NEW CUSTOMER RATES EFFECTIVE JANUARY 1, 2026

November 17, 2025

Dear Valued Customer,

The Hawai‘i Public Utilities Commission (PUC) announced today that it has approved new customer rates, effective January 1, 2026. The decision is a critical first step toward restoring financial stability and protecting the statewide service that connects our island communities.

New Customer Rates

New customer rates were developed based on factors such as the distance cargo travels and the amount of handling required, ensuring that rates more accurately align with the true cost of providing service across the islands. Rates for the majority of cargo will increase by an average of approximately 20%, equivalent to an average annual change of approximately 3.7% since 2020, which is slightly below the overall inflation rate during the same period.

The updated Local Tariff No. 5-A outlining the new customer rates must be filed by December 1, 2025, and will be posted on our website at www.youngbrothershawaii.com/tariff-5a. The new rates adopted by the PUC will replace — not be added to — the temporary rates approved in September. The PUC's decision also provides an updated definition of Island Agricultural Products to include livestock and items processed or packaged for resale, provided that these products are grown wholly in Hawai‘i and such preparations occur in Hawai‘i. We are currently conducting a more comprehensive review of the legal and operational impacts arising from the PUC's decision.

Why a Rate Adjustment Was Needed

This adjustment follows more than five years without a permanent rate increase, during which Young Brothers has faced rising operating costs, declining cargo volumes, and mounting financial losses.

Despite these challenges, Young Brothers has continued to invest in Hawai‘i's future. Since 2020, more than $120 million has been invested in modernizing vessels, barges, containers, and harbor infrastructure to ensure safe and reliable service for every island. These investments are essential to sustaining the state's interisland supply chain and have been serving the state for years, but they have not been reflected in customer rates. The result has been a growing gap between the cost of service and the revenue required to sustain it.

Breaking the Cycle and Moving Forward, Together

The PUC’s decision marks a vital first step forward in our years-long effort to address the breakdown in regulatory safeguards intended to sustain interisland shipping and break the cycle of long periods without rate adjustments followed by steep, disruptive increases to catch up.

Young Brothers will continue to advocate for a new, more predictable system for adjusting customer rates based on independent inflation metrics, as would have been provided through the Water Carrier Inflationary Cost Index (WICI). While we are disappointed that the PUC declined to implement WICI at this time and provide a tool used by other state utilities, we are confident this is the best path forward to “breaking the cycle” and achieving the reliability and predictability our company, customers, and communities deserve.

Young Brothers cannot do it alone. However, we remain committed to working in partnership with regulators and state leaders to find long-term solutions that sustain our critical role in Hawai‘i’s supply chain and our essential work each day to keep Hawai‘i connected.

We are deeply grateful for the opportunity to serve you. Mahalo for your understanding and continued support as we chart a course for a stronger future, together.

Sincerely,

Young Brothers, LLC