

**GOVERNMENT OF THE VIRGIN ISLANDS
OF THE UNITED STATES**

Public Services Commission

In re

The Virgin Islands Water & Power Authority)	Docket No. 651
Petition for Permanent Electric System)	Order No. <u>58</u> /2017
Base Rate Relief (<i>Docket 651</i>))	
)	
)	
)	

ORDER

WHEREAS, in 2013, the Public Services Commission (hereinafter “Commission” or “PSC”) concluded Dockets 611 and 612, which provided new base rates for the Water and Power Authority’s (hereinafter “Authority” or “WAPA”) electric and water systems, respectively; and

WHEREAS, no later than 2014, the Commission began expressing its concern with the accuracy and propriety of WAPA’s base rates and its Levelized Energy Adjustment Charge (hereinafter “LEAC”) rate; and

WHEREAS, the Commission desired to properly allocate expenses to base rates and return the LEAC to a fuel only basis; and

WHEREAS, on December 1, 2015, WAPA made a base rate filing; and

WHEREAS, in its December 2015 filing WAPA requested a permanent base rate increase of \$18.24 million per year, which represented a base rate increase of 25.5%; and

WHEREAS, in February 2016 PSC Staff met with WAPA management to review the December 2012 filing and WAPA concluded it should refile to address infirmities and concerns that PSC Staff had identified; and

WHEREAS, on April 18, 2016, Commission Order No. 26/2016 transferred the costs of the Rate Financing Mechanism (hereinafter “RFM”), including funds for the repair of Unit 23 and lease costs associated with Unit 25, from the LEAC to base rates; and

WHEREAS, on September 12, 2016, after conferences with Staff reviewing the June 6, 2017 filing, WAPA filed yet another revised permanent base rate increase request, that was projected to increase annualized electric system revenues by approximately \$41.7 million; and

WHEREAS, all delays and timeline impacts from the prior implementation of rates in January 2014 rate increase to the September 2016 filing were in WAPA’s control; and

WHEREAS, on September 16, 2016 Staff filed its position in the proceeding recommending a \$6.9 million annual increase in rates on an interim basis; and

WHEREAS, on or about November 7, 2016, after conferences between WAPA and PSC Staff, an Interim Agreement was reached to jointly recommend to the Commission that a rate increase of \$14.5 annually be implemented on January 1, 2017; and

WHEREAS, the Interim Agreement was reached in less than two-months after WAPA filed its modified application for consideration on September 12, 2016; and

WHEREAS, the Interim Agreement was included on the Commission's December 2015 agenda, and continued to its meeting on January 12, 2017; and

WHEREAS, the Interim Agreement and the revenues therein, adjusted to permit the recovery of the agreed \$14.5M per year over an 11 month period, which if collected for a full year would be \$15.8M, were approved; and

WHEREAS, the Commission approved the Interim Rates at its January 12, 2017 meeting; and

WHEREAS, on January 13, 2017, the Authority filed a petition for reconsideration, in which it denied the Commission's authority to include the conditions in the Interim Agreement which had been approved only the day before; and

WHEREAS, the Commission acted on January 26, 2017 to rescind the Interim Rates; and

WHEREAS, the Authority has filed suit in Superior Court and continues to collect the Interim Rates as if approved; and

WHEREAS, on March 2, 2017, WAPA filed information seeking an additional increase of \$22M Annually above the \$15.8M Interim Rate Increase

WHEREAS, on May 31, 2017, the Commission met on a duly noticed meeting, including a formal hearing on Docket 651; and

WHEREAS, at the hearing on May 31, 2017, Commission heard from the utility and staff witnesses, and after reviewing the documents and hearing from the utility;

NOW THEREFORE, the Commission finds and **ORDERS** that

1. That the Water and Power Authority's filing in Docket 651, dated on or about September 12, 2016, seeking an approximately \$41.7M Annual Rate Increase had been resolved through the Interim Rate Agreement and has been superseded by a March 2, 2017 Supplemental Information Filing Requesting an additional approximately \$22M above the Interim Rate, which Interim Rate remains pending the in the Superior Court

So Ordered.

For the Commission



Andrew Rutnik, Chair

Date: **June 15, 2017**