

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

In Re:

The Minimum Filing Requirements for the  
Water and Power Electric and Water Levelized  
Energy Adjustment Clause

PSC Docket No. 614  
Order No. 39/2015

ORDER

**WHEREAS**, the Virgin Islands Public Services Commission's (hereinafter "PSC" or "Commission") Order No. 27/2013 dated February 26, 2013, established Docket 614 to create rules and regulations for the minimum filing requirements (hereinafter "MFR") for future Electric and Water Levelized Energy Adjustment Clause filings; and

**WHEREAS**, on March 24, 2015, the Commission received a Report and Recommendations from its Hearing Examiner, Kye Walker, Esq.; and

**WHEREAS**, on March 24, 2015, Georgetown Consulting Group ("GCG") filed its Report and Recommendations with the Commission; and

**WHEREAS**, on March 26, 2015, the Commission received a Revised Exhibit A Proposed Minimum Filing Requirements For Electric And Water LEAC from its Hearing Examiner, Kye Walker, Esq.; and

**WHEREAS**, on March 26, 2015, the Commission held a regular meeting in both its offices on St. Thomas and St. Croix, United States Virgin Islands; and

**WHEREAS**, upon review and deliberation the Commission voted to **ACCEPT** the Report and Recommendations of the Hearing Examiner, Kye Walker, Esq.; and

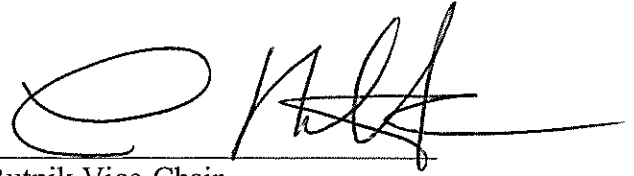
**NOW THEREFORE**, the Commission **ORDERS**:

1. That the Report and Recommendations of the Hearing Examiner, Kye Walker, Esq. be **ACCEPTED** as presented; and that
2. The Revised Exhibit A is hereby **ADOPTED**.

*So Ordered.*

For the Commission

Date: June 25, 2015  
**NUNC PRO TUNC**

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by several loops and a long horizontal stroke extending to the right.

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Andrew Rutnik Vice-Chair

**EXHIBIT A**  
**PROPOSED MINIMUM FILING REQUIREMENTS FOR ELECTRIC AND WATER LEAC**

The Minimum Filing Requirements (“MFRs”) are designed to provide a complete record for and to assist the Public Services Commission in its review of the Petitions to modify the LEAC rates for the Water and Power Authority’s Electric and Water Departments. The Commission, through its agents, may seek additional information from the Authority through discovery and informal discussions. The Cover Letter, Petition, discovery requests and responses are part of the record. Informal discussions between the Commission’s agents and the Authority’s representatives are not part of the record. Informal discussions allow the parties to meet and confer to resolve disputes, to explore discovery responses, to discuss any additional issues relevant to the pending request for a rate change, and to enhance transparency between the Commission and the Authority. The Commission’s agents shall be permitted to disclose information provided through informal discussions in its report to the PSC, so long as that information is not protected from disclosure by the Virgin Islands’ Sunshine Act.

The Authority shall include the information listed in Sections 1 and 2 below in its Petition for a rate change. If the Authority believes that additional information is required to support its Petition, the Authority may supplement the minimum filing requirements contained in sections 1 and 2.

The Commission shall appoint a Hearing Examiner to the LEAC docket for purposes of resolving disputes between the parties, assisting with any informal discussions as requested by the Commission and the Authority, providing recommendations to the Commission as requested by the Commission, and to preside over any matter that requires the services of a Hearing Examiner.

**1. Cover Letter to the Commission**

The Authority shall provide a narrative containing the following information and indicate in the narrative the location of any supporting data contained in the Petition:

- 1.1 Description of the proposed LEAC rates;
- 1.2 Description of the impact of the requested LEAC rate adjustment on sample ratepayers’ bills;
- 1.3 Statement of the Authority’s position supporting the amortization period it seeks to recover for any existing deferred fuel balance;
- 1.4 Statement of material changes in operations that support the requested rate adjustment, to include, but not be limited to changes in equipment utilized for production of electricity or water, number of equipment outages, purchased energy prices, efficiencies and losses, hedging contracts and the quantified impact of each material change on the final cost;
- 1.5 Statement of changes in maintenance management planning and plant condition and the material impact, if any, of those factors on consumers;

- 1.6 Statement of fuel supply and fuel diversity with a description of any changes in the Authority's hedging program, inclusive of the number of hedges, size of hedges, price of the hedge and expiration date of hedges;
- 1.7 Statement regarding the status of alternative energy supply and level of compliance with any legislative mandates;
- 1.8 Status of implementation of the management audit, recommendations and action plan;
- 1.9 Statement and status of the current results of the Integrated Resource Plan (IRP) of the Authority as it impacts new or replacement electric generation;
- 1.10 Statement of the degree to which the Authority's planned generation resource additions and retirements are consistent with or differ from the most recently approved IRP;
- 1.11 Statement and status of equipment purchased or leased and plans for modification of the equipment and implementation of the equipment into the systems and the impact of such implementation; and
- 1.12 Statement of challenges to provision of efficient and cost effective generation and identification of solutions or needed assistance from the Commission.

**2. Content of the Petition**—the Petition shall contain, at minimum, the following information:

- 2.1** The Authority must provide for the system of the Authority, which is the subject of the Petition, information that defines the overall performance of the utility for historical, current and projected periods for the projected rate change and the resulting impact on LEAC rates to include, if applicable to the system: projected and annual fuel cost incurred, available generating capacity, system load factor, unaccounted for energy, station service, equivalent availability for peaking and combined cycle operations, and projected and actual plant and unit efficiency. The historical information for the Electric System consists of actual data from the same six month time period of the proposed rate change from the previous year. The historical information for the Water System consists of actual data for the same twelve month time period for the prior year. The performance information shall be supported by the Authority's dashboard. The Authority's dashboard is a visual display of the overall monthly performance of the Authority in the context of a 24 month historical period and a 12 month forecasted period and displays the following key performance metrics: available capacity by unit and peak demand, generation by resource type, plant average heat rate, heat rate by resource type, station service, net energy delivered to grid, planned maintenance, availability by resource type and plant average availability, energy not served, average fuel cost, market price and fuel inventory. The information shall be presented in excel and graphical format or other electronic format acceptable to the Commission. The performance projection represented in the 12 month forecasted period shall include

available capacity by unit, generation by resource type, heat rates, load and resource balance, fuel costs and planned maintenance. The Authority shall clearly identify any challenges during the historical and current periods and any anticipated challenges for the projected period. The Authority shall describe the challenges in details and discuss any identified root causes of the challenges and measures taken to address the challenges.

## **2.2 Exhibits to Electric LEAC Petition**

The following exhibits are to be submitted to the Commission in an electronic format acceptable to the Commission.

### **2.2.1 Table A-1: LEAC rate computation**

This table provides a comparison of all the factors that comprise the LEAC rate to include: kWh sales, fuel cost, energy production, fuel purchased and consumed, regulatory costs, and any other applicable LEAC component. It also displays the impact the proposed LEAC rate will have on the typical monthly bill. The data is shown for the historical period, the current as approved period and the proposed period to be covered by the rate change.

### **2.2.2 Table A-2: Differential Analysis**

This table provides a comparative analysis of the impact of the items causing the requested change in the LEAC rate. The basis uses the current approved rates compared to the proposed rates.

### **2.2.3 Table A-3: Current Fuel Cost Portion of the LEAC rate**

This table breaks down the current fuel costs portion of the LEAC rate. It details the fuel cost based on energy requirements, sales, heat rates, and fuel consumed. There are two sub-parts that break down the fuel cost by island.

### **2.2.4 Table A-4: Deferred Fuel Amortization and Balances**

This table presents the deferred fuel balance and the period for which any deferred fuel is amortized. It also shows the change in the balance from the previous period to the current period. The opening balance of the deferred fuel expense for the projected period should be the same as the closing balance in the historic period.

### **2.2.5 Tables A-5 through A-7: Input Related Tables and Data**

These tables are used to input the projected fuel price, monthly statistical information, and statistical information. The Authority shall provide the following data:

- 2.2.5.1 the latest sales forecasts used to support the projections, including work papers and subsidiary schedules showing the assumptions used. Monthly financial reports shall serve as the basis for the actual figures including the use of historic data to estimate the losses and plant use including the twelve (12) month average for losses, with an explanation of how this data supports the estimates
- 2.2.5.2 the most recent consultant report showing the calculations based upon the fuel pricing index included in the Authority's contracts. Hedging cost data shall include a summary of hedge contracts (financial or physical), expiration dates, hedging pricing levels, percent hedged, exposure to market pricing, net gains or losses and financial support, if any, required
- 2.2.5.3 heat rates, fuel consumption and costs resulting from the economic dispatch information for St. Thomas and St. Croix shall be included as part of the LEAC rate filing
- 2.2.5.4 a back cast economic dispatch analysis for the systems approximating the real-time optimized dispatch of energy production resources based on actual operating conditions existing during the back cast period and comparing these results to the actual results that occurred during the preceding LEAC period
- 2.2.5.5 annual Electric System LEAC audits with explanation and reconciliation of the figures provided in the financial reports
- 2.2.5.6 the Authority will provide current maintenance information to the Commission in the same form it is provided to the Authority's management

### **2.3 Exhibits to Water LEAC Petition**

#### **2.3.1 Table B-1: Differential Analysis**

This table compares the proposed Water LEAC rate components with the current as approved Water LEAC rate components.

#### **2.3.2 Table B-2: Comparative Analysis Over 12 Months**

This table compares the Water LEAC rate components on an annual basis.

#### **2.3.3 Table B-3: Monthly Bill Comparison**

This table compares the effect the change in the rate will have on the typical monthly bill.

#### **2.3.4 Table B-4: Water Sales and Production Costs**

This table reflects an annual comparison of the water sales and purchase and production costs for the projected year in comparison to the prior year.

2.3.5 Table B-5: Water LEAC True Up

This table shows the deferred fuel/surplus balance and the period for which it is amortized. It also shows the change from the previous period to the current period.

2.3.6 Tables B-6 and B-7: Input Pages on Historical Water Sales and Purchase and Production Costs

This table identifies and quantifies the costs of purchased water and any contracts for which recovery of costs is sought.

2.3.7 Tables B-8 and B-9: Approved Water Sales and Costs

This table reflects the water sales and costs that were approved in the most recent Water LEAC proceeding

2.3.8 Tables B-10 and B-11: Projected Water Sales and Cost

This table reflects the projected water sales and costs for the proposed period of the rate change.

2.3.9 Annual Water System LEAC audits filed in the form of a workbook with explanation and reconciliation of the audit workbook to the figures provided in the financial reports for both departments.

**3. Timeline for Consideration of LEAC Petition**

- 3.1 No later than ten (10) days from filing of the Petition, the Commission staff will confirm whether the filing is complete.
- 3.2 If the filing is incomplete, the Commission staff will inform the Authority of the missing information within ten (10) days of filing and the Authority must provide the missing information within five (5) days of being notified that the Petition is incomplete.
- 3.3 The Authority and the Commission staff to participate in a pre-discovery conference within twenty (20) days of the filing of the Petition.
- 3.4 The discovery conference will trigger a thirty (30) day discovery period to be conducted as follows:
  - 3.4.1.1 Commission staff to submit discovery requests to Authority within ten (10) days of the discovery conference.
  - 3.4.1.2 The Authority to respond to discovery requests within ten (10) days of receipt of discovery.
  - 3.4.1.3 The Authority to submit objections to any discovery requests within five (5) days of receipt of discovery request.
  - 3.4.1.4 The parties to meet and confer regarding any objections within five (days) of the receipt of the objections.

- 3.4.1.5 The parties to meet and confer regarding any incomplete discovery responses within five (5) days of the incomplete discovery response.
- 3.4.1.6 If the Authority and the Commission staff cannot resolve the discovery dispute, then the Authority and the Commission staff will make a joint submission of the dispute to the Hearing Examiner for resolution within two days of reaching an impasse. The Commission shall empower the Hearing Examiner to compel or limit, as the case may be, the production of information in accordance with the scope of discovery.
- 3.4.2 The scope of discovery shall include questions seeking clarification of information contained in the Petition, the Cover Letter, the exhibits submitted in support of the Petition and any other information directly related to the short term cost of fuel or energy that is to be charged to customers through the LEAC.
- 3.4.3 The Authority and Commission staff may conduct informal discussions to address any issues or concerns raised in the Petition in an effort to streamline the discovery process and to further the resolution of the Petition.
- 3.4.4 The Commission staff shall submit its report to the Authority within sixty-five (65) days of the filing of the Petition. No further evidence shall be submitted after the Commission staff submits its report, unless allowed by the Commission or the Hearing Examiner for exceptional circumstances.
- 3.4.5 The Authority shall submit a response to the report within ten (10) days of receipt of the report.
- 3.4.6 The Commission to meet and consider the Petition within ninety (90) days of the filing of the Petition, provided that a hearing on the Petition shall not be held sooner than five (5) days from receipt of the Authority's response.