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Utilities' Debts Jeopardize PSC Operations, Senate Committee Told

The PSC relies on assessments from utilities, which have accrued significant debts, impacting the Commission's budget and operations

Senate / **Published On June 22, 2024 06:15 AM /**

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PSC Executive Director Sandra Setorie By. V.I. LEGISLATURE

The Public Services Commission has once again sounded the warning klaxon, telling lawmakers on Friday that mounting debts by the utilities it regulates is putting the agency's operating budget in jeopardy.

Unlike other government entities, the PSC is not resourced via allocations from the general fund or any other monies from government coffers. Instead, the Commission's operating budget is wholly funded by assessments of the revenue generated by major utility and public service

providers including the Water and Power Authority, the Waste Management Authority, landline telephone service providers, and franchise ferries.?

However, as she testified before the Senate Committee on Budget, Finance and Appropriations, PSC Executive Director Sandra Setorie worried that despite proposing a budget that is “less than what was both requested and approved last year,” the ongoing failure on the part of the utilities to pay for their assessments will jeopardize the Commission’s operations.

“WAPA has not paid its 2024 annual assessment, creating a budget shortfall of \$1.3 million,” Ms. Setorie reported. She told lawmakers that the outstanding amount accounts for only 0.46% of WAPA’s FY2022 unaudited revenue. WAPA, she said, has “acknowledged the liability, but has simply included the Commission in its long list of unpaid liabilities.”

The Waste Management Authority, too, has accrued a debt to the PSC, dating back at least to FY 2021. Between FY2021, FY2022, and FY2023, Ms. Setorie testified that WMA owes \$896,070.30. The agency’s 2024 assessment stands at \$449,199.83, 0.84% of the Authority’s 2022 revenue, bringing the total owed to over \$1.3 million. It’s a figure that the WMA is currently challenging, but as Ms. Setorie asserted, the agency “has been in violation of the law during those years” its assessments have not been paid, since WMA, WAPA, and other public service entities are legally bound to pay assessments to the PSC.

Despite the enormous sums outstanding, the Commission has remained operational thanks to its “historical prudence.” The PSC can carry over up to \$2.5 million into subsequent fiscal years, an arrangement Ms. Setorie says enables the Commission to continue its work “without seeking taxpayer support.” Still, she warned that “the continued failure of WAPA and WMA has put that position in jeopardy.”

Since FY2024 began, the Commission has collected \$314,818.02 in assessments. The PSC’s accountant informed members of the Committee on Budget Appropriations and Finance that the Commission’s current fund balance is approximately \$1.3 million, which should carry into the new fiscal year, but will not last until December 2024.

It appears that the failure of WMA to create revenue streams that allow it to be self-sufficient has resulted in its refusal to pay assessments, as these are intended to be charged on revenue earned. Sewer taxes, wastewater fees and tipping fees have not materialized in the way they were originally expected to. Instead, the WMA is largely funded by the GVI - this year to a recommended tune of \$43,420,000.?

Meanwhile, the PSC’s recommended budget is \$2,079,296 compared to \$2,275,270 in FY2024.?

Senator Donna Frett-Gregory suggested that perhaps the Legislature created the issue of WMA’s recalcitrant behavior, as there is currently no allocation for the payment of WMA’s assessments. “Reasonable minds have to prevail on this one,” she noted, suggesting that the government’s lawmaking arm may have to make adjustments to support both entities. The Budget committee has known of the PSC’s difficulties in collecting assessments from WAPA and WMA for years, following [at least two instances](#) where agency officials [testified before the committee](#) on the matter.