4008

ANNUAL REPORT

of

Name: BUDGET PHONE, INC

Principal Office: 1325 BARKSDALE BOULEVARD
BOSSIER CITY, LA 71111

For the Year Ended: DECEMBER 31, 2005

Alternative Telecommunications Utility -- Other Telecommunications Provider

To

Public Service Commission of Wisconsin

Mailing Address:	P.O. Box 7854 Madison, WI 53707-7854
Home Page:	http://psc.wi.gov

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than $25 nor more than $5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2009 report is due April 1, 2010.) If that date falls on a weekend or holiday, the annual report is due the following business day.

2. **Electronic filing via e-mail is required unless additional provisional confidential treatment is desired.** Go to the Public Service Commission of Wisconsin's Web Page at http://psc.wi.gov and click on the appropriate program for Alternative Telecommunications Utility - Other Telecommunications Providers (OTH). If additional confidential treatment is desired, see the Commission's Web Page for filing instructions using the Electronic Regulatory Filing (ERF) system.

3. Alternative Telecommunications Utility-Other Telecommunications Provider (ATU-Other) entities with no revenues for the report year are required to file an OTH annual report; however, such entities may instead qualify for the Web No Activity in Wisconsin OTH annual report.

4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to pertinent regulations.

5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses.

6. Wherever information is requested in a "note," please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Limited footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.

7. Numeric items are limited to digits (0-9). Do not type commas when entering numbers. A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.

8. Report all dollar amounts to the nearest thousand dollars. (Example: $130,000 should be reported as $130.)

9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.

10. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.

11. The OTH annual report program incorporates provisional confidentiality capability for selected items. These items vary from year to year and are based on the Commission's decision regarding confidential items in the annual report.

    If additional provisional confidential treatment is desired, do not file the annual report electronically using the program's e-mail filing capabilities.

12. It is not necessary to manually or electronically "sign" the signature page. Do not file a hardcopy annual report printout with the Commission.

RULES FOR REPORTING

13. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrecs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

14. **Name Changes:**
If a name change (e.g., the new name, the date of the change, and the affected entities with their respective four-digit Commission identification numbers) is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI. *These documents can be obtained by:*

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at http://wdfi.org; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

A name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

15. **Changes to the Annual Report Subsequent to Filing:**

If making revisions to the report subsequent to an electronic filing (i.e., using the program's e-mail capabilities) with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 13. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

RULES FOR REPORTING

Revisions to an annual report previously filed on a manual basis (i.e., using the Commission's ERF system) also require a new complete manual filing.

16. Municipalities authorized by the Commission as competitive local exchange carriers (CLECs) should report only the CLEC-related amounts in the OTH annual report.

SIGNATURE PAGE

I ARTHUR MAGEE of
(Person responsible for accounts)

BUDGET PHONE, INC , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

ARTHUR MAGEE
(Person responsible for accounts)

06/30/2006
(Date)

CFO
(Title)

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: BUDGET PHONE, INC
Utility Location: 1325 BARKSDALE BOULEVARD
BOSSIER CITY, LA 71111

Utility (or Parent/Holding Company) Web Site Address: www.budgetphone.com
Date utility authorized to provide service in Wisconsin: 10/18/2002
State in which utility was organized: Louisiana
Organization type: Corporation
New Utility Name: **Effective Date:**
Telephone numbers for potential customers to contact company:
Business Customers: (318) 671 - 5000
Residential Customers: (318) 671 - 5000

Primary Address - Primary Utility Contact (located at utility address)

Name: KEILLAH SPELL
Title: COMPLIANCE ANALYST
Firm/Company: TELECOM COMPLIANCE SERVICES
Office Address: 3100 CUMBERLAND BOULEVARD SUITE 900
ATLANTA, GA 30339

Fax Number: (770) 956 - 0700
Telephone Number: (678) 718 - 1135
Email Address: kspell@tcsteam.com

Annual Report Address - Contact person for information contained in this annual report

☐ **Same as Primary Address**

Name: ARTHUR MAGEE
Title: CFO
Firm/Company: BUDGET PHONE, INC.
Office Address: 1325 BARKSDALE BOULEVARD, SUITE 200
BOSSIER CITY, LA 71111

Fax Number: (318) 671 - 5024
Telephone Number: (318) 671 - 5000
Email Address: amagee@budgetphone.com

IDENTIFICATION AND OWNERSHIP

Regulatory Contact - Contact person for Regulatory Inquiries and Complaints

☐ **Same as Primary Address**

Name: ARTHUR MAGEE
Title: CFO
Firm/Company: BUDGET PHONE, INC.
Office Address: 1325 BARSDALE BOULEVARD, SUITE 200
BOSSIER CITY, LA 71111

Fax Number: (318) 671 - 5024
Telephone Number: (318) 671 - 5000
Email Address: amagee@budgetphone.com

List names, addresses, and percent ownership interest held by persons owning 5 percent or more of outstanding voting securities or membership interests. If any stock (or interest) is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: ARTHUR MAGEE
Address: 1325 BARKSDALE BOULEVARD
BOSSIER CITY , LA 71111

Percent Interest Held: 40
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: NONE
Form of Interest: NONE
Extent of Interest: NONE

INCOME STATEMENT - WISCONSIN TOTAL OPERATIONS

Particulars (a)	Wisconsin Total % This Year (b)	This Year (000's) (c)	
Operating Revenues	0.01 %	**256**	**1**
OPERATING EXPENSES			
Access and Billing Expenses	0 %	0	**2**
Local Interconnection	0 %	0	**3**
Other Charges Imposed by Another Carrier	0.01 %	0	**4**
Communication System Operations	0 %	0	**5**
Depreciation and Amortization	0 %	0	**6**
Other	0 %	0	**7**
Total Operating Expenses	0.01 **%**	**0**	**8**
Net Operating Income	0.01 **%**	**256**	**9**
Total Nonoperating Income	0 **%**	**0**	**10**
Net Income	0.01 **%**	**256**	**11**

Income Statement - Wisconsin Total Operations Note:

Please state the bases upon which the Wisconsin total factors were developed and provide supporting calculations.

TOTAL COMPANY BALANCE SHEET

Particulars (a)	Balance--EOY (000's)(b)	
ASSETS		
TOTAL CURRENT ASSETS	19,981	**1**
TOTAL NONCURRENT ASSETS	534	**2**
TOTAL PLANT	2,909	**3**
TOTAL ASSETS AND OTHER DEBITS	**23,424**	
LIABILITIES AND CAPITAL		
TOTAL CURRENT LIABILITIES	9,382	**4**
TOTAL LONG-TERM DEBT		**5**
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS		**6**
STOCKHOLDERS' EQUITY		
Retained Earnings	13,966	**7**
Other Stockholders' Equity	1	**8**
TOTAL STOCKHOLDERS' EQUITY	**13,967**	
TOTAL LIABILITIES AND OTHER CREDITS	**23,349**	

TOTAL COMPANY BALANCE SHEET - NOTES

Other information concerning the total company balance sheet.

none

TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION & AMORTIZATION - WISCONSIN

Plant Function (a)	Additions This Year (000's)(b)	Plant In Service EOY (000's)(c)	Acc. Depr. & Amortization EOY (000's)(d)	Net Plant In Service EOY (000's)(e)	
TOTAL GENERAL SUPPORT	0	0	0	**0**	**1**
TOTAL CENTRAL OFFICE	0	0	0	**0**	**2**
TOTAL INFORMATION ORIG./TERM.	0	0	0	**0**	**3**
TOTAL CABLE WIRE FACILITIES	0	0	1,330	**(1,330)**	**4**
TOTAL AMORTIZABLE	0	0	1,330	**(1,330)**	**5**
TOTAL PLANT IN SERVICE	**0**	**0**	**2,660**	**(2,660)**	

OPERATING REVENUES

Particulars (a)	Wisconsin-Based Intrastate (000's)(b)	Wisconsin-Based Interstate (000's)(c)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail	256		1
Private Line & Special Access			2
Resale of Local Service			3
Enter Other Description Here			4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge			5
Switched			6
Special			7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched			8
Special			9
Enter Other Description Here			10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Enter Description Here			11
MISCELLANEOUS REVENUES			
Reciprocal Compensation			12
Other Interconnection			13
Unbundled Network Elements (UNEs) and UNE Platform (UNE-P)			14
Video Distance Learning			15
Directory			16
Enter Description Here			17
NONREGULATED REVENUES			
Enter Description Here			18
GROSS OPERATING REVENUES	**256**	**0**	
UNCOLLECTIBLE REVENUES			
Enter Description Here			19
TOTAL UNCOLLECTIBLE REVENUES	**0**	**0**	
TOTAL OPERATING REVENUES	**256**	**0**	

OPERATING REVENUES (cont.)

Particulars (d)	Wisconsin-Based Total (000's)(e)	Total Company (000's)(f)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail	256		1
Private Line & Special Access	0		2
Resale of Local Service	0		3
Enter Other Description Here	0		4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge	0		5
Switched	0		6
Special	0		7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched	0		8
Special	0		9
Enter Other Description Here	0		10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Enter Description Here	0		11
MISCELLANEOUS REVENUES			
Reciprocal Compensation	0		12
Other Interconnection	0		13
Unbundled Network Elements (UNEs) and UNE Platform (UNE-P)	0		14
Video Distance Learning	0		15
Directory	0		16
Enter Description Here	0		17
NONREGULATED REVENUES			
Enter Description Here	0		18
GROSS OPERATING REVENUES	256	0	
UNCOLLECTIBLE REVENUES			
Enter Description Here	0		19
TOTAL UNCOLLECTIBLE REVENUES	0	0	
TOTAL OPERATING REVENUES	256	0	

YEAR-END NUMBER OF LINES

Report voice grade and/or DS0 equivalent lines serving end users.

Local Telecommunications Line Type (a)	Wisconsin-Based Total (Actual No.) (b)	
Residential	**442**	**1**
Business	**0**	**2**
		3

NUMBER OF LIFELINE AND LINKUP CUSTOMERS

Number of Lifeline and Linkup Customers (a)	Wisconsin (Actual No.)(b)	
Number of Lifeline Customers in Wisconsin at December 31, 2005	0	**1**
Number of Linkup Customers in Wisconsin Connected During 2005	0	**2**

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Rate Center Name	NA				1
Central Office (Switch) CLLI Code	N/A				2
Switch Location	N/A				3
Manufacturer of COE	N/A				4
Type of Equipment	N/A				5
(S)tandalone, (H)ost, (R)emote, (D)igital Loop Carrier	S				6
Remote Host Rate Center Name					7
Remote Host Switch CLLI Code					8
COE Generic Software Release No.	N/A				9
SS7?	No				10
9-1-1?	Yes				11
Access Lines - In Use	0				12
Trunks - In Use	0				13
ISDN Available?	No				14
ISDN Lines - In Use (BRI)					15
- In Use (PRI)					16
DSL Service Available?	No				17
- In Use (# lines)					18
End User VoIP Available?	N				19
Digital Service Available: DS-1 - In Use	0				20
DS-3 - In Use	0				21
OC-3 - In Use	0				22
Advanced Data Service Available:					23
Packet Switching?	No				24
Frame Relay?	No				25
ATM (Asynchronous Trans. Mode)?	No				26
Fiber Transmission Facilities:					27
No. of fiber strands entering C.O.	0				28
No. of fiber strands working (LIT) in C.O.	0				29
No. of fiber strands for interoffice use	0				30
Miles of fiber sheath in wire center	0				31
Access Tandem Serving this C.O.:					32
- Central Office Name	N/A				33
- Central Office CLLI Code	N/A				34
Does this C.O. do access tandem switching?	No				35

ASSESSABLE REVENUES

Description (a)	This Year (000's)(b)	
Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes		
Gross Operating Revenues--Wisconsin (including interstate revenues)	256	1
Less: Inbound Interstate 800 and Collect Revenues billed to customers outside of Wisconsin and included on line 1 (exclusive of uncollectible and nonregulated revenue)	0	2
Less : Current Year Write-offs of Uncollectible Revenues	0	3
Plus: Current Year Collection of Operating Revenues Previously Written Off	0	4
Less : Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)	0	5
Plus: Nonregulated Net Write Off Amount (included on Lines 3 and 4)	0	6
Total Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	**256**	7

Assessable Revenues for Universal Service Fund Assessment Purposes			
Wisconsin Gross Intrastate Operating Telecommunications Service Revenue		**256**	8
Less:	Reciprocal Compensation	0	9
Less:	Other Interconnection Revenues	0	10
Less:	Unbundled Network Elements (UNEs) and UNE Platform (UNE-P) Revenues	0	11
Less:	Directory Revenues	0	12
Less:	Nonregulated Revenues	0	13
Less:	Other revenues not assessable for USF purposes (list)		
	Enter description here	0	14
	Enter description here	0	15
	Enter description here	0	16
Total assessable revenues for USF purposes		**256**	17

Explanation of significant variances in assessable revenues.

If line 7 or line 8 represents and increase of decrease of more than 20 percent and $200,000 from last year, please provide a brief explanation here. If variance is less than these thresholds, enter NONE. **18**

none

Notes

"Gross Operating Revenues--Wisconsin" are revenues before consideration of uncollectible revenues. These revenues include revenues from inbound interstate 800 and collect calls billed to customers in Wisconsin.

"Outbound interstate revenues" are service operations revenues received from communications originating at points within Wisconsin and terminating at points outside the state.

"Inbound interstate 800 and collect revenues" are revenues from interstate 800 and collect calls originating outside of Wisconsin and terminating within Wisconsin, but billed to customers outside of Wisconsin.

"Gross" means revenue before consideration of uncollectible amounts. Access expenses may not be netted against assessable revenues.

"Intrastate" means telecommunications service originating and terminating within the State of Wisconsin. Intrastate revenue does not include interstate access revenue.

ASSESSABLE REVENUES

Description (a)	This Year (000's)(b)
"Operating" means provision of telecommunications services.	
"Telecommunications service revenue" for the purpose of this assessment does not include cable television service, broadcast service, rents, directory revenue, carrier billing and collection revenue, nonregulated customer premises equipment revenue, or other miscellaneous or nonregulated revenue. However, it does include video distance learning revenue and payphone revenue (the latter which was deregulated in 1997).	

OTHER INFORMATION

Additional or other information concerning this annual report.

none

SCHEDULE AND REPORT NOTES

General Footnote

Schedule Footnotes

SERVICES OFFERED

1	Does the company currently offer basic local telecommunications service (voice grade) to new customers in one or more Wisconsin locations to Residential customers?	Yes
2	Does the company currently offer basic local telecommunications service (voice grade) to new customers in one or more Wisconsin locations to Business customers?	Yes
3	Does the company currently offer basic local telecommunications service (voice grade) to new residential and/or business customers in all of AT&T Wisconsin (formerly SBC) service territory?	No
4	Does the company currently offer basic local telecommunications service (voice grade) to new residential and/or business customers in all of Verizon North's Wisconsin service territory?	No

Does the company currently offer the following services in one or more Wisconsin locations:

5	Company calling cards	Yes
6	Long distance service	Yes
7	Operator services	Yes
8	Dial-up Internet services	No
9	DSL	No
10	Cable modem Internet access	Yes
11	Wireless Internet	No
12	Voice over Internet protocol (VoIP)	No
13	Dark fiber	No
14	Fiber to the Premise	No
15	Digital TV	No
16	Wholesale	No
17	Other	No

Communities where Basic Local Service is offered to New Customers as of April 1, 2006

County Name (a)	Municipality Name (b)	Municipality Type (c)	
Adams	ADAMS	City	1
Calumet	APPLETON	City	2
Outagamie	APPLETON	City	3
Winnebago	APPLETON	City	4
Ashland	ASHLAND	City	5
Sauk	BARABOO	City	6
Rock	BELOIT	City	7
Calumet	CHILTON	City	8
Chippewa	CHIPPEWA FALLS	City	9
Rock	CLINTON	Village	10
Dane	COTTAGE GROVE	Village	11
Milwaukee	CUDAHY	City	12
Brown	DE PERE	City	13
Walworth	DELAVAN	City	14
Chippewa	EAU CLAIRE	City	15
Eau Claire	EAU CLAIRE	City	16
Milwaukee	FOX POINT	Village	17
Milwaukee	GLENDALE	City	18
Brown	GREEN BAY	City	19
Milwaukee	GREENDALE	Village	20
Marathon	HATLEY	Village	21
Rock	JANESVILLE	City	22
Outagamie	KAUKAUNA	City	23
Juneau	LYNDON STATION	Village	24
Dane	MADISON	City	25
Dane	MARSHALL	Village	26
Juneau	MAUSTON	City	27
Calumet	MENASHA	City	28
Winnebago	MENASHA	City	29
Waukesha	MENOMONEE FALLS	Village	30
Dane	MIDDLETON	City	31
Milwaukee	MILWAUKEE	City	32
Marquette	MONTELLO	City	33
Winnebago	NEENAH	City	34
Waukesha	NEW BERLIN	City	35
Sauk	NORTH FREEDOM	Village	36

Communities where Basic Local Service is offered to New Customers as of April 1, 2006

County Name (a)	Municipality Name (b)	Municipality Type (c)	
Milwaukee	OAK CREEK	City	37
Dane	OREGON	Village	38
Columbia	PARDEEVILLE	Village	39
Columbia	PORTAGE	City	40
Sauk	REEDSBURG	City	41
Columbia	RIO	Village	42
Marathon	ROTHSCHILD	Village	43
Sheboygan	SHEBOYGAN	City	44
Dane	STOUGHTON	City	45
Dane	SUN PRAIRIE	City	46
Jefferson	WATERLOO	City	47
Waukesha	WAUKESHA	City	48
Milwaukee	WAUWATOSA	City	49
Milwaukee	WEST ALLIS	City	50
Marquette	WESTFIELD	Village	51
Adams	WISCONSIN DELLS	City	52
Columbia	WISCONSIN DELLS	City	53
Sauk	WISCONSIN DELLS	City	54
Brown	WRIGHTSTOWN	Village	55
Columbia	WYOCENA	Village	56