

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

In Re:

The Virgin Islands Water and Power
Authority's Levelized Energy Adjustment
Clause

PSC Docket No. 289

Order No. 24/2014

ORDER

WHEREAS, on November 18, 2013, the Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority") filed a petition with the Virgin Islands Public Services Commission (hereinafter "PSC" or the "Commission") for the Electric and Water Levelized Energy Adjustment Clause (hereinafter "LEAC") factors for the period of January 1, 2014 to March 31, 2014; and

WHEREAS, on December 17, 2013 the Commission received the Report and Recommendations from its technical consultants; and

WHEREAS, on December 19, 2013, the Commission met in regular session in the Commission's offices on both St. Thomas and St. Croix and heard from witnesses for the Authority and the Commission's technical consultants; and

WHEREAS, the Commission has reviewed the Authority's Petition for new LEAC rates for January 1 to March 31, 2014, the supporting information, and the report of the Commission's technical consultants; and

WHEREAS, the Commission now adopts as its findings, conclusions and recommendations, the technical consultants' report, specifically including the seven paragraphs

of recommendations on pages 23-24, maintaining the current Water LEAC rate of \$12.10 per kGal and decreasing the electric LEAC rate to \$0.412692 per kWh.

NOW THEREFORE, the Commission Finds and Orders:

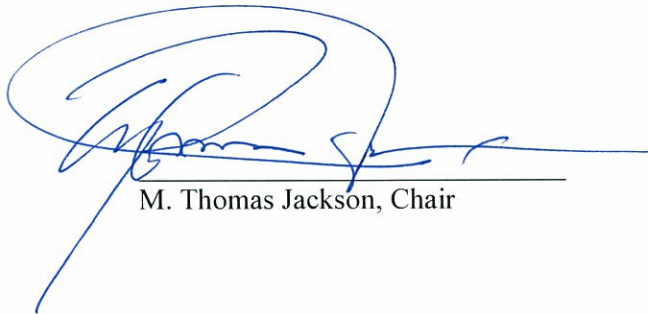
1. A LEAC rate of \$0.412692 per kWh should be set for the Electric Department based on the recommendations and computations made in this report.
2. The current WLEAC rate of \$12.10 per KGal should continue as requested by WAPA for the Water Department.
3. WAPA shall file for revised LEAC rates by February 15, 2014. The PSC reaffirms its prior Orders including but not limited to Nos. 06/2012, 50/2013, and 05/2014 and the reporting requirements therein, including the requirement that executable worksheets be submitted.
4. WAPA should provide in its quarterly LEAC filing as part of Attachment-A a summary comparison for both the St. Thomas and St. Croix plants showing the forecast efficiency in terms of BTUs/kWh for the historic period compared to the actual efficiency achieved in terms of BTUs/kWh and should provide a full narrative describing the factors contributing to underperformance or better than expected performance during this historic period. WAPA and the Technical Consultant should implement a fuel oil inventory pricing model that has recently been agreed to by WAPA. The complete filing including all MFRs should be filed no later than the date contained in recommendation 3 above.
5. WAPA shall provide with its next LEAC petition a detailed report on the activities it has undertaken and is undertaking to retrofit the Unit 21 HRSG to bring the St. Thomas HRSG from its current capacity level of 9 mWh up to its full capacity potential allowing it to produce capacity approaching 20 mWh. This report should outline the when the retrofit was authorized, the schedule for rehabilitation, and the expected availability and HRSG capacity by month for the 18-month RFM forecast period. WAPA should identify each activity undertaken to accelerate the retrofit of the HRSG.
6. WAPA shall provide with its next LEAC petition a detailed report on its progress for full implementation at the generation level of MAXIMO indicating the expected completion date for implementation of MAXIMO, the schedule for providing information from MAXIMO to the Commission showing the status of deferred maintenance and schedule for

undertaking deferred and major preventative maintenance activities and samples of the output reports that the Commission should expect to receive describing the status of WAPA maintenance management planning activities and status of all maintenance activities exceeding 2000 hours beyond any currently overdue schedule for maintenance.

7. WAPA should identify in the next LEAC filing what actions are being undertaken to reduce deferred maintenance and provide the list of deferred maintenance as currently estimated by WAPA. Provide the full universe of maintenance projects for 2104; indicate which ones are funded through the RFM and which ones are funded through base rate revenues. Provide a detailed narrative of the WAPA process to make the determinations and plans to implement.

So Ordered.

For the Commission



M. Thomas Jackson, Chair

Dated: January 13, 2014