

CLEMENT MAGRAS, Nominee
PUBLIC SERVICES COMMISSION
October 26, 2023

OPENING STATEMENT

Good Morning Senators, Members of the Rules Committee of the 35th Legislature and staff, I am Clement Magras, (nickname "Cain"), and the Governor's nominee to serve as a member of the Virgin Islands Public Services Commission. I am a former Senator and former Commissioner of Licensing and Consumer Affairs. I have also served as a Deputy Director of Grants Management at OMB, Special Assistant to the Governor for Audits Resolution and as an assistant to the Director of VITEMA. While at VITEMA I also served as the Governor's Authorized Representative (GAR) which is the Official liaison between FEMA and the Office of the Governor.

First, I would like to thank Governor Albert Bryan and Lt. Governor Tregenza Roach for submitting my name to this august body for your consideration. I would also like to thank Senator Diane Capehart, Chairwoman of this committee for her patience in scheduling my nomination. Madam Chair, I would first like to correct a typo on my questionnaire. I attended the National Judicial College in 1993 and not 1992.

I have had the opportunity to review the 2021 Audit of the VI Water and Power Authority by the office of the VI Inspector General. While it is not the purview of the PSC to regulate WAPA's day to day management practices it is important for PSC members to acquaint themselves with the gross mismanagement documented in the report regarding the VITOL contracting process because such waste can only be recuperated through the rates regulated by the PSC. I believe that members are asked to increasingly raise rates to VI consumers to pay for WAPA's waste and mismanagement under the guise of increased operating and fuel costs. One of the questions that I will ask if confirmed is whether WAPA has used any of the funds collected through the Levelized Energy Adjustment Clause or LEAC for anything other than fuel. Additionally, I will monitor compliance with Title 30 Section 1(a)(3) which requires that any request for rate increases must be made out of absolute necessity and ONLY after every prudent cost cutting effort has been made and every other available option has been exhausted while not diminishing the quality of services provided. The VI Ratepayers Bill of Rights also provides that ratepayers have the right to be given accurate and understandable, itemization of billing as well as the price and terms of service. How is this possible when WAPA continues to issue so many bills stamped as "estimated"?

While it is necessary to ensure a fair rate of return to utilities and other services regulated by the PSC I believe it is incumbent upon PSC members to properly evaluate each request and the basis of each request to ensure that both businesses and residential consumers are protected. I am an avid reader and many technical reports

and documents are submitted for review by the PSC. I believe that my broad range of Administrative experience as a former Senator gives me familiarity with the laws and with the utilities regulated by the PSC. Additionally, as the former Commissioner of the Department of Licensing and Consumer Affairs I have regulated and enforced consumer laws and regulations as well as served as the Administrative Law Judge of that Department. Utilities and other Services regulated by the PSC are often impacted by hurricanes and other natural disasters so my experience as Deputy Director of Grants Management at OMB and as the Hazard Mitigation Officer there as well as my time at VITEMA would be valuable as a member of the PSC.

The VI Waste Management Authority appears to have become a well oiled operation providing dependable services – except for one very noticeable thing. The WMA have more than \$15 million in unpaid bills most of which are to local vendors. The most glaring of which is the \$896,070.31 owed to the Public Services Commission from 2021 to the present as well as the most recent assessment of \$454,380.51 for the coming fiscal year. These amount are not even listed in their accounts payable prepared by the Legislature’s Post Audit Division for their 2024 budget. It is also not listed as part of their budget request for the coming year. Does this mean that they will continue to refuse to pay their assessments to the PSC as required by law? I would therefore recommend that the Legislature include The WMA’s PSC assessment as a line item in the WMA budget or make a special appropriation to the PSC, if they are unable to pay, to ensure that the Commission operates efficiently as the PSC budget is based solely on assessments.

VIYA rates can only be monitored and approved by the PSC as to their landline services. All cellular services are controlled by the FCC except that complaints regarding customer service can be accepted by the PSC and an attempt made to resolve them with the providers. If confirmed, as a member of the PSC I will ensure that the Commission continues its excellent work of monitoring cellular services and if necessary, request assistance from the FCC if quality service is not provided or too many complaints are received.

It is also the responsibility of the PSC to monitor services and approve rates for the St. Thomas – St. John Ferry Services. This is a critical service for the residents of both islands but in particular St. Johnians. It is also important for St. John students who currently attend school on St. Thomas. Anticipating a new school on St. John in the near future it can be expected that the loss of this revenue will impact the ferry services. While this is still “down the road” it would do well to begin having conversations with the ferry companies now to prepare for the future.

As a former Commissioner of Licensing and Consumer Affairs I am concerned about the consumers of the Virgin Islands. The Public Services Commission mission statement says “to ensure a fair and reasonable rate of return while providing the ratepayers with

the highest quality of service in a safe consistent and efficient manner.” It may seem like only semantics to some but this puts the utilities first and the ratepayer last. While I understand the need for a fair rate of return by providers I do not believe that enough has been done by utilities to provide ratepayers with the highest quality of service and in an efficient manner. The PSC must do more to ensure that consumers must get the quality of service they are entitled to.

If confirmed I will take the opportunity to review past reports of the PSC consultants to determine if recommendations were made and if they were ever implemented. The PSC is also mandated to do audits of the services under its jurisdiction but is not sufficiently funded to undertake such reviews. I believe the Legislature would find it useful to fund the PSC to conduct audits, in particular of the WAPA LEAC, prior to future budget considerations and as well as for the other entities monitored by the PSC.

Finally, I would like to add that coming out of retirement to serve on this board was not an easy decision but I consider it an honor and a duty to serve my community in this capacity during these difficult financial times in our territory. I hope it inspires other retirees to come forward and offer their services as well. We are a huge pool of accumulated knowledge who still have much to offer to make this a better home for all of us.

Thank You and I am prepared to answer any questions you may have.