

29596 SERVICE DATE - SEPTEMBER 25, 1998
EB
FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20930]

Coach USA, Inc.—Control—Clinton Avenue Bus Company; Orange, Newark, Elizabeth
Bus, Inc.; and Wisconsin Coach Lines, 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 Clinton Avenue Bus Company (Clinton); Orange, Newark, Elizabeth Bus, Inc. (ONE Bus); and Wisconsin Coach Lines, Inc. (Wisconsin), all motor carriers of passengers. Persons wishing to oppose the application must follow the rules under 49 CFR part 1182. 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 must be filed by **November 9, 1998**. Applicant may file a reply by **November 24, 1998**. If no comments are filed by **November 9, 1998**, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20930 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: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach currently controls 56 motor passenger carriers.¹ In this transaction, it seeks to acquire control of Clinton,² ONE Bus,³ and

¹ In addition to the instant application, Coach has three other pending control applications: Coach USA, Inc.--Control--Brunswick Transportation Company d/b/a The Maine Line; Mini Coach of Boston; Olympia Trails Bus Co., Inc.; Stardust Tours, Inc. d/b/a Gray Line Tours of Memphis; and Valen Transportation, Inc., STB Docket No. MC-F-20926 (STB served Aug. 14, 1998), in which it seeks to acquire control of five additional motor passenger carriers; Coach USA, Inc.--Control--Chenango Valley Bus Lines, Inc.; Colonial Coach Corp.; GL Bus Lines, Inc.; Gray Line Air Shuttle, Inc.; Gray Line New York Tours, Inc.; Hudson Transit Corporation; Hudson Transit Lines, Inc.; and International Bus Services, Inc., STB Docket No. MC-F-20927 (STB served Aug. 28, 1998), in which it seeks to acquire control of eight additional motor passenger carriers; and Coach USA, Inc.--Continuance in Control--Salt Lake Coaches, Inc., STB Docket No. MC-F-20928 (STB served Sept. 4, 1998), in which it seeks to continue in control of a new motor passenger carrier.

² Clinton is a New Jersey corporation. It holds federally issued operating authority in Docket No. MC-223062, which authorizes it to provide charter and special operations between points in the United States (except Alaska and Hawaii). It operates a fleet of approximately 30 buses, primarily in transit-type services in northern New Jersey. Clinton does not employ any persons, but uses employees of ONE Bus, with which it shares common owners. Together with ONE Bus, Clinton earned gross annual revenues in fiscal 1997 of approximately \$8.4 million. Prior to the transfer of its stock into a voting trust, it was owned by Kenneth C. White, Joyce F. Revere, William S. Revere, Norman E. Revere, Richard D. Revere, Frank P. Gallagher, Brenda J. Gallagher, John A. Gallagher, Jr., Stephen A. Gallagher, Alice M. Gallagher, Frank P. Gallagher as Trustee of the Lisa A. Gallagher 1998 Trust, and Frank P. Gallagher as Trustee of the Kathryn A. Gallagher 1998 Trust.

³ ONE Bus is a New Jersey corporation. It holds federally issued operating authority in Docket No. MC-206227, which authorizes it to provide charter and special operations between points in the United States (except Alaska and Hawaii). It also holds authority from the State of New Jersey to conduct intrastate operations. It operates a fleet of approximately 18 motorcoaches primarily in transit-type service in northern New Jersey, employs approximately 120 persons, and, together with Clinton, earned gross revenues in fiscal 1997 of \$8.4 million. Prior to the transfer of its stock into a voting trust, it was owned by Kenneth C. White, Joyce F. Revere, William S. Revere, Norman E. Revere, Richard D. Revere, Frank P. Gallagher, Brenda J. Gallagher, John A. Gallagher, Jr., Stephen A. Gallagher, Alice M. Gallagher, Frank P. Gallagher as Trustee of the Lisa A. Gallagher 1998 Trust, and Frank P. Gallagher as Trustee of the Kathryn A. Gallagher 1998 Trust.

Wisconsin,⁴ by acquiring all of the stock of each of these carriers.

Coach submits that there will be no transfer of any federal or state operating authorities held by any of the acquired carriers. Following the consummation of the control transactions, these carriers will continue operating in the same manner as before and, according to Coach, although Clinton and ONE Bus already share common owners, granting the application will not reduce competitive options available to the traveling public. Coach submits that each of the acquired carriers is relatively small and that each faces substantial competition from other bus companies and transportation modes.

Coach 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, Coach claims that each carrier to be acquired will benefit from the lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Coach indicates that it will provide each carrier to be acquired with centralized legal and accounting functions and coordinated purchasing services. In addition, Coach states that vehicle sharing arrangements will be facilitated through Coach to ensure maximum use and efficient operation of equipment, and that coordinated driver training services will be provided. Coach also states that the proposed transaction will benefit the employees of each carrier and that all collective bargaining agreements will be honored.

Coach plans to acquire control of additional motor passenger carriers in the coming months. It asserts that the financial benefits and operating efficiencies will be enhanced further by these subsequent transactions. 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.

Coach certifies that none of the carriers to be acquired holds an unsatisfactory safety

⁴ Wisconsin is a Wisconsin corporation. It holds federally issued operating authority in Docket No. MC-123432, which authorizes it to provide charter and special operations between points in the United States (except Alaska and Hawaii). It operates a fleet of approximately 33 motorcoaches, 2 minibuses, and 4 vans, in charter services in Wisconsin and other Midwestern states and intrastate regular route services in Wisconsin; employs approximately 90 full and part time employees; and earned gross revenues in fiscal 1997 of \$5.0 million. Prior to the transfer of its stock into a voting trust, it was owned by Michael L. Hansen, Thomas D. Czanecki, and John H. Osborne.

rating from the U.S. Department of Transportation;⁵ that each has sufficient liability insurance; that none is domiciled in Mexico or owned or controlled by persons of that country; and that 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, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application.⁶ 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 decision 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 as having been vacated.

⁵ Clinton and ONE Bus have no safety rating; Wisconsin holds a satisfactory safety rating.

⁶ Under revised 49 CFR part 1182, scheduled to become effective October 1, 1998, as adopted in Revisions to Regulations Governing Finance Applications Involving Motor Passenger Carriers, STB Ex Parte No. 559 (STB served Sept. 1, 1998), there will be minor changes to the procedures involved in motor passenger finance applications. As pertinent, a procedural schedule will not be issued if the Board is able to dispose of opposition to the application on the basis of the comment and applicant's reply.

3. This decision will be effective on **November 9, 1998**, 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 20024; and (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: September 18, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary