

PSC Votes to Keep WAPA's Electricity LEAC at 22.22 Cents Per Kilowatt-Hour Until June 30

Virgin Islands ratepayers will not see immediate relief as the PSC maintains the current electricity rate. WAPA's new fuel-efficient generators have faced setbacks, and fuel contract negotiations remain unresolved, adding to ongoing financial concerns.

WAPA / **Published On March 12, 2025 06:03 AM /**

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During their meeting on Tuesday, members of the V.I. Public Services Commission agreed to maintain the Levelized Energy Adjustment Clause for electricity supplied by the Water and Power Authority at its current 22.22 cent per kilowatt-hour rate, at least until June 30.

The decision [dashes the hopes](#) of those ratepayers in the Virgin Islands who may have been anticipating some relief in their monthly bills following the recent commissioning of four new

fuel-efficient generators, as well as the coming online of significant solar generation last year as well. However, as PSC consultant Jim Madden noted, there have been setbacks which resulted in the Wärtsilä units [being taken offline](#). “From what I've been told,” Mr. Madden disclosed, “two of the units will be online in March, and two of the units will be online in April.”

A new fuel agreement is also still pending, commissioners were told. “At this time, there's significant uncertainty around what responses WAPA will receive [to] the RFP” that the utility company is in the process of issuing, Mr. Madden said. As it stands the current fuel arrangements will be continued until at least August 2025, with a transportation rate of almost 60 cents per gallon. “The issue of the fuel contract not being negotiated is troubling and has no adequate explanation,” Mr. Madden said.

Ultimately, the PSC staff recommended that a new electricity LEAC of 18.17 cents per kilowatt-hour be adopted and implemented. However, Commissioner David Hughes was the first to point out that “we haven't completed the conversation about deferred fuel recovery.” WAPA, for an extended period of time, has been claiming that the current LEAC does not cover the true cost of the fuel used in producing energy. Over several years, the deficit caused by paying more for fuel than is recouped by the LEAC [has ballooned](#) to over \$160 million, WAPA says, although PSC members have disputed that amount.

Discussions on the deferred fuel issue have begun, confirmed WAPA Chief Financial Officer Lorraine Kelly. With that in mind, Mr. Hughes moved that the LEAC for electricity be held at its current rate until June 30. In keeping with staff recommendations, 18.17 cents of that sum would go towards current fuel expenses, while the remaining 4.05 cents of the LEAC would then accrue towards the recovery of any future deferred fuel costs. The LEAC on water will also remain steady at \$9.53 per 1000 gallons, at least while the electric LEAC remains at its current rate.

The question of money owed by WAPA to the PSC was also raised. The utility is currently owing assessments in the sum of approximately \$144,000. “We are not going to continue to wait and be the only Commission in the United States that allows its public utilities to not pay its assessment,” Mr. Hughes said. He warned that when the time came to make the next LEAC decision for the third quarter of the year, WAPA would not be allowed to “collect any additional funds above the current fuel expense account” if the required assessments are not made.