



**Government of the United States Virgin Islands
Public Services Commission**

psc.vi.gov
psc.info@psc.vi.gov



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Media Contact:

Symra Hendrickson – Public Communication Coordinator

(340) 776-1291

symra.hendrickson@psc.vi.gov

Ferry Franchise Matters — Public Services Commission Provides Update on Rate Proceedings, Public Hearings, and Petition for Reconsideration

U.S. Virgin Islands — the Virgin Islands Public Services Commission (PSC) addressed ongoing ferry franchise rate proceedings, reviewed the status of recent public hearings, clarified next procedural steps in the rate-setting process, and acknowledged receipt of a petition for reconsideration concerning hearing examiner fee assessments in Docket No. 691.

Public hearing sessions were conducted by the hearing examiner on St. John on February 2 and on St. Thomas on February 3. Commissioners were advised that public participation was strong at both hearings. The hearing examiner extended the comment period to allow additional written and recorded testimony to be included in the formal record. All testimony received will be incorporated into a draft report anticipated for release on April 10, 2026. Following issuance of that draft report, a two-week public comment period will be provided before final recommendations are submitted to the Commission.

During the meeting, Chairman David Hughes emphasized that the central regulatory issue in the proceeding is establishing the appropriate rate base. The rate base represents the total assets utilized by the Franchisees and is critical to the calculation of the rate of return on investment; this is distinct from the revenue required to operate the regulated ferry service, including reasonable operating expenses and the amortization of capital investments. Commissioners directed the hearing examiner to prioritize completion of the cost-of-service analysis as the foundational step in the process. The Commission clarified that broader public policy considerations — including allocation of costs among resident and non-resident fares, service levels, route regulation, and vessel requirements — will be addressed only after the rate base determination is complete.

The hearing examiner, Jed John Hope, advised that sufficient information has been gathered to develop a rate-based analysis and indicated that any outstanding public policy questions will be clearly identified for Commission consideration. Commissioners encouraged continued progress toward the timely completion of the rate-base determination and requested clarity regarding any additional data needs to avoid further delays.

**P.O. Box 40 St. Thomas, VI 00804
1003 Estate Ross Suite 4, St.
Thomas, VI, 00802
(340) 776-1291**

**P.O. Box 7360 Christiansted, VI 00823
Estate Carlton Suite 1 & 2 Frederiksted,
St. Croix, VI, 00840
(340) 778-6010**

The PSC also acknowledged public confusion arising from rate proposals published by ferry operators. Commissioners explained that these filings are required under the Ratepayers' Bill of Rights and are procedural in nature. The publication of proposed rates by operators does not constitute approval or endorsement by the Commission. Final rates and fare structures will be determined only after completion of the cost-of-service analysis, review of the hearing examiner's report, consideration of public input, and formal Commission action.

Additionally, the Commission received a petition for reconsideration filed by counsel for the ferry franchise operators regarding cumulative assessments for hearing examiner compensation in Docket No. 691. The petition asserts that multiple assessments now exceed \$124,000 and impose a substantial financial burden on small ferry operators, some of whom are reportedly operating at documented losses. The petition requests Commission review of both the assessment process and the reasonableness of fees billed before substantive hearings. The hearing examiner filed a written response dated February 9, 2026. The Commission confirmed that the petition will be reviewed and addressed in accordance with established procedural rules. No final action was taken at today's meeting.

Looking ahead, the hearing examiner is expected to finalize and issue the draft report on or about April 10, incorporating additional public testimony and completing the cost-of-service and rate-base analysis. After the close of the two-week public comment window, the examiner will submit final recommendations for Commission consideration. At that stage, the Commission will deliberate on policy decisions, including fare classifications, route coverage requirements, and vessel service obligations, informed by the findings in the report.

In closing, the PSC reaffirmed its commitment to a transparent, legally compliant, and methodical rate-setting process. Commissioners emphasized that establishing the proper revenue requirement is the necessary first step to ensuring fair, sustainable ferry service in the territory. The Commission also affirmed that it will carefully evaluate the petition for reconsideration regarding hearing examiner assessments while maintaining due process and public accountability throughout the proceeding.

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