

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

May 12, 2003

Mr. Charles deMenzes, President,
Residential Water Systems, Inc.
1410 NE Eighth Avenue
Ocala, FL 34470-4250

Re: **Docket No.:** 030423-WU; **Company Name:** Residential Water Systems, Inc.; **Audit Purpose:** Investigation of 2002 Earnings; **Audit Control No.:** 03-132-3-1

Dear Mr. deMenzes:

The Florida Public Service Commission will conduct an audit to investigate the company's 2002 earnings, 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. Mr. 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:

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 successive levels of supervisors at the Commission until an agreement is reached.

DOCUMENT NUMBER: 04261
MAY 13 8
FPSC-COMMISSION CLERK

Mr. Charles deMenzes
Page 2
May 12, 2003

A formal report is expected to be issued for internal Commission use on July 31, 2003. 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 Auditing and Safety (Orlando District Supervisor, File Folder)
Division of the Commission Clerk and Administrative Services (2)
General Counsel
Office of Public Counsel