

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

Public Services Commission

IN RE:)	
)	
The Water and Power Authority’s Petition for an Annual Revenue Increase in Base Rates for the Water Department)	Docket Nos. 612 and 613
)	Order No. <u>17</u> /2014
and)	
)	
The Water and Power Authority’s Petition for an Annual Revenue Increase in Base Rates for the Electric System)	
)	

ORDER

WHEREAS, on November 16, 2012, the Virgin Islands Public Services Commission (hereinafter “the Commission” or “PSC”) received the Virgin Islands Water and Power Authority’s (hereinafter “the Authority” or “WAPA”) Petitions for an annual revenue increase in the base rates for both the Electric and Water Departments; and

WHEREAS, on January 11, 2013, the Commission adopted Orders 24/2013 and 25/2014 and created Dockets 612 and 613 to review the Authority’s Petitions for an annual revenue increase in the Electric and Water Departments base rates; and

WHEREAS, on March 26, 2013, the Commission met in public session and appointed Attorney Kye Walker as the Hearing Examiner in Dockets 612 and 613; and

WHEREAS, on October 25, 2014, the Commission received the Hearing Examiner’s Report and Recommendations for Docket 613; and

WHEREAS, on November 7, 2014, the Commission received the Revised Hearing Examiner’s Report and Recommendations for Docket 613; and

WHEREAS, on November 7, 2014, the Commission met in a Special Meeting at both its offices on St. Thomas and St. Croix, United States Virgin Islands; and

WHEREAS, the Commission identified several outstanding issues in both proceedings that the parties and the Hearing Examiner have not clarified, and found it was unable to make a decision on the matters without clarification of the following:

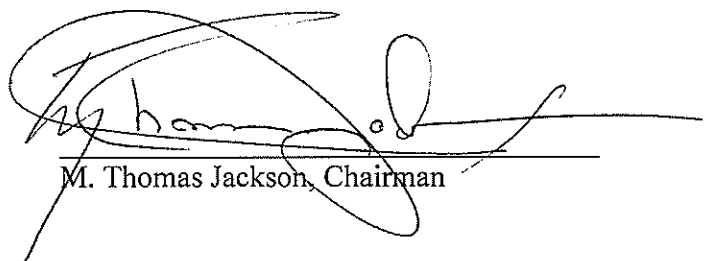
1. In the Water Base Rate Case the issues regarding the lost 2011 sales recovery;
2. In the electric base rate case the amount of debt service and coverage required for the Rural Utilities Service Loan;
3. Payments from the water system in repayment of the Ten Million Dollar Loan from the electric system in the electric base rate case;
4. Appropriate billing determinants to be used in establishing the electric system rates;
5. The appropriate level of funding required for Other Post-Employment Benefits (“OPEB”);
6. Additionally, there are issues in which the Authority has sought reconsideration of the Hearing Examiner’s recommendations in both cases, including:
 - a) Funding for future bonds
 - b) Carrying costs for deferred fuel
 - c) Additional increased revenue
 - d) Compensation for delay in approving increased rates

NOW THEREFORE, the Commission **ORDERS**:

1. That the Docket remain open and the aforementioned issues be remanded to the Hearing Examiner for the parties to clarify these outstanding issues within an expedited thirty (30) day period;
2. That after sufficient time to properly review the Revised Hearing Examiner’s Report and Recommendations in Docket 613, and any other reports that may be generated during this thirty (30) day period, the Commission will set a date certain to hear these matters;
3. That the current water base rate be kept in place in the interim; and **FINALLY**
4. That the electric base rates be raised by Four Million Dollars to reflect the undisputed amounts. The current electric base rates will be as set forth in the “Virgin Islands Water and Power Authority Rate Schedule/Electric Department” attached to this Order and incorporated by reference herein.

So Ordered.

For the Commission



M. Thomas Jackson, Chairman

Date: December 18, 2013