

# The Virgin Islands Consortium

## P.S.C. Denies W.A.P.A. Electric Rate Increase; Places Request Under 60-Day Review

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ST. CROIX -- The Public Services Commission on Thursday moved to deny W.A.P.A. an immediate request to raise electric rates, and instead voted to authorize a hearing examiner to review W.A.P.A.'s request and submit a report in 60 days -- on or around July 26 -- at which point a new hearing will be scheduled.

W.A.P.A. board [voted last Thursday](#) to file an electric rate increase with the P.S.C. that would amount to, on average, \$13 monthly. Interim Chief Executive Director Julio Rhymer Sr. told board members at the meeting that the emergency filing sought to improve W.A.P.A.'s financial stability and avoid further credit rating agency downgrades, while allowing the utility to become current with some of its outstanding payables. The

increase gave no end date, and would depend on W.A.P.A. having 45 days of cash on hand -- a feat W.A.P.A. estimated would be accomplished in two years.

Mr. Rhymer made those same arguments at today's meeting, held at the P.S.C. offices here and in St. Thomas via video conference.

But commissioners questioned W.A.P.A.'s sudden urgent plea and argued that the semiautonomous entity had failed to collect some \$10 million that was available to help replenish its reserve, which Mr. Rhymer said is currently at four days cash on hand. They also assailed Mr. Rhymer for the way in which the announcement of the possible electric rate increase was made, and said nothing in Mr. Rhymer's presentation today constituted an emergency.

The commissioners said that W.A.P.A. had decided to pay vendors for the [Smart Meter program](#) from working capital, when \$10 million funding was available, and all W.A.P.A. was required to do is complete an application process. P.S.C. Commissioner David Hughes said the money could have been used to pay vendors.

"I'm not entirely certain what constitutes an emergency in this case. None of the points that the director has made constitutes unforeseen [problems]. These are conditions which have existed for years," Mr. Hughes said.

"The Public Services Commission has asked W.A.P.A. to submit a base rate case for over a year and it is going forward very slowly, and W.A.P.A. has not provided all of the information that's being asked for," said P.S.C. Commissioner Johann Clendenin. A base electric rate would help W.A.P.A.'s bottomline, as it would ascertain a minimum take-in every pay cycle.

"I don't consider that as an emergency and I think that the way that W.A.P.A. has presented this petition -- by pre-announcing -- is extraordinary," Mr. Clendenin added as he piled criticism on W.A.P.A.'s bold request.

Coming out of left field today, an attorney for former W.A.P.A. oil supplier Trafigura Trading, LLC, the firm that had supplied W.A.P.A. with No. 2 based oil since winning a bid in 2012, told P.S.C. commissioners that the real reason W.A.P.A.'s credit rating could be soon downgraded to junk status was because the firm had [levied a suit against W.A.P.A.](#) for some \$24.6 million that W.A.P.A. owes Trafigura; a case W.A.P.A. has refused to take on.

Trafigura had decided not to continue doing business with W.A.P.A. until the power and water company could pay its outstanding balance. However, instead of paying Trafigura, W.A.P.A. entered into a contract with Glencore, Ltd. and renewed the contract through 2017. Now, according to Mr. Rhymer, because of the recent downgrades, Glencore is demanding \$10 million advance payment ahead of W.A.P.A.'s next order.

The attorney said Trafigura's lawsuit had already resulted in the downgrade of W.A.P.A.'s credit rating by Moody's and Fitch (Standard and Poor's is now reviewing W.A.P.A.'s rating). However, if the lawsuit goes forward and there's no defense to it, W.A.P.A.'s credit could be downgraded to junk status; a reality that would affect the people of the Virgin Islands, according to the attorney.

Both P.S.C. locations were filled with residents, most of whom who attended the hearing to speak against the rate increase.

"As a senior citizen, as a person who is disabled, as a person on a fixed income, I think it would be very unwise and inappropriate this time for any increases because we need relief already, and we don't have it," said Frank Taylor, representing the Independent Living Council's Mutual Aid Self-Help Group. "I think that the commissioners should consider that the economy in the territory is not great and people are struggling. People are suffering and this would just add more to the situation."

"When I heard about this \$13 being implemented on the people of the Virgin Islands, I wanted to know whether we had crazy people who drank stupid bush," said retired track coach Eurman Fahie, who has stood alone protesting many issues in the Virgin Islands, including the recent electric rate increase request. "I don't think now is the fitting time to say that we need to tax the people of the Virgin Islands \$13 a month for two years, when we were promised this summer, that we would see a reduction from the propane. You can't be telling the people one thing and doing the next."

Speaking to board members, St. Thomas retiree Devon Grant, who is also on Social Security disability, said, "You have heard one, two, three different people come before you and voice their opinions as to why this should not take place," suggesting that commissioners should vote against the request.

The vote to authorize a hearing examiner to review W.A.P.A.'s request and submit a report in 60 days as unanimously supported by P.S.C. commissioners, assuring residents another two months of relief. How