

GOVERNMENT OF THE VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

IN THE MATTER OF THE)
LEVELIZED ADJUSTMENT CLAUSE OF) PSC DOCKET NO. 289
THE VIRGIN ISLANDS WATER AND)
POWER AUTHORITY)
_____)

**THE VIRGIN ISLANDS WATER AND POWER AUTHORITY PETITION
FOR RECONSIDERATION OF PSC GRANT OF LEAC DECREASE**

THE VIRGIN ISLANDS WATER AND POWER AUTHORITY ("Authority" or "WAPA"), by and through the undersigned counsel, pursuant to Title 30, Section 33 of the Virgin Islands Code, respectfully petitions the Virgin Islands Public Services Commission ("PSC" or "Commission") to reconsider and to vacate its decision of December 12, 2019, decreasing the electric LEAC at the same time as it allowed the Leased Generation Surcharge to expire on December 31 and did not grant a base rate increase to the Authority. As such, the Authority will be forced to default on its payment obligations to Vitol and will be unable to purchase propane and will have to use No. 2 Oil for all power generation. On reconsideration, the LEAC for the period January 1 to June 30 must now be based on the cost of No. 2 Oil, which will increase the LEAC from the currently approved 16.40 cents per kwh to 36.52 cents per kwh. This 20.12 cents per kwh increase will enable the Authority to purchase sufficient No. 2 fuel oil in order to be able to operate continuously. The failure to receive reconsideration of this rate will mean that the Authority will be unable to purchase sufficient fuel for its generating needs.

Background

On December 12, 2019, the Commission deferred ruling on the Authority's petition for a base rate increase. It also allowed the Leased Generation surcharge to expire on December 31, 2019. However, it also reduced the electric LEAC on the premise that the Authority would continue to be able to operate on the basis of a state of facts underlying the Authority's LEAC petition which now will not be true. The Authority's proposed LEAC reflected an electric LEAC based on the premise that it would continue to be able to purchase propane at market rates from Vitol and that it would be able to satisfy its payment obligations to Vitol. It was also based on the premise that it would then be able to use the purchased propane to operate its leased Aggreko generating units on St. Croix and its Wartsila units on St. Thomas. Now, however, the LEAC must be based on the fact that propane will not be available as a less expensive fuel supply and instead the utility must purchase No. 2 Oil in order to operate its generating units. This means, however, that the Authority will not be using its most efficient units to generate power.

Attached hereto is the Authority's analysis as Exhibit A, which shows what the rate impact that the change in circumstances now requires. Instead of a projected decline in the LEAC, the LEAC for the period January 1 to June 30 must now be based on the cost of No. 2 Oil, which will increase the LEAC by 20.12 cents per kwh.

This Petition Is Timely Filed and Stays the LEAC Decrease.

The Authority, by statute, has a right to petition for reconsideration within 30 days from the date of entry and publication of the PSC's decision. Title 30, Section 33 of the Virgin Islands Code expressly provides in relevant part:

Any public utility or any other person or corporation affected by any final order or decision of the Commission may, within **thirty days** after publication thereof, file with the Commission an application in writing requesting a reconsideration of the matters involved, and stating specifically the errors claimed as grounds for such reconsideration. No public utility, or other person or corporation, shall in any court urge or rely on any ground not so set forth in said application. The Commission, within thirty days after the filing of such application, shall either grant or deny it. Failure by the Commission to act upon such application within such period shall be deemed a denial thereof. If such application be granted, the Commission, after giving notice thereof to all interested parties, shall, either with or without hearing, rescind, modify, or affirm its order or decision. **The filing of such an application shall act as a stay upon the execution of the order or decision of the Commission until the final action of the Commission upon the application:** provided, that upon written consent of the utility such order or decision shall not be stayed unless otherwise ordered by the Commission. No appeal shall lie from any order of the Commission unless an application for reconsideration shall have been first made and determined.
(emphasis added)

This petition for reconsideration is timely filed because 30 days have not elapsed since the date of the Commission's decision. There can be no doubt that the Authority's petition for reconsideration is timely filed. Also, pursuant to Title 30, Section 33, the filing of this petition stays the decision of the PSC to decrease the LEAC from its current level until final action by the PSC on the petition. The Authority urges reconsideration at the earliest possible date. It is very mindful of the hardship that a significantly higher LEAC will impose on its ratepayers at this time. However, unless the LEAC is increased as outlined in Exhibit A, the Authority will not be able to supply electric power in the Territory on a continuous basis. This will result in power outages.

The Authority is obligated, in fairness to its ratepaying owners, to point out to the Commission the impact of its decision and, in the interest of its ratepayers, ask it to reconsider the LEAC decrease and instead grant an increase that at least allows it to purchase No. 2 fuel oil.

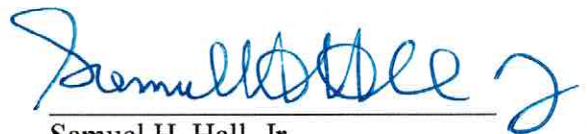
Alternatively, it could grant the utility a temporary surcharge equal to \$29.7 million, based on the Hearing Examiner's Report. This would equate to 5.65 cents per kwh. This surcharge would need to stay in place until the Commission acts favorably on its permanent base rate petition

WHEREFORE, the Authority respectfully asks the Commission for the following relief:

- (A) To reconsider and to vacate its LEAC decision of December 12, 2019;
- (B) Increase the LEAC to reflect the cost of No. 2 fuel oil;
- (C) Or alternatively, grant the utility a temporary surcharge equal to \$29.7 million, based on the Hearing Examiner's Report; and
- (D) For such other and further relief as the Commission deems just and proper.

Respectfully submitted,

DATED: December 17, 2019



Samuel H. Hall, Jr.
Marie Thomas Griffith
HALL & GRIFFITH, P.C.
V.I. Bar No. 289
P.O. Box 305587
St. Thomas, U.S. Virgin Islands
00803-5587
Telephone: 340-715-2945
Fax: 340-776-8416
sam@hallgriffith.com
marie@hallgriffith.com

Lorelei Farrington, Esq.
General Counsel
V.I. Water and Power Authority

Fax: 340-776-8416
sam@hallgriffith.com
marie@hallgriffith.com

Lorelei Farrington, Esq.
General Counsel
V.I. Water and Power Authority
P.O. Box 1450
St. Thomas, Virgin Islands 00804

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that an exact copy of the foregoing pleading was served on the following via hand delivery or email:

Boyd L. Sprehn, Esq.
Law Office of John H. Benham, P.C.
1001 Frederiksberg Gade
St. Thomas, Virgin Islands 00802
Email: sprehn@bclawvi.com
Counsel for the PSC

PSC members and Executive Director
c/o Office of the Public Services Commission
Barbel Plaza
St. Thomas, Virgin Islands 00802

on December 17, 2019.



Samuel H. Hall, Jr.

Jan - Jun 2020

Semi-Annual Analysis

Line No.	Units	Historical	Current as Approved	Proposed LEAC		
		Jan - June 2019	Jul- Dec 2019	Jan - Jun 2020		
Retail Energy Sales						
1	Computed	MWh	261,799	249,138	251,391	
Costs to be Recovered						
2	Current Fuel Cost Portion of LEAC (includes hed	\$	56,956,693	46,790,837	75,546,799	
Other Charges						
3	Regulatory Costs (Dkt 289)	\$	0	84,000	84,000	
4	P&I on New 4-Yr GO Note	\$	0	0	0	
5	Hedge Fund Program Costs	\$	0	0	0	
6	Hedge Fund Developmental Costs	\$	0	0	0	
7	Outstanding Regulatory Costs	\$	0	0	0	
8	Renewable Energy Cost	\$	637,643	84,708	624,102	
11	Ultra Pure Water Charge	\$	888,832	891,630	1,020,558	
12	Plant Repair RO Contract	\$	131,579	125,215	126,870	
13	Total Other Charges	\$	1,658,056	1,185,553	1,855,531	
14	Normalized Recovery of Deferred Fuel Balance (Credit for Prior Period Over Recovery)	\$	8,649,114	1	14,400,393	
15	Charge for Prior Period Under Recovery	\$				
16	Total Costs to be Recovered	\$	67,263,863	47,976,391	91,802,723	
LEAC Rate Component						
17	Current Fuel Cost Portion of LEAC	¢/kWh	21.76	18.78	30.05	
Other Charges						
18	Regulatory Costs (Dkt 289)	¢/kWh	0.00	0.03	0.03	
19	P&I on New 4-Yr GO Note	¢/kWh	0.00	0.00	0.00	
20	Hedge Fund Program Costs	¢/kWh	0.00	0.00	0.00	
21	Hedge Fund Developmental Costs	¢/kWh	0.00	0.00	0.00	
22	Outstanding Regulatory Costs	¢/kWh	0.00	0.00	0.00	
23	Renewable Energy Cost	¢/kWh	0.33	0.03	0.25	
26	Ultra Pure Water Charge	¢/kWh	0.34	0.36	0.41	
27	Plant Repair RO Contract	¢/kWh	0.05	0.05	0.05	
28	Total Other Charges	¢/kWh	0.63	0.48	0.74	
29	Recovery of Deferred Fuel Balance (Credit for Prior Period Over Recovery)	¢/kWh	3.30	0.00	5.73	
30		¢/kWh				
31	Total LEAC Rate	¢/kWh	19.09	19.26	36.52	
32	Total LEAC Rate	\$/kWh	0.190855	0.192569	0.365179	
Total Recovery of Deferred Fuel Costs						
33	Deferred Fuel Balance Amortization	\$	8,649,114	1	14,400,393	
34	Debt Service	\$	0	0	0	
35	Total Fuel Related Costs from Prior Periods	\$	8,649,114	1	14,400,393	
36	Deferred Fuel Balance Amortization	¢/kWh	3.30	0.00	5.73	
37	Debt Service	¢/kWh	0.00	0.00	0.00	
38	Total Fuel Related Costs from Prior Periods	¢/kWh	3.30	0.00	5.73	
Monthly Charge to Typical Residential Customer						
39	Deferred Fuel Balance Amortization	\$	13.21	0.00	22.91	
40	Debt Service	\$	0.00	0.00	0.00	
41	Total Fuel Related Costs from Prior Periods	\$	13.21	0.00	22.91	
Effect on Monthly Bills to Customers:						
		Assumed Monthly Energy Use	Projected Monthly Effect on Bills to Customers			
	Customer Type		Approved Bill	Proposed LEAC	Increase	Percent Change
		kWh		\$	\$	%
42	Residential	400	170.08	\$226.79	\$56.71	33.34%
43	Commercial	1,200	574.61	\$744.73	\$170.12	29.61%
44	Large Power	25,000	10,624.08	\$14,168.22	\$3,544.17	33.36%