

The Virgin Islands Consortium

PSC Votes to Keep Electric LEAC Rates Steady Through December

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All commissioners except Andrew Rutnick, who abstained, unanimously agree to maintain current rate through December 2023

The Public Services Commission on Tuesday voted to maintain the existing electric Levelized Energy Adjustment Clause (LEAC) rate at 22.22 cents per kilowatt hour. Combined with the base rate, USVI residents pay 40 cents per kilowatt hour for the first 250 kWh, and 43 cents after, while commercial customers pay 43 cents per kWh.

Regarding The rate will be in effect from October 1 to December 31, 2023. This decision was made during a regularly scheduled meeting led by Vice-Chair Pedro Williams, as

Chairman David Hughes was not physically present. Commissioner Andrew Rutnick abstained from the vote, while the rest of the commissioners unanimously agreed to keep the rate steady.

Jamshed Madan of the Georgetown Consulting Group presented the factors that influenced a late July preliminary filing by the Water and Power Authority. The filing had calculated the LEAC rate to be 23.90 cents per kilowatt hour. This higher rate was based on projected increases in the price of oil, which is expected to rise from \$2.44/gallon in 2021 to \$3.14/gallon during the projection timeframe. Additionally, the rate for LPG deliveries is more than double the PSC-approved rate of 33 cents/gallon. Despite these factors, WAPA is not seeking an increase beyond the current 22.22 cent rate at this time.

Madan also noted that four Wartsila generators, delivered in 2021 and test-fired in August, were not included in WAPA's current filing. He argued that these new units should have been part of the energy mix in projections. WAPA's Executive Director Andrew Smith disclosed that the infrastructure to fire the units on propane will not be in service until mid-November. Madan pointed out that if propane were used, the LEAC rate would likely have been lower than the current 22.22 cents.

Recommendations for Future LEAC Reviews

Madan recommended that the PSC maintain the current LEAC rate for the next quarter and anticipate a new filing for the January-March 2024 quarter by October 15 of this year. He also suggested moving to a semi-annual LEAC review, with adjustments on April 1 and October 1, instead of every three months. WAPA would still be required by law to submit quarterly filings but could ask for an interim rate adjustment if significant changes occur.

Chairman Hughes recommended that more discussions on the frequency of setting the LEAC rate—whether quarterly or semi-annually—and other recommendations from the consultant be had at a later date.

The decision to keep the LEAC rate steady comes despite higher calculations based on oil price projections and LPG delivery rates.