The Virgin Islands Consortium

WAPA Says it Spends 70 Percent of All its Cash on Fuel Purchases; CEO Says There are No Plans to Increase Utility Rates

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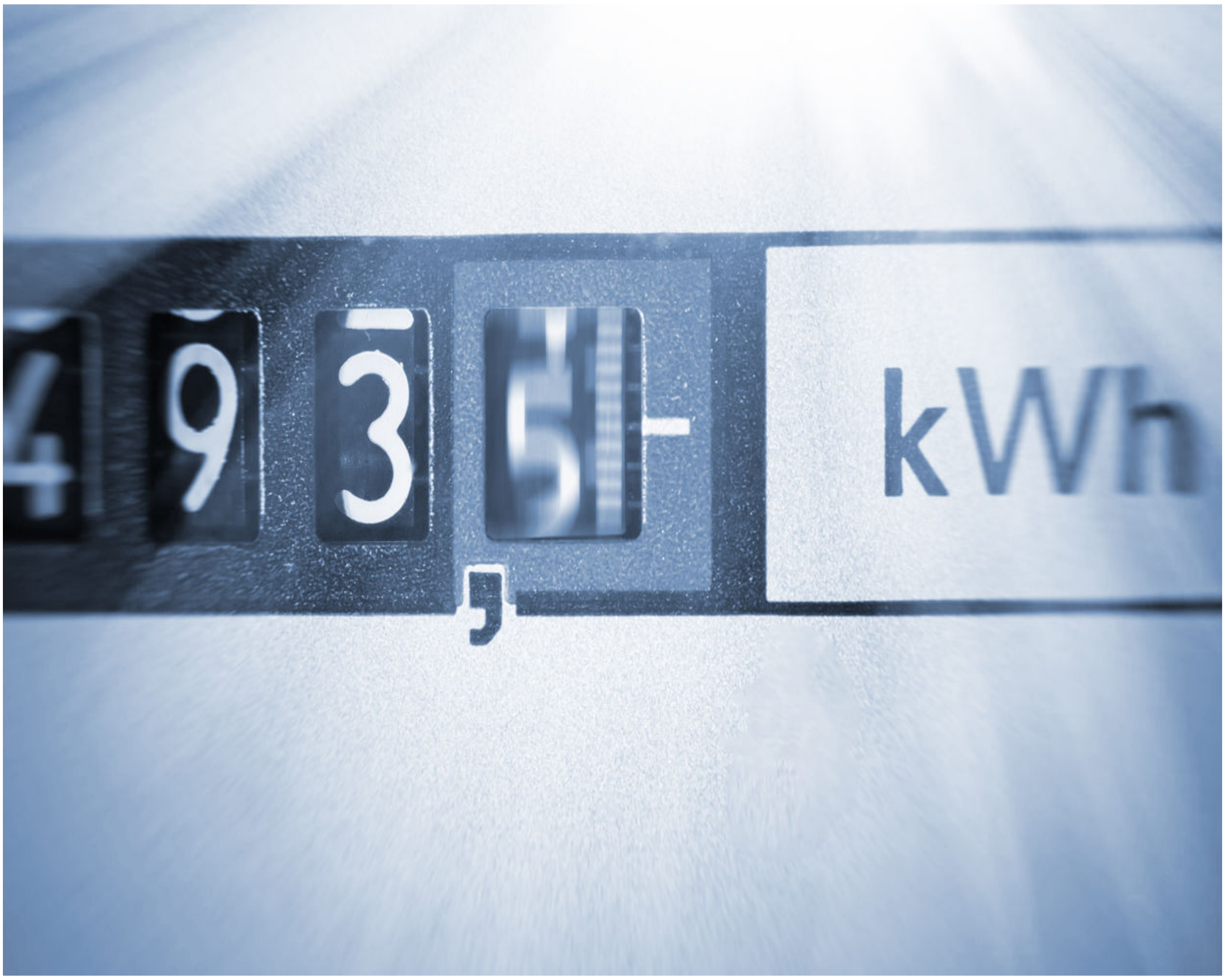

WAPA CEO Andrew Smith on Thursday disclosed that during the last 12 weeks, 70 percent of the cash spent by WAPA went to fuel, but he reiterated that the authority had not plans to increase utility rates in the immediate future.

"There is no intention to go out and increase rates [by] 39 percent. We will continue to shield customers from high costs," Mr. Smith said while answering questions during the latest episode of “The Press Box.”

Regarding the high burn rate of cash on fuel, he said, “We got to reduce the amount of money that we spend on fuel, that is priority number one." Mr. Smith believes that the new management team at the authority will bring about positive change.

The CEO further stated that the goal is to adopt creative ideas that will change the current predicament which is dominated by the authority's high operating cost. “I see a lot of things that will not only get our cost down but will get our services better," he said. "The impact of the Water and Power Authority on the community is so dramatic because we know that energy costs are high, groceries are high, everything is expensive …but it got to be affordable and something that our customers rely on."

Hours ahead of Mr. Smith's Press Box appearance — which also featured WAPA Board Chair Kyle Fleming — and on the heels of efforts to dispel reports of an impending 39 percent rate increase, an island-wide power outage affected St. Croix. WAPA said the outage was caused by a loss of power generation at the Richmond Plant in Christiansted.

“We burn too much fuel to make the electricity that we make today. We will make the same amount of electricity but spend less money doing it,” Mr. Smith said while referring to an example of the efficiency of cars in the 1970s vs modern-day cars. “We can go out and effectively replace a car that was built in 1970 that gave 12 miles for the gallon, but a car that was bought this year can give 45 miles for the gallon,” he said.

Mr. Fleming stated, “For us, bringing relief to the community is our primary focus at the board…the community's best interest is on our mind and being able to feel that we are moving toward a point of relief is critical."

Mr. Smith said WAPA has received federal funding that will assist in improving the reliable supply of energy because of the increased power that the new systems will generate.

Governor Albert Bryan told the Consortium Wednesday that his administration has been heavily subsidizing WAPA in an effort to keep rates low. "Currently power is costing WAPA 62 cents [per kWh] and we are paying 41 cents a kWh. That’s a 21-cent gap. They presented a great plan but mostly to spend more money that we may not have. Gas has gone up 40 percent and the Levelized Energy Adjustment Clause (LEAC) has remained the same. That’s not by magic, we are subsidizing rates. I made a commitment and I’m sticking to it for now," the governor said.