The Virgin Islands Consortium

V.I. Lawmkers Approve $6 Million Taxpayer Bailout of WAPA; PSC Extends Leased Generation Surcharge by 120 Days

WAPA / **Published On December 28, 2019 05:26 AM /**

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

The V.I. Senate on Friday approved a $6 million payment of taxpayer funds to bail the Water and Power Authority (WAPA) out of two months of debt owed to its propane fuel supplier, the Dutch energy and commodities giant, The Vitol Group.

On the same day, the Public Services Commission during an emergency meeting reinstated the Leased Generation Surcharge of 3.08 cents that was set to expire on Dec.

31, and extended the surcharge by 120 days. The PSC on Dec. 12 had not only voted to allow the surcharge to expire on Dec. 31, it also lowered the Levelized Energy Adjustment Clause, known as LEAC, by 3 cents, and rejected WAPA's base rate increase request.

Friday's expected government bailout relieves WAPA of December 2019 and January 2020 obligations to Vitol, allowing the flow of propane fuel and other related operations to electrical power plants on St. Croix and St. Thomas to resume.

Vitol shut off the propane supply a week ago after the authority failed to make a December monthly payment, forcing WAPA to revert to the use of the more expensive diesel oil to power its generators. Vitol had demanded an immediate payment of $2 million and another $4 million payment by December 31 to resume doing business with the territory.

Following hours of testimony at an emergency session on St. Thomas, senators voted to redirect FY 2020 budget money intended for critical government personnel hires ($1 million), the Budget Stabilization Fund ($2 million) and anticipated gross receipt collections ($3 million) — to pay Vitol.

WAPA’s chaotic financial management practices were on full display, frustrating lawmakers who sought clear and consistent information about monthly revenue, expenditures, and virtually incomprehensible billing practices.

“Are you doing monthly cash-flow statements?” Sen. Donna Frett-Gregory asked of WAPA executives providing testimony to the Senate Committee of the Whole. “Are you even doing monthly financials?”

Sen. Janelle Sarauw said the authority does a woeful job of explaining to ratepayers how WAPA actually spends public money. “Where is the accountability for the consumer? What is the plan?”

“It is tough to give in to WAPA and its every request,” said Sen. Athneil Thomas.

Senate President Novelle Francis said he was ready for a bill that would give the PSC regulatory responsibility over WAPA, and not just the commission's current authority to only adjust rates. "WAPA has not been accountable to the people of the Virgin Islands," Mr. Francis said, contending that the financials WAPA presented Friday — and at other hearings — were deliberately confusing.

Public statements aside, WAPA’s fiercest critics voted in favor of the costly measure. Voting to reprogram tax dollars were Senators Blyden, Dwayne DeGraff, Novelle Francis, Donna Frett-Gregory, Kenneth Gittens, Stedmann Hodge, Jr., Javan James, Steven Payne Sr., Janelle Sarauw, Athneil Thomas and Kurt Vialet. Senators Allison DeGazon, Alicia Barnes, and Oakland Benta were absent for the vote.

“Where is the accountability for the consumer? What is the plan?” asked Ms. Sarauw of WAPA executives providing testimony to the Senate.

Gov. Albert Bryan thanked members of the legislature for “working collaboratively with the executive branch” and risking political backlash to support the bailout. “This is a clear indication that no matter where we stand on the issues, the executive and legislative branch can work collaboratively for the people of the Virgin Islands.”

The urgent injection of cash is only a short-term fix for an intractable problem, Mr. Bryan said. “The reappropriation of $6 million in funds is only a short-term fix, and now we have to look more comprehensively at the long-term solution,” he said.

Long-term issues range from incomprehensible, opaque billing practices to stunning mismanagement of ratepayers’ money. To attempt to hold WAPA to account, senators on Friday also voted to require semi-autonomous agencies and instrumentalities of the VI government – such as WAPA – to submit a quarterly financial report to the Legislature effective January 2020.

Friday’s emergency legislative session was called following meetings held on Saturday and on Monday between Mr. Bryan, Lt. Gov. Tregenza Roach, and all 15 senators of the 33rd Legislature.

On Saturday, Dec. 21, Vitol ceased supplying propane to WAPA following a default notice issued on Dec. 12. The move effectively forced WAPA to shut down its most efficient propane-fueled generators and begin using the more expensive No. 2 oil on its older, less efficient generators.

WAPA officials said repeatedly that the utility does not have revenues to pay the higher fuel costs and would not be able to sustain electrical generation without an immediate infusion of cash.