

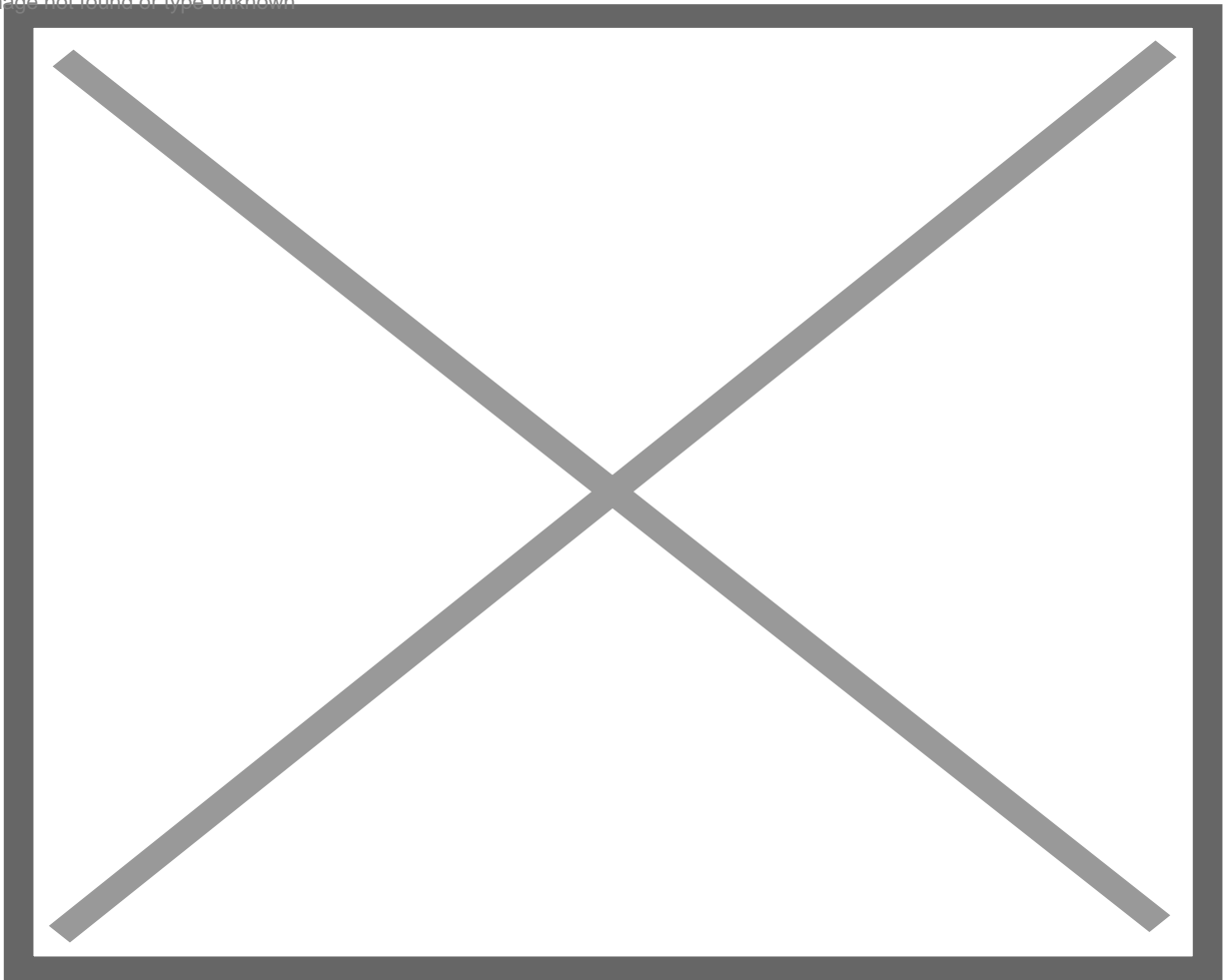
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WAPA Seeks to Maintain Current LEAC Rate Even as Price of Oil Has Dropped Drastically; Senator Barnes Pushes Back, Seeking Reduction

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An oil pump jack. Sparked by the coronavirus, the price of oil has seen its lowest rates in years as a glut of supply outpace demand.

The Virgin Islands Water and Power Authority has filed a request with the Public Services Commission to retain the current LEAC rate for the period of July through December 2020, which would leave the current 43 cents per kilowatt hour that residents pay as is.

The cost of oil on the stock market has hit historic lows in recent times. Even with a price rally last week that lifted the industry based on speculation of a potential deal between Saudi Arabia and Russia, the price of actual barrels of oil has lagged behind, showing that supply is swamping

demand as the coronavirus pandemic sparks a downturn in the global economy.

Yet WAPA Executive Director, Lawrence Kupfer, said on Wednesday that the utility sought to maintain the current rate instead of passing on savings to customers, because there's a "great deal of uncertainty as it relates to the impact of COVID-19 on the Virgin Islands, and on worldwide commodity prices."

Senator Alicia Barnes, however, has taken issue with WAPA's request, chastising the authority in a letter for what she described as WAPA's indifference to the plight of ratepayers, many of whom have seen their incomes dwindle — or collapse altogether — because of job losses caused by Covid-19.

"In spite of the decrease in the price of oil and petroleum derivatives globally, the V.I. Water and Power Authority's April 1, 2020 LEAC filing for the period of July 1, 2020 to December 31, 2020 does not provide any relief to Virgin Islands ratepayers. As one of the main components of the LEAC is the price VIWAPA pays for fuel, it is only fair that Virgin Islanders realize some benefit from the drop in global oil market prices," wrote the senator to Mr. Kupfer.

"... It is unacceptable and borderline unconscionable for VIWAPA to take this unique opportunity of very low oil prices to benefit itself, and not even pass on a modicum of the savings to the people of the Virgin Islands," Ms. Barnes continued.

She added, "Strong exception is taken to your statement, 'Management recognizes that even an increase of 3.43 cents per kWh may be too large for many rate payers during this time. As a result, we are requesting that the current LEAC rate of \$0.163989/kWh remain in place.' Mr. Kupfer by your own submittal, the current fuel charge is 12.58 cents down from 15.52 cents with the total other charges being the same at 0.69 cents. The 3.43 cents per kWh you refer to is evidence of VIWAPA acting selfishly to recoup deferred fuel costs with no thought of passing on the actual fuel costs savings to the ratepayers. Your request to have the current LEAC rate remain the same is deceptive and disingenuous, and by no means an act of benevolence."

Mr. Kupfer said that along with the unpredictability of the market, WAPA has also experienced peak load reductions of 6-8 percent, a drop that may be tied to many local businesses being closed. The executive director said WAPA erred on the side of caution in the April 1 filing with the PSC and recommended maintaining the status quo rate of 43 cents per kilowatt hour.

He said the time frame for the implementation of a new LEAC is approximately three months in the future, and that no one could predict what will be in store for the territory in July 2020, or the commodity prices that will be in effect at that time, and over the six-month LEAC period.

"The Public Services Commission (PSC) will hold public hearings related to our LEAC filing in June 2020. At that time, the Authority and the PSC will be in much better position to understand the impact of COVID-19 as it relates to the LEAC period of July 2020 through December 2020," Mr. Kupfer said. "It is also hoped that we will be able to put a LEAC reduction in place and look forward to the PSC hearings on this filing."

