

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

*Public Services Commission*

*In re*

<b>The Virgin Islands Water &amp; Power Authority</b>	)	Docket Nos. 651 and 289
<b>Petition for Permanent Electric System</b>	)	Order No. 32 /2017
<b>Base Rate Relief (<i>Docket 651</i>)</b>	)	
	)	
<b>And</b>	)	
	)	
<b>Levelized Energy Adjustment Charge</b>	)	
<b>(<i>Docket 289</i>)</b>	)	
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**ORDER**

**WHEREAS**, on December 1, 2015, the Virgin Islands Water and Power Authority (hereinafter "WAPA" or "Authority"), filed two Petitions with the Virgin Islands Public Services (hereinafter "Commission" or "PSC") seeking permanent Electric and Water Systems base rate relief effective on bills issued on or after July 1, 2016; and

**WHEREAS**, in there have been numerous proceedings and negotiations on the Electric System, including updated filings in June 2016 and August 2016; and

**WHEREAS**, in November 2016 the PSC Staff and WAPA Management negotiated an Interim Rate Agreement that both parties agreed to recommend to the Commission, which would provide WAPA with an additional \$14.5 million per year in base rate revenues; and

**WHEREAS**, at the Commission's December 15, 2016 meeting consideration of the Interim Rate Agreement was on the agenda but was continued to the January meeting; and

**WHEREAS**, at the Commission's January 12, 2017 meeting the Commission approved the Interim Rate Agreement which would permit implementation of increased annual rates of \$14.5 million on meeting the requirements contained in the Interim Rate Agreement on February 1, 2017; and

**WHEREAS**, on January 13, 2017, WAPA filed three petitions for reconsideration, including one for the reconsideration of Commission's Order No. 30/2017, and that Petition specifically stated that WAPA was not bound by the obligations contained in the Interim Rate Agreement that were to be implemented prior to February 1, 2017; and

**WHEREAS**, on January 26, 2017, the Commission met in response to the Petitions for Reconsideration;

**WHEREAS**, on January 26th, the Commission received testimony from the Executive Director of WAPA predictive of the Authority's expected noncompliance with preconditions of the Interim Rate Agreement, and substantiating its intention to disregard such non-compliance for purposes of implementing the Rate, the Commission rescinded its approval of the Interim Rate Agreement; and

**WHEREAS**, on January 31, 2017, WAPA filed another petition of reconsideration challenging the Commission's rescission of the Interim Rate Agreement approval; and

**WHEREAS**, the Commission became aware that WAPA was proceeding to implement the rate increase which would have been authorized by the Interim Rate Agreement on all bills issued on or after February 1, 2017 if WAPA was in compliance with all of the conditions it had agreed to in the Interim Rate Agreement. On February 2, 2017, the Commission's executive Director notified WAPA that it had not met the seven (7) preconditions contained in the Interim Rate Agreement that were required to be completed prior to the implementation of a rate increase, notwithstanding the intervening rescission; and

**WHEREAS**, WAPA has billed its customer for the rate increase without meeting the preconditions that it had committed to which would have been authorized by the Interim Rate Agreement; and

**WHEREAS**, the Commission met to address the Petitions for Reconsideration, as well as Order No. 30/2017 on February 22, 2017, and after reviewing the documents and hearing from the utility, the Commission determined it just and reasonable to reconsider its Order No. 30/2017 and


**WHEREAS**, the Commission noted that litigation was likely concerning both Dockets 289 and 651, and that there were overlapping issues in connection with both Order No. 30/2017 and the Interim Rate Agreement;

**NOW THEREFORE**, the Commission **ORDERS** that

1. Both Dockets 289 and 651 are found to be relevant to and are considered in the setting of LEAC and Base Rates, and the reconsideration of orders issued in both dockets; and
2. Docket 651 regarding the Base Rates for the Electric System is remanded to the Hearing Examiner for the completion of Docket 651 for review and consideration at the Commission's May 2017 meeting. The base rates shall include consideration and recommendations for a Rate Path Design that identifies key categories of financial and operational results for annual review and modification.

*So Ordered.*

For the Commission

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by several loops and a vertical stroke, positioned above a horizontal line.

Date: **March 3, 2017**

Andrew Rutnik, Chair