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Senate to Hold Hearing on Inspector General Audit of WAPA's VITOL Project Early January

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WAPA's Richmond Powerplant. By. ERNICE GILBERT/ V.I. CONSORTIUM

Board members and management of the V.I. Water and Power Authority will face lawmakers on January 11 to answer questions on the Office of the Inspector General's scathing audit of WAPA's VITOL project.

According to a release from the Office of the Senate President, Donna Frett-Gregory, "The 34th Legislature will convene in Committee of the Whole on Tuesday, January 11, 2022, at 10:00 a.m. in the Earle B. Ottley Legislative Chambers on St. Thomas to receive testimony on: The Virgin Islands Inspector General's Inspection of the WAPA-VITOL Fuel Contracting Process and Transactions, to include the V.I. Water and Power Authority Governing Board and Management's

Response."

Though a full agenda will be forthcoming, lawmakers are expected to grill current board members and management of the authority on the results of the audit, though much of the current board members were not at the authority at the time, and the individuals who managed WAPA back then — including former CEO Hugo Hodge — are no longer at the utility.

The audit delineates practices by a water and power authority that fumbled greatly in its stated goal to lower the power costs of customers when in July 2013 it embarked on a propane conversion project whose original cost was \$87 million, but final total exceeded \$200 million.

From a management team that oftentimes ran a clandestine operation opaque to even WAPA board members, to building a \$2.2 million truck rack system without prior approval, the audit uncovers high levels of incompetence at the authority — from management to the WAPA board itself — during the years it was consumed by the propane conversion project.

The audit commenced in Oct. 2019 and concluded in Dec. 2020. It was requested by the V.I. Public Services Commission which sought a review of Vitol's justification for expanding the scope of work and almost doubling the project's cost, according to the O.I.G.

"WAPA's management did not follow WAPA's established procedures for contracts and change orders," reads the audit. "In addition, WAPA's contract negotiations lacked transparency. Furthermore, WAPA officials created an apparent conflict of interest when they engaged the professional services of a firm that also worked for Vitol during a similar time period. Finally, WAPA did not achieve its goal to convert the number of power-generating units it needed to burn Liquid Petroleum Gas (LPG), and did not ensure that its rented units could burn LPG as stipulated in rental agreements."

Our full story on the audit is [here](#).