The Virgin Islands Consortium

On Last Day of DLCA Subpoena Gas Prices Fall On St. Croix

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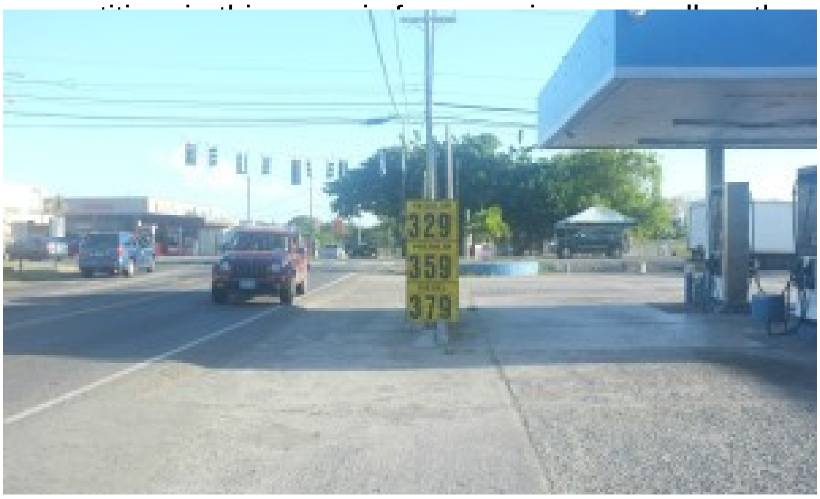
In late January, the Department of Licensing and Consumer Affairs subpoenaed all gas stations in the territory in the department's efforts to determine whether or not price gouging was taking place. Gas stations were required to provide information on their purchases of fuel -- the prices they paid for it and their suppliers, dating back six months. On the deadline of the subpoena -- Friday, Feb. 13 -- gas prices began falling on St. Croix.

Gas prices had been at a steady $3.65 per gallon, then on Feb. 13, prices went down to $3.45. Prices continued to drop over the weekend to $3.39 per gallon, and some gas station owners are now selling fuel for as low as $3.29 per gallon.

VI Consortium received information that some gas station owners on St. Croix were making more than $1 in profit on every gallon of gas sold -- amounting to $40,000 a month. Devin Carrington, Commissioner-designee of the Department of Licensing and Consumer Affairs, spoke with *VI Consortium* about the high gas prices in the Virgin Islands, particularly on St. Croix, when prices had seen precipitous declines on the mainland -- and even at some St. Thomas gas stations, where gas was reported below $3.

"In a free market economy, the understanding is that powerful dynamic that works in the favor of the consumer is the dynamic of competition," Carrington began. "And the



the consumer has options to

A gas station in the Sunny Isle area, across from Wendy's on St. Croix, sells gas at $3.29 per gallon. Prices fell three times at local gas stations over the weekend. Prices went from $3.65 to $3.45 then to $3.39 and now at $3.29.

"What we’re seeing here is everybody at one price, leaving the consumer with no such option, and the consumer has no choice to buy from gas station A, B or C [because] they are all at the same price," Carrington continued. "It would seem to me that in a free market, the competitive dynamic works to the advantage of the consumer when gas station A decides to lower its price to $2.75 and give that option to the consumer, and the consumer, [in turn], would opt to go where he can get a better bang for his buck; thereby persuading other gas stations to follow suit.

"The whole dynamic of competition is absent in our market, and that works to the detriment of the consumer," Carrington said.

While the commissioner was not explicit in stating owners were purposely controlling prices at St. Croix's gas stations -- keep them all at the same level -- he was clear that the situation did not lend itself to the workings of a free market, which led to the department taking steps to find out what was really going on.

The *VI Consortium* will continue to follow this story and provide details as the results of the subpoena are made available.