



Legislature of the Virgin Islands

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POST AUDIT DIVISION

June 27, 2016

COMMITTEE ON FINANCE FISCAL YEAR 2017 BUDGET HEARING

VIRGIN ISLANDS PUBLIC SERVICES COMMISSION

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BACKGROUND AND HISTORY

The Public Services Commission (PSC) was established under Title 30 Virgin Islands Code, Section 137(a), within the Public Works Department for administrative purposes and in accordance with Title 30 Virgin Islands Code, Section 273 within the Department of Licensing and Consumer Affairs for budgetary purposes only.

The PSC is a semi-autonomous body, which operates under the provisions of Title 30 Virgin Islands Code Chapter 1, with a broad mandate to ensure the receipt by consumers of safe and reliable utility services at reasonable rates, with the least adverse effect on the environment.

The PSC is mandated by Act No. 6548, which amended Title 30, Virgin Islands Code Section 20, to conduct rate investigations of all regulated utilities every five years and to hold formal hearings as required under subsection (a) upon its own initiative or upon reasonable complaint made against any public utility including the Water and Power Authority that any of the rates, tolls, charges, or schedules, or services, or time and conditions of payment, or any joint rate or rates, schedules, or services, are in any respect unreasonable or unjustly discriminatory, or any service in connection therewith, is in any respect unreasonable insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained, or any billing for service inaccurate or erroneous the Commission may, in its discretion, proceed, with or without notice, to make such investigation as it may deem necessary or convenient. But no order affecting said rates, tolls, charges, schedules, regulations, or act complained of shall be entered by the Commission without a formal hearing

The PSC consists of nine (9) members; seven (7) voting Board members and two (2) non-voting or ex-officio Board members. The members are as follows:

Name	Position	Island	Date of Expiration
Johann A. Clendenin	Chairman	STX	5/2017
Andrew Rutnik	Vice-Chairperson	STJ	8/2017
VACANT	Member	STT	
VACANT	Member	STT	
VACANT	Member	STT	
David Hughes	Member	STX	3/2019
Raymond Williams	Member	STX	3/2019
Senator Justin Harrigan	Ex-Officio Member	STT	
Senator Nereida Rivera-O'Reilly	Ex-Officio Member	STX	

Honorable Clifford F. Graham
Public Services Commission - Budget Hearing FY 2017
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The Public Service Commission responsibilities are as follows:

DIVISIONS	RESPONSIBILITIES
Virgin Islands Public Service Commission	Regulates industries in the Virgin Islands that currently provide: <ul style="list-style-type: none"> ▪ Electricity ▪ Water ▪ Telephone ▪ Ferry Boat ▪ Telecommunications ▪ Cable Facilities ▪ Television
Public Service Commission Staff	<ul style="list-style-type: none"> ▪ Advise the PSC Board on information to aid in the formation of decisions it may make relative to rate determinations, utility financing and public need. ▪ Assume, on behalf of the PSC, an active role in government proceedings that have an impact on the Virgin Islands' utility consumers and a bearing on how the PSC carries out its legislative mandate. ▪ Participate in administrative proceeding on such matters as rates and services. ▪ Involved in the development of local and national regulatory policies. ▪ Receives, investigates and resolves complaints on billings, services and other utility practices. ▪ Conducts research and prepares reports on major issues. ▪ Inspects and reviews utilities necessary for rendering service to the public. ▪ Develops and recommends rules and policies to further the objectives of PSC regulations. ▪ Audit the utilities' accounting practices, management functions and day-to-day operations. ▪ Provides expert testimony in proceedings before the PSC and other local or national entities.

MISSION STATEMENT

The mission of the Public Services Commission (PSC) is to ensure through ongoing monitoring and scrutiny, the provision of excellent and efficient public services at reasonable rates.

In order to achieve its mission, the PSC continues to focus on these actions:

- Regulate monopoly utilities to ensure rates and services are just, reasonable and non-discriminatory;
- Promote fairness among service providers;
- Resolve disputes between ratepayers and service providers;
- Educate utility consumers and distribute timely and essential information to the public
- Deliver efficient customer service;
- Ensure subscribers benefits of certified Life Line and Link UP discount programs where necessary and applicable to qualified persons;
- Conduct overview audits to ensure proper management and financial practices of regulated utilities;
- Save ratepayers dollars through advocacy, complaint resolution, monitoring of utilities and conservation incentives;
- Safeguard the integrity of the staff of the commission;
- Enhance provision of services in energy interconnections, and approval certification of eligible telecommunication carriers (ETCs)

- Work collaboratively with the Virgin Islands Energy Office to educate consumers on efficient, cost-reduction initiatives and programs, and
- Encourage efficiency and innovation among regulated utilities.

GENERAL FUND OVERVIEW

Exhibits I & II depict the Public Service Revolving Fund appropriation received by the Public Service Commission in the amount of **\$1,753,676** for Fiscal Year 2016 and the Governor’s FY 2017 recommendation for the PSC in the amount of **\$1,782,085**.

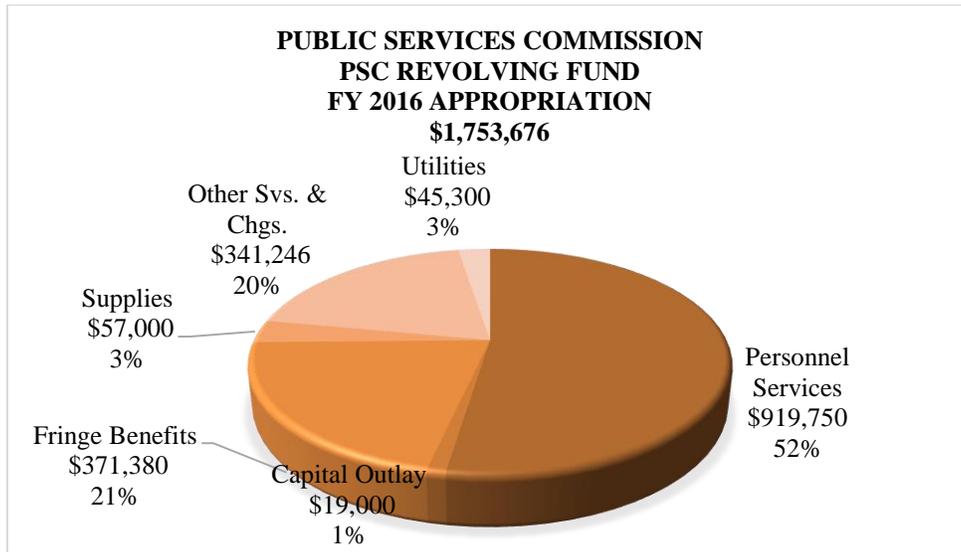


Exhibit I

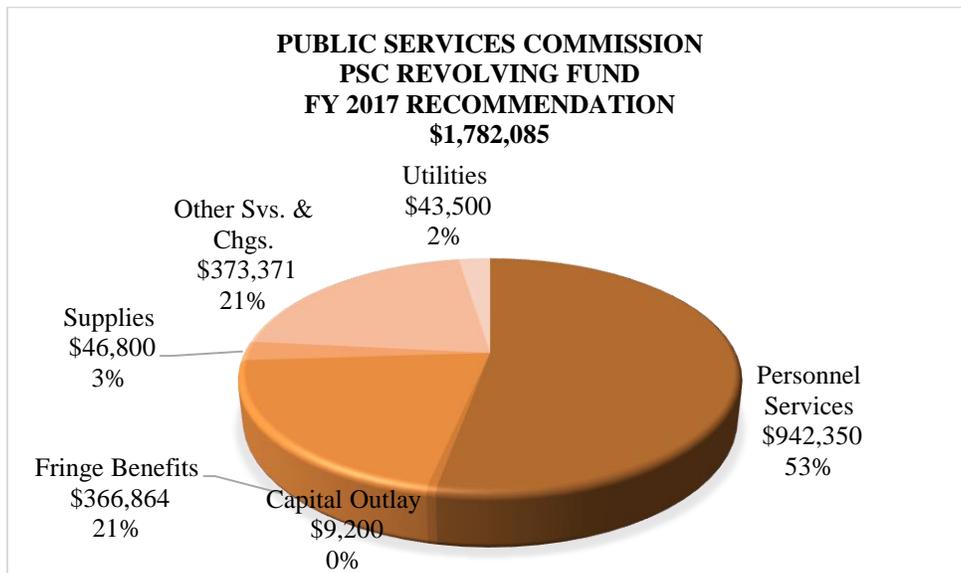


Exhibit II

FISCAL YEAR 2017 BUDGET SUMMARY

Exhibit III depicts the allocation of the Governor’s recommended budget for Fiscal Year 2017 in the amount of **\$1,782,085** which is **\$28,409.00** more than Fiscal Year 2016 appropriation.

**Public Service Commission
 PSC Revolving Fund Comparative Expenditure Analysis
 FY 2015 – FY 2017**

Description	FY 2015 Expenditures	FY 2016 Appropriation	FY 2017 Recommendation	Variance	% Chg
Appropriated Funds:					
PSC Revolving Fund					
Personnel Services	\$ 912,510.00	\$ 919,750.00	\$ 942,350.00	\$ 22,600.00	2%
Fringe Benefits	\$ 359,881.00	\$ 371,380.00	\$ 366,864.00	\$ 4,516.00	1%
Supplies	\$ 41,842.00	\$ 57,000.00	\$ 46,800.00	\$ 10,200.00	18%
Other Svs. & Chgs.	\$ 553,664.00	\$ 341,246.00	\$ 373,371.00	\$ 32,125.00	9%
Utilities	\$ 34,683.00	\$ 45,300.00	\$ 43,500.00	\$ 1,800.00	4%
Capital Outlay	\$ 80,693.00	\$ 19,000.00	\$ 9,200.00	\$ 9,800.00	52%
Total PSC Revolving Fund	\$ 1,983,273.00	\$ 1,753,676.00	\$ 1,782,085.00	\$ 28,409.00	2%

Exhibit III

RENTAL

Exhibit IV lists the VI Public Service Commission real property rentals and the expenses in the amount of **\$104,460.00**.

LANDLORD	ADDRESS	SQ. FT.	ANNUAL RENT	LEASE TERMS	TERMINATION DATE
The Legislature of the Virgin Islands	Office No. 101 at Parcel No. 1D Cruz Bay, Cruz Bay Quarter, St. John	324	\$12,000.00	5/1/2013 - 4/30/2016	12/31/2020
Lab Management, LLC	Parcel No 8AC and Lot No. 1A Estate Ross/Barbel Plaza, No. 8 New Quarter, St. Thomas	4,148	\$65,580.00	8/1/2011 - 7/31/2012	07/31/2012***
Sunny Isle Developers, LLC	Plot No. 29 Estate Diamond, Sunny Isle, Professional Bldg, Suite No. 1 Christiansted, St. Croix	1,344	\$26,880.00	8/1/2013 - 7/31/2015	07/31/2015***
Total		5,816	\$104,460.00		

Exhibit IV

***** Lease renewal for Lab Management and Sunny Isle are in process. As per Department of Property and Procurement, no changes are expected.**

VEHICLES

Exhibit V depicts a detail of vehicles owned by the Public Services Commission.

Office	Make	Model	Year	Plate No.	Funding	Lease/Own	Condition
STT	Chevrolet	Equinox	2014	PSC-1	PSC	Own	Excellent
STT	Chevrolet	Blazer	2006	PSC-2	PSC	Own	Good
STX	Chevrolet	Uplander	2008	PSC-4	PSC	Own	Fair
STX	Chevrolet	Equinox	2008	PSC-5	PSC	Own	Excellent

Exhibit V

PUBLIC SERVICES COMMISSION REVOLVING FUND

The Public Services Commission Revolving Fund was established in the Treasury of the Virgin Islands as a special revolving fund pursuant to Title 33, Chapter 111, Section 3077, VIC. All monies therein shall be used exclusively to pay the necessary and proper expenses of the Public Services Commission. The Fund shall consist of all sums appropriated thereto by the Legislature and all fees which are derived from annual assessments of utilities up to the ceiling amount established in Title 30, Section 25a, subsection (b), V.I.C. which fees shall be deposited into the Fund. All monies contained in the Fund shall constitute the annual budget of the Commission.

Additionally, in accordance with Title 30 Virgin Islands Code, Section 25(a), fees are assessed against public utilities and cable television companies to a ceiling of **\$300,000** to support the PSC but the Legislature increased the ceiling to **\$750,000**. The Legislature again increased the ceiling for appropriation to **\$1,800,000** in Act No. 7233. The Fund is administered by the Commissioner of Finance as a separate and distinct fund in the treasury of the Virgin Islands.

Fee Schedule assessed for Fiscal Year 2014 totaling **\$1,782,084.37**.

UTILITY	2014/15 TOTAL GROSS FRANCHISE REVENUES	RATIO	FY 2017 FEES
Virgin Islands Water & Power Authority	\$ 115,137,019.00	50.9820%	\$ 908,543.25
Virgin Islands Telephone Company	\$ 52,692,000.00	23.3314%	\$ 415,791.22
Innovative Cable TV - STT/STJ	\$ 13,602,004.00	6.0229%	\$ 107,333.06
Innovative Cable TV - STX	\$ 8,189,874.00	3.6264%	\$ 64,626.08
Varlack Ventures	\$ 3,398,991.00	1.5051%	\$ 26,821.35
Transportation Services of St. John, Inc.	\$ 3,186,527.00	1.4110%	\$ 25,144.80
Virgin Islands Waste Management Authority	\$ 29,631,905.00	13.1209%	\$ 233,824.60
TOTAL ASSESMENT REVENUES	\$ 225,838,320.00	100%	\$ 1,782,084.37

SUMMARY

The Public Services Commission Fiscal Year 2017 Governor's Recommended Budget is as follows:

\$1,782,084	Public Service Commission FY 2017 Recommended Budget
\$1,122,300	Local Funds – Docket Spec. and Lifeline Link
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\$2,904,384	TOTAL RECOMMENDED OPERATING BUDGET



Jose L. George
Post Auditor

APPENDIX I

LEGISLATURE OF THE VIRGIN ISLANDS

POST AUDIT DIVISION

COMMITTEE ON FINANCE
 BUDGET HEARING FISCAL YEAR 2017
 PUBLIC SERVICES COMMISSION
 PERSONNEL LISTING

POSITION TITLE	SALARY		STATUS
380 LICENSING AND CONSUMER AFFAIRS			
38000 PUBLIC SERVICES COMMISSION			
UNCLASSIFIED			
ACCOUNT MAINTENANCE OFFICER	\$ 58,300		FILLED
ADMINISTRATIVE SPECIALIST	\$ 50,000		FILLED
ASST ACCOUNTS MAINTENANCE OFFR	\$ 52,000		FILLED
ASST EXECUTIVE DIRECTOR	\$ 75,000		FILLED
ASST TO THE EXECUTIVE DIRECTOR	\$ 51,200		FILLED
COMPLAINT OFFICER	\$ 34,500		FILLED
EXECUTIVE DIRECTOR	\$ 92,000		FILLED
GENERAL COUNSEL	\$ 100,000		NEW-VACANT
HR PERSONNEL & IT MANAGER	\$ 57,500		FILLED
INDUSTRIAL ENGINEER III	\$ 66,000		FILLED
LEGAL SUPPORT SPECIALIST	\$ 46,000		FILLED
OFFICE MANAGER	\$ 45,000		NEW-VACANT
PUBLIC COMMUNICATIONS COORD	\$ 59,400		FILLED
PUBLIC UTILITY AUDITOR	\$ 57,750		FILLED
SECRETARY/RECEPTIONIST	\$ 27,500		FILLED
UTILITY STAFF ASSISTANT	\$ 40,000		FILLED
SUB-TOTAL	\$ 912,150	16	
ADJUSTMENTS			
NOC FEES & COMP	\$ 25,500		
LUMP SUM	\$ 4,700		
SUB-TOTAL	\$ 30,200		
38000 FUND 6032 TOTAL	\$ 942,350	16	
38000 ACTIVITY	\$ 942,350	16	
TOTAL PSC FUND	\$ 942,350	16	
UNCLASSIFIED FILLED	\$ 767,150	14	
UNCLASSIFIED VACANT	\$ -	0	
UNCLASSIFIED NEW	\$ 145,000	2	
CLASSIFIED FILLED	\$ -	0	
CLASSIFIED VACANT	\$ -	0	
ADJUSTMENTS	\$ 30,200		
TOTAL	\$ 942,350	16	