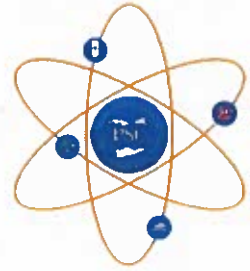




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**Public Services Commission**  
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**Testimony Before the  
Committee of the Whole  
36<sup>th</sup> Legislature of the U. S. Virgin Islands**

April 9, 2026

Sandra L. Setorie  
Executive Director

Good afternoon Honorable Milton E. Potter, President of the 36<sup>th</sup> Legislature and Chairman of the Committee of the Whole; Honorable Kenneth L. Gittens, Vice Chairman, and Honorable Members of this Body, staff, fellow testifiers, and the viewing and listening audiences of the Virgin Islands.

I am Sandra L. Setorie, Executive Director of the Virgin Islands Public Services Commission (“VIPSC” or the “Commission”) and this afternoon I am accompanied by Tisean Hendricks, Assistant Executive Director, and Boyd L. Sprehn, General Counsel.

On behalf of the Virgin Islands Public Services Commission (PSC), I thank you for the invitation and the opportunity to appear before you today regarding the ongoing electrical service interruptions affecting the St. Thomas–St. John District. I also say good morning to and acknowledge the presence of CEO Knight and members of the Water and Power Authority, to all stakeholders present, and to our listening and viewing audiences. We acknowledge the seriousness of this moment and the urgency expressed in your letter. We also recognize the frustration, hardship, and uncertainty that residents and businesses across the Territory are enduring.

The persistent rotational and island-wide outages have imposed an unacceptable burden on our community. Families have suffered the loss of food and essential supplies, households have experienced damage to appliances, businesses have incurred lost revenue, and many residents—particularly the elderly, medically vulnerable, and those with limited resources—have faced heightened health and safety risks. These impacts are not immaterial or with consequence; they are immediate, tangible, and deeply felt across every sector of our society.

The PSC shares the Legislature's concern and its commitment to ensuring that the people of the Virgin Islands receive safe, reliable, and reasonably priced utility services. As the Territory's autonomous regulatory body, the Commission is charged with overseeing the utilities under its jurisdiction—including, in this case, the Virgin Islands Water and Power Authority (WAPA)—to ensure compliance with applicable statutes and regulations, and to uphold accountability, transparency, and responsible utility operations in the public interest.

We cannot overstate this key fact: these outages were entirely foreseeable and preventable. However, there is no instant cure now that we have arrived at this difficult situation. The return to service of Unit 27 is a great relief, but it is only a temporary relief without additional capacity. Unit 27 will allow WAPA to meet demand but not provide backup or spare generation for service or maintenance.

At the present time, there are three major questions and issues:

1. What can be done to make sure that this situation – regular blackouts and power shortages – does not happen again in the near future?
2. How and why did we get to this place? This is an important question so that the same errors are not repeated.
3. What long-term steps are necessary to ensure a reliable and efficient future?

### **What Can Be Done in the Short-Term to Stabilize Electric Production?**

WAPA needs to have sufficient, reliable generation capacity; it currently does not.

The Legislature, and the public, should have an understanding of the current state of WAPA's generation, transmission, and distribution systems. This includes candid acknowledgment of capacity constraints, operational challenges, maintenance deficiencies, and any other factors contributing to the ongoing outages. To assist in that, we have attached to this testimony brief summaries of the generation capacities available in each district.

The Legislature should require the presentation and validation of a comprehensive recovery and stabilization plan. Such a plan must include:

- Specific actions to address immediate generation shortfalls;
- A detailed maintenance and repair schedule for critical infrastructure;
- Contingency measures to minimize the frequency and duration of outages;
- Clear performance benchmarks and accountability mechanisms; and
- A realistic and transparent timeline for achieving service reliability.

For many years, WAPA's standard was that it should have sufficient generation capacity to operate with its two largest units unavailable. In theory, that is WAPA's current status; in practice it is not.

Unit 23 has not been a reliable generation unit for many years. It has been out of service for substantial periods of time and repairs have been costly. For example, Unit 23 was returned to service in June 2024, after we suffered rotational outages from its absence. By March 2025, we had a district wide blackout for the day when Unit 23 failed. By May 2025, Unit 23 suffered another major breakdown and has not been available since. These are only the most recent issues.

Unit 23 repair and maintenance issues go back to at least 2014, and there have been millions spent on its repair. When Unit 23 is available, to run efficiently it must be run under sufficient load; however, it produces such a large proportion of the generation required that any issue with the generator causes district-wide blackouts.

Unit 15 is not only old but has also been substantially overworked and undermaintained. WAPA has acknowledged that in its own press releases. Unit 15 is a sister unit to Units 16 and 18, both of which have failed and been retired in the last several years. 16 and 18 have been cannibalized for parts to keep Unit 15 on St. Thomas and Units 17, 19 and 20 on St. Croix operating.

The only short-term route to additional capacity which the Commission is aware of is the acquisition of additional mobile generation capacity, either by lease or purchase. Unit 27 was itself a leased unit, along with several other leased units that operated on St. Thomas from 2012 through 2020. Additional leased units can be installed within a matter of weeks, with sufficient resources.

It would certainly be preferable if any new units were capable of operating on LPG (Propane) as WAPA is currently set up to use that fuel and it is considerably more cost-effective than diesel. But reliability is critical, so diesel may be the only option in the short term.

The only existing short-term projects which offer relief are the solar projects at Fortuna and Bovoni, particularly the Fortuna project. That project is sufficiently large in capacity and in battery storage to afford stability to the grid and the ability to turn off generators during daylight hours for maintenance.

The “Prudent Replacement” projects do not promise short-term relief – those are long-term efforts and should not be expected to produce any additional stability or safety margin in the next two years.

### **How And Why Did We Get To This Place?**

This is an important question so that the same errors are not repeated and we do not find ourselves back in this place, on St. Thomas-St. John or on St. Croix.

The Public Services Commission has been urging and seeking to enforce long-term planning and changes in the generation equipment for at least 22 years. At the same time that Unit 23 was being funded and acquired, WAPA fought in the courts to avoid oversight or even the obligation to plan.

By 2015 the Public Services Commission had both provided funding for and mandated the performance of a Management Audit and an Integrated Resource Plan – both are regular tools of utility management. Both of those studies identified more than \$50M in annual fuel savings by the modernization of WAPA's generation. A decade later, only a portion of this plan has been implemented – the Wartsila generators on St. Thomas. Those are, as we now see, were not enough.

Although it has not suffered the current level of outages, St. Croix should not be forgotten. All three of the “legacy” plants on St. Croix – Units 17, 19 and 20 - are the same type and vintage as Unit 15 and the already expired Units 16 and 18. The leased Aggreko units and the solar projects are the only progress made towards newer, more efficient and more reliable generation.

Aside from the purchase of the used Unit 27 on St. Thomas, the only generation that WAPA has purchased since Unit 23 in 2004 are the Wartsila units

on St. Thomas. And none of those Wartsila units were purchased using WAPA's rates and revenues. The first phase of three units was purchased using the Gas Tax Revenues (Title 33, Section 3039a). The second phase of four Wartsila units was made with FEMA providing the major funding.

We must note that due to the decisions of the Virgin Islands Supreme Court, the Public Services Commission did not have the normal authority and jurisdiction over WAPA that a regulatory commission would expect. The PSC could not order WAPA to buy new generation, and could not stop controversial decisions such as the Vitol Amended Agreements. Only in December of 2021 was this issue addressed, and the Commission unequivocally granted that authority.

However, by 2022 WAPA was already in dire straits and options were limited. In early 2022 we had a price spike in fuel, which resulted in on-going GVI subsidies to prevent further rate increases, in what were already the highest US rates. By early 2024 we were again on rotational outages, and in April 2024 Governor Bryan declared a state of emergency.

During this, and despite the mandates of the Virgin Islands Energy Act of 2009, WAPA had not moved forward on any serious amounts of renewable energy until 2023. After many months, years in some cases, of WAPA reporting to the PSC that was nearly ready to sign Power Purchase Agreements without resolution, the Public Services Commission ordered completion of the PPAs within 30 days. All of the current projects are the result of that action. All of the solar projects have been privately funded.

## **What Long-Term Steps Are Necessary to Ensure a Reliable and Efficient Future?**

WAPA needs to become an asset to the Virgin Islands, providing reliable and affordable power to permit economic growth and stability. Currently, WAPA is a significant liability.

WAPA is without credit rating or cash. It already has high rates, and it is questionable if raising rates will actually produce additional revenues or simply result in further defections from WAPA's grid and sales. Solar and battery costs continue to decline and the ease of system operations has significantly improved. WAPA cannot survive as the power company of the poor.

WAPA needs new generation for base load – even more pressing on St. Croix than on St. Thomas-St. John. WAPA should continue to outsource renewable energy to reduce the volatility of fuel prices.

In taking these steps WAPA needs both planning and to move expeditiously. WAPA has significant liabilities which must be addressed. The Legislature has acknowledged these issues in mandating the preparation of the Turnaround Management Reports.

The Commission converts broad legislative directives into enforceable action. Plans are not simply discussed; they are formally filed, scrutinized, approved with conditions, and monitored against measurable benchmarks. Timelines must be realistic and binding, not aspirational. When performance falls short, the PSC has the authority to require corrective action and ensure accountability.

Additionally, the PSC plays a critical role in identifying and minimizing delays in real time that can arise from procurement processes, contracting requirements, fuel supply arrangements, and infrastructure approvals.

Equally important, the PSC ensures that all stakeholders—including the Legislature, WAPA, and the public—are operating from a single, transparent set of facts. Through required reporting, open proceedings, and documented decisions, the Commission creates a clear and consistent record of the Territory's status and progress. This transparency is essential not only for effective decision-making but also for restoring public trust.

We note that the Office of Disaster Recovery is currently conducting the “prudent replacement” process for grant-funded new generation. ODR has not been responsive to Commission requests for information or consultation.

At present, the PSC is actively conducting legislatively mandated rate investigations for all regulated utilities. These proceedings are a critical component of restoring stability and accountability across the Territory's utility sectors. The investigation of the electric system is already underway, with a Hearing Examiner formally engaged and agreements for new technical consultants in place.

These rate investigations are not merely administrative exercises. They are designed to ensure that utilities are properly structured, financially sound, and operationally capable of delivering reliable service through proactive planning—rather than the reactive responses that have too often characterized the current experience. Through these proceedings, the Commission will evaluate cost structures, infrastructure needs, operational efficiencies, and long-term capital

planning to ensure that utilities are positioned to anticipate and prevent crises, not simply respond to them.

The necessity of the PSC in this moment cannot be overstated. The Commission serves as the autonomous referee between policy and operations—between the directives of the Legislature and the execution responsibilities of WAPA. Without this independent oversight, even well-intentioned efforts can become fragmented, delayed, or ineffective. The PSC ensures that barriers—whether procedural, regulatory, or operational—are identified early and addressed decisively.

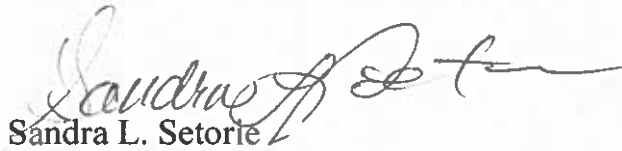
However, for this work to be effective, the PSC must have the full support and backing of this Legislature. Efforts that reduce or constrain the capacity, authority, or reach of the Commission directly undermine its ability to carry out these mandates and, ultimately, to protect the public interest. Strong, objective regulation is not an obstacle to progress—it is a prerequisite for it.

We appreciate the Committee's clear directive that this hearing move beyond general updates. The public deserves, and the PSC fully supports, the establishment of a clear, time-bound, and measurable plan to restore reliable electrical service. To that end, we believe this hearing must accomplish three critical objectives:

In closing, the PSC fully supports the Committee's goal of achieving a clear and undisputed agreement on the Territory's current position and the path forward. The urgency of this situation demands nothing less. The Commission is committed to ensuring that today's discussion results in concrete, actionable outcomes that provide real relief to the people of the Virgin Islands.

We thank you Mr. President and Members for your leadership on this issue and look forward to a productive and solutions-oriented dialogue. This concludes our testimony.

Respectfully submitted,



Sandra L. Setorle  
Executive Director  
Virgin Islands Public Services Commission

Attachment: St. Thomas-St. John Generation  
St. Croix Generation