The Virgin Islands Consortium

Gas Prices On St. Thomas Continue To Drop While St. Croix Stays Steady At $3.39

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ST. THOMAS -- There's a big change of fortunes for residents on this island: gas prices are finally cheaper here than they are on St. Croix.

For years, prices were considerably lower on the big island, but when HOVENSA shuttered in 2012 and the company began selling gas at market value, what was once an afterthought for residents became a financial strain, as they struggled to keep afloat in an economy that was already reeling from the refinery's closure and the exodus of a great portion of its middle class, who exited the island in search of better opportunities on the mainland, according to [data provided](#) by the Government of the Virgin Islands.

As HOVENSA ran out of fuel it had stored since its closure, gas station owners on St. Croix found themselves finding new suppliers in Puerto Rico, joining a business decision that had been established for many years by owners here.

The Consortium visited several gas stations here on Thursday, many of them boasting a price of $2.99 per gallon for regular fuel. They pay the same amount of taxes that gas station owners on St. Croix do, their WAPA rates are the same and they generally pay the same price from their Puerto Rican suppliers. Yet, they are able to sell their gasoline to customers at a considerably cheaper rate than their St. Croix counterparts, and still

difference compared to St. Croix.

Giant Gas, a St. Thomas gas station. An employee told The Consortium that prices have been at $2.99 for "quite a while."

Senator Novelle Francis, who co-owns three gas stations on St. Croix along with his brothers, campaigned during the 2014 General Elections on the premise of making life easier for the people of the territory through economic development. But the gas station operation that he helps run have yet to move the needle below the $3.39 mark, a price that remains constant across the board, giving the look of price-fixing.

As Senator Kurt Vialet has pointed out on many occasions, there is no competition on St. Croix. From Frederiksted to Christiansted, prices remain steady at $3.39, as if only one group owned all the gas stations on the island.

Yesterday, Gateway Gas Station, the busiest operation on St. Croix, sent correspondence to The Consortium through its lawyers, warning the publication not to use images of its place of business when reporting on gas-related stories, fearing backlash from customers who may see the $3.39 price as a unfair.

On Thursday, April 23, The Consortium visited four gas stations on St. Croix -- Queen B Gas Station, Karim Service Station and One Love Gas Station — all located in the Frederiksted area, and Super Tanker Service Station in Sunny Isle -- seeking answers as to why prices hadn't decreased with world trends.

1st Stop Gas Station, St. Thomas.

Bernadette Benjamin, co-owner of Queen B Gas Station located across from K-Mart west and adjacent to Subway, told the publication that although they were seeing higher profit margins, there was a risk to lowering the price below the retail markup of $3.39 per gallon. Back then, her rational was that they were purchasing gasoline from HOVENSA, who was selling its gas at a discounted rate in an effort to clear inventory, and therefore dropping the price and having to go back up in two weeks (the projected time HOVENSA was expected to stop the sale) when they would again be purchasing gas from Puerto Rican suppliers, would not have been a wise business decision.

“I think because we’re going to be buying gasoline from HOVENSA for two weeks and then it’s going to go back up. Nobody wants to go down to go back up,” Benjamin said.

However, that was five months ago, when oil was trading at or around $60 per barrel. These days, oil on world markets hover around the $40-$45 mark -- but St. Croix gas stations refuse to follow their St. Thomas counterparts by decreasing the price of gas.

Queen B’s co-owner, Chad Pringle, tried to explain to The Consortium the difficulty in lowering the price when it’s sure to climb back up.

“At the end of the day you are a businessman,” Chad said. “So, if I interrupt my profit margins, when gas goes back up in Puerto Rico, I have just decreased my profit margins k up when you’re already going back down.”

Another St. Thomas gas station selling fuel at

$3.22.

He added: “So you’re decreasing your profit margin when you go down, so you are at a loss when the two and three weeks are over and you can no longer buy from HOVENSA.”

The Consortium pressed Pringle on his explanation, asking why not raise the prices when they go back up.

“It would be hard to raise back up because you’re already set back at your lower price,” he said. Pringle, like his partner, Benjamin, said the reason gas was below $4.00 per gallon is because they made the decision before any other gas station to lower the price.

Furthermore, Benjamin said when they decided to go below the $4.00 mark, Arab gas station owners started calling.

“We started the price war,” she said. “When we put the price down, oh my goodness! We got calls from a lot of Arab gas station owners saying, ‘how is that you all put the price down; you all are going to create a war in St. Croix,’ and they continued saying a lot of nonsense.”

Again, that was five months ago when oil was trading considerably higher, but neither Queen B., a locally-owned operation along with the Francis brothers, have lowered the cost of fuel on St. Croix.

Sen. Vialet have lamented the plight of St. Croix consumers on numerous occasions, as the economy there was hit much harder than St. Thomas, and yet they have to pay much more for gasoline.

On Monday, the senator said gas stations on St. Croix were "ripping off" the people. On Tuesday, he reiterated his stance and called on the Department of Licensing and Consumer Affairs to put a cap on the profit margin of gas and force the owners to take the government to court.

“Perhaps we’re going to have to let them take us to court," Vialet said. "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

Yet another St. Thomas operation with gas prices beating out St. Croix costs.

“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.”

When asked in April if Queen B would lower its price from $3.39 to $3.19 until the price of gasoline increased, the owners decided to hold a meeting amongst themselves to discuss the matter, and promised to get in touch with The Consortium that Thursday evening.

“We have made the decision not to decrease our price to $3.19,” Pringle said that faithful Thursday night. The gas station's price hasn't budged since, save for a few weekends when it runs promotions.