

# Young Brothers Seeks an Emergency Rate Increase to Sustain Inter-island Cargo Transport Services

Asks Public Utilities Commission to approve a continuation of cost-saving measures and a reduced sailing schedule reflecting the steep decline in cargo volume between the islands

JULY 8, 2020



**HONOLULU** – On Tuesday, Young Brothers, LLC made an emergency request to the Hawaiʻi Public Utilities Commission (PUC) asking for a temporary rate increase for the remainder of 2020. The filing, along with its recent request to continue a reduced sailing schedule to Hilo and Maui County, are the latest steps taken by the company to stem projected losses of more than \$25 million amplified by the COVID-19 pandemic.

### Emergency Rate Relief

In 2019, Young Brothers’ filed a request with the PUC to increase its rates to offset rising operating costs and pre-COVID estimated losses of approximately \$13 million. The emergency request asks the PUC to accelerate the process and temporarily authorize an increase in revenue of approximately \$30 million which represents the amount Young Brothers has forecasted will be required to break-even offering the covered services.

“If approved, this temporary rate increase will provide critical revenue we need to maintain current levels of service and continue operations, and we will only be able to recover part of the \$30 million we are projecting to lose this year,” said **Jay Ana, President of Young Brothers, LLC**. “I want to be clear that this proposed rate increase would only allow the company to break even in 2020 if the rates were in place for a full year – we are not seeking an allowed rate of return or any sort of profit as part of this request.”

Young Brothers attributed expected losses to “the decline in the intrastate cargo volumes” and “higher operating expenses due primarily to the increase in labor and labor-related costs.”

Ana continued, “We know our customers and small businesses across Hawaiʻi are struggling to cope with the unprecedented challenges brought on by COVID-19. That’s why we pursued all available avenues of relief before making the difficult decision to accelerate our request for higher rates, but this request is vital for Young Brothers to stay in business and continue connecting our island economies.”

### Cost-Saving Measures

Young Brothers cargo volumes dropped 30 percent following government stay-at-home orders and a steep decline in tourism. In April 2020, Young Brothers implemented cost-saving measures to streamline operations and reduce operating costs, including:

- Temporarily reduced sailing schedules for Maui and Hawaiʻi counties
- Reduced gate hours for non-barge days in all major ports
- Hiring freeze and salary cuts for YB’s senior leadership
- Suspending non-essential travel, eliminating discretionary expenses and deferring non-essential maintenance and related activities.

### Previous Requests for Assistance

The company requested \$25 million in CARES Act funds from the state legislature to sustain operations through 2020; however, such assistance has not been provided. While the state Senate is considering S.R. 125, it does not provide the immediate infusion of emergency funding needed to support operations and current service levels.


“Young Brothers appreciates the state senate’s resolution and recognition of our financial challenges, and while those conversations are ongoing, we must pursue emergency rate relief so that we can continue providing the service our island communities depend on.

Young Brothers plays a vital role in Hawaiʻi as the water carrier responsible for transporting all cargo that originates and ends in the state. It is also the only water carrier to serve all islands and transport all types of cargo.

**You may download a copy of Young Brothers’ filing [here](#).**

### About Young Brothers, LLC

Young Brothers, with approximately 370 employees across the state, has served Hawaiʻi since 1900. Young Brothers is a publicly regulated water carrier providing weekly port calls from Honolulu to the state’s neighbor island ports, including Hilo, Kawaihae, Kahului, Kaunapau, Kaunakakai, and Nāwiliwili. For more information, visit [www.youngbrothershawaii.com](http://www.youngbrothershawaii.com).



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### About Young Brothers LLC

Young Brothers, LLC is Hawaiʻi’s trusted interisland freight company. Founded more than 120 years ago, Young Brothers is responsible for transporting 100% of all ocean cargo that originates and ends in Hawaiʻi and is the only water carrier to serve Lānaʻi and Molokaʻi. The publicly-regulated company offers 12 weekly sailings between the ports of Nāwiliwili, Honolulu, Kaunapau, Kaunakakai, Kahului, Kawaihae, and Hilo. Around 400 highly skilled employees move what matters most for Hawaiʻi 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 independently managed subsidiary of Foss and part of the Saltchuk family of companies. For more information, visit [www.youngbrothershawaii.com](http://www.youngbrothershawaii.com) and connect via Facebook, Instagram, Twitter and LinkedIn.

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