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Lack of Money for Spare Parts Costs WAPA in EPA Fines, But Consent Decree Exit Remains in Reach

Facing nearly \$60,000 in fines due to critical spare part shortages, WAPA's cash flow crisis challenges its compliance with EPA regulations. Despite hurdles, officials anticipate a potential release from the St. Thomas consent decree by early 2025

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The Randolph Harley Power Plant in St. Thomas, USVI. By. ERNICE GILBERT, V.I. CONSORTIUM

The V.I. Water & Power Authority is currently grappling with a significant impact of their ongoing financial crisis. Their lack of money to purchase adequate backup and square equipment means mounting fines from the U.S. Environmental Protection Agency.

Historically, WAPA has been subject to two consent decrees over national air quality standards, although the one governing St. Croix was subsequently terminated as the requirements under that decree had largely been satisfied.

However, despite having already petitioned the EPA to exit the consent decree that governs operations on St. Thomas, WAPA must continue to abide by its strictures in the interim. One of those is a requirement to maintain an adequate inventory of spare parts. Fines are assessed for WAPA's failure to keep a sufficient supply of parts in stock, said Maxwell George, environmental manager. "It starts off at around \$150 a day," he noted. "After about a week or so, it escalates to \$500 a day. After an additional 10 days, it goes to \$1,000 a day." Mr. George continued.

Right now, a total of just under \$60,000 in such fines have been amassed, WAPA's environmental manager told board members. "That is with the discount. Without the discount, it's \$120,000," he informed.

Part of the issue, interim Chief Operating Officer Ashley Bryan made known, is that WAPA does not have the money to pay for the necessary spare parts. "It is a delicate balance between the availability of our cash flow to support the operations for the power plants...and continue complying with the requirements of the EPA." Long lead times for the parts that are able to be ordered also complicate matters, Ms. Bryan noted.

Despite this predicament, Mr. George told board members that the "EPA is still satisfied with the progress that WAPA has made" in satisfying the St. Thomas consent decree. He expressed optimism that "we stand a good chance of getting out within the first or second quarter of 2025," while warning that the ultimate outcome "would actually depend on the performance of WAPA."

Mr. George noted that "we've been paying less fines over the last couple of years," and said that this year was a spike not in keeping with historical data.

WAPA CEO Karl Knight concurred with his environmental manager, saying that he had met with the consultants – Arcadis – assisting WAPA with working towards compliance. "They do express confidence that we can be out of the consent decree," Mr. Knight told board members. "I think they put an April timeline on it."

The discussion came about as a result of a request to extend Arcadis' contract for another six months, at a cost not to exceed \$300,000. According to Mr. Knight, "the work that they've been doing has been helpful in mitigating the amounts of some of the fines, in some cases mitigating us being fined period." He argued that the contract extension is "a worthwhile investment to ultimately get us out of some of the issues that are costing us money." Board members, with the exception of Lionel Selwood, agreed, and voted through the contract extension 4-1.

As for the issue with an inadequate spare parts inventory, Mr. Knight assured board members that "we've started to put some priority to paying some of the vendors that are critical to our environmental compliance so that we don't end up paying for fines."