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Power Bills Set to Increase From July Billing as PSC Grants WAPA LEAC Hike

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Aerial view of the WAPA Richmond Power Plant. By. ERNICE GILBERT FOR VI CONSORTIUM

The V.I. Water and Power Authority on Monday sought and received an increase in the Levelized Energy Adjustment Clause, or LEAC — which in simple terms is the cost of fuel passed on to consumers — from the Public Services Commission, a decision PSC commissioners said had to be made to keep the authority operational.

The two most costly components of a WAPA power bill is the electric energy charge and the LEAC. For example, if your residential power bill is \$571, your over 250 kilowatt hour consumption would cost you \$294, while the cost of fuel would cost you \$207, the second highest

cost. Your consumption before going over 250 kilowatt hour usage would cost \$57.89. That's according to information found directly on WAPA billing. Currently, customers are being charged .149417 cents per kilowatt hour usage. So if the fuel consumption reflects \$207, your usage would be 1,391 multiplied by .149417 cents, which equates to \$207.

On Monday, the PSC authorized the increase of the LEAC to .172125 cents per kilowatt hour beginning July 1, 2021 to Dec. 31 of the same year. Using the figures above, the cost of the LEAC at 1,391 usage would increase to \$239. WAPA had sought an increase to .175221 cents which it said would not only cover the cost of fuel and other related costs, but also deferred costs (costs already incurred).

WAPA is looking to cover well over \$40 million in projected fuel costs as the price of propane continues to rise. 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.

PSC Board members said they did not want to approve yet another increase to rates, but said they were left with little choice as the cost of fuel is dictated by the market, and WAPA does not benefit financially from the increase. The LEAC is a direct pass through of fuel costs to produce and deliver electricity.

PSC Commissioner Andrew Rutnik said while he supported the increase, he knew it would not be received well by a public already paying astronomical rates while receiving subpar service from WAPA. He urged the authority to work toward lowering the cost of electricity for Virgin Islanders, stating that 22 cents per kilowatt hour is the cost that would be the rising tide lifting all boats.

"I have been with the commission for a lot years, probably too many... But I have very rarely ever seen the rates go down. I have in my head 22 cents per kilowatt hour as being what I think WAPA would be able to give the community and the community prospers.

"We are a long way from that. This is going to bring it up to 43 cents per kilowatt hour, and there's nothing wrong on the LEAC side; understanding the LEAC is pretty easy: they use the fuel, it is a separate cost, people should pay for that. It is the other side of the ledger; it is the bad decisions that WAPA's made over the years," Mr. Rutnik said.

He said the hard part "is that we're being asked to raise rates. This is not very popular; St. Thomas-St. John has suffered 9 hours, 12 hours, 11-hour outages. These are crippling and to ask for a rate increase, the community is not listening to us and hearing all the details for the reasons why... they just know the rates are going up.

"They know the cost of doing business in the Virgin Islands, the cost of living here as a resident has become astronomical simply because of WAPA. Because you're not only paying for it on your own home bill, you're paying for it at the grocery store, you're paying it for everything the utility supplies electricity to," Mr. Rutnik added.

PSC Chairman David Hughes shared similar sentiments. He said being on the PSC board for six years, "I don't think I've ever seen a decrease discussion."

He went on, "The last thing I'd like to do is raise the rates on the people in this territory, but I know what the math says. The math says that the power in this case is absolutely more expensive to produce. It's almost purely a function of unchanged generating conditions and increased fuel costs." Mr. Hughes said WAPA "enjoyed historically low fuel costs for a period of use" but the authority "did not take advantage of it... and now we're having to face the inevitable increase in fuel prices."

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