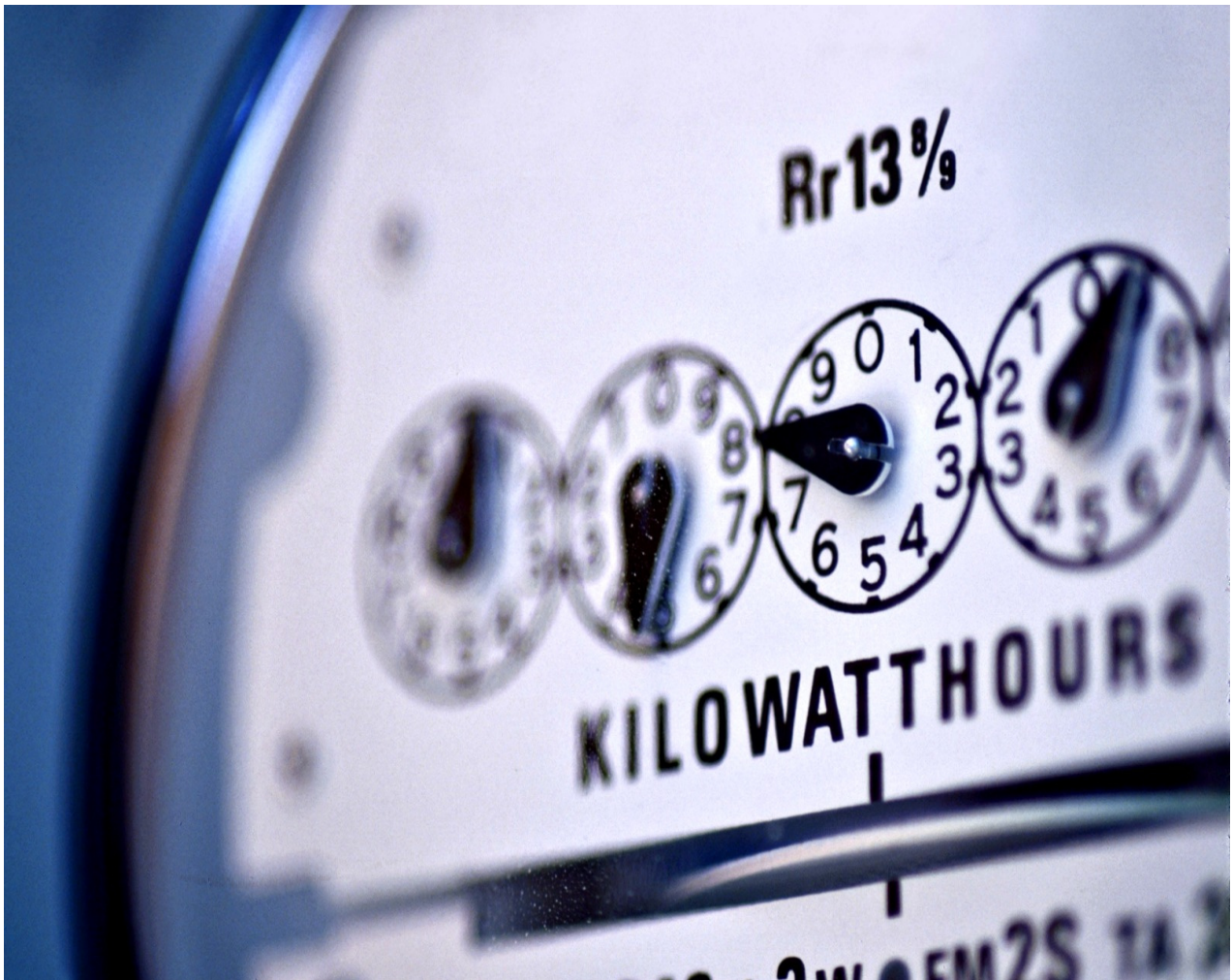


The Virgin Islands Consortium

WAPA, Gov. Bryan, Office Of Disaster Recovery And VIHFA To Announce New Power Generation Units For St. Thomas And Future Impact On Power Bills

WAPA / **Published On August 25, 2019 11:36 AM /**

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The Virgin Islands Water and Power Authority, Governor Albert Bryan, the Office of Disaster Recovery (O.D.R.) and the V.I. Housing Finance Authority are set to announce new generation units to be purchased using Community Development Block Grant Recovery (CDBG-R) funding. On Monday, a joint press conference with the aforementioned government arms will be held in St. Thomas, where the officials are expected to discuss the impact the new generation units will have on the Levelized Energy Adjustment Clause (LEAC) as well as the kilowatt per hour usage. The new generation units will be installed at the Randolph Harley Power Plant.

During a WAPA board meeting Thursday, board Vice Chair Noel Loftus said once the generation units are installed, an improvement in LEAC of 3-4 cents is expected. An improvement in kilowatt per hour usage of 5-6 cents should also be realized, Mr. Loftus said.

Advertising for a request for proposal (RFP) will begin Monday, WAPA CEO Lawrence Kupfer said. He also revealed that a video featuring Mr. Bryan, O.D.R. head Adrienne Williams-Octalien and V.I. Housing Finance Authority Director Daryl Griffith has been produced that shows the officials discussing how the administration expects to use HUD CDBG-R funding for the next 40 megawatts of power generation, and the impact it will have on the territory and its generating capabilities.

The units could go live by the end of 2020 for the earliest, Mr. Kupfer said.

The announcement comes as WAPA's service continues to be below par even as residents' utility bills are the highest in all of the United States. And WAPA is seeking a kilowatt per hour rate increase from the Public Services Commission of 2.5 cents that board members said is desperately needed.

"What we have before the PSC is a base rate increase of approximately 2.5 cents per kilowatt for residential customers and a LEAC decrease of about 2.5 cents. The residential rate would remain at 43 cents per kilowatt hour but it would give us the base rate we would need in order to have the monies for debt service and payroll expenses," Mr. Kupfer said during the board meeting.

The rate changes, if ultimately approved, would give WAPA some hope of paying day-to-day operational costs and settling a \$100 million-plus debt owed to VITOL, the Dutch energy company that supplies the propane fueling power generation in much of the territory.

A permanent base rate increase would cast WAPA in a more favorable light for lenders, Mr. Kupfer said, allowing it to borrow money in order to satisfy the crushing debt to VITOL and three vendors. "Those four vendors we owe over \$100 million to." He said VITOL could pull the plug on the propane supplies unless WAPA pays its invoices on time. "If we can't pay them ..." the territory can expect rolling blackouts, Mr. Kupfer added.

Board member and former chair, Elizabeth Armstrong, said WAPA has to find a solution for its problems that does not include the constant raising of rates on its customers.

"We cannot continue in this way. We are basically insolvent and we need to have a plan for how we are going to proceed in the future," she said.

"If we think we are going to solve all of our problems by increasing the rate, that is not a task that is going to be successful, in my opinion, and we have already seen that as the rate increases we continue to experience defection or customers using less electricity," Ms. Armstrong added.

Board member Gerald Groner pushed back, contending that WAPA was making improvements with generation units that are more efficient.

"We are not trying to do that. We have switched to fuels that are 44 percent cheaper and we are in the process of switching to generators that are significantly more efficient. The authority works day and night to try to keep the service delivered at the best price that it can and to suggest that we are just irresponsibly asking for a rate increase does not recognize the hard work that the utility's management, members, and employees do. It is not a black and white issue," Mr. Groner said.

Moments earlier, he'd stated, "The way that WAPA is organized is that it is a public utility that is owned by the people of the Virgin Islands and regulated by the PSC and the PSC charge is to do two things: 1. To keep rates as reasonable and as justifiable as possible 2. To keep the electric and water generating public utility viable." Where you go when you need money to keep the utility viable and functioning, delivering electricity and water, is the PSC. That is its job."