

WAPA's Direct Deal With Empire Gas Sparks Allegations of Bid Rigging and Procedural Violations

Alleging serious procurement violations, Sen. Bolques says Empire Gas bypassed the RFP process, lacked emergency capacity, and saw competitors' bids before submitting its own proposal—raising major questions about transparency and procurement ethics.

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WAPA's Richmond, St. Croix power plant. By. ERNICE GILBERT, V.I. CONSORTIUM.

Almost immediately after the Water and Power Authority announced that [it had found a new propane supplier](#) to replace Vitol, questions began to swirl about how exactly Empire Gas was selected as the successful vendor.

About three weeks prior to that announcement, WAPA CEO Karl Knight – without going into detail – had informed members of the governing board that a request for proposals, issued earlier this year, [was unsuccessful](#). Mr. Knight subsequently returned to the board seeking approval to enter into a contract with Empire Gas, with whom an agreement had been reached following direct negotiations. Newly elected chair Maurice Muia and Kyle Fleming, who heads the territorial Energy Office, wanted more time to consider the request pending receipt of more information, but were overruled by the other board members and authorization was granted during WAPA's July 24 board meeting.

In a letter dated July 30 addressed to Mr. Muia and Mr. Knight, Senator-At-Large Angel Bolques Jr. raised several serious concerns about how WAPA went about securing its new fuel contract. Noting that the concerns outlined in the letter were reflective of those “vehemently expressed...over many phone calls,” Senator Bolques highlighted what appeared to be major irregularities in the procurement process.

“The company was allowed to view the pricing and technical terms of all competing bidders before submitting its own offer, giving it an unfair and improper competitive advantage,” Bolques alleges in his letter. The lawmaker also suggests that Empire's proposal took a different route from the track other companies had to navigate. “Empire did not participate in the original round of bidding...the company submitted its proposal after the published deadline,” he claimed.

Despite the alleged special treatment, Empire “cannot document at least five past or current contracts in the maritime LPG supply sector with clients of similar size and complexity, as required in the RFP.” In fact, Sen. Bolques says that “the company lacks any verifiable history of delivering propane through maritime channels,” and that “the company is reliant on a third-party supplier...for product sourcing, introducing significant risks of supply chain disruption, pricing volatility, and delivery uncertainty.” Empire also does not have the emergency response infrastructure or contingency planning capacity required to operate in a hurricane-prone island jurisdiction like the Virgin Islands, Bolques argued.

Further, there is no evidence that “VIWAPA conducted a comprehensive technical or financial assessment of Empire Gas prior to advancing to contract for Board approval,” the lawmaker declared. There is also no evidence that the “qualified entities” which responded to the initial RFP were given the opportunity to modify or revise their proposals. These included Vitol, CaribLPG, Saintnal, and Borinken. As Bolques argues, “if the Authority intended to alter or relax the eligibility criteria outlined in the original RFP, a new public solicitation should have been issued to ensure fairness, competition, and compliance with procurement best practices.”

During WAPA's selection of Empire Gas as its new LPG supplier, Mr. Knight, the WAPA CEO, told board members that the company is the largest propane supplier in Puerto Rico, 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.

As of press time, Messrs. Muia and Knight have not yet responded to the Consortium's request for comment.