

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 14, 2006

APPLICATION OF

LAKE HOLIDAY ESTATES
UTILITY COMPANY

CASE NO. PUE-2006-00017

For an increase in water
and sewer ratesORDER ON RECONSIDERATION

By notice dated November 3, 2005, pursuant to the Small Water or Sewer Public Utility Act, Section 56-265.13: 1 *et seq.* of the Code of Virginia ("Code"), Lake Holiday Estates Utility Company ("Lake Holiday" or "Company") apparently notified its customers of its intent to increase its rates effective for service rendered on or after January 1, 2006. However, the Company failed to notify the Division of Energy Regulation of the State Corporation Commission ("Commission").

On February 23, 2006, by *Order Nullifying Rate Increase* ("Nullification Order"), the Commission, pursuant to Section 56-265.13:5 of the Code determined that the Company's notice regarding its proposed rate increase was defective and should be given no effect. Additionally, the Commission directed the Company to immediately reimplement its preexisting rates and refund with interest any amount collected from customers in excess of those preexisting rates by May 1, 2006. Moreover, the Commission took judicial notice of Case No. PUE-2006-00013, wherein Lake Holiday jointly petitioned the Commission for authority to transfer utility assets and its certificate of public convenience and necessity, and seeks to change water and sewer rates.

On February 28, 2006, Lake Holiday filed a *Petition for Reconsideration and Emergency Relief* ("Petition") requesting, among other things, that the Commission: (i) suspend its

Nullification Order of February 23, 2006; (ii) authorize the Company to charge and collect water and sewer fees of \$49.98 for monthly water service, \$58.65 for monthly sewer service, and \$16,000 for connection fees¹ retroactively to January 1, 2006; and (iii) affirm that the Company may expend the applicants' deposits in the course of extending water and sewer lines within its territory.

On March 3, 2006, the Company filed a *Supplement to the Petition for Reconsideration and Emergency Relief* ("Supplemental Petition"). The Supplemental Petition addresses nearly the same issues as the original Petition and includes a prayer for supplemental relief. In addition to the relief requested in the Petition, the Supplemental Petition requests, alternatively, that: (i) the November 3, 2005, Notice of Rate Changes be renewed to the extent that the forty-five (45) days notice period required by Section 56-265.13:5 (B) be considered to have begun on January 31, 2006; (ii) the effective date of the rates sought by the notice to customers dated November 3, 2005, be adjusted to March 17, 2006, exactly forty-five days following January 31, 2006; and (iii) the refunds required by the February 23, 2006, Nullification Order to be completed by May 1, 2006, instead be required to be completed no later than August 31, 2006.

On March 6, 2006, Lake Holiday filed a *Supplement to the Petition for Reconsideration and Emergency Relief* which sought the same relief as the Supplemental Petition, and corrected the number of customers notified in its November 3, 2005, customer notice.

NOW THE COMMISSION, having considered the Petition and Supplemental Petition, denies reconsideration for the reasons set forth in the Nullification Order. In addition, as noted

¹ Connection fees total \$16,000 and are comprised of the following: (i) \$3,716 for water connection; (ii) \$3,190 for sewer connection; and (iii) \$9,094 for reclamation of costs associated with the water treatment plant expansion, and repair and replacement of lift stations.

in the Nullification Order, Lake Holiday, Lake Holiday Country Club, Inc., and Aqua Lake Holiday Utilities, Inc., have jointly petitioned the Commission for authority to transfer utility assets and certificates of public convenience and necessity in pending Case No. PUE-2006-00013. That petition also seeks a change to water and sewer rates. As a result, Lake Holiday currently is seeking rate modifications in Case No. PUE-2006-00013, and the Commission will address requested rate changes as part of that proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition and Supplemental Petition are hereby denied.
- (2) The Commission's February 23, 2006, *Order Nullifying Rate Increase* remains in full force and effect, except that the refund obligation is extended from May 1, 2006 to August 31, 2006.
- (3) This matter is dismissed and the papers herein are passed to the file for ended causes.

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

Joe Marcus, President, Lake Holiday Estates Utility Company., 231 Redland Road, Cross Junction, Virginia 22625; Stephen H. Moriarity, Esquire, Chadwick , Washington, Moriarity, Elmore & Bunn, PC, 9990 Fairfax Boulevard, Suite 200, Fairfax, Virginia 22030; Jonathan J. Broome, Jr., Esquire, Rees, Broome & Diaz, P.C., 8133 Leesburg Pike, Ninth Floor, Vienna, Virginia 22182; 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.