



**STATEMENT OF
HUGO V. HODGE, JR., EXECUTIVE DIRECTOR
OF THE VIRGIN ISLANDS WATER AND POWER AUTHORITY
TO THE COMMITTEE ON ENERGY & ENVIRONMENTAL
PROTECTION OF
THE 31st LEGISLATURE OF THE U.S. VIRGIN ISLANDS
OCTOBER 5, 2015**

Good day Honorable Chairperson Samuel Sanes, Honorable Members of the Committee on Energy and Environmental Protection, other Honorable Senators Present, testifiers, and the listening and viewing audience. My name is Hugo V. Hodge Jr., and I am the Executive Director/Chief Executive Officer of the Virgin Islands Water and Power Authority (the "Authority" or "WAPA"). You have asked for the Authority's testimony today on the results of the Management Audit ("Audit") that was prepared by Vantage Energy Consulting, LLC. I thank you for this opportunity.

Let me start by explaining to those that may be listening and viewing today's hearing what a Management Audit is. A Management Audit is an assessment of methods and policies of an organization's management in the administration and the use of resources, tactical and strategic planning, and employee and organizational improvement. The main objectives of a management audit are to: (1) formulate the goal of an organization; (2) ensure the fulfillment of those goals; (3) help management to improve its activities and procedures; (4)

help all the members of management to make effective discharge of their duties and (5) help in the improvement of profits. Management auditors do not appraise individual performance, but may critically evaluate the senior executives as a management team. The amount the Authority has spent on the Audit thus far is \$416,440.00

The Authority is pleased with the overall results of the Management Audit, so much so that we have accepted the vast majority of its recommendations. In fact, the Authority had already initiated action on several recommendations before the Audit was conducted and/or concluded. The Audit has recognized the strength and effectiveness of the Authority's Governing Board and its management team, and also the importance of the role that the Honorable Governor, the Legislature, and the Public Services Commission hold in the process of providing reliable and affordable power to the residents of the Virgin Islands. The Audit was also not without its criticism of some of the decisions and actions, or sometime inactions, of the Authority and its management team. However, we do not believe the Audit puts the decisions and why and how they were made, or not made as the case may be, in the actual context of the events of the day. Allow me the opportunity to put into perspective how the Authority arrived at where it is, and the efforts and

actions we took to change our operations when fuel prices began to climb. The Audit is clinical in its approach and does not lay the foundation for the decisions that were made, and the hard work we have undertaken over the years.

SECTION 1. INTRODUCTION

There is no debate that volatile oil prices have placed an undue burden on the businesses and residents, and the overall economy of the Territory. While the Territory has received some relief of late due to reduced electric rates, we believe there is much work to do and there are several key projects on the horizon that will bring further and more sustained relief.

Like most other Caribbean islands, the USVI lacks the economies of scale to utilize conventional energy sources to meet its energy needs. While U.S. mainland utilities can connect to grids to purchase power from other utilities in the continental United States that offer energy from a variety of different fuel sources, island utilities cannot do that, as they are small and isolated. Further, they are separated by water and the depth of the ocean floor, which makes interconnection via underwater electric cables technologically and economically unfeasible.

Early on, the majority of island utilities found themselves dependent on fuel oil due to the robust chain of oil refineries in the Caribbean. As a result, island utilities have historically purchased small, simple-cycle generating units that are oil

fueled, not only because of the inability to connect to a grid, and the economies of scale, but the supply of what was then a cheap fuel source right in their back yards. Consider how small these systems are, Nevis for example peaks at 9 MW of power, Anguilla at 16 MW and the BVI at 34 MW. From the mid-1980s to approximately September of 2003, the inflation-adjusted price of a barrel of crude oil on the NYMEX was generally under \$25/barrel. The attraction of low cost fuel, combined with the economies of scale of many island systems resulted in island utilities purchasing small fuel oil generating units. Further, in many islands that are comprised of several small islands separated by water, duplicate generation systems and increased reserves are required to meet the need for electrical services. WAPA for example has two separate generation systems. One system serves the islands of St. Thomas, St. John, Water Island and Hassel Island and another separate system serves the island of St. Croix.

During 2003, fuel oil prices globally began a steady rise. In 2003, the price per barrel of oil paid for by the Authority was approximately \$22.00. At its highest, WAPA paid \$141.00 per barrel. The result of these massive spikes in fuel costs caused operating cash shortfalls, flat to declining electricity sales and larger outstanding receivables, resulting in deferred maintenance on WAPA's generating units.

The chart below demonstrates that while the amount of fuel that the Authority used for its operation remained somewhat consistent over the years, dropping in recent years, the price for fuel still remains high.

Figure 1 – Historical Fuel Purchase and Costs

Fuel Purchased	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Barrels-Mill	2.33	2.36	2.34	2.46	2.43	2.39	2.44	2.26	2.18
Paymts-\$Mill	\$76.80	\$111.80	\$149.20	\$165.30	\$214.60	\$190.30	\$184.60	\$207.30	\$264.60
Price Per Bbl	\$32.96	\$47.37	\$63.76	\$67.20	\$87.23	\$79.63	\$75.66	\$94.03	\$121.33
Sales-GWh	741.2	763.8	767.5	776.4	775.9	724.3	754.8	755.8	723.9

Fuel Purchased	FY 13	FY 14	YTD (Apr 15)
Barrels-Mill	1.96	1.75	1.43
Paymts- Mill	\$247.47	229.94	141.749
Price/bbl	128.94	131.23	94.72
Sales	680.5	641.04	518.5

After fuel prices began skyrocketing in 2003, WAPA pursued every available option to reduce the cost of electric services to its customers and jump start the island economy. We recognized early on that there were two key paths to address rising fuel costs and bring relief to the high cost of power. Those options were to switch the fuel source and replace the generating facilities. Our analysis indicated there was a greater savings from switching the fuel source vs. replacing the generating units. Specifically, replacing the generating units would have

resulted in savings of approximately \$50M in savings, while the change in fuel is projected to earn approximately \$90M in savings. Further, switching the fuel source first, which is much faster than replacing the generation, proved to be the most prudent action to take.

Since 2004, the Authority has relentlessly pursued switching to an alternative and renewable fuel sources. The first Request for Proposals ("RFP") for a renewable and alternative energy source resulted in the cancellation of that process due to litigation with the PSC, which ordered that WAPA terminate its procurement, only for there to be an eventual ruling that the PSC lacked the authority to order WAPA to stop the procurement. There was another RFP in 2005 that resulted in the selection of a wind facility that subsequently withdrew its proposal.

When I joined the Authority in January 2008, I met an ongoing RFP, issued in December 2007 for, yet again, the purchase of alternative or renewable energy. As a result of this RFP the Authority, in August of 2009, entered into two (2) twenty (20) year power purchase agreements; one with Alpine Bovoni, LLC to provide 32 MW of energy for the District of St. Thomas/St. John and one with Alpine Anguilla, LLC to provide 16 MW of energy for the District of St. Croix.

Per the agreements, Alpine would have provided energy at a cost of \$0.14 per/kWh by constructing Waste-to-Energy Plants on St. Thomas and St. Croix. The project would have also used petroleum coke as a supplemental fuel source. Due to the large opposition to the inclusion of petroleum coke as a fuel source, the agreement with Alpine Bovoni, LLC was terminated by the Parties. WAPA and Alpine then re-negotiated the agreement with Alpine Anguilla, LLC, which removed petroleum coke as a fuel source. What remained was a single Waste to Energy plant capable of producing 16 MW of waste energy, and a waste station facility to be constructed on St. Thomas. The cost of the energy under this revised agreement would have also been \$0.14 per/kWh, and the project would have been in commercial operation by December of 2013. When the Legislature did not approve the lease of Government property needed to construct the waste station facility on St. Thomas, Alpine, on February 15, 2012, terminated the contract. This was, without a doubt, a great setback for the Authority. These string of events are not considered in the Management Audit.

On May 18, 2011, an RFP for Solar Energy was initiated. We have now realized from the procurement 8.2 MW of solar power through successful partnerships with Toshiba International Corp., and Mainstreet Power Company/Morgan Stanley. Today, the Authority is no longer 100% dependent on

fuel oil, and approximately 8% of VIWAPA's peak demand generating capacity comes from renewable sources. The cost to the Authority to purchase power from these sources is \$0.15 per kWh and \$0.17 per kWh respectively.

Not stopping there, in December of 2014, the Authority issued an RFP seeking 6 more MW of solar power on St. Croix and 3 more MW of solar power on St. Thomas. On January 22, 2015, the Authority signed contracts for 6MW of power with St. Croix Solar and St. Croix Solar II, project entities that were the result of a proposal that was submitted via competitive bid by a local St. Croix company, Caribbean Energy Opportunities, in conjunction with Foresight Renewable Solution, a US Mainland Company. The purchase price for power is \$0.13 per kWh. This project, barring unforeseen delays is anticipated to be in commercial operation in fifteen months. With regard to the 3 MW Solar Facility for St. Thomas, the Authority has selected a bidder and contract negotiations have been substantially completed. An executed Power Purchase Agreement (PPA) is anticipated.

There is also pending a 7 MW project with Tibbar that will produce fuel to sell to WAPA at or below the avoided cost from a king grass-fed anaerobic digester facility that generates biogas by June of 2017. Also in the works are

negotiations that we are presently conducting with several wind facilities that have been qualified by the PSC via the Cogeneration and Small Power Production Act.

As if the above were not enough, the Authority embarked on the largest, most-anticipated and ambitious project to lower its rates, which is to convert its generating facilities to burn Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG). VIWAPA has partnered with the VITOL Group, a Swiss-based, Dutch-owned multinational energy and commodity trading company, to supply lower cost and cleaner burning LPG for power generation, with an anticipated 30% reduction in fuel costs. VITOL, through its project entity, VITOL, Virgin Islands Corp., will: (1) construct, own, operate, and transfer the LPG facilities; (2) supply LPG; and (3) manage the repowering of certain combustion turbine units. To further the implementation of both the LNG and LPG projects, the combustion turbines (CTs) at VIWAPA's St. Croix and St. Thomas generating facilities are being converted to enable them to burn LPG and LNG in addition to fuel oil. I am pleased to report that the St. Croix Power Plant will begin commissioning of LPG this month. The St. Thomas project is delayed however due to remaining marine work that is directly linked to the issuance of the US Army Corps of Engineers Permit, which the island of St. Thomas has not yet received. We are pursuing every

avenue and have sought, and received, the assistance of the Honorable Governor, Kenneth E. Mapp and the Honorable Stacey Plaskett, Delegate to Congress.

As I stated above, the Authority knew from early on that there were two critical paths to address rising fuel costs, to switch the fuel source or replace its generating facilities. We choose to first switch the fuel source and placed all our resources in that path. As we are now wrapping up that phase, we have begun to look at the acquisition of new generation facilities. One of the pivotal actions taken by the Legislature to aide WAPA in this regard was the passage of Act 7360, which was signed into law on May 14, 2012. The Act established the Virgin Islands Water and Power Authority Generating Infrastructure Fund (the "Fund"), which Fund contains the proceeds from the gasoline tax that was increased from \$0.07 to \$0.14 per gallon. The money deposited into the Fund is to be used exclusively by the Authority to finance the acquisition of new energy efficient power generating units and/or heat recovery steam generators. To date the Authority has collected \$13,496,576.64 from the gasoline tax. This legislation is an instrumental piece of the plan to reduce the high cost of energy in the Territory, and will be the source to purchase the first new generation for the Authority in approximately 11 years. The key to proceeding with the acquisition of new generation hinges however on the completion of an Integrated Resource Plan,

which will provide a roadmap of how the Authority will meet the long term energy needs of its customers. This study, which has been initiated, is due to be completed by the end of the year. The money in the Fund will facilitate the Authority's access to the capital market for the purchase of new generation, as it will be the source of repayment for such.

I would be remiss in my presentation if I did not spend a few minutes to address Government receivables and the impact it has, and continues to have, on our operations. For years, and in particular since fuels costs have risen, so has the Government's account receivables. I cannot deny these receivables have been a contributing factor to our high rates because that money could be used to pay for maintenance or fund capital projects to address plant efficiencies. While we have moved forward despite these huge receivables, drawing down money and paying interest on a working capital line of credit, among other things, to stay afloat, these receivables have climbed in recent years and, as you can see from the chart below, are at an unprecedented high:

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Total Government Receivables	\$7,447	\$6,135	\$6,374	\$10,415	\$12,824	\$15,093	\$10,190	\$14,829	\$19,130	\$13,441	
	2013	2014	2015								
	\$25,459	\$36,709	\$41,005								
			(Unaudited)								

All the Management Audits and Integrated Resource Plans in the world are not going to be worth the paper they are printed on, unless we have money to run the Authority's operation and maintain new or existing generation.

Turning to the Management Audit, as I previously stated, the Authority was generally pleased with the Audit and, of the 35 recommendations (one being a duplicate), has wholly accepted all but a handful of recommendations. I have attached for ease in reference an outline of the recommendations that were made by the Management Audit (Exhibit A), and the Authority's responses. Those recommendations that have not been wholly accepted, or have been accepted only in part is not because the Authority sees fit to do nothing about the matters raised. Rather, the Authority has chosen, based on its unique history of being a small island utility that is not connected to a grid, to address these matters in a different manner. Take as one example the Management Audit's recommendation with regard to the outsourcing certain maintenance jobs such as welders, pipefitter, insulators, painters etc. It is recommended the Authority contract those jobs out. In my experience in the utility industry on the mainland, that would be a recommendation I would have accepted without reservation. The history at the Authority has shown however that it is more cost effective, and indeed necessary for the Authority to have its own staff than to contract out these positions. While

we do not dispute that these services can be obtained on the local market, they are more expensive and the providers of these services are few and far between, hence the demand for those that supply these services are great. The dynamic operations of the Authority require immediate response when there is a breakdown in operations. We cannot wait for a company that is overly in demand to provide the urgent, immediate response that is often necessary to restore critical water or power services. Therefore, our unique experience has shown us that the recommendation made by the Management Audit in this instance, is not suitable for our operation.

Another example is the recommendation for the Authority to perform an economic analysis to determine whether keeping a small number of the IDEs as a backup is reasonable. The Management Audit pointed out there is a personnel cost associated with retaining the IDE units as standby and that is difficult to justify. Everyone is aware that for decades, the Authority produced water using the Israel Desalinization Engineering ("IDE") technology, which is a process dependent on burning fuel oil. In the past, this technology was very viable given the low cost of fuel, and the fact that oil prices then were not subject to the volatility we experience in today's oil market. To reduce the cost of water to its customers, WAPA transitioned from the IDE technology to Reverse Osmosis ("RO"), which

is not thermal dependent, cheaper to produce, and less costly to WAPA's customers. Notwithstanding the move to RO for water production, the Authority decided early on that it would demolish most of the IDEs, but would retain two on each island as back up in the event of an emergency. This was to give the RO time to demonstrate their performance, particularly in the advent of a hurricane. No economic analysis can illustrate this security and reliability of resource need, especially after the catastrophe of late 2011 when there were severe water shortages on St. Thomas that occurred due to an unexpected critical malfunction of the system. One must remember that the Authority's core mandate in providing water and power services is not just the cost of the services, but the reliability of the services for the public health and safety. Again, this is an instance where WAPA's unique history played a role in its decision making process. Once we obtain a level of comfort with the RO system and its ability to perform in the instance of a disaster, the remaining two units on each island will be demolished.

The Authority is confident it is headed in the right direction and with the implementation of this Audit, our Integrated Resource Plan and the Strategic Plan, which is currently out for bid, is comfortable that we will chart a course for the next few years that will create a vigorous, streamlined and more robust company

that provides water and power services at the lowest rates possible given the uniqueness of the island environment.

I would like to thank you for the opportunity to appear before the Committee today to testify. My staff and I are available to answer any questions you may have on the results of the Authority's Management Audit.

EXHIBIT "A"

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RECOMMENDATIONS	STATUS
III-R1 <i>Implement a comprehensive strategic planning process with fixed timing for updates, prioritization of initiatives, input from all stakeholders and which should be led by a full time, mid to senior level manager, with the use of outside expertise to facilitate</i>	<i>The Authority's management recommends acceptance of this recommendation and has begun the process along with its Governing Board to complete a Strategic Plan.</i>
III-R2 <i>Complete the IRP as defined, assuring input and oversight by both internal and external personnel, in order to assure that the results meet all needs of WAPA as defined in the original IRP proposal. Prior to, or in conjunction with the independent IRP complete American Society of Mechanical Engineers (ASME) performance test on each gas turbine, HRSG and steam turbine to determine baseline heat rates and turndown.</i>	<i>The Authority has already started the IRP with Black and Veatch and it is scheduled to be completed in December of 2015.</i>
III-R3 <i>Redevelop the generation fleet so as to meet four key objectives; (1) reliability as measured by Equivalent Forced Outage Rate (EFOR) and availability; (2) efficiency as measured by heat rate (BTU/KWH); (3) operational effectiveness as measured by optimal staffing, reasonable non-fuel O&M budget and comprehensive reporting and monitoring, and (4) organizational effectiveness through the retention of an experienced, senior officer to lead the changes</i>	<i>Through the IRP process, the Authority will determine the best plan of action going forward for generation fleet that will produce increased efficiency and operational effectiveness.</i>
III-R4 <i>Develop a comprehensive Root Cause Analysis program that includes the identification, tracking and correction the underlying cause of equipment problems and failures.</i>	<i>After every outage or generation failure, the Authority currently conducts root cause analysis to determine root cause of failure.</i>
III-R5 <i>Prepare a revised 2015 Electric O&M Budget and a five year Capital Plan that reflects current data.</i>	<i>Budget was not revised but projects were either postponed or scheduled for a later date until funding is available. Currently in the process of updating the five year capital plan.</i>
III-R6 <i>Develop a more formal process for justification of capital projects and institute a feedback mechanism in which actual impacts or results of a capital project are measured afterwards relative to how they met the goals of the strategic plan.</i>	<i>The Authority has implemented a formal process of justification and ranking of all capital projects to determine which projects provides optimum reliability and/or efficiency.</i>

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IV-R1 <i>Address the need for an experienced generation expert who can provide the management team and the plant team with the expertise needed in the upcoming years as WAPA makes its transition to new fuels, technology and the changing dynamics of renewable energy sources.</i>	<i>Management has determined that the current staff has the experience and expertise to handle transitions in technology, fuels and dynamics of energy resources. All supplemental experience is achieved by consultant and contracts on an as needed basis.</i>
IV-R2 <i>Develop a senior management organization that reflects functional reporting relationships, a reasonable span of control, minimal layers, and the recognition of current challenges to WAPA.</i>	<i>Management of the Authority has implemented several recent changes to the organization chart to reflect functional relationships to optimize efficiencies.</i>
V-R1 <i>Conduct a thorough organizational assessment that leads to an optimal organizational structure and right sized staffing plan that can better align the organization with the future needs of WAPA and its customers.</i>	<i>Authority has begun the process of conducting a thorough investigation of the organization and has begun taking steps to right size the Authority staffing level.</i>
V-R2 <i>Investigate the potential for reducing the size of the Fuels Control Group at each power plant after the completion of the propane conversion project.</i>	<i>During the planning stages of the LPG project the fuels control group were to be retrained and moved to vacant positions.</i>
V-R3 <i>Restructure the production maintenance staff at the Richmond and Harley generating plants to focus on core competencies and reduce the maintenance costs of each facility.</i>	<i>Management believes that the current structure and continual training of maintenance staff has resulted in the core competencies necessary to reduce the cost of the facility.</i>
V-R4 <i>Conduct a bottom up evaluation of T&D on each island that addresses structure and titles, crew sizes, and the number of crews.</i>	<i>Accepted: A study was already conducted to determine staffing needs of the T & D department. This includes the implementation of the AMI system.</i>
V-R5 <i>Perform a bottoms up process evaluation and staffing analysis of Customer Service that considers current and future requirements.</i>	<i>Accepted: The customer service division is now under review.</i>
V-R6 <i>Move the support services function under an officer level individual.</i>	<i>Management has already placed the Director of Corporate Services Position under the COO.</i>
V-R7 <i>Perform a bottoms up process evaluation and staffing analysis of Customer Service that considers current and future requirements.</i>	<i>Duplicated</i>
V-R8 <i>Conduct a thorough staffing evaluation of the fleet and materials functions.</i>	<i>Management accepted this finding and has begun reviewing the staffing of fleet and materials functions.</i>

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<p>V-R8 <i>Conduct a thorough review of all business and human resources programs and update those that are out of date or inconsistent with best practices</i></p>	<p><i>Accepted: Administrative processes and procedures always being reviewed and updated.</i></p>
<p>VI-R1 <i>Reorganize the Special Projects into a Project Management organization and provide the appropriate project management tools to manage complex multi-discipline projects</i></p>	<p><i>Management recommends that this division add one additional staff in order to manage all major renewable energy or change projects such as LPG, Solar, Wind, or Administrative Buildings.</i></p>
<p>VI-R2 <i>Review the schedule and progress on the AMI implementation, and determine if the current schedule is feasible.</i></p>	<p><i>This schedule is constantly reviewed. The Project is 65% completed.</i></p>
<p>VI-R3 <i>Ensure that the concerns with new system improvement related IT systems are properly addressed, by expanding the responsibility of the Information Technology Organization.</i></p>	<p><i>Systems are constantly reviewed and updated for all new technologies and efficiencies.</i></p>
<p>VII-R1 <i>Create a position of Chief Water Operations that reports directly to the Chief Executive Officer, with direct control of water related operations, capital projects, budgeting, and implementation of all strategies.</i></p>	<p><i>Management does not currently accept or reject this recommendation but continues to evaluate if the position is necessary. Currently, the Water Divisions report to the COO.</i></p>
<p>VII-R2 <i>Conduct an independent study to determine the risk to the RO system from hurricanes, the cost for backup using the IDE's versus other options. The study should explicitly address the savings that can be achieved by retiring the IDE's and reducing staffing to the level needed post-IDE removal.</i></p>	<p><i>Management has already reduced staffing with regard to water production staff that were tasked with operatizing the IDE's. As for the hurricane risk study the Authority, based on the current contract with Seven Seas, will discuss this recommendation with the company to determine if study is needed or has been already been conducted.</i></p>
<p>VII-R3 <i>Consider eliminating the Assistant Superintendent positions as opportunities occur.</i></p>	<p><i>Management continues to review the plan for right sizing and has not made a determination on these positions.</i></p>
<p>VII-R4 <i>Perform a water loss audit in accordance with IWA/AWWA methodologies (International Water Association/American Water Works Association) as part of its Water Loss Reduction Program.</i></p>	<p><i>Accepted: Business plans seeks to reduce losses through funding replacement of aging infrastructure. Water operations staff has conducted a preliminary water loss analysis.</i></p>
<p>VII-R5 <i>WAPA should consider discontinuing standpipe service or if the standpipe service is considered a vital community service, find ways to reduce costs.</i></p>	<p><i>Not Accepted: Management disagrees and clearly understands Standpipe has a critical need within the community to provide water and is a revenue stream that is needed for the system.</i></p>

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<p>VII-R6 <i>Delay the start of the proposed Nazareth Water Line Expansion until a major decision can be made regarding overall line replacement, discolored water issues are completely resolved and better estimates on long-term water and electricity costs are known.</i></p>	<p>Not Accepted: <i>Business Plan determined this project is not feasible at this time.</i></p>
<p>VII-R7 <i>Take steps with the appropriate legislative body and regulators to implement a monthly Base Facility Charge for its different classes of services</i></p>	<p>Accepted: <i>The Authority is constantly discussing the issue of customer charge with legislators and regulators.</i></p>
<p>VII-R8 <i>Distinguish between water distribution upgrades and extensions and adopt associated funding policies</i></p>	<p>Accepted: <i>The business plan and engineering addressed all CIP projects and reviewed feasibility of each project.</i></p>
<p>VII-R9 <i>Perform an economic analysis to determine the need for the backup IDE's.</i></p>	<p>Management recommends the backup IDEs remain in place in the case of emergency or in the event that the RO plant fails to provide water.</p>
<p>VIII-R1 <i>Continue to inform the Legislature, Governor, and all stakeholders of the magnitude of the non-payment by the government agencies and its potential impact on the financial viability of WAPA.</i></p>	<p>Accepted: <i>The Authority is constantly discussing outstanding receivables with government and regulators.</i></p>
<p>VIII-R2 <i>Encourage the legislature to establish a direct payment procedure for payment of utility bills by government entities.</i></p>	<p>Single Payer fund was already established by law. Discussion with current administration has resulted in DOF requesting information to implement the Single Payer Utility Fund.</p>
<p>VIII-R3 <i>Seek approval, from the Legislature, for a monthly Base Facility Charge for its water rates.</i></p>	<p>Accepted: <i>The Authority continues to contact the Legislature in regards to obtaining the authority to implement a customer charge for the water system to help upgrade and maintain the system.</i></p>
<p>VIII-R4 <i>Establish a vigorous marketing initiative to take advantage of its reduced rates and develop increased electricity sales with pre-existing, existing and new commercial customers.</i></p>	<p>Accepted: <i>The Authority has begun the process through key accounts division to review commercial and Large power customer needs. There are also efforts to get back customers that have left the system through the key accounts division.</i></p>
<p>VIII-R5 <i>Initiate a program to determine if WAPA is collecting all of the revenue to which it is entitled and prepare a plan for remediation.</i></p>	<p>Accepted: <i>Through Troubled accounts policy old outstanding receivables are being collected.</i></p>

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VIII-R6 Calculate the actual cost to provide street lighting service and, if appropriate, investigate an alternate cost-based rate structure.

Accepted: The actual cost of streetlights has already been calculated at 10.6 million dollars annually.