



**VIRGIN ISLANDS
WATER & POWER
AUTHORITY**

April 23, 2024

Ms. Sandra L. Setorie
Executive Director
Public Services Commission
P.O. Box 40
St. Thomas, VI 00804-0040

Re: Virgin Islands Water and Power Authority Electric LEAC Filing

Dear Director Setorie:

The Virgin Islands Water and Power Authority (“the Authority”) hereby submits its petition for the Electric Levelized Energy Adjustment Clause (LEAC) rate in the third quarter of 2024 (July through September 2024). It is important to stress that while the supporting schedules indicate a rate above the current approved LEAC of \$0.222 per kWh, the Authority is not requesting any rate increase. The Authority requests an extension of the current LEAC for at least three months.

This filing is supported by a PLEXOS model developed by Sargent & Lundy, a globally recognized consulting and engineering firm.

The calculated true LEAC rate for the second quarter 2024 is a range of numbers depending on generation profile and supplier transportation surcharge costs. As long as the Authority is required to purchase propane from Vitol, the Authority’s true cost of transportation is \$0.71/gal, which is \$0.38/gal higher than the PSC-approved rate of \$0.33/gal. Depending on the status of the pending Vitol transaction as of July 1, the Authority’s fuel costs could vary widely. Additionally, new Wartsila units are not currently in service. There is potential for the new units to be in service by July 1, but this also remains uncertain. See below for the range of potential LEAC rates based on these scenarios.

	\$0.33/gal LPG Transportation	\$0.71/gal LPG Transportation
Current generation profile	\$0.2385 per kWh	\$0.2791 per kWh
New Wartsilas in service	\$0.1920 per kWh	\$0.2342 per kWh

The Authority is in a deeply distressed financial position without access to external financing. This is in large part due to close to \$90 million in deferred fuel balance as of September 2023 that the Authority has not recovered. While the Authority does not intend to raise rates to collect deferred fuel, it must maintain the ability to do so once true costs become lower than the approved LEAC. If the savings from new generation are immediately reset in rates, WAPA's financial position will continue to deteriorate, ultimately hurting ratepayers. The Authority plans to petition for deferred fuel recovery as soon as it is possible without raising current rates.

The Authority, its employees, and advisors are available at the PSC's convenience to discuss any of the information provided.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Smith", written in a cursive style.

Andrew Smith
CEO, Executive Director