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WAPA Board Chair and Director Remain Tight-lipped on Timing of Lucrative Raises for Audit Staff While Financial Challenges Mount for Near Insolvent Power Company

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Anthony Thomas and Lawrence Kupfer By. VI LEGISLATURE

The leadership of the Virgin Islands Water & Power Authority, namely governing board chairman Anthony D. Thomas and Executive Director Lawrence J. Kupfer, have offered only a chilled silence when pressed to justify recent raises doled out to a handful of WAPA employees at a time when the public utility finds itself in a sea of red ink, barely able to meet payroll, fixed costs such as bond obligations, and fuel purchases to sustain electrical service to its customers across the territory.

Days after the governing board voted to hand out salary increases, some as high as 31 percent, to members of the internal audit staff, both Mr. Thomas and Mr. Kupfer are silent on the rationale for the timing of the decision, especially since moments before the raises were approved, board member Hubert Turnbull led the charge to remove from consideration, salary adjustments for non-unionized employees of WAPA. The mere 3 percent raises for non-unionized employees were set aside while the Internal Audit staff, led by Director Leslie Smith, had their salary adjustments approved unanimously by the governing board. The huge increases for the audit staff followed a few months after WAPA begrudgingly offered a 3 percent increase to its unionized workforce in two unions and have yet to reach agreement with a third.

A WAPA insider told the Consortium this weekend that the bulk of the unionized employees are the linemen, engineers, plant operators, and maintenance staff that are on the front lines each day using meager resources to keep two power plants on-line. The non-unionized employees are administrative assistants, support staff and other non-technical personnel who last saw a 1 percent salary adjustment in either 2013 or 2014, six or seven years ago.

Responding Sunday to questions posed by Consortium, both Mr. Thomas and Mr. Kupfer admitted that the raises handed up to audit staff will have a budget impact in excess of \$200,000. While failing to explain the timing rationale for the raises, the joint response said that while the raises have been approved, they will not take effect until the authority's 2021 budget is in place. The board is expected to consider the 2021 budget at meetings next month, and will also, at that time, revisit the non-unionized employee raises.

The decision by the board on salary adjustments means that at a time when WAPA is cash strapped, with a long list of vendors awaiting payment for services already rendered, and is experiencing an overall dip in electrical sales due to the effects of the COVID-19 pandemic and the sluggish post-hurricane economy, it must implement a budget that meets its operational needs and accommodates overall salary increases for the bulk of its 500+ member workforce.

A [spreadsheet detailing the raises](#), obtained by the Consortium, shows the largest salary being that of Internal Audit Director Leslie Smith, at \$131,269 with an 8.2 percent increase, followed by Audit Manager Germaine Plaskett with the second highest salary at \$82,892, a 9.2 percent increase. An accounting supervisor's salary will increase by 22 percent to \$73,500 while revenue assurance managers in each district will see increases ranging from 23 percent to 25 percent.

A revenue inspector will see a 30.8 percent increase and another a 26 percent salary hike. Included in the group receiving raises last week, a board secretary whose salary will increase by 6 percent to almost \$73,000 per year. The governing board has one public board meeting and two closed door board committee meetings each month.

Both Mr. Thomas and Mr. Kupfer sidestepped explaining why the audit staff raises were considered in a closed-door session (executive session) yet raises for unionized workers were voted on in a public meeting earlier this year. The raises for the non-unionized employees were also on the agenda of last Thursday's board meeting for consideration in open session.

When grilled to provide details on audits produced by the Internal Audit and Revenue Assurance team as a means of justifying their salary hikes, Mr. Thomas and Mr. Kupfer told the Consortium that approximately 15 audits were completed in the last ten years but failed to provide a listing of those audits, including the years in which they were completed, who, if anyone, was prosecuted for wrongdoing, and whether any employees or former board members had been implicated in the audits. The authority did say that \$1 million was received in fines and restitution for an equipment

tampering case, and that in instances where company personnel were implicated, there had been terminations, resignations, and retirements. Again, no specific details were provided.

The most recent completed audit, produced earlier this year, focused on a WAPA director in the electric system who was determined to have violated company conflict of interest policy and possibly local and federal laws.

The employee was accused of having a financial interest in a private company which acted as a subcontractor in the original installation of WAPA's automated metering system. The director in question chaired the evaluation committee which selected the contractor that subsequently hired the company he had a stake in, and for the duration of the AMI project, the employee served as project manager ensuring that invoices from the contractor were paid leading to his company being paid for their service. The total payments were in excess of \$1.7 million dollars. To date, the director has not been cited by the authority, instead he was placed on a 30-day paid leave. During his absence, an internal email said the director was on annual leave for an indefinite period. About two or three weeks ago, he returned quietly to his territorial position which pays just under \$115,000 annually.

The timing of the salary increases comes as WAPA's rates for electrical service remains in excess of 40 cents per kilowatt hour. The high cost of electrical service is compounded by unreliable electrical service and poor-quality potable water.

On Sunday night, a multiple feeder electrical outage rocked St. Croix for almost an hour while on Monday, customers on one feeder were without service for hours due to a downed pole. On St. Thomas, a series of major service outages recently affected customers due to operational issues with a generating unit that returned to service in December 2019 after a multi-million-dollar maintenance overhaul. During this past weekend, the entire island of St. John experienced a so far unexplained outage.

There were water outages over the last several weekends on St. Croix, in Estates Whim and Glynn. Earlier today, WAPA announced water service issues with a ruptured mainline affecting customers in higher elevations across several geographical areas on St. Thomas.

Additionally, WAPA continues to be challenged by customers receiving inaccurate bills as almost three years after Hurricanes Irma and Maria its billing system has not been restored. Customers have said they find little solace when their billing concerns and questions are directed to the utility's Customer Service division. The division, which according to the WAPA's website and social media Facebook page won "Department of the Year" honors this year, is frequently criticized in the public for its lack of candor, responsiveness and resolution to billing errors and other customer complaints. At almost every meeting of the V.I. Public Services Commission, the customer service division is roundly criticized for its lackluster performance and poor level of customer service.

WAPA biggest debtors include VITOL, which owns and operates two LPG terminals at the power plant sites on St. Thomas and St. Croix. WAPA is regularly in default of payment to VITOL for its propane fuel supply and the operating and maintenance costs of the terminals. The development of the terminals and incorporation of LPG fuel to produce electricity was a project initially estimated at costing approximately \$80 million. By the time the second LPG terminal was on-line, the project cost doubled to in excess of \$160 million. No one at WAPA has been held accountable for the inflation of the project cost. Instead, WAPA's point man on the LPG undertaking, Gregory Rhymer, is today a special advisor to Kupfer, raking in one of the top three

salaries at the authority. The VITOL project is reportedly the subject of an ongoing audit by the Virgin Islands Inspector General.

WAPA also owes a past oil supplier Trafigura \$24 million, an RUS loan with the federal government is outstanding, community disaster loans from the 2017 hurricanes are about due for payment, and past due invoices with present oil supplier, Glencore, Ltd, hang in the balance. Major financings have been had for projects that remain unresolved: LED streetlights with solar panels and other control devices at a cost of \$30 million, automated metering system at a cost of \$13 million—a system devastated by the 2017 hurricanes and is yet to be fully restored.

In many instances, millions of dollars have been expended but projects have yet to cross the finish line as promised and within budget. While customers fail to see the benefit of the millions of dollars spent, they are called on to pay for the ill-fated and mismanaged projects through electrical and potable water rates. WAPA's customers will now be asked to underwrite raises for its workforce.

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