

Matilda Sanders

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Sent: Tuesday, March 06, 2007 2:58 PM
To: Filings@psc.state.fl.us
Cc: Sandy Khazraee
Subject: FW: Docket No. 060763 Embarq's Request for Confidential Classification
Attachments: Emabrq's Request for Confidential Classification.pdf

ORIGINAL

Filed on Behalf of: Susan S. Masterton

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Docket No. 060763-TP

Title of filing: Embarq's Request for Confidential Classification

Filed on behalf of: Susan Masterton

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Description: Embarq's Request for Confidential Classification
<<Emabrq's Request for Confidential Classification.pdf>>

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- OTH | *1conf records*

This confidentiality request was filed by or for a "telco" for DN ~~*~~_____. No ruling is required unless the material is subject to a request per 119.07, FS, or is admitted in the record per Rule 25-22.006(8)(b), FAC.
** See DNS listed on cover ltr*

DOCUMENT NUMBER - DATE
 02045 MAR-6 5
 FPSC-COMMISSION CLERK

ORIGINAL



EMBARQ

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March 6, 2007

Ms. Blanca Bayó, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 060763-TP, Embarq's Request for Confidential Classification

Dear Ms. Bayó:

Enclosed for filing on behalf of Embarq Florida, Inc. is Embarq's Request for Confidential Classification, which was filed on this date with the Commission Clerk and Administrative Services. A listing of documents follows:



- 1) CD containing Treviso Bay NPV analysis (Document No. 11881-06 – Claim of Confidentiality filed 12/29/06) included in Hearing Exhibit No. 4.
- 1) 2) Highlighted Information in Embarq's Response to Staff's Data Request No.E1 (Document No. 00149-07– Claim of Confidentiality filed 1/5/07) included in Hearing Exhibit No. 4
- 1) 3) Market Share Study Provided in Response to Staff Data Request No. E1 (Document No. 00184-07 – Claim of Confidentiality filed 1/8/07) included in Hearing Exhibit No. 4.
- 1) 4) Embarq's Response to Staff POD Nos. 1-7 (Document No. 00492-07 – Claim of Confidentiality filed 1/17/07) included in Hearing Exhibit No.4.
- 1) 5) Embarq's Response to Treviso Bay's Interrogatory No. 5 and POD Nos. 4, 5, and 7 (Document No. 00582-07 - Claim of Confidentiality filed on 1/22/07) included in Hearing Exhibit No. 11
- 1) 6) Embarq's Response to Treviso Bay's POD No. 2 (Document No. 00621-07 – Claim of Confidentiality filed 1/23/07) included in Hearing Exhibit No. 11.
- 1) 7) Embarq's Response to Staff's Interrogatory Nos. 20, 21 and 22 and Request for Admissions No. 4 (Document No. 00932-07 – Claim of Confidentiality filed 1/29/07) included in Hearing Exhibit No. 4.
- 1) 8) Embarq's Response to Staff's Interrogatory Nos. 29 and 30 and POD No. 8 (Document No. 01201-07 – Claim of Confidentiality filed 2/5/07) included in Hearing Exhibit No. 4.
- 1) 9) Highlighted information on pages 8 and 9 of Kent W. Dickerson's Surrebuttal Testimony (Document No. 01228-07 – Claim of Confidentiality filed 2/6/07).

DOCUMENT NUMBER-DATE

02045 MAR-6 5

FDSC-COMMISSION CLERK

Ms. Blanca Bayó, Director
March 6, 2007
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This Notice requires that the information be treated as confidential while on file at the Florida Public Service Commission and further that the information be returned as required by Section 364.183, F.S.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer. Thank you for your assistance in this matter.

Sincerely,

s/Susan S Masterton
Susan S. Masterton

Susan S. Masterton
COUNSEL
LAW AND EXTERNAL AFFAIRS REGULATORY
Voice: (850) 599-1560
Fax: (850) 878-0777

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for waiver of carrier of last resort obligations for multitenant property in Collier County known as Treviso Bay, by Embarq Florida, Inc.	Docket No. 060763-TL Filed: March 6, 2007
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Embarq Florida, Inc.'s Request for Confidential Classification
Under Section 364.183(1), Florida Statutes

Embarq Florida, Inc. (hereinafter, "Embarq") hereby requests that the Florida Public Service Commission ("Commission") classify certain documents identified herein as confidential and exempt from public disclosure under chapter 119, Florida Statutes, and issue any appropriate protective order reflecting such a decision.

1. The information that is the subject of this request is confidential and proprietary as described in paragraph 3. The following documents or excerpts from documents are the subject of this request:

- 1) CD containing Treviso Bay NPV analysis (Document No. 11881-06 – Claim of Confidentiality filed 12/29/06) included in Hearing Exhibit No. 4.
- 2) Highlighted Information in Embarq's Response to Staff's Data Request No. E1 (Document No. 00149-07 – Claim of Confidentiality filed 1/5/07) included in Hearing Exhibit No. 4.
- 3) Market Share Study Provided in Response to Staff Data Request No. E1 (Document No. 00184-07 – Claim of Confidentiality filed 1/8/07) included in Hearing Exhibit No. 4.
- 4) Embarq's Response to Staff POD Nos. 1-7 (Document No. 00492-07 – Claim of Confidentiality filed 1/17/07) included in Hearing Exhibit No.4.
- 5) Embarq's Response to Treviso Bay's Interrogatory No. 5 and POD Nos. 4, 5, and 7 (Document No. 00582-07 - Claim of Confidentiality filed on 1/22/07) included in Hearing Exhibit No. 11
- 6) Embarq's Response to Treviso Bay's POD No. 2 (Document No. 00621-07 – Claim of Confidentiality filed 1/23/07) included in Hearing Exhibit No. 11.

7) Embarq's Response to Staff's Interrogatory Nos. 20, 21 and 22 and Request for Admissions No. 4 (Document No. 00932-07 – Claim of Confidentiality filed 1/29/07) included in Hearing Exhibit No. 4.

8) Embarq's Response to Staff's Interrogatory Nos. 29 and 30 and POD No. 8 (Document No. 01201-07 – Claim of Confidentiality filed 2/5/07) included in Hearing Exhibit No. 4.

9) Highlighted information on pages 8 and 9 of Kent W. Dickerson's Surrebuttal Testimony (Document No. 01228-07 – Claim of Confidentiality filed 2/6/07).

2. Redacted copies of the information are attached to this request. An unredacted copy of each document is already on file with the Florida Public Service Commission pursuant to the Claims of Confidentiality identified above.

3. The information for which the Request is submitted includes information pertaining to Embarq's projected costs to provide service, expected penetration rates for Embarq's services and Embarq's projected revenues for these services. In addition, the information includes information concerning the types, costs and prices for Embarq's facilities and services, as well as Embarq's anticipated market share for various services. This information is information relating to Embarq's competitive interests, the disclosure of which would impair Embarq's competitive business. In addition, information concerning the prices is contractual information the disclosure of which would impair Embarq's ability to contract for goods or services on favorable terms. Also, the information for which this Request is submitted includes information regarding Embarq's wholesale CLEC customers which Embarq is required to keep confidential under Embarq's interconnection agreements with these CLECs. Finally, the information includes information for which Treviso Bay has been granted confidential treatment in this proceeding. Attachment A contains an explanation of the proprietary information,

identifies the location of the information designated confidential, and identifies the specific sections of 364.183(3), F.S. that justify confidentiality.

4. Section 364.183(3), F.S., provides:

(3) The term "proprietary confidential business information" means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. The term includes, but is not limited to:

(a) Trade secrets.

(b) Internal auditing controls and reports of internal auditors.

(c) Security measures, systems, or procedures.

(d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the company or its affiliates to contract for goods or services on favorable terms.

(e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of information.

(f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

5. The subject information has not been publicly released by Embarq.

6. The Commission has granted confidential classification for similar information.

See, Order No. PSC-07-0057-CFO-TL and Order No. PSC-07-0056-CFO-TL (related to information regarding the types and costs of Embarq's facilities and Embarq's projected revenues, profitability and penetration rates).

Based on the foregoing, Embarq respectfully requests that the Commission grant Embarq's Request for Confidential Classification, exempt the information from

disclosure under chapter 119, Florida Statutes, and issue any appropriate protective order, protecting the information from disclosure while it is maintained at the Commission.

Respectfully submitted this 6th day of March 2007.

s/Susan S. Masterton

Susan S. Masterton

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Counsel for Embarq Florida, Inc.

ATTACHMENT A

Document No. and Description	Location of Confidential Information	Justification for Confidential Treatment
<p>11881-06 CD containing Treviso Bay cash flow analysis (included in Hearing Exhibit No. 4)</p>	<p>Entire Document</p>	<p>This information is information pertaining to Embarq's projected costs to provide service, expected penetration rates for Embarq's services and Embarq's projected revenues for these services. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. (s. 364.183(3)(e), F.S.)</p>
<p>00149-07 Highlighted information in Embarq's Response to Staff's Data Request No. E1 (included in Hearing Exhibit No. 4)</p>	<p>Highlighted information in Response to Request 10(x) and 15, and attached Revenue Analysis (entire document)</p>	<p>This information includes information concerning the type and costs of Embarq's facilities and services, as well as Embarq's anticipated market share for various services. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq.</p>

		(s. 364.183(3)(e), F.S.)
00184-07 Market Share Study provided in Response to Staff's Data Request E1 (included in Hearing Exhibit No. 4)	Highlighted information in columns 4 and 10, lines 7-25	This information includes Embarq's projected market share various developments in Florida. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. (s. 364.183(3)(e), F.S.)
00492-07 Embarq's Responses to Staff's POD Nos. 1-7 (included in Hearing Exhibit No. 4)	POD No. 1 (highlighted information in column 2, lines 1-24), POD No. 2 (highlighted information in column 1, lines 1-9), POD No. 3 (highlighted information in column 5, lines 2-17), POD No. 4 (highlighted information in column 2, lines 2-10), POD No. 5 (entire document), POD No. 6 (entire document) and POD No. 7 (highlighted information in columns 2-6, lines 3, 4, 5, 6, 8, 9,10,	This information is information concerning the types, costs and prices of Embarq's facilities and services, as well as Embarq's revenues for its services. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. In addition, information concerning the prices is contractual information the disclosure of which

	11, 12, 13, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 34, 35, and 36	would impair Embarq's ability to contract for goods or services on favorable terms (s. 364.183(3)(d) and (e), F.S.) Finally, POD No. 2 contains Treviso Bay's sales projections for its subdivision, which is proprietary information for Treviso Bay and for which Treviso Bay has been granted confidential treatment in this proceeding.
00582-07 Embarq's Response to Treviso Bay's Interrogatory No. 5 and POD Nos. 4, 5, and 7 (included in Hearing Exhibit No. 11)	Highlighted in information in Response to Int. No. 5 (p. 3) and POD No. 5 (p. 5); POD No. 4, highlighted information in columns 3 and 5-9, lines 5-46; POD No. 5, highlighted information in columns 1-4, lines 1-4, POD No. 7, highlighted information in columns 1-10, lines 6-26	This information is information concerning the type and costs of Embarq's facilities and services, as well as Embarq's anticipated revenues for its services and Embarq's market share in various Florida developments. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. In addition, information concerning the prices is contractual information the

		disclosure of which would impair Embarq's ability to contract for goods or services on favorable terms (s. 364.183(3)(d) and (e), F.S.)
00621-07 Response to Treviso Bay's POD No. 2 (included in Hearing Exhibit No. 11)	Digital Loop Carrier (DLC) Planning Guidelines – page 49 of 90 – entire page	This information is information Embarq's internal facilities' guidelines. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. (s. 364.183(3)(e), F.S.)
00932-07 Embarq's Response to Staff's Interrogatory Nos. 20, 21, and 22 and Request for Admission No. 4 (included in Hearing Exhibit No. 4)	Highlighted information in Embarq's Response to Interrogatory Nos. 20, 21 and 22 and Request for Admissions No. 4	This information includes information related to Embarq's wholesale CLEC customers which Embarq is required to keep confidential under Embarq's interconnection agreements with these CLECs. It also includes information related to Embarq's projected profitability which is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive

		business of Embarq. (s. 364.183(3)(e), F.S.)
01201-07 Embarq's Response to Staff's Interrogatory Nos. 29 and 30 and POD No. 8	Highlighted information in Embarq's Response to Staff's Interrogatory Nos. 29 and 30 and POD No. 8, column 4, pages 1 - 7	This information is information concerning the types and costs of Embarq's facilities. In addition, POD No. 8 includes information concerning Embarq's market share among identified customer addresses. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. (s. 364.183(3)(e), F.S.)
01228-07 Highlighted Information on pages 8 and 9 of Kent Dickerson's Surrebuttal Testimony	Highlighted information on page 8, lines 8, 11, 15, 17, 18, 20, and 21 and on page 9, lines 10, 11, 12, 14, 17 and 20.	This information is information concerning Embarq's projected profitability. This information is information relating to Embarq's competitive interests, the disclosure of which would impair the competitive business of Embarq. (s. 364.183(3)(e), F.S.)

- (s) Referring to line 12, please provide the derivation of this value, identifying the components and their associated weights.

Answer: See "Cost of Capital & Tax Inputs" cells C7-C11.

- (t) Referring to line 13, please identify the source for the specific demand units in each of Years 1 through 6. If there is no independent source, please explain the rationale underlying the assumed build-out pattern.

Answer: See "Inputs" rows 17-20 for telephone subscribers, which follow "Inputs" rows 10-13 for the construction period of living units, using Embarq's penetration assumption.

- (u) Referring to line 17, please describe the underlying formula used.

Answer: For Cash Expenses, this represents an accumulation of maintenance expense (DR question 10(r)), property taxes, and other expenses. See "Disc Cash Flow (w detail rows)" rows 31-33

- (v) Referring to line 18, please describe the underlying formula used.

Answer: For Income Tax, see "Disc Cash Flow (w detail rows)" row 38, which multiplies Taxable Income (row 37) by the combined net federal and state tax rate of 38.58% (cell C38). Taxable Income is derived from "Disc Cash Flows (w detail rows)" rows 29-35. Also see response to DR 1(c). The income tax rate of 38.58% takes into account that the 5.5% state income tax is deductible for purposes of the 35% federal income tax.

- (w) Referring to line 21, please describe the underlying formula used.

Answer: The discount rates listed in "Disc Cash Flow" row 46 convert cash flow for that year (row 44) to a net present value (row 47), using a simple financial calculation equating to the present value of an 8.12% cost of money, discounted for x years, where the value of x changes for each year. See "Disc Cash Flow" cells D46-W46 for the calculation. The mid-year value of x used within those cells is found in row 49 in white font.

- (x) What type of digital loop carrier is assumed to be installed in Year 1? What is its initial working capacity and its ultimate assumed capacity?

Revised Answer: [REDACTED]

- (y) If a digital loop carrier is assumed to be installed in Year 11, is it identical to that installed in Year 1?

Answer: Yes. Original values from "Inputs" cells H4 and I4 were reused in Year 11.

- (z) If the response to (y) is negative, please indicate the type of digital loop carrier installed in Year 11, and its assumed working capacity.

Answer: N/A.

11. Explain Embarq's rationale for considering the Treviso Bay a high cost area as mentioned in paragraph 13 of Embarq Florida, Inc.'s Amended Petition For Waiver.

Answer: The economic losses demonstrated by the cash flow analysis, result from unit costs to serve the population of customers reasonably expected to purchase Embarq's voice services being substantially exceeded by the network and operating costs of providing those services. Generically, areas where the cost to provide service exceed the reasonably expected revenues generated can be termed to be high cost areas, and Embarq has used the term in this manner in its petition and context.

12. What is the method used by Embarq for calculating the depreciation on the outside plant utilized to provide service to Treviso Bay.

Answer: In a cash flow analysis, the only relevant depreciation is tax depreciation, using MACRS tables prescribed by the IRS. Book depreciation is not considered in a cash flow analysis.

13. What is the number of years (depreciation schedule) used by Embarq for the depreciation method for question 12?

Answer: Embarq's NPV analysis utilized a MACRS life of 15 years when computing the cash flow impacts of income taxes.

14. Does Embarq currently offer television programming and video services over its telephone system to residential customers in Naples, Florida?

Answer: No.

15. Does Embarq plan to offer television programming and video services over its telephone system to residential customers in Naples, Florida? If so, what is the time frame for the planned roll out?

Answer:



16. Does Embarq assume it will only serve residential customers in the development? If so, has Embarq inquired with the developer if the Treviso Bay development will include commercial sites?

Embarq - Florida
 Market Share Study
 Summer 2006

Wire Center	Competitor	Cable Internet Phone	When Cable Internet Phone Offered	Development Name	Single Family or Multi Family	When Embarq Voice Facilities Placed	June-July 2006 Data		
							Development Number of Lots (NSAs) Facilities Placed	Number with Embarq Service	% EMBARQ Service to Total NSAs

Redacted

NSA = New Service Address

Embarq - Florida
Toll & Access



Note:

Naples Net Access - Res Only
Naples Res Lines
Monthly Net Access - Res

Access info was
avail by exchange

EQ Long Distance Revenue - Total FL - Res and Bus
Pct Naples (Naples Res and Bus MOU/Ttl FL Res and Bus MOU)
EQ Long Distance Revenue - Naples - Res and Bus
Pct Res (Naples Res MOU/Naples Res and Bus MOU)
EQ Long Distance Revenue - Naples - Res Only
EQ LD Margin
Naples Net EQ LD
Naples Res Lines
Monthly Net Toll - Res

LD figures were
not avail by exch -
alloc state amount
on minutes of use

Monthly Net Toll & Access - Res

FL - Res
Naples - Res

FL - Bus
Naples - Bus

Total Florida Res and Bus
Total Naples Res and Bus

Naples Share of Florida

Naples - Res
Naples - Bus
Total Naples Res and Bus
Naples Res to Naples Total



Proprietary and Confidential

000043

Redacted

Proprietary and Confidential

Embarq - Florida
 2005_INSIDE WIRE -



Year	Unit	Func	RegID	Sum Total Amt	Price	Customers		
2005	39	540020	2				Revenue	
2005	39	540030	2				Revenue	
2005	39	540040	2				Revenue	
2005	39	540050	2				Revenue	
2005	39	540060	2				Revenue	
2005	39	621213	2				Expense	
2005	39	623213	2				Expense	
2005	39	637020	2				Expense	
2005	39	637026	2				Expense	
2005	39	637030	2				Expense	
2005	39	637040	2				Expense	
2005	39	637050	2				Expense	
2005	39	642311	2				Expense	
				#DIV/0! expense per month				

Proprietary and Confidential

000045

Embarq - Florida
Common Transport - Local Interoffice

Interoffice Transport MOU Per Month - Local Only
TSLRIC of Common Transport - Per MOU (excl common cost)
Monthly Cost of Local Interoffice Transport
Transport Fiber Percent
Transport Circuit Electronics Percent
Charge Factor - Fiber
Charge Factor - Circuit Electronics
Investment in Local Interoffice Transport - Fiber
Investment in Local Interoffice Transport - Circuit



This study takes the common transport cost per minute, and expresses the result as an investment per line.

Proprietary and Confidential

000046

REDACTED

000047

REDACTED

2006 2007 2008 2009 2010

New Capital:
 Capex
 Development
 - IT Hardware
 Total IT Capital
 Cumulative Total

Network Capex
 - Turnkey Installation of Equipment
 - Network Elements
 - Spares
 - Gateways
 Total
 Cumulative Total

Product Development Capex
 - Application Design, Development and Support Costs
 - Custom Feature Development Costs
 Total
 Cumulative Total

RTU Fees
 - Application or Feature RTU
 - Licensing and Software

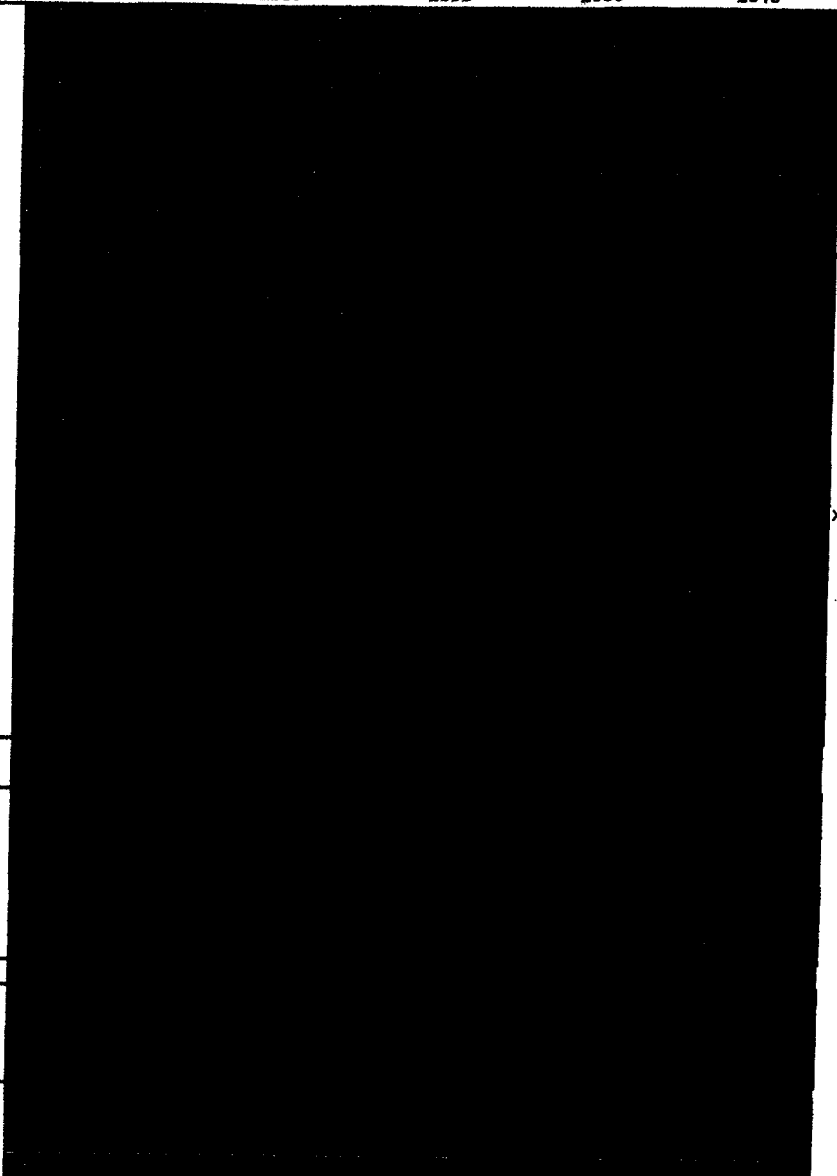
 Cumulative Total

 Total New Capital
 Total Cumulative New Capital

Existing Transport Capital:
 - PRI Port
 Switching
 Transport
 - Dedicated IP
 Total PRI and Dedicated IP
 Cumulative Total

Capital Per Subscriber Summary:
 Number of Subscribers
 Average Capital per Line (Time Valued @ 10%)

Discounted Investment
 Discounted Demand



Response: Depreciation of circuit digital pair gain/digital loop carrier investment on Florida books is based upon a Projection Life of 9.0 years. Industry depreciation specialists such as Technology Futures, Inc. concur with a lives of that length, as evidenced by Figure 6.2 in the response to POD #4 showing 0% surviving DLC's in a 10 year time span (placement in 2004 – no survivors in 2014). Given these depreciation statistics, a life shorter than 10 could have been chosen for the Treviso Bay analysis, but a conservative estimate of 10 was selected.

5. **Refer to Embarq's response to Staff Data Request No. E-1, number 10 (x). Provide a complete description of the DLC unit, including model number and any other configuration-specific information, that Embarq assumes to be installed in year 1 (only the manufacturer is identified in Embarq's response to Staff).**

Response: The device is a [REDACTED] housed in an [REDACTED] cabinet. See POD #5.

6. **Refer to the December 13, 2006 Direct Testimony of Michael J. Dechellis, page 6. Is the "Embarq – Florida Market Share Study Summer 2006" proprietary document the only source of the market share assumption stated on line 4? If no, identify and provide any and all other documents relied upon by Embarq and Mr. Dechellis to develop the market share assumption shown on line 3.**

Response: Yes.

7. **Refer to the "Embarq – Florida Market Share Study Summer 2006" proprietary document. Has Embarq performed a comparable or similar analysis for any markets not shown on this chart? If yes, identify and provide the analysis and any related information for any and all markets in the same format as provided on the "Embarq – Florida Market Share Study Summer 2006" proprietary document.**

Response: Please see the attachment for POD 7. The markets included in this analysis are not comparable or similar to the situation faced in Treviso Bay, principally because the availability date for cable telephony was well past when Embarq facilities were placed or is not available to the development. In addition, other developments have had limited construction activity upon which market share conclusions could be based. Therefore, the market share information for these developments is not instructive to the conditions faced in Treviso Bay where cable telephony will be available simultaneously with Embarq's voice service if it were required to place its facilities. Further, because of the bulk agreement for video and high speed data, residents of Treviso Bay will have the opportunity to establish all services (voice, video and high speed data) with Comcast on day one. This is in contrast to the customers in the developments shown on the attachment to POD 7 who would be required to change carriers after their move-in if they wanted to subscribe to cable telephony service. For these reasons, the information included on POD 7 was not utilized in developing Embarq's market share assumption for the Treviso Bay NPV analysis.

4. With reference to Embarq's response to Staff Data Request No. E-1, number 10(i), please provide:
- (a) All documents relating to the expected useful life of DLC equipment; and
 - (b) All documents, including all supporting documentation, that Embarq would contend support Embarq's assumption that "the expected useful life of DLC equipment is estimated at ten years."

Response: See attached – Parameter Report (internal), Technology Futures, Inc "Transforming the Local Exchange Network" (external).

5. With reference to Embarq's response to Staff Data Request No. E-1, number 10 (x), please provide all documents that describe the DLC unit, including model number and any other configuration-specific information, that Embarq assumes to be installed in year 1. (Only the manufacturer is identified in Embarq's response to Staff's data requests.)

Response: Most information is provided in Interrogatory #5 [REDACTED]. See attached vendor part number description for the [REDACTED] cabinet.

6. Please refer to the December 13, 2006 Direct Testimony of Michael J. Dechellis, page 6. If the "Embarq – Florida Market Share Study Summer 2006" proprietary document is not the only source of the market share assumption stated on line 3, please provide any and all other documents relied upon by Embarq and Mr. Dechellis to develop the market share assumption shown on line 3.

Response: NA, see Interrogatory #6.

7. Please refer to the "Embarq – Florida Market Share Study Summer 2006" proprietary document. If Embarq has performed any comparable or similar analyses for any markets not shown on this chart, please provide copies of the analysis and any related information, including workpapers and any documents supporting any assumptions used in such analyses, for any and all markets in the same format as provided on the "Embarq – Florida Market Share Study Summer 2006" proprietary document.

Response: See attached.

SPRINT FLORIDA INCORPORATED
 CURRENT

PARAMETER REPORT

ACCOUNT NUMBER	CLASS or SUBCLASS of PLANT	PROJECTION LIFE	IOWA CURVE SHAPE	FIRST ELG YEAR	AVG. REM. LIFE	AVG SERVICE LIFE	FUTURE NET. SALVAGE	AVERAGE NET. SALVAGE
2112.1	Passenger Cars		WHOLE LIFE RATE					
2112.2	Light Trucks		WHOLE LIFE RATE					
2112.3	Heavy Trucks		WHOLE LIFE RATE					
2114	Special Purpose Vehicles		WHOLE LIFE RATE					
2116.1	Work Equipment		WHOLE LIFE RATE					
2121.1	Buildings		IOWA R3.0					
2121.3	Building Equipment		IOWA R2.0					
2121.4	Antenna Supp and Towers		IOWA R2.0					
2122.12	Furniture		WHOLE LIFE RATE					
2123.1	Office Support Equipment		WHOLE LIFE RATE					
2123.2	Co Communications Equipment		WHOLE LIFE RATE					
2124.1	General Purpose Computers		WHOLE LIFE RATE					
2212	Digital Switching		IOWA L0.0/AMORT					
2212.8	Switch - Generic Software		SQUARE CURVE					
2213.1	Packet Switching-Call Server		WHOLE LIFE RATE					
2213.2	Packet Switching-ATM		WHOLE LIFE RATE					
2213.3	Packet Switching- Trunk Gateway		WHOLE LIFE RATE					
2213.4	Packet Switching-Line Gateway		WHOLE LIFE RATE					
2213.8	Packet Switching-Software		WHOLE LIFE RATE					
2213.9	Packet Switching-Frame Relay		WHOLE LIFE RATE					
2220.1	Operator Systems		WHOLE LIFE RATE					
2231.3	Radio Other		IOWA S3.0					
2232.1	Circuit Analog		IOWA R3.0					
2232.2	Circuit Digital		IOWA L0.0					
2232.3	Circuit Other		IOWA L0.0					
2232.5	Circuit Digital-Digital Pair		IOWA L0.0					
2232.9	DSLAM Equipment		IOWA R3.0					
2362.1	Subs Multiplex		WHOLE LIFE RATE					
2362.2	Line Conditioning		WHOLE LIFE RATE					
2362.3.4	Other Terminal Equipment		WHOLE LIFE RATE					
2411.1	Poles		IOWA L0.0					
2421.1	Aerial-Met.		IOWA L0.5					
2421.2	Aerial-Non Met.		IOWA R2.0					
2422.1	Underground-Met.		IOWA L0.5					
2422.2	Underground-NonMet.		IOWA R3.0					
2423.1	Buried Met.		IOWA L0.0					
2423.2	Buried NonMet		IOWA R2.5					
2424.1	Submarine Cable-Metal		IOWA L0.0					
2424.2	Submarine Cable-Fiber		IOWA R2.5					
2426.1	Intrabuilding Cable-Metal		IOWA R2.0					
2426.2	Intrabuilding Cable-Fiber		IOWA R3.0					
2441.1	Underground Conduit		IOWA R3.0					

Embarq – Florida
Network Planning Material Description

Embarq's Response to Treviso Bay's
POD No. 5

REDACTED

Proprietary and Confidential

Embarq - Florida
Market Share Study
Summer 2006

Additional Developments

Embarq's R POD 7

Wire Center	Competitor	Cable Internet Phone	When Cable Internet Phone Offered	Development Name	Single Family or Multi Family	When Embarq Voice Facilities Placed	June-July 2006 Data		% EMBARQ Service to Total NSAs
							Development Number of Lots (NSAs) Facilities Placed	Number with Embarq Service	
[Redacted Data]									



Digital Loop Carrier Planning Guidelines

REDACTED

INTERROGATORIES

20. Is Embarq providing unbundled local loops to any facilities-based CLEC in the Naples area? If so, please identify the CLEC(s).

Response: Yes. [REDACTED]

21. To Embarq's knowledge, are there any facilities-based CLECs providing voice service in the Naples area without using Embarq UNE loops? If so, please identify the CLEC(s).

Response: Embarq does not have specific knowledge of the business plans of all potential competitors in the Naples area or the types and location of their facilities. Embarq is aware that [REDACTED]

22. To Embarq's knowledge, do any of the CLECs identified in response to Interrogatories 20 or 21 serve areas contiguous to Treviso Bay? If so, please identify the CLEC(s).

Response: Embarq does not have specific knowledge of the business plans of all potential competitors in the Naples area, the location of their facilities or their ability to serve areas contiguous to Treviso Bay. Embarq is aware of the following CLECs providing service in the Fort Myers/Naples area:

[REDACTED]

In addition, Embarq is aware that other competitors, including Comcast and other VoIP-based providers, while not certified as CLECs, are providing voice services in areas contiguous to Treviso Bay.

23.

(a) Does Embarq currently serve customers residing in any private gated communities in the Naples area?

Response: Likely yes, although Embarq has not performed any analysis specifically looking for "private gated communities". Conducting such an analysis would be a manual

an effectively zero probability of the 100% Embarq customer and voice bundle penetration assumptions occurring.

3. **Admit or deny that setting the penetration rate at 75% and Percent Buying Bundle at 100%, while holding all else constant, yields a positive cumulative NPV.**

Response: Denied. While the mathematical result of the postulated 75% penetration for customers and 100% purchase of bundles yields a positive cumulative NPV, Embarq denies that this mathematical exercise yields a positive NPV relative to Embarq's petition given what Embarq believes to be an effectively zero probability of the assumed Embarq customer and voice bundle penetration assumptions occurring.

4. **Admit or deny that setting the penetration rate at 50% and Percent Buying Bundle at 100%, while holding all else constant, yields a positive cumulative NPV.**

Response: Denied. While the mathematical result of the postulated 50% penetration for customers and 100% purchase of bundles yields a positive cumulative NPV. Embarq denies that this mathematical exercise yields a positive NPV relative to Embarq's petition given what it believes to be an effectively zero probability of the assumed Embarq customer and voice bundle penetration assumptions suggested in this request for admission actually occurring. Embarq further denies the mathematical exercise as it does not reflect the impacts of customer churn and price declines that Embarq noted were not reflected in its NPV analysis for simplicity sake, having already demonstrated unworkable economics without inclusion of these additional negative impacts. Further, the Cost of Capital assumptions utilized in the NPV analysis were also conservatively left at the average level that Embarq predicts relative to overall economic business opportunities. Were Embarq to attempt to finance the Treviso Bay construction project, it is likely financing would be unavailable or if available would be at a substantially higher cost than the cost conservatively used in Embarq's NPV analysis. Finally, Embarq would clarify that even the mathematical outcome resulting from the stated assumptions herein, requires capital outlays of approximately [REDACTED] and yet does not produce a positive NPV until year [REDACTED]. The inherent risk linked to this [REDACTED] year payback is a financial result that is not reasonably deemed a viable business opportunity, were it even to be an obtainable one, which it is not.

5. **Admit or deny that setting the Revenue Per Sub equal to the sum of one bundle and one a la carte offering, while holding all else constant, yields a positive cumulative NPV.**

Response: Embarq objects to this Request on the grounds that it is vague and ambiguous such that Embarq is unable to either admit or deny the statement. Specifically, the phrase "one a la carte offering" is not defined so that a revenue stream based on that assumption cannot be predicted.

29. For purposes of the following request, please refer to the Company's response to Staff POD No. 4. Please detail each of the calculations that yield the investments in Local IOT – Fiber and – Circuit.

Response: The investment in local interoffice transport facilities per subscriber is [REDACTED] for fiber and [REDACTED] for circuit. This identifies the investment needed by customers to be able to connect with their central office with other local central offices, in order to make local calls that reach beyond their own central office. The transport study that produces these investment values identifies interoffice fiber routes and optronics, and divides that investment by the traffic that flows over it. In context, this investment amount produces [REDACTED] worth of cost per month per subscriber.

30. For purposes of the following request, please refer to the Company's response to POD No. 6 and "Inputs" cell E61.

- (a) Please explain how line 30 on POD No. 6 was derived, and what it represents.

Response: Row 27 of POD No. 6 indicates that the line demand of this central office requires [REDACTED] STSX devices. Given that a DNUS can hold no more than twelve STSX devices, resulting in an average of [REDACTED] STSX devices per DNUS unit, [REDACTED] DNUS units are needed to hold [REDACTED] STSXs. Because fractional units are impossible in this context, the answer is rounded up to [REDACTED] utilized STSX per DNUS unit.

- (b) Does line 38 on POD No. 6 represent the investment associated with one DNUS and 12 STSXs?

Response: Yes.

- (c) If the response to (b) is negative, please explain what this value represents.

Response: NA.

- (d) If the response to (b) is affirmative, please explain why this value is divided by line 30 and what it represents.

Response: It is divided by [REDACTED] in order to reflect the investment over the average number of STSX devices being utilized as described in Embarq's response to Interrogatory No. (30)(a). The [REDACTED] STSX is treated as a spare that can restore service quickly to any of the average [REDACTED] in use.

- (e) Unlike, e.g., "Inputs" cells E57-60 and 62, it does not appear that cell E61 varies as a function of cell I6. Is this correct?

Response: Yes, as reflected in the worksheet, "Inputs" cell E61 (the value of the switch interface) does not vary as a function of cell I6 (the number of customers).

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
QW1	4083	BRYNWOOD DR	
QW2	4109	BRYNWOOD DR	
QW3	4156	BRYNWOOD DR	
QW4	4157	BRYNWOOD DR	
QW5	4172	BRYNWOOD DR	
QW6	4188	BRYNWOOD DR	
QW7	4189	BRYNWOOD DR	
QW8	4204	BRYNWOOD DR	
QW9	4212	BRYNWOOD DR	
QW10	4213	BRYNWOOD DR	
QW11	4228	BRYNWOOD DR	
QW12	4244	BRYNWOOD DR	
QW13	4260	BRYNWOOD DR	
QW14	4261	BRYNWOOD DR	
QW15	4277	BRYNWOOD DR	
QW16	4293	BRYNWOOD DR	
QW17	4300	BRYNWOOD DR	
QW18	4309	BRYNWOOD DR	
QW19	4324	BRYNWOOD DR	
QW20	4325	BRYNWOOD DR	
QW21	4340	BRYNWOOD DR	
QW22	4341	BRYNWOOD DR	
QW23	4404	BRYNWOOD DR	
QW24	4405	BRYNWOOD DR	
QW25	4420	BRYNWOOD DR	
QW26	4436	BRYNWOOD DR	
QW27	4437	BRYNWOOD DR	
QW28	4452	BRYNWOOD DR	
QW29	4453	BRYNWOOD DR	
QW30	4484	BRYNWOOD DR	
QW31	4485	BRYNWOOD DR	
QW32	4488	BRYNWOOD DR	
QW33	4516	BRYNWOOD DR	
QW34	4532	BRYNWOOD DR	
QW35	4548	BRYNWOOD DR	
QW36	4549	BRYNWOOD DR	
QW37	4564	BRYNWOOD DR	
QW38	4565	BRYNWOOD DR	
QW39	5880	BURNHAM RD	
QW40	6289	BURNHAM RD	
QW41	6304	BURNHAM RD	
QW42	6319	BURNHAM RD	
QW43	6320	BURNHAM RD	
QW44	6325	BURNHAM RD	
QW45	6427	DUNBERRY LN	
QW46	6428	DUNBERRY LN	

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
QW47	6434	DUNBERRY LN	
QW48	6439	DUNBERRY LN	
QW49	6445	DUNBERRY LN	
QW50	6450	DUNBERRY LN	
QW51	6451	DUNBERRY LN	
QW52	5800	GLENHOLME CIR	
QW53	5817	GLENHOLME CIR	
QW54	5833	GLENHOLME CIR	
QW55	5000	GROVELAND TER	
QW56	5006	GROVELAND TER	
QW57	5007	GROVELAND TER	
QW58	5013	GROVELAND TER	
QW59	5019	GROVELAND TER	
QW60	5025	GROVELAND TER	
QW61	5042	GROVELAND TER	
QW62	5049	GROVELAND TER	
QW63	5055	GROVELAND TER	
QW64	6223	HIGHCROFT DR	
QW65	6265	HIGHCROFT DR	
QW66	6357	HIGHCROFT DR	
QW67	6363	HIGHCROFT DR	
QW68	6369	HIGHCROFT DR	
QW69	6381	HIGHCROFT DR	
QW70	6387	HIGHCROFT DR	
QW71	6423	HIGHCROFT DR	
QW72	6429	HIGHCROFT DR	
QW73	6435	HIGHCROFT DR	
QW74	6441	HIGHCROFT DR	
QW75	6447	HIGHCROFT DR	
QW76	6453	HIGHCROFT DR	
QW77	6459	HIGHCROFT DR	
QW78	6465	HIGHCROFT DR	
QW79	6471	HIGHCROFT DR	
QW80	6477	HIGHCROFT DR	
QW81	6483	HIGHCROFT DR	
QW82	6489	HIGHCROFT DR	
QW83	6518	HIGHCROFT DR	
QW84	6524	HIGHCROFT DR	
QW85	6530	HIGHCROFT DR	
QW86	6536	HIGHCROFT DR	
QW87	6542	HIGHCROFT DR	
QW88	6547	HIGHCROFT DR	
QW89	6548	HIGHCROFT DR	
QW90	6554	HIGHCROFT DR	
QW91	6559	HIGHCROFT DR	
QW92	6560	HIGHCROFT DR	

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
QW93	6565	HIGHCROFT DR	
QW94	6566	HIGHCROFT DR	
QW95	4642	IDYLWOOD LN	
QW96	4662	IDYLWOOD LN 2	
QW97	4424	WAYSIDE DR	
QW98	4427	WAYSIDE DR	
QW99	4430	WAYSIDE DR	
QW100	4436	WAYSIDE DR	
QW101	4442	WAYSIDE DR	
QW102	4448	WAYSIDE DR	
QW103	4454	WAYSIDE DR	
QW104	4455	WAYSIDE DR	
QW105	4461	WAYSIDE DR	
QW106	4481	WAYSIDE DR	
QW107	4484	WAYSIDE DR	
QW108	4487	WAYSIDE DR	
QW109	4423	WOODMONT CT	
PM1	9816	BRASSIE BEND	
PM2	9848	BRASSIE BEND	
PM3	9864	BRASSIE BEND	
PM4	9880	BRASSIE BEND	
PM5	9909	BRASSIE BEND	
PM6	9912	BRASSIE BEND	
PM7	9927	BRASSIE BEND	
PM8	9928	BRASSIE BEND	
PM9	9943	BRASSIE BEND	
PM10	9944	BRASSIE BEND	
PM11	9959	BRASSIE BEND	
PM12	9960	BRASSIE BEND	
PM13	9976	BRASSIE BEND	
PM14	2305	CASSIA CT	
PM15	2309	CASSIA CT	
PM16	2313	CASSIA CT	
PM17	2317	CASSIA CT	
PM18	2321	CASSIA CT	
PM19	2318	CHESHIRE LN	
PM20	2322	CHESHIRE LN	
PM21	2325	CHESHIRE LN	
PM22	2326	CHESHIRE LN	
PM23	2329	CHESHIRE LN	
PM24	2332	CHESHIRE LN	
PM25	2333	CHESHIRE LN	
PM26	2337	CHESHIRE LN	
PM27	2338	CHESHIRE LN	
PM28	2341	CHESHIRE LN	
PM29	2342	CHESHIRE LN	

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
PM30	2345	CHESHIRE LN	
PM31	2349	CHESHIRE LN	
PM32	2350	CHESHIRE LN	
PM33	2353	CHESHIRE LN	
PM34	2354	CHESHIRE LN	
PM35	2357	CHESHIRE LN	
PM36	2358	CHESHIRE LN	
PM37	2361	CHESHIRE LN	
PM38	2362	CHESHIRE LN	
PM39	2365	CHESHIRE LN	
PM40	2369	CHESHIRE LN	
PM41	1112	DORMIE DR	
PM42	1116	DORMIE DR	
PM43	1119	DORMIE DR	
PM44	1120	DORMIE DR	
PM45	1124	DORMIE DR	
PM46	1125	DORMIE DR	
PM47	1128	DORMIE DR	
PM48	1132	DORMIE DR	
PM49	1135	DORMIE DR	
PM50	1136	DORMIE DR	
PM51	1139	DORMIE DR	
PM52	1300	LITTLE BLUE HER CT	
PM53	1301	LITTLE BLUE HER CT	
PM54	1307	LITTLE BLUE HER CT	
PM55	1308	LITTLE BLUE HER CT	
PM56	1313	LITTLE BLUE HER CT	
PM57	1319	LITTLE BLUE HER CT	
PM58	1320	LITTLE BLUE HER CT	
PM59	1325	LITTLE BLUE HER CT	
PM60	1331	LITTLE BLUE HER CT	
PM61	1332	LITTLE BLUE HER CT	
PM62	1337	LITTLE BLUE HER CT	
PM63	9707	NIBLICK LN	
PM64	9723	NIBLICK LN	
PM65	9730	NIBLICK LN	
PM66	9739	NIBLICK LN	
PM67	9746	NIBLICK LN	
PM68	9755	NIBLICK LN	
PM69	9758	NIBLICK LN	
PM70	9771	NIBLICK LN	
PM71	1745	PERSIMMON CT	
PM72	1746	PERSIMMON CT	
PM73	1749	PERSIMMON CT	
PM74	1750	PERSIMMON CT	
PM75	1754	PERSIMMON CT	

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
PM76	1672	PERSIMMON DR	
PM77	1675	PERSIMMON DR	
PM78	1676	PERSIMMON DR	
PM79	1679	PERSIMMON DR	
PM80	1680	PERSIMMON DR	
PM81	1683	PERSIMMON DR	
PM82	1684	PERSIMMON DR	
PM83	1687	PERSIMMON DR	
PM84	1688	PERSIMMON DR	
PM85	1691	PERSIMMON DR	
PM86	1694	PERSIMMON DR	
PM87	1695	PERSIMMON DR	
PM88	1699	PERSIMMON DR	
PM89	1700	PERSIMMON DR	
PM90	1703	PERSIMMON DR	
PM91	1707	PERSIMMON DR	
PM92	1708	PERSIMMON DR	
PM93	1711	PERSIMMON DR	
PM94	1714	PERSIMMON DR	
PM95	1715	PERSIMMON DR	
PM96	1719	PERSIMMON DR	
PM97	1720	PERSIMMON DR	
PM98	1723	PERSIMMON DR	
PM99	1727	PERSIMMON DR	
PM100	1728	PERSIMMON DR	
PM101	1732	PERSIMMON DR	
PM102	1736	PERSIMMON DR	
PM103	1740	PERSIMMON DR	
PM104	1004	SPANISH MOSS TRL	
PM105	1005	SPANISH MOSS TRL	
PM106	1010	SPANISH MOSS TRL	
PM107	1013	SPANISH MOSS TRL	
PM108	1016	SPANISH MOSS TRL	
PM109	1021	SPANISH MOSS TRL	
PM110	1022	SPANISH MOSS TRL	
PM111	1027	SPANISH MOSS TRL	
PM112	1028	SPANISH MOSS TRL	
PM113	1033	SPANISH MOSS TRL	
PM114	1034	SPANISH MOSS TRL	
PM115	1039	SPANISH MOSS TRL	
PM116	1040	SPANISH MOSS TRL	
PM117	1043	SPANISH MOSS TRL	
PM118	1046	SPANISH MOSS TRL	
PM119	1049	SPANISH MOSS TRL	
PM120	1052	SPANISH MOSS TRL	
PM121	1053	SPANISH MOSS TRL	

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
PM122	1058	SPANISH MOSS TRL	
PM123	1059	SPANISH MOSS TRL	
PM124	1063	SPANISH MOSS TRL	
PM125	1064	SPANISH MOSS TRL	
PM126	1069	SPANISH MOSS TRL	
PM127	1070	SPANISH MOSS TRL	
PM128	1081	SPANISH MOSS TRL	
PM129	902	SPANISH MOSS TRL	
PM130	903	SPANISH MOSS TRL	
PM131	908	SPANISH MOSS TRL	
PM132	909	SPANISH MOSS TRL	
PM133	914	SPANISH MOSS TRL	
PM134	920	SPANISH MOSS TRL	
PM135	926	SPANISH MOSS TRL	
PM136	932	SPANISH MOSS TRL	
PM137	938	SPANISH MOSS TRL	
PM138	944	SPANISH MOSS TRL	
PM139	950	SPANISH MOSS TRL	
PM140	956	SPANISH MOSS TRL	
PM141	962	SPANISH MOSS TRL	
PM142	968	SPANISH MOSS TRL	
PM143	974	SPANISH MOSS TRL	
PM144	975	SPANISH MOSS TRL	
PM145	979	SPANISH MOSS TRL	
PM146	980	SPANISH MOSS TRL	
PM147	985	SPANISH MOSS TRL	
PM148	986	SPANISH MOSS TRL	
PM149	989	SPANISH MOSS TRL	
PM150	992	SPANISH MOSS TRL	
PM151	993	SPANISH MOSS TRL	
PM152	997	SPANISH MOSS TRL	
PM153	998	SPANISH MOSS TRL	
PM154	9200	SWEETGRASS WAY	
PM155	9216	SWEETGRASS WAY	
PM156	9232	SWEETGRASS WAY	
PM157	9248	SWEETGRASS WAY	
PM158	9264	SWEETGRASS WAY	
PM159	9280	SWEETGRASS WAY	
PM160	9296	SWEETGRASS WAY	
PM161	9312	SWEETGRASS WAY	
PM162	9328	SWEETGRASS WAY	
PM163	9344	SWEETGRASS WAY	
PM164	9360	SWEETGRASS WAY	
PM165	9376	SWEETGRASS WAY	
PM166	9392	SWEETGRASS WAY	
PM167	9408	SWEETGRASS WAY	

PSC Reference No.	Street No.	Street Name	Embarq Serve (Yes/No)
PM168	9424	SWEETGRASS WAY	
PM169	9440	SWEETGRASS WAY	
PM170	9456	SWEETGRASS WAY	
PM171	2371	TURNBERRY CT	
PM172	2374	TURNBERRY CT	
PM173	2375	TURNBERRY CT	
PM174	2378	TURNBERRY CT	
PM175	2379	TURNBERRY CT	
PM176	2382	TURNBERRY CT	
PM177	2383	TURNBERRY CT	
PM178	2386	TURNBERRY CT	
PM179	2389	TURNBERRY CT	
PM180	2390	TURNBERRY CT	
PM181	1249	WAGGLE WAY	
PM182	1250	WAGGLE WAY	
PM183	1253	WAGGLE WAY	
PM184	1254	WAGGLE WAY	
PM185	1257	WAGGLE WAY	
PM186	1258	WAGGLE WAY	
PM187	1262	WAGGLE WAY	
PM188	1266	WAGGLE WAY	
PM189	1267	WAGGLE WAY	
PM190	1270	WAGGLE WAY	
PM191	1274	WAGGLE WAY	
PM192	1278	WAGGLE WAY	
PM193	1282	WAGGLE WAY	
PM194	1286	WAGGLE WAY	
PM195	1290	WAGGLE WAY	
PM196	1328	WOOD DUCK TRL	
PM197	1334	WOOD DUCK TRL	
PM198	1340	WOOD DUCK TRL	
PM199	1343	WOOD DUCK TRL	
PM200	1348	WOOD DUCK TRL	
PM201	1349	WOOD DUCK TRL	
PM202	1354	WOOD DUCK TRL	
PM203	1355	WOOD DUCK TRL	
PM204	1360	WOOD DUCK TRL	
PM205	1361	WOOD DUCK TRL	
PM206	1366	WOOD DUCK TRL	
PM207	1367	WOOD DUCK TRL	
PM208	1373	WOOD DUCK TRL	
PM209	1379	WOOD DUCK TRL	
PM210	1385	WOOD DUCK TRL	

1 *Embarq's NPV of Cash Flows*
2

3 **Q. Starting at page 26 of his testimony Mr. Wood begins a series of Q&As pertaining**
4 **to the NPV of cash flows analysis presented in your direct testimony. Do you agree**
5 **with Mr. Wood's criticisms and conclusions?**
6

7 **A.** Of course I do not, but more importantly I can easily explain why Mr. Wood is
8 incorrect. Looking first at Mr. Wood's criticisms regarding Embarq's ■% voice service
9 penetration projection at page 26 of his testimony, he complains that Embarq's market
10 share data analysis does not ensure "...the "right" answer for the Treviso Bay area will
11 be ■%".

12
13 Embarq agrees that this estimate might not prove to be precisely the "right" answer
14 given it is projection of a future outcome (which Embarq hopes to never suffer). It is
15 extremely telling however, that ■ market
16 penetrations provided in the "Embarq – Florida Market Share Analysis Summer 2006"
17 table (see Embarq response to Staff Date Request 3) ■

18 ■! Thus it is not necessary, or even advisable to
19 identify what the exact penetration of Embarq's voice only services might be, absent the
20 requested COLR relief, ■

21 ■ result in negative, and harmful economic losses to Embarq. Obviously
22 Embarq is convinced of this negative result, or it would have gladly gone forward with
23 the construction and operation of a profitable network in Treviso Bay.

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Q. On page 32, line 21, Mr. Wood claims that Embarq’s NPV of cash flows analysis is “suspect” because it produces a negative NPV at year 10 using a 100% penetration assumption. Is Mr. Wood’s conclusion correct?

A. Not at all. Mr. Wood’s testimony indicates his apparent lack of understanding of the general realities of a wireline carrier’s financial returns for serving residential customer markets.

First, Mr. Wood conveniently does not mention that his hypothetical 100% penetration NPV run produces a positive result somewhere between year [REDACTED]
[REDACTED]
[REDACTED]

Second, Mr. Wood makes further erroneous claims that this [REDACTED] year NPV payback period exceeds the useful life of the underlying assets. In reality, the bulk of these fiber and copper cable assets, when deployed in markets sufficiently open to competition, will be economically and physically useful well beyond [REDACTED] years. Mr. Wood also ignores that Comcast’s 100% bulk contract of high speed data and video results in no revenue or cash generation for Embarq from these services, which further explains why the NPV payback period falls between [REDACTED] years.

Q. Are there other errors evidenced in Mr. Wood’s calculations?

A. Yes, several. Mr. Wood claims that customer density of the Treviso Bay development is