

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Consumer Protection and Commerce  
Thursday, April 9, 2026  
2:00 p.m.  
Via Videoconference**

**On the following measure:  
S.B. 2694, S.D. 2, H.D. 1, Proposed H.D. 2, RELATING TO WATER CARRIERS**

Chair Matayoshi and Members of the Committee:

My name is Michael Angelo, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to: (1) require the Public Utilities Commission (Commission) to establish automatic adjustment mechanisms to address economic factors sua sponte or on application by a water carrier; (2) require the Commission to establish a water carrier inflationary cost index automatic adjustment mechanism; (3) authorize the Commission to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Act; and (4) insert a sunset date of 7/1/2029.

The Department focuses its comments on the component of the legislation requiring that the Commission establish a water carrier inflationary cost index (WICI) automatic adjustment mechanism, for each water carrier no later than July 1, 2026.

While the Department understands the intent of this bill is to support the water carrier industry which plays a crucial role in sustaining each island's economy and community and the Department recognizes that any disruptions in intrastate water carrier services present significant hardships to customers, especially for communities on the neighbor islands, the Department has significant concerns that requiring the Commission to establish the WICI would result in unnecessarily burdening customers with increasing rates on an annual basis without the opportunity to evaluate whether a water carrier has undertaken steps to sufficiently control its costs and operate more efficiently.

To that point, the Commission recently considered whether establishing a WICI for Young Brothers, LLC (YB) was in the public's interest in YB's most recent rate case in Docket No. 2024-0255. The Commission issued its decision in that case on November 17, 2025, approving a rate increase of \$26,085,252, or approximately 25.75%, over previous permanent rates for YB while, among other matters, denying YB's request to establish a WICI. In so doing, the Commission specifically stated that such an adjustment mechanism could be revisited at an appropriate time. The Commission articulated that in establishing any type of automatic rate adjust mechanism YB must first demonstrate that it is prudently operating its business, including managing its expenses and debt, and maximizing operational efficiencies. The Commission noted that without such a demonstration, the automatic rate adjustment mechanism may inadvertently serve to offset inefficiencies in other areas and mask shortcomings in YB's operations, to the detriment of customers who ultimately bear these higher costs. The Department fully agrees with the Commission on this matter.

Additionally, for further context, the Department notes that the Commission already attempted to implement certain regulatory programs that are similar to the mechanism proposed in this bill with the intention of providing the regulated water carrier with flexibility that would allow the water carrier to gradually re-balance its rates so that the rates for less than container load service would better match the cost of providing that service. This flexibility was granted in a zone of reasonableness program, as well as an annual freight rate adjustment program. After the water carrier used both programs to raise rates for all customers as well as file general rate increases to further increase rates, the

Commission terminated both regulatory flexibility programs because they were not being used for their intended purposes.

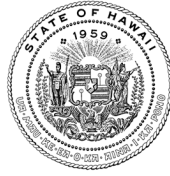
Notwithstanding the above, the Department appreciates the amendment made to the measure exempting customers eligible for preferential agricultural water rates under Hawaii Revised Statutes § 269-26.5 from automatic rate increases that would be enabled through the adjustment mechanism.

In summary, the Department offers that it is premature to require the Commission to enable any automatic rate adjustment through this bill without first gaining a better understanding of, and potentially improving upon, the water carrier's business model as well as its ability to enact and implement cost control measures. And, rather than through a bill, such a mechanism should be established after careful review of YB's operations and processes for efficiencies in a Commission proceeding.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



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## Testimony of the Public Utilities Commission

To the  
House Committee on  
Consumer Protection & Commerce

Thursday, April 9, 2026  
2:00 p.m.

Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

**Measure:** S.B. No. 2694, S.D. 2, Proposed H.D. 2  
**Title:** RELATING TO WATER CARRIERS.

### Position:

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

### Comments:

The Commission appreciates the intent of this measure to address annual inflation and regulatory lags water carriers may experience by establishing a Water Carrier Inflationary Cost Index (“WICI”) automatic adjustment mechanism<sup>1</sup>. As the Committee contemplates the advancement of this measure, the Commission offers the following comments and amendments.

Over the past five years, the two regulated water carriers in the State, Young Brothers and Hone Heke, have filed various applications with the Commission for general rate increases, financing, and automatic adjustment mechanisms. In 2024, Young Brothers included a request for approval of a WICI within their most recent rate case, which was eventually denied.<sup>2</sup> Given Young Brothers’ extraordinary financial situation at the time, the Commission decided that it was not reasonable to allow automatic rate adjustments

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<sup>1</sup> The Commission notes that discussions of an automatic adjustment mechanism for water carriers in the State was reflected in the final report of the Hawaii Water Carriers Working Group (“HWCWG”). The HWCWG was formed as a result of Senate Resolution Number 125, Senate Draft 1, 2020 Legislative Session.

<sup>2</sup> Docket No. 2024-0255, 2025 Test Year Rate Case.

without Commission review. Nevertheless, the Commission did grant Young Brothers a final rate increase of 25.75% over previously approved rates.

As such, the Commission offers the following amendments to the measure.

Page 1, Line 6-7, additions in bold, deletions in strike:

The commission ~~shall~~**may** establish automatic adjustment mechanisms for water carriers subject to this chapter to address inflation,

Page 1, Line 14-17, additions in bold, deletions in strike:

(b) **After**~~By~~ July 1, 2026, the commission ~~shall~~**may** establish a water carrier inflationary cost index automatic adjustment mechanism for each water carrier of property. The mechanism shall:

Page 2, Line 8-9, addition in bold and underline:

(c) Beginning on July 1, 2026, **after approval by the commission,** the mechanism shall be applied at an ongoing, repeating three-year cycle, as follows:

The Commission appreciates that the current measure, as amended, provides the Commission the flexibility and discretion in establishing an automatic adjustment mechanism for regulated water carriers.

Thank you for the opportunity to testify on this measure.



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**The Thirty-Third Legislature  
House Committee on Consumer Protection and Commerce  
Thursday, April 9, 2026  
Conference Room 329  
2:00 p.m.**

TO: The Honorable Scot Matayoshi, Chair  
FROM: Keali'i S. López, State Director  
RE: Comment on S.B. 2694, SD2, HD1 Relating to Water Carriers

Aloha Chair Matayoshi and Members of the Committee:

My name is **Keali'i López**, and I serve as the State Director of **AARP Hawai'i**, representing more than **135,000 members statewide**. Thank you for the opportunity to comment on **S.B. 2694, SD2, HD1**. AARP is a nonprofit, nonpartisan organization dedicated to **empowering people age 50 and older to choose how they live as they age**. Central to that mission is **protecting consumers, especially older adults on fixed incomes from automatic cost increases that reduce affordability and weaken oversight**.

S.B. 2694, SD2, HD1 would require the Public Utilities Commission (PUC) to approve automatic annual rate increases for water carriers of property, tied to Dept of Transportation Harbors wharfage rate adjustments, for two out of every three years, with increases capped at up to 5% per year, and without requiring a full rate case review.

**AARP Hawai'i offers the following comments:**

**1. Automatic rate mechanisms warrant careful consideration.**

AARP generally approaches automatic rate adjustment mechanisms with caution because they can shift financial risk to consumers and reduce opportunities for thorough, transparent cost review. Older adults especially those living on fixed incomes, are particularly vulnerable to recurring price increases across essential goods and services.

**2. Full rate case reviews are essential for transparency and consumer protection.**

Rate cases ensure that requested cost increases are justified, reasonable, tied to prudent expenditures, and accompanied by demonstrated efforts to improve efficiency.

Reducing the frequency of these reviews may limit regulator’s ability to verify that carrier operations are cost-effective and that consumers are not paying for unnecessary or avoidable expenses.

AARP agrees with the Department of Commerce and Consumer Affairs (DCCA), which stated in comments on a related measure:

“It is premature to enable any automatic rate adjustment through this bill without first gaining a better understanding of, and potentially improving upon, the water carrier’s business model as well as its ability to enact and implement cost control measures. And, rather than through a bill, such a mechanism should be established after careful review of YB’s operations and processes for efficiencies in a Commission proceeding.” (DCCA testimony on HB 2386)

AARP aligns with DCCA’s call for evaluating efficiencies before implementing automatic adjustments. AARP supports this approach, which places transparency, operational review, and consumer protection at the forefront of any future rate adjustment mechanism.

AARP Hawai’i appreciates the opportunity to provide comments on S.B. 2694, SD2, HD1. We respectfully urge the Committee to ensure that any changes to water carrier rate-setting processes preserve strong oversight, transparency, and consumer protection, particularly for older adults and residents who are most sensitive to increases in the costs of essential goods.

Mahalo for your consideration and for your ongoing commitment to safeguarding Hawai’i consumers.



Testimony in **SUPPORT** for SB 2694 SD2 HD2, Relating to Water Carriers

House Committee on Consumer Protection & Commerce  
April 9, 2026

Aloha Chair Matayoshi, Vice Chair Grandinetti, and members of the committee,

The Hawaii Harbors Users Group is in strong support of the proposed SB 2694 SD2 HD2 draft, relating to water carriers.

This bill is a critical step toward ensuring the financial sustainability and operational stability of Hawai'i's interisland shipping transportation sector. Our state depends on a reliable and efficient hub-and-spoke intrastate water carrier system to move goods, supplies, and essential resources between our island communities. Each aspect of the supply chain is vital to our state's economy. However, without a modernized regulatory framework, intrastate carriers of passengers and property are forced to navigate an outdated rate-setting process that does not timely account for inflationary pressures or the rising costs of operation. Establishing a Water Carrier Inflationary Cost Index Mechanism will provide much-needed predictability and transparency, allowing carriers to continue serving our island communities without disruption, and offers a more incremental approach to adjusting intrastate rates, helping local families and businesses absorb cost increases over time and ensuring that rates keep up with rising costs.

The Water Carrier Working Group, convened under Senate Resolution No. 125, SD1 (2020), has studied the challenges facing our interisland shipping sector and identified regulatory lag as a primary issue. The current ratemaking process does not facilitate rate adjustments in a timely manner, making it difficult to respond to rising costs and market fluctuations due to increased competition. This bill provides the Public Utilities Commission with the necessary flexibility and authority to grant waivers and adopt cost-adjustment mechanisms, ensuring that our interisland water carriers remain financially viable while continuing to provide safe, efficient, and affordable service to all businesses and residents. Without these changes, our supply chain will face increasing strain, potentially leading to service reductions and higher long-term costs for consumers.

Mahalo for the opportunity to testify in strong support of this bill.



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April 9, 2026

HEARING BEFORE THE  
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

**TESTIMONY ON SB 2694, Proposed HD2  
RELATING TO WATER CARRIERS**

Conference Room 329 & Videoconference  
2:00 PM

Aloha Chair Matayoshi, Vice-Chair Grandinetti, and Members of the Committee

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau offers comments on SB 2694, Proposed SD1.**

Interisland shipping is one of the most significant cost drivers for Hawai'i's agricultural producers. Farmers must ship essential inputs such as feed, fertilizer, equipment, and packaging materials, as well as transport finished products to market. The reliability and stability of these services are essential to maintaining local food production. However, most producers are price takers and cannot pass increased transportation costs on to consumers.

HFB appreciates Young Brothers' Island Agricultural Product shipping discount, which provides reduced shipping rates for locally grown agricultural products. That program has been meaningful for many producers. However, increases in base shipping rates can quickly offset or diminish the benefits of those discounts, particularly for small and neighbor-island farmers operating on thin margins.

HFB appreciates the inclusion of language in the Proposed HD2 that exempts customers eligible for preferential agricultural water rates from the automatic adjustment mechanism. This provision recognizes the unique cost pressures facing Hawai'i's agricultural producers and provides an important safeguard for the State's farming community.

HFB also recognizes the importance of maintaining a stable and financially viable interisland shipping system. Young Brothers continues to face rising operational costs, and policies that provide regulatory clarity and predictability are important to ensuring continuity of service across the islands.

At the same time, interisland shipping costs affect a wide range of businesses and industries, including those that support agricultural operations. Inputs, materials, and services that are essential to farming may still be subject to broader rate increase impacts. HFB remains mindful of these considerations and the concerns raised by other stakeholders.

HFB values the longstanding partnership between the agricultural community and Young Brothers and appreciates the Legislature's continued efforts to balance these important interests.

Thank you for the opportunity to provide testimony.

April 9, 2026, 2 p.m.  
Hawaii State Capitol  
Conference Room 329 and Videoconference

**To: House Committee on Consumer Protection & Commerce**  
**Rep. Scot Z. Matayoshi, Chair**  
**Rep. Tina Nakada Grandinetti, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: TESTIMONY OPPOSING THE PROPOSED HD2 FOR SB2694 — RELATING TO WATER CARRIERS

Aloha Chair, Vice Chair and other Committee Members,

The Grassroot Institute of Hawaii **opposes** [SB2694](#) proposed HD2, which would allow automatic price adjustments for water carriers.

Ideally, local water carriers would operate in an open market and be able to respond to changing conditions in a competitive context. However, interisland shipping in Hawaii is not an open market, and the Public Utilities Commission must act as a check on escalating shipping costs. At present, the PUC's role exists in part to address the concerns of local businesses and consumers regarding shipping rates.

Under the circumstances, automatic price increases would be harmful to local businesses and could contribute to the ever-rising cost of living and price of doing business in Hawaii. While the system as a whole might need reform, automatic price increases are not the answer.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



# Hawai'i Island Chamber of Commerce

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## **Testimony to the House Committee on Consumer Protection and Commerce**

**Representative Scot Z. Matayoshi, Chair,  
Representative Tina Nakada Grandinetti, Vice Chair**

**Thursday, April 9, 2026 at 2:00 PM**

### **RE: SB 2694 SD2 HD1 Relating to Water Carriers - OPPOSE**

Aloha e Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

On behalf of the Hawai'i Island Chamber of Commerce, representing more than 350 businesses and individual members primarily on the east side of Hawai'i Island, we respectfully submit testimony in opposition to SB 2694 SD2 HD1.

While we recognize the essential role water carriers play in our island economy, this bill would institutionalize automatic rate increases without requiring transparency, cost verification, or improvements in service. Such a structure risks driving continual cost escalation across Hawai'i's supply chain, increasing prices on essential goods like food and construction materials.

Neighbor island businesses already face some of the highest shipping costs in the state, often compounded by routing through Honolulu. Automatically raising rates without addressing inefficiencies will further burden local producers, limit market access, and hinder economic growth, particularly in food distribution and manufacturing.

At a time when our communities are grappling with housing challenges, food insecurity, and rising costs of living, this measure moves us in the wrong direction. We strongly urge the Legislature to prioritize accountability and performance-based solutions that protect businesses and consumers.

Mahalo for the opportunity to testify. Enclosed is a letter requesting a pause on this legislation, submitted by our Chamber and 10 other organizations from across the state.

Sincerely,

Carla Kuo  
Executive Officer  
Hawai'i Island Chamber of Commerce



## Interisland Shipping Costs Matter: Why Water Carrier Legislation Deserves a Pause

Currently, two bills relating to water carriers in the Hawai'i State Legislature, Senate Bill 2694 and House Bill 2386, are moving forward, raising awareness and growing concern for businesses and community organizations.

### Higher Costs

Access to affordable goods in Hawai'i is directly tied to interisland shipping costs. When shipping rates rise, the cost of food, housing materials, and everyday necessities increases across all islands, placing additional strain on families and businesses.

In November 2025, the Public Utilities Commission (PUC) approved a **25.75% rate increase** for Young Brothers, the state's primary interisland water carrier, effective January 1, 2026. Businesses and residents are adjusting to this substantial increase while already managing one of the highest costs of living in the nation.

### Respect for the Regulatory Process

In November 2025, the PUC approved the rate increase for Young Brothers but denied their request for a Water Carrier Inflationary Cost Index (WICI), which would have allowed automatic annual rate adjustments. The PUC also imposed strict oversight conditions and prohibited additional rate increases for at least two years.

We are concerned that this legislation could enable automatic rate adjustments as early as July 1, 2026, within the same year as a substantial increase took effect. Additionally, the PUC determined that such a mechanism was not appropriate at this time. We believe it's essential to respect the regulatory process and to allow businesses and consumers the two-year pause as promised.

### Uncertainty Still Exists

House Bill 2386 allows automatic adjustments in years one and two, tied to economic indicators such as inflationary pressures and changes in wharfage rates. In the current draft, HB 2386 HD2 SD1, the percentage has not been specified. In year three, the water carrier may apply for a rate adjustment subject to regulatory review. This is an ongoing,



repeating three-year cycle. If the goal is predictability, uncertainty still exists because the third-year adjustment is not predetermined and could be substantially higher.

### **Requesting a Pause**

As these bills move through the legislature, amendments are producing varied iterations. The consequences of this legislation warrant careful analysis. The urgency of these measures is concerning, particularly following the substantial rate increase that took effect on January 1, 2026. There is no need to rush this legislation.

We request that the legislature pause to allow for a more thoughtful evaluation of the long-term impacts of this legislation on businesses, families, and the overall cost of living in Hawai'i.

Sincerely,

Mitchell Dodo, President, Japanese Chamber of Commerce & Industry of Hawaii  
Jacqui Hoover, Executive Director & COO, Hawaii Island Economic Development Board & President, Hawaii Leeward Planning Conference  
Carla Kuo, Executive Officer, Hawaii Island Chamber of Commerce  
Wendy Laros, President & CEO, Kona-Kohala Chamber of Commerce  
Sheryl Matsuoka, President & CEO, Hawaii Restaurant Association  
Ray Michaels, Chairman of the Advisory Board, Construction Industry of Maui  
Rick Nava, West Maui Taxpayers Association  
Kiran Polk, Executive Director & CEO, Kapolei Chamber of Commerce  
Pamela Tumpap, President, Maui Chamber of Commerce  
Lauren Zirbel, President & Executive Director, Hawaii Food Industry Association



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With  
Aloha

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April 7, 2026

Representative Scot Z. Matayoshi, Chair  
Representative Tina Nakada Grandinetti, Vice Chair  
Members of the Committee on Consumer Protection & Commerce

**Re: SB2694 SD2 HD1 Proposed HD2 Relating to Water Carriers**

Aloha Chair Matayoshi, Vice Chair Grandinetti, and members of the committee, My name is John Mark Mageo, and I am the Employee Relations and Government Affairs Manager for ABC Stores, a Hawai'i-based retailer serving residents and visitors statewide. We respectfully submit this testimony in **opposition to SB2694 SD2 HD1 Proposed HD2**.

While we recognize the importance of maintaining a reliable and financially viable interisland shipping system, the Proposed HD2 would require the commission to establish automatic adjustment mechanisms (AAMs) for water carriers to address inflation, regulatory lag, and other economic factors. It also directs the commission to establish, by July 1, 2026, a water carrier inflationary cost index AAM tied to annual changes in Department of Transportation Harbors Division wharfage rates, capped at five per cent per year, with adjustments applied annually in years 1 and 2 of a repeating three-year cycle.

From a shipper, retailer, and consumer perspective, our central concern is cost to the public. Even with a five per cent cap, automatic, recurring increases tied to harbor wharfage costs can compound and quickly show up in shelf prices, especially for food and other essentials that must be shipped to every island. These pass-through costs hit working families and small businesses first, and they are hardest to absorb in a high cost-of-living state. The bill does require that, in the third year of the three-year cycle, regardless of whether the water carrier is seeking any rate changes for the transportation of property, the water carrier shall submit an application with the rates, fares, or charges for the transportation of property that the water carrier proposes to be effective in the third year of the three-year cycle. The application shall be subject to the review and process requirements for a standard rate increase application under subsections 271G-17(d) and (e). However, in years one and two, the mechanism would apply annually outside a full general rate case record, limiting meaningful opportunities to challenge whether the increases are justified or being efficiently managed.

Rather than expanding automatic adjustment mechanisms, ABC Stores urges the Legislature to pursue more balanced and targeted solutions, ones that address legitimate carrier cost pressures while preserving meaningful regulatory review, transparency, and stakeholder participation. We are also concerned that broad authority allowing the commission to waive or exempt a water carrier from requirements of the Hawaii Water



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Carrier Act could further reduce predictability and consumer protections unless clear standards and reporting are established.

For these reasons, while we acknowledge elements of the proposed HD2 that may improve structure and predictability, ABC Stores respectfully opposes SB2694 SD2 HD1 Proposed HD2 and urges the Committee to add additional consumer and shipper guardrails before advancing the measure, including enhanced disclosure of AAM calculations, clear limitations on pass-through items, opportunities for public input on annual filings, and a formal evaluation of outcomes prior to the July 1, 2029 sunset. We also note the bill's delayed effective date of July 1, 2050, and respectfully request clarity on the intended implementation timeline and oversight approach.

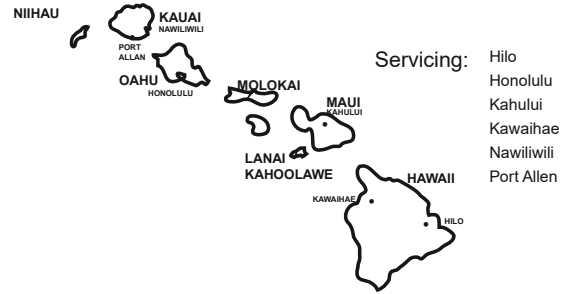
Mahalo,

John Mark Mageo  
Employee Relations and Government Affairs Manager  
ABC Stores

# HAWAII PILOTS ASSOCIATION

P.O. Box 721 • Honolulu, Hawaii 96808

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April 7, 2026

## House Committee on Consumer Protection and Commerce

Representative Scot Z. Matayoshi, Chair

Representative Tina Nakada Grandinetti, Vice Chair

## RE: SB 2694, Proposed HD 2 – RELATING TO WATER CARRIERS

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committees:

Mahalo for the opportunity to submit testimony in support of SB 2694, Proposed HD 2.

I am Sinclair Brown, a Harbor Pilot for Hawaii Pilots Association, writing to express strong support of the above measure. Hawaii Pilots Association (HPA) is dedicated to providing safe, reliable and efficient pilotage services for all commercial ports throughout the Hawaiian Islands. Similarly, HPA also recognizes that YB is the only maritime shipping company authorized to safely, frequently and reliably transport freight between the major island ports on a weekly basis. Thus, without timely and adequate rate relief, interisland commerce may be in jeopardy.

Maritime organizations like HPA across the state rely on Young Brothers to fulfill their vital work in service of the island communities they serve. When Young Brothers can operate in a way that is financially sustainable, the Pilots benefit from the strengthened supply chain and the company's ability to safely and reliably transport cargo between the island communities as well as to support the Pilots when necessary. HB 2386 creates a more incremental and structured approach to setting shipping rates, with greater transparency about when and how they will change. Capped annual adjustments, with regular rate reviews, are a common-sense, customer-centric approach to ensuring shipping rates stay in sync with cost increases to provide the service. It would also ensure that Young Brothers can maintain the interisland shipping services our state needs.

Mahalo,

Sinclair Brown

Harbor Pilot / Hawaii Pilots Association

April 7, 2026

**House Committee on Consumer Protection and Commerce**

Representative Scot Z. Matayoshi, Chair

Representative Tina Nakada Grandinetti, Vice Chair

**RE: SB 2694, Proposed HD 2 – RELATING TO WATER CARRIERS**

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committees:

Mahalo for the opportunity to submit testimony in support of SB 2694, Proposed HD 2.

Goodwill Hawaii is a 501(c)(3) non-profit charity that helps people with employment barriers to reach their full potential and become self-sufficient. Since 1959, we have provided job placement, career development, education, training, employment, and support services for people throughout the state. Thousands of Hawaii residents each year benefit from our services and have found employment in our community.

Young Brothers has been a valued partner to Goodwill Industries, consistently demonstrating a deep commitment to our mission and the communities we serve. Through sponsorship and volunteer contributions, Young Brothers has helped support critical programs that provide job training, employment placement, and essential services to individuals facing barriers to employment.

Nonprofit organizations across the state — particularly those on the neighbor islands — rely on Young Brothers to fulfill their vital work in service of the communities they serve.

When Young Brothers can operate in a way that is financially sustainable, nonprofits like us benefit from the strengthened supply chain and the company's ability to give back through financial and gratis shipping to support our mission and the positive impact we have.

This measure creates a more incremental and structured approach to setting shipping rates, with greater transparency about when and how they will change. Capped annual adjustments, with regular rate reviews, are a common-sense, customer-centric approach to ensuring shipping rates stay in sync with cost increases to provide the service. It would also ensure that Young Brothers can maintain the interisland shipping services our state needs and support our mission and the work of countless other community service organizations.

The additional transparency about the process and what to expect helps nonprofits and businesses plan for the future. That is critically important when many nonprofits' budgets rely on grants and other funding sources that were secured based on information provided months or years earlier.

Mahalo,



Katy Chen

President & CEO

**DONATE STUFF. CREATE JOBS.**



**GOODWILLHAWAII.ORG**



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**Maile Miyashiro**, C&S Wholesale, *Immediate Past Chair*

TO: Committee on Consumer Protection and Commerce

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: April 9, 2026

TIME: 2pm

RE: SB2694 SD2 proposed HD2 Relating to Water Carriers

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

Aloha Chair, Vice Chair, and Members of the Committee,

HFIA has serious concerns with the proposed draft of this measure and its potential impact on Hawai'i's cost of living. Interisland shipping is a core driver of the price of food, housing, and everyday goods across our state. Any policy that increases or accelerates cost pressures in this system will be felt immediately by families and small businesses. At a time when residents are already facing high costs, recovering from recent flooding events, and anticipating rising fuel surcharges due to global conditions, additional increases—whether direct or indirect—will further strain household budgets. These fuel surcharges are separate from base rates and are already expected to push costs higher in the near term.

There is no urgency to pass this measure at this time. The Hawaii Public Utilities Commission recently approved a significant rate increase and has appointed a special



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**Executive Officers**

**Kit Okimoto**, Okimoto Corp., *Chair*

**Jayson Watts**, Mahi Pono, *Vice Chair*

**Jill Tamura**, Tamura Super Market, *Secretary/Treas.*

**Lauren Zirbel**, HFIA, *President and Executive Director*

**Paul Kosasa**, ABC Stores, *Advisor*

**Toby Taniguchi**, KTA Superstores, *Advisor*

**Joe Carter**, Coca-Cola Bottling of Hawaii, Odom, *Advisor*

**Eddie Asato**, Pint Size Hawaii, *Advisor*

**Gary Okimoto**, Safeway, *Advisor*

**Maile Miyashiro**, C&S Wholesale, *Immediate Past Chair*

overseer to monitor financial and operational performance, with clear expectations for improved accountability and stability. That process is actively underway and should be given time to work before additional policy changes are considered. Given the potential for unintended consequences and increased costs, HFIA respectfully recommends deferring this measure and allowing for further evaluation during the interim in collaboration with regulators, industry, and community stakeholders.

Mahalo for the opportunity to provide testimony.



## Japanese Chamber of Commerce & Industry of Hawaii

April 8, 2026

Via Hawaii State Legislature Portal

House Committee On Consumer Protection  
State Capitol  
Honolulu, HI 96813

**ATTN: Testimony Submittal on SB2694 SD2 HD1 - OPPOSE**  
**Hearing: Thursday, April 9, 2026 at 2:00 pm**

Dear Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

I provide this testimony **IN OPPOSITION TO HB2386 RELATING TO WATER CARRIERS** on behalf of the Japanese Chamber of Commerce & Industry of Hawai'i (JCCIH). JCCIH's mission is "[t]o promote the well-being of our community through business and personal relationship" and we have been representing the interests of our 300+ business and individual members through education and advocacy. As President of JCCIH, our members prioritize Economic Development and Infrastructure, among other issues. One of JCCIH's priorities is:

***Infrastructure:***

*We support committing **financial investments** that address our island's current and future energy, waste management, water, transportation, and broadband infrastructure.*

The proposed legislation seeks to establish a "water carrier inflationary cost index automatic adjustment mechanism for each water carrier of property" that will automatically adjust rates WITHOUT HEARING before the Public Utilities Commission ("PUC").

Our members have expressed the following concerns:

The automatic nature of the proposed inflation-based rate adjustment does not hold the regulated water carriers accountable to operate in an efficient and cost-effective manner. The application process before the PUC allows scrutiny and oversight that would be lost with an automatic price hike tied to inflation.

Pegging automatic increases to inflation does not make sense. Some of the major cost drivers may not necessarily move with inflation. Fuel cost is a major component of the cost of shipping. And that doesn't move with inflation. Labor costs are tied loosely to inflation, but it

seems to be more aligned with whenever the carriers negotiate labor agreements with the unions. It seems that rate setting SHOULD depend in large part on the carriers' investment in physical assets (barges, etc) so that automatic increases in the rates would provide a larger return on physical assets for which expenditures have already been made than is justified.

We believe the current method of having water carriers apply for rate changes with the PUC will produce a more justifiable means of establishing rate adjustments. Allowing the current PUC application process to continue will also allow more public participation and scrutiny that should provide a level of accountability and transparency that will benefit all parties.

Finally, there is **NO URGENCY** to pass this measure at this time. The Hawaii Public Utilities Commission recently approved a *significant rate increase* and has appointed a special overseer to monitor financial and operational performance, with clear expectations for improved accountability and stability. That process is actively underway and should be given time to work before additional policy changes are considered. Given the potential for unintended consequences and increased costs, **JCCIH RESPECTFULLY RECOMMENDS DEFERRING THIS MEASURE AND ALLOWING FOR FURTHER EVALUATION DURING THE INTERIM IN COLLABORATION WITH REGULATORS, INDUSTRY, AND COMMUNITY STAKEHOLDERS.**

**We therefore OPPOSE this bill and urge the Committee to vote AGAINST SB2694.**

Mahalo for considering our testimony,



**Mitchell Dodo**

*President of the Japanese Chamber of Commerce & Industry of Hawai'i*

4148249v1



April 9, 2026

**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

Rep. Scot Matayoshi, Chair; Rep. Tina Grandinetti, Vice Chair; and Committee Members  
Public Hearing, April 9, 2026, 2:00 p.m. – Conference Room 329, State Capitol

**Testimony of William F. Anonsen**

**Managing Partner/Principal of The Maritime Group**

**In Support of S.B. 2694, SD2, (Proposed HD2) , Relating to PUC Water Carriers**

My name is William F. Anonsen, and I serve as Managing Partner/Principal of The Maritime Group. I respectfully offer my strong support for S.B. 2694, SD2, HD2 (Proposed), and appreciate the thoughtful work reflected in the proposed House-drafted amendments. At the outset, we would like to commend the Committee and stakeholders for advancing a version of the measure that substantively reflects the original intent of this legislation, while incorporating important refinements that balance regulatory oversight with operational realities.

The proposed changes are viewed as a prudent and practical initial step toward modernizing an inflexible, outdated regulatory framework for water carriers, while promoting more measured and predictable rate adjustments and enhancing the financial stability needed to support meaningful, well-considered long-term improvements.

**As outlined in the proposed HD2, the measure appropriately:**

- Explicitly authorizes the Public Utilities Commission (PUC) to establish automatic adjustment mechanisms to address inflation, regulatory lag, and other economic pressures affecting water carriers;
- Requires implementation of a Water Carrier Inflationary Cost Index (WICI) tied to objective cost drivers, specifically wharfage rate adjustments established by the Department of Transportation Harbors Division, with a reasonable cap of five percent annually ;
- Establishes a structured three-year cycle, allowing for predictable adjustments in years one and two, followed by a full rate case review in year three, thereby preserving regulatory oversight and transparency; and
- Maintains appropriate waiver authority, ensuring flexibility for the PUC to respond to unique or unforeseen circumstances.

These provisions are well aligned with the measure's original intent and the recommendations advanced in prior stakeholder discussions, including those of the Hawaii Water Carriers Working Group, of which HDOT is a member, which was established by the Hawai'i legislature in 2020.

In Hawai'i's uniquely isolated, multi-island environment, water carriers are not simply another mode of transportation. They are the backbone of our supply chain, supporting the movement of essential goods, food, construction materials, and critical inputs that sustain our economy and communities statewide. The current regulatory structure, while well-intentioned, often results in prolonged periods without rate adjustments followed by significant and disruptive increases, creating uncertainty for both carriers and customers.

The approach reflected in the HD2 offers a more balanced and measured alternative. By linking adjustments to transparent, externally derived cost drivers such as wharfage rates, and by capping increases while preserving periodic full rate review, the measure promotes predictability, transparency, and accountability.

We also recognize that the proposed sunset provision of 2029, while not ideal from a long-term planning perspective, is a reasonable and understandable policy approach. It provides the Legislature with an opportunity to pilot and evaluate the effectiveness of the WICI mechanism in practice, ensuring that any future continuation is informed by real-world performance, stakeholder feedback, and measurable outcomes.

Importantly, this version of the bill strikes a thoughtful balance in response to concerns raised during committee deliberations, including the need to maintain regulatory safeguards, protect consumers, and ensure that adjustments remain tied to legitimate cost drivers rather than to unchecked escalation. The inclusion of a structured review cycle and continued PUC oversight directly addresses these considerations, as also reflected in the Committee's findings regarding the need for fairness, transparency, and protection against disproportionate impacts .

We firmly believe that S.B. 2694, SD2, HD2 (Proposed) represents a practical, measured, and forward-looking step toward modernizing Hawai'i's water carrier regulatory framework. It does not eliminate oversight, but rather improves the system by introducing a more predictable and transparent mechanism that benefits carriers, shippers, businesses, and ultimately the residents of our State. For these reasons, we respectfully urge your support for this measure.

Respectfully submitted,

*William F. Anonsen*

William F. Anonsen  
Managing Partner/Principal  
THE MARITIME GROUP



April 9, 2026

Representative Scot Z. Matayoshi, Chair  
Representative Tina Nakada Grandinetti, Vice Chair  
House Committee on Consumer Protection and Commerce

**RE: SB 2694, Proposed H.D. 2 – RELATING TO WATER CARRIERS**  
**Hearing date: April 9, 2026, 2:00 p.m.**

Aloha Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC offering **STRONG SUPPORT** for the proposed H.D. 2 of SB 2694, which would:

- 1) Grant the Public Utilities Commission (“PUC”) discretionary authority and additional flexibility to establish rate-adjustment mechanisms for water carriers to address inflation, regulatory lag, and other economic factors;
- 2) Require the establishment of a capped water carrier inflationary cost index (“WICI”) annual rate-adjustment mechanism by July 1, 2026 coupled with mandated rate reviews for water carriers every three years;
- 3) Grant the PUC discretionary authority and flexibility to waive certain requirements for water carriers; and
- 4) Sunset on July 1, 2029.

In sum, the changes proposed in this measure are designed to be a reasonable first step to modernize a rigid, outdated, and inefficient regulatory framework for water carriers, while offering more tempered and predictable rates and increased financial stability to facilitate the thoughtful and effective pursuit of necessary transformation.

## **Who is Young Brothers, LLC (“YB”)?**

Young Brothers, LLC (“YB”) is a water carrier that transports cargo by tug and barge between the islands of O’ahu, Hawai’i, Kaua’i, Maui, Moloka’i, and Lāna’i. Since 1900, customers across the state have utilized YB’s frequent and regular sailings to serve as the “marine highway” that connects all island communities in this state. YB is currently the only water carrier statutorily authorized<sup>1</sup> to ship cargo from point-to-point within the state. As a regulated water carrier, YB is currently subject to the regulatory oversight of the Hawaii Public Utilities Commission (“PUC”).

## **How is YB currently regulated?**

As a PUC regulated cargo water carrier, unlike other water carriers, YB is required to secure PUC approval before making changes to rates, service offerings, or sailing schedule. Securing approval to make such adjustments typically requires YB to undergo a quasi-judicial rate review process conducted by the PUC and the State Consumer Advocate to justify that YB’s cost and investment decisions were reasonable and in the public interest. This process, known as a **general rate case**, is rigorous, time-consuming (often multi-year), contentious, and extraordinarily expensive under the current regulatory framework. In other words, absent PUC approval following a rate case, **YB is required to maintain its PUC approved services and sailings at the previously approved rates – regardless of the effects of external pressures beyond YB’s control (e.g., inflation) and regardless of whether YB makes a profit.**

## **Is the current regulatory framework sustainable for water carriers and the customers they serve?**

No. The current regulatory framework was first codified for Hawaii Water Carriers in 1974. Since then, technology, competition, and prevailing economic conditions affecting the interisland water carrier industry have changed significantly, throwing this existing regulatory framework out of balance, and compromising the sustainability of regulated water carriers in the state. Competition from air freight, freight forwarders, and national and international water carriers have increased, coupled with the advent of online shipping services and the highest inflationary period the nation has experienced since the 1980s. For YB, regulated cargo volumes have stagnated, and its costs have concurrently risen, leading to a repeating and worsening cycle of financial deterioration:

- 1) Reasonably incurred costs rise faster than rates are adjusted, creating a widening gap between actual costs and PUC-approved revenues;
- 2) Necessary expenses and investments are delayed in favor of cheaper short-term fixes that ultimately result in increased operating costs over time;
- 3) The resulting higher operating costs necessitate the filing of larger, more contentious rate cases, yet concerns about rate-shock and affordability often result in limited rate increases or mandatory multi-year “stay-out” periods before further rate adjustments can be filed – further entrenching the cycle of financial instability.

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<sup>1</sup> Under Chapter 271G, Hawaii Revised Statutes (“HRS”) (i.e., the Hawaii Water Carrier Act).

In the current iteration of this cycle, the PUC recently approved an imposing rate increase of 25.75%, which took effect on January 1, 2026. YB is extremely appreciative to the PUC for its recognition of the need to extend this lifeline and to its customers for bearing the brunt of this considerable increase. However, the PUC coupled this approval with a 2-year “stay-out” period (i.e., a prohibition on rate increases) – which, absent any mitigating action, threatens to send YB and the customers who rely on our service on a path to repeat this same cycle of financial instability.

### **What can be done to break the cycle of financial instability?**

First and foremost, YB recognizes that YB must play the largest part in breaking the cycle by transforming our business in a way that is thoughtful and effective, with cost control and the customers and communities we serve at top of mind. Indeed, under new leadership by seasoned shipping and logistics industry professionals, YB is aggressively pursuing additional transformational initiatives to effectively and efficiently change the business and rehabilitate the severe financial deterioration the company has experienced in recent years. However, these efforts will take time, outreach and flexibility. While those efforts are ongoing, it must be acknowledged that there are inflationary pressures beyond the control and reach of a regulated water carrier – yet these pressures have tangible effects on YB’s costs and revenues. Changes to the regulatory framework that has led to this repeating cycle must also be made.

Fortunately, during the 2020 legislative session, the Hawaii State Senate adopted Senate Resolution No. 125, S.D. 1 (2020), requesting the PUC to convene a working group to discuss and recommend solutions to ensure continuous water carrier service throughout the State, balanced with the need for water carriers to maintain financial sustainability. Said working group (the Hawaii Water Carriers Working Group, hereinafter “HWCWG”) was comprised of 18 key stakeholders from both the public and private sectors and met 13 times from August 2020 through October 2021 to gather background information on water carriers, Hawaii’s harbor system, and regulatory oversight of water carriers.

### **What did the Hawaii Water Carriers Working Group recommend?**

In the HWCWG’s final report summarizing its findings and recommendations, the HWCWG recommended the WICI mechanism, an interim annual rate adjustment for regulated cargo rates, along with the requirement for the water carrier to submit a general rate case every three years.<sup>2</sup> **The working group found that WICI, combined with a regular three-year cadence for general rate cases, would reduce the administrative burden associated with rate adjustments, provides a more contemporaneous means of pairing regulated cargo rates with inflation adjusted expenses, and be a “significant step forward” with respect to ensuring water carrier service throughout the State and supporting the financial sustainability of the water carrier.**<sup>3</sup> YB also contends that its customers will greatly benefit from the ability to plan for **smaller more predictable cadenced rate increases** rather than the less frequent, but less predictable and likely much larger rate increases necessitated under the current ratemaking system.

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<sup>2</sup> See Final Report of the HWCWG (December 27, 2021), available at: <https://puc.hawaii.gov/wp-content/uploads/2021/12/Final-Water-Carriers-Working-Group-Report-12-01-2021.pdf>

<sup>3</sup> Id. at 15-17.

### **Does the WICI mechanism proposed in this measure differ from previous proposals?**

Yes. Previous versions of WICI proposed an annual rate adjustment tied to GDPPI to address the impact of inflation. Concerns were raised regarding the potential inapplicability of GDPPI or any such national index to a water carrier in Hawaii. **Instead, this version now addresses these concerns and ties the WICI annual rate adjustment to an annual inflation based increase that is already applied by the State of Hawaii in the exact same industry, to the exact same customers, for the exact same cargo: that is, the annual increases to the wharfage rates that are assessed by DOT-Harbors under Section 19-44-73, Hawaii Administrative Rules (“HAR”) to fund improvements to the local harbors that harbor users like YB must operate from.** See the attachment to this testimony for a comparative illustration of how an annual inflationary increase indexed to wharfage would work.

### **Why should the legislature take action on this measure at this time?**

YB has sought implementation of the WICI mechanism through the PUC twice, and both times the PUC has elected to decline implementation:

- On April 5, 2024, YB filed an application with the PUC seeking implementation of the first tier of the WICI mechanism.<sup>4</sup> On December 12, 2024, the PUC dismissed the application before beginning its independent substantive review, citing to, among other things, concerns over a lack of direct legal authority to support the Commission’s review of YB’s WICI application outside of a general rate case.<sup>5</sup>
- In response, YB included an identical request seeking the implementation of the first tier of the WICI mechanism as part of its recently completed rate case (Docket No. 2024-0255). Again, the PUC declined YB’s request, stating that “[s]hould YB return to a state of financial stability, and the Commission develops confidence in YB’s ability to reasonably control its costs, it may re-visit whether a WICI is appropriate at that time.”<sup>6</sup>

While YB acknowledges that aggressive cost control is a critical area of focus on YB’s path to financial sustainability, YB hopes that the legislature can see how WICI, a long-standing recommendation from a broad group of government and industry stakeholders is also a critical component of the solution. There is no reason to delay implementation any longer and risk putting YB and the customers and communities it serves through yet another iteration of the cycle of financial instability.

Further, by generally granting the PUC discretionary authority and flexibility to establish rate-adjustment mechanisms outside of a general rate case and waive certain requirements for water carriers, the legislature would be creating a more modern and adaptable regulatory

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<sup>4</sup> See YB’s Application for Approval of the First Tier of the WICI Mechanism, available at: <https://shareus11.springcm.com/Public/DownloadNative/25256/12e77d0e-75f3-ee11-b843-48df377ee718/54312051-83f3-ee11-b843-48df377ee718>

<sup>5</sup> See Order No. 41249 at 9-10, available at: <https://shareus11.springcm.com/Public/DownloadNative/25256/a9ccf1a8-d3b8-ef11-b848-48df377ee710/8bf3e05c-e3b8-ef11-b848-48df377ee710>

<sup>6</sup> See Order No. 42100 at 51, available at: <https://shareus11.springcm.com/Public/DownloadNative/25256/f1753d11-afe6-4002-a7fe-2d8794bc1aa5/fd077520-e4c3-f011-b84a-48df377ee718>

framework that can mitigate the magnitude of rate increase requests, reduce the amount of time and resources that must be dedicated to such requests, and to establish and maintain financial sustainability in an evolving and increasingly competitive operating environment.

For the reasons stated above, YB offers **STRONG SUPPORT** for this measure, as proposed.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa  
Vice President, External and Legal Affairs

# SECURING HAWAII'S SUPPLY CHAIN:

## More Responsive & Predictable Shipping Rates

Young Brothers supports legislation to modernize the regulation of state water carriers, allowing for more **timely**, **transparent**, and **predictable** rate adjustments based on real-world changes in costs.

### REGULATORY LAG THREATENS STATEWIDE INTERISLAND SHIPPING

As Hawaii's only regulated interisland water carrier for property, Young Brothers operates under the oversight of the Public Utilities Commission (PUC) and must seek approval for rate adjustments to recover changes in costs and investments necessary to sustain reliable service. That process is complex, costly, and can take years to complete.

While this oversight protects customers, it also means rate changes lag rising costs for months or years. During these long periods of under-recovery, Young Brothers experiences mounting financial distress until rates are adjusted, often requiring customers to cope with large, disruptive increases.

### HOW THE WATER CARRIER INFLATIONARY COST INDEX (WICI) ADJUSTMENT WORKS

Building on the recommendation of the State Water Carrier Working Group, proposed legislation directs the PUC to create a new rate adjustment mechanism for water carriers by July 1, 2026. To provide consistency and transparency, customer rates will be adjusted each year based on an existing inflationary framework (i.e. 3% or Consumer Price Index (CPI), whichever is greater) administered by the Department of Transportation's (DOT) by rule (HAR § 19-44-73) to maintain port infrastructure.

By allowing smaller, more frequent adjustments, WICI helps avoid the cycle of prolonged under-recovery followed by sudden, disruptive rate increases. It also helps maintain the strength of Hawaii's supply chain and statewide interisland shipping by ensuring water carriers can operate in a financially sustainable way.

DELAYED RECOVERY OF COSTS

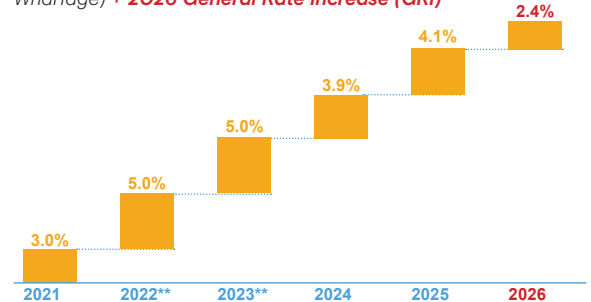


FINANCIAL SHORTFALLS MOUNT

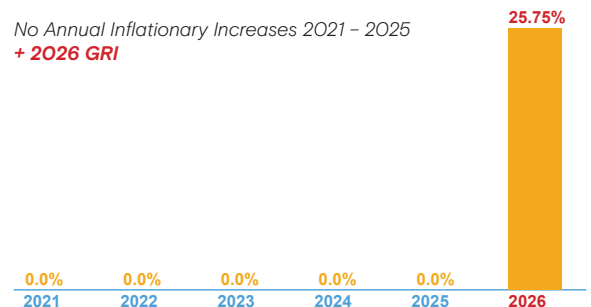
LARGE RATE CHANGES TO CATCH UP

### ILLUSTRATIVE\* ANNUAL INCREASE TIED TO MARITIME INDEX (HAWAII DOT WHARFAGE) YIELDS SMALLER MORE PREDICTABLE RATE INCREASES VS. ONE-TIME GENERAL RATE

Annual Inflationary Increases 2021 - 2025 (Indexed to Hawaii DOT Wharfage) + 2026 General Rate Increase (GRI)



No Annual Inflationary Increases 2021 - 2025 + 2026 GRI



\*For illustrative purposes only - (1) Actual WICI Cycle will include a mandatory rate review and reset every 3rd year in place of an inflationary increase. (2) Force Majeure events (fire, war, etc.) beyond water carrier's control may necessitate emergency rate increases.

Source: <https://hidot.hawaii.gov/harbors/harbor-users/admin-rules/>  
\*\* 2022 and 2023 actual wharfage increase of 6% and 5.2% respectively were adjusted to proposed inflationary metric cap of 5%

#### BENEFITS FOR CUSTOMERS

- **Smaller, more predictable rate adjustments** help businesses and families plan and reduce the risk of disruptive "catch-up" rate resets.
- Annual rate increases (i.e. 3% or CPI, whichever is greater) are **cappped at 5%**.
- **PUC maintains all oversight powers**, and a full rate review is required every three years.

#### MORE INFORMATION

Kim Yoshimoto | Imanaka Asato | [kyoshimoto@imanaka-asato.com](mailto:kyoshimoto@imanaka-asato.com) | (808) 292-2387

David Veltri | Associate General Counsel, Young Brothers | [dveltri@htbyb.com](mailto:dveltri@htbyb.com) | (808) 543-9493





April 7, 2026

**House Committee on Consumer Protection and Commerce**

Representative Scot Z. Matayoshi, Chair

Representative Tina Nakada Grandinetti, Vice Chair

**RE: SB 2694, Proposed HD 2 – RELATING TO WATER CARRIERS**

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committees:

Mahalo for the opportunity to submit testimony in support of SB 2694, Proposed HD 2.

My name is Russ Anguay, President of Hawaii Transfer Company Limited writing to express our support of SB 2694, Proposed HD 2, relating to Water Carriers, on behalf of Hawaii Transfer.

As a local transportation, warehouse, and freight consolidation company that relies heavily on interisland shipping to distribute goods throughout Hawai'i, we understand firsthand the importance of ensuring that water carriers remain financially sustainable and able to provide reliable, consistent service.

Ocean shipping remains the most cost-effective and efficient way for businesses to move goods to market, manage inventory, and operate seamlessly across the islands. For companies like ours that depend on interisland shipping, the ability to more accurately forecast shipping rates would represent a meaningful and much-needed improvement.

We support the proposed annual rate adjustment mechanism modeled after the Hawai'i Department of Transportation framework for adjusting the fees shippers pay to maintain Hawai'i's commercial harbors. This approach would promote increased transparency, predictability, and stability in shipping rates, enabling businesses to better manage operating costs and maintain competitive pricing for consumers.

Importantly, this updated structure would also strengthen the long-term viability of interisland shipping by promoting regulatory efficiency and financial sustainability for water carriers. A stable and sustainable maritime system is essential to Hawai'i's economy and to the businesses and communities that depend on it every day.

Mahalo,



Russ Anguay

President

Hawaii Transfer Company Limited



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 329  
THURSDAY, APRIL 9, 2026 AT 2:00 P.M.**

To The Honorable Representative Scot Z. Matayoshi, Chair  
The Honorable Representative Tina Grandinetti, Vice Chair  
Members of the Committee on Consumer Protection & Commerce

**STRONGLY OPPOSE SB2694 SD2 HD2 RELATING TO WATER CARRIERS**

The Maui Chamber of Commerce is critically concerned about SB2694 SD2 HD2 (proposed) that authorizes the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors sua sponte or on application by a water carriers and establishes a water carrier inflationary cost index automatic adjustment mechanism.

**I am deeply disappointed that I am unable to be there with you today due to a scheduling conflict, as this is a critical issue. As this bill moves forward, the process has lacked discussion and understanding of the broader statewide impacts, which is a crucial function of the PUC and this committee.**

For Maui County and the other neighbor islands, interisland shipping is not optional—it is the backbone of commerce. Farmers, ranchers, food producers, grocers, construction suppliers, retailers, and more already face significant transportation costs to ship their products across the state. For many businesses, shipping costs are prohibitively expensive.

We understand the intent of this bill was to provide businesses with more stability in their financial projections and assist Young Brothers, given the cost and timeframe to go before the PUC. However, while year one and year two increases are capped at 5%, Young Brothers would still go before the PUC in year three, which creates an opportunity for a much higher increase, as seen multiple times in recent years. Without capping increases in year three, businesses and residents in Hawaii will likely see costs go up every single year.

Increasing rates automatically without addressing the root structural issues within the interisland shipping system and so soon after the last major increase will only exacerbate these challenges for Hawaii's residents and businesses. It will raise the cost of goods statewide, intensify food insecurity, our housing crisis, our unfriendly business environment, and hamper our economic diversification efforts, while providing no meaningful reform to improve efficiency, competition, or equity in the system.

Many of the issues we face with interisland shipping today can be traced back to the passage of Act 213 in 2011 that prevents water carriers from engaging in interisland shipping unless they hold a certificate of



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

House Committee on Consumer Protection & Commerce  
April 9, 2026  
Page 2.

public convenience. This essentially gives Young Brothers a monopoly. They continuously state the difficulties of providing this crucial service and loss of revenue meriting significant rate increases, as well as suggesting that other carriers do not want to undertake this service but also don't seem to want the state to amend HRS 217G-10 to allow for competition and give others a chance to explore the opportunity.

This bill also subverts the important public process where residents and businesses can share crucial feedback on the proposed rate increases and Young Brothers' services. In fact, the Public Utilities Commission (PUC) denied Young Brothers' request for a Water Carrier Inflationary Cost Index (WICI) in the 2025 approved rate increase and prohibited rate increases for two years, which would take us to January 1, 2028 without this bill. As the PUC has insight into Young Brothers' financial records, some of which are not available to the public, we trust their position and believe this bill undermines their expert authority.

In the words of the PUC in their "Decision and Order No. 42100" on the approval of rate increases for Young Brothers, "Prior to establishing any kind of automatic rate adjustment mechanism, such as a WICI, the Commission finds that YB must first demonstrate that it is prudently operating its business, including managing its expenses and debt and maximizing operational efficiencies. Otherwise, the operation of a WICI may inadvertently serve to offset inefficiencies in other areas and mask shortcomings in YB's operations, to the detriment of customers who ultimately bear these higher costs" and pass those costs on to Hawaii's residents.

The Maui Chamber of Commerce respectfully urges the Committee to support the PUC's recommendations. At this point, we seek deferral of the bill because the issue is complicated on many different levels and it will not only hurt Maui businesses, but businesses and consumers statewide. For you to make an informed decision, we urge you to wait for the PUC's report, which we understand is unlikely to be released before this legislative session ends, and would still need broader review. Given that, we believe the PUC's 2-year freeze on rate increases should be honored by not passing this bill at this time. During the two-year pause, we would like to see Young Brothers, legislators, stakeholders, and customers work together on comprehensive solutions for a unified and progressive way forward before enacting a measure like this. We would be happy to contribute to this effort.

Given the magnitude of this issue, it is important to get it right!

Sincerely,

Pamela Tumpap  
President.

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



# MA'O ORGANIC FARMS

*an 'āina-based project of the Wai'anae Community Re-development Corporation*

P.O BOX 441 • WAI'ANAE HI 96792 • TEL/FAX 808.696.5569 • SALES ORDERS 696-FARM  
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April 7, 2026

House Committee on Consumer Protection and Commerce  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Re: SB 2694, Proposed HD2 - Relating to Water Carriers

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committees,

On behalf of MA'O Organic Farms and our leadership team, I respectfully voice our support for SB 2694, Proposed HD 2. My name is Tina Tagad, Director of Development and Impact at MA'O Organic Farms.

MA'O Organic Farms, located in Lualualei, Wai'anae, is dedicated to building a just food system by connecting youth with 'āina and integrating traditional and modern practices for resilience, adaptability, and sustainability.

Interisland shipping remains a critical component of Hawai'i's food and agricultural system. While MA'O does not currently transport produce interisland, we recognize the essential role that water carriers play in maintaining connectivity across the pae 'āina, particularly for small farmers, rural communities, and local businesses.

SB 2694 proposes a more structured and incremental approach to rate adjustments, including capped annual increases and regular rate reviews. This structure benefits producers and organizations by providing more predictable shipping costs, enabling better financial planning, and reducing the risk of unexpected, large rate hikes.

In contrast, long periods without adjustment can lead to sudden, larger increases, which are difficult for small producers to absorb. By establishing regular, incremental rate changes, SB 2694 helps producers budget more effectively and maintain stability, supporting the health of Hawai'i's entire food system.

We also recognize that any increase in cost can be challenging for our communities. However, ensuring the long-term viability of Hawai'i's interisland shipping infrastructure is a critical need for delivering a more resilient, locally grounded food system. At the same time, greater food security measures are also being developed to localize a more sustainable community food system. This bill will help secure dependable transportation for local farmers and food producers, supporting both current needs and future growth.

MA'O Organic Farms respectfully supports SB 2694 as a step toward strengthening the stability and sustainability of Hawai'i's food and agricultural systems.

Mahalo for your time and consideration.

Me ke ha'aha'a,

*Tina Tagad*

Tina Tagad  
Director of Development & Impact  
MA'O Organic Farms



April 7, 2026

**LATE**

**House Committee on Consumer Protection and Commerce**

Representative Scot Z. Matayoshi, Chair

Representative Tina Nakada Grandinetti, Vice Chair

**RE: SB 2694, Proposed HD 2 – RELATING TO WATER CARRIERS**

Aloha Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committees:

Mahalo for the opportunity to submit testimony in support of SB 2694, Proposed HD 2.

Hale Makua is a 501(c)(3) nonprofit organization established in 1946 as a nursing home, and we are honored to be celebrating 80 years of service. Our mission has always been to care for Maui's Kupuna, and today we operate two facilities in Wailuku and Kahului, offering 378 skilled nursing beds. In addition, we provide Home Health Services, Adult Day Health Programs, and Care Navigation to help ensure that our elders receive the support they need to live with dignity and comfort.

Nonprofit organizations across the state – particularly those on the neighbor islands – rely on Young Brothers to fulfill their vital work in service of the communities they serve.

When Young Brothers can operate in a way that is financially sustainable, nonprofits like us benefit from the strengthened supply chain.

HB 2386 creates a more incremental and structured approach to setting shipping rates, with greater transparency about when and how they will change. Capped annual adjustments, with regular rate reviews, are a common-sense, customer-centric approach to ensuring shipping rates stay in sync with cost increases to provide the service. It would also ensure that Young Brothers can maintain countless other community service organizations.



An additional transparency about the process and what to expect helps nonprofits and businesses plan for the future. That is critically important when many nonprofits' budgets rely on grants and other funding sources that were secured based on information provided months or years earlier.

Mahalo,

Wesley Lo  
CEO



7 April 2026

COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Rep. Scot Z. Matayoshi, Chair  
Rep. Tina Nakada Grandinetti, Vice Chair

Re: SB2694 SD2 HD1 Relating to Water Carriers

Aloha Chair, Vice Chair, and Members of the Committee:

My name is Garrett W. Marrero, I am the CEO and Co-Founder of Maui Brewing Co., operating locations in Lahaina, Kaanapali, and Kihei on Maui, and Waikiki and Kailua on Oahu. Made in Hawai'i and sold in 6 States and 2 Countries, employing more than 400 teammates across Hawai'i. We strongly oppose SB2694 as a locally manufacturer.

Local businesses in Hawai'i already face some of the highest operating costs in the nation. Local manufacturing and agricultural production are burdened by elevated labor costs, energy prices, regulatory compliance, land constraints, and—most significantly—interisland and outbound shipping costs. For many local producers, transportation is not a marginal expense; it is one of the single largest drivers of cost and a major barrier to growth. Furthermore, in the last 5 years we've already seen several massive rate increases as much as 45% for neighbor-island shipping.

Water carriers are essential to our island economy, and we recognize that the interisland shipping system faces real challenges. We also acknowledge that carriers must remain financially viable to continue operating. However, automatically increasing interisland shipping rates without regard to the downstream impacts on local businesses is deeply concerning.

Neighbor island producers already struggle to reach Hawai'i's primary population center on O'ahu due to the high cost of shipping. In many cases, products must be shipped interisland more than once—often routed through Honolulu—forcing local businesses to absorb duplicative freight costs simply to access markets within their own state. These costs are already prohibitive for many small and medium-sized local producers.

SB2694 would further increase costs on local manufacturers, farmers, distributors, and retailers without addressing the underlying inefficiencies and structural issues in the water carrier system. These added costs will not be absorbed by carriers—they will be passed directly to local businesses and, ultimately, to Hawai'i consumers in the form of higher food and goods prices.

A cost-prohibitive and inefficient interisland shipping system undermines Hawai'i's long-stated goals of increasing local food production, strengthening local manufacturing, supporting neighbor island

**MAUI**  
BREWING CO

**MAUI**  
HARD SELTZER

**MAUI**  
ISLAND SPIRITS

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— SPIRITS —

**MAUI**  
ISLAND SODA

economies, and reducing reliance on imports. Automatic price increases move us in the opposite direction.

We agree that reforms to the water carrier system are necessary, but price increases should not occur in isolation. Oversight reform—such as the proposed transfer of authority from the Public Utilities Commission to the Department of Transportation under HB1707—should be addressed first to ensure a more coordinated, functional, and accountable system. Additionally finding ways to reduce LCL/pallet shipping consolidation at the docks, allowing YB to focus on container loads to increase efficiency should be investigated. There are several consolidators that can support LCL consolidation outside the dock to allow for this.

Implementing automatic rate increases before fixing systemic issues is unnecessary and harmful. It will further strain local businesses that are already operating at razor-thin margins and increase the cost of living for Hawai'i residents.

For these reasons, we respectfully urge the Committee to oppose SB2694.

Mahalo for the opportunity to provide comments and for your consideration.

Sincerely,



Garrett W. Marrero  
CEO and Co-Founder  
[Garrett@MauiBrewing.com](mailto:Garrett@MauiBrewing.com)  
808.213.3007 office



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LATE \*Testimony submitted late may not be considered by the Committee for decision making purposes.

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April 7, 2026

**LATE**

**House Committee on Consumer Protection and Commerce**

Representative Scot Z. Matayoshi, Chair

Representative Tina Nakada Grandinetti, Vice Chair

**RE: SB 2694, Proposed HD 2 – RELATING TO WATER CARRIERS**

Aloha Chair Matayoshi, Vice Chair Grandinetti and Members of the Committees:

Mahalo for the opportunity to submit testimony in support of SB 2694, Proposed HD 2. I am Wayne De Luz, President of Big Island Motors, writing to submit testimony in support of SB 2694, Proposed HD 1.

As a business that relies on the timely transportation of vehicles, machinery, and essential parts, we depend on YB's inter-island shipping services to keep our operations running smoothly and to meet customer demand across Hawai'i. Any disruptions in YB's services could lead to inventory shortages, project delays, and increased costs, ultimately affecting businesses and the broader economy. Without a reliable shipping network, dealerships and equipment suppliers across the islands would struggle to maintain adequate supply levels, limiting economic growth and job stability in our industry.

Ocean shipping offers the most cost-effective way for businesses to move goods to market, manage inventory, and operate across the islands. For businesses that rely on interisland shipping to distribute goods, being able to more accurately forecast shipping rates would be a critical improvement.

This measure creates a more incremental and structured approach to setting shipping rates, with greater transparency about when and how they will change. Capped annual adjustments, with regular rate reviews, are a common-sense, customer-centric approach to ensuring shipping rates stay in sync with cost increases to provide the service. The benefits would include increased transparency and stability in shipping rates, allowing businesses to better manage costs and offer competitive pricing.

By allowing for smaller, predictable rate modifications, this approach creates a more stable rate case cycle, enabling Big Island Motors to plan effectively, mitigate sudden cost surges, and maintain competitive pricing for our customers. YB is essential to all business operations and are critical to our supply chain, since we ship over 1500 vehicles a year!

Mahalo,  
Wayne K. De Luz  
President  
Big Island Motors



Sales • Leasing • Parts • Service



**MOLOKAI CHAMBER OF COMMERCE**

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April 8, 2026

HEARING BEFORE THE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

April 9, 2026, 2pm

Conference Room 329 & Videoconference

State Capitol

415 South Beretania Street

**LATE**

SB 2694, SD2, HD1

Proposed HD2

**Opposition to SB2694 SD2 HD2 / HB2386 - Water Carrier Automatic Rate Adjustment**

Aloha Chair Matayoshi, Vice Chair Grandinetti, and Committee Members,

The Molokai Chamber of Commerce respectfully opposes SB2694 SD2 HD2 and its companion measure HB2386 in their current form.

Molokai is one of the most isolated communities in the state. We have no land bridge to neighboring islands, no alternative freight options, and no ability to absorb shipping cost increases the way larger commercial centers might. Every rate increase that touches Young Brothers touches us directly and immediately, in the price of groceries, building materials, and basic necessities that our residents and businesses depend on every day.

We understand the goal of giving water carriers some degree of cost predictability. We do not oppose that conversation. What we oppose is bypassing the public process to get there.

In November 2025, the Public Utilities Commission reviewed Young Brothers' request for a Water Carrier Inflationary Cost Index and denied it. The PUC determined this mechanism was not appropriate at this time and imposed strict oversight conditions following its approval of a 25.75% rate hike effective January 1, 2026. Businesses and families across the state are still adjusting to that increase.

This legislation would override the PUC's considered judgment and mandate automatic rate adjustments beginning as early as July 1, 2026, within the same calendar year that a major increase took effect.

Our specific concerns are as follows:

First, the automatic adjustment mechanism in years one and two of each three-year cycle removes the opportunity for public testimony. Rate changes that affect the cost of living for every person on our island should not be implemented without a public hearing. The PUC exists precisely to provide that oversight, and this bill sidesteps it.

Second, while the bill caps automatic adjustments at five per cent per year, that ceiling is not trivial. A small percentage on a large revenue base is still a lot of money, and it gets passed through to every business and family shipping goods across our islands, automatically, with no public hearing required.

Third, Section 271G-17(g) grants the PUC broad authority to waive or exempt a water carrier from "any or all requirements" of the chapter. Combined with the automatic adjustment mechanism, this creates a regulatory framework with very few meaningful constraints.

We note that the bill exempts agricultural customers eligible for preferential water rates under section 269-26.5 from the automatic adjustment mechanism. On its face this sounds protective, but without knowing how many Molokai farmers actually qualify under that specific classification, the real-world benefit to our community is unclear. What is clear is that every other business and resident on this island, including farmers who do not qualify, will absorb these increases with no public hearing and no opportunity to object.

Molokai is a small island with a small voice in the Legislature. We are asking that our community's interests be weighed seriously here. The PUC process, including public testimony, exists to protect communities like ours. Please do not dismantle it.

We join other chambers and business organizations across the state in asking the Legislature to pause this legislation and allow for a more thorough evaluation of its long-term impact on Hawaii's families and businesses.

Mahalo for your consideration.

Respectfully,



Robert Stephenson, President & CEO



LATE \*Testimony submitted late may not be considered by the Committee for decision making purposes.



*The Molokai Farm Bureau serves as Molokai's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community. We are also an arm of the Hawaii Farm Bureau Federation, organized in 1948 and comprised of 1800 farm families statewide.*

HOUSE OF REPRESENTATIVES  
THE THIRTY-THIRD LEGISLATURE  
REGULAR SESSION OF 2026

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

DATE: Thursday, April 9, 2026  
TIME: 2 PM  
PLACE: VIA VIDEOCONFERENCE  
Conference Room 329  
State Capitol  
415 South Beretania Street

**LATE**

**SB 2694, PROPOSED HD2: RELATING TO WATER CARRIERS.**

Proposed HD2: Requires the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors sua sponte or on application by a water carrier. Requires the Public Utilities Commission to establish a water carrier inflationary cost index automatic adjustment mechanism. Authorizes the Public Utilities Commission to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Act. Sunsets 7/1/2029. Effective 7/1/2050.

**TESTIMONY IN OPPOSITION**

Aloha Chair Matayoshi, Vice Chair Grandinetti, and Respected Members,

The Molokai Farm Bureau submits this **testimony in opposition** to S.B. 2694, S.D. 2, which would require the Public Utilities Commission to establish an automatic Water Carrier Inflationary Cost Index adjustment mechanism for water carriers, including Young Brothers, LLC who solely services Molokai.

We want to be clear about something up front: we are not here to argue that Young Brothers should not be compensated fairly for its services. Without reliable interisland freight, there is no farming on Molokai in any meaningful commercial sense. Every bag of feed or seed, every piece of irrigation equipment, every supply that cannot be sourced locally moves through Kaunakakai Harbor on a Young Brothers barge. **We understand the carrier's importance. That is precisely why we are concerned about removing the public oversight that keeps rate increases grounded in reality.**

Agriculture operates on margins that leave almost no room for cost increases. **When costs go up, the options are absorb the loss, raise prices for already cost-burdened local families, or stop farming.** Produce doesn't wait. Livestock don't either. **None of those outcomes serves the state's stated goal of greater food self-sufficiency.**

The Public Utilities Commission addressed this question directly in its November 2025 decision in Docket No. 2024-0255. The Commission approved a rate increase of approximately 25.75% for Young Brothers while specifically declining to establish a WICI. The Commission's reasoning was that before any automatic adjustment mechanism is granted, the carrier must first demonstrate it is operating prudently, managing costs responsibly, and maximizing efficiencies. Without that demonstration, **the Commission found, an automatic mechanism could mask operational shortcomings**

**and shift the cost of those shortcomings onto customers. Agricultural customers on Molokai are among the most exposed of those customers.**

We also note that the history here matters. Young Brothers previously operated under a zone of reasonableness program and an annual freight rate adjustment program. Both were terminated by the Commission after the carrier raised rates beyond their intended purpose. **That track record is relevant context for evaluating whether a new automatic mechanism would be used as intended.**

**The amended bill does exempt customers eligible for preferential agricultural rates** under HRS § 269-26.5 from the automatic adjustment mechanism, and we understand the intent. **However, we have serious questions about whether that exemption provides any meaningful protection for Molokai farmers.** A Molokai farmer who ships goods through Young Brothers but does not hold a qualifying preferential rate under that specific statute would receive no protection under this exemption.

Before this bill moves forward, **the Legislature should be able to answer a basic question: how many Molokai farmers currently qualify for this exemption, and what percentage of agricultural shipping volume does it actually cover? If the answer is few or none, the exemption offers no real protection, and the arguments made in its favor deserve a harder look.**

We support the goal of keeping Young Brothers viable. But **automatic, unchecked annual rate increases that bypass public review**, and that offer an agricultural exemption of uncertain practical value, **work directly against the farming communities this state says it wants to protect.**

**We urge the committee to hold this bill** and allow the Commission to **conduct a thorough review of Young Brothers' operations and cost structure before any automatic rate mechanism is considered.**

**The public hearing process exists for a reason. For farming communities on the neighbor islands of less profitable ports like Molokai, it is often the only meaningful check on costs we cannot control and cannot avoid.**

Sincerely,

*Dawn Bicoy-Stephenson*

Dawn Bicoy-Stephenson  
Secretary and Government Affairs, Molokai Farm Bureau



**SB-2694-HD-1**

Submitted on: 4/7/2026 8:19:05 PM

Testimony for CPC on 4/9/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glen Kagamida	Individual	Oppose	Written Testimony Only

Comments:

**STRONG OPPOSE!!!**

There should be nothing automatic about rate increases. Rate increase requests should be justified and scrutinized.

If automatic increases are to be provided for, there should also be provisions for automatic DECREASES, too.

Mahalo!

My name is Steven Hunt, and I am submitting testimony **in support** of this measure in my capacity as the former Chair of the Hawai'i Water Carriers Working Group (HWCWG) small group on Rates. For context, the HWCWG small group on Rates was formed in late 2020, with the goal of coming up with recommendations that would support the sustainability and profitability of the water carrier, minimize the need for large adjustments between formal rate cases, and provide safeguards for consumers with respect to runaway or unreasonable automatic increases for the water carrier. I want to reiterate why our committee strongly advocated for the Water Carrier Inflationary Cost Index (WICI) mechanism, which was ultimately adopted as Recommendation No. 1 in the HWCWG Final Report.

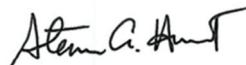
First, the current rate case method that's facilitated by the Hawai'i Public Utilities Commission tends to be slow, cumbersome, costly, and inefficient as the outcomes often result in large rate spikes that are necessary following extended periods without adjustment, rather than more contemporary incremental adjustments. Adhering to this current rate adjustment methodology discourages future capital investment, puts the water carrier at financial risk by having to incur unsustainable short-term debt to subsidize losses, and raises the ire of consumers that view these less frequent and large rate adjustments as being exorbitant.

Second, WICI is not meant to replace the general rate case process but rather provide a means for more timely, but limited, rate adjustments during the periods between burdensome and resource consuming rate cases. For example, keeping in mind that inflation could potentially be highly volatile, the small group on Rates recommended the annual rate adjustment have a cap of 5% to provide consumers with some level of price protection as well as hold the water carrier accountable for controlling their expenses.

Finally, as a safeguard for consumers against the potential for runaway automatic increases, the WICI mechanism also contemplated that rate cases would be *mandatory* at a consistent cadence (every third year) to reconcile any excessive adjustments *and* to account for costs and investments not covered by WICI.

As of 2026, it's clear that the concerns WICI was meant to address have not only persisted but have evolved, continuing to impact the industry. While I recognize that there have been many factors at play, it's worth considering whether earlier implementation of this recommendation might have helped mitigate some of the challenges the State's water carrier system is facing today.

Thank you for the opportunity to provide public comments on this issue.



Steven A, Hunt

TESTIMONY RE SB 2694 SDR 2 HD1

Rep. Scot Z. Matayoshi, Chair

Rep. Tina Nakada Grandinetti, Vice Chair

And members of the

House Committee on Consumer Protection & Commerce

My name is Dennis Onishi and I'm submitting my testimony as an individual of the Big Island.

I believe, under the current rate cost process administered by the Hawai'i Public Utilities Commission (PUC), adjustments tend to be a long process, cumbersome for the applicant, businesses and commission which adds to the cost for those involved. Because rate increases often go unchanged for extended periods, the eventual adjustments can be significant, and this onetime large rate increase creates a financial strain on the businesses and consumers. Businesses will just pass on the outrageous increases to the end user. PUC's process is outdated and must be restructured to help the water carrier, the users of the carrier and the consumers to know every year what might happen on the cost of shipping. With Bill SB2694 D2 that will be heard on March 24th, the Water Carrier Inflationary Cost Index (WICI), to me, is a start in the right direction to change a system that doesn't work.

It has been mentioned by businesses that water carriers should be also reviewed in their performance index with this proposal. I feel Bill SB2694 D2 isn't the mechanism to deal with their concerns currently. I also feel, in the next session, there should be a proposal to have the water carriers reviewed on their delivery and damage assessments. Also, looking into having the Hawai'i State Department of Transportation being the entity to approve and monitor all request by all carriers instead of the PUC.

As we look to the challenges that the State's water carrier system faces today, the present process needs to be addressed and businesses and consumers protected. This will also require the water carrier to maintain fiscal discipline and control costs.

Thursday, April 9, 2026

Measure: SB 2694, Proposed HD2 Title: RELATING TO WATER CARRIERS

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

### **Testimony in SUPPORT of SB 2694 Proposed HD2**

To Chair Matayoshi and committee members,

My name is Capt. Edward Enos, and I have worked in Hawaii's maritime transportation industry for 45 years. For the past 32 years, I have served as a Port Pilot, licensed by the State of Hawai'i DCCA and the U.S. Coast Guard. In that role, I am responsible for the safe navigation of hundreds of vessels each year into and out of Hawaii's commercial harbors.

My maritime experience also includes many years aboard deep-sea commercial cargo ships and tankers operating worldwide as a U.S. Coast Guard-licensed deck officer. In addition, I have worked in Hawaii's inter-island tug and barge service as a crew member aboard a variety of towing vessels. Today, in my work as a Port Pilot, I routinely rely on the ship-assist tug services operated by Young Brothers at Neighbor Island ports throughout the state.

I appreciate the concerns expressed by those who oppose this rate increase request. However, few people outside the maritime industry fully understand the daily challenges of operating a safe, efficient, and reliable water carrier service to multiple ports across an island state in a demanding marine environment.

I do agree with one important concern: the current rate adjustment process is too slow, too complicated, and too difficult for local businesses to follow and plan around. Large, infrequent rate increases are difficult for any business to absorb. I support the proposal for smaller, more frequent freight rate adjustments. A timely and predictable adjustment process, with advance notice, allows local businesses to better manage their budgets and operating costs.

In my own maritime business, we adopted a similar approach years ago at the request of our customers, including an annual cost-of-living adjustment tied to U.S. Bureau of Labor Statistics data. That system provided greater predictability and reduced the burden of sudden, large increases.

The waters between our islands routinely produce some of the roughest ocean conditions in the world. Seasonal winter weather often creates dangerously large surf at the ports of Kahului and Hilo, making safe harbor transits impossible at times for tug-and-barge operations as well as for commercial vessels I pilot. Calls for "more competition" will not change these operating realities for any water carrier serving Hawai'i.

Young Brothers' recent investments in new tugs, barges, and equipment are not optional luxuries—they are operational necessities. Hawaii's marine environment is relentlessly corrosive and

causes accelerated wear and tear on vessels and equipment. Replacement and modernization are essential to maintaining safe, dependable, and continuous service throughout the islands.

For these reasons, ***I support an improved freight rate adjustment process*** that is more timely, transparent, and manageable for both the carrier and the businesses and communities that depend on this service.

Mahalo for your time and consideration.

Capt. Edward Enos

Kailua, HI

(808) 479-1022