

WAPA And PSC Staff Interim Agreement

WAPA's proposes and PSC Staff recommends, at a meeting to be held in December 2016, that the Commission grant the Authority interim rate relief, as shown on Exhibit A attached, effective on all bills rendered on and after January 1, 2017, sufficient to provide 1.5 times debt service coverage calculation (all debt) requirement, constituting interim rate relief of \$14.5 million annually.

In exchange, and prior to implementation of the new rates, WAPA commits to:

- 1) Delivery to the Commission of an executed lease extension for Unit 25 for not more than one (1) year. The Commission will recognize the costs of this lease in either base rates or the LEAC, as it determines appropriate.
- 2) Delivery to the Commission of an executed lease for Unit 26 (an LPG capable TM2500+ or equivalent) and a notice to proceed. The Commission will recognize the costs of this lease in either base rates or the LEAC, as it determines appropriate.
- 3) Delivery to the Commission of a Notice to Proceed with an executed lease or lease/purchase of (3) 7MW Wartsila units. These Wartsila units will be initially funded from the Gas Tax Revenues; any subsequent costs after the use of the Gas Tax Funds will be recognized by the Commission in base rates. Concurrent with the Wartsila lease or purchase agreement shall be an agreement for five (5) years onsite technical assistance from Wartsila in connection with the operation and maintenance of the Wartsila units.
- 4) Complete the IRP, with avoided cost data, no later than December 15, 2016.
- 5) Refrain from incurring any more expense for the redesigning and/or rehabilitation of Unit 21, although normal operational maintenance shall continue.
- 6) Refrain from installing Unit 6B. Instead WAPA commits to attempting to sell it.
- 7) WAPA shall issue an initial RFP to procure additional generation as described in the IRP (dual fueled, appropriately sized, etc.), no later than January 31, 2017.


Further, the parties propose in connection with the interim rate relief:

1. The interim rate shall remain in effect until the Commission has ruled on permanent rate relief.

2. The tariffs developed to implement this interim rate relief shall not increase the tariff on the first 250 kWh for residential customers each month. Except as provided herein, the increase shall be applied across all base rate tariffs.
3. The parties agree to develop a new schedule to complete the permanent base rate case in anticipation that the rate case will be concluded concurrently with the LEAC for implementation on bills rendered on and after July 1, 2017. Agreement on the above is without prejudice to the right of the Authority or PSC Staff to assert in connection with a permanent rate a change in the amount of revenue or expense different from the amount shown on Exhibit A.

So agreed, this November 4, 2016

Water and Power Authority


Julio A. Rhymer, 11/4/16
Executive Director

Public Services Commission Staff


Donald G. Cole, 11/4/16
Executive Director