

**GOVERNMENT OF THE VIRGIN ISLANDS
OF THE UNITED STATES**

Public Services Commission

In re

TRANSPORTATION SERVICES OF ST. JOHN, INC. AND VARLACK VENTURES, INC. RATE INVESTIGATION))))	Docket No. 640 Order No. <u>62</u> /2018
--	------------------	---

ORDER

WHEREAS, on September 6, 2017, the Virgin Islands suffered a direct impact from Hurricane Irma, which directly struck the St. Thomas-St. John District as a Category 5 storm; and on September 19, 2017, Hurricane Maria directly struck the St. Croix District as a Category 5 storm and cause further damage to the St. Thomas-St. John District; and

WHEREAS, as a direct result of these storms, Transportation Services of St. John, Inc. and Varlack Ventures, Inc. (collectively "Ferry Franchisees") were required to suspend service until the United States Coast Guard (hereinafter "USCG") inspected and cleared the route(s) between St. Thomas and St. John; and

WHEREAS, after the USCG inspected and cleared the route(s) between St. Thomas and St. John, ferry service was partially restored; and

WHEREAS, the Ferry Franchisees suffered losses due to various factors including damage to vessels, the imposition of a curfew, loss of employees, guidelines by the USCG and the Department of Homeland Security, lack of navigational lighting at docking facilities and the availability of fuel and water; and

WHEREAS, on December 5 and 6, 2016, Hearing Examiner Jennifer Jones scheduled public hearings regarding the request for a fare increase and Hearing Examiner Jones and PSC consultant Avery Williams testified on the rate investigation conducted and recommended a 9% rate of return and a non-resident rate of \$8.15; and

WHEREAS, the Commission did not accept the recommendations of the Hearing Examiner and did wish to grant a permanent rate due to the uncertainties surrounding the Franchisees' revenues;

WHEREAS, on December 19, 2017, the Virgin Island Public Services Commission (hereinafter the "Commission" or "PSC") held a regular meeting at the Henry E. Rohlsen Airport on St. Croix, where the Ferry Franchisees testified on the status of their operations since the hurricanes; and

WHEREAS, to assist the Franchisees during the hurricane recovery period and to allow them to seek other forms of financial assistance, the Commission granted the Franchisees an interim rate of \$8.15 for non-residents for twelve (12) months, leaving all other revenue fares, baggage allowances and fees at their current amounts (PSC Order No. 16/2018); and

WHEREAS, it has now been a full year since the impact of the storms and the full ferry service schedule has not been restored; and

WHEREAS, the Ferry Franchisees received notice and opportunity to appear before the Commission at both its June 15, 2018 and August 21, 2018 meetings; and

WHEREAS, the Commission received status reports from the Ferry Franchisees on August 20, 2018; and

WHEREAS, on August 21, 2018, the Commission held its regular meeting and received testimony from the Department of Tourism on the role of ferry transportation between St. Thomas and St. John on tourism; and

WHEREAS, the Commission ordered that:

1. The Franchisees shall restore full ferry service no later than October 1, 2018; and
2. If such service is not restored, a fine of One Thousand Dollars (\$1,000.00) per day for each Ferry Franchisee shall be imposed (PSC Order No. 47/2018); and

WHEREAS, on September 25, 2018, the Commission held a regular meeting at its office located at No. 1003 Estate Ross, Suite 4, Barbel Plaza, St. Thomas and at the Virgin Islands Board of Education's office on the island of St. Croix, United States Virgin Islands; and

WHEREAS, the Commission heard testimony from the Ferry Franchisees regarding their continued financial hardship; and

WHEREAS, upon review and deliberation the Commission hereby **ORDERS** that:

1. The fines in PSC Order 47/2018 are **SUSPENDED** on condition that the Ferry Franchisees will file a Motion for Reconsideration prior to the PSC's next meeting on October 18, 2018.

So Ordered.

For the Commission,

Date: **February 7, 2019**


Raymond J. Williams, Chairman