

the Stipulation for Rate Flexibility Within a Reasonable Zone, dated December 14, 2001, between the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate") and YB ("Stipulation"). The Stipulation stated, in relevant part, the following:

3. Cost of Service Study. During the first year of the three-year pilot program, YB will file, by separate filing under protective order, a cost of service study for commission approval. The filing will be made no later than the second quarter of 2002.

a. The cost of service study will be based on 2001 operating data and will include the current costs of providing each cargo category, and a breakdown between regulated and non-regulated revenues, expenses and plant investment. The study will also set forth rates that would be necessary for each tariff rate to be fully compensatory.

b. The cost of service study should also enable the parties to ascertain the level of change in the existing rates that would be necessary for the Company to have fully compensatory rates for each of its cargo offerings.

c. For each of the second and third years of the three-year program, YB also agrees to file the then approved cost of service study under protective order by June 30 of the following year, to reflect the prior year's results. This filing will include the breakdown between regulated and non-regulated revenues, expenses, and plant investment and should enable the parties to determine the contribution margin of each of the then existing tariffs, based on current operations.

On June 24, 2002, YB and the Consumer Advocate (collectively referred to as "Parties") submitted a proposed stipulation for protective order. On June 27, 2002, the commission issued Protective Order No. 19437. On June 28, 2002, YB submitted its 2001 cost of service study, pursuant to Decision and Order No. 19115. On November 22, 2002, the parties filed a Stipulated Cost of Service Procedural Order establishing, among

other things, the issues and procedures schedule to assist in our review and disposition of the June 28, 2002 cost of service study. By Order No. 19851, filed on December 5, 2002, the commission approved and adopted the Parties' Stipulated Cost of Service Procedural Order.

On June 12, 2003, the Parties filed a Stipulated Settlement Agreement between YB and the Consumer Advocate regarding the initial 2001 cost of service study filed on June 28, 2002.

Given that the initial 2001 cost of service study is still under review by the commission, YB's request to defer filing its 2002 cost of service study until the initial 2001 cost of service study model has been approved by this commission appears to be reasonable. Therefore, the commission concludes that Decision and Order No. 19115 should be amended to defer the 2002 cost of service study filing deadline and allow YB to file its 2002 cost of service study on the model approved by the commission no later than 45 days from the issuance of the order approving the initial 2001 cost of service study model.¹

III.

THE COMMISSION ORDERS:

1. YB's request to defer filing its 2002 cost of service study by June 30, 2003 is approved.


¹The Division of Consumer Advocacy, Department of Commerce and Consumer Affairs orally indicated it does not oppose YB's request for deferral.

2. YB shall file its 2002 cost of service study based on the model approved by the commission no later than 45 days from the issuance of the order approving the initial 2001 cost of service study model.

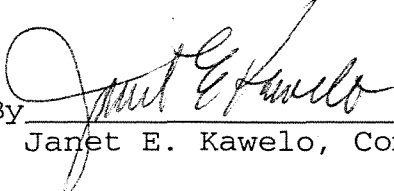
3. Decision and Order No. 19115 is amended consistent with the terms and conditions of this order. In all other respects, Decision and Order No. 19115 remains unchanged.

DONE at Honolulu, Hawaii this 19th day of June, 2003.


PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
Wayne H. Kimura, Commissioner

By 
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:


Kevin M. Katsura
Commission Counsel

01-0255.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 20239 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P. O. Box 541
Honolulu, HI 96809

J. DOUGLAS ING, ESQ.
WRAY H. KONDO, ESQ.
WATANABE, ING & KAWASHIMA
First Hawaiian Center
999 Bishop Street, 23rd Floor
Honolulu, HI 96813-4423

LISA M.K. SAKAMOTO
VICE PRESIDENT FINANCE AND GOVERNMENT AFFAIRS
YOUNG BROTHERS, LIMITED
P. O. Box 3288
Honolulu, HI 96801



Karen Higashi

DATED: June 19, 2003