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St. Croix Chamber of Commerce Comes out in Opposition to WAPA Rate Increase on Eve of PSC Decision

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The Board of the St. Croix Chamber of Commerce on Wednesday said it continues to take the position that the private sector cannot be relied upon to bail out WAPA due to the authority's and the Government of the Virgin Islands' mismanagement, and once again said it opposes WAPA's request for a base rate increase.

On Thursday, the Public Services Commission will decide whether to grant WAPA the rate increase that it's been requesting since the early months of 2019.

The chamber said WAPA has experienced decades of mismanagement that have resulted in a debt load of approximately \$550 million, according to testimony by Executive Director Lawrence

Kupfer to the 33rd Legislature on October 1, 2016. As a result, WAPA has requested an increase in the base rate of \$0.03/kWh to be offset by a decrease in the LEAC of the same amount (effectively the end of the 6-month \$0.03/kWh emergency LEAC increase) for what WAPA proposes is a net neutral rate change.

"While Governor Bryan has come out in favor of this net neutral rate change, the St. Croix Chamber of Commerce is opposed in large part due to the inherent fluctuations of the LEAC rate. The LEAC rate is tied to LPG rates (Liquid Petroleum Gas). Market fluctuations, tensions in the mid-East and other global issues are all factors considered in fuel cost forecasts," the chamber said. "None of which show costs for fuel going down in 2020 as LPG rates have been on a slow but steady increase over 2019. The LEAC makes up approximately 40% of the USVI electricity rate which currently at \$ 0.429421 / kWh (residential) is about three times the US national average."

"The private sector is unable to withstand any further rate increase and while we understand the dire financial situation of WAPA, we do not sympathize nor tolerate their inept ability to be fiscally responsible. If WAPA can't operate without a bailout, we call on the Government of the Virgin Islands to find an alternative solution that will not hinder the economic progress of the territory" said Ryan Nelthropp, chairman of the board.

With the PSC vote less than a day away, uncertainty has grown more intense. WAPA in recent weeks has publicly called for "rate adjustments" that would have no impact on monthly utility bills. However, in official filings the authority still requests rate changes which would "nominally" increase power bills.

"This community can't take another nickel" of rate increase," said Clarence Payne of the Alliance for Consumer Justice. "The elderly on fixed income. Churches – their light bills are going up and they cannot reach the poor. Small business ... It's a travesty to talk about."

The Consortium on Tuesday obtained a copy PSC staff and consultants LEAC rate change report. The document was highly critical of WAPA.

"In a break with the normal protocol for filing a LEAC WAPA has petitioned the Commission to consider three different options that it has presented for the upcoming LEAC rate. It is not immediately clear which of the three options WAPA is petitioning the Commission to adopt," the December 9th report by the Georgetown Consulting Group Inc. and the PSC technical staff read.

The report focuses on the Levelized Energy Adjustment Clause, or LEAC, rate. The LEAC portion of customers' bills are supposed to cover the cost WAPA pays for the combination of diesel oil and liquid propane that fuels the massive generators at WAPA's St. Thomas and St. Croix power plants.

Meanwhile, PSC Hearing Examiner Kye Walker's report to the PSC was delayed for days because of a November letter from WAPA Executive Director Lawrence Kupfer in which he said customer utility rates would not change.

"The November 26, 2019, correspondence, on its face, is wholly inconsistent" with Mr. Kupfer's previous testimony to the PSC and with WAPA's official base rate filing, Ms. Walker wrote.