

WATER CARRIERS WORKING GROUP

STARTING POINT AND PARAMETERS

October 15, 2020



Public Utilities Commission

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QUESTIONS RAISED

Questions were raised at last Working Group meeting and during the interim comment period between meetings:

- *What is our (the Working Group's) starting point?*
- *What are the parameters (limitations) for proposed recommendations?*



STARTING POINT

Question: What is out (the Working Group's) starting point?

- *PUC Order 37280 (August 17, 2020) which granted Young Brothers' Motion for Relief, subject to conditions:*
 - Advanced notice be filed with the Commission should YB or parent company decide to discontinue regulated service or terminate water carrier operations in the State of Hawaii
 - File a Customer Service Strategy within three months of the date of Order (Nov. 15, 2020)
 - Commission-initiated audit of YB's financial and management practices by an independent party
 - For purposes of addressing any later need for refund, YB keeps accurate account in detail of all amounts received by reason of the temporary increase herein granted specifying by whom and in whose behalf such amounts were paid
 - YB to make any necessary logistical adjustments to allow it to return to its pre-COVID-19 sailing schedule; reflected in updated Tariff Sheets (approved by PUC on Aug. 28, 2020)
 - Suspends any further consideration of YB's request for a general rate increase for twelve (12) months following the date of Order
- Summary - Young Brother's current operations as of September 1, 2020, including all Tariffs in effect of said date



PARAMETERS FOR PROPOSED RECOMMENDATIONS

Question: What are the parameters (limitations) for proposed recommendations?

- Proposed recommendations have no parameters (limitations)
- Blank slate; any proposed recommendations would be generated and discussed among the WG members
- Ultimately the WG members would align around proposed recommendations for solutions that meet SRI 25's language - to balance the need for continuous interisland water carrier service throughout the State with the need for water carriers to maintain financial sustainability



PARAMETERS FOR PROPOSED RECOMMENDATIONS

Example of how proposed recommendations may be developed?

- At either a WG meeting or a sub-group meeting a WG member may suggest a potential recommendation to address issue being discussed (i.e., operations, customer service, finances, etc.)
- The WG or sub-group would decide whether to explore the potential recommendation further.
- If the WG or sub-group wants to explore the proposed recommendation further, the WG or sub-group would be responsible for doing their due diligence on the proposed recommendation, including obtaining input from key stakeholders (i.e., those that would be impacted by proposed recommendation) and examining the parameters in which the recommendation may be implemented (i.e., working within current statutory and/or regulatory provisions; additionally recommending statutory and/or regulatory amendments that may be needed to implement the proposed recommendation; timing in which implementation of the proposed recommendation is realistically feasible (mid-term or long-term); and whether YB can accommodate the recommendation in the near-term by making changes in anticipation of the implementation; among other considerations). These recommendations may also involve the participation of other carriers.
- After discussion and analysis by the WG or sub-group, if the proposed recommendation still warrants merit, the WG would list it as either a mid-term or long-term recommendation/solution, and it would be forwarded to the Legislature and Governor for consideration as part of the required report of the WG due prior to the 2022 Session of the Legislature.
- Note: the above does not preclude the WG from addressing proposed recommendations in a timely expedited manner and generating a recommendation that could be considered for earlier legislative sessions.



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QUESTIONS?

