

ORIGINAL
FILE COPY



June 13, 1997

Ms. Blanca Bayó, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

via Federal Express

Re: Docket No. 950495-WS -- Application for rate increase and change in service availability charges for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake Lee, Marion, Martin, Nassau, Orange, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties by Southern States Utilities, Inc.

Dear Ms. Bayó:

Please find enclosed for filing in the above docket 15 copies of the Escrow Agreement securing the potential refund of allowance for funds prudently invested charges approved pending approval in the above docket. Please be advised that the original will be retained by SunTrust. The contact person at SunTrust is Kathryn R. Broecker, Suntrust Bank, Central Florida, N.A., P. O. Box 3838, Orlando, Florida 32802-3838.

If you have any questions or comments regarding the above, please call me at (407) 884-8777, ext. 260.

Sincerely yours,

Matthew Feil, Esq.
Staff Attorney

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1 _____
- LIN 5 _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- DTH _____

c: Parties of Record

DOCUMENT NUMBER-DATE

06032 JUN 16 97

FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE

06032 JUN 16 97

FPSC-RECORDS/REPORTING

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between SunTrust Bank, Central Florida, N.A. (the "Escrow Agent"), the Florida Public Service Commission ("FPSC"), and Florida Water Services Corporation (the "Utility"), a Florida corporation, upon the following terms, conditions and considerations:

WITNESSETH:

WHEREAS, by action of the FPSC in Docket No. 950495-WS at its Agenda Conference held on May 6, 1997, as reflected in Order No. PSC-97-0613-FOF-WS, issued May 29, 1997, (hereinafter referred to as the "Stay Order") the FPSC authorized the Utility to collect certain pre-Docket No. 950495-WS Allowance for Funds Prudently Invested ("AFPI") charges from connecting customers, pending a court appeal filed by the Utility and;

WHEREAS, as a condition of such authority, the FPSC required that the Utility provide security for the excess of the AFPI charges collected pending appeal over the AFPI charges approved in Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, (hereinafter "Final Order Approving Rates and Charges") and Order No. PSC 97-0374-FOF-WS, issued April 7, 1997, (hereinafter "Order on Motions for Reconsideration") in the event that a refund should become necessary, and;

WHEREAS the Escrow Agent has agreed to hold such funds in an interest bearing account, the parties agree as follows:

1. The foregoing representations are true and correct.
2. The order of the FPSC reflecting its May 6, 1997, decision and requiring this Escrow Agreement as security, Order No. PSC-97-0613-FOF-WS, issued May 29, 1997, (the "Stay Order"), has been provided to the Escrow Agent.
3. The Utility shall open an interest bearing escrow account with the Escrow Agent. The total excess of the funds generated by the AFPI charges collected as authorized by the Stay Order pending appeal over those approved in the Final Order Approving Rates and Charges and the Order on Motions for Reconsideration shall be deposited by the Utility in accordance with the requirements of the Stay Order.
4. The escrow funds shall be invested in the SunTrust Reserve Fund which currently bears interest at a 5.59%

DOCUMENT NUMBER-DATE

06032 JUN 16 97

FPSC-RECORDS/REPORTING

Annual Percentage Yield, which is a variable rate and is subject to change without notice.

5. No funds will be withdrawn from the escrow account without the signature of both the Director of the Division of Records and Reporting of the FPSC and the Utility as reflected on this document and any required signature cards executed by the Director of the Division of Records and Reporting of the FPSC and the Utility.
6. The Escrow Agent shall forward regular monthly statements to the Utility and to the FPSC at the addresses listed below:

To the Utility: Ms. Kristi Jung, Assistant Treasurer
Florida Water Services Corporation
P.O. Box 609520
Orlando, FL 32860-9520

To the FPSC: Ms. Blanca Bayo, Director
Division of Records & Reporting
Re: Docket No. 950495-WS
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
7. The Escrow Agent may, without reason, withdraw from this Agreement upon thirty (30) days written notice to the FPSC and to the Utility.
8. The Utility shall indemnify and hold the Escrow Agent harmless from any claim, demand or loss suffered by the Escrow Agent, as well as the cost associated therewith (including court costs and attorney fees for negotiation, trial and appeal), as a consequence of the Escrow Agent's entering into this Agreement.
9. Escrow Agent shall be paid a fee in the amount of \$3,000 per year, and Escrow Agent shall be entitled to reimbursement for all out-of-pocket expenses that it incurs with respect to its duties hereunder. Such fees and expenses of the Escrow Agent shall be payable by the Utility. The Utility agrees to indemnify Escrow Agent for all reasonable fees, including attorney's fees, and any other out-of-pocket costs Escrow Agent incurs as a result of service as Escrow Agent.
10. This escrow account is established pursuant to the FPSC decision reached in Docket No. 950495-WS at its May 6, 1997, Agenda Conference as reflected in the Stay Order for the benefit of the Utility and its connecting

customers. The Escrow Agent shall have no right to access the escrow funds to assess charges or for any other purpose pursuant to the terms of any other agreement or account which the Utility has with Escrow Agent.

11. The balance of funds in the Escrow Account shall be returned to the Utility upon receipt by Escrow agent of a written authorization from the FPSC and the Utility for same, and disposed of by the Utility in accordance with a Commission's order issued in Docket No. 950495-WS at the conclusion of the Utility's appeal and the account shall be closed thereafter.
12. Information concerning the escrow account shall be available from the Bank to the FPSC and its representatives at all times.
13. 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 executed by all parties. The Agreement may be signed in counterparts.

FLORIDA WATER SERVICES CORPORATION

BY: *R. Louis Berni*
Title: VP Finance
Date: 6/9/97

(Corporate Seal)

SunTrust Bank, Central Florida, N.A.

BY: *K.R. Broecker*
Title: K.R. BROECKER; VICE PRESIDENT
Date: 6-12-97

(Corporate Seal)

FLORIDA PUBLIC SERVICE COMMISSION

BY: Blanca S. Bayo
Director, Records & Reporting
BLANCA BAYO

(Seal)

Date: 6/6/97