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At All-Day WAPA Hearing, More Waste, Questionable Ethics Unearthed, and Some Hope; Senators Silence Board Chairman With Stinging Rebuke

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Senate President Donna Frett-Gregory holding up a WAPA management audit By.
CHAUNTE HERBERT, LEGISLATURE OF THE VIRGIN ISLANDS.

The marathon V.I. Water and Power Authority hearing that took place on Tuesday — sparked by an internal audit making damning accusations against Gregory Rhymer, a longtime WAPA executive — unearthed more troubling dealings at the territory's only utility for water and power as senators dug into the authority's executives and board members for answers.

They opened up with fire against board chairman Anthony Thomas, who during his testimony took a swipe at senators by stating, among other fighting words, "While this august body can cast

aspersions and discuss any matter in this public forum our team do not have the protection of this body's immunity."

Senators pushed back hard.

"I don't know how my colleagues received this, but I received this as a clear admonishment of this body, and I find that the chairman of the Water and Power Authority is out of order," fired Senate President Donna Frett-Gregory. "This body is to be respected and while we are here, regardless of what side of the aisle my colleagues sit on, whether it be majority or minority, we have an oversight and fiduciary responsibility to protect the people of these Virgin Islands."

Senator Alma Francis Heyliger shot back with precision. "As I sit here and I listen to these 'accusations of aspersions and alleged rumors' [from board chairman Thomas], this morning we had hundreds upon hundreds of pages being sent in to this institution to the members of this body. Audit of wire transfer, hundreds of pages; audit of inappropriate activities of line superintendent, hundreds of pages — I could go on and on. So whatever these accusations of rumors that you are claiming we are spreading, please don't send us the documentation to back it up."

The questionable dealings at WAPA brought to the fore at the hearing were plentiful, including one issue that was discussed in the past: the sale of items to Tortola which totaled, according to Chief Financial Officer Debra Gottlieb, just over \$89,000. Lawmakers questioned whether those items were sold at market value and when, exactly, were the invoices were sent to the BVI. Senators drilled in on the matter and were not satisfied with the responses.

Senator Kurt Vialet pointed to Vitol, the company WAPA used for its bungled propane conversion project which has a questionable reputation including [paying \\$164 million to settle allegations of bribes in Brazil](#). Additionally, according to Mexican President Andres Manuel Lopez Obrador, Vitol, the world's largest independent oil trader, offered Mexican national oil firm Petroleos Mexicanos (Pemex) about \$30 million in compensation [after Vitol admitted to paying bribes](#). Mr. Vialet's query was why did WAPA choose to do business with a company with such a questionable reputation.

"So you have an entity that is willing to bribe government officials and you have a local autonomous entity that is willing to accept bribes. Is that the perfect marriage?" Asked Vialet. "You have a marriage of illegal activities that have consistently taken place at WAPA and you have a company with deep pockets that is willing to pay bribes."

He added, "So from the time I got here I've asked the question, how is it that a contract can go from \$87 million to \$160 million... You're telling me that you're actually paying \$73 million more? Who were the engineers on that particular project that would allow it to skyrocket to that amount?"

Mr. Vialet went on, "So my question is, does our Department of Justice [intend] to do a probe into this Vitol contract to find out whether or not, in fact, the cost was really \$160 million, or was the cost inflated because of bribes. Because that's the first way we could get down the base rate. Because I personally don't believe that what we're paying Vitol is the cost that we should."

The Public Services Commission, according to Executive Director Donald Cole, only authorized \$87 million from WAPA's base rate charge — utilized to pay operations at WAPA — to pay for the Vitol propane conversion project, and another \$5 million for operations and maintenance of the project, which was supposed to last for five years with an expiration date of 2022.

Elsewhere, a transaction that resulted in [over \\$2 million of WAPA funds being sent to an offshore bank](#) through what WAPA said was a fishing scam, was authorized through only one senior level person, Ms. Gottlieb revealed, though it should have had two. Asked what policy WAPA had in place for wire transfers to non-U.S. banks, Ms. Gottlieb responded, "There are now," adding that there were none prior to the incident.

Asked whether there were any terminations as a result of the alleged faux pas, Mr. Thomas said he wasn't on the board at the time, but someone may have resigned or retired as a result of the issue. Multiple board members, including Elizabeth Armstrong and Jed JohnHope, said there were no terminations. "To the best of my knowledge no meaningful personnel decisions were made," Mr. JohnHope said.

According to Ms. Armstrong, WAPA's chief financial officer at the time was Akeyla Christian, "and we did rehire her as the head of the federal grants office," a decision that was made by former Executive Director Lawrence Kupfer, Ms. Armstrong revealed.

Senator Janelle Sarauw sought answers relative to the status of the audit that led to the hearing in the first place. Asked whether the audit was sent to the Attorney General's Office, Mr. Thomas danced around the question, first saying what was sent were rumors and allegations, then stating it was a draft audit. The matter became heated and Chairwoman Frett-Gregory had to jump in, asking Mr. Thomas to provide a yes or no answer on a simple question on whether the audit was sent. The answer was later provided by WAPA Internal Audit Director, Leslie Smith, who said the audit, which was incomplete, was sent to the Attorney General's Office. He said it was sent in 2014 and later in the hearing, said it was resent in "within the last two weeks."

JohnHope, the WAPA board vice chairman, was lauded during the hearing by multiple lawmakers as a breath of fresh air. During his testimony, he did not mince words in describing the failures of WAPA and his mission to bring accountability. It was a stance that was appreciated by the body, and his candidness relative to the daunting issues facing the authority was extolled by lawmakers from all sides.

Mr. JohnHope represented hope for the authority and that its future — currently looking bleak — could somehow be saved with a mix of legislation and the right board members.

"It is beyond the time that we run WAPA like a business and not like a "mom & pop" store," Mr. JohnHope said. "To do so, we need to hold senior managers accountable for poor decisions and/or results. For example, the VITOL project was budgeted at \$87 million, but will ultimately cost the Virgin Islands community \$312 million (including interest) — we cannot afford blunders like these. And, we cannot allow the managers that made these decisions to ever make a mistake like this again. Change, process, and accountability — those are the only things that will move the utility forward.

"Last week, an internal memorandum that I penned was [leaked to the media](#); and here we are today. That memorandum contained my stance on a personnel issue and was intended for the eyes of my fellow board members and the governor only. It was intended to voice my dissent in what I consider an important matter and threat to the utility and not for circulation or fodder. It is the responsibility of a member of any board to make known to fellow board members their objections to matters of import. It is unfortunate that the memorandum was leaked, but my position articulated in the memorandum remains the same."

