

The Virgin Islands Consortium

HOVENSA: Gas Sold To Local Merchants Is From Fuel Purchased In June 2014

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HOVENSA says until Friday, Oct. 24, it had been selling gas to local gas station owners using fuel purchased in June 2014, "when the cost of this fuel was higher than it has been recently."

That's according to a letter company manager, accounting and warehouse person, Richard Layton, sent to the Department of Consumer and Licensing Affairs (DCLA), and obtained by *VI Consortium*, in response to DCLA Commissioner Wayne Biggs' inquiry on the matter of high gas prices across the territory.

On Oct. 22, Biggs expressed concern that HOVENSA's fuel prices remained unchanged since about mid August, even though there has been a worldwide trend of decreased gas prices. In his letter to Layton, Biggs pointed out his department monitors gasoline and crude oil prices through a variety of internet websites.

"These sites show a steady decrease in fuel prices worldwide and we have become increasingly concerned that the consumers of the Territory are not realizing these decreases that have materialized in other jurisdictions in the United States," he said.

Layton said since HOVENSA shuttered the refinery in 2012, all the oil produced prior to the shutdown have since depleted, forcing the company to purchase fuel from "independent entities."

"HOVENSA suspended the refining of crude oil at facilities in 2012. Since depleting its inventory of fuels that were produced prior to the suspension of refining crude oil, HOVENSA has been supplying fuel to customers at its truck loading rack by reselling fuel purchased from independent entities," the company said in its letter.

While HOVENSA refused to release its "pricing formulas," saying it remains "proprietary information," the company said it purchases fuel "in large quantities in order to take advantage of economies of scale relative to price and ocean freight delivery to St. Croix and it takes a couple of months for HOVENSA to sell the acquired cargo of fuel."

In the letter's closing, HOVENSA highlighted price reductions that have occurred since Oct. 24, and said it will "post further changes in the price of fuels at the truck loading rack as changes in the purchased cost of fuel are realized."

Read the full letter [here](#).