



Frequently Asked Questions (FAQs)

1. What is the LEAC?

LEAC stands for Levelized Energy Adjustment Clause. It is the portion of the electric rate associated primarily with fuel and related energy costs. Fuel costs are recovered through the LEAC, while other operating expenses are recovered through base-rate revenues.

WAPA has a base rate that covers the underlying cost of providing electric service. Because fuel prices can change significantly, the LEAC allows the electric rate to adjust up or down based on actual and projected fuel costs rather than requiring WAPA to permanently build those fluctuations into the base rate.

2. How does the LEAC show up on a bill?

A customer's bill generally includes:

Base electric rate + **LEAC (FUEL CHARGE)** = energy charge

Service	Consumption	Charge	Total
CUSTOMER CHARGE		6.33	
BASE RATE @ .246533	515.00	126.96	
KW RETURNED @.166685	-219.00	-36.50	
OPEB SUR @.002166	515.00	1.12	
PILOT SUR @.000686	515.00	0.35	
FUEL CHARGE @.222246	515.00	114.46	
INS SUR @.001925	515.00	0.99	
TOTAL ELECTRIC			213.71

3. Is the LEAC a separate fee or additional profit margin for WAPA?

No, it is passed through for the cost of fuel used to generate electricity.

4. When was the last time the LEAC was increased?

Both the water and electric LEAC rates increased in 2022 for the period of March 1, 2022-June 30, 2022, for the electric LEAC and for the Water LEAC the rate was increased for the period of March 1, 2022 to December 31, 2022.

5. How much has the fuel price per gallon increased in comparison to the rate?

Since 2019, the residential rate has increased only 9%, while LPG (propane) has increased by 45% and diesel by 75%.

\$/gal Summary (as of 6/30)	FY19	FY26	% Chg
LPG	\$0.484	\$0.703	45%
Diesel	\$1.883	\$3.293	75%
WAPA Residential Rate	\$0.399	\$0.435	9%

6. Why is this an emergency increase of the LEAC?

Since WAPA's July 15 filing to the PSC, diesel is projected to increase by more than 40% and LPG is forecasted to increase by more than 13%. This is expected to be an \$8 million increase over the quarter.



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7. Why did the July filing not include the needed increase?

We had hoped the global situation would improve and fuel costs would come down. At the beginning of the year, we were able to address the deferred fuel costs, but when the conflict began, fuel prices increased significantly. None of our forecasting at the beginning of the year could have predicted that the conflict would continue for this long.

8. What caused the cost of fuel to go up?

The sharp increase in fuel prices is a direct result from the ongoing conflict in the Middle East.

9. How much will my monthly bill increase?

For a customer using approximately 450 kWh: $450 \text{ kWh} \times 3\text{¢} = \text{approximately } \$13.50/\text{month}$

Customers using more electricity would generally see a larger dollar impact; customers using less would generally see a smaller impact.

Customer Type	Approved Bill	Proposed LEAC	Increase in Bill
Residential - 450 kWh	\$193.92	\$207.42	\$13.50

10. What's the current cost of fuel vs. what was the cost in July when WAPA last filed at the PSC?

The LEAC currently covers \$31,507,761 of fuel costs and WAPA is asking for \$39,692,078 to cover fuel costs. That's an increased cost of \$8.1 Million.

11. Does the LEAC cover the full cost of fuel?

No, the LEAC only covers a portion of fuel costs. Diesel is projected to increase by more than 40% and LPG by more than 13%. The true cost is: 30.2246 cents per kWh and we are recovering currently 22.2246 cents per kWh.

12. When will the LEAC go back down?

The LEAC is based on the cost of fuel, which is determined by external factors. When the cost of fuel lowers, the LEAC lowers.