

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

Public Services Commission

In re

TRANSPORTATION SERVICES OF	)	Docket No. 640
ST. JOHN, INC. AND VARLACK VENTURES,	)	Order No. <u>63</u> /2018
INC. RATE INVESTIGATION	)	
	)	

ORDER

WHEREAS, on September 6, 2017, the Virgin Islands suffered a direct impact from Hurricane Irma, which directly struck the northern islands as a Category 5 storm; and on September 19, 2017, Hurricane Maria directly struck St. Croix as a Category 5 storm; and

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 Transportation Services of St. John, Inc. and Varlack Ventures, Inc. (collectively "Ferry Franchisees") testified on the status of their operations since the hurricanes; 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 U.S. Coast Guard and the Department of Homeland Security, lack of navigational lighting at docking facilities and the availability of fuel and water; and

WHEREAS, the Commission ordered an interim rate of \$8.15 for non-residents for a period of twelve (12) months, during the hurricane recovery period to assist the Ferry Franchisees (Order No. 16/2018); and

WHEREAS, the Ferry Franchisees have not conducted all runs on the federally/PSC-mandated ferry schedule between Cruz Bay, St. John and Red Hook, St. Thomas; nor have they conducted all runs on the federally/PSC-mandated ferry schedule between Cruz Bay, St. John and Charlotte Amalie, St. Thomas United States Virgin Islands; and

WHEREAS, it has now been a full year since the impact of Hurricane Irma and the residents of St. John rely on the ferries for much of its commerce and daily life; and

WHEREAS, August 21, 2018, the Commission held a regular meeting at its office located at No. 1003 Estate Ross Suite 4, Barbel Plaza, St. Thomas and via teleconference at the Henry E. Rohlsen Airport on St. Croix, United States Virgin Islands; and

WHEREAS, the Commission received written status reports from Varlack Ventures and Transportation Services on August 20, 2018 and testimony from the Department of Tourism at the meeting; and

WHEREAS, in PSC Order 47/2018, the Commission ordered that:

1. The Ferry 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; and

WHEREAS, on September 25, 2018, the Commission met in regular session at its office located at No. 1003 Estate Ross Suite 4, Barbel Plaza, St. Thomas United States Virgin Islands and via teleconference 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 financial hardships due to as much as 65% decline in passenger ridership, and 85% damage to Transportation Services' office space, supplies and equipment since the September 2017 hurricanes; and

WHEREAS, the Commission requests a forensic audit of the Ferry Franchisees' as it pertains to their revenue, expenses, leases or agreements and other documents regarding the two vessels provided to the Ferry Franchisees by the Department of Public Works that were purchased with Garvee bonds; and

WHEREAS, after review and deliberation the Commission voted to engage the services Mr. Avery Williams as the PSC's Technical Consultant to define the parameters of a comprehensive forensic audit for the Ferry Franchisees by the PSC's next scheduled meeting on Thursday October 18, 2018;

WHEREAS, the purpose of the forensic audit is to outline identifiable revenue problems that affect the ability of the Franchisees to perform its Franchise requirements; and

NOW THEREFORE, the Commission hereby **ORDERS** that:

1. The Commission will engage the professional services of Mr. Avery Williams as Technical Consultant to define the parameters of a comprehensive forensic audit for the Ferry Franchisees by the PSC's next scheduled meeting on October 18, 2018.

So Ordered.

For the Commission,

Date: **October 15, 2018**


Raymond J. Williams, Chair