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WAPA Will Seek LEAC Increase During PSC Meeting Today

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The Virgin Islands Water and Power Authority will go before the Public Services Commission today to seek an increase in the Levelized Energy Adjustment Clause, or LEAC, to help cover what the authority said recently was the rising cost of propane fuel.

WAPA's conversion to propane was touted as the answer to the unpredictability of diesel and gasoline. The conversion, originally projected to cost \$80 million, climbed to \$167 million. Now, the projected savings are not panning out as promised as the cost of propane has become volatile. According to the Wall Street Journal, propane prices have climbed more than 70 percent since late November, thanks to an explosion in patio heating and an uptick in exports to Asia.

The LEAC is revisited twice a year by the PSC, on January 1 and July 1. Depending on the circumstances at play, the PSC will either decide to provide an increase, decrease, or leave the rates unchanged. WAPA, however, is advocating an increase to deal with the rising cost of propane which has strained the authority's already weak financial standing. WAPA has multiple bond obligations and debt of \$170 million.

The LEAC was enacted to cover WAPA fuel consumption and related costs susceptible to market fluctuations. The fuel cost increases are then passed on to customers. [In July last year](#), the LEAC was adjusted where "a residential customer utilizing 400 kilowatt hours per month would see a bill totaling \$159, while a commercial customer's bill for usage of 2,000 kilowatt hours would average \$900," said then-WAPA Executive Director Lawrence Kupfer.

The PSC approved a per kilowatt rate for residential customers using less than 250 kilowatt hours per month of 39 cents, and a rate of 41 cents for consumption equal to and greater than 251 kilowatt hours. Commercial customers are now paying a rate of 45 cents per kilowatt hour.

The rates USVI rates are the highest in all of the US, according to Electric Choice, which tracks the average price a residential customer in the United States pays for electricity.