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WAPA Reverts to Diesel After Defaulting on Vitol Payment; Bryan, Senators Meet to Discuss Crisis

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Aerial shot of WAPA's power plant on St. Croix By. Ernice Gilbert for the Virgin Islands Consortium

Gov. Albert Bryan and the Virgin Islands Senate huddled in an emergency session Saturday in an effort to find a way out of a Water and Power Authority crisis that could leave some Virgin Islanders with even more unreliable electric service during the holiday season.

WAPA, earlier this month, failed to make the most recent payment to Vitol, its propane fuel supplier, resulting in the temporary loss of a critical source of fuel for its generators on St. Croix and St. Thomas. As of noon Saturday, WAPA has reverted to full use of the dirtier and more expensive No. 2. diesel oil to fuel generators in both districts. With the limited back-up

capabilities of the diesel generators, power failures throughout the territory is increasingly likely in the coming weeks and months.

“This is another step in destabilizing” the authority’s ability to keep consistent electric current consistently flowing,” Mr. Bryan said after meeting with lawmakers.

While no immediate solutions were identified at the tense afternoon session, the territory’s top officials agreed to meet again on Monday in search for answers to WAPA’s intractable financial and operational problems.

"The conversation was not at all times calm. The one thing that was evident was that we are very sensitive to the people of this territory, especially those who are vulnerable and can't afford to pay more on their WAPA bills," Mr. Bryan said. The governor in November [had written a letter to PSC](#) urging the commission to support a WAPA base rate increase that the authority said was needed to restructure its debt.

Yet WAPA has remained a closed box in terms of how it manages its finances, and senators at the meeting today called on the authority to provide clear and accurate information about its true financial position. Additionally, senators have yet to understand where funds from a base rate increase approved by the PSC between 2012-13 to pay for the Vitol propane project — a base rate that still is in place today — is going. At least two lawmakers told the Consortium that WAPA had yet to say what the funds are being used for.

In a statement issued this evening, Senate President Novelle Francis said the government needed to find a solution to help WAPA out of its current quagmire. “The territory has invested significantly in upgrading to Agrekko and Warsilla generators in its ongoing efforts to be more cost and energy efficient. It is counterproductive to return to using traditional fuel at this time, which would result in unreliable power generation and additional costs to the utility, which will then be passed on to the consumer as higher LEAC charges,” Mr. Francis stated. “It is unconscionable to expect Virgin Islanders to absorb what could be up to a 40 percent increase in LEAC.”

He added that WAPA’s continuing state of crisis underscores the existing concerns of accountability that exist at the utility. “It is clear to my colleagues and myself that there are accountability issues that must be definitively addressed – to include billing and meter management. WAPA has us over the proverbial barrel, but it is not fair to ask the public to withstand a rate increase if there are no assurance that the funds will be used for the intended purpose,” Mr. Francis said.

Mr. Bryan noted the territory currently has more than "... \$1.5 billion in infrastructure grants that is dedicated to making sure that the USVI has reliable and affordable power in the territory. However, despite the vast amount of federal storm-recovery dollars on the books, no long-term fixes were laid out at the weekend meeting. Part of the reason is because while funds have been allocated, they have not been released to the local government.

Mr. Bryan and Senate members are expected to meet again on Monday to hammer out a deal that, potentially, could see the central government spending as much as \$3 million a month – in the short term – subsidizing WAPA as it attempts to refinance and pay down crushing debt owed to VITOL.

The WAPA crisis has percolated for months in negotiations between territory officials and WAPA creditors – and openly in the form of public protests against proposed rate adjustments.

Mr. Bryan said the energy crisis extends beyond WAPA's poor fiscal management. "Today we agreed on one thing: That WAPA, over the years, has created a situation of fear, of uncertainty and definitely a lack of confidence among our constituents. And we also agreed that WAPA has a long list of issues around accountability and especially around billing," the governor said.

According to the governor, WAPA made a commitment to addressing billing concerns generated over the last couple of months. Bills way out of proportion to previous bills. WAPA agreed to assign customer service representatives on weekends and adding more meter readers in certain areas at the start of the new year.

The Legislature and governor also discussed accountability issues with the power authority. Mr. Bryan said there will be an effort to "... devise certain mechanisms to assure money given to WAPA is spent in a way that it was intended, and that "we have the ability to make sure that we put the best people on the boards of WAPA and the Public Services Commission."

On Dec. 12, the PSC took action that satisfied residents: It allowed a 3-cents fuel surcharge to expire (Dec. 31, 2019), it lowered the LEAC by 3 cents, and the commission rejected WAPA's base rate increase request. The actions will see the per kilowatt hour usage dropping from 43 cents to 37 cents. Ratepayers were surprised but pleased.

The PSC's action came, in part, because WAPA has refused to provide critical information that the PSC has requested. The utility also has a history of requesting a base rate increase for a particular reason and winds up using the funds elsewhere. WAPA then returns to the PSC seeking further hikes on ratepayers. On Dec. 12, the PSC stood its ground.

Reverting back to diesel oil to fuel WAPA's generators at the St. Croix and St. Thomas power plants would send electric rates to 56 or 57 cents per kilowatt hour, WAPA warned.