



Legislature of the Virgin Islands

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POST AUDIT DIVISION

July 7, 2023

COMMITTEE ON BUDGET, APPROPRIATIONS & FINANCE FISCAL YEAR 2024 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 following members were submitted in the FY 2024 Budget Book, no Board Members were submitted by the Agency:**

Name	Position	Island
David Hughes	Chairman	STX
Raymond Williams	Vice-Chairman	STX
Pedro Williams	Member	STX
Andrew Rutnik	Member	STJ
Senator Marise C. James	Ex-Officio Member	STX
Senator Carla J. Joseph	Ex-Officio Member	STTJ

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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 regulate all public utilities operating in the territory to ensure a fair and reasonable rate of return while providing the rate payers with the highest quality service in a safe, consistent and efficient manner.

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.

PUBLIC SERVICES REVOLVING FUND BUDGET OVERVIEW

Exhibits I & II depict the Public Service Revolving Fund appropriation requested by the Public Service Commission in the amount of **\$2,080,332** for Fiscal Year 2023 and the Public Service Commission FY 2024 request in the amount of **\$2,104,325**.

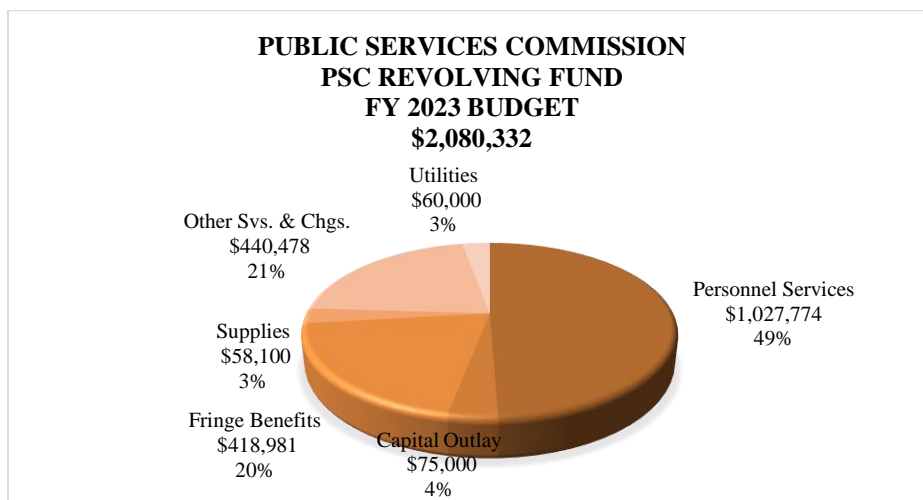


Exhibit I

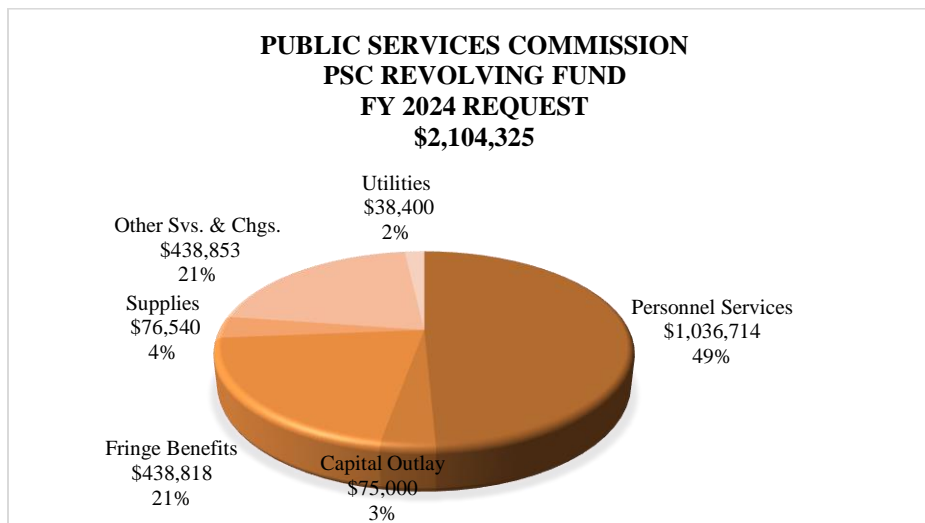


Exhibit II

FISCAL YEAR 2024 BUDGET SUMMARY

Exhibit III depicts the allocation of the PSC’s budget for Fiscal Year 2024 in the amount of **\$2,104,325** which is **\$23,993** more than Fiscal Year 2023 budget submitted by PSC in the amount of **\$2,080,332**. However, the FY 2024 Budget Book bottom line total shows **\$2,346,298** and according to Act 8638, the Commission was only appropriated **\$2,073,775**. Allotments to date equals **\$1,555,331.25** with a remaining balance of **\$518,443.75**.

**Public Service Commission
 PSC Revolving Fund Comparative Expenditure Analysis
 FY 2022 – FY 2024**

PSC REVOLVING FUND EXPENDITURES						
Description	FY 2022 Expenditures	FY 2023 to date	FY 2023 Budget	FY 2024 Request	Variance	% Change
Appropriated Funds:						
PSC Revolving Fund						
Personnel Services	\$ 759,605	\$ 440,173	\$ 1,027,774	\$ 1,036,714	\$ 8,940	1%
Fringe Benefits	\$ 329,635	\$ 178,809	\$ 418,981	\$ 438,818	\$ 19,837	5%
Supplies	\$ 118,944	\$ 19,954	\$ 58,100	\$ 76,540	\$ 18,440	32%
Other Svs. & Chgs.	\$ 341,005	\$ 117,699	\$ 440,478	\$ 438,853	\$ 1,625	0%
Utilities	\$ 23,857	\$ 14,094	\$ 60,000	\$ 38,400	\$ 21,600	-36%
Capital Outlay	\$ 143,914	\$ -	\$ 75,000	\$ 75,000	\$ -	0%
Total PSC Revolving Fund	\$ 1,716,960	\$ 770,729	\$ 2,080,332	\$ 2,104,325	\$ 23,993	1%

Exhibit III

PERSONNEL SERVICES

A breakdown of positions is shown in *Appendix I*. The Commissions breakdown of personnel by classification is shown in *Exhibit IV*.

Personnel Listing - All Positions			Position Classification				
Fund Name	Pos #	FY 2024 Total Budget	Pos #	Unclass.	Pos #	Class.	Adjustments
Public Services Commission Revolving Fund	13	\$1,016,714	14	\$ 960,889	0	\$ -	\$55,825
Total	14	\$1,016,714	14	\$ 960,889	0	\$ -	\$55,825

Exhibit IV

RENTAL

Exhibit V lists the VI Public Service Commission real property rentals in the amount of **\$54,651.94**.

LANDLORD	ADDRESS	TERMINATION DATE	SQ. FT.	ANNUAL RENT
Prime Storage	9160 Estate Thomas, St. Thomas, VI 00802	July 31, 2023	324	\$ 3,862.00

Lab Management, LLC	Suite No. 104, Parcel No. 8Ac and Lot 1A Estate Ross, No. 8 New Quarter, St. Thomas, VI 00802	October 31, 2025	4,148	\$ 32,789.94
Zefo's Enterprise, LLC	Plot #3 of Parcel 2 Estate Carlton, Frederiksted, St. Croix, VI	December 31, 2025	3,000	\$ 18,000.00
Total			7,472	\$ 54,651.94

Exhibit V

PROFESSIONAL SERVICES CONTRACTS

Exhibit VI lists the VI Public Service Commission professional services contracts in the amount of **\$22,182.08**.

VENDOR	TYPE OF SERVICE	TERM OF CONTRACT	ANNUAL PAYMENT
Jackson Cleaners	Custodial	Monthly	\$ 7,800.00
Carpet Masters	Custodial	Monthly	\$ 7,800.00
ADT Security Services	Security	Monthly	\$ 1,241.04
ADT Security Services (STX)	Security	Monthly	\$ 181.04
AC Cooling Systems	Air Condition Maintenance	Monthly	\$ 5,160.00
Xerox Corporation	Copier Supply/Maintenance	Monthly	
Total			\$ 22,182.08

Exhibit VI

VEHICLES

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

Office	Make	Model	Year	Plate No.	Funding	Lease/Own	Condition	Maintenance FY 22	Gas FY 22
STT	Chevrolet	Equinox	2017	PSC-1	PSC	Own	Fair	\$ 50.09	\$ 2,497.01
STT	Chevrolet	Equinox	2014	PSC-2	PSC	Own	Poor	\$ 704.07	\$ 475.00
STX	Dodge	Grand Caravan	2017	PSC-3	PSC	Own	Fair	\$ 2,960.85	\$ 960.00
STX	Chevrolet	Equinox	2014	PSC-5	PSC	Own	Fair	\$ 1,727.89	\$ 1,040.00
Total								\$ 5,442.90	\$ 4,972.01

Exhibit VII

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

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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.

Estimated Fee Schedule assessed for Fiscal Year 2024 totaling \$2,104,324.74.

UTILITY	GROSS OPERATING REVENUES	RATIO	FY 2024 FEES
Virgin Islands Water & Power Authority	\$ 175,597,603.00	66.34%	\$ 1,395,962.32
VITELCO (VIYA)	\$ 22,074,385.00	8.34%	\$ 175,486.51
Virgin Islands Waste Management Authority	\$ 46,175,227.00	17.44%	\$ 367,082.90
Innovative Cable TV - STT/STJ	\$ 8,105,061.81	3.06%	\$ 64,433.46
Innovative Cable TV - STX	\$ 6,185,363.52	2.34%	\$ 49,172.28
Varlack Ventures	\$ 3,562,693.00	1.35%	\$ 28,322.63
Transportation Services of St. John, Inc.	\$ 3,001,924.00	1.13%	\$ 23,864.64
TOTAL ASSESMENT REVENUES	\$ 264,702,257.33	100%	\$ 2,104,324.74

POST AUDIT COMMENTS

FY 2023 BUDGET	FY 2024 REQUEST	VARIANCE	FUNDING SOURCE
\$ 2,080,332.13	\$ 2,104,324.73	\$ 23,992.60	PSC REVOLVING FUND
\$ 2,080,332.13	\$ 2,104,324.73	\$ 23,992.60	Total PSC Budget

1. A one percent increase in personnel cost is projected to produce a five (5%) percent increase in Fringe Benefits, this should be explained.
2. Why is there a thirty-six (36%) percent decrease projected for Utilities?
3. Where is the agency with the Capital Outlay projects?
4. The Public Services Commission Revolving Fund as of March 31, 2023, has a positive fund balance of **\$1,056,485.51**.
5. What is costing the increase in Supplies in the amount of **\$18,000**?
6. The Governor is suggesting a legislative appropriation in the amount of **\$2,104,325** and the PSC constructs its budget on that amount.

Vincent Samuel
 Post Auditor

APPENDIX I
LEGISLATURE OF THE VIRGIN ISLANDS

POST AUDIT DIVISION

COMMITTEE ON APPROPRIATIONS & BUDGET
BUDGET HEARING FISCAL YEAR 2024
PUBLIC SERVICES COMMISSION
PERSONNEL LISTING

POSITION TITLE	FY 2023 SALARY		STATUS
380 LICENSING AND CONSUMER AFFAIRS			
38000 PUBLIC SERVICES COMMISSION			
UNCLASSIFIED			
LEGAL SUPPORT SPECIALIST	\$ 66,000		FILLED
PUBLIC COMMUNICATIONS COORD	\$ 61,000		FILLED
ASST ACCOUNTS MAINTENANCE OFFICER	\$ 72,860		FILLED
COMPLAINT OFFICER	\$ 45,000		FILLED
ADMINISTRATIVE OFFICER I	\$ 45,000		FILLED
ACCOUNT MAINTENANCE OFFICER	\$ 79,349		FILLED
UTILITY STAFF ASSISTANT	\$ 45,000		FILLED
INDUSTRIAL ENGINEER III	\$ 72,980		FILLED
ASST EXECUTIVE DIRECTOR	\$ 85,000		FILLED
ADMINISTRATIVE OFFICER II	\$ 46,200		FILLED
EXECUTIVE DIRECTOR	\$ 125,000		VACANT
LEGAL COUNSEL	\$ 140,000		FILLED
HR PERSONNEL & IT MANAGER	\$ 77,500		FILLED
SUB-TOTAL	\$ 960,889	13	
ADJUSTMENTS			
NOC FEES & COMP	\$ 55,825		
SUB-TOTAL	\$ 55,825		
38000 FUND 6032 TOTAL	\$ 1,016,714	13	
38000 ACTIVITY	\$ 1,016,714	13	
TOTAL PSC FUND	\$ 1,016,714	13	
UNCLASSIFIED FILLED	\$ 835,889	12	
UNCLASSIFIED VACANT	\$ 125,000	1	
UNCLASSIFIED NEW	\$ -	0	
CLASSIFIED FILLED	\$ -	0	
CLASSIFIED VACANT	\$ -	0	
ADJUSTMENTS	\$ 55,825		
TOTAL	\$ 1,016,714	13	