The Virgin Islands Consortium

Price Gouging Continues In VI As Gas Stations Hold Steady With $2.69 Average

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ST. CROIX -- Public officials have privately expressed frustration to The Consortium about the stubborn price of gas in the Virgin Islands, the average on St. Croix being $2.69. That price has remained steady for months, with the last drop coming in November, 2015. Above, gas prices at Super Tanker Service Station, located in Sunny Isle.

Dropping expletives, one official, who requested anonymity because of the raw nature of the conversation, cursed the gas stations, labeling them as greedy business owners with no regard to the plight of residents still struggling in an economy that remains weak.

The same sentiment can be heard in conversations residents are having, many who have written to The Consortium about the lag in price drops, even as the U.S. average has dropped to $1.50 in the Midwest, with the highest average being $1.87 in the Central Atlantic.

Local officials have gone on record in attempts to force gas station owners to lower their prices, the most vocal being Sen. Kurt Vialet.

“While we were happy for the reduction in gas prices to $2.69, once again we have seen gas station owners maintain a common price despite fluctuations in the price of oil,” Mr. Vialet told The Consortium in January. “It appears so strange that prices in the Virgin Islands don’t reflect fluctuations in the market, but appear to be fixed at a set amount for months.”

When The Consortium was reporting heavily on the issue last year, some gas station owners had complained about the cost of electricity, pointing to the Virgin Islands Water and Power Authority as the culprit of the stubborn prices.

And Chad Pringle, co-owner of Queen B's Gas Station in Frederiksted, told The Consortium in September 2015 that there was a risk in lowering the price of gas because, apparently, when the price of oil goes up, it would be difficult for him to raise his price to match the market -- putting his operation at a loss.

“At the end of the day you are a businessman,” Mr. Pringle said. “So, if I interrupt my profit margins, when gas goes back up in Puerto Rico, I have just decreased my profit margins and guess what, nobody is going to go back up when you’re already going back down.”

The Consortium pressed Mr. Pringle on his explanation, asking why not raise the prices when they go back up. “It would be hard to raise because you’re already set back at your lower price,” he said.

Mr. Pringle's explanation, which many ridiculed as inane, would be even harder to explain today, as the American oil benchmark has hovered around $29-$33 barrel for multiple months.

And gas station owners who cast blame on W.A.P.A. can no longer do so. They had claimed that, with a Levelized Energy Adjustment Clause (L.E.A.C.) rate of near 0.50 per kilowatt hour, the price of gas was kept high as the extra profit was used to subsidize the high cost of power. But the L.E.A.C. has dropped to $0.32 per kilowatt hour for commercial operations, with the residential rate standing even lower at $0.29. These rates are set to last through June, 2016, according to W.A.P.A.'s own website (scroll to the bottom).

Furthermore, Puerto Rico, the territory's neighbor, has an average of $1.74; and this is where most gas station owners currently purchase their fuel.

“It is time for another drop in the price of gas and I fully expect the gas station owners to do so within the next week,” Mr. Vialet said. “The people of the Virgin Islands have been loyal customers and it is the civic and moral responsibility of owners to reduce their price accordingly."

Licensing and Consumer Affairs Commissioner Devin Carrington, outraged at the willful fuel average of $2.69, promised to take steps to set profit margins; a difficult task in a market built on capitalism.

According to a press release issued late last month, D.L.C.A. said it was taking steps to bring relief to consumers through statutory provisions that allow the department to set reasonable profit margins on certain consumer commodities. The department said the initiative could not be accomplished without proper data; therefore, collaboration with members of the legislature to strengthen laws that prevent and penalize excessive pricing must be an indelible part of that effort.

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