

GOVERNMENT OF THE VIRGIN ISLANDS  
PUBLIC SERVICES COMMISSION

IN THE MATTER OF THE VIRGIN ISLANDS  
WATER AND POWER AUTHORITY'S PETITION  
FOR APPROVAL OF THE TEMPORARY  
HURRICANE RECOVERY SURCHARGE AND  
LEASED GENERATION SURCHARGE

PSC Docket No. 676

PSC Order No. 18/2020

**ORDER**

**WHEREAS**, on December 27, 2018, the Virgin Islands Water and Power Authority ("Authority" or "WAPA") filed a Petition for Approval of a Leased Generation Surcharge in the amount of \$0.030842/kWh beginning on or after January 1, 2019 and continuing for such time until a permanent base rate is completed; and

**WHEREAS**, the Authority stated that it is in need of the Leased Generation Surcharge to cover its leased payments for St. Thomas generating units 26 and 27 and the temporary St. Croix generating units ("Aggrekos" or "Aggreko Units"); and

**WHEREAS**, on March 20, 2019, the day after the Commission meeting, the Authority submitted a "Renewed Petition for Temporary Base Rate Relief," seeking only the previously requested "Leased Generation Surcharge"; and

**WHEREAS**, at the Commission's meeting on April 15, 2019, the Commission received testimony and reports from the Authority and the Commission's Staff; and

**WHEREAS**, at the April 15, 2019 meeting the Commission now found that:

- a. at this time the use of Leased Generation is critical to keeping the electrical system of WAPA reliable and providing continuous electric service to all consumers;
- b. the use of Leased Generation is more fuel efficient than WAPA's owned generation and has the capability of reducing fuel costs substantially if properly utilized;
- c. for these reasons, the Commission has encouraged the use of Leased Generation pending the implementation of the recommendations of the Management Audit and the Integrated Resource Plan for the replacement of WAPA's current generation with new and more efficient generation, as well as compliance with the Virgin Islands Energy Act mandates;
- d. it is critical that the Leased Generation and the new generation be brought on-line in a prompt manner at the lowest net present cost to consumers and that WAPA use all necessary internal and external resources, if needed, to do so; and

e. WAPA's LEAC forecasts have historically been optimistic in assuming that improvements in generation efficiency will be made by improvements in its existing plant or the implementation of new generation that are often delayed, to the ratepayers' detriment.

**WHEREAS**, the Commission ordered in PSC Order No. 45/2019 that the requested Leased Generation Surcharge was approved for the payment of generation equipment leases and training for the operation of the new Wartsila units in the amount of \$0.030842 per kilowatt/hour, conditioned on meeting specific requirements prior to collection from ratepayers, and that the collection of the Leased Generation Surcharge was limited to six (6) 30-day billing periods once collection begins; and

**WHEREAS**, the Authority satisfied the condition and began the collecting the surcharge as of July 1, 2019, which was therefore to expire as of December 31, 2019; and

**WHEREAS**, the Commission having only received the hearing examiners report on December 11, 2019, the evening before the December 12, 2019 meeting, has not yet concluded a base rate proceeding; and

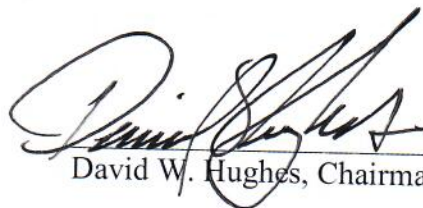
**WHEREAS**, the expiration of the Leased Generation Surcharge may jeopardize the continued generation of electricity by the Authority and would cause a worsening of the Authority's fuel and cost effectiveness; and

**WHEREAS**, the Commission met in an emergency session on December 27, 2019, to consider the extension of the Leased Generation Surcharge;

**NOW THEREFORE**, the Commission **ORDERS** that the Leased Generation Surcharge, in the amount of \$0.030842/kWh is extended for a period not to exceed 120 days, which ends April 30, 2020.

*So Ordered.*

For the Commission,

  
David W. Hughes, Chairman

Dated: **January 8, 2020**