

The Virgin Islands Consortium

Violet Tells DLCA To Put Cap On Gas Markup And 'Let Them Take Us To Court'

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ST. THOMAS -- Senator Kurt Violet kept the pressure on gas stations that he says have been "ripping off" the people of the territory, adding at a Committee on Finance Hearing on Tuesday that the Department of Consumer and Licensing Affairs should cap the markup that gas stations add to the price of gas and allow the owners to take the government to court so that the "books could be opened."

Violet was referring to the true cost that gas stations are currently paying for gas and how much they are charging consumers per gallon, which stands at \$3.39 per gallon across the board on St. Croix.

[Just Monday](#), Violet asked the Public Services Commission to work closer with DLCA to better regulate the price of gas in the territory. He also called out supermarkets for food prices that are not corresponding with the drop of oil on the world markets that has caused not only the cost of electricity to drop by some 50 percent, but also the cost of shipping goods to the territory.

Asked if some gas stations were making more than \$1 on a gallon of gas based on a survey DLCA conducted several months ago, Devin Carrington, the department's acting commissioner, told Violet that some indeed made over \$1 when the price of oil was hovering around \$60 per barrel on the world markets. Today, the price of oil remains around the \$40 mark and fluctuates back and forth.

"The VI Code allows us to set what is termed a reasonable profit margin, but that reasonable profit margin would have to be set based on a comprehensive study of all the variables that goes into the setting of that price," Carrington said, who later guessed that the price of the study, based on historic data, would be "over \$100,000 easily now."

The senator called foul on gas station owners who continue to claim that the cost of electricity prevents them from passing on savings to consumers, because "electricity cost has decreased some 40 to 50 percent in the Virgin Islands." Violet reminded testifiers that when the gas stations were complaining about the high cost of electricity being the cause for high gas prices, WAPA was charging 41 cents per kilowatt hour. The cost now stands at 19 cents per kilowatt hour -- representing savings of over 50 percent.

"I doubt the price of a gallon is even \$2 in Puerto Rico and they are marking it up right now probably over \$1.25 on St. Croix; and that's highway robbery. They are taking advantage of the public because they're all setting the same price, and we don't have a choice. There is nobody that is breaking the norm and decreasing the price," Violet continued.

Violet also pointed out the competition between gas stations on St. Thomas, making known that prices vary at different stops, which gives consumers a chance to shop around.

Even so, the Committee on Finance co-chair said the prices could be even cheaper here.

"On St. Thomas you're seeing the competition," he said. "You see days when they have a sale and it's \$3.09, \$3.06, but on St. Croix it's stagnant. And even on St. Thomas the price should be below \$3.00 a gallon, and on St. Croix it should be the same."

Violet then encouraged Carrington to cap the price of gas in the territory and force the gas stations to "take us to court."

"Perhaps we're going to have to let them take us to court. Put a cap on the markup and let them open up the books in court and show us how much they're marking it up. Let us go to court so we could reveal what is going in the gas industry. Something needs to be done."

"We might lose the case because the courts might say it was not legal for you to take them to court because you didn't conduct the study. But fine, they will have to open the books, and the people of the Virgin Islands will be able to clearly see that they're ripping

us off; and they really need to stop because that's more disposable income."

Carrington later said that some of the gas station owners on St. Croix told him that price drops were forthcoming. However, they are afraid to drop the price because they might not have the resources to compete with other gas stations that can afford to maintain a lower price margin even when the price of gas climbs in the future.

Violet said such excuses should be disregarded: "I think that they all meet and come up with this lame argument," Violet said.

"You said so," Carrington replied, not wanting to be in an accusatory position.

Feature Image: Queen B. Service Station in Frederiksted, across from the Sunshine Mall.

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