

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
PUBLIC SERVICES COMMISSION

IN RE:

VIRGIN ISLANDS WATER AND POWER
AUTHORITY'S LEVELIZED ENERGY
ADJUSTMENT CLAUSE

PSC Docket No. 289

Order No. 15/2020

ORDER

WHEREAS, at the PSC's June 12, 2019, meeting, the Virgin Islands Public Services Commission (hereinafter "PSC" or "Commission") and Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority") stipulated that a new LEAC request will be filed with the Commission and the current LEAC rate of 19.26¢/kWh will remain the same until the Commission's next scheduled meeting on July 31, 2019;

WHEREAS, on June 21, 2019, the Authority submitted a revised LEAC Petition seeking a decrease in rates for the period of July 1, 2019 to December 31, 2019, to be applied to bills rendered after July 1, 2019; and

WHEREAS, on June 26, 2019, the Authority submitted a second revised LEAC Petition for the period of July 1, 2019 to December 31, 2019; and

WHEREAS, on July 31, 2019, the Commission held a Regular Meeting voted continue the matter until its next scheduled meeting for the review process to be completed to include receiving all appropriate documentation; and

WHEREAS, on October 3, 2019, the Commission held a Meeting voted to consolidate a single motion to leave both the Electric LEAC and Base Rates as they presently are through the end of 2019 and refer the Base Rate proceeding to the Hearing Examiner, Kye Walker, Esq.; and

WHEREAS, on October 22, 23, and 24, 2019, Hearing Examiner Kye Walker conducted hearings in Docket 678, in which WAPA set forth information on its proposal to increase base rates (aka "energy charge"), and to reduce the LEAC; and

WHEREAS, on October 28, 2019, the Authority filed its Petition (hereinafter "Petition") with the Commission for an Electric Levelized Energy Adjustment Clause (hereinafter "LEAC") for the period of January 1, 2020 to June 30, 2020 and for a Water LEAC for the period of January 1, 2020 to December 31, 2020, to be applied to bills rendered after January 1, 2020; and

WHEREAS, WAPA’s October filing contained three different rate proposals for the January – June 2020 LEAC, and none of those numbers were precisely the numbers WAPA presented in the prior Docket 678 hearings; and

WHEREAS, on December 5, 2019, in response to the Hearing Examiner’s request for an explanation of the differing numbers quoted in press releases and a public notice published by WAPA, WAPA filed supplemental testimony and a new proposed LEAC figure; and

WHEREAS, the Commission engaged its technical consultants, Georgetown Consulting Group, Inc. (hereinafter “GCG”) to conduct a review and analysis of WAPA’s Petition and GCG prepared and submitted its Report and Recommendations on December 9, 2019; and

WHEREAS, on December 12, 2019, the Commission held a Regular Meeting at its office located at No. 1003 Estate Ross, Suite 4, Barbel Plaza on the island of St. Thomas, United Virgin Islands and via teleconference at the Virgin Islands Board of Education’s room located at No. 6 King Street Christiansted St. Croix, United Virgin Islands; and

WHEREAS, the Commission witnessed testimony from its technical consultants and WAPA, along with their consultants; and

WHEREAS, the LEAC was created to account for the variable fuel costs of the Authority, incurred in a prudent and reasonable manner; and

WHEREAS, the Commission has previously set standards for the Authority in the determination of such reasonable and prudent expenses; and

WHEREAS, the Authority’s LEAC petition identified \$29 Million as deferred fuel expense; and

WHEREAS, the Commission’s staff was unable to determine if that balance is net of the sums previously funded through the Community Disaster Loan (“CDL”) funded through FEMA and approved for recovery through Base Rates in the future; and

WHEREAS, given a lack of sufficient, consistent and reliable data in the record, the Commission’s staff was unable to determine the prudence, reasonableness, accuracy and compliance with prior Commission orders of the alleged \$29M in deferred fuel expense; and

WHEREAS, upon review and deliberation, the Commission voted to decrease the current LEAC rate for the electric system from 19.26¢/kWh to 16.3989¢/kWh for the period of January 1, 2020 to June 30, 2020; and

NOW THEREFORE, upon review and deliberation, the Commission **ORDERS** that:

1. The LEAC and the Base Rates are established on differing criteria and shall be considered separately;
2. The Electric System LEAC for the period of January – June 2020 is set at 16.3989

- c/kWh; and
3. The Water System LEAC for the calendar year 2020 is set at \$5.03/kGal; and
 4. The Commission's staff is directed to open an investigation of deferred fuel balance identified by WAPA.

So Ordered.

For the Commission,



David W. Hughes, Chair

Date: January 28, 2020