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STATE OF FLORIDA



DIVISION OF REGULATORY
COMPLIANCE AND CONSUMER
ASSISTANCE
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

September 3, 2004

Ms. Carlyn Kowalsky, Vice President & General Counsel
Florida Water Services Corporation
P. O. Box 609520
Orlando, FL 32860-9520

Re: **Docket No.:** 040951-WS & 040952-WS; **Company Name:** Florida Water Services Corp. ; **Audit Purpose:** Establish Rate Base; **Audit Control No.:** 04-247-3-1

Dear Ms. Kowalsky:

The Florida Public Service Commission will conduct an audit to establish rate base in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Charleston Winston, the Orlando district office supervisor, will coordinate this audit. Mr. Winston can be reached at (407) 245-0846. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

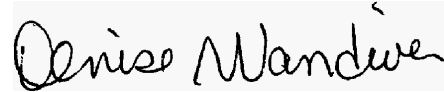
The Audit Access to Records rule for each industry states:

This audit will encompass all systems included in the transfer dockets and may involve substantial requests for supporting documentation. I understand that the utility has committed to Commission staff that it is ready for the audit. Due to the size of this audit, we are expecting prompt responses to the audit requests. Commission Rule 25-30.145 addresses access to records. In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the audit request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with Mr. Winston and any successive levels of supervisors at the Commission until an agreement is reached. This process shall be followed as expeditiously as possible.

Ms. Carlyn Kowalsky
Page 2
September 3, 2004

A formal report is expected to be issued for internal Commission use on January 21, 2005. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver, Chief
Bureau of Auditing

DNV/jcp

cc: Division of Regulatory Compliance and Consumer Assistance (Orlando District Office, File Folder)
Division of the Commission Clerk and Administrative Services (2)
General Counsel
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