

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

In Re The Virgin Islands Water and Power  
Authority's Levelized Fuel Adjustment Charge

PSC Docket No. 289

Order No. 20/2013

**ORDER**

**WHEREAS**, this matter is before the Virgin Islands Public Services Commission ("Commission" or "PSC") on (i) the Virgin Islands Water and Power Authority's November 20, 2012, (WAPA or "Authority") quarterly filing and petition for adjustment of the Levelized Energy Adjustment Charge ("LEAC"); and

**WHEREAS**, the Commission's technical consultants and staff have communicated extensively with the Authority to secure the necessary information to permit a review of the proposed increases in the LEAC; and

**WHEREAS**, on December 14, 2012, the Commission received the report of its technical consultants; and

**WHEREAS**, on December 18, 2012, the Commission met in public session at the Commission's offices on both St. Thomas and St. Croix and heard from witnesses for the Authority and from the Commission's technical consultants;

**NOW THEREFORE**, the Commission Finds and Orders:

1. The Commission adopts the findings and recommendations of its technical consultants as provided in its report.

2. The assumptions of fuel pricing, sales of water and electricity, and the fuel consumption used in the technical consultants report are reasonable and appropriate for the January – March 2013 LEAC period.
3. A WLEAC rate of \$14.60 per KGal be established for the Water Department beginning on January 1, 2013, subject to Paragraph 12, below.
4. All Minimum Filing Requirements (MFRs) must be included with future LEAC filings. In the absence of all MFRs (including, but not limited to workable electronic spreadsheets) the filing will be returned as incomplete.
5. WAPA will provide a detailed narrative to accompany each LEAC filing describing the request in detail and highlighting the reasons for underperformance or better than expected performance of the generating units and the resultant fuel costs. Any proposed changes in the methodology, costs included or allocations must be fully explained in the narrative.
6. WAPA is to file a full report showing the full reconciliation of the deferred fuel accounts on its books and the deferred fuel accounts used in the LEAC calculations by January 31, 2013. All adjustments related to reconciliation are to be fully explained.
7. WAPA is to provide a complete reconciliation of the revenues and reserves from the Line Loss Reduction Surcharge and the intended use of those funds no later than February 15, 2013. WAPA should include a plan no later than February 15, 2013 demonstrating the activities and interim performance levels demonstrating its actions and completion of milestones to achieving a loss level of 6.6%.
8. Recognizing that WAPA has substantially replaced its IDE (Steam distillation) units with Reverse Osmosis plants, which have substantially different operating requirements and costs, WAPA is to provide a full reconciliation of all the appropriate credits and debits related to the production of RO water from the inception of the 2012 contracts on each Island by January 31, 2013.
9. WAPA should provide an analysis to support the continued use of the IDE units into calendar year 2013 and why the temporary units on St. Thomas should not be redeployed to St. Croix.
10. WAPA shall provide the Commission no later than January 31, 2013 the tactical and logistical implementation plans and measures it will take to achieve the five fuel

diversification and energy efficiency strategies recently adopted by its Board, as well as the milestones for implementation.

11. The PSC staff shall publish on its website the following:

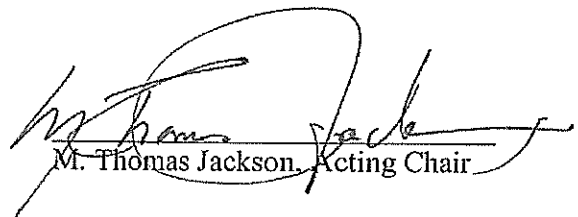
- WAPA power production efficiency figures showing projected and actual monthly power plant efficiency and availability for no less than 12-months.
- Summary of RFM improvements currently underway and projected as well as a forecast of performance benefits of such improvements.
- Appropriate links, if any, to WAPA's website on matters dealing with power and water costs, service improvements and operating performance.
- The staff shall be responsible for updating this information monthly.

12. The effective date for the approved electric and water system LEAC rates shall be the later of January 1, 2013 or the date upon which WAPA becomes current (to within 30 days of invoices received for administrative assessments and 60 days for docket specific assessments) on all Commission administrative and docket specific assessments.

So Ordered.

For the Commission

Dated: January 3, 2013



M. Thomas Jackson, Acting Chair