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STATE OF FLORIDA



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09 FEB 20 AM 10:10
COMMISSION CLERK

Public Service Commission

February 20, 2009

Ms. Pam Brewer
Placid Lakes Utilities, Inc.
410 Washington Blvd. NW
Lake Placid, Florida 33852

Re: Escrow Agreement for Docket 080353-WU, Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

Dear Ms. Brewer:

Enclosed is the two requested signed original Escrow Agreement made between Heartland National Bank, the Florida Public Service Commission, and Placid Lakes Utilities, Inc. The agreement has been signed by Ann Cole, the Commission's designated agent for such matters, and is being returned to you for submission to Heartland National Bank.

Please call if you require further assistance.

Sincerely,

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

Ann Cole

Enclosure

cc: Keino Young, Office of the General Counsel

DOCUMENT NUMBER - DATE
01419 FEB 20 09
FPSC-COMMISSION CLERK



Placid Lakes Utilities, Inc.

A DIVISION OF LAKE PLACID HOLDING CO.

410 Washington Blvd. NW
Lake Placid, Florida 33852

Office: (863) 465-0345
Water Plant: (863) 465-2427
Fax: (863) 465-1313

February 18, 2009

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED-FPSC
09 FEB 19 PM 2:51
COMMISSION
CLERK

Dear Ms. Cole:

In Connection with the Application of Placid Lakes Utilities, Inc. for Increased Water Rates in Highlands County, Docket No. 080353-WU, enclosed please find three original copies of the Escrow Agreement signed by the company President and by Heartland National Bank. Please sign the copies and return two to this office. We will keep one and take one to the Bank. Also enclosed is the signature card for the account. Please sign and return that also in the enclosed overnight envelope.

If you have any questions, please feel free to contact me at the above phone number.

Sincerely,

Pam Brewer
Vice President/Secretary

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between Heartland National Bank (the "Bank"), the Florida Public Service Commission ("FPSC") and Placid Lakes Utilities, Inc., a Florida corporation, (the "Utility"), upon the following terms, conditions and considerations:

WITNESSETH:

WHEREAS, by action of the FPSC in Docket No. 080353-WU at its Agenda Conference held on December 16, 2008, the FPSC granted the Utility's request of 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 covenant 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. 080353-WU.
3. The balance in the escrow account shall bear interest at the Bank's prevailing money market rate which is currently 0.25% 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 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 Bank may, without reason, withdraw from this Agreement upon thirty (30) days written notice to the FPSC and to the Utility. If the Bank does not receive a disbursement order signed by both the FPSC and the Utility within such 30 days, the Bank shall deposit all funds with the Circuit Court of Highlands County, Florida.
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 FPSC decision reached in Docket No. 080353-WU at its December 16, 2008 Agenda Conference for the benefit of the Utility's customers.
12. The information concerning the Escrow Account shall be available from the Bank to the FPSC and its representative at all times.
13. This Escrow Account is established by the direction of the Florida Public Service 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.

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

PLACID LAKES UTILITIES, INC.

By Laura Elowsky, Pres.
Laura Elowsky, President

February 10, 2009

HEARTLAND NATIONAL BANK

By: W. K. Thompson
Heartland National Bank, Vice President

February 10, 2009

FLORIDA PUBLIC SERVICE COMMISSION

By: Ann Cole
Ann Cole, Commission Clerk
Office of Commission Clerk

February 19, 2009