

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

IN RE:

VIRGIN ISLANDS WATER AND POWER
AUTHORITY'S LEVELIZED ENERGY
ADJUSTMENT CLAUSE

PSC Docket No. 289

Order No. 65/2018

ORDER

WHEREAS, on April 3, 2018, the Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority"), filed its Semi-Annual Petition (hereinafter "Petition") for the Electric and Water Levelized Energy Adjustment Clause (hereinafter "LEAC") for the period July 1 to December 31, 2018, to be applied to the bills issued on or after July 1, 2018; and

WHEREAS, in the Petition, WAPA stated that its biggest challenge is an inadequate cash flow, which was further impaired in the months after Hurricanes Irma and Maria when revenues dropped to Two Million Dollars; and

WHEREAS, PSC engaged Georgetown Consulting Group (hereinafter "GCG") to conduct a review and analysis of WAPA's Semi-Annual Petition; and

WHEREAS, pursuant to 30 V.I.C. § 25, the expenses of all rate investigations of WAPA's rates is borne by the Authority through docket-specific assessments levied during and/or after each investigation; and

WHEREAS, WAPA failed to pay docket-specific assessments totaling over Six Hundred Fifty Thousand Dollars (\$650,000.00), with some assessment orders dating back to 2016; and

WHEREAS, this delay in payment of docket-specific assessments prevented GCG from reviewing WAPA's Petition; and

WHEREAS, on June 15, 2018, the Commission held a Regular Meeting at its office located at No. 1003 Estate Ross, Suite 4, Barbel Plaza on the island of St. Thomas, United Virgin Islands and via teleconference at the Port Authority's conference room located at the Henry E. Rohlsen Airport on the island of St. Croix, United Virgin Islands; and

WHEREAS, at the meeting, PSC Staff informed the Commission that WAPA has paid all past due docket-specific assessments and that GCG is available to provide consulting services.

However due to non-payment, a report on WAPA's Petition was not available for this meeting; and

WHEREAS, at the meeting on June 15, 2018, WAPA requested an interim increase of approximately four cents (4¢), to be applied to the bills issued on or after July 1, 2018;

WHEREAS, the current LEAC rate for Electric service is 14.36¢/kWh and WAPA is requesting a rate of 18.28¢/kWh; and

WHEREAS, the requested rate would result in an increase of 9.8% to 11.53% on customers' utility bills; and

WHEREAS, GCG prepared an expedited report and recommendations on the requested interim increase; and

WHEREAS, on June 29, 2018, the Commission held a Regular Meeting at its office located at No. 1003 Estate Ross, Suite 4, Barbel Plaza on the island of St. Thomas, United Virgin Islands and via teleconference at the Port Authority's conference room located at the Henry E. Rohlsen Airport on the island of St. Croix, United Virgin Islands; and

WHEREAS, GCG made the following recommendations:

1. The Commission approve WAPA's June 15, 2018 request that the Commission consider approving as an interim emergency LEAC rate equal to 17.22¢/kWh – the cost of fuel as contained in its April 3, 2018 LEAC filing.
2. The Commission instruct WAPA and Staff to file status reports on the actions undertaken and in progress to address and fully comply with each item in the Order 30/2017. To the extent that recommendations have been fully implemented WAPA should provide the Commission with the objectives achieved, the metrics used to gauge success, and consumer savings obtained from implementation. These reports should be filed no later than September 14, 2018.

WHEREAS, WAPA testified that the interim LEAC rate recommended by GCG would result in WAPA's continued under-recovery due to increases in the cost of fuel since filing the Petition in April 2018; and

WHEREAS, WAPA testified that continued under-recovery of fuel costs will result in larger LEAC increases in future filings; and

WHEREAS, under-recovering fuel costs will affect WAPA's ability to remain current with its fuel suppliers and maintain an optimum fuel supply; and

WHEREAS, failing to maintain sufficient fuel on reserve during the hurricane season can be detrimental to the Authority; and

WHEREAS, WAPA requested an interim rate of 18.28¢/kWh until December 2018; and

WHEREAS, WAPA is currently using No. 2 fuel oil in most of its generators on St. Thomas, and propane in all of its generators on St. Croix; and

WHEREAS, the Commission expressed concern about the delays in improving the efficiency of generation by getting more efficient generators online that burn propane fuel; and

WHEREAS, WAPA testified it experienced technical difficulties upon commissioning the new, more efficient generators; and

WHEREAS, after review and deliberation the Commission voted to approve WAPA's interim request for an increase; and

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

1. WAPA's request for an interim LEAC increase from 14.36¢/kWh to 18.28¢/kWh is **APPROVED**.

So Ordered.

For the Commission,

Date: October 15, 2018



Raymond J. Williams, Chair