

The Virgin Islands Consortium

Plaskett Calls On Senate President And Governor To Declare State Of Emergency At WAPA: 'The Virgin Islands Is Suffering An Energy Criss'

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Robert Moore **September 19, 2019**



Delegate to Congress Stacey Plaskett said Wednesday she had “grave concerns” about the future of the V.I. Water and Power Authority, and called on Governor Albert Bryan and legislative leaders to declare the territory’s energy crisis an official state of emergency.

Ms. Plaskett said that based on her in-depth conversations with WAPA officials and outside experts, “I believe that the Virgin Islands is suffering an energy crisis.” She said the regular power outages plaguing the islands are symptoms “ ... of more insidious

problems facing the authority.”

In her four-page letter addressed to Mr. Bryan and Senate President Novelle Francis, the delegate outlined a host of concerns – some widely known problems and some lesser publicized issues – that suggest an emergency declaration and attendant federal assistance are needed.

“WAPA must take radical, extraordinary steps for our people to receive efficient and reliable service in a financially sound utility system,” Ms. Plaskett wrote. “Indeed, WAPA may need to seek federal court intervention as the authority’s operations are under duress by several of its vendor/creditors, creating an unfair advantage and negotiation toward other creditors and the people of the Virgin Islands.”

Lawrence Kupfer, executive director of the power authority, said on Monday that homeowners and businesses on St. Croix, St. Thomas and St. John [can expect routine power outages for weeks to come.](#)

The authority announced last week that [it had turned to the New York Power Authority](#) for manpower and expertise to find solutions to the current generation and distribution challenges that are beyond WAPA’s capabilities.

Aside from failures associated with leased generators, substations that remain damaged from the 2017 storms and other vexing mechanical issues, WAPA has a serious money problem.

“WAPA is effectively insolvent,” Ms. Plaskett said. “An entity is insolvent when (i) its liabilities are greater than its assets or (ii) the entity is unable to pay its bill as they become due. Alarming, WAPA meets both tests to be considered insolvent.”

Even though Virgin Islanders pay among the highest utility rates in the country, WAPA does not generate enough revenue to pay its bills. “Simply deferring payment to creditors is not a solution to this structural problem,” Ms. Plaskett wrote to Government House and the Senate.

As of August 30th, Plaskett said, WAPA had a negative operating cash balance of more than \$13 million. By November 30th, WAPA will have a negative cash balance of \$33 million, Ms. Plaskett said financial analysts told her. WAPA’s solution has been to defer payments to creditors – and to ask regulators to raise the rates on homeowners and businesses.

Management is another major problem, according to the Congresswoman. “WAPA’s recent use of an influx of funds (this includes a transfer of federal Medicaid funds as well as a payment of outstanding utility invoices owed by the Government of the Virgin Islands) to pay a single creditor – VITOL – without eliciting any accommodations or concession from VITOL was simply irresponsible,” Ms. Plaskett wrote.

A state of emergency (and the federal assistance that comes with it) could mean, among other things:

- Requesting technical assistance from the Department of Agriculture Rural Utility Service. Having such technical assistance would put the Virgin Islands in a better

position to have Gov. Bryan ask for financial assistance from the Rural Utility Service.

- Tap into expertise from the U.S. Department of Energy.
- Request loan forgiveness from the U.S. Treasury through the Federal Emergency Management Agency (FEMA) for \$94 million owed by WAPA in Community Development Loans. That money becomes due as escrow payments in July 2021.

“Now is the time for radical disruptive action,” Ms. Plaskett wrote.

Mr. Francis acknowledged receipt of Ms. Plaskett's letter Wednesday, and he urged all parties to proceed with caution.

“There is definitely an urgency to resolving WAPA issues, especially as every day our community is negatively impacted by the power blackouts and surges,” he said.

“However, we must also consider the short and longterm implications of declaring a state of emergency, especially without discussions with WAPA, Governor Bryan and subject matter experts about creating greater risk for WAPA’s financial operations or the lack of guarantees that the federal government will provide the needed resources and financial support.”