

The Virgin Islands Consortium

LEAC Reduction Blocked as WAPA Files Petition Against PSC Decision

WAPA's petition opposing the PSC's June LEAC rate cut has halted its July 1 rollout, with the utility arguing that a \$2.5 million monthly revenue loss would endanger its financial stability and public service capacity.

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An aerial shot of WAPA's Richmond power plant. By. ERNICE GILBERT, V.I. CONSORTIUM.

Despite the Public Services Commission [mandating a reduction](#) in the Levelized Energy Adjustment Clause (LEAC) earlier this month, consumers will not see lower electricity

bills come July 1, lawmakers learned on Thursday.

“WAPA filed a petition for reconsideration,” PSC attorney Boyd Sphren told members of the Senate Committee on Budget, Appropriations and Finance. The petition, he said, suspends the PSC-ordered rate reduction until the dispute is resolved.

The PSC has been [pushing for a LEAC reduction](#) for months, citing WAPA's boasts about reducing their cost of power generation due to the addition of LPG-fired generators and solar farms to the mix. Until June, however, WAPA had been allowed to continue collecting the 22.22 cents per kilowatt hour in order to address their backlog of debt.

During the PSC's last meeting, commissioners decided that consumers had been waiting for rate relief for long enough, and ordered that the electricity LEAC be lowered to 17 cents per kilowatt hour. The recommendation from the PSC's consultants had been to set the LEAC at 15.39 cents/KWH, however commissioners chose the higher rate to allow WAPA to recoup at least some additional funds with which to pay down outstanding obligations.

That consideration was not sufficient for WAPA officials, who slammed the PSC decision as “irresponsible” and “harmful to the public interest.” The rate reduction would cut WAPA monthly revenues by approximately \$2.5 million, a circumstance that would place the authority at risk of collapse, the WAPA argued.

With a petition to reconsider the order now having been lodged, Mr. Sphren told lawmakers that a decision on the matter will have to be made before July 17. However, a final answer will take much longer, he anticipates. “If the commission denies reconsideration, I have every expectation that WAPA will appeal that to Superior Court, and the appeal...could also stay [the rate decrease],” he said.

This places the July 1 implementation date in limbo. Of the rate reduction, Mr. Sprehn said, “I can't tell you when it will actually become effective at the present time.” What he could say with confidence was that ratepayers “should not realistically expect” to see lower bills on July 1 of this year.