

The Virgin Islands Consortium

WAPA Pays \$11K And \$41K For Spaces It's Not Using, Pays Top Tier Execs \$2.3 Million Annually, And Has 12 Corporate Credit Cards

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Senator Kurt Vialet's line of questioning during a marathon Committee of the Whole hearing on Tuesday can be used to sum up the Virgin Islands Water and Power Authority's conundrum: Mr. Vialet pointed out that WAPA was given one of many base rate increases based on the \$87 million initial cost for the Vitol propane project in 2013, which was supposed to -- but never did -- save USVI residents 30 percent on their power bills. The final cost of the propane project, which saw multiple delays, skyrocketed to \$160 million.

That base rate increase for the propane project equated to \$2.6 million monthly (\$31.2 million annually). This cost is still being borne by Virgin Islanders today. WAPA said it needs a new increase to pay Vitol \$30 million annually to cover the debt, prompting Mr. Violet to ask why wasn't the \$31.2 million being used to pay Vitol. WAPA CEO Lawrence Kupfer then admitted that the cost to pay Vitol is covered in the current base rate increase that equates to \$31.2 million (Mr. Kupfer argued the final amount was around \$29 million). However, WAPA has been using the funds for other purposes.

The authority is seeking a new base rate increase to secure a bond that Mr. Kupfer said would allow the authority to pay Vitol and its other lenders. WAPA is seeking a debt restructuring bond that usually yields lower interest rate payments. Such measures are often taken to prevent insolvency.

But the crux of the problem remains: WAPA has consistently sought base rate increases, given detailed reasons for the increases, then once the Public Services Commission grants the increases -- which are passed on to consumers -- WAPA uses the money for something else.

Mr. Violet said WAPA could not be trusted. This sentiment was echoed by a number of lawmakers throughout the all-day hearing, as they continued to uncover a number of inconsistencies along with incomplete information provided. Senate President Novelle Francis said the exhaustive questioning left him and his colleagues with " ... many, many unanswered questions."

The already concerned lawmakers were even more startled to learn that WAPA, as it continues to seek another rate increase to pay debt, was wasting money in a number of other areas.

Near the end of the hearing, it was revealed that WAPA, as of Tuesday, was paying \$11,000 for an office space in the Four Winds Plaza that it's no longer utilizing. The WAPA employees who worked at the Four Winds Plaza are now at a WAPA office in the Port of Sale mall.

It was also revealed that WAPA, as of Tuesday, was paying \$41,000 for a building in St. Thomas that Senator Janelle Sarauw referred to as the "bowling alley".

"You're paying \$41,000? Because you're not even using the bowling alley, you're using the little house on the side of the bowling alley. So you're paying \$41,000 a month for that?" WAPA again reaffirmed the cost to indeed be \$41,000.

Senator Kenneth Gittens took aim at the salaries of top WAPA executives. The authority submitted documents revealing that its executives were paid a combined \$2,345,141.55 annually.

[Read the original document](#)

Mr. Gittens, who made the motion to subpoena WAPA executives, did not hold back his angst. He expressed frustration that WAPA had produced the requested documents mere days before the hearing, which inhibited, he suggested, thorough examination. "Not even with the respect to identify the documents that were being sent," he said. "All 15 of us would have to [decipher] thousands of pages. You all think you playing with fools?"

Enough is enough," Mr. Gittens said.

"We have some 17 to 19 at the top tier of the authority," added Mr. Gittens, mentioning the annual salary amount to be more than \$2 million. "And we pay that every payday. Nineteen people in the top tier, 17 of which are paid in the six digits."

"I don't want no damn excuses from people making six figures; we need answers. And to sit here and say that the only solution is to raise the rates is a damn slap in the face. Maybe everyone of you need to go home from top to bottom. That is the restructuring that we need at the authority," Mr. Gittens jabbed.

It was unclear as to whether WAPA would get the base rate increase it seeks following the roasting its executives received on Tuesday, and the myriad of inconsistencies unearthed. The utility is set to go before the Public Services Commission on Thursday. WAPA says it needs the rate increase to secure a lender, but the PSC has said WAPA needed to provide additional information and PSC consultants needed time to study the request. Then there's the WAPA history that sees it using the funds gained through the base rate increases for purposes not detailed in the request.

Governor Albert Bryan has [thrown his full backing](#) behind WAPA, and cautioned lawmakers on Monday not to make disparaging remarks about the authority without proof.

"Ask the tough questions," the governor advised during a weekly Government House press briefing Monday. "Ask the questions that need to be asked – but please don't make disparaging comments that are baseless about corruption and mismanagement unless you have proof."

Lawmakers also questioned WAPA officials about credit cards. The authority had been ordered to turn over detailed information about roughly a dozen credit cards carried by authority employees. Employee names and job titles were revealed, but little other requested information was provided.

Only under questioning did WAPA Chief Financial Officer Debra E. Gottlieb reveal that the dozen WAPA credit card holders have a combined credit limit of \$100,000. Those cardholders include Ms. Gottlieb, who said she and other employees who travel between islands need a credit card for expenses.

"Are you trying to justify some ridiculous luxuries?," Sen. Kurt Vialet asked. "Why do you need 12 credit cards? Has anyone done an analysis of why 12 individuals need credit cards?"

Ms. Gottlieb said an analysis of card usage is underway.