



BOULT ■ CUMMINGS®
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T.R.A. DOCKET ROOM

January 10, 2006

Ron Jones, Chairman
Tennessee Regulatory Authority
460 James Robertson Pkwy.
Nashville, TN 37243-0505

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

Dear Chairman Jones:

Enclosed for filing are amended pages to the BTES application. These three amended pages should be substituted for the three pages in Exhibit D to the application. Please note that these corrections have no material impact on cash flow.

The correction results from the determination by BTES that the start-up costs associated with forming the telecommunications business (\$204,004) should be amortized over a period of seven years rather than expensed in Year 1 as previously submitted. This change will have no material impact on cash flow or profitability but reflect a more accurate application of GAAP.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:

Henry Walker

HW/djc
Enclosure

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 10 day of January 2005.



Henry Walker

Bristol Tennessee Essential Services

Balance Sheet

Forecast

	Mos 1 - 12	Mos 13 - 24	Mos 25 - 36
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ 25,118	\$ 24,500
Accounts Receivable, Net	\$ 25,602	\$ 76,807	\$ 121,786
Other Receivables	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -
Total Current Assets	\$ 25,602	\$ 101,925	\$ 146,286
Property, Plant and Equipment			
Machinery & Equipment	\$ 1,233,009	\$ 1,356,519	\$ 1,480,029
Total	\$ 1,233,009	\$ 1,356,519	\$ 1,480,029
Less Accum Depreciation	\$ (76,930)	\$ (160,868)	\$ (250,983)
Net Property, Plant and Equipment	\$ 1,156,079	\$ 1,195,651	\$ 1,229,046
Deposits and Other Assets	\$ -	\$ -	\$ -
Other Non-current Assets, Net	\$ -	\$ -	\$ -
Total Other Assets	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 1,181,681	\$ 1,297,575	\$ 1,375,333
LIABILITIES & NET ASSETS			
Current Liabilities			
Accounts Payable & Accrued Expenses	\$ 25,602	\$ 76,807	\$ 121,786
Current Portion Capitalized Leases	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 25,602	\$ 76,807	\$ 121,786
Other Liabilities			
Business Unit Line of Credit	\$ 1,644,453	\$ 1,976,932	\$ 2,008,100
Total Other Liabilities	\$ 1,644,453	\$ 1,976,932	\$ 2,008,100
TOTAL LIABILITIES	\$ 1,670,055	\$ 2,053,739	\$ 2,129,886
Net Assets			
Unrestricted	\$ (488,374)	\$ (756,164)	\$ (754,553)
TOTAL NET ASSETS	\$ (488,374)	\$ (756,164)	\$ (754,553)
TOTAL LIABILITIES & NET ASSETS	\$ 1,181,681	\$ 1,297,575	\$ 1,375,333

Bristol Tennessee Essential Services
Statements of Revenues, Expenses and Changes in Net Assets
Forecast

	Mos 1 - 12		Mos 13 - 24		Mos 25 - 36	
Revenues:						
Local service	\$	268,409	\$	807,489	\$	1,284,015
Local service features	\$	57,173	\$	183,120	\$	309,120
Long distance service	\$	112,058	\$	322,325	\$	488,678
Churn	\$	(10,941)	\$	(32,823)	\$	(52,045)
Net revenues	\$	426,698	\$	1,280,111	\$	2,029,768
Operating Expenses:						
Cost of local service	\$	41,360	\$	127,770	\$	208,558
Cost of long distance service	\$	52,153	\$	146,135	\$	215,012
Network interconnection expense	\$	250,804	\$	541,518	\$	822,739
Operation and maintenance expense	\$	432,801	\$	547,364	\$	568,642
Depreciation expense	\$	76,930	\$	83,939	\$	90,114
Taxes other than income taxes	\$	3,082	\$	21,789	\$	37,607
State excise tax	\$	(31,945)	\$	(17,615)	\$	(235)
Federal income tax	\$	(152,810)	\$	(75,393)	\$	12,368
Total operating expense	\$	672,375	\$	1,375,507	\$	1,954,805
Net operating income	\$	(245,677)	\$	(95,396)	\$	74,964
Nonoperating Revenues (Expense):						
Interest income	\$	-	\$	21	\$	122
Interest expense	\$	(61,024)	\$	(82,589)	\$	(90,706)
Taxes other than income taxes	\$	3,082	\$	3,181	\$	5,098
State excise tax	\$	(31,945)	\$	(17,615)	\$	(235)
Federal income tax	\$	(152,810)	\$	(75,393)	\$	12,368
Total nonoperating revenue (expense)	\$	(242,696)	\$	(172,394)	\$	(73,353)
Change in net assets		(488,374)		(267,790)		1,611

Bristol Tennessee Essential Services

Statement of Cash Flows

Forecast

	Mos 1 - 12	Mos 13 - 24	Mos 25 - 36
Cash Flows From Operating Activities			
Cash Received from Customers	\$ 426,698	\$ 1,280,111	\$ 2,029,768
Cash Paid to Suppliers and Vendors	\$ (489,166)	\$(1,084,804)	\$(1,541,971)
Cash Paid to Employees for Services	\$ (287,952)	\$ (296,591)	\$ (305,488)
	<u>\$ (350,420)</u>	<u>\$ (101,284)</u>	<u>\$ 182,309</u>
Cash Flows from Nonecapital Financing Activities			
Draws of Credit Facility	\$ 1,644,453	\$ 436,057	\$ 250,585
Interest Paid on Credit Facility	\$ (61,024)	\$ (82,589)	\$ (90,706)
Payment of Credit Facility	\$ -	\$ (103,577)	\$ (219,418)
	<u>\$ 1,583,429</u>	<u>\$ 249,890</u>	<u>\$ (59,539)</u>
Cash Flows from Investing Activities			
Interest Received on Investments	\$ -	\$ 21	\$ 122
	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 122</u>
Cash Flows from Capital Financing Activities			
Net Additions to Property, Plant and Equipment	\$(1,233,009)	\$ (123,510)	\$ (123,510)
	<u>\$(1,233,009)</u>	<u>\$ (123,510)</u>	<u>\$ (123,510)</u>
Net change in cash	\$ -	\$ 25,118	\$ (618)
Cash beginning of period	\$ -	\$ -	\$ 25,118
Cash ending of period	<u>\$ -</u>	<u>\$ 25,118</u>	<u>\$ 24,500</u>