

logo not found or type unknown

WAPA May Ignore PSC Ruling and Charge Higher LEAC Rates; Vitol Threatens to Stop Providing Propane and Bryan Calls Emergency Meeting With Senators

WAPA / Published On December 20, 2019 09:31 PM /

Robert Moore December 20, 2019

Image not found or type unknown



The political and regulatory battle over the V.I. Water and Power Authority electric rates has entered bizarre and wildly uncharted waters.

Vitol, the Dutch supplier of liquid propane used to generate much of the Virgin Islands' electricity, [has threatened to suspend](#) deliveries of propane to WAPA beginning noon Saturday unless WAPA meet its obligation and cure a recent default in payments to Vitol.

Gov. Albert Bryan has called an emergency meeting with senators for Saturday to discuss unspecified matters related to WAPA and its dire financial straits. Expected to be discussed is the Vitol threat of suspending deliveries of propane.

Meanwhile, the V.I. Public Services Commission Director Donald Cole warned WAPA in a letter today against the authority's apparent plan to ignore the new Levelized Energy Adjustment Clause (LEAC) rate passed by PSC a week ago and potentially bill residential and business customers an even higher fuel charge.

The PSC ordered the LEAC rate reduced from 19.26 cents per kilowatt-hour to a rate of 16.89 cents per kilowatt-hour beginning in January. At the same time, the Commission ordered that a so-called Leased Generation Surcharge of 3-cents per kilowatt-hour be allowed to expire at the end of this month.

WAPA appealed the Commission ruling, hoping the PSC acts quickly to reinstate the 3-cent surcharge along with the 3-cents LEAC. In its appeal to reinstate the surcharge – and now increase the LEAC rate – WAPA Executive Director Lawrence Kupfer informed the PSC that the Authority may “not be able to supply electric power in the territory on a continuous basis (without the increases). This will result in power outages.

“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 WAPA 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.

Should WAPA continue to charge customers the higher per kilowatt-hour rates while its appeal is pending, the Authority would potentially overbill customers in January, pending the PSC decision on the Petition for Reconsideration.

“WAPA is directed to ensure that its records are sufficient and accurate to permit such refund or credit as may be due at the conclusion of this proceeding to all customers billed at the prior LEAC rate of 19.26 cents per-kilowatt hour after December 31, 2019,” Mr. Cole wrote.

Mr. Cole also wrote that the generation surcharge of 3.08 was originally authorized for collection for a period of six months only. The Commission will, indeed, allow that surcharge to expire.

During a marathon Senate hearing this Fall, the WAPA conundrum was summed up quite simply. Senator Kurt Vialet pointed out that WAPA was given one of many base rate increases based on the \$87 million initial cost for the Vitol propane project in 2013, which was supposed to save USVI residents 30 percent on their power bills. The savings never materialized. The final cost of the propane project, which saw multiple delays, skyrocketed to \$160 million. Meanwhile, it is not clear how much of the initial \$87 million cost was paid with the base rate increase given specifically for the \$87 million loan. And WAPA has yet to explain what it's doing with the money, as the base rate remains in place to this day.