The Virgin Islands Consortium

Senators Subpoena WAPA And PSC

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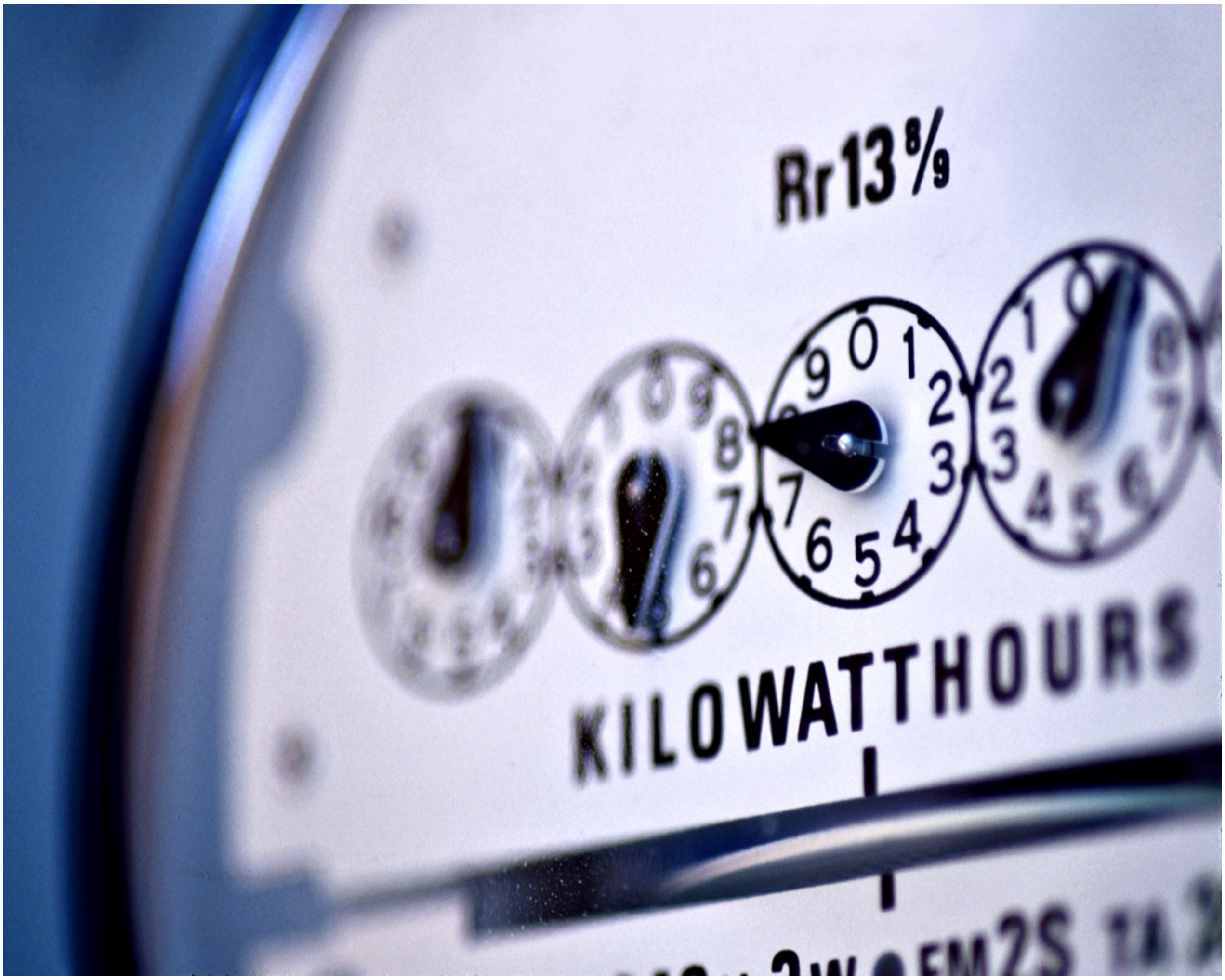

Virgin Islands Water & Power Authority leadership and members of the Public Services Commission will be subpoenaed to appear before the 33rd Legislature to address what Senator Kenneth Gittens -- who made the motion for the subpoena -- called “serious and myriad” problems at the utility.

During Tuesday’s Legislative Session, Mr. Gittens told his colleagues it was time to take a more aggressive approach when it came to WAPA.

“I made a motion to convene a Committee of the Whole hearing within 45 days subpoenaing WAPA officials and the PSC to ensure their full cooperation,” Mr. Gittens said. The motion was unanimously supported.

USVI residents' angst against WAPA has risen in recent months, as the utility has been seeking to raise kilowatt per hour cost on customers. The utility also recently lost more than $2 million through what it said was a phishing scam, an incident that further deteriorated the public's trust in the beleaguered authority.

“We must get to the bottom of what is really taking place at WAPA and start working to chart a new path forward. The current state of affairs is absolutely unacceptable – our bills are outrageous and service is increasingly unreliable," Mr. Gittens said in a release his office issued Tuesday.

The senator said it’s time to explore other ways to manage WAPA to include privatization and a shift to greater reliance on alternative energy. “Our economy cannot grow without affordable and reliable electricity,” he said. “WAPA has a $1.2 billion debt and growing. We need to know how we got here and how we can address this debt.”

During a meeting late July, the PSC voted 5-0 to delay action on WAPA’s rate-hike petition until October 3rd at the commission’s next scheduled meeting. Commissioners Kent Bernier, Johann Clendenin, David Hughes, Andrew Rutnick and Chairman Raymond Williams voted in favor of delaying action. All agreeing that additional information is warranted and PSC consultants need more time to study the request.

WAPA sought commission approval for an immediate 3 cents per-kilowatt-hour increase in the base utility rate combined with an immediate “offsetting” *decrease* of 3 cents per-kilowatt-hour in the fuel surcharge, a portion of electricity bills commonly known as LEAC (the always rising Levelized Energy Adjustment Clause charge).

Lawrence Kupfer, executive director at the troubled power authority, asserted that the proposed rate changes would result in “no net increase” in customers’ bills. And with the utility staring down a fiscal calamity from which it might not recover, shuffling rates is the way to relieve some WAPA debt without further burdening ratepayers, Mr. Kupfer said.

The rate changes, if ultimately approved, would give WAPA some hope of paying day-to-day operational costs and settling a $100 million-plus debt owed to VITOL, the Dutch energy company that supplies the propane fueling power generation in much of the territory.

A permanent base rate increase would cast WAPA in a more favorable light for lenders, Mr. Kupfer said, allowing it to borrow money in order to satisfy the crush debt to VITOL and three vendors. “Those four vendors we owe over $100 million to.” He said VITOL could pull the plug on the propane supplies unless WAPA pays its invoices on time. “If we can’t pay them …” the territory can expect rolling blackouts, Mr. Kupfer added.

Mr. Gittens said Tuesday he remains concerned about wholesale mismanagement at WAPA. Earlier this year he expressed concerns about unreported fuel oil spills at the Randolph Harley Plant on St. Thomas and the apparent theft of $2.3 million from WAPA’s accounts. The money was allegedly wired to an offshore account in May and June of 2018. No new information has been released on the loss - which WAPA says is under federal investigation - since Mr. Gittens brought this matter to the fore.

“As I have noted, these are indicative of WAPA’s longtime pattern of mismanagement and sweeping serious matters under the rug,” the senator said. “The current state of affairs is very disheartening. At this rate, everyone who can afford to do so is going to turn away from WAPA leaving the utility in even worse shape. It is not simply a matter of money or the Government’s debt to WAPA, there is serious mismanagement in play.”

Per Mr. Gittens's motion, Senate President Novelle Francis must convene a Committee of the Whole hearing within 45 working days and subpoena WAPA’s executive leadership team, WAPA board members and all members of the Virgin Islands Public Services Commission.