

As Ratepayers Protest WAPA, Bryan Urges PSC To Vote in Favor of Rate Increase

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Governor Albert Bryan By. **Government House**

While Virgin Islands residents and businesses spent the better part of this year in all-out protest against WAPA's latest bid for an increase in utility rates, Governor Albert Bryan has been quietly using his bully pulpit to help push through the unpopular rate hike.

In a two-page memorandum filed with the V.I. Public Services Commission (PSC) in the base rate case, Mr. Bryan added his full-throated support of the Water and Power Authority's petition for a rate increase.

"We request that the firm support of the Government of the Virgin Islands for granting base rate relief be included in the findings of facts and conclusions of the hearing examiner," Mr. Bryan wrote in an Oct. 24th memorandum to attorney Kye Walker, the hearing examiner whose

recommendations will guide the PSC vote next month.

“While we have a strong desire to suppress any escalation of the electric rates for obvious political and economic reasons, we also understand that starving VIWAPA of the cash resources it requires to conduct basic operations is not a prudent solution. The utility needs to be authorized to charge a base rate that reflects its current operating expenses and create sufficient liquidity to retain the confidence of the financial markets,” the governor wrote.

The Consortium has obtained [a copy](#) of Mr. Bryan’s letter, in which he says the administration’s support of the rate increase is conditioned on the hope that ratepayers will endure “minimal impact” on their actually monthly WAPA bill.

WAPA is seeking an increase of 5.8 cents per kilowatt-hour in the permanent base utility rate, coupled with an “immediate offset” of 3.08 cents when the so-called Leased Generator surcharge paid by WAPA’s customers each month expires. The additional promise of a future 2.57 cents reduction in the fuel charge, known as the LEAC fee, would mean “... the actual increase to overall customer electric rates will be a nominal 0.15 cents per-kilowatt-hour,” Mr. Bryan wrote.

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 vendors, including VITOL, the Dutch energy company that supplies the propane fueling power generation in much of the territory.

Lawrence Kupfer, executive director at the troubled power authority, has asserted loudly and often that a permanent base rate increase would cast WAPA in a more favorable light for Wall Street, allowing it to borrow money in order to satisfy its crushing “legacy debts.”

For the most part, the public isn’t buying the argument. Dozens of protesters turned out for PSC hearings in August and October, carrying signs and chanting anti-WAPA slogans. V.I. lawmakers later presided over a contentious daylong investigative hearing in which WAPA executives were grilled over gross examples of financial mismanagement and routine, territory or island-wide power outages.

“The governor understands the frustrations,” said Government House Communications Director Richard Motta. “The governor shares those frustrations. We are all ratepayers,” he said. “(However), the political concerns are not the guiding principal for the governor. It is finding a solution to help WAPA become the utility that the people of the Virgin Islands deserve: One that will deliver affordable, reliable electric services to the community.”

The administration agrees with Mr. Kupfer that shuffling the permanent base rate and LEAC is the only solution that keeps rates relatively level while giving WAPA a fighting chance to dig itself from a fiscal grave.

“Right now, this is the only viable plan to allow the authority to restructure some of its legacy debt,” Mr. Motta told the Consortium.

Congresswoman Stacey Plaskett, among others, have urged Government House to declare the territory in a “State of Emergency” as a result of WAPA’s unstable, high-cost utility water and power service. The administration balked at the suggestion because, Mr. Motta said, WAPA and the administration are already pursuing the federal assistance that comes with a declaration of emergency.

Mr. Motta said that since taking the helm, the administration has sought technical assistance from the public and private sector, to include the U.S. Department of Energy and subject matter experts from New York power companies and others.

In his memorandum on the rate case, Mr. Bryan pointed back to decisions made by prior administrations. “We don’t have the luxury of second-guessing or ignoring the decisions made by our predecessors. ... We must live with the decisions made by our prior leaders and own up to those obligations,” he said.

Said Mr. Motta: “WAPA is ours. We have to fix it or we are all going to lose.”

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