



THE VIRGIN ISLANDS WATER & POWER AUTHORITY CORPORATE COMMUNICATIONS NEWS RELEASE

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WAPA Response to Erroneous Headline and Article Published in The St. Croix Avis on June 8, 2022

This morning the St. Croix Avis published an article that misstates facts, mischaracterizes materials that the Water and Power Authority posted to its website, and implies that I have made statements that I never made. I will review the article point by point below. However, before addressing what the article gets wrong and what the article gets right, I believe it is important to note that the St. Croix Avis did not speak to me. Nor did the St. Croix Avis seek input or information from the Authority prior to writing the article it published today.

What The Article Got Wrong

- The headline states “WAPA hopes to increase rates by 39%”

Nowhere in the strategic plan posted on the Authority’s website is a rate increase discussed. I have never made the statement, in public or in private, that the Authority intends to increase rates by 39%. What the strategic plan posted on our website outlines, and what I have repeated in my public and private comments, is that our current cost of serving our customers is 39% higher than the rate we charge. That does not mean that there is an intent to increase rates by 39%. The Water and Power Authority has absorbed those increased costs and protected our customers from our high actual cost of serving our customers. This is partially being made possible by strategic assistance from the Government of the Virgin Islands that helps to offset the current high cost of fuel. I encourage you to review the materials posted on our website.

- The article states “...Chief Executive Officer Andrew Smith is seeking to raise revenues”

This statement is taken out of context. What I have said publicly and privately is that the Water and Power Authority is seeking to raise revenues by pursuing new lines of business. For example, I have discussed an additional standpipe where water-haulers can load their water trucks and pay us for the water they take. I have also discussed adding electric vehicle charging stations, which would be another source of revenue because customers would pay us to charge their electric vehicles. These sources of revenue would not be in the rates we charge customers. These revenues would come from us charging the water-haulers and the electric vehicle chargers directly.

- “Currently, residential electricity rates are \$0.41 per kWh.... Under Smith’s plan, they could go as high as \$0.57 per kWh”

Nowhere in the strategic plan posted on the Authority's website is there a statement that says rates could go as high as \$0.57 per kWh. I have never made any such statement, whether in public or in private, that rates could go as high as \$0.57 per kWh. Rather, what the strategic plan posted on our website outlines, and what I have repeated in my public and private comments, is the fact that our current cost to serve our customers is \$0.57 per kWh.

- "Smith's plan calls for an increase in the Levelized Energy Adjustment Clause of \$0.10 bringing fuel surcharge [sic] to \$32.2 per kWh. The base electrical rate is set to see a spike of \$0.06, bring it to \$24.8 {sic} per kWh"

Nowhere in the strategic plan posted on the Authority's website is there a call for an increase in the Levelized Energy Adjustment Clause (LEAC) of \$0.10 per kWh. Nowhere in the strategic plan is there a call for an increase in the base electrical rate of \$0.06 per kWh. I have never made the statement, in public or in private, that the strategic plan calls for an increase in the LEAC of \$0.10 per kWh nor have I made the statement in public or in private that the base electrical rate is set to rise by \$0.06 per kWh.

- Incorrect photograph on the front page

The photograph on the front page of the paper is not a Water and Power Authority facility. It is a photograph of a Limetree Bay facility. Hopefully readers can draw their own conclusions about the information presented in the article when the article includes a photograph of the wrong facility.

What the Article Gets Right

- "The three-phase plan aims to equip the utility with the tools it needs to dig itself out of a financial quagmire that is set to drag the utility down unless dramatic steps are taken"

It currently costs the Authority \$0.57 per kWh to provide electricity to its customers. Our regulatory rate is \$0.41 per kWh. This is disclosed in the strategic plan posted on our website and I have talked extensively about this fact publicly and in private. It is true that no company can survive if it costs the company more to make its product than it can charge its customer for its product. This can be fixed in one of two ways 1) raise prices or 2) cut costs. The strategic plan outlines an action plan over the next 12 months focused entirely on point #2 – cutting costs. It does not contemplate a rate increase.

- "The utility has leased equipment...and pays hefty monthly maintenance fees to utilize"

This is true. For example, we pay approximately \$660,000 per month to lease one of the generators in use. The monies paid in lease payments made to date total what the generator is worth. We outline in the strategic plan that we are currently in negotiations to buy such lease generation because that is better financially for our customers. Accordingly, we can make a one-time payment to purchase the generator and have the benefit of the generator for years to come.

- I respectfully demand a retraction be featured prominently on the front page of the St. Croix Avis tomorrow

The article I discussed here today reports significant, key facts incorrectly and does a disservice to not only the community and its readers by providing incorrect and misleading information, but it is also an affront

to the hard-working men and women of the Authority who labor 24 hours a day, 7 days a week, 365 days a year to keep the lights on and the water flowing.

If you are interested in learning more about the true progress being made at VIWAPA, then I invite you all to view the Press Box which will be on at 5:30 p.m. this evening on www.facebook.com/governmenthouseusvi and on channel 27.

We have put much time and effort into rebuilding the trust of the community and will not stand by and allow the Authority to be misrepresented, eroding our credibility in the eyes of the public. I respectfully request that the St. Croix Avis publish a retraction of its article and do so on the front page of the newspaper tomorrow in the same large font used in posting today's misleading headline.

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About WAPA: The Virgin Islands Water and Power Authority is an autonomous agency of the Virgin Islands Government which produces and distributes electricity and drinking water to residential and commercial customers in the territory. WAPA was created by the Fifth Legislature of the Virgin Islands in 1964 through Act No. 1248. Today, WAPA generates electrical power at production plants on St. Thomas and St. Croix and distributes electrical service through smart grids to customers on St. Thomas, St. Croix, St. John, Hassel Island, and Water Island. Potable water is distributed to almost 13,000 customers through water lines and standpipes. WAPA also has the responsibility of installing and maintaining streetlights.