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WAPA Struggling With Cashflow as Cost of Fuel Continues to Increase

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Power being restored on St. Croix in November, 2017 following Hurricanes Irma and Maria. By. ERNICE GILBERT/ VI CONSORTIUM

As the Bryan administration challenges in court a recently enacted law which made sweeping changes to the membership of the WAPA governing board, the board has scheduled a meeting for Thursday under the new structure.

The meeting agenda is chock-full of issues relating to the authority's operations and its finances. An agenda published late Wednesday afternoon lists electric system budgets, contracts, change orders, underground project price increases and employee benefits renewal among the items up for consideration.

The meeting, announced with less than 24 hours' notice and termed an "emergency meeting," comes as the administration awaits the Superior Court's take on the governor's objections to Senate passage of legislation which reduced the number of cabinet appointees to the board and made specific educational or experience requirements for membership on the board.

The Senate enacted the measure, the governor vetoed it and the Senate later unanimously overrode the veto making the bill the law of the land. Immediately following the override vote and subsequent enactment of the law, Governor Albert Bryan [signaled](#) he would make a run for the courts to block the bill's enactment citing that it encroaches on the governor's powers to name members to the boards and commissions of the government.

A legal insider told the Consortium this evening that WAPA's move to hold a board meeting, albeit an emergency meeting, sends conflicting signals. "It means notwithstanding the governor's objections to the law, to the point where he has gone to court to seek relief, the WAPA board is willing to embrace the provisions of the same law in question by scheduling a meeting to take official action."

Attempts to reach Mr. Bryan Wednesday evening were unsuccessful.

Enactment of the law following the Senate override vote caused the immediate removal of two Bryan cabinet members from the board, namely, Property and Procurement Commissioner Anthony Thomas and Bureau of Internal Revenue Director Joel Lee. Neither will be present at tomorrow's emergency meeting. The V.I. Energy Office director is the only cabinet member allowed on the board by virtue of his/her position under the new law. Kyle Fleming is the current director of the Energy Office.

The terms of the private sector members on the board were unchanged by the law. Four members on the board currently include longtime board secretary Juanita Young, retired WAPA employee and business owner Hubert A. Turnbull and two businesswomen, Elizabeth Armstrong and Cheryl Boynes Jackson. Another private sector, nominated by Bryan, Jed John Hope resigned months ago. The private sector board members are nominated by the governor and confirmed by the Senate.

The tug of war between the two branches of government over enactment of the reform legislation, which several senators described as necessary to begin some meaningful change at the beleaguered public utility, is taking hold as WAPA continues to experience repeated and major operational challenges resulting in frequent service outages and mounting financial hurdles.

The Consortium has learned that the recent trend of increasing fuel prices on the world markets has had a detrimental effect on WAPA's cash flow. Sources with first-hand knowledge of the financial affairs of the utility report that while the cost of fuel is increasing, WAPA is on a pay-in-advance arrangement with its two fuel vendors, VITOL and Glencore, and payment for anything other than payroll and fuel has been dicey. "Fixed obligations are routinely being deferred as the financial health of the company worsens," the source said.

The Public Services Commission, over a groundswell of public opposition, [recently granted WAPA](#) a requested fuel rate increase, however, it appears that the increase falls well short of the rates the authority needs to cover its most basic operating expenses.

WAPA's customers are paying an average of 43 cents per kilowatt hours for spotty, unreliable electrical service coupled with a horrific billing system that is laden with estimated totals and gross errors. The billing woes stem from damage an automated metering system sustained in the 2017 hurricanes. In the four years since the hurricanes, the system has neither been significantly

repaired or replaced leading the public to lashing out frequently on radio talk shows and social media about the glaring billing errors.

Since the hurricanes, four persons have sat at the helm of WAPA: Julio Rhymer (a former WAPA chief financial officer who was elevated to the top spot), Clinton Hedrington, Jr., for an interim period and former HOVENSA and viNGN executive Lawrence Kupfer who ended a three-year stint earlier this year. Since March, the authority has been led by an interim executive director, Noel Hodge, who prior to the temporary position was the chief operating officer of the water system.

As of today, key senior leadership positions of WAPA are being held down by persons in acting or interim capacities. The positions include chief executive officer, chief operating officer of the electric system, chief operating officer of the water system, chief financial officer, chief administrative officer and the director of project management. There has been no indication relative to when these positions will be filled permanently.

The apparent hastily called emergency board meeting is scheduled for 9:30 a.m. on Thursday.

Correction: Sept. 16, 2021 (8:19 a.m.)

A previous version of this story stated that the new law requires the V.I. Energy Office director to serve as chairman of the WAPA board. That's incorrect. The V.I. Energy Office director is the only cabinet member allowed on the board by virtue of his/her position under the new law. We've updated the story to reflect the correct information.