

Decision 90 03 070 MAR 28 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
DELTA STEAMSHIP LINES, INC., a)
Louisiana corporation, to revoke its)
certificate to conduct common)
carrier services by vessel for the)
transportation of passengers and)
passengers' automobiles on a space)
available basis between San)
Francisco and Los Angeles.)

ORIGINAL

Application 90-02-021
(Filed February 7, 1990)

O P I N I O N

By this application, Delta Steamship Lines, Inc. (Delta) requests that the Commission revoke its certificate of public convenience and necessity authorizing operations as a vessel common carrier for the transportation of passengers and their automobiles.

By Decision (D.) 92532, dated December 16, 1980 in Application (A.) 59885, Delta was authorized to conduct common carrier services by vessel, for the transportation of passengers and their automobiles between the Ports of Los Angeles and San Francisco.

Delta requests that we revoke this authority pursuant to the provisions of § 1009 of the Public Utilities (PU) Code. In support of its request Delta alleges as follows:

1. By D.92532, Prudential Lines, Inc. (Prudential) was authorized to transfer to Delta its common carrier certificate of public convenience and necessity to carry passengers, passengers' luggage, and passengers' automobiles when accompanying passengers on a "space available basis" between San Francisco and Los Angeles in connection with voyages of four vessels, SS Santa Mariana, SS Santa Maria, SS Santa Mercedes, and SS Santa Magdalena. This transfer was a small portion of a major transaction in which Prudential sold to Delta its Latin and South American routes

and services but retained ownership of the four-above-named "M" ships, bareboat chartering these four ships to Delta.

2. At the time of this sale and transfer, Delta was owned by Holiday Inns Corp. In December, 1982, Delta's stock was sold to Crowley Maritime Corporation (Crowley), a San Francisco-based maritime company. In 1983 and 1984, Delta continued its steamship business to Central and South America, but it also began the process of streamlining the operations and phasing out ships which had become obsolete.
3. The four ships used to provide passengers and passengers' automobile service between San Francisco and Los Angeles were the Santa "M" ships - so called because they were Magdalena Class and all their names began with M. The Santa Magdalena, the last of the Magdalena Class ships built, was completed in 1963. These ships were designed principally as break-bulk cargo ships with a cargo capacity of 5952 long tons, but the design also included space for 90 passengers.
4. By 1984, the four "M" class ships, which were used to provide the San Francisco-Los Angeles service, were approaching the end of their 25-year useful life. They were steam rather than diesel-powered and had become obsolete in capability, power, and design for their typical 54 day voyage which involved service for the "Northwest Loop" (San Francisco; Vancouver, B.C.; Tacoma, Washington; and back to San Francisco); then to Los Angeles; Mexico; Panama; Columbia; Venezuela; Brazil; Argentina; Chile; Peru; Ecuador; and back to Los Angeles and San Francisco. In a mutual decision with the U.S. Maritime Administration in 1984, it was decided that these ships had reached the end of their useful lives, and they were taken out of service. The Santa Mercedes was turned over to the Massachusetts Maritime Academy and converted to a training ship for the use of maritime students. Two of the other

ships, Santa Magdalena and Santa Mariana, left San Francisco Bay on December 26, 1984 in the tandem tow of a Dutch salvage tug bound for Hsiung Iron & Steel Co. Ltd. of Taiwan where they were broken apart for scrap metal. The last of the four ships, the Santa Maria, was also towed and scrapped in early 1985.

5. The common carrier by vessel certificate transferred to Delta in 1980 was for use:

"on a space available basis between San Francisco and Los Angeles in connection with the voyages of four of its vessels (the four "M" class vessels named above) which operate between Los Angeles and San Francisco, on the one hand, and ports in Washington, Canada, Mexico, Central America, the Caribbean, and South America, on the other hand."

6. The operation of the Los Angeles-San Francisco service was a local service on a space-available basis in connection with the lengthy voyages of the four named vessels between west coast ports of call and ports of call in Mexico, Central America, the Caribbean, and South America (voyages of approximately 19,000 miles). When the four vessels reached the end of their useful lives for such service and were not replaced, all service (including the local San Francisco-Los Angeles service) terminated, and those routes and services have not been operated since December, 1984.
7. Recently, Delta and its parent, Crowley, have instituted a regulatory review program which includes a review of the status of outstanding operating authorities. The authority granted pursuant to D.92532 was the subject of such review and it has been determined that combination break-bulk cargo-passenger ships, such as the "M" class ships, are no longer economical to operate and no replacement ships will either be designed or built, at least for the foreseeable future. As a result,

service under the certificate has been inoperative for over five years, and it is not expected that passenger service will ever be operative again.

8. It is for this reason that Delta requests that the certificate granted by D.92532 be revoked. The ships with which the service was previously conducted became obsolete and have either been broken apart for scrap metal or, in one case, used at dockside to train maritime students. Cargo is now transported in modern container ships. Passengers are transported in luxurious passenger ships. Combination break-bulk cargo and passenger ships, such as the "M" class vessels, were last built in the early 1960's and became obsolete with the advent of containerization, new ship design and technology, and changes in the economics of moving cargo and passengers.

It is apparent that the circumstances which caused Delta to apply for the authority granted by D.92532 no longer exist. After consideration, we conclude that public convenience and necessity no longer require the existence of the vessel common carrier operating authority held by Delta.

Notice of filing of the application appeared in the Commission's Daily Transportation Calendar. No protest has been received objecting to our granting of the application.

Findings of Fact

1. Delta holds a certificate of public convenience and necessity to operate as a vessel common carrier of passengers and property, pursuant to authority granted by D.92532.
2. Delta has not performed operations under the above referenced decision since 1984. The vessels used to perform the service are no longer in operation.
3. Public convenience and necessity no longer require the existence of the authority granted by D.92532.

Conclusion of Law

The application should be granted. Since there is no protest to the application, the effective date of this order should be the date of signature.

ORDER

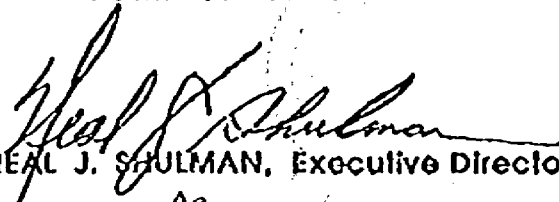
IT IS ORDERED that the authority held by Delta Steamship Lines, Inc., granted by D.92532 in A.59885 to perform operations as a vessel common carrier, is revoked.

This order is effective today.

Dated MAR 28 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SHULMAN, Executive Director
PB