



PSC Regular Meeting - Tuesday, June 10, 2025

Public Services Commission (PSC)

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- 0:00:00 Thank you. [1 such phrases repeated 12 times · standby audio before the proceeding, transcribed by the recogniser as speech]
- 0:06:00 So they get really obsessed me point out for just a smaller than St. Thomas. unless they're good in the same trouble so we're going to continue with our agenda um with item number two concentric adjournment pre-assessment please do that good morning staff recommends the commission to enter pre-assessment on the following dockets back at 640 st john's ferry rate investigation a total of 22 000 the assessment will be divided equally among the following 640 oh sorry 691. my correction um the total assessment will be 22 000. the assessment will be divided equally among the following franchisees roll adventures inc 11 000 and transportation services of st john 11 000. also on docket six 706 wapa electric system rate investigation an assessment needs to be made on 96 600.
- 0:07:31 uh recommendation is there any objection to the consent agenda for the peer assessment no objection thank you um I was asking because we came out of executive session. Oh, we did. Objections here. Okay, all the commissioners are present.
- 0:08:07 Item number three, Administrator. Mr. Torrey. We have two matters under the administrative matters, one being the selection of the technical consultants, and a committee was formed to review the submittals in response to our RFQ for technical consultants. So we do have, we've received a total of 13, 13, 16, 16 submittals and staff is reviewing those submittals. We do have a meeting with the selection committee, which is comprised of one of our commission members, commissioner hughes who is sitting on that committee and we are scheduled for review um of the submittals tomorrow you want to add anything um so the committee consists of one person no the committee consists of staff which is um attorney sprain miss hendrix um exec assistant executive director miss hendrix and myself and um commissioner hughes when is this meeting schedule tomorrow yes so um soon after that meeting we would forward um updated information thank you the next item on that under administrative matters is our fiscal year 2026 budget preparation um the public services commission is scheduled to report to the legislature on june thursday june 26 at 10 a.m um there are and we just this was placed on the agenda for informational purposes to our commissioners um we have uh very very little um changes to our from our previous um budget

- 0:10:34 the 2025 fiscal year budget this year's total is two million seventy nine thousand two ninety point five one um which is very um slightly below our prior fiscal year 2024 which was two million \$979,297.07 and our 23 which was \$2,104,324.73 except for changes in personnel item on the budget there are no other significant changes and those changes really are due to replace staff who have discontinued or exited the agency and some changes of course in the fringes that were increased recently outside of that there are no changes to our budget i don't know if miss connor has anything to add um any information that the commissioners may wish to be um as soon again as soon as the um entire packet is completed i will forward it to um commissioners for information i would like to recommend in submitting this budget proposal to the point b that they are under the assumption that you're going to be collecting this money and since you have not been collecting money i suggest in your presentation at the legislature that you ask for direct appropriation
- 0:12:23 you've got to be very specific about that that you're asking again for direct appropriation in lieu of the fact that no of the funds that we're not collecting the um more specifically the assessments yes yes usually the assessments are used to pay this that's the amount and OMB is under the impression that you're not gonna need actual money the actual money needs to be budgeted just in case as a backup thank you for that but but is that what we really want to do um Well, we really don't want to send a message to WAPA that we're getting our money that way, but we also need to make sure that the employees are paying. Wow. So, I mean, it can be balanced depending on collections and, you know, or we will release accordingly. As long as you report to them when assessments have been collected, they will release quarterly allotments accordingly. My only comment, I don't know that we want to endorse the last year's practice of having the government give us an appropriation when the statute provides that we're supposed to collect these funds from the regulated utilities. the government chooses to send us a check that's fine but i don't know that i want to be directed of requesting the director um i mean that's you know i just want to so that you know nobody comes following you and say we don't have to pay these assessment because you're getting the money and here's evidence that you're requesting it and therefore you know you're you know in a roundabout we've been you know going against the statute i mean that's my concern so that's something that we may need to get legal counsel involved in making sure whatever word in the essential legislature we don't tie our hands for the future perhaps we make the suggestion or the request that
- 0:14:26 the appropriations that would otherwise be made to the waste management authority be made directly to the public services commission that would set no precedent for wapa who receives no appropriations from the legislature but waste management is largely funded by appropriation already we're not asking for extra money here we're just asking for direct payment as a portion of their approach their approved appropriation so they can knock they can walk knock waste management's number down a million and and send that money instead to us that would be less of a precedent that i'd be concerned with chair come on that's the second one i just want to make sure we have a clear line in terms of our authority where the law says and we're complying to the statute Mr. Chair and Commissioners, that's it for administrative matters.
- 0:15:27 Thank you. Mr. Torrey, did I hear you? I'm not exactly sure. Maybe I missed it. Will the commissioners receive a line item description of the budget? Or did we already? You will. Okay, thank you. thank you well for sure any other questions or comments on those two items there are none let's move on to item number four energy matter docket 706 what the electric system rate case who speaks to that matter probably we'll take the first moment if I may um we had previously uh advised the commission that uh chair former senate what happened to docket 672 wapa customer service that was picking off on the agenda because um we didn't get the information ahead of time um so i don't believe any of the commissioners that well i know i didn't have an opportunity to read it i did you did i did as well so i will delete it from the agenda okay i must miss that i think that amended uh agenda was sent on yesterday indicating that yeah because it was looking at the old agenda that had it on there and yeah see that it changed okay docket 706 what the electric system is excuse me boyd sprain speaking on behalf to a court reporter to use that information um the uh we had previously advised the commission that former senator genevieve whitaker has been selected as a hearing examiner to handle the wapa rate investigation we have introduced that back to wapa as well we've advised them that ms whitaker is taking on that role we've asked ms whitaker
- 0:17:41 to be present online today i see that she is present here if you have any questions or comments or wish to have any communications with her at this time but we are just beginning that process i expect that we will be setting we have set a regular scheduled meetings for the commission staff with the hearing examiner and we will be involving WAPA in those meetings as this week moves forward to set a schedule for this process this is just informational at this point questions or comments from commissioners um none thank you no questions or comments um attorney whitaker would you like to introduce yourself to the members of our commission Good morning. Can you go? Anyone hear of me?
- 0:18:49 Yes, we can. Okay. Good morning to everyone. Good morning to Director Satori. Good morning to all the Commission members, those listening and viewing. I am Genevieve Whitaker, former Senator, and it's an honor for me. I want to thank the Commission for the consideration. I look forward to the work involved and in support of our community. So

thank you very much. And I look forward to supporting commission in any way i can and moving this matter forward thank you thank you take care everyone thank you thank you thank you miss whitaker move on to dr 72 muapa electric level a's energy adjustment clause dr 72 who speaks today I believe Mr. Madden is online, and I believe Ms. Kelly and Mr. Lemuel are present for WAPA. I'm sorry, Mr. Rodine.

0:20:06 I'll quit pronouncing it French. Do you please raise your right hand? Do you swear to tell the truth, the whole truth and nothing but the truth? Thank you. All right. State your name for the record, please. I want to make a presentation for people who are out of here. Lorraine Kelly, Chief Financial Officer of Virgin Islands Water and Power Authority.

0:20:40 Good morning, Lenwell Lavnier, Chief Operating Officer of Electric Systems, Virgin Islands Water and Power Authority. Good morning Commissioner Williams, good morning to all the commissioners and the staff and members of the public listening here today. WAPA has presented the electric LIAC with no change. We have requested the LIAC rate stay for the electric at 22.22 cents. And please know that we have had in-depth conversations with not only the staff but also with georgetown consulting and several meetings that were held some in person some by our teams um we greatly thank participation of all the staff and during those meetings we had um the coo of electric sitting present here with me today and we had attendees from uh sergeant lundy the consulting firm that assists with creating the plexus model that was requested by the psc as well as ernston young who prepares some of the documentation for the database analytics as well as several of the team from wapa including those that are supportive of the plant operations as well as the financial and analytical team and during those meetings georgetown consulting and your staff had the opportunity to ask any and all questions that they may like there were follow-up sessions both in meetings that were held and there were follow-up sessions with georgetown consulting and your staff with a series of questions that came primarily

0:22:43 from georgatown consulting um and our executive director mr knight has provided i think a couple of responses to those um at this time we believe that we have responded to all questions um given by your staff in georgetown consulting thank you mr kelly mr madden we'll hear your report and then we could ask questions of both presenters at the same time and and if i may um sergeant lundie is not able to attend today but we do have um the ey team present um dialed in on the link should you have any specific questions for them today for such a large company they can get somebody to appear today um it is a different matter as to the reason why they're in attendance okay mr madden good morning chair good morning commissioners good morning all uh i will present a overall summary of our report which you have recently received and as we did last time i'll go through the highlights and be available for any questions so wapa submitted its petition on the 22nd of april uh on the electrically act information on the waterly act was actually presented back in december of 2024 uh excuse me mr madden I'm sorry I'm sorry go ahead sir

0:24:48 okay um so continuing um WAPA continues to make these quarterly filings without meeting the minimum filing requirements the MFRs uh the MFRs require a narrative to describe the major assumptions such as the basis of dispatch which is critical to determining the fuel consumed and its cost unusual events such as payment of the two million dollar incentive only to have what units 4 through 7 not function and be repaired under warranty, the unusual length of time to replace an existing fuel contract, and the reasons for that. WAPA's filing is essentially a one-page deal that just presents the highlights in a conclusionary form, indicating that they want to keep the LIAC at the current level. As such, staff believes the filing is incomplete and could be disregarded by the commission if they so chose. The consequences of this, of course, would be severe, including taking action on the various LIAC rates which are due to expire on June of this year. There are four major issues that we've identified as affecting the fuel costs in this LIAC. First is the efficient generation and dispatch. Second, the transportation costs and new fuel supply contract third is the dispatch of renewable energy and fourth is the allowance of for collection of deferred fuel with regard to the first issue which is the efficient generation and dispatch for the electrically act filing wapa states in its filing that the four new wazilla units would finally be online commercially to provide some rate relief using propane as a fuel this is welcome news and will be the first time in years

0:26:53 that the cost of fuel will drop below the 22.22 in the electric liac which has been approved by the psc it is whopper's request as you just heard that the liac not be lowered to provide rate relief for customers but to allow the rate to continue at 22.22 cents in order for whopper to recover what it claimed is deferred fuel whopper's rate pairs have been waiting nearly a decade for more reliable and efficient generation associated rate relief whopper management confirmed that the units are indeed on track and will be available to dispatch on propane in this liac the fuel mix that is projected by wapa is 94.4 percent on propane and 5.6 percent on oil staff has made no change to that mix of fuel with regard to the transportation and the new fuel supply contract WAPA's petition says the following effective 0-1-2024 WAPA entered into a nine-month propane supply agreement with VITOL in March of 25 WAPA signed a six-month extension with VITOL in order to maintain LPG deliveries while undergoing the RFP process for a new LPG supplier.

- 0:28:32 The current extension will expire in August of 2025. At this time, there is significant uncertainty around what responses WAPA will receive to the RFP and what transportation rates will be offered. As such, WAPA is assuming a continuation of the current LPG transportation rate until RFP responses are received. WAPA has confirmed that the current agreement with VTOL imposes a transportation cost of 59.5 cents a gallon on LPG shipments. But WAPA has confirmed that bids were received on May 21st, 2025, and indicated that they were sealed and given to the Evaluation Committee.
- 0:29:23 just point out therefore that the stance taken in the petition that they do not have this information at this point appears to be incorrect they have the information it's with the evaluation committee so at this time the price for lpg that the commission approved of 33.33 cents a gallon is what staff recommends be used rather than continuing the current price actually paid by WAPA of 59.5 cents a gallon in this proceeding. I just want to point out, as we have in footnote five, the fuel contract is not being submitted to the PSC for review and approval. It is staff's understanding from Council that the PSC has been given additional powers recently that would allow such review and approval and to state that without such approval the rates to cover few prices of the contract would not be guaranteed by the PSC with regard to the dispatch for renewable power, staff has basically adopted the projections made by WAPA in this proceeding.
- 0:30:48 WAPA assumes that the Petronella, Hogansburg solar farms are online and providing power to WAPA. Additionally, the batteries for both Petronella and Watsilla generators are also assumed to be online and functioning. With regard to the deferred fuel, WAPA requests that the electric LIAC rate of 22.22 cents per kilowatt hour be continued. Staff does not believe that this is a reasonable assumption, given that the four new units after more than three years on island have already produced power, although not at their full rated capacity. No information has been provided on the deferred fuel by WAPA directly or in response to questions asked by staff on October 28th of 2024.
- 0:31:48 With the four new Wattcillas, WAPA projects that its fuel costs will be 5.27 cents a kilowatt hour below the electric reliac rate of 22.22 cents a kilowatt hour. Based on the projected kilowatts projected for this coming year, which is 615,164,000 megawatt hours, fuel costs, the amounts to WAPA's fuel costs being \$32,419,000 on an annual basis below the LIAC. In other words, the fuel costs will be \$32.4 million lower than the revenues collected at \$0.22.22 cents.
- 0:32:47 It's WAPA's position that it'll keep all of the surplus for itself, provide no relief to ratepayers, and all concurrent with assessments from its regulators which i've stated in prior proceedings highly irregular uh staff have not seen this in any other jurisdiction with the adjustments proposed by staff for lower transportation cost of lpg at 33.3 cents a gallon and more efficient dispatch of the new watsillas the fuel costs are projected to be 42 million below the revenues that will be collected this is substantial staff acknowledges that wapa has no working capital left has deferred payments to its vendors in significant amounts and is significantly areas on the maintenance of its general distribution systems so the issues in our report that we say need to be addressed by the commission is the transportation costs for the lpg wapa explains that while the commission has approved in rates an lpg transportation cost of 33 cents a gallon whapa's actual cost has been renegotiated to temporarily extend the 59.5 cent gallon per rate through august of 2025. the issue of what rate for lpg transportation the commission will approve for rate making in determining the appropriate liac rate as well as computation in determining the appropriate deferred energy costs will determine the permissible shipping charges to be recovered from customers and that has not yet been determined by the commission staff recommends the entire process of fuel procurement be investigated in a separate filing and wapa be required to provide and justify the process under which the new contract was
- 0:34:59 procured. With regard to the dispatch, WAPA has included all seven units for dispatch in the LEAG calculation, as shown in the report, all dispatched on LPG. We do note that in WAPA's projections, unit four through seven are larger, they're 9 megawatts, and units 1, 2, 3 are 7 megawatts, and units 4 through 7 have a better heat rate, approximately 8,000, and units 1 through 3, approximately 9,000. Staffs requested information as to why the output for 6 and 7 with better heat rates was not fully utilized actually no response was received from wapa even though sergeant and lundy were present at those conferences they indicated it was a reasonable question they were to go back and think about it and come back with the response they never did staff has therefore increased the output for the unit six and seven to the level units four and five and decrease the generation from unit one to three by a like amount now i just want to add in here that uh in response to the statement of miss kelly that the information was responded to actually it was not a substantial amount were not responded to and there were significant issues raised which we turned around in a matter of hours and sent back to director night indicating that we'd like responses the most troubling seems to be the heat rates units one through three and four through
- 0:36:58 seven have guaranteed heat rates in the contract in the mid eight thousands now the actual heat rates projected for units four through seven are about 8 000 below the maximum which means it's more efficient than and within the guarantee provided the heat rates for units one through three are projected almost at ten thousand at ninety six ninety seven hundred there's no explanation why this is not above the guarantee in the contract, what action WAPA is taking with regard to

this.

- 0:37:41 It's been this way now for several LIAC filings. It's troubling. If that is, in fact, a guarantee and the units are similar, why aren't the units producing similar efficiencies? No response from WAPA has been received to date on that amount, and that's a significant issue. WAPA should be required to provide this information forthright. Now, with regard to the calculation, based on the modifications I spoke to above, staff has undertaken this calculation subject to the caveats listed below in using the model provided.
- 0:38:24 using 33 cents a gallon and making the change in the dispatch of the more efficient watts solar units we're projecting that with very few some changes in this repeat the lee act rate would be 15.39 cents and as we indicated this would produce a fuel cost approximately 42 million dollars below the revenues to be collected on an annual basis not on a quarterly basis with regard to the issue of when the liac rates are below the current cost in wap is positioned is that the cost supporting the liac are lowered to a point where the liac is below the current rate the liac should not be reduced you've heard arguments about this in various proceedings when it's repeated here in this proceeding staff does not agree with these recommendations currently these savings below the rate of 42 million dollars as provided earlier in the report it's our recommendation that the liac rate of 15.39 cents be implemented as the new liac rate the commission can make an allowance in the rate to allow wapa slightly higher rate to partially pay off liabilities that wapa has accrued while this proceeding while this proceeding brings the first potential relief to repairs the information provided in this and prior proceedings show large liabilities that wapa has outstanding and paying them off will first have the appropriate amount to be recovered to be approved by the commission the account payables for wapa the current liabilities is currently in excess of 100 million and just as a rule of thumb for practical purposes every one cent in liac rates that's reduced produces about six million dollars of revenues or savings whichever way you want to look at it there's a section with regard to issues on the information and models provided by wapa for the liac we have used the model as filed minimal changes to the inputs as i've just indicated
- 0:40:58 to make our recommendation i'm sorry did somebody say something as as a standard practice we have used the most recent fuel prices the date on which we use the fuel price was may the 25th it looks like wapa has changed the source from which it gets this information and this new source requires a subscription in the previous spreadsheets this was based on the cme indexes and was different we've used the cme index as we've used uh in all the leacs previously changes are not substantial for this but it's a standard practice for wapa and staff to use the most current fuel prices and we've used may 25. second wapa has extended the current transportation charge as we've indicated to 59.5 again until the new contract is executed it's our understanding that wapa will not submit the fuel contract to the psc for review and approval the psc has not indicated whether it will specifically review the contract when it is submitted to them and approve the terms as we understand it now has the authority to do so without such approval the revenues to provide the fuel will not be certain as approved by the psc the price currently approved by the commission is 33 cents a gallon for transportation of lpg staff has used this in its recommendation for the liac and the final change we've just discussed previously i won't repeat it here which is to increase slightly the generation from the more efficient four through
- 0:42:57 seven units with the corresponding decrease in the one through three units there are additional issues that are consistent with the prior report and that is what is the long-term plan for generation on st croix when will the plan and milestones be provided to the psc why is this important because the St. Croix plant has a heat rate of 14,070 BTUs a kilowatt hour compared to 8600 for St. Croix. That's a substantial difference in the amount of cost for the fuel.
- 0:43:40 And second, what is the status and funding of the St. Croix water transmission and distribution system apparently being promised by fema staff recommendations are as follows the liac rate be changed from 22.22 cents to 15.39 cents a kilowatt hour for all bills rendered on july 25 forward and that rate shall expire on september 30 2025. wapa shall immediately declare to the commission when the new wazilla units are declared commercial three wapa provide a status report on its on its efforts to obtain a new lpg and fuel oil contract as soon as approved by the wapa board this report shall contain the reasons for the contract extensions the consultants used to develop the rfb any special provisions in the contract and the reason for them an executive summary of the bids received report of the evaluation committee the basis of its recommendation and the presentation made by made to the wapa board on the selection any analysis and approval of the wapa board should also be provided four wapa shall provide a schedule when the wapa units are declared in commercial operation showing the component parts of the amounts owing to watsila for for commissioning and other activities and the payments made against them. WAPA shall indicate whether they are in compliance with the payment terms and state any outstanding issues. Five, a comprehensive report on all planning activities
- 0:45:29 for the St. Croix generation shall be provided to the Commission by August 31, 2025. In our meeting, Director Knight did indicate that certain activities are underway. There is a substantial grant that has been received. PSC has not received any information or copies of these documents. Provide a status report by August 31, 2025 of all anticipated grant funding

for both electric and water projects. If I could, we did it prior to that. presentation. The water LIAC is a small part of this presentation and it would, with your permission, I would like to just add a couple of sentences and conclude the presentation on both.

0:46:29 Staff would not recommend changing the water LIAC as WAPA has recommended. Additionally, in the next quarterly LIAC, we recommend that WAPA include the impact of the electric react rate determined by the commission in this proceeding, as well as the rate for the WAPA projects for the Electrical Act for the next quarter. That concludes my presentation and I'd be happy to take any questions. Thank you, Mr. Martin. Sally, you have additional comments? Yes, good morning. Lorraine Kelly, Chief Financial Officer. and i would like to speak up please i would like to be very clear rain kelly chief financial officer of virgin islands water and power authority in preparing and presenting the liac for the electric and as with all of the communications that we have with gsd and others we deal with facts i am the chief financial officer and i'm with facts Mr. Wright Knight and myself, in fact, on record at two of the most recent Public Service Commission hearings have requested the minimum requirements that Georgetown Consulting refers to, and when we met with the PSC recently, we again requested those be provided.

0:48:02 We would again like on the record that we would like for that to be provided to us. We fully want to comply, and we have had several meetings, and please know that Mr. Knight is through me today again requesting that you provide in writing these requirements and it is not an intention for anyone at WAPA not to comply. believe that we are complying and we want to provide if there is additional information please put in writing what those minimum requirements are we will immediately comply is it your testimonial statement today that as you sit here walker does not know what the mfr we do not know the additional requirements that are being spoken of we believe that what we are providing is the minimum being required of us okay you say you don't know what the additional but you do know what the mfrs are you have to answer my question yes or no you know what knows what the minimum filing requirements for the psc are as we sit here today am i correct i'm going to be very specific with my words is it a yes or no let me be very specific answer the question i'm asking you we are providing i'm not gonna let you speak if you don't answer my question your use of the word minimum is what is a question we are it can't be a question either you know what they are or you don't we know what the requirements are okay okay slow down you know the mfr are you're saying that as far as you're concerned the additional requirements that we're asking for and that's what you want to put to be put invited am i correct let me be precise yes now you can be precise georgetown consulting keeps referring to

0:50:11 please bear with me the fact that there are requirements that we are not complying with i do not know what georgetown consulting is referring to we would like georgetown consulting to let us know in writing specifically what they are asking us to provide that we are not providing we believe we are meeting the minimum requirements and we have asked continually for georgetown consulting and for your staff to tell us what georgetown consulting is referring to we believe we are meeting the requirements whether it's minimum maximum mid median we believe we are meeting the requirements asked of us we want clarification because if we are not providing you what you need we want to provide it all right fair enough great um and with respect to georgetown consulting's reference regarding uh not having the the pse staff and themselves not having all fuel contracts that are currently in force um our attorney uh uh sinclair has just communicated with me that she believes attorney spren of the bsc does have all fuel culture contracts if for some reason you do not can you please let us know which specific contract you do not have and we will provide it within the hour and and it is your intention that whatever new contract you're negotiating that you will provide that to the psc for how we view an approval let me be specific in regards to that when the contract has been approved by the board and there's a contract yes we will if i may give you an update right now of where we are um we are in possession

0:52:07 of the evaluation report that has been prepared by the evaluation committee and we are in the midst of a procurement process as such even i do not know what is in that evaluation report it is confidential and we are following our policies and as such the report will be discussed with the board on thursday at our board meeting and i wanted the psc to know we received four responses we will be making a presentation to the board on thursday um and from that we can provide the same information that we provide to the board to the committee and we also might encourage the committee members and or georgetown consulting to hear that public meeting so that if you have any further conversation or questions from that um we will be able to provide that your board is meeting on thursday june 12th and this week this thursday what time is the meeting 9 30 is the start of the meeting all right thank you and our communications team or any of us can provide you the link to logon it is a committee meeting the finance committee and the planning committee meeting of the board meets this thursday the actual board meeting is two weeks hence In regards to some of the specifics that were referenced by Georgetown Consulting, please know that we submitted the filing to the PSC on April 15. We did receive a list of several pages of questions last week from Georgetown Consulting. My understanding is that we had provided mr knight had provided a response i don't remember um what specific day that that

- 0:54:07 response was provided but i believe from that we did receive additional questions um that mr knight then did respond to um i would ask that if um there are specific questions where we we have provided a response if it does not meet georgetown consulting's need for a response that he might reach out to us i'm not aware that there was any feedback since that time that those responses did not meet georgetown consulting's need but if there are any additional questions we will be more than happy to provide that response and i do think that it is important that georgetown Consulting and the PSC present today and the read listening public know that in the presentation for the Electric LIAC we have not changed the fuel prices and we have not changed the transportation costs either and that was referred to and made if I misunderstood Georgetown Consulting to Mr Madden I just wanted to make sure that on the record that we have presented that but I also do want to let the uh george count consulting and the psc and the listening public know that we are absolutely strapped for cash we have made reference to the fact that we have our outgoings of expenditures greater than our revenue coming in from the utility um rates that are provided through the psc and i will give you a very clear example of that the veto payment of 3.3 million dollars for the current shipment of fuel was meant to have been paid last wednesday we have made a partial
- 0:55:59 payment but we do not have the cash in hand to pay that bill right now if the psc proceeds to reduce the rate from the 22 cents to the 15 cents as is done before that will be catastrophic for the residents and businesses in the usvi thank you for listening me up all right commissioner williams any questions no comments no questions here commissioner hughes i have a number of questions um miss kelly mr madden um some of these will be obviously directed at one or both of you um feel free to field them um i'll try and direct the questions to the appropriate individual um miss kelly um the new i don't know who we're calling the new bmr entity for spanish town and and dono um but are you current in payment for are those fields producing and are you current in in payment for those amounts good morning commissioner hughes lorraine kelly chief financial officer thank you for your question um we reference the new vmr as vi rapsy and that is vi for virgin islands rapc um we should have paid them last week we do not currently have the funds to pay them um as soon as we have the funds to be able to pay them we will pay them i'll try and i'll try and keep i anticipate that it will be tomorrow didn't ask you for anticipation i just
- 0:57:52 i'll try and keep the questions simple so that you can uh respond briefly um i'm going to call them vir um just because it's easier um are you in arrears with vir at this point the only amount owed to them is the payment that we should have made last week thank you so they are functioning both abilities. Mr. Madden, were they included in this report? Yes, there was generation from both. I don't have the spreadsheet up in front of it. So the rate calculated includes rate payer contribution to pay the IR as well as the Petronella and Hogansburg sites, yes? Yes. Thank you. Ms. Kelly, Mr. Madden referenced, i guess a point of disagreement i want to make sure i understand where you guys are disagreeing within this within this uh leac submission he said he asked for uh an explanation of dispatch discrepancy between the two wartsilla block units and it was not provided would you agree that it was not provided um i do apologize commissioner hughes the ceo of electric has literally just stepped out of the room i believe that we provided it did you feel like you made you feel like you made a response mr madness said that you didn't is that is that yes or no you made a response i believe we did yes okay that point will i guess remain in disagreement um it's notable only in the sense that when you don't respond to a question to our technical consultant the commission has nothing to go on other than the opinion of the technical consultant so i want to understand how that works you either are responsive or or we go with the best information that we have um the total production um mr madden referenced 615 gigawatt
- 0:59:54 hours per year is is that consistent with what you expect to collect or is that a total production number including non-revenue production that is a total uh revenue number a total revenue number a total production number sorry thank you i'm so sorry i missed that that is a total production number okay mr madden did we did we appropriately reduce that number uh to a collection number by applying the limits on line loss and and production non-revenue losses that have been approved by this commission or did we just accept a different set of actions from wapa no the that portion of the calculation has been good for a while so we we are we are uh applying the six percent line loss i think it's six percent and yes okay without respect to what reality and line loss might actually be or non-revenue production yes that's correct in the computation but in the deferred fuel calculation I'm not I'm not I'm not there so just stay with the calculation here okay um dispatch not in dispute other than than uh what you've noted the the Wartsella discrepancy yes the uh the output from the more efficient units I understand your position it's otherwise not in dispute the dispatch that you received no the the sales number is WAPA's uh and generation number is WAPA's number okay so you calculated fuel off of the dispatch that they gave you other than the adjustment that you made for the two Wartzilla heat rate discrepancies that's correct thank you um Miss Kelly is WAPA receiving any compensation from Wartzilla for the heat
- 1:01:49 rate contractual deficiency that mr madden referenced no why what are you doing about that why not it's a contractual rate it should be do you agree that that they are not meeting their contractual heat rate um commissioner hughes i would like to ask our coo of electric mr lavenier who is beside me today to speak if i'm sure how's that how's that mr lavenier

how's that contract work what does it actually say morning again lemma lavinier chief operating officer electric systems as of our most recent meeting and the data that we have um there is from there is compliance with the heat rate that was presented by wordzilla the phase one units are more efficient than the phase two units and i do not have the data that is being spoken of um to be able to identify whether there's an error in the data so i cannot comment on it further but i have i do not have any evidence to suggest that the phase one units are outside of the contracted promotes okay well we use the heat rate in the calculation of this this liac what did we use in the the it is important to understand how heat rate for generators perform the heat rate for a generator is not consistent the heat rate for a generator will vary with the different loads on the generator now when you are operating a power plant in reality the generator will face different levels of load for example once in croix you will have a large turbine it's about 18 megawatts but on a day i'm gonna i'm gonna

1:03:47 stop you there because i want to be very specific to this particular group of wartsilla generators which we've now been operating for three or four years okay i would think by now that given the disparate load mix that you discussed, which I understand, you would have arrived at an expected heat rate on average to use in these calculations based on a dispatch which isn't really changing. What heat rate are we using? 9700 or the contractual rate of 9000 or is it your position that the contractual rate of 9000 does not exist? Allow me to explain. With reference to st thomas the units phase one units they have a different heat rate when they rated at two when the load is at two megawatts it has a different heat rate when the load is at four megawatts i understand that but every month it doesn't matter it's an average that we're trying to get at so i understand that it changes depending on the load but we've been operating these long enough to have some expectation of with the changing loads what we are expecting on an average basis what number did we use for this liac fuel consumption calculation what heat rate did we use the 9700 well i cannot speak to that so okay then we will just go with whatever mr madden i guess used um do you have any knowledge party i just want to finish i just want to finish with this gentleman you you don't have you wouldn't appear to have any knowledge of what the contract contractual heat rate is is that what i'm hearing yes i'm aware of the contract when the engine was purchased the contract the heat rate was 82 82 kilowatt hours per dollar um commissioner hughes lorraine kelly cfo if i may speak to that i i think i may be able to help you with your question yeah i i'd like someone to tell me whether or not we feel like there's a contractual deficiency here

1:06:01 so um based on the fact that the heat rates do differ depending on um the the day and sometimes the hour um in the model sergeant lundy has used an average heat rate and that is an average based on the actual heat rates um for that prior quarter so i i just want to reference that and if you would like some more specifics um mr mike linsky from ey is currently on the call um and he can speak to that what i'm trying to determine is whether or not wapa feels that there has been a violation of the contract minimum heat rate or if in fact those units are functioning as per the contract can anyone answer that question yes well feels that the units are performing okay thank you um the pv facilities at petronella and hogensburg are fully functional now i saw the groundbreaking for hobins hogensburg this past week um fully functional and com included as to their their electrical output their power output um in this calculation was there any consideration giving to absorbing the costs of the the best systems that are in place does this does this calculation include the the contractual obligations of wapa specific to the battery storage systems point of correction mr matt mr madden might be able to answer that as well it's a financial question we would like to make it make a point of clarification on the percentage that you've referenced what what percentage them are living as you electric

1:07:52 systems hogginsburg plant is not fully online it is in testing fees well it's a moot point because you've submitted an application that says it is and we're going to use that but but being that as it may i'm trying to determine whether or not this rate calculation includes costs to the specific that are specific to the battery storage system or if in fact as mr knight suggested he hasn't yet sought rate relief for those costs it is not i can be very specific okay so in terms of the battery lease no okay so so this rate doesn't include any compensation to wapa so that they can pay those lease rates that will be in the base rate well it wouldn't actually it's a renewable expense it should be in the lee act but you you can take that up with with mr madden we would would prefer, I think, to be in the with the other renewables costs. Okay, so if I may clarify the power that we get from the battery is included at the PPA rate for that purchase. Thank you, but no lease costs are placed within the LIAC calculation. That is correct. Okay, you're going want to resolve that pretty quickly because you should be collecting those amounts. But prior to collecting them, you need to bring that contract before the Public Services Commission for our approval. I don't think you should just assume that having a contract means that you get to collect on it. The RFP for the fuel contract. Did the PSC get copied to that RFP? Because I've asked for it several times I haven't seen it. Is anybody in the room? Attorney Sprain, can you tell me if we received a copy of the RFP? I have not. Ms. Kelly? While I briefly have the floor, I wanted to ask a point of clarification, but I'll follow up after this discussion. Okay, Ms. Kelly, do you any knowledge that suggests that we did receive the rfp or you think we did commissioner hughes

- 1:10:06 um we owe you an apology attorney sinclair is texting me right now that she is sending it to you right now i do apologize i believe that that rfp for some reason did not get sent i'm so sorry okay um that was that was purely an oversight only a couple only a couple months late since director knight pledged that we would be included in his process such that we didn't have to start our own which i think is one of the recommendations that mr madden has made um i without asking uh commissioner here's if you could if you say attorney simply is standing and she's sending it to the psc yeah the text says i'm not sure if it was sent before apologies i will send it now so make sure everybody gets it make sure it gets sent to the executive director she's she's listening on the call right now i think you probably agree that receiving the rfp after the submissions period has been closed is not of a great deal use to us um but but thank you it's a couple months late um i'm not asking who the respondents are or or what the nature of their response might have been but can you give me a sense of how many respondents there were to the rfp yes sir i uh thank you for your question i i mentioned a couple of minutes ago but i it was within a lot of others we received four responses four thank you um and of the prior fuel contracts um are you aware that wapa has ever submitted any contract other than the current 0.33 cent transfer citation has wapa ever made a submission of any of these contracts for approval by the public services commission um commissioner hughes uh attorney sinclair is in communication with me right now
- 1:11:56 and as i mentioned a couple of minutes ago she believes that all fuel contracts have been sent to the psc that's not what i asked i asked if they had been sent with a request for approval i can't speak to whether they were sent with us i've been on this commission now nine years i can i can attest that no request has ever been made other than the 33 cents to uh for an approval by the psc all the contracts that are currently in function have have been made by wapa and whether or not they've been supplied to us which is like pulling hens teeth um there's been no request that we actually speak to their their sufficiency um last um since january we've been allowing you to over collect the the liac rate um which is to say to collect the rate in excess of that which which we have calculated is the appropriate rate for fuel and renewable resources.
- 1:13:04 You as the chief financial officer have put forward a number for the deferred fuel account that I'm sure changes on your books month to month. You've been collecting amounts that we have by order allocated to that deferred fuel account as a previous or advanced payment. Have you made the accounting and entries on your books for the last six months to reduce the deferred fuel account on WAPA's books for the amounts received? Commissioner Hughes, we are currently in process of finalizing FY21, 2, 3, 4, and 5, and we are in process of making those adjustments. We have made the adjustments for the first few months. We are currently working on the May financials, and I believe that that adjustment for May will be made in the month of May.
- 1:13:58 We've been making those adjustments monthly. Okay. So just to be clear, and you're under oath here, you're testifying that you have made accounting entries against to debit the deferred fuel account for each of the months since we began allowing you to overcollect that up until perhaps May, which is not closed yet. Is that your testimony? I do believe so. But today, as soon as we leave this meeting, I will go and confirm and make sure we have and I will get back to the PSE with a specific response. I don't want to misspeak on their own, sir.
- 1:14:33 So if we were to ask you, for instance, for an accounting of all adjustments made to the deferred fuel account as a function of the overcollection and rates, you would be able to, to the extent that you've closed those periods, you think you'd be able to provide that? yes i will and as i said i will go back to the accounting team and make sure that that has been adjusted for and give that report back to you by end of day today okay thank you chair all right thank you uh i did have a question on this commissioner lori nichols sands um concerning um i guess your report minimum concerning the minimum requirements um mr Mr. Madden, you said that the report was incomplete and Ms. Kelly, you were saying that there were things that you didn't know were supposed to be included. I'm wondering if Mr. Madden could let us know now what wasn't included so that you would know and also are those items a part of the actual minimum requirement?
- 1:15:44 you Commissioner, this is Jim Madden. I mentioned a number of times that the minimum filing requirements was an entire docket initiated by the Public Services Commission with a hearing examiner, which was meaning it was given a lot of attention. There was a report, there were commission orders it was a while ago i'm trying i don't know the exact year but it was a few years ago and there are commission orders there are hearing examiners reports there was one item that wapa asked for reconsideration that was looked at an order was issued on that issue And it's kind of unusual that WAPA just doesn't have this file. We're dealing with WAPA, the institution. I've tried to tell Ms. Kelly that.
- 1:16:44 And when a filing is made, it says April 15th. It's actually, if you go to the petition that Director Knight signed when we received the petition, it was April 22nd. I'm not sure what the argument is. There are emails, whether it's the 15th or the 22nd, whatever. there's a very short time frame of six weeks the filing comes in one week late and this hearing is three weeks before the end of the month so you've already lost four weeks of a six-week window that there's not a lot of time to deal with the issues once the filing is made we've agreed in terms of accommodation as soon as this hearing is over uh spend the rest of spend some time during the week and send Ms. Kelly or send counsel sprain what I have in my files

with regard to the order to make sure that it conforms with his files and he can send them to Ms. Kelly. But it's highly unusual that WAPA cannot go back and look for a filing that was made concurrently after the minimum filing requirement. Those were extensive filings and And they were very informative, indicating what had changed and circumstances had changed. And there were tables in them that we could look at and get going on the analysis.

1:18:10 And those were when the filings were semi-annual and we had more time to actually do the analysis. Now the filings are quarterly. And as I mentioned, there's a six-week window from the filing date to the implementation date. And we lose three weeks because the commission meeting is three weeks into the last month and the filing comes a month, a week late. But, yes, it is deficient. It's highly unusual that a utility wouldn't have in its files previous filings made by the utility. Highly unusual. But we'll provide them later on this week.

1:18:47 I'll provide them to Council Sprain and he can forward them to WAPA. do you want to respond to that um yeah a lot of puffery um but we please know we are here to support the requests from the psc we will commit to providing i will say that i i think in regards to what georgetown consulting just said he mentioned report a couple of tables if you can please send me those specific tables that you want to see we will provide them if there are specific words or commentary that is missing please let us know we will provide that mr madden can you provide that yes i will i'll send what's in the commission order that's the only thing that counts i'll leave it to council sprain too and then once we get the filing consistent with those uh with those commission orders with this if there's additional information we'll ask for them i mean what is troubling is uh miss kelly comes and says she's not aware of what we responded to director knight those responses came well after we had our conference with miss kelly who said she couldn't answer questions because they were operational director knight asked us to put it in writing we did we came back and it was deficient and specifically mr man if i may yeah so the issue on the heat rate is in those questions and the guaranteed heat rate are in the eight thousands wapa has consistently been making projections at 9700 btus for the first three units the guarantees are almost the same for the first three and four through seven they're in the eight thousands the heat rate projected for four through seven is lower it's about 7900 lower than the guarantee that's okay consistent with the contract the heat rates consistently for one through three for whatever operational reasons those are the same conditions that exist for one through three and four through seven has not been explained and consistently projected at 9700 we never get information at what they come in at but they're

1:21:36 projected well above the contractual maximum and so with these offers to provide information they were the information came late i stayed up to one o'clock in the morning rewriting those questions to director knight and saying here they are please respond to them there was no response I had two things I wanted to get clarification on, if I may, one directly to Mr. Madden, one directly to Ms. Kelly or Mr. Levinier.

1:22:09 Question that Commissioner Hughes asked earlier regarding payments to the former BMR sites. He made a reference to VI Rapsi. My understanding is that VI Rapsi actually operates the VI Electron sites at Hogan's and Veteranella. Were not the VMR sites acquired by InterEnergy at Wind or Jamaica Energy Partners a different entity? So my understanding, and I want to reference a response on that from attorney Sinclair to me this morning, VI Repsy is VIE, VMR and Spanish Town are InterEnergy. So I think that text from her clarifies my wording and um with response to your question so then the question was is inter energy are you in arrears with inner energy are you current on the payments to inter energy uh i do not have that top of mind i can look that up and give you an answer before we leave the bfc building today okay so so now i'm confused um vi rapsi equals vi electron uh inner energy equals bmr is that how this works that's my understanding okay i apologize commissioner hughes and and we don't and we don't know if you're in arrears with the new inner inner energy people pretty much out of the box um i do not have that number right on the top of my head i do apologize i can pull up my accounts payable and like i say give that to yourself before we leave today no that's fine i i want i want you to understand why i asked the question um and we've done this with with wapa for the last six or seven years there are many categories and rates that are are general most of base rate is kind of a general calculation made up of many numbers but there are elements within the rates that are very specific to simple things like popeb and insurance and in this case renewables costs and when wapa takes the money from ratepayers for

1:24:17 those very specific things and doesn't satisfy those obligations this commission has in the past and probably will in the future suggested that perhaps you don't need to collect those amounts because they're not intended for your general working capital or even your general application to rates they're intended for very specific policy purposes and if you're not going to pay interagency or for that matter via rapsi timely then it calls into question whether or not the commission should allow you to even collect those rates to begin with because it's not working capital it's a stipulated rate condition that you have to satisfy or you don't get the money so just keep that in mind because the remedy by the commission is to simply call a hearing and reduce rates if you're not going to bother applying the funds that's why i asked about bmr or whatever uh interagency or inner inner energy i i don't see why you should get the money from the rate

payer if you're not going to pay the vendor when it's specifically collected for that vendor um so i just that's when i ask these questions about specific rate specific items understand where we would go with that thank you sorry chair i was trying to clarify about your question which was the one to mr madden which was as i understood commissioner nickel spot sam's question wasn't have the mfrs been delivered to wava the question was which specific mfrs are not being responded to and preferably can you identify what table or response is deficient in that reaction in that response or pilot so they'll know for future violence what it's supposed to be because I hear I've heard this before and I don't think it's necessary and I just

1:26:15 feel like if there's there's a standard like this is what is included in the minimum filing requirements that there shouldn't be any questions or any comments about it in the future so i that's what i'm trying to get at so you said he'll provide that to attorney's fair who will answer that so we shouldn't have to hear that anymore okay thank you mr magas yes um what is the current fuel department total um the last month was Lorraine Kelly, Chief Financial Officer, \$147 million in total.

1:26:52 147 million. If the cost of operating these generators is reducing, why has in 2020, the fuel reform that was reported was \$8 million. 2023, \$76 million. 2024, 100 great more than 100 million dollars and now we're saying 147. why is it continuing to raise at such an astronomical rate so the um lorraine kelly chief financial officer the deferred fuel is a function of the cost for fuel that we pay for both the product as well as the transportation that is not what a react is for and the adjustments that we take from that are the revenue that we have billed to our customers now from on any given month if the fuel price goes up that and we do not pass that on to our customers then that would drive that deferred fuel up if the collection if the amount billed to our customers goes down see you know just the simple calculations of it that could drive that deferred fuel up and we we did meet specifically with the staff to talk about deferred fuel um and i'm more than happy to have additional meetings so that we can pull through the calculations on that and make sure that there is good understanding but have you been using the liac for its intended purpose or have you been using it for other reasons we've been using it for intended purposes

1:28:45 and why isn't it thinking the liac why isn't it using the energy cost when you referred to 23 was that a reference to the year 2020-23 and the year 2020-24 um so fuel prices escalated and the there was no increase in that 22.2 cents that is passed on to the customer and so when the fuel costs increases and the amount that we pass on to the customer doesn't have a change then that balance sheet balance is going to grow but why why he's recommending a 15 15 cent rate why why the explanation doesn't make sense excuse me but it doesn't um i i can provide all of the details of that to your staff and we can go through all of the numbers um let me ask you on a new rfp was there a reason was there a reason why the contract with vital was extended at 59 cents rate yes we made the decision to reduce that from the maximum which it was at 73 cents um that was that was in the original i'm talking about the extension to the original and i'm talking about the extension so the contract that was negotiated a year ago had a varying rate depending on the purchase the quantity that was purchased if we purchased a high quantity of lpg then the transportation came down if we and so we had three transportations in the previous contract 55 cents 59 cents and 73 cents and when we went on um the uh date of the what's in a phase two went um live was december the 18th and so with the expectation that we

1:30:50 would have the performance at full capacity we would not have been buying as much fuel as we had in the past so we made the decision to negotiate that is a fixed trust and the vital contract again um there is a procurement process right now um i myself do not know the four respondents um and i will be sitting in the meeting um on thursday finding out the report from the evaluation committee i don't think that was a question is the meeting open to the public um let me uh i don't i i don't think so i do apologize i think it's a board meeting that is available and and if that's i do apologize i think i may have misspoken it's a board meeting that is public i think the question was is there an expectation that wapa will extend the vital contract that is due to expire in august of 2025 what do you want to tip well if if the contract um rfp provides us a solution that we're going to move forward with we will move forward with that solution um if we do not have a better whether it's more efficient lower cost then and if you do not have a contract negotiated in time we need to extend that detailed contract but my expectation and um is that the evaluation committee in communication with mr Again, this is outside of my role, so I don't want to misspeak something that is a reporting function to Mr Knight. He is not present and I don't want to misspeak. I'm under oath and I want to make sure I'm saying the right thing. But based on my understanding, we received correspondence.

1:32:51 I do not know myself what is going to be presented to the Finance Committee on Thursday, so I don't want to misspeak. Will the results of those respondents be available to the public at some point? um i'm gonna have to defer to the attorney sinclair as to whether those get made public or not i apologize i don't know myself i don't want to be speaking is attorney sinclair on the line any response uh attorney sinclair can you um and mr manning yes um good afternoon um to the psc deon sinclair general counsel so uh the procurement guidelines processes and procedure basically um creates a bubble so to speak until a determination is made by the evaluation committee then forwarded to the executive director and and then

the board so yes once um once a procurement has been finalized the contract uh the well the rfp is already available um online on wapa's web website it's available to the public and soliciting bids but in terms of the contract itself and those documents those become available once approved as a public available document it'll be on the website as well and how do we know if one made a good decision based without being able to see the four four submissions once um once the the bid is open so to speak um we could arrange to have the psc um privy to that information um usually we tell bidders that if there is any

1:34:45 proprietary information within the proposal that they let us know because we're subject to FOIA and open records rules and all of that, just like any other public-facing entity. So our documents are transparent and available once the Valuation Committee has completed their work, just not now during the procurement process at a meeting on thursday can you stop watching the psc no so the the the bids were opened and i forgive me i forget the date um so the bids were already open and then the evaluation committee takes those bids and and does their work um the meetings on thursdays are committee meetings so the committee meetings are not open to the public the regular board meeting which is two weeks following the committee meeting are open to the public where full discussions will be had on on you know various topics whatever is on the agenda for that that week just very briefly to respond to the commissioner's inquiry about why deferred fuel is going up it's not you know the easy thing to say it's the price of fuel it's not the price of fuel everybody knows that if you look at the filing the filing is consistently made over the last couple of years saying that the efficient generation is coming on objections are made assuming it's coming on and then it doesn't the impact of not having these efficient units on are phenomenal and that's what's causing the deferred fuel to go up

1:36:54 whopper says it's going to happen and never happens this is the first time they say it's going to happen it looks like it's in testing it's now projected to happen and we hope it happens And that's when WAPA's number itself, rather than our 15 cents, is a 16-point-some cents. It's not a huge difference. It's a cent and change between our recommendation and WAPA's recommendation. They themselves are recommending that the fuel cost will be \$32 million less than the fuel revenue they'll collect. That's a big number. And it's the first time it's now hopefully going to happen. It's to everybody's benefit, to WAPA's benefit, to the ratepayers' benefit, if the commission lowers the rate or does whatever they do with the rate. This is the first time that it might happen. And it's not the price of fuel. It's the generation that keeps breaking down, the repairs, the outages, the heat rates of the replacement units are phenomenally high.

1:38:05 and that's what causes the deferred fuel to go up it's not the price of fuel it's just too easy to say and i wanted to correct that so um mr madden lorraine kelly chief financial officer um thank you for explaining that you are absolutely correct i was giving you an example i wasn't giving you all of the reasons um let me rephrase there are many many reasons and there are many factors that go into the criteria for the deferred fuel um i i absolutely agree with mr man when we project for the efficiency of the units to be at a particular performance level and that performance level is not met for example if i project in um in our quarterly forecast that we will be able to pay lpg which is currently at 75 cents right four weeks ago and we were paying 70 cents an hour it's now gone up to 75 cents however if we cannot use those engines at full capacity of performance and we have to use diesel then the cost of diesel is greater so when i referenced fuel prices um increasing what i meant in the model is the cost of the fuel that goes into the model at 75 cents versus the cost of the fuel going into the model being two dollars and one cents which is currently what we're paying so i do apologize i i don't want i didn't want that to be misconstrued my intention was that the the price in the model has gone up because of the fact that the efficiencies were not there and we were not able for example in february when we were had to bring the units phase two whatsoever units down units four five six and seven we took three of them down because they had some damage we took the fourth one down as a proportionary

1:40:14 measure to make sure it did not get damaged but when those four engines went down we immediately had to switch to diesel so from a mathematical modeling perspective the fuel price then shifts from the 75 cents or whatever we were paying for fuel at that time to the diesel price which is two dollars and one cents two dollars and three cents so i apologize i did not make that specificity and and i don't want you to misunderstand what i was saying that that all came true miss kelly you still in the last yeah hold on hold on let um commissioner mcgrath's question but when no auxiliary units are not functioning as contracted um are they in reach of contract attorney sinclair could you speak to the legality attorney sinclair hasn't been sworn in either I have just one more question, and then I'll let David kick off.

1:41:19 Are you negotiating any union contracts right now? We have an opener for the next round of union contracts that we have begun. The head of HR manages those contract negotiations, and I am a participant on those. We have had some initial union discussions. I'll bring you in good faith and the union contract negotiations when you just told us before that, what is wrong?

1:41:57 The anti-union contracts, that does not mean that by default there's an increase. you know and entering a negotiation does not mean that you come to the table with a predetermined outcome the negotiations are a process that we go through in

order to determine but it's a good fit a good fit gesture to the unions that they really could negotiate and there is something there for them right and and without sharing confidences um there have been what i would describe as healthy debate i just wanted to go back to the response that miss kelly made with respect to the deferred fuel pricing um it also ignores one absolutely huge factor that no one ever seems to want to talk about if you recall my question of mr madden whether or not he applied the uh commission stipulated um non-revenue components basically what we do is we look at the dispatch and we look at how much power it's going to produce relative to sales forecasts and then we factor in a certain amount of waste if you will and and the commission has set the levels for what how much waste is acceptable wapa regularly vastly exceeds the amount of waste in its produced power they they do that by not billing certain customers uh but but they're they're so far exceeding what we call line loss or non-revenue production and that means that they're buying fuel to produce power that they're not able to bill for or or or have not billed for that's a function of the ami system there's a lot of reasons for it but it's a huge huge number particularly in saint croix

1:43:48 where they are exceeding the limits that the commission has set so they're not billing for all the power they produce even though they're burning all the fuel for the power they produce so that that's another big component of why we miss um wapa seems to feel like they get to simply deduct what they collect versus what they spend and that is absolutely not how deferred fuel is calculated but i'll let the staff and wapa have that discussion um as they continue to meet on this deferred fuel topic i just have really the penultimate question for miss kelly i forgot to ask it earlier mr madden has calculated this number of 0.1539 15.39 cents as the correct liac number for compensation for fuel applying the metrics applying your dispatch applying your sales numbers applying the the total production that you expect um other than the one aberration where mr madden has adjusted for the the variable heat rates of one wortzilla group to the next which is not a substantial amount uh do you agree with the 0.139 calculation as the calculation for fuel according to the formulas provided by the commission i'm not saying that you're signing up for the rate i'm just saying is is his calculation of 0.131539 um correct as a function of the information that you've supplied to him do you dispute the number um commissioner hughes in the same regard that uh georgetown consulting says that he has six weeks to be able to pull through the numbers that we provide and that he has not had sufficient amount of time i would uh dutifully ask that i have some time to be able to go through the numbers that he's provided upon you you calculate your own rate using the same data

1:45:47 did you get the same answer i i don't want to misspeak sir it's just math it's your dispatch it's your sales projection which yields an amount of fuel to be purchased you're using the same fuel cost projection that he is you may be using a different transportation rate but you're using the same forward-looking mount bellevue um benchmark pricing that he's using in fact he i think he generally goes over it with wapa to make sure that everyone's in agreement with the way that's calculated i've been part of those meetings in the past did you get a different number and if you did what is the number that you got my back of the envelope number is 16.8 you're the you're the cfo it shouldn't be back of the envelope first of all me calculating it right now it's it's 16.8 so i i don't want to misspeak and i don't want to antagonize you well well we're in we're in it coming up is 16.8 we're in a meeting to determine your electric liac and it would be helpful if you had a legitimate not back of the napkin opinion so that we could debate which one's correct you didn't offer that number in any of your testimony you simply referred to mr madden's number and that you'd like to keep the difference we need to determine the actual number and then we determine whether we keep the difference are you offering a number that you've spent time i'm coming up with 16.8 sir well i i have i guess not a great deal of confidence in your process if you're telling me that you just did it ernst and young give you a number they do these calculations for you what did they give you for the number 16.8 you're saying that mr madden's off by 1.4 cents okay that's that's that's if i

1:47:37 I may ask Ernst and Young, Mike Linsky, who is on this call. Mike, can you please- No, no, we will, hold on. We're not gonna go there. Okay. And that's fine. I appreciate that you've got a number. So now we can actually, in our discussion today about what you're gonna get back here, maybe we use 16.8, maybe we use 16.4. So then the 16.8 is not a back in the napkin number because you came in knowing that number from Ernst and Young. so we don't know represent that let's assume it's well calculated and calculated under the same under the same metrics 16.8 thank you you indicated that a one-cent reduction in the liac is equivalent to i believe you testified six million dollars savings i thought in the past i know that i was the equivalent of five million is it five or six one cent is approximately six million a little more than six million okay six million chairs sales go up that number goes up sales have been going up right okay but in the past it has been five million that's correct according to six okay yeah Ms. Kelly, you were here the last time we considered the REAC rate and the Commission allowed WAPA to keep the current rate on a couple of conditions. Can you recall that? Yes.

1:49:13 Has the WAPA complied with those conditions? As far as I'm aware, yes. So you've met with the staff and you've made some arraignment to determine and calculate what the deferred fuel account balances are? Yes, we did meet with the staff, and I'm trying to remember, I'm looking at Boyd or, sorry, Tony Spren, your Executive Director, to try and, I'm trying to remember the specifics of the conversation and whether we talked specifically about that. And again, sir, I don't

want to misspeak.

- 1:49:53 They'll speak for themselves, but I don't think that that's their position. The other issue was paying the invoices and some of the accounts payable. Have we done that? So every day, every hour, I receive calls regarding vendors and we have to make some very tough choices as to which vendors we pay. Not an easy decision. And we have chosen to provide a payment lot in the last week to the PSE of approximately \$50,000. I think it was 49 and change. And I gave you a check this morning for approximately \$50,000.
- 1:50:40 Again, I think it was 49 and change. We have not had the funds with which to pay any greater amount for the annual assessment. As I mentioned earlier, our first priority is to be able to pay the fuel. And we have three payments that we must make. um fuel and our paying for our debt are two primary payments that we must make and beyond that we we are making very specific decisions regarding the prioritization of which vendors we pay all right can you briefly my last question speak to where waffles in terms of your hurricane preparation for this in season um overall we would like to be better prepared um i think to be candid with you if we had more funds in the you know in in the bank account we would perhaps be better prepared and we have sought grant for vegetation management and we are going through that grant process so that we can be better prepared over vegetation management and i i would like to defer to our coo mr lavenier to speak to any specifics regarding the the plant production then we'll have in the chief operating office electric systems yes lemon lavenier chief operating officer electric systems we have as miss kelly highlighted we we are not in the position that we'd prefer to be in. We have done a mess with the resources that we have available to bring in some transformers. We're working on getting our trucks in, we're also trying to source some new trucks, but we are working with resources available. As the resources improve, we expect to improve our position in preparation for the stops.
- 1:52:44 So we got here by a hurricane on September 1st. Are we prepared to respond? We expect to have increased resources, more resources than we have no other. Do you all have, I'm sure you do, like an operating plan or just something to go into hurricane season with the things that you'd like to have in place before we go into the hurricane season on file? So when that question is asked, I kind of want to hear, like, more specific, not a very vague answer, so that I know, like, how prepared are you? We are short this. We need this, you know, to be more specific because we live here and, you know, you're a lifeblood. So I really want to know, you know, not a vague answer, but I want to know a specific answer as to where you are in preparation for the hurricane season. Thank you.
- 1:53:43 Well, we did not have that information right now, but we can make the information available to you. I think that information is very important, not just to me and the public needs to know that. Mr. Malvi, we're in hurricane season. We're here. You know what happens? That should be one of the most important things in WAPA's senior management mind. Right. So don't tell me that you're not prepared to do that. You've got to know that information like you know your name because that is critical to this community. So do better than that. Come on. Tell us what's going on, where you are, what needs to be done. With respect to our needs and exactly where we are with meeting the needs, we'll be able to provide you a documented report on where we are with respect to the needs.
- 1:54:40 was your next meeting within seven days we can and commissioner williams if i may add um i i do apologize we actually do have that we don't have that with us um but i should bring it and it wasn't on the agenda and i do on the agenda but it's still a question that can come up we are in hurricane season of course those that anticipate these questions if i may um just provide some addition um we do have um one of the team mr don graboire who's the head of our emergency response he is the one that gathers all of that report from all of the management of the organization he meets with vitima regularly um mr lavenier and myself is he listening online now i i do I do apologize. I don't think he is. I'm so sorry. We will make sure that he's on meetings going forward.
- 1:55:38 And we will also make sure that any reports from his frequent meetings with Vaitima, that he can provide them to the PSC Commission. Thank you. Mr. Chair, do you want to respond to that? We actually did send letters requesting the annual emergency plan to each of the utilities. I think today we will receive the plan from Liberty. Mr. Reynolds might know better who we receive responses from.
- 1:56:12 I've had Liberty Broadbine say I can't hear you um about three or four reports so far okay I believe last year we assembled I think 16 or 17 entities that responded with the plans will be forwarded to Vitima as a package it's our intention to do that again but they've been slow one coming in but we are getting responses thank you thank you all right thank you for your presentation um next item oh yeah great yeah great yeah discussions i'm trying to figure whether you wanted to the next item first before we take discussion or motion what's what's the next item uh result of rfp for lpg supplier we're already discussing why why would why would we move on from the liac report without considering a motion for rates all right we can do that yeah i'd like to have some discussion with my fellow commissioners on this um i just uh i'd like to note a couple just financial facts we've allowed wapa to collect approximately 18 million dollars in excess of actual calculated and agreed upon fuel costs in the last two react periods or purposes of i guess pre-funding

anticipated deferred fuel amounts we very consistently noted in this in this discussion to both wapa in both the february and march meetings that they

- 1:58:17 needed to do two things in order to keep that pipeline of of over collection flowing first is they needed to pay their bill to the psc we provided them 18 million dollars of working capital I personally don't think it's asking too much that they honor their obligation to the BSC and provide us with a million dollars of funding or whatever our current bill is for the assessment this the second condition was that they pay some attention to the whole concept of deferred fuel and care enough about it that they get with staff and make their proposal which according to staff they have not done they had one meeting there were no numbers proposed and I don't even know if a second meeting has been scheduled but the first one didn't even occur until about two weeks ago so there's been no good faith attempt to satisfy the second condition that that i had with respect to allowing them to over collect from rate payers are we going to allow them to just continue to over collect these amounts without attempting to substantiate them and this can go on forever they're always going to need more money that's a question for my fellow commissioners what are your thoughts on continuing wapa to not respond to our our requests that they resolve this question and still collect the money anyway finish yeah do you want to make a motion dave i want to i want to talk about it i mean we're done with testimony i don't know at this point i've heard what what mr madden and miss kelly have to say about it i think we've got good information in front of us the question is on under what under what logic do we continue wapa to collect as though they have an established
- 2:00:07 deferred fuel amount when they're making no attempt to establish a deferred fuel amount it's only been six months i agree that there needs to be a rate reduction on the react based on what the consultants are recommending there's got to be a reduction from 22 cents i agree that we've allowed them to collect or over collect the last six months or so. I'm not sure that we want to go to the full 15 cents, 15.3 for five percent. I think Ms. Kelly has thrown out a date of 16.8 percent. Maybe something along those lines that still allow them at least from what the consultants are saying to still over collect a little bit help pay off some of the outstanding um invoices but at the same time provide some relief to the ratepayers i think that's only fair and reasonable so i said we just need to come up with what that number is um so that you know again walkers are noticed that you know these are all conditions for um you know not taking the number down to the 15.3 cents um if they continue not to comply then at the next hearing in September or shortly before then then we're probably gonna have to go to that you know bottom line number uh but we're trying to work with them but you know obviously they're not doing as much work as they need to to meet our expectations so somebody's gonna have to take the board by the horn and do that or else you know that's what's going to happen at the next go on i suggest that maybe we meet halfway cut the
- 2:02:06 difference in half about 16 and maybe something like an 18.75 i was thinking more like a 16. well from i was looking at the rate that georgetown law proposed um and then the rate that that Ms. Kelly proposed. I mean, the rate is the median between those two. The difference is seven cents. You're talking about if you add three to the 13, I mean, to the 15, you come up to 18, which is like the one .
- 2:02:36 Oh, you're, okay. I was spending the seven of that, you know. Oh, you were going, okay. I was looking at the proposed rate. And then if they, by the next meeting, if they have not paid, you know, the PSE and met some other benchmarks that we set, then we'd drop it to the 15-point, whatever. I'd like to hear from Raymond. Is he on the line? No. He's right. He's right there.
- 2:03:06 He's driving. I'm here. I'm here. I'm listening. I'm listening. I'm listening. I can't, forgive me, but I think to the original point by use, the fact that we've given all the opportunities to continue to collect revenues beyond what the rates are, and the fact that they're not paying. For me, the part that bothers me the most is the fact that outside of all the other expenses they may have, they're not even attempting to pay the PSC.
- 2:03:48 It's assessments. So I agree. I think the general consensus is to, I don't know necessarily if it's a matter of giving them yet, still another opportunity, but at least to ensure that if they don't, then I think sooner than later that we may need to take that um additional step to then determine what the rate is and how that money is going to be um utilized i understand how uh i understand how ernst and young makes their calculations and if miss kelly is representing that ernst and young has also calculated a rate of 16.8 i know enough about how they arrive at that number to know it's very consistent with the manner in which georgetown consulting uh proceeds with this they use the same fuel transportation costs they use the same dispatch they if they got to 16.8 i'm willing to accept that which is wapa's i guess uh justification for fuel costs and motion that rate i am unwilling to motion that they continue to over collect this rate given the lack of response we've received to them on the two conditions with it we've been very consistent that they need to meet this is a three-month rate WAP will have a chance in August to have resolved the deferred fuel question yet again and they will also have had an opportunity to uh to pay the PSC so I think they need to be put in the penalty box for three months while we consider the deferred fuel account and and i'll motion the 16.8 that ms kelly offered if i may say loren kelly cfo um i i i'm sorry we

we're having a discussion amongst the

- 2:05:53 commissioners not much interested in you telling us how catastrophic this is going to be to you you've had six months to make responses to this this item and and you show no interest in resolving the deferred real question so you you've collected 18 million dollars in addition working capital generous generous from the from the psc and you've met none of our conditions and i don't think you should continue you know ultimately this 140 million dollar number could be zero and they will have gotten the 18 million as an over collection but by math that ernst and young has provided to them the deferred fuel account is false and and can easily be construed as as zero or negative meaning they owe ratepayers money when you figure in government subsidies and fuel transportation costs so there's no there's no assumption here that there is any deferred fuel amount coming to wapa and we've already given them 18 million as a prepayment i don't want to keep building that number against the eventuality that they didn't in fact weren't able to establish any deferred fuel so i think we need to cut the spigot off until the till we answer that question i'll motion the 16-8 okay i'd like to make a motion did you make a motion for this no i i'm i'm more than happy to commissioner sam's motion i'd love to hear it i'd love for you here i'd like to make make a motion of point 17 17 point no point 17 is correct um just a uh what was it called a uh point of order the reason why i'm making this motion for point 17 because i'm really concerned that
- 2:07:54 wapa is not prepared for hurricane season i don't know what resources they still need so i don't want to go with uh point 16 8 that miss kelly uh says that ernst and young provided for her i went to do 17 to give them something so that they can get prepared for hurricane season i'm not asking for an amendment but i'd just like to point out that in our prior two leacs we've taken any differential from what we determined to be the accurate fuel cost and we've allocated it to prepayment of deferred fuel amounts would you clarify your motion of 17 cents as to whether or not you're going to allocate any portions of that to future future deferred fuel or whether or not this represents just fuel amount could you could you state your motion in such a way that it clarifies the difference so I mean, there's either a 0.2 cent or a 1.6 cent differential between fuel cost and 17 cents. Are we just going to gift that to WAPA and say that's the fuel amount, or are we going to allocate that against any future deferred fuel settlement?
- 2:09:10 Well, I didn't say fuel settlements. I was talking about preparation for hurricane season. what are we doing with the extra amounts commissioner sam do you want to allocate it or just call it the fair fuel price i want to allocate it towards hurricane season preparation yeah okay i mean you might not agree but that's what i that's okay so you made a motion for 17 cents i second that motion thank you any further discussion on that yes i think we should just clarify how much of that is um actual related to the fuel calculation and clarify i essentially think we should clarify that the remainder is deferred fuel prepayment as we have in the last two liacs any other comments okay is that roll call roll call commissioner mcgras no commissioner nicholson yes commissioner roman williams um can you before i vote can you restate that motion so i can be clear please The react rate will be 17 cents.
- 2:10:29 The react rate will be 17 cents. Okay, sorry. Yeah, okay, yeah. Commissioner Hughes? Yes. Commissioner Pedro Williams? Yes. Mr. Chair, you have four. Change my vote, change my vote, yes. Mr. Chair, you have five votes in here. The motion is carried. All right, thank you.
- 2:10:57 The WAPA, WADA-LIAC? I think I can make this much shorter if everyone would prefer. WAPA has not requested a change in the LIAC rate. Georgetown has not recommended a change in the LIAC rate. It's normally set on an annual basis, but because of potential changes we've been reporting on quarterly. If there's no action taken on this, the current rate will remain in place. I move that the current rate will remain in place. Motion, Chair.
- 2:11:31 I move that the Waterly rate remain at its current rate for the next three months. Is there a second? We didn't discuss it. Okay. Discussions? Yes, this is the appropriate for water. Are we still experiencing 50% land loss? That's what was reported in the last meeting.
- 2:12:02 It does vary month to month, and it's approximately that, yes. but what i will say is some changes the rain kelly cfo it is approximately 50 percent and what i will say is in the last eight weeks or so we have installed um approximately 4 000 new water meters to replace either non-functioning or damaged water meters and commissioner hughes comment previously regarding electric we've done the same with electric but specifically for water we have installed new meters which should assist us to gain more billing from a perspective of any malfunctioning meter the water may be passing but the record count of the usage may not be fully accurate so that should be helping us and i want to make sure that when we talk about line loss there is um in the calculations we only use the accepted line loss not our actual line loss so there is a differential that we are effectively um not passing on that additional cost to those customers what is your accepted line loss percentage um sorry 9.1 percent 9.1 and we're at 50 percent is that what that's just what you know what we're saying is um that the 50 percent is the actual number of meters that are not being read accurately to give us there's line loss in excess of that percentage that we're allowed

- 2:14:11 um and there would be one minute i'm i'm getting the team i don't know that number the question was not the number of meters that are not working the question what percentage of the water that's being produced is being lost what's the actual line loss it would be impossible to know that commissioner mcgoss you'd have to figure in the other portion which is just not being billed you don't know if it's lost in the ground or lost to non-billing but if they're producing 100 gallons of water and they're being paid for 50. yeah well that's the difference we we don't know where that's occurring we don't know if that's a billing problem or a uh or a leakage problem but it's it's still the important number is that 50 and i'm i do apologize i do not have that number on the top of my head i'm asking the team to get that just so you know miss kelly the psc has offered you no guidance whatsoever online loss for water that was only an electric thing um saint thomas waterline loss is about 15 saint croix is one five saint thomas is one five fifteen percent saint croix is closer to five zero fifty percent and when you say saint thomas you're talking saint thomas saint john yes thank you for clarifying st thomas st john is about one five fifteen percent st croix is closer to five zero fifty percent so you're collecting payment for 85 gallons out of every hundred that
- 2:15:58 you produce and st thomas yes is that how we can interpret that number that that that statement you're billing 85 percent of the water you produce st thomas st thomas and st john John does correct okay and in St. Croix it's half correct okay which which is why we've had very significant efforts in terms of making sure to your comment, sir, in terms of sorry Commissioner Hughes in terms of the multiplicity of various factors impacting that and we have made very specific efforts to address that. can we expect an updated report in three months in terms of all these meters the 4 000 meters that you've installed yes so we're going to mix an updated report on that yeah were the meters installed on st thomas or st or all three islands we did meter installations on all three islands i do not remember off the top of my head um what was which island i asked the team for an update just in total today and so that i can report that out to you um since we're having the discussion staff made a recommendation mr madden made a recommendation that we motion i i do have a specific go ahead so um we installed 2400 water meters that the team said st thomas so that would include st john as well and um that there there were 600 on saint croix
- 2:17:54 and out of that number what percentage of damaged meters does that cover that you replace like you probably have like x amount of meters that are damaged that need to be replaced so what percentage does that amount that you replace represent what actually needs to be replaced you know what i'm saying may i get that number two by end of day that's perfect thank you just to continue my last my last thought um mr madden suggested we motion um that that the the Waterley Act be revisited with with the results of the electric Lee Act rate change or or conclusion um I don't know why that he would want frankly that motion because every time they calculate the Waterley Act they're supposed to be calculating it it uses up a lot of power and they're supposed to be calculating that against the current electric rates so that's occur anyway next august september and it will cause the water liac rate to be insufficient because if they're if they're billing less over or collecting less from the calculation to seven c's then you know it's just an inverse relationship so you should expect that 9.1 to be insufficient slightly due to the leac downward change if i understand how that works so but i don't know why we need that sorry we have a motion that's been made and seconded and then discussion we'll call commissioner mcgrath yes commissioner nicole sands yes yes
- 2:19:53 commissioner williams appears to be gone commissioner williams accent uh commissioner hughes yes commissioner pedro williams yes mr chair um i do have one one further motion here recommendation by our consultants i i move that a new docket be opened to investigate the fuel acquisition contract um in our next meeting to investigate the fuel acquisition contract the fuel acquisition process contractual process i i i'd like i think we're going to get there we might as well open the docket and establish it in anticipation of the line of questioning that is going to occur all right there's a motion is there a second second discussion tiny spring can you give us an opinion on that no um i don't know what the question would be can we open a docket certainly yes oh yeah we can open it up and i'm questioning whether we really have any purview in looking into the process since we don't have access to the process well we don't have access to the process at this time we should have access to what the process was once the contracts are okay i have no problem with the motion i'm just clarifying timing issue and when we get the information
- 2:21:41 yeah we don't have it if we don't have a docket we don't have the ability to to investigate contract after the fact all right can we have a discussion motion yes yes yes roll call on commissioner mcgrass yes commissioner nicholson yes commissioner raymond williams commissioner williams absent commissioner hughes yes commissioner pedro williams yes is that you're a four vote in real one i think the motion is carried hi if miss sinclair's still on the line i have one further question with respect to that that process attorney sinclair i don't see her on the screen is i i do good afternoon attorney just one question with respect to this fuel acquisition um process that wapa is completing either before or after it's completed and approved by your board you intend to submit that contract to the public services commission for approval we can certainly um share the contract with the i didn't ask that i asked if you're going to submit it for approval once the board has a chance to review and decide on the contract we can forward that and we will see and i just um in my i missed

i missed the response my response is once the board has had an opportunity to review and decide on the contract

2 : 23 : 34 we will forward that to the commission for their review as well you understand and i'd like to get resolution for wapa on this issue of of transportation costs because it's obviously a huge difference in the net cost of the fuel, which is your largest cost driver. I'd like to get an agreement by the PSC and WAPA as to what that number is. It's currently 0.33 because it's the last time you've asked. I'd like that you come and ask the PSC for its approval of that process so that we can change that number from 0.33. But if you don't, I'm not of the opinion that we will ever change that number. You can pay whatever you want, sign whatever contracts you like. You get to recover what the PSC has approved. I fully understand it. Okay. That's good. I just want to make sure we have that understanding. I think we all fully understand that. I think all of us are curious to show what the current transportation fee realistically is. I understand that 33 cents from 2012 is by the csc i don't know given the lack of data that that is actually supported now in 2025 we should know that from this process and then i think we can all um work together to come to a rate that is realistic and and fair okay well i'd love to get to an understanding that WAPA has pursued a rigorous bid process and acquisition process for fuel that was open and brought as many participants as possible to the table so that we can have confidence, which I don't think we necessarily do right now, that the cost of transportation that we're paying is absolutely as good as we can get. I don't have any thoughts on what that

2 : 25 : 32 number is I suspect it's not 0.33 and it probably shouldn't be 0.75 but I I just want to get to an understanding with the utility that they did their job in in the acquisition and we can have confidence in a number we can't do that we can't do that unless you participate in that that conversation on the same page okay Thanks Chair, appreciate it. Thank you. There's nothing further than this.

2 : 26 : 01 Thank you. Thank you. Thank you for yourself. so sorry i just want to just point go up go over this confusion but i'm going to send you

People named in this transcript

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- 5x **Commissioner David Hughes**
heard in this transcript as: Hughes
- 2x **Commissioner Pedro Williams**
- 2x **Commissioner Raymond Williams**
the surname alone also matches: Pedro Williams
heard in this transcript as: Williams