

The Virgin Islands Consortium

WAPA Contemplating Reinstatement of Disconnection Policy For Nonpayment as Arrears for Delinquency Top \$18 Million

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WAPA Powerplant in Richmond, St. Croix. By. ERNICE GILBERT FOR VI CONSORTIUM

Regardless of whether the current Covid-19 state of emergency is renewed by Governor Albert Bryan when it expires on October 9, the Virgin Islands Water and Power Authority is considering the reinstatement of its disconnection policy for customers who fail to pay their electrical and potable water bills.

The Consortium has learned that considering more than 11,500 active electrical and potable water accounts in a state of delinquency, the resumption of WAPA's

disconnection policy is under active consideration and was discussed in a monthly Audit and Finance Committee meeting Thursday. The committee is one of two panels which meets ahead of the monthly public governing board meeting.

According to a well-placed source who participated in Thursday's meeting, WAPA is reporting that approximately 17 percent of its electrical accounts are delinquent to the tune of \$18 million with \$13.7 million of that figure in past due amounts. On the water system, approximately 2,000 accounts are delinquent with past due amounts totaling \$4.8 million.

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WAPA Executive Director Lawrence Kupfer is reported to have informed the board that the largest number of delinquent accounts are residential customers who may be facing financial hardship from the effects of the pandemic. Kupfer is said to have also told the committee, chaired by longtime board member Juanita Young, those that have allowed their accounts to become delinquent are customers who simply stopped paying their monthly electric and water bills once WAPA suspended its disconnection policy. In previous public statements WAPA said it had suspended the disconnection of past due accounts about two weeks ahead of the governor's initial declaration of a COVID-19 state of emergency in the territory in March. Board members on Thursday acknowledged management's concern that the only tool available to WAPA to ensure customers make timely and regular payments is the disconnection policy. Without it, all is lost – revenues diminish, and customer utility bill balances increase.

Figures referenced by Mr. Kupfer reportedly show a greater reluctance of customers on St. Thomas to pay their WAPA bills when compared to their Crucian counterparts. According to figures presented at the meeting, and shared with The Consortium, there are 4,082 delinquent electrical accounts on St. Croix versus 5,175 delinquent electrical accounts on St. Thomas. Mr. Kupfer painted a similar picture for the water system for which there are 1,100 delinquent accounts on St. Croix versus 1,152 accounts in arrears on St. Thomas.

Mr. Kupfer is said to have told the board that with \$23.4 million dollars on the street uncollected and \$18.5 million of that past due, WAPA could begin to face serious liquidity challenges going forward. Under questioning by board member Noel Loftus, Mr. Kupfer warned that if WAPA doesn't reign in the delinquent account holders, the already cash-strapped authority faces the real prospect of not being able to meet its operational expenses, primarily the purchase of fuel to sustain uninterrupted electrical service in the territory. To not reinstate the disconnect policy, Mr. Loftus said, WAPA faces the real possibility of defaulting on its obligations to fuel suppliers such as Glencore Ltd. and VITOL.

WAPA Director of Corporate Communications, Jean P. Greaux, Jr, on Thursday night confirmed that the resumption of WAPA's disconnection policy is under consideration but stressed that no final decision has been made. He said while approximately 17 percent of both electrical and water accounts are delinquent, WAPA is confident it can collect the outstanding payments. The discussions, he said, were prompted by the increasing numbers of delinquent accounts, primarily commercial customers. Mr. Greaux said that

on a territorial level, there are 9,257 delinquent electrical accounts and 2,252 delinquent water accounts.

Mr. Kupfer and WAPA CFO Debra Gottlieb are reported to have also informed the board that WAPA may offer a two or three-month payment plan for the delinquent account holders who have racked up large bills over the past six months. In the past, payment plans offered by the authority have required a partial payment with the balance spread out over time. Customers who engage the payment plan are required to make the partial payment and remain current in the monthly billing. Kupfer said he intends to discuss the resumption of disconnects with all board members and with Governor Bryan before reaching a final decision.

The Consortium also learned that at Thursday's meeting several members of the board queried WAPA's management as to whether central government agencies, the territory's hospitals and semi-autonomous entities are making regular payments to the utility for electrical and potable water services.