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SERVICE DATE - OCTOBER 18, 1999

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20956¹

NORTHWEST MOTOR COACH L.L.C.--CONTROL--EVERGREEN STAGE LINE,
INC. AND EVERGREEN BUS COMPANY, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Application and Granting Interim Approval.²

SUMMARY: Northwest Motor Coach L.L.C. (Northwest) and L & K Acquisition Corp. (L & K), two noncarrier holding companies, and Evergreen Stage Line, Inc. (ESL) and Evergreen Bus Company, Inc. (EBC), two regulated motor passenger carriers, all of Portland, OR (collectively, applicants), have filed: (1) an application under 49 U.S.C. 14303(a) for Northwest to acquire control of ESL and EBC; and (2) a request for interim approval of the transaction under 49 U.S.C. 14303(i) pending determination of the application. Persons wishing to oppose the application must follow the rules at 49 CFR part 1182, subpart B. The Board has tentatively approved the application. If no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments are due by December 6, 1999. Applicants may reply by December 21, 1999. If no comments are received by December 6, 1999, this approval is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20956 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: Jeremy Kahn, Kahn & Kahn, 1730 Rhode Island Ave., N.W., Suite 810, Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Joseph H. Dettmar (202) 565-1600 [TDD for the hearing impaired: (202) 565-1695.]

¹ This proceeding embraces STB Docket No. MC-F-20956 TA.

² Interim approval will be effective on October 18, 1999.

SUPPLEMENTARY INFORMATION: Applicants state that ESL³ and EBC⁴ are currently controlled by L & K; Northwest is controlled by Larry S. Black and Jerry L. Kilb. L & K owns all of the stock of ESL, and ESL, in turn, owns all of the stock of EBC. Applicants state that none of the entities involved in this proceeding is affiliated with any other motor carrier, except that Jerry L. Kilb, a principal in L & K and president of ESL and EBC, is a principal of Northwest and will remain president of ESL and EBC following the proposed transaction.

Applicants state that: (1) L & K has agreed to sell Northwest all of its assets (including its stock in ESL) and all of its liabilities; (2) upon consummation of the transaction, Northwest will control two regulated passenger carriers and the previous shareholders of L & K will own approximately 7.5% of the shares of Northwest; and (3) L & K will no longer have any control of any regulated passenger carriers.

Applicants state that the proposed transaction will have no impact on the adequacy of transportation services available to the public. The proposal involves only a sale of the two carriers from one holding company to a second, and there will be no change in carrier operations. Applicants assert that Northwest's acquisition of control, with a new infusion of funds, will assure the continued viability of ESL and EBC and result in the continued availability of adequate service to the public.

According to applicants, the transaction includes a fixed payment to L & K shareholders which can readily be paid from Northwest's equity investment and third party financing without affecting carrier operations. Applicants add that no carrier employees will be adversely affected by the transaction, as the carriers will continue to perform the same operations with the same employees.

Applicants certify that: (1) ESL and EBC hold a satisfactory safety rating from the

³ ESL holds federally-issued operating authority in Docket No. MC-29839, authorizing the transportation of passengers in charter and special operations, between points in the United States. It also holds Motor Carrier Permit No. 118436 issued by the Oregon Public Utility Commission authorizing certain intrastate operations. ESL had gross operating revenues of \$1,860,000 for the 12-month period ending June 30, 1999.

⁴ EBC holds federally-issued operating authority in Docket No. MC-39416, authorizing the transportation of passengers, in charter and special operations, between points in the United States. It also holds a Motor Carrier Certificate in File No. 237, Class 1P, MEP 960003 issued by the Oregon Department of Transportation, authorizing certain intrastate operations. EBC had gross operating revenues of \$4,450,000 for the 12-month period ending June 30, 1999.

U.S. Department of Transportation; (2) ESL and EBC maintain sufficient liability insurance; (3) none of the involved carriers 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.

Under 49 U.S.C. 14303(b), the Board must approve and authorize transactions it finds consistent with the public interest, taking into account at least: (1) the effect of the transactions 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, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application.⁵ 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.

In their interim approval request, applicants state that, because the current owners of ESL and EBC are not prepared to make necessary long term investments in them, it is necessary that Northwest be allowed to assume their temporary control on or immediately after October 18, 1999, or the carriers could lose their market position to competitors, thereby causing severe injury to the ESL and EBC properties. Applicants have explained that the failure to grant such interim approval may result in injury to the motor carrier properties or substantially interfere with their future usefulness in providing adequate and continuous service to the public. Accordingly, the interim approval will be granted.⁶

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

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. Northwest’s control of ESL and EBC is approved and authorized, subject to the

⁵ Under 49 CFR 1182.6(c), a procedural schedule will not be issued if we are able to dispose of opposition to the application on the basis of comments and the reply.

⁶ The Board will entertain petitions to reconsider a grant of interim approval. Such petitions may be filed only by a person who has filed a comment in opposition to the application. See 49 U.S.C. 1182.7(e) for further details.

filing of opposing comments.

2. Northwest is granted interim approval to operate the properties of ESL and EBC for a period of not more than 180 days pending determination of the application.

3. If timely opposing comments are filed, the findings made in this decision will be deemed vacated.

4. This decision will be effective on December 6, 1999, unless timely opposing comments are filed.

5. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Office of Motor Carriers-HIA 30, 400 Virginia Avenue, SW, Suite 600, Washington, DC 20024; (2) the U.S. Department of Transportation, Office of the General Counsel, 400 7th Street, S.W., Washington, DC 20590; and (3) the U.S. Department of Justice, Antitrust Division, 10th Street and Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: October 14, 1999.

By the Board, Chairman Morgan, Vice Chairman Clyburn, and Commissioner Burkes.

Vernon A. Williams
Secretary