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Kye Walker Recommends That PSC Grants WAPA Base Rate Increase Totaling \$29.7 Million

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Kye Walker By. The Walker Legal Group via Facebook.

A key advisor to the V.I. Public Services Commission (PSC) has recommended the panel approve the WAPA request for a total \$29.7 million increase in the base utility rate.

Hearing Examiner Kye Walker, whose technical report is a guide-post for PSC decision-making, said the Commission should OK the rate hike, provided the increase be tied to “a corresponding reduction in the LEAC and having a zero impact on the current overrate rates charged to consumers.”

The PSC votes on the proposed rate changes at 10 a.m. today at the Commission offices in Barbel Plaza on St. Thomas.

According to the Examiner's final report, obtained by the Consortium late Wednesday, the PSC should order an "automatic" reduction in the base utility rate down the line, when the Water and Power Authority provides evidence it has favorably refinanced its massive operating debts.

WAPA has argued that increasing the base rate paid by homeowners and businesses will cast the authority in a better light on Wall Street as the Authority attempts to refinance longstanding debts to VITOL, the Dutch company that provides liquid propane fuel powering WAPA's generators, and other creditors.

"The Commission should also order the automatic downward adjustment of the base rate be triggered by any future increase to the LEAC such that ratepayers would not experience an increase in their overall bill," Ms. Walker recommended. "... The use of an automatic rate adjustment in this manner would provide an incentive to the Authority to deliver on the promises of refinanced debt and reduction in generation costs ..."

"For the reasons stated above, the Hearing Examiner recommends the Commission approve the Authority's most recently revised request for a base rate increase of \$29,733,687.00, which increase would be tied to a corresponding reduction in the LEAC and having a zero impact on the current overall rates charged to consumers." Ms. Walker wrote.

Ms. Walker told commissioners that it was "difficult, nearly impossible for the hearing examiner to conduct an appropriate investigation" because of WAPA's "inconsistency in the methodologies" used to arrive at its proposed rate changes.

"That the Authority further revised its proposed base rate increase after evidentiary hearings were conducted further complicates the work of both the Hearing Examiner and the Commission to determine whether rates are just and reasonable and deprived the public of the opportunity to express its opinion regarding a base rate increase that would result in zero impact to consumer bills," she wrote.

Nonetheless, Ms. Walker said the "emergency nature" of base rate increase and overwhelming testimony of ratepayers opposed to any increase in their monthly bill leaves her with sufficient information to make her recommendation.