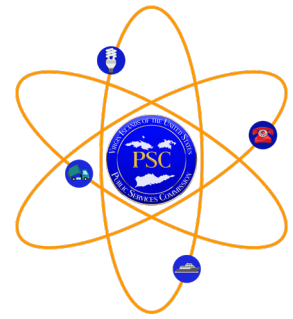




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**PSC Approves Temporary Emergency Fuel Rate Increase for WAPA Through
December 2026**

ST. THOMAS, U.S. VIRGIN ISLANDS — The Virgin Islands Public Services Commission (PSC) voted 3–1 during its regular meeting on Tuesday, October 13, 2026, to approve an emergency request from the Virgin Islands Water and Power Authority (WAPA) to increase its Levelized Energy Adjustment Clause (LEAC) rate by three cents per kilowatt-hour (kWh), from 22.2246 cents to 25.2246 cents per kWh.

The temporary adjustment, approved following WAPA's request for emergency relief, will remain in effect through December 31, 2026, pending the Authority's next LEAC filing. The Commission also waived the customary 30-day notice requirement to accommodate the emergency request.

During its presentation, WAPA Executive Director Karl Knight outlined the financial and operational challenges contributing to the Authority's request. Knight reported significant increases in fuel costs, including diesel prices rising from \$1.99 per gallon in January 2026 to approximately \$4.57 per gallon more recently. He also cited rising propane costs and increased reliance on diesel generation resulting from ongoing mechanical and maintenance challenges.

Knight explained that although WAPA has implemented cost-containment measures, including reductions in administrative expenses, expanded solar generation, and renegotiated fuel transportation costs, these efforts have not fully offset increasing operational expenses. According to WAPA, the Authority has accumulated approximately \$21 million in unrecovered fuel costs. WAPA emphasized that the requested three-cent adjustment represents only a partial recovery of these expenses.

The Commission's consultants presented an analysis of WAPA's fuel-cost calculations under multiple pricing and operational scenarios. The consultants indicated that fuel-price volatility and generation inefficiencies continue to present financial challenges and that the approved adjustment may not fully address WAPA's projected fuel-cost shortfall.

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Commissioners also questioned WAPA's generation performance, deferred fuel expenses, and the assumptions used to calculate fuel-related costs. Chairman David Hughes emphasized that the Commission's previously established station-power and line-loss assumptions would remain applicable unless formally modified through a separate regulatory process.

The Commission further discussed ongoing repairs to WAPA's Unit 15 generating equipment, additional generation resources, and the need for continued improvements in operational efficiency and financial reporting.

The motion was supported by Commissioners Laura Nichols-Samms, Raymond Williams, and Chairman David Hughes. Commissioner Clement Magras voted against the increase, raising concerns regarding consistency in the Commission's treatment of emergency fuel-related requests. Ex-officio member Carla Joseph also expressed concerns about WAPA's outstanding reporting obligations and unaudited deferred-fuel balances.

As part of its continued oversight, the Commission expects additional consultant analysis addressing fuel-cost calculations, generation efficiency, and deferred-fuel expenses. WAPA is also expected to submit its next LEAC filing for the rate period beginning January 1, 2027.

The Commission remains committed to balancing the financial and operational requirements of regulated utilities with its responsibility to protect Virgin Islands ratepayers through regulatory oversight, transparency, and accountability.

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