



September 25, 2019

Re: Application for a General Rate Increase

Dear Valued Customer,

We wanted you to be the first to know that Young Brothers filed a rate case with the Public Utilities Commission (PUC) today. Our request seeks approval of a \$27 million increase in revenue – or a 34% overall rate increase – critical to allow us to meet increased operational costs, reinvest in the company and continue our current level of inter-island cargo transport services.

Unlike some of Hawai'i's other maritime carriers who raise shipping rates annually, Young Brothers is a regulated water carrier and must first seek permission from the PUC. Today's filing begins a year-long process during which time the PUC and Consumer Advocate will review the company's proposed rate increase. Any approved rates are not expected to go into effect until late 2020.

Using a new model driven by the true cost to deliver each category of service, more efficient cargo like containers and automobiles would see a 25% rate increase, while less efficient cargo like LCL would see a 60% rate increase.

We work hard to keep costs down and create added value for our customers, and it is never easy to raise rates. However, with declining volumes and no significant increase in revenue over the last eight years, our existing rates do not allow us to meet our current and rising costs. The proposed rate structure would allow us to continue to meet our commitment to safely and reliably deliver cargo to all of Hawai'i and invest in new equipment such as our four Kāpena class tugs and 75 additional refrigerated containers.

Young Brothers is privileged to have served as Hawai'i's foremost inter-island water carrier, responsible for transporting all cargo that originates and ends in the state – and the only water carrier of property to serve all islands for more than 100 years.

Our goal is to be as transparent as possible throughout this process. Your salesperson is available to answer questions and wherever possible, explore solutions to increase the efficiency of your shipments and reduce costs. We believe that a reset of our rates represents the best interests of our customers, enabling Young Brothers to be a healthy and sustainable inter-island water carrier for generations to come. We are deeply grateful for the opportunity to serve you. You can learn more about our application for a general rate increase at youngbrothershawaii.com/regulation.

Mahalo,

Paul Stevens
Interim-President