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September 15, 2006

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SC PUBLIC SERVICE COMMISSION

VIA HAND DELIVERY AND ELECTRONIC MAIL

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Application of Carolina Water Service, Inc. for adjustment of rates and charges for the provision of water and sewer service; Docket 2006-92-WS

Dear Mr. Terreni:

This follows up on the telephone conference you conducted today with counsel for the parties in the above-referenced matter regarding the Commission's September 8, 2006, directive and the parties' responses thereto filed September 14, 2006.

Therein, you advised the parties that your interpretation of the portion of the directive that states that the parties could proceed in this matter by "propos[ing] their settlement in lieu of the Company's original application" was **not** intended to require CWS to withdraw its application. As noted in my letter of yesterday's date, CWS was concerned that this language could be construed as effectively requiring CWS to withdraw its application in order to have the matter determined based upon the Settlement Agreement and thus expose it to a determination that no application for rate adjustment was pending before the Commission in the event that the Settlement Agreement was not approved at a later date.

Assuming that the Commission were to adopt your interpretation, it would be CWS's position that the parties have presented to the Commission all evidence that they believe is necessary for the Commission to issue an order on the Settlement Agreement, no additional evidence in the docket is needed inasmuch as CWS would not offer any evidence beyond that already presented to the Commission, and therefore no further hearing is necessary.

Continued . . .

If you have any questions, or require additional information, please do not hesitate to contact me. With best regards, I am,

Respectfully,

WILLOUGHBY & HOEFER, P.A.

John M.S. Hoefer by with express consent

John M.S. Hoefer

cc: C. Lessie Hammonds, Esquire
Shannon Bowyer Hudson, Esquire
(all via electronic and U.S. mail)