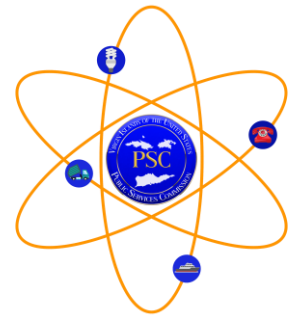




Government of the United States Virgin Islands Public Services Commission

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FOR IMMEDIATE RELEASE

Thursday, November 7, 2024

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PSC Regular Meeting – Thursday, November 7, 2024

Energy Matters

US VIRGIN ISLANDS – The Virgin Islands Public Services Commission (PSC or the Commission) met for its regular meeting on Thursday, November 7, 2024.

Since the Commission’s October 2024 meeting, the Virgin Islands Water & Power Authority provided a list of pending customer adjustments from July to September 2024; however, it is not clear when the adjustments will be made, or that the utility has reached agreement with the affected customers on the amount of the bill adjustments. During this period, PSC staff received an increase in customer complaints relative to estimated bills, higher than normal bills and/or nonresponding meters.

As the PSC Complaint Team work on updating customers regarding the status of their customer complaints, they are being faced with the following challenges:

1. Adjustments are not applied to the accounts timely
2. Nonresponding meters are not replaced timely, so although the customer’s issue has been identified, the problem still lingers until the meter is replaced.
3. Once a meter is replaced it may take a few billing cycles for the account to reflect the new meter and accurate billing data.
4. Though a customer may have a pending adjustment, the amount of the adjustment is not always provided by WAPA, nor is evidence provided that the adjustment is satisfactory to the complaining customer.

The PSC Complaint team continues to work closely with WAPA Customer Service Manager, Marlene Francis to improve this process and expedite resolution of the customer complaints.

The Water and Power Authority (“WAPA”) has a Deferred Fuel Balance on its books for \$118 Million as of May 2024, and Commission staff is concerned that it may reach \$160M by the end of 2024. The Deferred Fuel Balance should contain the fuel and purchased energy expenses that WAPA has incurred and not previously recovered through the LEAC rates. The LEAC, or

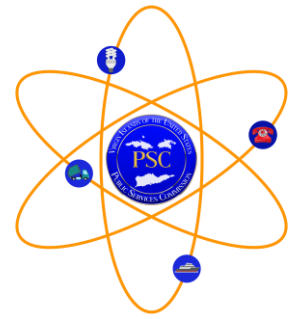
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Levelized Fuel Adjustment Charge, is currently a little over half the total cost for WAPA's residential customers and includes the expenses for purchases of diesel and propane, along with associated costs such as shipping charges, as well as energy that WAPA purchases from others such as solar and (in the future) wind generators. In prior appearances before the Commission WAPA has indicated that it intends to seek recovery of the Deferred Fuel Balance to offset WAPA's large Accounts Payable and to restore working capital to WAPA.

The Commission's mandate, as is true of all regulatory commissions, is to permit regulated utilities rates which provide an opportunity to earn a reasonable rate of return, but only on those costs that are prudent and reasonable. The Commission has directed that the very large Deferred Fuel Balance be reviewed to determine if:

- If the Deferred Fuel Balance was reasonably and prudently incurred?
- If not reasonably and prudently incurred, is there a level of expense that should be charged to ratepayers to adequately recapitalize WAPA?
- Is this a burden the ratepayers should pay in rates?
- What are the long-term expectations, plans and goals for WAPA?

The Commission has directed that a review of the Deferred Fuel Balance begin now, so that a timely and thorough review can be made. The Commission has begun the matter by seeking discovery – sending a set of questions to WAPA and seeking both responses and data. To date, WAPA has not responded to those requests, but today responded that such information will be forthcoming.

In addition, Commission staff noted that WAPA was due to file its Quarterly LEAC report on October 15th and has not yet done so. The current LEAC charge of 22 cents per kWh (Kilowatt/Hour) expires on December 31, 2024. WAPA responded that it would provide the Report and supporting information on Tuesday, November 12, 2024. WAPA stated that it will not be seeking an increase in the Electric LEAC rate.

The Electric LEAC will be on the Commission's agenda for December 10, 2024, to set a new rate for the period of January 1 through March 31, 2025.

The Net Energy Billing Program is a program mandated by the Public Services Commission, which has been operated by the Virgin Islands Energy office to coordinate the actions of the solar installer and customers with DPNR's permitting process and WAPA. The Net Energy Billing program was developed to supplement the Legislative Net Metering program, which has been filled to its capacity for many years. The Net Energy Billing program permits additional customers to install solar and/or battery systems, and to remain connected to the grid. The NEB program is intended to provide economic benefits to the customer and to WAPA, while providing environmental benefits to all. By retaining these customers, WAPA maintains cost

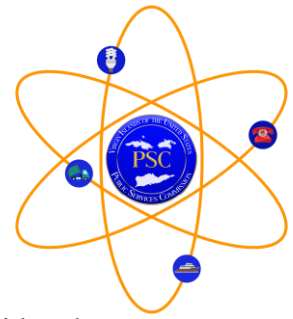
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recovery for its fixed assets, such as generators and distributions line across the grid and a larger number of customers.

The current status of participants in the NEB program are:

- 802 applications territory wide
- 164 passed the inspection phase by DPNR and completed or awaiting completion by WAPA
- 155 are waiting for plans to be reviewed and approved by DPNR
- 410 are waiting for final inspections by DPNR.

There have been delays in this process due to staffing issues within DPNR and WAPA. In the meeting, Commissioner David Hughes expressed that there are too many customers waiting to be placed on this program and there should be alternative options to have the process expedited. Some of these customers have been waiting for more than two years.

On other Energy Matters, Advance Power, LLC, a wind energy project proposed to supply 48 MWs of wind power capacity to the St. Thomas and St. Croix grid, has had its Site Leases executed, approved by the Legislature, and the bills have been approved by the Governor. Advanced Power's focus is now completing its interconnection studies and other subsequent project matters.

BMR Solar (BMR), which operates solar fields in St. Croix (Spanish Town) and St. Thomas (Donoe), has been providing electricity to WAPA, which resells it to customers. However, WAPA had not been paying BMR, resulting in BMR being owed over \$2.3 million for energy from St. Croix and \$1.4 million from St. Thomas. At the PSC's October 2024 meeting it was announced that BMR and WAPA were finalizing the terms of a settlement agreement. Since then, the agreement has been finalized and complied with. This matter is now closed before the Commission.

Commissioners in attendance included Chairman Pedro Williams, David Hughes, Raymond Williams, Clement Magras, and Laura Nichols-Samms. Ex-officio members Senator Carla Joseph and Senator Marise James were absent.

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