Outline for Framework on Rates

Desired Futures:

1.) Incremental rate increases rather than large, catch-up adjustments (COLA or AFRA to base rates)
2.) All carriers involved in the movement of cargo have the ability to be sustainable and profitable
3.) Standardized and streamlined ratemaking in ports and cargo types that are negative earners

Supporting Forces:

1.)
- Review services to determine what services should be regulated versus services priced by competitive market
- Financial stability of the Utility to drive capital investment, resulting in customer satisfaction and operational efficiencies
- Tax credits allowed by the Legislature
- Other options to subsidize shipping

2.)
- 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 regulated services or what could be provided by a competitive market

3.)
- Increased flexibility in implementation of current rate design to address less profitable regulated services/ports/routes
- Financial stability of the Utility to drive capital investment, resulting in customer satisfaction and operational efficiencies
- Potential incorporation of rate adjustment mechanisms

Restraining Forces:

1.)
- 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

2.)
- 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)

3.)
- 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