

**VIRGIN ISLANDS WATER AND POWER AUTHORITY
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**TESTIMONY OF THE VIRGIN ISLANDS WATER AND POWER AUTHORITY
BILL NO. 36-0353
“QUASI-PUBLIC ENTERPRISE GOVERNANCE REFORM ACT OF 2026”
OCTOBER 19, 2026**

Good morning, Honorable Chair, Senator Avery Lewis, honorable members of the Senate present, fellow testifiers, the listening and viewing audience, and the WAPA family. I am Dionne Sinclair, General Counsel of the Virgin Islands Water and Power Authority, often referred to as “WAPA” or “the Authority,” appearing on behalf of Karl Knight, Executive Director and Chief Executive Officer. Thank you for the opportunity to provide the Virgin Islands Water and Power Authority’s comments on Bill No. 36-0353.

The Authority supports Bill No. 36-0353’s objectives of improving governance, accountability, strategic planning, and public confidence. Our concerns are the scope, cost, and implementation of its requirements, particularly for financially distressed entities providing essential services.

WAPA operates on a not-for-profit basis. Its revenues support utility operations, infrastructure, reserves, and financial obligations. Without dedicated funding, new mandates could divert resources from essential services, increase costs for ratepayers, or deepen the Authority’s financial shortfall.

Statutory Accountability and Board Discretion

The Authority supports placing core accountability obligations in statute: periodic Board self-assessment, executive evaluation, Board-approved strategic planning, and meaningful performance reporting. These measures can strengthen oversight, clarify expectations, and maintain continuity and accountability across changes in leadership.

However, the Governing Board should retain discretion over evaluation methods, criteria, performance measures, and implementation. Executive objectives should reflect approved budgets, available resources, and management’s authority, while accounting for dependencies on

regulatory decisions, funding, and vendor performance. The Board must also retain flexibility to adjust strategic priorities as circumstances change. The Legislature should not establish prescriptive checklists that become outdated or prioritize paperwork over results.

Unfunded Mandates and Fiscal Capacity

The bill provides no implementation funding, although compliance will require staff time, data collection, legal review, and potentially outside professional assistance. These costs compete directly with fuel, maintenance, equipment, staffing, and other essential needs.

Financial distress does not excuse accountability; it makes effective oversight more important. However, requirements must be proportionate, coordinated with existing obligations, and designed to produce practical value. The bill should recognize existing compliant plans and evaluations, permit consolidated reporting, and avoid duplicating regulatory, financial, grant, and audit requirements.

Transparency is important, but additional plans and reports cannot resolve WAPA's underlying fiscal challenges. They can identify problems, but they cannot purchase fuel, repair equipment, or restore financial capacity. Before imposing new duties, the Legislature should assess implementation costs and identify funding that does not further burden essential services or ratepayers. The legislation must also protect restrictions on pledged revenues, grant proceeds, and other restricted funds.

Community Reinvestment

Section 8 presents the Authority's greatest concern because it mandates a community reinvestment program and annual plan without funding or a financial-capacity limitation.

WAPA's primary community responsibility is providing reliable and affordable water and electricity. The Authority also contributes in-kind assistance where resources permit, including electrifying Carnival villages and assisting schools, most recently a completed parking lot project

at Central High School. These contributions have meaningful community benefits, but require employee time, equipment, and materials.

WAPA has also initiated a corporate social responsibility requirement for agreements valued at more than \$20 million. Qualifying benefits delivered through these agreements, existing programs, and in-kind assistance should count toward the bill's objectives.

Additional community reinvestment should remain discretionary, subject to Board approval, the Authority's mission, and available resources. If the mandate is retained, it should expressly recognize existing contributions, require no minimum expenditure or percentage allocation, and permit activities to be limited or deferred to protect essential services and financial obligations.

Transparency, Audits, and Implementation

Sections 6 and 7 should expressly protect privileged, confidential, personnel, and security-sensitive information when strategic plans and governance audit reports are published. Public versions can provide meaningful transparency while protecting infrastructure, cybersecurity, and other sensitive matters.

Section 7 should clarify whether additional governance audits are mandatory and, if so, their frequency, scope, funding, independence standards, and relationship to existing Inspector General authority. Management and the Board should have an opportunity to respond to findings. Performance indicators should reflect each entity's mission, including utility service, customer service, operational improvement, and financial recovery.

Section 9 should assign certification of the executive evaluation to the Board Chair or another authorized Board officer since the Board conducts that evaluation.

The bill should also clarify that reporting requirements do not create additional approval authority over WAPA's plans, budgets, evaluations, or operations. Compliance deadlines should be phased and aligned with each entity's fiscal year, recognizing that WAPA's fiscal year differs from that of the central government.

The Authority recommends a focused statutory framework that establishes essential accountability duties, preserves Board discretion, recognizes existing compliance and community contributions, protects sensitive information, and provides realistic funding and implementation arrangements.

The public deserves accountable institutions that also have the capacity to perform. Greater transparency can help explain WAPA's challenges, but it cannot substitute for addressing them. Without corresponding attention to fiscal recovery, the bill risks requiring more documentation of institutional distress while making recovery more difficult.

Thank you to the Senate for the opportunity to discuss WAPA's position on Bill No. 36-0353. I also thank the hard-working men and women in the WAPA family. I welcome your questions.