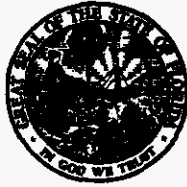


ORIGINAL

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.
LILA A. JABER



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

June 15, 2000

Mr. Robert L. Chapman
Southlake Utilities, Inc.
333 U.S. Highway 27
Clermont, Florida 34711

Re: Docket No. 981609-WS - Emergency petition by D. R. Horton Custom Homes to eliminate authority of Southlake Utilities, Inc. to collect service availability charges and AFPI charges in Lake County

Dear Mr. Chapman:

Enclosed is a signed copy of the escrow agreement for Southlake Utilities, Inc. As you requested, I will forward a second copy of the agreement to Mr. Steven Harlan at First Union National Bank of Florida in Clermont.

Please do not hesitate to contact me if you have any additional questions concerning this matter.

Sincerely,

Kay Flynn, Chief
Bureau of Records

bsb/kf

Enclosure

cc: Steven Harlan
Samantha Cibula
Bart Fletcher

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- DTH _____

DOCUMENT NUMBER - DATE
07311 JUN 15 88
FPSC-RECORDS/REPORTING

Kay Flynn

To: Samantha Cibula
Cc: bart fletcher
Subject: RE: 981609-WS

Thanks, Samantha.

-----Original Message-----

From: Samantha Cibula
Sent: Wednesday, June 14, 2000 1:08 PM
To: Kay Flynn
Subject: RE: 981609-WS

Staff has reviewed it, and it is o.k. for Blanca's signature.

-----Original Message-----

From: Kay Flynn
Sent: Wednesday, June 14, 2000 12:21 PM
To: Samantha Cibula
Cc: Bart Fletcher
Subject: 981609-WS
Importance: High

Samantha, we received an escrow agreement from Southlake Utilities, for Blanca's signature. According to the cover letter, you were cc'd. Did you also receive a copy of the agreement? If so, please review it and let me know if it is adequate, and if it is ready for Blanca's signature. If you didn't get a copy, I'll have one delivered to you this afternoon so you can review and advise on having Blanca sign it.

Thanks.

Kay



Southlake

SOUTHLAKE UTILITIES, INC.
333 U.S. Highway 27, Clermont, FL 34711
Telephone (352) 394-8898 Facsimile (352) 394-8894
Florida Public Service Commission Certs. 464-S 533-W

June 9, 2000

By Airborne Express
Airbill No. 7319861824

RECORDS AND
REPORTING
JUN 13 PM 3:45

RECEIVED FPSC

Ms. Blanca Bayo
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Emergency Petition by D.R. Horton to Eliminate Authority of Southlake Utilities, Inc. to Collect Service Availability Charges and AFPI Charges in Lake County, Docket No. 981609-WS ("Petition")

Dear Ms. Bayo:

In order to provide additional security while we participate in the hearing process, Southlake Utilities, Inc. has established an escrow account at First Union National Bank of Florida, as described in the enclosed agreement signed by me and by Mr. Stephen Harlan, Vice President, First Union National Bank, Clermont, Florida. We will deposit into this account all water service availability charges and all wastewater service availability charges collected subsequent to the Commission's recent order, beyond the \$240 for wastewater recommended by Commission Staff. As you may recall, we previously established an escrow account for all AFPI collected after December 1998. It is our understanding that our normal meter installation charges are not affected by staff's recommendation, so we will continue collecting those charges as in the past.

Would you please execute and retain the original of this agreement and then return one copy to me at the above address and one copy to Mr. Steven Harlan, Vice President, First Union National Bank of Florida, 726 East Highway 50, Clermont, FL 34711.

If you need additional information, please do not hesitate to contact me.

Sincerely,

Robert L. Chapman
Robert L. Chapman

Enclosure: Agreement

Cc: James Ade, Esq., Ms. Samantha Cibula, Esq., Marshall Deterding, Esq.,
Scott Schildberg, Esq.

JUN 13 PM 1:40
MAIL ROOM

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between First Union National Bank, in LAKE County (the "Bank"), the **FLORIDA PUBLIC SERVICE COMMISSION** (the "Commission"), and **SOUTHLAKE UTILITIES, INC.**, (the "Utility"), a Florida corporation, upon the following terms, conditions, and considerations:

W I T N E S S E T H:

WHEREAS, by Order No. PSC-99-0027-PCO-WS, issued on January 4, 1999, in Docket No. 981609-WS, the Commission authorized the Utility to continue to collect plant capacity charges as temporary charges subject to refund;

WHEREAS, by Order No. PSC-00-0917-SC-WS, the Utility is required to provide security for those temporary plant capacity charges; and

WHEREAS, by Order No. PSC-00-0917-SC-WS, the utility is required to place into escrow all funds received on and after April 18, 2000, for water plant capacity charges and all funds in excess of \$240.00 per equivalent residential connection ("ERC") for residential customers and all funds in excess of \$1.105991 per gallon for wastewater capacity for all other customers received on and after April 18, 2000, for wastewater plant capacity charges; and

WHEREAS, the Bank has agreed to hold such funds in an interest bearing escrow account at an interest rate of Four percent (4 %), the parties hereto agree as follows:

1. The foregoing representations are true and correct.
2. The Utility shall open a joint interest bearing escrow account. The amount of charges subject to refund (other than the first \$240.00 per each wastewater plant capacity charge) shall be deposited by the Utility in the escrow account within seven days of receipt.
3. The escrow account shall bear interest at the rate of Four percent (4 %).
4. The Commission's Director of the Division of Records and Reporting shall be a signatory to the escrow account.
5. No funds shall be withdrawn from the escrow account without the signature of both the Director of the Division of Records and Reporting of the Commission and the Utility. Signature cards executed by the Director of the Division of Records and Reporting of the Commission and the Utility shall designate the appropriate authorized signature for each.

6. The Bank shall forward regular monthly statements (including canceled checks) to the utility and shall mail a copy of the monthly account statement to the Commission.
7. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to those customers who paid such monies that generated the deposits into the escrow account.
8. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
9. The Bank may, without reason, withdraw from this Agreement upon thirty (30) days written notice to the Commission and to the Utility.
10. 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).
11. This escrow account is established pursuant to Commission Order PSC-00-0917-SC-WS, issued on May 9, 2000, in Docket No. 981609-WS. This escrow account is for the benefit of the Utility's customers.
12. Information concerning the escrow account shall be available from the Bank to the Commission and its representatives at all times.
13. This escrow account is established by the direction of the Commission for the purpose(s) set forth in its Order requiring such account. Pursuant to Cosentino v. Elson, 263 So.2d 253 (Fla. 3rd DCA 1972), escrow accounts are not subject to garnishment.
14. The amount of water plant capacity charges collected subject to refund shall be deposited by the Utility into the escrow account within seven (7) days of receipt.
15. The amount of wastewater plant capacity charges collected subject to refund in excess of \$240.00 per ERC shall be deposited by the Utility within seven (7) days of receipt.

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

SOUTHLAKE UTILITIES, INC.

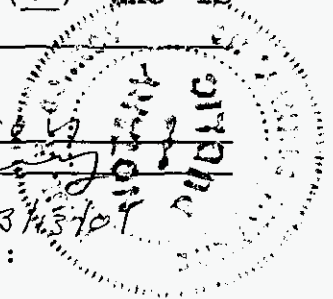
By: Robert L. Chapman, III
Robert L. Chapman, III
President

Date: 6/9/2000

STATE OF North Carolina
COUNTY OF Durham

The foregoing instrument was acknowledged before me on 6/9/2000, by **Robert L. Chapman, III**, as President of **Southlake Utilities, Inc.**, a Florida corporation, () who is personally known to me or () who produced _____ as identification.

Paul R. Conroy
Print Paul R. Conroy
Notary Public
My Commission Expires: 3/31/01
My Commission Number is:



FIRST Union NAT. BANK
(Name of Bank)

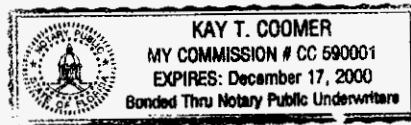
By: Stephen L. Harlan
(Person's name and title)

Date: 6-9-00

STATE OF FL
COUNTY OF Lake

The foregoing instrument was acknowledged before me on 6/9/00, by Stephen L. Harlan, as Sr. FS of First Union, () who is personally known to me or () who produced _____ as identification.

Kay T. Coomer
Print KAY T COOMER
Notary Public
My Commission Expires:
My Commission Number is:



FLORIDA PUBLIC SERVICE COMMISSION

By:

Blanca Bayo, Director

Date: June 15, 2000

STATE OF FLORIDA

COUNTY OF Leon

The foregoing instrument was acknowledged before me on 6/15/2000, by **Blanca Bayo**, as Director of Records and Reporting of the **Florida Public Service Commission**, () who is personally known to me or () who produced _____ as identification.

Koretta E. Stanford
Print Koretta E. Stanford
Notary Public, State of Florida
My Commission Expires:
My Commission Number is:



Koretta E. Stanford
MY COMMISSION # CC916954 EXPIRES
March 8, 2004
BONDED THRU TROY FAIR INSURANCE, INC.