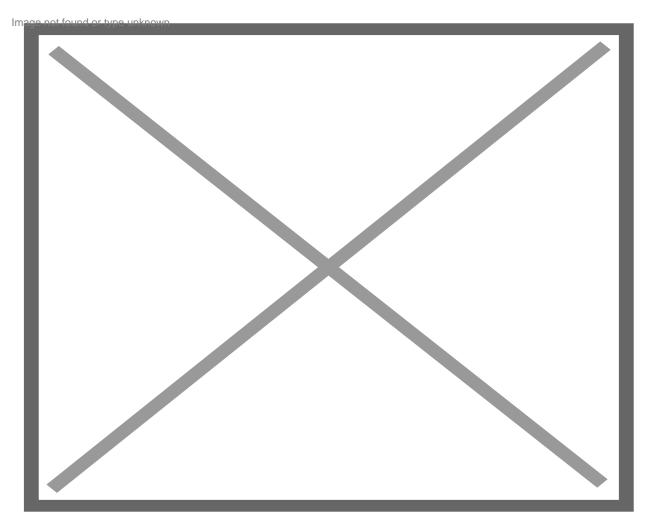
With 29% of WAPA Bills Estimated, Senators Call for Immediate Action and Alternatives Like Prepaid Billing

Nearly a third of WAPA bills are based on estimates due to widespread meter failures, prompting lawmakers to demand prompt reforms and propose alternative billing methods like prepaid systems. WAPA says changes must follow AMI system reconstruction.

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Deficient meters, estimated bills, and back billing, sometimes to the tune of thousands of dollars, continue to frustrate customers of the Water and Power Authority, acknowledged WAPA CEO Karl Knight when he appeared before Monday's meeting of the Committee on Government Operations, Veterans Affairs, and Consumer Protection.

WAPA's challenges include the wholesale failure of its Advanced Metering Infrastructure system, leading to the inability to read many meters remotely. This forces WAPA staff to have to go into communities to read meters manually. However in some instances, meters cannot be read at all, causing WAPA to guess bill amounts for some customers based on past trends. Approximately 29% of bills are currently being estimated, testified WAPA Chief Financial Officer Lorraine Kelly.

WAPA hopes that the issue can be remedied soon, having <u>contracted Itron</u> to completely rebuild the territory's AMI system. With funding secured from the Federal Emergency Management Agency, WAPA anticipates that work will commence on July 1, 2025 and be completed in approximately 18 months. In the interim, the authority intends to continue replacing defective meters, having changed 1,000 electrical meters in December 2024. "Another 2,500 electrical meters are currently being installed for new services and replacement of malfunctioning meters," Mr. Knight testified. An additional 2,500 meters have been procured, all funded by FEMA.

Further, WAPA has "initiated negotiations" with the current AMI provider, Tantalus Systems, to "restore remote read functionality to as much of the network as practical as an interim measure as we proceed with the full AMI replacement." The authority hopes that these efforts will "greatly reduce the over-reliance on estimated billing and provide greater consistency in customer bills."

WAPA's plans did little to placate the territory's lawmakers, who continue to appeal on behalf of ratepayers. Senator Ray Fonseca led the line of questioning, wondering whether WAPA plans to reimburse customers who are overcharged through estimated bills. "When we overbill, we apply a credit," replied Mr. Knight, who promptly informed the lawmaker that there are instances where WAPA does not charge enough. "That's a service that we've provided that we haven't collected proper payment on."

A similar concern was shared by Senator Franklin Johnson who pleaded with WAPA to conduct investigations into inflated electric bills. "In many instances we do a readjustment of the bill. I've instructed my staff that if it looks wrong, let's assume it's wrong," explained Mr. Knight. Conversely, when bill amounts are found to be accurate, the authority has adopted a posture of negotiating payment plans.

Senator Angel Bolques Jr., meanwhile, encouraged out-of-the-box thinking, calling on WAPA to consider other billing options like pre-paid methods. "There are several alternative options successfully used across the nation and other island districts," he advised. While Mr. Knight says WAPA is assessing the applicability of a pre-paid billing system, their primary focus remains on "rebuilding the metering infrastructure to allow some of that functionality."

"I do have that major concern regarding the accuracy," said Senator Carla Joseph, joining the conversation. "We don't want you to be stealing our customers' money either," she said, unconvinced that WAPA possesses "sufficient internal controls and monitoring that will assure that our people are being billed the accurate amount."

A long-term solution is not anticipated, however, until WAPA completes the overhaul of the metering system. Nonetheless, Mr. Knight insists that he can see the light at the end of the tunnel. "The technology has changed in the 10 years since WAPA first contracted with Tantalus," he said. "There's been improvements in the technology. I think that hardens it against some of the issues that the original, first-generation AMI ran into."

Responding to Senator Kenneth Gittens's wariness over the choice of Itron and Tantalus to conduct prudent replacement and remediation work respectively, Mr. Knight stated, "I think we

have a good vendor and a good partner moving forward."

"I'm counting on your expertise," said Gittens.

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