



**VIRGIN ISLANDS
WATER & POWER
AUTHORITY**

October 12, 2023

Ms. Sandra L. Setorie
Executive Director
Virgin Islands Public Services Commission
P.O. Box 40
St. Thomas, VI 00804-0040

Re: Virgin Islands Public Services Commission Docket 289 (Water LEAC)

Dear Director Setorie:

The Virgin Islands Water and Power Authority (“The Authority”) hereby submits its petition for the Water Levelized Energy Adjustment Clause (LEAC) rate for CY2024 (January through December 2024). The Authority is requesting that the rate adoption be effective for all bills rendered on or after January 1, 2024. In compliance with the ratepayer bill of rights, customer notifications via bill inserts will be completed subsequent to this filing and the full LEAC petition will be posted on the Authority’s website. The Authority will notify the Public Services Commission when this has been completed.

The Authority last filed a refreshed Water LEAC rate case on February 22, 2023 for CY2023. The proposed rate of \$9.53/kgal took effect on August 1, 2023. That filing was based on twelve months of actual gross production and sales data from January through December 2022. The Authority’s filing for 2024 includes eight more months of gross production and sales data from January through August 2023, shown in Schedule B6 Historical Water Sales and B7 Historical Water Costs.

The attached supporting schedules forecast higher costs in 2024 due to contractually obligated Seven Seas rate increases in line with CPI. Compared to the Authority’s previous filing, the combined increase in First Pass Water and Ultra Pure Water rates is 3.6% higher on St. Thomas and 4.8% higher on St. Croix for each kgal produced. The assumed rates for 2024, based on the most recent rates charged by Seven Seas, are listed below:

- St. Thomas - \$6.67/kgal – First Pass Water + \$3.10/kgal surcharge – Ultra Pure Water
- St. Croix - \$5.00/kgal – First Pass Water + \$3.03/kgal surcharge – Ultra Pure Water

The line loss assumed in the Authority’s 2023 filing, based on 2022 actuals, was 39%. The Authority has forecast line loss of 37% in 2024, two percentage points lower than the 2023 filing. An analysis of observed trailing twelve-month (“TTM”) line loss can be found in Schedule B4a. The average TTM line loss from December 2022 through August 2023 is 34% with a standard deviation of 3%.

Based on higher Seven Seas rates and lower assumed line loss, the Authority is not requesting any change in the Water LEAC rate for 2024. Schedule B2 shows the breakdown of the proposed \$9.53/kgal rate for 2024.

In addition to the Water LEAC exhibits attached and the narrative listed above, the Authority is providing the following supplemental exhibits:

- Seven Seas Invoices

Note that the Authority is not filing for any deferred cost recovery. As a result, the associated schedule has not been included in this filing.

The Authority, its employees, and advisors are available at the PSC's convenience to discuss any of the information provided.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Smith", written in a cursive style.

Andrew Smith
CEO, Executive Director