The Virgin Islands Consortium

PSC Keeps WAPA LEAC at 22.22 Cents Through Year-End as Required Rate Review Stalls

The PSC voted Tuesday to keep WAPA's electricity LEAC at 22.22 cents per kilowatt hour through year-end after the required rate investigation was delayed by funding constraints, unpaid utility assessments and deficiencies in the filing submitted by WAPA.

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The V.I. Water and Power Authority's Levelized Energy Adjustment Clause will remain at 22.22 cents per kilowatt hour through the end of the year after Public Services Commission members voted Tuesday to maintain the current rate while a required review remains unfinished.

Despite an October 1 deadline for implementing a new electricity LEAC, PSC Chair David Hughes told commissioners that WAPA's required filing, submitted "some time ago," has yet to undergo the necessary examination because the commission lacked the money to hire consultants for the work.

"The utility has not made until very recently any payments under its assessments, and the commission therefore has had no financial ability to engage consultants to review the filing that was made by the utility….the filing is unstudied at this point," Mr. Hughes said.

Complicating matters further, Mr. Hughes said WAPA's submission "did not meet in any real respect the minimum filing requirements," a disclosure that appeared to surprise WAPA officials during the meeting.

PSC consultant Julius Wright, however, assured commissioners that the additional information necessary to properly review the filing should be readily available. Even so, the approaching deadline required the commission to act before that examination could be completed.

"A rate has to be adopted by October 1, and probably prior to that," Mr. Hughes said.

WAPA itself had requested that the existing LEAC remain unchanged for the time being, despite indicating that prevailing conditions could justify a slight increase. That request gave commissioners greater comfort with maintaining the status quo while the review proceeds.

"That leaves us in a more comfortable position," Mr. Hughes remarked. "You're asking for something less than you're suggesting is actually the case, which leaves ratepayers at no great jeopardy [of overpayment]," he said.

Keeping the existing LEAC in place will give the PSC's consultants additional time to obtain and examine the missing information. It will also allow the commission and WAPA to address another unresolved financial issue: fuel costs that the utility has deferred over the past year.

"I'm uncomfortable going a whole lot further without completing that mathematical exercise," Mr. Hughes said.

WAPA Chief Executive Officer Karl Knight told commissioners the authority "has been keeping a meticulous track of…deferred fuel balance since July of 2025."

As of the end of May 2026, he said, "we are about $14 million in deferred fuel."

Mr. Knight said WAPA has been "eager to have that conversation," particularly as changing fuel prices place additional pressure on the utility's finances.

"We are now a little less optimistic about fuel costs in the last quarter of the calendar year than we were perhaps a few months ago," he said. "That is something that has been eroding some of the liquidity that we thought we would have."

WAPA's liquidity challenges have also contributed directly to the PSC's inability to complete the LEAC review. Because the utility had not been making timely assessment payments to the commission, the PSC lacked the funds necessary to assign its consultant to examine WAPA's filing.

Mr. Knight said WAPA had paid approximately one-quarter of its annual assessment within the last several days and expressed hope that another payment could be made "perhaps in the next few weeks."

"We are trying to sort our cash forecasting to make that a reality," Mr. Knight said. "We are trying to manage and ride through."

Ultimately, two of the three commissioners present voted to maintain the existing 22.22-cent-per-kilowatt-hour LEAC through the end of the year. The extension is expected to provide time for WAPA to supply the additional information and funding necessary for the PSC's consultant to conduct and complete the required review.

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