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Senator Calls for Federal Takeover or Bankruptcy to End WAPA's Financial and Operational Collapse

Senator Ray Fonseca says WAPA's \$1 billion in liabilities, unreliable service, billing failures, and mounting debt have made federal control or Chapter 9 restructuring the only viable options to restore power and public trust in the Virgin Islands.

WAPA / **Published On October 22, 2025 03:56 PM /**

Staff Consortium **October 22, 2025**

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Aerial shot of WAPA's Richmond Power Plant on St. Croix. By. ERNICE GILBERT, V.I. CONSORTIUM.

Senator Ray Fonseca is calling for drastic intervention at the V.I. Water and Power Authority (WAPA), proposing either a Chapter 9 insolvency proceeding to restructure the public utility's massive debt or a federal takeover of its St. Thomas operations. The senator says years of

financial mismanagement, systemic failures, and worsening hardships have pushed the authority — and the community it serves — past the breaking point.

“There is no end in sight to the pain and suffering our community continues to endure,” Senator Fonseca said. “The people of the Virgin Islands deserve reliable, affordable, and transparent utility service — and after decades of neglect, it’s clear that WAPA, even with substantial assistance from the Government of the Virgin Islands, still needs additional resources and technical assistance.”

Fonseca’s proposal comes amid an alarming deterioration in WAPA’s finances and operations. The senator detailed a long list of critical issues he says have left the authority incapable of self-correction.

According to Fonseca, WAPA owes vendors approximately \$400 million, with total liabilities exceeding \$1 billion. That level of debt, he said, leaves the authority with little choice but to seek Chapter 9 bankruptcy protection — a restructuring process designed for financially distressed public entities.

The senator also cited widespread failures across WAPA’s power generation, transmission, and billing systems. He noted that fuel costs remain uncompetitive, and both solar capacity and emergency power resources are grossly insufficient to meet demand.

“Major systems across the board are failing,” Fonseca said, describing what he called an organization crippled by poor maintenance, weak leadership, and aging infrastructure. He estimated that WAPA requires at least \$27 million in deferred maintenance just to bring its facilities back to acceptable standards.

Fonseca said WAPA’s ongoing mismanagement has also led to severe operational and service disruptions. Vendors are not being paid on time, he said, leading to inventory shortages and further service delays.

Meanwhile, customer service remains one of the utility’s weakest areas, plagued by inaccurate meter readings, billing errors, and a growing loss of public trust, Fonseca said. The senator said community confidence in WAPA is at “an all-time low.”

WAPA’s bond rating has also plummeted, he added, reflecting investors’ loss of faith in the authority’s ability to meet its obligations or recover from its current crisis.

Senator Fonseca said that without structural reform, WAPA will continue to decline — taking the Virgin Islands economy down with it. He argued that both Chapter 9 restructuring and federal intervention are necessary to stabilize the utility, modernize its operations, and restore public confidence.

“The people of St. Thomas have endured blackouts, inflated bills, and broken promises for too long,” Fonseca stated. “It’s time for leaders to make a definitive decision — to stabilize operations, safeguard federal investments, and ensure accountability at every level.”

The senator said the proposed measures are not just about debt relief but about restoring integrity and competence to one of the territory’s most vital public institutions.

“This is about restoring dignity, fairness, and competence to one of the most essential public services in our Territory,” Fonseca concluded. “Our residents deserve light, not excuses.

