



**GOVERNMENT OF THE VIRGIN ISLANDS
OF THE
UNITED STATES
Public Services Commission
NEWS RELEASE**

**Lorna Nichols - Public Relations
Thursday, February 2, 2017**

In response to the news today, the Public Services Commission has seen the news articles about the fuel services interruption between the Water and Power Authority and VITOL, its LPG/propane fuel supplier. WAPA has not provided any information to the Commission as to why the Authority is unable to pay its fuel supplier, if that is in fact the current problem. Despite filing for a new LEAC on March 30, and despite the on-going efforts to resolve WAPA's base rates, WAPA failed to deliver either the February 23, 2017 or the April 19, 2017 notice from VITOL to the Commission or advise why this has reached crisis status.

The costs of the VITOL provided propane have been collected through the LEAC since WAPA began using that fuel. In addition, the VITOL O&M costs have been authorized for inclusion as well, originally in the LEAC, and then subsequently transferred to the Base Rates; that transfer to the base rates was a significant factor in making those amounts more even on your bills. Apparently those funds collected from ratepayers have not been paid to Vitol.

Although the funding for fuel purchases has been continuously in place, through the LEAC, and remains so, yet another fuel supplier, Glencore as principal supplier of fuel oil, was unpaid until a special payment was made by the Government on this bill, when they halted delivery in January. Another fuel oil supplier, Trafigura, has a suit pending against WAPA for unpaid fuel deliveries.

The regulatory costs (assessments) which WAPA uses as a distraction are a normal part of utility operating costs, here as elsewhere in the United States. Those costs are not surprises, and are included in WAPA's rates, but not being paid. That failure to make payment has restricted the Commission's ability to perform its duties, as it is not paid for by taxes or general fund monies, but only through the utilities. The Commission's assessments are significantly less than one percent of the revenues of WAPA, and have more than paid for themselves over the years.

The Commission has no information that explains WAPA's inability to pay its current fuel costs. In its most recent submission, on March 30, 2017, WAPA asserts that its projection is that the fuel account will be under-recovered, that is WAPA has under billed its customers by \$1.6M in total at the end of June 2017. However, the recent April 19th VITOL notice states that WAPA is \$24M in arrears.

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The Virgin Islands Public Services Commission ### www.psc.gov.vi**