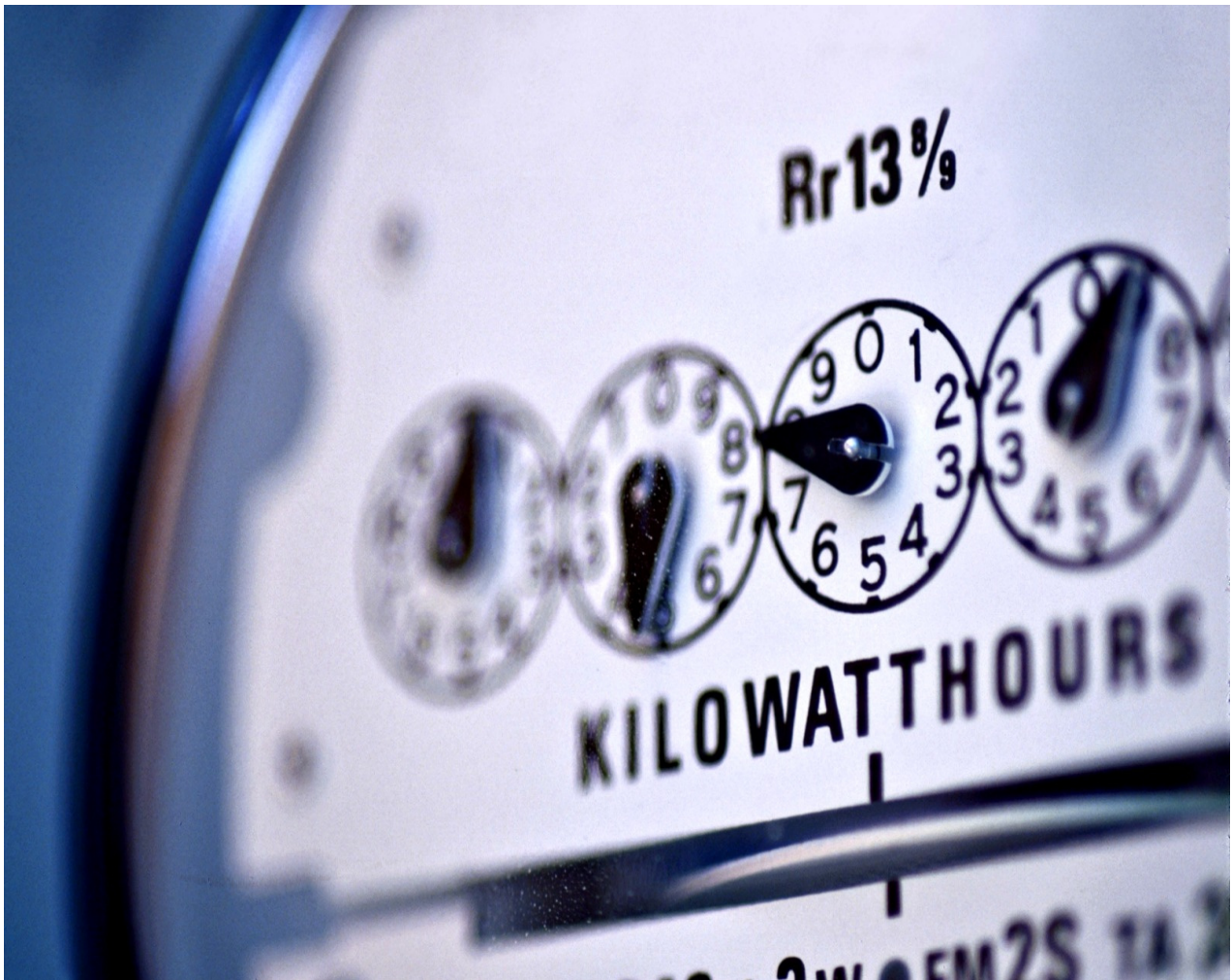


The Virgin Islands Consortium

WAPA Admits To Overcharging Customers Following 2017 Storms; Cautions Utility Rates May Increase Due To Budget Shortfall

WAPA / **Published On August 14, 2018 10:57 PM /**

Ernice Gilbert **August 14, 2018**



Virgin Islands Water and Power Authority executives testifying during the autonomous entity's budget hearing at the Earl B. Ottley Legislature today, admitted to lawmakers that it did, in fact, overcharge its customers following the 2017 storms once power was restored, and said customers owed will start seeing their reimbursement beginning September.

According to WAPA Executive Director Lawrence Kupfer, the authority started issuing the bills with the credit last week. WAPA Chief Financial Officer Debra Gottlieb said the credit

amount is denoted on the bill as "multiple month credit". The authority said it overcharged some residents by up to four months.

Questions on the matter of overcharging residents were being posed by Senator Novelle Francis, who also asked the WAPA testifiers how would residents determine what they were being credited for. "They will receive the multi-month credit for each time they were billed for a multi-month period. So some customers will receive it once, twice, three times," Ms. Gottlieb said.

On the potential increase of utility bills, Mr. Kupfer pointed to WAPA's Fiscal Year 2019 projected budget shortfall estimated at \$30 to \$45 million. "The authority is working with FEMA and the Department of Treasury to secure an additional \$16 million Community Disaster Loan to bridge the shortfall," Mr. Kupfer said. He cautioned that rates may be impacted to compensate for any shortfall. "Fuel, at \$107.4 million is still by far the largest budget item, representing 43 percent of the operating expense budget. Labor, at \$45.8 million or 18 percent, is the second largest single budget item," he told senators.

Mr. Kupfer said LEAC revenues year-to-date were \$82.3 million compared to \$116.3 million for the same period last year.

The executive said cash collections have been improving but have not yet reached pre-Irma and Maria levels as result of several factors. "Lower consumption levels, under-recovery of fuel and operating costs, competition in water sales and billing issues have challenged the authority daily," he said. With government account receivables totaling in excess of \$33 million, he asked that the Legislature and the Mapp administration work together to ensure that government departments, agencies and instrumentalities have sufficient funds to pay their financial obligations to the authority, inclusive of current and past-due amounts.

Mr. Kupfer sought assistance of the Legislature to address a pricing issue with the Net Metering Program created by Act 7075. Under the program, and at current residential rates, WAPA is required to purchase power from net metering customers at a rate of approximately \$.32 per kilowatt hour. By contrast, when WAPA buys power from solar facilities, such as Spanish Town on St. Croix, it pays \$.17 per kilowatt hour. "Based on this scenario under terms of the current net metering program, customers who do not have residential solar systems are being forced to pay this higher price, Mr. Kupfer said. "By our estimates the subsidy that the customers without solar systems are paying, for those customers who have solar systems, amounts to \$1.5 million to \$2 million per year."

Additionally, Mr. Kupfer said most current net metering customers produce power that is not suitable for the grid. "Interconnection standards, procedures and policies need to be revised to limit grid stability issues that would normally affect non-net meter consumers. Such policies and procedures would avoid the Authority having to consume additional amounts of fuel to provide clean and efficient energy to our customers," he said. Mr. Kupfer said it is time for the program to be replaced with a program that is equitable to all customers, and that properly controls the power put to the grid. "I would encourage a re-evaluation of the Net Metering Program with an aim towards eliminating this subsidy," he said.

WAPA stands in support of [recently announced initiatives by Governor Kenneth Mapp and former President Bill Clinton](#) to see the territory increase the use of renewables, including utility and roof-top solar installations, according to Mr. Kupfer. “We are prepared to work with the PSC to develop a roof top solar program that is fair to all customers and produces clean, reliable power.” The framework for this type of program, he said, is outlined in the recently released Energy Task Force Report.

The utility's total operating expenses year-to-date for FY 2108 and FY 2017 were \$183.3 million and \$203.0 million, respectively. Operating expenses excluding fuel, purchased power, allocation to water system and depreciation for the eleven months ended May 31, 2018 were \$85.1 million compared to \$79.1 million for the same period last year, Mr. Kupfer said, and he attributed the increase of \$5.9 million to increases in administrative expenses of \$1.4 million, maintenance expenses of \$6.5 million with decreases in distribution expenses of \$1.2 million, customer expenses of \$0.6 million and other operating expenses of \$0.2 million.