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Uncertainty Clouds WAPA-Vitol Settlement with Critical Friday Deadline Nearing

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“The deal definitely is imperiled.”

That was Governor Albert Bryan Jr. on Tuesday, responding to a question from the Consortium on the current status of the \$145 million negotiated settlement between the Water & Power Authority (WAPA) and Vitol, the energy trading company with which WAPA has been embroiled in a long-running contract dispute.

That settlement, which would dissolve the contract between the parties, requires an initial payment of \$45 million, due this Friday. Without sufficient liquidity to meet those terms, WAPA was depending on being allocated the funds out of a \$150 million line of credit the executive branch was seeking approval from the Legislature to establish. The intention, according to WAPA and the

government's financial team, is to replenish the funds issued from the line of credit after grant applications to federal partners are approved and the money disbursed.

However, during a special session on April 5, instead of approving the request from Government House, the Legislature [voted to hold](#) the bill until their next meeting on April 14 – the same day that general counsel to the Public Finance Authority, Kye Walker, told senators was the “drop dead” payment deadline for the WAPA-Vitol deal. During debate, senators expressed unease about the language of the draft legislation, which they asserted needed further scrutiny and amendment. They also criticized the executive branch for withholding information during the dealmaking process that could have led to the crafting of a better bill for consideration.

“We’re in talks with them [Vitol] but we’re not sure what impact this has on the deal,” Governor Bryan said during Tuesday’s press briefing. “It could make the whole thing fall apart. Hopefully not.”

The governor said that WAPA, and the territory by extension, did not have much leverage at the bargaining table. “When we made that deal, we were in a bad space. We hadn’t paid Vitol for a year and a half. And when I say we – WAPA.” Mr. Bryan argued that in the face of the struggling utility’s ongoing delinquency over its mounting debts, Vitol’s forbearance has been a welcome gesture. “The reality is Vitol has been a good partner in terms of keeping the propane flowing, even though we owe them money.”

Alluding to senators’ expressed desires for greater accountability over the initial propane infrastructure deal that ballooned in cost due to [shoddy accounting and management practices](#), Governor Bryan contended that whatever had transpired, WAPA – and by extension the territory – was on the hook for the debt, which due to the settlement had been whittled from the approximately \$280 million value of the contract (if continued to completion) down to the \$145 million that had been negotiated.

Given that access to a line of credit to facilitate this payment will not be available before the deadline, has the government made alternative arrangements? “We are looking for solutions, but the reality is we cannot pay anybody without a budget appropriation...there are some ways around that, but technically, I want to do the right thing. The Legislature has to approve us spending anything out of the General Fund,” Governor Bryan responded.