

ORIGINAL

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Sent: Tuesday, January 02, 2007 4:20 PM
To: Filings@psc.state.fl.us
Cc: Masterton, Susan S [EQ]
Subject: Docket #060644 Embarq's 2nd Supp Response to CompSouth's 1st Set of Int. & POD
Attachments: Embarq's 2nd Supp Rsp to CompSouth's 1st Setof Int. & POD.pdf

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Filed on Behalf of: **Susan S. Masterton**

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Docket No. **060644-TL**

Title of filing: ***Embarq's Response to Second Supplemental Response to CompSouth's First Set of Interrogatories and First Request for Production***

Filed on behalf of: ***Susan Masterton***

No of pages: **10**

Description: ***Embarq's Response to Second Supplemental Response to CompSouth's First Set of Interrogatories and First Request for Production***

<<Embarq's 2nd Supp Rsp to CompSouth's 1st Setof Int. & POD.pdf>>

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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. 060644-TL, Embarq Florida, Inc.'s Second Supplemental Response to the Competitive Carriers of the South's First Set of Interrogatories and First Request for Production of Documents

Dear Ms. Bayó:

Enclosed is Embarq Florida, Inc.'s Second Supplemental Response to the Competitive Carriers of the South's First Set of Interrogatories (NOS. 1-2) and First Request for Production of Document (NO.2).

Copies are being served on the parties in this docket pursuant to the attached certificate of service.

If you have any questions regarding this electronic filing, please do not hesitate to call me at 850/599-1560.

Sincerely,

Susan S. Masterton

Enclosure

Susan S. Masterton
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DOCUMENT NUMBER-DATE

00033 JAN-25

FPS-COMMISSION CLERK

**CERTIFICATE OF SERVICE
DOCKET NO. 060644-TL**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served electronically and by US mail this 2nd day of January, 2006 to the following:

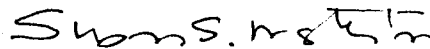
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Susan S. Masterton

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Embarq Florida, Inc.,) Docket No. 060644-TL
Pursuant to Florida Statutes 364.051(4), to)
Recover 2005 Tropical System Related Costs)
And Expenses)
_____)

EMBARQ'S SECOND SUPPLEMENTAL RESPONSES TO THE COMPETITIVE CARRIERS OF THE SOUTH'S FIRST SET OF INTERROGATORIES (NOS. 1-2) AND FIRST REQUEST FOR PRODUCTION OF DOCUMENTS (NO. 2)

Pursuant to Rule 28-106.206, Florida Administrative Code, and Rules 1.340, 1.350, and 1.280(b), Florida Rules of Civil Procedure, by and through undersigned counsel, Embarq Florida, Inc. (hereinafter "Embarq") hereby submits the following Second Supplemental Responses to The Competitive Carriers of the South's (hereinafter "CompSouth's") First Set of Interrogatories and First Request for Production of Documents, which were served on Embarq on November 15, 2006. Embarq incorporates by reference the general and specific objections set forth in its Response to CompSouth's First Set of Interrogatories and First Request for Production of Documents served on CompSouth on November 30, 2006.

<u>Interrogatory</u>	<u>Prepared by</u>	<u>Title</u>
1-2	Kent W. Dickerson	Director – Cost Support

INTERROGATORIES

1. For the most recent TELRIC studies performed by Embarq for Florida, provide a listing, by USOA investment account, of all Annual Cost Factors (“ACFs,” sometimes referred to as Annual Charge Factors or investment-to-cost factors) used to convert investment to annual cost.
 - a. For each ACF, provide a listing of all capital and non-capital (expense) components that comprise that ACF. Provide both a descriptive label (e.g. “depreciation”) and a numeric value for each component for each ACF.
 - b. Describe in detail how each component of the ACFs was calculated, including a description of all data relied upon and a description of the calculations involved.
 - c. For each ACF component that was calculated using data from multiple periods of time (whether used to calculate an average over multiple time periods, to conduct a trend analysis, or for any other use), provide the beginning date and ending date of the data used. For example, if the depreciation expense component of the ACF for a given USOA investment account was calculated based on an average of the yearly depreciation amounts for 1996 through 2005, the response would be “Account xxx, Depreciation, January 1, 1996 through December 31, 2005.”

Supplemental Response: Notwithstanding and without waiving its previously filed objections, Embarq provides the following response:

Embarq’s most recent relevant TELRIC cost study is the cost study associated with FPSC Docket Number 990649B-TP, which provided the data used to establish rates for unbundled loops. The factors provided in response to this question reflect the commission-approved annual charge factors. The ACF factors were developed based on calendar year 2000 investment and expense amounts.

- a. Please see attached document UNE Expense Factors ACF Module Documentation.
- b. See response to a. above.
- c. Not applicable.

Second Supplemental Response: Notwithstanding and without waiving its previously filed objections, Embarq provides the following response:

See also, attached FCC Part 32 Plant Specific Maintenance account descriptions sub-sections 2, 3 and 4 in paragraph (b).

2. In the last Embarq UNE cost case before the Commission (Docket 990649B-TP), Kent W. Dickerson, in his Direct Testimony at pages 20-21, stated,

“The direct maintenance expenses associated with UNE capital investments are applied in the UNE cost study process by including a direct maintenance expense component in the Annual Charge Factor. The Annual Charge Factor development is explained in detail in the ACF section of the documentation. Using the relationship of Florida-specific 2000 direct maintenance to the associated gross capital investment, the direct maintenance expense loadings shown in the Annual Charge Factor Module were developed. By applying these Florida-specific direct maintenance loadings to the corresponding forward-looking capital investments, an estimate of the forward looking direct maintenance is included in the UNE cost study”.

- a. In the development of its Annual Charge Factor, did Embarq include expenses and tasks associated with inspecting and reporting on the condition of plant investment to determine the need for repairs?
- b. In the development of its Annual Charge Factor, did Embarq include expenses and tasks associated with restoring the condition of plant investment damaged by storms, floods, fires or other casualties?

Supplemental Response: Notwithstanding and without waiving its previously filed objections, Embarq provides the following response:

- a. The ACF would reflect those costs associated with Embarq’s normal course of business pertaining to inspecting and reporting on the condition of plant that are expensed as plant specific maintenance. As explained in response to DR 1 above, the ACFs used in Embarq’s current UNE price development were computed based on expense to investment relationships derived from Embarq’s 2000 General Ledger. As such those factors cannot and do not reflect the extraordinary level of tropical storm damage incurred in 2005.
- b. No. See a. above.

Second Supplemental Response: Notwithstanding and without waiving its previously filed objections, Embarq provides the following response:

See also, attached FCC Part 32 Plant Specific Maintenance account descriptions sub-sections 2, 3 and 4 in paragraph (b).

PRODUCTION OF DOCUMENT REQUESTS

1. **In the last Embarq UNE cost case before the Commission (Docket 990649B-TP), Kent W. Dickerson, in his Direct Testimony at pages 20-21, stated, "The direct maintenance expenses associated with UNE capital investments are applied in the UNE cost study process by including a direct maintenance expense component in the Annual Charge Factor. The Annual Charge Factor development is explained in detail in the ACF section of the documentation." Produce the ACF section of the documentation referenced in Mr. Dickerson's testimony.**

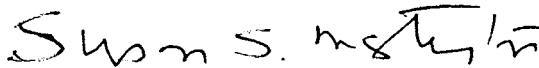
Response: Notwithstanding and without waiving its previously filed objections, Embarq provides the following response:

Please see attached document UNE Expense Factors, ACF (Annual Charge Factor) Module.

Second Supplemental Response: Notwithstanding and without waiving its previously filed objections, Embarq provides the following response:

See also, attached FCC Part 32 Plant Specific Maintenance account descriptions sub-sections 2, 3 and 4 in paragraph (b).

DATED this 2nd day of January 2007.



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ATTORNEY FOR EMBARQ FLORIDA, INC.

Subpart E – Instructions for Expense Accounts

§ 32.5999 General.

(a) *Structure of the expense accounts.*

(1) The expense section of the system of accounts shall be organized by expense group summary account, and subsidiary record category (if required).

(2) The expense section of this system of accounts shall be comprised of four major expense groups-Plant Specific Operations, Plant Nonspecific Operations, Customer Operations and Corporate Operations. Expenses to be recorded in Plant Specific and Plant Nonspecific Operations Expense Groups generally reflect cost associated with the various kinds of equipment identified in the plant asset accounts. Expenses to be recorded in the Customer Operations and Corporate Operations accounts reflect the costs of, or as associated with, functions performed by people, irrespective of the organization in which any particular function is performed.

(3) Accounts shall be maintained as prescribed in this section subject to the conditions described in § 32.13 in Subpart B. Subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

(b) *Plant Specific Operations Expense.*

(1) The Plant Specific Operations Expense accounts, 6110 through 6441, are used to record costs related to specific kinds of telecommunications plant.

(2) The Plant Specific Operations Expense accounts predominantly mirror the telecommunications plant in service detail accounts and are numbered consistently with them; the first digit of the expense account being six (6) and the remaining digits being the same as the last three numbers of the related plant account. In classifying Plant Specific Operations expenses, the text of the corresponding plant account should be consulted to ensure appropriateness.

(3) The Plant Specific Operations Expense accounts shall include the costs of inspecting, testing (except as specified in Account 6533, Testing Expense) and reporting on the condition of telecommunications plant to determine the need for repairs, replacements, rearrangements and changes; performing routine work to prevent trouble (except as specified in Account 6533), replacing items of plant other than retirement units; rearranging and changing the location of plant not retired; repairing material for reuse; restoring the condition of plant damaged by storms, floods, fire, or other casualties (other than the cost of replacing retirement units); inspecting after repairs have been made; and receiving training to perform these kinds of work. Also included are the costs of direct supervision (immediate or first-level) and office support of this work.

(4) In addition to the activities specified in paragraph (b)(3) of this section, the appropriate Plant Specific Operations Expense accounts shall include the cost of personnel whose principal job is the operation of plant equipment, such as general purpose computer operators, aircraft pilots, chauffeurs and shuttle bus drivers. However, when the operation of equipment is performed as part of other identifiable functions (such as the use of office equipment, capital tools or motor vehicles), the operators' cost shall be charged to accounts appropriate for those functions. (For costs of operator services personnel, see Accounts 6621, Call completion services, and 6622, Number services, and for costs of test board personnel see Account 6533.)

§ 32.5999 General. (Cont'd)

(c) *Plant nonspecific operations expense.* The Plant Nonspecific Operations Expense accounts shall include expenses related to property held for future telecommunications use, provisioning expenses, network operations expenses, and depreciation and amortization expenses. Accounts in this group (except for Account 6540, Access expense, and Accounts 6560 through 6565) shall include the costs of performing activities described in narratives for individual accounts. These costs shall also include the costs of supervision and office support of these activities.

(d) *Customer Operations Expense.* The Customer Operations Expense accounts shall include the cost of performing customer related marketing and services activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

(e) *Corporate Operations Expense.* The Corporate Operations Expense accounts shall include the costs of performing executive and planning activities and general and administrative activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

(f) *Reimbursements.* Reimbursements of actual costs incurred in connection with joint operations or projects, repairing plant due to damages by others, and obligations to make changes in telecommunications plant (such as highway relocations), shall be credited to the accounts originally charged.

(g) *Expense accounts to be maintained.*

<u>Account Title</u>	<u>Class A Account</u>	<u>Class B Account</u>
INCOME STATEMENT ACCOUNTS		
Plant specific operations expense:		
Network support expense		6110
Motor vehicle expense	6112	
Aircraft expense	6113	
Tools and other work equipment expense	6114	
General support expenses		6120
Land and building expenses	6121	
Furniture and artworks expense	6122	
Office equipment expense	6123	
General purpose computers expense	6124	
Central office switching expense		6210
Non-digital switching expense	6211	
Digital electronic switching expense	6212	
Operators system expense	6220	6220
Central office transmission expenses		6230
Radio systems expense	6231	
Circuit equipment expense	6232	
Information origination/termination expense		6310
Station apparatus expense	6311	
Large private branch exchange expense	6341	
Public telephone terminal equipment expense	6351	

§ 32.5999 General. (Cont'd)

<u>Account Title</u>	<u>Class A Account</u>	<u>Class B Account</u>
Other terminal equipment expense	6362	
Cable and wire facilities expenses		6410
Poles expense	6411	
Aerial cable expense	6421	
Underground cable expense	6422	
Buried cable expense	6423	
Submarine and deep sea cable expense	6424	
Intrabuilding network cable expense	6426	
Aerial wire expense	6431	
Conduit systems expense	6441	
Plant nonspecific operations expense:		
Other property plant and equipment expenses		6510
Property held for future telecommunications use expense	6511	
Provisioning expense	6512	
Network operations expenses		6530
Power expense	6531	
Network administration expense	6532	
Testing expense	6533	
Plant operations administration expense	6534	
Engineering expense	6535	
Access expense	6540	6540
Depreciation and amortization expenses		6560
Depreciation expense-telecommunications plant in service	6561	
Depreciation expense-property held for future telecommunications use	6562	
Amortization expense-tangible	6563	
Amortization expense-intangible	6564	
Amortization expense-other	6565	
Customer operations expense:		
Marketing		6610
Product management and sales	6611	
Product advertising	6613	
Services		6620
Call completion services	6621	
Number services	6622	
Customer services	6623	
Corporate operations expense:		
General and administrative	6720	6720
Provision for uncollectible notes receivable	6790	6790

Chronology: Adopted: 05/15/86, amended: 02/18/87, 06/30/99, 03/08/00, 11/05/01, 06/24/04

§ 32.6110 Network support expenses.

(a) Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6112 through 6114.

(b) Credits shall be made to this account by Class B companies for amounts transferred to Construction and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Chronology: Adopted: 05/15/86, amended: 06/30/99, 11/05/01

§ 32.6112 Motor vehicle expense.

(a) This account shall include costs of fuel, lubrications, license and inspection fees, washing, repainting, and minor accessories. Also included are the costs of personnel whose principal job is operating motor vehicles, such as chauffeurs and shuttle bus drivers. The costs of users of motor vehicles whose principal job is not the operation of motor vehicles shall be charged to accounts appropriate for the activities performed.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Chronology: Adopted: 05/15/86, amended: 11/05/01

§ 32.6113 Aircraft expense.

(a) This account shall include such costs as aircraft fuel, flight crews, mechanics and ground crews, licenses and inspection fees, washing, repainting, and minor accessories.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

Chronology: Adopted: 05/15/86, amended: 11/05/01

§ 32.6114 Tools and other work equipment expense.

(a) This account shall include costs incurred in connection with special purpose vehicles, garage work equipment and other work equipment included in Account 2114, Tools and other work equipment. This account shall be charged with costs incurred in connection with the work equipment itself. This account shall also include such costs as fuel, licenses and inspection fees, washing, repainting and minor accessories. The costs of using garage work equipment to maintain motor vehicles shall be charged to Account 6112, Motor vehicles expense. This account shall not be charged with the costs of operators of special purpose vehicles and other work equipment. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.