

The Virgin Islands Consortium

PSC Responds To WAPA; Asks What Happened To Charges Included In Power Bills To Pay VITOL

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The Public Services Commission on Monday responded to comments made by WAPA in a release the semiautonomous entity issued following news that it had reverted back to powering the territory with oil, because of its failure to pay VITOL, the propane supplier, a debt of over \$20 million -- forcing VITOL to suspend supplies.

In the release, WAPA partly blamed the PSC for its woes, stating that some of the financial challenges that it is experiencing are directly tied to the lack of a permanent base rate which has been pending before the PSC since 2015.

But the PSC pointedly shot back at WAPA in its response, stating that WAPA, as of Monday, had failed to communicate with the PSC that it was unable to make payments to VITOL. PSC even questioned whether nonpayments to VITOL was WAPA's real problem.

"WAPA has not provided any information to the commission as to why the authority is unable to pay its fuel supplier, if that is in fact the current problem," reads the PSC's response. "Despite filing for a new LEAC on March 30, and despite the ongoing efforts to resolve WAPA's base rates, WAPA failed to deliver either the February 23, 2017 or the April 19, 2017 notice from VITOL to the commission or advise why this has reached crisis status."

The costs of the VITOL-provided propane have been collected through the LEAC since WAPA began using that fuel, the PSC said. In addition, the VITOL O&M costs have been authorized for inclusion as well, originally in the LEAC, and then subsequently transferred to the base rates. That transfer to the base rates was a significant factor in making those amounts more even on power bills, the PSC added. Apparently, the PSC went on, those funds collected from ratepayers have not been paid to VITOL.

Although the funding for fuel purchases has been continuously in place through the LEAC and remains so, yet another fuel supplier, Glencore as principal supplier of fuel oil, was unpaid until a special payment was made by the government on this bill, when they halted delivery in January, the PSC said. Another fuel oil supplier, Trafigura, [has a suit pending against WAPA for unpaid fuel deliveries.](#)

"The regulatory costs (assessments) which WAPA uses as a distraction are a normal part of utility operating costs, here as elsewhere in the United States," reads the PSC statement. "Those costs are not surprises, and are included in WAPA's rates, but not being paid. That failure to make payment has restricted the commission's ability to perform its duties, as it is not paid for by taxes or general fund monies, but only through the utilities. The commission's assessments are significantly less than one percent of the revenues of WAPA, and have more than paid for themselves over the years."

In a release issued Sunday, WAPA said while it has been unable to get its rate structure approved by the PSC, there have been assessments levied by the PSC on WAPA in excess of \$3.9 million over the last three calendar years, adding that all matters that are reviewed, considered and acted on by the PSC bear a cost that is eventually passed on to WAPA and to its customers.

The PSC said it has no information that explains WAPA's inability to pay its current fuel costs. In its most recent submission, on March 30, 2017, WAPA asserts that its projection is that the fuel account will be under-recovered, that WAPA has under billed its customers by \$1.6M in total at the end of June 2017. However, the recent April 19th VITOL notice states that WAPA is \$24 million in arrears, the PSC concluded.

Feature Image: WAPA's Randolph Harley Power Plant in Sub Base, St. Thomas. (Credit: Ernice Gilbert, VIC)