

Calculation of Recommended Revenue Requirement

	<u>VIWAPA</u>	<u>Recommended</u>	
<u>Calculation Summary</u>			
1. Total operating expenses	\$ 328,723,438	\$ 334,012,915	GCG-2 L.15
2. Required for senior debt to achieve DSCR	30,155,898	24,384,251	L.19
3. Required for subordinate debt to achieve c	14,846,576	2,404,764	L.22
4. Additional requirement to achieve combined senior and subordinate		1,340,938	L.31
5. Total revenue without increase	<u>(347,125,911)</u>	<u>(349,888,759)</u>	L.38
6. Net revenue requirement	<u>\$ 26,600,000</u>	<u>\$ 12,254,109</u>	Sum
7. Total revenue without increase	\$ 347,125,911	\$ 349,888,759	L.5
8. Net revenue requirement	<u>26,600,000</u>	<u>12,254,109</u>	L.6
9. Total proposed revenue with rate relief	\$ 373,725,911	\$ 362,142,868	L.7 + L.8
10. Total operating expenses	<u>(328,723,438)</u>	<u>(334,012,915)</u>	L.1
11. Available for debt coverage	\$ 45,002,474	\$ 28,129,954	
12. Senior debt cost	<u>(17,404,318)</u>	<u>(13,933,858)</u>	L.17
13. Available for subordinate debt	\$ 27,598,156	\$ 14,196,096	
14. Subordinate debt cost	\$ 8,568,623	\$ 8,570,105	L.23
15. Subordinate debt coverage	<u>3.22</u>	<u>1.66</u>	L.13 / L.14
16. Senior and Subordinate debt coverage	<u>1.73</u>	<u>1.25</u>	L.11 / (L.17 + L.23)
<u>Supporting Calculations</u>			
17. Senior debt cost	\$ 17,404,318	\$ 13,933,858	GCG-2 L.28
18. Target DSCR	<u>1.73</u>	<u>1.75</u>	
19. Required for Senior Debt	<u>\$ 30,155,898</u>	<u>\$ 24,384,251</u>	L.17 x L.18
20. Required for subordinated bonds	\$ 8,568,623	\$ 12,855,158	L.25
21. Income available for subordinate bonds	<u>12,751,580</u>	<u>10,450,393</u>	L.2 - L.17
22. Increase for subordinate bonds	<u>\$ 0</u>	<u>\$ 2,404,764</u>	L.20 - L.21
23. Subordinate debt cost	\$ 8,568,623	\$ 8,570,105	GCG-2 L.32
24. Target DSCR	<u>1.73</u>	<u>1.50</u>	
25. Required for Subordinate Debt	<u>\$ 14,846,576</u>	<u>\$ 12,855,158</u>	L.23 x L.24
26. Senior and subordinate debt cost		\$ 22,503,963	L.17 + L.23
27. Target DSCR		<u>1.25</u>	
28. Required for combined senior and subordinate debt cost		\$ 28,129,954	L.26 x L.27
29. Required for senior debt to achieve DSCR of 1.75		24,384,251	L.19
30. Required for subordinate debt to achieve coverage of 1.5		<u>2,404,764</u>	L.22
31. Additional requirement to achieve combined senior and subordinate coverage of		<u>\$ 1,340,938</u>	L.28 - L.29 - L.30
32. Base rate revenues	\$ 70,124,900	\$ 70,589,621	GCG-2 L.1
33. LEAC revenues	268,924,033	268,924,033	GCG-2 L.2
34. Line loss surcharge	1,742,668	1,742,668	GCG-2 L.2a.
35. Payment in Lieu of Taxes	500,827	500,827	GCG-2 L.5
36. Other operating revenue	4,667,209	6,965,337	GCG-2 L.7
37. Other income and deductions	<u>1,166,274</u>	<u>1,166,274</u>	GCG-2 L.17
38. Total revenues	<u>\$ 347,125,911</u>	<u>\$ 349,888,759</u>	
<u>Calculation of achieved coverage</u>			
39. Revenue		\$ 362,142,868	L.6 - L.5
40. Expenses		<u>(334,012,915)</u>	- L.1
41. Available for senior debt coverage		\$ 28,129,954	Sum
42. Senior debt cost		<u>(13,933,858)</u>	- L.17
43. Available for subordinate debt		\$ 14,196,096	Sum
44. Subordinate debt cost		<u>(8,570,105)</u>	- L.23
45. Available for other debt		\$ 5,625,991	Sum
46. Other debt cost		\$ 4,294,456	GCG-2 L.34 + L.35
47. Total debt cost		\$ 26,798,419	L.17 + L.23 + L.46
48. Senior debt coverage		2.02	L.41 / L.17
49. Subordinate debt coverage		1.66	L.43 / L.23
50. Total senior and subordinate coverage		1.25	L.41 / (L.17 + L.23)
51. Total debt coverage		1.05	L.41 / (L.17 + L.23 + L.46)

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Revenue Requirement - Per Authority

Ln. No.	Subtotal A through H	Change in allocation to water system		Interim rate increase	Cost of periodic rate reviews	Generation surcharge	Proposed cost of service, depreciation & generation planning studies	Total Adjustments A through P	FY Ended 6/30/11	Adjusted Test Year	
		K CS-2 p.11 L.15	L CS-2 p.12 L.13							Without Rate Increase See WAPA Ex. CS-1 p.1	With Rate Increase See WAPA Ex. CS-1 p.1
Adjustment No.		M CS-2 p.13 L.1	N CS-2 p.14 L.4	O CS-2 p.15 L.3	P CS-2 p.16 L.4						
OPERATING REVENUES											
1.	Sales of Electricity										
1.	Base Rate Revenues	\$ (3,087,976)						\$ (3,087,976)	\$ 73,212,876	\$ 70,124,900	\$ 70,124,900
2.	LEAC Revenues	50,608,881				\$ 16,650,000		67,258,881	201,665,152	268,924,033	268,924,033
	Surcharges:	0						0	0	0	0
2a.	Line Loss Surcharge	(76,739)						(76,739)	1,819,407	1,742,668	1,742,668
3.	Interim Rate Increase 8/1/2012	0		8,600,000				8,600,000	0	8,600,000	8,600,000
4.	Assumed Rate Increase 7/1/2013	0						0	0	0	18,000,000
5.	Payment in Lieu of Taxes	0	0	0	0	0	0	0	500,827	500,827	500,827
6.	Subtotal Operating Revenues	\$ 47,444,166	\$ 0	\$ 8,600,000	\$ 0	\$ 16,650,000	\$ 0	\$ 72,694,166	\$ 277,198,262	\$ 349,892,428	\$ 367,892,428
7.	Other Operating Revenue	0	1,395,898	0	0	0	0	1,395,898	3,271,311	4,667,209	4,667,209
8.	Total Operating Revenues	\$ 47,444,166	\$ 1,395,898	\$ 8,600,000	\$ 0	\$ 16,650,000	\$ 0	\$ 74,090,064	\$ 280,469,573	\$ 354,559,637	\$ 372,559,637
OPERATING EXPENSES											
Production Expenses											
9.	Fuel	50,700,708						50,700,708	\$ 199,488,026	\$ 250,188,734	\$ 250,188,734
10.	Other	0	0	0	0	16,650,000	0	16,650,000	19,567,332	36,217,332	36,217,332
11.	Total Production Expenses	50,700,708	0	0	0	16,650,000	0	67,350,708	219,055,358	286,406,066	286,406,066
12.	Distribution Expenses	0						0	10,728,556	10,728,556	10,728,556
13.	Customer Service	0						0	5,855,295	5,855,295	5,855,295
14.	Administrative & General Expenses	760,343	0	1,276,285	0	212,787	0	2,581,115	23,152,405	25,733,520	25,733,520
15.	Total Operating Expenses	51,461,051	0	1,276,285	0	212,787	0	69,931,824	258,791,614	328,723,438	328,723,438
16.	Net Operating Revenues	\$ (4,016,885)	\$ 1,395,898	\$ (1,276,285)	\$ 8,600,000	\$ (212,787)	\$ 0	\$ (331,700)	\$ 4,158,241	\$ 21,677,959	\$ 25,836,200
17.	Other Income and Deductions	0						0	1,166,274	1,166,274	1,166,274
18.	Other Deductions	0	0	0	0	0	0	0	0	0	0
19.	Total Available For Debt Service	\$ (4,016,885)	\$ 1,395,898	\$ (1,276,285)	\$ 8,600,000	\$ (212,787)	\$ 0	\$ (331,700)	\$ 4,158,241	\$ 22,844,233	\$ 27,002,474
Debt Service											
Senior Bonds											
20.	Series 1998 Bonds	\$ (899,145)						\$ (899,145)	\$ 899,145	\$ 0	\$ 0
21.	Series 2003 Bonds	0						0	5,000,125	5,000,125	5,000,125
22.	Series 2010A Bonds	2,662						2,662	6,150,338	6,153,000	6,153,000
23.	Series 2010B Bonds	0						0	446,250	446,250	446,250
24.	Series 2010C Bonds	883,955						883,955	1,641,045	2,525,000	2,525,000
25.	Series 2012A Bonds	695,600						695,600	0	695,600	695,600
26.	Future Bonds	1,578,343						1,578,343	0	1,578,343	1,578,343
27.	Rural Utilities Service Loan	1,006,000	0	0	0	0	0	1,006,000	0	1,006,000	1,006,000
28.	Subtotal Senior Bonds	\$ 3,267,415	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,267,415	\$ 14,136,903	\$ 17,404,318	\$ 17,404,318
Subordinated Bonds											
29.	Series 2007A Subordinated Bonds	\$ 0						\$ 0	2,879,250	2,879,250	2,879,250
30.	Series 2012B Subordinated Bonds	3,842,781						3,842,781	0	3,842,781	3,842,781
31.	Series 2012C Subordinated Bonds	1,846,592	0	0	0	0	0	1,846,592	0	1,846,592	1,846,592
32.	Subtotal Subordinated Bonds	\$ 5,689,373	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,689,373	\$ 2,879,250	\$ 8,568,623	\$ 8,568,623
33.	Total Senior and Subordinated Bonds	\$ 8,956,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,956,788	\$ 17,016,153	\$ 25,972,941	\$ 25,972,941
Third Lien Subordinated Debt											
34.	Line of Credit (L.O.C.)	271,182						271,182	573,818	845,000	845,000
35.	General Obligation Notes	(4,704,011)						(4,704,011)	8,174,011	3,470,000	3,470,000
36.	Carrying Costs on Deferred Fuel Balan	2,271,859						2,271,859	0	2,271,859	2,271,859
37.	Carrying Costs on Govt. Accounts Recd	241,741	0	0	0	0	0	241,741	0	241,741	241,741
38.	Total Debt Service	\$ 7,037,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,037,559	\$ 25,763,982	\$ 32,801,541	\$ 32,801,541
39.	OPEB Accrued Liability	\$ 0						\$ 0	6,087,443	6,087,443	6,087,443
40.	Self Insurance Fund	1,310,200						1,310,200	0	1,310,200	1,310,200
41.	Payment in Lieu of Taxes	0	0	0	0	0	0	0	500,000	500,000	500,000
42.	Amount Available for Capital Improvements and Working Capital	\$ (12,364,644)	\$ 1,395,898	\$ (1,276,285)	\$ 8,600,000	\$ (212,787)	\$ 0	\$ (331,700)	\$ (4,189,518)	\$ (9,507,192)	\$ (13,696,710)
DEBT SERVICE COVERAGE											
43.	Senior Bonds								1.62	1.55	2.59
44.	Total Senior Bonds and Subordinated Bonds								1.34	1.04	1.73
45.	Total Debt Service								0.89	0.89	1.49

L.19 / L.28
L.19 / L.33
L.19 / (L.33 + L.34 + L.35)

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OPEB Accrual

	<u>VIWAPA</u> (1)	<u>Cost</u> <u>Ratio</u> L.7	<u>Recommended</u>	
1. Annual OPEB Cost	\$ 7,757,446	67.93%	\$ 5,269,280	
2. Contributions made	<u>1,670,003</u>		<u>1,670,003</u>	
3. Increase in Net OPEB Costs	<u>\$ 6,087,443</u>	CS-1 p.1 L.39	<u>\$ 3,599,277</u>	L.1 - L.2
4. Reduction in OPEB accrual adjustment			<u>\$ 2,488,166</u>	
			(\$000s)	
5. 2014 Total cost			\$ 6,505	L.14
6. 2011 Total cost			9,577	L.11
7. Cost ratio			67.93%	L.5 / L.6

(1) Ex. 1-27A Support.xls. Also, page 42 of electric system audit for 2011.

Supporting information

	<u>Electric</u>	<u>Water</u>	<u>Total</u>	
FY11 allocations:				
8. Total cost	\$ 7,757,446	\$ 1,819,648	\$ 9,577,094	EXHIBIT 1-27A SUPPORT.xlsx
9. Booked test year expense	<u>1,670,003</u>	<u>391,729</u>	<u>2,061,732</u>	EXHIBIT 1-27A SUPPORT.xlsx
10. Accrual adjustment	\$ 6,087,443	\$ 1,427,919	\$ 7,515,362	

		Total Annual OPEB Cost at Fiscal Year End (\$000s)	
11.	2011	\$ 9,577	<u>Exhibit 1-27A</u> A-3 and F-1
12.	2012	5,795	B-3 and F-1
13.	2013	6,012	B-3
14.	2014	6,505	B-3
15.	2015	6,739	B-3
16.	2016	7,335	B-3

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Adjustment to Recognize Decrease in Base Rate Revenues

	<u>VIWAPA</u>	<u>Recommended</u>	
	(1)		
1. Total System Sales Fiscal Year 2011	755,796,000	755,796,000	
2. Total System Sales Fiscal Year 2012	723,918,000	723,918,000	
3. Ratio of Line 2 / Line1	95.78%	95.78%	
4. Total System Base Rate Revenues Fiscal Year 20	\$73,212,876		
5. Base Rate Revenues billed on kWh sales		\$62,194,800	L.29
6. Adjusted Base Rate Revenues (Line 3 x Line 4)	<u>\$70,124,900</u>	<u>\$59,571,545</u>	
7. Adjustment to Base Rate Revenues (Line 5 - Line 4)	<u>(\$3,087,976)</u>	<u>(\$2,623,255)</u>	
8. Increase in revenues		<u>\$464,721</u>	

(1) Exhibit CS-2 Page 1 of 16.

Supporting data from Exhibit 1-7:

	<u>Revenues billed on kWh sales</u>		<u>Revenues not billed on kWh sales</u>		<u>Total Revenue</u>
	<u>Billing units</u>	<u>Revenues</u> (\$000s)	<u>Billing units</u>	<u>Revenues</u> (\$000s)	
Residential					
9. Customers - Single Phase			539,376	\$ 2,988	
10. Customers - Three Phase			540	6	
11. Energy	266,721	\$ 22,358			
Commercial					
12. Customers - Single Phase			91,166	505	
13. Customers - Three Phase			6,862	81	
14. Energy	135,224	11,335			
Large Power					
15. Customers			12,396	687	
16. Demand			1,360,400	3,020	
17. Energy - First Block	84,413	9,972			
18. Energy - Second Block	84,413	8,662			
19. Energy - Third Block	67,530	4,203			
20. Energy - Fourth Block	<u>101,296</u>	<u>5,665</u>			
21. Large Power Energy	337,652	28,502			
Public Street and Private Outdoor Lighting					
22. Mercury Vapor 175W			35,304	405	
23. Mercury Vapor 400W			3,432	69	
24. Sodium Vapor 100W			36,000	408	
25. Sodium Vapor 150W			86,400	988	
26. Sodium Vapor 200W			18,000	356	
27. Sodium Vapor 250W			75,600	<u>1,502</u>	
28. Energy	16,198			3,729	
29. TOTAL COMBINED ELECTRIC SYSTEM	<u>755,795</u>	<u>\$ 62,195</u>		<u>\$ 11,016</u>	<u>\$ 73,211</u>

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Eliminate IDE Personnel Cost

	<u>VIWAPA</u>	<u>Recommended</u>
	(1)	
1. Increase in Personnel Costs (Direct Production)	\$ 1,915,122	\$ 0
2. Increase in Other Post Employment Benefits (OPEB)	<u>383,006</u>	<u>0</u>
3. Total expense	<u>\$ 2,298,127</u>	<u>\$ 0</u>
4. Reduction in total expense		<u>\$2,298,127</u>

(1) Exhibit CS-2 p.11.

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Exhibit No. GCG-7

Debt Cost

	<u>VIWAPA</u> (1)	<u>Adjustment</u>	<u>Recommended</u> (2)
<u>Senior Bonds</u>			
1. Series 1998 Bonds	\$ 0	\$ 0	\$ 0
2. Series 2003 Bonds	5,000,125	1,700	5,001,825
3. Series 2010A Bonds	6,153,000		8,236,433
4. Series 2010B Bonds	446,250		
5. Series 2010C Bonds	2,525,000		
6. Series 2012A Bonds	695,600		695,600
7. Rural Utilities Service Loan	<u>1,006,000</u>	<u>(1,006,000)</u>	<u>0</u>
8. Subtotal Senior Bonds	\$ 15,825,975	\$ (1,892,117)	\$ 13,933,858
<u>Subordinated Bonds</u>			
9. Series 2007A Subordinated Bonds	\$ 2,879,250	\$ 0	\$ 2,879,250
10. Series 2012B Subordinated Bonds	3,842,781	1,482	3,844,263
11. Series 2012C Subordinated Bonds	<u>1,846,592</u>	<u>0</u>	<u>1,846,592</u>
12. Subtotal Subordinated Bonds	\$ 8,568,623	\$ 1,482	\$ 8,570,105
13. Future Bonds	<u>\$ 1,578,343</u>	<u>\$ (1,578,343)</u>	<u>0</u>
14. Total Senior, Subordinated and Future Bonds	\$ 25,972,941	\$ (3,468,978)	\$ 22,503,963
15. Line of Credit (L.O.C.)	845,000	(20,254)	824,746
16. General Obligation Notes	<u>3,470,000</u>	<u>(290)</u>	<u>3,469,710</u>
17. TOTAL DEBT SERVICE	<u>\$ 30,287,941</u>	<u>\$ (3,489,522)</u>	<u>\$ 26,798,419</u>

(1) Exhibit CS-2 p.6.

(2) Exhibit 1-43 - (Debt Coverage Computation 2013).

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Other Production Expense

	<u>FY11</u>		<u>FY12</u>		<u>FY13</u>	
1. Total maintenance	\$ 16,919,959	L.11	\$ 22,118,859	L.11	\$ 27,608,768	L.27
2. Maintenance funded by RFM	<u>0</u>		<u>2,727,328</u>	(2)	<u>15,829,014</u>	L.28
3. Non-RFM maintenance	<u>\$ 16,919,959</u>		<u>\$ 19,391,531</u>		<u>\$ 11,779,754</u>	L.1 - L.2
 <u>Operating & Maintenance - Production</u>						
4. Exhibit 1-42	\$ 19,567,332		\$ 22,172,273		\$ 15,291,953	
5. 2011 Electric audit, p. 15.	19,567,332					
6. 2012 Electric audit, p.17.			22,609,731			
 June 2012 monthly report, page 4						
7. Operating	\$ 6,512,022		\$ 5,168,942			
8. Maintenance	<u>13,146,598</u>		<u>17,830,781</u>			
9.	\$ 19,658,620	(1)	\$ 22,999,723			
10. Distribution maintenance	\$ 3,773,361		\$ 4,288,078			
11. Total maintenance	\$ 16,919,959	L.8 + L.10	\$ 22,118,859	L.8 + L.10		
 March 31, 2013 monthly report						
12. Operating			\$ 3,457,849		\$ 4,409,458	
13. Maintenance			<u>11,746,481</u>		<u>15,814,498</u>	
14. Page 4, year to date other production			\$ 15,204,330		\$ 20,223,956	
15. Distribution maintenance			\$ 3,219,768		\$ 2,370,953	
16. Total maintenance			\$ 14,966,249	L.13 + L.15	\$ 18,185,451	L.13 + L.15
17. Page 4, year to date RFM revenue					\$ 12,003,431	
18. Annualized maintenance and surcharge					\$ 26,876,570	FY12 L.11 / FY12 L.16 x FY13 L.16
19. Annualized RFM revenue					<u>16,004,575</u>	L.17 x 12 / 9
20. Annualized maintenance without surcharge					<u>\$ 10,871,995</u>	
 April 30, 2013 monthly report						
21. Operating			\$ 4,066,192		\$ 4,801,802	
22. Maintenance			<u>12,909,763</u>		<u>17,853,635</u>	4,943,872
23.			\$ 16,975,955		\$ 22,655,437	
24. Distribution maintenance			\$ 3,484,493		\$ 2,609,682	
25. Total maintenance			\$ 16,394,256	L.22 + L.24	\$ 20,463,316	L.22 + L.24
26. Page 4, year to date RFM revenue					\$ 13,190,845	
27. Annualized maintenance and surcharge					\$ 27,608,768	FY12 L.11 / FY12 L.25 x FY13 L.25
28. Annualized RFM revenue					<u>15,829,014</u>	L.26 x 12 / 10
29. Annualized maintenance without surcharge					<u>\$ 11,779,754</u>	

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Surcharges and Base Rates

1. Adjusted base revenues	\$ 70,589,621	GCG-2 L.1
2. Line loss surcharge	1,742,668	GCG-2 L.2a.
3. Interim Rate Increase 8/1/2012	8,600,000	GCG-2 L.3
3. Recommended base rate increase	3,654,109	GCG-2 L.4
4. Payment in lieu of taxes	<u>500,827</u>	GCG-2 L.5
5. Total non-fuel revenues	<u>\$ 85,087,225</u>	Sum

Surcharges

6. Line loss surcharge	(1,742,668)	- L.2
7. OPEB surcharge	(5,269,280)	GCG-4 L.1
8. Self-insurance surcharge	(1,310,200)	GCG-2 L.40
9. Maintenance surcharge	<u>(33,569,959)</u>	- L.17
10. Non-surcharged base rates	<u>\$ 43,195,118</u>	

Maintenance in the test year

	Other <u>Production</u> GCG-3	<u>Distribution</u> GCG-3	
11. FY11	<u>\$ 19,567,332</u>	<u>\$ 10,728,556</u>	
<u>6/30/12 monthly for FY11</u>			
12. Operating	\$ 6,512,022	\$ 6,763,604	
13. Maintenance	<u>13,146,598</u>	<u>3,773,361</u>	
14.	\$ 19,658,620	\$ 10,536,965	
15. Maintenance in filing		\$ 16,919,959	Sum of items on L.13
16. RFM adjustment		<u>16,650,000</u>	
17. Total maintenance		<u>\$ 33,569,959</u>	