Public Utilities Commission Sets New Rates for Interisland Shipping

Updated customer rates reflect higher costs of statewide service and investments in reliability

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HONOLULU — The Hawai'i Public Utilities Commission (PUC) today approved new customer rates for Young Brothers, effective January 1, 2026. This is the first permanent adjustment in more than five years and reflects the Commission's review of rising costs, lower cargo volumes, and $120 million invested in maintaining safe and reliable statewide service.

"We appreciate the Commission's decision and view this as an important first step toward addressing the financial strain created by years of rising costs and delayed rate updates," said **Frank Almaraz, Interim President of Young Brothers.**"These new rates address our most immediate financial solvency risk by better aligning customer rates with the costs to provide and maintain reliable service across every island. There is still significant work ahead, and we remain committed to further improving our operations and working with state leaders and our regulator to build long-term stability for Young Brothers and Hawai'i's supply chain."

PUC Finds New Rates are Justified

As Hawai'i's only regulated water carrier for property, Young Brothers must serve every island regardless of demand or profitability, including routes that operate at persistent losses. Delayed regulatory approval to recover rising costs has contributed to a cycle of financial distress, with long periods without rate adjustments followed by significant increases needed to catch up.

Since rates were last reset in 2020, operating costs have increased by about 44% and cargo volume has declined by roughly 14%. As a result, Young Brothers has not been profitable since August 2024. Losses in 2024 totaled more than $14 million, and losses in 2025 are forecasted to exceed $24 million.

During this same period, YB invested more than $120 million in new barges, tugs, containers, harbor infrastructure, and shoreside equipment to maintain safe and reliable operations statewide.

Even with the newly approved rate adjustment, Young Brothers expects to incur a loss of over $6 million in 2026.

Breaking the Cycle of Financial Distress

The Commission has chosen not to adopt the Water Carrier Inflationary Cost Index (WICI) at this time, a tool developed through the State Water Carrier Working Group to support smaller, inflation-based adjustments each year instead of the large increases required after long periods without rate changes.

> "Our customers, businesses, and community organizations have made clear that more predictable adjustments would help them plan for shipping costs," added **Almaraz.** "WICI was designed to modernize the current regulatory framework by ensuring that customer rates keep better pace with the real-world cost of providing service. We are deeply disappointed the Commission did not give us this critical tool to help break the cycle of financial distress and secure the private capital needed to keep the ships sailing and reinvest to maintain reliability. Additionally, by adding a two year "stay out" period, the Commission is recreating conditions that will likely lead to large, unpredictable, and urgent customer rate increases in the future."

Media Kit (courtesy of Young Brothers)

- **Still Photos**
- **B-Roll**
- **Fact Sheet: Rate Case**
- **Fact Sheet: WICI**
- **Fact Sheet: Navigating Regulatory Delay**
- **Additional Fact Sheets**

About Young Brothers, LLC

Young Brothers, LLC is Hawai'i's trusted interisland freight company. Founded 125 years ago, Young Brothers is responsible for transporting 100% of all ocean cargo that originates and ends in Hawai'i and is the only water carrier to serve Lāna'i and Moloka'i. The publicly-regulated company offers 12 weekly sailings between the ports of Nāwiliwili, Honolulu, Kaumalapau, Kaunakakai, Kahului, Kawaihae, and Hilo. More than 400 highly skilled employees move what matters most for Hawai'i using state-of-the-art shoreside equipment and a fleet of eight barges and eight tugboats, including four fuel-efficient Kāpena-class tugs. Young Brothers is an independent operating company of the Saltchuk family of companies. For more information, visit **youngbrothershawaii.com** and connect via Facebook, Instagram, X, and LinkedIn.

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