VIRGIN ISLANDS PUBLIC SERVICES COMMISSION

BUDGET PRESENTATION FISCAL YEAR 2027

63 Years of Protecting Public Interest and Utility Viability

Preserving Utility Regulation for the Future of the Virgin Islands

Presented to:

The 36th Legislature of the United States Virgin Islands

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July 2, 2026

The Honorable Senator Novelle E. Francis, Jr.
Chairman, Committee on Budget, Appropriation, and Finance
36th Legislature of the Virgin Islands of the United States
Capital Building
P. O. Box 1690
St. Thomas, VI 00804

Subject: Transmittal of Public Services Commission's FY 2027-2028 Budget

Dear Senator Francis:

In accordance with 30 V.I.C. § 25a(d), I am pleased to transmit the Fiscal Year 2027 Budget for the Virgin Islands Public Services Commission for consideration by the 36th Legislature of the Virgin Islands.

To the honorable members of the Committee: Chairman Novelle E. Francis, Jr., Vice Chair Marvin A. Blyden, Senator Dwayne M. DeGraff, Senator Ray Fonseca, Senator Hubert L. Frederick, and Senator Kurt A. Vialet, Senators of the 36th Legislature present, the legislative staff, my Public Services Commission members and staff, and the listening and viewing audiences, good afternoon.

Senators, thank you for the opportunity to address you today. My name is Sandra L. Setorie, and I serve as the Executive Director of the Virgin Islands Public Services Commission. I am joined today by Boyd L. Sprehn, General Counsel; Tisean T. Hendricks, Assistant Executive Director; Brenda P. Connor, Accounts Maintenance Officer; Tamar N. Corry, Assistant Accounts Maintenance Officer; and Alicia C. Gumbs, Personnel and IT Manager. The Commission respectfully submits its Fiscal Year 2027 budget request in the amount of two million three hundred ninety-five thousand one hundred twenty-eight dollars and fifty-nine cents ($2,395,128.59) for your review and approval. The Public Services Commission has consistently exercised sound fiscal stewardship in carrying out its statutory responsibilities. The Commission has never exceeded its approved budget and has never sought a supplemental appropriation from the Legislature. We remain committed to operating efficiently and responsibly while fulfilling our mission to protect public interest through effective regulatory oversight of the Territory's public utilities and other regulated entities. The Commission is funded through annual and docket-specific assessments authorized by law and allocated among the regulated utilities, as required by law. These assessments are not new, nor do they represent an additional financial burden created by the Commission. They have been part of the Territory's regulatory framework for many years and are incorporated into utility rates through established ratemaking practices.

For decades, this system operated effectively and without significant controversy. The Commission's current financial challenges are not the result of increased spending, changes in the law, or deficiencies in the Commission's budgeting practices. Rather, they stem from the failure of certain regulated utilities to remit the statutory assessments they are legally obligated to pay, despite having been authorized to recover those costs through customer rates.

I would like to take this opportunity to discuss the role of the Public Services Commission, the work we perform on behalf of the people of the Virgin Islands, why that work is important to the Territory, and the Commission's financial structure.

Regulatory commissions play a vital role in ensuring that critical public infrastructure is planned, developed, maintained, and operated in a manner that supports a modern economy and a high quality of life. Effective regulation helps ensure that legislative policies are implemented, that long-term planning occurs before crises arise, and that utility services remain reliable, safe, and affordable while adapting to changing technologies, market conditions, and unforeseen events.

The Commission's oversight helps promote prudent investment decisions, operational accountability, and financial transparency. Properly managed utilities reduce reliance on the General Fund and minimize the burden on customers and ratepayers by providing cost-effective and dependable services. Simply stated, sustainable economic development is not possible without adequate and affordable utility services.

Accordingly, this presentation will outline the Commission's strategic priorities, regulatory responsibilities, and ongoing initiatives. It will also address the challenges encountered during Fiscal Year 2026 as a result of the Virgin Islands Water and Power Authority's (WAPA) failure to timely pay its statutory assessments, as well as the continued nonpayment of assessments by both WAPA and the Virgin Islands Waste Management Authority (VIWMA).

What We Do and Why?

The Public Services Commission is charged with ensuring the efficient and effective delivery of regulated utility services throughout the Territory, including electric power, potable water, telecommunications, wastewater services, solid waste management, and franchised marine transportation systems. Through its oversight responsibilities, the Commission works to advance safe, reliable, affordable, and modern utility services while supporting infrastructure improvements and protecting the interests of both consumers and utility providers.

The Commission is authorized not only to establish just, fair, and reasonable rates, but also to review service quality, require improvements to utility facilities, oversee long-term planning, and ensure that utilities provide services that meet the public convenience and necessity. The term "rate investigation" is often used as a shorthand description of the Commission's work. However, that phrase significantly understates both the scope and importance of the Commission's statutory responsibilities. Under Title 30, Section 23 of the Virgin Islands Code, the Commission has the responsibility not simply to set rates, but also "*require such extensions, expansions, or increases in facilities or service as the Commission finds are in the furtherance of the public convenience and necessity….*" [1]Consistent with utility regulation throughout the United States, the Commission's responsibilities include implementing legislative policy, reviewing utility financial performance, evaluating capital investments and infrastructure plans, overseeing customer service practices, and establishing rates that permit recovery of prudent and reasonable costs while protecting consumers from unnecessary or excessive charges.

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[1] Title 30, Section 23 excerpt: "… the Commission shall have *power to determine and by order* fix and order to be substituted therefor such *rate or rates, charges, or schedules as shall be just and reasonable. … or if it be found that reasonable service is not supplied, the Commission shall have power to determine and substitute therefor* such other regulations, time schedule, service, or acts and to make such orders respecting any such changes in such regulations, time schedules, service, or acts as shall be just and reasonable. *The Commission shall have power to fix, determine and require such extensions, expansions, or increases in facilities or service as the Commission finds are in the furtherance of the public convenience and necessity, and the terms and conditions upon which the same shall be made…*

The Commission's responsibility is fundamentally different from that of a utility's board of directors. We are frequently asked why the Territory needs a Public Services Commission when utilities such as WAPA and the Waste Management Authority (VIWMA) already have governing boards. The answer is straightforward: a utility board's duty is to the corporation it governs. The Commission's duty is to both the utility and the public. Our responsibility is to ensure that customers receive adequate, reliable service while also ensuring that utilities have a fair opportunity to recover prudent costs and maintain financial stability.

Unlike a corporate board, a regulatory commission must consider long-term public interests, including system reliability, resilience, affordability, infrastructure replacement, and future customer impacts. These broader public obligations frequently require planning horizons that extend beyond immediate operational or financial concerns. The Commission's role is therefore not duplicative of a utility board; it is complementary and essential to protecting the public interest.

Commission Funding and Financial Status

The Commission's ability to carry out its statutory responsibilities depends upon a funding structure that has served the Virgin Islands for decades. Under Virgin Islands law, the Commission is funded through annual and docket-specific assessments allocated among the regulated utilities. This funding mechanism is longstanding, well-established, and an integral part of the Territory's regulatory framework.

Despite repeated discussions, written notices, Commission orders, and other efforts to resolve outstanding obligations, substantial annual and docket-specific PSC assessments owed to the PSC remain unpaid. As a result, the Commission's financial reserves, which were annually approved by the Legislature, have been significantly depleted, and our ability to continue performing critical statutory functions is now in jeopardy.

These assessments do not represent a new or unexpected expense imposed by the Commission. They are recognized regulatory costs that are incorporated into utility rates through the Commission's ratemaking process. As a result, regulated utilities, including WAPA, have been authorized to recover these assessment costs through the rates charged to their customers. The funds necessary to satisfy these statutory obligations have therefore been built into the utilities' revenue requirements.

The consequences extend far beyond the Commission itself. When statutory assessments are not paid, critical regulatory proceedings—including rate investigations, infrastructure reviews, and consumer protection matters—are delayed or suspended, limiting the Commission's ability to provide the independent oversight that protects both ratepayers and the public interest.

The nonpayment of utility assessments disrupts Commission operations and materially impairs the PSC's ability to satisfy outstanding invoices owed to consultants and vendors. Under these conditions, the Commission is increasingly unable to perform its regulatory functions, as it is unable to pay its existing consultants and, within less than one fiscal quarter, may be unable to meet payroll obligations. The Commission cannot reasonably expect consultants and professional agents to continue incurring expenses while contractual obligations remain unpaid.

Throughout its history, the Public Services Commission has exercised sound fiscal stewardship. With the sole exception of Fiscal Year 2025, when a General Fund appropriation became necessary because of utility nonpayment, the Commission has operated without General Fund support. As previously stated, the Commission has never exceeded its approved budget, has never requested a supplemental appropriation from the Legislature, and has consistently managed its resources prudently and responsibly.

The Commission's financial record demonstrates that the issue before the Legislature is not one of fiscal management. It is one of ensuring compliance with the statutory funding mechanism established by law so that the Commission can continue to perform the independent oversight the Legislature has entrusted to it.

The Impact of Commission Oversight

The value of independent regulatory oversight is not theoretical. The Commission's actions over the past decade have produced measurable benefits for ratepayers and have advanced the public policies established by the Legislature.

Until the enactment of Act No. 8471, the Commission's authority over WAPA was significantly more limited than that exercised by most utility regulatory commissions throughout the United States. Despite limitations on the Commission's authority prior to the enactment of Act No. 8471 in 2021, the Commission consistently sought to protect ratepayers through prudent review of utility expenditures, infrastructure planning, and proposed investments. These efforts have resulted in substantial savings for consumers and have helped advance long-term energy and infrastructure goals established by the Legislature.

A decision by the Virgin Islands Supreme Court interpreted existing law as granting the Commission authority over rates but not over many of the underlying decisions that directly affect those rates, including generation planning, capital investments, debt issuance, and major operational decisions

The Supreme Court acknowledged that this interpretation differed substantially from the traditional role of utility regulators throughout the nation but concluded that any expansion of authority was a matter for legislative action. The Legislature addressed this issue through the passage of Act No. 8471, which restored regulatory tools necessary for meaningful oversight of utility operations and planning.

Even before those statutory changes, the Commission used every available authority to protect consumers and promote sound utility management.

One notable example involved the propane conversion project undertaken through the Vitol Agreement. Between 2015 and 2017, the Commission repeatedly sought information concerning the original agreement, the associated infrastructure investments, generation conversion costs, propane supply arrangements, and subsequent contract amendments.

Following extensive review, the Commission authorized recovery of the costs associated with the original agreement, at $148 million, which was recovered from ratepayers by March 2022. However, the Commission determined that subsequent amendments, which more than doubled the project's costs, were neither reasonable nor adequately justified and therefore denied their recovery from ratepayers.

This decision protected Virgin Islands consumers from substantial additional costs. Had those amendments not been approved, electric customers would likely still be paying approximately five additional cents per kilowatt-hour today, resulting in significantly higher residential and commercial electric rates throughout the Territory.

Regulated Utilities

Virgin Islands Water and Power Authority:

The Commission initiated WAPA's electrical rate investigation during the past fiscal year with the objective of conducting a comprehensive review of the Authority's financial condition, operational performance, capital investment plans, and long-term ability to provide safe, reliable, and affordable electric service.

The Commission's investigation included a comprehensive review of WAPA's financial condition. For several years, WAPA has experienced significant financial challenges that have affected its ability to maintain infrastructure, complete capital projects, and provide reliable service. Understanding the utility's financial condition is essential to determining whether current and future rates are just, reasonable, and sufficient to support safe and reliable utility operations.

Among the issues requiring review are:

- WAPA's long-term financial sustainability.
- The findings contained in the Turnaround Management Reports required by the Legislature, which project significant financial challenges over the coming years.
- Public reports indicating that WAPA may require more than $300 million in additional funding to address anticipated cash flow needs.

To date, the Commission has not received sufficient information from WAPA to determine:

- Whether the financial projections contained in those reports are accurate;
- If WAPA disagrees with those projections, the basis for its disagreement; and
- If future funding shortfalls are anticipated, WAPA's comprehensive plan for addressing those obligations without imposing unnecessary burdens on ratepayers.

These questions are fundamental to any meaningful rate investigation and are necessary to ensure transparency and informed regulatory decision-making.

Unfortunately, because WAPA has failed to timely satisfy its statutory assessment obligations, the Commission has been unable to continue this investigation. As a result, many critical questions affecting the Territory's electric system remain unresolved.

A modern rate investigation extends far beyond determining whether rates should increase or decrease. It examines whether the utility is operating efficiently, whether infrastructure investments are prudent and cost-effective, whether customers are receiving reliable service, and whether the utility has developed an appropriate long-term strategy to meet future energy demands.

Among the principal issues identified during the investigation are the following:

- **Reducing the Cost of Electric Generation While Improving Reliability**
- **Improving Reliability on St. John**
- **Strengthening Storm Resilience**
- **Addressing WAPA's Continuing Financial Challenges**
- **Water System Rate Investigation**

The Commission also intends to complete a comprehensive review of WAPA's water utility operations.

Unlike the electrical system, the water system has not undergone a comprehensive rate investigation in many years. This delay has occurred largely because the continuing operational and financial challenges facing the electric system have required the Commission's immediate attention and limited available regulatory resources. To address these issues, the Commission has opened a formal docket to investigate the water system, including rates, infrastructure needs, financing mechanisms, operational performance, and compliance with applicable water quality standards.

Unfortunately, like the electrical rate investigation, this proceeding has also been suspended because of funding limitations resulting from the nonpayment of statutory assessments.

These investigations are essential to ensuring that Virgin Islands residents receive safe, reliable, and affordable water service while protecting ratepayers from unnecessary costs and ensuring that future infrastructure investments are both prudent and cost-effective.

Virgin Islands Waste Management Authority:

The Commission's responsibilities with respect to the Virgin Islands Waste Management Authority (VIWMA or Authority) changed significantly with the enactment of Act No. 8471 in 2021. For the first time, the Legislature placed VIWMA under the Commission's full regulatory jurisdiction, thereby expanding the Commission's authority beyond the limited review of user fees that had existed previously. Prior to Act No. 8471, the Commission's principal regulatory responsibilities involved the review of the Environmental User Fee and the Wastewater User Fee.

The Commission's rate investigation involving the VIWMA represents the first comprehensive review of the Authority's operations since Act No. 8471.

In 2005, the Legislature established VIWMA with clear policy objectives. Among those objectives were reducing the Territory's long-term dependence on General Fund appropriations, developing sustainable funding mechanisms for wastewater and solid waste services, improving operational efficiency, and ensuring that savings achieved through modernization and infrastructure improvements benefit both the Authority and the public.

The Commission's investigation is designed to evaluate whether those legislative objectives are being achieved and whether existing dedicated funding sources are producing the environmental outcomes intended by the Legislature.

Telecommunications:

The Commission has full jurisdiction and authority over the traditional telephone service carrier – which has been VITELCO (Virgin Islands Telephone Company), which is currently doing business as One Communications or One Comm (formerly Viya, before that Innovative). However, traditional landline telephone service is a nearly obsolete technology term. Twenty-five years ago VITELCO had nearly 100,000 telephone lines; today that number is less than 14,000. Twenty-five years ago VITELCO had its telephone service delivered over 2-pair copper wires, which provided very poor internet access; today that phone service is provided over a fiber optic/cable hybrid system, utilizing Voice over Internet Protocol technology ("VoIP"). That network was built on the order of the PSC, at a cost of over $75M.

Broadband VI, now a subsidiary of Liberty, is currently building an all-fiber optic network with federal support. That network is required to pass every address in the Virgin Islands. The Commission is required by the Federal Communication Commission (FCC) to oversee this process, as it has and continues to with FCC funding for Eligible Telecommunications Carriers.

The Commission is also responsible to oversee customer service matters for customers of cellular services. (Title 30, Chapter 9.) However, the FCC retains all authority over rates. Cellular services have effectively replaced landline telephones for most customers.

The Commission also has limited jurisdiction over the Cable TV companies. Despite Virgin Islands statutes authorizing Commission jurisdiction, the FCC has pre-empted most regulation aside from customer service matters.

Franchised Ferries:

The Commission also has jurisdiction over passenger ferry transportation services operating between St. Thomas and St. John that are subject to an exclusive franchise. This jurisdiction does not extend to vehicle barge services.. An investigation has been conducted and the public hearings on that rate investigation will continue with the Commission's next meeting, next week.

Customer Protection and Complaint Investigations

An equally important component of the Commission's statutory responsibilities is protecting utility consumers through the investigation and resolution of customer complaints.

The PSC is charged by law with receiving, investigating, and resolving complaints involving regulated public utilities throughout the Territory. This responsibility is central to the Commission's mission of ensuring that utilities provide safe, reliable, and efficient service at rates that are fair, just, and reasonable.

In carrying out this responsibility, the Commission must balance the interests of utilities with those of the ratepaying public. Effective regulation requires not only that utilities have the opportunity to recover prudent costs and maintain financially sound operations, but also that customers receive adequate service, are billed accurately, and are treated fairly.

Consumers routinely contact the Commission through its online complaint portal, telephone, written correspondence, and in-person visits to report concerns regarding the services provided by regulated utilities.

Pursuant to Title 30, Section 20 of the Virgin Islands Code, the Commission has the authority to investigate complaints alleging that any rate, charge, billing practice, service, rule, regulation, or condition of service is unreasonable, unjustly discriminatory, inaccurate, insufficient, or otherwise improper. The Commission may initiate investigations whenever it determines such action to be necessary in the public interest.

Customer complaints serve an important regulatory purpose. They frequently identify systemic operational deficiencies that extend beyond the circumstances of a single customer and provide the Commission with valuable insight into broader issues affecting utility performance.

Over the past three years, the Commission has experienced a significant increase in complaints involving WAPA. These complaints most commonly involve estimated billing, delayed or inaccurate meter readings, meter failures and replacements, net energy metering conversions and billing credits, delayed responses to billing disputes, untimely account adjustments, and failures to adequately acknowledge or resolve customer concerns.

The increase in complaints reflects continuing concerns regarding customer service, billing accuracy, and operational performance. These trends reinforce the importance of maintaining an independent regulatory agency with the authority to investigate customer concerns, require corrective action where appropriate, and ensure that utilities remain accountable to the people they serve.

As the accompanying data demonstrates, customer complaints filed with the Commission against WAPA have continued to increase since 2024. This trend underscores the growing demand for effective regulatory oversight and highlights the essential role the PSC plays in protecting consumers and improving utility performance throughout the Virgin Islands.

Calendar Year	**No. Of Complaints**		**Pending**		**Resolved**	
Districts	STT/STJ:	STX:	STT/STJ:	STX:	STT/STJ:	STX:
As of May 2026	**42**	**45**	**37**	**24**	**5**	**21**
2025	**158**	**124**	**41**	**32**	**117**	**92**
2024	**203**	**96**	**15**	**3**	**188**	**93**
2023	**34**	**23**	**0**	**0**	**34**	**23**

Accountability

The Legislature has consistently required transparency and accountability from the utilities it regulates. The Commission believes continued legislative oversight remains essential to achieving those objectives.

As WAPA and VIWMA appear before this body to request appropriations or other financial assistance, the Commission respectfully suggests that consideration be given to three fundamental questions:

1. Are all required financial reports current and timely filed with the Public Services Commission?

2. Are all required operational reports current and submitted to both the Commission and the Legislature as required by law or Commission order?
3. Have all statutory assessments owed to the Public Services Commission been paid?

These questions are not procedural formalities. They are essential measures of accountability and transparency. Timely reporting enables effective regulatory oversight, informed legislative decision-making, and public confidence in the management of our public utilities.

The Commission respectfully submits that ensuring compliance with these statutory obligations will strengthen utility governance, improve regulatory effectiveness, and better protect both the public interest and the significant public investments made by the people of the Virgin Islands.

Conclusion

The Public Services Commission is a small agency with significant responsibility. We oversee essential public utilities that affect every resident and business in the Virgin Islands. Our record demonstrates responsible fiscal management, accountability, and measurable results. The Commission has lived within its budget, has not required supplemental appropriations, and has worked to protect ratepayers while promoting reliable utility service. The current funding challenges are the result of statutory assessments that have not been paid—not a failure of fiscal discipline. Approval of the FY2027 budget will ensure that the Commission can continue providing the independent oversight, consumer protection, and financial accountability that the Legislature intended and that the people of the Virgin Islands deserve.

Respectfully submitted,

Sandra L. Setorie
Executive Director
Virgin Islands Public Services Commission

Enclosure: June 15, 2026 Letter to Hon. President M. E. Potter

June 15, 2026

The Honorable Milton E. Potter, President
and the Honorable Senators of the
36th Legislature of the U. S. Virgin Islands
Capitol Building, Charlotte Amalie
P. O. Box 1690
St. Thomas, VI 00804

Subject: **Loss of PSC Regulatory Oversight and Utility Accountability Because of Non-Compliance with VI Laws**

Dear Honorable Senators of the 36th Legislature of the USVI:

The Public Services Commission (PSC, Commission) writes to inform you of a matter that directly affects the Legislature's ongoing efforts to improve utility reliability, strengthen accountability, and protect the interests of Virgin Islands residents and ratepayers.

As the Legislature is aware from recent hearings concerning the ongoing electrical service interruptions affecting the St. Thomas–St. John District, the Territory faces significant challenges involving electric generation capacity, infrastructure reliability, financial sustainability, and long-term utility planning. During those proceedings, the PSC emphasized that the current conditions were foreseeable and that meaningful, lasting solutions require sustained oversight and implementation. The Commission further highlighted its role as the independent regulatory body responsible for translating legislative directives into measurable and enforceable action. Unfortunately, the Commission did not receive clear authority over the Virgin Islands Water and Power Authority (WAPA) until December 2021, and by then, we were already in a very difficult position.

Today, however, the Commission must report that its ability to fulfill that responsibility is in serious jeopardy. The PSC regulates electric, potable water, wastewater, solid or municipal waste, franchise ferry, and telephone services. In addition, the Commission provides customer assistance in resolving billing and service disputes involving these regulated services, as well as cellular telephone and internet services. The Commission's FY2026 budget is $2,079,290.52.

Pursuant to applicable law, the Commission's annual assessment is prorated among the regulated utilities in proportion to each utility's respective revenue. WAPA accounts for the largest share of that assessment by a wide margin, even when all LEAC revenues are excluded from the calculation. Of the Commission's FY2026 Budget, WAPA was allocated $1,762,128.52. To date, WAPA has paid only $305,727.72, leaving a deficit of $1,456,400.80 – approximately 3/4ths of the Commission's funding. As we approach the end of the third quarter of the GVI fiscal year, WAPA has paid less than ¼ of its annual assessment.

We further note that Act No. 8931 exempted the Virgin Islands Waste Management Authority (WMA) from paying an annual assessment calculated, in part, on the basis of appropriations, despite the fact that the Department's enabling legislation expressly included appropriations in that calculation. This change increased WAPA's allocation by approximately $300,000.

Despite repeated discussions, written notices, Commission orders, and ongoing efforts to resolve outstanding obligations, substantial annual and docket-specific assessments owed to the PSC remain unpaid. As a result, the Commission's financial reserves, which were annually approved by the Legislature, have been significantly depleted, and its ability to continue performing its critical statutory functions is now in jeopardy.

With the sole exception of Fiscal Year 2025, the Public Services Commission has never relied on General Fund appropriations. Consistent with its statutory funding structure, the Commission has been funded entirely through authorized assessments apportioned among the utilities under its regulatory jurisdiction, including both privately investor-owned and government-owned utilities. The Commission is not seeking to become dependent on the General Fund, however, to preserve its independence, its funding must be assured. These assessments are specifically authorized and required under Virgin Islands law, and are recovered from ratepayers through the utilities' approved rates.

The Commission has been forced to suspend consultant activities, halt legislatively mandated rate investigations, and significantly reduce essential regulatory oversight functions. These actions substantially impair the Commission's ability to discharge its statutory duties and maintain normal operations. The practical consequence is that the very agency established pursuant to legislation, charged with ensuring transparency, accountability, and independent regulatory oversight, may be rendered unable to perform its legally mandated responsibilities and duties at the precise moment they are most necessary.

At present, the Commission remains committed to providing and maintaining customer service by receiving, investigating, and responding to complaints submitted by utility customers. However, unless the Commission receives statutorily authorized assessments in the immediate future, we will be left with no other option but to discontinue all operations and discontinue all services.

This issue and its consequences extend far beyond the Commission's internal finances. They directly affect the Commission's ability to fulfill its statutory mission of protecting the public interest through independent regulatory oversight, consumer protection, and enforcement of the Territory's utility laws.

In recent testimony before the Legislature, the PSC emphasized that restoring reliable utility service requires three critical components:

• A comprehensive and validated recovery and stabilization plan for WAPA;

• A clear and undisputed knowledge and understanding of the condition of WAPA's generation, transmission, and distribution systems; and

• A comprehensive long-term plan for financial sustainability, infrastructure modernization, and operational resilience.

The PSC is the mechanism through which those objectives are translated from policy goals into enforceable actions. Plans, both long- and short-term, are filed with the Commission, reviewed by technical experts, made transparent and subjected to public scrutiny, approved with conditions, monitored against benchmarks, and modified when performance falls short.

Without a functioning PSC, these objectives become significantly more difficult to achieve.

As the Legislature has previously recognized, WAPA faces substantial operational and financial challenges. The legislatively mandated Turnaround Management Reports identified projected cash shortfalls totaling hundreds of millions of dollars over the coming years. Simultaneously, the Territory continues to confront concerns regarding generation reliability, deferred maintenance, infrastructure investment, renewable energy integration, financial condition and capacity, and long-term rate and financial stability.

The PSC is presently conducting legislatively mandated electric, water, and wastewater rate investigations specifically designed to address these concerns. These proceedings, required by law at least once every five years, evaluate utility finances, infrastructure needs, operational efficiency, capital planning, and long-term sustainability. They are intended to ensure that utilities are proactively managed to prevent future crises rather than merely react to them after they occur.

The Waste Management Authority was only placed in the full jurisdiction of the Commission through Act No. 8471. The pending docket is the first step in seeking to fulfil the Waste Management Authority's mandate to become less reliant on the General Fund appropriations and able to recover its expenses from the services it provides.

Unfortunately, absent restoration of funding, the Commission has been forced to suspend or significantly curtail these proceedings.

The Commission is particularly concerned because many of the current challenges facing WAPA arise from longstanding issues that the PSC and independent consultants have identified for years. For many years, the Commission has advocated for and taken regulatory actions to advance integrated resource planning, modernization of generation assets, critical infrastructure investments, and the development of renewable energy resources. Recent solar projects and ongoing utility modernization efforts reflect progress toward those goals, but those initiatives did not occur without the PSC mandating action and continue to require regulatory oversight to ensure timely implementation and accountability.

The Legislature has repeatedly demonstrated its commitment to addressing these challenges. The Commission respectfully submits that preserving the operational capacity of the PSC is essential to achieving the outcomes that both the Legislature and the public expect and require.

The Legislature has consistently called for greater transparency, accountability, planning, and measurable progress. The PSC exists to provide precisely those functions. However, independent oversight cannot be maintained without adequate funding and statutory support.

At this critical juncture, candid assessment, transparency, accountability, and decisive action remain indispensable. The Commission stands ready to work collaboratively with the Legislature, the regulated utilities—VI Water and Power Authority (WAPA), VI Waste Management Authority, and all stakeholders to implement practical solutions that protect ratepayers, strengthen utility operations, and promote the long-term stability of the Territory's utility systems.

We respectfully request the Legislature's assistance in addressing these matters before the Commission's remaining resources are exhausted and before ongoing regulatory proceedings are forced to cease.

Enclosed for your reference and information is a copy of the correspondence addressed to the Honorable Karl Knight, Chief Executive Officer of the V. I. Water and Power Authority, dated May 29, 2026.

Thank you for your continued leadership and commitment to the people of the Virgin Islands.

Sincerely,

Sandra L. Setorie
Executive Director

Attachment: Correspondence to K. Knight, CEO WAPA 5-29-2026

cc: Virgin Islands Public Services Commissioners
Tisean Hendricks, Assistant Executive Director, VIPSC
Boyd Sprehn, Esq, General Counsel, VIPSC

May 29, 2026

Karl Knight
CEO and Executive Director
Virgin Islands Water & Power Authority
P.O. Box 1450
St. Thomas, VI 00804

Subject: Invitation to In-Person Introductory Meeting with PSC Consultants and Additional Matters

Dear CEO Knight:

Thank you for the invitation to attend the introductory meeting with you and representatives of the Virgin Islands Water and Power Authority on June 3, 2026, including the opportunity to meet in person the PSC's new consultants, J.A. Wright & Associates (Julius Wright, Larry Brockman, and Courtenay Mark). After careful consideration, however, we must respectfully decline the invitation at this time. Should WAPA wish to continue discussions regarding the pending LEAC, however, the Commission remains available and prepared to participate by video or teleconference to ensure those matters continue to move forward without delay.

Despite repeated discussions, written notices and appeals for payments, Commission orders and other efforts to resolve this matter, the Public Services Commission's assessments—both annual and docket-specific—remain unpaid. The Commission can no longer permit this situation to persist.

As a result of the unpaid assessments, the Commission is presently unable to satisfy outstanding invoices owed to its consultants. Under these circumstances, we cannot reasonably ask the consultants to incur further expenses while the Commission remains unable to fulfill its contractual payment obligations.

WAPA has failed to pay its annual assessments, as required by Title 30, Section 25a, for FY2024, FY2025, and FY2026. During the summer of 2025, PSC management met with WAPA management, at which time WAPA assured that the FY2026 annual assessment had been included in its budget and would be paid. WAPA also committed to addressing the outstanding FY2024 and FY2025 balances through monthly payments of $50,000.

When PSC staff urged a more substantive repayment schedule, WAPA responded that it did not wish to commit to an amount it could not sustain and risk failing to honor its commitments. Given WAPA's recent payment history, that position appeared reasonable at the time.

However, since that meeting, WAPA has made no payments toward its FY2024 and FY2025 obligations. In addition, of the $1,321,596.39 owed for the first, second, and third quarters of FY2026, only $305,727.72 has been paid, leaving an outstanding balance of $1,015,868.67.

As a consequence of the unpaid assessments, the Commission's carefully maintained reserves have been nearly fully depleted. The Commission can fund its core operations for only a very limited time and will not be able to proceed with the ongoing rate investigations in WAPA's Electric and Water Systems.

Accordingly, the PSC staff is directing the hearing examiner in Docket 706 to cease work immediately. In addition, the staff is also directing its consultants to limit their work, pending the June 9, 2026, Commission meeting, to specifically authorize LEAC activities only. Following that meeting, all consultant work will cease unless and until further authorization is provided by the Commission.

We recognize that suspending the rate investigations will delay determinations regarding appropriate base rates and hinder the timely adjustment of the LEAC. We further recognize that the Turnaround Management Reports have identified a serious financial outlook for WAPA if rate cases are discontinued and no refinancing plan is developed and approved. To date, however, WAPA has still not presented a plan addressing how it intends to manage or resolve the projected cash shortfall.

The Commission's current inability to address WAPA's cash flow and rate matters stems from circumstances largely within WAPA's control, and WAPA remains in the best position to resolve these issues. The Commission has consistently provided for the recovery of assessments in each LEAC calculation. Moreover, the LEAC recovery shortfalls that occurred between March 2022 and June 2025 were implemented at WAPA's request. During the latter half of 2025, WAPA collected revenues through the LEAC that exceeded projected recovery levels. Consequently, funds were available during this period to satisfy annual and docket-specific assessment payments, yet the related assessments have not been paid.

Accordingly, until the outstanding assessments are paid, the Commission will suspend non-customer-service-related actions involving WAPA. However, we would like the opportunity to discuss possible remedies to address and resolve the outstanding issues in a timely and mutually agreeable manner.

Sincerely,

Sandra L. Setorie

Sandra L. Setorie
Executive Director

cc: Honorable PSC Commissioners
Honorable Albert A. Bryan, Jr., Governor
Tisean Hendricks, Assistant Executive Director
Boyd L. Sprehn, General Counsel

PSC REVOLVING FUND
FISCAL YEAR 2027 BUDGET – FUND 6032
EXPENDITURES

ORG No.	OBJECT NO.	DESCRIPTION	AMOUNT	TOTAL
60323001	511010	PERSONNEL SERVICES	$ 1,109,854.00	
60323002	520000	FRINGES	$ 483,597.24	$ 1,593,451.24
60323003	541000	OFFICE SUPPLIES	$ 10,650.00	
	541100	OPERATING SUPPLIES	$ 4,500.00	
	541200	AUTOMOTIVE SUPPLIES	$ 8,000.00	
	542000	FACILITIES REPAIRS & MAINTENACE SUPPLIES	$ 300.00	
	542100	SMALL TOOLS & MINOR EQUIPMENT	$ 11,265.00	
	543100	FOOD & CATERING	$ 19,200.00	
	545200	REFERENCE, MANUALS,AND PERIODICALS	$ 17,300.00	
	546000	DATA PROCESSING SOFTWARE	$ 20,500.00	
	546100	UNIFORM AND CLOTHING	$ 2,000.00	$ 93,715.00
60323004	532000	REPAIRS AND MAINTENANCE	$ 49,912.00	
	532100	AUTOMOTIVE REPAIRS & MAINT.	$ 6,380.00	
	533000	RENT LAND/ BUILDING	$ 158,812.35	
	533020	RENTAL OF MACHINES/EQUIPMENT	$ -	
	534000	PROFESSIONAL SERVICES	$ 129,980.00	
	534100	SECURITY SERVICES	$ 1,380.00	
	534110	TRAINING	$ 18,725.00	
	535000	COMMUNICATION	$ 37,136.00	
	535010	ADVERTISING / PROMOTION	$ 10,500.00	
	536000	TRANSPORTATION - NOT TRAVEL	$ 550.00	
	560000	TRAVEL	$ 122,987.00	
	561000	INSURANCE	$ 8,500.00	
	564100	OTHER SERVICES / NOC	$ 36,800.00	$ 581,662.35
60323005	530000	ELECTRICITY	$ 40,800.00	$ 40,800.00
60323007	575000	MACH, EQUIP, MISC.	$ 85,500.00	$ 85,500.00
		TOTAL EXPENDITURES		**$ 2,395,128.59**

PERSONNEL

PERSONNEL SERVICES : ST. THOMAS/ST.JOHN	SALARY
General Counsel	$ 147,000.00
Assistant Executive Director	$ 95,000.00
Account Maintenance Officer	$ 86,849.00
Human Resource Personnel & IT Manager	$ 86,500.00
Assistant to Accounts Maintenance Officer	$ 72,000.00
Public Communication Coordinator	$ 68,000.00
Legal Support Specialist	$ 58,500.00
Utility Staff Assistant	$ 55,000.00
Administrative Officer I - VACANT	$ 49,000.00
Temporary Employees (Summer Students)	$ 20,000.00
PERSONNEL SERVICES : ST. CROIX	**SALARY**
Executive Director	$ 130,000.00
Industrial Engineer III	$ 79,980.00
Utility Staff Assistant	$ 55,000.00
Administrative Officer II	$ 51,200.00
TOTAL SALARIES	**$ 1,054,029.00**

Note: (A) All positions are unclassified and locally funded and enrolled in the Retirement System

COMMISSIONERS STIPEND	AMOUNT
5 Commissioners X 4 Regular Meetings @ $175	$ 3,500.00
5 Commissioners X 8 Special Meetings @ $175	$ 7,000.00
5 Commissioners X 4 Hearings @ $175	$ 3,500.00
3 Commissioners X 10 Meetings (Consultant/Staff Meetings) - 5 days @ $175	$ 26,250.00
Commissioners Travel to Conferences/Summits	$ 15,575.00
TOTAL STIPEND PAID TO COMMISSIONERS	**$ 55,825.00**
TOTAL SALARIES AND STIPEND (60323001-511010)	**$ 1,109,854.00**
FRINGE BENEFITS	**AMOUNT**
FICA $1,109,854 x 6.2%	$ 68,810.95
Medicare @ 1.45%	$ 16,092.88
Health Insurance Premium Actual	$ 211,229.52
Worker's Compensation	$ 1,960.26
Retirement Contribution - Employer (23.50%)	$ 185,344.50
Base Life 13 x $12.24	$ 159.12
TOTAL BENEFITS (60323002-520000)	**$ 483,597.24**
TOTAL SALARIES & BENEFITS	**$ 1,593,451.24**

OFFICE SUPPLIES

OFFICE SUPPLIES	AMOUNT	TOTALS
Facilities Repair and Maintenance Supplies (60323003-542000)	$ 300.00	**$ 300.00**
Professional Reference Books, Periodicals (60323003-545200)	$ 17,300.00	**$ 17,300.00**
General Office Supplies (60323003-541000)		
St. Thomas	$ 6,850.00	
St. Croix	$ 3,800.00	**$ 10,650.00**
Clothing and Cloth Material (60323003-546100)	$ 2,000.00	**$ 2,000.00**
Food & Catering (60323003-543100)		
St. Thomas	$ 10,800.00	
St. Croix	$ 8,400.00	**$ 19,200.00**
Automobile Supplies (gasoline, tires, etc.) (60323003-541200)		
St. Thomas	$ 5,000.00	
St. Croix	$ 3,000.00	**$ 8,000.00**
Data Processing Software (60323003-546000)	$ 20,500.00	**$ 20,500.00**
Operating Supplies (60323003-541100)		
St. Thomas - (Drinking Water, etc. Non Administrative)	$ 3,300.00	
St. Croix - (Drinking Water, etc. Non Administrative)	$ 1,200.00	**$ 4,500.00**
TOTAL OFFICE SUPPLIES (60323003-541000)		**$ 82,450.00**

SMALL TOOLS AND MINOR EQUIPMENT	AMOUNTS	TOTAL
Laptop (2)	$ 4,000.00	
3 Back Ups Batteries @ 155.00	$ 465.00	
Computers for STX (4)	$ 6,800.00	**$ 11,265.00**
TOTAL SMALL TOOLS & MINOR EQUIPMENT (60323003-542100)		**$ 11,265.00**

REPAIRS & MAINTENANCE

FACILITIES REPAIR AND MAINTENANCE	AMOUNTS	TOTAL
Facilities Repair and Maintenance - Machinery (Copiers/Printers, Fire Extinguishers)	$ 3,812.00	
Office Minor Repairs	$ 35,000.00	
Air Condition Maintenance - St Croix Office Est. $450.00 per Month for 12 Months	$ 5,400.00	
Air Condition Maintenance - St Thomas Office Est. $475.00 per Month for 12	$ 5,700.00	$ 49,912.00
TOTAL FACILITIES REPAIR AND MAINTENANCE (60323004-532000)		**$ 49,912.00**
AUTOMOTIVE REPAIRS AND MAINTENANCE		
St. Thomas	$ 2,380.00	
St. Croix	$ 4,000.00	**$ 6,380.00**
TOTAL AUTOMOTIVE REPAIRS AND MAINTENANCE (60323004-532100)		**$ 6,380.00**
RENT LAND/BUILDING	**AMOUNT**	**TOTAL**
ST. THOMAS		
LAB Management, LLC., 4,148 square feet at $5,797.81 per month for 12 months	$ 69,573.72	
LAB Management, LLC., 1,450 square feet at $2,235.42 per month for 12 months	$ 26,825.04	
ST. CROIX		
ZEFO's Enterprise LLC, 3000 square feet at $4,500.00 per month for 12 months ($18.00 per sq. ft.)	$ 54,000.00	
PRIME STORAGE		
Rental $420.67 per month for 3 months & $794.62 for 9 months	$ 8,413.59	
		$ 158,812.35
TOTAL RENT LAND/BUILDING (60323004-533000)		**$ 158,812.35**

PROFESSIONAL SERVICES

PROFESSIONAL SERVICES	AMOUNT	TOTAL
Professional Services (Outside Counsel/Consultants)	$ 75,000.00	
Custodial Services - St. Thomas Office $1,200.00 per Month for 12 Months	$ 14,400.00	
Custodial Services - St. Croix Office $665.00 per Month for 12 Months	$ 7,980.00	
Stenographic Services ($2,000 per meeting X16 Meetings)	$ 32,000.00	**$ 129,980.00**
Pest Control STT/STX	$ 600.00	
TOTAL PROFESSIONAL SERVICES (60323004-534000)		**$ 129,980.00**

ELECTRICITY

UTILITY	AMOUNTS	TOTAL
Electricity - St. Thomas estimated at $2,500 per month for 12 months	$ 30,000.00	
Electricity - St. Croix estimated at $900 per month for 12 months	$ 10,800.00	**$ 40,800.00**
TOTAL UTILITY SERVICES (60323005-530000)		**$ 40,800.00**

TRAINING SERVICES

TRAINING	AMOUNT	TOTAL
Training / Convention and Registration Fees		
NARUC Regulatory Studies 2 Commissioners & 1 Staff @ $1,100	$ 3,300.00	
NARUC Winter Committee Meeting 4 Commissioners & 1 Staff @ $575	$ 2,875.00	
NARUC Summer Committee Meeting 4 Commissioners & 1 Staff @ $350	$ 1,750.00	
MACRUC Mid-Atlantic Conference 4 Commissioners & 1 Staff @ $ 300	$ 1,500.00	
NARUC Annual Meeting - 4 Commissioners & 1 Staff @ $600	$ 3,000.00	
OCCUR Annual Conference 2 Commisisoners & 1 Staff @$500	$ 1,500.00	
General Staff Training	$ 4,800.00	**$ 18,725.00**
TOTAL TRAINING (60323004-534110)		**$ 18,725.00**

SECURITY SERVICES	AMOUNT	TOTAL
ADT STT $50.00 x 12 months	$ 600.00	
ADT STX $15 X 12 months	$ 180.00	
ADT Parts/Misc.	$ 600.00	**$ 1,380.00**
TOTAL SECURITY SERVICES (60323004-534100)		**$ 1,380.00**

COMMUNICATION

COMMUNICATION	AMOUNT	TOTAL
St. Thomas		
4 cable boxes $80 x 12 months	$ 960.00	
7 Telephone Lines @ $700 per Month (12 Months)	$ 8,400.00	
WIRELESS (1 cell phone , 3 tablets @ $70 per Month)	$ 3,360.00	
	$ -	
MiFi @ $134 per month	$ 1,608.00	
Bureau of Information Technology (BIT-Fiber Cable) $1,150 quarterly	$ 4,600.00	**$ 18,928.00**
St. Croix		
1 cable box $70 x 12 months	$ 720.00	
6 Telephone Lines @ $580.00 per Month (12 Months)	$ 6,960.00	
WIRELESS (1 cell phone @ $100 per Month)	$ 720.00	
MiFi @ $134 per month	$ 1,608.00	
	$ -	
Bureau of Information Technology (BIT-Fiber Cable) $1,150 quarterly	$ 4,600.00	**$ 14,608.00**
Media Services $300.00 per Month (12 Months)	$ 3,600.00	**$ 3,600.00**
TOTAL COMMUNICATION (60323004-535000)		**$ 37,136.00**

ADVERTISING AND PROMOTION	AMOUNT	TOTAL
Ag Fair Fees	$ 500.00	
Employee of the Year Fees	$ 1,000.00	
Printed Media/Advertising/Publications	$ 2,500.00	
PSC Awareness Campaign	$ 6,500.00	**$ 10,500.00**
TOTAL ADVERTISING / PROMOTION (60323004-535010)		**$ 10,500.00**

CAPITAL OUTLAY

CAPITAL OUTLAY	AMOUNT	TOTAL
MACH, EQUIP, MISC		
Build out additional office space adjacent to Legal Dept	$ 85,500.00	
	$ -	
	$ -	$ 85,500.00
TOTAL CAPITAL OUTLAY (60323007-575000)		**$ 85,500.00**

TRANSPORTATION – NOT TRAVEL

TRANSPORTATION - NOT TRAVEL	AMOUNT	TOTAL
Transportation - Not Travel	$ 550.00	
TOTAL TRANSPORTATION - NOT TRAVEL (60323004-536000)		**$ 550.00**

INSURANCE	AMOUNT	TOTAL
Full Insurance on 4 motor vehicles @ $2,125.00 each	$ 8,500.00	
TOTAL INSURANCE (60323004-561000)		**$ 8,500.00**

OTHER SERVICES (NOC)	AMOUNT	TOTAL
NARUC Professional Membership Dues	$ 3,500.00	
OOCUR Membership Dues	$ 3,000.00	
SHRM (Society for Human Resource Management)	$ 300.00	
Credit Card Expenses	$ 20,000.00	
Other Services (NOC)	$ 10,000.00	$ 36,800.00
TOTAL OTHER SERVICES (60323004-564100)		**$ 36,800.00**

TRAVEL

TRAVEL - INTER ISLAND TRAVEL	AMOUNT	TOTAL
Airfare - $300 R/T between Districts for 80 trips	$ 24,000.00	
Ground Transportation and Parking x 5 Round Trips for Personnel-St.John/St.Thomas/St. Croix	$ 780.00	
Ferry Travel St. Thomas/St. John	$ 432.00	
Hotel @ $265 for 3 Staff for 10 nights	$ 7,950.00	
Meals $75 per day x 3 Staff X 10 days	$ 2,250.00	
SUBTOTAL INTER ISLAND TRAVEL		**$ 35,412.00**

OFF ISLAND TRAVEL

NARUC WINTER COMMITTEE MEETING	AMOUNT	TOTAL
$1,200 Airfare X 5 Personnel	$ 6,000.00	
$350 Hotel X 5 Personnel X 6 Nights	$ 10,500.00	
$75 Meals X 5 Personnel X 6 Nights	$ 2,250.00	
$100 Ground Transportation X 5 Personnel	$ 500.00	
SUBTOTAL WINTER COMMITTEE MEETING		**$ 19,250.00**

MACRUC MID-ATLANTIC CONFERENCE	AMOUNT	TOTAL
$1,200 Airfare X 5 Personnel	$ 6,000.00	
$350 Hotel X 5 Personnel X 5 Nights	$ 8,750.00	
$75 Meals X 5 Personnel X 5 Nights	$ 1,875.00	
$100 Ground Transportation X 5 Personnel	$ 500.00	
SUBTOTAL MACRUC MID-ATLANTIC CONFERENCE		**$ 17,125.00**

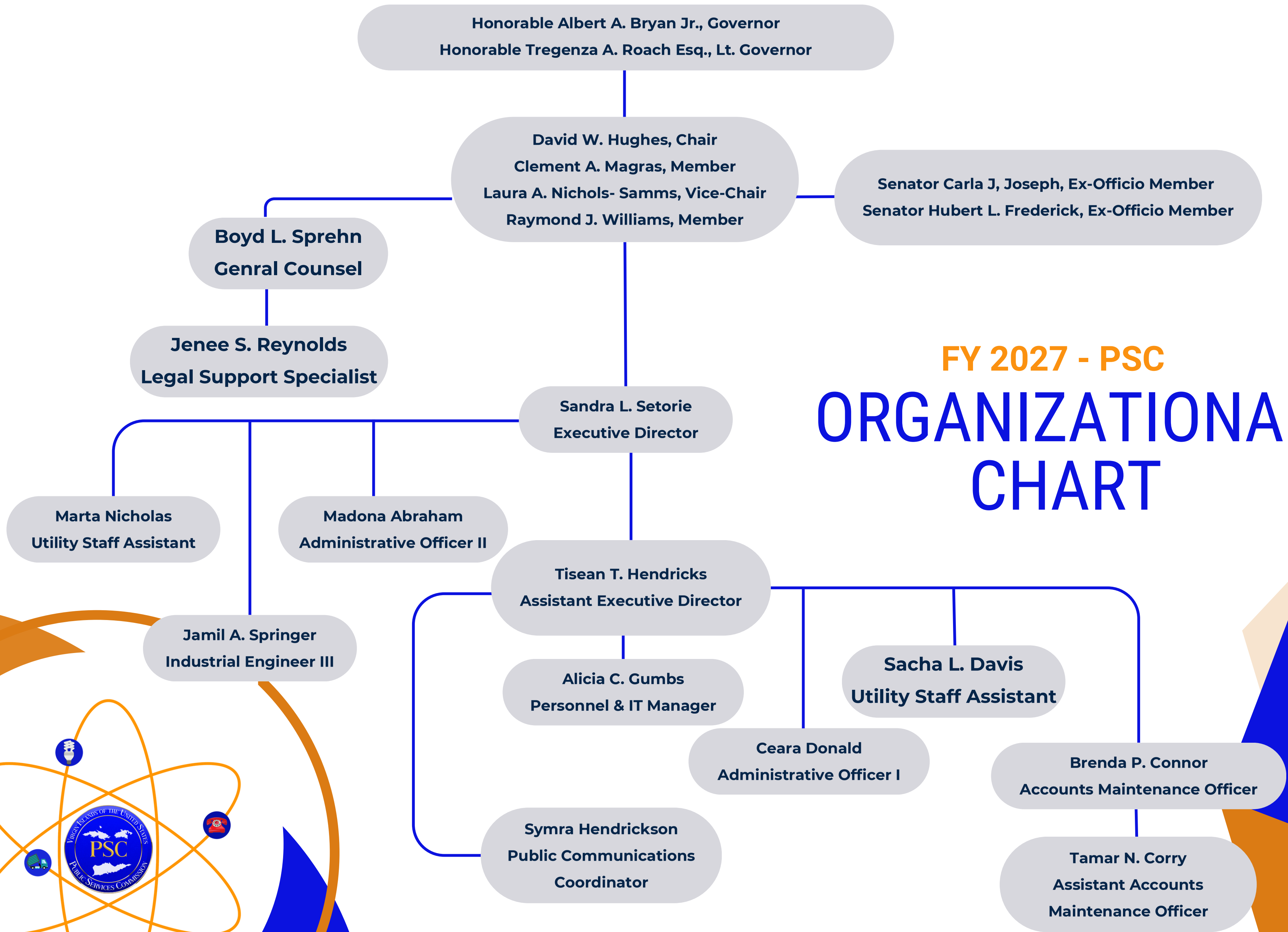
NARUC SUMMER COMMITTEE MEETING	AMOUNT	TOTAL
$1,200 Airfare X 5 Personnel	$ 6,000.00	
$350 Hotel X 5 Personnel X 5 Nights	$ 8,750.00	
$75 Meals X 5 Personnel X 5 Nights	$ 1,875.00	
$100 Ground Transportation X 5 Personnel	$ 500.00	
SUBTOTAL SUMMER COMMITTEE MEETING		**$ 17,125.00**

TRAVEL CONTINUED

ANNUAL REGULATORY STUDIES PROGRAM	AMOUNT	TOTAL
$1,200 Airfare X 3 Personnel	$ 3,600.00	
$225 Hotel X 3 Personnel X 5 Nights	$ 3,375.00	
$75 Meals X 3 Personnel X 5 Nights	$ 1,125.00	
$100 Ground Transportation X 3 Commissioners	$ 300.00	
TOTAL ANNUAL REGULATORY STUDIES PROGRAM		**$ 8,400.00**
NARUC ANNUAL CONVENTION	**AMOUNT**	**TOTAL**
$1,200 Airfare X 4 Personnel	$ 4,800.00	
$350 Hotel X 4 Personnel X 6 Nights	$ 8,400.00	
$75 Meals X 4 Personnel X 6 Nights	$ 1,800.00	
$100 Ground Transportation X 4 Personnel	$ 400.00	
SUBTOTAL NARUC ANNUAL CONVENTION		**$ 15,400.00**
OOCUR WORKSHOP	**AMOUNT**	**TOTAL**
$1,200 Airfare X 3 Personnel	$ 3,600.00	
$350 Hotel X 3 Personnel X 5 Nights	$ 5,250.00	
$75 Meals X 3 Personnel X 5 Nights	$ 1,125.00	
$100 Ground Transportation 3 Personnel	$ 300.00	
TOTAL OOCUR WORKSHOP		**$ 10,275.00**
TOTAL INTER ISLAND TRAVEL		**$ 35,412.00**
TOTAL OFF ISLAND TRAVEL		**$ 87,575.00**
GRAND TOTAL TRAVEL (60323004-560000)		**$ 122,987.00**

FY 2027 - PSC

ORGANIZATIONAL CHART



MISSION, VISION & COMMITMENT

MISSION

The Public Services Commission safeguards the public interest by regulating utilities operating within the Territory to ensure fair and equitable rates, reliable and secure service, and transparent, accountable governance. We balance the needs of ratepayers and utilities while fostering infrastructure modernization, innovation, and responsible economic growth in alignment with the Territory's policy commitments.

VISION

To be a trusted, forward-thinking regulatory authority that ensures reliable essential services, promotes accountability and innovation, and advances sustainable economic growth for the people of the Territory.

Key areas of focus include:

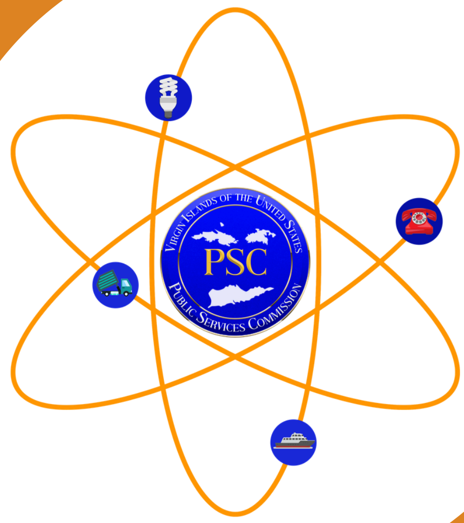
· Consumer protection
· Fair and reasonable rate regulation
· Infrastructure modernization
· Public education and outreach

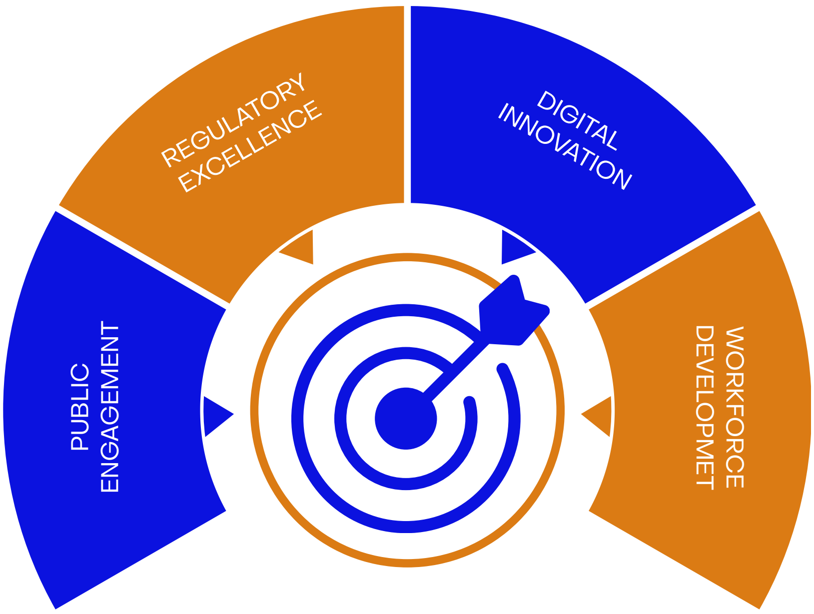
To achieve the mission, the Commission:

· Inspires customer- and solutions-oriented employees to excel
·Ensures residents receive high levels of customer satisfaction and quality service
· Safeguards ratepayers by assuring safety, reliability, and quality services
· Regulates monopoly and franchised services to ensure rates and terms are just, reasonable, transparent, and allow a fair return on investment
· Upholds fair and open competition among regulated providers
· Fosters infrastructure modernization and cost-effective use of resources
· Promotes sustainable resources and environmental quality
· Resolves disputes among ratepayers and utilities
· Advances workforce development through training and professional growth
· Educates and empowers utility consumers
· Expands use of social media and digital platforms
· Reinforces public trust and confidence through transparency

2027 GOALS

Ensure reliable service and require necessary facility expansions in furtherance of public convenience and necessity. Make sure public utility services are dependable, and require utilities to expand or improve their systems when needed to properly serve the public:





- Setting performance standards
- Reviewing and approving proposed systems, projects, and plans
- Monitoring performance
- Conducting regular inspections and audits
- Enforcing compliance
- Addressing and processing public concerns.

GRID RESILIENCE

BATTERY ENERGY STORAGE SYSTEMS (BESS)

Battery Energy Storage Systems are a critical component of a modern electric grid and provide several significant benefits, and they improve grid reliability by compensating for the intermittent nature of renewable energy resources.

Battery storage maximizes the value of renewable energy by extending the hours during which solar generation can serve customers. When solar facilities produce more electricity than is immediately needed, the excess energy can be stored and dispatched later during periods of higher demand or after sunset. This capability substantially increases the amount of renewable energy that can be utilized each day.

Battery systems provide important operational and reliability benefits by responding almost instantaneously to unexpected equipment failures or disturbances on the electrical system. For example, if one of WAPA's Wärtsilä Phase II generating units were to unexpectedly trip offline, a Battery Energy Storage System could immediately supply replacement power, preventing or significantly reducing customer outages while operators bring additional generation online.

The Commission’s efforts have produced tangible results. The utility-scale solar projects on St. Croix are now operational, and WAPA has incorporated BESS into both facilities. On St. Thomas, construction of the Fortuna solar project is underway and will be followed by the Bovoni solar project.

Both facilities will likewise include BESS. Following completion of the St. Thomas projects, a 16 megawatt solar facility with integrated battery storage is planned for St. John.

These investments represent more than renewable energy projects. They are investments in grid reliability, system resilience, fuel cost reduction, and the long term modernization of the USVI’s, electricial infrastructure.

RATE INVESTIGATIONS

The Commission is statutorily required to conduct rate investigations of each regulated utility at least once every five years. As part of these investigations, Commission staff analyze and interpret applicable territorial and federal laws and regulations, conduct evidentiary hearings, and evaluate utility operations and proposals. Staff develop recommendations for the Commission's consideration on matters including:

- Expansion of utility services;
- Capital investments;
- The retirement, replacement, and rehabilitation of existing infrastructure; and
- Compliance with territorial and federal laws and regulations.

The objective of these reviews is to provide the Commission with thorough, evidence-based analyses and recommendations that support informed decision-making and the issuance of appropriate orders in the public interest.

WAPA – RATE INVESTIGATIONS

Among the principal issues identified during the investigation are the following:

1. Reducing the Cost of Electric Generation While Improving Reliability

The Commission continues to evaluate WAPA's plans to modernize its generation fleet and reduce the cost of producing electricity.

Areas requiring review include:

- The prudent replacement of aging generation facilities on St. Croix, many of which date to the 1990s or earlier.
- WAPA's continued dependence on leased Aggreko generators as a substitute for permanent generating capacity.
- Additional replacement and expansion of generation on St. Thomas. Although the two phases of Wärtsilä generation have significantly improved reliability, existing capacity remains insufficient to consistently meet peak system demand.
- Whether the Phase II Wärtsilä generating units will ultimately be capable of operating on propane as originally anticipated.
- Continued expansion of utility-scale solar and, where appropriate, wind generation to achieve the renewable energy goals established by the Legislature.
- Coordination of renewable generation and battery energy storage with WAPA's existing and future conventional generating resources.
- Long-term maintenance, rehabilitation, and replacement strategies for existing generating units, including evaluation of whether Units 15 and 23 should be repaired, replaced, or retired.

WAPA – RATE INVESTIGATIONS

2. Improving Reliability on St. John

Reliable electric service on St. John remains one of the Commission's highest priorities.

Several issues require further review, including:

- The repeated postponement of emergency generation projects intended to improve reliability on St. John.
- Progress toward replacing or repairing the submarine transmission cable connecting St. Thomas and St. John, for which the Legislature has provided funding by the enactment of Act No. 9091, Bill No. 36-0292.
- Development of a resilient microgrid capable of operating independently during system emergencies. While WAPA has announced plans to develop a microgrid, important questions remain regarding the project's scope, schedule, financing, and implementation.
- Evaluation of additional renewable energy resources and battery energy storage systems to improve reliability, reduce dependence on imported fuels, and enhance emergency response capabilities.

Among the questions the Commission intends to address are:

- Should additional utility-scale solar resources be developed on St. John?
- What level of renewable generation is appropriate to maintain reliable service?
- What quantity of battery storage is necessary to ensure system stability and emergency resilience?
- How can these investments be implemented in the most cost-effective manner for Virgin Islands ratepayers?

These issues illustrate why the Commission's regulatory oversight is essential. Addressing them requires careful technical analysis, financial review, engineering evaluation, and public participation to ensure that future investments improve reliability while protecting customers from unnecessary costs.

WAPA – RATE INVESTIGATIONS

3. Strengthening Storm Resilience

The Commission's ongoing rate investigation also examines WAPA's ability to withstand and recover from major storms. The devastating impacts of Hurricanes Irma and Maria demonstrated the need for a stronger, more resilient electric system capable of maintaining service and recovering more quickly following natural disasters.

Several major resiliency initiatives were proposed following the 2017 hurricanes. While meaningful progress has been made in certain areas, other critical infrastructure improvements remain incomplete.

Key issues under review include:

- The status of plans to underground significant portions of the electrical distribution systems on St. Croix and St. Thomas. Although undergrounding has been completed in portions of Cruz Bay, comparable progress has not occurred elsewhere in the Territory.
- The effectiveness of WAPA's composite pole replacement program. While the project has been substantially completed at an estimated cost of approximately $1.1 billion, the Commission continues to evaluate whether additional investments are necessary to further improve system resilience.
- The status of planned replacement subsea transmission cables connecting the islands. These projects were identified as critical components of the Territory's post-hurricane recovery strategy, yet construction has not commenced.

The Commission's review seeks to ensure that resiliency investments are properly prioritized, prudently managed, and coordinated with the Territory's long-term energy infrastructure plans.

WAPA – RATE INVESTIGATIONS

4. Addressing WAPA's Continuing Financial Challenges

The Commission's investigation also includes a comprehensive review of WAPA's financial condition.

For several years, WAPA has experienced significant financial challenges that have affected its ability to maintain infrastructure, complete capital projects, and provide reliable service. Understanding the utility's financial condition is essential to determining whether current and future rates are just, reasonable, and sufficient to support safe and reliable utility operations.

Among the issues requiring review are:

- WAPA's long-term financial sustainability.
- The findings contained in the Turnaround Management Reports required by the Legislature, which project significant financial challenges over the coming years.
- Public reports indicating that WAPA may require more than $300 million in additional funding to address anticipated cash flow needs.

To date, the Commission has not received sufficient information from WAPA to determine:

- Whether the financial projections contained in those reports are accurate;
- If WAPA disagrees with those projections, the basis for its disagreement; and
- If future funding shortfalls are anticipated, WAPA's comprehensive plan for addressing those obligations without imposing unnecessary burdens on ratepayers.

These questions are fundamental to any meaningful rate investigation and are necessary to ensure transparency and informed regulatory decision-making.

WAPA – RATE INVESTIGATIONS

5. Water System Rate Investigation

The Commission also intends to complete a comprehensive review of WAPA's water utility operations.

Unlike the electrical system, the water system has not undergone a comprehensive rate investigation in many years. This delay has occurred largely because the continuing operational and financial challenges facing the electric system have required the Commission's immediate attention and limited available regulatory resources.

Nevertheless, significant concerns remain regarding the Territory's water infrastructure.

Among the issues identified for review are:

- The substantial volume of treated water that is lost within the distribution system. On St. Croix, nearly one-half of all water introduced into the system is reportedly lost before reaching customers.
- The continued need to replace aging and deteriorated water distribution lines. For more than a decade, WAPA has advised the Commission that it anticipated receiving federal funding to modernize significant portions of the water system.
- The adequacy of existing capital improvement plans and available funding sources.
- Water quality, reliability of service, and long-term operational sustainability.

To address these issues, the Commission has opened a formal docket to investigate the water system, including rates, infrastructure needs, financing mechanisms, operational performance, and compliance with applicable water quality standards.

Unfortunately, like the electrical rate investigation, this proceeding has also been suspended because of funding limitations resulting from the nonpayment of statutory assessments.

These investigations are essential to ensuring that Virgin Islands residents receive safe, reliable, and affordable water service while protecting ratepayers from unnecessary costs and ensuring that future infrastructure investments are both prudent and cost-effective.

VIWMA – RATE INVESTIGATIONS

The Commission's rate investigation involving the Virgin Islands Waste Management Authority represents the first comprehensive review of the Authority's operations since Act No. 8471 placed VIWMA under the Commission's full regulatory jurisdiction in 2021.

The Commission's investigation is designed to evaluate whether those legislative objectives are being achieved.

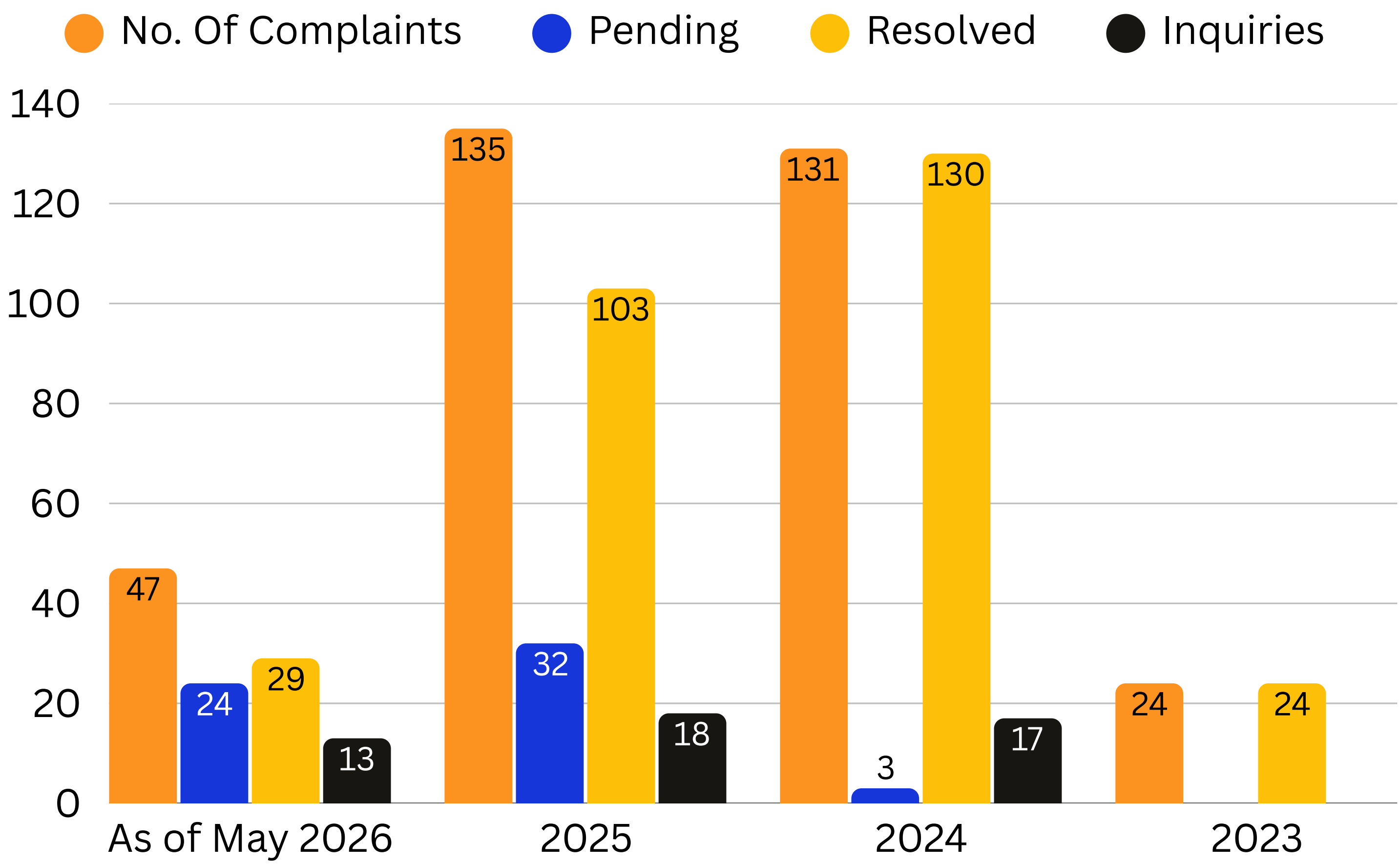
Specifically, the Commission will review:

- Whether existing and proposed user fees are fair, reasonable, and appropriately structured;
- Whether VIWMA is complying with applicable federal and territorial statutes, environmental regulations, consent decrees, and court orders;
- Whether operational improvements and capital investments are being implemented in the most efficient and cost-effective manner;
- Opportunities to expand recycling programs, improve the management of electronic waste, hazardous waste, medical waste, and wastewater treatment systems; and
- The feasibility of emerging technologies, including waste-to-energy systems and other innovative approaches to waste management.

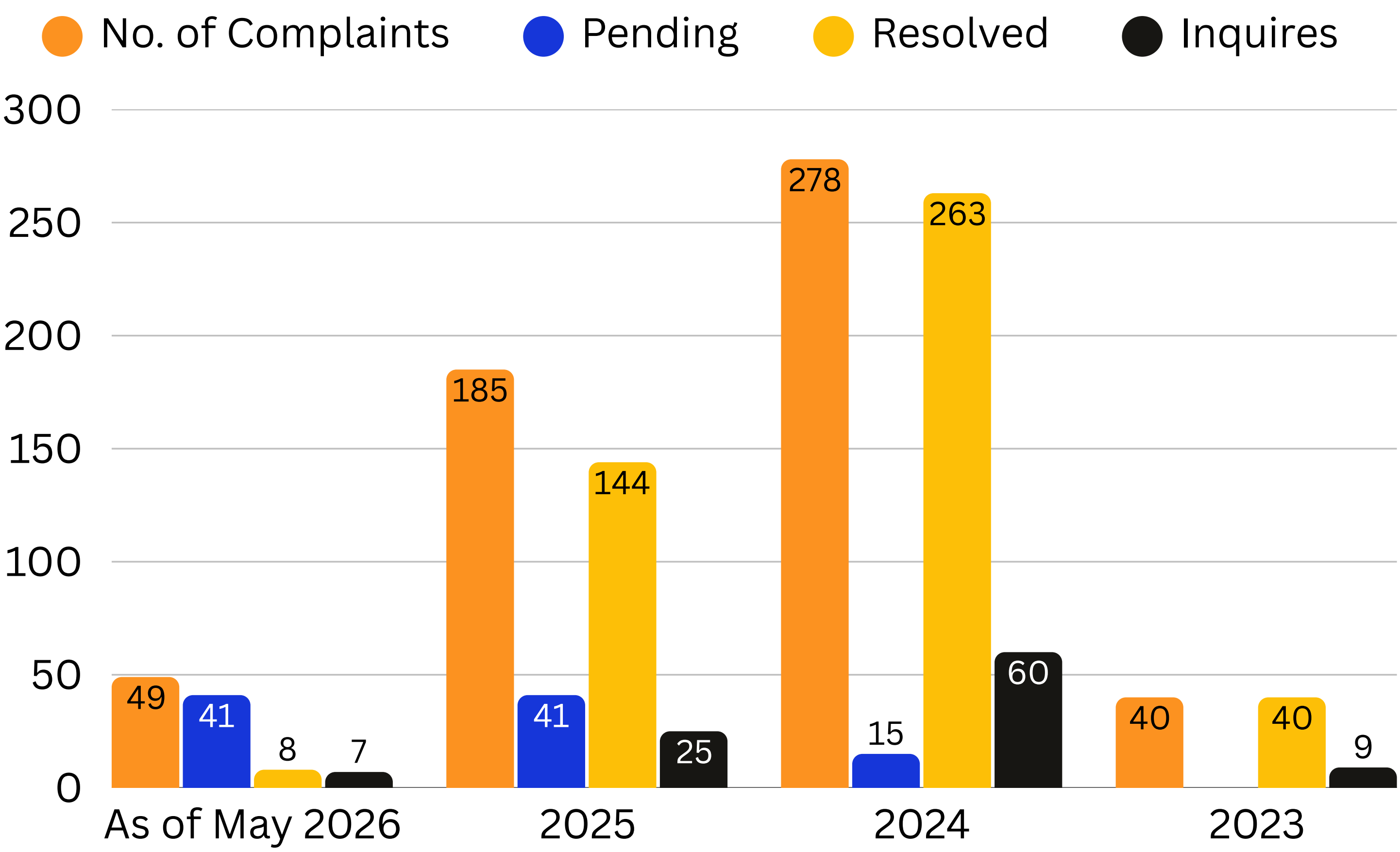
The Commission also intends to evaluate whether existing dedicated funding sources are producing the environmental outcomes intended by the Legislature.

One example illustrates the importance of this review. Virgin Islands consumers currently pay multiple taxes and fees dedicated to the proper collection, transportation, recycling, and disposal of waste tires. Yet despite these dedicated funding mechanisms, it is estimated that more than one million waste tires remain throughout the Territory—equivalent to more than ten discarded tires for every resident. The Commission believes this raises legitimate questions regarding the effectiveness of existing programs, the use of dedicated revenues, and whether additional policy or operational improvements are warranted.

Complaints By District - St. Croix



Complaints By District - St. Thomas/St. John



CUSTOMER IMPACT AND TESTIMONIALS

Our customers continue to experience measurable improvements in service quality, efficiency, and overall satisfaction. The feedback below highlights the real-world impact of our work and the value delivered through our services.

“Thank you for your support and assistance in navigation our long-standing issue with The Water and Power Authority. We truly appreciate your professionalism, responsiveness, and willingness to uphold the balance between the public utilities in the U.S. Virgin Islands and the territory’s ratepayers. Thanks to your efforts, the matter was handled efficiently and brought to a positive resolution. Your assistance was highly valued throughout this process.”

“Thank you so much for the follow up. It was great to be able to watch and participate in that meeting. It was really encouraging to see the PSC members and leaders advocating on our behalf.”

“I would like to sincerely thank you for facilitating the meeting between myself and WAPA last week...Your professionalism, attention to detail, and remarkable ability to break down complex data in a way that clients can clearly understand are truly appreciated. Your dedication and commitment to serving the public through the Public Services Commission do not go unnoticed. Please continue the remarkable work you are doing.“

CUSTOMER IMPACT AND TESTIMONIALS

“Thank you so much for your immediate response to our problem and the very professional way in which you handled the crisis situation. You obviously dropped whatever you were working on to take care of our problem and get our power restored before any harm could be done to my medications. For that we are extremely grateful. You have been an amazing help through this difficult process. Every month when I send you the data that shows we are producing more than we are being credited for you always respond immediately and provide us hope that you are still working on our behalf to correct this issue.”

“Thank you so very much for your assistance. I went for a year of no progress despite my personal follow-up with WAPA. As soon as PSC was involved this was resolved incredibly quickly. I’m very impressed and truly can’t thank you enough…I now have a working meter that is reading the bill accurately. I consider this 100% resolved.”

SNAPSHOTS OF

IMPACT!

National Spotlight

Laura Nichols-Samms
Vice Chair - PSC
President - MACRUC

Commissioner Laura Nichols-Samms has served on the Virgin Islands Public Services Commission since November 2023 and currently serves as Vice-Chair of the Commission. Since her appointment, she has demonstrated a strong commitment to protecting consumers and advancing effective utility regulation throughout the Territory.

In 2026, Commissioner Nichols-Samms made history by becoming the first Virgin Islands representative in more than 30 years to be elected President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC). She also serves as Vice-Chair of the National Association of Regulatory Utility Commissioners (NARUC) Telecommunications Committee, where she contributes to national discussions on telecommunications policy and emerging technologies.

Commissioner Nichols-Samms is a dedicated advocate for affordable, reliable utility and telecommunications services. She is committed to fostering regional collaboration, strengthening infrastructure resilience, and ensuring that the interests of Virgin Islands consumers remain at the forefront of regulatory decision-making. Her leadership continues to elevate the visibility of the Virgin Islands within the national regulatory community while advancing the Commission's mission of fair, transparent, and effective oversight.

National Spotlight

Sandra L. Setorie
Executive Director

With more than two decades of regulatory and public service experience, Sandra L. Setorie has dedicated her career to advancing effective governance and protecting the public interest in the U.S. Virgin Islands. She began her career as a Land Use Planner with the Virgin Islands Department of Planning and Natural Resources before joining the Virgin Islands Public Services Commission (PSC) as a Complaint Officer.

Recognized for her expertise and leadership, Ms. Setorie became the PSC's first Assistant Executive Director, serving in that role for several years before making history in 2023 as the Commission's first female Executive Director.

Under her leadership, the Commission has continued to strengthen its regulatory oversight while embracing innovation, modernizing operations, and enhancing the use of technology to better serve the people of the Virgin Islands. She is committed to fostering a culture of excellence, accountability, and continuous improvement, ensuring that the Commission remains responsive to the evolving needs of the Territory.

Ms. Setorie is equally passionate about developing future leaders within the organization. Her vision is to cultivate a highly skilled workforce of dynamic influencers and industry experts who will continue the Commission's legacy of independent, transparent, and effective regulation.

In recognition of her leadership and contributions to utility regulation, Ms. Setorie was appointed to the Executive Council of the Organization of Caribbean Utility Regulators (OOCUR) following the 2026 Annual Conference, further strengthening the Virgin Islands' presence in regional regulatory leadership.

THE COMMISSION'S STRUCTURE

Established by the Legislature in 1963, the Virgin Islands Public Services Commission is the Territory's regulatory agency responsible for ensuring that essential public utility services are safe, reliable, accessible, and fairly priced. For more than six decades, the Commission has provided impartial oversight of regulated utilities and services that affect the daily lives of every Virgin Islands resident, business, and visitor. In fulfilling this responsibility, the Commission balances consumer protection with the financial stability of utility providers, strengthening critical infrastructure, supporting economic development, and enhancing the quality of life throughout the Territory.

The Commission is composed of five voting Commissioners appointed by the Governor and confirmed by the Legislature, along with two non-voting Senators appointed by the Legislature of the Virgin Islands to serve as ex officio members. Together, they provide the leadership, accountability, and independent oversight necessary to fulfill the Commission's statutory mission of protecting the public interest through fair independent and transparent oversight of the territory's regulated utilities.

Regulated Services

Electricity
Telecommunications
Potable Water
Wastewater Services
Solid Waste Management
Franchised Marine Services

Commission Members

David W. Hughes - Chairman
Laura A. Nichols-Samms - Vice Chairwoman
Clement A. Magras
Raymond J. Williams

Ex-Officio Members

Senator Carla J. Joseph
Senator Hubert L. Frederick

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