

WICI: WATER-CARRIER INFLATIONARY COST INDEX

Key to Financial Stability

As a regulated water carrier overseen by the Public Utilities Commission (PUC), Young Brothers must receive permission from the PUC to change its rate-making structure. In alignment with recommendations from the Water Carriers Working Group (WCWG), Young Brothers filed an application requesting the implementation of WICI, a water-carrier inflationary cost index.

BENEFITS

WICI is an inflationary cost mechanism that:

- Lowers the cost of regulatory burden
- Provides limited annual automatic inflation-based rate adjustments for water carriers, in-between mandatory rate cases.
- Brings financial stability to the community

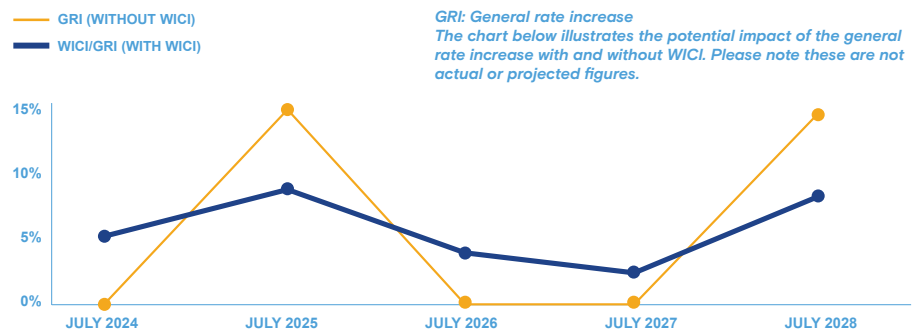
“WICI allows for a timelier recovery for certain changes in costs between rate cases, reduces the administrative burden to the water carrier for rate adjustments, and supports the profitability and sustainability of the water carrier.”

– Water Carriers Working Group

Recommended by the State Water Carrier Working Group in 2021 to make customer rates more manageable, predictable, and more responsive to changes in costs. WICI allows rates to automatically increase or decrease by up to 5% each year based on inflation metrics. These gradual, predictable rate adjustments help customers, businesses and residents more effectively absorb the increases in shipping costs, mitigating the challenges of sudden, significant increases that have been necessary in recent years. By adopting WICI, Young Brothers can better navigate inflationary pressures and ensure affordable, dependable interisland shipping for Hawai'i's communities.

A SUSTAINABLE SOLUTION

WICI stabilizes rate increases by tying an annual rate adjustment to the Gross Domestic Product Price Index, addressing the impact of inflation on certain operating expenses. Additionally, it allows for timelier recovery for changes in costs between rate cases.



PROPOSED RATE ADJUSTMENTS AND TIMELINE

● TEMPORARY RATE RELIEF

+25% by July 2025

A short-term solution to stabilize finances while the PUC reviews the full rate case.

Helps Young Brothers avoid harmful service disruptions and maintain credit access.

● FINAL GENERAL RATE INCREASE

Up to 27% (over revenues at present rates)

Would replace the temporary rate increase.

Reflects the true cost of service, including distance, cargo type, and handling needs.

● ANNUAL INFLATION ADJUSTMENT (WICI)

Up to 5% increase per year

Begins in 2026; will be paired with a regular cadence of rate cases

A permanent solution that ties future rate changes to inflation metrics.

Helps avoid steep, unexpected increases in the future.



QUESTIONS? PLEASE CONTACT:

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