

The Virgin Islands Consortium

Territory Won't Go Dark, WAPA Now Says Following PSC Decision To Hold Rates Steady

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ST. CROIX – The Virgin Islands Water and Power Authority's (WAPA) governing board convened on Wednesday to discuss various matters that included purchasing equipment to ensure preparedness to adequately service the community in the event of a storm and its immediate aftermath. One thing missing from the agenda, however, was the effect the Public Services Commission's (P.S.C.) recent ruling to keep the base rate at its current level would have on the authority and its customers.

Earlier this month, [The Consortium reported](#) that the P.S.C., during a special meeting held with WAPA on June 12, denied the authority the [requested base rate increase](#) that it said was needed to avoid rolling blackouts. After much back and forth between WAPA

and the P.S.C., the commission said the base rate would remain at its current level at least until another meeting, which has been set for July 31.

Board member Noel Loftus, who had said rolling blackouts would be necessary if the PSC did not approve WAPA's base rate increase request, on Wednesday told The Consortium that power would stay on nonetheless.

"We are not going dark," he said. Mr. Loftus said a big step will be the Legislature's approval of providing WAPA with the more than \$22 million the authority said it is owed by the territory's hospitals. And he said while the PSC did not approve WAPA's request for a rate increase, another meeting on the matter is scheduled for late July.

WAPA is hoping to receive the funding from [Bill No. 33-0072](#), which appropriates specific sums of money to various government agencies from a \$39,467,909 retroactive Medicaid fund paid to the Virgin Islands Medical Assistance Program (M.A.P.) for the territory's medical facilities.

Mr. Loftus also shared how he expected additional funding could positively impact WAPA and residents, noting the possibility of eventually seeing the base rate drop to 35 cents per kilowatt hour. But WAPA has for years spoken about reducing the LEAC, only to increase it year after year. In fact, the authority spent more than \$200 million on its propane project and promised residents a 30 percent decrease in utility bills upon completion. That never happened, and utility rates are headed back to 2007 levels, when WAPA's high LEAC forced some businesses to shutdown.

Mr. Loftus said the rates would eventually have to increase if it is to sustain its covenants with firms like Wartsila, which it owes \$20 million. If not, WAPA would have to use diesel, which Mr. Loftus said would cause rates to climb to 56 cents per kilowatt hour.

Hurricane preparedness

Steps to ensure hurricane preparedness was also covered at the meeting. In the aftermath of Hurricanes Irma and Maria in 2017, WAPA experienced water distribution challenges. In an effort to prevent reoccurrence and provide immediate service to customers after a storm, the authority is set to purchase three Caterpillar generators with transfer switch for water distribution pump stations territory-wide. The goal is to maintain the ability to provide reliable water service to customers during emergencies and routine electrical failures.

The board also unanimously approved:

- WAPA to enter into a purchase order with Rimco to purchase various size Caterpillar generators with transfer switch for water distribution pump stations territory-wide in the amount of \$609,700.00
- Contract addendum to contract SC-11-10 with Electric Cities of Georgia, Inc. to extend the existing contract for an additional 365 days, and increase the total cost of the contract by \$421,000.00 for a total contract amount of \$666,300.00, This ensures the completion of monthly training and safety services for the WAPA line department personnel in St. Thomas, St. John, and St. Croix.
- Appointing UMB as successor trustee under the resolution, authorize the execution and delivery of the appointment instrument and such other instruments and action

in connection therewith.

- Resolution to allow WAPA to operate under FY19 budget until FY20 budge is review and approved.

Board members in attendance included Chairwoman Elizabeth Armstrong, Vice Chairman Hubert Turnbull, Secretary Juanita Young, Commissioner Anthony Thomas, Directors Joel Lee and Kyle Fleming, Noel Loftus, Gerald T. Groner, Esq., and Cheryl Boynes Jackson.

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