

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for expedited review of NXX-X
code denial by Number Pooling Administrator
for Port St. Lucie exchange (Main), by
BellSouth Telecommunications, Inc.

DOCKET NO. 060776-TL
ORDER NO. PSC-06-1051-PAA-TL
ISSUED: December 21, 2006

NOTICE OF PROPOSED AGENCY ACTION ORDER DIRECTING NEUSTAR TO
PROVIDE BELL SOUTH TELECOMMUNICATIONS INC.
WITH ADDITIONAL NUMBERING RESOURCES

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.

BACKGROUND

On November 17, 2006, BellSouth Telecommunications, Inc. (BellSouth) submitted an application to NeuStar requesting additional numbering resources, specifically a full NXX code for the Main (PTSLFLMADS0) switch in the Port St. Lucie exchange. The request was made to maintain a six-month inventory of numbers.

On November 17, 2006, NeuStar denied the request for additional numbering resources in the Main (PTSLFLMADS0) switch because the company had not met the rate center months-to-exhaust (MTE) criteria currently required to obtain such additional numbering resources. On December 4, 2006, BellSouth filed a petition for expedited review of NeuStar's denial of its application.

We are vested with jurisdiction pursuant to Sections 364.01 and 364.16(4), Florida Statutes, and 47 U.S.C. §151, and 47 C.F.R. §52.15(g)(3)(iv).

ANALYSIS

Prior to March 31, 2000, carriers submitting an application for additional numbering resources had to certify that existing codes associated with that switch, Point of Interface (POI), or rate center would exhaust within 12 months. In jeopardy Numbering Plan Areas (NPAs), applicants seeking additional numbering resources had to certify that existing NXX codes would exhaust within six months.

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Pursuant to Order No. FCC 00-104¹ applicants must now show the MTE criteria by rate center instead of by switch, and have no more than a six-month inventory of telephone numbers. Pursuant to 47 C.F.R. § 52.15(g)(3)(iii):

All service providers shall maintain no more than a six-month inventory of telephone numbers in each rate center or service area in which it provides telecommunications service.

We believe that the new MTE criteria creates a disadvantage for carriers with multiple switch rate centers because it is now based on rate centers, rather than switches. One switch in a multiple-switch rate center may be near exhaust while the average MTE for the rate center is above six months, thus preventing a carrier from obtaining additional numbering resources for the switch near exhaust.

We conclude that the denial of additional numbering resources also poses a possible barrier to competition. A customer desiring service from one company may have to turn to another carrier simply because BellSouth cannot meet the MTE rate center requirement. Another carrier who may have just one switch in the rate center, would have an advantage and may be able to obtain the additional numbering resources to provide the service. In Order No. DA 01-386², the FCC stated:

Under no circumstances should consumers be precluded from receiving telecommunications services of their choice from providers of their choice for want of numbering resources.

FCC No. DA 01-386 at ¶11.

A procedure is available to carriers who are denied additional numbering resources because of the rate center MTE requirement. Addressing additional numbering resources denials, 47 C.F.R. § 52.15(g)(3)(iv), states, in part:

The carrier may challenge NeuStar's decision to the appropriate state regulatory commission. The state regulatory commission may affirm or overturn the NeuStar decision to withhold numbering resources from the carrier based on its determination of compliance with the reporting and numbering resource application requirements herein.

¹Report and Order, CC Docket No. 99-200, In the Matter of Number Resource Optimization, Order No. FCC 00-104 (March 31, 2000)

²DA 01-386, CC Docket No. 99-200, CC Docket No. 96-98, In the Matter of Numbering Resource Optimization, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996 (February 14, 2001)

In processing the company's petition as contemplated by 47 C.F.R. § 52.15(g)(3)(iv), we have required the company to provide this Commission with the following:

- 1) The customer's name, address, and telephone number.
- 2) The utilization thresholds for every switch in that particular rate center where additional numbering resources are sought.
- 3) The MTEs for every switch in that particular rate center where additional numbering resources are sought.

Upon consideration of the information provided, it has been determined that the company has met the following criteria:

1. The carrier has demonstrated that it has a switch in a multi-switch rate center which has a MTE of less than six months;
2. The carrier has shown that it will be unable to provide services to customers from a switch in a multi-switch rate center because its supply of numbers is less than six months; and
3. Customers will not be able to have a choice of providers because a provider will run out of numbers for that switch in a multi-switch rate center within six months.

CONCLUSION

Based on the foregoing, we find it appropriate to overturn NeuStar's decision to deny additional numbering resources, and direct NeuStar to provide BellSouth with additional numbering resources consisting of a full NXX code for the Main (PTSLFLMADS0) switch as soon as possible.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that NeuStar shall provide BellSouth Telecommunications, Inc. with additional numbering resources for the Main (PTSLFLMADS0) switch in the Port St. Lucie exchange as soon as possible, as reflected in the body of this Order. 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 this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 21st day of December, 2006.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

TLT

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 January 11, 2007.

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.

ORIGINAL

RUTLEDGE, ECENIA, PURNELL & HOFFMAN

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

STEPHEN A. ECENIA
RICHARD M. ELLIS
KENNETH A. HOFFMAN
LORENA A. HOLLEY
MICHAEL G. MAIDA
MARTIN P. McDONNELL
J. STEPHEN MENTON

POST OFFICE BOX 551, 32302-0551
215 SOUTH MONROE STREET, SUITE 420
TALLAHASSEE, FLORIDA 32301-1841

TELEPHONE (850) 681-6788
TELECOPIER (850) 681-6515

R. DAVID PRESCOTT
HAROLD F. X. PURNELL
MARSHA E. RULE
GARY R. RUTLEDGE
MAGGIE M. SCHULTZ
GOVERNMENTAL CONSULTANTS
PARSONS B. HEATH
MARGARET A. MENDUNI

December 21, 2006

Ms. Blanca Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center
Room 110
Tallahassee, FL 32399-0850

HAND DELIVERY

RECEIVED FPSC
06 DEC 21 PM 12:38
COMMISSION
CLERK

Re: Petition by Aqua Utilities Florida, Inc. for Establishment of an AFUDC Rate *060819-WS*

Dear Ms. Bayo:

Enclosed for filing on behalf of Aqua Utilities Florida, Inc. ("AUF") is the original and fifteen copies of a Petition for Establishment of an AFUDC Rate.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,

Kenneth A. Hoffman
Kenneth A. Hoffman

KAH/rl
Enclosures
cc: Kathy L. Pape, Esq.

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FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition by Aqua Utilities Florida, Inc.)
for Establishment of an AFUDC Rate.)

Docket No. 060819-WS
Filed: December 21, 2006

PETITION FOR ESTABLISHMENT OF AN AFUDC RATE

Aqua Utilities Florida, Inc. ("AUF"), by and through its undersigned counsel, and pursuant to Chapter 367, Florida Statutes, and Rule 25-30.116, Florida Administrative Code, hereby requests the Florida Public Service Commission ("Commission") to establish a uniform allowance for funds used during construction ("AFUDC") rate for its systems located in Alachua, Brevard, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties. In support of this Application, AUF states as follows:

APPLICANT INFORMATION

1. The names and mailing address of the Applicant is:

Aqua Utilities Florida, Inc.
6960 Professional Parkway East
Sarasota, Florida 34240
(941) 907 - 7400 (Telephone)
(941) 907 - 7401 (Facsimile)

2. The names and addresses of the Applicant's authorized representatives are:

Kenneth A. Hoffman, Esquire
Marsha E. Rule, Esquire
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, Florida 32302-0551
(850) 681 - 6788 (Telephone)
(850) 681 - 6515 (Facsimile)

and

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Kathy L. Pape, Esquire
Rate Counsel
Aqua America, Inc.
762 West Lancaster Avenue
Bryn Mawr, Pennsylvania 19010
(610) 645 - 1142 (Telephone)
(610) 519 - 0908 (Facsimile)

3. The Applicant is a wholly-owned subsidiary of its parent company, Aqua America, Inc. ("Aqua America"). Aqua America is based in Bryn Mawr, Pennsylvania and is the largest publicly traded water and wastewater utility in the United States which directly or indirectly through subsidiaries, owns and operates water and wastewater utilities in thirteen states.

**BACKGROUND INFORMATION REGARDING CORPORATE REORGANIZATION
AND PREVIOUSLY REQUESTED AFUDC RATE**

4. AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc., Arredondo Utility Company, Inc. d/b/a Aqua Utilities Florida, Inc., Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc., Ocala Oaks Utilities, Inc. d/b/a Aqua Utilities Florida, Inc. and AUF recently underwent a corporate reorganization wherein AUF became the sole shareholder and owner of the eighty Commission regulated water and wastewater systems located in Alachua, Brevard, Highlands, Lake, Lee Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia and Washington Counties owned by AUF and the heretofore named other Aqua America subsidiaries.

The corporate reorganization, placing full ownership of all 80 systems in AUF, took effect on October 13, 2006. The Commission acknowledged the Corporate reorganization and approved the name change for the non-AUF systems pursuant to Order No. PSC-06-0973-FOF-WS issued November 22, 2006.

5. In Docket No. 060693-WS, the six above-styled separate Aqua America-owned entities filed a Petition for Establishment of an AFUDC rate effective as of January 1, 2006. The Commission has not yet ruled on that Petition.

THE PRESENTLY REQUESTED AFUDC RATE

6. Through this application, AUF seeks approval from the Commission for a consolidated AFUDC rate for its 80 water and wastewater systems to be effective October 13, 2006, pursuant to the criteria established by Rule 25-30.116, Florida Administrative Code. The calculation of the appropriate new consolidated AFUDC rate for these systems is set out in the attached supporting schedules, which were developed in accordance with the requirements of Rule 25-30.116, Florida Administrative Code.

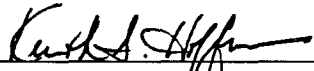
7. Composite Schedule "A," attached hereto, shows the capital structure, cost rates, and weighted average cost of capital used to derive the new annual uniform AFUDC rate of 7.90% calculated pursuant to Rule 25-30.116(2), Florida Administrative Code. Composite Schedule "B," attached hereto, shows the capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure amounts used in the development of the new, uniform AFUDC rate of 7.90% calculated pursuant to Rule 25-30.116(2), Florida Administrative Code. Composite Schedule "C," attached hereto, shows the calculation of the monthly AFUDC rate using the methodology set forth in Rule 25-30.116, Florida Administrative Code.

WHEREFORE, AUF respectfully requests that the Commission:

- A. Approve AUF's request for a uniform annual AFUDC rate of 7.90% as supported in the attached Schedules;

- B. Order that the approved AFUDC rate shall be effective as of October 13, 2006; and
- C. Grant such other relief as appropriate.

Respectfully submitted this 21st day of December, 2006.



Kenneth A . Hoffman, Esquire
Marsha E. Rule, Esquire
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, Florida 32302 -0551
(850) 681- 6788 (Telephone)
(850) 681 - 6515 (Facsimile)

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SCHEDULE A

Aqua Utilities Florida, Inc.

For the 12 month average capitalization at September 30, 2006

	Adjusted Amount	Weighted %	Embedded Cost Rate
L-T Debt	\$ 7,915,339.71	36.6%	6.00%
S-T Debt	\$ -	0.0%	N/A
Cust. Deposits	\$ 247,095.06	1.1%	6.00%
Deferred Taxes	\$ 1,430,380.34	6.6%	0.00%
Equity	\$ 12,032,593.02	55.6%	10.12%
	<u>\$ 21,625,408.12</u>	<u>100%</u>	<u>7.90%</u>

SCHEDULE B

Aqua Utilities Florida, Inc.

For the 12 month average capitalization at September 30, 2006

Schedule showing capital structure adjustments:

9/30/2005	9/30/2006		Unadjusted Amount	Adjustments	Adjusted Amount
\$ -	\$ -	L-T Debt	\$ -	\$ 7,915,339.71	\$ 7,915,339.71
-	-	S-T Debt	\$ -	-	\$ -
243,533.75	250,656.36	Cust. Deposits	\$ 247,095.06	-	\$ 247,095.06
(34,081.03)	(75,181.27)	Deferred Taxes	\$ (54,631.15)	1,485,011.49	\$ 1,430,380.34
19,075,770.41	20,820,095.05	Equity	\$ 19,947,932.73	(7,915,339.71)	\$ 12,032,593.02
<u>\$ 19,285,223.13</u>	<u>\$ 20,995,570.14</u>		<u>\$ 20,140,396.64</u>	<u>\$ 1,485,011.49</u>	<u>\$ 21,625,408.12</u>

Deferred Taxes To adjust the average deferred taxes balance consistent with the December 2006 adjusting journal entry, which corrected the deferred tax balance consistent with the latest tax return.

L T Debt Record the push down of L T debt to Aqua Utilities Florida, Inc. for the regulated systems. The entry is a Dr. to equity and a Cr. To L T Debt for 39.68% of the book equity.

SCHEDULE C

Aqua Utilities Florida, Inc.

Calculation of monthly AFUDC rate:

$$7.90\% / 12 = \frac{\text{Monthly Rate}}{0.006579623}$$