

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 23, 2006

APPLICATION OF

LAKE HOLIDAY ESTATES UTILITY COMPANY

CASE NO. PUE-2006-00017

For an increase in  
water and sewer rates

ORDER NULLIFYING RATE INCREASE

By notice dated November 3, 2005, pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 et seq. of the Code of Virginia ("Code")), Lake Holiday Estates Utility Company ("Lake Holiday" or the "Company"), apparently notified its customers of its intent to increase its rates effective for service rendered on and after January 1, 2006, but the State Corporation Commission's ("Commission's") Division of Energy Regulation was not notified of the proposed increase until January 31, 2006.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that, pursuant to § 56-265.13:5 of the Code of Virginia, Lake Holiday's notice regarding its proposed rate increase was defective and should be given no effect. Moreover, the Commission takes official notice of a recently filed proceeding, Case No. PUE-2006-00013, in which Lake Holiday, Lake Holiday Country Club, Inc., and Aqua Lake Holiday Utilities, Inc. have jointly petitioned for authority to transfer utility assets and certificates of public convenience and necessity pursuant to the Utility Transfers Act and the Utility Facilities Act. That application also seeks a change in water and sewer rates. Consequently, Lake Holiday will have an opportunity to pursue any needed rate relief in that proceeding. The Company shall immediately reimplement those rates that were in effect prior to January 1, 2006, and shall refund with interest any amounts collected from customers in excess of those preexisting rates.

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UTILITY CONTROL

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE-2006-00017.

(2) The Company shall immediately reimplement its preexisting rates and shall refund with interest any amounts collected from customers in excess of those preexisting rates.

(3) The refunds with interest for current customers may be made by a credit to the customers' accounts and shown on bills. The bills shall show the refunds as a separate item or items. For former customers, refunds with interest, which exceed \$1.00, shall be made by check mailed to the last known address of such customers. The company may offset the credit or refund against any undisputed balance. No offset shall be permitted against any disputed portion of an outstanding balance.

(4) The Company shall maintain a record of former customers due a refund of \$1.00 or less and shall promptly make the refund by check upon request. For any refunds not paid or claimed, the Company shall comply with § 55-210.6:2 of the Code of Virginia.

(5) The refund amounts shall bear interest at a rate for each calendar quarter, which shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the "Bank prime loan" values published in Federal Reserve Statistical Release H.15 (519), *Selected Interest Rates*, for the three months of the preceding calendar quarter. The interest shall be computed from the date payments were due as shown on bills to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(6) On or before May 1, 2006, the Company shall submit to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order and listing the expenses of refunding and the accounts charged.

(7) The Company shall not recover the interest paid or the expenses incurred in performing this refund in rates and charges subject to the Commission's jurisdiction.

(8) There appearing nothing further to be done in this matter, it is hereby dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Joe Marcus, President, Lake Holiday Estates Utility Company, Inc., 231 Redland Road, Cross Junction, Virginia 22625; Stephen H. Moriarty, Esquire, Chadwick, Washington, Moriarty, Elmore & Bunn, PC, 9990 Fairfax Boulevard, Suite 200, Fairfax, Virginia 22030; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Divisions of Energy Regulation and Public Utility Accounting.