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WAPA Says Power Bills Will Go From 43 Cents to 57 Cents Per Kilowatt Hour if PSC Doesn't Reinstate Surcharge

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Aerial shot of WAPA's power plant on St. Croix By. Ernice Gilbert for the Virgin Islands Consortium

The Virgin Islands Water and Power Authority on Tuesday said that its customers, already paying sky-high electric bills at 43 cents per kilowatt hour, could face even more expensive power bills reflecting 57 cents per kilowatt hour, if the Public Services Commission does not reinstate a surcharge that the PSC is allowing to expire on December 31, 2019.

In a series of 4-0 votes, PSC members on December 12 pumped the brakes on the base utility rate increase WAPA had desperately sought to stave off potential insolvency and pay down crushing

debts.

At the same time, the commission reduced the so-called LEAC – a roundly despised fuel charge that shows up on residential and business electric bills each month. And, going a step further, the PSC opted to allow expiration of a propane generator surcharge that added another 3-cents per kilowatt-hour to customer bills.

WAPA, in a petition filed with the PSC today, said that it wants the surcharge to be reinstated, as the surcharge is used to lease the units that produces propane, and that's what the authority has been using to keep the rates at 43 cents per kilowatt hour. The authority is complaining that the PSC's action on Dec. 12, if not reversed as it relates to the surcharge, would force WAPA to utilize the more expensive No. 2 fuel oil to generate electricity in the territory.

As it stands currently, the LEAC must now be based on the fact that propane fuel will not be available as a less expensive fuel supply, and instead WAPA must purchase No. 2 oil in order to operate its generating units, the authority said today. On 100 percent oil, WAPA will not be operating its most efficient units to generate power, the utility said.

“Instead of a projected decline in the LEAC, for the first six months of 2020, the fuel surcharge must now be based on the cost of No. 2 oil which will increase the LEAC,” reads the petition to the PSC. When the increased LEAC is added to the current base rate, residential customers will face an overall cost of approximately 57 cents per kilowatt hour, WAPA said.

WAPA is hoping the PSC acts quickly to reinstate the 3-cent surcharge. The authority said it is very mindful of the hardship that a significantly increased LEAC would impose on ratepayers at this time. However, unless the LEAC is increased, the authority will not be able to supply electric power in the territory on a continuous basis. This will result in power outages, WAPA said.

WAPA also pitched to the PSC an option of granting WAPA the equivalent of \$29.7 million with a temporary surcharge that equates to 5.7 cents per kilowatt hour. “This would equate to 5.7 cents per kilowatt hour. This surcharge would need to remain in place until the PSC acts favorably on the permanent base rate petition now before it for consideration. This would result in an overall residential cost of approximately 43 cents per kilowatt hour,” WAPA said.

The authority said it continues to need the base rate increase in order to meet all its obligations, and to refinance the VITOL LPG project and other debt, which would lead to lower rates for WAPA’s customers.

But residents continue to stand in opposition of the increase, and for many Virgin Islanders, every penny saved matters.

Margaret Price of St. Thomas recalled when she left island in late summer 2017 to visit her 96-year-old mother. Then Irma and Maria struck. When she was finally able to get a flight back home months later, her house was unlivable. “Totally destroyed,” she sobbed during the PSC hearing. “I have nothing in there now but a bed and refrigerator... and a stove.”

Yet, Ms. Price was handed a \$3,998 electricity bill from WAPA. Despite obvious errors, Ms. Price said she was told by WAPA that she should be placed on a payment plan or pay the entire bill at once. She continues to fight to resolve bill.

“Every single one of us know hundreds in our community that are in her predicament,” said Clarence Payne, president of the V.I. Alliance for Consumer Justice, an advocacy group established to protest the proposed rate increase. “Her tears are not fake ... This lady has been

suffering for two years. Two years.”

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