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SERVICE DATE – MARCH 22, 2002

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20989

STAGECOACH GROUP PLC AND COACH USA, INC., ET AL.–CONTROL–  
COACH USA INDIANA, INC., AND CALIFORNIA ACQUISITION, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Stagecoach Group PLC (Stagecoach) and its subsidiary, Coach USA, Inc. (Coach), noncarriers, and various subsidiaries of each (collectively, applicants), filed an application under 49 U.S.C. 14303 to control Coach USA Indiana, Inc. (Coach USA Indiana), and California Acquisition, Inc. (California Acquisition). Persons wishing to oppose this application must follow the rules under 49 CFR 1182.5 and 1182.8. The Board has tentatively approved the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments are due by May 6, 2002. Applicants may file a reply by May 21, 2002. If no comments are filed by May 6, 2002, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20989 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street N.W., Washington, DC 20423-0001. In addition, send one copy of any comments to applicants' representative: Betty Jo Christian, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Joseph H. Dettmar (202) 565-1600 [TDD for the hearing impaired: 1-800-877-8339.]

SUPPLEMENTARY INFORMATION: Stagecoach is a public limited corporation organized under the laws of Scotland.<sup>1</sup> With operations in several countries, Stagecoach is one of the world's largest providers of passenger transportation services. It had total revenues of \$2.7 billion for the fiscal year ending April 30, 2001. Coach is a Delaware corporation that currently controls over 100 motor passenger carriers.

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<sup>1</sup> Stagecoach was formerly known as Stagecoach Holdings PLC. It recently changed its name to Stagecoach Group PLC.

Stagecoach and its subsidiaries currently control Coach,<sup>2</sup> its noncarrier regional management subsidiaries,<sup>3</sup> and the motor passenger carriers jointly controlled by Coach and the management subsidiaries.<sup>4</sup> In previous Board decisions, Coach management subsidiaries have obtained authority to control motor passenger carriers jointly with Coach.<sup>5</sup>

Applicants state that Coach formed Coach USA Indiana and California Acquisition in January 2002 and that these entities, together with Coach, are party to an asset purchase transaction that contemplates that they will acquire motorcoaches and other assets from carriers currently controlled by VecTour Inc. (VecTour).<sup>6</sup> VecTour is presently in Chapter 11 status and the asset acquisition is therefore subject to the approval of the U.S. Bankruptcy Court for the District of Delaware.

According to applicants, Coach USA Indiana will operate assets being acquired from two motor passenger carriers controlled by VecTour: United Limo, Inc. (United Limo), and Tri-State Coach Lines, Inc. (Tri-State Coach Lines). Coach USA Indiana will initially operate approximately 39 motorcoaches and 8 minivans. Coach USA Indiana will also employ approximately 160 full-time and 40 part-time personnel. It intends to initiate carrier operations following the closing of its asset acquisition transaction, and it plans to change its corporate name

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<sup>2</sup> Stagecoach controls Coach through various subsidiaries, namely, SCUSI Limited (formerly known as SUS 1 Limited); SCOTO Limited (formerly known as SUS 2 Limited); Stagecoach General Partnership; and SCH US Holdings Corp.

<sup>3</sup> These subsidiaries are Coach USA North Central, Inc. (Coach USA North Central) and Coach USA West, Inc. (Coach USA West).

<sup>4</sup> See Stagecoach Holdings PLC–Control–Coach USA, Inc., et al., STB Docket No. MC-F-20948 (STB served July 22, 1999).

<sup>5</sup> See Coach USA, Inc. and Coach USA North Central, Inc.–Control–Nine Motor Carriers of Passengers, STB Docket No. MC-F-20931, et al. (STB served July 14, 1999). The same approach is being followed here. Under this proposal, Coach USA Indiana would also be jointly controlled by co-applicant Coach USA North Central, and California Acquisition would also be jointly controlled by co-applicant Coach USA West.

<sup>6</sup> The Board has previously approved common control of the three carriers whose assets are being acquired. See Global Passenger Services, L.L.C., et al.–Control–Bortner Bus Company, et al., STB Docket No. MC-F-20924 (STB served July 17, 1998); (authorizing control of Franciscan Lines, Inc., a carrier whose name was eventually changed to VecTour of California); and Global Passenger Services, L.L.C., et al.–Control–Gongaware Tours, et al., STB Docket No. MC-F-20954 (STB served Sept. 16, 1999) (authorizing control of Tri-State Coach Lines, Inc., and United Limo, Inc.).

to, and conduct operations as, United Limo, and also utilize the trade name Tri-State Coach Lines.<sup>7</sup> At the time of the filing of the application in this proceeding, Coach USA Indiana had no operating revenues.

California Acquisition will operate assets being acquired, through the same transaction to which Coach USA Indiana is a party, from VecTour of California. California Acquisition will employ approximately 100 personnel, using a fleet of approximately 70 motorcoaches. It intends to initiate carrier operations following the projected March 14, 2002 closing of its asset acquisition transaction, and it plans to change its corporate name to, and conduct operations as, Franciscan Lines, Inc.<sup>8</sup> At the time of the filing of the application in this proceeding, it had no operating revenues.

Coach USA Indiana and California Acquisition recently obtained federally issued operating authority from the Federal Motor Carrier Safety Administration.<sup>9</sup> Before these entities obtained operating authority, Coach placed the stock of each entity into a separate independent voting trust. The control transaction here will not involve any transfer of the federal operating authority held by either entity.

Applicants have submitted information, as required by 49 CFR 1182.2(a)(7), to demonstrate that the proposed acquisition of control is consistent with the public interest under 49 U.S.C. 14303(b). Applicants state that the proposed acquisition of control will not reduce competitive options or adversely impact fixed charges or the interests of the employees of either entity. They assert that granting the application will allow both prospective carriers to take advantage of economies of scale and substantial benefits offered by applicants, including interest cost savings and reduced operating costs. In addition, applicants have submitted all of the other statements and certifications required by 49 CFR 1182.2. Additional information, including a copy of the application, may be obtained from applicants' representative.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the

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<sup>7</sup> Coach USA Indiana's name appears on its operating authority as "Coach USA Indiana, Inc D/B/A Tri-State Coach Lines."

<sup>8</sup> California Acquisition's name appears on its operating authority as "California Acquisition, Inc D/B/A Franciscan Lines."

<sup>9</sup> On February 27, 2002, Coach USA Indiana obtained operating authority in Docket No. MC-425233, authorizing it to provide charter and special operations between points in the United States, and regular-route operations over specified routes in Indiana, Illinois, and Wisconsin. On that same date, California Acquisition obtained operating authority in Docket No. MC-425205, authorizing it to provide charter and special operations between points in the United States.

adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees.

On the basis of the application, we find that the proposed control transaction is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

Board decisions and notices are available on our website at **“WWW.STB.DOT.GOV.”**

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 control transaction is approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this decision will be deemed as having been vacated.
3. This decision will be effective on May 6, 2002, unless timely opposing comments are filed.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 400 7th Street, S.W., Room 8214, Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 400 7th Street, S.W., Washington, DC 20590.

Decided: March 18, 2002.

By the Board, Chairman Morgan and Vice Chairman Burkes.

Vernon A. Williams  
Secretary