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SERVICE DATE - JULY 24, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20923]

Coach USA, Inc.--Control--Kansas City Executive Coach, Inc. and Le Bus, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier, filed an application under 49 U.S.C. 14303 to acquire control of Kansas City Executive Coach, Inc. (Executive) and Le Bus, Inc. (Le Bus) (collectively, the Acquired Carriers), both motor carriers of passengers. Persons wishing to oppose the application must follow the rules under 49 CFR part 1182, subparts B and C. 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 September 8, 1998. Applicant may reply by September 22, 1998. If no comments are received by September 8, 1998, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB No. MC-F-20923 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 comments to applicant's representatives: Betty Jo Christian and David H. Coburn, 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: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach currently controls 45 motor passenger carriers.¹ In this transaction, Coach seeks to acquire direct control of Executive² and Le Bus³ by acquiring all of the outstanding stock of each of these carriers.

Applicant submits that there will be no transfer of federal or state operating authorities held by the Acquired Carriers. Following consummation of the control transactions, these carriers will continue operating in the same manner as before, and, according to applicant, granting the application will not reduce competitive options available to the traveling public. Applicant asserts that the Acquired Carriers do not compete with one another or, to any meaningful degree, with any other Coach-owned carrier. Applicant submits that each of the Acquired Carriers is relatively small and each faces substantial competition from other bus companies and from other transportation modes.

Applicant also submits that granting the application will produce substantial benefits, including interest cost savings from the restructuring of debt and reduced operating costs from Coach's enhanced volume purchasing power. Specifically, applicant claims that each

¹ In addition to the instant application, Coach has one other pending control application: Coach USA, Inc.--Control--Blue Bird Coach Lines, Inc.; Butler Motor Transit, Inc.; Gad-About Tours, Inc.; P&S Transportation, Inc.; Pittsburgh Transportation Charter Services, Inc.; Syracuse and Oswego Coach Lines, Inc.; Tippet Travel, Inc., d/b/a Marie's Charter Bus Lines; Tucker Transportation Co., Inc.; and Utica-Rome Bus Co., Inc., STB Docket No. MC-F-20921 (STB served June 19, 1998), where Coach seeks to acquire control of nine additional motor passenger carriers.

² Executive is a Missouri corporation. It holds federally-issued operating authority in Docket MC-203805, as well as intrastate authority issued by the Missouri Department of Transportation. The carrier operates a fleet of 15 motorcoaches; employs approximately 35 drivers; and, together with affiliated companies, earned gross annual revenues in fiscal 1997 of approximately \$12 million. Prior to the transfer of its stock into a voting trust, it had been owned by Mr. William J. George and William M. George.

³ Le Bus is a Florida corporation. It holds federally-issued operating authority in Docket MC-210900. The carrier operates a fleet of approximately 40 motorcoaches; employs approximately 50 persons; and in fiscal 1997 earned gross revenues of \$5.2 million.

carrier will benefit from the lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Applicant indicates that Coach will provide each carrier with centralized legal and accounting functions and coordinated purchasing services. In addition, applicant states that vehicle sharing arrangements will be facilitated through Coach to ensure maximum use and efficient operating of equipment and that, with Coach's assistance, coordinated driver training services will be provided, enabling each carrier to allocate driver resources in the most efficient manner possible. Applicant also states that the proposed transaction will benefit the employees of each carrier and that all collective bargaining agreements will be honored by Coach. Over the long term, Coach states that it will provide centralized marketing and reservation services for the bus firms that it controls, thereby further enhancing the benefits resulting from these control transactions.

Applicant certifies that: (1) neither carrier holds an unsatisfactory safety rating from the U.S. Department of Transportation; (2) each carrier has sufficient liability insurance; (3) neither carrier is domiciled in Mexico nor owned or controlled by persons of that country; and (4) approval of the transaction will not significantly affect either the quality of the human environment or the conservation of energy resources. Additional information may be obtained from Applicant's representatives.

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 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 acquisition of control is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and a procedural schedule will be adopted to reconsider the application. 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 acquisition of control 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 vacated.

3. This decision will be effective on September 8, 1998, unless timely opposing comments are filed.

4. A copy of this notice will be served on the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: July 16, 1998

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary