

As Monthly Subsidy Provided to WAPA Ends in June, Authority Seeks Help From a Skeptical Senate

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Where will WAPA get the money to continue keeping electricity prices stable, after the \$97.5 million that had been allocated to it from American Rescue Plan Act funds runs out in the middle of the year? The suggestion is that the Senate will be asked to step in, but during Tuesday's meeting of the Committee on Budget, Appropriations & Finance, legislators did not seem to relish that prospect.

Last July, it was estimated that WAPA was spending over three quarters of its budget on fuel, which is highly susceptible to wide price fluctuations. At the time, before a meeting of the 34th Legislature's Committee on Finance, WAPA CEO Andrew Smith said the company had just about \$70,000 left over at the end of the month after paying fuel costs, payroll, servicing debt, and needed \$48 million in fuel subsidy from the government to prevent it from [running out of cash](#) in

this fiscal year.

Thus far, the Government of the Virgin Islands (GVI) has spent \$77.1 million trying to shield residents from the effects of rising fuel costs, and according to testimony read into the record by Bosede Bruce, commissioner of the Department of Finance, the remaining \$20.4 million will be similarly spent in the coming months. “This will occur at a rate of \$5.1 million per month for the next four months; March through June 2023,” Ms. Bruce said.

After that? “There is no additional commitment to WAPA from the ARPA funds. Any additional needs of WAPA will have to be presented by WAPA to this Body for approval and an appropriation,” Ms. Bruce testified.

Legislators expressed some unease at that idea. Committee Chair Senator Donna Frett-Gregory acknowledged the importance of the survival of the utility company but noted that there had not yet been “any earnest discussion” with the legislature around what’s happening at WAPA and how it impacts the way forward for revenues and obligations.

“At some point there must be a discussion with this institution around what the government is truly doing with WAPA,” Ms. Frett-Gregory said. “We need to be at the table because at the end of the day the expectation is that this body, us here in this institution, we will now be responsible on the back end when this money runs out,” she continued. “I don’t think we should have to beg for a seat at the table.”

Senator Dwayne DeGraff also objected to the submission. “I think those kinds of statements, snuck in, come like disrespect to this branch of government, I ain’t gon’ tolerate it,” he said.

Meanwhile, Senator Kenneth Gittens reiterated his intention to complete an inquiry into WAPA.

“I’ll be having a discussion with my colleagues with regards to funding the Office of the Inspector General [OIG] to continue the inquiry that we’ve been asking for.”

Mr. Gittens first requested an investigation into the authority after a [14-month long audit](#) by OIG revealed cost overruns of \$113 million for a project between WAPA and propane supplier VITOL which promised to reduce energy bills in the territory.

The audit report shows how badly the utility company fumbled its stated goal of lowering electricity costs for consumers when in July 2013 it embarked on a propane conversion project that was originally supposed to cost \$87 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. During that time frame, the final total for the project had ballooned to over \$200 million.

Apart from now having a strained relationship with VITOL over the massive debt incurred, risking island-wide power outages as a result, rates for consumers have not been lowered as was initially promised.