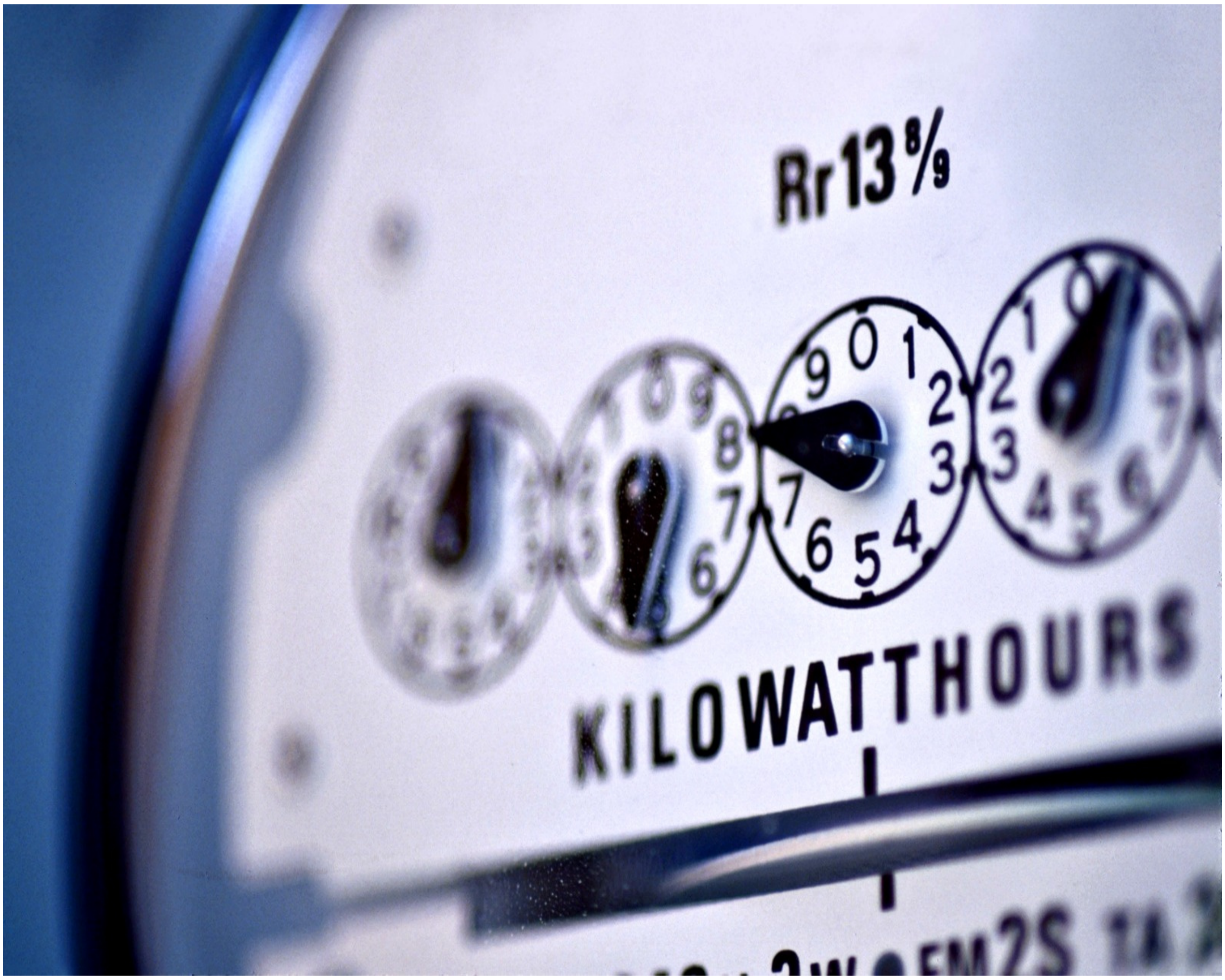
The Virgin Islands Consortium

PSC Refuses To Reinstate WAPA Base Rate Increase, Although WAPA Has Already Implemented Price Hike

Business / **Published On February 23, 2017 11:25 AM /**

Staff February 23, 2017



The Public Services Commission at its Wednesday meeting did not reinstate the Virgin Islands Water and Power Authority base rate increase that the PSC had approved on January 12 and rescinded on January 26, following contention that arose from one of WAPA's items for consideration at a PSC meeting last month. The disagreements came relative to a consulting firm hired by the PSC to evaluate whether WAPA had taken action on recommendations resulting from a 2014 management audit of the power and water company. The firm, Vantage Energy, was hired by WAPA to perform the audit, and WAPA saw the PSC's hiring of the same firm for the evaluation as a conflict of interest.

The PSC's decision on Wednesday to table the matter of reinstating the base rate increase, leaves both entities mired in a confusing and undesirable position. Although PSC rescinded the base rate increase citing noncompliance by WAPA -- [the PSC said last month] it had not received any evidence that WAPA had complied by submitting an executed lease extension for Unit 25 for not more than 1 year, among other provisions -- the authority [still moved ahead with the base rate increase that became effective February 1].

With the base rate increase, customers 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.

At Wednesday's meeting, WAPA attempted to have the base rate increase legally reinstated because following the PSC's January 26 action to rescind, if the PSC does not act within that 30 days (ending March 2), the petition is deemed denied by operation of law and WAPA would no longer be entitled to bill any increase based on the January 12 order after March 2. The PSC had admitted that WAPA's January 31 petition for reconsideration, which challenged the PSC's January 26 action rescinding the January 12 approval of an interim base rate increase, stayed the PSC's order to rescind for 30 days, and therefore gave WAPA the authority, pending it had complied fully with the agreement, the authority to move forward with its February 1 base rate increase, albeit temporarily. PSC, however, contended that WAPA had yet meet all the requirements.

"If WAPA intends to proceed with that rate increase, we assume that WAPA intends to fully comply with the Interim Rate Agreement and Base Rate Increase Preconditions," said the PSC.

At Wednesday's hearing, commissioners Andrew Rutnik (chairman) and Raymond Williams (vice chairman) were in favor of reinstating the base rate increase, with Mr. Rutnik arguing that failure to do so would cause much damage to WAPA, adding that the authority had met most of the conditions of the agreement. A Williams motion to reinstate the base rate increase and fast-track meetings on a final rate, also failed. Commissioners Johann Clendenin and David Hughes favored sending the matter to a hearing examiner, which they contended would allow both sides to commence negotiations anew.

Mr. Clendenin's motion to not act on WAPA's request, but instead send the matter to a hearing examiner, where a final decision on the increase will be discussed in May, was supported by three commissioners, with Rutnik being the sole No vote.