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WAPA Faces \$3 Million Fuel Shortfall, Seeks State of Emergency Extension and Government Support

With a \$3 million fuel payment due and a persistent \$6 million monthly deficit, WAPA has already received \$32.1 million in government aid this year. Lawmakers express concerns over the lack of progress as it seeks an extension of the state of emergency

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WAPA CEO Karl Knight in the 35th Legislature on Wednesday, Oct. 16. By. V.I. LEGISLATURE

“The ability to keep the power on on any given day is a challenge for the Water and Power Authority. If you don't call it an emergency, I don't know what that is.” That was the response given by WAPA's chief executive officer Karl Knight as lawmakers pressed him on why the

power-related state of emergency should be extended through November 19th, 2024.

Six months after the state of emergency was first instituted, Mr. Knight told members of the Committee on the Whole on Wednesday that WAPA remains in a “fiscal crisis.” Monthly deficits currently average \$6 million despite the authority’s reports that steps are being taken to reduce costs and bolster revenues. Whereas WAPA requires approximately \$33 million for monthly operations, Mr. Knight told lawmakers, “I bring in about \$27 million a month in revenues from our customers.”

Illustrating the severity of the situation, WAPA Chief Financial Officer Lorraine Kelly told lawmakers that the authority could not afford a \$3 million fuel payment that was due on Tuesday. “On Friday, we need to pay another \$3 million for fuel. We do not have the funds to pay it.”

By Mr. Knight’s admission, the Government of the Virgin Islands has “intervened on several initiatives to make sure that the things that are necessary to close that deficit are taking place in a timely fashion.” In fact, between April and September 2024, the GVI has provided WAPA with \$32.1 million including \$17,448,435.72 from the Budget Stabilization Fund.

Senator Angel Bolques, startled, asked Mr. Knight to “please strategically expedite your efforts, because we cannot sustain this financial burden forever.” Nevertheless, he wondered whether there was room for the GVI to step in to assist with Friday’s payment. The response from Finance Commissioner Kevin McCurdy was less than reassuring. “At this very moment, the GVI has to first take care of the GVI. We have payroll,” he told Bolques.

In testimony delivered earlier during Wednesday’s meeting, Mr. McCurdy told lawmakers that “failing to extend the state of emergency can lead to delayed fuel payments, which, in turn, can cause a resurgence of rolling power outages.” Continuing the SOE, he said, would “provide a structured and systematic approach in a framework that allows for the GVI and WAPA to take immediate actions.”

Outside of direct government support, Senator Samuel Carrion was interested in what WAPA planned to do to independently shrink its structural deficit, particularly as it has remained at \$6 million since the SOE began. “If the deficit remains the same, how long will we continue in the state of emergency to continue to provide WAPA financial support?” Senator Carrion asked.

“There’s several initiatives that we’re taking,” Mr. Knight told the senator. These include negotiating new fuel contracts since WAPA believes “we can get better competitive pricing than what we have right now.” New Wartsila generators, pending since last August, are also expected to help WAPA’s cause. The authority is also “starting to push” delinquent payers including some federal entities. “We’ve reorganized our revenue assurance division,” explained Mr. Knight. WAPA has also hired two more collectors in an attempt to increase collections.

Senators, however, were interested in seeing documented plans from WAPA and the SOE Incident Command. “If we don’t have a plan, it makes it very difficult for us to continue to say yes to things that are very non-transparent,” declared Senator Donna Frett-Gregory. WAPA has since promised to submit their written plan to the Legislature, inclusive of graphs and other pictorial depictions of “incremental steps.”

Senator Milton Potter, assuming a different disposition than his colleagues, commented that “we have access to unprecedented sums of money - billions of dollars - that could ultimately get this system transformed.”

Senator Alma Francis Heyliger was less forgiving. “You're going to come back and ask us for the money, even if we gave you money yesterday,” she told Mr. Knight. When it came down to a vote, Francis Heyliger was vexed by an amendment to Bill 35-0340 that vested the governor of the Virgin Islands with the responsibility for handling matters related to the SOE. “We give him an open door policy as it relates to these types of things,” she complained. “You also give him a blank check to be shifting monies around in this territory, unchecked, and for me, that is a very dangerous situation.”

Five legislators voted against the amended request to extend the state of emergency, namely Senators Samuel Carrion, Dwayne DeGraff, Alma Francis Heyliger, Kenneth Gittens, and Franklin Johnson. Senator Donna Frett-Gregory abstained from the vote. With eight lawmakers — Marvin Blyden, Angel Bolques, Diane Capehart, Ray Fonseca, Novelle Francis, Marise James, Carla Joseph, Javan James, and Milton Potter — voting in favor, the measure still carried.

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