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February 21, 2006

MARTIN S. FRIEDMAN, P.A.  
VALERIE L. LORD  
BRIAN J. STREET

**VIA HAND DELIVERY**

Ms. Blanca Bayo, Director  
Division of the Commission Clerk  
And Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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06 FEB 21 PM 2:24  
COMMISSION  
CLERK

RE: Docket No. 030423-WU  
Residential Water Systems, Inc.

Dear Ms. Bayo:

Enclosed on behalf of Residential Water Systems, Inc. for filing in the above-referenced docket are an original and 15 copies of an Offer of Settlement.

Please acknowledge receipt by date stamping the extra copy provided.

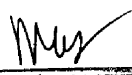
Sincerely,



Wayne L. Schiefelbein  
Of Counsel

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR WLS/der
- GCL Enclosures
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC 1
- OTH \_\_\_\_\_

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DOCUMENT NUMBER-DATE  
01503 FEB 21 06  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into  
2002 Earnings of Residential  
Water Systems, Inc. of Marion  
County

Docket No.: 030423 WU

OFFER OF SETTLEMENT

Residential Water Systems, Inc (the Company), by and through undersigned counsel, offers to settle the above-referenced docket on the following basis:

1. The Company offers to forego filing for a 2006 price index rate increase in consideration of the Commission not reducing the Company's rates or requiring the Company to refund revenues in connection with the 2002, 2003 and 2004 test years.

2. If the Commission accepts this Offer of Settlement, this docket would therefore be closed.

3. If the Commission does not accept this Offer of Settlement, without change, it will not be admissible in any present or future judicial or administrative proceeding, and the Company shall not be deemed to have waived any legal, factual, policy or other position, or any rights and remedies otherwise available to it.

Respectfully submitted,

  
WAYNE L. SCHIEFELBEIN

Of Counsel

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*Attorneys for Residential Water  
Systems, Inc.*

DOCUMENT NUMBER-DATE

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