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WAPA Ends Long, Costly VITOL Era With Board Approval of New Supplier Empire Gas

Despite a 3-2 split vote and the new chair's push to delay the decision, WAPA's board approved a two-year contract with Empire Gas, Puerto Rico's largest propane supplier, ending the utility's long and often controversial fuel arrangement with VITOL.

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During Thursday's meeting of the Water & Power Authority's governing board, Chief Executive Officer Karl Knight announced that the team had found a new supplier of propane.

After the initial procurement process [failed to identify a suitable candidate](#), the board approved direct negotiations. As a result of these new efforts, “we're presenting here today a recommendation that we go with a new fuel provider in the form of Empire Gas Company,” said

Mr. Knight.

The company is the largest propane supplier in Puerto Rico, Mr. Knight told board members, and the 10th largest in the nation. Empire Gas Company supplies industrial consumers as well as smaller outfits and individuals, he noted. "As far as retail LPG sales they currently occupy about 75% of the market share in Puerto Rico," Mr. Knight said. He told board members that the company has been in the business of providing propane to Puerto Rico since 1967, and currently averages 120 million gallons in total annual sales.

Other territorial clients include the Diageo distillery on St. Croix, Mr. Knight noted. He requested that the board authorize a 2-year contract with the option for a further one year extension.

After the CEO's presentation, board chair Maurice Muia, elected at WAPA's last board meeting, requested that the matter be tabled "until some further information can be gathered for the board." The request was turned into a motion, which was narrowly defeated with two votes in favor and three against.

Former chair Hubert Turnbull, who voted against postponing the decision, then moved to approve the execution of a contract with Empire Gas Company. WAPA will pay up to a 50-cent premium on the monthly average OPIS spot price for Mont Belvieu non-TET propane. "Authorization also includes the optional installation and maintenance of a dedicated LPG fuel station at no capital cost to VIWAPA," the motion concluded.

Mr. Turnbull, Juanita Young, and Cheryl Jackson, who opposed Mr. Muia's initial suggestion to wait, voted in favor of moving ahead with the outlined contract, while Chairman Muia and Kyle Fleming voted otherwise. With three in favor, the motion carried.

With board approval secured, WAPA's executive team can now finalize details so that their new propane supplier will be ready by the time

VITOL's contract extension [comes to an end](#) in September.