

STATE OF FLORIDA

Records
ORIGINAL

Commissioners:
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CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

December 4, 1997

Mr. Thomas G. Donovan
19333 S.W. 91st Loop
Dunnellon, Florida 34432-2709

Re: Docket No. 971195-WS - Application for transfer of majority organizational control of Rainbow Springs Utilities, L.C., holder of Certificates Nos. 311-S and 355-W in Marion County, from Rainbow Springs Limited, a Florida limited partnership, to the individual shareholders of Chase Ventures, Inc.

Dear Mr. Donovan :

Thank you for your letter dated November 22, 1997 regarding the application for transfer of majority organizational control of Rainbow Springs Utilities, L. C., from Rainbow Springs Limited to the individual shareholders of Chase Ventures, Inc. On September 12, 1997, this Commission received the utility's application for approval of the transfer of majority organizational control. It is not our practice to proceed with a deficient application. The utility has until January 30, 1998 to correct the deficiencies to its application.

ACK _____ The notice of application is not generally sent to Commission staff prior to its issuance.
 AFA _____ Instead, the Commission receives proof that notice was sent. Upon receipt of the notice, staff
 APP _____ determined that the notice was deficient because it was not dated and did not specify the name of
 CAF _____ the new owners. At staff's request, Rainbow Springs Utilities, L.C. has agreed to renote its
 CMU _____ application. The Commission staff has reviewed the new notice and has determined that it is in
 CTR _____ compliance with the Commission's Rules.
 EAG _____ Ms. Fleming's November 13, 1997 letter to you served to ascertain your intent regarding
 LEG _____ your objection to this transfer application. The Commission staff needs to know whether to set this
 LIN _____ matter for hearing. If your letter is a request for a hearing, a hearing will be scheduled in which you
 GFC _____ must provide testimony or other evidence supporting your protest. If you do not wish to have your
 PCH _____ protest letter treated as a request for hearing, please so indicate by calling or writing Ms. Fleming.
 / _____ If you do not wish to proceed to hearing, the application will be extensively analyzed by
 WAS _____ Commission staff. Each application of transfer of majority organizational control has to comply
 H _____

DOCUMENT NUMBER-DATE

12455 DEC-5 97

Mr. Thomas G. Donovan
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with Rule 25-30.037(3), Florida Administrative Code, and the Commission must determine that granting the application is in the public interest. To make that determination, the Commission reviews the transferee's experience and financial ability to provide service. Then staff prepares a recommendation on the application which is presented to the Commission at an Agenda Conference, which is a public meeting. An order is then issued which details the Commission's decision.

Section 119.01(1), Florida Statutes, sets forth that it is the policy of this State that all state, county, and municipal records shall be open for personal inspection by any person. Included in the broad definition of public records are documents, papers, letters, and maps made or received in connection with the transaction of official business by an agency. Section 119.011(1), Florida Statutes. Therefore to be in compliance with the statute, all correspondence is made a matter of public record.

While your November 22 letter contains a statement that its contents and enclosures are privileged correspondence, under Florida law your letter and the enclosures are public record. There are very narrow exceptions in the public records law for certain documents to be held confidential. These generally relate to confidential business information, such as trade secrets, internal audit reports, and the like. See Section 367.156, Florida Statutes.

I hope this answers your questions. Please feel free to contact Ms. Shannon Fleming at (850) 413-6226 if you have additional questions.

Yours truly,



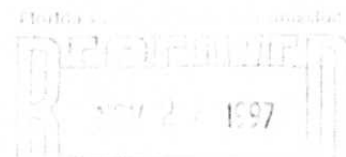
Noreen S. Davis
Director

NSD:csc

cc: F. Marshall Deterding, Esq.
Division of Water and Wastewater (Hill, Redemann, Johnson)
Division of Legal Services (Crosby)
Division of Record and Reporting (Bayo)

November 22, 1997

Noreen S. Davis
Director, Legal Services
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850



Dear Ms. Davis,

RE: Docket No. 971195-WS (Previous Docket No. 950828-WS).
Rainbow Springs Utilities, LC, Dunnellon, FL

I have written to the Commission several times on the above docket numbers about this predatory, privately held, public utility. I have followed the procedure, outlined by the notices provided by Rainbow Springs Utilities, L.C., as to whom written notices of objections should be sent.

I considered that my objections were privileged correspondence between me and the Commission! Little did I know that F. Marshall Deterding represented Rainbow Springs Utilities, L.C.. There is absolutely nothing in their notices which indicates that he is their representative. From the text of their notices, one may assume that Mr. Deterding is associated with the Public Service Commission. This is absolutely deceptive and fraudulent.

Please note the enclosed notices (2) and the paragraphs which are noted with an X. The current notice concerning Docket No. 971195-WS is particularly vague and deceptive. It is typical of the antics of Chase Enterprises, Rainbow Springs Limited and now a new scam, Chase Ventures, Inc..

I first learned of Mr. Deterding's association with Rainbow Springs Utilities when I received his letter to me which is enclosed. Please note the arrowed paragraph which is a veiled threat to the customers of the utility. Mr. Deterding attempts to clarify the ambiguous language of their recent notice.

Your staff attorney's letter of 11/13/97 indicates your plan to move ahead with this application of Docket No. 971195-WS by December 1, 1997 if I don't hire an attorney to pursue the objection. I don't have an attorney---Chase Enterprises has 50 attorneys, and a bank roll provided by Rainbow Springs Utilities predatory rates.

Questions to you and your staff:

Were you provided the current transfer of control?

Did anyone notice that it was not dated?

Did anyone notice that it did not state who the new owner will be?

Is it routine to "proceed ahead" with such a "deficient application"?

I feel that the Public Service Commission has a fiduciary responsibility to the residents and tax payers to thoroughly investigate the ramifications of this proposed action and the impact on the customers of Rainbow Springs Utilities. When your investigation is complete, we, the customers should be advised, in writing, by the Public Service Commission and not by Mr. Deterding OR Rainbow Springs Utilities as to the real impact.

Chase Enterprises does not take any action unless there is some enhancement to their bottom line at the expense of their customers.

This letter, contents and enclosures are privileged correspondence and are to be shared only with the Public Service Commission personnel.

Sincerely,



Thomas G. Donovan
19333 S.W. 91st Loop
Dunnellon, FL 34432

Phone: 352-489-4329

P.S. As of this date, we have not received a "renotice".



RAINBOW SPRINGS UTILITIES L.C.

P.O. Box 1850 - Dunnellon, Florida 34430 - (352) 489-9153

NOTICE OF APPLICATION FOR TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL

Pursuant to the provisions of Section 367.045, Florida Statutes, and the provisions of Florida Public Service Commission Rule 25-30.030, Notice is hereby given by Rainbow Springs Utilities, L.C., 8625 S.W. 200th Circle, Dunnellon, Florida 34431-5325, of its Application for Transfer of Majority Organizational Control of the following described property located in Marion County, Florida:

DESCRIPTION OF TERRITORY SERVED

That part of the S 3/4 of Section 12, Township 16 South, Range 18 East, lying West of U.S. Highway No. 41; that part of Section 12, Township 16 South, Range 18 East, lying East of U.S. Highway No. 41, West of the A.C.L. Railroad right-of-way, North of County Road No. 6.8-S and North of County Road No. 320; the S 1/4 of the SE 1/4 of NE 1/4; that part of the E 1/4 of the SE 1/4 lying East of the A.C.L. Railroad right-of-way; that part of the S 1/4 of the SW 1/4 of NE 1/4 lying East of the A.C.L. Railroad right-of-way, all in Section 12, Township 16 South, Range 18 East.

AND

That part of the SW 1/4 of Section 7, Township 16 South, Range 19 East lying East of the Rainbow River; the SE 1/4 of Section 7, Township 16 South, Range 19 East being further described as follows: That part of Rainbow Springs, as recorded in Plat Book P, pages 10 thru 29, public records of Marion County, Florida, lying in the SE 1/4 of Section 7, Township 16 South, Range 19 East, as shown on sheets 17 and 18, recorded on pages 26 and 27, of said Rainbow Springs.

AND

The W 1/4 of the SW 1/4; the NE 1/4 of the SW 1/4; all in Section 8, Township 16 South, Range 19 East, being further described as follows: That part of Rainbow Springs, as recorded in Plat Book P, pages 10 thru 29, public records of Marion County, Florida, lying in the W 1/4 of the SW 1/4 and in the NE 1/4 of the SW 1/4 of Section 8, Township 16 South, Range 19 East, as shown on sheets 17 and 18, recorded on pages 26 and 27 of said Rainbow Springs.

AND

The SE 1/4 of the NE 1/4; that part of the N 1/4 of the NW 1/4 lying East of the Rainbow River; all in Section 18, Township 16 South, Range 19 East and the NW 1/4 of the NE 1/4 of Section 18, Township 16 South, Range 19 East being further described as follows: That part of Rainbow Springs, as recorded in Plat Book P, pages 10 thru 29, public records of Marion County, Florida, lying in the NW 1/4 of the NE 1/4 of Section 18, Township 16 South, Range 19 East as shown on Sheet 17, recorded on page 26 of said Rainbow Springs.

The NW 1/4 of Section 8, the W 1/4 of Section 5 and that portion of the NE 1/4 of the NE 1/4 of Section 6, lying South of State Road No. 40 and except that portion of the W 1/4 of Section 5 lying within the right-of-way of State Road No. 40, all the above lying in Township 16 South, Range 19 East, Marion County, Florida. Less that portion of a 24 foot wide right-of-way of an abandoned railroad in that portion of the SW 1/4 of Section 5, as recorded in Deed Book 89, page 199 of the public records of Marion County, Florida.

AND

That part of Section 15, Township 16 South, Range 18 East, lying South and West of the A.C.L. Railroad right-of-way.

AND

That part of Section 22, Township 16 South, Range 18 East, lying South and West of the A.C.L. Railroad right-of-way.

AND

The W 5/8 of the SW $\frac{1}{4}$ and that part of the NW $\frac{1}{4}$ lying South and West of the A.C.L. Railroad right-of-way, all in Section 23, Township 16 South, Range 18 East.

Being further described as follows: That part of Rainbow Springs, as recorded in Plat Book P, pages 10 thru 29, public records of Marion County, Florida, lying West of U.S. Highway No. 41 and South of the A.C.L. Railroad right-of-way as shown on Sheets 4, 5, 6 and 7, recorded on pages 13, 14, 15 and 16 of said Rainbow Springs.

AND

The S $\frac{1}{4}$ of Section 3, Township 16 South, Range 18 East, except the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$.

AND

The E $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 10, Township 16 South, Range 18 East.

AND

The NW $\frac{1}{4}$ of Section 11, Township 16 South, Range 18 East.

Tract C, Rainbow Springs Fourth Replat, as recorded in Plat Book S, pages 54 thru 74, public records of Marion County, Florida, and lying in Section 23, Township 16 South, Range 18 East as shown on sheet 3, recorded on Page 56.

AND

Tract J, Rainbow Springs, as recorded in Plat Book P, pages 10 thru 29, public records of Marion County, Florida, lying in Section 6, Township 16 South, Range 19 East, as shown on sheet 20, recorded on page 29.

AND

Tracts E & F, Rainbow Springs, as recorded in Plat Book P, pages 10 thru 29, public records of Marion County, Florida, lying in Sections 23 and 24, Township 16 South, Range 18 East, as shown on sheet 14, recorded on page 23.

AND

Rainbow Springs Country Club Estates, as recorded in Plat Book S, pages 106 thru 116, public records of Marion County, Florida.

AND

Rainbow Springs Fifth Replat, as recorded in Plat Book T, pages 46 thru 59, public records of Marion County, Florida.

Written objections of the above noted transfer must be filed with the Director of the Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and a copy provided to F. Marshall Deterding, ROSE, SUNDSTROM & BENTLEY, LLP, 2548 Blirstone Pines Drive, Tallahassee, Florida 32301, no later than 30 days after the last date this notice was mailed or published whichever is later.

RAINBOW SPRINGS UTILITIES, L.C.**NOTICE TO WATER AND WASTEWATER CUSTOMERS**

Rainbow Springs Utilities, L.C. has applied to the Florida Public Service Commission (PSC) for increased water and wastewater service rates applicable to all of its customers in PSC Docket No. 950828-WS. The present rates which are based on those originally authorized by the PSC in 1982 are not sufficient for the company to pay its expenses required in providing service to its customers, or adequate to allow the utility to earn a fair return on its investment in facilities necessary for such service.

1. **The Application.** - The Application filed with the PSC on November 17, 1995 contains the information required by the PSC's minimum filing requirements and is based on an historic test year ended March 31, 1995, and projected to the year ended March 31, 1997 as a basis for final rates. These schedules reflect the utility's proposal for increased rates sufficient for Rainbow Springs Utilities, L.C. to earn not less than 10.35% on its water and sewer rate bases.

Copies of the Application, including the Petition, Minimum Filing Requirements (MFRs) and synopsis of the rate request are available for public inspection at the the Applicant's headquarters and the following location:

Rainbow Springs Country Club
19330 S.W. 83rd Place Road
Dunnellon, Florida 34432
Monday-Friday 9 a.m. - 12 Noon
1:30 p.m. - 4 p.m.

2. **Customer Meeting.** - The Florida Public Service Commission has issued a schedule of events in this proceeding. Included in that schedule is an informal meeting of PSC Staff members with customers of Rainbow Springs Utilities, L.C., as follows:

6:30 p.m., Wednesday, March 6, 1996
Rainbow Springs Country Club
19330 S.W. 83rd Place Road
Dunnellon, Florida 34432

A schedule of the present, and proposed interim and final water and wastewater rates is provided on the back of this Notice.

Rainbow Springs Utilities, L.C. also filed a request in Docket No. 950828-WS for interim increases in its wastewater rates to permit the Utility to collect rates subject to refund which will allow the Utility to cover its actual expenses incurred in the operation of the Utility, and to receive a fair return on its investment and facilities now providing such service. No interim increase in water rates was requested. All such rates are held subject to refund, with appropriate security, pending final determination of the appropriate final rates in this rate case docket.

Any customer comments concerning the utility service or the proposed rates and charges should be addressed to Blanca S. Bayo, Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850, ph. (904) 413-6770, with a copy to F. Marshall Deterding, 2548 Blairstone Pines Dr., Tallahassee, FL 32301. Any such comments should identify the docket number assigned to this proceeding. Any complaints regarding service may be made to the Florida Public Service Commission's Division of Consumer Affairs at 1-800-342-3552.

The Utility has also requested a change in its service availability charges as part of its rate request. Those present and proposed service availability charges are also listed on the back of this notice.

SCHEDULE OF PRESENT AND PROPOSED RATES

WATER

<u>Class/Meter Size</u>	<u>Rates @ 9/1/95</u>	<u>Proposed Interim Rates</u>	<u>Proposed Final Rates</u>
RESIDENTIAL SERVICE			
5/8" x 3/4"	\$ 6.47	\$ 6.47	\$ 9.91
1"	16.14	16.14	24.78
GENERAL SERVICE			
5/8" x 3/4"	\$ 6.47	\$ 6.47	\$ 9.91
1"	16.14	16.14	24.78
1-1/2"	32.29	32.29	49.55
2"	51.68	51.68	79.28
3"	103.35	103.35	158.56
4"	161.48	161.48	247.75
6"			495.50
8"			792.80
10"			1,139.65
Gallage Charge (per 1,000 gal.)	1.26	1.26	1.30

FIRE FLOW

5/8" x 3/4"	\$.83
2"	6.61
4"	20.65
6"	41.29
8"	66.07
10"	94.97

WASTEWATER

<u>Class/Meter Size</u>	<u>Rates @ 9/1/95</u>	<u>Proposed Interim Rates</u>	<u>Proposed Rates</u>
RESIDENTIAL SERVICE			
All Meter Sizes	\$ 11.12	\$ 14.03	\$ 16.22
Gallage Charge (per 1,000 gal.)	2.23	2.81	6.40
GENERAL SERVICE			
5/8" x 3/4"	\$ 11.12	\$ 14.03	\$ 16.22
1"	27.78	35.05	40.55
1-1/2"	55.56	70.09	81.10
2"	88.90	112.16	129.76
3"	177.80	224.31	259.52
4"	277.79	350.46	405.50
6"			811.00
8"			1,297.60
10"			1,865.30
Gallage Charge (per 1,000 gal.)	2.23	2.81	6.40

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301
(850) 877-6555

CHRIS H. BENTLEY, P.A.
F. MARSHALL DETERDING
BRIAN L. DOSTER
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
ROBERT M. C. ROSE
DAREN L. SHIPPY
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

MAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567
TELEPHONE (850) 856-4029

November 18, 1997

Mr. Thomas G. Donovan
19333 S.W. 91st Loop
Dunnellon, Florida 34432

Re: Rainbow Springs Utilities, L.C.; Docket No. 971195-WS
Application for Transfer of Majority Organizational Control
Our File No. 29030.05

Dear Mr. Donovan:

Thank you for a copy of your letter stating your concerns about the proposed transfer of ownership interest in Rainbow Springs Utilities which you forwarded to the Florida Public Service Commission on September 25, 1997. I understand that the Public Service Commission Staff Counsel has written you a letter concerning this matter. As noted in that letter, the Utility will be re-noticing the transfer in the very near future to correct some technical deficiencies which occurred in the first notice and to provide a little more explanation as well.

I am writing you to try to explain to you the purpose of the application as filed and its potential effect on the customers. As you may or may not know, Rainbow Springs Utilities, a limited liability corporation, is owned by Rainbow Springs Limited, a Florida limited partnership. That limited partnership is owned by Chase Ventures, Inc., a Delaware corporation. In turn, the stock of Chase Ventures, Inc. is owned by several individuals. The purpose of the application before the Public Service Commission is simply to eliminate the intermediary companies so that the ownership interests in Rainbow Springs Utilities will be owned directly by the individual shareholders of Chase Ventures, Inc., thereby eliminating the intermediary companies in the chain of ownership. The Utility questions whether this is even a regulated transfer of ownership interest, but to be on the safe side, the Utility chose to file with the Public Service Commission and notice all persons as though it were a regulated transfer. In effect, there will really be no change in the actual persons who control the Utility, it is simply a decision made by the shareholders to eliminate the intermediary holding companies.

Mr. Thomas G. Donovan
November 18, 1997
Page 2

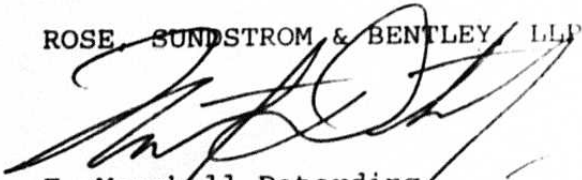
Because this application involves simply the elimination of some intermediary ownership interest by intermediary companies, it will have absolutely no effect on the Utility's customers or the Utility's rates and charges. I believe the Public Service Commission Staff has also informed you of this fact in their recent letter. If the Commission moves forward with the treatment of your letter as a protest of the Utility's application, it will involve a time-consuming formal hearing, which I strongly believe will serve no real purpose. To the extent you have further questions about the nature of the transaction leading to this application, I or the Staff Attorney will be glad to answer those for you. However, a formal protest will cost the Utility substantial amounts of money which will ultimately be borne by the Utility's customers and therefore should be avoided if at all possible.

In working with the Public Service Commission Staff to determine the correct legal description required to be noticed under PSC rules and statutes, we have also determined that the service territory designated for Rainbow Springs does not include the certain portions of the development currently served. As such, we will be preparing an additional notice to customers of the intent of the Utility to extend its service territory in order to have that territory reflect the entire Rainbow Springs development. You should be receiving that at about the same time as the revised notice related to the transfer of ownership interest. This territory correction will also have no effect on the rates and charges of the Utility's customers.

Let me know if there is anything further I can provide you with or can tell you to explain the nature of these transactions and their lack of effect on the customers of the Utility.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP


F. Marshall Deterding
For The Firm

FMD/lts
cc: Mr. J.T. Collins