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## **YOUNG BROTHERS SEEKS TO ENSURE LEVEL PLAYING FIELD FOR TRANSPORTATION OF INTERISLAND CARGO**

*Lack of level playing field threatens ability to afford current level of service to all islands*

HONOLULU (April 27, 2009) – Today, Young Brothers requested “intervenor” status with the Public Utilities Commission (PUC), seeking to be a party and have public hearings on each island in connection with the application by Pasha Hawaii Transport Lines, LLC to begin interisland/intrastate water carrier service within Hawaii. Young Brothers believes that Pasha’s application, as filed, is not in the public interest and does not provide a fair, level playing field within the interisland/intrastate marine freight transportation industry.

“Pasha’s application, if approved, will result in an unlevel playing field with Pasha obtaining an unfair advantage in the regulated interisland/intrastate marine freight marketplace. As a result, it will change the economics of Young Brothers’ statewide service and threaten our ability to afford our current level of service to all islands,” said Glenn Hong, president and CEO of Young Brothers. “In Hawaii, that level playing field includes the responsibility to serve the public while maintaining routes, frequencies of sailings and types of services that are not profitable. By applying to serve only the profitable routes, with an emphasis on only the profitable roll-on and roll-off and automobile lines of service, Pasha is ‘cherry-picking’ at the expense of people and businesses on the neighbor islands that count on interisland cargo service.”

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According to the application, Pasha has applied for the right to transport inter-island/intrastate cargo between Honolulu, Kahului and Hilo once every two weeks, and Kauai on an inducement basis, with its San Diego-home-ported vehicle carrier *M/V Jean Anne*. As a result, Pasha would be able to increase its profits on its current interstate operation, which Pasha describes as “ro/ro (roll on/roll off) pure car and truck liner service between the mainland (San Diego, California) and the Hawaiian Islands of Oahu, Maui, Hawaii and Kauai.” According to its PUC application, Pasha has no intention of offering service to Molokai, Lanai or Kawaihae. Pasha’s application states “revenue generated by this proposed interisland service will increase the profitability of Pasha Hawaii.” In essence, Pasha is requesting to serve only those ports that are profitable while being exempt from any obligation to serve ports that do not increase the profitability of Pasha. The rates stated in Pasha’s proposal are not lower than those offered by Young Brothers.

Young Brothers, however, under its Certificate of Public Convenience and Necessity is obligated to serve the public interest by providing frequent, universal service to all users on all islands. The company thus serves all islands on a regular and frequent sailing schedule, even if the cost of certain lines of service are higher than the revenue they generate or demand is low (as is currently the case, with intrastate volumes dropping 9.6 percent in 2008 and projected to drop an additional 11 percent in 2009). Higher-volume ports on the Big Island, Kauai, Maui and Oahu help to ensure regular, frequent cargo delivery to the lower-volume ports, namely those on Lanai and Molokai and, in addition, the economies of scale of Young Brothers’ entire operation are essential to its ability to afford its current frequency of sailings to all ports. The Honolulu-based shipper currently has 12 regulated, round-trip sailings weekly from its Honolulu hub, four to the Big Island (two to Hilo and two to Kawaihae); three to Kahului, Maui; two to Nawiliwili, Kauai; two to Kaunakakai, Molokai; and one to Kaunapali, Lanai. Its rates are approved by the Public Utilities Commission.

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“We’ve been providing service to Hawaii – and only Hawaii – for 110 years and we take our commitment very seriously to serve the entire state,” Hong said. “We believe Pasha’s application does not meet the PUC-mandated ‘universal service obligation’ of regular and frequent sailings to all islands, so we feel the application should not be approved. We just want all service providers to play by the same rules with frequent quality service to all islands.”

Roy Catalani, vice president of strategic planning and government affairs, said, “The State of Hawaii regulates intrastate water carriers for the public’s interest, thus we feel it is important to get input from people from all islands, as we believe residents and businesses from larger and smaller islands alike may be affected by this application. Because Pasha’s application may significantly impact all islands, we would like to see public hearings on each island to ensure that all communities have a voice in this matter.”

Young Brothers, with approximately 360 employees across Hawaii, has served Hawaii since 1900. Lanai became the last island added to Young Brothers service routes in 1991, when pineapple growing ended and the intermittent barge service associated with the pineapple business ceased operations. In November 1991, Young Brothers quickly jumped in to fill the void and serve the Lanai community – unprompted by the State – as a result of its sense of the meaning of the obligation of service.

Young Brothers provides reliable, frequent, regular and affordable quality service throughout Hawaii. The company provides a 30-percent discount to farmers. In addition, the company makes substantial donations to the community, none of which is at the expense of ratepayers. For example, the company partners with community organizations and annually donates thousands of dollars in free-shipping services. In addition, through its Community Advisory Boards on each island, Young Brothers makes cash grants to community and nonprofit organizations throughout Hawaii. From 2001 to 2008, Young Brothers distributed more than \$580,000 in cash donations to various organizations through its Community Advisory Boards.

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