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May 22, 2002

Bryant L. VanBrakle, Secretary  
Federal Maritime Commission  
Room 1046  
800 North Capitol Street, NW  
Washington, D C 20573-0001

**Re: Financial Responsibility Requirements for Nonperformance of Transportation  
[FMC Docket No. 02-07]**

Dear Mr. VanBrakle:

American West Steamboat Company, LLC ("AWSC") would like to take this opportunity to comment on the Notice of Proposed Rulemaking ("NPRM") issued by the Federal Maritime Commission (the "Commission") regarding changes to the regulations governing the Financial Responsibility Requirements for Nonperformance of Transportation. 67 Fed. Reg. 19730 (April 23, 2002) AWSC currently operates the QUEEN OF THE WEST, a sternwheeler vessel, on seven-night cruises on the Columbia, Snake and Willamette Rivers. AWSC has a second vessel, EMPRESS OF THE NORTH, under construction, which it plans to operate in the Pacific Northwest and Alaska beginning in late-2003. AWSC uses an escrow account to meet the Commission's financial responsibility requirements.

AWSC supports the changes proposed by the Commission in the NPRM. Like many passenger vessel operators, AWSC is concerned that consumer confidence in the industry has been shaken by the recent bankruptcies in which passengers have lost money or experienced significant delays in receiving refunds. AWSC believes that the elimination of self-insurance and the sliding scale options and the limitation of third party guarantors to qualified Protection & Indemnity Associations will go a long way towards bolstering the travel public's confidence in cruise lines, which in turn will result in a healthier cruise industry.

Based on discussions with the Commission's staff, it is our understanding that the Commission will be considering additional changes to the financial responsibility regulations for passenger vessel operators, including elimination of the \$15 million cap on unearned passenger revenue ("UPR"), once the current rulemaking is completed. AWSC wishes to express its support for an in-depth review by the Commission of the current financial responsibility rules regulations and would support the elimination of the cap because it would help ensure 100% protection of UPR. Along with the elimination of the \$15 million cap, AWSC would ask the Commission to consider reducing the amount of required coverage from 110% to 100% of UPR. Elimination of the additional 10% would still guarantee 100% protection of UPR, but would soften the impact of the elimination of the cap on passenger vessel operators. Finally, AWSC

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believes that the Commission also should consider the role of credit cards and third-party travel insurance, both of which provide passengers with protection against nonperformance by a cruise operator, when determining what constitutes 100% protection of UPR.

The staff has indicated that the Commission may seek suggestions and information from interested parties as it begins preparing for the next round of proposed rulemaking regarding financial responsibility of passenger vessel operators. AWSC would be pleased to be of assistance if the Commission has any questions or would like additional information.

Thank you for your consideration of these comments

Sincerely,

AMERICAN WEST STEAMBOAT COMPANY, LLC

By:   
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John Hein  
Senior Vice President/General Manager