

**YOUNG BROTHERS, LLC**  
**2019 PERFORMANCE RESULTS**

The Commission's Order No. 33640, *Adopting Performance Metrics and Standards for the Annual Freight Rate Adjustment Pilot Program*, issued on April 13, 2016, in Docket No. 2013-0032 ("Order No. 33640"), adopted certain performance metrics and standards to govern Young Brothers, LLC's<sup>1</sup> ("Young Brothers", "YB" or the "Company") Annual Freight Rate Adjustment ("AFRA") Pilot Program. For most performance metrics, the Commission utilized "a standard or a benchmark of the most current three-year average of Young Brothers' historical performance as to that metric (i.e., when comparing Young Brothers' performance from calendar year 2015, the most current three-year average would be the results from Young Brothers' performance in calendar years 2012, 2013, and 2014) ("three-year average")."<sup>2</sup> Further, the Commission stated that the three-year average should "then be compared to Young Brothers' current performance in the latest available twelve-month trailing period (i.e., for Young Brothers' initial reporting as required by this Order, the twelve-month trailing period shall be Young Brothers' performance in calendar year 2015) ("twelve-month trailing period")."<sup>3</sup>

In Decision and Order No. 36140, issued on February 1, 2019, in Docket No. 2017-0363, the Commission found that, despite the expiration of the AFRA Pilot Program on December 31, 2016, the performance metrics provide beneficial information and stated its intention to review Young Brothers' performance in the next general rate case.<sup>4</sup>

Young Brothers hereby submits its updated and current Performance Results. Because this update is being filed before the end of 2019, YB's performance results cover the twelve-

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<sup>1</sup> Young Brothers, LLC was then named Young Brothers, Limited.

<sup>2</sup> Order No. 33640 at 19-20.

<sup>3</sup> Order No. 33640 at 20.

<sup>4</sup> See Docket No. 2017-0363, Decision and Order No. 36140, issued on February 1, 2019, at 7.

month trailing period from July 2018 to June 2019, and does not include YB's performance for the remainder of 2019 as those results are not yet available. Young Brothers will provide the Commission with updated performance results to cover the full 2019 calendar year when those results are available. Accordingly, for purposes of this update and for ease in reference, YB hereinafter refers to the 12-month trailing time period from July 2018 to June 2019 as "2019", although it does not include the remainder of 2019, and refers to this update as "2019 Performance Results."

In accordance with Order No. 33640, Young Brothers provides for each metric the Company's performance standard (i.e., YB's most current three-year average of historical performance as to that metric or a fixed performance standard, as applicable), together with the Company's performance results in 2019. The metrics have been categorized below to follow the performance areas identified in Order No. 33640: Safety, Efficiency, and Service.

## I.

### **PERFORMANCE METRICS AND RESULTS**

#### A. Safety: Recordable Incident Rate

The performance metric of recordable incident rate is based on:

The number of employees per 100 full-time employees who have been injured or suffered an illness required to be recorded under OSHA rules[.] Generally, an injury or illness is considered "recordable" if it results in any of the recording criteria of death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, and/or loss of consciousness.<sup>5</sup>

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<sup>5</sup> Order No. 33640 at 20-21 (quotations and footnotes omitted); see also 29 C.F.R. § 1904 7(b)(2)-(6).

For this performance metric, the Commission adopted “the performance standards of Young Brothers’ three-year average of its recordable incident rates for (a) shoreside personnel, and (b) marine personnel[,]” and further, stated that Young Brothers’ “recordable incident rates in the twelve-month trailing period shall be compared to these performance standards.”<sup>6</sup>

The table below sets forth the Company’s performance standards for this metric (i.e., average of YB’s 2016, 2017, and 2018 recordable incident rates) for both shoreside and marine personnel, as well as Young Brothers’ 2019 performance.

<b>Recordable Incident Rate<sup>7</sup></b>		
<b>Personnel<sup>8</sup></b>	<b>Performance Standard</b>	<b>YB’s 2019 Performance</b>
Shoreside	5.70 or lower	2.92
Marine	2.19 or lower	2.68

As shown, the Company is significantly exceeding the performance standard for shoreside personnel and is not meeting the performance standard for marine personnel, although performance has improved significantly from 2018.

For informational purposes, the Company also provides below, YB’s performance for this metric for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<sup>6</sup> Order No. 33640 at 22-23 (footnote omitted).

<sup>7</sup> The rate is calculated by multiplying the number of recordable incidents by 200,000 (i.e., number of base hours that 100 full-time employees working 40 hours a week for 50 weeks would accumulate), and then dividing that product by the Company’s total number of work hours for the year.

<sup>8</sup> Shoreside personnel include non-sea-going salaried employees and those employees covered under a collective bargaining agreement, including all maintenance staff. Marine personnel include all sea-going salaried employees and those employees covered under a collective bargaining agreement, including dispatch staff (management level personnel other than tug captains are excluded).

<b>Recordable Incident Rate</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Shoreside	4.47	6.37	6.26	2.92
Marine	0.66	1.86	4.04	2.68

As stated in the Young Brothers 2017 Performance Results, filed in Docket No. 2017-0363 as YB-201, the Company undertakes to provide a place of employment for its personnel that is the safest possible in these challenging shoreside and marine environments. That being said, it is the efforts of the employees that has the greatest impact on employee safety, and the Company is extremely proud of the employees and their efforts in this regard.

**B. Safety: Lost Time Incident Rate**

The performance metric of lost time incident rate is based on:

The number of employees per 100 full-time employees who have been involved in recordable incidents in which a workday (or more) was lost within the specified time period. An injury is considered a lost-time incident if it results in one or more days away from work.<sup>9</sup>

For this performance metric, the Commission adopted “the performance standard of Young Brothers’ three-year average of its lost time incident rates for (a) shoreside personnel, and (b) marine personnel[,]” and further, stated that Young Brothers’ “lost time incident rates in the twelve-month trailing period shall be compared to these performance standards.”<sup>10</sup>

The table below sets forth the Company’s performance standards for this metric (i.e., average of YB’s 2016, 2017, and 2018 lost time incident rates) for both shoreside and marine personnel, as well as Young Brothers’ 2019 performance.

<sup>9</sup> Order No. 33640 at 23 (quotations and footnotes omitted); see also 29 C.F.R. § 1904 7(b)(3).

<sup>10</sup> Order No. 33640 at 22-23 (footnote omitted).



<b>Lost Time Incident Rate<sup>11</sup></b>		
<b>Personnel<sup>12</sup></b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Shoreside	4.08 or lower	1.82
Marine	1.32 or lower	2.01

As shown, the Company is significantly exceeding its performance standard for shoreside personnel and is not meeting the performance standard for marine personnel.

For informational purposes, the Company also provides below, YB's performance for this metric for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<b>Lost Time Incident Rate</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Shoreside	2.06	5.31	4.87	1.82
Marine	0.66	0.62	2.69	2.01

C. Safety: Workers' Compensation Insurance Claims

In Order No. 33640, the Commission adopted the performance metric of workers' compensation insurance claims.<sup>13</sup> For this performance metric, the Commission adopted "the performance standards of Young Brothers' (a) three-year average of the total number of its workers' compensation insurance claims, and (b) three-year average of the total dollar value of its workers' compensation insurance claims" and further, stated that Young Brothers' "performance in the twelve-month trailing period shall be compared to these performance standards."<sup>14</sup>

<sup>11</sup> Similar to the recordable incident rate, the rate is calculated by multiplying the number of lost time incidents by 200,000 (i.e., number of base hours that 100 full-time employees working 40 hours a week for 50 weeks would accumulate), and then dividing that product by the Company's total number of work hours for the year.

<sup>12</sup> See supra n.9.

<sup>13</sup> See Order No. 33640 at 25.

<sup>14</sup> Order No. 33640 at 25.

The table below sets forth the Company's performance standards for this metric (i.e., average of YB's 2016, 2017, and 2018 workers' compensation claims) for both total number of claims and total dollar value of claims, as well as Young Brothers' 2019 performance.

<b>Workers' Compensation Claims</b>		
<b>Description</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Number of Claims	40 claims or lower	36 claims
Dollar Value of Claims <sup>15</sup>	\$1,233,684 or lower	\$1,414,899

As shown, the Company is meeting its performance standard for number of workers' compensation insurance claims, but is not meeting its performance standard for total dollar value of such claims.

For informational purposes, the Company also provides below, YB's performance for this metric for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<b>Workers' Compensation Claims</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Number of Claims	29	41	49	36
Dollar Value of Claims	\$1,361,396	\$1,147,308	\$1,192,348	\$1,414,899

As noted in several filings made by the Company, Young Brothers continues to maintain that workers' compensation insurance claim data and statistics are not a meaningful measure of YB's safety performance.<sup>16</sup> This is especially true given that the number of claims and their dollar value are often influenced by external factors outside of the Company's control

<sup>15</sup> Dollar value of claims consists of amounts that have actually been paid out on workers' compensation insurance claims during the calendar year.

<sup>16</sup> See Young Brothers, Limited's Submission of Supplemental Information as Required by Order No. 33640, filed on July 12, 2016, in Docket No. 2013-0032 ("Supplemental Submission"), at 38-39; see also 2016 Performance Results at 5.

(e.g., claims and injury management processes, nature of litigants, potential for legal involvement) as compared to real changes or improvement in safety performance.

D. Safety: Hazardous Materials

In Order No. 33640, the Commission adopted the performance metric of hazardous materials incidents.<sup>17</sup> For this performance metric, the Commission adopted “the performance standards of Young Brothers’ (a) three-year average of the total number of its hazardous materials incidents, and (b) three-year average of the total monetary expenses associated with its hazardous materials incidents (e.g., fines, damages or claims, costs of containment and remediation)” and further, stated that Young Brothers’ “performance in the twelve-month trailing period shall be compared to these performance standards.”<sup>18</sup>

The table below sets forth the Company’s performance standards for this metric (i.e., average of YB’s 2016, 2017, and 2018 data), as well as Young Brothers’ 2019 performance.

<b>Hazardous Materials Incidents</b>		
<b>Description</b>	<b>Performance Standard</b>	<b>YB’s 2019 Performance</b>
Number of Incidents <sup>19</sup>	7.3 incidents or lower	2 incidents
Monetary Expenses Associated with Incidents <sup>20</sup>	\$55,514 or lower	\$13,227

<sup>17</sup> See Order No. 33640 at 25.

<sup>18</sup> Order No. 33640 at 26.

<sup>19</sup> YB counts hazardous materials incidents as only those incidents that are reportable to external agencies. In other words, if a spill is so small or insignificant that it is not reportable to an external agency, then Young Brothers does not include that incident for purposes of this performance metric.

<sup>20</sup> Monetary expenses associated with YB’s hazardous materials incidents include readily identifiable invoices and expenses directly associated with such spills, and do not include internal labor or other costs that are difficult to isolate from other aggregated operational expenses.

As shown, the Company is significantly exceeding its performance standard for number of hazardous materials incidents and monetary expenses associated with those incidents.

For informational purposes, the Company also provides below, YB's performance for this metric for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<b>Hazardous Materials Incidents</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Number of Incidents	16	6	0	2
Monetary Expenses Associated with Incidents	\$97,802	\$68,741 <sup>21</sup>	\$0.00	\$13,227

E. Efficiency: Labor Efficiency

In Order No. 33640, the Commission adopted the performance metric of labor efficiency.<sup>22</sup> For this performance metric, the Commission adopted "the performance standards of Young Brothers' (a) three-year average of actual revenue tons, divided by the total shoreside (terminal) labor hours, and (b) three-year average of the dollar value of such total shoreside (terminal) labor hours. Young Brothers' performance in the twelve-month trailing period shall be compared to these performance standards."<sup>23</sup>

The table below sets forth the Company's performance standards for this metric (i.e., average of YB's 2016, 2017, and 2018 data), as well as Young Brothers' 2019 performance.

<sup>21</sup> The 2018 Performance Results contained a typographical error which omitted the number "8" and showed this value as \$6,741, instead of \$68,741.

<sup>22</sup> See Order No. 33640 at 26.

<sup>23</sup> Order No. 33640 at 28.



<b>Labor Efficiency</b>		
<b>Description</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Revenue Tons/ Shoreside Labor Hours <sup>24</sup>	14.96 tons/hour or higher	15.12 tons/hour
Dollar Value of Shoreside Labor Hours	\$18,972,229 or lower	\$20,694,144

As shown, the Company is meeting the performance standard for revenue tons moved per shoreside labor hour, but is not meeting the standard for dollar value of shoreside labor hours.

For informational purposes, the Company provides below, its performance in this area for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<b>Labor Efficiency</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Revenue Tons/Shoreside Labor Hours	\$14.77	\$14.88	15.23	15.12
Dollar Value of Shoreside Labor Hours	\$18,475,189	\$18,422,759	\$20,018,740	\$20,694,144

As can be seen, Young Brothers continues to meet its standard for revenue tons moved per shoreside labor hour. This performance is due, in part, to YB's policy of strictly enforcing cargo cut-off and gate closure times in Honolulu. This policy has helped to improve cargo handling and create labor efficiencies, as barge-loading crews can focus on loading activities when the gate is closed and not have to interrupt loading activities to service customer-related drop-offs and/or pick-ups.

<sup>24</sup> Cargo volumes from YB's combined intrastate and interstate lines of business are used to derive revenue tons. Only "loaded" cargo is counted and empty shipping devices are excluded. Total (intrastate and interstate) shoreside labor hours excludes salaried employees and maintenance personnel, to ensure that labor hours are limited to only those associated with cargo handling activities, and further, only includes hours that are "worked" (i.e., not non-working holiday or sick leave hours).

With regard to the dollar value of shoreside labor hours, Young Brothers' performance did not meet, and is higher than, the performance standard of \$18,972,229. Young Brothers attributes the rise in dollar value to the significant increase in labor costs that Young Brothers experienced in 2017 and 2018, due in large part to wage rate increases resulting from the ILWU CBA. As the Company has stated in prior filings, Young Brothers continues to maintain that labor hours is a more directly informative efficiency measure than the dollar value of labor hours, because labor costs are generally always rising due to inflation and increasing wage rates.<sup>25</sup> Moreover, as evidenced here by the data, YB's labor costs are a function of and tied to ILWU CBA terms, including, in particular, hourly rates and work rules, such that labor hours and costs are greatly impacted by work crew compositions and scheduling parameters of the CBA. For these reasons, Young Brothers continues to propose that the dollar value of shoreside labor hours be provided for reporting purposes only, and not as a standard to measure YB's labor efficiency.<sup>26</sup>

F. Efficiency: Fuel Efficiency

The Commission adopted the performance metric of fuel efficiency, to be separately measured for shoreside and marine activities by taking the actual revenue tons divided by total fuel consumed by either shoreside or marine equipment.<sup>27</sup> More specifically, the Commission adopted the performance standards of Young Brothers' (a) three-year average of shoreside fuel efficiency, which "shall be measured by the actual revenue tons . . . , divided by the total fuel consumed by shoreside equipment[,]" and (b) three-year average of marine fuel efficiency,

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<sup>25</sup> See Supplemental Submission at 38-39; see also 2016 Performance Results at 10.

<sup>26</sup> See Supplemental Submission at 38-39; see also 2016 Performance Results at 10.

<sup>27</sup> See Order No. 33640 at 28-29.

which “shall be measured by the actual revenue tons . . . , divided by the total fuel consumed by marine equipment.”<sup>28</sup> “Young Brothers’ performance in the twelve-month trailing period shall be compared to these performance standards.”<sup>29</sup>

The table below sets forth the Company’s performance standards for this metric (i.e., average of YB’s 2016, 2017, and 2018 data), as well as YB’s 2019 performance.

<b>Fuel Efficiency<sup>30</sup></b>		
<b>Description</b>	<b>Performance Standard</b>	<b>YB’s 2019 Performance</b>
Shoreside Fuel Efficiency	11.55 tons/gallon or higher	12.27 tons/gallon
Marine Fuel Efficiency	2.80 tons/gallon or higher	2.97 tons/gallon

As shown, the Company is exceeding the performance standards for both shoreside and marine fuel efficiency. Much of this improvement is due to the placement into service of the four new Kapena tugs, which are much more fuel-efficient than YB’s previous towing tugs. The final Kapena tug, Kapena Bob Purdy, was placed into service in August 2019.

For informational purposes, the Company provides below, YB’s performance in this area for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<b>Fuel Efficiency</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Shoreside Fuel Efficiency	11.61	11.30	11.75	12.27
Marine Fuel Efficiency	2.75	2.77	2.79	2.97

<sup>28</sup> Order No. 33640 at 30.

<sup>29</sup> Order No. 33640 at 30.

<sup>30</sup> The fuel efficiency standards measure revenue tons of cargo moved per gallon of fuel consumed in moving cargo. Cargo volumes from YB’s combined intrastate and interstate lines of business are used to derive revenue tons. In contrast to the “loaded” cargo tonnage used to measure labor efficiency, the fuel efficiency metric is derived by using both “loaded” and “empty” cargo tonnage. Fuel used for non-cargo movements is excluded (e.g., fuel used by tugs providing harbor assists for other companies).



G. Efficiency: Container Utilization

In Order No. 33640, the Commission required Young Brothers to propose a performance metric in this area to address its concern “as to whether Young Brothers’ rate base represents the optimal level for efficient operations[,]” because “less-than efficient use of containers may unnecessarily increase the size of the rate base, and in turn, overstate Young Brothers’ revenue requirement when compared to that needed for an optimally-sized rate base.”<sup>31</sup> Specifically, the Commission instructed YB to provide, among other things, YB’s proposed performance standard in this area within ninety days of Order No. 33640.<sup>32</sup>

YB initially proposed a container utilization performance standard based on average number of times that containers and chassis are used per year (i.e., annual utilization), but stated that more analysis was needed to better understand what constitutes an optimal utilization rate.<sup>33</sup> In its 2016 Performance Results, YB determined that an annual utilization rate was not the most useful or informative indicator of its performance in this area, and proposed, instead, to provide its performance standard in this area in its next rate case proceeding.<sup>34</sup>

In YB’s most recent rate case (i.e., Docket No. 2017-0363) YB proposed a simple container utilization metric that provided a basic understanding of how much of YB’s equipment is not being used (i.e., idle or potentially surplus).

Now, YB proposes to use the inverse of that metric. That is to say, YB now proposes to track how frequently its equipment is being used, rather than the frequency of how often it is not being used. The Company believes that this small change better aligns the metric with what the

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<sup>31</sup> Order No. 33640 at 44-45.

<sup>32</sup> See Order No. 33640 at 45.

<sup>33</sup> See Supplemental Submission at 28-29.

<sup>34</sup> See 2016 Performance Results at 23.



Commission asked for, while continuing to provide the Company with helpful data regarding YB's equipment inventory levels and customer demand for that equipment.

The performance metric is based on the following calculation:

$$\text{Utilization} = 1 - \left( \frac{\text{Availability} + \text{Not in Service}}{\text{Total Count}} \right)$$

Here, the "Availability" value is the total number of each type of available equipment (e.g., 20 ft. containers, 40 ft. containers, flatracks, chassis) based on a daily count performed by clerks at the Port of Honolulu at the beginning of every day. The "Not in Service" value is the total daily number of each type of equipment that is removed from service for whatever reason, other than customer use (e.g., repair, maintenance, registration). Combining those two values and dividing by the total inventory count for each type of equipment provides a simple average of unused equipment. Subtracting that quotient from 1 converts the average of unused equipment into an average of used equipment (i.e., utilization rate). Here's a simple table to illustrate the metric:

<b>Equipment Type</b>	<b>(A) Available</b>	<b>(B) Not in Service</b>	<b>(C) Total Count</b>	<b>1-(A+B)/C Utilization</b>
20' Chassis	15	5	100	80%
40' Reefer	5	3	80	90%

There are two reasons to take the container count in Honolulu at the beginning of every day. First, taking a daily count smooths out any peaks or dips in demand for whatever reason. Second, because YB runs a hub-and-spoke operation (i.e., cargo is shipped from Honolulu (hub) to the neighbor islands (spokes) and back), unused containers or "empties" are cycled back and returned to Honolulu for use in future shipments. Accordingly, a count of the total number of

unused containers in Honolulu at the beginning of every day provides a comprehensive and normalized data set from which to determine the utilization rate.

In regards to establishing a performance standard, Young Brothers proposes to use an 80%-90% utilization rate as the fixed standard. This standard reflects the fact that some amount of unused inventory (i.e., no more than 20%) is desirable to meet spikes in customer demand as well as regular maintenance and repair needs, while not carrying unnecessarily high levels of inventory. This standard will ensure that YB has an adequate surplus of equipment to meet fluctuations in demand, while not having equipment levels that “unnecessarily increase the size of the rate base, and in turn, overstate Young Brothers’ revenue requirement when compared to that needed for an optimally-sized rate base.”<sup>35</sup>

The table below sets forth the Company’s proposed performance standard for this metric as well as YB’s 2018 and 2019 performance. The Company has inadequate data to provide its 2017 performance.

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<sup>35</sup> Order No. 33640 at 44-45.

Container Utilization Efficiency <sup>36</sup>			
Container Type	Proposed Performance Standard	YB's 2019 Performance	YB's 2018 Performance
40' Dry Container	80% - 90%	77.7%	72.5%
40' Reefer Container	80% - 90%	78.1%	74.6%
40' Flat Rack	80% - 90%	87.0%	82.4%
40' Platform	80% - 90%	85.5%	85.6%
40' Chassis	80% - 90%	96.6%	95.5%
20' Dry Container	80% - 90%	91.1%	87.9%
20' Reefer Container	80% - 90%	83.6%	84.9%
20' Flat Rack	80% - 90%	91.4%	90.9%
20' Platform	80% - 90%	93.7%	93.5%
20' Chassis	80% - 90%	92.4%	91.4%
Gvan	80% - 90%	89.8%	90.2%

As shown, the Company is meeting its performance standard in four of the container types (i.e., 40' Flat Rack, 40' Platform, 20' Reefer Container, and Gvan).

Although not tracked by this performance metric, the Company is also mindful of the age of its equipment and seeks to replace aging equipment prior to incurring steep maintenance and repair costs to continue to use old, deteriorated equipment. For this reason, some planned capital expenditures may not align perfectly with this metric alone.

#### H. Efficiency: Barge Utilization

In Order No. 33640, the Commission found that “a metric for the efficient use of barge assets may have value for future regulatory policy considerations regarding Young Brothers’

<sup>36</sup> The fuel efficiency standards measure revenue tons of cargo moved per gallon of fuel consumed in moving cargo. Cargo volumes from YB's combined intrastate and interstate lines of business are used to derive revenue tons. In contrast to the “loaded” cargo tonnage used to measure labor efficiency, the fuel efficiency metric is derived by using both “loaded” and “empty” cargo tonnage. Fuel used for non-cargo movements is excluded (e.g., fuel used by tugs providing harbor assists for other companies).

service offerings[,]” and instructed YB to “provide, in their next rate case filing . . . its proposed performance standard in this area.”<sup>37</sup> In Docket No. 2017-0363, Young Brothers proposed a three-year average performance standard in keeping with other Commission-established performance standards.<sup>38</sup>

As stated in previous filings, YB continues to maintain that a metric measuring “barge efficiency” is not appropriate, given YB’s obligation under its public charter and commitment to provide frequent, regular, and universal (i.e., statewide) service to customers.<sup>39</sup> In particular, as a regulated utility, YB cannot consolidate, cancel, delay or otherwise adjust sailing schedules to achieve maximum barge capacity utilization (i.e., revenue tons/barge), which could provide some improvements or efficiencies in this area. In addition, the volume of revenue tons loaded on a particular barge oftentimes is based on the port of destination and the customer demand for cargo at that port (e.g., a barge bound for Kahului will be loaded with more revenue tons than a barge bound for Molokai or Lanai).

Notwithstanding the foregoing, the table below sets forth the Company’s performance standards for this metric (i.e., average of YB’s 2016, 2017, and 2018 data), as well as YB’s 2019 performance.

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<sup>37</sup> Order No. 33640 at 47.

<sup>38</sup> See Docket No. 2017-0363, Refiled Application, Testimony of Sandra Larsen (YB T-2), filed on March 16, 2018, at 25.

<sup>39</sup> See Supplemental Submission at 40-41.



<b>Barge Utilization in Revenue Tons</b>		
<b>Name of Barge</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Haaheo	1,646,186	1,589,616
Hoomaka Hou	1,603,081	1,582,597
Kaholo <sup>[1]</sup>	131,052	207,767
Kalaenalu	1,612,212	1,475,298
Kamaluhia <sup>[2]</sup>	N/A	0
Kukahi <sup>[3]</sup>	834,115	773,083
Makaala	1,645,156	1,768,961
AMS 250	150,001	184,622
KRS 286-6	472,982	488,808

For informational purposes, the Company provides below, YB's performance in this area for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.<sup>40</sup>

<b>Barge Utilization</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Haaheo	1,709,325	1,675,408	1,553,824	1,589,616
Hoomaka Hou	1,708,064	1,406,354	1,694,826	1,582,597
Kaholo <sup>[1]</sup>	167,618	35,321	190,218	207,767
Kalaenalu	1,633,305	1,665,517	1,537,815	1,475,298
Kamaluhia <sup>[2]</sup>	<sup>[3]</sup>	21,410	0	0
Kukahi	783,218	849,637	869,490	773,083
Makaala	1,600,588	1,714,294	1,620,587	1,768,961
AMS 250	125,612	145,235	179,155	184,622
KRS 286-6	0	454,585	491,379	488,808

<sup>[1]</sup> Removed from service in August 2017 for dry dock services. Placed back in service in January 2018.

<sup>[2]</sup> Retired on February 17, 2017.

<sup>[3]</sup> Unable to retrieve this data from FACE.

<sup>40</sup> In YB's 2018 Performance Report, the Company stated that it lacked data for the years preceding 2017. See Docket No. 2017-0363, Refiled Application, YB-201, filed on March 16, 2018, at 16. Since that time, the Company was able to extract data for 2016, and is now able to provide data for the previous three years and a performance standard for this metric.

# I. Service: On-Time Barge Arrival

In Order No. 33640, the Commission adopted the performance metric of on-time barge arrival and the performance standard of 75%.<sup>41</sup> The Commission stated that on-time barge arrivals shall be “measured by dividing the number of barges that arrive on-time by the total number of sailings annually, with on-time arrival defined as the barge being tied up alongside the pier and ready for unloading operations to commence by the time the port’s gates are scheduled to open for business at 7:30 a.m. Any recorded barge arrival after 7:30 a.m. is counted as a delay.”<sup>42</sup> Young Brothers’ performance in the twelve-month trailing period shall be compared to this performance standard.<sup>43</sup>

The table below sets forth the Company’s performance standards for this metric and Young Brothers’ 2019 performance.

<b>On-Time Arrival<sup>44</sup></b>	
<b>Performance Standard</b>	<b>YB’s 2019 Performance</b>
75% or higher	78.9%

As shown, the Company met its performance standard for on-time arrivals.

For informational purposes, the Company provides below, YB’s performance in this area for the last four years (i.e., 2016 to 2019).

<b>On-Time Arrival</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	61.7%	73.3%	73.1%	78.9%

<sup>41</sup> See Order No. 33640 at 30-31.

<sup>42</sup> Order No. 33640 at 33 (internal quotations and bracket omitted).

<sup>43</sup> Order No. 33640 at 33.

<sup>44</sup> Pursuant to Order No. 33640, in 2016, YB modified the definition of “arrival” as when the barge is tied up alongside the pier and ready for unloading, and further, eliminated the 15-minute grace period for the determination of “on-time” for 2016 data. Canceled sailings are included in the “total number of sailings annually.”

As discussed above, Young Brothers' continued improvement in this area is a result, in part, of the strict enforcement of cargo cut-off and gate closure times in Honolulu, which improved cargo handling efficiencies, and as a result, improved Honolulu departure times and arrivals at neighbor island ports. In addition, the placement into service of the four higher horse-powered Kapena towing tugs played a significant role in YB's performance.

J. Service: Customer Wait Time for Freight

In Order No. 33640, the Commission adopted the performance metric of customer wait time for freight drop-off and pick-up and the performance standard of 45 minutes or less.<sup>45</sup> Trucker wait time is measured upon entry to the Honolulu yard until exiting the secured gate.<sup>46</sup> Initially, this metric was intended for palletized dry and reefer queues, but has since been expanded to include freight drop-off and pick-up at all ports and for all cargo.<sup>47</sup>

The tables below set forth the Company's performance standard for this metric and Young Brothers' 2019 performance.

Customer Wait Time for Freight - Honolulu		
Cargo Type	Performance Standard <sup>48</sup>	YB's 2019 Performance
Dry Pallet LCL	45 minutes	51 minutes
Refrigerated LCL	45 minutes	37 minutes
Mixed Cargo <sup>49</sup>	45 minutes	43 minutes
Auto/RoRo	45 minutes	49 minutes
Container	45 minutes	29 minutes

<sup>45</sup> Order No. 33640 at 35.

<sup>46</sup> Order No. 33640 at 35-36 (internal quotations omitted).

<sup>47</sup> See Order No. 33640 at 37-38; and Supplemental Submission at 6-23.

<sup>48</sup> As set forth in its 2016 Performance Results, to maintain consistency with the standards established by the Commission for dry LCL and refrigerated LCL at Honolulu, YB proposes the same performance standard of 45 minutes for the additional cargo types. See 2016 Performance Results at 16.

<sup>49</sup> Mixed Cargo consists of dry mixed LCL.



As shown, the Company's performance related to customer wait time in Honolulu met the performance standard for all cargo types, except Dry Pallet LCL and Auto/RoRo.

<b>Customer Wait Time for Freight - Kahului</b>		
<b>Cargo Type</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Dry Pallet LCL	45 minutes	Incomplete
Refrigerated LCL	45 minutes	Incomplete
Mixed Cargo	45 minutes	Incomplete
Auto/RoRo	45 minutes	Incomplete
Container	45 minutes	Incomplete

<b>Customer Wait Time for Freight - Hilo</b>		
<b>Cargo Type</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Dry Pallet LCL	45 minutes	Incomplete
Refrigerated LCL	45 minutes	Incomplete
Mixed Cargo	45 minutes	Incomplete
Auto/RoRo	45 minutes	Incomplete
Container	45 minutes	Incomplete

The Company is missing a few months of data for Kahului and Hilo and cannot provide a twelve-month trailing calculation. The data collection is done by security personnel at each port with supervision by the Port Manager. Due to security personnel turnover and a change in Port Managers, customer wait times were not tracked for a few months. The issue has been addressed and the Company will provide updated customer wait time information for Kahului and Hilo with the end of year update.

<b>Customer Wait Time for Freight - Nawiliwili</b>		
<b>Cargo Type</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Dry Pallet LCL	45 minutes	24 minutes
Refrigerated LCL	45 minutes	22 minutes
Mixed Cargo	45 minutes	24 minutes
Auto/RoRo	45 minutes	28 minutes
Container	45 minutes	33 minutes



As shown, the Company's performance related to customer wait time in Nawiliwili met the standard for all cargo types.

<b>Customer Wait Time for Freight - Kawaihae</b>		
<b>Cargo Type</b>	<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
Dry Pallet LCL	45 minutes	33 minutes
Refrigerated LCL	45 minutes	23 minutes
Mixed Cargo	45 minutes	46 minutes
Auto/RoRo	45 minutes	32 minutes
Container	45 minutes	26 minutes

As shown, the Company met its performance standard on Kawaihae for all cargo types, except for mixed cargo which was missed by one minute.

**K. Service: Caller Wait Time**

In Order No. 33640, the Commission adopted the performance metric of caller wait time. For this performance metric, the Commission adopted "the performance standard of ninety percent (90%) of all calls answered within sixty (60) seconds. Young Brothers' current performance in the twelve-month trailing period shall be compared to this standard.<sup>50</sup>

The table below sets forth the Company's performance standard for this metric and Young Brothers' 2019 performance.

<b>Caller Wait Time</b>	
<b>Performance Standard</b>	<b>YB's 2019 Performance<sup>51</sup></b>
90% of all calls answered within 60 seconds	Incomplete

The Company does not have complete data to provide its most recent twelve-month trailing performance due to a loss of one of two interactive intelligence system servers in

<sup>50</sup> Order No. 33640 at 39.

<sup>51</sup> YB's call response performance is measured using data from its telephone software system.

October 2018. At the time, the Company relied on two servers, a primary and a secondary, to store phone system data. Unbeknownst to the Company, and for yet unknown reasons, the two servers were not synchronizing, or mirroring, the data as they should have been, and the designated secondary server was mistakenly operating as the primary server. In October 2018, Young Brothers' data center operator notified the Company that the designated secondary server was facing imminent failure. As a result, the Company had to decommission the designated secondary server and rely solely on the designated primary server. However, because the data from the designated secondary server, which was acting as the primary server, was not accessible and was not synching with the surviving server, the phone system data from September 2018 to March 2019 was lost.

To correct this issue, Young Brothers upgraded and hardened its phone systems with a new cloud-based system in April 2019. At the present time, the Company's incomplete data includes only three of the most recent twelve trailing months. Accordingly, the Company will provide updated data with the year-end update.

L. Service: Customer Dropped Calls

In Order No. 33640, the Commission adopted "the performance metric of customer dropped calls which are the calls that are not answered by the company before the caller hangs up."<sup>52</sup> For this performance metric, the Commission adopted "the performance standard of a dropped call ratio of 5% or less. Young Brothers' current performance in the twelve-month trailing period shall be compared to this standard."<sup>53</sup>

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<sup>52</sup> Order No. 33640 at 39 (quotations and footnote omitted).

<sup>53</sup> Order No. 33640 at 39-40 (quotations and footnote omitted).

The table below sets forth the Company's performance standard for this metric and Young Brothers' 2019 performance.

<b>Customer Dropped Calls</b>	
<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
5% or less	Incomplete

For the same reasons as discussed in Section K (Service: Caller Wait Time), the Company does not have complete data to provide its most recent twelve-month trailing performance, and will provide an update with the year-end update.

**M. Service: Completed Sailings**

In Order No. 33640, the Commission adopted the performance metric of completed sailings, and adopted a performance standard of 99% completion of YB's scheduled and regulated round-trip sailings.<sup>54</sup> Young Brothers' current performance in the twelve-month trailing period shall be compared to this performance standard.<sup>55</sup>

The table below sets forth Young Brother's performance standard for this metric and YB's 2019 performance.

<b>Completed Sailings<sup>56</sup></b>	
<b>Performance Standard</b>	<b>YB's 2019 Performance</b>
99% or higher	96.8%

As shown, the Company's performance related to completed sailings did not meet the performance standard of 99%.

<sup>54</sup> See Order No. 33640 at 40-41.

<sup>55</sup> See Order No. 33640 at 41.

<sup>56</sup> To determine the percentage of completed sailings, the number of regularly scheduled round trip sailings that YB completes is divided by the total of YB's scheduled and regulated round-trip sailings in that same period. Sailings that were rescheduled to a different time and/or date are counted as completed.

The Company's inability to meet the performance standards was caused, in large part, by difficulties in accessing neighbor island ports in August and September of 2018 due to hurricanes and storm-caused high surf. For example, Hurricane Lane, which caused hurricane watches and warnings for every island in the State, also caused cancellations of YB sailings when it reached category 5 status on August 22, 2018, to the south of Hawaii Island and produced record levels of rainfall over the next four days as it slowly moved north towards Oahu. Less than a month later, Hurricane Olivia, which was the first tropical cyclone in recorded history to make landfall on Maui and Lanai, caused tropical storm watches to be issued for the Counties of Hawaii, Oahu, and Maui on September 10, 2018, and cancellations of YB sailings for the next two days. The tables below show all cancelled sailings due to these two hurricanes.

Hurricane Lane Cancellations	
August 21	Hilo
August 22	Kahului
August 23	Kahului, Kawaihae, Nawiliwili,
August 24	
August 25	Hilo
August 26	Kaunakakai, Kaunapau

Hurricane Olivia Cancellations	
September 10	Kahului
September 11	Kaunapau, Hilo
September 12	Kaunakakai

In addition to hurricane-caused cancellations, three sailings to Kaunakakai and Kaunapau were cancelled over the course of eight days in December 2018 due to high seas and inclement weather.

While YB understands that failing to make these scheduled sailings may create difficulties for customers on the neighbor islands, the safety of the YB's employees, as well as the cargo, vessels, and piers, is of paramount importance. When these cancellations occur,



Young Brothers does everything within its powers, including providing catch-up sailings, to mitigate any inconvenience to customers.

For informational purposes, the Company provides below, YB's performance in this area for the last four years (i.e., 2016 to 2019).

Completed Sailings	2016	2017	2018	2019
	99.4%	99.8%	97.3%	96.8%

N. Service: Cargo Insurance Loss Ratio

In Order No. 33640, the Commission adopted the performance metric of cargo insurance loss ratio. For this performance metric, the Commission instructed YB "to establish a performance metric of cargo insurance loss ratio, which is the dollar amount of cargo-damage claims paid, divided by the insurance premiums collected [from customers]. The performance standards shall be Young Brothers' (a) three-year average of its cargo insurance loss ratio, and (b) three-year average of the number of cargo-damage claims. Young Brothers' performance in the twelve-month trailing period shall be compared to these standards."<sup>57</sup>

The table below sets forth the Company's performance standards for this metric (i.e., average of YB's 2016, 2017, and 2018 data) for both cargo insurance loss ratio and number of cargo-damage claims, as well as Young Brothers' 2019 performance.

Cargo Insurance Loss Ratio		
Description	Performance Standard	YB's 2019 Performance
Cargo Insurance Loss Ratio	20.7% or lower	19.0%
Cargo Damage Claims <sup>58</sup>	437 or lower	404 claims

<sup>57</sup> Order No. 33640 at 42.

<sup>58</sup> The number of cargo damage claims reflects only those damage claims that have been approved and paid, and excludes denied claims.

As shown, the Company's performance related to its cargo insurance loss ratio and cargo damage claims met the applicable performance standards.

For informational purposes, the Company also provides below, YB's performance in this area for the last four years (i.e., 2016 to 2019), which includes the period from which the three-year averages were derived.

<b>Cargo Insurance Loss Ratio</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Cargo Insurance Loss Ratio	22.6%	17.7%	21.8%	19.0%
Cargo Damage Claims	486	421	405	404