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WAPA Still Owes GERS Over \$8 Million, is Still Estimating Meters, Can't Hire Employees, And is Essentially on the Brink

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WAPA's Richmond powerplant. By. ERNICE GILBERT/ V.I. CONSORTIUM

Bad debts, extended overdrafts and money lost due to meter tampering are just some of the causes that have resulted in the current cashflow problems at V.I. Water and Power Authority.

WAPA CEO and Executive Director, Andrew Smith admitted to legislatures on Wednesday that the authority is on the brink of falling out of the hands of Virgin Islanders, if the government does not facilitate relief by providing \$48 million in fuel subsidy to offset its operating costs in the next fiscal year which began this July.

Over the years, the growth of WAPA has been stunted by [bad financial management](#) and its current efforts to rebound has been plagued by its inability to make enough profits.

Currently, the authority owes \$8,243,848 in employee/employer contributions to the Government Employees' Retirement System. Majority of that amount (\$5,889,425) is owed for employer contributions while the remaining \$ 2,354,422 is owed on behalf of WAPA employees. The amount is inclusive of “substantial” fees and penalties, according to Mr. Smith.

And while the authority is making efforts towards reducing its debt to the statutory body, the director said it is impossible to make full employer contributions while WAPA faces these cash flow problems.

“We are making the employer contributions related to loans and if an employee retires,” Mr. Smith said.

Senator Alma Francis-Heyliger did not mince words when she called WAPA’s actions “embezzlement,” contending, “What was done as it relates to employee contributions is a crime and there’s no way we could go around it – it’s called embezzlement.”

“You cannot take somebody’s money out of their paycheck and by law you have to remit it where it’s supposed to go” ... “If this was not the government and this was a regular business and that business took somebody’s earned money and put it back into the business and didn’t pay their loans or their car notes, or their mortgages or wherever it’s supposed to be deducted and sent to, they more than likely could have been arrested,” she expounded.

WAPA’s financial problems are also affecting recruitment of staff members. The utility company says it requires 51 additional workers but can only support the hiring of staff who are needed in the most critical positions.

Several weeks ago, Jacob Lewis, chief financial officer at WAPA said the company implemented a “soft hiring freeze” because there was not enough money to pay to fill all the positions.

“While there is certainly many vacancies that are being analyzed, the budget only supports the hiring of a very limited amount of what would be determined absolutely critical positions and those are going to be analyzed on a case-by-case basis,” he said.

WAPA also has to contend with having to pay excessive bank fees as a result of being unable to properly service its original debts. For 2022, the authority has spent \$2.63 million in banking fees alone.

“We have several lines of credit with our two primary banks that have been fully drawn or nearly fully drawn for a very, very long time and due to the financial position of the authority, those banks have only allowed us to extend those lines of credit because we’re not in a position to repay them at this point in time, on a quarterly basis. And every quarter that we do that we incur fees from the banks to perform those extensions as well as legal fees both on our side and on the banks’ side,” Mr. Lewis explained.

In addition, the utility company reported losses due to individuals tampering with meters. Senator Marvin Blyden pointed out that the authority documented 26 reports of electrical tampering but collected no tampering fees or penalties.

But Mr. Smith said the difficulty is with having a greater presence of meter readers. He also shared that electricity rates are still being estimated.

“We are estimating bills because our AMI [advanced metering infrastructure] system is only reading about 70 percent of our meters,” he said.

“We have physical meter readers who go out and read meters [but] our shortfall in estimations is largely related to vehicles because we do not have enough vehicles to keep our meter readers on the road continuously,” the director noted.

WAPA is also losing money by continuing to produce LPG when it is supposed to be producing 100 percent propane gas, according to an agreement it signed with VITOL several years ago. The change was expected to reduce the cost of power generation on the Virgin Islands.

WAPA pays the energy company \$3.7 million a month but has been in arrears since June 2021.

When asked by Chair of the Finance Committee, Senator Kurt Violet why WAPA could not proceed with a legal case against VITOL, Mr. Smith explained that there was no obligation on the part of VITOL to convert the utility company’s units to burn propane.

“We did have APR who was the original provider of [Unit 27](#). As I understand it there was a provision in that contract for APR to convert the unit to propane. APR is essentially no longer in existence so our ability to go enforce it is basically non-existent,” he explained.