

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 33428

COACH USA, INC., AND LEISURE TIME TOURS--CONTROL AND MERGER  
EXEMPTION--VAN NORTWICK BROS., INC., THE ARROW LINE, INC., AND  
TRENTWAY-WAGAR, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice of Filing of Petition for Exemption.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier that controls 27 motor passenger carriers, and Leisure Time Tours, d/b/a Leisure Lines (Leisure Time), a motor passenger carrier wholly owned by Coach (collectively, petitioners), seek an exemption, under 49 U.S.C. 13541, from the prior approval requirements of 49 U.S.C. 14303(a)(5), to acquire control of Van Nortwick Bros., Inc. (Van Nortwick), a motor passenger carrier, and to merge Van Nortwick into Leisure Time, which will be the surviving entity. Coach also seeks an exemption, under 49 U.S.C. 13541, from the prior approval requirements of 49 U.S.C. 14303(a)(5), to acquire control of The Arrow Line, Inc. (Arrow), and Trentway-Wagar, Inc. (Trentway), motor carriers of passengers.

DATES: Comments must be filed by September 11, 1997. Petitioners may file a reply by September 22, 1997.

ADDRESSES: Send an original and 10 copies of comments referring to STB Finance Docket No. 33428 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. Also, send one copy of comments to petitioners' representatives: Betty Jo Christian and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

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

SUPPLEMENTARY INFORMATION: Coach and Leisure Time (MC-142011) seek an exemption for Leisure Time to acquire direct stock control and Coach to acquire indirect stock control of Van Nortwick (MC-149025), a motor passenger carrier that operates in interstate and intrastate commerce.<sup>1</sup> Following the acquisition of control and negotiation of a further agreement between the parties, petitioners also seek an exemption to merge Van Nortwick into Leisure Time, with Leisure Time remaining as the surviving entity. In addition, Coach seeks an exemption to acquire direct stock control over Arrow (MC-1193 and MC-1194), a motor passenger carrier that operates in interstate and intrastate commerce,<sup>2</sup> and Trentway (MC-126430), a motor passenger carrier that operates in interstate and foreign commerce.<sup>3</sup> Coach currently controls 27 passenger

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<sup>1</sup> Van Nortwick provides charter and tour operations primarily in New Jersey and nearby states.

<sup>2</sup> Arrow's operations consist primarily of charter and tour services throughout Connecticut and nearby New England states and New York. Arrow also conducts certain regular-route services between points in Connecticut.

<sup>3</sup> Trentway operates regular-route service between points in Ontario, Canada, and points in the United States and also operates charter and special services within the United States, particularly with respect to charter trips originating in Ontario.

carriers.<sup>4</sup> Petitioners state that acquisition of control of the three additional carriers will have no significant impact on competition. Petitioners indicate that the stock of each of the acquired carriers--Van Nortwick, Arrow, and Trentway--has been placed in an independent voting trust to avoid any unlawful control pending disposition of this proceeding. Van Nortwick competes to a limited degree with certain Coach-controlled bus carriers based in New Jersey, including Leisure Time. Neither Arrow nor Trentway competes to any meaningful degree with the other or with any other Coach-controlled carriers. Petitioners state that each of the three carriers conducts business in a highly competitive environment, characterized by low entry barriers and strong intermodal competition, and each accounts for a relatively small market share of the transportation services available to its potential passengers.

According to petitioners, the acquisition of control of Van Nortwick's stock by Leisure Time will not inhibit competition or reduce transportation options available to the public. Similarly, Coach states that its acquisition of stock control of Arrow and Trentway will have no meaningful effect on the continued availability of competitive passenger transportation.

Petitioners claim that the acquisition of control of Van Nortwick, Arrow, and Trentway will allow each carrier to offer improved service at lower costs made possible by the coordination of functions, centralized management, financial support, rationalization of resources, and economies of scale that are anticipated from the common control. Coach anticipates that the annual efficiency savings that will be generated by the proposed acquisitions will total several hundreds of thousands of dollars annually, representing primarily interest, insurance and vehicle equipment cost savings. Coach states that all collective bargaining agreements will be honored, that employee benefits will improve, and that no change in management personnel is planned. Additional information may be obtained from petitioners' representatives.

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<sup>4</sup> They include: Airport Bus of Bakersfield (MC-163191), American Sightseeing Tours, Inc., d/b/a ASTI (MC-252353), Antelope Valley Bus, Inc. (MC-125057), Arrow Stage Lines, Inc. (MC-29592), Bayou City Coaches, Inc. (MC-245246), California Charters, Inc. (MC-241211), Cape Transit Corp. (MC-161678), Community Coach, Inc. (MC-76022), Community Transit Lines, Inc. (MC-145548), Desert Stage Lines, Inc. (MC-140919), Grosvenor Bus Lines, Inc. (MC-157317), Gulf Coast Transportation, Inc., d/b/a Gray Line Tours of Houston (MC-201397), H.A.M.L. Corp. (MC-194792), K-T Contract Services, Inc. (MC-218583), Kerrville Bus Company, Inc. (MC-27530), Leisure Time Tours (MC-142011), PCSTC, Inc., d/b/a Pacific Coast Sightseeing/Gray Line of Anaheim-Los Angeles (MC-184852), Powder River Transportation Services, Inc. (MC-161531), Progressive Transportation Services, Inc. (MC-247074), Red & Tan Charter, Inc. (MC-204842), Red & Tan Tours, Inc. (MC-162174), Rockland Coaches, Inc. (MC-29890), Suburban Management Corp. (MC-264527), Suburban Trails, Inc. (MC-149081), Suburban Transit Corp. (MC-115116), Texas Bus Lines, Inc. (MC-37640), and Worthen Van Service, Inc. (MC-142573).

In *Coach USA, Inc.--Control Exemption--American Charters, Ltd.*, STB Finance Docket No. 33393, Coach seeks an exemption to acquire control over American Charters, Ltd. (MC-153814). The Board served and published a notice in the Federal Register (62 FR 28531) on May 23, 1997, instituting an exemption proceeding. Comments were due by June 23, 1997; none was filed. A final decision is currently pending with the Board.

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

Decided: August 5, 1997.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams  
Secretary