



**TESTIMONY OF GERALDINE PITT, CEO OF VIYA
BEFORE THE COMMITTEE OF THE WHOLE
March 3, 2025**

Honorable Chairman Milton Potter, Members of the Committee of the Whole, members of the 35th Legislature and their staff, and the listening and viewing audience, my name is Geraldine Pitt and I am the Chief Executive Officer for the Virgin Islands Telephone Corporation, known locally as Viya. Thank you for inviting me to testify on the cost of telecommunications in the Territory.

As I believe everyone knows, Viya is the brand name for the Virgin Islands Telephone Corporation, which has served the Virgin Islands since its inception in 1959. We started with just “plain old telephone service” (POTS) but over time we added cable television, mobile telephone, and Internet services. As the Virgin Islands only full telecommunications provider, we are committed to keeping the Virgin Islanders connected to the world whether it is a grandmother talking with her granddaughter or a business accessing vendor systems halfway around the world or entertaining the entire family.

One of the biggest challenges we face is keeping up with customers' ever-increasing demands for speed which translates into higher bandwidth. Gone are the days of the kitchen telephone plugged into the wall. Today, every member of the household has a device that they want connected to the web. Our children want more bandwidth for their Tik Tok and other social media videos. Our students want more bandwidth for distance learning and other applications. Our parents want more bandwidth for remote work and “over-the-top” streaming services like Netflix, Hulu, and Disney. Our businesses want



more bandwidth to engage in eCommerce, remote work, and vendor connectivity, while eGovernment and eHealth have been rapidly evolving. Building and maintaining the networks required to achieve this is no small task, and certainly very capital intensive.

Cost of Capital/Economies of Scale

First, building a telecommunications network is a very capital-intensive effort so the cost of capital is very important. Viya, like most private sector businesses, is faced with the high costs of capital. Even if capital markets view Viya favorably, investors have many choices and are looking for high returns on their investments. While the Virgin Islands is beautiful, we are a relatively small economy which limits private sector growth and profitability. Competition for telecommunications services is very robust in the USVI, where we have Viya, Liberty Communications, and viNGN operating competing fiber networks and Viya, Liberty, and T-Mobile providing facilities-based mobile telephone services. Streaming services compete with our cable television programming and numerous ISPs offer Internet access in addition to Viya. As we all know from school, when you have robust competition in a small market, margins tend to be smaller than in less competitive markets.

Cost of Power

Another challenge we face in the Territory is the cost of power. Telecommunications is a very power-intensive business and in the Virgin Islands we pay nearly three times as



much on a per-kilowatt basis than the average mainland customer. In addition to the high costs, the power supply is unreliable with weekly and daily outages.

As any resident will tell you, power outages are very harmful to their appliances and the same is true for telecommunications equipment. The constant cycling between grid power and backup power rapidly degrades our equipment and causes short circuits and other problems. To mitigate the effects of power outages, Viya has had to invest substantial capital in backup power capabilities and restoration efforts.

Hurricane recovery and insurance

Related to the power issue is the issue of hurricanes and other natural disasters. Every year Viya undertakes substantial preparation measures for hurricane season. If, God forbid, a hurricane does pass through the Territory and cause damage, we must repair that damage and restore the network.

Due to the frequency of hurricanes in the Territory, hurricane insurance is quite costly, but we cannot operate without it. If we did not have hurricane insurance, we would not have been able to recover from hurricanes Irma and Maria.

Unique network costs

Being an island Territory, subsea connection to major Internet hubs is critical – and expensive. Not only do we need the subsea connection, but we need to maintain our point of presence in the NAP of the Americas and augment our equipment there to support additional bandwidth needs.



In addition to the Internet, Viya provides mobile telephone and cable television services, each with their own unique costs. For mobile telephone services, the cost of leasing space on antenna towers is substantial. Most established cell towers are owned by one company and the rates we pay them for antenna space reflect that.

For cable television, our programming costs have increased dramatically over the past several years. Analysts estimate that over the past fifteen years programming costs have risen three and a half times the rate of inflation.

In the past, some of these costs were offset by roaming fees we could charge other mobile carriers when their customers visited the Territory. But roaming fees are being eliminated everywhere and Viya's roaming revenue has decreased 90% over just the past couple years.

Regulation

Another factor impacting the cost of telecommunications in the Territory is the cost of regulation. Over the past four years, the Federal Communications Commission has adopted a host of regulations with real cost impacts to carriers such as Viya. These include greater reporting obligations such as the Broadband Data Collection effort; increasingly stringent location identification for wireless networks where we now have to be able to identify a person's vertical location in a building in addition to their geographic location; expanded use of three-digit dialing, not only for 911, but for other public services; digital discrimination rules which impact ordinary business decisions, like whether to deploy broadband infrastructure, what rates to charge customers, and even how to market services to communities. In addition to FCC regulations, the Public



Service Commission is regularly assessing Viya for its activities. Viya pays \$300-400,000 to the PSC every year.

Conclusion

As you can see, there are significant costs associated with building, operating, and maintaining a telecommunications network. As we operate in such an insular environment as the Virgin Islands, those costs must be reflected in the prices we charge our customers. But make no mistake, as a service provider, Viya does not pass on the entire cost burden to the customer. We understand we must strike a balance between the cost of the service and our ability to provide and maintain it. This is precisely why the Federal Communications Commission FCC has classified the Virgin Islands as a high-cost area.

I have been very frugal in the management of Viya's expenses, having to make very tough decisions, because the costs of being a telecommunications carrier in this market are substantial and our commitment to service in the VI is critical to the social and economic development of the Territory.

We welcome the opportunity to continue this discussion with individual Senators and explore with our industry peers' ways in which we can reduce the cost of operations. Measures like dig once can save companies money. More robust mutual aid and restoration agreements cannot only save money but speed recovery from natural disasters.

Greater infrastructure sharing amongst carriers can also lead to some savings and improved redundancy, but there are extremely complicated operational issues that



would need to be addressed between ISPs, viNGN and WAPA who has an extensive infrastructure network throughout the Territory including subsea fiber to St. John, buried conduits and poles.

Viya believes that while infrastructure sharing would have some impact on costs, direct to customer subsidy is the most powerful tool to ease the cost to consumer in a market where the infrastructure is relatively well developed with more to come on stream in the coming years. As such, Viya has been urging the government to use the \$25 million in BEAD money from the federal government to support direct consumer subsidies to make services more affordable. That more than anything would have an immediate impact on the affordability of telecommunications services. The uncertainty surrounding the economic environment in 2025 is even more reason for the consideration of subsidy. We will need the assistance of this committee in moving the agenda forward.

Thank you for your time and attention to this matter and thank you for including Viya in this discussion.

Thank you