

## **PRESS RELEASE**

**February 23, 2006**

**Virginia State Corporation Commission nullifies rate increases and rule changes proposed by Lake Holiday Estates Utility Company, declaring that they are “defective and should be given no effect.” Further, it orders the Utility to pay refunds to customers with interest, and to account for such refunds to the Commission by May 1, 2006.**

In a letter dated November 3, 2005, the captive utility at Lake Holiday Estates in Cross Junction, Virginia mailed a notice to residents notifying them of an increase in rates effective January 1, 2006 and a proposed change to Rule 16 of the Utility’s tariff which would have, if approved, relieved the Utility from its long-standing obligation to extend water and sewer services to undeveloped lots. This letter was not, however, sent to the owners of undeveloped lots although it directly affected them. Rule 16 is a portion of the state tariff which regulates the obligation of the Utility to extend water and sewer mains to undeveloped lots in its service area. Without water and sewer services as supplied by the Utility, an owner of an undeveloped lot can not build on his land and, by law, cannot obtain these services from another utility company or install a well and septic system on his own. Under existing regulations, the Utility has the obligation to extend water and sewer service to an undeveloped lot upon the deposit with the utility of the cost of such extension, if any, over a capped contribution by the Utility.

Although it began assessing the increased utility fees on January 1, 2006, Lake Holiday did not provide the SCC with notice of either the rate increase or of the proposed change to Rule 16 until January 31st of this year.

The proposed rate increase would have resulted in assessment of nearly \$110 per month for water and sewer services. In 2005 and prior to the unauthorized rate increase, these services cost approximately \$68 per month.

To date, over 400 owners at Lake Holiday, including owners of both developed and undeveloped lots, have filed complaints with the SCC protesting the rate increases and proposed changes to Rule 16. For further information about the rate making and regulatory process, please call the Virginia State Corporation Commission Division of Energy Regulation at (804) 371-9611.

Further information and copies of referenced documents may be found on our website, [www.lakeholidaynews.com](http://www.lakeholidaynews.com).