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## WAPA Proposes Increases to Street Lighting Funding, Customer Fees Amid Financial Shortfall

To address ongoing deficits, WAPA is asking lawmakers to approve increased property tax allocations, an operating surcharge, and hikes to reconnection and initial service fees, drawing pushback from several senators.

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WAPA CEO Karl Knight. By. V.I. LEGISLATURE

The V.I. Water and Power Authority is seeking legislative support for a series of proposed fee and funding increases aimed at addressing its ongoing financial challenges.

During a Senate hearing on Monday, WAPA officials outlined potential changes that include raising the amount of property tax revenue allocated to street lighting, introducing an operating

surcharge on customer bills, and increasing reconnection and initial service fees. The utility, which continues to operate with a monthly deficit of \$2 to \$3 million, says the measures are necessary to stabilize operations and ensure long-term sustainability.

But the authority has made strides. “This time last year, the monthly budget deficit was approximately \$8 million a month. In September, that deficit was approximately \$6 million per month,” WAPA Chief Executive Officer Karl Knight said, speaking before the Committee on Government Operations, Veterans Affairs, and Consumer Protection, chaired by Senator Avery Lewis. Now, the monthly deficit falls within the range of \$2-\$3 million. Despite this positive movement, WAPA remains buried under a mountain of debt.

Even so, the utility company's poor financial condition remains a cause for concern, particularly after a failure to meet critical vendor payments in 2024 resulted in increasing rolling blackouts for ratepayers. When Vitol signaled its intention to halt services for non-payment, the Government of the Virgin Islands was forced to bail the authority out of its predicament. The declaration of a [power-related state of emergency](#) allowed the GVI to make expedient decisions, diverting cash to the flailing agency in a bid to keep the lights on across the territory. “I don't think WAPA would have survived the year without government support.,” Mr. Knight told Senator Novelle Francis during the course of Monday’s discussion.

Now, Ernst and Young, contracted as a Legislature-mandated turnaround company for WAPA, is expected to complete its report on the utility's needs by March 29. According to Mr. Knight, EY has recommended a [“cash infusion of approximately \\$375 million”](#) over a five-year period to fully resolve its financial liabilities.” That infusion is intended to wipe away \$101.7 million in “past accounts payable,” \$188 million in long-term debt, and \$27 million in “deferred maintenance of our generating assets.”

In the interim, WAPA is counting on the increased participation of renewable energy sources in its power mix, new fuel contracts at lower rates, and competitive bids for a new liquefied propane gas supply contract to help reduce monthly operating expenses. According to Mr. Knight, WAPA also intends to address the authority’s “fiscal woes” by “consolidation and refinancing of our outstanding debt.” He told legislators that “the authority has recently engaged the services of a municipal advisor for the first time in three years to advise us in our financial decision-making moving forward.”

Now, with the [state of emergency ended](#), recommendations from EY on the horizon and plans in place to continue developing renewable and sustainable energy sources, WAPA is turning to the Legislature for help in remaining viable.

“In addition to financial assistance, there are additional measures that this body can undertake to help put WAPA on sound financial footing,” said Mr. Knight. WAPA is proposing a raft of legislative amendments including changes to “reconnection fees and initial service fees...competitive bidding requirements...back billing provisions...utility setbacks and easements...street lighting fund, [and]...the PSC’s exercise of oversight.”

“The underfunding of our actual street lighting expenses remains a challenge,” Mr. Knight told lawmakers. He suggested three options, including an “increase in the amount of property taxes set aside for this purpose”, supplementing the property tax amount with funding from the executive budget, or authorizing “an operating surcharge on the customer bill to make up the difference.” Otherwise, said Mr. Knight, “the authority may be forced to reduce the amount of street lighting to work within the approved funding threshold.”

Where back billing provisions are concerned, Mr. Knight lamented that the “current back billing and provisions [limits] the billing cycle to 30 days” creating an “unintended impact that causes the authority to estimate bills that it would have otherwise read in order not to lose revenue.”

While lawmakers were generally pleased that WAPA was making steady improvements to claw its way out of the hole, several fought back against the proposed legislative amendments. Referencing the back billing provisions, Senator Kurt Violet asked “Why isn't the goal more to make sure that your bills on a regular basis are correct, instead of blaming the Legislature for trying to mandate that you do the job?”

Mr. Knight countered, saying that there are “normal circumstances where a meter might have [a] malfunction.” That response prompted Violet to suggest that any amendments include a sunset clause, something that Mr. Knight was not immediately keen on. “You could put a sunset, but I don't think it'd be necessary to have a sunset.”

Senator Alma Francis Heyliger, meanwhile, took umbrage at WAPA's desire to increase reconnection fees and initial service fees, currently set at \$25. “The one thing that the public could have got a decent deal on, you still turn around [and] want it back,” she complained. “I'm never gonna cosign on that.” Later, Francis Heyliger indicated that she would be amenable to attaching an additional cost in the event that WAPA needed to use bucket trucks or other heavy equipment for the service, but maintained that the base price should remain. “Inflation has gone up and we're still getting over-billed,” she cautioned Mr. Knight.

WAPA's success at reducing operational costs impressed lawmakers. However Senator Novelle Francis, as well as Senators Hubert Frederick and Clifford Joseph, all emphasized the need to ensure cost-saving measures are sustainable and will benefit the authority, and eventually ratepayers.