

WAPA's Base Rate Charge to Customers Has Increased by 240 Percent in 4 Years

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The Public Services Commission, according to Commission Executive Director Donald Cole, has been accused of punishing the Virgin Islands Water and Power Authority. But Mr. Cole has a different take on the situation. "That is not true; the Commission is just not punishing ratepayers," he said in his testimony before the Senate Friday.

During an emergency meeting early Friday, the PSC voted to reinstate a 3-cent Leased Generation Surcharge that was set to expire on Dec. 31, and extended the surcharge by 120 days. Later the same day, senators voted to approve \$6 million in payments to Vitol. These two actions will serve as a lifeline to WAPA: the reinstated surcharge will fund the Aggreko units on St. Croix which use propane only, and two of the APR units on St. Thomas – Units 26 and 27 – which use only diesel, but currently provide the majority of the electric generation on St. Thomas and St. John.

And the \$6 million taxpayer bailout will cushion WAPA for the rest of December and all of January.

"The PSC is well aware of the dire financial circumstances facing the Authority and has acted and continues to act to address those circumstances in an expedited manner. We cannot, however, do so by ignoring our obligations under Title 30 to conduct examination of rates, as has been suggested by some of those involved. A key consideration of the Commission is be fair in balancing the interests of the ratepayers and those of the Authority. For too long, the Authority has acted with casual disregard for the effects of its actions or inactions on ratepayers, and the bill for those decisions has always been passed on to the ratepayers, at great expense to the economy of the Territory," Mr. Cole said.

He also revealed that the base rate over the course of four years has risen astronomically by 240 percent for residential customers, and even more for commercial WAPA clients.

According to Mr. Cole, in 2014 WAPA's Base rate was 7.3599 cents/kWh; in 2015, the base rate was increased to 9.1599 cents/kWh; in 2017, it was increased to 15.0141 for the first 250 kWhs, and to 17.6339 for all kWh use above 250 kWh per month.

"That is a 240 percent increase in base rates for residential customers; commercial customers pay more," Mr. Cole said.

He added, "The action currently requested by WAPA would increase those rates higher still, taking the residential base rate over 23 cents per kilowatt/hour. That would be an increase in excess of 300 percent." Currently, WAPA residential customers are paying 43 cents per kilowatt hour. This also includes the base rate.

Yet even with the exorbitant hikes over the years, Mr. Cole said WAPA has refused to furnish information tied to its latest base rate request, which WAPA said it needs to refinance its massive debt load.

"We must also state clearly that at the hearing in October of this year when asked WAPA declined to provide any specific information regarding a potential refinancing Vitol, and refused to commit to either a timetable for such refinancing or to return to the PSC with the specific information in advance of a refinancing," Mr. Cole said.

The V.I. Senate on Friday approved a \$6 million payment of taxpayer funds to bail WAPA out of two months of debt owed to its propane fuel supplier, the Dutch energy and commodities giant, The Vitol Group.

Vitol shut off the propane supply a week ago after the authority failed to make a December monthly payment, forcing WAPA to revert to the use of the more expensive diesel oil to power its generators. Vitol had demanded an immediate payment of \$2 million and another \$4 million payment by December 31 to resume doing business with the territory.

WAPA's chaotic financial management practices were on full display, frustrating lawmakers who sought clear and consistent information about monthly revenue, expenditures, and virtually incomprehensible billing practices.

“Are you doing monthly cash-flow statements?” Sen. Donna Frett-Gregory asked of WAPA executives providing testimony to the Senate Committee of the Whole. “Are you even doing monthly financials?”

Sen. Janelle Sarauw said the authority does a woeful job of explaining to ratepayers how WAPA actually spends public money. “Where is the accountability for the consumer? What is the plan?”

“It is tough to give in to WAPA and its every request,” said Sen. Athneil Thomas.

Public statements aside, WAPA’s fiercest critics voted in favor of the costly measure. Voting to reprogram tax dollars were Senators Blyden, Dwayne DeGraff, Novelle Francis, Donna Frett-Gregory, Kenneth Gittens, Stedmann Hodge, Jr., Javan James, Steven Payne Sr., Janelle Sarauw, Athneil Thomas and Kurt Violet. Senators Allison DeGazon, Alicia Barnes, and Oakland Benta were absent for the vote.