

Q: Pardon, my lack of knowledge on the maritime shipping business. HDOA serves the rural and agricultural consumers. Is this the appropriate venue to ask these questions?

**A: Yes, this is the appropriate venue to ask these questions.**

Q: I am interested in hearing what kind of operational efficiencies were explored and under consideration especially for scheduling bookings in advance rather than first come, first service. Use of technology like the airlines use to book advance space online.

**A: Cargo booking has been in place for straightload and Auto/RoRo commodities. We are currently looking into our Freight and Container Equipment system (FACE) enhancements in order to add this functionality to help manage our less than container load (LCL) business. In addition, we are looking to improve our booking process to ensure that bookings materialize into cargo. Currently, customers are not accountable for booked cargo that is undelivered.**

Q: What are the high revenue generating types of cargo, such as vehicles, building supplies, etc.? If non-ag cargo with the 46% rate increase can sustain the reinstatement of the “Island Fresh” discount for food commodities of agriculture.

**A: Straightload container shipments (dry & refrigerated) generate the most revenue for YB. Regarding the “Island Fresh” discount (aka, IAP), there has been no change to this discount, provided your cargo qualifies as IAP shipments, and it has been applied prior and subsequent to application of the emergency rate increase.**

Q: Has any member of the Working Group asked how freight forwarders can lessen the rate increase for neighbor island shipping? Will cargo consolidated by freight forwarders improve YB operation efficiencies and cargo affordability, and increase shipping volume for YB?

**A: Yes, this topic has been brought up several times by both the working group and in conversations with the PUC (and others) throughout the (current and previous) rate case(s) and emergency rate relief discussions. Use of freight forwarder as an alternative to the current LCL service by the water carrier can lead to efficiencies. Cargo affordability and increase in shipping volumes will depend on various factors including, among other things, the types of cargo, the location of the cargo, and the pricing of the freight forwarders, etc.**

**Hawaii Water Carriers Working Group** – Breakout Session November 4, 2020 – Young Brother’s Finances and Historical Background; HPUC Responses to HDOA questions

Q: Pardon, my lack of knowledge on the maritime shipping business. HDOA serves the rural and agricultural consumers. Is this the appropriate venue to ask these questions?

A: This is the appropriate venue to ask questions related to the expense allocations, and revenue projections, along with the historical background of Intrastate shipping in Hawaii.

Q: I am interested in hearing what kind of operational efficiencies were explored and under consideration especially for scheduling bookings in advance rather than first come, first service. Use of technology like the airlines use to book advance space online.

A: This is not a question that I can answer at this time, however, it was introduced in the most recent public hearing on August 14, 2020 that YB has pursued some operational efficiencies through the roll out of technology, and that YB plans to further pursue additional operational efficiencies through more roll out of technology.

Note: The Docket Number I referenced in today’s meeting with much of the financial information is 2020-0135, the link is here: [Docket No. 2020-0135](#)

Q: What are the high revenue generating types of cargo, such as vehicles, building supplies, etc.? If non-ag cargo with the 46% rate increase can sustain the reinstatement of the “Island Fresh” discount for food commodities of agriculture.

A: Please see the document on revenue projections. It appears that Dry container cargoes represent the bulk of YB’s high revenue generating cargo types. I cannot answer the request on if non-ag cargo can absorb a comparative reduction or discount of food commodities. As far as it is known, it appears that YB already factors in the Island Fresh discount, but has applied the approximate 46% increase across the board.

Note: The Hawaii Revised Statute that authorizes the Island Fresh discount is HRS § [269-26.6](#)

Q: Has any member of the Working Group asked how freight forwarders can lessen the rate increase for neighbor island shipping? Will cargo consolidated by freight forwarders improve YB operation efficiencies and cargo affordability, and increase shipping volume for YB?

A: The Working group has, at times, talked about the possibility for freight forwarders to help consolidate LCL cargo. This said, the exact effective charges and rates were not yet discussed in relation to what an end use customer would experience with this consideration. I am unable to comment on if use of freight forwarders will provide YB with improved operational efficiencies or cargo affordability.