

GOVERNMENT OF THE VIRGIN ISLANDS  
PUBLIC SERVICES COMMISSION

IN THE MATTER OF THE  
LEVELIZED ADJUSTMENT CLAUSE OF  
THE VIRGIN ISLANDS WATER AND POWER  
AUTHORITY

PSC DOCKET NO. 289

Order No. 68/2018

**ORDER**

**WHEREAS**, the Commission approved the purchase of three Wartsila generators in January 2017 (Interim Rate Agreement) which will burn less costly propane; and

**WHEREAS**, on June 29, 2018, the Virgin Islands Public Services Commission (hereinafter “PSC” or “Commission”) held a special 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 Port Authority conference room located at the Henry E. Rohlsen Airport on the island of St. Croix, United Virgin Islands; and

**WHEREAS**, at the June 29, 2018 meeting the Commission ordered that:

1. For all future LEAC applications for periods beginning January 1, 2019, WAPA shall submit its application for fuel costs recovery to reflect the projection that Wartsila units approved by the Commission in the 4th quarter are dispatched as the initial and primary sources of electric power base load generation in the St. Thomas/St. John district of the U.S. Virgin Islands without respect to further delays in their availability (PSC Order No. 39/2018).

**WHEREAS**, at the meeting, the PSC expressed its dissatisfaction with the continued delays in bringing more efficient propane gas-burning units online; and

**WHEREAS**, the Commission’s consultants Georgetown Consulting Group (“GCG”) previously testified that the increased fuel costs on its own is not the cause of the increased Levelized Energy Adjustment Clause (hereinafter “LEAC”) rate; GCG further testified that not utilizing the Wartsila units is a significant factor in the high fuel expense; and

**WHEREAS**, on July 27, 2018, WAPA filed a Petition for Reconsideration of both Orders 37/2018 and 39/2018<sup>1</sup>, asking that the PSC reconsider and vacate its orders because: (1) the orders were made at a meeting when the issue was not on the agenda and thus no notice or a meaningful opportunity to be heard on the motion was provided to the Authority in violation of its statutory due process rights; (2) No. 2 fuel oil is required for certain prudent utility operations such as the start-up and shut-down of WAPA’s converted gas turbines on both St. Thomas and St. Croix; (3)

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<sup>1</sup> This order will only discuss WAPA Petition for Reconsideration as it pertains to PSC Order No. 39/2018.

other technical and reliability considerations may require the use of No. 2 fuel oil by WAPA; (4) the decision impermissibly encroaches on the province of WAPA's Governing Board, including its statutory authority to determine the character and necessity of all of the utility's expenditures, and the manner in which they are incurred; and

**WHEREAS**, on August 21, 2018, the PSC 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 Port Authority's conference room located at the Henry E. Rohlsen Airport on the island of St. Croix, United States Virgin Islands and received testimony regarding the installations and modifications at WAPA's generating plants and use of fuels; and

**WHEREAS**, on September 25, 2018, the PSC 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 Port Authority conference room located at the Henry E. Rohlsen Airport on the island of St. Croix, United Virgin Islands and again received testimony and reports from WAPA and the Commission's technical consultants; and

**WHEREAS**, in furtherance thereof and at the request of Commissioner David Hughes, counsels for PSC and WAPA's conferred concerning the re-formulation of PSC Order No. 39/2018 and drafted a proposed order that recognizes the various technical, mechanical and logistical issues as well as possible emergency conditions that WAPA wishes the Commission to consider in ordering implementation of its goals in its original 39/2018; and

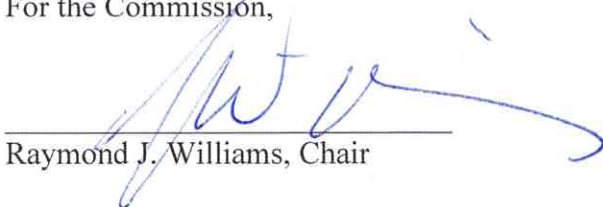
**WHEREAS**, on October 10, 2018, the Authority submitted its proposed order and after due deliberation of the Commission, it is hereby **ORDERED** that,

1. All LEAC rate petitions filed after the date of this order shall include comprehensive information concerning the expected commercial operation date of the Wartsila units now under construction and approved by the PSC as the primary source of base load electric power generation for the St. Thomas District of the U.S. Virgin Islands. Additional information on the schedule of additions and retirements of generating units consistent with the most recent Integrated Resource Plan ("IRP") shall also be provided.

*So Ordered.*

Dated: **October 10, 2018**  
*Nunc pro tunc*

For the Commission,

  
Raymond J. Williams, Chair