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WAPA Issues Statement Following Fitch Ratings Withdrawal and Inspector General's Audit Announcement

WAPA responds to Fitch Ratings' withdrawal and Inspector General's audit, addressing concerns raised by Senator Gittens and outlining strategic initiatives for future stability

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WAPA's Richmond Powerplant. By. THE VIRGIN ISLANDS POLICE DEPARTMENT

The V.I. Water and Power Authority issued a statement Friday confronting significant external scrutiny as it responds to [Fitch Ratings' decision](#) to withdraw its ratings and the [impending special audit](#) by the Office of the Inspector General.

Fitch Ratings has recently withdrawn several ratings for WAPA, including electric system revenue bonds and the Issuer Default Rating (IDR), citing limited availability of WAPA's financial information. This action has raised concerns regarding WAPA's financial transparency and the impact on its bond market reputation and borrowing costs.

In tandem with Fitch's decision, the Office of the Inspector General is proceeding with a mandated audit of WAPA as per Act 8731. The audit aims to investigate several areas of concern within WAPA, such as the VITOL propane contract and a significant loss to an offshore account.

Senator Kenneth Gittens has voiced significant concerns regarding the unresolved issues within WAPA. "If we don't have a better understanding of what transpired and make an effort to hold individuals accountable for their actions, how can we ensure that WAPA does not make these same mistakes in the future?" he questioned, highlighting the necessity of the audit for greater transparency and accountability in WAPA's operations.

Responding to these developments, WAPA sought to assure the community of its continued efforts toward transparency and financial stability. In its Friday statement, WAPA said the withdrawal of Fitch's rating, similar to Moody's withdrawal in March 2023, will not hinder its progress. The authority said a significant portion of its debt — approximately 40 percent — has historically operated without a credit rating.

WAPA revealed that the lack of audited financial statements for fiscal years 2021, 2022 and 2023 is the primary factor for the rating agencies' decision to withdraw their service. The authority said it would initiate the audits in the second quarter of 2024.

Despite these challenges, WAPA said it remains focused on its strategic plan for financial stability, which includes key projects like the commissioning of Wartsilas on St. Thomas and expanding renewable energy initiatives across the territory.