

Honolulu, Hawaii

MAY 01 2026

RE: S.B. No. 2694
S.D. 2
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2694, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO WATER CARRIERS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Require the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors sua sponte or on application by a water carrier;
- (2) Require the Public Utilities Commission to establish a water carrier inflationary cost index automatic adjustment mechanism; and



- (3) Authorize the Public Utilities Commission to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Act.

Your Committee on Conference finds that water carriers in the State face ongoing economic pressures, including inflation, rising operational costs, and regulatory lag associated with traditional rate case proceedings. The time taken to determine water carrier rate cases can result in long periods with no rate adjustments followed by a sudden large rate increase for consumers. Your Committee on Conference notes that increases to water carrier tariffs present particular challenges for neighbor islands that rely on shipping transportation and freight for essential goods and supplies. Your Committee on Conference further notes that certain water carriers in the State have undertaken to provide ongoing logistical support to neighbor islands and ensure they are able to retain access to critical shipping transportation and freight services while closely managing cost increases. In particular, because of the reduction in weekly sailings serving Molokai from two to one, Young Brothers has committed to finding solutions for all businesses, positioning refrigerated containers in the port at Young Brothers' expense to store cold and frozen items, and working with the local community on Molokai to ensure that the right solutions and better logistics are delivered. This measure establishes a structured framework for automatic adjustment mechanisms to provide certainty and stability for water carrier rates, while requiring periodic review through a three-year cycle to ensure continued regulatory oversight.

Your Committee on Conference has amended this measure by:

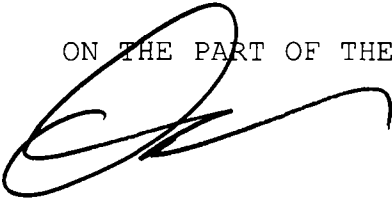
- (1) Inserting language that requires the Public Utilities Commission to apply automatic adjustment mechanisms beginning July 1, 2026, through June 30, 2029, subject to certain requirements;
- (2) Inserting language that authorizes the Public Utilities Commission to apply automatic adjustment mechanisms beginning July 1, 2029, through June 30, 2033, subject to certain requirements;
- (3) Inserting an effective date of July 1, 2026, and a repeal date of July 1, 2033; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2694, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2694, S.D. 2, H.D. 2, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE



DARIUS KILA
Co-Chair



SCOT Z. MATAYOSHI
Co-Chair



CHRIS TODD
Co-Chair

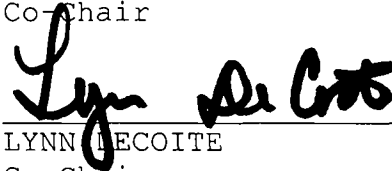
ON THE PART OF THE SENATE



JARRETT KEOHOKALOLE
Chair



LORRAINE R. INOUE
Co-Chair



LYNN DECOITE
Co-Chair



Hawai'i State Legislature

Record of Votes of a Conference Committee

CR 232-26

Bill / Concurrent Resolution No.: SB 2694, SD 2, HD 2					Date/Time: 5/1/26 2:10PM				
☒ The recommendation of the House and Senate managers is to pass with amendments (CD).									
☐ The Committee is reconsidering its previous decision.									
☐ The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					☐ The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
KEOHOKALOLE, Jarrett, Chr.	✓	✓			KILA, Darius K., Co-Chr.	✓			
INOUE, Lorraine R., Co-Chr.	✓	✓			MATAYOSHI, Scot Z., Co-Chr.	✓			
DECOITE, Lynn, Co-Chr.	✓	✓			TODD, Chris, Co-Chr.	✓			
LAMOSAO, Rachele	✓	✓			PIERICK, Elijah				✓
AWA, Brenton	✓								
TOTAL	5	-	-	-	TOTAL	3	-	-	1
A = Aye WR = Aye with Reservations N = Nay E = Excused									
Senate Recommendation is: ☒ Adopted ☐ Not Adopted					House Recommendation is: ☒ Adopted ☐ Not Adopted				
Senate Lead Chair's or Designee's Signature: 					House Lead Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency									