

THE HONORABLE SENATOR AVERY L. LEWIS

Legislative Secretary

36TH LEGISLATURE OF THE VIRGIN ISLANDS



Chair: Committee on Government Operations, Veterans Affairs, Consumer Protection

Vice Chair: Committee on Education and Workforce Development

Member: Committee on Rules and Judiciary

Committee on Culture, Youth, Aging, and Parks

Committee on Homeland Security, Justice and Public Safety

Committee of the Whole

COMMITTEE MEMBERS RECEIVED UPDATES FROM WAPA, PSC, AND TOURISM

The Committee on Government Operations, Veterans Affairs, and Consumer Protection met in the Earle B. Ottley Legislative Hall on St. Thomas on Monday, March 24, 2025, at 9:30 AM. Committee members received updates from the Virgin Islands Water and Power Authority, the Public Services Commission, and the Department of Tourism.

Karl Knight, CEO and Executive Director of the Virgin Islands Water and Power Authority was joined by his leadership team to discuss the Authority's fiscally challenged position. The leadership reported that the only steady source of operating revenue it collects is the monthly charges for the sale of electricity and water to customers. Currently, WAPA spends more to provide service than it collects in charges to its customers. WAPA operates presently at a monthly deficit of \$2-3 million dollars. Knight stated that, despite the increase in fuel costs, the Authority has not substantially increased its rates in nearly six years. These financial challenges could potentially lead to service disruptions or increased rates for the residents of the Virgin Islands, which would significantly impact their daily lives and household budgets, said Senator Lewis.

The average peak daily load in the St. Thomas-St. John District is approximately 60 megawatts. The minimum demand is approximately 33 megawatts—the primary source of power generation in the St. Thomas-St. John District is located near the Randolph Harley Power Plant in Krum Bay. There is no power generation in St. John. However, there are projects to bring resiliency to St. John. FEMA has approved funding for the complete replacement of the Richmond Power Plant, which includes at least 86 megawatts of generating capacity.

Knight mentioned the numerous customer service challenges the Authority has been facing, which include malfunctioning meters. WAPA has selected Itron as the contractor to rebuild the Automated Metering Infrastructure. FEMA is funding this as a part of the Disaster Recovery Prudent Replacement Program. It is expected to take 18 months to complete in the territory. The Authority has also continued to strengthen its electrical transmission and distribution system through the installation of composite poles. In higher-populated areas, the Authority has begun burying electrical lines.

Sandra Setorie, Executive Director of the Virgin Islands Public Services Commission, delivered an update on telecommunication, waste, PSC assessment disputes, and energy matters. The Commission is responsible for conducting rate investigations of each regulated utility every five years. The Commission's jurisdiction over rates is limited to traditional landline telephone. Twenty years ago,

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VITELCO (currently operating as VIYA) had just over 100,000 telephone lines and received about \$14 million in federal support. It now has fewer than 20,000 lines, and federal support has been drastically reduced with plans to phase it out soon. Cellphones now directly compete with landlines.

Additionally, a rate review of the ferries began in 2024. Setorie stated that she hoped that the newly completed Ferry, Spirit of 1733, owned by the Department of Public Works, would be leased to one of the joint franchises, which would be key in the investigation of rates. Furthermore, separate investigations will be conducted to review energy and water rates. Electric system rates, last reviewed in 2020, will be reviewed again in April 2025. A formal investigation into water rates is expected to begin in the Summer of 2025.

Two separate investigations will be performed for Waste Management. Operations related to solid waste disposal are separate from those related to wastewater systems. Before the passage of Act 8471, the Commission was limited to approving the fees of the Waste Management Authority without broader oversight. The Commission has been seeking information on the total costs, charges, and activities of the Waste Management Authority. The Wastewater system is expected to undergo a rate investigation, which is scheduled to begin in Summer 2025. A solid waste investigation will also be considered, which is likely to focus on landfills and recycling.

Alani Henneman, Assistant Commissioner of the Virgin Islands Department of Tourism, delivered testimony on behalf of Commissioner Joseph Boschulte regarding the services and public information for St. Thomas Carnival 2025. Henneman stated that there was a 27% surge in arrivals to St. Thomas during Carnival, as well as a steady increase during the Crucian Christmas Festival. Additionally, there has been interdepartmental cooperation with various departments, including the Police Department, Sports Parks and Recreation, VITEMA, VIFEMS, Public Works, Waste Management Authority, Port Authority, and Licensing and Consumer Affairs. These agencies have assisted with event logistics, community health and safety, and preservation of event locations for all Division of Festivals official events. The Water and Power Authority has also met with the Department to coordinate the installation of utilities in the Carnival Village.

St. Thomas Carnival's budget is \$2.8 Million, with the average person spending approximately \$2,000 to \$5,000 while on the island for Carnival, resulting in roughly \$6 million to \$10 million in revenue.

Senators present at today's Committee hearing were Avery L. Lewis, Novelle E. Francis, Jr., Ray Fonseca, Alma Francis Heyliger, Kenneth L. Gittens, Franklin D. Johnson, and Carla J. Joseph. Non-committee members present were Angel L. Bolques, Jr., Hubert Frederick, Clifford Joseph, Sr., Milton E. Potter, and Kurt A. Vialet.

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