

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

*Public Services Commission*

<b>IN RE:</b>	)	<b>Docket No. 573</b>
	)	<b>Order No. 27/2009</b>
<b>Rate Investigation of</b>	)	
<b>Varlack Ventures, Inc. and</b>	)	
<b>Transportation Services of St. John, Inc.</b>	)	
_____	)	

**ORDER**

**WHEREAS**, pursuant to 30 V. I. C. § 20(b) and Order No. 09/2008 (see attached), on June 21, 2007, the Public Services Commission (“PSC” or “Commission”) moved to commence a rate investigation of Varlack Ventures, Inc. and Transportation Services of St. John, Inc. (collectively, “Ferryboat Franchisees”); and

**WHEREAS**, the Commission appointed Natalie Nelson Tang How, Esq. as the Hearing Examiner to preside over the rate investigation; and

**WHEREAS**, public hearings were held on St. John on November 17, 2008, and on St. Thomas November 18, 2008; and

**WHEREAS**, on April 1, 2009, the Commission met in regular session at its offices in Barbel Plaza, St. Thomas; and

**WHEREAS**, upon deliberation and consideration, the Commission voted to adopt and accept the Hearing Examiner’s Recommendations and Findings subject to the following modifications:

1. That PSC favourably consider and adopt the rates set forth in “Scenario 5” (attached) of the Technical Consultant’s analysis, which represents a net return of eight percent (8%) for the ferryboat franchisees and satisfies the statutory requirements, with minimal changes to the current fees;
2. That the “Scenario 5” analysis proposed by the Technical Consultant does not take any grant allotment into consideration, which eliminates the ferryboat franchisees’ reliance on government grant/subsidies and represents the best case scenario, at least until such time that a grant/subsidy is actually allotted, at which time rates can be re-evaluated by the PSC;
3. That there has been no showing in the evidence of a need that would require the PSC to exercise its authority to implement a higher rate of return than eight percent (8%) for the ferryboat franchisees at this time;
4. That an eight percent (8%) rate of return would be just, fair and non-discriminatory both for the public and the ferryboat franchisees, given our currently depressed economic environment;

5. That the PSC revisit the ferryboat franchisees' rates within twelve (12) to twenty-four (24) months, and assess whether grants or other public funds are received which may require further adjustment to the existing rates at that time;
6. That the ferryboat franchisees report to the PSC of the steps they intend to take to improve fiscal accountability, cash management procedures and transparency of costs and expenses, to include but not limited to the timely submission of financial statements and balance sheets pursuant to the Rules and Regulations of the Commission, as well as Title 30 of the Virgin Islands Code, or as is directed by the Commission from time to time as the Commission deems necessary;
7. That the ferryboat franchisees report to the PSC the amount of its customer service related expenses and a proposed short term and long term plan to improve customer service spanning over a six (6) month to five (5) year period;
8. That the ferryboat franchisees provide a report to the PSC which sets forth a plan as to how it will address the aging vessels in its fleet, acquire new capital assets and maximize the effectiveness and cost efficiency of its operations;
9. That the ferryboat franchisees implement strategies for accurate accountability of its passenger flow through the implementation of electronic ticketing machines by no later than September 1, 2009, so that such increase/decrease in levels can be taken into consideration by the PSC in future rate investigations. This provision does not apply to all scheduled trips between Cruz Bay and Charlotte Amalie and Charlotte Amalie and Cruz Bay;
10. That ferryboat franchisees keep separate financials for all franchise operations and non-franchise operations;
11. That the respective ferryboat services provide a response to each of the outstanding complaints that have been filed by passengers with the PSC and upon failure to do so, the PSC should implement and /or enforce sanctions for any violations thereof, including any future complaints from passengers;
12. That the ferryboat franchisees provide the PSC with updated schedules of its inter-island ferry service, operate in compliance with the times posted on the schedules and refrain from making schedule changes without prior notice to the PSC and the public;
13. That the ferryboat franchisees conspicuously post its most current ferryboat passenger rates and fees in its terminal and aboard its vessels at all times;
14. That the ferryboat franchisees provide a customer service plan to be implemented within one hundred and eighty (180) days of this Order;
15. That the ferryboat franchisees coordinate with the Department of Tourism to take advantage of the offer of free customer service training and report to the PSC at each interval upon which the training is completed by its various employees;

16. That pursuant to 30 V.I.C. § 13, the aforementioned rate increases are to go into effect thirty (30) days after the date of this Order in order to afford the public due and proper notice.

**NOW THEREFORE**, it is hereby **ORDERED** that the Hearing Examiner's Recommendations and Findings as modified be **ADOPTED**.

So Ordered.

For the Commission

Dated 07/24, 2009

  
Joseph B. Boschulte, Chair

Scenario 5

Rates

Day to Red Hook

Adult	\$7.00
Child	\$2.00
Senior	\$2.00
Commuter	\$5.00
Bulk	\$4.00
Students	\$2.00
Teachers	\$3.00

Day to Downtown

Adult	\$8.00
Child	\$4.00
Senior	\$6.00
Commuter	\$6.00
Bulk	\$6.00
Students	

Baggage	\$2.00
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