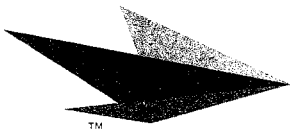


Voice | Data | Internet | Wireless | Entertainment

EMBARQ™

Embarq Corporation
Mailstop: FLTLHO0102
1313 Blair Stone Rd.
Tallahassee, FL 32301
EMBARQ.com

September 25, 2006

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

Re: Docket No. 060644-TL Embarq Florida, Inc.'s Petition to recover 2005 tropical system related costs and expenses.

Dear Ms. Bayó:

Enclosed for filing on behalf of Embarq Florida, Inc. are the original and fifteen (15) copies of Embarq's Petition to recover 2005 tropical system related costs and expenses. Please find attached the following documents:

- Embarq's Petition dated 9/25/06
- Affidavit of Kent W. Dickerson
- Exhibit KWD-1
- Exhibit KWD-2 (Redacted)
- Exhibit KWD-3 (Redacted)
- Embarq's Request for Confidential Classification

Copies are being served pursuant to the attached certificate of service.

Please acknowledge receipt of this filing by stamping and initialing a copy of this letter and returning same to my assistant. If you have any questions, please do not hesitate to call me at 850/599-1560.

Sincerely,

Susan S. Masterton

Enclosure

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

CERTIFICATE OF SERVICE
DOCKET NO. _____

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail and U.S. mail this 25th day of September, 2006 to the following:

Patrick Wiggins
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Beth Salak
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Office of Public Counsel
Harold McLean
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

Susan S. Masterton

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by Embarq Florida, Inc., pursuant to Section 364.051(4), Florida Statutes, to recover 2005 tropical system related costs and expenses.	Docket No. _____ Filed: September 25, 2006

EMBARQ FLORIDA, INC.'S PETITION TO RECOVER 2005 TROPICAL SYSTEM RELATED COSTS AND EXPENSES

Embarq Florida, Inc. ("Embarq"), in accordance with section 364.051(4), Florida Statutes, and Rule 28-106.201, Florida Administrative Code, files this Petition to Recover 2005 Tropical Storm Related Costs and Expenses ("Petition") with the Florida Public Service Commission ("Commission"). In support of its Petition, Embarq has attached the affidavit of Kent W. Dickerson and Exhibits KWD-1, KWD-2 and KWD-3. In addition, Embarq states as follows:

1. Embarq is a certificated, price-regulated incumbent local exchange company regulated by the Commission under chapter 364, Florida Statutes.

2. As an incumbent local exchange company, Embarq is subject to carrier of last resort obligations under section 364.025, Florida Statutes.

3. Embarq's principal place of business in Florida is 555 Lake Border Drive, Apopka, Florida. Pleadings and processes should be served on:

Susan S. Masterton
Embarq
1313 Blair Stone Road
Tallahassee, FL 32301
(850) 599-1560 (phone)
(850) 878-0777 (fax)
susan.masterton@embarq.com

4. The Commission has jurisdiction to grant the relief requested in this Petition and is the agency charged with considering requests for relief under section 364.051(4), Florida Statutes. Specifically, section 364.051(4) allows a price-regulated ILEC, that continues to be subject to carrier of last resort obligations, to petition for an increase in basic local service rates if the ILEC demonstrates a "compelling showing of a substantial change in circumstances" justifying the relief. Paragraph (b) of section 364.051 (4) provides that "evidence of damage occurring to the lines, plant, or facilities of a local exchange telecommunications company that is subject to carrier of last resort obligations, which damage is the result of a tropical system occurring after June 1, 2005, and named by the National Hurricane Center, constitutes a compelling showing of changed circumstances." Section 364.151(4), Florida Statutes, requires the Commission to render a decision within 120 days after a petition is filed.

5. In addition, section 364.051(4)(b), Florida Statutes, provides:

> 1. A company may file a petition to recover its intrastate costs and expenses relating to repairing, restoring, or replacing the lines, plants, or facilities damaged by a named tropical system.
>
> 2. The commission shall verify the intrastate costs and expenses submitted by the company in support of its petition.
>
> 3. The company must show and the commission shall determine whether the intrastate costs and expenses are reasonable under the circumstances for the named tropical system.
>
> 4. A company having a storm-reserve fund may recover tropical-system-related costs and expenses from its customers only in excess of any amount available in the storm-reserve fund.
>
> 5. The commission may determine the amount of any increase that the company may charge its customers, but the charge per line item

may not exceed 50 cents per month per customer line for a period of not more than 12 months.

6. The commission may order the company to add an equal line-item charge per access line to the billing statement of the company's retail basic local telecommunications service customers, its retail nonbasic telecommunications service customers, and, to the extent the commission determines appropriate, its wholesale loop unbundled network element customers. At the end of the collection period, the commission shall verify that the collected amount does not exceed the amount authorized by the order. If collections exceed the ordered amount, the commission shall order the company to refund the excess.

7. In order to qualify for filing a petition under this paragraph, a company with 1 million or more access lines, but fewer than 3 million access lines, must have tropical-system-related costs and expenses exceeding $1.5 million, and a company with 3 million or more access lines must have tropical-system-related costs and expenses of $5 million or more. A company with fewer than 1 million access lines is not required to meet a minimum damage threshold in order to qualify to file a petition under this paragraph.

8. A company may file only one petition for storm recovery in any 12-month period for the previous storm season, but the application may cover damages from more than one named tropical system.

6. Embarq's substantial interests are affected by the Commission's consideration of this Petition because Embarq has incurred substantial costs as a result of the 2005 tropical systems that caused damage to Embarq's lines, plant or facilities. Embarq is entitled to seek recovery of these costs under section 364.051(4), Florida Statutes.

7. While Embarq is not aware at this time of any specific disputed issues of material fact, the following paragraphs of this Petition and the attached affidavit of Kent W. Dickerson with the related exhibits set forth the material facts that support Embarq's Petition and its request for storm cost recovery.

8. Embarq has more than 1 million access lines and provides telecommunications services in eight districts throughout Florida. These districts include the major cities of Naples, Ft. Myers, Ocala, Tallahassee and Ft. Walton Beach.

9. After June 1, 2005, three major hurricanes affected and damaged areas served by Embarq: Hurricane Dennis on July 10, 2005; Hurricane Katrina on August 25 and 29, 2005; and Hurricane Wilma on October 24, 2005.

10. Hurricane Dennis made landfall at Santa Rosa Island, between Pensacola, Florida and Navarre Beach, Florida on July 10, 2005. Dennis was a Category 3 hurricane with winds of 115 to 120 miles per hour. Two of Embarq's eight districts, Ft. Walton Beach and Tallahassee, were impacted by Hurricane Dennis. Embarq had 11,644 customers and 87 network elements out of service as a direct result of Hurricane Dennis, with damage to buildings and a variety of outside plant network equipment, including but not limited to cable, terminals, drops and poles.

11. Hurricane Katrina crossed southern Florida on August 25, 2005 as a Category 1 hurricane before strengthening in the Gulf of Mexico and making a second and third landfall at Category 4 and 3 intensities on the morning of August 29, 2005, with wind speeds of up to 125 miles per hour. The storm impacted Embarq's service territories in the Ft. Walton Beach and Tallahassee Districts. Embarq had 368 customers and 1 network element out of service as direct result of Hurricane Katrina, with minor building damage, such as roof leaks, as well as damage to cable, terminals, drops, poles and network equipment.

12. Hurricane Wilma made landfall in the Embarq territory as a Category 3 hurricane with sustained wind speeds of up to 120 miles per hour on the southwest coast of

Florida on October 24, 2005, crossing Embarq's entire Southern area, cutting a diagonal swath across the southern portion of the Florida peninsula, and exiting Florida after the eye wall crossed south and central Palm Beach County. The Naples metropolitan area received the brunt of Hurricane Wilma and the communities around landfall suffered extreme damage. Embarq had 146,788 of its customers and 398 network elements out of service as a direct result of Hurricane Wilma impacting the Avon Park, Ft. Myers and Naples Districts. Embarq's network suffered damage to a variety of outside plant network equipment, including but not limited to cable, terminals, drops, poles and pair gain devices, and several buildings sustained damage.

13. Embarq's total storm-related expenses for repairing, restoring, or replacing its lines, plants, and facilities damaged by these 2005 storms was approximately $59.94 million. Of this amount, Embarq's total extraordinary expenses for the 2005 storms were $19.95 million.[1]

14. The intrastate portion of the total extraordinary expenses relating to repairing, restoring, or replacing Embarq's lines, plants, and facilities damaged by the 2005 storms was $15.47 million. The intrastate portion was determined by taking the total extraordinary expenses incurred by Embarq applying the intrastate

[1] In calculating its 2005 storm-related costs, Embarq utilized the more restrictive "extraordinary cost" standard under which it was allowed recovery for its 2004 Hurricane damages and associated cost. The extraordinary cost standard only includes storm-related cost associated with: company overtime (OT) in excess of budgeted OT, contractor expense only in excess of budget, net book value only of destroyed assets, hurricane material expense only, building, generators, fuel, line card repair and return in excess of budget.

jurisdictional factor of 74.429553%[2] and adding amounts for interest during recovery, uncollectible and the Florida regulatory assessment fee.

15. Embarq's costs and expenses incurred as a result the 2005 hurricanes have been prudently incurred and are reasonable under the circumstances. Embarq is seeking to recover only storm-related extraordinary costs. Provided as Exhibits KWD-1, KWD-2 and KWD-3 to Kent Dickerson's Affidavit are narrative descriptions and cost analysis schedules supporting the petition request.

16. Embarq has not previously filed a petition for storm cost recovery for the 2005 storm season.

17. Embarq does not have any insurance coverage which provides reimbursement for any of the Embarq intrastate costs and expenses incurred in repairing, restoring, or replacing its lines, plants and facilities damaged by the three hurricanes in 2005.

18. Embarq does not have a storm reserve fund.

19. The intrastate costs and expenses Embarq incurred as a result of the impact of the three hurricanes constitute a "compelling showing of changed circumstances" as set forth in section 364.051(4).

20. Since recovery of Embarq's total extraordinary intrastate costs would exceed the maximum charge allowed under section 364.051(4), Embarq proposes to recover its intrastate, extraordinary expenses through a charge not to exceed $0.50 per month per line for a period of not more than 12 months in accordance with the statute. Embarq proposes that the line item charge be recovered on a per line basis

[2] Calculated by applying the year-end 2005 separation factors for Embarq Florida, Inc. to the extraordinary storm expenses by Part 32 account.

from retail basic and nonbasic local exchange lines and wholesale unbundled loop element customers.

21. The amount Embarq is seeking to recover is approximately $10 million of the total extraordinary intrastate costs and 17% of the total costs that Embarq incurred in repairing, replacing and restoring its lines, plant and facilities that were damaged as a result of the 2005 tropical systems.

WHEREFORE Embarq requests that the Commission grant Embarq's Petition and allow Embarq to impose a line-item charge of $0.50 for 12 months on the above described access lines to allow Embarq to recover its intrastate expenses relating to repairing, restoring and replacing its lines, plants and facilities damaged by the 2005 storms.

Respectfully submitted this 25th day of September 2006.

Susan S. Masterton
1313 Blair Stone Road
Tallahassee, FL 32301
Voice: 850-599-1560
Fax: 850-878-0777
susan.masterton@embarq.com

Counsel for Embarq Florida, Inc.

Attachment to Petition by Embarq Florida, Inc., pursuant to Section 364.051(4), Florida Statutes, to recover 2005 tropical system related costs and expenses.

STATE OF KANSAS

COUNTY OF JOHNSON

AFFIDAVIT OF KENT W. DICKERSON

Before me, the undersigned authority, personally appeared Kent W. Dickerson, who being duly sworn, states as follows:

My name is Kent W. Dickerson and I am employed by Embarq Corporation in the capacity of Director – Cost Support. In that capacity I am responsible for cost analyses of Embarq's wholesale and retail products and services. My business address is 5454 West 110th Street, Overland Park, Kansas 66211.

My relevant educational background and work experience are as follows. I received a Bachelor of Science degree in Accounting from the University of Missouri – Kansas City. I am a Certified Public Accountant in the State of Missouri. From 1981 to 1983 I was employed as a Corporate Income Tax Auditor II for the Missouri Department of Revenue. From 1983 to 1985, I worked for Kansas Power and Light in the Tax and Internal Audit areas. I joined United Telephone Midwest Group (ultimately an Embarq subsidiary) in September, 1985 as a staff accountant in the Carrier Access Billing area. Thereafter I moved through a progression of positions within the Finance and Regulatory departments. Since 1994, I have managed a work group which performs cost of service studies for retail and wholesale services, Unbundled Network Elements and specialized cost recovery programs. I am responsible for filing written comments, serving on industry work groups and participating in technical conferences related to TSLRIC/TELRIC cost methodology, and the filing of cost studies and related testimony within the 18 states that

comprise Embarq's serving area. I have testified in Florida, Missouri, Kansas, Nevada, Pennsylvania, Wyoming, Georgia, North Carolina and Texas.

The purpose of my affidavit is to present the facts and cost analysis associated with Embarq Florida, Inc.'s petition to recover costs and expenses related to repairing, restoring and replacing facilities damaged by the 2005 tropical storms. Provided as Exhibits KWD-1, KWD-2 and KWD-3 are narrative descriptions and cost analysis schedules supporting the petition request. I will now highlight those materials.

As described in the petition, Embarq's cost recovery filing is in accordance with section 364.051(4)(b), Florida Statutes. Under this statute, "A company may file a petition to recover its intrastate costs and expenses relating to repairing, restoring, or replacing the lines, plants, or facilities damaged by a named tropical system." 2005 proved to be another record setting and costly hurricane season. Embarq sustained substantial damages and associated restoral costs from three major named tropical storm systems as follows:

- Hurricane Dennis on July 10, 2005 resulting in destruction and damage to the Embarq serving districts of Ft. Walton Beach and Tallahassee.
- Hurricane Katrina on August 25 and August 29, 2005 resulting in destruction and damage to the Embarq serving districts of Ft. Walton Beach and Tallahassee.
- Hurricane Wilma on October 24, 2005 resulting in destruction and damage to the Embarq serving districts of Avon Park, Ft. Myers and Naples.

Attached to my affidavit is Exhibit KWD-1 which is a narrative description of the 2005 Hurricanes impacting Embarq Florida, Inc.'s serving areas, and the associated costs and cost recovery analysis. Also attached are Exhibits KWD-2 and KWD-3 which provide detailed itemization of the costs and expenses incurred to repair, restore and replace lines, plants or facilities damaged by the 2005 Hurricanes. Exhibit KWD-2 details these costs and expenses relating to repairing, restoring or replacing the lines, plants and facilities which total to $59,940,742 (see line 16 of Exhibit KWD-2). These damages and costs far exceed the amount that Embarq seeks to recover under the statute, subject to the maximum charge per line of $0.50 per month. On this same Exhibit KWD-2, I have demonstrated the extreme conservatism of Embarq's cost recovery petition by excluding 2005 Hurricane related costs of $42,666,661 (see line 24 of Exhibit KWD-2) using the more restrictive "extraordinary cost" standard under which the Company was allowed recovery for its 2004 Hurricane damages and associated costs. Exhibit KWD-2 further demonstrates that the use of the more restrictive "extraordinary cost" standard results in intrastate costs of $15,468,151 which would support a computed recovery rate in excess of the maximum $0.50 rate established in the Florida Statute.

Given the computed recovery rate exceeds the $0.50 per line per month maximum rate established in the Florida Statute, Embarq's petition seeks to set the rate at $0.50. This rate is forecasted to recover approximately $10 million (see line 44 on Exhibit KWD-2) which is only 17% of the total $59,940,742 eligible 2005 tropical storm costs under the statute, but for the $0.50 maximum rate restriction.

As mentioned above, the approach used on Exhibit KWD-2 is to demonstrate how the use of the more restrictive cost recovery standard under which the Company's 2004 cost recovery was approved, results in substantial costs above Embarq's petitioned

recovery amount for 2005. This approach excludes 2005 hurricane related costs such as company labor costs associated with regular time and budgeted overtime (OT), budgeted contractor expenses, capitalized contractor costs, capitalized material costs, overhead expenses and capital, budgeted amounts for buildings, generators, fuel, line card repair and return and an allowance for annual storm expense (see lines 18 thru 23 of Exhibit KWD-2). The resulting remaining costs are shown on lines 10 thru 20 of Exhibit KWD-3 and are comprised of company OT in excess of budgeted OT, Contractor expense only in excess of budget, Net Book Value only of destroyed Assets, Hurricane Material expense only, Building, Generators, Fuel, Line Card Repair & Return in excess of budget. As also shown on Exhibit KWD-3, after reducing these narrowly defined extraordinary costs by an intrastate only factor, the resulting costs still exceed the cost recovery sought in Embarq's petition by approximately $5 million (see line 41 of Exhibit KWD-3).

Thus, Embarq's cost recovery petition for the intrastate costs of repairing, restoring or replacing the lines, plants or facilities damaged by the 2005 named tropical storms is shown to be very conservative, many times less than the actual damages and costs incurred, and fully in compliance with the recovery allowed under Florida Statutes 364.051 (4)(b).

Further Affiant sayeth naught.

Kent W. Dickerson

Kent W. Dickerson

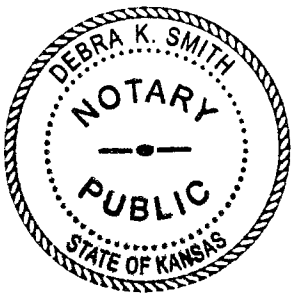
SWORN TO AND SUBSCRIBED BEFORE ME on this 21st day of September, 2006 by Kent W. Dickerson, who is personally known to me ✓ or who has produced _____ as identification.

: Debra K Smith

(Notary Signature)

(NOTARY SEAL)

(Notary Name Printed)
NOTARYPUBLIC
Commission No. 983714



Embarq Florida, Inc.
Damage Resulting from Tropical Storm Systems
Pursuant to Section 364.051(4), Florida Statute

Table of Contents

Introduction

Embarq provides telecommunications service in eight Districts in Florida, see Appendix 1 for Florida District Map identifying districts served by Embarq in the state of Florida.

The 2005 Atlantic hurricane season was the most active on record with twenty-seven named storms, thus requiring use of the Greek alphabet to name storms. Fifteen of these storms became hurricanes in which seven were major (category 3 or higher). Embarq's operations in the State of Florida were significantly impacted by three of these major hurricanes: Hurricane Dennis (July 10, 2005), Hurricane Katrina (August 25 and 29, 2005), and Hurricane Wilma (October 24, 2005). See Appendix 1 for a map and path of these three hurricanes. With the filing of this petition, Embarq seeks to recover costs and expenses related to repairing and restoring the damage caused by these three hurricanes, as these costs and expenses were prudently incurred and extraordinary in nature.

Storm Preparation

Embarq's Emergency Preparedness plans are reviewed and preparations begin in May, prior to the start of the "hurricane season." Embarq's National Staff facilitates the review with Regional Coordinators. Using projected storm path information from the National Oceanic and Atmospheric Administration (NOAA), the National Weather Bureau and local news stations in Florida, specific emergency plans are initiated as soon as a tropical depression which may impact Embarq's service territories is identified. The storm's path is monitored and plans for multiple path and strike scenarios are implemented as required.

Embarq has eight Districts in Florida and each District has a comprehensive emergency preparedness plan specific to its area. The District plan is linked to a Regional plan which is linked to a National plan. Utilizing a 50+ point checklist, National, District and Regional teams review key categories such as generators, water, fuel, sandbagging/ facility protection, workforce reporting locations, contract labor, force mobilization, and materials. This checklist ensures all key areas are addressed prior to the storm's impact. Prior to the storm, Area and District meetings are held to review preparedness plans.

Storm Recovery Process

Embarq's storm recovery process is managed through command centers that are maintained at the District, Area, Regional and National levels. Planning and assessment sessions are scheduled (via conference call) twice daily between the Regional and National centers. Region to District calls occur twice daily at the beginning of the work day, and mid-day. As restoration efforts progress, calls may decrease to one per day.

Several actions were taken prior to and after the hurricanes to ensure Embarq costs of restoring service were prudently incurred and captured, given the circumstances (i.e. incurring higher

costs than normal for fuel and contractors, etc.). Prior to the hurricanes, materials identified as critical for restoration were preordered. This ensured that the materials were available as soon as restoration efforts began. Post hurricane, an emergency requisition process was initiated. This process allowed for the priority replenishment of the needed materials to support the restoration process. Embarq Logistics monitored orders as they came through and continued to leverage its bulk purchasing power to keep the costs down. Embarq Logistics provided transportation services to move generators throughout the Embarq Southern Operations region utilizing, wherever possible, Embarq Logistics' trucks and drivers. This resulted in lower costs than contract trucks and drivers.

Hurricane Dennis

Continental landfall occurred at Santa Rosa Island, between Pensacola, Florida, and Navarre Beach, Florida, at 2:25 pm CDT on July 10, 2005. Dennis was a Category 3 hurricane with winds of 115 to 120 mph,[1] storm surges from 3-5 feet and in places, 6-9 feet above normal tide levels along the Florida Panhandle, heavy rain reported up to 6.96", and a total of 9 tornadoes in Florida (8 category F0 and 1 category F1)[2]. The storm caused some structural damage to Embarq facilities and had an immediate and lasting impact on service.

Two [2] of Florida's eight [8] districts, Ft. Walton Beach and Tallahassee, were impacted by Hurricane Dennis. Embarq had 11,644 of its customers and 87 network elements out of service as a direct result of Hurricane Dennis, with damage to buildings, vehicles, and a variety of outside plant network equipment which included cable, terminals and drops. The high wind and driving rain that came with Hurricane Dennis caused water intrusion into cabinets, exposing the electronics to water and damaging the equipment beyond repair. The winds and storm debris also damaged cabinets allowing them to open during the storm and also caused damage due to uprooted trees.

During Hurricane Dennis the buildings that were damaged are:

- St. Marks Remote Line Switch (water intrusion)
- Sopchoppy Remote Line Switch (water intrusion)
- Panacea Remote Line Switch (water intrusion)
- Crestview Central Office (water intrusion)
- Denton Work Center (roof damage)
- Denton Central Office (water intrusion)
- Mary Esther Remote Line Switch (tree on building)

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[1] NOAA Tropical Weather Summary, (http://www.nhc.noaa.gov/archive/2005/tws/MIATWSAT_nov.shtml?): "... Although Dennis re-intensified into a category 4 hurricane early on the 10 July over the eastern Gulf of Mexico...it weakened to category 3 strength before making landfall over the western Florida panhandle near Navarre Beach late on 10 July. Dennis weakened to a low pressure area over the Tennessee and Ohio valleys and eventually dissipated over southeastern Canada on 18 July. Forty-one deaths were reported in association with Dennis...22 in Haiti...16 in Cuba...and 3 in the United States. Considerable storm surge related damage occurred near St. Marks Florida...well east of the landfall location. Heavy rainfall and flooding occurred across much of Florida and extended well inland over portions of the southeastern United States."

[2] NOAA Coastal Services Center – Tropical Cyclone Reports, pages 3 & 4 (http://maps.csc.noaa.gov/hurricanes/reports.jsp) for, Atlantic Basin, 2005, Hurricane Dennis.

Hurricane Katrina

Katrina crossed southern Florida on August 25, 2005 at Category 1 intensity before strengthening rapidly in the Gulf of Mexico, making a second and third landfall at Category 4 and 3 intensities on the morning of August 29, 2005 along the Central Gulf Coast near Buras-Triumph, Louisiana with wind speeds of 125 MPH[3]. It primarily impacted service in Embarq's Ft. Walton Beach and Tallahassee Districts in Northern Florida.

Embarq had 368 of its customers and 1 network element out of service as a direct result of Hurricane Katrina, with minor building damage such as roof leaks, as well as damage to cable, terminals, drops, and network equipment. Although no buildings were destroyed during Hurricane Katrina, minor debris clean-up was required.

Hurricane Wilma

The storm made landfall in Embarq's territory as a Category 3 hurricane with sustained wind speeds of 120 mph on the southwest coast of Florida, crossed Embarq's entire southern area, and cut a diagonal swath across the southern portion of the Florida peninsula, with the northern part of the eye wall crossing into south and central Palm Beach County. Passing over the Florida peninsula, Wilma weakened slightly to a Category 2 hurricane, when it exited Florida and entered the Atlantic about six hours later[4]. The Naples Metropolitan Area received the brunt of Hurricane Wilma. The point of landfall, between Marco Island and Everglades City, is largely uninhabited but the communities around landfall suffered extreme damage.

The Naples Airport was severely damaged by the hurricane, while areas like Immokalee and East Naples suffered extreme and widespread roof damage to numerous homes and communities. Out of the 170 signaled intersections in Collier County, 130 were destroyed. There was damage to the 90 high-rise condominiums in Coastal Naples, where windows in some levels were blown out completely by the high winds brought by the storm. 90% of all mobile homes in East Naples have been destroyed, while 30% of the mobile homes in all of

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[3] NOAA Tropical Weather Summary, (http://www.nhc.noaa.gov/archive/2005/tws/MIATWSAT_nov.shtml?): "... Katrina became a category 1 hurricane and made landfall near the Miami-Dade/Broward county line during the evening of 25 August. Katrina moved southwestward across south Florida...dumping over a foot of rain... toppling trees and power lines... and damaging homes and businesses in Miami-Dade and Broward Counties. ... After entering the Gulf of Mexico ...Katrina strengthened significantly... reaching category 5 intensity on 28 August about 250 miles south-southeast of the mouth of the Mississippi river. Later that day... Katrina's winds reached a peak intensity of 175 mph and the pressure fell to 902 mb...which was at the time the fourth lowest pressure on record. Katrina turned to the northwest and then north... making landfall in Plaquemines Parish Louisiana just south of Buras with an operationally estimated 140 mph winds...category 4...at 610 am cdt on 29 August. Continuing northward...Katrina made a second landfall near the Louisiana/Mississippi border at 1000 am cdt...with maximum winds operationally estimated at 125 mph...category 3. .... Katrina weakened as it moved inland to the north-northeast but was still a hurricane 100 miles inland near Laurel Mississippi. Katrina continued to weaken and became a tropical depression near Clarksville Tennessee on 30 August.

[4] NOAA Tropical Weather Summary, (http://www.nhc.noaa.gov/archive/2005/tws/MIATWSAT_nov.shtml?): "... the hurricane strengthened as it approached the southwestern Florida coast... and it made landfall near Cape Romano on 24 October with category 3 intensity. The system continued to accelerate northeastward ... crossing Florida in less than 5 hours. Wilma moved into the Atlantic just to the North of Palm Beach as a category 2 hurricane. It regained category 3 status just off the east-central coast of Florida...and gradually weakened thereafter. ... Wilma caused extensive damage in northeastern Yucatan...including Cancun and Cozumel...and southern Florida. ... Damage in the United States is estimated at $14.4 billion.

Collier County suffered the same fate. Widespread roof damage was evident across the county outside of the City of Naples itself.

Embarq had 146,788 of its customers and 398 network elements out of service as a direct result of Hurricane Wilma's impact on the Avon Park, Ft. Myers and Naples Districts.

Embarq's network suffered damage to cable, terminals, drops, poles, and pair gain devices. Twenty-one pair gain devices and aerial cable suffered the greatest damage. Drops, terminals, interfaces, and an antenna also needed replacement. Pair gain devices were replaced due to the winds, rain and storm surge created by Hurricane Wilma. The following buildings also sustained damage.

- Cypress Lakes Central Office (Major roof damage)
- Avon Park Central Office (Windows blown out)
- Punta Gorda Central Office (Minor water intrusion)

Work to restore service after Hurricanes Dennis, Katrina, & Wilma

Storm recovery efforts involved close coordination among a variety of Embarq organizations at a local, regional and national level. The recovery efforts ranged from the immediacy of restoring service by replacing/repairing equipment to ensuring the resources to support our recovery efforts were in place. These efforts included coordination with Emergency Operations centers, securing additional contractors, and the proactive management of the work load by giving service restoration the highest priority. Below are some of the actions taken by Florida's Network Service Operations team during storm recovery.

- Deployed and maintained generators to power up remotes and hosts.
- Monitored and responded to switch alarms.
- Dispatched damage survey teams to identify facilities/equipment/vehicles to be repaired
- Re-strung drops.
- Prioritized and restored essential line services (FAA, 911, etc.) as well as priority voice services.
- Prioritized and completed out-of-service trouble tickets, emergency service orders and typical demand tasks.
- Prepared work activities for construction work where facilities were severely damaged or completely destroyed.
- Replaced damaged or missing pedestals/terminals.
- Repaired damaged cable and drops.
- Repaired damaged buried cable due to 3rd party actions.
- Regional Building Operations procured bottled water, ice, freezers for storing the ice, portable toilets, diesel and liquid propane (LP) fuel for generators.
- The Regional Operations Team secured the services of suppliers to assist with the repair of generators and refueling requirements. They also arranged inspections with Embarq's tower inspection and roof inspection suppliers to survey towers and roofs in the affected areas.

The impact on workload began prior to each of the hurricanes making landfall. In anticipation of Hurricanes Dennis, Katrina, and Wilma making landfall and expected trouble calls, Embarq began managing its workload by extending intervals for new orders thereby making resources available for restoration immediately after the hurricane had passed. This allowed Embarq to make trouble tickets a priority and schedule them accordingly. After the hurricane passed, trouble ticket activity increased significantly.

The workforce was put on mandatory 6 days a week, 10 hours a day work schedule. Many volunteered and worked more. Embarq moved technicians between Districts, Areas and Regions as the need dictated. To increase availability of technicians Embarq also cancelled furlough days and mandated overtime which included working Saturdays and Sundays. Managers, supervisors, and engineers pulled shift duty in the Storm Command Centers. Engineers were members of the Survey Teams. Embarq Network Operations Center (NOC) monitored all network elements prior to, during and after the hurricane. The NOC provided reports of the status of network elements and customers impacted on a continual basis. This information allowed Embarq to deploy resources such as generators and technicians to restore services at those sites.

Contractor availability was limited due to the resource demands in the Gulf Coast areas for Hurricane Katrina recovery. Embarq maximized the utilization of its existing contractors and secured additional contractors from alternate vendors. Contractors were used to supplement restoration and normal load efforts. By assigning contractors to the normal service order and trouble ticket load, more experienced employees were available to focus on the most critical damage. Aside from specific network restoration, contractors were used to deploy and secure generators. The contractors were enlisted to perform a variety of functions listed below:

- Secure/maintain generator sites
- I&R: working trouble tickets and service orders; repairing drops; replacing damaged pedestals.
- Cable splicing: construction work or repairing damaged cables.
- Central Office: working access care tickets and span line troubles, assisting I&R techs, monitoring pair gain batteries.
- Business techs: working trouble tickets, emergency service orders and access care tickets.

List of some of the Supplies used for Hurricane Restoration:

- Temporary wire
- J-hooks
- P-clamps
- RE clips
- Staples
- Tape
- Terminal blocks
- Scotch locks
- Jacks (for flooded areas)
- Tie wraps

- Duct seal
- Generators and fuel
- Network Interface Devices (NIDs)
- Batteries for pair gains
- Closures
- Pedestals
- Cable
- Station Wire
- Drop Wire
- Batteries
- Drill Bits
- Connectors
- Decals
- Encapsulant
- Tie Cables
- Risers
- Nuts, screws, bolts

Storm Recovery Cost Analysis

As part of the 2005 storm recovery cost analysis, Embarq conducted special studies utilizing the same methodologies as in Embarq's prior year petition (filing in Docket No. 050374-TL as amended and approved through Order Nos. PSC-05-0735-PAA-TL, PSC-05-0757-PCO-TL, and PSC-05-0946-FOF-TL) to identify extraordinary, incremental costs to restore service as a direct result of each of the three above identified hurricanes impacting service in Embarq's Florida Districts.

Overall Cost Analysis

As was the case in the prior year's filing, Embarq utilized costs determined to be prudently incurred and extraordinary in nature as the standard to determine storm recovery costs. These costs are broken into several cost categories:

- Extraordinary Company Wages
- Extraordinary Contractor Costs
- Extraordinary Asset Restoral Costs
- Extraordinary Material Costs
- Extraordinary Facility, Buildings, Generators, Fuel, and Line Card Repair & Return
- Average Annual Storm Expense
- Carrying Cost, Interest, Uncollectible, and Florida Regulatory Assessment Fees

In gathering costs, as in last year's filing, Embarq identified the districts and months impacted by the identified storms from the current storm season and gathered relevant costs from only those impacted districts beginning from the month the storm struck Florida, and thus impacted Embarq's telecommunications operations:

Hurricanes Dennis & Katrina

- Both storms impacted: Ft. Walton Beach and Tallahassee Districts
- Costs gathered from July 2005 through December 2005

Hurricane Wilma

- Storm impacted: Avon Park, Ft. Myers, and Naples Districts
- Costs gathered from October 2005 through February 2006

In carrying out the required special analysis to identify the extraordinary costs, Embarq identified those extraordinary costs in excess of budgeted expenses and excluded amounts for ordinary storm-related costs, using the same methodology for exclusion as reviewed and approved in Embarq's 2004 Storm Recovery filing.

Final Determination of Recovery Rate Surcharge

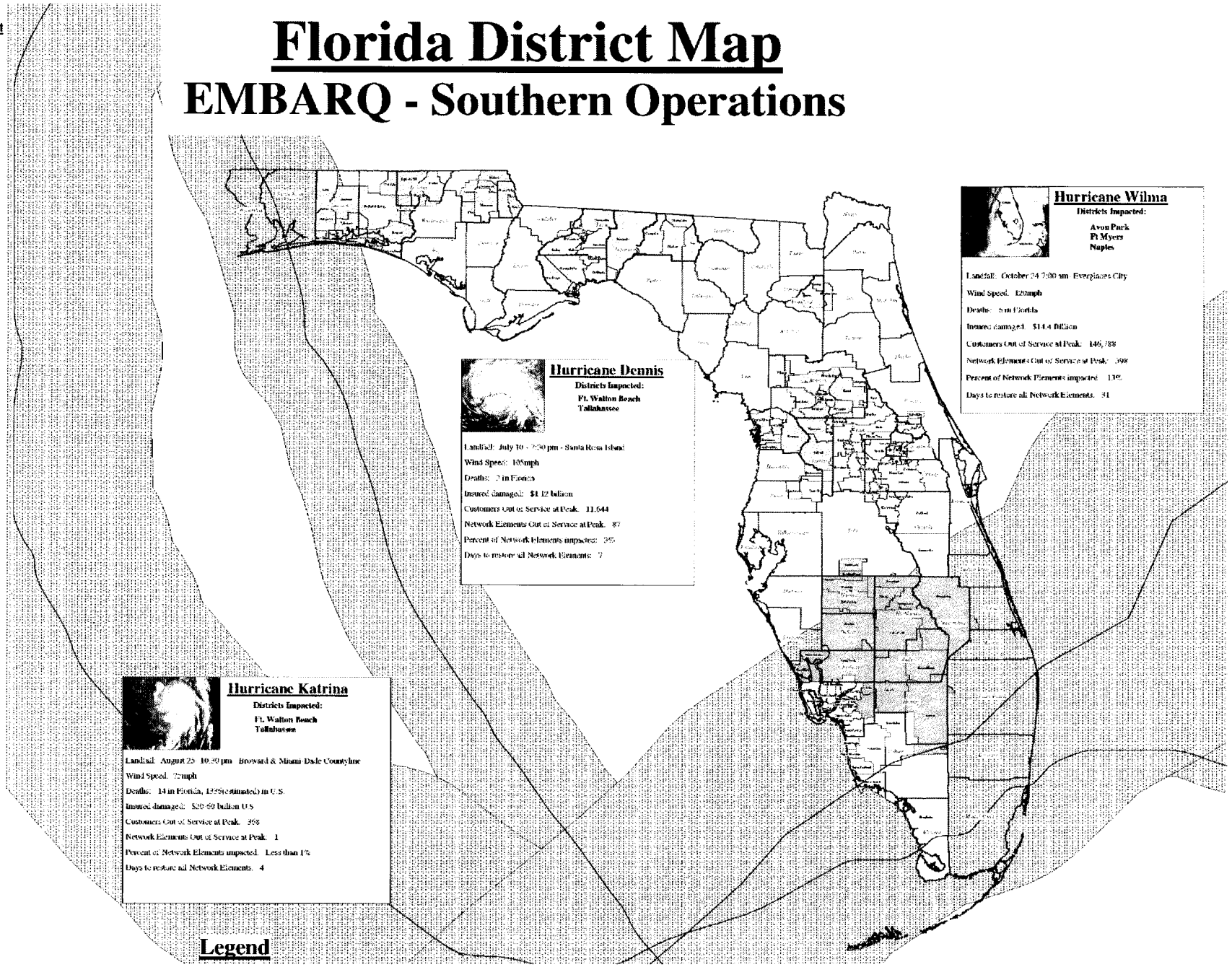
Through this immediate petition, Embarq submits for determination by the Commission that it has demonstrated intrastate costs and expenses, reasonable under the circumstances, for the named tropical systems of Hurricanes Dennis, Katrina, and Wilma, incurred by Embarq totaling $59.94 million with calculated total intrastate costs of $15.47 million[5], with a requested Net Intrastate Recovery of approximately $10 million[6] at the maximum recovery surcharge rate of $0.50 per access line per month for 12 months, pursuant to Section 364.051(4)(b) 5, Florida Statutes. Since Florida Statutes cap recovery rates to $0.50 per access line for 12 months, Embarq estimates $5 million of unrecovered Intrastate Extraordinary Costs in addition to the $45 million already born by Embarq's shareholders.

[5] Exhibit KWD-2, row 35.
[6] Exhibit KWD-2, row 44.

Florida District Map

EMBARQ - Southern Operations

- Ft. Walton Beach District
- Tallahassee District
- Ocala District
- Winter Garden District
- Winter Park District
- Avon Park District
- Ft. Myers District
- Naples District



Hurricane Wilma

Districts Impacted:

Avon Park
Ft Myers
Naples

Landfall: October 24 7:00 am Everglades City
Wind Speed: 120mph
Deaths: 5 in Florida
Insured damaged: $14.4 Billion
Customers Out of Service at Peak: 146,788
Network Elements Out of Service at Peak: 398
Percent of Network Elements impacted: 13%
Days to restore all Network Elements: 31

Hurricane Dennis

Districts Impacted:

Ft. Walton Beach
Tallahassee

Landfall: July 10 - 7:30 pm - Santa Rosa Island
Wind Speed: 105mph
Deaths: 2 in Florida
Insured damaged: $1.12 billion
Customers Out of Service at Peak: 11,644
Network Elements Out of Service at Peak: 87
Percent of Network Elements impacted: 3%
Days to restore all Network Elements: 7

Hurricane Katrina

Districts Impacted:

Ft. Walton Beach
Tallahassee

Landfall: August 25 10:30 pm Broward & Miami-Dade Countyline
Wind Speed: 75mph
Deaths: 14 in Florida, 1,595(estimated) in U.S.
Insured damaged: $20-60 billion U.S.
Customers Out of Service at Peak: 358
Network Elements Out of Service at Peak: 1
Percent of Network Elements impacted: Less than 1%
Days to restore all Network Elements: 4

Legend

- Wire Center Boundaries
- County Boundaries
- Hurricane Force Winds

EMBARQ

A	B	C	D	E
Row	Description	Calculation	Cost	Extraordinary Cost
8				
9	Hurricane related cost:			
10	Wages & Benefits		$ 32,250,961	
11	External Contractors Expense & Capital		17,287,467	
12	Extraordinary Asset Restoral Costs		2,607,274	
13	Material Capital & Expense		2,910,263	
14	Overheads Expense & Capital		2,880,790	
15	Buildings, Generators, Fuel, Line Card Repair & Return		2,003,986	
16	Total Hurricane related cost	(Sum Rows 10 to 15)	$ 59,940,742	
17	Exclusions:			
18	Wages associated w/ regular time and budget OT		$ 28,347,670	
19	Contractor Expense Budget & Capitalized Contractor Costs		8,508,685	
20	Capitalized Material Cost		1,584,276	
21	Overheads Expense & Capital		2,880,790	
22	Buildings, Generators, Fuel, Line Card Repair & Return Budget		747,000	
23	Average Annual Storm Expense		598,240	
24	Total Exclusions	(Sum Rows 18 to 23)	$ 42,666,661	
25				
26	Extraordinary Cost	(Row 16 - Row 24)		$ 17,274,081
27	Carrying Cost Before Recovery			2,680,581
28	Subtotal	(Row 26 + Row 27)		$ 19,954,663
29	Intrastate Factor			0.74429553
30	Intrastate Subtotal	(Row 28 * Row 29)		$ 14,852,166
31	Interest During Recovery Period		5.23%	417,838
32	Intrastate Cost (before uncollectible and FL reg. assessment fee)	(Row 30 + Row 31)		$ 15,270,004
33	Uncollectible	(Row 35 * 1.081%)	1.081%	167,211
34	Florida Regulatory Assessment Fee	(Row 35 * 0.2%)	0.20%	30,936
35	Total Intrastate Extraordinary Cost	(Sum Rows 32 to 34)		$ 15,468,151
36	Average Total Access Lines and UNE Loops			[redacted]
37	Per Month Recovery Rate Per Line	((Row 35 / Row 36) / 12)		
38				
39	Recovery limited to $0.50 per line for 12 months per 364.051(4)(b) 5, Florida Statutes:			
40	Capped Recovery Rate Per Month Per Line	Per 364.051(4)(b) 5		$ 0.50
41	Intrastate Billed Amount	(Row 36 * Row 40 * 12)		[redacted]
42	Less: Uncollectible	(Row 41 * 1.081%)		
43	Less: Florida Regulatory Assessment Fee	(Row 41 * 0.2%)		
44	Intrastate Net Recovery	(Row 41 - Row 42 - Row 43)		
45	Unrecovered Intrastate Extraordinary Balance	(Row 32 - Row 44)		

Affidavit of Kent W. Dickerson
Exhibit No. KWD - 3
Summary Extraordinary Storm Costs & Recovery

A	B	C	D	E
Row	Description	Calculation		Extraordinary Cost
8				
9	Extraordinary Hurricane Related Cost			
10	District Storm Extraordinary Company Labor & Benefits			$ 3,903,291
11				
12	Extraordinary Contractor Expense over Budget			8,778,783
13				
14	Asset Restoral Extraordinary Cost			2,607,274
15				
16	Extraordinary Material Expense			1,325,987
17				
18	Extraord. Buildings, Generators, Fuel, Line Card Repair & Return			1,256,986
19				
20	Average Annual Storm Expense			(598,240)
21				
22	Extraordinary Cost	(Sum Rows 10 to 20)		$ 17,274,081
23	Carrying Cost Before Recovery			$ 2,680,581
24	Subtotal	(Row 22 + Row 23)		$ 19,954,663
25	Intrastate Factor			0.74429553
26	Intrastate Subtotal	(Row 24 * Row 25)		$ 14,852,166
27	Interest During Recovery Period		5.23%	417,838
28	Intrastate Cost (before uncollectible and FL reg. assessment fee)	(Row 26 + Row 27)		$ 15,270,004
29	Uncollectible	(Row 31 * 1.081%)	1.081%	167,211
30	Florida Reg. Fee	(Row 31 * 0.2%)	0.20%	30,936
31	Total Intrastate Extraordinary Cost	(Sum Rows 28 to 30)		$ 15,468,151
32	Average Total Access Lines and UNE Loops			[redacted]
33	Per Month Recovery Rate Per Line	((Row 31 / Row 32) / 12)		
34				
35	Recovery limited to $0.50 per line for 12 months per 364.051(4)(b) 5, Florida Statutes:			
36	Capped Recovery Rate Per Month Per Line	Per 364.051(4)(b) 5		$ 0.50
37	Intrastate Billed Amount	(Row 32 * Row 36 * 12)		[redacted]
38	Less: Uncollectible	(Row 37 * 1.081%)		
39	Less: Florida Regulatory Assessment Fee	(Row 37 * 0.2%)		
40	Intrastate Net Recovery	(Row 37 - Row 38 - Row 39)		
41	Unrecovered Intrastate Extraordinary Balance	(Row 28 - Row 40)		