YOUNG BROTHERS
Your Neighbor Island Partner

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VIA E-FILING

May 28, 2020

The Honorable Chair and Members
of the Hawai'i Public Utilities Commission
Kekuanao'a Building, First Floor
465 South King Street
Honolulu, Hawaii, 96813
Attention: Caroline Ishida, Esq.

Re: Transmittal No. 20-0003, Young Brothers, LLC, for Approval of Emergency Changes to its Sailing Schedule – Request for Extension of Adjusted Sailing Schedule

Dear Commissioners and Commission Staff:

This letter serves as Young Brothers, LLC's ("Young Brothers" or "YB") request for Hawaii Public Utilities Commission ("Commission") approval to extend the adjusted sailing schedule proposed and reflected in Tariff Transmittal No. 20-0003, filed on April 24, 2020, and approved by Order No. 37128, filed on May 4, 2020 ("Order No. 37128"). As the Commission is aware, Order No. 37128 approved the Tariff Transmittal No. 20-0003 (i.e., adjusted sailing schedule) for 30 days (i.e., good through June 3, 2020), subject to certain conditions, namely the submission of a report by May 22, 2020 detailing the following:

A. Additional information to better support how the proposed schedule changes correlate to the destination-specific decreases in cargo and why the proposed sailing schedule changes will not result in any cargo being left behind. Depending on the information provided, there should be discussion and evaluation of whether the capacity of its marine and shoreside equipment is greater than needed and the possible exploration of sales and leasebacks or sales and leasing of lower capacity assets to help lower YB's capital and O&M costs;

B. Any information discussing the steps or actions Young Brothers has taken or will take to inform customers of the changes, address their concerns, and minimize customer disruptions; and

C. Information regarding what metrics and benchmarks YB is monitoring and the thresholds that might trigger further changes.[1]

Order No. 37128 further stated that the Commission would review this information, along with other updated information regarding Young Brothers' financial condition that may be filed in its pending rate case, Docket No. 2019-0117, to determine whether these sailing schedule changes approved pursuant to Tariff Transmittal No. 20-0003 are "justified in continuing beyond the thirty (30) day period set forth in this Order."[2]

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[1] Order No. 37128 at 15-16.

[2] Id. at 16.

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On May 22, 2020, Young Brothers submitted the report providing the above-referenced information pursuant to Order No. 37128 ("May 22nd report"). In addition to the requested information, the May 22nd report confirmed that no cargo has been left behind as a result of the adjusted sailing schedule.

On May 26, 2020, Young Brothers submitted a letter to the Commission providing notice of its liquidity crisis and potential suspension of operations ("May 26th letter"). As discussed in the May 26th letter, Young Brothers' financial situation is still extremely dire, and the continuation of the adjusted sailing schedule is critical and necessary to help mitigate against the impending cash shortfall and the severe losses that Young Brothers is projecting to suffer through at least 2020. Specifically, as noted in said May 26th letter, Young Brothers lost nearly $8 million through the month of April and is currently projected to lose approximately $25 million through the end of 2020. The approximate $7 million that Young Brothers expects to save over the remainder of 2020 is primarily attributable to this adjusted sailing schedule.[3] In other words, if the adjusted sailing schedule is not extended beyond June 3, 2020, Young Brothers will be adversely impacted and would likely lose closer to $31 million by the end of the year, absent any other significant changes to either cargo volumes and operating expenses. As will be further discussed in its contingency plans that Young Brothers intends to submit to the Commission by May 29, 2020, this adjusted sailing schedule plays a key role in Young Brothers' cost-containment efforts and is necessary to mitigate against the impending cash shortfall. Accordingly, the further extension of the adjusted sailing schedule is reasonable and in the public interest.

Young Brothers understands that the adjusted sailing schedule is an incredibly fluid situation that the Commission and the Division of Consumer Advocacy ("Consumer Advocate") will likely want to monitor closely. However, Young Brother believes that an extension of another 30 days limits or impedes its ability to focus its time, resources and efforts in addressing other more pressing matters (e.g., CARES Act funding, emergency/temporary rate relief, etc.) Accordingly, Young Brothers hereby respectfully requests that the Commission extend the adjusted sailing scheduled approved by Order No. 37128 for an additional period of at least 90 days.[4]

Thank you for your consideration in this matter. Please contact me if you have any questions.

Sincerely,

/s/ Jay Ana
Jay Ana
President,
Young Brothers, LLC

cc: Consumer Advocate

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3 See May 26th letter at 1.

4 As noted above and in the May 26th letter, without the adjusted sailing schedule, Young Brothers is projecting to lose approximately $31 million instead of $25 million through 2020. Thus, Young Brothers would prefer to obtain Commission approval to keep this adjusted sailing schedule through at least 2020. Again, however, Young Brothers recognizes that the Commission and the Consumer Advocate may wish to re-evaluate the situation on a more frequent and regular basis going forward.