

Before the
V.I. Public Services Commission

IN RE:)
)
INVESTIGATION OF RATES OF VIRGIN)
ISLANDS TELEPHONE COMPANY (d/b/a)
INNOVATIVE COMMUNICATIONS))
)
)
)
)

PSC DOCKET No. 578
Order No. 13/2009

ORDER CONCLUDING RATE INVESTIGATION

WHEREAS, pursuant to 30 V.I.C. § 20(b), the Public Services Commission must conduct a rate investigation of each utility every five years; and

WHEREAS, the last rate investigation into the Virgin Islands Telephone Company (hereinafter "VITELCO"), also known as Innovative Telephone, was completed in 2003; and

WHEREAS, the Commission previously directed that this docket be opened to conduct a rate investigation and appointed David M. Nissman as the Hearing Examiner for this matter; and

WHEREAS, VITELCO is presently subject to a sale of its common stock through the bankruptcy proceedings of its parent entities, and the sale is presently scheduled to occur on or about December 19, 2008; and

WHEREAS, in the interest of facilitating the sale of VITELCO to a responsible new ownership and assuring the public of uninterrupted services and future improvements, the Commission committed to completing this investigation prior to the sale date; and

WHEREAS, both VITELCO and the Technical Consultants to the Public Services Commission prepared and filed direct and rebuttal testimony in advance of the public hearings; and

WHEREAS, public hearings before the Hearing Examiner were held on St. Croix, St. John and St. Thomas on November 5th, 6th and 7th, respectively, this year; and

WHEREAS, the Hearing Examiner prepared a proposed Finding of Facts and a Memorandum Opinion and Order, both of which were submitted to the Public Services Commission on December 1, 2008; and

WHEREAS, the Commission conducted a duly noticed public hearing in the Virgin Islands Port Authority Conference Room at the Henry Rohlsen Airport on St. Croix on December 8, 2008, and

WHEREAS, the Commission having heard from the Hearing Examiner and questioned both the Hearing Examiner, Commission staff, and VITELCO;


NOW THEREFORE, it is hereby ORDERED:

1. The Hearing Examiner's Report and Recommendations are adopted and approved, with the following exceptions:
2. The Commission finds that it has the authority and responsibility to review and set depreciation rates and directs VITELCO to file a depreciation study no later than December 8, 2009;
3. The Commission finds that the information on the cost of capital is highly speculative and directs that no later than December 8, 2009 VITELCO file a report on its actual cost of capital; and
4. The Commission finds that the marketing expense authorized in the Hearing Examiner's Memorandum is highly speculative and directs that VITELCO file a marketing plan for its regulated activities and revenues no later than December 8, 2009.

So Ordered

For the Commission

DATED 12/10/08, 2008



Joseph B. Boschulte, Chair