

State of Florida



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Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

DATE: August 29, 2006
TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director
FROM: Kiwanis L. Curry, Regulatory Analyst I, Division of Competitive Markets & Enforcement *KLC*
RE: Docket No. 060553-TL

Please add the attached memo to the docket file.

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Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: August 22, 2006
TO: Kiwanis L. Curry, Regulatory Analyst I, Division of Competitive Markets & Enforcement
FROM: Michael A. Springer, Regulatory Analyst IV, Division of Economic Regulation *mas*
RE: Docket No. 060553-TL, Interest calculation of the investigation and determination of appropriate method for issuing Service Guarantee Credits to all affected customers of Embarq Florida, Inc. *ALM*

Per your request, staff has calculated the interest on Service Guarantee Credits by Embarq in two parts. First, staff calculated the refund of the \$9,725.00 in overcharges. The total amount of this refund is \$10,232.94 and consists of \$9,725.00 in overcharges and \$507.94 in interest, as shown on Attachment 1. In calculating the interest amount, staff used the Service Guarantee Credits that occurred over the 14-month period from April 2005 to May 2006 and assumed Embarq will refund the entire amount in November 2006.

Next, staff calculated the refund for \$37,225.00 in Service Guarantee Credits incurred by Embarq to its customers. The total amount of this refund is \$38,847.22 and consists of \$37,225.00 in overcharges and \$1,622.22 in interest, as shown on Attachment 2. In calculating the interest amount, staff used the overcharges that occurred over the 10-month period from September 2005 to June 2006 and assumed Embarq will refund the entire amount in November 2006.

The appropriate interest rate is the average 30-day commercial paper rate for each month. Staff used the last available monthly interest rate of 5.325% for months beyond July 2006.

Attachments

Docket No. 060553-TL
 EMBARQ FLORIDA, INC.
 INTEREST CALCULATION ON OVERCHARGES

ATTACHMENT 1

TOTAL OVERCHARGES 9,725.00

Calculation Done: August 21, 2006

MONTH	AVERAGE MONTHLY INTEREST RATE	MONTHLY INTEREST FACTOR	MONTHLY OVERCHARGES	MONTHLY OVERCHARGES INTEREST	MONTHLY OVERCHARGES PRINCIPAL AND INTEREST	BALANCE BROUGHT FORWARD PLUS INTEREST	REFUND BALANCE	MONTHLY REFUND
Apr-05	2.880%	0.24000%	300.00	0.72	300.72	-	300.72	
May-05	3.020%	0.25167%	25.00	0.06	25.06	301.48	326.54	
Jun-05	3.165%	0.26375%	950.00	2.51	952.51	327.40	1,279.91	
Jul-05	3.350%	0.27917%	1,650.00	4.61	1,654.61	1,283.48	2,938.09	
Aug-05	3.535%	0.29458%	550.00	1.62	551.62	2,946.74	3,498.36	
Sep-05	3.715%	0.30958%	450.00	1.39	451.39	3,509.19	3,960.58	
Oct-05	3.910%	0.32583%	600.00	1.96	601.96	3,973.49	4,575.44	
Nov-05	4.120%	0.34333%	75.00	0.26	75.26	4,591.15	4,666.41	
Dec-05	4.255%	0.35458%	625.00	2.22	627.22	4,682.96	5,310.17	
Jan-06	4.405%	0.36708%	825.00	3.03	828.03	5,329.67	6,157.69	
Feb-06	4.520%	0.37667%	800.00	3.01	803.01	6,180.89	6,983.90	
Mar-06	4.655%	0.38792%	700.00	2.72	702.72	7,010.99	7,713.71	
Apr-06	4.870%	0.40583%	1,200.00	4.87	1,204.87	7,745.01	8,949.88	
May-06	4.985%	0.41542%	975.00	4.05	979.05	8,987.06	9,966.11	
Jun-06	5.150%	0.42917%	-	-	-	10,008.88	10,008.88	
Jul-06	5.325%	0.44375%	-	-	-	10,053.30	10,053.30	
Aug-06	5.325%	0.44375%	-	-	-	10,097.91	10,097.91	
Sep-06	5.325%	0.44375%	-	-	-	10,142.72	10,142.72	
Oct-06	5.325%	0.44375%	-	-	-	10,187.73	10,187.73	
Nov-06	5.325%	0.44375%	-	-	-	10,232.94	10,232.94	10,232.94
			<u>\$9,725.00</u>					<u>10,232.94</u>
						TOTAL INTEREST	507.94	
						OVERCHARGES	9,725.00	
						TOTAL PAYMENT	10,232.94	

Docket No. 060553-TL
 EMBARQ FLORIDA, INC.
 INTEREST CALCULATION ON OVERCHARGES

ATTACHMENT 2

TOTAL OVERCHARGES 37,225.00

Calculation Done: August 21, 2006

MONTH	AVERAGE MONTHLY INTEREST RATE	MONTHLY INTEREST FACTOR	MONTHLY OVERCHARGES	MONTHLY OVERCHARGES INTEREST	MONTHLY OVERCHARGES PRINCIPAL AND INTEREST	BALANCE BROUGHT FORWARD PLUS INTEREST	REFUND BALANCE	MONTHLY REFUND
Sep-05	3.715%	0.30958%	\$ 4,875.00	15.09	4,890.09	-	4,890.09	
Oct-05	3.910%	0.32583%	\$ 4,575.00	14.91	4,589.91	4,906.03	9,495.93	
Nov-05	4.120%	0.34333%	\$ 300.00	1.03	301.03	9,528.54	9,829.57	
Dec-05	4.255%	0.35458%	\$ 3,475.00	12.32	3,487.32	9,864.42	13,351.74	
Jan-06	4.405%	0.36708%	\$ 3,000.00	11.01	3,011.01	13,400.75	16,411.77	
Feb-06	4.520%	0.37667%	\$ 4,025.00	15.16	4,040.16	16,473.58	20,513.74	
Mar-06	4.655%	0.38792%	\$ 3,850.00	14.93	3,864.93	20,593.32	24,458.26	
Apr-06	4.870%	0.40583%	\$ 3,850.00	15.62	3,865.62	24,557.51	28,423.14	
May-06	4.985%	0.41542%	\$ 4,350.00	18.07	4,368.07	28,541.21	32,909.28	
Jun-06	5.150%	0.42917%	\$ 4,925.00	21.14	4,946.14	33,050.52	37,996.66	
Jul-06	5.325%	0.44375%	\$ -	-	-	38,165.27	38,165.27	
Aug-06	5.325%	0.44375%	\$ -	-	-	38,334.63	38,334.63	
Sep-06	5.325%	0.44375%	\$ -	-	-	38,504.74	38,504.74	
Oct-06	5.325%	0.44375%	\$ -	-	-	38,675.60	38,675.60	
Nov-06	5.325%	0.44375%	\$ -	-	-	38,847.22	38,847.22	38,847.22
			<u>\$37,225.00</u>					<u>38,847.22</u>
						TOTAL INTEREST OVERCHARGES	1,622.22	
						TOTAL PAYMENT	37,225.00	
							38,847.22	