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of the United States of America
Department of Licensing and Consumer Affairs**

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**H. Nathalie Hodge
Commissioner**

**Testimony Before the
36th Legislature of the Virgin Islands**

**Hon. Milton E. Potter, Senate President
Committee of the Whole**

March 4, 2025

Serving Businesses & Assisting, Educating and Protecting Consumers"

1 Good Morning, Honorable Senate President Potter, Esteemed Senators,
2 Distinguished Members of the 36th Legislature, and the Listening and Viewing Audience.
3 I am Commissioner H. Nathalie Hodge. Today, I am joined by Assistant Commissioner
4 Horace Graham, General Counsel, Geraldine P. Vaval, and Wilbur Francis, Director of
5 Enforcement. Thank you for the opportunity given to provide testimony on behalf of the
6 Department of Licensing and Consumer Affairs (DLCA) regarding the broader economic
7 pressures affecting the cost of living in the Virgin Islands, in particular, high gas prices.

8 As the agency responsible for consumer protection and business regulation, DLCA
9 plays a critical role in ensuring market transparency, conveying price trends, and enforcing
10 laws that safeguard residents against unfair pricing and deceptive trade practices. Today, I
11 will present our insights into the economic pressures resulting from the pricing of retail
12 fuel in the territory, the *DLCA's current market efforts*, and policy considerations aimed at
13 enhancing affordability and economic stability for Virgin Islanders.

14 15 **Enforcement of Consumer Protection Laws**

16 DLCA enforces a variety of laws aimed at safeguarding consumer rights. These
17 include, but are not limited to:

- 18 **1. The Consumer Protection Law.** The Consumer Protection Law safeguard
19 consumers against unfair and deceptive trade practices that could mislead or harm
20 consumers. It establishes standards for fair trade, requiring businesses to operate
21 with integrity. DLCA enforces compliance through investigations, legal action, and
22 consumer education, ensuring businesses remain accountable and consumers can
23 make informed decisions.

24 **2. The Price Control Act.** The Price Control Act is a critical regulation designed to
25 protect consumers from deceptive business practices such as fraudulent contracts,
26 hidden fees, and misleading marketing tactics. It prohibits businesses from
27 imposing unfair terms on customers and ensures transparency in transactions.
28 DLCA enforces compliance by investigating consumer complaints, taking action
29 against violators, and promoting fair competition. Additionally, DLCA provides
30 public reports, such as the retail fuel survey and St. Croix Rack Rates, to enhance
31 pricing transparency in critical sectors.

32 **3. Unfair Trade Practices Law.** This regulation protects consumers from deceptive
33 business practices such as fraudulent contracts, hidden fees, and misleading
34 marketing tactics. It prohibits businesses from imposing unfair terms on customers
35 and ensures transparency in transactions. DLCA enforces compliance by
36 investigating consumer complaints, taking action against violators, and promoting
37 fair competition. Additionally, DLCA provides public reports, such as the retail
38 fuel survey and St. Croix Rack Rates, to enhance pricing transparency in critical
39 sectors.

40 **4. Truth in Pricing Rules and Regulations.** The Truth in Pricing Rules and
41 Regulations mandates businesses to provide clear and accurate pricing information,
42 ensuring that consumers are not misled by hidden fees or deceptive advertising.
43 Retailers must display correct prices on shelves, menus, and promotional materials.
44 DLCA enforces these rules through inspections, advertisement reviews, and
45 responses to consumer complaints, helping to uphold fair and honest commercial
46 practices.

47 Through weekly routine inspections, compliance audits, and investigative
48 operations, DLCA's Consumer Affairs Division actively monitors the marketplace to
49 detect and deter violations of consumer protection laws. These enforcement actions
50 help identify businesses engaging in fraudulent practices, price manipulation, or non-
51 compliance with regulatory standards. Regular oversight ensures that businesses adhere
52 to fair trade principles, fostering a competitive and ethical economic environment.

53 Lastly, DLCA publishes a weekly fuel price report, reflecting real-time prices of
54 retail fuel at all retail locations and the wholesale price at the Rack in the St. Croix District.
55 While this tool provides valuable transparency, as with other consumer goods, it is not a
56 formal economic analysis of inflation trends. Those seeking long-term price trend data
57 should refer to the Bureau of Economic Research (BER), which conducts in-depth cost-of-
58 living analyses.

60 **DLCA's Role in Price Monitoring**

61 There is often confusion regarding DLCA's responsibilities in tracking fuel prices.
62 While DLCA publishes a weekly fuel report to provide a snapshot of current prices for
63 retail rates for regular, premium, and diesel fuel in the territory. The Fuel Report offers
64 real-time pricing insights but is not designed for tracking trends over significant periods.
65 Consumers looking for comprehensive cost-of-living data should refer to the Bureau of
66 Economic Research (BER), which conducts formal economic assessments.

67 The purpose of the DLCA's fuel survey is to provide transparency in pricing and
68 to inform consumers of the cost of fuel throughout the territory. We understand that much

of the frustration comes from the price disparity between districts, and although the logistics of getting fuel feel like they should be similar, it's important to note that currently most of the fuel sold in the St. Croix District is held in the terminal on Island, while St. Thomas/St. John rely on smaller shipments that arrive much more frequently.

For those seeking Consumer Price Index information or motor vehicle fuel price information that represents economic trends over time, the BER is the designated agency responsible for compiling such data. BER conducts structured analyses that account for inflation, cost-of-living changes, and other economic indicators that impact the financial well-being of consumers in the Virgin Islands. These reports offer a reliable measure of economic trends and help track long-term price changes.

It is crucial for consumers to understand the purpose of DLCA's fuel survey, which is to inform the public and make other retailers aware of the price of fuel available around the territory. While DLCA remains committed to consumer advocacy and price transparency, its role does not extend to producing long-term economic data, CPI reports or establishing the retail price of fuel.

Fuel Costs

DLCA remains committed to its mission of ensuring fair business practices, consumer protection, and pricing transparency. However, our functions are clearly defined, and any inquiries or concerns that fall outside DLCA's jurisdiction, including establishing profit margins without a price freeze order in place or a study to ensure that a "fair profit margin" is permitted, or providing economic analysis over significant periods of time, are appropriately redirected to the relevant agencies.

92 However, in order to promote transparency and improve communication, several
93 members of our DLCA team met with industry leaders in the retail fuel distribution world,
94 including Sol Petroleum and TotalEnergies. These meetings were held October 4, 2024,
95 and February 6, 2025, respectively. The meetings were productive and encouraging and
96 the information that was obtained will be summarized below. This is not an exhaustive list
97 of everything discussed but captures the tone and intent of the meeting.

98
99 **Meeting with Sol Petroleum**

100 As previously discussed, DLCA does not have the authority to regulate the price of
101 fuel at the rack beyond the terms outlined in the agreement to operate at the Ocean Point
102 Terminal, formerly the Limetree Bay Rack. It is important to note that the current pricing
103 formula does not account for additional fees such as delivery costs or business expenses.
104 Additionally, the relationships between local businesses and fuel suppliers can
105 significantly influence the rates paid by individual businesses.

106 Though the potential risks associated with publishing wholesale (Rack) rates for
107 SOL Petroleum without doing the same for other companies engaged in the fuel trade in
108 the territory was emphasized, SOL Petroleum agreed to the publishing of rack rates which
109 only supports their commitment to transparency. Even though such a practice could
110 negatively impact the profitability of local businesses and inadvertently encourage retailers
111 to import fuel rather than purchasing from the local rack operator, it was determined that
112 public trust and transparency outweighed the risks.

113 SOL Petroleum's ongoing partnership and commitment to supporting the territory's
114 fuel distribution is a major benefit to our fuel market. The price disparity between STX and

STT/STJ underscores the impact, and with a planned expansion into the St. Thomas district soon, residents and visitors of St. Thomas/St. John can expect increased market competition, likely leading to a positive effect on fuel prices.

Meeting with Total Energies

In our February 5, 2025 discussion with TotalEnergies, one of the main distributors of fuel in the St. Thomas District, we covered several subjects related to the current state of the fuel industry in the Territory and the price differences between St. Thomas/St. John and the St. Croix markets. This meeting highlighted the stable, but higher cost of fuel in St. Thomas compared to the stable and lower cost of fuel in St. Croix, which is a direct result of a bi-weekly price-setting model and supply chain constraints. Unlike the continental U.S., where fuel prices fluctuate frequently, St. Thomas operates on a structured schedule that smooths out price volatility, ensuring consumers do not experience extreme fluctuations. While there are only two major distributors, TotalEnergies and Puma, independent gas stations help maintain competition by choosing suppliers based on pricing, which prevents a monopoly in price control.

In St. Thomas we do not have clear insight into the pricing inputs that shape the fees that are paid at the pump. Compared to St. Croix, where Sol Petroleum provides detailed pricing data, St. Thomas has a significant transparency gap. The lack of accessible data adds to the public's distrust, leading to assumptions that higher prices result from excessive profit margins. To address this, TotalEnergies has committed to discussing the possibility of sharing more detailed breakdowns of pricing components, including supply chain costs, transportation fees, and operational expenses.

138 In addition to pricing, the discussion also covered external factors that impact fuel
139 availability and cost. Seasonal tourism affects fuel demand, with peak consumption in the
140 winter months and lower usage in the summer. During hurricane season, TotalEnergies
141 increases fuel stock on the island to prevent shortages, ensuring continuity in case of
142 extreme weather events. While these fluctuations affect supply logistics, they do not
143 significantly alter pricing strategies due to the structured bi-weekly pricing model.

144 Through continued collaboration, both parties aim to provide clarity on fuel pricing
145 while maintaining stable supply and fair pricing for consumers. While focused on St.
146 Thomas fuel pricing, the discussion covered supply chains, competition, regulations, and
147 pricing transparency. Insights from TotalEnergies will inform territory-wide investigations
148 and price monitoring, reinforcing DLCA's commitment to public transparency.

149

150 Thank you for the opportunity to testify on this important issue. We recognize fuel
151 prices are a major concern for businesses, consumers, and utilities. DLCA remains
152 committed to fair business practices, consumer protection, and price transparency. Our
153 discussions with SOL Petroleum and TotalEnergies were just the beginning of a broader
154 effort to collaborate with distributors, stakeholders, and this body to enhance the consumer
155 experience. Moving forward, our commitment to transparency and insights from the
156 ongoing Cost-of-Living Analysis will help us better understand the industry and build
157 public trust.

158 We appreciate the support of Governor Albert Bryan Jr., the Bryan/Roach
159 Administration and the Legislature in these efforts and stand ready to provide any
160 additional information necessary to advance consumer rights in the U.S. Virgin Islands.

161 Thank you for the opportunity to testify before the Committee of the Whole today. We are
162 happy to answer any questions you may have.