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Electric Rate Decrease to Take Effect March 1, But Savings Will be Tempered by Rising Fuel Costs

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Ernice Gilbert **January 29, 2022**

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Virgin Islands ratepayers will experience a small decrease in their V.I. Water and Power electric bills on March 1, but savings expected to be experienced will be tempered by the rising cost of fuel, said Public Services Commission Chairman David Hughes during a commission meeting Friday.

The savings will be around 3 cents per kilowatt hour, deriving from a mix of decisions that the PSC made during the meeting that allowed one fee to expire, while a separate surcharge that WAPA had applied for several months ago is expected to be approved in February.

Against WAPA's plea to extend a recovery fee of 5 cents per kilowatt hour that was in place since 2017 and will expire in February, the PSC said it would not renew or extend the fee, which

brought in \$2.6 million to WAPA on a monthly basis.

The authority's new executive director, Andrew Smith, asked the PSC to extend the fee for another year so WAPA could use the funds to continue paying its VITOL debt, but the PSC stood its ground.

It was [revealed](#) during an Oct. 2019 Senate Committee of the Whole that WAPA has consistently sought base rate increases, given detailed reasons for the increases, then once the Public Services Commission grants the increases — which are passed on to consumers — WAPA uses the money for something else.

The 5 cents decrease would have netted Virgin Islanders some decent savings, but it will be tempered by an increase in the Levelized Energy Adjustment Clause (LEAC) that the PSC is expected to approve in February following a review of the LEAC. WAPA had sought a LEAC increase of 1.8 cents last year, contending that [rising fuel costs was straining its ability to meet financial obligations](#). However, the PSC denied those requests, demanding that WAPA pay owed assessment fees.

Mr. Smith, the new WAPA CEO, said WAPA made a payment Thursday night, with Debra Gottlieb, WAPA acting chief financial officer stating that the authority had made a payment of \$350,246.

WAPA also continues to collect an additional fee of 2.48 cents even though the reason for the collection — the use of two emergency generators — is no longer occurring. The PSC, however, said it would allow the fee to remain in place — at least for five months, according to PSC Chairman Hughes — until a broad review of WAPA's rates, which is expected to take place in June.

Residents currently pay 40 cents per kilowatt hour for up to 250 kilowatt hours of power use, then 43 cents per kilowatt hour thereafter. Commercial customers pay 47 cents per kilowatt hour, with both residential and commercial rates being the highest in all of the United States.