

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. 39/2018

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 on May 5, 2017, Vitol suspended delivery of Liquid Propane Gas (hereinafter "propane") to the its power plants in the St. Thomas/St. John and St. Croix districts; and

WHEREAS, the suspension of propane deliveries to the Authority forced it to revert to costlier No. 2 fuel oil for electricity generation; and

WHEREAS, the Authority began utilizing propane in August 2017 in its power plant on St. Croix, and resumed use of propane post-hurricanes in January 2018; and

WHEREAS, the Authority stated that its power plant on St. Thomas was scheduled to come online using propane in April 2018; and

WHEREAS, the Authority's power plant on St. Thomas has not come online using propane; and

WHEREAS, on June 29, 2018, the Commission held a Special 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 conference room located at the Henry E. Rohlsen Airport on the island of St. Croix, United Virgin Islands; and

WHEREAS, at the meeting, the PSC expressed its dissatisfaction with the inclusion of No. 2 fuel oil in WAPA's petition and the continued delays in bringing more efficient propane gas-burning units online; and

WHEREAS, WAPA testified the most recent two-to-three-month delay in conversion to propane occurred when the Authority experienced technical difficulties that created serious safety hazards in the vicinity of the generators at the Randolph Harley Plant on St. Thomas; and

WHEREAS, WAPA testified that it expects that its St. Thomas plant will be utilizing propane by September 2018; and

WHEREAS, the Commission approved the purchase of three Wartsila generators in January 2017 (Interim Rate Agreement) which will burn less costly propane; and

WHEREAS, two years later, the most recent impediment to commissioning the Wartsila units was Hurricanes Irma and Maria which caused 80-90% damage to the transmission and distribution system in the St. Thomas-St. John District, and 60% damage in the St. Croix District; and

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

WHEREAS, GCG testified that the increased fuel costs on its own is not the cause of the increased Levelized Energy Adjustment Clause (hereinafter “LEAC”) rate; GCG further testified that not utilizing the Wartsila units is the cause; and

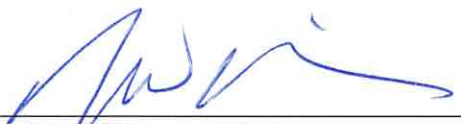
NOW THEREFORE, the Commission **ORDERS** that:

1. For all future LEAC applications for periods beginning January 1, 2019, WAPA shall submit its application for fuel costs recovery to reflect the projection that Wartsila units approved by the Commission in the 4th quarter are dispatched as the initial and primary sources of electric power base load generation in the St. Thomas/St. John district of the U.S. Virgin Islands without respect to further delays in their availability.

So Ordered.

For the Commission,

Date: **June 29, 2018**
Nunc Pro Tunc



Raymond J. Williams, Chairman