

WAPA and PSC Reforms on the Horizon, VI Lawmakers Say

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Virgin Islands legislators say momentum is building toward meaningful new laws that will change the way WAPA and its overseers operate. Some senators, among them Independent lawmaker Janelle Sarauw, told the Consortium that measures could be on the governor's desk in a month and a half depending on how the Senate tackles the WAPA matter. For instance, a measure could be special-ordered to a Senate session skipping the normal committee process, Senator Alicia Barnes told the Consortium during a recent interview, giving an example of options available to the body.

Senators closed out last week with fact-finding tours of the VI Water and Power Authority's Estate Richmond and Randolph Harley power plants on St. Croix and St. Thomas, respectively. The site visits follow a 12-hour Senate roasting of WAPA's executive suite occupants during a Committee of the Whole investigative session a week ago.

“There is an opportunity for us now to reorganize the (WAPA) governing board to ensure that we have the expertise needed,” Senate President Novelle E. Francis Jr. told the Consortium in a recent interview. “And we want to empower the Public Services Commission” to give it more responsibility and oversight authority where WAPA is concerned, Mr. Francis said.

Ms. Barnes, chair of the Committee on Government Operations, Consumer Affairs, Energy, Environment and Planning, said the Legislature is driven “... to provide a more solutions-based approach to what we can do legislatively, and looking at what WAPA can do, internally, to address the public concerns.”

Senators’ exhaustive, [half-day questioning of WAPA drilled deep](#) for explanations for sky-high utility rates, clear financial mismanagement, executive salaries, faulty billing, and of course, the routine power outages that plague ratepayers.

Some of the last substantive laws regarding PSC authority were passed in the 1960s and 1970s, said Ms. Sarauw, chair of the Senate Committee on Rules and Judiciary. “The (Virgin Islands) Code needs to be updated,” she said.

Just one week after a Senate Committee of the Whole investigative session laid bare a multitude of WAPA’s financial, operational and transparency problems, a bevy of Senate bills are moving swiftly through the legislative channels.

The measures, among other things:

- Establish new criteria for members of the WAPA governing board.
- Set new criteria for members of the VI Public Services Commission. (PSC), the body that exerts some degree of regulatory control over the utility.
- Codify the PSC’s financial oversight authority.
- Legislate, to the extent that the Senate can, WAPA’s financial transparency and the accountability of management to the Senate and to ratepayers at large.

WAPA last week also failed in another bid to shuffle electric utility rates when the PSC for a second consecutive meeting delayed action on WAPA’s petition for an increase in the base utility rate and simultaneous reduction in the fuel rate portion of electric bills.

“I think that coming out of the hearing, there are several things we need to do,” said Ms. Barnes. She said bills strengthening WAPA oversight are on a fast track. “We want to make sure we have people with power-generating and engineering experience, electrical and environmental engineering experience; finance, law, accounting experience, and for the PSC, telecommunications” appointed to the WAPA governing board and the Public Services Commission in future years.

Questions are percolating within the legislative body about whether WAPA actually has management capable of running an overall efficient and reliable public utility. There have been significant improvements to WAPA’s transmission and distribution lines and infrastructure over the past two years - thanks largely to the federal dollars and other stateside assistance flowing after the 2017 storms, Mr. Francis said.

“But we have some serious concerns about the generation side of the house,” he said. “We want to really make sure there is expertise (within WAPA) to drive that conversation.”

Ms. Barnes, for one, was non-committal on the question of whether she supported the WAPA request for an increase in the base utility rate. “As it relates to the base rate increase, they way it's being presented now does make it seem that it's necessary. But I do believe WAPA needs to do more internally to function in the best interests of ratepayers,” she said.

WAPA, with the support of the Bryan administration, proposed a 3 cents per-kilowatt hour increase in the base utility. The authority is seeking a simultaneous cut in the fuel rate (LEAC), which is based on the fluctuating price of fuel. Administration officials say the combination of rate changes would mean zero change in monthly electric bills, a notion that has been challenged by lawmakers and experts who say the fluctuating price of fuel means the WAPA promise of no increase isn't ascertained.

Oddly enough, this utility-rate shell game would make WAPA slightly more appealing to Wall Street investors. An increased base utility rate could make it easier for WAPA to refinance high-interest debt. With those obligations paid down, WAPA would be in a better position to restructure other loans, Lawrence Kupfer, the chief executive officer of WAPA has said.

But there is legitimate concern over how WAPA would indeed use the increased revenue for the stated purpose. The authority has historically diverted rate increase funds to other purposes, lawmakers and members of the PSC have said.

WAPA financial activities, on the granular level, have been shielded from the public. So, it is often long after the public money generated by rate hikes is spent before the public finds out where the money really went.

“With increased transparency from WAPA, increased oversight and scrutiny from the legislature,” the public will be better served, Mr. Barnes said.