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SERVICE DATE - SEPTEMBER 15, 1999

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20951

COACH USA, INC., AND COACH USA SOUTH CENTRAL, INC.--CONTROL--FUN TIME
TOURS, INC.

STB Docket No. MC-F-20952¹

COACH USA, INC., AND COACH USA NORTH CENTRAL, INC.--CONTROL--G.W.
TRANSPORTATION, INC., AND SAM VAN GALDER, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transactions.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier, and its wholly owned noncarrier management subsidiaries, Coach USA South Central, Inc. (South Central), and Coach USA North Central, Inc. (North Central) (collectively, applicants), filed an application under 49 U.S.C. 14303 for Coach and South Central to acquire control of Fun Time Tours, Inc. (Fun Time), and for Coach and North Central to acquire control of G.W. Transportation, Inc., d/b/a Greatway Transportation (Greatway) and Sam Van Galder, Inc. (Van Galder). In addition, Stagecoach Holdings plc (Stagecoach) and its subsidiaries, SUS 1 Limited, SUS 2 Limited, Stagecoach General Partnership and SCH US Holdings Corp., noncarriers that control Coach and Coach's various regional management subsidiaries and operating motor passenger carriers, seek authority to control Fun Time, Greatway and Van Galder.² The Board has tentatively approved the transactions, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by November 1, 1999. Applicants may file a reply by November 15, 1999. If no comments are filed by November 1, 1999, this notice is effective on that date.

¹ These proceedings are not consolidated. A single decision is being issued for administrative convenience.

² When applicants filed their application on August 16, 1999, Stagecoach and its subsidiaries were not yet in control of Coach, the regional management subsidiaries and the operating motor passenger carriers. The tentative control authority granted in Stagecoach Holdings plc--Control--Coach USA, Inc., et al., STB Docket No. MC-F-20948 (STB served July 22, 1999) became final on September 7, 1999, when no comments were filed in response to the notice of the tentative grant. Thus, Stagecoach and its subsidiaries are now applicants seeking control of Fun Time, Greatway and Van Galder.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20951 et al. 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 applicants' representatives: Betty Jo Christian, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036 and William C. Sippel, Oppenheimer, Wolff & Donnelly, Two Prudential Plaza, 45th Floor, 180 North Stetson Avenue, Chicago, IL 60601-6710.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach is a noncarrier that currently controls 79 motor carriers of passengers. In previous Board decisions, Coach management subsidiaries, including South Central and North Central, have obtained authority to control motor passenger carriers jointly with Coach, with the latter retaining indirect control through its ownership of those management subsidiaries.³ In STB Docket No. MC-F-20951, Coach and South Central seek control of Fun Time.⁴ In STB Docket No. MC-F-20952, Coach and North Central seek control of Greatway⁵ and Van Galder.⁶ The acquisition of control of Fun Time, Greatway and Van Galder would be

³ 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).

⁴ Fun Time is a Texas corporation. It holds federally issued operating authority in Docket No. MC-176329, which authorizes it to provide charter and special operations beginning and ending at points in Texas, and extending to points in the United States (except Hawaii). It specializes in operations in the Corpus Christi, TX area, where it provides charter and tour services. Fun Time operates a fleet of 3 buses, employs 11 persons, and earned annual revenues for the 12-month period ending May 31, 1999, of approximately \$500,000.

⁵ Greatway is an Illinois corporation. It holds federally issued operating authority in Docket No. MC-243414, which authorizes it to engage in charter and special operations between points in the United States (except Alaska and Hawaii) and to operate as a motor contract carrier under continuing contracts with persons requiring passenger service. It also holds authority issued by the Illinois Commerce Commission to conduct intrastate operations. Greatway's federal operating authority was obtained in a transaction, recently approved by the Federal Highway Administration, with a carrier known as Contemporary Shuttle, Inc. Greatway operates a fleet of approximately 25 buses, employs approximately 50 persons, and earned annual revenues for the 12-month period ending February 28, 1999, of approximately \$3.9 million.

⁶ Van Galder, which operates the Gray Line trade name with respect to certain of its services, focuses its operations on providing service between points in Wisconsin and O'Hare International Airport as well as providing charter, tour and school bus services in Wisconsin and nearby states. It holds federally issued operating authority in Docket No. MC-112422, which
(continued...)

accomplished by a transfer of ownership of all of the outstanding stock of Fun Time to South Central and the outstanding stock of Greatway and Van Galder to North Central. According to applicants, the stock of these three carriers is presently being held in separate, independent voting trusts pending such transfer.⁷ Upon completion of the transfer, Coach, Stagecoach and its subsidiaries would obtain indirect control of the three carriers through their ownership of South Central and North Central.

Applicants submit that the three carriers to be acquired will continue to operate in the same general manner as they are operated presently. They will continue to provide bus services pursuant to the federal operating authorities held by each. No certificates or other operating permits will be transferred from one entity to another in consequence of the proposed control transaction.

Applicants also submit that the proposed acquisition of control will not materially reduce competitive transportation options available to the traveling public. Each of the carriers faces substantial competition from other bus companies and transportation modes.

According to applicants, the transactions will produce, or continue to produce, substantial benefits, including interest cost savings from the restructuring of debt and reduced operating costs from Coach's enhanced volume purchasing power. As a specific example, the Coach companies benefit from the lower insurance premiums that Coach has been able to negotiate as well as from Coach's ability to achieve volume discounts on the purchase of equipment and fuel. The advantages that have accrued to the motor passenger carriers as a consequence of their control by Coach are allegedly further enhanced by Stagecoach's acquisition of Coach, due to Stagecoach's greater financial resources and its significant management expertise. Applicants also indicate that the management subsidiaries will provide each of the carriers with services such as centralized legal and accounting functions and coordinated purchasing services. In addition, applicants state that vehicle sharing arrangements will be facilitated through Coach and its regional subsidiaries to ensure maximum utilization and operational efficiency of equipment. South Central and North Central each plan to maintain a database of the assets, including the motorcoach vehicles operated by the

⁶(...continued)

authorizes it to provide regular route passenger service between specified points in Wisconsin and Illinois and to provide charter and special services passenger transportation between points in the United States (except Hawaii). Van Galder focuses its operations on providing service between points in Wisconsin and O'Hare International Airport as well as providing charter, tour and school bus services in Wisconsin and nearby states and operates under the Gray Line trade name with respect to certain of its services. It operates a fleet of approximately 110 vehicles, employs approximately 185 persons, and earned annual revenues for the 12-month period ending May 31, 1999, of approximately \$11.3 million.

⁷ The stock might be transferred temporarily to Coach, pending its transfer to South Central or North Central.

carriers. Access to the database will allow the carriers to deploy vehicles more effectively, resulting in more timely and efficient service to the traveling public. Coach's management subsidiaries will also coordinate the safety and compliance programs of the carriers, including driver training, to maintain and improve safety performance levels. Finally, Coach's management subsidiaries will develop financial plans and coordinate operational strategies.

Applicants assert that the proposed transactions will have no adverse impacts on the employees of Fun Time, Greatway and Van Galder and that their collective bargaining agreements will be honored.

Applicants certify that: (1) the jurisdictional threshold has been met with respect to the transactions that are the subject of the applications;⁸ (2) none of the subject carriers holds an unsatisfactory rating from the U.S. Department of Transportation; (3) each of the subject carriers has sufficient insurance coverage for the motor passenger service it provides and that evidence of such insurance has been, or by the time of any action on this application will be, filed with the Federal Highway Administration; (4) none of the subject carriers is domiciled in Mexico nor owned or controlled by persons of that country; and (5) approval of the transactions will not significantly affect either the quality of the human environment or the conservation of energy resources, and that environmental regulation pursuant to 49 CFR 1105.7 is unnecessary. Additional information may be obtained from the applicants' 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 applications, we find that the proposed acquisitions of control are 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 applications.⁹ 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.

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

⁸ See 49 CFR 1182.2(a)(5).

⁹ Under revised 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.

It is ordered:

1. The proposed acquisitions of control are 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 November 1, 1999, unless timely opposing comments are filed.
4. 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, S.W., Suite 600, Washington, DC 20004; (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: September 9, 1999.

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

Vernon A. Williams
Secretary