



VIRGIN ISLANDS WATER AND POWER AUTHORITY

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OFFICE OF THE EXECUTIVE DIRECTOR

December 14, 2023

VIA ELECTRONIC MAIL

Honorable Carla J. Joseph
Chairperson
Committee on Government Operations, Veteran Affairs, and Consumer Protection
35th Legislature of the Virgin Islands
Capital Building, P.O. Box 1690
St. Thomas, U.S. Virgin Islands 00804

RE: Testimony on Bill 35-0058 Addressing Public Private Partnerships

Dear Senator Joseph:

Thank you for the invitation to appear before you and the Committee on Government Operations, Veteran Affairs, and Consumer Protection regarding Bill 35-0058 addressing Public-Private Partnerships. As my team discussed with your office ahead of the previously scheduled committee hearing for September that was postponed, we are providing testimony as requested, but will not be able to appear in person. We are available for further discussions on Public-Private Partnerships at your convenience if desired.

The Virgin Islands Water and Power Authority's testimony is as follows:

I am Andrew L. Smith, Chief Executive Officer and Executive Director of the Virgin Islands Water and Power Authority, WAPA or the Authority. I would like to thank the Honorable Chair, Senator Joseph, as well as other members of the Senate present for the opportunity to provide testimony on Public-Private Partnerships and Bill 35-0058. Good day to you, the listening and viewing audience, and the WAPA family. The Virgin Islands Water and Power Authority ("WAPA" or the "Authority") agrees that Public-Private Partnerships can be a beneficial relationship to develop infrastructure in the Territory.

As a rate-regulated municipal utility, WAPA is not eligible to directly participate in a number of beneficial federal programs that offer tax incentives, tax credits, alternative financing structures, direct financial contribution, or other financial incentives. This could be complicated by formation of a Public-Private partnership. As a result, WAPA does not have any Public-Private Partnerships. Private third parties, however, can access these incentives and WAPA's projects can benefit from the programs described above through contractual arrangements with third parties. For example, the pricing and terms of contracts that the Authority enters can be improved because of these incentives. The Power Purchase Agreement contracts that WAPA signed with Advance Wind, a wind power developer, and VIElectron, a solar power developer, to develop renewable energy in the Territory include provisions to pass through benefits of these programs in pricing. This arrangement lowers the cost of electricity in these contracts and benefits our customers because of the reduced cost of electricity.

When WAPA evaluates how to pursue infrastructure development, it considers all options: direct ownership and investment, partnerships, contractual arrangements, leases, etc. and will continue to do so going forward, and Bill 35-0058 provides a useful construct to govern Public-Private partnerships. Thank you.

This concludes my testimony.

Please do not hesitate to contact me should you have any further questions. I look forward to continued collaboration towards improving energy resources here within the Territory.

Sincere regards,

A handwritten signature in black ink, appearing to read 'Andrew L. Smith', written in a cursive style.

Andrew L. Smith
CEO/ Executive Director