

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. **16**/2022

ORDER

WHEREAS, in Order 17/2021, the Virgin Islands Public Services Commission (hereinafter "PSC" or "Commission") voted to set the Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority"), Levelized Energy Adjustment Clause (hereinafter "LEAC") rate for the electric system at 17.2125¢/kWh for the period of July 1, 2021, to December 30, 2021; and

WHEREAS, in Order No. **15/2020** the Commission set a Water System LEAC rate of \$5.03/kGal; and

WHEREAS, on October 12, 2021, USVI Water and Power Authority ("WAPA") filed a petition with the VI Public Services Commission ("Commission" or "PSC") requesting a Levelized Energy Adjustment Clause (LEAC) rate of 18.9559 ¢/kWh set for the period January 1 – June 30, 2022, which would have been an increase of 1.7434¢/kWh from the current LEAC rate of 17.2125 ¢/kWh; and

WHEREAS, on January 18, 2022, WAPA filed a petition for a LEAC rate of 17.52 ¢/kWh for the January-March 2022 period and a LEAC rate of 23.34 ¢/kWh for the period April—June period (an increase of 6.1275 ¢/kWh; and

WHEREAS, the same January 18th filing also sought a new Water System LEAC for the remainder of calendar year 2022 in the amount of \$9.82/kGal, an increase of \$4.79kGal; and

WHEREAS, the Commission engaged its technical consultants, Georgetown Consulting Group, Inc. (hereinafter "GCG"; also included within "PSC Staff") to conduct a review and analysis of WAPA's Petition; and

WHEREAS, during discussions with WAPA staff a third version of Attachment A was provided on February 10, 2022, with updated fuel prices and a correction to the earlier model filed. PSC Staff reviewed this request and found that WAPA is requesting a LEAC rate of 21.88 ¢/kWh, an increase of 4.6675 ¢/kWh over the current LEAC rate; and

WHEREAS, after review of this document Staff encountered additional factual discrepancies in the model provided and which discrepancies were communicated to WAPA. WAPA provided corrections to the model and provided Staff with an updated model on February 21, 2022, however that submission was received too late for review and inclusion in the analysis and report submitted for this hearing; and

WHEREAS, Staff also found that WAPA did not use the production energy account template adopted by the Commission in its July 27, 2021, Order No. 17/2021. Staff made adjustment to the February 21, 2022, model on February 22, 2022; and

WHEREAS, on February 23, 2022, GCG submitted its Report and Recommendations to the Commission and the Authority; and

WHEREAS, PSC Staff recommended an Electric System LEAC of 23.14 ¢/kWh which does not include an allowance for deferred fuel expense; and

WHEREAS, PSC Staff recommended a Water System LEAC of \$7.82/kGal, which does not include an allowance for deferred fuel expense; and

WHEREAS, on February 25, 2022, the Commission heard testimony from its technical consultants and the Water and Power Authority; and

WHEREAS, the Commissioners expressed dissatisfaction with the information received from WAPA and GCG, with the process and with the compliance with prior requirements; and

WHEREAS, the Commissioners acknowledged the dramatic volatility in oil prices that have occurred world-wide and which have and will continue to affect WAPA's fuel costs; and

WHEREAS, the Report and Recommendations also detailed the lack of progress to date by the Authority in reducing fuel consumption, becoming more efficient in its operations, and in diversifying its renewable energy;

WHEREAS, the Commission noted that as a result of its prior actions, in particular at the January 28, 2022, Commission meeting, WAPA's Base Rates are scheduled to be reduced by 5.0121 ¢/kWh as of March 1, 2022;

NOW THEREFORE, the Commission ORDERS that:

1. The Electric LEAC rate shall be increased from 17.2125¢/kWh by the amount of the Base Rate reduction, 5.0121 ¢/kWh, resulting in a new LEAC rate of 22.2246 ¢/kWh for the period of March 1, 2022, to June 30, 2022, and to be applied to bills rendered after March 1, 2022.
2. The Water LEAC rate shall be increased from /kGal to \$7.82/kGal for the period of March 1, 2022, to December 31, 2022, and to be applied to bills rendered after March 1, 2022.

So Ordered.

For the Commission,

A handwritten signature in black ink, appearing to read "David Hughes", written over a solid blue horizontal line.

Date: March 14, 2022

David Hughes, Chair