

The Virgin Islands Consortium

The Government Owes WAPA \$25.1 Million, Hugo Hodge Says

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WAPA

Testifying at a budget hearing on Wednesday, WAPA Executive Director Hugo Hodge said the authority continues to struggle as government agencies have not been consistent with paying their bills, forcing WAPA to seek an advance in bonds proceeds.

But the \$12 million advance approved by the Senate won't be enough to allay the authority's needs, mostly caused by government agencies either not paying their bills at all or not paying on time. Hodge pointed to the Juan Luis Hospital on St. Croix as an

example, revealing that WAPA had not received a direct payment from the hospital since 2011.

The Virgin Islands Government owed WAPA \$17.5 million as of Aug. 31, up from \$15.5 the same time last year. As it relates to water and power, the total owed to WAPA is \$18.8 million, Hodge testified, adding that street lights accounted for \$11.7 million of that amount. The total amount due WAPA by the V.I. Government after accounting for the hospitals--including St. Thomas' Schneider Regional Medical Center, an entity that Hodge says is starting to owe "more and more,"--swells to \$25.1 million.

The Water and Power Authority anticipates total revenues of \$317.2 million for fiscal year 2015, of which \$227 million will come from fuel surcharges, Hodge revealed, with the fuel itself costing \$207. The company's salaries and other benefits accounted for \$39 million.

This year, the company's water system is projected to collect \$35.5 million, with fuel surcharge accounting for \$9.4 million.

Propane Pros

Hodge highlighted the move to propane in January of 2015 that would see residents paying about 30 percent less than they currently pay, as the company makes the switch from the more costly diesel fuel. The switch to propane, which was supposed to be carried out and completed by October of this year, was pushed into January because, according to Hodge, changes to the project's storage and distribution plans needed to be made.

Hodge expects 2015 to be a better year for WAPA's customers as the switch to propane, dubbed 'Operation Game Changer', will allow Virgin Islanders to keep more money in their pockets. In mid-August, Hodge said while the delay of the transition to propane was a setback, the company was looking forward "with great anticipation" to passing on the savings to its customers.

"We still anticipate a 30 percent reduction in the cost of fuel, which will be passed along directly to customers," he said. "While this schedule represents an adjustment of a few months, we look forward with great anticipation to providing these benefits to the community. Our entire team is focused on finishing this complex project as quickly and safely as possible."