Petition to Recover 2005 Tropical System Related Costs and Expenses by
Embarq Florida, Inc.

In September 2006, Embarq Florida, Inc. (Embarq or company) filed a petition with the Florida Public Service Commission (PSC or Commission) for approval to recover 2005 tropical system related costs and incurred expenses over a twelve month period. Embarq petitioned the Commission for the establishment of a line item charge on customer bills of $0.50 per customer line for 12 months, beginning no later than April 2007.

Embarq provides telecommunication services to approximately two million access lines in Florida. Embarq’s service area includes the major Florida cities of Naples, Ft. Myers, Ocala, Tallahassee, Ft. Walton Beach, and the suburban Orlando area. According to Embarq, after June 1, 2005, the three major hurricanes of Dennis, Katrina, and Wilma impacted and damaged areas served by the company.

Embarq asserts the total hurricane related costs are approximately $59.9 million. The maximum amount Embarq is permitted to recover by statute is approximately $10 million. The company states it neither has a storm reserve fund nor had any insurance coverage which would have provided reimbursement for any of Embarq’s intrastate costs and expenses incurred in repairing, restoring, or replacing its lines, plants, and facilities damaged by the three named tropical systems.

The PSC has scheduled two customer service hearings to receive customer feedback regarding the utility’s petition. Customer comments on the petition, written and oral, are taken into consideration to assist the Commission in reaching its decision.

The technical portion of the administrative hearing is scheduled for January 4, 2007 in Tallahassee. A technical hearing is a legal proceeding, similar to a court proceeding or trial, that is held to gather technical evidence and testimony related to the utility’s petition. In making its final determination, the Commission will consider the evidence and testimony presented by both customers and other parties.

The PSC staff is scheduled to file a recommendation on this matter with the Commission on January 10, 2007. The Commissioners are expected to vote on this matter at the Agenda Conference on January 23, 2007.
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P S C  C O M M I S S I O N E R S

Matthew M. Carter II

J. Terry Deason

Katrina J. Tew

Lisa Polak Edgar

Isilio Arriaga

Lisa Polak Edgar was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2005; she assumed the

chairmanship at the PSC in January 2006. Chairman Edgar is a member of the National Association of Regulatory Utility Commissioners telecommunication

committee and was appointed by the Federal Communications Commission to the Universal Service Joint Board for a three-year term beginning November 2005.

Her responsibilities include overseeing the allocation of financial resources to regions of the state that are underserved by telecommunications providers. She is currently a member of the Board of Directors of the Florida Public Service Commission, the Northeast Florida Telecommunications Council, and the Florida Coalition Against Hunger. She is also a member of the Board of Directors of the Florida Memorial University in Miami Gardens.

Chairman Edgar served as Deputy Secretary for Planning and Management for the Florida Department of Environmental Protection (DEP) from August 1999 through January 2005. Her responsibilities at DEP included oversight of the agency's $2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including solid waste, air and water quality, and the Outer Continental Shelf. Prior to serving at DEP, Chairman Edgar was chief analyst on Environmental Policy and Budget, Executive Office of the Governor. Chairman Edgar was appointed by the Secretary of the U.S. Department of Interior to represent the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004. She served on the Subcommittees on Environmental Studies in OCS Areas under review, Heliocat and OCS Hard Rock. She also served as senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University. She is a member of Leadership Florida, Class XXIV. Chairman Edgar graduated cum laude from Florida State University in 1985 with a Bachelor's degree in political science and minor in English. She studied in London during her undergraduate education and in Yugoslavia during law school. She received a juris doctorate from the Florida State University College of Law in 1988 and is a member of the Florida Bar.

J. Terry Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as

Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is active as

an elected member of the National Association of Regulatory Utility Commissioners (NARUC) and the Florida Public Service Commission. Prior to his appointment as

Chairman, Deason served as Executive Director/CEO of the Florida Public Service Commission. He also served as a member of the Florida Public Service Commission's

Executive Committee. Before joining the Commission, Commissioner Deason was a public relations consultant for Ferrell Schultz Consulting, Inc. in Miami, Florida. Previously, he served as President and CEO of the Greater Miami Chamber of Commerce, where he continues as a Volunteer Trustee, and was active on the Board of Directors of the Venezuelan-American Chamber and the Council of Bi-National Chambers.

Isilio Arriaga was appointed to the Florida Public Service Commission by Governor Jeb Bush on October 6, 2005, to complete a term ending January 2007, then

subsequently reappointed to a four-year term beginning January 2007. Prior to his appointment, Commissioner Arriaga was an independent management consultant for Ferrell Schultz Consulting, Inc. in Miami, Florida. Previously, he served as President and CEO of the Greater Miami Chamber of Commerce, where he continues as a Volunteer Trustee, and was active on the Board of Directors of the Venezuelan-American Chamber and the Council of Bi-National Chambers. Before his tenure with the Chamber, he was President and CEO of Hispanic Unity of Florida, a growing social services agency serving over 30,000 clients in South Florida and whose mission is improving the quality of life and fostering leadership in the community. Arriaga served as a Congressman in the Republic of Venezuela from 1988 until 1993, where he co-sponsored the first Privatization Law in the nation and helped enact the Low Income Housing Appropriations legislation. During that time, he was a founding member of the World Economic Forum in Switzerland and was appointed to the committee created upon

recommendation by the IMF for the purpose of reforming the financial system of Venezuela. His career in Venezuela began in the oil fields as a Junior Engineer for Shell Oil Co. He went on to create the Planning Office and Long Term Industrial Loans Department for Banco Union, where he served as General Manager for Investments. Following his public service and while residing in Texas, he formed an international consulting firm and worked with U.S. entities, promoting new business development as a strong advocate for U.S. enterprises in Latin America. He serves as a consultant in Miami responsible for the reengineering process of a corporation which pioneered digital functions for ATM networks. Arriaga received a Master's degree in Industrial Engineering from New York University and holds a Bachelor's degree from Pratt Institute (NY). He has published numerous articles and essays on economics and was a syndicated columnist in Venezuela. He currently serves on the NARUC's Committee on International Relations and the Department of Energy/National Association of Regulatory Utility Commissioners Utilities Market Access Partnership (UNAP) Board of Directors.

Commissioner Matthew Mark Carter II was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006. Currently, he serves on the National Association of Regulatory Utility Commissioners Committee on Water, the Committee on International Relations, and the Ad Hoc Committee on Critical Infrastructure. Commissioner Carter is the son of the late Rev. Matthew and Pearl Carter. He was born in Douglas, Georgia and they have two beautiful daughters: Pearl and Markesha.

Katrina Joanne Tew was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006. Commissioner Tew

serves on the NARUC Committee on Consumer Affairs, the Subcommittee on Nuclear Issues, and the Net Neutrality Task Force. Participation in these committees affords her the opportunity to engage in international policy issues, including the industries regulated by the Commission as well as their impact on the state economy, and millions of Florida consumers. In the eleven years prior to appointment, Commissioner Tew developed extensive experience in regulatory policy issues involving energy, water, and telecommunications. From 2001 to 2005, Commissioner Tew served consecutive terms as Chief Advisor to Commissioners Paledo and Deason, advising them in their roles as Chief Advisor. Commissioner Tew managed the State Liaison Section of the Commission's Division of Policy Analysis & Intergovernmental Liaison. Here, she consulted with state and local government agencies on issues such as "black water," reuse, universal service, and electric reliability. Before leading the State Liaison Section, Commissioner Tew served as the Commission's primary liaison on all nuclear energy matters for over three years. Additionally, she was instrumental in drafting the Commission's positions on electric industry restructuring. In recognition of her work on federal energy policy, Commissioner Tew was a recipient of the PSC Extraordinary Accomplishment Award in 1999 and the PSC Outstanding Achievement Award in 1997. A Northwest Florida native, Commissioner Tew received a Bachelor's degree in finance from Florida State University in 1994 and an MBA from FSU in 1998.
**Consumer Statements at Service Hearings**

The Commission is interested in what consumers have to say about the petition to recover 2005 tropical system related costs and expenses by Embarq Florida, Inc. The main purpose of these hearings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commission know how you feel about the case under review. At the beginning of the hearings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets that will be used to call consumers to speak. PSC staff will also be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff regarding this matter may do so at the hearing, orally or in writing. Written comments also may be mailed to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or faxed to 1-800-511-0809. Correspondence will be placed in the file of this docket (Docket No. 060644-TL). For your convenience, a comment form is attached to this Special Report.

Any person who wishes to obtain a copy of the recommendation or the order may do so by writing to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or by going on-line at www.floridapsc.com.

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**Florida Public Service Commission**

2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

The Public Service Commission provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a consumer representative, please call the Public Service Commission during business hours at **1-800-342-3552**, or send a fax to 1-800-511-0809. See the PSC’s Internet home page at [www.floridapsc.com](http://www.floridapsc.com).
If you want to let the Public Service Commission know how you feel about this case, you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809. Correspondence will be placed in the file of this docket.