



Government of the Virgin Islands
of the United States

Department of Licensing and Consumer Affairs

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October 22, 2014

Richard Layton
Manager, Accounting and Warehouse
HOVENSA, LLC
1 Estate Hope
Christiansted, St. Croix VI 00820

Dear Mr. Layton:

The Department of Licensing and Consumer Affairs hereby requests from HOVENSA, LLC any and all information regarding its pricing mechanism for the sale of fuel in the Virgin Islands. While the Department has no intention of engaging in price control measures at this point in time, it has a statutory responsibility, pursuant to VI Code Ann. Tit. 12A, § 101 et seq., to protect consumers from price fixing and other deceptive trade practices.

We are aware of the fact that HOVENSA's pricing mechanism is based on market conditions and pricing on the world market. We are also cognizant of the fact that any change in HOVENSA's pricing will be reflected in its weekly report to the Department. The Department is concerned that for the past few weeks, however, HOVENSA's fuel prices have remained steady while prices on the world market has shown a downward trend. The Consumer Protection arm of the Department continually monitors gasoline and crude oil prices via bloomberg.com, businessweek.com, aaa.com, GasBuddy.com, etc. These sites show a steady decrease in fuel prices world-wide and we have become increasingly concerned that the consumers of the Territory are not realizing these decreases that have materialized in other jurisdictions in the United States.

While we do not pretend to possess intricate and/or comprehensive knowledge of all the factors that influence prices in the fuel industry or the pricing mechanism employed by the market, we are aware of the fact that the pricing system used in the States is based on market conditions on a daily pricing system. HOVENSA's prices change on a weekly basis. This means that any change of prices by HOVENSA will most likely take effect at least one week later than in the States. All the reports indicate however that the decrease in fuel prices world-wide have been occurring for the last seven to ten weeks while HOVENSA's pricing has remained constant..

We also take this opportunity to point out that the Department is not embarking on an investigation of HOVENSA and its business activities but merely is trying to ensure that the consumers of the Virgin Islands are not short changed in any way with respect to the price they



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are paying for fuel. As stated previously, the Department is mandated by statute to protect consumers and will be ever vigilant in its efforts to do same.

In light of the foregoing, the Department reiterates its request, pursuant to VI Code, Ann. Tit. 3, § 272, that HOVENSA, LLC provides it with any and all information regarding its pricing mechanism for fuel sold in the Virgin Islands, no later than November 3, 2014.

Thanks in advance for your cooperation in this most urgent matter.

Respectfully,


Wayne Biggs, Jr.
Commissioner

cc. Honorable Governor John P. deJongh, Jr.