

SURFACE TRANSPORTATION BOARD

DECISION

STB No. MC-F-19190 (Sub-No. 1)

ADIRONDACK TRANSIT LINES, INC., PINE HILL-KINGSTON
BUS CORP., AND PASSENGER BUS CORPORATION--POOLING--
GREYHOUND LINES, INC., AND VERMONT TRANSIT COMPANY, INC.

Decided: November 25, 1996

On June 7, 1996, the Adirondack Group¹ and the Greyhound System² (collectively, applicants) jointly applied for approval under 49 U.S.C. 14302 of a service pooling agreement covering the movement of bus passengers and package express traffic³ between various points within the State of New York and between New York City, NY, and Montreal, Quebec, Canada.⁴ Notice of the application was served and published in the Federal Register (61 FR 42677-78) on August 16, 1996. In addition, a copy of the notice was served on the U.S. Department of Justice, Antitrust Division. No opposing statements or comments have been filed. We have analyzed the application under the statutory criteria of 49 U.S.C. 14302 and have decided to approve it.

Under 49 U.S.C. 14302(b), an agreement to pool or divide traffic may be approved if the carrier participants assent and we find that the pooling agreement (1) will be in the interest of better service to the public or of economy of operation, and (2) will not unreasonably restrain competition. By jointly filing the application, both carrier groups presumably assent to the transaction. Therefore, this decision will focus on the remaining statutory criteria.

BACKGROUND

The Adirondack Group operates over 1,500 miles of intercity bus routes, predominantly in New York State. The Greyhound System operates over 90,000 miles of intercity bus routes

¹ The Adirondack Group consists of Adirondack Transit Lines, Inc. (Adirondack) (MC-28356), and its corporate affiliates, Pine Hill-Kingston Bus Corp. (Pine Hill) (MC-2060) and Passenger Bus Corporation, d/b/a New York Trailways (MC-276393), all of Kingston, NY.

² The Greyhound System, as pertinent to this application, consists of Greyhound Lines, Inc. (Greyhound) (MC-1515), of Dallas, TX, and its corporate affiliate, Vermont Transit Co., Inc. (MC-45626), of Burlington, VT.

³ In a letter filed September 30, 1996, applicants clarified that the proposed pooling agreement includes passengers and package express shipments moving in the same vehicles with passengers. According to applicants, a separate agreement is being negotiated for package express shipments in non-passenger vehicles.

⁴ The Adirondack Group expected to begin operations between New York City and Montreal in June 1996.

throughout the nation. In Adirondack Transit Lines, Inc., and Pine Hill-Kingston Bus Corp.--Pooling--Greyhound Lines, Inc., No. MC-F-19190 (ICC served Feb. 8, 1989), a service pooling agreement was approved between Adirondack and Pine Hill, on the one hand, and Greyhound, on the other hand, over routes between Albany, NY, and New York City. Applicants now seek to extend the scope of their coordinated operations over the following additional routes: (1) between Buffalo, NY, and New York City; (2) between Albany and Buffalo; (3) between Albany and points on Long Island, NY; and (4) between New York City and Montreal. These routes are all operated in interstate and foreign commerce⁵ and serve such intermediate points as Syracuse and Rochester, NY.

Applicants contend that there is substantial intermodal competition between the points on these routes. They assert that Amtrak operates daily passenger train service between New York City and Buffalo, New York City and Montreal, and New York City and Albany. Additionally, they identify numerous air flights between the affected points⁶ and otherwise contend that the region's highway network makes private automobile travel relatively quick and inexpensive.

Applicants offer similar levels of service,⁷ and their buses, in many instances, are scheduled to operate at or near the same times of day. As a result, applicants state that their buses frequently operate only partially loaded. Because of the partial utilization, they assert that their operations are inefficient and costly, and, as a consequence, that they are

⁵ The New York City-Buffalo route traverses New Jersey and serves Ridgewood, NJ. The Albany-Buffalo route is part of through services between such points as Boston, MA, and Toronto, Ontario, Canada. The Albany-Long Island route provides connections to and from points in Connecticut and Massachusetts and connects with the New York City-Montreal route.

⁶ Applicants state that there are at least 75 daily flights in each direction between New York City and Buffalo or intermediate points, via American Airlines, Continental Airlines, Delta Airlines, U.S. Air, and United Airlines; 9 daily flights in each direction between Albany and Buffalo or intermediate points, via U.S. Air; 27 daily flights in each direction between New York City and Montreal, via American Airlines, Air Canada, Continental Airlines, and Delta Airlines; and 6 daily flights in each direction between Albany and points on Long Island, via U.S. Air.

⁷ The Adirondack Group operates 6 eastbound and 7 westbound trips daily between Albany and either Buffalo or Syracuse, and Greyhound operates 6 daily round trips between Buffalo and either Albany or Syracuse. Between Buffalo and New York City, the Adirondack Group operates 4 southbound trips and 3 northbound trips daily; Greyhound operates 11 daily round trips. Between Albany and Long Island, the Adirondack Group operates 3 daily round trips, and, on specified dates, an additional round trip between Albany and Long Island and between Kingston, NY, and Long Island; the Greyhound System operates 1 daily round trip. Between New York City and Montreal, the Adirondack Group operates 4 daily round trips; Greyhound operates 5 daily round trips and 1 additional round trip on weekends.

unable to compete effectively with Amtrak, airline service, and private automobiles.

Based on their experience using common terminals in Schenectady and White Plains, NY, applicants assert that joint terminal operations have reduced their unit costs and improved their competitive posture. Joint terminals, they note, are more convenient for the traveling public as well. For example, passengers may board the next bus to their destination without regard to which carrier is operating the particular schedule. Moreover, the passengers' ability to make connections is enhanced considerably because there is no need to change terminals when transferring between buses operated by different carriers.

DISCUSSION AND CONCLUSIONS

It appears that the proposed service pooling agreement will enhance applicants' ability to operate more economically and efficiently. By rationalizing their competing operating schedules, applicants should be able to end the inefficient duplication that characterizes the services they offer between the affected points and, thereby, increase their passenger load per bus. This, in turn, will reduce their unit costs and allow them to price their services more competitively with respect to the other, more pervasive transportation modes.

The ability to rationalize bus schedules will also permit applicants to improve service to passengers and the shipping public. By permitting the scheduling of buses more evenly throughout the day, the pooling agreement will afford the traveling public a greater choice of departure times, making bus travel more convenient. In addition, use of common terminals will further enhance the convenience of bus transportation to passengers by making applicants' service options more accessible and expanding the availability of connecting transportation services.

The proposed service pooling agreement should not unreasonably restrain competition in the affected transportation markets. Rail and air service, as well as the private automobile, ensure that the traveling public will retain the benefits of substantial intermodal competition. A strong competitive field, based on other transportation modes, has been recognized as preventing undue competitive restraints in the intercity bus industry. See GLI Acquisition Company--Purchase--Trailways Lines, Inc., 4 I.C.C.2d 591 (1988), aff'd mem. sub. nom. Peter Pan Bus Lines, Inc. v. ICC, 873 F.2d 408 (D.C. Cir. 1989). Thus, we find nothing of record to suggest that the proposed service pooling agreement will restrain competition within the affected service area to any material extent. To the contrary, the proposed agreement may well represent the best way to promote, if not ensure, competitive passenger service in the affected region. Cf. Capitol Bus Company--Pooling--Greyhound Lines, Inc., No. MC-F-20783 (STB served May 20, 1996).

We find:

The proposed service pooling agreement will foster improved service to the public and economy of operations, and will not unreasonably restrain competition. This action will not

significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed service pooling agreement between the Adirondack Group and the Greyhound System is approved and authorized to the extent specified in the application, the pooling agreement, and this decision.

2. This decision will be effective on November 26, 1996.

By the Board, Chairman Morgan, Vice Chairman Simmons, and Commissioner Owen.

Vernon A. Williams
Secretary