

T/ctb

Decision S2 OS 04S AUG 4 - 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of AMERICAN HAWAII CRUISES, a joint venture owned by American Hawaii Cruises, Inc. and American Global Line, Inc., for the issuance, pursuant to Section 1007 of the Public Utilities Code, of a temporary and permanent certificate of Public Convenience and Necessity to operate a vessel for the transportation of passengers from Los Angeles to San Francisco, and to establish rates for said service.

Application 82-05-68
(Filed May 28, 1982)

INTERIM OPINION

Applicant American Hawaii Cruises (AHC), a joint venture owned by American Hawaii Cruises, Inc. and American Global Line, Inc., under Public Utilities (PU) Code Section 1007 requests a temporary or permanent certificate of public convenience and necessity to conduct vessel common carrier operations for the transportation of passengers and baggage between the Port of Los Angeles/Long Beach and the Port of San Francisco. The application has been protested by Delta Steamship Lines, Inc. (Delta).

AHC's proposed operations are a segment of a trans-Pacific cruise. Tickets on the Los Angeles-San Francisco segment will be sold on a space available basis. AHC plans to sail from Honolulu to Los Angeles, then on to San Francisco and Seattle and return to Honolulu. The sailing time for the Los Angeles-San Francisco segment is approximately 21 hours and the proposed fare varies between \$260 and \$550 per person. AHC proposes to provide only one trans-Pacific cruise in 1982 and, depending on demand, as many as three in 1983. At the present time it intends to operate between Los Angeles and San Francisco in a northbound direction only. The sailing date for this year is August 14, 1982.

The vessel to be used on the initial service is the SS Independent. The vessel is registered under the flag of the United States, has an American crew of 300 persons, a cruising speed of 17 knots, and a normal cruise capacity of 750 passengers. The vessel has been inspected and approved by the U.S. Coast Guard. AHC in its application shows evidence of financial responsibility. AHC estimated it will transport between 50 and 100 passengers between Los Angeles and San Francisco.

In its protest filed June 2, 1982 Delta submits that applicant's proposed service will needlessly duplicate service provided by Delta and will likely reduce the number of passengers it will carry between Los Angeles and San Francisco. Delta has a certificate of public convenience and necessity issued under Decision (D.) 92532 in Application (A.) 59885 to provide service as a vessel common carrier between Los Angeles and San Francisco on a space available basis.

Along with its protest Delta submitted evidence of 24 cruises in each direction between Los Angeles and San Francisco from March 22, 1982 to March 28, 1983. Other destinations on the cruise are Vancouver B.C. and Tacoma, Washington. Four different ships are to be used for the 1982/1983 season. Each ship is of U.S. Registry, has a speed of 20 knots, an American crew of 90, and a passenger capacity of approximately 100. Fares on the overnight cruise between Los Angeles and San Francisco per the protest are \$200 and \$250 per person.

Delta pointed out AHC's mistaken belief that Delta only provided service in a southbound direction between San Francisco and Los Angeles.

One of Delta's cruises from Los Angeles to San Francisco is scheduled for August 2 and the other is scheduled for August 16, two days after AHC's scheduled August 14 cruise.

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On June 23, 1982 AHC responded to the protest and moved for a grant of temporary authority for one voyage in August, 1982. AHC stated that it may not decide to engage in future trans-Pacific voyages and asked that its application for permanent authority be placed in abeyance until such time as that decision is made. AHC concluded that it was partially misinformed about Delta's service and that protestant had not set forth facts sufficient to warrant denial of temporary authority.^{1/}

Delta's operations as well as AHC's proposed operations are luxury-liner services on a space available basis. Delta's certificate does not limit its vessel size although it is currently using vessels between Los Angeles and San Francisco of 100-passenger capacity. AHC proposes to institute service with a normal capacity of 750 passengers. Neither carrier guarantees that the lowest-priced fare will be available, or that the most deluxe accommodations at the highest fares will be available, or that there be any available space at all.

^{1/} On July 22, 1982, Delta filed a supplemental protest to the application stating it did not object to temporary authority for applicant to operate one voyage from Los Angeles to San Francisco in August of 1982.

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Findings of Fact

1. AHC seeks authority under PU Code Section 1007 to conduct vessel common carrier operations for the transportation of passengers and their baggage from the Port of Los Angeles/Long Beach to the Port of San Francisco in connection with its trans-Pacific cruises.

2. AHC plans to sell tickets for this segment on a space available basis only.

3. AHC requests that its application for permanent authority be placed in abeyance and that it be granted temporary authority for one voyage in August 1982.

4. Applicant has the ability, equipment, and financial resources to provide such service.

5. Protestant Delta has authority as a vessel common carrier for the transportation of passengers and baggage between the Port of Los Angeles and the Port of San Francisco on a space available basis.

6. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. Public convenience and necessity have been demonstrated and the application for temporary authority should be granted.

2. A public hearing is not necessary.

3. Since there is an immediate public need for the service, the order should be effective today.

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Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

INTERIM ORDER

IT IS ORDERED that:

1. A temporary certificate of public convenience and necessity to expire September 1, 1982 is granted to American Hawaii Cruises, a joint venture owned by American Hawaii Cruises, Inc. and American Global Line, Inc., authorizing it to operate as a common carrier by vessel, as defined in PU Code Sections 211(b) and 238, between the points and over the routes set forth in Appendix A, to transport persons and baggage.

2. Applicant shall:

- a. File with the Transportation Division written acceptance of this certificate within 5 days after this order is effective.
- b. State in its tariffs and timetables when service will start; allow at least 5 days' notice to the Commission; and make timetables and tariffs effective 5 or more days after this order is effective.

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- c. Comply with General Orders Series 87, 104, 111, and 117.
- d. Maintain accounting records in conformity with the Uniform System of Accounts.

3. This proceeding is kept open. If American Hawaii Cruises does not request a permanent certificate, this application will be dismissed by a final order.

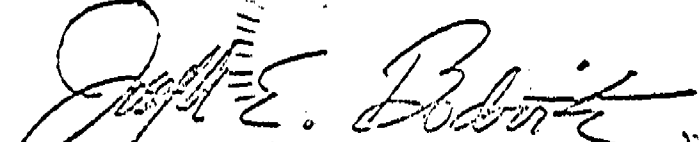
This order is effective today.

Dated AUG 4 1982 , at San Francisco, California.

JOHN E. BRYSON
 President
 LEONARD M. GRIMES, JR.
 VICTOR CALVO
 PRISCILLA C. GREW
 COMMISSIONERS

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.

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


 Joseph E. Bodovitz, Executive Director

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Appendix A

AMERICAN HAWAII CRUISES
(A Joint Venture)

Original Title Page

TEMPORARY CERTIFICATE
OF
PUBLIC CONVENIENCE AND NECESSITY
AS A VESSEL COMMON CARRIER
VCC-54

Showing common carrier by vessel operative rights, restrictions,
limitations, exceptions, and privileges.

This certificate shall expire September 1, 1982. ✓

All changes and amendments as authorized by the Public Utilities
Commission of the State of California will be made as revised pages
or added original pages.

82 08 046

Issued under authority of Decision _____, dated AUG 4 - 1982,
of the Public Utilities Commission of the State of California, in
Application 82-05-68.

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Appendix A

AMERICAN HAWAII CRUISES
(A Joint Venture)
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Original Page 1

American Hawaii Cruises, a joint venture owned by American Hawaii Cruises, Inc. and American Global Line, Inc., is authorized by this temporary certificate of public convenience and necessity to transport passengers and their baggage by vessel common carrier from the Port of Los Angeles/Long Beach to the Port of San Francisco.

The transportation of local traffic will be conducted on a space available basis in August 1982 in connection with a trans-Pacific cruise.

Issued by California Public Utilities Commission.

Decision 82 08 046, Application 82-05-68.