

The Virgin Islands Consortium

Opinion | WAPA's Game of Thrones

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?Last week the kings men spoke under oath in the chamber of the St. Thomas legislative building.

Embattled leader Lawrence Kupfer and his team went to extraordinary lengths to protect and defend WAPA's territorial sovereignty from encroachment.

Adding his voice to the mix prior to the hearing, Governor Bryan in his weekly press briefing doubled down expressing unequivocal support for the Water and Power Authority saying he has "bought into its plan". He went on to remark "unequivocally, I can say that we are able to keep WAPA solvent without any outside interests, without any type of restructuring in terms of bankruptcy or insolvency."

The Governor's optimistic endorsement might seem politically risky given the precarious condition of the utility. Moody's, the credit rating agency just downgraded WAPA's bond status to junk. In its official statement it said: "the default risk of the Virgin Islands Water and Power Authority has increased given its unsustainable capital structure with very tight liquidity, high debt load including a unfunded pension liability, the increased frequency of power outages, reducing the reliability of the electric system, high electric rates, and chronic challenges facing the economy."

Abracadabra -- Can WAPA pull a rabbit out of the hat to save itself? Or is it relying on voodoo economics and a rotating shell game of delaying payment to vendors to stay afloat while it prays for its Hail Mary rate petition to be approved, followed by further rate petitions to offset declining revenues.

The Senate in a commendable and exhaustive session of grilling executives in search of the truth, did confirm under oath an important fact; namely that what WAPA says and what WAPA actually does exist in two parallel and separate universes.

This was most clearly illustrated when WAPA admitted that it often petitions for a rate increase only to use the money for other undeclared purposes. This sleight of hand along with other well publicized issues have left the senators and the community at large deeply distrustful of the utility.

Amidst the public uproar, It has been confirmed that the Office of The Inspector General will conduct an audit of the VITOL propane conversion project. The report findings will be released to the public upon completion.

The Senate should request the audit be expanded to include a sampling of other contracts with local and stateside vendors to the utility to ensure transparency and compliance with the procurement policies of the VI code.

Given the hundreds of millions of dollars that will flow into WAPA in the next few years as part of the FEMA recovery process, who will have oversight over this lucrative cash cow and the many contracts that will be put out to bid?

The Authority has been a terrible steward of the monies entrusted to it by the people of the Virgin Islands. High rates and lack of reliability speak for themselves, as does a long history of fiscal mismanagement and poor decision making.

If a referendum was held tomorrow the public vote overwhelmingly would be to curtail WAPA's monopolistic power, and to to reform its operating and financial culture.

The community and the economy need protection. We don't want run away contracts like VITOL to reoccur at WAPA. We need a system of checks and balances, so bad decisions are not institutionalized and repeated, and the public's money is not wasted, but spent wisely.

It is also essential to institute additional binding controls over the WAPA board and executive management team with respect to all future contract decisions where the public's money is being spent.

To that end the Senate when it completes its current WAPA analysis should take up for consideration Bill 33-0055 sponsored by Senator Janelle Sarauw.

The legislative goal to transform the Public Service Commission, (PSC) from a toothless tiger into Praetorian guard with real enforcement power over WAPA. The bills objective: defend consumer rights and safe guard the rate payer by giving the PSC the power to enjoin and hold WAPA accountable, as is customary with PSC commissions in US jurisdictions.

In the 2006 civil case No 657/04 between WAPA and the PSC, the court ruled that the law as currently written does not give the PSC the power to enjoin. Its power is limited to saying yes or no to rate increases and it's power to protect the public interests are extremely curtailed and subordinate to WAPA.

It would make sense to remove the language in the bill pertaining to telecommunications. The VI telecommunications lobby will correctly argue against additional oversight citing the fact that there are multiple phone carriers in the territory.

That customers can purchase TV programming and internet content from various providers in a competitive environment, and the market place is healthy, appropriately priced, and not calling for additional regulatory oversight, as is the case with WAPA.

Carl Sagan the scientist and famous sci-fi writer once said:

“ If we've been bamboozled long enough, we tend to reject evidence of the bamboozle. We're no longer interested in finding out the truth. The bamboozle has captured us. It's simply too painful to acknowledge, even to ourselves, that we've been taken. Once you give a charlatan power over you, you almost never get it back”

The Senate has the power to end the WAPA BAMBOOZLE.

Submitted on Monday by: Filippo Cassinelli