

The Virgin Islands Consortium

Hugo Hodge, WAPA Board Praise 2014 Fiscal Report As Coverage Ratio Increases

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Virgin Islands Water and Power Authority (WAPA) officials and board members are praising the semi-autonomous entity's latest audit that revealed its coverage ratio (the measure of a company's ability to meet its financial obligations) was much higher than expected -- reported at 225 percent -- well over the required 125 percent.

The higher the coverage ratio, the better the ability of the enterprise to fulfill its financial obligations to its lenders, WAPA pointed out.

"We've had a good 2014, and we've exceeded all of the coverage requirements for the electric system," said WAPA Executive Director, Hugo Hodge.

According to BDO USA, LLP, which conducted the audit that covers fiscal year ending June 2014, WAPA's water system's [net position](#) increased by \$3.7 million, or 8 percent, as a result of better operations. The company's operating and production expenses saw a drop from \$36.0 million to \$29.9 million, which, compared to 2013, is a decrease of 17 percent.

The substantial savings in operating and production expenses resulted from a decrease of \$6.5 million in cost of WAPA's production of distributed water, and a decrease of \$684,000 in depreciation expenses. Increases in maintenance operations cost the company \$244,000, and another \$177,000 was spent on customer expenses, which were not detailed in information issued from WAPA. Administrative costs grew by \$625,000. Those expenses were also not detailed.

WAPA's net position for its electric system operations saw an increase of \$2.9 million or 6 percent, as a result of better 2014 operations. The utility's total operating revenue was \$321.2 million, down from \$339 million in 2013, a decrease of \$17.8 million. According to the report, the decrease in total operating revenue came as a result of a decrease in [fuel escalator](#) revenues of \$16.5 million, and base revenues of \$12.2 million, which was offset by "other revenues" of \$10.9 million.

Capital grants and contributions received by WAPA electric system equated to \$11.5 million for fiscal year 2014, compared to \$4.9 in fiscal year 2013. Of the \$11.5 million, \$267,000 was used on streetlight projects, \$377,000 on the Frenchman's Bay Road utility relocation project, and \$485,000 for the Rothschild Francis Market Square project.

Encouraged by the findings, WAPA board member Donald Francois, said, "These are all favorable points that will definitely improve our previous rating and help the Authority in looking for funding."

In relation to WAPA's future financial results, company CFO Julio Rhymer, Sr. told the board that as WAPA moves forward "our financial position is improving because our management of expenses is improving."

Board members in attendance at Tuesday's special meeting were Chairman Atty. Gerald Groner, Vice Chair Juanita R. Young, Secretary Noel Loftus, Donald Francois, Cheryl Boynes Jackson, and Elizabeth Armstrong.

Feature Image: WAPA's Executive Director Hugo Hodge.