

**GOVERNMENT OF THE VIRGIN ISLANDS
OF THE
UNITED STATES**

PUBLIC SERVICES COMMISSION

IN THE MATTER OF THE VIRGIN ISLANDS)	
WATER AND POWER AUTHORITY'S PETITION)	Docket No. 576
FOR EMERGENCY RATE RELIEF FOR THE)	
WATER SYSTEM)	Order No. <u>43</u> /2008
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ORDER

WHEREAS, this Docket was commenced in 2007, in anticipation of the statutorily mandated periodic rate investigation of all utilities; and

WHEREAS, in 2007, the Virgin Islands Public Services Commission ("Commission") and the Virgin Islands Water and Power Authority ("WAPA") entered into a stipulation for the issuance of bond financing, and that stipulation provided that WAPA would file its rate case for both the Water and Electric Systems with the Commission no later than December 2007, and such filing was not made; and

WHEREAS, on May 6, 2008, WAPA filed a Petition For Emergency Rate Relief For The Water System with the Commission, and supporting information, including:

- Testimony of Hugo Hodge, Jr.;
- Testimony of Nellon L. Bowry;
- A resolution of WAPA's Governing Board, authorizing such petition, dated April 17, 2008;
- Financial Statements and Supplemental Schedule;

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- Memorandum from Patricia A Goins (Hawkins, Delafield & Wood) to WAPA, dated March 6 2008;
- Proposed Tariffs for Residential Service Water (RSW), General Service Water (GSW), Large User Incentive Rate (LUW), and Fuel Adjustment Clause (FAC);
- Public Resources Management Group Inc. letter to WAPA Board, dated April 1, 2008;
and
- Testimony of Henry L. Thomas, Public Resources Management Group.

WHEREAS, WAPA has submitted testimony that is not currently achieving the debt service coverage ratios contained in its bond covenants for the 1998 Water System bonds; and

WHEREAS, WAPA has submitted testimony that it will fall further behind in its debt service coverage in the current fiscal year; and

WHEREAS, WAPA is obligated by its bond agreements to seek additional rates to meet its debt service coverage; and

WHEREAS, WAPA represented to the Commission that it is current in its bond debt service payments and in no immediate danger of failing to make such payments; and

WHEREAS, the Commission has initiated the statutorily mandated rate investigation, and such investigation will address debt service coverage, current operations, expansion and improvement in the Water System; and

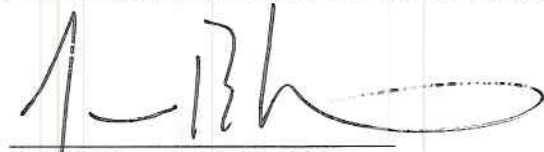
WHEREAS, the Commission needs to evaluate the submitted information and obtain additional information prior to determining whether an increase in rates is reasonable and prudent; and

WHEREAS, pursuant to Section 24 of Title 30, Virgin Islands Code, the Commission has the authority to suspend requested rates for a period not to exceed eight (8) months; and

NOW THEREFORE, the Commission hereby orders:

1. The requested tariffs contained in the Petition For Emergency Rate Relief For The Water System are suspended for sixty (60) days. Nothing in this order is to be construed to affect previously existing and authorized rates and tariffs.
2. The Commission staff and consultants are directed to contact WAPA and seek such additional information as is necessary for the Commission to address this matter within the sixty (60) days.

Dated: May 22, 2008



JOSEPH B. BOSCHULTE
Chair