

Testimony before  
Committee on Energy and Environmental Protection  
April 8, 2015

Introduction

Good Afternoon Chairman Sanes, members of the Committee, members of the Legislature, and members of the Public. On behalf of the Public Services Commission, Chairman Clendenin, Commissioners Rutnik, Jackson and San Martin, and the Commission Staff, I am Donald Cole, the executive Director of the Public Services Commission. I thank you for the opportunity to testify before this Committee today. For your convenience, we have prepared a PowerPoint presentation, which was forwarded to you yesterday, and which we will go through shortly. I would like to make a few brief opening comments.

The Public Services Commission, a volunteer commission, is charged with regulating some of the most important business operations in the Virgin Islands. The safe, reliable and reasonable provision of key utilities – electricity, water, telephone and telecommunications, ferry services and waste management. Electricity is probably the single biggest hurdle to economic development. Costs have been as high as \$360M per year for a population of only 110,000 people- a per person cost of \$3,272 – by far the highest in the United States. Although costs have come down recently with decreased oil prices, and a planned conversion from fuel oils to propane for much of its current generating capacity, if costs are not further reduced and

reliability improved for electricity, economic development will be difficult if not impossible to encourage or sustain. For those of you on St. Thomas and St. John over the past holidays, you have had a reminder of how important reliability is, as numerous and extended power outages occurred. To support economic growth, reliable and affordable power and telecommunications are critical to attracting and sustaining businesses, tourists and educational opportunities. As small islands, reliant on our environment to attract and maintain tourism and other business, as well as provide for our residents, proper management of wastes is a key issue to the quality of life and the attraction of visitors.

Over the past several years, the Commission has been asked to take on an increased role in a number of areas – additional roles in Net-Metering and Feed-In Tariff programs, including approval of contracts and rates; increased importance of the Commission’s role in rate setting and approval of small power production and co-generation for alternative fuels; setting rates for Feed-In Tariff and approving processes and contracting forms, and more. The Commission is also currently working to sort through the very complex issues of telecommunications regulation, in the rapidly evolving field.

For all of these tasks, the Commission can look to other states, territories and nations for ideas. However, the biggest key to our future success is the support of this body, as the need to update our governing statutes to reflect

the modern nature of these industries. We hope to work with you in achieving these goals.

And now, to the presentation.