

The Virgin Islands Consortium

Your WAPA Bill Should Be 30 Percent Cheaper In January 2015, Hugo Hodge Says

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WAPA

Water and Power Authority customers will start seeing reductions in their water and power bills by January 2015, CEO Hugo Hodge said on Thursday, as the company's switch from petroleum to propane will be fully operational early next year.

Revealing the details in a telephone news conference, Hodge said that although there was a modest delay from the final quarter of 2014 to the first quarter of 2015 in bringing Operation Game Changer (the name given to the task of converting from petroleum to

propane) online, customers would still be able to experience savings of up to 30 percent.

"The new construction schedule will not impact the amount of savings expected for WAPA's customers or the improvements in air quality that the conversion project will deliver for the territory," Hodge said. "We still anticipate a 30 percent reduction in the cost of fuel, which will be passed along directly to customers. While this schedule represents an adjustment of a few months, we look forward with great anticipation to providing these benefits to the community. Our entire team is focused on finishing this complex project as quickly and safely as possible."

Hodge said WAPA will submit a reduction in December and he expects the Public Services Commission to approve it. If all goes well, savings will be seen in January.

Understanding the plight of Virgin Islanders, Hodge said that WAPA has followed an "aggressive" timetable to bring Operation Game Changer online, an effort which began in earnest in July 2013, revealing that Front-end engineering and design (FEED), were being worked on simultaneously for both St. Croix and St. Thomas plants, in tandem with vendor selection, equipment procurement and contracting.

"From the beginning, we adopted an aggressive strategy that allowed contractors to begin their work and to get this project completed as early as possible," Hodge said. "Normally, the FEED and the final detailed design are finished sequentially, and only then contractors are engaged. In our case, because of our desire to advance this project, we did the FEED, detailed design, and procurement, essentially simultaneously."

Ten of the eighteen tanks to safely store propane are already in use by WAPA, Hodge added. Yet in light of all the efforts, certain situations caused the semi-autonomous entity to delay Operation Game Changer's launch.

Still, 2015 is right around the corner and Hodge said WAPA and its partner, Vitol, are doing everything in their power to launch early next year, including longer working hours, committing to long lead items as early as possible to prevent setbacks, and working simultaneously on all remaining projects.

Reasons for schedule readjustment include:

- Extended work on the design, procurement, and installation of the necessary resources to upgrade the Authority's existing fire protection, controls, and systems for the safe use of propane.
- Undocumented soil conditions and underground obstacles on St. Croix.
- The volume of rock needed to be moved on St. Thomas was greater than anticipated.
- The complexity of permitting, contracting, demolishing, and disposing of structures with lead-based paint.
- Greater challenges than anticipated in coordinating the conversion of the power plants to safely burn propane while simultaneously operating power generating facilities to meet daily electricity demand.
- The reality of global sourcing of all the materials and equipment for the Project.
- Adverse weather conditions in the early phases of the Project.

- Compliance with additional regulatory requirements to assure the safety and the security of the marine aspect of the Project, including necessary redesigns.

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