

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made this _____ day of _____, 2002 ("Effective Date"), by and between Equitable Bank (the "Bank"), the FLORIDA PUBLIC SERVICE COMMISSION ("FPSC"), and FERNCREST UTILITIES, INC. (the "Utility"), a Florida corporation, upon the following terms, conditions and considerations:

RECITALS

WHEREAS, on January 11, 2002, the Utility filed an application with the FPSC for increased water and wastewater rates for its customers in Broward County; and,

WHEREAS, pursuant to the provisions of Chapter 367.082, Florida Statutes, the FPSC authorized the Utility to implement interim rates during the pendency of its review of the Application and determination of the appropriate amount of the final rate increase; and,

WHEREAS, pursuant to the provisions of Section 367.082, Florida Statutes, and the FPSC's action at its Agenda Conference on July 11, 2002, the Utility must secure the revenues subject to refund which are 13.69% of its interim water revenues and 1.95% of its interim wastewater revenues; and,

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

1. The foregoing Recitals are true and correct and are incorporated herein as an integral part of this agreement.
2. The Utility shall open a joint interest bearing escrow account. The amount of revenue subject to refund 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 1.0 %.
4. The FPSC's Director of the Division of the Commission Clerk and Administrative Services shall be a signatory to the escrow account.
5. No funds will be withdrawn from the escrow account without the signature of both the Director of the Division of the Commission Clerk and Administrative Services of the FPSC and the President of the Utility. Signature cards executed by the Director of the Division of the Commission Clerk and Administrative Services of the FPSC and the Utility shall designate the appropriate authorized signature for each.

DOCUMENT NUMBER DATE

06351 JUN 19 08

FPSC-COMMISSION CLERK

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 FPSC, Attn: Blanca S. Bayo, Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850.
7. If a refund to 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 Assignment upon thirty (30) days written notice to the FPSC 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 the provisions of Section 367.082, Florida Statutes, and the FPSC's action at its Agenda Conference on July 11, 2002. 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 FPSC and its representatives at all times.
13. This escrow account is established by the direction of the FPSC 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.

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

FERNCREST UTILITIES, INC.

By: _____

Robert V. Salerno, President

Date: _____

June 13, 2002

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me on 19th June 2002, by Robert V. Salerno, as President of Ferncrest Utilities, Inc., a Florida corporation, () who is personally known to me or () who produced N/A as identification.

Florence Carmichael



Florence Carmichael
MY COMMISSION # DD006894 EXPIRES
May 21, 2005
BONDED THRU TROY FAIN INSURANCE, INC.

Print FLORENCE CARMICHAEL
Notary Public
My Commission Expires: 05/21/2005
My Commission Number is: DD006894

Equitable Bank

By: William M. Kurau
(Person's name and title)
William M. Kurau, V.P.

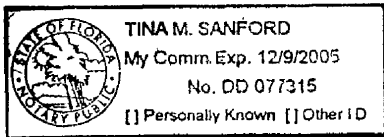
Date: 6/18/02

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me on June 18, 2002, by William M. Kurau, as Vice President of Equitable Bank () who is personally known to me or () who produced _____ as identification.

Tina M. Sanford

Print TINA M SANFORD
Notary Public
My Commission Expires:
My Commission Number is:



FLORIDA PUBLIC SERVICE COMMISSION

By: Blanca Bayo
Blanca Bayo, Director

Date: June 19, 2002

STATE OF Florida
COUNTY OF Leon

The foregoing instrument was acknowledged before me on June 19, 2002, by Blanca Bayo, as Director of the Division of the Commission Clerk and Administrative Services of the Florida Public Service Commission, () who is personally known to me or () who produced N/A as identification.

Judy W. Keele

Print Judy W. Keele

Notary Public

My Commission Expires:

My Commission Number is:

