



**MOLOKAI CHAMBER OF COMMERCE**

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MAY 4, 2020

Hawaii Public Utilities Commission  
465 South King Street Kekuanao'a Building, Room 103  
Honolulu, HI 96813

Re: YB Tariff Transmittal No. 20-0003, In the Matter of the Application of Young Brothers, LLC for Approval of Emergency Changes to its Sailing Schedule

The Honorable Chair Griffin, Commissioner Potter and Commissioner Asuncion,

As a representative organization of the island of Molokai with dozens of members who employ hundreds of our neighbors, friends and families, we are respectfully submitting testimony in **opposition** to Young Brothers, LLC application for Approval of Emergency Changes to its Sailing Schedule as submitted and offer the following comments and suggestions.

Molokai residents and businesses live work and play in one of the most uniquely isolated rural areas of our state. As a result we bear a disproportionate burden of the cost of goods that we purchase for our livelihood and well being, as well as the inconvenience of just in time supply chain management for our perishable goods.

Although the proposed change in schedule would essentially carry the same volume of cargo, Molokai is in the unique position that we don't have enough cold and frozen storage warehouse space on the island to accommodate the amount of product needed to serve our community with a single weekly barge.

Quite simply this means as our grocers run out of fresh and frozen perishable items, our families will go without.

This change in schedule will also impact our grocers suppliers and distributors on Oahu and our neighbor islands and their supply chains, causing disruptions on the front end of that supply chain that may make some products unobtainable.

Further, short shelf life items and fresh product, like milk, dairy products, meats and produce delivered to YB Honolulu on Friday would not make it to the store shelves until Monday, reducing its fresh shelf life by four days, and critical temperature frozen product, like ice cream, may not remain intact by the time it reaches the consumer.

Some of the concerns over short shelf life items and fresh product (milk, dairy, meat, produce) and critical temperature frozen product (ice cream) could be addressed if the once weekly barge operated during the week where the turnaround would be only one day, but it still wouldn't help the lack of fresh and frozen storage warehouse capacity on Molokai.

Lastly, the lack of adequate notice to our grocers hasn't given them enough time to make arrangements with their upstream supply chain to accommodate the proposed change. There are items in the pipeline that are scheduled to be delivered to YB to meet the current schedule and if this is disrupted, fresh and frozen product will likely spoil while waiting for the next proposed once weekly sailing.

We fully understand that the COVID-19 crisis and its associated impacts, many of which self imposed by YB, are having a direct effect on their operations, but by helping them to solve their problem it will create a myriad of other problems as illustrated above, and put them on the shoulders of our economically fragile and vulnerable small businesses. YB is placing these burdens on our Molokai businesses and families who are less able to bear the impact.

### **Proposed Suggestions**

Because Young Brother's proposed change in schedule, should it be granted, will have a massive adverse impact on the Molokai community, we offer the following suggestions to help them share the burden of the mitigation measures required to prevent a partial collapse of our grocery supply chain.

#### **Delay implementation of new sailing schedule for at least 30 days**

We humbly ask the PUC to delay the implementation of the new proposed sailing schedule for at least 30 days to allow our grocers and their suppliers the opportunity to work out the details to accommodate the new schedule.

#### **YB to change proposed HNL - MKK sailing schedule to operate mid week**

We suggest the proposed sailing schedule be changed to mid-week to cut down on the turnaround time for short shelf life items, fresh and critical temperature frozen product.

This would also address any outbound cargo from Molokai that would have to be delivered on Wednesday for a Sunday sailing to HNL.

In looking at the proposed statewide changes in schedule there doesn't seem any reason this isn't possible. It appears to be the simplest answer.

#### **YB to work with the State to fund the cost of off site third party cold and frozen storage**

We anticipate that because YB has already submitted an application for a rate increase, they will offer this proposed temporary schedule change as a permanent solution to address their revenue and operating cost problem.

In return we would like to take this opportunity to request a solution for our cold storage needs and suggest that YB work with the State to fund the cost of an offsite third party cold storage warehouse service. This could help YB be part of the solution.

Preliminary cost estimates to provide adequate cold and frozen storage warehouse space to our community have come in at approximately \$250,000 per year. This solution can be up and running with two to three weeks lead time and will provide secure, stable cold and frozen storage solutions with back up and contingency plans should there be an equipment or power failure. Access will be available 24 hours a day, 7 days a week to the vendors, unlike the temporary cold and frozen staging at the YB dock.

If YB will realize a \$6M annualized savings as stated in their application, the approximate cost of \$250,000/year is a mere fraction in comparison, to help prevent the disruption of our community's nutritional and economic infrastructure.

Every other island except Molokai and Lanai has access to direct shipments from the mainland and the ability for their distributors, grocers and families to have same day access to products as they arrive in Hawaii. Our community does not, placing us in the most vulnerable of positions when something as critical as food distribution infrastructure changes without thoughtful effort spent to understand the consequences or identify viable solutions to offset the impacts.

Please help us keep our nutritional infrastructure intact.

We thank you for your consideration and appreciate you taking the time to understand our unique challenges and work collaboratively to find mutually beneficial outcomes.

Sincerely,



Robert Stephenson, President & CEO