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October 30, 2012

HAND DELIVERY

RECEIVED FPSC
12 OCT 30 PM 3:47
COMMISSION
CLERK

Ms. Ann Cole
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 110200-WU; In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.
Our File No. 46023.01

Dear Ms. Cole

Enclosed for filing in the above-referenced docket is the original Escrow Agreement with regard to implementation of PAA Rates. When you have signed it please return a copy to me.

Should you have any questions concerning this filing, please do not hesitate to give me a call.

Very truly yours,

MARTIN S. FRIEDMAN
For the Firm

MSF/mp
Enclosures

cc: Mr. Gene Brown (w/enclosures) (hand-delivery)
Ms. Sandy Chase (w/enclosures) (hand delivery)
Martha Barrera, Esquire, Office of General Counsel (w/enclosures) (via e-mail)
Lisa Bennett, Esquire, Office of General Counsel (w/enclosures) (via e-mail)
Erik Sayler, Esquire, Office of Public Counsel (w/enclosures) (via e-mail)

DOCUMENT NUMBER-DATE

BOCA RATON

LAKE MARY

TALLAHASSEE

07365 OCT 30 12

FPSC-COMMISSION CLERK

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between CITIZENS STATE BANK (the "Bank"), the FLORIDA PUBLIC SERVICE COMMISSION ("FPSC") and WATER MANAGEMENT SERVICES, INC., a Florida corporation (the "Utility"), upon the following terms, conditions and considerations:

WITNESSETH:

WHEREAS, by action of the FPSC in Docket No. 110200-WU, Order No. PSC-12-0435-PAA-WU, issued August 22, 2012, the FPSC approved new rates for the Utility and ordered that 38.76% of all utility revenues collected pursuant to such rates shall be deposited each month into an interest bearing escrow account approved by the FPSC;

WHEREAS, the purpose of the escrow requirement is to ensure that the pro forma projects referenced in the order are completed, and to ensure the prompt payment of all sums due on an existing loan with the Florida Department of Environmental Protection (FDEP), as well as the prompt payment of all sums due on the loan used to finance the pro forma plant items; and

WHEREAS, the Bank has agreed to hold such funds in an interest bearing escrow account pursuant to the terms of the order.

NOW, therefore, in consideration of Ten Dollars and the mutual covenants herein, the parties agree as follows:

1. The foregoing representations are true and correct.
2. The Utility and the FPSC shall open a joint interest bearing Escrow Account which shall be governed by the terms of this Agreement and Order No. PSC-12-0435-PAA-WU. Beginning with the first monthly billing after the new rates go into effect, the Utility shall deposit into the Escrow Account each month 38.76% of all Utility revenues collected pursuant to such new rates. Until the pro forma items have been completed and the true-up of the pro forma plant costs has been approved by the FPSC, the deposited funds shall be subject to refund with interest. The FPSC staff shall have administrative authority to authorize all payments from the escrow account on the bank loan for construction contracts for the pro forma plant, the interest payments on the loan while the pro forma plant items are being constructed, and the FDEP loan as they become due.
3. The balance in the escrow account shall bear interest at the Bank's prevailing money market rate which is currently .50% annual percentage yield, which is a variable rate. The Utility shall pay all fees required to maintain the Escrow Account and shall be entitled to all interest earned on the account if no refund is required.
4. The Commission Clerk of the Office of Commission Clerk of the FPSC and the Utility shall be signatories of the Escrow Account. Signature cards executed by the Clerk and the Utility shall designate the appropriate authorized signature for each.

No withdrawals of funds shall occur without the prior approval of the Commission through the Office of Commission Clerk.

5. The Bank shall forward regular monthly statements (including images of cancelled checks) to the Utility and shall mail a copy of the monthly statements to the FPSC.
6. The Utility shall indemnify and hold the Bank harmless from any claim, demand or loss suffered by the Bank, and the cost thereof including court costs and attorney fees for negotiation, trial and appeal.
7. This Escrow Account is established pursuant to FPSC Order No. PSC-12-0435-PAA-WU for the benefit of the Utility's customers.
8. The information concerning the Escrow Account shall be available from the Bank to the FPSC and its representative at all times.
9. This Escrow Account is established by the direction of the Florida Public Service Commission for the purposes set forth in the above-referenced Order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3rd DCA 1972), Escrow Accounts are not subject to garnishment.

THIS AGREEMENT shall become effective and binding upon all parties upon the date that it becomes fully executed.

WATER MANAGEMENT SERVICES, INC.,
a Florida corporation

CITIZENS STATE BANK

BY: 
Gene D. Brown, as its President

BY: 
Roger Brooks, as its President/CEO

DATE: 12-19-12

DATE: 12-23-12

FLORIDA PUBLIC SERVICE COMMISSION

BY: _____
Ann Cole, Commission Clerk
Office of Commission Clerk

DATE: _____