

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Investigation and determination of appropriate method for issuing Service Guarantee Credits to all affected customers of Embarq Florida, Inc.	DOCKET NO. 060553-TL ORDER NO. PSC-06-0841-PAA-TL ISSUED: October 9, 2006
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The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION
ORDER ACCEPTING PROPOSAL TO ISSUE SERVICE GUARANTEE CREDITS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. Case Background:

In Docket No. 991377-TL, In Re; Initiation of show cause proceedings against Sprint-Florida, Incorporated for violation of service standards, by Order No. PSC-00-2462-PAA-TL, issued December 20, 2000, this Commission approved a stipulation and settlement entered into by the Office of Public Counsel wherein Sprint-Florida, Incorporated, currently known as Embarq Florida, Inc., implemented a Service Guarantee Program (SGP). The original SGP was implemented on June 1, 2001. On May 26, 2005, this Commission issued Order No. PSC-05-0586-FOF-TP adopting Rule 25-4.085, Florida Administrative Code, Service Guarantee Program, which became effective on June 14, 2005. Rule 25-4.085, F.A.C., allows a company to petition this Commission for approval of a SGP which would relieve the company from the rule requirement of each service standard addressed in the approved SGP. On July 15, 2005, the company filed a petition for approval of its current SGP. By Order No. PSC-05-0918-PAA-TL, issued September 19, 2005, this Commission approved the company's SGP.

In 2004 staff opened Docket No. 041113-TL, to investigate Embarq regarding its failure to issue SGP credits. Upon investigation, it was determined that due to a software enhancement to the company's billing and customer care systems that the company failed to issue SGP credits

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to its customers for missed commitments for installation of primary service as required by the company's SGP. By Order No. PSC-04-1037-PAA-TL, issued October 25, 2004, this Commission ordered the company to issue credits to customers in the amount of \$285,075, plus interest of \$1,486.69, for a total of \$286,561.69, for missed commitments for installation of primary service.

During the 2005 service quality evaluation, staff determined that some customers who qualified for credits under Embarq's SGP were not properly credited. Upon determining this, staff notified the company and requested that Embarq provide staff with an explanation as to why the proper credits were not issued and what actions the company was taking to correct the problem. According to Embarq, the company's failure to issue the credits was the result of two system application errors that occurred when modifications were being made to satisfy data gathering requirements associated with the implementation of the new service rules in April 2005. To resolve the issue, Embarq has proposed to issue credits to all affected customers in the amount of \$46,950, plus interest of \$2,130.16, for a total of \$49,080.16.

We are vested with jurisdiction over this matter pursuant to Sections 364.01(4) and 364.285, Florida Statutes.

II. Analysis:

Under Embarq's current SGP, if Embarq fails to install a customer's primary local service on the date the customer and Embarq have agreed upon, Embarq will issue an automatic credit of \$25.00 to the customer's account. As a result of the first system application error, Embarq failed to issue SGP credits between April 1, 2005 and May 31, 2006, for missed commitments for installation of primary service to 389 customers, with credits totaling \$9,725. Embarq estimates that approximately 120 hours of programming is needed to correct the problem. The company is currently working to resolve this issue and expects to have the matter resolved by September 2006. As a result of the second system application error, Embarq failed to issue SGP credits between September 1, 2005, and June 30, 2006, to 1,489 customers, with credits totaling \$37,225. Embarq estimates that it will take approximately six months to correct this error. While both of the system application errors are being corrected, Embarq will manually issue credits to future qualifying customers.

Embarq failed to issue SGP credits for missed commitments for installation of primary service to a total of 1,878 customers. To resolve the matter, Embarq has proposed to issue credits to all affected customers in the amount of \$46,950, plus interest of \$2,130.16, for a total of \$49,080.16. Embarq will issue the SGP credits, plus interest, no later than 30 days after the issuance for the Consummating Order. If the customer is no longer with Embarq, but has an outstanding final bill, Embarq will apply the credit, plus interest, towards the final bill. If the customer is no longer with Embarq and there is no outstanding final bill, Embarq will mail a check for the credit amount, plus interest, to the last known address on file for the customer. Embarq also proposes to contribute all unclaimed funds to the Community Service Fund for promotion of Lifeline service. The current balance of the fund is \$41,800.

Once the credits have been issued, Embarq will provide this Commission a final report within 90 days after the issuance of the Consummating Order. The report will include the following information:

- 1) The total number of customers that actually received the credit;
- 2) The total amount of money that was actually credited, including interest;
- 3) The total number of customers who did not receive the credit; and
- 4) The total amount of any unclaimed credits, including interest.

III. Decision:

Therefore, we find it appropriate to accept Embarq Florida, Inc.'s proposal to issue credits to all affected customers in the amount of \$46,950, plus interest of \$2,130.16, for a total of \$49,080.16.

The Order issued will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interest are affected by the decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80 (13)(b), Florida Statutes, any issues not in dispute shall be deemed stipulated.

If the Order is not protested, Embarq shall issue the SGP credits, plus interest, for missed installation commitments no later than 30 days after the issuance of the Consummating Order. If the customer is no longer with Embarq, but has an outstanding final bill, the company will apply the credit plus interest, towards the final bill. If the customer is no longer with Embarq and there is no outstanding final bill, the company will mail a check for the credit amount, plus interest, to the last known address on file for the customer. Embarq shall contribute all unclaimed funds to the Community Service Fund. Embarq shall provide this Commission with a final report no later than 90 days after the issuance of the Consummating Order, identifying the total number of customers that actually received the credit, the total amount of money that was actually credited, including interest, the total number of customers who did not receive the credit, and the total amount of unclaimed funds, including interest, that were placed in the Community Service Fund. If staff determines that Embarq has complied with the provisions of the Order, then this docket will be closed. If Embarq fails to demonstrate that it has complied with the provisions of the Order, then this docket will remain open pending further action.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Embarq Florida, Inc.'s proposal to issue credits to all affected customers in the amount of \$46,950, plus interest of \$2,130.16, for a total of \$49,080.16, be accepted. It is further

ORDERED that if the Order is not protested, Embarq shall issue the SGP credits, plus interest, for missed installation commitments no later than 30 days after the issuance of the Consummating Order. It is further

ORDERED that if the customer is no longer with Embarq, but has an outstanding final bill, the company will apply the credit plus interest, towards the final bill. If the customer is no longer with Embarq and there is no outstanding final bill, the company will mail a check for the credit amount, plus interest, to the last known address on file for the customer. It is further

ORDERED that Embarq shall contribute all unclaimed funds to the Community Service Fund. It is further

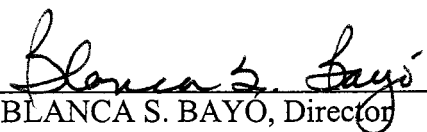
ORDERED that Embarq shall provide this Commission with a final report no later than 90 days after the issuance of the Consummating Order, identifying the total number of customers that actually received the credit, the total amount of money that was actually credited, including interest, the total number of customers who did not receive the credit, and the total amount of unclaimed funds, including interest, that were placed in the Community Service Fund. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event of a timely protest that identifies with specificity the issues in dispute, as provided by Rule 28-106.201, Florida Administrative Code, any issues not in dispute shall be deemed stipulated, as provided by Section 120.80 (13)(b), Florida Statutes. It is further

ORDERED that if staff determines that Embarq has complied with the provisions of the Order, then this docket will be closed. If Embarq fails to demonstrate that it has complied with the provisions of the Order, then this docket will remain open pending further action.

By ORDER of the Florida Public Service Commission this 9th day of October, 2006.



BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 30, 2006.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.