The Virgin Islands Consortium

Seeing A New Surcharge On Your WAPA Bill? It Took Effect On July 1

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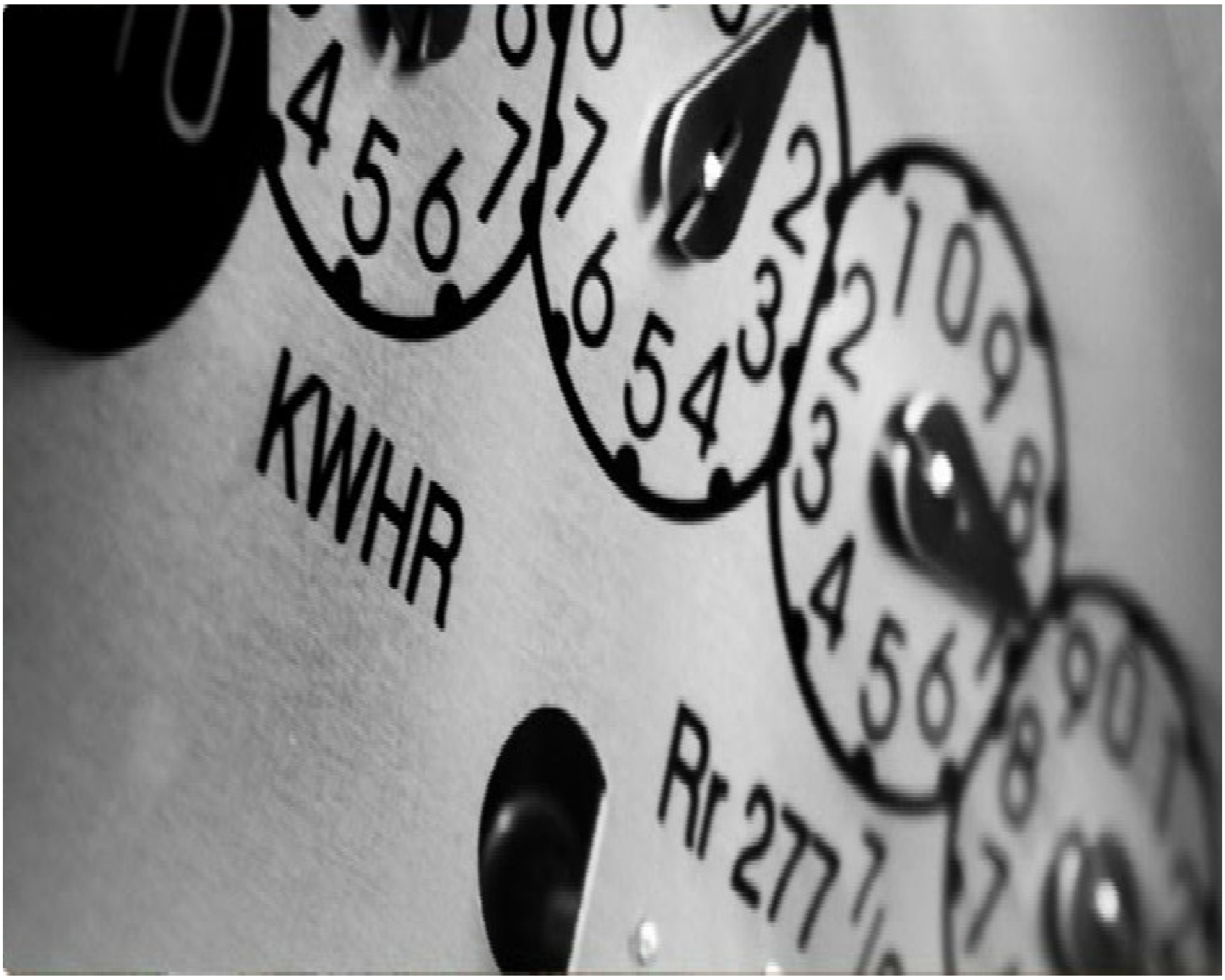

WAPA ratepayers have recently noticed a new surcharge on their electric bill. Puzzled as to why, residents have been complaining about the new rate hike, which is an additional 3 cents per kilowatt hour.

WAPA Communications Director Jean Greaux said the surcharge -- which was approved to pay for the smaller, more efficient rental generators now operational at both power plants -- took effect on July 1, and was approved by the Public Services Commission (PSC) during a May meeting. The surcharge of 3 cents raised residents costs per kilowatt hour to 43 cents, by far the highest in the country.

According to Mr. Greaux, the rate hike is only supposed to last for six months, meaning by the end of the year residents' usage per kilowatt hour should drop to 40 cents. However, with WAPA's near-disastrous financial position, the authority may plead with the PSC to keep the 43 cents steady.

According to a release the authority issued on the 3-cent surcharge increase, WAPA Executive Director Lawrence J. Kupfer explained that in 2016 a management audit was conducted, and an integrated resource plan developed at the direction of the PSC. The plan called for WAPA to add more efficient and smaller generating units to its power plants. The units, rentals from APR Energy, were introduced at the Randolph Harley Power Plant in 2016 and 2018. And, on St. Croix, at the Estate Richmond Power Plant, the requested units were brought on line this year in the form of rentals from Aggreko.

“While WAPA met the requirements of the plan, rates to pay for the rentals were not approved, although the realized savings from the more efficient units (lower fuel consumption to generate electricity) were passed on to customers through the fuel surcharge or LEAC," said Mr. Kupfer. "Without rates to pay for the rental units, WAPA was unable to pay APR Energy resulting in a significant payable to the company."

Facing a budget shortfall of $45 million dollars, WAPA applied to the PSC in December 2018 for the lease generator surcharge, the authority explained in its release. WAPA was given the go ahead to assess the surcharge when conditions, set by the commission, were satisfied. Among the requirements, certification that the Wartsila and Aggreko units were fully operational, and that the base rate case petition had been filed with the PSC.