The Virgin Islands Consortium

USVI Power Bills To Go Up As WAPA Readies Base Rate Increases For Residential And Commercial Customers

Business / **Published On January 12, 2017 10:04 PM /**

Ernice Gilbert January 12, 2017

ST. CROIX -- The Virgin Islands Water and Power Authority, at a special Public Services Commission (PSC) meeting today, received its request to increase the power consumption base rate by $14.5 million annually, which the firm said is needed to stabilize WAPA's financial position, provide funding for operating and capital investment needs including new generation, avoid technical defaults on bond covenants, and to allow time for further examination of WAPA's base rate requirements, which has a target date for completion of June, 2017.

The interim proposal erases any savings that WAPA customers using more than 250 kilowatt per hour would see following the semiautonomous entity's switch to propane. The PSC approved LEAC decreases -- from 19 cents per kwh to 14.36 per kwh for power, as well as water, which drops to $6.35/kGal. WAPA had promised residents a 30 percent decrease in power bills following the switch to propane, but that promise now seems like a distant dream, as WAPA continues to struggle with debt, and must find ways to pay its debtors.

According to the proposal, seen in full below, residential WAPA customers consuming roughly 250 kwh, and currently paying $78.04 monthly, will see their power bills climb to $85.71 under WAPA's proposed base rate increase, which is an additional $7.67, or 9.8 percent (this group's cost increase -- those using 250 kwh or less -- is expected to be mitigated by the decrease in LEAC, but all other customers will see increases). Residents consuming about 400 kwh monthly and currently paying $121.95, will see their power bills increase to $138.16, an additional amount of $16.21, or 13.3 percent. Commercial customers consuming about 1,200 kwh monthly, will see their power bills go from $393.88 to $472.52 under WAPA's proposed base rate increase -- a difference of $78.64, or 20 percent increase. And large power users (with 75 percent load factor), consuming about 20,000 kwh, will see their bills go up from $5,827.00 to $6,942.98 -- an increase of 19.2 percent.

The base rate increase, as well as the LEAC decreases, go into effect on February 1.

PSC Vice Chair Raymond Williams stated that he "would like to commend the PSC and staff, WAPA and their staff and the group of consultants that worked on this base rate case," adding that, "In the future, we have got to create a new page for WAPA to operate from."

He added: "WAPA's inefficiencies and unreliability to our islands show that we need a new carbon footprint and new generating systems to produce more reliable and efficient electricity and water systems.

"The work that was done today, although it comes at a cost to the taxpayers, in the long run will guarantee that the amount of power outages, the length of those power outages, the type of fuel efficiency and the environmental factors that support new generation will be changed for the better. This is why I made my decision today."

Mr. Williams also placed on record that he would hold WAPA accountable "for their commitment, and the commission will follow through when this is over and take this burden off of the taxpayer."

Read the original document