



**Department of Youth and Civic Affairs
Colonia Yap, FM 96943**

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**Subject: GOVERNOR ANEFAL AND THE TRADITIONAL COUNCILS
JOIN LEGISLATURE'S MOVE TO REQUEST YSPSC TO
TEMPORARILY FREEZE ANY FUEL SURCHARGE INCREASES**

In a special meeting at the Yap State Legislature Chamber on Wednesday February 6, 2008, called for by the Yap State Legislature, Governor Anefal and the Chairmen of the two traditional Councils of Pilung and Tamol agreed in principle with the Legislature to request YSPSC to put a stop to the proposed increase in the fuel charge rate for the month of January 2008 and any other subsequent fuel rate increases in order to look for alternate options. The State Leaders expressed concern over the proposed rate increase of 12 cents per gallon of diesel fuel that was announced by the YSPSC recently. This was supposedly the rate to be used in the January utility bills to consumers, which would be distributed in February.

The option the Leadership discussed was to put an immediate freeze on the current fuel charge rate while at the same time ways to mitigate the hardship felt by consumers would be thoroughly considered. Governor Anefal suggested that a combination of immediate fixes, medium-term solutions, and long-term planned approaches should create some lasting relief for consumers while keeping YSPSC afloat.

Finance Committee Chairman, Senator Clement Mulalap said that recent audit findings by the Public Auditors Office give the impression that there is a lot of room for improvement in YSPSC including developing a business plan. Mulalap said that YSPSC in its enabling legislation has the opportunity to present a budget for its operations but since its inception he has never seen a budget request to that effect.

It was agreed that an immediate freeze on any further fuel charge rate increases should only be for a short period so as not to negatively impact the operations of the YSPSC but long enough to buy time to come up with alternative solutions. The Attorney General and the Legal Counsels for the State Legislature will put together the instruments containing the request of the State Leadership to be forwarded to the YSPSC for consideration.

The leaders agreed that the YSPSC Board and Management would be given one week to reply to the State Leadership request to freeze the current fuel rate without any new increases and also to come up with other options.

The State Leadership is concerned that the incremental increases in fuel cost, which have already negatively affected many small businesses and residential consumers alike, will force many more people and businesses to be disconnected from utilities or closed down, if the rates continue on without intervention.

For further information contact DY&CA at 350-2168/2169