

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
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NADINE Y. ANDO  
DIRECTOR | KA LUNA HO'OKELE

DEAN I. HAZAMA  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Ways and Means  
Tuesday, March 3, 2026  
10:17 a.m.  
Via Videoconference**

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

**WRITTEN TESTIMONY ONLY**

Chair Dela Cruz 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) authorize 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 Public Utilities Commission (Commission) to establish a water carrier inflationary cost index automatic adjustment mechanism; (3) authorize the Commissions to waive or exempt any water carrier from any requirement under the Hawai'i Water Carrier Act; and (4) insert a sunset date of 7/1/2033.

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.

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



STATE OF HAWAII  
PUBLIC UTILITIES COMMISSION  
465 S. KING STREET, #103  
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## Testimony of the Public Utilities Commission

To the  
Senate Committee on  
Ways and Means

March 3, 2026  
10:17 a.m.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

**Measure:** S.B. No. 2694, S.D. 1  
**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 amendment.

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 are 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 14-16, addition in bold:

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

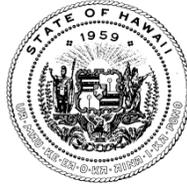
Page 2, Line 8-9, addition in bold:

(c) ~~Beginning on~~ **After** July 1, 2026, the mechanism ~~shall~~ **may** 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.

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



EDWIN H. SNIFFEN  
DIRECTOR  
KA LUNA HO'OKELE

Deputy Directors  
Nā Hope Luna Ho'okele  
DREANALEE K. KALILI  
TAMMY L. LEE  
CURT T. OTAGURO  
ROBIN K. SHISHIDO

**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'**  
**DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

Tuesday, March 3, 2026  
10:17 AM  
State Capitol, 211

**SB2694 SD1**  
**RELATING TO WATER CARRIERS**

Senate Committee on Ways and Means

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The Department of Transportation (DOT) is in strong support of S.B. 2694 S.D.1 that establishes an automatic adjustment mechanism for water carriers based on an inflationary cost index.

DOT was a member of the Water Carriers Working Group established by the legislature in 2020 and finds that S.B. 2694 is also consistent with the recommendation of the working group. This new mechanism allows for water carrier rates to keep pace with inflation without requiring a formal rate case to be considered and approved by the Public Utility Commission each year. Formal rate cases are time consuming, and consequently rates are typically not adjusted annually and the lags between rate cases necessitate large increases when the rate cases are considered. This has a significant impact and burden on businesses that rely on water carriers.

Thank you for the opportunity to provide testimony on this bill.



Testimony in **SUPPORT** for SB 2694, SD1 Relating to Water Carriers

Senate Committee on Ways and Means  
March 3, 2026

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee,

The Hawaii Harbors Users Group is in strong **support** of SB 2694, SD1 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.

Testimony of Matson Navigation Company, Inc.  
Support of SB2694, SD1  
Before the Committee on Ways and Means  
March 3, 2026

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Matson Navigation Company, Inc. supports SB2694, SD1 which among other things, establishes a water carrier cost inflationary index mechanism.

As an island state, Hawaii is very dependent upon our commercial harbors to ensure the continued and unimpeded flow of cargo in and out of our State. It is estimated that over 90 percent Hawaii's imported goods pass through our commercial harbors, including consumer goods, motor vehicles, construction materials, and fuel. Given the critical role of our commercial harbors, it is imperative that the State support dependable and efficient cargo transportation and handling to service our residents and businesses. This measure will provide for water carriers and rate payers more predictability with respect to establishing rates for regulated, intrastate shipping.

Thank you for considering our testimony in support.





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March 3, 2026

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON SB 2694, SD1**  
RELATING TO WATER CARRIERS

Conference Room 211 & Videoconference  
10:17 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, 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 with concerns on SB 2694, SD1**, which would require the Public Utilities Commission to establish a mandatory automatic adjustment mechanism for water carrier rates.

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

Last year, the Public Utilities Commission approved a 25.75 percent rate increase for Young Brothers, effective January 1, 2026, to preserve interisland shipping services. Many agricultural producers are still absorbing these higher operating costs. Even annual adjustments capped at five percent compound over time and could substantially increase transportation expenses across the agricultural sector.

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.

While we understand the need for regulatory certainty and mechanisms to address inflationary pressures, shifting from discretionary rate review to a mandatory automatic adjustment structure reduces regulatory flexibility and limits the opportunity to fully evaluate cumulative impacts on essential industries such as agriculture.

HFB respectfully urges consideration of safeguards to ensure that any automatic adjustments:

- Maintain meaningful public input and review;
- Evaluate cumulative impacts over time;
- Preserve flexibility for the Commission to modify or suspend adjustments when warranted; and
- Protect agricultural shippers who rely on interisland transportation to sustain Hawai'i's local food production.

HFB values the critical role that interisland shipping plays in our economy and appreciates the longstanding partnership between water carriers and the agricultural community. At the same time, we ask that the economic realities facing local producers be carefully considered before establishing a mandatory rate adjustment mechanism.

Thank you for the opportunity to provide testimony.



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**The Thirty-Third Legislature  
Senate Committee on Ways and Means  
Tuesday, March 3, 2026  
Conference Room 211  
10:17 a.m.**

TO: The Honorable Donovan M. Dela Cruz, Chair  
FROM: Keali'i S. López, State Director  
RE: Strong Opposition to S.B. 2694 SD1 Relating to Water Carriers

Aloha Chair Dela Cruz and Members of the Committee:

My name is **Keali'i López**, and I am the State Director of **AARP Hawai'i**, representing more than **135,000 members statewide**. We appreciate the opportunity to testify in **strong opposition to S.B. 2694 SD1**.

AARP is a nonprofit, nonpartisan organization dedicated to empowering people age 50 and older to choose how they live as they age. A core part of that mission is **protecting consumers, particularly older adults on fixed or limited incomes from automatic cost increases that erode affordability and weaken regulatory oversight**.

**Executive Summary: Why This Bill Harms Consumers**

S.B. 2694 SD1 would require the Public Utilities Commission to approve **automatic annual rate increases** for water carriers of property in **two out of every three years**, tied not to a carrier's actual costs, but to **Department of Transportation Harbors wharfage rate increases** and **without a full rate case review**. Although the bill caps increases at **up to 5 percent per year**, even capped automatic increases can significantly burden households over time.

AARP opposes this approach because **automatic adjustment mechanisms fundamentally shift financial risk from companies to consumers**, reduce transparency, and allow rate increases to occur **without meaningful scrutiny of whether costs are necessary, reasonable, or prudently incurred**. These risks fall hardest on those least able to absorb unpredictable price increases.



### **What the Bill Does**

Specifically, S.B. 2694 SD1 would:

- Require the Public Utilities Commission, by **July 1, 2026**, to establish an **automatic inflationary adjustment mechanism** for each water carrier of property;
- **Tie annual rate increases to wharfage fee increases**, rather than to the carrier's actual operating costs;
- Create a **repeating three-year cycle**, with **automatic increases in years one and two** and only a limited review in year three;
- Broadly define "automatic adjustment mechanism" in a way that allows **rate changes between full rate cases**; and
- Expand the commission's **waiver and exemption authority**, further weakening existing consumer protections.

### **Why Legislators Should Oppose S.B. 2694**

#### **Automatic increases undermine regulatory oversight.**

Traditional rate cases are the cornerstone of consumer protection in utility regulation. They require utilities to justify their costs through a transparent, evidentiary process with public participation. Automatic adjustment mechanisms bypass these safeguards, allowing rate increases to occur **without the same level of accountability or public review**, thereby weakening one of the most important checks on monopoly pricing.

#### **Tracker-style ratemaking shifts risk to consumers.**

When cost recovery is guaranteed through automatic mechanisms, companies face **reduced incentives to control expenses**. Instead of utilities bearing the risk of rising or poorly managed costs, that risk is transferred directly to consumers regardless of whether those costs were avoidable or efficiently incurred.

#### **Indexing does not establish prudence.**

Linking rate increases to wharfage fees does not demonstrate that a water carrier's own costs increased at the same rate, nor that those costs were prudently incurred. S.B. 2694 SD1 would allow rate increases **without requiring proof that higher charges are justified**, particularly during the automatic years.

#### **Affordability impacts are real, especially for older adults.**

Many older Hawai'i residents live on **fixed or limited incomes**. Even modest automatic increases, when compounded year after year, can make essential services less affordable and

force difficult household tradeoffs. Policies that reduce oversight and predictability **disproportionately harm those least able to absorb new costs.**

### **Better, Consumer-Centered Alternatives**

If the Legislature wishes to address inflationary pressures or regulatory lag, AARP urges consideration of solutions that **preserve strong consumer protections**, including:

- Keeping rate changes within **full rate cases or robust evidentiary proceedings** that examine all costs and revenues together; and
- If any indexing mechanism is considered, including **clear statutory safeguards**, such as:
  - Demonstrated linkage between indexed increases and **actual carrier costs**;
  - **Annual prudence reviews** with true-up or refund mechanisms;
  - Clear bill disclosure and **advance public notice**;
  - Strong caps paired with **affordability impact analysis**; and
  - Limits on waiver authority, or requirements for **explicit findings and public input**.

### **Conclusion**

S.B. 2694 SD1 moves Hawai'i in the wrong direction by prioritizing administrative convenience over **consumer protection, transparency, and affordability**. For these reasons, **AARP Hawai'i respectfully urges the Committee on Ways and Means to defer S.B. 2694 SD1.**

Mahalo for the opportunity to testify and for your continued commitment to protecting Hawai'i consumers.



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February 27, 2026

To:

Senator Donovan Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Senate Committee Members on Ways and Means

**Re: Opposition to SB2694 SD1**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee,

My name is John Mark Mageo, and I am the Employee Relations & Government Affairs Manager for ABC Stores, a Hawai'i-based retailer serving residents and visitors statewide. We respectfully submit testimony in **opposition to SB2694 SD1**.

While we recognize the importance of maintaining a reliable interisland shipping system, SB2694 SD1 establishes an automatic inflation-based rate adjustment mechanism that would significantly impact businesses and consumers across Hawai'i.

This measure authorizes annual rate increases of up to five percent, with limited regulatory review during the first two years of each three-year cycle. Such automatic adjustments reduce oversight and transparency, and they shift financial risk away from carriers and onto local retailers, suppliers, and ultimately consumers.

Interisland shipping costs affect nearly every product sold in Hawai'i, including food and essential goods. Any increase in shipping rates will be passed through the supply chain, further exacerbating affordability challenges at a time when families and policymakers are focused on controlling costs and improving food access.

Rather than locking in automatic rate increases, we urge the Legislature to pursue more balanced, targeted solutions that address carrier cost pressures while preserving meaningful review and protecting Hawai'i businesses and households from compounding cost increases.

For these reasons, ABC Stores respectfully opposes SB2694, SD1, and urges the Committee to defer this measure.

Mahalo,

John Mark Mageo  
Employee Relations & Government Affairs Manager  
ABC Stores



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
TUESDAY, MARCH 3, 2026 AT 10:17 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the Committee on Ways and Means

**OPPOSE SB2694 SD1 RELATING TO WATER CARRIERS**

The Maui Chamber of Commerce is concerned about SB2694 SD1 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.

Water carriers play a unique and essential role in our island state. A financially sustainable interisland shipping system is critical—not only for carriers, but for the businesses and residents who rely on them every day. We agree that improvements are needed within the current system, and we recognize that price adjustments may at times be necessary. However, automatically increasing interisland shipping prices without regard to the downstream impacts on local agricultural producers, manufacturers, suppliers, distributors, retailers, and ultimately consumers, is not the right approach.

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

Increasing rates automatically without addressing the root structural issues within the interisland shipping system will only exacerbate these challenges. It will raise the cost of goods statewide, including food and essential household items, while providing no meaningful reform to improve efficiency, competition, or equity in the system. It also subverts the important public process where residents and businesses can share important feedback on the proposed rate increases.

For these reasons, the Maui Chamber of Commerce respectfully urges the Committee to defer SB2694.

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.

March 3, 2026, 10:17 a.m.  
Hawaii State Capitol  
Conference Room 211 and Videoconference

**To: Senate Committee on Ways and Means**  
**Sen. Donovan M. Dela Cruz, Chair**  
**Sen. Sharon Y. Moriwaki, Vice Chair**

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

RE: TESTIMONY OPPOSING SB2694 SD1 — RELATING TO WATER CARRIERS

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **opposes** [SB2694 SD1](#), 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



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Vincent Kimura  
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Natalie Urminska  
Kauai

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Ways and Means Committee,

The Hawaii Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFU opposes SB2694.**

SB2694 poses a considerable threat to Hawaii's agricultural community by allowing the Public Utilities Commission (PUC) to implement automatic rate adjustments for water carriers, significantly reducing the effectiveness of public oversight and accountability. The ability for water carriers to automatically adjust rates based on economic indices could lead to unchecked increases in shipping costs, significantly impacting small and family farmers. These farms rely on consistent and affordable shipping to move their goods to market. By decreasing the interval for public testimony to once every three years, the bill effectively silences the voices of those who are the most vulnerable—undermining their capacity to advocate for fair rates and practices that are vital to their survival.

Moreover, the bill could exacerbate existing challenges in achieving regional food self-sufficiency by incentivizing large producers to seek private shipping solutions, leaving smaller farms to bear the brunt of rising costs. This shift could further stratify the agricultural sector, favoring large agribusiness at the expense of local, sustainable farming practices. It is imperative to maintain robust regulatory oversight to ensure the shipping sector supports, not hinders, Hawaii's agricultural goals. Without this oversight, Hawaii risks compromising its food security and the livelihoods of small-scale farmers who are integral to the state's cultural and economic fabric.

Mahalo for the opportunity to testify.

Hunter Heavilin  
Advocacy Director  
Hawaii Farmers Union



# Hawai'i Island Chamber of Commerce

1321 Kino'ole Street - Hilo, Hawai'i 96720

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Carla Kuo

**2025-2026**

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## **Testimony to the House Committee on Ways and Means**

**Senator Donovan M. Dela Cruz, Chair**

**Senator Sharon Y. Moriwaki, Vice Chair**

**Tuesday, March 3, 2026 at 10:17 AM**

### **RE: SB2694 SD1 Relating to Water Carriers - OPPOSE**

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, 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 SB2694 SD1**.

Water carriers play a unique and essential role in sustaining Hawai'i's island economy. A reliable and financially sustainable interisland shipping system is critical to ensuring that goods move efficiently between islands. We understand that economic realities may require periodic rate adjustments to maintain service viability.

However, SB2694 SD1 authorizes the Public Utilities Commission to establish automatic adjustment mechanisms to address economic factors, requires creation of a water carrier inflationary cost index automatic adjustment mechanism, and authorizes the Commission to waive or exempt carriers from requirements under the Hawai'i Water Carrier Act. Our concern is that this framework would allow automatic rate increases without adequately addressing the broader structural challenges within the interisland shipping system.

For neighbor island businesses, interisland shipping is not optional, it is essential. Agricultural producers, food manufacturers, suppliers, distributors, and retailers on Hawai'i Island must ship products to O'ahu, our primary population center, to access markets at scale. Shipping costs are already among the most significant operational expenses for many small businesses. Automatic price increases, tied to an inflationary index and implemented without sufficient safeguards or broader system reform, will further strain these enterprises.

The result will be higher costs for local producers and, ultimately, higher prices for Hawai'i consumers. This is particularly concerning for food and other essential goods. Increasing shipping costs without simultaneously addressing efficiency, transparency, competition, or other root issues in the system risks compounding existing inequities between O'ahu and the neighbor islands.

We agree that reforms are necessary to strengthen and modernize Hawai'i's water carrier system. However, establishing automatic rate adjustment mechanisms before resolving underlying systemic issues is premature and may have unintended negative consequences for small businesses and working families statewide.

We respectfully urge the Legislature to consider a more balanced approach, one that ensures long-term sustainability for water carriers while protecting local businesses and consumers from unchecked cost escalation.

Mahalo for the opportunity to testify. Mahalo for the opportunity to testify.

Sincerely,

Carla Kuo  
Executive Officer  
Hawai'i Island Chamber of Commerce



## Japanese Chamber of Commerce & Industry of Hawaii

March 3, 2026

Via Hawaii State Legislature Portal

House Committee on Ways and Means  
State Capitol  
Honolulu, HI 96813

**ATTN: Testimony Submittal on SB2694**  
**Hearing: Wednesday, March 3, 2026**

Dear Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

I provide this testimony **IN OPPOSITION TO SB2694 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.

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

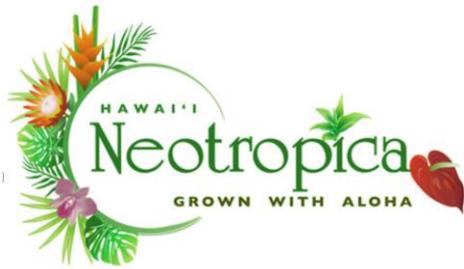
Mahalo for considering our testimony,



**Mitchell Dodo**

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

4082802v1



**THE SENATE  
KA 'AHA KENEKOA  
THE THIRTY-THIRD LEGISLATURE  
REGULAR SESSION OF 2026**

**COMMITTEE ON WAYS AND MEANS  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair**

**Tuesday, March 3, 2026  
3:00 PM  
Conference Room 211 & Videoconference  
State Capitol  
415 South Beretania Street**

**RE: SB2694 SD1 RELATING TO WATER CARRIERS.**

My name is Eric S. Tanouye and I am the President for the Hawaii Floriculture and Nursery Association. HFNA is a statewide umbrella organization with approximately 350 members. Our membership is made up with breeders, hybridizers, propagators, growers, shippers, wholesalers, retailers, educators, and the allied industry, which supports our efforts in agriculture.

The Hawaii Floriculture and Nursery Association (HFNA) **Opposes Senate Bill 2694 SD1** which authorizes 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

We question the need to do cost increases without factoring current economic concerns. A rate increase will cause farmers and ranchers' production costs to rise due to increases in supplies, from fiber, fencing, equipment, and other necessary agricultural inputs. Increases in production costs cannot be easily offset with increases in selling prices. Agriculture needs to be competitive in prices to keep our business entities operating and we need our inputs and partner business' to also be competitive.

We do worry about increase charges without also factoring efficiency of the water carrier. We think this may lead to taking the 'easy' decision of raising price instead of trying to improve services of the water carrier. We want our water carriers to be effective at what they do and with services that are reasonably priced.

We thank you for your support for our industry and agriculture and in helping us to bring the beauty of Hawaii to others through flowers and ornamentals.



If you have any questions at this time, I would be happy to discuss them and can be reached by phone at 808-959-3535 ext 2627, cell 960-1433 and email [eric@greenpointnursery.com](mailto:eric@greenpointnursery.com).

Supporting Agriculture and Hawaii,

Eric S. Tanouye  
President  
Hawaii Floriculture and Nursery Association



March 3, 2026

**SENATE COMMITTEE ON WAYS AND MEANS**

Sen. Donovan Dela Cruz, Chair; Sen. Sharon Moriwaki, Vice Chair; and Committee Members  
Public Hearing, March 3, 2026, 10:17 a.m. – Conference Room 211, State Capitol

**Testimony of William F. Anonsen**  
**Managing Partner/Principal of The Maritime Group**  
**In Support of S.B. 2694 SD 1, Relating to PUC Water Carriers**

My name is William F. Anonsen, Managing Partner/Principal of The Maritime Group, and we respectfully submit testimony in support of S.B. 2694 SD1, authorizing the PUC to establish automatic adjustment mechanisms for water carriers and requiring the creation of a water carrier inflationary cost index tied to objective cost drivers, including annual changes in DOT Harbors Division wharfage rates. As noted in the Senate Committee Report, the current rate case process can be slow and inefficient, sometimes resulting in rate spikes following long periods without adjustment. S.B. 2694, S.D. 1, provides a more predictable and incremental approach.

The bill caps annual adjustments at five percent and structures them within a repeating three-year cycle, with limited index-based updates in the first two years and a full rate review in the third year under existing statutory standards. Tariff filing requirements, Commission suspension authority, investigation timelines, and refund-with-interest protections remain intact. Any automatic adjustment mechanism must be filed through a 45-day tariff transmittal or as part of a formal rate case to ensure transparency and oversight. The inclusion of a July 1, 2033, sunset further provides for legislative review and evaluation.

In a multi-island state where water carriers move essential goods between islands and into our ports, regulatory stability is directly tied to supply chain reliability. S.B. 2694, SD 1, modernizes the framework while maintaining meaningful consumer protection and Commission oversight. In my professional view, it strikes an appropriate balance between operational practicality and regulatory discipline.

Importantly, the bill doesn't weaken oversight. It maintains tariff filing requirements, Commission review authority, and the ability to suspend or modify rates where appropriate. Reliable, financially stable water carriers are essential to Hawai'i's supply chain resilience and economic security. Providing a modern, predictable rate framework ultimately benefits shippers, businesses, and families across our islands.

For these reasons, we respectfully urge the Committee to support and pass S.B. 2694 SD1.

Respectfully submitted,

*William F. Anonsen*

Managing Partner/Principal  
THE MARITIME GROUP



**Mike Palmer, Chair** – Ho'okipa Partners    **Ryan Ko, Vice Chair** – Westman Corporation  
**Andy Huang, Past Chair** – L&L Hawaiian Barbecue    **Victor Lim, Government Relations Lead** – McDonald's  
**Address: 2909 Wai'ala'e Avenue #22, Honolulu, HI 96826 | Office: 808-944-9105**

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**Date:** February 28, 2026  
**To:** Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Committee on Ways and Means  
**From:** Victor Lim, Legislative Lead  
**Subject:** SB 2694, SD1 Relating to Water Carriers

The Hawaii Restaurant Association, representing over 4,000 Eating and Drinking Place locations, opposed SB2694 SD1, which will give automatic rate adjustments to our Water Carriers (Young Brothers).

In our industry, Cost of Goods Sold is the biggest number in our Profit & Loss Statements, and transportation plays a big part in that number, especially here in Hawaii. This plays a major role in our food inflation and menu price increases.

Our current Water Carrier enjoys an almost monopoly on how goods are shipped within the islands, and as a business, needs to run its business efficiently, and has the PUC to monitor and approve only the necessary price increases. Without this safeguard, you are taking away their need as a business to be efficient and lower shipping costs to our local businesses and consumers. For these reasons, we urge that you do not pass this Bill 2694 SD1.

Thank you for giving us this opportunity to share our position.

Jennifer Lim  
PO Box 883  
Aiea Hi 96701

March 2, 2026

Re: SB2694 Relating to Water Carriers

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

Thank you for the opportunity to submit comments in support of the Water Carrier Inflationary Index (WICI).

I've worked at Young Brothers for over 14 years and have seen how the decades old regulatory rules for water carrier rate adjustments are in serious need of revision. Prior to working at Young Brothers, I was also a customer of YB, who utilized its services and understood that as a state utility, Young Brothers' ability to provide reliable interisland shipping depends on customer rates covering the cost of providing the service.

Last year, as Young Brothers pursued a rate adjustment, I travelled with a team to visit with customers and community organizations and the one thing we heard the most was, "why couldn't YB adjust the rates every year in smaller increments?"

The State Water Carrier Working Group — made up of the Public Utilities Commission (PUC), Consumer Advocate, state agency leaders and elected officials, representatives from County government, and labor — met for over a year to identify opportunities to strengthen interisland shipping and the financial sustainability of water carriers. Building on the group's top recommendation, the proposed legislation would create a transparent new rate adjustment mechanism for water carriers. Each year, customer rates would be adjusted based on an existing framework to adjust the fees collected to maintain port infrastructure, administered by the Department of Transportation.

Reducing regulatory lag is a vital step toward securing the future of interisland shipping and Hawai'i's supply chain. This solution would modernize, not replace, the rules for interisland shipping. The PUC's oversight powers would remain unchanged, and it would retain complete control over setting Young Brothers rates as part of a comprehensive review required every three years. It also ensures that rate changes between reviews are incremental, with an annual cap of 5%. This is what makes sense for our customers and the community.

I hope you will stand with Young Brothers' more than 400 team members and the communities we serve by supporting this legislation.

Mahalo,  
Jennifer Lim



March 3, 2026

Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

**RE: SB 2694, S.D. 1 – RELATING TO WATER CARRIERS**  
**Hearing date: Tuesday, March 3, 2026, 10:17 a.m.**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC offering **STRONG SUPPORT for SB 2694, S.D. 1**. As drafted, this measure 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.

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”).

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

### **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.

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.

### **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.

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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.

**Why should the legislature take action on this measure?**

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 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 amended.

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

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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>

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March 2, 2026

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

Re: SB2694 Relating to Water Carriers

Thank you for the opportunity to submit comments in support of updating the decades-old regulatory rules for water carrier rate adjustments.

My name is Ashlee Kishimoto, and I am an employee of Young Brothers. As a state utility, Young Brothers' ability to provide reliable interisland shipping depends on customer rates covering the cost of providing the service, and on its ability to plan ahead and invest in the future. It requires having the equipment our skilled team needs to navigate challenging ocean conditions and deliver what matters most to Hawai'i. It means maintaining equipment, planning repairs or replacements before something breaks. It demands statewide infrastructure and a presence in each of our island communities, including routes that don't generate a profit.

Last year, as Young Brothers pursued a rate adjustment, we operated at a loss of more than \$23 million. While new rates in 2026 will help stabilize conditions, they do not resolve the underlying cycle created by regulatory lag and rising costs.

The State Water Carrier Working Group — made up of the Public Utilities Commission (PUC), Consumer Advocate, state agency leaders and elected officials, representatives from County government, and labor — met for over a year to identify opportunities to strengthen interisland shipping and the financial sustainability of water carriers. Building on the group's top recommendation, the proposed legislation would create a transparent new rate adjustment mechanism for water carriers. Each year, customer rates would be adjusted based on an existing framework to adjust the fees collected to maintain port infrastructure, administered by the Department of Transportation.

Reducing regulatory lag is a vital step toward securing the future of interisland shipping and Hawai'i's supply chain. This solution would modernize, not replace, the rules for interisland shipping. The PUC's oversight powers would remain unchanged, and it would retain complete control over setting Young Brothers rates as part of a comprehensive review required every three years. It also ensures that rate changes between reviews are incremental, with an annual cap of 5%.

I hope you will stand with Young Brothers' more than 400 team members and the communities we serve by supporting this legislation.

Mahalo,  
Ashlee Kishimoto

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.

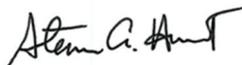
First, the current rate case method that's facilitated by the Hawai'i Public Utilities Commission tends to be slow, cumbersome, costly, and inefficient as the outcomes often result in large rate spikes that are necessary following extended periods without adjustment, rather than more contemporary incremental 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

**SB-2694-SD-1**

Submitted on: 3/2/2026 7:10:34 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jesse Andrade	Individual	Support	Written Testimony Only

Comments:

I am submitting this written testimony in strong support of SB2694. If WICI does not get approved, there is a high possibility that the current inter island ocean shipping service will no longer exist. Do the right thing and pass this measure. Mahalo for allowing my testimony.

**SB-2694-SD-1**

Submitted on: 3/2/2026 7:48:54 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dennis Lin	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill as it does not ensure that YB will be able to operate efficiently and prudently if given annual increases. What mechanisms are in place to effectively monitor performance? Does this inflation adjustment mechanism provide the same operational transparency as a rate case?

The neighbor islands should not have to carry the burden of ineffective management. The cost of living is already high; the legislature should be looking at ways to reduce the cost, not increase it.

I urge you to oppose this bill. Thank you for your consideration.



March 3, 2026

Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
**Senate Committee on Ways and Means**

**RE: Testimony in support of SB 2694, SD1 – RELATING TO WATER CARRIERS**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committees:

Mahalo for the opportunity to submit testimony in support of SB 2694, SD1.

The Hawai'i Agricultural Foundation (HAF) is a nonprofit dedicated to cultivating a food-secure and resilient Hawai'i. Founded in 2007 and renamed in 2010, HAF strengthens the future of local agriculture by connecting farmers, ranchers, students, teachers, and communities statewide. By fostering collaboration, learning, and action, we work to ensure that Hawai'i's agricultural industry continues to grow—for our people, our islands, and generations to come.

Local producers, especially those on the neighbor islands, depend on a seamless statewide supply chain. Interisland shipping is the bridge between the field and the consumer.

This measure establishes a more structured approach to setting shipping rates, based on an existing state benchmark, and greater transparency about when and how they will change. That would be a significant improvement over the current system, where shipping rates suddenly change after long periods of being artificially low.

When costs shift suddenly or unpredictably, farmers operating on thin margins feel the impact immediately. Predictable shipping rates allow agricultural producers to plan, manage costs, and set prices with greater confidence. That stability ultimately benefits local producers and strengthens Hawai'i's food security.

Mahalo,

Denise Yamaguchi  
Founder & Executive Director

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:07:52 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Peku Reynolds	Individual	Support	Written Testimony Only

Comments:

In Strong Support of bill SB2694.

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:12:06 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Bron Dela Cruz	Individual	Support	Written Testimony Only

Comments:

In strong support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:13:34 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jacob Planas	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:18:00 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jason	Individual	Support	Written Testimony Only

Comments:

I Jason Langtad Strongly support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:23:07 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jameson Smith	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694.



## HAWAII LIONS FOUNDATION

405 N. Kuakini St. Suite 801  
Honolulu, HI 96817

March 2, 2026

### Officers (2025-2026)

Roberta Jenkins  
President

PDG Chris Morris  
Vice President

David Iwana  
Secretary

Roland Jenkins  
Treasurer

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1<sup>st</sup> VDG Dr. Cedric Mitsui  
2<sup>nd</sup> VDG Tony Tassillio  
IPP PDG Kelvin Moniz

### **Senate Committee on Ways And Means**

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

Hearing: March 3, 2026 10:17am, Conference Room 211

### **RE: Testimony in Support – SB 2694 – Relating to Water Carriers**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

Mahalo for the opportunity to submit testimony in **support** of SB 2694.

Hawaii Lions Foundation's Mission statement is to improve and expand services for individuals who are sight and hearing impaired while promoting the values and visibility of Lionism throughout the State of Hawaii. Hawaii Lions Foundation is the foundation for District 50 Hawaii Lions. Our Lions volunteer organization plays a vital role in supporting the community through various initiatives focused on health, humanitarian issues, education, and disaster relief. We are committed to giving back to our community through service, fostering a spirit of cooperation and compassion, making a positive impact across the islands. We ensure that our contributions make a direct impact on those in need.

The **Lions in Sight** Eyeglass Recycling Program is one of our signature service projects. Through this initiative, used eyeglasses that are no longer needed locally are collected, cleaned, sorted, and prepared so they can benefit individuals in underserved communities around the world.

According to the **World Health Organization**, approximately one-fourth of the world's population could have their vision improved with corrective lenses. This equates to an estimated 500 million people whose eyesight could be significantly enhanced through access to recycled eyeglasses. For many recipients, a simple pair of glasses can improve educational opportunities, increase employability, and enhance overall quality of life. Because Hawai'i law requires that prescription lenses be dispensed by licensed professionals, collected eyeglasses cannot be redistributed locally. Instead, they are sent to developing countries, where licensed medical mission teams and partner organizations conduct vision screenings and properly fit recipients during organized outreach clinics.

For more than 15 years, **Young Brothers** has supported our volunteer organization through its Gratis Shipment of Goods Program. This invaluable partnership provides interisland transportation of cleaned and carefully packed eyeglasses from Lions Clubs on the neighbor islands to our central storage facility on Oahu. By offsetting shipping costs, this in-kind contribution significantly reduces our operational expenses and allows us to direct more funding toward program expansion and



Page 2

community outreach. This longstanding collaboration exemplifies the power of community partnership in advancing our mission to improve vision and transform lives.

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.

SB 2694 create 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,

/s/ Dr. Lori Inouye-Yamashita  
Lori Inouye-Yamashita  
Immediate Past District Governor & Lions in Sight Chair  
District 50 Hawaii Lions & Hawaii Lions Foundation

/s/ Roberta Jenkins  
Roberta Jenkins  
President  
Hawaii Lions Foundation

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:24:13 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Daniel Friend	Individual	Support	Written Testimony Only

Comments:

In strong support of bill SB2694.



## HAWAII LIONS DISTRICT 50

405 N. Kuakini St. Suite 801  
Honolulu, HI 96817

March 2, 2026

### Officers (2025-2026)

Sean Benito  
District Governor

Cedric Mitsui  
1<sup>st</sup> Vice District Governor

Anthony Tassilio  
2<sup>nd</sup> Vice District Governor

Lori Inouye-Yamashita  
Immediate Past District  
Governor

Blayne Hanagami  
Honorary District Governor

Robert Lee  
Past International Director

David Iwana  
Secretary

Nikki Loh  
Treasurer

Charles Ortiz  
Sargeant at Arms

### Senate Committee on Ways And Means

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

Hearing: March 3, 2026 10:17am, Conference Room 211

### RE: Testimony in Support – SB 2694 – Relating to Water Carriers

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

Mahalo for the opportunity to submit testimony in **support** of SB 2694.

My name is Bruddah Sean, and I currently serve as District Governor for District 50 Hawai'i Lions, representing approximately 1,500 volunteer members across the State of Hawai'i. Our members live and serve in communities across every island, and the ability to move goods interisland is essential to our mission.

The Hawai'i Lions Foundation works to improve services for individuals who are sight and hearing impaired while promoting service throughout our state. Lions clubs across Hawai'i conduct projects that address vision care, hearing assistance, disaster relief, food insecurity, and youth development. Our model is simple: we serve locally, but we operate statewide.

One example is our Lions in Sight eyeglass recycling initiative. Lions clubs collect used eyeglasses on neighbor islands, carefully clean and package them, and prepare them for distribution to underserved communities internationally. Because state law requires licensed professionals to dispense prescription lenses, these glasses cannot be redistributed locally and must be transported off-island for global outreach.

For more than fifteen years, Young Brothers has supported nonprofit efforts like ours by assisting with interisland transport. For organizations like ours that depend entirely on volunteers and limited charitable resources, predictable and sustainable shipping operations are not optional — they are foundational.

SB 2694 provide a structured and transparent framework for rate adjustments. Incremental changes, regular review, and clearer communication create stability. Stability allows nonprofits to plan responsibly, secure grant funding with greater confidence, and avoid sudden cost disruptions that could reduce direct service to the community.

As an island state, Hawai'i's interisland shipping system is part of our civic infrastructure. When that system is stable and financially viable, community service organizations can continue delivering impact efficiently across all islands.



Page 2

For these reasons, District 50 Hawai'i Lions respectfully supports SB 2694.

Mahalo for your leadership and for your continued commitment to the people of Hawai'i.

Respectfully submitted,

/s/ Sean Benito

Sean Benito

District Governor

District 50 Hawai'i Lions

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:27:52 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Manuel Silva	Individual	Support	Written Testimony Only

Comments:

I strongly support you sb2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:34:23 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Keith Marugame	Individual	Support	Written Testimony Only

Comments:

I Strong Support SB2694



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**Gary Okimoto**, Safeway, *Advisor*  
**Maile Miyashiro**, C&S Wholesale, *Immediate Past Chair*

TO: Committee on Ways and Means  
FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: March 3, 2026  
TIME: 10:17am

RE: SB2694 SD1 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.

HFIA is in opposition to this measure. Water carriers play a unique and essential role in our islands. Creating a system that is financially sustainable for carriers and those that rely on them, equitable for all islands, and functional for everyone, presents a range of challenges.

We agree that changes are needed to address issues within the water carrier system, and we understand price adjustments may sometimes be necessary to continue to operate interisland water carrier shipping services.

However, automatically increasing prices on interisland shipping will not address the underlying issues that result in high prices and product loss. Systematically increasing prices at a time when 1 in 3 people can't afford enough food is not the right choice.



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**Interisland Shipping vs. Mainland Competition Model**

Structural Rate Increases (Fuel Surcharge Not Included)

Young Brothers (PUC-Approved Structural Increases)

2019: +4.32%

2020: +46.0%

2025: +25.75%

Compounded Impact (2018 = 100)

Year, Index

2018, 100

2019, 104

2020, 152

2025, 192

≈ 91% cumulative structural increase since 2018

This does NOT include fuel surcharges.

Mainland Competition Model (e.g., Matson / PASHA proxy)

Assuming 2.5% average annual increase from 2018–2026:

Compounded:

$1.025^8 \approx 1.218$

Year, Index

2018, 100

2026, 122



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

≈ 22% cumulative increase since 2018

This does NOT include fuel surcharges.

### Direct Comparison

**Interisland (YB): ~91% increase**

**Mainland competitive model: ~22% increase**

**Interisland structural increases have grown over 4 times faster than mainland competitive rate growth.**

Since 2018, interisland shipping rates have increased by approximately 91% on a structural basis, before fuel surcharges. By comparison, mainland routes operating under competitive conditions have increased at roughly 2.5% per year, or about 22% cumulatively over the same period.

In 2025, the PUC approved a 25.75% increase, with the understanding that rates would **not increase again for two years.** That pause was critical to provide stability to local farmers, manufacturers, grocery stores, and ultimately consumers.

The proposed bill would undermine the stated intent of the PUC in their decision.

The language in this bill requires an automatic inflationary cost index adjustment in years one and two of a three-year cycle — followed by a full rate case in year three. During the rate case, a much larger rate increase can be requested.

The PUC is put in an impossible situation, because if the one legislatively mandated monopoly servicing the islands stops doing business, there will be a crisis. Current law (HI Rev Stat § 271G-10) makes interisland water carrier competition nearly impossible — thus guaranteeing poor service and terrible prices. This is not a good system. We should try to do better. Competition, even when limited by strong regulations to ensure universal service to all islands, has produced better prices and better service globally.

For example, Spain's Canary Islands (another remote archipelago) directly subsidize inter-island freight and air transport to reduce costs for residents and businesses. The



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

Canary Islands government allocates millions of euros annually to compensate transport operators and keep shipping rates affordable. In the European Union generally, governments can impose “public service obligations” on essential ferry or shipping routes and award exclusive service contracts via competitive tender to private operators, often with subsidies, to ensure remote islands are served reliably. **This approach injects competition at the bidding stage (companies compete to win the route contract) while still guaranteeing service to less profitable islands.** In contrast, Hawaii’s approach has been to maintain a single interisland carrier with cross-subsidized routes, without any direct subsidy to shippers – an approach that now appears outdated and costly. Even within the United States, no other state enforces an inter-island shipping monopoly. For instance, Alaska and Washington provide inter-island ferry services via state-run or contracted operations. Meanwhile, most freight transportation in the continental U.S. is handled by competing carriers, leading to choices for consumers. The bottom line is that Hawaii’s regulated-monopoly shipping model is unique, and its shortcomings—high rates, an inflexible cost structure, and risk of service disruption—underscore the need for change.

Instead of providing predictability and protection for Hawai‘i’s food supply chain, the bill institutionalizes perpetual escalation while doing nothing to limit the size of the increase during a full rate case. It also provides no incentive for improving service. These automatic adjustments could approach 5% annually, regardless of broader economic conditions which may reduce or increase the cost of shipping.

Interisland shipping is not a luxury service. It is the backbone of Hawai‘i’s food distribution system. Every additional percentage point compounds through the food supply chain — raising prices on milk in Hilo, construction materials on Moloka‘i, and feed for local farmers statewide.

This is not a modest technical adjustment. It is a structural shift that would guarantee rising costs.

Having a dysfunctional and cost prohibitive interisland shipping system also stifles local economic growth. There is tremendous potential for increased agricultural production and manufacturing on the neighbor islands. Unfortunately, in order to reach our state’s



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**Gary Okimoto**, Safeway, *Advisor*  
**Maile Miyashiro**, C&S Wholesale, *Immediate Past Chair*

population center on Oahu neighbor island producers must pay for shipping that is already becoming prohibitively expensive for some small local businesses.

Producers on one neighbor island who want to sell product to customers on another neighbor island must pay for and navigate our complex and costly shipping system twice because almost all shipments go through Honolulu.

Increasing prices automatically without addressing any of the root problems with the interisland shipping system will just exacerbate the problems and provide no benefit for local businesses or Hawaii consumers.

We urge the Committee to hold this measure, and we thank you for the opportunity to testify.

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:02:19 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jolynn Dean	Individual	Support	Written Testimony Only

Comments:

Strong support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:08:19 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jolynn Dean	Individual	Support	Written Testimony Only

Comments:

Strong support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:09:17 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jyen Akima	Individual	Support	Written Testimony Only

Comments:

Strongly support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:13:16 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cy Chong	Individual	Support	Written Testimony Only

Comments:

Strongly support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:21:10 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Justin Silva	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 11:27:22 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Christian McKee	Individual	Support	Written Testimony Only

Comments:

**I strongly support this bill**

**SB-2694-SD-1**

Submitted on: 3/2/2026 11:29:32 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Randy Pacheco	Individual	Support	Written Testimony Only

Comments:

I strongly support SB 2694. We need to maintain a reliable interisland shipping service. Critical services like this cannot be jeopardized by not being able to adapt to the current economic environment. Allow this bill to pass.

**SB-2694-SD-1**

Submitted on: 3/2/2026 11:29:45 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Tiana Catekista	Individual	Support	Written Testimony Only

Comments:

I support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 11:33:51 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeremy Hatori	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 11:44:19 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nichole Arce-Aricayos	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 11:56:55 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Darrin Manu	Individual	Support	Written Testimony Only

Comments:

I support the bill SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:00:23 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Peter Morishige	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:02:01 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
destiny akita	Individual	Support	Written Testimony Only

Comments:

My name is destiny akita from kekaha and i strongly support sb2694.

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:08:18 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Daylan Saniatan	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:14:10 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kimberly Gerhardt	Individual	Support	Written Testimony Only

Comments:

I have been an employee at Young Brithers for over 20 years. I highly support this bill!

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:19:31 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cy Morishige	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:20:05 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gregory Silva	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:21:00 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Clare Cabacungan	Individual	Support	Written Testimony Only

Comments:

Very strongly support SB2694.

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:29:40 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
George Keala	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:32:24 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Charles long	Individual	Support	Written Testimony Only

Comments:

In Strong support

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:34:31 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kekaialoha Han-krael	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:37:58 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Christian Lum	Individual	Support	Written Testimony Only

Comments:

I Christian Lum am in support of bill 2694 SB relating to water carriers

**SB-2694-SD-1**

Submitted on: 3/2/2026 12:42:01 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Elgin Meyer	Individual	Support	Written Testimony Only

Comments:

In strong support

**SB-2694-SD-1**

Submitted on: 3/2/2026 1:00:48 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
corey akamine	Individual	Support	Written Testimony Only

Comments:

i am a strong supporter of this bill

**SB-2694-SD-1**

Submitted on: 3/2/2026 1:13:29 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
warren serikaku	Individual	Support	Written Testimony Only

Comments:

Strongly support bill SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 1:18:44 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cody Deonte	Individual	Support	Written Testimony Only

Comments:

I am of strong support this bill .

**SB-2694-SD-1**

Submitted on: 3/2/2026 1:20:19 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Corey Lum	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson  
Board of Agriculture & Biosecurity

**DEAN M. MATSUKAWA**  
Deputy to the Chairperson

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE & BIOSECURITY**  
KA 'OIHANA MAHI'AI A KIA'I MEAOLA  
1428 South King Street  
Honolulu, Hawai'i 96814-2512  
Phone: (808) 973-9560 FAX: (808) 973-9613

**TESTIMONY OF SHARON HURD  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS**

**TUESDAY, MARCH 03, 2026  
10:17 AM  
CONFERENCE ROOM 211**

**SENATE BILL NO. 2694, SD1  
RELATING TO WATER CARRIERS**

Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2694, SD1 that authorizes 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 Commissions to waive or exempt any water carrier from any requirement under the Hawaii Water Carrier Act.

The Department of Agriculture and Biosecurity (Department) supports this measure that creates stability in interisland shipping, which is essential to Hawaii's agricultural supply chain and food distribution system. Reliable interisland transportation is critical for the timely movement of agricultural goods and inputs including fresh produce, livestock feed, fertilizer, seed and farm equipment. The improved rate predictability and transparency helps the industry plan for and manage costs. Additionally, it maintains Public Utilities Commission oversight while promoting the financial stability of water carriers.

This measure represents an important step toward ensuring the long-term financial viability and stability of interisland shipping, while additional mechanisms continue to be explored to improve operational flexibility.

Thank you for the opportunity to provide testimony on this measure.

**SB-2694-SD-1**

Submitted on: 3/2/2026 2:14:27 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lee Ann Kalani	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill.

**SB-2694-SD-1**

Submitted on: 3/2/2026 2:45:25 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Shelby Davis	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 3:01:21 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Robert Hirota	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB2694.

**SB-2694-SD-1**

Submitted on: 3/2/2026 3:51:51 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Thomas Thorn	Individual	Support	Written Testimony Only

Comments:

Young Brothers, LLC has been providing invaluable services to the islands of Hawaii for over 130 years, transporting sustainable goods for all the communities and businesses, from big retails stores to small mom and pop stores. They bring shipments to all the islands, even to Kalapapa. However, to continue to provide shipping services to the islands effectively, it is imperative that they received the much needed yearly rates increase of minimum 5% to cover the operation costs. Therefore, I'm fully supporting SB2694 to give Young Brothers, LLC the much needed yearly rates increase

**SB-2694-SD-1**

Submitted on: 3/2/2026 5:02:49 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ikaika	Individual	Support	Written Testimony Only

Comments:

Strongly support SB 2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 5:07:13 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lucky Laureano	Individual	Support	Written Testimony Only

Comments:

I Fully support this Bill.

**SB-2694-SD-1**

Submitted on: 3/2/2026 5:28:56 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Chayce Kaaua	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 5:36:18 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Crispulo	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill

**SB-2694-SD-1**

Submitted on: 3/2/2026 6:34:55 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Royale Komomua Jr	Individual	Support	Written Testimony Only

Comments:

My name is Royale Komomua Jr. I live in kahala and I am in support of this bill.

**SB-2694-SD-1**

Submitted on: 3/2/2026 6:57:30 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jasmine Thorn	Individual	Support	Written Testimony Only

Comments:

Hi my name is Jasmine Thorn. I am in strong support of SB2694.

Thank you

**SB-2694-SD-1**

Submitted on: 3/2/2026 7:06:08 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Makana Fronda	Individual	Support	Written Testimony Only

Comments:

I strongly support sb2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 7:13:28 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jonathan Hermosura	Individual	Support	Written Testimony Only

Comments:

I support this bill

**SB-2694-SD-1**

Submitted on: 3/2/2026 7:29:48 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Aaron domingcil	Individual	Support	Written Testimony Only

Comments:

I strongly support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:09:55 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nicole Nagasawa	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:10:31 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Roxanne HewLen	Individual	Support	Written Testimony Only

Comments:

**I strongly support this Bill SB2694.**

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:13:09 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nadine Yingst	Individual	Support	Written Testimony Only

Comments:

I am in full support of this Bill~

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:13:28 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Shawna Rapoza	Individual	Support	Written Testimony Only

Comments:

I am strongly in support of SB 2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:14:46 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
David Kauhane	Individual	Support	Written Testimony Only

Comments:

I support this bill

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:21:51 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Richard Bolosan	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill for the future growth and viability of our inter-island logistics network.

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:45:24 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Casie Fuentes	Individual	Support	Written Testimony Only

Comments:

Hi, i am Casie Fuentes & i strongly support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 8:52:06 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Philip Guerrero	Individual	Support	Written Testimony Only

Comments:

I Philip Guerrero strongly support SB2694 as young brothers plays a vital role in our lives and communities.

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:01:53 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Craig Iwaishi	Individual	Support	Written Testimony Only

Comments:

In strong support for SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:05:42 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Curtis Lott	Individual	Support	Written Testimony Only

Comments:

Strongly support

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:06:10 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rey Viloría	Individual	Support	Written Testimony Only

Comments:

I support SB2694

**SB-2694-SD-1**

Submitted on: 3/2/2026 9:23:11 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nalu Meyers	Individual	Support	Written Testimony Only

Comments:

In strong support

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:10:37 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
ROYALE KOMOMUA	Individual	Support	Written Testimony Only

Comments:

Strongly support.

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:14:13 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
RENEE KOMOMUA	Individual	Support	Written Testimony Only

Comments:

Strongly support.

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:39:20 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Alyson Matsubara	Individual	Support	Written Testimony Only

Comments:

In STRONG support of SB2694. Mahalo!

**SB-2694-SD-1**

Submitted on: 3/2/2026 10:42:38 PM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Stevie Yates	Individual	Support	Written Testimony Only

Comments:

My names is Stevie Yates and I strongly support this bill

**SB-2694-SD-1**

Submitted on: 3/3/2026 8:15:43 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Radford DeMotta	Individual	Support	Written Testimony Only

Comments:

In strong support of SB2694

**SB-2694-SD-1**

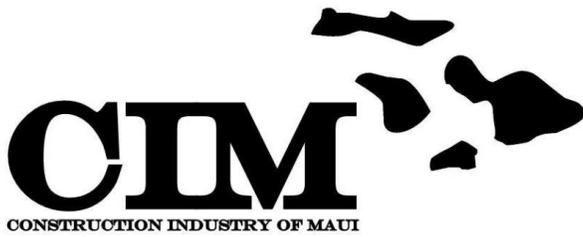
Submitted on: 3/3/2026 8:28:01 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kelly Dowler	Individual	Support	Written Testimony Only

Comments:

I strongly support SB2694.



March 3, 2026

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the Committee on Ways and Means

**OPPOSE SB2694 SD1 RELATING TO WATER CARRIERS**

Chair, Vice Chair, and Members of the Committee,

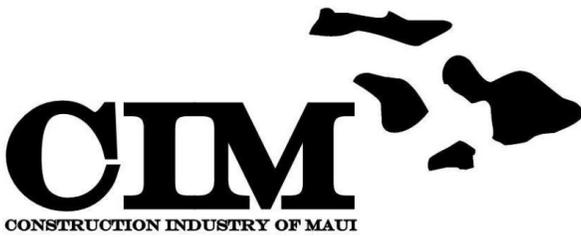
On behalf of the Construction Industry of Maui, we respectfully oppose SB2694 in its current form.

Our concern is not rooted in opposition to reasonable rate recovery. We recognize that interisland shipping is essential infrastructure and that carriers must remain financially stable. However, SB2694 does not address the underlying structural challenges within Hawai'i's interisland freight system. Instead, it reduces friction on rate increases without addressing the root issue: the absence of competition in a government-regulated monopoly market.

Interisland freight is effectively served by a single carrier. In such a market structure, the regulatory process is the only substitute for competitive discipline. The current full rate case process allows residents, small businesses, contractors, housing advocates, and public agencies to present testimony and raise concerns about cumulative economic impacts. It creates transparency and ensures deliberation.

SB2694 shifts that process toward automatic adjustment mechanisms. While capped, these adjustments would occur with reduced procedural review. The increase becomes administrative rather than deliberative. As a result, stakeholders lose a meaningful venue to challenge assumptions, examine operating efficiencies, and highlight the broader economic consequences of rate increases.

For Maui, freight costs are embedded in nearly every material used in housing and infrastructure from lumber to drywall, plumbing materials, equipment, roofing, and prefabricated components. Even modest annual increases compound over time. In a



community already facing affordability challenges, wildfire recovery costs, insurance escalation, and high financing rates, incremental freight increases directly impact housing feasibility and public project budgets.

We believe policymakers should first address the structural conditions of the market before streamlining rate adjustments.

Specifically, we urge the Legislature to:

- Address structural monopoly conditions in interisland freight.
- Encourage competitive entry.
- Increase transparency into operating costs and efficiency metrics.
- Substitute rate review for market competition.
- Strengthen incentives for operational efficiency, not simply cost recovery.

In a competitive market, inefficiency results in lost market share. In a regulated monopoly, efficiency must be actively encouraged through oversight and performance standards. If cost recovery becomes easier through automatic adjustments, what incentive remains to aggressively control operating costs?

Hawai'i's economy and particularly Maui's housing market cannot absorb continued cost layering without structural reform. Freight policy is housing policy and cost-of-living policy.

We respectfully request that SB2694 be deferred until broader reforms addressing competition, transparency, and accountability in interisland shipping are meaningfully considered.

Very Truly Yours,

Raymond Michaels  
Chair  
Construction Industry of Maui

**SB-2694-SD-1**

Submitted on: 3/3/2026 8:42:00 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Hugh Saffery	Individual	Support	Written Testimony Only

Comments:

I'm in support of SB 2694

Our neighbor island communities will benefit greatly from a set price at a small increment every year

thank you

**SB-2694-SD-1**

Submitted on: 3/3/2026 8:51:35 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Robert Decker	Individual	Support	Written Testimony Only

Comments:

Strong support to allow water carriers smaller consistent rate increases, instead of huge rate increases every 3 years or so.

**SB-2694-SD-1**

Submitted on: 3/3/2026 9:08:09 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Grayson Gonsalves	Individual	Support	Written Testimony Only

Comments:

I strongly support sb2694

**SB-2694-SD-1**

Submitted on: 3/3/2026 9:34:56 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
David Yasukochi	Individual	Support	Written Testimony Only

Comments:

Support

**SB-2694-SD-1**

Submitted on: 3/3/2026 9:55:07 AM

Testimony for WAM on 3/3/2026 10:17:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kenworth k Meyers	Individual	Support	Written Testimony Only

Comments:

I strongly support bill sb2694