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March 3, 1999

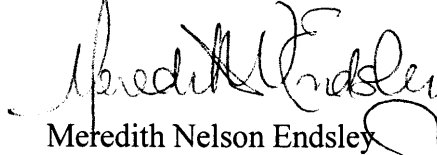
Docket Management Facility  
(USCG-1998-4819) -14  
U.S. Department of Transportation room PL-40 1  
400 Seventh Street SW  
Washington DC. 20590-0001

Re: USCG 1998-4819 Request for comments

Dear Sir/Madam:

Enclosed please find an original of the comments of Matson Navigation Company, Inc. in response to the USCG 1998-48 19 request for comments regarding vessel and port control measures to address Year 2000 (Y2k)-Related Problems

Very truly yours,

  
Meredith Nelson Endsley

cc: P.M. Grill

BEFORE THE UNITED STATES COAST GUARD

VESSEL AND PORT CONTROL ) USCG-1998-4819  
MEASURES TO ADDRESS YEAR )  
2000 (Y2K)-RELATED PROBLEMS ) Comments of Matson Navigation  
\_\_\_\_\_) Company, Inc.

INTRODUCTION

The United States Coast Guard ("USCG") has issued a Request for comments, concerning vessel and port control measures to address Year 2000 (Y2K)-Related Problems (the "Request"). Matson Navigation Company, Inc. ("Matson") is providing these comments in response to the Request.

Matson is fully aware of the challenges presented by Year 2000 compliance and has taken a comprehensive approach in addressing all areas over which we have full control such as custom developed computer applications software as well as areas in which we have less control. Our Year 2000 program was formally put in place in 1996 and has been amply budgeted for and staffed by key company personnel with the assistance of outside contractors. Regular reports concerning the program are provided to senior management and our board of directors. Our Year 2000 program has involved the inventorying, remediation or replacement and testing of software and hardware.

USCG is late in requesting the comments on this problem. Most responsible companies have been involved in addressing their Y2K problems for some time. It is too late for USCG to add multiple additional requirements and expect any meaningful response from vessel operators. Any requirement imposed by USCG must of necessity be selective, focused on safety and environmental concerns and uniform. USCG should take the lead to insure uniform establishment and administration Y2K policies for all U.S. ports and waterways.

As part of Matson's Year 2000 program, Matson's engineering and vessel operations personnel have surveyed all equipment aboard our ships and barges to evaluate which equipment may have a Y2K problem. We focused on equipment that has microprocessors. Each ship will be provided with a copy of the Y2K equipment database identifying its Y2K sensitive equipment, its criticality (critical system required for safety or regulatory requirements), if the equipment is "testable" and any test results, together with information received from the equipment manufacturer and a contingency plan. We are contacting each manufacturer of critical systems to determine their position as to their system's compliance and functionality and have recorded or will record their response in the database together with any action that is required to be taken by the company. Thus, Matson's planned testing, examination and remediation of Y2K issues will be thorough.

Our Y2K program supplements a fully developed program for obtaining ISM certification of all of our ships. Such programs should enable Matson ships to avoid substantial Y2K problems and to operate notwithstanding minor difficulties. We will discuss other aspects of Matson's shipboard programs in the comments that follow.

### COMMENTS

- 1) Can the equipment and systems tests required under current regulations detect Y2K related problems? Will aggressive application and enforcement of these regulations sufficiently minimize or eliminate Y2K-related problems?

Matson assumes that USCG is referring to pre-arrival and pre-departure tests required by 33 C.F.R. Part 164. While there is some equipment on our vessels that is clearly date aware, e.g., GPS, much of our equipment is not visibly date driven, e.g. radios, auto pilots and radar. We have not found any equipment having Y2K problems that would impede or endanger our ships through engine, generator, or steering failures. We believe that USCG pre-arrival and pre-departure testing will verify functionality of critical ship equipment in the period after December 31, 1999.

- 2) What specific standards or requirements should industry use for Y2K assessments? Are these standards reliable?

There is no standard that provides a framework for evaluating the Y2K compliance of ship systems. In the absence of such standards, Matson personnel have developed their own criteria and have been involved in the extensive inventorying and testing of equipment as discussed above. We are in the process of obtaining documentation from equipment manufacturers as to the Y2K status or issues of their equipment. In addition to our Year 2000 program, Matson has also been involved in ISM Code contingency planning. Matson's ISM program is discussed in item 9 below. Our investigation and testing has been thorough and should be reliable evidence to USCG to enable the company to continue in operations in after December 31, 1999.

- 3) Should the Coast Guard exempt vessels and facilities that can provide evidence of correcting Y2K problems from any Y2K-related port movement or operational controls?

Assuming USCG puts into effect movement or operational controls, they should exempt carriers which have evidence of due diligence in correcting Y2K problems. As indicated above, Matson has undertaken an extensive Y2K compliance program to review the equipment and systems in use on our vessels. We are committed to ensuring that critical vessel systems are functioning properly. Restricting access of our vessels to any port would adversely impact our ability to provide services to our island customers in Hawaii, Guam and the Mid-Pacific which are dependent on ocean transportation. We believe that we will be able to satisfy USCG of the continuing ability of our vessels to operate safely before, during and after January 1, 2000. USCG should establish a uniform set of tests or documentation

required to certify a vessel and be prepared to meet with vessel operators well in advance of January 1, 2000 to review any requirements.

- 4) Should the USCG accept Y2K compliance certification from a third party such as a class society, insurance company, government, or technology company as proof of having corrected Y2K problems? If so, who?

Yes, however, acceptance should depend on the credibility and reputation of the third party. ISM certification for a ship would be a major validation of the ship's preparedness for failures of critical systems. Matson will be demonstrating its preparedness in part based on reliance on such certification. Certification by reliable equipment manufacturers also should be sufficient as to the compliance of a particular item of equipment. Matson's evidence of the functionality of ship equipment will also include company-administered tests run on various ship systems. No further certification, other than ISM, should be required by USCG.

- 5) Given the diverse characteristics of individual ports, should the local Captain of the Port or District Commander determine the level of Y2K controls to impose in the port area, if any? Would having different requirements in each Port create confusion? Should the Coast Guard implement a uniform national program? Should there be national Y2K control standards supplemented with some limited local authority?

Matson calls in three West Coast ports and many ports in Hawaii and several United States territories. If the USCG were to require that Matson determine and attempt to fulfill varying requirements for each of these ports, it would create a huge burden on management as well as the vessels. USCG should adopt a national plan with limited local authority. We are already receiving notices from various USCG offices of conflicting Y2K requirements. For example, in Seattle we have been asked to fill out a web site questionnaire with 28 questions. USCG personnel in Guam have indicated that we should submit documentation similar to that presented by a Japanese carrier to evidence our compliance. Since our ships visit multiple ports, complying with these multiple demands in itself is a problem and will divert efforts from the more critical issue of reviewing ship systems. We feel this is key. Regulations should not be open to differing interpretation and application by local Captains of the Port.

- 6) Who should the USCG coordinate with at the local level in developing Y2K contingency measures? Local governments? Citizen groups? Industry?

While we believe USCG should be the preeminent agency responsible for all maritime related Y2K regulation, USCG should work with industry and local disaster planning agencies to coordinate emergency response capabilities.

- 7) Should the USCG consider suspending all port operations for a period of time? If so, for how long?

No. Matson does not feel the USCG should suspend port operations. USCG should permit continued operation by prudent operators that have performed adequate due diligence to

identify and correct or work around any Y2K problems and have a contingency plan in place. For operators which have not engaged in such effort, imposing restrictions on operations may be appropriate. Nevertheless, reduced operations will doubtless occur on the Pacific Coast because of longshore holidays resulting in suspended operations from December 31, 1999 1500 to January 2, 2000 0800.

- 8) If the USCG does impose Y2K-related port and vessel controls, short of a port shutdown, what additional safety measures should we require? For example, we could require tug escorts, additional manning, emergency steering and anchoring teams on watch, manual backups for all critical automated systems, and crew drills.

As part of our contingency planning, Matson may choose to adopt one or more of these measures. For carriers, such as ourselves, which have performed sufficient due diligence, USCG should not require additional measures. For vessels which have not demonstrated required due diligence, additional USCG requirements may be appropriate.

- 9) Should vessels required to comply with the International Safety Management (ISM) Code include Y2K contingencies in their Safety Management System?

No. The ISM system already covers shipboard emergency planning. In an operational sense, Y2K problems are only a potential additional cause of a shipboard emergency for which we already have contingency planning. All Matson operated vessels will be ISM Certified by June, 1999. In order to comply with ISM Code Sections 10.3 and 10.4, Matson has identified a list of critical equipment, the sudden operational failure of which may result in hazardous situations. This list of equipment is codified in our Engine Manual, procedure number G-01 - 230. A copy of this Manual is present on each ship. Matson's entire Safety Management System features measures aimed at promoting the reliability of such equipment and systems by frequent testing and inspection. The Safety Management System also provides for the regular testing of stand-by arrangements and equipment or technical systems that are not in continuous use. Such measures are incorporated into the ship's operational maintenance routine and will provide adequate guidance for Y2K as well as other related emergencies. Certification under the ISM code by a recognized registrar (such as the American Bureau of Shipping or ABS) is evidence that the vessel policies and procedures in place are sufficient to ensure safe vessel operation in the unlikely event of a failure of an identified piece of critical equipment. In short, it not necessary for USCG to add additional procedures for those ships that are so certified.

- 10) Are there any other potential Y2K-related issues that could affect maritime operations (such as potential problems with communications systems)?

Yes, communication systems are of concern. While the vessel radios may work, industry has no assurance that satellite stations will function or that the USCG radio station will be up and running.

## CONCLUSION

Matson is well aware of the magnitude of problems that the Y2K issue presents to the industry. We have an ambitious program in place and well into fruition so as to minimize any operational or safety problems stemming from Y2K problems. Our three major concerns with possible USCG Y2K requirements can be summarized in terms of "responsibility," "consistency" and "timeliness." First, USCG should not adopt regulations that would burden the prudent operators in order to prevent potential problems with less careful carriers. The reliable carriers visiting U.S. ports should be allowed to satisfy USCG concerns and continue in operation. Second, USCG regulations should generally be uniform across all ports. With vessels as mobile as they are, permitting different requirements at different ports would pose an impossible compliance problem. Third, there just isn't time for operators to respond to substantial new Y2K requirements from USCG. Any USCG Y2K requirements should be tied in with existing safety and environmental requirements.

Finally, Matson is proud of the thorough efforts we have undertaken to confront the Y2K problem and avoid operational problems for our customers. We would be happy to meet with USCG to provide assistance and consultation as to our approaches and results should this be of benefit to the development of your program.

Dated: March 3, 1999

Respectfully submitted,

***G. J. North***

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