TAXPAYERS PROTECTION ALLIANCE

February 7, 2023

Senate Energy and Natural Resources Committee (Minority)
304 Dirksen Senate Office Building
Washington, DC 20510

Dear Ranking Member Barrasso and Republican Members:

The Taxpayers Protection Alliance (TPA) is a nonprofit, nonpartisan taxpayer and consumer advocacy organization representing millions of Americans. Ahead of this week's upcoming hearing on the "State of the Territories," TPA calls attention to the lack of oversight regarding an ongoing energy and budgetary crisis in the U.S. Virgin Islands (USVI). The American taxpayer deserves straight answers from the territory's governor, Albert Bryan, when he comes before the committee on his plans to address this situation and correct the course.

The concerning state of the USVI is particularly disappointing considering it has been the recipient of significant largesse from federal taxpayers. According to Governor Bryan, the territory anticipates receiving $12 billion through disaster aid tied to Hurricanes Irma and Maria. In total, $5.9 billion has been obligated from federal sources and over $2.9 billion has been expended to date, leaving most funds unspent. Since 2020, the federal government has also sent over $847 million in non-disaster recovery related funding, including $75 million in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, $257 million through the Coronavirus Education Stabilization Funding (ESF), and $515 million via the American Rescue Plan Act (ARPA). This is a staggering amount of money for a territory with fewer than 87,000 people – roughly equal to $147,000 per person.

Despite this, questions have swirled regarding the amount of cash the USVI government has on hand, with Governor Bryan recently claiming "four to five days," and his Communications Director clarifying "12 to 15 days." The obvious question is where all the money went. Clearly oversight has thus far been insufficient.

The Inspector General (IG) of the Department of Housing and Urban Development (HUD) has asked similar questions, having opened two audits into the territory's management of HUD-Community Development Block Grants (CDBG) resulting from disaster aid. In addition, Rep. Roger Williams (R-Texas) sent a letter to HUD Secretary Marcia Fudge, noting these audits and calling for more oversight of federal aid flowing to the USVI.

The Governor also has ambitious and expensive solar plans for the territory that have yet to be realized. The Federal Emergency Management Agency, and thus federal taxpayers across the country, are apparently expected to foot the bill for the Governor's Caribbean solar dreams.

Due to a lack of oversight in the territory, a great deal of money has already been wasted on the Governor's government-run power utility, the Water and Power Authority (WAPA), even before considering a massive solar retrofit. In addition to being handed $1.4 billion through disaster aid, the Governor is giving WAPA $4 million a month from the American Rescue Plan to keep it functioning. Critiques of WAPA's handling of federal resources have accompanied calls for more government oversight, including TPA's own letters, Rep. Doug Lamborn (R-Colo.) and

even the USVI's own Delegate Stacey Plaskett (D-V.I.), who in recent years asked the Governor to declare a state of emergency for WAPA.

Perhaps the most concerning example of WAPA's waste surrounds four $75 million propane generators funded by HUD. Shockingly, WAPA purchased the wrong generators, which are unable to integrate into the existing infrastructure. Rep. Byron Donalds (R-Fla.) and other House Republicans have demanded a full inquiry from HUD's IG office to understand how this occurred. Unfortunately, Governor Bryan and his power utility have failed to offer even the bare minimum of transparency on this matter.

In addition to WAPA's inability to use federal resources appropriately, it has accrued a debt level approaching $400 million, which according to economist Ike Brannon, "is a considerable amount for a utility serving a community with just 100,000 residents[.]" A significant portion of this debt is owed to Houston-based energy company Vitol for the construction of state-of-the-art propane electricity generation facilities – a clean, affordable, and reliable source of energy for the territory.

Since the completion of the facilities in 2017, the USVI and WAPA have continually sought to avoid repayment to Vitol while expecting the company to continue to operate the facilities and generate power for the territory's residents. Governor Bryan has promised to solve this issue in the next 30 days, saying he is "optimistic that we will be able to announce a positive resolution in short order," as well as noting "we will pay that off, so that it's no longer a debt to WAPA." To date, Governor Bryan has not provided clear details on how this would occur.

The situation with the USVI and WAPA needs to be fixed without further damage to taxpayers. Federal recovery funds have allowed the territory to continue to operate with great dysfunction, stiff creditors, and abuse taxpayer dollars. Greater oversight and accountability with regards to this issue are desperately needed and TPA urges the committee to pay special attention to ensure taxpayer dollars flowing to the USVI are not being used in a reckless manner.

TPA looks forward to engaging with the committee on this issue and stand ready to assist. Thank you for your attention to this matter.

Sincerely,

David Williams
President

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