

STATE OF FLORIDA

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Public Service Commission

December 12, 2002

Martin S. Friedman, Esq.
Rose, Sundstrom & Bentley, LLP
650 S. North Lake Blvd., Suite 420
Altamonte Springs, Florida 32701

Re: Docket No. 020344-SU - Application for increase in wastewater rates in Monroe County by Key Haven Utility Corporation

Dear Mr. Friedman:

Enclosed is the original escrow agreement to secure the interim rate increase in the above-referenced docket. The agreement has been signed by Blanca S. Bayó, the Commission's designated agent in such matters.

Please do not hesitate to call if you have any questions concerning this material.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief
Bureau of Records and Hearing Services

Enclosure

cc: Ralph Jaeger, Esq.
Tricia Merchant

DOCUMENT NUMBER - DATE

13573 DEC 12 02

FPSC-COMMISSION CLERK

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between FIRST STATE BANK OF THE FLORIDA KEYS (the "Bank"), the Florida Public Service Commission ("FPSC"), and Key Haven Utility Corporation (the "Utility"), a Florida corporation, upon the following terms, conditions and considerations:

W I T N E S S E T H:

WHEREAS, in Docket No. 020344-SU, the FPSC authorized the Utility to collect increased rates on an interim basis from its customers, and;

WHEREAS, the Utility is required to provide security for the excess of the interim rates over the final authorized rates in the event that a refund should become necessary, and;

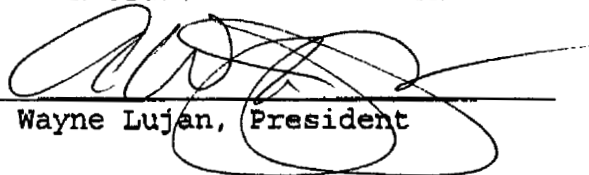
WHEREAS the Bank has agreed to hold such funds in an interest bearing account, the parties agree as follows:

1. The foregoing representations are true and correct.
2. The Utility shall open a joint interest bearing escrow account. Funds shall be deposited monthly by the Utility in an amount equal to 23.00% of the revenues received.
3. The escrow account shall bear interest at the rate of .25%.
4. Bank shall disburse the funds only upon Order of the FPSC issued in Docket No. 020344-SU
5. The Bank shall forward regular monthly statements (including canceled checks) to the Utility and the FPSC.
6. The Bank may, without reason, withdraw from this Agreement upon thirty (30) days written notice to the FPSC and to the Utility.
7. 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) arising from its proper performance of this Agreement.
8. This escrow account is established for the benefit of the Utility's customers.

- 9. Information concerning the escrow account shall be available from the Bank to the FPSC and its representatives at all times.
- 10. Pursuant to Consentino 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.

KEY HAVEN UTILITY CORPORATION

BY: 
 Wayne Lujan, President

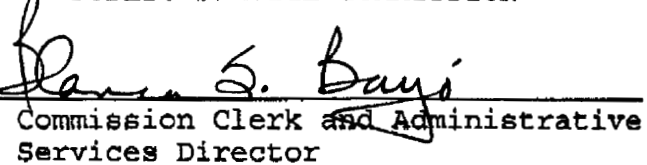
(Corporate Seal)

FIRST STATE BANK OF THE FLORIDA KEYS

BY: 
 Kerry S. HADDIS

(Corporate Seal)

FLORIDA PUBLIC SERVICE COMMISSION

BY: 
 Commission Clerk and Administrative Services Director

(Seal)

CCA Official Filing:
12/10/02***5:42 PM*****Kay Flynn*****1**

Kay Flynn

From: Kay Flynn
Sent: Tuesday, December 10, 2002 8:35 AM
To: Ralph Jaeger; Clint Boutwell; Tricia Merchant
Cc: Blanca Bayo
Subject: RE: escrow agreement in 020344

Thanks, Ralph.

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

From: Ralph Jaeger
Sent: Tuesday, December 10, 2002 7:57 AM
To: Kay Flynn; Clint Boutwell; Tricia Merchant
Subject: RE: escrow agreement in 020344

We have reviewed the escrow agreement and it is okay for Blanca to sign.

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

From: Kay Flynn
Sent: Monday, December 09, 2002 2:32 PM
To: Ralph Jaeger; Clint Boutwell; Tricia Merchant
Subject: RE: escrow agreement in 020344

ok

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

From: Ralph Jaeger
Sent: Monday, December 09, 2002 2:28 PM
To: Kay Flynn; Clint Boutwell; Tricia Merchant
Subject: RE: escrow agreement in 020344

Ok -- please copy Tricia and Clint also

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

From: Kay Flynn
Sent: Monday, December 09, 2002 2:25 PM
To: Ralph Jaeger
Cc: Tricia Merchant
Subject: escrow agreement in 020344

Ralph, we received from Marty Friedman an escrow agreement for Key Haven's interim rate increase. I'm going to put a copy in interoffice mail to you for review and OK before Blanca signs.

Please be on the lookout for it!

Thanks.

Kay

Tracking:	Recipient	Read
	Ralph Jaeger	Read: 12/10/02 8:41 AM