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PSC-WAPA Settlement Holds LEAC at 22.22¢ Through 2026, Erases \$147M in Unrecovered Fuel Expenses

In the agreement, the current LEAC will remain in place until June 30, 2026, while WAPA and PSC staff work to resolve fuel cost calculation disputes. Any remaining portion of the \$147M past fuel cost balance will be removed from WAPA's books at that time.

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Electricity customers in the territory will not see any relief on their bills until at least mid-2026, following a Public Services Commission decision this week to keep the Levelized Energy Adjustment Clause (LEAC) at 22.22 cents per kilowatt hour. The move comes after the Water and Power Authority successfully appealed an earlier decision to lower the rate.

Tuesday's hearing was convened to revisit the PSC's [June decision](#) to cut the LEAC to 17 cents—still above the commission's consultant's recommendation of 15.39 cents. That decision drew sharp criticism from WAPA, which called it “harmful to the public interest” and quickly filed a [petition for reconsideration](#).

When the matter came up on the agenda, commissioners were told a proposed settlement had been reached. Under the agreement, the higher LEAC will remain in place until June 30, 2026. In the meantime, WAPA and PSC staff will meet within 60 days “to define acceptable changes and calculations to deferred fuel balance,” according to PSC counsel Boyd Sprehn. If no consensus is reached within that period, the issue will return to the PSC for a decision.

“On June 30 of 2026, any remaining sum from the now-current balance of \$147 million will be zeroed out,” Mr. Sprehn explained. Right now, WAPA says this \$147 million represents past fuel costs it has already paid but has not yet recovered from customers through the LEAC. Under the settlement, whatever portion of that balance remains by mid-2026 will be wiped from WAPA's books. However, the utility will still be allowed to accrue new deferred fuel costs between now and that date, and those new amounts could still be collected from customers in the future.

The PSC had been waiting on WAPA's audited financial statements to [verify its deferred fuel cost claims](#). At a March 2024 meeting, Commissioner David Hughes argued that “if the math were done correctly, that the deferred fuel balance doesn't exist and should be removed from the balance sheet of the Authority.” The precise size of the gap between WAPA's fuel costs and what it recovers from ratepayers has long been a point of dispute between the two entities.

The commissioners' discussion ahead of the vote was brief. They ultimately approved the settlement, and a report on the deferred cost talks is now expected before the PSC within 60 days.