

The Virgin Islands Consortium

PSC Extends Current Electricity and Water Rates Amid Uncertain Projections

Electricity LEAC held steady for three months due to WAPA's filing delay

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The V.I. Public Services Commission has decided to keep the Levelized Energy Adjustment Clause rates for both electricity and water at their current levels, for now.

During a marathon 2-day meeting last week, PSC commissioners heard from staff member Jim Madden, who noted that the Water and Power Authority had only made their required filing days before the scheduled PSC meeting. As such, staff recommended keeping the electricity LEAC at the current rate of 22.22 cents per kilowatt hour at least

until the first quarter of 2024.

"However, the electric projection for the remainder of the calendar year is much more uncertain," Mr. Madden said, as WAPA was still in the process of fully operationalizing four new generating units that are anticipated to significantly lower the utility company's power production costs.

With that consideration in mind, PSC commissioners took the unusual step of approving an extension of the current electricity LEAC for the next three months, with WAPA being required to comply with their filing obligations within that timeframe.

Commissioners also decided to leave the water LEAC unchanged, in the face of several pieces of missing information from WAPA. Despite publicly touting an imminent injection of approximately a billion dollars in federal spending on improving St. Croix's water distribution system, "WAPA has not addressed this issue in their filing at all," Mr. Madden told commissioners. WAPA also did not account for the impact an anticipated decrease in electricity production costs would have on the cost of water production, Mr. Madden noted.

Andrew Smith, WAPA CEO, addressed the PSC, stating, "We would intend to synchronize the water LEAC with a change in the electric LEAC," signaling that water consumers could see a decrease in their bills once WAPA's lower-cost power generating systems are fully online.

In response to questions about why the commission was considering a full year's extension of the existing water LEAC when so many variables look set to change in upcoming months, PSC Chair David Hughes noted that the body had the authority to order new rates at any time.

The motion to leave the water LEAC unchanged for 2024 was ultimately amended to expressly stipulate that rates for water would be reviewed at the same time the electric LEAC is reviewed. "By definition that will be January 15," Mr. Hughes noted.