

GOVERNMENT OF THE VIRGIN ISLANDS  
OF THE  
UNITED STATES

Public Services Commission

IN THE MATTER OF THE VIRGIN ISLANDS	)	
WATER AND POWER AUTHORITY	)	Docket No. 533
PETITION FOR EMERGENCY WATER RATE	)	WATER SYSTEM
INCREASE	)	Order No. 1/2004
	)	
	)	
	)	

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ORDER

WHEREAS, this Docket was commenced in August 2001, in compliance with the Legislature’s mandate that the Virgin Islands Public Services Commission (“PSC” or “Commission”) conduct biennial rate investigations of the regulated utilities, pursuant to Section 20, Title 30 of the Virgin Islands Code; and

WHEREAS, following the completion of the Electric System rate investigation and approval of the increases, the Commission directed staff and the Hearing Examiner to proceed with the Water System Rate Investigation; and

WHEREAS, the Commission endorsed a schedule of activities which would permit the Authority and the Commission to prepare for and conduct an orderly and careful review of the Water System; and

WHEREAS, the Authority has failed to respond to the initial stages of that review; and

WHEREAS, on September 11, 2003, the Authority filed its Petition for Emergency Water System Rate Increase, seeking an additional \$3,400,000 in water rates within fiscal year 2004,

which, on September 24, 2003, the Authority reduced to \$2,900,000 in increased revenue for fiscal year 2004, and included revised testimony supporting its claim; and

WHEREAS, the Authority alleged that the increased rates are needed on an emergency basis to avoid defaulting on the Authority's bond covenants, sought an extraordinary permanent rate increase prior to the completion of the customary and statutorily required investigation by the appointed hearing examiner and technical consultants; and

WHEREAS, in Order 43/2003, the Authority directed the Hearing Examiner in this Docket to conduct an immediate investigation as to the (1) the existence of an emergency, and if one is found, (2) to recommend such measures as appropriate; and

WHEREAS, following the submission of testimony by the Authority and the Commission's consultants, the Hearing Examiner conducted four days of hearings from October 25 through October 29, 2003; and

WHEREAS, at the conclusion of the hearings the Authority's and Commission's staff agreed to jointly recommend a reduced rate increase of seven percent (7%); and

WHEREAS, the Hearing Examiner endorsed the joint recommendation of the staffs; and

WHEREAS, the Commission held a meeting on November 13, 2003, at which the Commission received the Hearing Examiner's Report, and heard further testimony from both the Authority and the Commission's staff; and

Government of VI Public Services Commission  
In the matter of the Virgin Islands Water and Power  
Authority Petition for Emergency Water Rate Increase;  
Docket No.: 533

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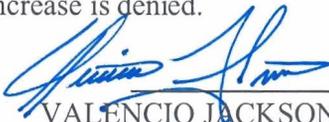
WHEREAS, in reliance on the report submitted by Hearing Examiner, the testimony of the witnesses, and all matters in the record of this proceeding; and

WHEREAS, the Commission does not find the existence of an emergency which would justify an interim rate increase;

NOW THEREFORE, the Commission hereby orders:

1. The Hearing Examiner's Report and recommendation are rejected; and
2. The Emergency Petition for Water Rate Increase is denied.

Dated: November 18, 2003

  
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VALENCIO JACKSON  
Chairman