

The Virgin Islands Consortium

PSC Makes Base Rate Increase Permanent, Leaves LEAC Unchanged

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During a Public Services Commission (PSC) meeting on Tuesday, the utility regulatory body left the Levelized Energy Adjustment Clause, known as LEAC, unchanged after the Virgin Islands Water and Power Authority had requested a slight increase based on apparent changes in the price of fuel.

Part of the PSC's decision in not approving the LEAC increase was a result of contradictory information provided by PSC technical advisor Georgetown Consulting Group, which requested a decrease in the LEAC to 13.57 cents, and WAPA, whose officials said the consultancy group had miscalculated because an increase to \$15.24 cents was needed. The LEAC will go unchanged from July 1 through December 31.

PSC and WAPA were able to move forward in setting a permanent base rate, however; the two had gone back and forth for months on the matter, with accusations being hurled publicly. WAPA had contended that a base rate increase was needed -- even if residents' bills would increase -- to keep WAPA operational. However, PSC said WAPA did not meet all the requirements needed to initiate the increase.

[Introduced in January](#), WAPA said the base rate increase would see upwards of \$14.5 million in new revenue, which would help the semiautonomous entity with its operations and debt. 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 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.

During the Tuesday meeting, PSC Executive Director, Donald Cole, said he was pleased to move past the controversial issue. "The Commission has put to rest this base rate issue that has been with the Commission for some period of time. We have a base rate in place, and we can move forward into the future dealing with our rate flow mechanism (RFM) where the Commission speaks to the fact that they have a "rate path" going forward. When WAPA needs to have new rates put in place, they must submit them to the Commission; we then would look at it, evaluate and then grant it over a period of six months to a year, so there will be more flexibility in the rate making process."

[Read the original document](#)