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December 5, 2000
VIA HAND DELIVERY

ROBERT M. C. ROSE
OF COUNSEL

Jason Fudge, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: Aloha Utilities, Inc.; PSC Docket No. 991643-SU
Petition for Wastewater Rate Increase for its Seven Springs System Customers in Pasco County,
Florida
Our File No. 26038.30

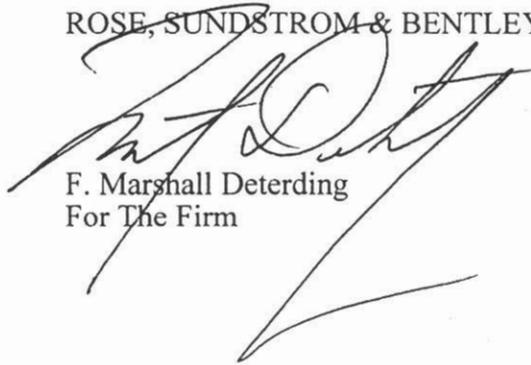
Dear Jason:

Attached is a copy of a proposed Escrow Agreement to be utilized in securing refunds related to the implementation of rates in the above-referenced rate matter. As I previously told you, this needs to be executed and in hand by Friday and, therefore, I will need you to approve the format today or first thing Wednesday morning, so that I can get it to the client and bank who will then execute it and return it to the clerk for signature by Friday morning.

Please let me know if you have any questions or concerns. This is basically the same as several previous Escrow Agreements approved by the Commission.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

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

cc: FMD/tmg
Blanca S. Bayo, Director
Ralph Jaeger, Esq.
Stephen G. Watford, President
Robert C. Nixon, CPA
aloha\30\6fudge.ltr

DOCUMENT NUMBER-DATE

15577 DEC-58

FPSC-RECORDS/REPORTING

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made by and between Bank of America (the "Bank"), the Florida Public Service Commission ("FPSC"), and Aloha 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, Aloha Utilities, Inc. filed its application for increased wastewater rates for its Seven Springs system on April 4, 2000, and;

WHEREAS, pursuant to the provisions of Chapter 367.081(6), Florida Statutes, a utility is authorized to implement its requested rates if the Commission has not rendered final action in that case within eight months of the official date of filing.

WHEREAS, April 4, 2000 was established as the official date on which Aloha filed its application for increased wastewater rates in its Seven Springs system and;

WHEREAS, eight months has now passed since the official date of filing and Aloha wishes to implement the rates requested in its original application, effective on December 8, 2000 and;

WHEREAS, pursuant to the provisions of Section 367.081(6), Florida Statutes the Utility must implement those rates under appropriate security, including among other alternatives, escrow of all such increases 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 difference between the prior approved rates for Aloha's Seven Springs wastewater system and the increased rates being implemented as of December 8, 2000 (those requested in Aloha's original application), shall be deposited by the Utility in an escrow account held by the Bank.
3. The escrow account shall bear interest at the prevailing rate.
4. No funds will be withdrawn from the escrow account without the signature of both the Director of the Division of Records and Reporting of the FPSC and the President of the Utility. Signature cards executed by the Director of the Division of Records and Reporting of the FPSC and the President of the Utility shall designate the appropriate authorized signature for each.
5. 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 FPSC, Attn: Blanca S. Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard 32399-0850.

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).
8. This escrow account is established pursuant to the provisions of Section 367.081(6), Florida Statutes for the benefit of the Utility's customers, in the event that the final rates approved by the Commission are less than those implemented by Aloha on December 8, 2000.
9. Information concerning the escrow account shall be available from the Bank to the FPSC and its representatives at all times.
10. 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.

ALOHA UTILITIES, INC.

BY: _____
 Stephen Watford, President

(Corporate Seal)

_____ BANK

BY: _____

(Corporate Seal)

FLORIDA PUBLIC SERVICE COMMISSION

BY: _____
 Director, Records & Reporting

(Seal)