

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED⁴
JUL 29 2002

In the matter of the application)
Of Budget Phone, Inc.)
for a certificate of service authority to) Case No.
provide resold and facilities-based)
Basic Local Telecommunications Services)
in Portions of the State of Missouri and)
to Classify Such Services and the Company)
as Competitive)

Missouri Public
Service Commission

MOTION FOR PROTECTIVE ORDER

Budget Phone, Inc. (hereinafter "Applicant"), by its attorney and pursuant to Chapter 392 of the Missouri Revised Statutes and the Commission's Rules of Practice and Procedure, hereby moves the Missouri Public Service Commission (the "Commission") for a protective order of non-disclosure precluding public disclosure of certain proprietary, confidential information, to be filed in connection with Applicant's Application for a Certificate of Service Authority to provide resold and facilities-based Basic Local telecommunications services in portions of the State of Missouri and to Classify such services and the company as competitive (the "Application") filed with the Commission on this date. In support of its Motion, Applicant provides the following information:

1. The information that Applicant seeks to protect is the financial information to be submitted as Exhibit IV to its Application (the "Protected Information"). The Protected Information consists of Financial Statements for Budget Phone, Inc. a privately held company, which is not subject to public reporting requirements. Exhibit IV is attached to the

Application without the Protected Information and is marked with the words "PROPRIETARY INFORMATION" in large letters. A copy of the Protected Information is attached hereto.

2. Applicant respectfully requests that the Protected Information be subject to a protective order of non-disclosure under Commission Rules of Practice and Procedure; that the Protected Information (and any reproduction or copying of any part thereof) be restricted to counsel, and other agents or employees, who have been specifically assigned to this proceeding by the Commission; that the Protected Information be used solely in connection with this proceeding; that the Protected Information used in depositions, prepared testimony or other similar uses will be redacted and submitted under seal; that all Protected Information should be marked "CONFIDENTIAL, SUBJECT TO PROTECTIVE ORDER"; that neither the filing of the Protected Information in this proceeding, nor the furnishing of the Protected Information for review by the General Staff of the Commission ("Staff") shall be considered a waiver of any right to object upon any ground to the use of introduction into evidence during any proceeding of any Protected Information; and that not later than thirty (30) days following the conclusion of this proceeding by issuance of a final, non-appealable order of this Commission, all Protected Information designed as "CONFIDENTIAL, SUBJECT TO PROTECTIVE ORDER" including all copies in whole or in part thereof, should be returned to Applicant.

3. As grounds for this motion, Applicant states:

(a) The Protected Information is not known outside of Applicant.

(b) The Protected Information is not disseminated within Applicant and is known only by those of Applicant's employees who have a legitimate business need to know and act upon the information.

(c) Applicant has maintained and seeks to preserve the confidentiality of the Protected Information through all appropriate means including the maintenance of appropriate security at its offices, and the filing of this motion.

(d) The disclosure of this Protected Information would cause material damage to the competitive and financial position of Applicant in that it would provide Applicant's competitors with sensitive data respecting to Applicant's sales, customer usage, and financing strategies.

(e) By granting Applicant's motion, there will be no damage to any public interest in disclosure. In fact, the public will be best served by non-disclosure of the Protected Information.

WHEREFORE, Budget Phone, Inc. requests that the Commission enter an order granting Applicant's motion for protective order of non-disclosure permitting Applicant and requiring Staff to treat the Protected Information in the manner described herein.

Respectfully submitted,

Budget Phone, Inc.

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Dated: July 26, 2002

NON PROPRIETARY VERSION

BUDGET PHONE, INC.
UNAUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

RACHEL & KOSTELKA, LLC
Certified Public Accountants

SHREVEPORT, LOUISIANA

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INDEPENDENT ACCOUNTANTS' REPORT


Budget Phone, Inc.
Shreveport, Louisiana

We have compiled the accompanying balance sheets of Budget Phone, Inc. (an S Corporation) as of December 31, 2000 and 1999, and the related statements of income, retained earnings and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. However, we did become aware of the departures from generally accepted accounting principles that are described in the following paragraph.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Corporation's financial position, results of operation and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Corporation, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the corporation's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.


Shreveport, Louisiana
June 14, 2001

BUDGET PHONE, INC.
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

| ASSETS | 2000 | 1999 |
|--------------------------------|-------------------|-------------------|
| Current Assets: | | |
| Cash | \$ [REDACTED] | \$ [REDACTED] |
| Accounts Receivable | [REDACTED] | [REDACTED] |
| Inventories | [REDACTED] | [REDACTED] |
| Prepaid Insurance | [REDACTED] | [REDACTED] |
| Total Current Assets | [REDACTED] | [REDACTED] |
| Fixed Assets: | | |
| Software and Equipment | [REDACTED] | [REDACTED] |
| Furniture and Equipment | [REDACTED] | [REDACTED] |
| Leasehold Improvements | [REDACTED] | [REDACTED] |
| Less: Accumulated Depreciation | [REDACTED] | [REDACTED] |
| Net Fixed Assets | [REDACTED] | [REDACTED] |
| Other Assets: | | |
| Deposits | [REDACTED] | [REDACTED] |
| Organization Costs, Net | [REDACTED] | [REDACTED] |
| Total Other Assets | [REDACTED] | [REDACTED] |
| TOTAL ASSETS | [REDACTED] | [REDACTED] |

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

LIABILITIES AND STOCKHOLDERS' EQUITY

| | 2000 | 1999 |
|--|---------------|---------------|
| - Current Liabilities: | | |
| Accounts Payable | \$ [REDACTED] | \$ [REDACTED] |
| Sales and Excise Taxes Payable | [REDACTED] | [REDACTED] |
| Payroll Taxes Payable | [REDACTED] | [REDACTED] |
| Total Current Liabilities | [REDACTED] | [REDACTED] |
| Long Term Liabilities: | | |
| Loans from Stockholders | [REDACTED] | [REDACTED] |
| Total Long Term Liabilities | [REDACTED] | [REDACTED] |
| Total Liabilities | [REDACTED] | [REDACTED] |
| Stockholders' Equity: | | |
| Stock | [REDACTED] | [REDACTED] |
| Retained Earnings | [REDACTED] | [REDACTED] |
| Total Stockholders' Equity | [REDACTED] | [REDACTED] |
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY | [REDACTED] | [REDACTED] |

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
 STATEMENTS OF INCOME
 YEAR ENDED DECEMBER 31, 2000 AND 1999

| | 2000 | 1999 |
|-------------------------------------|---------------|---------------|
| Sales | \$ [REDACTED] | \$ [REDACTED] |
| Cost of Sales | [REDACTED] | [REDACTED] |
| Gross Profit on Sales | [REDACTED] | [REDACTED] |
| Operating Expenses: | | |
| Salaries | [REDACTED] | [REDACTED] |
| Commissions | [REDACTED] | [REDACTED] |
| Contract Labor | [REDACTED] | [REDACTED] |
| Advertising | [REDACTED] | [REDACTED] |
| Bank Charges | [REDACTED] | [REDACTED] |
| Repairs and Maintenance | [REDACTED] | [REDACTED] |
| Office Expense | [REDACTED] | [REDACTED] |
| Computer Expense | [REDACTED] | [REDACTED] |
| Equipment Rental | [REDACTED] | [REDACTED] |
| Freight | [REDACTED] | [REDACTED] |
| Insurance | [REDACTED] | [REDACTED] |
| Dues and Subscriptions | [REDACTED] | [REDACTED] |
| Interest Expense | [REDACTED] | [REDACTED] |
| Meals/Entertainment | [REDACTED] | [REDACTED] |
| Postage/Mailing | [REDACTED] | [REDACTED] |
| Professional Fees | [REDACTED] | [REDACTED] |
| Telephone | [REDACTED] | [REDACTED] |
| Auto Expense | [REDACTED] | [REDACTED] |
| Utilities | [REDACTED] | [REDACTED] |
| Supplies | [REDACTED] | [REDACTED] |
| Depreciation and Amortization | [REDACTED] | [REDACTED] |
| Rent | [REDACTED] | [REDACTED] |
| Administrative Fees | [REDACTED] | [REDACTED] |
| Taxes | [REDACTED] | [REDACTED] |
| Payroll Taxes | [REDACTED] | [REDACTED] |
| Travel | [REDACTED] | [REDACTED] |
| Expense Allocations | [REDACTED] | [REDACTED] |
| Total Expense | [REDACTED] | [REDACTED] |
| Income (Loss) from Operations | [REDACTED] | [REDACTED] |
| Other Income (Expense): | | |
| Vendor's Compensation | [REDACTED] | [REDACTED] |
| Interest Income | [REDACTED] | [REDACTED] |
| Gain (Loss) on Disposition of Asset | [REDACTED] | [REDACTED] |
| Total Other Income (Expense) | [REDACTED] | [REDACTED] |
| Net Income | \$ [REDACTED] | \$ [REDACTED] |

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
STATEMENTS OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2000 AND 1999

| | 2000 | 1999 |
|-----------------------------|----------------------|-------------------|
| Beginning Retained Earnings | \$ [REDACTED] | \$ [REDACTED] |
| Net Income | [REDACTED] | [REDACTED] |
| Stockholder Distributions | [REDACTED] | [REDACTED] |
| Ending Retained Earnings | <u>\$ [REDACTED]</u> | <u>[REDACTED]</u> |

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
 STATEMENTS OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2000 AND 1999

| Cash Flows from Operating Activities: | 2000 | 1999 |
|---|---------------|------------|
| Net income | \$ [REDACTED] | \$806,780 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization | [REDACTED] | [REDACTED] |
| Depreciation | [REDACTED] | [REDACTED] |
| (Increase) Decrease in: | | |
| Accounts receivable | [REDACTED] | [REDACTED] |
| Inventory | [REDACTED] | [REDACTED] |
| Prepaid Insurance | [REDACTED] | [REDACTED] |
| Prepaid Interest | [REDACTED] | [REDACTED] |
| Increase (Decrease) in: | | |
| Accounts Payable | [REDACTED] | [REDACTED] |
| Sales Tax Payable | [REDACTED] | [REDACTED] |
| Payroll Taxes Payable | [REDACTED] | [REDACTED] |
| Lease Payable | [REDACTED] | [REDACTED] |
| Net Cash Provided (Used) by Operating Activities | [REDACTED] | [REDACTED] |
| Cash Flows from Investing Activities: | | |
| Acquisition of fixed assets | [REDACTED] | [REDACTED] |
| Sale or disposal of fixed assets | [REDACTED] | [REDACTED] |
| Net Cash Provided (Used) by Investing Activities | [REDACTED] | [REDACTED] |
| Cash Flows from Financing Activities: | | |
| Stockholder Loan Proceeds | [REDACTED] | [REDACTED] |
| Stockholder Loan Repayment | [REDACTED] | [REDACTED] |
| Stockholder Distributions | [REDACTED] | [REDACTED] |
| Net Cash Provided (Used) by Financing Activities | [REDACTED] | [REDACTED] |
| Net Decrease in Cash | [REDACTED] | [REDACTED] |
| Beginning Cash | [REDACTED] | [REDACTED] |
| Ending Cash | \$ [REDACTED] | [REDACTED] |

SEE ACCOUNTANTS' COMPILATION REPORT