

The Virgin Islands Consortium

St. Croix Senators Respond To HOVENSA's Planned Fuel Shutoff

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On Monday, HOVENSA [issued a letter to its wholesale gas customers](#) stating that the company has stopped purchasing fuel because it can no longer afford to do so. The defunct refinery, which is being used as an oil storage terminal since February 2012, said it made the Virgin Islands Government aware of the reality of this happening over the past 18 months, if the refinery did not find a new buyer. In the letter, HOVENSA also said its current supply of gas products will evaporate in as little as six weeks.

I call on the Administration to take the legal steps necessary to protect St. Croix residents from the callous actions contemplated by the refinery owners.
-- Senator Nereida "Nellie" Rivera-O'Reilly.

The news of HOVENSA's fuel shutoff did not sit well with some members of the 30th Legislature, with one Senator describing the company's announcement as a "threat" by a "corporate bully."

"There has to be national and international attention given to this latest threat by Hovensa, who I consider a corporate bully," Senator Nereida "Nellie" Rivera-O'Reilly told the *VI Consortium*.

HOVENSA's letter, which was sent from accounting and warehouse manager, Richard Layton, also said if the Operating Agreement entered into between Atlantic Basin Refining (ABR) and the Virgin Islands Government--which has been sent to the Senate for ratification and is now being reviewed by the Senate's counsel and the Finance Committee--is not approved by mid-December allowing for the sale of the refinery, HOVENSA's "cash will be depleted and the company will commence the process of shutting down its fuel storage terminal."

To that, Rivera-O'Reilly said HOVENSA's unwillingness to hand over certain documents pertaining to the sale of the refinery to the proposed buyer plays a significant role in her and others of her colleagues' hesitation in signing off on the Operating Agreement.

"The owners refuse to provide a copy of the sales agreement and the title commitment," she said. "They refuse to provide financial statements evidencing the alleged losses from the storage terminals."

"Moreover," Rivera-O'Reilly continued, "the Government refuses to address the more than \$200 million in corporate taxes owed by the refinery, which was revealed from an audit conducted by the VIBR on the heels of Hovensa's attempts to claim a tax refund of more than \$200 million."

In a previous article, the [VI Consortium reported](#) that should the ABR deal go through, it would release HOVENSA from the \$200 million debt to the Government.

Freshman Sen. Judi Buckley, who did not seek a second term, also offered her thoughts on HOVENSA's planned shutdown in a brief emailed statement to *VI Consortium* on Monday.

"Having learned today that HOVENSA will not be purchasing any more fuels due to a cash shortage and our current supply will run out early next year, I'm very concerned about the situation given they have the only truck rack on St. Croix," she said, adding, "A solution will have to be reached soon, whether it's a court injunction forcing them to maintain the rack, or if it looks like ABR (the buyers) are going to be able to purchase the refinery, perhaps they'll lease the rack. I don't believe finding another storage facility is an option at this juncture, so the government is going to have to act quickly to find a solution with HOVENSA."

Rivera-O'Reilly, who recently retained her seat in the 31st Legislature for a fourth term, said Governor de Jongh had made known last year that legal documents had been prepared in the event HOVENSA made good on its previous threats to stop providing St. Croix with gasoline.

"I call on the Administration to take the legal steps necessary to protect St. Croix residents from the callous actions contemplated by the refinery owners," the four-term lawmaker said. "If the Operating Agreement is the only viable transaction and all parties--both buyers and sellers--are interested in its ratification, then instead of focusing energy on threats and bullying tactics, they should come to the table with clean hands."

Then, the Senator offered a stiff message to ABR.

"If ABR believes it is legitimately at the table and that it has the best and most viable plan to restart the refinery, then it should go to the communities and it should hear what the people have to say. Instead, they choose to retain the services of a former senator to lobby for support, and to hit the radio and television.

She continued: "Show more respect for the people whose lives will be affected by your plan, and face them with the facts and the truth."

HOVENSA's planned gasoline shutoff will only affect service stations and residents on St. Croix.