

GOVERNMENT OF THE VIRGIN ISLANDS  
OF THE  
UNITED STATES  
PUBLIC SERVICES COMMISSION

IN RE: )  
)  
LEVELIZED ENERGY ADJUSTMENT CLAUSE ) Docket No. 289  
OF THE VIRGIN ISLANDS WATER AND ) Order No. 38/2011  
POWER AUTHORITY )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

Donald G. Cole, Chair  
M. Thomas Jackson, Vice Chair  
Verne C. David  
Sirri Hamad  
Elsie V. Thomas-Trotman

**ORDER APPROVING LEAC RATES  
FOR THE PERIOD OF JULY 1 THROUGH SEPTEMBER 30, 2011**

**BY THE COMMISSION:**

Background

WHEREAS, on May 24, 2011, the Virgin Islands Water and Power Authority (hereinafter, "WAPA" or the "Authority") filed a petition with the Virgin Islands Public Services Commission (hereinafter, "PSC" or the "Commission") seeking approval of an increase to the Levelized Energy Adjustment Clause ("LEAC") rate for the electric department from the current rate of \$0.317389 per kWh to \$0.359342 per kWh and an increase to the LEAC rate for the water department from the current rate of \$9.87 per kGal to \$15.47 per kGal; and

WHEREAS, the Commission, through its staff and consultants, conducted a thorough review, conducted discovery, held meetings with the executive management of the Authority concerning the proposed electric and water LEAC rates and submitted a report to the Commission on June 10, 2011; and

WHEREAS, the Authority submitted updated information on its actual fuel costs on June 13, 2011, that reflected a substantial increase in its invoiced delivered fuel oil costs for May and

June 2011, due to volatile changes in world oil markets, and the staff and consultants after consideration of this information from the Authority and consideration of other independent information on world oil pricing provided the Commission an updated report on June 13, 2011 with regard to the proposed LEAC rates for the electric and water departments as well as several recommendations for ongoing filing requirements for future LEACs; and

WHEREAS, on June 14, 2011, the Commission met in special session at its offices located at Barbel Plaza, St. Thomas, U.S. Virgin Islands; and

### Commission's Findings and Conclusions

Having considered the petition of the Authority, reports submitted by its staff and consultants, and testimony of all the parties, upon review and deliberation, the Commission voted to increase the electric department LEAC rate to \$0.360676 per kWh, and to increase the water department LEAC rate to \$14.33 per kGal, also reflecting recent volatility in world oil prices and the increase in invoiced fuel prices to the Authority, both LEAC rates to be effective on all bills rendered on or after July 1, 2011 through September 30, 2011: and

**NOW THEREFORE**, it is hereby

**ORDERED** by Virgin Islands Public Services Commission that the findings of fact and conclusions of law herein be and the same are hereby approved in every respect. It is further

**ORDERED** that the electric department LEAC rate be increased from the current rate of \$0.317389 per kWh to \$0.360676 per kWh effective on all bills rendered on or after July 1, 2011 to September 30, 2011 unless and until further changes are ordered by the PSC. It is further

**ORDERED** that the water department LEAC rate be increased from the current rate of \$9.85 per kGal to \$14.33 per kGal effective on all bills rendered on or after July 1, 2011 to September 30, 2011 unless and until further changes are ordered by the PSC. It is further

**ORDERED** that the Authority provide the Commission a full reconciliation of audited LEAC revenues and expenses for Fiscal Years 2009 and 2010, as soon as its internal review process is completed. It is further

**ORDERED** that the Authority provide quarterly maintenance schedules and activities with each future LEAC filing and that it identify the steps it will be taking to achieve high efficiency and reliability levels. It is further

**ORDERED** that the Authority provide quarterly reports with each future LEAC filing that update its fuel diversification plans being undertaken to meet Act 7075 requirements. It is further

**ORDERED** that the Authority provide the Commission with an update of its hedging program in writing with its next LEAC filing. It is further

By Order of the Virgin Islands Public Services Commission, this 24<sup>th</sup> day of June, 2011.

  
Donald G. Cole, Chair