

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

*Public Services Commission*

*In re*

<b>The Virgin Islands Water &amp; Power Authority</b>	)	Docket No. 651
<b>Petition for Permanent Electric System</b>	)	Order No. <u>63</u> /2017
<b>Base Rate Relief (<i>Docket 651</i>)</b>	)	
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**ORDER**

**WHEREAS**, on December 1, 2015, the Virgin Islands Water and Power Authority (hereinafter “WAPA” or “Authority”), filed two Petitions with the Virgin Islands Public Services (hereinafter “Commission” or “PSC”) seeking permanent Electric and Water Systems base rate relief effective on bills issued on or after July 1, 2016; and

**WHEREAS**, there have been numerous proceedings and negotiations on the Electric System, including updated filings in June 2016 and August 2016; and

**WHEREAS**, in November 2016 the PSC Staff and WAPA Management negotiated an Interim Rate Agreement that both parties agreed to recommend to the Commission, which would provide WAPA with an additional \$14.5 million per year in base rate revenues; and

**WHEREAS**, at the Commission’s December 15, 2016 meeting consideration of the Interim Rate Agreement was on the agenda but was continued to the January meeting; and

**WHEREAS**, at the Commission’s January 12, 2017 meeting the Commission approved the Interim Rate Agreement which would permit implementation of increased annual rates of \$14.5 million on meeting the requirements contained in the Interim Rate Agreement on February 1, 2017; and

**WHEREAS**, the Commission approved the collection of the interim rate on a compressed basis, so that the recommended \$14.5 Million would be collected in the remaining eleven months of the year; and

**WHEREAS**, on January 13, 2017, WAPA filed three petitions for reconsideration, including one for the reconsideration of Commission’s Order No. 30/2017, and that Petition specifically stated that WAPA was not bound by the obligations contained in the Interim Rate Agreement that were to be implemented prior to February 1, 2017; and

**WHEREAS**, on January 26, 2017, the Commission met in response to the Petitions for Reconsideration;

**WHEREAS**, on January 26th, the Commission received testimony from the Executive Director of WAPA predictive of the Authority's expected noncompliance with preconditions of the Interim Rate Agreement, and substantiating its intention to disregard such non-compliance for purposes of implementing the Rate, the Commission rescinded its approval of the Interim Rate Agreement; and

**WHEREAS**, on January 31, 2017, WAPA filed another petition of reconsideration challenging the Commission's rescission of the Interim Rate Agreement approval; and

**WHEREAS**, the Commission became aware that WAPA was proceeding to implement the rate increase which would have been authorized by the Interim Rate Agreement on all bills issued on or after February 1, 2017 if WAPA was in compliance with all of the conditions it had agreed to in the Interim Rate Agreement. On February 2, 2017, the Commission's executive Director notified WAPA that it had not met the seven (7) preconditions contained in the Interim Rate Agreement that were required to be completed prior to the implementation of a rate increase, notwithstanding the intervening rescission; and

**WHEREAS**, WAPA has billed its customers for the rate increase without meeting the preconditions that it had committed to which would have been authorized by the Interim Rate Agreement; and

**WHEREAS**, the Commission met to address the Petitions for Reconsideration, as well as Order No. 30/2017 on February 22, 2017, and after reviewing the documents and hearing from the utility, the Commission determined it just and reasonable to reconsider its Order No. 30/2017 and

**WHEREAS**, the Commission noted that litigation was likely concerning both Dockets 651 and 289, and that there were overlapping issues in connection with both Order No. 30/2017 and the Interim Rate Agreement; and

**WHEREAS**, on February 28, 2017, WAPA filed a Notice of Filing Petition of Appeal and Petition of Appeal of the Commission's Order 30/2017 and the decision of the PSC on January 26, 2017 to revoke electric base rate increases granted in January 2017; and

**WHEREAS**, on March 2, 2017, WAPA filed information seeking an additional increase of \$22.5 Million annually above the \$15.8 Million Interim Rate Increase; and

**WHEREAS**, on May 31, 2017, the Commission met on a duly noticed meeting, including a formal hearing on Docket 651 and the Commission heard from the utility and staff witnesses; and

**WHEREAS**, on May 31, 2017, the Commission determined that the December 2015 filings had been superseded by a series of subsequent filing, most recently the March 2, 2017 filing, and terminated the prior petitions and filings; and

**WHEREAS**, on June 27, 2017, the Commission met on a duly noticed meeting, including a formal hearing on Docket 651; and

**WHEREAS**, at the hearing on June 27, 2017, the Commission heard from the utility and staff witnesses and ordered that the permanent base rate revenue requirement for electricity sold shall be \$15.8 Million annually and WAPA has committed to and shall make the required payments to the self-insurance/hazard-mitigation fund; and

**WHEREAS**, upon review and deliberation the Commission voted not to permit all public utilities under the PSC's regulatory authority from double recovering revenues from ratepayers; and

**WHEREAS**, the Commission moved to approve in principal WAPA's entering into borrowing represented by Bond Anticipation Note No. 1; and

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

1. All Public Utilities under the PSC's regulatory authority will not be permitted to double recover revenues from ratepayers.
2. In principal to WAPA's entering into borrowing represented by Bond Anticipation Note one is approved.

*So Ordered.*

For the Commission



Date: **August 14, 2017**

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Andrew Rutnik, Chair