

GOVERNMENT OF THE VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

The Virgin Islands Water and Power Authority Petition for Adjustment of the LEAC to Include Debt Service on Term Loan and Approval of Term Loan to Fund Payment of Fuel Costs to HOVENSA And For Related Purposes)	Order No. 05/2009 PSC Docket No. 289
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AMENDED ORDER

WHEREAS, this matter is before the Virgin Islands Public Services Commission (“Commission” or “PSC”) as a result of the filing of a revised petition by the Virgin Islands Water and Power Authority (“Authority” or “WAPA”), for the Commission’s approval to lower the Electric System and Water System levelized energy adjustment clause factor (“LEAC”) for the period November 1, 2008 through December 31, 2008, on all bills rendered basis (“Revised LEAC Petition”); and

WHEREAS, the key basis for lowering the LEAC rate, among others, is an extension of amortization term of the deferred fuel balance, from eight (8) months to thirty-six (36) months, thereby lowering the amount of deferred fuel to be recovered in the November 2008 through December 2008 LEAC period from \$8,812,000 to \$1,423,000 for the Electric System and from \$1,349,000 to \$670,000 for the Water System; and which, in turn, will reduce the LEAC rates for the period by \$5.75¢ per Kwh for the Electric System and \$2.64 per Kgal for the Water System; and

WHEREAS, the extension of the deferred fuel recovery period was made possible by a proposed term loan by and between the Authority and FirstBank Puerto Rico (“FirstBank”), to provide a source of funds for payment of fuel costs to HOVENSA

(the "Term Loan"), which was offered to and conditionally accepted by the Authority with a term of three (3) years with a five-year amortization; and,

WHEREAS, the Term Loan and the restructuring of deferred fuel amortization contemplate that the source of repayment (principal and interest) for the loan will be recovered via the LEAC for the Electric System and the Water System, in place of the applicable portion of the deferred fuel amount; and

WHEREAS, the Revised LEAC Petition seeks PSC approval for the adjustment of the LEAC for the Electric System and the Water System to include debt service (principal and interest) on the Term Loan, commencing November, 2008 through the maturity, or prior payment in full of the Term Loan; and

WHEREAS, the Commission has found that it is reasonable to recognize debt service payments on the Term Loan as eligible for recovery via the LEAC for the Electric System and the Water System and to authorize the adjustment in the LEAC for the Electric System and Water System to enable the Authority to pay the principal and interest due and payable on the Term Loan; and

WHEREAS, the Commission found that it would be in the best interest of the rate payers to obtain prompt relief from high monthly bills by an immediate reduction in the Electric System and Water System LEAC and the Authority did not object to the implementation of the requested reduction effective with bills rendered October 1, 2008.

NOW, THEREFORE, IT IS HEREBY ORDERED, in the interest of lowering the LEAC rate and, thereby, the customer's monthly bills:

1) The Electric System LEAC factor be set at \$0.322317 per kWh and the Water system LEAC factor be set at \$13.72 per kGal effective with bills rendered October 1, 2008.

2) That the principal and interest payments on the Term Loan between the Authority and First Bank be recognized for recovery via the LEAC.

3) That the deferred fuel balance will be reduced by the principal amount of the Term Loan that is to be recovered via the LEAC.

Date: 10/17/05, 2008

Donald A. For
Joseph B. Boschulte
Chairman