

# Commission Summary on Desired Future Expressed by WG members

Water Carriers Working Group Meeting #6

1/21/2021



# Desired Future 1

- Being able to understand what cargo is going to show up, in what dimensions, where.
  - Like an online airline reservation system where customers can see available blocks and make reservation.
  - Reservations that can be depended on so that the carrier can make their schedule with confidence – and there is reliability on both sides.
  - Having pre-determined capacities for LCL, etc. to create efficiencies.
  - Expenses and Revenue breakouts based on Commodity type / Cargo type.
- Supporting Forces
  - Improve customer outreach and communications to support: 1) consistent application of rules; 2) availability of services; 3) improve customer satisfaction.
  - Adopt new technologies and practices to improve efficiencies.
- Restraining Forces
  - Demand dynamics between outbound and inbound cargo are not uniform which results in inefficiencies.
  - The mandated routes may be inherently inefficient.
  - Availability of scheduled shipments for specific items.



# Desired Future 2

- Incremental adjustments to rates.
  - Have rate built in with some sort of a COLA – Consumer Price Index Unit adjustment so the carrier could make the argument to reset the base when necessary.
- Supporting Forces
  - Review services to determine what should continue to be provided as a regulated service or what could be provided by a competitive market.
  - Financial stability of the Utility will drive capital investments resulting in customer satisfaction and operational efficiencies.
  - Tax credits allowed by the Legislature
  - Other Options to subsidize shipping
- Restraining Forces
  - YB is operating a regulated service in a competitive environment (others are pricing their product at a market rate)
  - The cost of providing LCL services is greater than the revenue because of the labor, fees, equipment and infrastructure.



# Desired Future 3

- Standardized and streamlined ratemaking that factors in ports and cargo types that are negative earners
- Supporting Forces
  - Increased flexibility in implementation of current rate design to address less profitable regulated services/ ports/routes.
  - Financial stability of the Utility will drive capital investments resulting in customer satisfaction and operational efficiencies.
  - Potential incorporation of rate adjustment mechanisms.
- Restraining Forces
  - The cost of providing LCL services is greater than the revenue because of the labor, fees, equipment and infrastructure.
  - The mandated routes may be inherently inefficient.
  - Regulatory burden and lag.



# Desired Future 4

- All carriers involved in the movement of cargo have the ability to be sustainable and profitable.
- Supporting Forces
  - Increased flexibility in implementation of current rate design to address less profitable regulated services/ ports/routes.
  - Review services to determine what should continue to be provided as a regulated service or what could be provided by a competitive market.
- Restraining Forces
  - The need to service the broad customer needs creates inefficiency and development of a niche.
  - YB is operating a regulated service in a competitive environment (others are pricing their product at a market rate).

# Desired Future 5

- Adjust service offerings to create higher efficiency and improved cargo flow.
  - Potential low hanging fruit with customers seeing quick benefits (also have some medium term)
- Supporting Forces
  - Make KCT operational ASAP.
  - A dynamic carrier website or phone app for scheduling rates that are updated hourly.
- Restraining Forces
  - The need to service the broad customer needs create creates inefficiency and development of a niche.
  - Mandated rates may be inherently inefficient.
  - Availability of scheduled shipments for specific items.



# Desired Future 6

- Use of Available space on piers is optimized
- Supporting Forces
  - Make KCT operational ASAP.
  - Review services to determine what should continue to be provided as a regulated service or what could be provided by a competitive market.
- Restraining Forces
  - When LCL stays on dock, it isn't the most operationally efficient and is labor intensive.
  - Mandated **routes** may be inherently inefficient.

# Thank You!



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