9. Reference Question 15 of United's First Set of Interrogatories to BTES. Is it BTES' position that BTES does not need to obtain the consent of the local governing bodies of Sullivan County, Tennessee (in addition to any incorporated municipal entities with the county other than the City of Bristol) before beginning to provide telecommunications service in the areas of Sullivan County outside the City of Bristol, Tennessee.

RESPONSE: Like any public utility certified by the TRA, BTES will obtain all necessary consents as required by state and local laws prior to offering telecommunications services in any area.

10. Does BTES intend to provide telecommunications services to areas outside the municipal boundaries of the City of Bristol, Tennessee within the next year?

RESPONSE: Yes, in Sullivan County.

11. Referencing Question 21 of United's First Set of Interrogatories to BTES, please provide a list of depreciation lives of all accounts and sub-accounts associated with BTES' cable/internet division, telephone division and electric division.

RESPONSE:

Electric Business Unit:

Account Number	Description	Depreciation Years
352.00	Structures & Improvements - Transmission	50
353.00	Substation Equipment - Transmission	25
354 00	Towers & Fixtures - Transmission	50
355.00	Poles & Fixtures - Transmission	25
356.00	OH Conductors & Devices - Transmission	33
361.00	Structures & Improvements-Distribution	31
362.00	Station Equipment - Distribution	50
364.00	Poles, Towers, & Fixtures - Distribution	27
364.69	Poles, Multiple Use Power lines	27
365.00	Overhead Conductors/Devices - Distribution	33
366.00	Underground Conductors - Distribution	50
367.00	UG Conductors & Devices - Distribution	25
368.00	Transformers - Distribution	40
369.00	Services - Distribution	29
370.00	Meters	33
371.00	Security Lights	12
373.00	Street & Traffic Lights - Distribution	15

Fiber optic cables, installation, attachments, conduit, concrete pull boxes, and non-electric termination devices will be depreciated at a rate of 40 years.

Optical Line Termination Equipment located at BTES' Service Center and in Substations will be depreciated at a rate of 20 years. These items include Ethernet switches, lasers, processors, routers, servers and similar or supporting electronic equipment. Optical Network Terminals located at the customer's location will also be depreciated at 20 years.

Cable/Internet Business Unit:

Cable equipment such as head end, set top boxes, dishes, and other supporting equipment specific to cable/Internet will be depreciated at an average of 17 years.

Telephone Business Unit:

Telephone switch and other equipment specific to telephone will be depreciated at a rate of 20 years.

12. Please provide all documents and worksheets that demonstrate the price BTES intends to charge for telecommunications services complies with the no subsidy, equivalency and imputation requirements of Tenn. Code Ann. §7-52-402, §7-52-404, §7-52-405, §7-34-104(b) and any other legal requirements known to BTES.

RESPONSE: T.C.A. §7-52-402 states:

> A municipality providing any of the services authorized by §7-52-401 shall not provide subsidies for such services. Notwithstanding that limitation, a municipality providing such services shall be authorized to:
>
> (1) Dedicate a reasonable portion of the electric plant to the provision of such services, the costs of which shall be allocated to such services for regulatory purposes; and
>
> (2) Lend funds, at a rate of interest not less than the highest rate then earned by the municipality on invested electric plant funds, to acquire, construct, and provide working capital for the system, plant, and equipment necessary to provide any of the services authorized under §7-52-401; provided, that such interest costs shall be allocated to the cost of such services for regulatory purposes. Any loan of funds made pursuant to this section shall be approved in advance by the state director of local finance and shall contain such provisions as are required by the state director.

BTES will comply with the requirement of Section 7-25-404 through its allocation process. The allocation process is designed to minimize subsidies. All costs specifically related to the Telecommunications business are directly assigned. All other costs are allocated using allocation factors. BTES developed the allocation factors based on its best estimate of the impact on its operations of adding the Telecommunications business. BTES recognizes that actual future events may require changes to its estimates. The goal of BTES is for each business unit to be self-supporting. BTES also recognizes that the Telephone Business Unit may not be self-supporting during the first years of operations. BTES believes this is normal for most start-up operations.

BTES will charge the Telephone Business Unit an access charge to recover the cost of plant used by the Telephone Business Unit.

BTES will charge the highest rate on its invested electric system funds if it loans money to the Telephone Business Unit.

T.C.A. §7-52-404 states:

> A municipality providing any of the services authorized by §7-52-401 shall make tax equivalent payment with respect to such services in the manner established for electric systems under part 3 of this chapter. For purposes of the calculation of such tax equivalent payments only, the system, plant, and equipment used to provide such services, shall be considered an electric plant, and the revenues received from such services shall be considered operating revenues. For regulatory purposes, a municipality shall allocate to the costs of any services authorized by §7-52-401 an amount equal to a reasonable determination of the state, local, and federal taxes that would be required to be paid for each fiscal year by a nongovernmental corporation that provides the identical services.

BTES attaches to this response the workpapers showing the calculation of state and federal taxes.

BTES believes it complies with T.C.A. §7-52-404.

T.C.A. §7-52-405 states:

> For regulatory purposes, a municipality shall allocate to the costs of providing any of the services authorized by §7-52-401:
>
> (1) An amount for attachments to poles owned by the municipality equal to the highest rate charged by the municipality to any other person or entity for comparable pole attachments; and
>
> (2) Any applicable rights-of-way fees, rentals, charges, or payments required by state or local law of a nongovernmental corporation that provides the identical services.

The Electric Business Unit of BTES owns all of the fiber cable. BTES will use it to provide service to and for its electric customers. The other two business units will not have cable attached to any of the poles owned by BTES. However, the other two business units will use the fiber cable owned by the Electric Business Unit. Therefore, the fiber cable becomes joint use plant. The three business units share the costs of operating and maintaining the joint use plant. A pole attachment charge is included as part of the costs recovered from the other two business units through the access charge.

BTES does not believe that there are any applicable expenses under paragraph 2 above.

BTES believes that T.C.A. §7-34-104(b) does not apply. See Response to Question 8.

		Hourly Rate	Hourly w/ Benefits	Total for Position	% pay C/I	Total C/I per year	% pay phone	Total Phone per year		C/I Hours	Phone Hours					
Allocated Employees																
General Manager (T)	1	77 15	115 73	115 73	9 13%	21,967 38	8 89%	21,395 71	1705 292	189 824	184 8841	2080	1705.292	189 824	184 8841	2080
Director of Management Services (T)	1	44 86	67 29	67 29	9 84%	13,773 95	9 80%	13,713 51	1671 508	204 8953	203 7971	2080	1671 508	204 8953	203 7971	2080
Director of Accounting & Finance (T)	1	37.90	56 85	56 85	9 13%	10,791 50	8 89%	10,510 66	1705 292	189 824	184 8841	2080	1705.292	189 824	184 8841	2080
Director of Operations & Safety (T)	1	52.53	78 80	78 80	2 20%	3,605 66	1 48%	2,425 63	2003 456	45 78	30 784	2080	2003 456	45 78	30 784	2080
Director of Engineering (T)	1		0 00	0 00	~~22 15%~~	0 00	~~12 51%~~	0 00	1359 072	460 72	260 208	2080	1359 072	460 72	260 208	2080
Network Supervisor	1	37 07	55 61	55 61	70 00%	80,960 88	10 00%	11,565 84	416	1456	208	2080	416	1456	208	2080
Supervisor of Purchasing & Stores (T)	1	32 98	49 47	49 47	6 00%	6,173.86	2 00%	2,057 95	1913 6	124 8	41 6	2080	1913 6	124 8	41 6	2080
General Accountant (T)	1	21 03	31 55	31 55	9 13%	5,988 00	8 89%	5,832 17	1705 292	189 824	184 8841	2080	1705 292	189 824	184 8841	2080
General Accountant (T)	1		0 00	0 00	9 13%	0 00	8 89%	0 00	1705 292	189 824	184 8841	2080	1705 292	189 824	184 8841	2080
Engineering Secretary (T)	1	12 02	18 03	18 03	2 20%	825 05	1 48%	555 04	2003 456	45 78	30 784	2080	2003 456	45 78	30 784	2080
Accounting Secretary (T)	1	17.38	26 07	26 07	9 13%	4,948 71	8 89%	4,819 93	1705.292	189 824	184 8841	2080	1705 292	189 824	184 8841	2080
Business Development Manager (T)	1	26 54	39 81	39 81	12 57%	10,408 56	5 14%	4,256 17	1711 632	281 456	108 912	2080	1711 632	261 456	108 912	2080
Storekeeper (T)	1	17 48	26 22	26 22	1 25%	681 72	1 25%	681 72	2028	26	26	2080	2028	26	26	2080
Customer Service Representatives (8FT/1PT) (T)	9	96 78	145 17	145 17	10 00%	30,195.36	10 00%	30,195 36	1664	208	208	2080	14976	1872	1872	18720
"Manager"	1	30 00	45 00	45 00	50 00%	46,800 00	30 00%	28,080 00	416	1040	624	2080	416	1040	624	2080
	23					237,120.63		136,089.68					0	0	0	0
													0	0	0	0
Direct Assigned Employees - Using timesheets													0	0	0	0
Administrative Secretary (T)	1	22 51	33 77	33 77	9 13%	6,409 41	8 89%	6,242 61	1705 292	189 824	184 8841	2080	1705 292	189 824	184 8841	2080
Project Coordinator (T)	1	15 47	23 21	23.21	9 13%	4,404 87	8 89%	4,290 24	1705 292	189 824	184 8841	2080	1705 292	189 824	184 8841	2080
Construction Working Foreman	4	28 52	42 78	171 12	1 00%	3,559 30	0 50%	1,779 65	2048 8	20 8	10 4	2080	8195.2	83 2	41 6	8320
Construction Working Foreman (M&S)	1	28 52	42 78	42 78	5 00%	4,449 12	3 00%	2,669 47	1913 6	104	62 4	2080	1913 6	104	62 4	2080
Lineman	4	27 08	40 62	162 48	1 00%	3,379 58	0 50%	1,689 79	2048 8	20 8	10 4	2080	8195 2	83 2	41 6	8320
Lineman (M&S)	3	27 08	40 62	121 86	5 00%	12,673 44	5 00%	12,673 44	1872	104	104	2080	5616	312	312	6240
Groundman	2	18 09	27 14	54 27	1 00%	1,128 82	0 50%	564 41	2048 8	20 8	10 4	2080	4097 6	41 6	20 8	4160
First Six Months Apprentice	1	18 75	28 13	28 13	1.00%	585 00	0 50%	292 50	2048.8	20 8	10 4	2080	2048 8	20 8	10 4	2080
Second Year Apprentice (M&S)	1	20 52	30 78	30 78	5 00%	3,201 12	5 00%	3,201 12	1872	104	104	2080	1872	104	104	2080
Second Year Apprentice	1	20 52	30 78	30 78	1 00%	640 22	0 50%	320 11	2048 8	20 8	10 4	2080	2048 8	20 8	10 4	2080
Third Year Apprentice	1	22 17	33 26	33 26	1 00%	691 70	0 50%	345 85	2048 8	20 8	10 4	2080	2048 8	20 8	10 4	2080
Fourth Year Apprentice	3	24 05	36 08	108 23	1 00%	2,251 08	0 50%	1,125 54	2048 8	20 8	10 4	2080	6146 4	62 4	31.2	6240
System Engineer	1	23 23	34 85	34 85	2 00%	1,449 55	2 00%	1,449 55	1996 8	41 6	41 6	2080	1996 8	41 6	41 6	2080
System Engineer	1	28 17	42.26	42 26	2 00%	1,757 81	2 00%	1,757 81	1996 8	41 6	41 6	2080	1996 8	41 6	41 6	2080
System Engineer	1	28 27	42 41	42 41	25 00%	22,050 60	10 00%	8,820 24	1352	520	208	2080	1352	520	208	2080
Garage Mechanic (T)	1	22 17	33.26	33.26	~~8.48%~~	[illegible],864 41	~~3 81%~~	2,635 17	1824 412	176 3456	79.2413	2080	1824 412	176 3456	79 2413	2080
Garage Mechanic (T)	1	20 55	30 83	30 83	8 48%	5,435 88	~~3 81%~~	2,442 61	1624 412	176 3456	79.2413	2080	1824 412	176 3456	79.2413	2080
Meter Reader	5	19 65	29 48	147 38	1 00%	3,065 40	1 00%	3,065 40	2038 4	20 8	20 8	2080	10192	104	104	10400
Meter Reader Working Foreman	1	22 58	33 87	33 87	1 00%	704 50	1 00%	704 50	2038 4	20 8	20 8	2080	2038 4	20 8	20 8	2080
Engineering Assistant	1	18 90	28 35	28.35	2 00%	1,179 36	2 00%	1,179.36	1996 8	41 6	41 6	2080	1996 8	41 6	41 6	2080
Sr Engineering Assistant	1	26 09	39 14	39 14	2 00%	1,628 02	2 00%	1,628 02	1996 8	41 6	41 6	2080	1996 8	41 6	41 6	2080
Help Desk Personnel (T)	4	10 00	15 00	60 00	70 00%	87,360 00	20 00%	24,960 00	208	1456	416	2080	832	5824	1664	8320
Technicians	3	10 00	15 00	45 00	50 00%	46,800 00	30 00%	28,080 00	416	1040	624	2080	1248	3120	1872	6240
Night Dispatchers (2) (T)	2	7 50	11 25	22 50	22 15%	10,368 15	12 51%	5,852 99	1359 061	460 8065	260 1327	2080	2718 121	921 6131	520 2654	4160
Maintenance Person (T)	1	14 67	22 01	22 01	9 13%	4,177 08	8 89%	4,068 38	1705 292	189 824	184 8841	2080	1705 292	189 824	184 8841	2080
	46					231,037.33	6 47%	117,770.37								
													114340	18938 09	10241 91	143520
Direct Assigned to Electric Business Unit																
Energy Advisor	1	23 81	35 72		0 00%		0 00%									
	1															
TOTAL	70					468,157 95		253,860 06								
Board Members (T)	5		28,800.00		9 13%	2,628 33	8 89%	2,559 93								
					11 53%		6 44%									
						470,786.28		256,419.99								

a0

CA-1

Vehicle Expense

Vehicle #	Total Expense	% Electric	Total Electric	% Cable and Internet	Total Cable and Internet	% Telephone	Total Telephone
16	$861 39	81 99%	$706 21	9 13%	$78 61	8 89%	$76 57
30	$16,509 59	81 99%	$13,535 42	9 13%	$1,506 69	8 89%	$1,467.48
31	$9,091 03	80 36%	$7,305 64	9.84%	$894 66	9 80%	$890 73
32	$7,663 22	82 29%	$6,306 06	12.57%	$963 27	5 14%	$393 89
34	$7,416 85	20 00%	$1,483.37	70 00%	$5,191 80	10 00%	$741 69
35	$6,549 34	96 00%	$6,287 37	2 00%	$130 99	2 00%	$130 99
36	$3,447 09	96 00%	$3,309.21	2 00%	$68 94	2 00%	$68 94
37	$8,520 43	96 00%	$8,179 61	2 00%	$170 41	2 00%	$170 41
38	$8,388 61	65 00%	$5,452.60	25 00%	$2,097 15	10 00%	$838 86
40	$10,648 76	96 32%	$10,256 89	2 20%	$234 27	1 48%	$157 60
41	$10,849 27	98 00%	$10,632 28	1 00%	$108 49	1 00%	$108 49
43	$14,955 30	98 50%	$14,730 97	1 00%	$149.55	0 50%	$74 78
44	$4,643 59	92 00%	$4,272 10	6 00%	$278 62	2 00%	$92 87
48	$7,815 27	96 00%	$7,502 66	2 00%	$156 31	2 00%	$156 31
59	$12,295 75	98 50%	$12,111 31	1 00%	$122 96	0 50%	$61 48
60	$1,896 24	98 00%	$1,858 32	1.00%	$18 96	1.00%	$18 96
61	$5,979 85	98 00%	$5,860 25	1 00%	$59 80	1 00%	$59 80
63	$37,307.88	98 50%	$36,748.26	1 00%	$373 08	0 50%	$186.54
70	$8,488 49	81.99%	$6,959 30	9 13%	$774 67	8 89%	$754 51
73	$5,241 83	98 50%	$5,163 20	1 00%	$52 42	0 50%	$26 21
79	$10,013 77	92 00%	$9,212 67	5 00%	$500 69	3 00%	$300 41
	$198,583.55	87 90%	**$177,873.71**	8 24%	**$13,932.33**	3 86%	**$6,777.52**

Electric Business Unit	**81.99%**
Cable/Internet Business Unit	**9.13%**
Telephone Business Unit	**8.89%**

Vehicles	
Electric Business Unit	**87.90%**
Cable/Internet Business Unit	**8.24%**
Telephone Business Unit	**3.86%**

CA3

CA2

	C/I	Phone			
Director of Management Services					Electric Hours
CSR	10.00% CA1	10.00% CA1	208	208	1664
CSR	10 00%	10.00%	208	208	1664
CSR	10 00%	10 00%	208	208	1664
CSR	10 00%	10 00%	208	208	1664
CSR	10 00%	10.00%	208	208	1664
CSR	10 00%	10 00%	208	208	1664
CSR	10.00%	10 00%	208	208	1664
CSR	10 00%	10 00%	208	208	1664
CSR	10.00%	10 00%	208	208	1664
Admin Sec	9 13%	8.89%	189.82401	184.8841	1705 292
Proj Coordinator	9.13%	8.89%	189.82401	184 8841	1705 292
	9.84%	**9.80%**	**204.70**	**203.80**	
			9.84%	9 80%	

Director of Engineering/Secretary				
System Engineer	2 00% CA1	2 00% CA1	41.60	41 60
System Engineer	2 00%	2 00%	41 60	41.60
System Engineer	25.00%	10.00%	520 00	208.00
Engineering Assistant	2 00%	2 00%	41 60	41 60
Sr Engineenng Assistant	2 00%	2.00%	41 60	41 60
Network Supervisor	70 00%	10.00%	1456 00	208 00
Energy Advisor	0	0	0.00	0.00
Night Dispatchers	22.15 ~~0~~	12.51 ~~0~~	0 00	0 00
	~~12.88%~~ 15.64	~~3.50%~~ 5.06	**267.80**	**72.80**
			~~12.88%~~ 15.64	~~3.50%~~ 5.06

Director of Operations & Safety							
Construction Working Foreman	4	1.00% CA1	4.00%		0 50% CA1	2 00%	
Construction Working Foreman (M&	1	5.00%	5.00%		3 00%	3.00%	
Lineman	4	1.00%	4.00%		0.50%	2 00%	
Lineman (M&S)	3	5.00%	15.00%		5.00%	15 00%	
Groundman	2	1.00%	2.00%		0 50%	1.00%	
First Six Months Apprentice	1	1 00%	1.00%		0 50%	0 50%	
Second Year Apprentice (M&S)	1	5.00%	5 00%		5.00%	5.00%	
Second Year Apprentice	1	1 00%	1 00%		0.50%	0.50%	
Third Year Apprentice	1	1.00%	1 00%		0.50%	0 50%	
Fourth Year Apprentice	3	1.00%	3 00%		0.50%	1.50%	
Garage Mechanic	1	CA1 8.14 ~~8.48%~~	~~8.48%~~	CA1	3.86 ~~3.81%~~	~~3.81%~~	
Garage Mechanic	1	~~8.48%~~	~~8.48%~~	2.50	3.81%	~~3.81%~~	
	23		~~57.96%~~ 57.48	~~2.52%~~		**~~38.02%~~** 38.72	**1.68%**

Supervisor of Purchasing & Stores				Electnc
Storekeeper	1	1.25% CA1	1 25% CA1	97 50%
Meter Reader Working Foreman	1	1.00%	1.00%	98 00%
Meter Reader	1	1 00%	1.00%	98 00%
Meter Reader	1	1 00%	1.00%	98 00%
Meter Reader	1	1 00%	1.00%	98 00%
Meter Reader	1	1.00%	1.00%	98.00%
Meter Reader	1	1.00%	1.00%	98 00%
Building Maintenance Man	1	9.13%	8.89%	81 98%
	8	**2.05%**	**2.02%**	**95.94%**

CA3

General Allocator

Electric Business Unit	
	$4,439,353.70
Cable/Internet Business Unit	
	$494,165.22
Telephone Business Unit	
	$481,305.29
TOTAL	**$5,414,824.21**

Electric Business Unit	**81.99%**
Cable/Internet Business Unit	**9.13%**
Telephone Business Unit	**8.89%**

Administrative Expenses

	TOTAL	% ELECTRIC	TOTAL ELECTRIC	% CABLE AND INTERNET*	TOTAL CABLE AND INTERNET*	% TELEPHONE	TOTAL TELEPHONE	
Telephone Service	$45,000 00	85 89% (A)	$38,649 52	14 11% (A)	$6,350 48	0 00%	$0 00	100 00%
Bristol Telephone	$1,212 00	CA10 65 34%	$791 91	CA10 22 15%	$268 51	CA10 12 51%	$151 62	100 00%
Verizon	$15,000 00	CA13 79 86%	$11,979 23	CA13 13 12%	$1,968.30	CA13 7 02%	$1,053 00	100 00%
KMC Telcom	$20,400 00	79 86%	$16,291 76	13 12%	$2,676 89	7 02%	$1,431 35	100 00%
Online	$12,000 00	CA10 65 34%	$7,840 74	CA10 22 15%	$2,658 50	CA10 12 51%	$1,500 77	100 00%
Desktop Coop	$80,400 00	CA13 79 86%	$64,208 70	CA13 13 12%	$10,550 10	CA13 7 02%	$5,641 21	100 00%
Legal	$39,000 00	CA10 65 34%	$25,482 39	CA10 22 15%	$8,640 12	CA10 12 51%	$4,877 49	100 00%
HP Support	$8,412 00	65 34%	$5,496 36	22 15%	$1,863.61	12 51%	$1,052 04	100.00%
Loomis Fargo	$6,300 00	65 34%	$4,116 39	22 15%	$1,395 71	12 51%	$787 90	100 00%
Pitney Bowes	$5,000 00	65 34%	$3,266 97	22 15%	$1,107.71	12 51%	$625 32	100 00%
Postmaster	$24,000 00	65 34%	$15,681 47	22 15%	$5,317 00	12 51%	$3,001 53	100 00%
Picnic	$4,057 54	CA13 79 86%	$3,240.41	CA13 13 12%	$532 43	CA13 7 02%	$284 69	100 00%
Awards Banquet	$4,675 37	79 86%	$3,733 82	13 12%	$613 50	7 02%	$328 04	100 00%
Christmas Party	$11,390 91	79 86%	$9,096 96	13 12%	$1,494 72	7 02%	$799 24	100.00%
Collection Expense		CA10 65 34%	$0.00	CA10 22.15%	$0 00	CA10 12 51%	$0 00	100 00%
Office Supplies	$184,800 00	CA13 79 86%	$147,584 17	CA13 13 12%	$24,249 47	CA13 7 02%	$12,966.36	100 00%
Audit Expense	$26,500.00	CA4 81 99%	$21,726 07	CA4 9 13%	$2,418.43	CA4 8 89%	$2,355 49	100 00%
	$488,147.82		**$379,186.87**		**$72,105.48**		**$36,856.05**	

Electric CA13 79.86 ÷ 92.98 = 85.89 (A)
C/I 13.12 ÷ 92.98 = 14.11
92.98

Allocation Based on Number of Employees

Electric	**94%**
Cable/Internet	**4%**
Telephone	**2%**

General Allocator

Electric Business Unit	**81.99%**
Cable/Internet Business Ur	**9.13%**
Telephone Business Unit	**8.88%**

Allocation based on Number of Services

Electric
Cable/Internet
Telephone

CA5

Billing Expenses - Based on number of customers for each business unit

	TOTAL	% ELECTRIC	TOTAL ELECTRIC	% CABLE AND INTERNET*	TOTAL CABLE AND INTERNET*	% TELEPHONE	TOTAL TELEPHONE
Postage	$126,000 00	CAID 65 34%	$82,327 72	CAID 22 15%	$27,914 24	CAID 12 51%	$15,758 04
Bills	$50,400.00	65 34%	$32,931 09	22 15%	$11,165 70	12 51%	$6,303 22
Delinquents	$8,400 00	65 34%	$5,488 51	22 15%	$1,860 95	12 51%	$1,050 54
Support	$61,200 00	65 34%	$39,987.75	22 15%	$13,558 35	12 51%	$7,653 91
	$246,000.00		**$160,735.07**		**$54,499.23**		**$30,765.70**
		32000		7000		3500	42500
		0 752941176					

CA4

Building Allocation

EXPENSE	TOTAL EXPENSE	% ELECTRIC	TOTAL ELECTRIC	% CABLE AND INTERNET*	TOTAL CABLE AND INTERNET*	% TELEPHONE	TOTAL TELEPHONE
Water and Sewer	$1,404	CA4 81 99%	$1,150 97	CA4 9 13%	$128 15	CA4 8 88%	$124 62
Trash Collection	$2,360	81 99%	$1,934 91	9 13%	$215 42	8 88%	$209 48
Extermination	$372	81 99%	$305 02	9 13%	$33 96	8 88%	$33.02
Elevator Maintenance	$3,305	81 99%	$2,709 71	9 13%	$301 67	8 88%	$293 36
Maintenance	$27,482	81 99%	$22,533 76	9 13%	$2,508 71	8 88%	$2,439 54
Depreciation	$22,873.92	81 99%	$18,755 38	9 13%	$2,088 06	8.88%	$2,030 49
Taxes	$17,236.91	81 99%	$14,133 33	9 13%	$1,573 48	8 88%	$1,530 10
Return on Investment	$72,940.58	81 99%	$59,807 34	9 13%	$6,658 41	8 88%	$6,474 83
	$147,973.82		**$121,330.41**		**$13,507.86**		**$13,135.43**
Substations (5)							
Depreciation	$3,200.00	CA12 61 02%	$1,952 71	CA12 33.37%	$1,067 70	CA12 5 61%	$179.59
Taxes	$2,500.00	61 02%	$1,525 55	33.37%	$834 14	5 61%	$140 30
Return on Investment	$10,370.00	61 02%	$6,328 00	33 37%	$3,460 02	5 61%	$581 98
	$16,070.00		**$9,806.26**		**$5,361.86**		**$901.87**
	$164,043 82		$131,136 67		$18,869.72		$14,037.30
General Allocator							
Electric Business Unit	**81.99%**						$14,037 30
Cable/Internet Business Unit	**9.13%**						
Telephone Business Unit	**8.88%**						

CA7

Commercial Package	TOTAL EXPENSE	% ELECTRIC	TOTAL ELECTRIC	% CABLE AND INTERNET	TOTAL CABLE AND INTERNET	% TELEPHONE	TOTAL TELEPHONE	Allocation Method
Property	$37,197 00	CA11 81 64%	$30,368 70	CA11 13 94%	$5,165 70	CA11 4 42%	$1,642 59	Plant in service
General Liability	$26,037 90	CA4 81 99%	$21,349 67	CA4 9 13%	$2,376 26	CA4 8 89%	$2,314 42	General Allocator
Crime	$12 40	81 99%	$10 17	9 13%	$1 13	8 89%	$1 10	General Allocator
Emp Prac Liability	$7,439 40	CA13 79 86%	$5,941 22	CA13 13 12%	$976 20	CA13 7 02%	$521 98	Number of employees or overal average of employee's time
Employee Benefits	$1,239 90	79 86%	$990.20	13 12%	$162 70	7 02%	$87 00	Number of employees or overal average of employee's time
Cont. Equipment	$8,679 30	CA11 81 64%	$7,086 03	CA11 13 94%	$1,210 00	CA11 4 42%	$383 27	Plant in service
EDP	$2,479 80	81 64%	$2,024 58	13 94%	$345 71	4 42%	$109 51	Plant in service
Auto	$48,314 30	CA2 87 86%	$40,701 41	CA2 8 25%	$3,822 00	CA2 3 87%	$1,780.89	Vehicles Rounding?
	$129,400.00							
Umbrella	$59,572.00	CA4 81 99%	$48,845 82	CA4 9 13%	$5,436 63	CA4 8 89%	$5,285 15	General Allocator
Workman's comp	$58,023.00	CA13 79 86%	$46,338 07	CA13 13 12%	$7,613 78	CA13 7 02%	$4,071 14	Employees
Boiler/Mach Coverage	$16,486.00	CA11 81 64%	$13,458 83	CA11 13 94%	$2,298 20	CA11 4 42%	$727 97	Plant in Service
Director's & Officiers Liability	$43,882.00	CA4 81 99%	$35,980 87	CA4 9 13%	$4,004 74	CA4 8 89%	$3,900 52	General Allocator
			$253,095.58		$33,433.06		$20,845.54	
	$307,362.00							
	$84,841 10							

General Allocator	
Electric Business Unit	81 99%
Cable/Internet Business Unit	6.13%
Telephone Business Unit	6.89%

Allocation Based on Number of Employees	
Electric	94%
Cable/Internet	4%
Telephone	2%

Plant in Service	74.61%
	16 52%
	6 66%

CA 8

Shared Expenses

	TOTAL	% ELECTRIC	TOTAL ELECTRIC	% CABLE AND INTERNET*	TOTAL CABLE AND INTERNET*	% TELEPHONE	TOTAL TELEPHONE
Administrative Expenses	$1,205,553.64		$924,154.18		$178,907 50		$102,504 59

CA9

Calculation of Services

	Electric	Cable and Internet	Telephone	TOTAL
Total Services	32,000	10,850	6,125	**48,975**
Allocation Total Services	65.34%	22.15%	12.51%	100.00%
Cable/Internet and Telephone Services	0	10,850	6,125	**16,975**
Allocation C/I and Telephone Services	0.00%	63.92%	36.08%	100.00%
Homes Passed Services	20,000	10,850	6,125	**36,975**
Allocation Homes Passed Services	54.09%	29.34%	16.57%	100.00%

CA 10

	Cable/Internet	Telephone	Electric	
Plant in Service per Business Unit	$8,370,001	$1,536,155	$66,193,627	$76,099,783
	11.00%	*2.02%*	*86.98%*	
	29.34%	16.57%	54.09%	
Joint Plant Allocated Based on Services	$3,701,616	$2,089,622.06	$6,823,255.71	$12,614,494
	22.15%	12.51%	65.34%	
Existing Fiber Optic Infrastructure	$798,999.98	$451,048.38	$2,356,497.64	$3,606,546
Total Plant in Service Per Business Unit	$12,870,617	$4,076,825	$75,373,380	$92,320,823
Plant in Service Allocation Factor	**13.94%**	**4.42%**	**81.64%**	
Cable/Internet and Telephone Services	10,850	6,125	0	**16,975**
Allocation by Service	63.92%	36.08%	0.00%	100.00%
Homes Passed Services	10,850	6,125	20,000	**36,975**
Allocation Homes Passed Services	29.34%	16.57%	54.09%	100.00%
Total Services	10,850	6,125	32,000	**48,975**
Allocation Total Services	22.15%	12.51%	65.34%	100.00%

CA11

	Cable/Internet	Telephone	Electric	
Substation Equipment per Business Unit	$46,529	$0	$0	$46,529
Joint Sub Equipment Based on Services	$38,694	$14,334.72	$155,864.26	$208,893
	18.52%	6.86%	74.61%	
Total Sub Equipment Per Business Unit	**$85,223**	**$14,335**	**$155,864**	**$255,422**
Allocation of Substation Equipment	***33.37%***	***5.61%***	***61.02%***	

CA 12

Employee Hours	Electric	C/I	Telephone	TOTAL
Employee Hours per Business Unit	114617.3	18832.71	10069.98	143520
Allocation	79.86%	13.12%	7 02%	

CA13

Plant Allocation Factor

Based on passing 20,000 homes in two years and serving 7,000 customers

	Depreciation on Electronics	Depreciation on Fiber	Return on Investment	Pole Attachments	Taxes	
Per Year	$426,360.50	$192,345 75	$1,064,100.22	$174,600 00	$270,487 23	
Div by 12 months	$35,530.04	$16,028 81	$88,675 02	$14,550.00	$22,540 60	
Div by 16975 services	$2.09	$0.94	$5.22	$0.86	$1.33	
					Charge for each service	**$10.45**

$16,221,040.00	Total Plant at build out
6.56%	Return on Investment
12	Months
16975	services

$8,527,210 00	Electronics
$7,693,830.00	Fiber Optic Cable

CA14

Bristol Tennessee Essential Services

Assumption Summary

Residential Assumptions

Revenue			
Local Voice Revenue per Line	(1)	$	19 95
Local Voice Feature Revenue per Line		$	6 00
Long Distance Revenue per Line		$	6 00
Total Revenue per Line		$	31 95
Cost of Services Provided			
Local Voice COGS per Line	(2)	$	3 60
Long Distance COGS per Line		$	2.18
Total COGS per Line		$	5 78
Gross Margin			
Gross Margin per Line Local Voice		$	16 35
Gross Margin per Line Long Distance Voice		$	3 82
Total Gross Margin per Line		$	20 17
Homes Passed			
Homes Passed Mo 12			5,000
Homes Passed Mo 24			10,000
Homes Passed Mo 36			15,000
Line Count			
Avg. Lines per Customer			1 0
New Lines per Month			145 83
Cumulative Line Count. Mo 12			1,750
Cumulative Line Count. Mo 24			3,500
Cumulative Line Count. Mo 36			5,250
Penetration Rate			
Penetration Rate: Mo 12			35%
Penetration Rate. Mo 24			35%
Penetration Rate Mo 36			35%

Commercial Assumptions

Revenue			
Local Voice Revenue per Line	(1)	$	39 95
Local Voice Feature Revenue per Line	(2)	$	-
Long Distance Revenue per Line		$	28 00
Total Revenue per Line		$	67 95
Cost of Services Provided			
Local Voice COGS per Line	(2)	$	3 60
Long Distance COGS per Line		$	16 00
Total COGS per Line		$	19 60
Gross Margin			
Gross Margin per Line Local Voice		$	36 35
Gross Margin per Line. Long Distance Voice		$	12.00
Total Gross Margin per Line		$	48 35
Businesses Passed			
Bus Passed Mo 12			120
Bus Passed Mo 24			160
Bus Passed Mo 36			200
Line Count			
Avg. Lines per Customer			3 0
New Lines per Month	(3)		30
Cumulative Line Count: Mo. 12			360
Cumulative Line Count: Mo 24			480
Cumulative Line Count. Mo. 36			600
Penetration Rate			
Penetration Rate Mo 12			100%
Penetration Rate. Mo 24			100%
Penetration Rate Mo 36			100%

Debt Assumptions

Business Unit Loan		
Amount	$	2,000,000 00
Rate		4 50%
Term (months)		108
Monthly Payment (mos 19 - 108)		$23,951 96

Misc. Assumptions

Incumbent Acquisition Charge per Customer	$	6 17
Plant Allocation Factor	$	10 45

(1) Includes Price of $14 95/line plus EUCL charge of $5 00
(2) Included in Revenue per Line
(3) Incremental monthly line growth for years 1, 2, and 3 respectively are 30, 10, and 10

Bristol Tennessee Essential Services

Statements of Revenues, Expenses and Changes in Net Assets (Forecast)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Revenues													
Local Telephone Service	$ -	$ 3,861	$ 7,969	$ 12,077	$ 16 185	$ 20,293	$ 24,401	$ 28,509	$ 32,617	$ 36,724	$ 40,832	$ 44,940	$ 263,409
Local Telephone Features	$ -	$ 823	$ 1,698	$ 2,573	$ 3,448	$ 4,323	$ 5,198	$ 6,073	$ 6,948	$ 7,823	$ 8 698	$ 9 573	$ 57,173
Long Distance Telephone Service	$ -	$ 1,612	$ 3,327	$ 5,042	$ 6 757	$ 8,472	$ 10,187	$ 11 902	$ 13,617	$ 15,332	$ 17 047	$ 18 762	$ 112,058
Gross Revenues	$ -	$ 6,296	$ 12,994	$ 19,692	$ 26,390	$ 33,088	$ 39,785	$ 46 483	$ 53,181	$ 59,879	$ 66,577	$ 73,275	$ 437,639
Churn	$ -	$ (157)	$ (325)	$ (492)	$ (660)	$ (827)	$ (995)	$ (1,162)	$ (1,330)	$ (1,497)	$ (1 664)	$ (1,832)	$ (10,941)
Net Revenues	$ -	$ 6 139	$ 12,669	$ 19 199	$ 25,730	$ 32,260	$ 38,791	$ 45 321	$ 51,852	$ 58,382	$ 64,912	$ 71,443	$ 426,698
Cost of Services													
Local Telephone Service	$ -	$ 595	$ 1,228	$ 1,861	$ 2,494	$ 3,127	$ 3,760	$ 4,393	$ 5,026	$ 5,659	$ 6,292	$ 6,925	$ 41,360
Long Distance Telephone Service	$ -	$ 750	$ 1,548	$ 2,347	$ 3,145	$ 3,943	$ 4,741	$ 5,539	$ 6,338	$ 7,136	$ 7,934	$ 8,732	$ 52,153
Total Cost of Services	$ -	$ 1,345	$ 2,776	$ 4,208	$ 5,639	$ 7,070	$ 8,501	$ 9,932	$ 11,364	$ 12,795	$ 14,226	$ 15,657	$ 93,513
% of Net Revenues	*nmf*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*
Gross Profit	$ -	$ 4,793	$ 9,893	$ 14,992	$ 20,091	$ 25,190	$ 30,290	$ 35,389	$ 40,488	$ 45,587	$ 50,687	$ 55,786	$ 333,185
Gross Margin	*nmf*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*	*78%*
Network Interconnection Expenses													
Plant Allocation Factor	$ 1,837	$ 3,675	$ 5,512	$ 7,350	$ 9,187	$ 11,025	$ 12,862	$ 14,700	$ 16,537	$ 18 375	$ 20,212	$ 22,050	$ 143,322
PSTN Signaling Charges (SS7)	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 30,420
Network Trunk Interconnection	$ 6,530	$ 5,375	$ 5,375	$ 5,952	$ 5,375	$ 5,375	$ 7,027	$ 6,450	$ 6,450	$ 8,102	$ 7,525	$ 7,525	$ 77,062
Total Network Interconnection	$ 10,902	$ 11,585	$ 13,422	$ 15,837	$ 17,097	$ 18,935	$ 22,425	$ 23,685	$ 25 522	$ 29,012	$ 30,272	$ 32,110	$ 250 804
% of Net Revenues	*nmf*	*189%*	*106%*	*82%*	*66%*	*59%*	*58%*	*52%*	*49%*	*50%*	*47%*	*45%*	*59%*
Selling, General & Administrative Exp													
Salaries & Benefits	$ 20,862	$ 20,862	$ 20,862	$ 20,862	$ 20 862	$ 20,862	$ 20,862	$ 20,862	$ 20,862	$ 20,862	$ 20,862	$ 20,862	$ 250,340
Administrative Expenses	$ 482	$ 964	$ 1,447	$ 1 929	$ 2,411	$ 2,893	$ 3,375	$ 3,858	$ 4,340	$ 4,822	$ 5,304	$ 5,787	$ 37 612
Billing Services	$ 394	$ 789	$ 1,183	$ 1,578	$ 1,972	$ 2,367	$ 2,761	$ 3,155	$ 3,550	$ 3,944	$ 4,339	$ 4,733	$ 30,765
Incumbent Acquisition Charges	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 961	$ 11,538
Insurance	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1 737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 20,846
Maintenance & Repairs	$ 192	$ 384	$ 576	$ 768	$ 961	$ 1,153	$ 1,345	$ 1,537	$ 1,729	$ 1,921	$ 2,113	$ 2,305	$ 14,985
Contract Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Marketing & Advertising	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 36,000
Trucks & Equipment	$ 555	$ 555	$ 555	$ 555	$ 555	$ 555	$ 555	$ 555	$ 555	$ 555	$ 555	$ 572	$ 6,679
Materials	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 833	$ 10,000
Legal/Regulatory	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Professional & Consulting	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Building/Substations Expense	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 1,170	$ 14,037
Taxes Other Than Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Total Selling, General & Administrative Exp	$ 30 187	$ 31,256	$ 32,325	$ 33,394	$ 34,462	$ 35,531	$ 36,600	$ 37,668	$ 38,737	$ 39,806	$ 40,875	$ 41,960	$ 432,801
% of Net Revenues		*509%*	*255%*	*174%*	*134%*	*110%*	*94%*	*83%*	*75%*	*68%*	*63%*	*59%*	*101%*
EBITDA	$ (41,090)	$ (38,048)	$ (35,855)	$ (34,239)	$ (31,469)	$ (29,275)	$ (28,735)	$ (25,964)	$ (23,771)	$ (23,231)	$ (20,460)	$ (18,284)	$ (350,420)
Margin	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*	*nmf*	*-57%*	*-46%*	*-40%*	*-32%*	*-26%*	*-82%*
Non-operating Revenue/Expenses													
Depreciation	$ (5,598)	$ (6,186)	$ (6,313)	$ (6,358)	$ (6,403)	$ (6,447)	$ (6,492)	$ (6,537)	$ (6,582)	$ (6,627)	$ (6,671)	$ (6,716)	$ (76,930)
Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Interest expense	$ (1,886)	$ (4,450)	$ (4,716)	$ (4,902)	$ (5,079)	$ (5,248)	$ (5,416)	$ (5,574)	$ (5,724)	$ (5,873)	$ (6,012)	$ (6,144)	$ (61,024)
Interest income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Total Non-operating Revenue/Expenses	$ (7,484)	$ (10,636)	$ (11 029)	$ (11,260)	$ (11 482)	$ (11 695)	$ (11,908)	$ (12,111)	$ (12,306)	$ (12,500)	$ (12,683)	$ (12,860)	$ (137,954)
Change in Net Assets	$ (48,574)	$ (48,683)	$ (46,884)	$ (45,499)	$ (42,950)	$ (40,971)	$ (40,643)	$ (38,075)	$ (36,077)	$ (35 730)	$ (33,144)	$ (31,144)	$ (488,374)

Bristol Tennessee Essential Servic
Statements of Revenues, Expenses and Ch

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Revenues													
Local Telephone Service	49,048	52,405	55,714	59,023	62,331	65 640	68,949	72,258	75,567	78,876	82,185	85 494	807,489
Local Telephone Features	10,448	11,323	12,198	13,073	13,948	14,823	15,698	16,573	17,448	18,323	19,198	20 073	183,120
Long Distance Telephone Service	20,477	21,666	22,821	23,976	25,131	26,285	27,441	28,596	29,751	30,906	32,061	33,216	322,325
Gross Revenues	79,973	85,393	90 732	96,071	101 410	106,749	112,087	117,426	122,765	128,104	133,443	138,782	1 312,934
Churn	(1,999)	(2,135)	(2,268)	(2,402)	(2,535)	(2,669)	(2,802)	(2,936)	(3,069)	(3,203)	(3,336)	(3,470)	(32,823)
Net Revenues	77,973	83,258	88,464	93,669	98,874	104,980	109,285	114,491	119,696	124,901	130,107	135,312	1,280,111
Cost of Services													
Local Telephone Service	7,558	8,123	8,684	9,245	9 806	10,367	10,928	11,489	12,050	12,611	13,172	13,733	127,770
Long Distance Telephone Service	9,530	10,028	10,506	10,984	11,462	11,940	12,419	12,897	13,375	13,853	14,331	14,809	146,135
Total Cost of Services	17,088	18,151	19,190	20,229	21,269	22,308	23,347	24,386	25 425	26 464	27,504	28,543	273,904
% of Net Revenues	*22%*	*22%*	*22%*	*22%*	*22%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*	*21%*
Gross Profit	60,885	65 107	69,273	73,440	77,606	81,772	85,938	90,105	94,271	98,437	102,603	106,769	1,006,206
Gross Margin	*78%*	*78%*	*78%*	*78%*	*78%*	*79%*	*79%*	*79%*	*79%*	*79%*	*79%*	*79%*	*79%*
Network Interconnection Expenses													
Plant Allocation Factor	23,678	25,306	26,935	28,563	30 192	31,820	33,449	35,077	36,706	38,334	39,963	41,591	391,614
PSTN Signaling Charges (SS7)	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	30,420
Network Trunk Interconnection	7,525	9,177	8,600	8,600	10,252	9,675	9,675	11,327	10,750	10,750	10,750	12,402	119,485
Total Network Interconnection	33,738	37,019	38,070	39,698	42,979	44,030	45,659	48,940	49,991	51,619	53,248	56,528	541,518
% of Net Revenues	*43%*	*44%*	*43%*	*42%*	*43%*	*42%*	*42%*	*43%*	*42%*	*41%*	*41%*	*42%*	*42%*
Selling, General & Administrative Exp.													
Salaries & Benefits	21,488	21,488	21,488	21,488	21,488	21,488	21,488	21,488	21,488	21,488	21,488	21,488	257,850
Administrative Expenses	3,228	3,228	3,228	3 228	3,228	3,228	3,228	3,228	3,228	3,228	3,228	3,228	38,741
Billing Services	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	2,641	31,689
Incumbent Acquisition Charges	920	920	920	920	920	920	920	920	920	920	920	920	11,044
Insurance	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	19,658
Maintenance & Repairs	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	35,000
Contract Services	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4 167	4 167	50,000
Marketing & Advertising	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Trucks & Equipment	560	560	560	560	560	560	560	560	560	560	560	560	6,724
Materials	850	850	850	850	850	850	850	850	850	850	850	850	10,200
Legal/Regulatory	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional & Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-
Building/Substations Expense	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1 205	1,205	1,205	1,205	1,205	14,458
Taxes Other Than Income Taxes	-	-	-	-	-	-	-	-	-	-	-	18,608	18,608
Total Selling, General & Administrative Exp.	42,614	42,614	42,614	42,614	42,614	42,614	42,614	42,614	42,614	42,614	42,614	61,221	529,972
% of Net Revenues	*55%*	*51%*	*48%*	*45%*	*43%*	*41%*	*39%*	*37%*	*36%*	*34%*	*33%*	*45%*	*41%*
EBITDA	(15,467)	(14,525)	(11,410)	(8,872)	(7,987)	(4,872)	(2,334)	(1,449)	1,666	4,204	6,742	(10,980)	(65,284)
Margin	-20%	-17%	-13%	-9%	-8%	-5%	-2%	-1%	1%	3%	5%	-8%	-5%
Non-operating Revenue/Expenses													
Depreciation	(6,795)	(6,873)	(6,952)	(7,031)	(7,109)	(7,188)	(7,266)	(7 345)	(7 424)	(7,502)	(7 581)	(7 659)	(86,724)
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	(6,275)	(6,402)	(6,519)	(6,627)	(6,731)	(6,825)	(6,982)	(7 069)	(7,139)	(7,200)	(7,252)	(7,412)	(82,433)
Interest income	-	-	-	-	-	-	-	1	2	2	2	2	9
Total Non-operating Revenue/Expenses	(13,070)	(13,275)	(13,471)	(13,658)	(13,840)	(14,013)	(14,248)	(14,413)	(14,561)	(14,700)	(14,831)	(15 069)	(169 148)
Change in Net Assets	(28,536)	(27,801)	(24,881)	(22,530)	(21,827)	(18,885)	(16,582)	(15 862)	(12,894)	(10,496)	(8,089)	(26,050)	(234,432)

Bristol Tennessee Essential Servic
Statements of Revenues, Expenses and Ch

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total
Revenues													
Local Telephone Service	$ 88,802	$ 92,111	$ 95,420	$ 98,729	$ 102,038	$ 105,347	$ 108,656	$ 111,965	$ 115,273	$ 118 582	$ 121,891	$ 125,200	$ 1,284,015
Local Telephone Features	$ 20,948	$ 21,823	$ 22,698	$ 23,573	$ 24,448	$ 25,323	$ 26,198	$ 27,073	$ 27,948	$ 28,823	$ 29,698	$ 30,573	$ 309,120
Long Distance Telephone Service	$ 34,371	$ 35,526	$ 36,681	$ 37,836	$ 38 991	$ 40,146	$ 41,301	$ 42,456	$ 43,611	$ 44,766	$ 45,921	$ 47,076	$ 488,678
Gross Revenues	$ 144,121	$ 149,460	$ 154,798	$ 160,137	$ 165,476	$ 170,815	$ 176,154	$ 181,493	$ 186,832	$ 192,171	$ 197,509	$ 202,848	$ 2,081,814
Churn	$ (3,603)	$ (3,736)	$ (3,870)	$ (4,003)	$ (4,137)	$ (4,270)	$ (4,404)	$ (4 537)	$ (4,671)	$ (4,804)	$ (4,938)	$ (5,071)	$ (52,045)
Net Revenues	$ 140,518	$ 145 723	$ 150,928	$ 156,134	$ 161,339	$ 166,545	$ 171,750	$ 176,955	$ 182,161	$ 187,366	$ 192,572	$ 197,777	$ 2,029,768
Cost of Services													
Local Telephone Service	$ 14,294	$ 14,855	$ 15,416	$ 15,977	$ 16 538	$ 17,099	$ 17,660	$ 18,221	$ 18,782	$ 19,343	$ 19,904	$ 20 465	$ 208,558
Long Distance Telephone Service	$ 15,288	$ 15,766	$ 16,244	$ 16 722	$ 17,200	$ 17,679	$ 18,157	$ 18,635	$ 19,113	$ 19,591	$ 20,069	$ 20,548	$ 215,012
Total Cost of Services	$ 29,582	$ 30,621	$ 31,660	$ 32,700	$ 33,739	$ 34,778	$ 35,817	$ 36,856	$ 37,895	$ 38,935	$ 39,974	$ 41,013	$ 423,570
% of Net Revenues	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Gross Profit	$ 110,936	$ 115,102	$ 119,268	$ 123,434	$ 127,601	$ 131,767	$ 135,933	$ 140,099	$ 144,265	$ 148,432	$ 152,598	$ 156,764	$ 1,606,198
Gross Margin	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%
Network Interconnection Expenses													
Plant Allocation Factor	$ 43,219	$ 44,848	$ 46,476	$ 48,105	$ 49 733	$ 51,362	$ 52,990	$ 54 619	$ 56,247	$ 57,876	$ 59,504	$ 61,133	$ 626,112
PSTN Signaling Charges (SS7)	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 30,420
Network Trunk Interconnection	$ 11,825	$ 11,825	$ 13,477	$ 12,900	$ 12,900	$ 14,552	$ 13,975	$ 13,975	$ 15,627	$ 15,050	$ 15,050	$ 15,050	$ 166,207
Total Network Interconnection	$ 57,579	$ 59,208	$ 62,489	$ 63,540	$ 65,168	$ 68,449	$ 69,500	$ 71,129	$ 74,410	$ 75 461	$ 77,089	$ 78,718	$ 822,739
% of Net Revenues	41%	41%	41%	41%	40%	41%	40%	40%	41%	40%	40%	40%	41%
Selling, General & Administrative Exp.													
Salaries & Benefits	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 22,132	$ 265,585
Administrative Expenses	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 3,325	$ 39,903
Billing Services	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 2,720	$ 32,639
Incumbent Acquisition Charges	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 920	$ 11,044
Insurance	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 1,687	$ 20,248
Maintenance & Repairs	$ 4,667	$ 4 667	$ 4,667	$ 4,667	$ 4,667	$ 4 667	$ 4,667	$ 4,667	$ 4,667	$ 4 667	$ 4,667	$ 4,667	$ 56,000
Contract Services	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 4,167	$ 50 000
Marketing & Advertising	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 2,083	$ 25 000
Trucks & Equipment	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 577	$ 6,926
Materials	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 867	$ 10,404
Legal/Regulatory	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Professional & Consulting	$ -	$ -	$ -	$ -	$ -	$ -	$ 874	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 15,874
Building/Substations Expense	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 1,241	$ 14,892
Taxes Other Than Income Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 32,916	$ 32,916
Total Selling, General & Administrative Exp.	$ 44,387	$ 44,387	$ 44,387	$ 44,387	$ 44,387	$ 44,387	$ 45,261	$ 47,387	$ 47,387	$ 47,387	$ 47,387	$ 80,303	$ 581,431
% of Net Revenues	32%	30%	29%	28%	28%	27%	26%	27%	26%	25%	25%	41%	29%
EBITDA	$ 8,969	$ 11,507	$ 12,392	$ 15,508	$ 18,045	$ 18,931	$ 21,172	$ 21,584	$ 22,469	$ 25,584	$ 28,122	$ (2,256)	$ 202,028
Margin	6%	8%	8%	10%	11%	11%	12%	12%	12%	14%	15%	-1%	10%
Non-operating Revenue/Expenses													
Depreciation	$ (7,738)	$ (7,817)	$ (7,895)	$ (7,974)	$ (8,052)	$ (8,131)	$ (8,199)	$ (8,242)	$ (8,285)	$ (8,328)	$ (8,371)	$ (8,414)	$ (97,445)
Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest expense	$ (7,456)	$ (7,491)	$ (7,523)	$ (7,545)	$ (7,538)	$ (7,549)	$ (7,557)	$ (7,557)	$ (7,557)	$ (7,556)	$ (7 555)	$ (7 562)	$ (90,446)
Interest income	$ 6	$ 6	$ 6	$ 6	$ 4	$ 4	$ 5	$ 6	$ 8	$ 10	$ 13	$ 17	$ 91
Total Non-operating Revenue/Expenses	$ (15,188)	$ (15,302)	$ (15,412)	$ (15,513)	$ (15,586)	$ (15,676)	$ (15,751)	$ (15,793)	$ (15,834)	$ (15,874)	$ (15,913)	$ (15,959)	$ (187,800)
Change in Net Assets	$ (6,219)	$ (3,794)	$ (3,020)	$ (5)	$ 2,459	$ 3,255	$ 5,421	$ 5,791	$ 6,635	$ 9,710	$ 12,209	$ (18,214)	$ 14,228

Bristol Tennessee Essential Services
Business Model Assumptions - Monthly

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue Allocation - Residential												
Local Voice	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%
Local Voice Features	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Long Distance	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Avg Revenue Per Customer	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95
Avg Lines Per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Churn (% of Gross Revenue)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cost of Goods Sold - Residential (% of Revenue)												
Local	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Long distance	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%
Revenue Allocation - Commercial												
Local Voice	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%
Long Distance	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%
Avg. Revenue per Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines Per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Cost of Goods Sold - Commercial (% of Revenue)												
Local Voice	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Long Distance	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%
SG & A EXPENSE												
Billing/Collection Cost per Customer	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53	$ 2.53
Administrative Expenses	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09	$ 3.09
Maintenance & Repair	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23
Marketing	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00
Telephone Initial Setup												
Building Rent	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75	$ 1,169.75
Trucks & Equipment	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 555.17	$ 571.75
Materials	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 833.33
Incumbent Acquisition Charges	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17
Business Insurance	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13	$ 1,737.13
Balance Sheet Items												
A/R (% of Annualized Revenue)	10%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%

Bristol Tennessee Essential Services

Business Model Assumptions - Monthly

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Revenue Allocation - Residential												
Local Voice	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%
Local Voice Features	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Long Distance	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Avg. Revenue Per Customer	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95
Avg. Lines Per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Churn (% of Gross Revenue)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cost of Goods Sold - Residential (% of Revenue)												
Local	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Long distance	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%
Revenue Allocation - Commercial												
Local Voice	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%
Long Distance	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%
Avg. Revenue per Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines Per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Cost of Goods Sold - Commercial (% of Revenue)												
Local Voice	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Long Distance	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%
SG & A EXPENSE												
Billing/Collection Cost per Customer	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Administrative Expenses	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Maintenance & Repair	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Marketing	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00
Telephone Initial Setup												
Building Rent	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83	$ 1,204.83
Trucks & Equipment	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75	$ 571.75
Materials	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00	$ 850.00
Incumbent Acquisition Charges	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17
Business Insurance	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24	$ 1,789.24
Balance Sheet Items												
A/R (% of Annualized Revenue)	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%

Bristol Tennessee Essential Services
Business Model Assumptions - Monthly

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
Revenue Allocation - Residential												
Local Voice	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%
Local Voice Features	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Long Distance	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Avg. Revenue Per Customer	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95
Avg. Lines Per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Churn (% of Gross Revenue)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cost of Goods Sold - Residential (% of Revenue)												
Local	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Long distance	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%
Revenue Allocation - Commercial												
Local Voice	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%
Long Distance	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%
Avg. Revenue per Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines Per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Cost of Goods Sold - Commercial (% of Revenue)												
Local Voice	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Long Distance	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%
SG & A EXPENSE												
Billing/Collection Cost per Customer	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Administrative Expenses	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Maintenance & Repair	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Marketing	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33	$ 2,083.33
Telephone Initial Setup												
Building Rent	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00	$ 1,241.00
Trucks & Equipment	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00	$ 589.00
Materials	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00	$ 867.00
Incumbent Acquisition Charges	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17
Business Insurance	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92	$ 1,842.92
Balance Sheet Items												
A/R (% of Annualized Revenue)	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%

Bristol Tennessee Essential Services

Business Model Assumptions - Monthly

	Month 37	Month 38	Month 39	Month 40	Month 41	Month 42	Month 43	Month 44	Month 45	Month 46	Month 47	Month 48
Revenue Allocation - Residential												
Local Voice	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%	62.4%
Local Voice Features	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Long Distance	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Avg. Revenue Per Customer	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95
Avg. Lines Per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Churn (% of Gross Revenue)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cost of Goods Sold - Residential (% of Revenue)												
Local	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Long distance	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%	36.4%
Revenue Allocation - Commercial												
Local Voice	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%	58.8%
Long Distance	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%	41.2%
Avg. Revenue per Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines Per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Cost of Goods Sold - Commercial (% of Revenue)												
Local Voice	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Long Distance	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%	57.1%
SG & A EXPENSE												
Billing/Collection Cost per Customer	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Administrative Expenses	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Maintenance & Repair	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Marketing	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Telephone Initial Setup												
Building Rent	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00	$ 800.00
Trucks & Equipment	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58	$ 530.58
Materials	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33	$ 884.33
Interchange Acquisition Charges	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17	$ 6.17
Business Insurance	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00
Balance Sheet Items												
A/R (% of Annualized Revenue)	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%

Bristol Tennessee Essential Services
Capital Investment Schedule (Forecast)

Market / Position	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Network Equipment													
Voice Switching Equipment	$ 450,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 450,000
Voice Transport Equipment	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000
Sub-total Network Equipment	$ 600,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000
ILEC Collocation Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operational Support Systems													
Access Group - CLEC Billing	$ 150,000	$ 130,225	$ 19,750	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 299,975
	$ 150,000	$ 130,225	$ 19,750	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 299,975
Capitalized Start-up Expenditures	$ 204,004	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 204,004
Capitalized Installation Charges	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 129,030
Total Capital Expenditures	$ 964,757	$ 140,978	$ 30,503	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 10,753	$ 1,233,009

Bristol Tennessee Essentia
Capital Investment Schedule (Fc

Market / Position	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Network Equipment													
Voice Switching Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Voice Transport Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sub-total Network Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ILEC Collocation Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operational Support Systems													
Access Group - CLEC Billing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
													$ -
Capitalized Start-up Expenditures	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 36,000
Capitalized Installation Charges	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 123,510
Total Capital Expenditures	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 159,510

Bristol Tennessee Essentia
Capital Investment Schedule (Fc

Market / Position	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total
Network Equipment													
Voice Switching Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Voice Transport Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sub-total Network Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ILEC Collocation Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operational Support Systems													
Access Group - CLEC Billing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
													$ -
Capitalized Start-up Expenditures	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 2,126						$ 20,126
Capitalized Installation Charges	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 123,510
Total Capital Expenditures	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 13,293	$ 12,419	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 10,293	$ 143,636

Bristol Tennessee Essential Services
Balance Sheet (Pro-forma)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
ASSETS												
Current Assets												
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Receivable, Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Current Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property, Plant and Equipment												
Machinery & Equipment	$ 964,757	$ 1,105,734	$ 1,136,237	$ 1,146,989	$ 1,157,742	$ 1,168,494	$ 1,179,247	$ 1,189,999	$ 1,200,752	$ 1,211,504	$ 1,222,257	$ 1,233,009
Total	$ 964,757	$ 1,105,734	$ 1,136,237	$ 1,146,989	$ 1,157,742	$ 1,168,494	$ 1 179,247	$ 1,189,999	$ 1,200,752	$ 1,211,504	$ 1,222,257	$ 1,233,009
Less Accum. Depreciation	$ (5,598)	$ (11,784)	$ (18,097)	$ (24,455)	$ (30,857)	$ (37,305)	$ (43,797)	$ (50,334)	$ (56,916)	$ (63,542)	$ (70,213)	$ (76,930)
Net Property, Plant and Equipment	$ 959,158	$ 1,093,950	$ 1,118,139	$ 1,122,534	$ 1,126,884	$ 1,131,189	$ 1,135,450	$ 1,139,665	$ 1,143,836	$ 1,147,962	$ 1,152,043	$ 1,156,079
Deposits and Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Non-current Assets, Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$	$ -	$ -
TOTAL ASSETS	$ 959,158	$ 1,093,950	$ 1,118,139	$ 1,122,534	$ 1,126,884	$ 1,131,189	$ 1,135,450	$ 1,139,665	$ 1,143,836	$ 1,147,962	$ 1,152,043	$ 1,156,079
LIABILITIES & NET ASSETS												
Current Liabilities												
Accounts Payable & Accrued Expenses												
Current Portion Capitalized Leases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Total Current Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Other Liabilities												
Business Unit Line of Credit	$ 1,007,732	$ 1,191,207	$ 1,262,280	$ 1,312,174	$ 1,359,474	$ 1,404,750	$ 1,449,653	$ 1,491,944	$ 1,532,192	$ 1,572,048	$ 1,609,273	$ 1,644,453
Total Other Liabilities	$ 1,007,732	$ 1,191,207	$ 1,262,280	$ 1,312,174	$ 1,359,474	$ 1,404,750	$ 1,449,653	$ 1,491,944	$ 1,532,192	$ 1,572,048	$ 1,609,273	$ 1,644,453
TOTAL LIABILITIES	$ 1,007,732	$ 1,191,207	$ 1,262,280	$ 1,312,174	$ 1,359,474	$ 1,404,750	$ 1,449,653	$ 1,491,944	$ 1,532,192	$ 1,572,048	$ 1,609,273	$ 1,644,453
Net Assets												
Unrestricted	$ (48,574)	$ (97,257)	$ (144,141)	$ (189,640)	$ (232,590)	$ (273,561)	$ (314,203)	$ (352,279)	$ (388,356)	$ (424,086)	$ (457,230)	$ (488,374)
TOTAL NET ASSETS	$ (48,574)	$ (97,257)	$ (144,141)	$ (189,640)	$ (232,590)	$ (273,561)	$ (314,203)	$ (352,279)	$ (388,356)	$ (424,086)	$ (457,230)	$ (488,374)
TOTAL LIABILITIES & NET ASSETS	$ 959,158	$ 1,093,950	$ 1,118,139	$ 1,122,534	$ 1,126,884	$ 1,131,189	$ 1,135,450	$ 1,139,665	$ 1,143,836	$ 1,147,962	$ 1,152,043	$ 1,156,079

Bristol Tennessee Essential Services
Balance Sheet (Pro-forma)

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
ASSETS												
Current Assets												
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,334	$ 3,784	$ 3,786	$ 3,788	$ 3,790	$ 14,772
Accounts Receivable, Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Current Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,334	$ 3,784	$ 3,786	$ 3,788	$ 3,790	$ 14,772
Property, Plant and Equipment												
Machinery & Equipment	$ 1,246,302	$ 1,259,594	$ 1,272,887	$ 1,286,179	$ 1,299,472	$ 1,312,764	$ 1,326,057	$ 1,339,349	$ 1,352,642	$ 1,365,934	$ 1,379,227	$ 1,392,519
Total	$ 1,246,302	$ 1,259,594	$ 1,272,887	$ 1,286,179	$ 1,299,472	$ 1,312,764	$ 1,326,057	$ 1,339,349	$ 1,352,642	$ 1,365,934	$ 1,379,227	$ 1,392,519
Less Accum. Depreciation	$ (83,724)	$ (90,598)	$ (97,550)	$ (104,580)	$ (111,689)	$ (118,877)	$ (126,143)	$ (133,488)	$ (140,912)	$ (148,414)	$ (155,995)	$ (163,654)
Net Property, Plant and Equipment	$ 1,162,577	$ 1,168,996	$ 1,175,337	$ 1,181,599	$ 1,187,782	$ 1,193,887	$ 1,199,913	$ 1,205,861	$ 1,211,730	$ 1,217,520	$ 1,223,232	$ 1,228,865
Deposits and Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Non-current Assets, Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL ASSETS	$ 1,162,577	$ 1,168,996	$ 1,175,337	$ 1,181,599	$ 1,187,782	$ 1,193,887	$ 1,202,247	$ 1,209,644	$ 1,215,515	$ 1,221,308	$ 1,227,022	$ 1,243,637
LIABILITIES & NET ASSETS												
Current Liabilities												
Accounts Payable & Accrued Expenses												
Current Portion Capitalized Leases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Liabilities												
Business Unit Line of Credit	$ 1,679,487	$ 1,713,707	$ 1,744,929	$ 1,773,720	$ 1,801,731	$ 1,826,720	$ 1,851,663	$ 1,874,922	$ 1,893,687	$ 1,909,975	$ 1,923,778	$ 1,966,443
Total Other Liabilities	$ 1,679,487	$ 1,713,707	$ 1,744,929	$ 1,773,720	$ 1,801,731	$ 1,826,720	$ 1,851,663	$ 1,874,922	$ 1,893,687	$ 1,909,975	$ 1,923,778	$ 1,966,443
TOTAL LIABILITIES	$ 1,679,487	$ 1,713,707	$ 1,744,929	$ 1,773,720	$ 1,801,731	$ 1,826,720	$ 1,851,663	$ 1,874,922	$ 1,893,687	$ 1,909,975	$ 1,923,778	$ 1,966,443
Net Assets												
Unrestricted	$ (516,910)	$ (544,711)	$ (569,592)	$ (592,122)	$ (613,949)	$ (632,833)	$ (649,416)	$ (665,277)	$ (678,171)	$ (688,667)	$ (696,756)	$ (722,806)
TOTAL NET ASSETS	$ (516,910)	$ (544,711)	$ (569,592)	$ (592,122)	$ (613,949)	$ (632,833)	$ (649,416)	$ (665,277)	$ (678,171)	$ (688,667)	$ (696,756)	$ (722,806)
TOTAL LIABILITIES & NET ASSETS	$ 1,162,577	$ 1,168,996	$ 1,175,337	$ 1,181,599	$ 1,187,782	$ 1,193,887	$ 1,202,247	$ 1,209,644	$ 1,215,515	$ 1,221,308	$ 1,227,022	$ 1,243,637

Bristol Tennessee Essential Services
Balance Sheet (Pro-forma)

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
ASSETS												
Current Assets												
Cash and Cash Equivalents	$ 14,778	$ 14,784	$ 14,790	$ 10,338	$ 10,614	$ 11,710	$ 14,980	$ 18,597	$ 23,033	$ 30,519	$ 40,477	$ 22,250
Accounts Receivable, Net	$ -	$ -	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Current Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Assets	$ 14,778	$ 14,784	$ 14,790	$ 10,338	$ 10,614	$ 11,710	$ 14,980	$ 18,597	$ 23,033	$ 30,519	$ 40,477	$ 22,250
Property, Plant and Equipment												
Machinery & Equipment	$ 1,405,812	$ 1,419,104	$ 1,432,397	$ 1,445,689	$ 1,458,982	$ 1,472,274	$ 1,484,693	$ 1,494,985	$ 1,505,278	$ 1,515,570	$ 1,525,863	$ 1,536,155
Total	$ 1,405,812	$ 1,419,104	$ 1,432,397	$ 1,445,689	$ 1,458,982	$ 1,472,274	$ 1,484,693	$ 1,494,985	$ 1,505,278	$ 1,515,570	$ 1,525,863	$ 1,536,155
Less Accum. Depreciation	$ (171,392)	$ (179,208)	$ (187,104)	$ (195,077)	$ (203,130)	$ (211,261)	$ (219,460)	$ (227,702)	$ (235,987)	$ (244,314)	$ (252,685)	$ (261,099)
Net Property, Plant and Equipment	$ 1,234,420	$ 1,239,896	$ 1,245,293	$ 1,250,612	$ 1,255,852	$ 1,261,013	$ 1,265,233	$ 1,267,283	$ 1,269,291	$ 1,271,256	$ 1,273,177	$ 1,275,056
Deposits and Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Non-current Assets, Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$	$ -	$ -	$ -
TOTAL ASSETS	$ 1,249,198	$ 1,254,680	$ 1,260,083	$ 1,260,949	$ 1,266,466	$ 1,272,723	$ 1,280,213	$ 1,285,880	$ 1,292,324	$ 1,301,774	$ 1,313,655	$ 1,297,306
LIABILITIES & NET ASSETS												
Current Liabilities												
Accounts Payable & Accrued Expenses												
Current Portion Capitalized Leases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Liabilities												
Business Unit Line of Credit	$ 1,978,222	$ 1,987,498	$ 1,995,921	$ 1,996,793	$ 1,999,850	$ 2,002,853	$ 2,004,922	$ 2,004,798	$ 2,004,606	$ 2,004,346	$ 2,004,018	$ 2,005,883
Total Other Liabilities	$ 1,978,222	$ 1,987,498	$ 1,995,921	$ 1,996,793	$ 1,999,850	$ 2,002,853	$ 2,004,922	$ 2,004,798	$ 2,004,606	$ 2,004,346	$ 2,004,018	$ 2,005,883
TOTAL LIABILITIES	$ 1,978,222	$ 1,987,498	$ 1,995,921	$ 1,996,793	$ 1,999,850	$ 2,002,853	$ 2,004,922	$ 2,004,798	$ 2,004,606	$ 2,004,346	$ 2,004,018	$ 2,005,883
Net Assets												
Unrestricted	$ (729,024)	$ (732,819)	$ (735,838)	$ (735,843)	$ (733,384)	$ (730,129)	$ (724,709)	$ (718,918)	$ (712,283)	$ (702,572)	$ (690,363)	$ (708,577)
TOTAL NET ASSETS	$ (729,024)	$ (732,819)	$ (735,838)	$ (735,843)	$ (733,384)	$ (730,129)	$ (724,709)	$ (718,918)	$ (712,283)	$ (702,572)	$ (690,363)	$ (708,577)
TOTAL LIABILITIES & NET ASSETS	$ 1,249,198	$ 1,254,680	$ 1,260,083	$ 1,260,949	$ 1,266,466	$ 1,272,723	$ 1,280,213	$ 1,285,880	$ 1,292,324	$ 1,301,774	$ 1,313,655	$ 1,297,306

Bristol Tennessee Essential Services
Business Unit Line of Credit

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Beginning Balance	$ -	$ (1,007,732)	$ (1,191,207)	$ (1,262,280)	$ (1,312,174)	$ (1,359,474)	$ (1,404,750)	$ (1,449,653)	$ (1,491,944)	$ (1,532,192)	$ (1,572,048)	$ (1,609,273)
Draws	$ (1,005,846)	$ (179,025)	$ (66,357)	$ (44,991)	$ (42,221)	$ (40,028)	$ (39,487)	$ (36,717)	$ (34,524)	$ (33,983)	$ (31,213)	$ (29,036)
Interest Expense	$ (1,886)	$ (4,450)	$ (4,716)	$ (4,902)	$ (5,079)	$ (5,248)	$ (5,416)	$ (5,574)	$ (5,724)	$ (5,873)	$ (6,012)	$ (6,144)
Repayments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending Balance	$ (1,007,732)	$ (1,191,207)	$ (1,262,280)	$ (1,312,174)	$ (1,359,474)	$ (1,404,750)	$ (1,449,653)	$ (1,491,944)	$ (1,532,192)	$ (1,572,048)	$ (1,609,273)	$ (1,644,453)

Bristol Tennessee Essenti
Business Unit Line of Credit

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Beginning Balance	$ (1,644,453)	$ (1,679,487)	$ (1,713,707)	$ (1,744,929)	$ (1,773,720)	$ (1,801,731)	$ (1,826,720)	$ (1,851,663)	$ (1,874,922)	$ (1,893,687)	$ (1,909,975)	$ (1,923,778)
Draws	$ (28,759)	$ (27,818)	$ (24,703)	$ (22,165)	$ (21,279)	$ (18,164)	$ (35,062)	$ (33,356)	$ (28,856)	$ (26,383)	$ (23,910)	$ (52,678)
Interest Expense	$ (6,275)	$ (6,402)	$ (6,519)	$ (6,627)	$ (6,731)	$ (6,825)	$ (6,982)	$ (7,069)	$ (7,139)	$ (7,200)	$ (7,252)	$ (7,412)
Repayments	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,102	$ 17,166	$ 17,230	$ 17,295	$ 17,360	$ 17,425
Ending Balance	$ (1,679,487)	$ (1,713,707)	$ (1,744,929)	$ (1,773,720)	$ (1,801,731)	$ (1,826,720)	$ (1,851,663)	$ (1,874,922)	$ (1,893,687)	$ (1,909,975)	$ (1,923,778)	$ (1,966,443)

Bristol Tennessee Essenti
Business Unit Line of Credit

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
Beginning Balance	$ (1,966,443)	$ (1,978,222)	$ (1,987,498)	$ (1,995,921)	$ (1,996,793)	$ (1,999,850)	$ (2,002,853)	$ (2,004,922)	$ (2,004,798)	$ (2,004,606)	$ (2,004,346)	$ (2,004,018)
Draws	$ (21,813)	$ (19,341)	$ (18,522)	$ (16,014)	$ (13,293)	$ (13,293)	$ (12,419)	$ (10,293)	$ (10,293)	$ (10,293)	$ (10,293)	$ (12,548)
Interest Expense	$ (7,456)	$ (7,491)	$ (7,523)	$ (7,545)	$ (7,538)	$ (7,549)	$ (7,557)	$ (7,557)	$ (7,557)	$ (7,556)	$ (7,555)	$ (7,562)
Repayments	$ 17,490	$ 17,556	$ 17,622	$ 22,688	$ 17,773	$ 17,839	$ 17,906	$ 17,973	$ 18,041	$ 18,109	$ 18,176	$ 18,245
Ending Balance	$ (1,978,222)	$ (1,987,498)	$ (1,995,921)	$ (1,996,793)	$ (1,999,850)	$ (2,002,853)	$ (2,004,922)	$ (2,004,798)	$ (2,004,606)	$ (2,004,346)	$ (2,004,018)	$ (2,005,883)

Bristol Tennessee Essential Services
Network Interconnection Charges (Forecast)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Network Interconnection													
Local Transport Charge	1,837	3,675	5,512	7,350	9,187	11,025	12,862	14,700	16,537	18,375	20,212	22,050	143,322
SS7													
A-link STP Port Charge - Bristol, TN Link	485	485	485	485	485	485	485	485	485	485	485	485	5,820
A-link STP Port Charge - Johnson City, TN Link	485	485	485	485	485	485	485	485	485	485	485	485	5,820
A-link DS-1 Transport Charge - Bristol, TN Link	490	490	490	490	490	490	490	490	490	490	490	490	5,880
A-link DS-1 Transport Charge - Johnson City, TN Link	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1 075	1,075	1,075	12,900
Total SS7 Transport Charges	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	30,420
One-way Trunk Groups - Residential													
DS-1 Transport Requirement	1	1	1	2	2	2	3	3	3	4	4	4	
DS-0 Originating Requirement	7	15	22	29	36	44	51	58	66	73	80	88	
DS-0 Terminating Requirement	7	15	22	29	36	44	51	58	66	73	80	88	
DS-1 Originating Trunk Costs - NRC	1,155	-	-	577	-	-	577	-	-	577	-	-	2,887
DS-1 Originating Trunk Costs - MRC	2,150	2,150	2,150	2,150	2,150	2,150	3 225	3,225	3,225	4,300	4,300	4,300	35,475
DS-1 Terminating Trunk Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residential Trunk Group Charges	3,305	2,150	2,150	2,727	2,150	2,150	3,802	3,225	3,225	4,877	4,300	4,300	38,362
One-way Trunk Groups - Commercial													
DS-1 Transport Requirement	1	1	1	1	2	2	2	2	2	3	3	3	
DS-0 Originating Requirement	5	10	15	20	25	30	35	40	45	50	55	60	
DS-0 Terminating Requirement	5	10	15	20	25	30	35	40	45	50	55	60	
DS-1 Originating Trunk Costs - NRC	-	-	-	-	-	-	-	-	-	-	-	-	-
DS-1 Originating Trunk Costs - MRC	-	-	-	-	-	-	-	-	-	-	-	-	-
DS-1 Terminating Trunk Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Commercial Trunk Group Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Two-way Trunk Groups	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	25,800
Transient													
Two-way Misc. Trunk Groups	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	12,900
E-911													
Directory Assistance													
Operator Services													
Busy Line Verification													
Total Network Interconnection Charges	10 902	11,585	13,422	15,837	17,097	18,935	22,425	23,685	25,522	29,012	30 272	32,110	250,804

Bristol Tennessee Essential Services
Network Interconnection Charges (Forecast)

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Network Interconnection													
Local Transport Charge	$ 23,678	$ 25,306	$ 26,935	$ 28,563	$ 30,192	$ 31,820	$ 33,449	$ 35,077	$ 36,706	$ 38,334	$ 39,963	$ 41,591	$391,614
SS7													
A-link STP Port Charge - Bristol, TN Link	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 5,820
A-link STP Port Charge - Johnson City, TN Link	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 5 820
A-link DS-1 Transport Charge - Bristol, TN Link	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 5,880
A-link DS-1 Transport Charge - Johnson City, TN Link	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 12,900
Total SS7 Transport Charges	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 30,420
One-way Trunk Groups – Residential													
DS-1 Transport Requirement	4	5	5	5	6	6	6	7	7	7	7	8	
DS-0 Originating Requirement	95	102	109	117	124	131	139	146	153	160	168	175	
DS-0 Terminating Requirement	95	102	109	117	124	131	139	146	153	160	168	175	
DS-1 Originating Trunk Costs - NRC	$ -	$ 577	$ -	$ -	$ 577	$ -	$ -	$ 577	$ -	$ -	$ -	$ 577	$ 2,310
DS-1 Originating Trunk Costs - MRC	$ 4,300	$ 5,375	$ 5,375	$ 5 375	$ 6,450	$ 6,450	$ 6,450	$ 7 525	$ 7,525	$ 7,525	$ 7,525	$ 8,600	$ 78,475
DS-1 Terminating Trunk Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Residential Trunk Group Charges	$ 4,300	$ 5,952	$ 5,375	$ 5,375	$ 7,027	$ 6 450	$ 6,450	$ 8,102	$ 7 525	$ 7,525	$ 7,525	$ 9,177	$ 80,785
One-way Trunk Groups – Commercial													
- DS-1 Transport Requirement	3	3	3	3	3	3	3	4	4	4	4	4	
DS-0 Originating Requirement	62	63	65	67	68	70	72	73	75	77	78	80	
DS-0 Terminating Requirement	62	63	65	67	68	70	72	73	75	77	78	80	
DS-1 Originating Trunk Costs - NRC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DS-1 Originating Trunk Costs - MRC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DS-1 Terminating Trunk Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Commercial Trunk Group Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Two-way Trunk Groups	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 25,800
Transient													
Two-way Misc. Trunk Groups	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1 075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 12,900
E-911													
Directory Assistance													
Operator Services													
Busy Line Verification													
Total Network Interconnection Charges	$ 33,738	$ 37,019	$ 38,070	$ 39,698	$ 42,979	$ 44,030	$ 45,659	$ 48,940	$ 49,991	$ 51,619	$ 53,248	$ 56,528	$ 541,518

Bristol Tennessee Essential Services
Network Interconnection Charges (Forecast)

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total
Network Interconnection													
Local Transport Charge	$ 43,219	$ 44,848	$ 46,476	$ 48,105	$ 49,733	$ 51,362	$ 52,990	$ 54,619	$ 56,247	$ 57,876	$ 59,504	$ 61,133	$626,112
SS7													
A-link STP Port Charge - Bristol, TN Link	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 5,820
A-link STP Port Charge - Johnson City, TN Link	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 485	$ 5,820
A-link DS-1 Transport Charge - Bristol, TN Link	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 490	$ 5,880
A-link DS-1 Transport Charge - Johnson City, TN Link	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 12,900
Total SS7 Transport Charges	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 2,535	$ 30,420
One-way Trunk Groups - Residential													
DS-1 Transport Requirement	8	8	9	9	9	10	10	10	11	11	11	11	
DS-0 Originating Requirement	182	190	197	204	211	219	226	233	241	248	255	263	
DS-0 Terminating Requirement	182	190	197	204	211	219	226	233	241	248	255	263	
DS-1 Originating Trunk Costs - NRC	$ -	$ -	$ 577	$ -	$ -	$ 577	$ -	$ -	$ 577	$ -	$ -	$ -	$ 1,732
DS-1 Originating Trunk Costs - MRC	$ 8,600	$ 8,600	$ 9,675	$ 9,675	$ 9,675	$ 10,750	$ 10,750	$ 10,750	$ 11,825	$ 11,825	$ 11,825	$ 11,825	$ 125,775
DS-1 Terminating Trunk Costs	$ -	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$ -
Total Residential Trunk Group Charges	$ 8,600	$ 8,600	$ 10,252	$ 9,675	$ 9,675	$ 11,327	$ 10,750	$ 10,750	$ 12,402	$ 11,825	$ 11,825	$ 11,825	$ 127,507
One-way Trunk Groups - Commercial													
DS-1 Transport Requirement	4	4	4	4	4	4	4	4	4	5	5	5	
DS-0 Originating Requirement	82	83	85	87	88	90	92	93	95	97	98	100	
DS-0 Terminating Requirement	82	83	85	87	88	90	92	93	95	97	98	100	
DS-1 Originating Trunk Costs - NRC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DS-1 Originating Trunk Costs - MRC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DS-1 Terminating Trunk Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Commercial Trunk Group Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Two-way Trunk Groups	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 2,150	$ 25,800
Transient													
Two-way Misc. Trunk Groups	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 1,075	$ 12,900
E-911													
Directory Assistance													
Operator Services													
Busy Line Verification													
Total Network Interconnection Charges	$ 57,579	$ 59,208	$ 62,489	$ 63 540	$ 65,168	$ 68,449	$ 69,500	$ 71,129	$ 74,410	$ 75,461	$ 77,089	$ 78,718	$ 822,739

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Residential

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New Sales (In $s)												
Bristol, Tennessee	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Recognized												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ -	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380
Month 3	$ -	$ -	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ -	$ 4,380	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation:												
Local Voice	$ -	$ 2,735	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909
Local Voice Features	$ -	$ 823	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Long Distance	$ -	$ 823	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Total Revenue	$ -	$ 4,380	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation:												
Local Voice	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%
Local Voice Features	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%
Long Distance	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%
Direct New Sales												
Average Sale per Customer	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32
New Monthly Sales	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Monthly New Customers Added	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative New Customers Added	146	292	438	583	729	875	1,021	1,167	1,313	1,458	1,604	1,750
Average Revenue/Line	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95
Lines per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Monthly New Lines Sold	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative Lines Sold	146	292	438	583	729	875	1,021	1,167	1,313	1,458	1,604	1,750

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Residential

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
New Sales (in $s)												
Bristol, Tennessee	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Recognized:												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380
Month 3	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation:												
Local Voice	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909
Local Voice Features	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Long Distance	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Total Revenue	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation:												
Local Voice	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%	62.44%
Local Voice Features	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%
Long Distance	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%	18.78%
Direct New Sales												
Average Sale per Customer	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32
New Monthly Sales	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Monthly New Customers Added	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative New Customers Added	1,896	2,042	2,188	2,333	2,479	2,625	2,771	2,917	3,063	3,208	3,354	3,500
Average Revenue/Line	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95	$ 31.95
Lines per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Monthly New Lines Sold	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative Lines Sold	1,896	2,042	2,188	2,333	2,479	2,625	2,771	2,917	3,063	3,208	3,354	3,500

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Residential

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
New Sales (in $s)												
Bristol, Tennessee	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Recognized												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380
Month 3	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation.												
Local Voice	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909
Local Voice Features	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Long Distance	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Total Revenue	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation												
Local Voice	62 44%	62.44%	62 44%	62 44%	62 44%	62 44%	62.44%	62.44%	62 44%	62 44%	62 44%	62 44%
Local Voice Features	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%
Long Distance	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%
Direct New Sales												
Average Sale per Customer	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32
New Monthly Sales	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Monthly New Customers Added	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative New Customers Added	3,646	3,792	3,938	4,083	4,229	4,375	4,521	4,667	4,813	4,958	5,104	5,250
Average Revenue/Line	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95
Lines per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Monthly New Lines Sold	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative Lines Sold	3,646	3,792	3,938	4,083	4,229	4,375	4,521	4,667	4,813	4,958	5,104	5,250

	Month 37	Month 38	Month 39	Month 40	Month 41	Month 42	Month 43	Month 44	Month 45	Month 46	Month 47	Month 48
New Sales (in $s)												
Bristol, Tennessee	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Recognized:												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380	$ 4,380
Month 3	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation												
Local Voice	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909	$ 2,909
Local Voice Features	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Long Distance	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875	$ 875
Total Revenue	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Revenue Allocation												
Local Voice	62.44%	62 44%	62 44%	62.44%	62 44%	62 44%	62.44%	62 44%	62 44%	62.44%	62 44%	62.44%
Local Voice Features	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%
Long Distance	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%	18 78%
Direct New Sales												
Average Sale per Customer	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32	$ 32
New Monthly Sales	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659	$ 4,659
Monthly New Customers Added	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative New Customers Added	5 396	5,542	5,688	5,833	5,979	6,125	6,271	6,417	6,563	6,708	6,854	7,000
Average Revenue/Line	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95	$ 31 95
Lines per Customer	1	1	1	1	1	1	1	1	1	1	1	1
Monthly New Lines Sold	146	146	146	146	146	146	146	146	146	146	146	146
Cumulative Lines Sold	5 396	5 542	5,688	5,833	5,979	6 125	6,271	6,417	6,563	6,708	6,854	7,000

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Commercial

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New Sales (in $s)												
Bristol, Tennessee	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039
Total	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039
Revenue Recognized												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ -	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916	$ 1,916
Month 3	$ -	$ -	$ 122	$ 122	$ 122	$ 122	$ 122	$ 122	$ 122	$ 122	$ 122	$ 122
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ -	$ 1,916	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039
Revenue Allocation												
Local Voice	$ -	$ 1,127	$ 1,199	$ 1,199	$ 1,199	$ 1,199	$ 1,199	$ 1,199	$ 1,199	$ 1,199	$ 1,199	$ 1,199
Long Distance	$ -	$ 790	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840	$ 840
Total Revenue	$ -	$ 1,916	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039
Revenue Allocation												
Local Voice	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%	58 79%
Long Distance	41 21%	41 21%	41 21%	41 21%	41 21%	41 21%	41 21%	41 21%	41 21%	41 21%	41.21%	41 21%
Direct New Sales												
Average Revenue per Customer	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204
New Monthly Sales	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039	$ 2,039
Monthly New Customers Added	10	10	10	10	10	10	10	10	10	10	10	10
Cumulative New Customers Added	10	20	30	40	50	60	70	80	90	100	110	120
Average Revenue/Line	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95	$ 67 95
Lines per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Monthly New Lines Sold	30	30	30	30	30	30	30	30	30	30	30	30
Cumulative Lines Sold	30	60	90	120	150	180	210	240	270	300	330	360

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Commercial

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
New Sales (in $s)												
Bristol, Tennessee	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Total	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Recognized												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ 1,916	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639
Month 3	$ 122	$ 122	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ 2,039	$ 761	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Allocation												
Local Voice	$ 1,199	$ 447	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400
Long Distance	$ 840	$ 314	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Total Revenue	$ 2,039	$ 761	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Allocation												
Local Voice	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%
Long Distance	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%
Direct New Sales												
Average Revenue per Customer	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204
New Monthly Sales	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Monthly New Customers Added	3	3	3	3	3	3	3	3	3	3	3	3
Cumulative New Customers Added	123	127	130	133	137	140	143	147	150	153	157	160
Average Revenue/Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Monthly New Lines Sold	10	10	10	10	10	10	10	10	10	10	10	10
Cumulative Lines Sold	370	380	390	400	410	420	430	440	450	460	470	480

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Commercial

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
New Sales (in $s)												
Bristol, Tennessee	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Total	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Recognized												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639
Month 3	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Allocation:												
Local Voice	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400
Long Distance	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Total Revenue	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Allocation:												
Local Voice	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%
Long Distance	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%
Direct New Sales												
Average Revenue per Customer	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204
New Monthly Sales	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Monthly New Customers Added	3	3	3	3	3	3	3	3	3	3	3	3
Cumulative New Customers Added	163	167	170	173	177	180	183	187	190	193	197	200
Average Revenue/Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Monthly New Lines Sold	10	10	10	10	10	10	10	10	10	10	10	10
Cumulative Lines Sold	490	500	510	520	530	540	550	560	570	580	590	600

Bristol Tennessee Essential Services
Revenue Productivity Forecast - Commercial

	Month 37	Month 38	Month 39	Month 40	Month 41	Month 42	Month 43	Month 44	Month 45	Month 46	Month 47	Month 48
New Sales (in $s)												
Bristol, Tennessee	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Total	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Recognized												
Month 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Month 2	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639	$ 639
Month 3	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41	$ 41
Month 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Lift	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Allocation												
Local Voice	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400	$ 400
Long Distance	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280	$ 280
Total Revenue	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Revenue Allocation:												
Local Voice	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%	58.79%
Long Distance	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%	41.21%
Direct New Sales												
Average Revenue per Customer	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204	$ 204
New Monthly Sales	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680	$ 680
Monthly New Customers Added	3	3	3	3	3	3	3	3	3	3	3	3
Cumulative New Customers Added	203	207	210	213	217	220	223	227	230	233	237	240
Average Revenue/Line	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95	$ 67.95
Lines per Customer	3	3	3	3	3	3	3	3	3	3	3	3
Monthly New Lines Sold	10	10	10	10	10	10	10	10	10	10	10	10
Cumulative Lines Sold	610	620	630	640	650	660	670	680	690	700	710	720

Voice Product Details							
Residential							
Product Pricing/Cost		Price		Cost	COGS		Gross Margin
Local Voice	$	19 95	$	3 60	18 05%	$	16 35
Local Voice Features	$	6 00	$	-	0 00%	$	6 00
Long Distance	$	6 00	$	2 18	36 36%	$	3 82
Total Revenue	$	31 95	$	5 78	18 10%	$	26.17
Commercial							
Product Pricing/Cost							
Local Voice	$	39 95	$	3 60	9 01%	$	36 35
Long Distance	$	28 00	$	16 00	57 14%	$	12 00
Revenue	$	67 95	$	19 60	28.84%	$	48 35

13. What is the purpose of the amendment made to the Cost Allocation Manual (CAM) filed with the Tennessee Regulatory Authority on November 23, 2005?

RESPONSE: The purpose was to correct errors in the original filing. There was a miscommunication between BTES and one of its consultants regarding the appropriate factors to use for vehicles 32 and 40. These errors were discovered after the filing was made. The correct allocation factors changed the allocation factors for garage mechanics and the Director and Secretary of the Operations and Safety department.

The description of the allocation of the Director of the Purchasing and Stores department was changed on page 13 of the CAM.

14. Provide all correspondences and documents relating to BTES obtaining approval of its CAM from the TVA. Was the TVA's approval of BTES' CAM legally required?

RESPONSE: BTES has previously supplied the TVA contract language concerning the CAM and the letter from TVA approving the CAM. There are no other documents responsive to this request. In regard to the legal obligations of BTES and TVA, the contract language speaks for itself.

15. Referencing Question 23 of United's First Set of Interrogatories to BTES, explain in full why over 50% of total fiber infrastructure, new fiber and existing fiber is being allocated to the electric division.

RESPONSE: In fact, 100%, not 50%, of the fiber infrastructure is being allocated to the Electric Division. BTES is constructing the fiber infrastructure to provide service to and for its electric customers. The other two business units will not own any of the fiber infrastructure but will use the fiber system to provide services to their customers. Because more than one division or business unit will use the fiber infrastructure, the plant is considered joint use plant. Any operation or maintenance expenses associated with this joint use plant should be allocated to the divisions that use the joint plant. BTES will make this allocation. Therefore, instead of the electric customers bearing all of the costs of the fiber infrastructure, the costs will be shared among the three divisions in accordance with the CAM, including the allocation factors shown in Exhibit B, Appendix C, pages C-2 and C-5. These factors will likely change over time in accordance with each division's respective use of the joint plant. See also the Response to Question 16.

16. Again referencing Question 23, explain in full why homes passed and total services allocators (that includes electric division homes passed and electric division services) should be used to allocate fiber infrastructure.

RESPONSE: Allocation factors must be developed to allocate common or joint costs to the divisions that initiate the cost. The factors should be just and reasonable, prevent or limit cross-subsidization, and be easy to record and audit. The Enforcement Bureau of the Federal Communications Commission in its Memorandum Opinion and Order in File No. E-97-10 released on April 20, 2000 stated.

> In particular, we deny Complainants' claim that BellSouth is allocating joint and common costs between its telephony and cable services in a manner that violates the Commission's cost allocation rules, because we find that BellSouth's allocation methodology is sufficiently usage-based.

BellSouth estimated the relative usage of its facilities by comparing the projected number of telephone lines used by its telephone subscribers to the projected number of cable service subscribers.

The Bureau further states:

> Given this background, we cannot conclude that BellSouth's allocation based on the number of telephone lines and subscribers is not a reasonable "usage"-based methodology of cost allocation when the nonregulated service at issue is cable. Section 64.901(b)(4) remains in place, and allows for the allocation of joint and common costs on any reasonable basis that measures relative usage. This flexible approach comports with the overall structure established by the Commission's cost accounting rules: The rules primarily provide frameworks within which carriers can craft unique practices that are reasonable, rather than rigid directives that allow carriers no discretion. This approach also comports with the absence in section 64.901(b)(4) of any mandate requiring a particular manner of measuring usage, such as minutes-of-use or the amount of bandwidth used...

The Bureau's decision was subsequently affirmed by the FCC. See Response to Question 19.

The homes passed and total service allocators provide usage based allocation factors consistent with the FCC's decision.

17. Explain in full the electric division's use of the fiber infrastructure, including incremental services/revenues provided and cost savings produced.

<u>RESPONSE</u>: BTES has not performed an analysis of the "incremental services/revenues provided and cost savings produced" from the fiber infrastructure for the electric division.

As described in the direct testimony of Dr. Michael Browder, the improvements to the fiber infrastructure will allow BTES and its customers to monitor power usage on a real time basis. In case of natural or man-made disasters, BTES will know immediately the general location and extent of all system outages without being dependent upon customer reports or telephone communications. BTES will be able to respond more quickly and more efficiently to outages. Customers will be able to take advantage of real-time pricing information to make purchasing decisions and regulate usage. With real-time usage information, the company can better manage its system load and, over time, substantially reduce the time and expense of manual, on-site meter reading. Customers can remotely control their heating, cooling, and lighting to save money and enhance security. Some customers will also have the option to pre-purchase electricity and obtain service without having to make security deposits.

These are some of the immediate benefits to BTES and to electric system customers. Because these benefits cannot be quantified, BTES has not performed an analysis of the costs and benefits of these system improvements.

18. Provide all documents and business cases that demonstrate how the electric division will recover its allocation of the fiber infrastructure investment and maintenance costs.

RESPONSE: All relevant documents and business cases responsive to this question have already been provided. Furthermore, all of the fiber expenses are initially electric system expenses, a portion of which are allocated to other business units based on the CAM. Therefore, there is no "allocation of the fiber infrastructure" to the electric division.

19. Does BTES or its consultants know of any other municipal electric CAMs that allow for a similar allocation of infrastructure shared by electric services and competitive cable television, internet and/or telephone services?

RESPONSE: We are not aware of other municipal electric CAMs that provide for a similar allocation of shared infrastructure. See, however, "In the Matter of Tennessee Cable Telecommunications Association, et al. v. BellSouth Telecommunications, Inc." FCC Docket 00-310, Order released August 22, 2000, in which the Commission approved as consistent with its cost allocation rule, 47 C.F.R. 64.901(b)(4), BellSouth's allocation between regulated and unregulated services based on the number of customers subscribing to each service.

See also "In the Matter of Allocation of Costs Associated with Local Exchange Carrier Provision of Video Programming Services," FCC Docket 96-412, Notice of Proposed Rulemaking, Released May 10, 1996, in which the FCC tentatively concluded that a fixed factor for the allocation of common costs between regulated and non-regulated activities was more consistent with the agency's policy goals and the Telecommunications Act than an allocation based on usage measurements. This docket remains open.

20. Please reference and provide copies of all municipal electric CAMs reviewed by BTES and its consultants in the process of establishing BTES' CAM.

RESPONSE: BTES reviewed the CAM for JEA, a copy of which is on file at the TRA. As a courtesy to Sprint, we have attached a copy to these responses.

JACKSON ENERGY AUTHORITY

COST ALLOCATION MANUAL

2003

Table of Contents

INTRODUCTION

Jackson Energy Authority ("JEA") (previously Jackson Utility Division), a governmental utility authority created by private act of the Tennessee General Assembly, provides utility services to customers located in the City of Jackson, Tennessee and environs JEA receives its authority to provide these services from Chapter 55 of the Private Acts of 2001. Chapter 55 of the Private Acts of 2001 also authorizes JEA to provide cable television, internet, telecommunications, and other similar services.

Currently, JEA provides electric, natural gas, propane gas, wastewater, and water services to its customers. These services, with the exception of propane gas, are regulated monopoly or non-competitive type services. JEA provides these services through four divisions: Electric, Gas, Wastewater, and Water.

JEA plans to provide cable service directly to customers, internet service to customers, either directly or through a non-affiliate Internet Service Provider ("ISP"), and wholesale transport service to non-affiliate Competitive Local Exchange Carriers ("CLEC's") who, in turn, will provide telephone service to end-use customers. JEA will provide these services through a Telecommunications Division. JEA formed a Telecommunications Division to achieve organizational and accounting separation from its monopoly services. JEA will establish separate operating divisions within the Telecommunications Division for cable television, internet, and telephone related services

The cable and internet services are competitive services JEA will provide these services under its private act.

The telephone service is also a competitive service. However, the Tennessee Regulatory Authority ("TRA") regulates this service in the same manner as it regulates the service for other certificated providers of the service JEA will provide this service under its private act

PURPOSE

JEA has allocated costs among its divisions since its formation JEA developed this Cost Allocation Manual ("CAM") due to its expansion into the competitive service market. The CAM describes the cost allocation concepts adopted by JEA as well as the methodology used to allocate costs The CAM provides JEA management with an equitable process to reduce the potential for cross-subsidization of services and to present a reasonable financial record of each utility service JEA will review the methodology employed in this manual on at least an annual basis Changes in this manual must receive prior approval from JEA management through written justification and documentation

The goals of the allocation methodology included in this manual are to.

1 Ensure just and reasonable rates for the ratepayers of the monopoly services.
2. Prevent or limit, to the extent possible, any cross-subsidization between the monopoly services and the Telecommunications Division.
3. Minimize the time and expense necessary to record and audit the transactions.

JEA maintains a separate system of accounts for each of the services it provides. This allows JEA to identify and record transactions related to each service. Using this information, JEA can prepare financial statements showing the financial position and results of operations for each division.

Costs assigned to and allocated to each division shall be at fully allocated costs. In the case of an annual charge for facilities or assets, the fully allocated costs should include in lieu of taxes, depreciation expense, maintenance expense, insurance expense, and a return on the investment in the asset. In the case of personnel, the fully allocated cost should include salaries/wages, all employee benefits, payroll taxes, insurance, pension, and post-retirement benefits other than pension.

ALLOCATION OF COSTS

The general concepts followed in this manual are discussed below.

- JEA will directly assign costs to a specific division and/or business unit whenever possible.
- Costs that cannot be directly assigned to a specific division and/or business unit will be described as common costs. JEA will group common costs into cost centers designed to facilitate the proper allocation of costs among divisions and/or business units in accordance with the following hierarchy:

    - JEA will allocate, whenever possible, common cost categories based on direct analysis of the origin of the costs themselves.
    - When direct analysis is not possible, JEA will allocate common cost categories based on an indirect, cost-causative linkage to another category (or group of cost categories) for which a direct assignment or allocation is available.
    - When neither direct nor indirect measures of cost causation can be identified, JEA will allocate the cost category using a general allocator The numerator of the general allocator is all operation and maintenance expenses directly assigned or attributed to each service, excluding cost of electricity, gas, and programming, and the denominator is the total operation and maintenance expense of JEA, excluding cost of electricity, gas, and programming

- For loans made by one division and/or business unit to another, JEA will charge the higher of the highest rate of interest earned on invested funds or the highest rate of interest paid on outstanding bonds.

- The Telephone Business Unit of the Telecommunications Division will make in lieu of tax payments and will record state, local, and federal taxes in accordance with TCA section 7-52-404.

- The Cable Business Unit and Internet Business Unit of the Telecommunications Division will make tax payments in accordance with TCA section 7-52-606

DEFINITIONS

Affiliates – a branch, division, or subsidiary of a company. A company effectively controlled by another company

Audit Engagement – an attestation engagement in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party

Cost Allocation Manual ("CAM") – an indexed compilation and documentation of a company's cost allocation policies and related procedures.

Cost Allocations – the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as General Allocators)

Common Costs – costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

Cost Driver – a measurable event or quantity that influences the level of costs incurred and that can be directly traced to the origin of the costs themselves.

Direct Costs – costs that can be specifically identified with a particular service or product.

Division – as used in this manual means the Electric Division, the Natural Gas Division, the Telecommunications Division, the Wastewater Division, or the Water Division.

Fully Allocated Costs – the sum of the direct costs plus an appropriate share of indirect costs.

Indirect Costs – costs that cannot be identified with a particular service or product This includes, but is not limited to, overhead costs, administrative and general costs, and taxes.

Non-Regulated – that which is not subject to regulation by regulatory authorities A good or service may be non-regulated because it has never been regulated Or, a good or service may cease to be regulated for different causes. Examples include the following:

- Deregulation
- A change in the regulator's approach to setting rates from cost-based rate making to another form of regulation.
- Increasing competition that limits the enterprise's ability to sell utility services or products at rates that will recover costs
- Regulatory actions resulting from resistance to rate increases that limit the enterprise's ability to sell utility services or products at rates that will recover costs if the enterprise is unable to obtain (or chooses not to seek) relief from prior regulatory actions through appeals to the regulator or the courts.

The Telecommunications Division and the business units under it, along with the Propane Business Unit, are considered non-regulated (unregulated) in this manual.

Prevailing Market Price – a generally accepted market value that can be substantiated by auction, appraisal, or clearly comparable transactions

Regulated – the operations of an enterprise are regulated if all of the following conditions are met.

- the enterprise's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- the regulated rates are designed to recover the specific enterprise's costs of providing the regulated services or products.

- in view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers.

The Electric Division, the Natural Gas Business Unit, the Wastewater Division, and the Water Division are considered regulated in this manual.

Subsidization – the recovery of costs from one class of customers or business unit that are attributable to another class of customers or business unit.

TRANSACTIONS WITH AFFILIATES

JEA will record goods or services provided pursuant to a tariff among affiliates in the appropriate revenue and expenses accounts at the tariffed rate JEA will record the transfer or sale of non-tariffed goods or services that are provided among affiliates and provided to unaffiliated outside parties, at the market rate JEA will record the transfer or sale of non-tariffed goods or services that are not provided to unaffiliated outside parties, among affiliates at fully distributed cost.

JEA will record assets sold or transferred pursuant to a tariff among affiliates in the appropriate accounts at the tariffed rate. JEA will record charges for assets purchased or transferred among affiliates in the appropriate accounts at the invoice price if that price is determined by a prevailing price held out to the general public in the normal course of business. If a tariff or a prevailing price is not available, JEA will record assets sold or transferred among regulated divisions at net book cost. If a tariff or prevailing price is not available, JEA will record assets sold or transferred from a nonregulated affiliate to a regulated affiliate, at the lower of net book value or estimated fair market value If a tariff or prevailing price is not available, JEA will record assets sold or transferred from a regulated affiliate to a nonregulated affiliate at the higher of net book value or estimated fair market value of the asset.

BALANCE SHEET ACCOUNTING

Cash

JEA will maintain a cash account in its general ledger for each division and business unit. JEA will record all monies collected by a division or business unit to the appropriate general ledger account. JEA will record all payments applicable to a division or business unit in the appropriate general ledger account.

Accounts Receivable

Each division and business unit will maintain its own accounts receivable. JEA will record both billings and payments in the appropriate receivable account.

Payables

Each division and business unit will maintain its own accounts payable JEA will record both invoices received and payments made in the appropriate payable account.

Materials

Each division and business unit will maintain its own inventory accounts. JEA will record assets subject to inventory in the appropriate accounts as received.

Plant Assets

Each division and business unit will maintain its own plant accounting system. JEA will record utility plant in the appropriate plant account when it places plant in service.

Plant Leased to Telecommunications Division

JEA will lease poles for pole attachments to the Telecommunications Division at the highest rate paid by an outside party for comparable pole attachments JEA will lease any other items currently leased to other entities to the Telecommunications Division at the highest rate paid by an outside party for the comparable leased item JEA will develop a rate for other leased plant that fully recovers the depreciation, maintenance, and other loaded costs of the asset used. For example, JEA will lease floor space in the general office building on a per-square-foot basis

Construction Work in Progress

JEA uses a comprehensive work order system that captures the cost of materials, labor, vehicles, heavy equipment, benefits, and other items related to construction activities. JEA will identify construction activity by division and business unit and will record the activity to the appropriate account.

Depreciation

JEA will record depreciation by division and business unit. Depreciation rates will reflect industry normal life spans.

Amortization

JEA will amortize non-tangible assets and assets such as capitalized software over industry normal life spans

Accounting for Revenues and Expenses

Revenues

JEA will record revenues for each division and business unit to the appropriate revenue accounts using the accrual basis of accounting

Cost Centers

JEA utilizes cost centers to assign their employees work activities and other costs. The cost centers are:

- Administration
- Human Resources
- Engineering
- Distribution
- Information Systems
- Finance and Accounting
- Operations
- Business Development
- Customer Service

JEA employs approximately 375 people. Of this amount, approximately 230 employees directly assign their time as worked to a division and/or business unit using daily time sheets. Of the remaining 125 employees, approximately 20 are assigned directly to a division or business unit. The remaining number work with more than one division and/or business on a daily basis. Using time sheets for these employees is impracticable JEA will develop percentages to use to allocate the time of these employees It will develop these percentages by time studies or other appropriate indicators JEA will update the percentages no less frequently than annually It will revise the labor allocations whenever work assignments or other pertinent circumstances change

JEA will allocate training hours and time spent away from work due to sick leave, holidays, vacations, weather related unassigned time, etc. to the divisions and/or business units using the same percentages as the labor dollars of each cost center.

JEA will directly assign other expenses to the appropriate division or business unit wherever possible When this is not possible, JEA will allocate other expenses to each division or business unit using the same percentages as the labor dollars for that department.

JEA will allocate payroll tax expense using the same percentages as the total labor dollars JEA will allocate employee insurance expense based on straight-time payroll hours for eligible employees.

JEA will allocate property and liability insurance expense on the same basis as the insured item As examples, JEA will allocate property insurance based on the assets insured. JEA will allocate insurance on vehicles based on vehicle ownership. Some insurance premiums will have no directly assignable basis. JEA will use the General Allocator for these items.

Administration Cost Center

JEA will allocate the common costs in Department 10, Department 20, and Department 30 using the General Allocator.

Human Resources Cost Center

JEA will allocate the common costs in Department 100 using an allocation factor based on straight-time payroll hours charged to each division or business unit

Engineering Cost Center

JEA will allocate the common costs in Department 200 using an allocation factor based on the prior year assignment of the engineers' time.

JEA will allocate the common costs in Department 250 based on a composite of the straight-time payroll hours of the department.

Distribution Cost Center

JEA will allocate the common costs in Department 300 based on a composite of the straight-time payroll hours of the department

JEA will allocate the common costs in Department 310 using a composite of the straight-time payroll hours of departments 310 through 317

JEA will allocate the common costs in Department 320 using a composite of the straight-time payroll hours in Department 321.

JEA will allocate the common costs in Department 350 using a composite of the straight-time payroll hours in departments 351 through 359.

JEA will allocate the common costs in Department 380 using a composite of the straight-time payroll hours in Department 380.

JEA will allocate the common costs in Department 390, 391, and 392 using materials and supplies transactions, excluding office supplies.

Information Systems Cost Center

JEA will allocate the common costs in Department 500 using a composite of Department 510, Department 520, Department 530, Department 540, and Department 550.

JEA will allocate the common costs in Department 510 using a composite of Department 511 and Department 512

JEA will allocate the common costs in Department 511 based on the telephone and cell phone use by division and business unit.

JEA will allocate the common costs in Department 512, Department 530, Department 540, and Department 550 based on personal computer use by division and business unit

JEA will allocate the common costs in Department 520 based on GIS computer use by division and business unit.

Finance and Accounting Cost Center

JEA will allocate the common costs in Department 600, Department 610, and Department 620 using a composite of Department 611, Department 612, and Department 613.

JEA will allocate the common costs in Department 611 based on the number of general ledger entries associated with each division and business unit

JEA will allocate the common costs in Department 612 based on the number of accounts payable transactions associated with each division and business unit.

JEA will allocate the common costs in Department 613 using payroll hours by division and business unit.

Operations Cost Center

JEA will allocate the common costs in Department 700 based on a composite of all of the Engineering Cost Center, Department 710, Department 720, Department 730, Department 740, and Department 790.

JEA will allocate the common costs in Department 712 using utility services

JEA will allocate the common costs in Department 720 using a composite of the straight-time payroll hours of Department 725.

JEA will allocate the common costs in Department 730 using a composite of the straight-time payroll hours of departments 732 through 734.

JEA will allocate the common costs in Department 740 using a composite of the straight-time payroll hours of departments 741 through 743

JEA will allocate the common costs in Department 790 using a composite of the straight-time payroll hours of Department 791 and Department 795.

<u>Business Development Cost Center</u>

JEA will allocate the common costs in Department 800 based on the composite of all employees in the Business Development Cost Center

JEA will allocate the common costs in Department 810 using a weighting of the number of customers and the marketing allocator.

<u>Customer Service Cost Center</u>

JEA will allocate the common costs in Department 900 based on the composite of Department 910, Department 940, Department 970, and Department 990

JEA will allocate the common costs in Department 917, Department 920, Department 921, and Department 922 using utility services

JEA will allocate the common costs in Department 930 using revenue

JEA will allocate the common costs in Department 910 based on a composite of Department 915, Department 920, and Department 930.

JEA will allocate the common costs in Department 950 based on a composite of Department 945.

JEA will allocate the common costs in Department 915 based on a composite of Department 916 and Department 917.

JEA will allocate the common costs in Department 916 using normal hours service order ratio.

JEA will allocate the common costs in Department 960 using a composite of the time charged by meter readers

JEA will allocate the common costs in Department 970 using a composite of Department 970.

JEA will allocate the common costs in Department 971 based on new customers added

JEA will allocate the common costs in Department 940 using a composite of Department 942, Department 960, and Department 990

CODE OF CONDUCT

Regulatory Compliance

The telephone business unit of the Telecommunications Division of JEA will be subject to all rules and regulations of the TRA in the same manner and to the same extent as other similar telecommunications providers, including without limitation, rules and orders governing anti-competitive practices.

Treatment of Similarly Situated Parties

JEA will process all similar requests for the services of its divisions and business units in the same manner and within the same time-period whether requested on behalf of an affiliate of JEA or a third party.

Billing and Collection for Telecommunication Services

JEA will offer billing, payment, and collection services to all CLEC's using its system to provide telephone and/or Internet service. JEA will also offer credit and collection services to all CLEC's using its system to provide telephone and/or Internet service. JEA will charge the same unit fee to each CLEC that uses these services.

Promotional Inserts in Bills

JEA may allow promotional materials or advertising by CLEC's as inserts in the envelope of the monthly bills mailed to its customers. JEA will charge the same unit fee to each CLEC that uses this service.

Anti-Competitive Inducements

JEA shall not state in any advertising, promotional materials, or sales efforts, that consumers who purchase products or services from its non-regulated division will receive preferential treatment in the provision of services from any of its regulated divisions or that any benefits will inure to customers receiving services from regulated divisions resulting from their dealings with any of its non-regulated divisions.

Loans and Credit Guarantees

The telephone business unit may not obtain credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of JEA's regulated divisions.

General Code of Conduct Provisions

JEA may not discriminate between the telephone business unit and any other entity in the provision or procurement of goods, services, and information from its regulated divisions, or in the establishment of standards.

JEA shall account for all transactions with the telephone business unit in accordance with generally accepted accounting principles or accounting principles established by the Federal Communications Commission or the TRA

REPORTING REQUIREMENTS

The telephone business unit of JEA shall report to the TRA on an annual basis:

1 the name and address of all affiliated entities;

2. all contracts entered into with affiliated entities, and all transactions undertaken with any affiliates without a written contract, excluding allocation of costs;

3 the amount of affiliate transactions by affiliate by account charged,

4 the basis used to record affiliate transactions (i.e. book value, fair market value, tariff, fully distributed cost);

5 total costs allocated or charged back to each division;

6 updates of the allocation factors used to allocate costs among the divisions and business units;

7 the financial statement data, as recorded for each JEA division and business unit, in whatever format the TRA requires, including a copy of JEA's audited financial statements,

8. a computation of all tax allocations for regulatory purposes as follows:

   a Property Taxes. Computation will be in accordance with TCA section 7-52-404.

   b Sales Taxes. Computation will be the purchase of taxable goods and services during the reporting period multiplied by the applicable sales tax rate

   c Other State and Local Taxes Computation will be based on applicable tax code

   d Federal Income Tax Calculations will involve using the current federal corporate income tax rate multiplied by the net taxable income of the telephone business unit JEA will make adjustments and deferments to taxes as appropriate and as used by other entities. For example, taxes will be calculated using allowable tax depreciation rather than book depreciation.

JEA shall maintain books of account and supporting documentation in sufficient detail to permit verification of compliance with the cost assignment and allocation principles and the Code of Conduct approved by the TRA.

The TRA may order an audit performed no more frequently than on an annual basis of all matters deemed relevant by the selected auditor. JEA and its affiliated divisions will cooperate fully with all requests necessary to perform the audit. The selected auditor will provide the audit report to the TRA on or before six (6) months after the onset of the audit. The selected auditor will provide the audit report to JEA on or before sixty-days (60 days) thereafter.

JEA maintains an internal audit staff The internal audit staff will test, no less often than quarterly, the compliance of the telephone business unit with the conditions set forth herein or supplemental conditions or provisions ordered by the TRA. JEA will make any written findings or work papers associated with such compliance tests available to the TRA

The internal auditors of JEA will issue a statement detailing JEA's compliance with the Code of Conduct on an annual basis.

The TRA shall have access to personnel of the telephone business unit who will be capable of responding to TRA inquiries with respect to, but not limited to, affiliate transactions and the nature of direct and indirect charges and billings between affiliates

Appendix A

JACKSON ENERGY AUTHORITY

Definition of Allocators

General Allocator – percentage derived from a fraction the numerator of which is all operation and maintenance expense directly assigned, indirectly assigned, or attributed to each division and/or business unit, excluding the cost of electricity, gas, and programming, and the denominator of which is the total operation and maintenance expense of JEA, excluding the cost of electricity, gas, and programming

Straight-Time Payroll Hours by Division – percentage derived from a fraction the numerator of which is the straight-time payroll hours directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of JEA

Materials and Supplies Inventory Transactions – percentage derived from a fraction the numerator of which is the number of materials and supplies inventory transactions, excluding office supplies, recorded for each division and/or business unit and the denominator of which is the total number of materials and supplies inventory transactions, excluding office supplies, of JEA

PC Computer Use by Division – percentage derived from a fraction the numerator of which is the straight-time payroll hours, of employees assigned personal computers, directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of employees who are assigned personal computers

Telephone Use by Division – percentage derived from a fraction the numerator of which is the straight-time payroll hours, of employees assigned telephones and/or cellular telephones, directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of employees assigned telephones and/or cellular telephones.

GIS Use by Division – percentage derived from a fraction the numerator of which is the straight-time payroll hours, of employees assigned GIS computers, directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of employees assigned GIS computers.

Number of General Ledger Entries – percentage derived from a fraction the numerator of which is the number of general ledger entries for each division and/or business unit and the denominator of which is the total general ledger entries of JEA.

Accounts Payable Transactions – percentage derived from a fraction the numerator of which is the number of accounts payable transactions for each division and/or business unit and the denominator of which is the total accounts payable transactions of JEA.

Payroll Hours – percentage derived from a fraction the numerator of which is the number of payroll hours for each division and/or business unit and the denominator of which is the total payroll hours of JEA.

Utility Services – percentage derived from a fraction the numerator of which is the number of services billed by each division and/or business unit and the denominator of which is the total services billed by JEA. This allocator approximates lines of billing.

Customers – percentage derived from a fraction the numerator of which is the number of customers of each division and or business unit and the denominator of which is the total customers of JEA

Marketing – percentages directly assigned of 25 percent for the Electric, Gas, and Telecommunications divisions and 12.5 percent for the Wastewater and Water divisions The percentages directly assigned to each division prior to the start-up of the Telecommunications Division are 33 percent to the Electric and Gas divisions and 17 percent to the Wastewater and Water divisions.

Revenue – percentage derived from a fraction the numerator of which is the revenue of each division and/or business unit and the denominator of which is the total revenue of JEA.

Normal Hours Service Order Ratio – percentage derived from a fraction the numerator of which is the number of service orders for each division and/or business unit and the denominator of which is the total number of service orders taken during normal business hours for JEA

New Customers Added – percentage derived from a fraction the numerator of which is the new customers added for each regulated division and/or business unit, including the propane business unit, and the denominator of which is the total new customers added for the four regulated division, including the propane business unit, as recorded by the New Accounts Department

Prior Year Engineering Allocation – percentage derived from a fraction the numerator of which is the prior year Engineering Cost Center costs directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total prior year Engineering Cost Center costs

Composite of Straight-Time Payroll Hours in Department 250 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 250 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 250 Department 250 is the drafting department, the employees of which charge their time as worked.

Composite of Straight-Time Payroll Hours In Department 300 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 300 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 300.

Composite of Straight-Time Payroll Hours In Departments 310 through 317 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 310 through 317 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 310 through 317.

__Composite of Straight-Time Payroll Hours In Department 321__ – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 321 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 321.

__Composite of Straight-Time Payroll Hours In Departments 351 through 359__ – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 351 through 359 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 351 through 359.

__Composite of Straight-Time Payroll Hours in Department 380__ – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 380 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Department 380.

__Composite of Straight-Time Payroll Hours in Departments 510, 520, 530, 540, and 550__ – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 510, 520, 530, 540, and 550 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 510, 520, 530, 540, and 550

__Composite of Straight-Time Payroll Hours In Departments 511 and 512__ – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 511 and 512 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 511 and 512.

Composite of Straight-Time Payroll Hours in Departments 611, 612, and 613 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 611, 612, and 613 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 611, 612, and 613

Composite of Straight-Time Payroll Hours in the Operations Cost Center and Departments 710, 720, 730, 740, and 790 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in the Operations Cost Center and in departments 710, 720, 730, 740, and 790 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of the Operations Cost Center and departments 710, 720, 730, 740, and 790.

Business Development – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in the Business Development Cost Center directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of the Business Development Cost Center.

Composite of Customers and Marketing – percentage derived from the sum of a 40 percent weighting of the customer allocator and a 60 percent weighting of the marketing allocator for each division and/or business unit.

Composite of Straight-Time Payroll Hours in Departments 910, 940, 970, and 990 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 910, 940, 970, and 990 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 910, 940, 970, and 990.

Composite of Straight-Time Payroll Hours in Departments 915, 920, and 930 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 915, 920, and 930 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 915, 920, and 930

Composite of Straight-Time Payroll Hours for all Customer Service Representatives and in Department 917 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each customer service representative and each employee in Department 917 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of customer service representatives and each employee in Department 917.

Composite of Straight-Time Payroll Hours in Departments 945, 950, and 960 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 945, 950, and 960 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 945, 950, and 960.

Composite of Straight-Time Payroll Hours in Department 945 – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Departments 945 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of Departments 945.

Composite of Meter Readers – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in Department 960 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of each employee in Department 960.

Appendix A

<u>Composite of Straight-Time Payroll Hours In Departments 971 and 972</u> – percentage derived from a fraction the numerator of which is the straight-time payroll hours of each employee in departments 971 and 972 directly assigned, indirectly assigned, or attributed to each division and/or business unit and the denominator of which is the total straight-time payroll hours of departments 971 and 972

Cost Allocation Factors Summary

Fiscal Year 2004

Dept #	Job Title	Allocation Method	Pre-Startup July 2003 - February 2004 Electric	Gas	Water	Waste Water	Telecom	After Startup Mar 2004 - June 2004 Electric	Gas	Water	Waste Water	Telecom
Administration·												
10	President & CEO	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Corporate Secretary	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Sr VP-Administration	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Administrative Clerk	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
10	Sr VP & CFO	General Allocator	27.2%	22.4%	21.2%	23.2%	8.0%	27.2%	22.4%	21.2%	23.2%	6.0%
10	General Counsel	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
20	Board of Directors	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
30	Security Director	General Allocator	27.2%	22.4%	21.2%	23.2%	6.0%	27.2%	22.4%	21.2%	23.2%	6.0%
Human Resources												
100	VP-Human Resources	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Benefits & Empl Relations Coord	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.8%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Safety Coordinator	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Secretary	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Adm & Emp Coordinator	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Administrative Clerk-PT	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
100	Training & Dev Coordinator	Straight time payroll hours by Division	29.3%	26.8%	23.1%	19.6%	1.1%	28.2%	25.8%	22.2%	18.8%	5.0%
Engineering												
200	Secretary	Prior Year Engineering Allocation	25.9%	31.1%	24.8%	18.3%	0.0%	25.9%	31.1%	24.8%	18.3%	0.0%
250	Supervisor, Maps & Records	Composite of straight time PR hrs in Depart 250	24.8%	25.3%	26.7%	23.1%	0.0%	24.9%	25.3%	26.7%	23.1%	0.0%
Distribution												
300	VP-Distribution	Composite weighted avg ST PR hrs in Dept 300	31.3%	25.6%	28.5%	14.6%	0.0%	28.5%	24.9%	27.7%	14.4%	4.5%
300	Secretary	Composite weighted avg ST PR hrs in Dept 300	31.3%	25.6%	28.5%	14.6%	0.0%	28.5%	24.9%	27.7%	14.4%	4.5%
300	Administrative Clerk	Composite weighted avg ST PR hrs in Dept 300	31.3%	25.6%	28.5%	14.6%	0.0%	28.5%	24.9%	27.7%	14.4%	4.5%
310	Electric Distribution Supt	Composite of ST PR hrs in Depts 310-317	100.0%	0.0%	0.0%	0.0%	0.0%	95.3%	0.0%	0.0%	0.0%	4.7%
320	Project Coordinator Supt	Composite of ST PR hrs in Dept 321	16.6%	28.1%	34.7%	20.6%	0.0%	16.6%	28.1%	34.7%	20.6%	0.0%
350	Water Distribution Supt	Composite of ST PR hrs in Dept 351-359	0.0%	0.0%	65.8%	34.2%	0.0%	0.0%	0.0%	65.8%	34.1%	0.0%
380	Fleet Maintenance Supt	Composite of ST PR hrs in Dept 380	33.3%	30.5%	19.0%	17.2%	0.0%	33.3%	30.5%	19.0%	17.2%	0.0%
390	Manager-Purchasing & Store	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.8%	5.7%	2.2%
390	Storeroom Helper-PT	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.6%	5.7%	2.2%
390	Senior Buyer	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.6%	5.7%	2.2%
390	Buyer	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.6%	5.7%	2.2%
391	Warehouse Supervisor	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.6%	5.7%	2.2%
391	Storekeeper Distribution	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.6%	5.7%	2.2%
391	Stores Helper-PT	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.8%	5.7%	2.2%
392	Storekeeper Supply Room	M&S Inventory Transactions - less office supplies	48.4%	22.8%	23.1%	5.8%	0.0%	47.3%	22.3%	22.6%	5.7%	2.2%
Information Systems												
500	VP-Information Systems	Comp Weighted Avg (510,520,530,540,550)	29.3%	26.9%	21.2%	20.4%	2.2%	25.0%	23.0%	18.2%	17.4%	16.4%
510	Manager of Operations	Comp Weighted Avg. (511, 512)	29.4%	27.6%	21.4%	19.8%	1.8%	27.3%	25.7%	20.0%	18.4%	8.5%

Cost Allocation Factors Summary

Fiscal Year 2004

Dept #	Job Title	Allocation Method	Pre-Startup July 2003 - February 2004 Electric	Gas	Water	Waste Water	Telecom	After Startup Mar 2004 - June 2004 Electric	Gas	Water	Waste Water	Telecom
511	Tele Adminstrator/Comp Oper	Telephone & Cell phone use by Division	29 6%	28 7%	22 2%	18 0%	1 5%	26 7%	26 3%	20 3%	16 2%	10 5%
512	AS/400 Analyst	PC Computer use by Division	29 3%	26 2%	20.8%	21 8%	1 9%	27 9%	25 1%	19 8%	20 7%	6 5%
520	Supervisor-GIS/SCADA	GIS Computer Use by Division	29 3%	27 9%	23 3%	15 9%	3 7%	28 3%	26 9%	22 9%	16 0%	6 1%
530	Supervisor-Networks	PC Computer use by Division	29 3%	26 2%	20 8%	21 8%	1 9%	27 9%	25 1%	19 8%	20 7%	6 5%
530	Technician	PC Computer use by Division	29 3%	26 2%	20 8%	21 8%	1 9%	27 9%	25 1%	19 8%	20 7%	6 5%
540	Supervisor-Application Develop	PC Computer use by Division	29 3%	26 2%	20 8%	21 8%	1 9%	27 9%	25 1%	19 8%	20 7%	6 5%
550	Manager-System Integration	PC Computer use by Division	29 3%	26 2%	20 8%	21 8%	1 9%	27 9%	25 1%	19 8%	20 7%	6 5%
Finance & Accounting·												
600	VP-Internal Control	Comp Weighted Avg (611, 612, 613)	29 1%	26 6%	23 1%	20 7%	0 5%	28 3%	25 9%	22.4%	20 1%	3 3%
610	Manager-Accounting	Comp Weighted Avg (611, 612, 613)	29 1%	26 6%	23 1%	20 7%	0 5%	28 3%	25 9%	22 4%	20 1%	3 3%
611	Accounting System Analyst	No of Gen Ledger Entries	28 9%	26 4%	23 4%	21 0%	0 3%	28 1%	25 7%	22 8%	20 5%	2 9%
611	Acct Assoc I-PT	No of Gen Ledger Entries	28 9%	26 4%	23 4%	21 0%	0 3%	28 1%	25 7%	22 8%	20 5%	2 9%
611	Acct Assoc II	No of Gen Ledger Entries	28 9%	26 4%	23.4%	21 0%	0 3%	28 1%	25 7%	22.8%	20 5%	2 9%
611	Acct. Assoc III	No of Gen Ledger Entries	28 9%	26 4%	23 4%	21 0%	0 3%	28 1%	25 7%	22.8%	20 5%	2 9%
611	Staff Accountant-Plant	No of Gen Ledger Entries	28 9%	26 4%	23 4%	21 0%	0 3%	28 1%	25 7%	22 8%	20 5%	2 9%
612	Staff Accountant-Accts Payable	A/P transactions/per Division	29 3%	27 0%	22 6%	20 9%	0.3%	28 5%	26 3%	22 0%	20 3%	2 9%
612	Acct. Assoc I-Accts Payable	A/P transactions/per Division	29 3%	27 0%	22 6%	20 9%	0 3%	28 5%	26 3%	22.0%	20 3%	2 9%
613	Staff Accountant-Payroll	Payroll hours by Division	29 4%	26 6%	23 0%	20 0%	1 1%	28 3%	25 8%	22 1%	19 2%	4 6%
613	Accounting Assoc II-Payroll	Payroll hours by Division	29 4%	26 6%	23 0%	20 0%	1 1%	28 3%	25 8%	22 1%	19 2%	4 6%
613	Acct. Assoc I-PT-Payroll	Payroll hours by Division	29 4%	26 6%	23 0%	20 0%	1 1%	28 3%	25 8%	22 1%	19 2%	4 6%
620	Manager-Finance	Comp Weighted Avg (611, 612, 613)	29 1%	26 6%	23 1%	20 7%	0 5%	28 3%	25 9%	22.4%	20 1%	3 3%
620	Financial Analyst	Comp Weighted Avg (611, 612, 613)	29 1%	26 6%	23 1%	20 7%	0 5%	28 3%	25 9%	22 4%	20 1%	3 3%
620	Administrative Clerk-PT	Comp Weighted Avg (611, 612, 813)	29 1%	26 6%	23 1%	20 7%	0 5%	28 3%	25 9%	22.4%	20 1%	3 3%
Operations:												
700	VP-Engineering & Operations	Comp Weighted Avg (200, 710,720,730, 740, 790)	25 9%	16 8%	25 5%	31 8%	0 0%	25 6%	16 5%	25 0%	31 2%	1 7%
712	System Dispatcher	Utility Services	30 7%	24 2%	25 2%	19 9%	0 0%	30 2%	23 7%	24 7%	19 6%	1 8%
720	Plant Maintenance Supt	Average Plant Maintenance (725)	0 0%	0 0%	40 2%	59 8%	0 0%	0 0%	0 0%	40 2%	59 8%	0 0%
730	Treatment Operations Supt	Comp Weighted Avg 732-734	0 0%	0 0%	21 0%	79 0%	0 0%	0 0%	0 0%	21 0%	79 0%	0 0%
730	Secretary	Comp Weighted Avg 732-734	0 0%	0 0%	21 0%	79 0%	0 0%	0 0%	0 0%	21 0%	79 0%	0 0%
740	Instrument & Regulation Supt	Comp Weighted Avg 741-743	36 8%	32 3%	24 0%	6 9%	0 0%	36 8%	32 3%	24 0%	6 9%	0 0%
790	Building & Grounds Supt	Comp Weighted Avg 791, 795	46 2%	12 0%	31 3%	10 5%	0 0%	46 2%	12 0%	31 3%	10 5%	0 0%
Business Development												
800	VP-Business Development	Average Business Develop (800)	28 0%	27 4%	19 2%	17 0%	8 3%	12 7%	12 5%	9 0%	7 9%	57 9%
800	Secretary	Average Business Develop (800)	28 0%	27 4%	19 2%	17 0%	8 3%	12 7%	12 5%	9 0%	7 9%	57 9%
810	Communications Coordinator	Number of Customers/Marketing Split	30 6%	29 9%	20 9%	18 6%	0 0%	25 5%	24 9%	18.0%	15 7%	15 9%
810	Commercial Relations Coordin	Number of Customers/Marketing Split	30 6%	29 9%	20 9%	18 6%	0 0%	25 5%	24 9%	18 0%	15 7%	15 9%
810	Industrial Relations Manager	Number of Customers/Marketing Split	30 6%	29 9%	20 9%	18 6%	0 0%	25 5%	24 9%	18 0%	15 7%	15 9%
810	Technical Services Coordin	Number of Customers/Marketing Split	30 6%	29 9%	20 9%	18 6%	0 0%	25 5%	24 9%	18 0%	15 7%	15 9%
810	Environmental Coordin	Number of Customers/Marketing Split	30 6%	29 9%	20 9%	18 6%	0 0%	25 5%	24 9%	18 0%	15 7%	15 9%
810	Mktg Coordinator	No of Customers/Mktg Split--100% TC after start-up	30 6%	29 9%	20 9%	18 6%	0 0%	0 0%	0 0%	0 0%	0 0%	100 0%

Cost Allocation Factors Summary

Fiscal Year 2004

Dept #	Job Title	Allocation Method	Pre-Startup July 2003 - February 2004 Electric	Gas	Water	Waste Water	Telecom	After Startup Mar 2004 - June 2004 Electric	Gas	Water	Waste Water	Telecom
Customer Service												
900	VP-Customer Service	Comp Weighted Avg (910, 940, 970, 990)	27 8%	42 6%	17 1%	12 5%	0 0%	27 0%	39.9%	16 4%	12 1%	4.6%
900	Secretary	Comp Weighted Avg (910, 940, 970, 990)	27 8%	42 6%	17 1%	12 5%	0 0%	27 0%	39 9%	16 4%	12 1%	4 6%
920	Supervisor-Cashiering	Utility Services	30 7%	24 2%	25 2%	19 9%	0 0%	30 2%	23 7%	24.7%	19 6%	1 8%
921	Courier	Utility Services	30 7%	24 2%	25 2%	19 9%	0.0%	30 2%	23 7%	24 7%	19 6%	1.8%
922	Customer Accounts Clerk	Utility Services	30 7%	24 2%	25.2%	19 9%	0 0%	30 2%	23 7%	24 7%	19 6%	1.8%
922	Cashier	Utility Services	30 7%	24 2%	25 2%	19 9%	0 0%	30 2%	23 7%	24 7%	19 6%	1 8%
922	Cashier-PT	Utility Services	30 7%	24 2%	25 2%	19 9%	0 0%	30 2%	23 7%	24 7%	19 6%	1 8%
930	Credit Analyst	Sales Revenue	63 7%	23 3%	6 4%	6 6%	0 0%	62 9%	23 0%	6 3%	6 5%	1 3%
930	Credit Representative	Sales Revenue	63 7%	23 3%	6 4%	6 6%	0 0%	62 9%	23 0%	6.3%	6 5%	1 3%
930	Credit Clerk	Sales Revenue	63 7%	23 3%	6 4%	6 6%	0 0%	62 9%	23 0%	6 3%	6 5%	1 3%
930	Credit Clerk-PT	Sales Revenue	63 7%	23 3%	6 4%	6 6%	0 0%	62 9%	23.0%	6 3%	6 5%	1 3%
910	Manager-Customer Services	Comp Weighted Avg (915, 920, 930)	32 8%	27 4%	23 0%	18 8%	0 0%	31 9%	25 8%	21.7%	16 0%	4 6%
915	Supervisor-Customer Services	Comp Weighted Avg CSR & Billing (916, 917)	29 6%	30 9%	23 8%	15 6%	0 0%	27.6%	27 8%	22 3%	15.1%	7 2%
916	CSR	Normal Hours Service Order Ratio	29 6%	30 9%	23 8%	15 7%	0 0%	27 2%	28 4%	21 9%	14 4%	8 1%
916	CSR-at home	Normal Hours Service Order Ratio	29 6%	30 9%	23 8%	15 7%	0.0%	27 2%	28 4%	21 9%	14 4%	8 1%
917	Billing Coordinator	Utility Services	30 7%	24 2%	25 2%	19.9%	0 0%	30 2%	23 7%	24 7%	19.6%	1 8%
917	Senior Billing Coordinator	Utility Services	30 7%	24 2%	25 2%	19 9%	0 0%	30 2%	23.7%	24 7%	19 6%	1 8%
940	Manager-Field Services	Comp Weighted Avg (945, 950, 960)	25 8%	47 9%	15.0%	11 3%	0 0%	24 2%	44 7%	14 1%	10 6%	6 4%
950	Service Dispatcher	Average Field Servicemen (945)	23 9%	55 0%	12 3%	8 9%	0 0%	21.6%	49 7%	11 1%	8 0%	9 6%
960	Supervisor-Meter Reading	Average Meter Readers (960)	29 4%	34 8%	20 1%	15 7%	0 0%	29 4%	34 8%	20.1%	15 7%	0 0%
960	Billing Coordinator-Meters	Average Meter Readers (960)	29 4%	34 8%	20 1%	15 7%	0 0%	29 4%	34 8%	20 1%	15 7%	0 0%
970	Manager-New Acct Services	Comp Weighted Avg Dept 971, 972	38 9%	38 2%	14 8%	10 1%	0 0%	36 9%	38 2%	14 8%	10 1%	0 0%
971	New Accounts CSR	New Customers added	27 0%	22 8%	23 8%	26 4%	0 0%	27 0%	22 8%	23.8%	26.4%	0 0%

Appendix C

Jackson Energy Authority

Fiscal Year 2004 Allocators

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
General Allocator (O&M)	27.2%	22 4%	21.2%	23.2%	6 0%	100 0%
Revenue	63.7%	23.3%	6.4%	6.6%	0 0%	100.0%
ST PR Hrs by Div	29.3%	26 9%	23 1%	19.6%	1 1%	100.0%
M&S Transactions	48.4%	22 8%	23 1%	5.8%	0.0%	100.0%
PC Use by Division	29 3%	26 3%	20.6%	21 8%	2.0%	100 0%
Telephone Use by Division	29 6%	28 9%	22 2%	17 8%	1.6%	100.0%
GIS Use by Division	29.3%	28 1%	23 3%	15 4%	3.9%	100.0%
A/P Transactions by Div	29.3%	27.0%	22.6%	20.9%	0.3%	100.0%
GL Transactions by Div	28.9%	26.4%	23.4%	21.0%	0.3%	100 0%
PR Hours by Division	29.4%	26.6%	23.0%	20 0%	1.1%	100.0%
Utility Services	30.7%	24.2%	25 2%	19.9%	0 0%	100 0%
Marketing	33.0%	33.0%	17.0%	17 0%	0 0%	100 0%
% Ownership of Building	33 0%	29 0%	22 0%	16 0%	0 0%	100 0%
Number of Customers	26 9%	25 4%	26 8%	21 0%	0 0%	100 0%
Normal Hrs Srv Order Ratio	29.6%	30 9%	23.8%	15 7%	0.0%	100 0%
New Customers Added	27 0%	22 8%	23.8%	26 4%	0 0%	100 0%

Appendix C

General Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Oper. & Maint Expense	$ 7,311,821	$ 6,015,601	$ 5,707,814	$ 6,239,861	$ 1,621,853	$ 26,896,949
Allocation per Division	**27.2%**	**22.4%**	**21.2%**	**23.2%**	**6.0%**	**100.0%**

FY 2004 cost allocations July - Feb with Telecom xls\gen allocator 7/14/2003

Revenue Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Revenue (2002)	94,336,915	34,482,834	9,436,898	9,740,135	-	$ 147,996,782
Allocation per Division	**63.7%**	**23.3%**	**6.4%**	**6.6%**	**0.0%**	**100.0%**

Appendix C

Straight Time Payroll Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
12 months - 2002	207,266 94	190,115.96	163,720 03	138,895 18	-	699,998 11
8 months prorated	138,039.78	126,617.23	109,037.54	92,504.19	-	466,198 74
Telecom 8 months						
Admin Hours					487.44	487.44
HR Hours					119 15	119.15
K Kersey					1,354.00	1,354.00
Headend Tech					1,354.00	1,354 00
Project Manager					1,354.00	1,354 00
Mkt Coord	223 41	223.41	115.09	115 09	677 00	1,354.00
Video Prod	446.82	446 82	230 18	230 18	-	1,354.00
Video Prod	446 82	446.82	230 18	230.18	-	1,354 00
	139,156.83	127,734.28	109,612.99	93,079 64	5,345.59	474,929 33
Allocation per Division	**29.3%**	**26.9%**	**23.1%**	**19.6%**	**1.1%**	**100.0%**

FY 2004 cost allocations July - Feb with Telecom xls\ST PR hrs by div, by dept 7/14/2003

Materials & Stores Allocator

Fiscal Year 2004

All Divisions

Accounting Period March - June, 2004

Inventory Transactions 1/1/02 thru 12/31/02 (no office supplies)

	Electric	Gas	Water	Wastewater	Telecom	Totals
Receipts	928	559	868	179	0	2,534
Invoices	922	567	861	157	0	2,507
Issues:					0	
Electric issues	11,074					11,074
Gas issues		6,579				6,579
Water issues			6,686			6,686
Wastewater issues				1,340		1,340
Returns	502	222	90	18	0	832
Transfers	4,048	186	36	48	0	4,318
Warehouse Credit Adjustments	112	46	6	9	0	173
Warehouse Debit Adjustments	151	98	9	12	0	270
Physical inv adjustments	648	405	211	433	0	1,697
Sales	1	0	0		0	1
Division totals	18,386	8,662	8,767	2,196		38,011
Allocation per Division	**48.4%**	**22.8%**	**23.1%**	**5.8%**	**0.0%**	**100.0%**

No transactions for Telecom in these accounting periods

PC Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
PC Users/Manhours 12-month totals	**114,594.16**	**102,682.14**	**81,049.49**	**85,725.67**	**0**	**384,051.46**
8-month system average	76,319 71	68,386.31	53,978.96	57,093.30	-	255,778.27
Telecom PCUsers						
Admin Hours	(144 68)	(132.99)	(113.75)	(96 02)	487 44	0 00
HR Hours	(35.40)	(32 52)	(27.77)	(23 47)	119 15	0 00
SVP-Telecom					1,354 00	1,354 00
Project Manager					1,354 00	1,354 00
Headend Tech	-	-	-	-	1,354 00	1,354 00
Mktg Coord	223 41	223 41	115 09	115 09	677 00	1,354 00
Video Prod	446 82	446 82	230 18	230 18	-	1,354 00
Video Prod	446 82	446 82	230.18	230 18		1,354 00
Total TC employees	936 98	951.54	433 93	455.97	5,345.59	8,124.01
Total 8 month usage	77,256.69	69,337.85	54,412.89	57,549.26	5,345 59	263,902 28
Allocation per Division	**29.3%**	**26.3%**	**20.6%**	**21.8%**	**2.0%**	**100.0%**

Phone Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
PC Phone/Manhours 12-month totals	149,596 38	145,713 29	112,545 75	89,867 22		497,722 64
8-month system average	99,631.19	97,045 05	74,955.47	59,851 57	-	331,483.28
Telecom PCUsers						
Admin Hours	(144.68)	(132 99)	(113 75)	(96 02)	487 44	0 00
HR Hours	(35.40)	(32.52)	(27 77)	(23 47)	119.15	0 00
SVP-Telecom					1,354.00	1,354.00
Project Manager					1,354 00	1,354.00
Headend Tech	-	-	-	-	1,354 00	1,354 00
Mktg Coord	223.41	223.41	115.09	115.09	677.00	1,354.00
Video Prod	446 82	446 82	230 18	230.18	-	1,354 00
Video Prod	446.82	446.82	230 18	230.18		1,354 00
Total TC employees	936.98	951.54	433.93	455.97	5,345.59	8,124.01
Total 8 month usage	100,568.17	97,996 59	75,389.40	60,307.54	5,345.59	339,607.28
Allocation per Division	**29.6%**	**28.9%**	**22.2%**	**17.8%**	**1.6%**	**100.0%**

GIS Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
GIS User/Manhours 12-month totals	33,046 97	31,683 05	26,335 82	17,406 83		108,472 67
8-month system average	22,009.28	21,100 91	17,539.66	11,592.95	0.00	72,242.80
Telecom PCUsers						
Admin Hours	(70 79)	(57.71)	(55.17)	(60 04)	243 72	0.00
SVP-Telecom					1,354.00	1,354.00
Project Manager					1,354.00	1,354.00
Total TC employees	(70.79)	(57.71)	(55 17)	(60.04)	2,951.72	2,708 00
Total 8 month usage	21,938 49	21,043 20	17,484 49	11,532.91	2,951.72	74,950 80
Allocation per Division	**29.3%**	**28.1%**	**23.3%**	**15.4%**	**3.9%**	**100.0%**

A/P, G/L & Payroll Allocators

Fiscal Year 2004

All Divisions

Accounting Period March - June, 2004

A/P Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
A/P Transactions-12 months	15,063	13,887	11,642	10,740	0	51,332
8 month average	10,032	9,249	7,754	7,153	-	34,187
Project Telecom 8 months					90	90
	10,032	9,249	7,754	7,153	90	34,277
Allocation per Division	**29.3%**	**27.0%**	**22.6%**	**20.9%**	**0.3%**	**100.0%**

G/L Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
G/L Transactions-12 months	122,294	111,727	98,913	89,010		421,944
8 month average	81,448	74,410	65,876	59,281	-	281,015
Project Telecom 8 months					744	744
	81,448	74,410	65,876	59,281	744	281,759
Allocation per Division	**28.9%**	**26.4%**	**23.4%**	**21.0%**	**0.3%**	**100.0%**

Total Payroll Hours Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
G/L Transactions-12 months	228,817	207,012	179,257	155,769	0	770,854
8 month average	152,392	137,870	119,385	103,742	-	513,389
Project Telecom 8 months					5,758	5,758
	152,392	137,870	119,385	103,742	5,758	519,147
Allocation per Division	**29.4%**	**26.6%**	**23.0%**	**20.0%**	**1.1%**	**100.0%**

Utility Services Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

11 Month Average Jan - Dec (except May)

Service Combination	Electric	Gas	Water	Wastewater	Telecom	Total
E	4,457					
EG	2,506	2,506				
EGS	7	7		7		
EGW	928	928	928			
EGWS	19,726	19,726	19,726	19,726		
EP	344	344				
EPW	13	13	13			
EPWS	8	8	8	8		
ES	8			8		
EW	292		292			
EWS	3,914		3,914	3,914		
G		1,529				
GS		2		2		
GW		2,623	2,623			
GWS		616	616	616		
P		1,634				
S		-		15		
SP		-				
W			2,134			
WP		869	869			
WS			1,243	1,243		
WSP		13	13	13		
Fixed Charges	7,920	749	506	502		
Total Inc. Fixed Charges.	40,123	31,568	32,885	26,055	-	130,631
Telecom Average : July-Feb					0	
Totals Including Telecom	40,123	31,568	32,885	26,055	-	130,631
Allocation per Division	**30.7%**	**24.2%**	**25.2%**	**19.9%**	**0.0%**	**100.0%**

Source Average of monthly AS400 Queries

Number of Customers Allocator

Fiscal Year 2004

All Divisions

Accounting Period March - June, 2004

	Month	Electric	Gas	Water	Wastewater	Telecom	Total
	Jan-02	31,765	29,950	31,546	24,736		117,997
	Feb-02	31,858	29,998	31,588	24,799		118,243
	Mar-02	31,887	30,045	31,577	24,784		118,293
	Apr-02	31,941	30,089	31,757	24,906		118,693
	May-02	31,966	30,137	31,810	24,933		118,846
	Jun-02	32,047	30,185	31,890	24,986		119,108
	Jul-02	32,105	30,235	31,962	25,043		119,345
	Aug-02	32,134	30,291	32,007	25,084		119,516
	Sep-02	32,139	30,333	32,058	25,082		119,612
	Oct-02	32,264	30,374	32,076	25,117		119,831
	Nov-02	32,322	30,413	32,144	25,220		120,099
	Dec-02	32,352	30,447	32,171	25,264		120,234
12-mo avg		32,065	30,208	31,882	24,996	-	119,151
Allocation per Division		**26.9%**	**25.4%**	**26.8%**	**21.0%**	**0.0%**	**100.0%**

Source - Query from CIS system

Service Orders Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
12-month totals	35,906	37,565	28,940	18,999	-	121,410
8 months prorated	11,969	12,522	9,647	6,333	-	40,470
Allocation per Division	**29.6%**	**30.9%**	**23.8%**	**15.7%**	**0.0%**	**100.0%**

Source - Query from CIS system

New Customers Added Allocator

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
New Customers	809	684	715	790	0	2998
Allocation per Division	**27.0%**	**22.8%**	**23.8%**	**26.4%**	**0.0%**	**100.0%**

Source - New Accounts Department

Composite Average for Departments

Fiscal Year 2004

All Divisions

Accounting Periods July, 2003 through February, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Prior Yr Eng Allocation	25 9%	31.1%	24 8%	18 3%	0 0%	100 0%
Composite average ST PR Hrs in Dept 250	24 8%	25 3%	26 7%	23 1%	0 0%	100 0%
Comp Weighted Avg-300's, VP, Distribution	31 3%	25.6%	28 5%	14 6%	0 0%	100 0%
Composite average-310's, Larry Webster	100.0%	0 0%	0 0%	0 0%	0 0%	100 0%
Composite average-320's, Wendy Braxter	16 6%	28 1%	34 7%	20.6%	0 0%	100 0%
Composite average-330's, Gary Dorris	0 0%	100 0%	0 0%	0 0%	0 0%	100 0%
Composite aveage-350's, Frank Cantrell	0 0%	0 0%	65 8%	34 2%	0 0%	100 0%
Composite average-380's, Lynn Brooks	33 3%	30.5%	19 0%	17.2%	0 0%	100 0%
Comp Weighted Avg-500's, VP, Info Systems	29 3%	26 9%	21 2%	20.4%	2 2%	100.0%
Comp Weighted Avg-511, 512 Mgr, Operations	29.4%	27 6%	21 4%	19 8%	1 8%	100 0%
Comp Weighted Avg-611,612,613, Mgr, Acctng	29 1%	26.6%	23 1%	20 7%	0 5%	100 0%
Comp Weighted Avg-700, VP Eng & Oper	25 9%	16.8%	25 5%	31 8%	0 0%	100 0%
Comp Weighted Avg-710, Mgr, Oper	60 4%	13.8%	14.4%	11.4%	0 0%	100 0%
Comp Weighted Avg-720	0 0%	0 0%	40 2%	59 8%	0 0%	100.0%
Comp Weighted Avg-730	0 0%	0.0%	21 0%	79 0%	0 0%	100 0%
Comp Weighted Avg-740, Supt Instr & Contrl	36.8%	32 3%	24 0%	6.9%	0 0%	100 0%
Comp Weighted Avg-790, 795,Sup, Bldgs/Grnds	46.2%	12.0%	31 3%	10.5%	0.0%	100.0%
Comp Weighted Avg for 800-VP, Bus Dev	28.0%	27.4%	19 2%	17.0%	8.3%	100 0%
Compostie Customers/Marketing Split	30.6%	29 9%	20 9%	18.6%	0.0%	100 0%
Comp Weighted Avg 900-VP, Cust Serv	27.8%	42.6%	17.1%	12 6%	0 0%	100 1%
Comp Weighted Avg 910-Mrg, Cust Serv	32 8%	27.4%	23.0%	16 8%	0.0%	100.1%
Comp Weighted Avg 915-CSR, Billing	29.6%	30.9%	23.8%	15.7%	0 0%	100 1%
Comp Weighted Avg 940-Mgr, Field Serv	25 8%	47 9%	15.0%	11.3%	0.0%	100.0%
Comp of Dept 945-Servicemen	23 9%	55 0%	12 3%	8.9%	0 0%	100 0%
Average Meter Readers (960)	29.4%	34.8%	20 1%	15.7%	0 0%	100.0%
Comp Weighted Avg 970-Mgr, New Acct Serv	36.9%	38 2%	14 8%	10.1%	0.0%	100.0%

Telecommunications Division

Intra-Division Allocators

Fiscal Year 2004

Accounting Periods July, 2003 - February, 2004

	Telecom Total	Cable	Telephone	Internet
General Allocator (O&M)	6.0%	4 8%	0.6%	0.6%
Revenue	0.0%	0 0%	0 0%	0 0%
ST PR Hrs by Div	1.1%	1.0%	0.1%	0.0%
M&S Transactions	0 0%	0.0%	0 0%	0 0%
PC Use by Division	2.0%	1 9%	0.1%	0.1%
Telephone Use by Division	1 6%	1.5%	0 1%	0 1%
GIS Use by Division	3.9%	3.5%	0 2%	0.2%
A/P Transactions by Div	0.3%	0.2%	0.0%	0 1%
GL Transactions by Div	0.3%	0.2%	0 0%	0 1%
PR Hours by Division	1.1%	1 0%	0.1%	0.0%
Utility Services	0.0%	0 0%	0 0%	0.0%
Marketing	0 0%	0 0%	0.0%	0 0%
% Ownership of Building	0.0%	0 0%	0.0%	0.0%
Number of Customers	0 0%	0.0%	0.0%	0 0%
Normal Hours Service Order Ratio	0 0%	0 0%	0 0%	0 0%
New Customers Added	0.0%	0.0%	0.0%	0.0%

General Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

	Cable	Telephone	Internet	Total
Total O&M	$ 1,291,063	$ 159,193	$ 171,597	$ 1,621,853
% to Total	**79.6%**	**9.8%**	**10.6%**	**100.0%**
General allocator-Telecom	6.0%	6 0%	6 0%	6 0%
Intra-Division Allocation	**4.8%**	**0.6%**	**0.6%**	**6.0%**

Revenue Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

	Cable	Telephone	Internet	Total
Revenue	$ -	$ -	$ -	$ -
% to Total	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Revenue Allocator - Telecom	0.0%	0.0%	0.0%	0.0%
Intra-Division Allocation	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Straight Time Payroll Hours

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Dept	Title	Telecom	Cable	Telephone	Internet	Total	Method
10	Admin Hours	487 44	437 44	25 00	25 00	487 44	Estimate
100	HR Hours	119.15	119.15			119 15	HR Payroll
10	SVP-Telecom	1,354 00	812 40	406 20	135 40	1,354 00	Estimate
370	Project Manager	1,354.00	1,354 00			1,354 00	100% cable
800	Marketing Coordintor	677 00	677.00			677 00	100% cable
780	Headend Tech	1,354 00	1,354 00			1,354 00	100% cable
	Total new TC employees	5,345 59	4,753 99	431 20	160.40	5,345 59	
	Intra-Division Allocation	**1.1%**	**1.0%**	**0.1%**	**0.0%**	**1.1%**	

M&S transactions for Telecom

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Projected Purchase Orders	Cable					Internet	Telephone
Vendor	March	April	May	June	Total		
Wave 7 Optics					0	0	0
Alpha Technologies					0		
AFL Fiber					0		
AFL Hardware					0		
AFL Headend Integration					0		
AFL Fiber Equipment					0		
Motorola Digital					0		
Standard Electronics					0		
TVC Distributors					0		
Thomas & Betts					0		
Scientific-Atlanta					0		
NCTC					0		
ATCI					0		
Atlantic Engineering					0		
Installation Contractor					0		
Sales Contractor					0		
Liebert					0		
Fike Fire Suppression					0		
Fiber Management					0		
Fiber Connectors					0		
Miscellaneous					0		
Total	0	0	0	0	**0**	**0**	**0**
Receivers							
Assume average of 2 shipments for each purchase order							
Total	0	0	0	0	**0**	**0**	**0**
	Total Purchase Orders & receipts				**0**	**0**	**0**
	Intra-Division Allocation			**0.0%**	**0.0%**	**0.0%**	**0.0%**

PC Users Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Dept	Title	PC User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	487.44	387.44	50.00	50.00	487.44
100	HR Hours	1	119.15	119 15	-	-	119.15
10	SVP-Telecom	1	1,354 00	1,083 20	135 40	135.40	1,354.00
370	Project Manager	1	1,354 00	1,354 00	-	-	1,354 00
580	Marketing Coordinator	1	677.00	677 00	-	-	677.00
780	Headend Tech	1	1,354.00	1,354.00	-	-	1,354.00
	Total new TC employees		5,345.59	4,974.79	185 40	185 40	5,345.59
	Intra-Division Allocation		**2.0%**	**1.9%**	**0.1%**	**0.1%**	**2.0%**

Phone Users Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Dept	Title	Phone Users (1=Y, 0=N)	Telecom	Cable	Telephone	Interet	Total
10	Admin Hours	1	487.44	387.44	50.00	50.00	487 44
100	HR Hours	1	119.15	119 15	-	-	119.15
10	SVP-Telecom	1	1,354.00	1,083 20	135 40	135 40	1,354 00
370	Project Manager	1	1,354 00	1,354.00	-	-	1,354.00
800	Marketing Coordinator	1	677.00	677.00	-	-	677.00
780	Headend Tech	1	1,354.00	1,354.00	-	-	1,354 00
	Total new TC employees		5,345 59	4,974.79	185 40	185 40	5,345.59
	Intra-Division Allocation		**1.6%**	**1.5%**	**0.1%**	**0.1%**	**1.6%**

GIS Users Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Dept	Title	GIS User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	243.72	193 72	25 00	25.00	243 72
10	SVP-Telecom	1	1,354 00	1,083 20	135 40	135 40	1,354 00
370	Project Manager	1	1,354 00	1,354 00	-	-	1,354 00
	Total new TC employees		2,951.72	2,630 92	160.40	160 40	2,951.72
	Intra-Division Allocation		**3.9%**	**3.5%**	**0.2%**	**0.2%**	**3 9%**

A/P & GL Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Projected A/P Transactions for Telecom

Vendor	Cable	Internet	Phone	Telecom Total
Wave 7 Optics	2			2
Alpha Technologies	1			1
AFL Fiber	2			2
AFL Hardware	3			3
AFL Headend Integration	1			1
AFL Fiber Equipment	1			1
Motorola Digital/set-top boxes	1			1
Standard Electronics	1			1
TVC Distributors	1			1
Thomas & Betts	0			0
Scientific-Atlanta	1			1
ATCI	1			1
Atlantic Engineering	4			4
Installation Contractor	0			0
Sales Contractor	0			0
Liebert	1			1
Fike Fire Suppression	1			1
Fiber Management	1			1
Fiber Connectors	1			1
Watlington Bros.	1			1
Key Fire Protection	1			1
King Bradley	1			1
Consultant services	2	2	4	8
Vehicle Expense	4	2	2	8
Rent	4	2	2	8
Billing Services	1	0	0	1
Programming	0	0	0	0
Travel & Entertainment	3	1	1	5
Seminars/Dues	1	1	1	3
Office Supplies	4			4
Advertising	2	1	1	4
Advertising Creative	1	1	1	3
Printing	2	1	1	4
Miscellaneous	8	4	4	16
Total	58	15	17	90
Percentage of Total	64 4%	16 7%	18.9%	100.0%
A/P Allocation - Telecom	0.3%	0.3%	0 3%	0 3%
A/P Intra-Division Allocation	**0.2%**	**0.1%**	**0.1%**	**0.3%**

A/P & GL Allocation

continued

G/L Transactions	478	125	141	744
Percentage of Total	64.3%	16.8%	18 9%	100 0%
G/L Allocation - Telecom	0 3%	0 3%	0.3%	0.3%
G/L Intra-Division Allocation	**0.2%**	**0.1%**	**0.1%**	**0.3%**

Total Payroll Hours

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Assumption of overtime percentag 10%

Dept	Title	Telecom	Cable	Telephone	Internet	Total	Method
10	Admin Hours	487 44	437.44	25.00	25.00	487.44	Salaried - N/A
100	HR Hours	541.60	541 60			541.60	Salaried - N/A
10	SVP-Telecom	1,354.00	812 40	406 20	135.40	1,354.00	Salaried - N/A
370	Project Manager	1,354.00	1,354.00			1,354 00	Salaried - N/A
800	Marketing Coordintor	667.00	667 00			667 00	Salaried - N/A
780	Headend Tech	1,354 00	1,354 00			1,354 00	Salaried - N/A
	Total new TC employees	5,758 04	5,166.44	431.20	160 40	5,758.04	
	Intra-Division Allocation	**1.1%**	**1.0%**	**0.1%**	**0.0%**	**1.1%**	

Utility Services Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

	Cable	Telephone	Internet	Total
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	0	0	0	0
% to Total	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Utilities Allocator - Telecom	0 0%	0 0%	0.0%	0 0%
Intra-Division Allocation	**0.00%**	**0.00%**	**0.00%**	**0.00%**

Marketing Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

Based on projected number of retail customers

	Cable	Telephone	Internet	Total
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	0	0	0	0
% to Total	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Marketing Allocation - Telecom	0 0%	0 0%	0.0%	0 0%
Intra-Division Allocation	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Number of Customers Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

	Cable	Telephone	Internet	Total
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	0	0	0	0
% to Total	**0.0%**	**0.0%**	**0.0%**	**0.0%**
No of Customers Allocator - Telecom	0.0%	0.0%	0.0%	0 0%
Intra-Division Allocation	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Service Orders Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

	Cable	Telephone	Internet	Total
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	0	0	0	0
% to Total	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Service Order Allocator	0 0%	0.0%	0.0%	0.0%
Intra-Division Allocation	**0.0%**	**0.0%**	**0.0%**	**0.0%**

New Customers Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods July, 2003 - February, 2004

	Cable	Telephone	Internet	Total
July, 2003	0	0	0	0
August, 2003	0	0	0	0
September, 2003	0	0	0	0
October, 2003	0	0	0	0
November, 2003	0	0	0	0
December, 2003	0	0	0	0
January, 2004	0	0	0	0
February, 2004	0	0	0	0
	0	0	0	0
% to Total	**0.0%**	**0.0%**	**0.0%**	**0.0%**
New Customers Added Allocator	0.0%	0.0%	0 0%	0 0%
Intra-Division Allocation	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Jackson Energy Authority

Fiscal Year 2004 Allocators

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
General Allocator (O&M)	27 2%	22.4%	21.2%	23 2%	6.0%	100.0%
Revenue	62.9%	23.0%	6.3%	6 5%	1.3%	100 0%
ST PR Hrs by Div	28 2%	25.8%	22 2%	18 8%	5 0%	100.0%
M&S Transactions	47 3%	22.3%	22.6%	5 7%	2.2%	100.0%
PC Use by Division	27 9%	25.1%	19 7%	20.7%	6.5%	100.0%
Telephone Use by Division	26.7%	26.3%	20.3%	16.2%	10 5%	100 0%
GIS Use by Division	28 3%	26 9%	22.9%	16.0%	6.1%	100.2%
A/P Transactions by Div	28.5%	26 3%	22.0%	20.3%	2 9%	100.0%
GL Transactions by Div	28 1%	25.7%	22.8%	20.5%	2 9%	100 0%
PR Hours by Division	28.3%	25.8%	22.1%	19.2%	4 6%	100.0%
Utility Services	30 2%	23 7%	24.7%	19 6%	1 8%	100 0%
Marketing	25.0%	25.0%	12 5%	12 5%	25.0%	100 0%
% Ownership of Building	33.0%	29.0%	22.0%	16 0%	0.0%	100.0%
Number of Customers	26.3%	24.8%	26.2%	20 5%	2 2%	100.0%
Normal Hrs Srv Order Ratio	27 2%	28.4%	21.9%	14 4%	8 1%	100.0%
New Customers Added	27 0%	22.8%	23.8%	26 4%	0.0%	100.0%

General Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Oper. & Maint Expense	$ 7,311,821	$ 6,015,601	$ 5,707,814	$ 6,239,861	$ 1,621,853	$ 26,896,949
Allocation per Division	**27.2%**	**22.4%**	**21.2%**	**23.2%**	**6.0%**	**100.0%**

Revenue Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Revenue	94,336,915	34,482,834	9,436,898	9,740,135	2,012,441	$ 150,009,223
Allocation per Division	**62.9%**	**23.0%**	**6.3%**	**6.5%**	**1.3%**	**100.0%**

Straight Time Payroll Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
2002 Straight Time Payroll Hours	207,267	190,116	163,720	138,895	-	699,998
2002 - 4 months average	**69,089**	**63,372**	**54,573**	**46,298**	-	**233,333**

Telecom Employees	Electric	Gas	Water	Wastewater	Telecom	Total
Admin Hours					243 72	243.72
HR Hours					270.80	270.80
SVP-Telecom					677 00	677.00
Adm Assistant					677.00	677.00
Project Manager					677.00	677.00
Broadband Foreman					677.00	677 00
Broadband Service Tech					677 00	677 00
Broadband Service Tech					677.00	677.00
Systems Administrator					677.00	677 00
MIS Coordinator					677 00	677 00
Accounting Assoc	190.24	173 99	154 36	138 79	19 63	851 00
Sales Clerk					677 00	677 00
Promo Coordinator					677 00	677 00
Mktg Coord					677 00	677 00
Video Prod					677 00	677 00
Video Prod					677 00	677 00
CSR	184.14	192 27	148 26	97 49	54.84	869 27
CSR	184 14	192.27	148 26	97 49	54 84	869 27
CSR	184.14	192 27	148 26	97 49	54.84	869 27
CSR	184 14	192 27	148 26	97 49	54 84	869 27
BB Credit Clerk	173.99	136 08	142.17	112 38	112 38	813 08
Mgr Broadband Operations					677 00	677 00
Headend Tech					677 00	677 00
Field Serviceman					677 00	677 00
Field Serviceman					677 00	677 00
Total new TC employees	1,100.79	1,079 15	889 57	641.13	12,374.89	16,650 16
Average total for 4 months	70,189.77	64,451.14	55,462 91	46,939.52	12,374 89	249,982 86
Allocation per Division	**28.2%**	**25.8%**	**22.2%**	**18.8%**	**5.0%**	**100.0%**

Materials & Stores Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

Inventory Transactions 1/1/02 thru 12/31/02 (no office supplies)

	Electric	Gas	Water	Wastewater	Telecom	Totals
Receipts	928	559	868	179		2,534
Invoices	922	567	861	157		2,507
Issues.						
Electric issues	11,074					11,074
Gas issues		6,579				6,579
Water issues			6,686			6,686
Wastewater issues				1,340		1,340
Returns	502	222	90	18		832
Transfers	4,048	186	36	48		4,318
Warehouse Credit Adjustments	112	46	6	9		173
Warehouse Debit Adjustments	151	98	9	12		270
Physical inv adjustments	648	405	211	433		1,697
Sales	1		0			1
Annual Division totals-2002	18,386	8,662	8,767	2,196		38,011
Telecom transactions-projected FY2004:					**282**	
4-month Division Totals	6,129	2,887	2,922	732	282	12,952
Allocation per Division	**47.3%**	**22.3%**	**22.6%**	**5.7%**	**2.2%**	**100.0%**

PC Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

Name	Electric	Gas	Water	Wastewater	Telecom	Total
PC Users/Manhours 12-month totals	**113,522.16**	**102,386.14**	**80,753.49**	**85,429.67**	**-**	**382,091.46**
4-month system average	28,380.54	25,596.54	20,188 37	21,357.42	-	121,131.79
Telecom Employees						
Admin Hours	(72.34)	(66.50)	(56 88)	(48.01)	243.72	-
HR Hours	(80.39)	(73.88)	(63 19)	(53.34)	270 80	-
Kersey, Kim K					677.00	677.00
Telecom-AA					677.00	677.00
Mgr Broadband Ops					677.00	677 00
Headend Tech					677 00	677 00
Systems Administrator					677.00	677 00
Pope, Darryl, Proj Mgr					677.00	677 00
BB Credit Clerk	425.83	155 71	42 65	44 01	8 80	677 00
Telecom Promo Coord					677.00	677.00
Telecom Mkt Coord					677 00	677 00
CSR	184.14	192.27	148 26	97.49	54.84	869.27
CSR	184.14	192 27	148 26	97.49	54 84	869.27
CSR	184.14	192.27	148 26	97.49	54.84	869 27
CSR	184.14	192 27	148 26	97.49	54 84	869 27
MIS Coordinator					677 00	677 00
Acctng Assoc	190 24	173 99	154 36	138 79	19 63	850 99
	1,199 92	958.40	669 99	471 39	6,855 30	11,098 06
Combined Totals	29,580 75	26,554 93	20,858.58	21,829 03	6,855 30	105,678 60
Allocation per Division	**27.9%**	**25.1%**	**19.7%**	**20.7%**	**6.5%**	**100.0%**

FY 2004 cost allocations Mar - June with Telecom xls\PC users 7/14/2003

Phone Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Phone Users/Manhours 12-month totals	147452.38	145121.29	111953 75	89275.22	0	493802.64
4-month totals	49,150.79	48,373 76	37,317.92	29,758.41		164,600.88
Admin Hours	(72 34)	(66.50)	(56 88)	(48.01)	243.72	-
HR Hours	(80 38)	(73 88)	(63.19)	(53 34)	270 80	0 00
Kersey, Kim K		-			677.00	677.00
Mgr Broadband Ops		-			677.00	677.00
Headend Tech		-			677.00	677 00
Darryl Pope		-			677.00	677.00
BB Forman		-			677 00	677.00
Sales Clerk		-			677.00	677.00
Promo Coord		-			677.00	677 00
Myrna Dupree		-			677.00	677.00
Video Production		-			677.00	677.00
Video Production		-			677.00	677.00
Systems Adm		-			677.00	677 00
MIS Coordinator		-			677 00	677.00
		-				
Kersey, Kim K		-			677.00	677 00
Mgr Broadband Ops		-			677 00	677 00
Headend Tech		-			677 00	677 00
Darryl Pope		-			677 00	677 00
BB Forman		-			677 00	677 00
Sales Clerk		-			677.00	677 00
Promo Coord		-			677 00	677 00
Myrna Dupree		-			677.00	677.00
Video Production		-			677.00	677.00
Video Production		-			677.00	677 00
Systems Adm		-			677.00	677 00
MIS Coordinator		-			677.00	677 00
		-				
Telecom-AA	192 00	173.00	137 00	143 00	32.00	850 00
BB Credit Clerk	192.00	173.00	137 00	143 00	32 00	850 00
CSR	184 14	192 27	148 26	97 49	54 84	869 27
CSR	184.14	192 27	148 26	97 49	54 84	869 27
CSR	184.14	192.27	148 26	97.49	54 84	869.27
CSR	184 14	192 27	148.26	97 49	54.84	869 27
Accounting Assoc	190.24	173 99	154 36	138 79	19 63	851.00
		-				
BB Service Tec		-			677.00	677.00
BB Service Tec		-			677.00	677.00
Field Serviceman		-			677.00	677.00
Field Serviceman		-			677.00	677 00
	50,308 88	49,522 46	38,219 25	30,471 81	19,773 51	188,295 89

Phone Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Allocation per Division	26.7%	26.3%	20.3%	16.2%	10.5%	100.0%

GIS Users Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
GIS Users/Manhours 12-month totals	31,974 97	31,387.05	26,039.82	17,110 83	0.00	106,512.67
4-month Average	10,658.32	10,462 35	8,679.94	5,703.61	0 00	45,966.57

Telecom Users

Dept	Name	Electric	Gas	Water	Wastewater	Telecom	Total
10	Admin Hours	(72 34)	(66 49)	(56.88)	(48.01)	243.72	-
10	Kersey, Kim K					677.00	677 00
780	Mgr Broadband Ops					677 00	677 00
370	Pope, Darryl					677 00	677 00
10	Admin Hours	1,104.86	678.34	861 14	942 38	243 72	3,830 46
		1,032.52	611.85	804.26	894.37	2,518 44	5,861 46
4 months totals with Telecom		11,690.85	11,074 20	9,484.20	6,597 98	2,518.44	41,365 68
Allocation per Division		**28.3%**	**26.8%**	**22.9%**	**16.0%**	**6.1%**	**100.0%**

A/P, G/L & Payroll Allocators

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

A/P Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
A/P Transactions-12 months	15,063	13,887	11,642	10,740		51,332
4 month average	5,021	4,629	3,881	3,580	-	17,111
Project Telecom 4 months					512	512
	5,021	4,629	3,881	3,580	512	17,623
Allocation per Division	**28.5%**	**26.3%**	**22.0%**	**20.3%**	**2.9%**	**100.0%**

G/L Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
G/L Transactions-12 months	122,294	111,727	98,913	89,010		421,944
4 month average	40,765	37,242	32,971	29,670	-	140,648
Project Telecom 4 months					4,209	4,209
	40,765	37,242	32,971	29,670	4,209	144,857
Allocation per Division	**28.1%**	**25.7%**	**22.8%**	**20.5%**	**2.9%**	**100.0%**

Total Payroll Hours Allocator

	Electric	Gas	Water	Wastewater	Telecom	Total
G/L Transactions-12 months	228,817	207,012	179,257	155,769		770,854
4 month average addition Telecom	78,019	71,039	61,048	52,944	-	263,051
Project Telecom 4 months					12,754	12,754
	78,019	71,039	61,048	52,944	12,754	275,804
Allocation per Division	**28.3%**	**25.8%**	**22 1%**	**19.2%**	**4.6%**	**100.0%**

Utility Services Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

11 Month Average Jan - Dec (except May)

Service Combination	Electric	Gas	Water	Wastewater	Telecom	Total
E	4,457	-				4,457
EG	2,506	2,506				5,011
EGS	7	7		7		22
EGW	928	928	928			2,785
EGWS	19,726	19,726	19,726	19,726		78,904
EP	344	344				689
EPW	13	13	13			39
EPWS	8	8	8	8		32
ES	8	-		8		16
EW	292	-	292			583
EWS	3,914	-	3,914	3,914		11,742
G		1,529				1,529
GS		2		2		5
GW		2,623	2,623			5,246
GWS		616	616	616		1,847
P		1,634				1,634
S		-		15		15
SP		-				-
W		-	2,134			2,134
WP		869	869			1,737
WS		-	1,243	1,243		2,486
WSP		13	13	13		40
Fixed Charges	7,920	749	506	502		9,677
Total Inc Fixed Charges	40,123	31,568	32,885	26,055	-	130,631
Telecom Average · Apr-Jun					2,372	2,372
Totals Including Telecom	40,123	31,568	32,885	26,055	2,372	133,003
Allocation per Division	**30.2%**	**23.7%**	**24.7%**	**19.6%**	**1.8%**	**100.0%**

Source Average of monthly AS400 Queries

Number of Customers Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Month	Electric	Gas	Water	Wastewater	Telecom	Total
	Jan-02	31,765	29,950	31,546	24,736		117,997
	Feb-02	31,858	29,998	31,588	24,799		118,243
	Mar-02	31,887	30,045	31,577	24,784		118,293
	Apr-02	31,941	30,089	31,757	24,906		118,693
	May-02	31,966	30,137	31,810	24,933		118,846
	Jun-02	32,047	30,185	31,890	24,986		119,108
	Jul-02	32,105	30,235	31,962	25,043		119,345
	Aug-02	32,134	30,291	32,007	25,084		119,516
	Sep-02	32,139	30,333	32,058	25,082		119,612
	Oct-02	32,264	30,374	32,076	25,117		119,831
	Nov-02	32,322	30,413	32,144	25,220		120,099
	Dec-02	32,352	30,447	32,171	25,264		120,234
12-mo average		32,065	30,208	31,882	24,996	-	119,151
% to Total		26 9%	25 4%	26.8%	21.0%	0.0%	100.0%
Projected Telecom Customers							
Mar						1,779	
Apr						2,372	
May						2,965	
Jun						3,559	
4-mo avg		-		-	-	2,669	
Total 4 month average		32,065	30,208	31,882	24,996	2,669	121,820
Allocation per Division		**26.3%**	**24.8%**	**26.2%**	**20.5%**	**2.2%**	**100.0%**

Service Orders Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
12-month totals	35,906	37,565	28,940	18,999	-	121,410
4-month totals	11,969	12,522	9,647	6,333	-	40,470
Telecom Mar-Jun					3,559	3,559
	11,969	12,522	9,647	6,333	3,559	44,029
Allocation per Division	**27.2%**	**28.4%**	**21.9%**	**14.4%**	**8.1%**	**100.0%**

Source - query from CIS system

New Customers Added Allocator

Fiscal Year 2004

All Divisions

Accounting Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
12-months total added*	809	684	715	790	-	2,998
4-month average	270	228	238	263	-	999
Telecom					-	-
Total new customers added	270	228	238	263	-	999
Allocation per Division	**27.0%**	**22.8%**	**23.8%**	**26.4%**	**0.0%**	**100.0%**

Note: New Accounts Department not involved in the addition of new telecom customer for FY2004

* Source - New Accounts Dept

Composite Average for Departments

Fiscal Year 2004

All Divisions

Accountıng Periods March, 2004 through June, 2004

	Electric	Gas	Water	Wastewater	Telecom	Total
Prior Yr Eng Allocation	25.9%	31.1%	24 8%	18.3%	0.0%	100 0%
Composite average ST PR Hrs in Dept 250	24 8%	25.3%	26.7%	23.1%	0 0%	100.0%
Comp Weighted Avg-300's, VP, Distribution	28.5%	24 9%	27 7%	14.4%	4.5%	100 0%
Composite average-310's, Larry Webster	95 3%	0.0%	0.0%	0 0%	4.7%	100.0%
Composite average-320's, Wendy Braxter	16.6%	28.1%	34 7%	20 6%	0.0%	100 0%
Composite average-330's, Gary Dorris	0 0%	100 0%	0 0%	0 0%	0 0%	100.0%
Composite aveage-350's, Frank Cantrell	0.0%	0.0%	65.8%	34.1%	0 0%	99 9%
Composıte average-380's, Lynn Brooks	33.3%	30.5%	19.0%	17.2%	0 0%	100 0%
Comp Weighted Avg-500's, VP, Info Systems	25.0%	23.0%	18 2%	17.4%	16.4%	100 0%
Comp Weighted Avg-511, 512 Mgr, Operations	27.3%	25 7%	20 0%	18.4%	8 5%	100.0%
Comp Weighted Avg-611,612,613, Mgr, Acctng	28.3%	25.9%	22.4%	20.1%	3.3%	100.0%
Comp Weighted Avg-700, VP Eng & Oper	12 8%	12.5%	9 0%	7.9%	57.9%	100.0%
Comp Weighted Avg-710, Mgr, Oper	60.1%	13 6%	14.1%	11 2%	1.0%	100.0%
Comp Weighted Avg-720	0 0%	0.0%	40 2%	59 8%	0 0%	100 0%
Comp Weighted Avg-730	0 0%	0 0%	21 0%	79 0%	0 0%	100 0%
Comp Weıghted Avg-740, Supt Instr & Contrl	36 8%	32 3%	24.0%	6 9%	0 0%	100 0%
Comp Weighted Avg-790, 795,Sup, Bldgs/Grnds	46 2%	12.0%	31.3%	10 5%	0 0%	100 0%
Comp Weighted Avg for 800-VP, Bus Dev	12 8%	12.5%	9 0%	7.9%	57 9%	100 0%
Composite Customers/Marketing Split	25 5%	24 9%	18 0%	15 7%	15 9%	100.0%
Comp Weighted Avg 900-VP, Cust Serv	27.0%	39 9%	16.4%	12.1%	4.6%	100.0%
Comp Weighted Avg 910-Mrg, Cust Serv	31.9%	25.8%	21.7%	16 0%	4.6%	100 0%
Comp Weighted Avg 915-CSR, Billing	27 6%	27.8%	22 3%	15.1%	7.2%	100 0%
Comp Weighted Avg 940-Mgr, Field Serv	24 2%	44.7%	14.1%	10 6%	6.4%	100.0%
Average Meter Readers (960)	29.4%	34 8%	20.1%	15.7%	0 0%	100.0%
Comp Weighted Avg 970-Mgr, New Acct Serv	36.9%	38.2%	14.8%	10 1%	0.0%	100.0%
Comp of Dept 945-Servicemen	21.6%	49.7%	11.1%	8 0%	9 6%	100.0%

Appendix F

Telecommunications Division

Intra-Division Allocators

Fiscal Year 2004

Accounting Periods March, 2004 - June, 2004

	Telecom Total	Cable	Telephone	Internet
General Allocator (O&M)	6 0%	4.8%	0 6%	0.6%
Revenue	1.3%	0.9%	0 2%	0.2%
ST PR Hrs by Div	5.0%	4 0%	0 5%	0.5%
M&S Transactions	2 2%	2 2%	0.0%	0.0%
PC Use by Division	6.5%	5.3%	0.7%	0.5%
Telephone Use by Division	10.5%	8.3%	1.1%	1.1%
GIS Use by Division	6.1%	4 9%	0.8%	0 4%
A/P Transactions by Div	2 9%	1 9%	0.5%	0 5%
GL Transactions by Div	2 9%	1 9%	0 5%	0 5%
PR Hours by Division	4 6%	3 6%	0 5%	0 5%
Utility Services	1.8%	1 2%	0 2%	0.4%
Marketing	25.0%	16 2%	3 6%	5 2%
% Ownership of Building	0.0%	0.0%	0.0%	0.0%
Number of Customers	2 2%	1.4%	0 3%	0.5%
Normal Hours Service Order Ratio	8 1%	5.2%	1 2%	1 7%
New Customers Added	0.0%	0 0%	0 0%	0 0%

Appendix F

General Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Period March - June, 2004

	Cable	Telephone	Internet	Total
Total O&M	$ 1,291,063	$ 159,193	$ 171,597	$ 1,621,853
% to Total	**79.6%**	**9.8%**	**10.6%**	**100.0%**
General allocator-Telecom	6.0%	6.0%	6 0%	6 0%
Intra-Division Allocation	**4.8%**	**0.6%**	**0.6%**	**6.0%**

Appendix F

Revenue Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

	Cable	Telephone	Internet	Total
Revenue	$ 1,462,823	$ 268,717	$ 280,896	$ 2,012,436
% to Total	**72.7%**	**13.4%**	**14.0%**	**100.0%**
Revenue Allocator - Telecom	1.3%	1 3%	1 3%	1 3%
Intra-Division Allocation	**0.9%**	**0.2%**	**0.2%**	**1.3%**

Appendix F

Straight Time Payroll Hours

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	Telecom	Cable	Telephone	Internet	Total	Method
10	Admin Hours	243.72	193.72	25.00	25 00	243.72	Estimate
100	HR Hours	270.80	270.80			270.80	HR Payroll
10	SVP-Telecom	677 00	406.20	203 10	67.70	677.00	Estimate
10	Adm Assistant	677 00	406 20	203.10	67.70	677 00	Estimate
370	Project Manager	677 00	677 00			677 00	100% cable
371	Broadband Foreman	677 00	677 00			677 00	100% cable
371	Broadband Service Tech	677 00	677 00			677 00	100% cable
371	Broadband Service Tech	677.00	677 00			677 00	100% cable
580	Systems Administrator	677 00	677 00			677 00	100% cable
580	MIS Coordinator	677 00	677.00			677 00	100% cable
780	Mgr Broadband Operations	677 00	541 60	67 70	67 70	677.00	Estimate
780	Headend Tech	677.00	677 00			677 00	100% cable
611	Accounting Assoc.	19 63	12 51	3.56	3.56	19 63	GL Transactions
810	Sales Clerk	677 00	436.29	99.64	141.06	677 00	Utility Services
810	Promo Coordinator	677 00	436.29	99.64	141.06	677 00	Utility Services
810	Mktg Coord	677 00	436 29	99.64	141.06	677 00	Utility Services
810	Video Prod	677.00	436 29	99 64	141.06	677 00	Utility Services
810	Video Prod	677 00	436.29	99.64	141 06	677 00	Utility Services
916	CSR	54.84	35 54	7.95	11 35	54 84	Service Orders
916	CSR	54 84	35 54	7 95	11 35	54 84	Service Orders
916	CSR	54 84	35.54	7.95	11 35	54 84	Service Orders
916	CSR	54.84	35.54	7 95	11 35	54 84	Service Orders
930	BB Credit Clerk	112 38	72.76	16 37	23 24	112 38	Utility Services
945	Field Serviceman	667 00	431.92	96 92	138 16	677 00	Service Orders
945	Field Serviceman	667 00	431 92	96 92	138 16	677.00	Service Orders
	Total new TC employees	12,354 89	9,830.24	1,242.70	1,281 95	12,374 89	
	Intra-Division Allocation	**5.0%**	**4.0%**	**0.5%**	**0.5%**	**5.0%**	

Appendix F

M&S transactions for Telecom

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Projected Purchase Orders	Cable					Internet	Telephone
Vendor	March	April	May	June	Total		
Wave 7 Optics	2	2	2	2	8	0	0
Alpha Technologies	2	1	1	1	5		
AFL Fiber	2	1	1	1	5		
AFL Hardware	1	1	1	1	4		
AFL Headend Integration	1				1		
AFL Fiber Equipment	3	2	1	1	7		
Motorola Digital	2	1	1	1	5		
Standard Electronics	1			1	2		
TVC Distributors	4	3	2	2	11		
Thomas & Betts	2		2		4		
Scientific-Atlanta	1				1		
NCTC	1	1	1	1	4		
ATCI	1				1		
Atlantic Engineering	1		1		2		
Installation Contractor	1		1		2		
Sales Contractor	1				1		
Liebert	1				1		
Fike Fire Suppression	1				1		
Fiber Management	3	2			5		
Fiber Connectors	2		2		4		
Miscellaneous	5	5	5	5	20		
Total	38	19	21	16	**94**	**0**	**0**
Receivers							
Assume average of 2 shipments for each purchase order							
Total	76	38	42	32	**188**	**0**	**0**
	Total Purchase Orders & receipts				**282**	**0**	**0**
	Intra-Division Allocation			**2.2%**	**2.2%**	**0.0%**	**0.0%**

PC Users Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	PC User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	243 72	193 72	25.00	25.00	243 72
100	HR Hours	1	270.80	270.80	-	-	270 80
10	SVP-Telecom	1	677 00	406.20	203 10	67.70	677.00
10	Adm Assistant	1	677 00	406 20	203.10	67 70	677.00
370	Project Manager	1	677 00	677 00	-	-	677 00
371	Broadband Foreman	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
580	Systems Administrator	1	677.00	677 00	-	-	677 00
580	MIS Coordinator	1	677 00	677.00	-	-	677.00
780	Mgr Broadband Operations	1	677.00	541.60	67.70	67.70	677.00
780	Headend Tech	1	677 00	677 00	-	-	677 00
611	Accounting Assoc.	1	19 63	12 51	3 56	3.56	19 63
810	Sales Clerk	0	-	-	-	-	-
810	Promo Coordinator	1	677 00	436 29	99 64	141.06	677.00
810	Mktg Coord	1	677 00	436 29	99.64	141.06	677.00
810	Video Prod	0	-	-	-	-	-
810	Video Prod	0	-	-	-	-	-
916	CSR	1	54 84	35.54	7 95	11 35	54.84
916	CSR	1	54.84	35.54	7.95	11.35	54 84
916	CSR	1	54 84	35 54	7 95	11 35	54 84
916	CSR	1	54 84	35 54	7 95	11 35	54 84
930	BB Credit Clerk	1	8 80	7 04	1 76	1.76	8 80
945	Field Serviceman	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
	Total new TC employees		6,855.31	5,560 80	735.32	560.95	6,855.31
	Intra-Division Allocation		**6.5%**	**5.3%**	**0.7%**	**0 5%**	**6.5%**

Phone Users Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	Phone Users (1=Y, 0=N)	Telecom	Cable	Telephone	Interet	Total
10	Admin Hours	1	243.72	193 72	25.00	25 00	243.72
100	HR Hours	1	270 80	270 80	-	-	270 80
10	SVP-Telecom	1	677.00	406.20	203.10	67.70	677.00
10	Adm Assistant	1	677.00	406.20	203.10	67.70	677.00
370	Project Manager	1	677.00	677.00	-	-	677.00
371	Broadband Foreman	1	677 00	677 00	-	-	677 00
371	Broadband Service Tech	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
580	Systems Administrator	1	677.00	677.00	-	-	677 00
580	MIS Coordinator	1	677 00	677.00	-	-	677 00
780	Mgr Broadband Operations	1	677 00	541 60	67 70	67 70	677 00
780	Headend Tech	1	677 00	677 00	-	-	677 00
611	Accounting Assoc	1	19 63	12.51	3 56	3 56	19 63
810	Sales Clerk	1	677 00	436 29	99 64	141 06	677 00
810	Promo Coordinator	1	677 00	436 29	99 64	141.06	677 00
810	Mktg Coord	1	677.00	436.29	99 64	141.06	677.00
810	Video Prod	1	677.00	436.29	99.64	141 06	677 00
810	Video Prod	1	677.00	436.29	99 64	141.06	677 00
916	CSR	1	54 84	35 54	7.95	11.35	54 84
916	CSR	1	54.84	35 54	7.95	11 35	54 84
916	CSR	1	54.84	35 54	7 95	11.35	54 84
916	CSR	1	54.84	35 54	7 95	11 35	54 84
930	BB Credit Clerk	1	8.80	7 04	1 76	1 76	10 56
945	Field Serviceman	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
	Total new TC employees		9,563.31	7,546 68	1,034.25	984.14	9,565.07
	Intra-Division Allocation		**10.5%**	**8.3%**	**1.1%**	**1.1%**	**10.5%**

GIS Users Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Dept	Title	GIS User (1=Y, 0=N)	Telecom	Cable	Telephone	Internet	Total
10	Admin Hours	1	243 72	193.72	25.00	25.00	243.72
100	HR Hours	0	-	-	-	-	-
10	SVP-Telecom	1	677.00	406.20	203.10	67 70	677.00
10	Adm Assistant	0	-	-	-	-	-
370	Project Manager	1	677.00	677.00	-	-	677.00
371	Broadband Foreman	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
371	Broadband Service Tech	0	-	-	-	-	-
580	Systems Administrator	0	-	-	-	-	-
580	MIS Coordinator	0	-	-	-	-	-
780	Mgr Broadband Operations	1	677.00	541.60	67 70	67.70	677.00
780	Headend Tech	0	-	-	-	-	-
611	Accounting Assoc.	0	-	-	-	-	-
810	Sales Clerk	0	-	-	-	-	-
810	Promo Coordinator	0	-	-	-	-	-
810	Mktg Coord	0	-	-	-	-	-
810	Video Prod	0	-	-	-	-	-
810	Video Prod	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
916	CSR	0	-	-	-	-	-
930	BB Credit Clerk	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
945	Field Serviceman	0	-	-	-	-	-
	Total new TC employees		2,274.72	1,818.52	295.80	160.40	2,274.72
	Intra-Division Allocation		**6.1%**	**4.9%**	**0.8%**	**0.4%**	**6.1%**

A/P & GL Allocation

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Projected A/P Transactions for Telecom

Vendor	Cable	Internet	Phone	Telecom Total
Wave 7 Optics	4			4
Alpha Technologies	4			4
AFL Fiber	4			4
AFL Hardware	12			12
AFL Headend Integration	1			1
AFL Fiber Equipment	4			4
Motorola Digital/set-top boxes	4			4
Standard Electronics	2			2
TVC Distributors	16			16
Thomas & Betts	12			12
Scientific-Atlanta	1			1
ATCI	0			0
Atlantic Engineering	16			16
Installation Contractor	48			48
Sales Contractor	16	16	16	48
Liebert	0			0
Fike Fire Suppression	0			0
Fiber Management	0			0
Fiber Connectors	8			8
Watlington Bros	0			0
Key Fire Protection	0			0
King Bradley	0			0
Consultant services	6	6	12	24
Vehicle Expense	8	2	2	12
Rent	8	2	2	12
Billing Services	8	8	8	24
Programming	48			48
Travel & Entertainment	10	3	3	16
Seminars/Dues	6	3	3	12
Office Supplies	24			24
Advertising	18	24	18	60
Advertising Creative	8	8	8	24
Printing	12	6	6	24
Miscellaneous	22	14	12	48
Total	330	92	90	512
Percentage of Total	64.5%	18 0%	17.6%	100.0%
A/P Allocation - Telecom	2.9%	2 9%	2 9%	2.9%
A/P Intra-Division Allocation	**1.9%**	**0.5%**	**0.5%**	**2.9%**

A/P & GL Allocation

Continued

G/L Transactions	2,714	755	739	4,209
Percentage of Total	64 5%	17 9%	17 6%	100.0%
G/L Allocation - Telecom	2.9%	2.9%	2 9%	2.9%
G/L Intra-Division Allocation	**1.9%**	**0.5%**	**0.5%**	**2.9%**

Total Payroll Hours

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Assumption of overtime percentage 10%

Dept	Title	Telecom	Cable	Telephone	Internet	Total	Method
10	Admin Hours	243.72	193.72	25.00	25 00	243.72	Salaried - N/A
100	HR Hours	270 80	270.80			270 80	Salaried - N/A
10	SVP-Telecom	677.00	406 20	203 10	67.70	677.00	Salaried - N/A
10	Adm Assistant	677 00	406 20	203 10	67.70	677.00	Salaried - N/A
370	Project Manager	677.00	677 00			677.00	Salaried - N/A
371	Broadband Foreman	744 70	744.70			744.70	Hourly
371	Broadband Service Tech	744.70	744.70			744 70	Hourly
371	Broadband Service Tech	744 70	744 70			744.70	Hourly
580	Systems Administrator	744.70	744.70			744.70	Hourly
580	MIS Coordinator	744 70	744 70			744 70	Hourly
780	Mgr Broadband Operations	677.00	541.60	67.70	67.70	677 00	Salaried - N/A
780	Headend Tech	744 70	744.70			744 70	Hourly
611	Accounting Assoc	21.59	13.76	3 92	3.92	21.59	Hourly
810	Sales Clerk	744.70	479.92	109.61	155.17	744 70	Hourly
810	Promo Coordinator	744 70	479 92	109 61	155.17	744 70	Hourly
810	Mktg Coord	744.70	479.92	109.61	155.17	744 70	Hourly
810	Video Prod	744.70	479.92	109.61	155.17	744 70	Hourly
810	Video Prod	744 70	479.92	109.61	155.17	744.70	Hourly
916	CSR	60 32	39 09	8 75	12 49	60.32	Hourly
916	CSR	60 32	39.09	8 75	12.49	60.32	Hourly
916	CSR	60.32	39 09	8.75	12 49	60.32	Hourly
916	CSR	60.32	39 09	8.75	12.49	60.32	Hourly
930	BB Credit Clerk	123 62	80.04	18.01	25.57	123.62	Hourly
945	Field Serviceman	733.70	475 11	106 61	151.98	733.70	Hourly
945	Field Serviceman	733.70	475.11	106 61	151.98	733.70	Hourly
	Total new TC employees	12,753.61	10,099.19	1,292.08	1,362.33	12,753 61	
	Intra-Division Allocation	**4.6%**	**3.6%**	**0.5%**	**0.5%**	**4.6%**	

Utility Services Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

	Cable	Telephone	Internet	Total
April, 2004	1,152	259	368	1,779
May, 2004	1,536	346	491	2,373
June, 2004	1,920	432	613	2,965
	4,608	1,037	1,472	7,117
% to Total	**64.7%**	**14.6%**	**20.7%**	**100.0%**
Utilities Allocator - Telecom	1.8%	1 8%	1.8%	1 8%
Intra-Division Allocation	**1.17%**	**0.26%**	**0.37%**	**1.80%**

Marketing Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

Based on projected number of retail customers

	Cable	Telephone	Internet	Total
March, 2004	1,152	259	368	1,779
April, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	2,304	517	737	3,558
% to Total	**64.8%**	**14.5%**	**20.7%**	**100.0%**
Marketing Allocation - Telecom	25.0%	25.0%	25.0%	25.0%
Intra-Division Allocation	**16.2%**	**3.6%**	**5.2%**	**25.0%**

Appendix F

Number of Customers Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

	Cable	Telephone	Internet	Total
March, 2004	1,152	259	368	1,779
April, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	2,304	517	737	3,558
% to Total	**64.8%**	**14.5%**	**20.7%**	**100.0%**
No. of Customers Allocator - Telecom	2.2%	2.2%	2.2%	2.2%
Intra-Division Allocation	**1.4%**	**0.3%**	**0.5%**	**2.2%**

Service Orders Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - *June, 2004*

	Cable	Telephone	Internet	Total
March, 2004	1,152	259	368	1,779
Apnl, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	2,304	517	737	3,558
% to Total	**64.8%**	**14.5%**	**20.7%**	**100.0%**
Service Order Allocator	8.1%	8.1%	8.1%	
Intra-Division Allocation	**5.2%**	**1.2%**	**1.7%**	**8.1%**

New Customers Allocator

Fiscal Year 2004

Telecommunitions Division

Intra-Divison Allocation

Accounting Periods March, 2004 - June, 2004

	Cable	Telephone	Internet	Total
March, 2004	1,152	259	368	1,779
Apnl, 2004	384	86	123	593
May, 2004	384	86	123	593
June, 2004	384	86	123	593
	2,304	517	737	3,558
% to Total	**64.8%**	**14.5%**	**20.7%**	**100.0%**
New Customers Added Allocator	0 0%	0.0%	0.0%	0.0%
Intra-Dıvision Allocation	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Note: New Accounts Department not involved in the addition of new telecom customer for FY2004

21. Was the TVA's consent legally required before BTES could issue the July 2005 Bond? Provide all documents and correspondence between BTES and the TVA concerning the July 2005 Bond.

RESPONSE: No, the consent of TVA was not required. There are no documents or correspondence between BTES and TVA concerning the July, 2005, bond.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:______________________________________

Henry Walker
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, Tennessee 37203
(615) 252-2363

CERTIFICATE OF SERVICE

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

Edward Phillips
United Telephone-Southeast, Inc.
Mailstop: NCWKFR0313
14111 Capital Blvd.
Wake Forest, NC 27587-5900

Guy Hicks
BellSouth Telecommunications, Inc.
333 Commerce Street, Ste. 2101
Nashville, TN 37201

Charles B. Welch, Jr.
Farris Matthews Branan Bobango Hellen & Dunlar, PLC
618 Church Street, Ste. 300
Nashville, TN 37219

on this the _____ day of January 2005.

Henry Walker