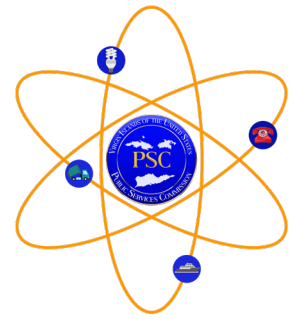




**Government of the United States Virgin Islands
Public Services Commission**

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

Public Services Commission Addresses Ferry Boat Matters, Orders Audits and Further Review of Emergency Fuel-Surcharge Request

U.S. Virgin Islands — The Virgin Islands Public Services Commission took several procedural actions during its recent meeting regarding ongoing ferry-rate investigations and emergency fuel-surcharge requests affecting ferry service between St. Thomas and St. John.

During the meeting, Commissioners deferred final consideration of an emergency fuel-surcharge petition until the Commission’s June 9 meeting, while directing additional review and oversight measures to improve transparency and accuracy in the ongoing rate investigation.

The PSC is required to conduct a rate investigation once every 5 years on the utilities it regulates. Hearing Examiner Jed JohnHope has been appointed to carry out this investigation.

The matters discussed involved ferry operators, including Transportation Services and Varlack Ventures of the STT/STJ Ferry Franchise, along with their legal counsel, Attorney Maria Hodge, Hearing Examiner Jed JohnHope, PSC staff, and Commissioners.

The emergency surcharge request stems from sharp increases in diesel fuel costs that ferry operators say have significantly increased operational expenses. Operators requested a temporary surcharge of approximately 75 cents per ticket to help offset fuel-related costs and maintain service reliability for residents, commuters, students, businesses, and visitors who depend on ferry transportation between St. Thomas and St. John.

According to information presented during the meeting, operators cited operational challenges, including limited fueling facilities, restrictions at certain docks, and scheduling limitations that impact access to lower-cost fuel options for some vessels.

At the same time, the Commission and hearing examiner emphasized concerns surrounding data integrity, historical reporting practices, and the need for stronger oversight related to fuel usage, labor costs, ticketing systems, and rate-base calculations.

**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**

As part of its actions, the Commission unanimously directed PSC staff to develop an audit process to independently verify fuel consumption and labor data associated with the Red Hook–Cruz Bay route. Commissioners also unanimously directed the hearing examiner to separate, or decouple, the Charlotte Amalie route from the primary Red Hook–Cruise Bay route for future rate analysis and recommendations.

Additionally, the Commission determined that the Red Hook–Cruz Bay route should be evaluated based on the use of three government-provided vessels currently in operation, with an emergency option for a fourth vessel if necessary. Commissioners further directed that the capital value of those government-owned vessels would not be recoverable by private operators through rate calculations.

PSC officials noted that the Red Hook–Cruz Bay route accounts for approximately 97 percent of ferry ridership and should therefore be evaluated independently to allow for a more focused and efficient review process.

The hearing examiner’s draft report, which remains subject to public comment and revision, raised several concerns regarding oversight and recordkeeping and recommended against approval of a general rate increase at this stage of the proceeding. PSC staff indicated that the public comment period remained open at the time of the meeting and that additional conferences with the parties would be held prior to the Commission’s June 9 meeting.

The Commission is expected to consider the hearing examiner’s revised findings, along with the pending emergency fuel-surcharge request, during its June session.

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