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PSC Approves Hike in Water LEAC Provided WAPA Complies With Regulatory Requirements

WAPA / **Published On July 14, 2023 07:25 AM /**

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Virgin Islands residents with water service from WAPA may soon see an increase in their water bills.

That's because the Public Services Commission provisionally approved a new Levelized Energy Adjustment Clause (LEAC) rate for water.

Currently set at \$7.82 per 1,000 gallons (kGal), at Thursday's PSC meeting, commission members approved the request of WAPA to raise the LEAC to \$9.53 per kGal.

"The factors that in the past have resulted in a high cost continue," said Larry Gowlick of Georgetown Consulting Group, which has been working with WAPA to rationalize rates and

charges.

However, during discussion on the request from WAPA, it was discovered that the authority has not been meeting its legal obligations to file a quarterly report on the state of the territory's water system. "I don't have an explanation as to why they are unable to make a quarterly filing," said Attorney Boyd Sprehn, counsel for the PSC.

One of the factors under discussion was the shockingly high rate of water loss WAPA experiences from its water distribution system — 48 percent on St. Croix and 15 percent on St. Thomas, according to WAPA officials. Noel Hodge, the utility's chief operating officer, said during the meeting that the Federal Emergency Management Agency has approved a \$1 billion prudent replacement award in this regard, and that up to 95 percent of the water lines in St. Croix will ultimately be replaced as a means to mitigate water losses, which add up to approximately \$3 million annually. "That's really a game-changer," said Mr. Hodge. "A once-in-a-lifetime opportunity to make a significant investment in infrastructure". Theft, officials say, is also an issue.

However, Don Gregoire, director of water distribution on St. Croix, said that old meters that are still in use may be contributing to the apparent line loss. "Once we deploy our new smart meters ... we'll have a better accountability of what is actually being sold," he told PSC commissioners. "I honestly believe that those line loss numbers will reduce from what they are right now."

Also under discussion was the contract with Seven Seas, which WAPA officials say contains some onerous terms. Much of the demineralized water which is being produced under the contract is no longer needed, and Mr. Gregoire said the utility is currently in discussion with the private entity ahead of the contract expiry date to renegotiate some of the terms.

During discussion on the motion to conditionally approve the increase in the water LEAC rate, PSC Chair David Hughes noted that the stipulation that WAPA retroactively submit its outstanding quarterly filings would mean that the utility will not be able to bill the new LEAC anytime in the near future.

Ultimately, commissioners voted to require that WAPA submit outstanding filings dating back one year. If the company can accomplish this before the end of the month, the new LEAC will go into effect on August 1. Should they fail to meet the deadline, the LEAC increase will be delayed until the first day of the month after they submit the required filings.