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STATE OF FLORIDA



OFFICE OF COMMISSION CLERK
ANN COLE
COMMISSION CLERK
(850) 413-6770

Public Service Commission

September 15, 2010

Citizens State Bank
Attention: Robert Brooks, President/CEO
2000 South Byron Butler Parkway
Perry, Florida 32348

Lisa C. Scoles
Radey, Thomson, Yon, and Clark
Post Office Box 10967
301 South Bronough Street, Suite 200
Tallahassee, Florida 32301

Re: Application for increase in water rates in Franklin County by Water Management Services, Inc. (Docket No. 100104-WU)

To Whom It May Concern:

Enclosed each addressee will find an original escrow agreement, which I have executed this date. The third executed, original escrow agreement will be placed in the above-referenced docket file.

If you have any questions, please feel free to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ann Cole".

Ann Cole
Commission Clerk
Office of Commission Clerk

/ac

cc: Ralph Jaeger, Office of the General Counsel
Gene D. Brown, Water Management Services, Inc.
J.R. Kelly, Office of Public Counsel

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FPSC-COMMISSION CLERK

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MEMORANDUM

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SEPTEMBER 14, 2010

COMMISSION
CLERK

TO: ANN COLE, COMMISSION CLERK, OFFICE OF COMMISSION CLERK
FROM: RALPH R. JAEGER, SENIOR ATTORNEY
RE: DOCKET NO. 100104-WU - APPLICATION FOR INCREASE IN WATER RATES IN FRANKLIN COUNTY BY WATER MANAGEMENT SERVICES, INC.

Attached is the cover letter and three identical original escrow agreements executed by the utility and the bank. The escrow agreement has been reviewed and approved by staff. Please sign and date all three escrow agreements. Upon your completing these escrow agreements, please return one original to Ms. Scoles, the utility's attorney, and the other to Citizens State Bank, Attn: Roger Brooks, President/CEO, 2000 South Byron Butler Parkway, P.O. Box 1247, Perry, FL 32348, and place the remaining escrow agreement in the docket file.

RRJ/th
Attachment

cc: Erik Sayler
Bart Fletcher
Shannon Hudson

DOCUMENT NUMBER 0277

07739 SEP 15 2010

FPSC-COMMISSION CLERK

RADEY I THOMAS I YON I CLARK

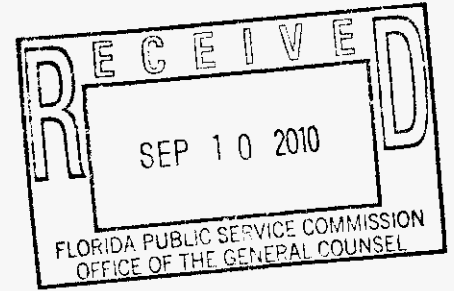
Attorneys & Counselors at Law

Post Office Box 10967 (32302)
301 South Bronough Street, Suite 200
Tallahassee, Florida 32301
www.radeylaw.com

850-425-6654 phone
850-425-6694 fax

lscoles@radeylaw.com

September 8, 2010



Florida Public Service Commission
Ralph Jaeger/Erik Sayler
Office of the General Counsel
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 100104-WU - Application for increase in water rates in Franklin County by Water Management Services, Inc.

Dear Mr. Jaeger and Mr. Sayler:

Florida Public Service Commission ("Commission") Order No. PSC-10-0513-PCO-WU authorizes interim rates for Water Management Services, Inc. ("WMSI"), pending submission and approval of tariff sheets and proper security by WMSI. The Order also requires proof of notice within 10 days after the notice is given.

In accordance with the Order, WMSI hereby provides two (2) copies of the tariff sheets for approved interim rates and three (3) copies of an Escrow Agreement that has been signed by Gene D. Brown, on behalf of WMSI, and by Roger Brooks, on behalf of Citizens State Bank. The escrow agreements await approval by the Commission. Also enclosed is the notice that WMSI proposes to provide regarding the interim rates. Direction on the timing and format for providing such notice is requested. After notice is given, proof of such notice will be provided.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Lisa C. Scoles". The signature is fluid and cursive.

Lisa C. Scoles

DOCUMENT NUMBER DATE

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ESCROW AGREEMENT
(3 copies)

DEPARTMENT OF REVENUE
7739 SEP 15 9
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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. 100104-WU, Order No. PSC-10-0513-PCO-WU issued August 12, 2010, the FPSC granted the Utility's request for interim monthly water service rates, and

WHEREAS, as a condition of such order, the Utility is required to provide cash security for those monthly water service rates collected subject to a refund, and

WHEREAS, the Bank has agreed to hold such funds in an interest bearing escrow account,

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 FPSC shall open a joint interest bearing escrow account. The amount of interim monthly water service rates collected subject to a refund shall be deposited by the Utility in the escrow account and in accordance with the requirements of the FPSC Order issued in Docket No. 100104-WU.
3. The balance in the escrow shall bear interest at the Bank's prevailing money market rate which is currently .50% Annual Percentage Yield, which is a variable rate. Utility shall pay all fees required to maintain the escrow account.
4. In the event a refund is required, the Utility is authorized to withdraw funds from this account for the purpose of paying said refund with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.
5. The Utility shall provide to FPSC a report by the 20th day of each month indicating the monthly and total amount collected subject to refund.
6. The Commission Clerk of the Office of Commission Clerk of the FPSC and the Utility shall be signatories to the Escrow Account. Signature cards executed by the Commission Clerk of the Office of Commission Clerk of the FPSC and the Utility shall designate the appropriate authorized signature for each. No

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withdrawals of funds shall occur without the prior approval of the Commission through the Office of Commission Clerk.

7. The Bank shall forward regular monthly statements (including images of cancelled checks) to the Utility and shall mail a copy of the monthly statement to the FPSC.
8. The balance of the funds remaining in the Escrow Account shall be disposed of in accordance with the FPSC's final order immediately after issuance and the account closed thereafter.
9. 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.
10. This Escrow Account is established pursuant to the FPSC decision reached in Docket No. 100104-WU at its August 3, 2010 Agenda Conference for the benefit of the Utility's customers.
11. The information concerning the Escrow Account shall be available from the Bank to the FPSC and its representative at all times.
12. This Escrow Account is established by the direction of the Florida Public Service Commission for the purposes 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.

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

WATER MANAGEMENT SERVICES, INC.,
a Florida corporation

By: _____


Gene D. Brown, as its President

DATE: _____

9/2/10

CITIZENS STATE BANK

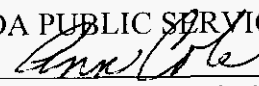
By: _____


Roger Brooks
as its President/CEO

DATE: _____

FLORIDA PUBLIC SERVICE COMMISSION

By: _____


Ann Cole, Commission Clerk
Office of Commission Clerk

DATE: 9-15-10