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SERVICE DATE - SEPTEMBER 4, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20928]

Coach USA, Inc.--Continuance in Control--Salt Lake Coaches, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Application.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier that controls motor passenger carriers, has filed an application under 49 U.S.C. 14303 to continue in control of Salt Lake Coaches, Inc. (SLC), upon SLC becoming a motor passenger carrier. 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. If opposing comments are timely filed, this tentative grant of authority will be deemed vacated, and the Board will consider the comments and any replies and will issue a further decision on the application.

DATES: Comments must be filed by October 19, 1998. Applicants may file a reply by November 3, 1998. If no comments are filed by October 19, 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-20928 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 54 motor passenger carriers,<sup>1</sup> and owns all of the stock of SLC, a noncarrier that intends to apply to the Federal Highway Administration (FHWA) to register as an interstate motor passenger carrier, upon approval of this continuance in control application. Following registration with FHWA, SLC intends to commence charter and special operations in interstate commerce from a Salt Lake City, Utah base of operations. SLC also intends to provide intrastate services within Utah, including airport shuttle services. SLC will use for its interstate and intrastate services buses that it leases from another non-carrier Coach affiliate, Coach Leasing, Inc.

Coach states that its proposed continuance in control of SLC, once that entity becomes a carrier, will not materially reduce competitive options available to the traveling

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<sup>1</sup> In addition to the instant application, Coach has three other pending control applications: Coach USA, Inc.--Control--Kansas City Executive Coach, Inc. and Le Bus, Inc., STB Docket No. MC-F-20923 (STB served July 24, 1998), in which it seeks to acquire control of two additional motor passenger carriers; 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 August 14, 1998), in which it seeks to acquire control of five additional motor passenger carriers; and 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 (filed July 31, 1998), in which it seeks to acquire control of eight additional motor passenger carriers.

public. According to Coach, SLC will be a relatively small carrier and will face substantial competition from other bus companies and modes of transportation.<sup>2</sup>

Coach also states that granting the application will produce substantial benefits, including interest cost savings from the restructuring of debt and relatively low operating costs deriving from Coach's enhanced volume purchasing power. Specifically, Coach claims that SLC will benefit from the lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Coach indicates that it will provide SLC 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, with Coach's assistance, coordinated driver training services will be provided, enabling SLC to allocate driver resources in the most efficient manner possible. Coach also states that the proposed transaction will benefit the employees of SLC.

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.

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<sup>2</sup> Coach states that many of the services that SLC will provide are currently being offered by another company controlled by Coach, K-T-Contract Services, Inc. (KT), and if the proposed transaction is granted and SLC is successfully registered by FHWA, SLC will assume control of those operations from KT, which will terminate its role in providing these particular services.

SLC is not currently a carrier and therefore is not at present rated by the U.S. Department of Transportation. Applicant certifies that: (1) it will maintain sufficient liability insurance; (2) SLC is not domiciled in Mexico or owned or controlled by persons of that country; and (3) 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. We find, based on the application, that the proposed transaction is consistent with the public interest and should be authorized.

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“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 continuance in 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.
3. This decision will be effective on October 19, 1998, unless timely opposing comments are filed.

4. A copy of 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 Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: August 24, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams  
Secretary