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SERVICE DATE - FEBRUARY 27, 1998

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20916<sup>1</sup>

COACH USA, INC., AND COACH XXIII ACQUISITION, INC.--CONTROL--AMERICOACH  
TOURS, LTD.; KEESHIN CHARTER SERVICES, INC.;  
KEESHIN TRANSPORTATION, L.P.; NIAGARA SCENIC BUS LINES, INC.; AND  
PAWTUXET VALLEY BUS LINES

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier, and its wholly owned noncarrier subsidiary, Coach XXIII Acquisition, Inc. (Coach Acquisition) (collectively, applicants), filed an application under 49 U.S.C. 14303 to acquire control of Americoach Tours, Ltd. (Americoach), Keeshin Charter Services, Inc. (Keeshin), Keeshin Transportation, L.P. (KTLP), Niagara Scenic Bus Lines, Inc. (Niagara), and Pawtuxet Valley Bus Lines (Pawtuxet), all motor passenger carriers. Persons wishing to oppose the application must follow the rules under 49 CFR part 1182, subpart B. 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 are due by April 13, 1998. Applicants may file a reply by May 4, 1998. If no comments are received by April 13, 1998, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of comments referring to STB Docket No. MC-F-20916 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 and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

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<sup>1</sup> This proceeding was originally docketed as STB Finance Docket No. 33534.

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

SUPPLEMENTARY INFORMATION: Coach currently controls 35 motor passenger carriers.<sup>2</sup> In this transaction, it seeks to acquire direct control of Americoach,<sup>3</sup> Niagara,<sup>4</sup> and Pawtuxet,<sup>5</sup> by

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<sup>2</sup> In addition to the instant proceeding in which it seeks to acquire control of five additional motor passenger carriers, Coach has two pending proceedings: Coach USA, Inc.--Control Exemption--Browder Tours, Inc. and El Expreso, Inc., STB Finance Docket No. 33506 (STB filed Oct. 31, 1997), in which it seeks to acquire control of two additional motor passenger carriers; and Coach USA, Inc.--Control--Airport Limousine Service, Inc. and Black Hawk-Central City Ace Express, Inc., STB MC-F-20917 (STB filed Feb. 12, 1998), in which it seeks to acquire control of two additional motor passenger carriers.

<sup>3</sup> Americoach is a Tennessee corporation. It holds federally issued operating authority in MC-212649 and intrastate operating authority issued by the Tennessee Public Service Commission. Americoach provides charter operations primarily in Tennessee, Arkansas, Mississippi and Missouri, with occasional operations in other states. The carrier operates 25 buses; it has 51 employees; and it earned revenues of approximately \$2.9 million in 1996. Prior to the transfer of its stock into a voting trust, it had been owned by Shearon L. Breazeale and Philip L. Breazeale.

<sup>4</sup> Niagara is a New York corporation. It holds federally issued operating authority in MC-30787, intrastate operating authority issued by the New York Department of Transportation, and authority issued by the Province of Ontario, Canada. Niagara provides regular-route commuter service along routes within western New York and charter and tour operations between points in western New York and points in the United States. The carrier operates 21 buses; it has 75 employees; and it earned revenues of approximately \$6.6 million in 1996. Prior to the transfer of its stock into a voting trust, it had been owned by Keith A. Fisher and Molly J. Schmitt.

<sup>5</sup> Pawtuxet is a Rhode Island corporation. It holds federally issued operating authority in MC-115432, intrastate operating authority in Connecticut, and operating authority within the Province of New Brunswick, Canada. Pawtuxet provides special and charter operations between points in Massachusetts, Connecticut, and Rhode Island and other points in the United States. The carrier operates 30 buses; it has 57 employees; and it earned revenues of approximately \$2.5 million in 1996. Prior to the transfer of its stock into a voting trust, it had been owned by Ernest A. Archambault and Stephen P. Archambault.

acquiring all of the outstanding stock of these carriers, and indirect control of Keeshin<sup>6</sup> and KTLP,<sup>7</sup> through the acquisition, by Coach Acquisition,<sup>8</sup> of all of the outstanding stock of Keeshin and the general partnership interest in KTLP. According to applicants, the stock (or, in the case of KTLP, the partnership interest) of each of the carriers to be acquired is currently held in separate, independent voting trusts to avoid any unlawful control pending disposition of this proceeding.

Applicants submit that there will be no transfer of any federal or state operating authorities held by the acquired carriers. Following the consummation of the control transactions, each of the acquired carriers will continue operating in the same manner as before and, according to applicants, granting the application will not reduce competitive options available to the traveling public. They assert that the acquired carriers do not compete to any meaningful degree with one another or with any Coach-owned carrier. Applicants submit that each of the acquired carriers is relatively small and each faces substantial competition from other bus companies and transportation modes.

Applicants also submit 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, applicants claim that the carriers to be acquired will benefit from the lower insurance premiums negotiated by Coach and from

volume discounts for equipment and fuel. Applicants indicate that Coach will provide each of the carriers to be acquired with centralized legal and accounting functions and coordinated purchasing services. In addition, they state that vehicle sharing arrangements will be facilitated through Coach to ensure maximum use and efficient operation of equipment and that, with Coach's assistance,

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<sup>6</sup> Keeshin is an Illinois corporation. It holds federally issued operating authority in MC-118044. Keeshin provides charter, group tours and shuttle operations from points in Illinois to various points in the United States. The carrier operates 47 buses; it has 102 employees; and it earned gross revenues of approximately \$13.03 million in 1996. Prior to the transfer of its stock into a voting trust, it had been owned by Paul A. Keeshin.

<sup>7</sup> KTLP is a Delaware limited partnership. It holds federally issued operating authority in MC-263222. KTLP provides charter and special operations between points in the United States (except Hawaii) and commuter and shuttle bus services in the Chicago area. KTLP also owns a limited partnership interest in O'Hare Shuttle Partners, L.P., a non-federally regulated entity, which provides shuttle bus service at Chicago's O'Hare Airport. The carrier operates 18 buses; it has 75 employees; and it earned revenues of approximately \$3.6 million in the first 9 months of 1996. Prior to the transfer of the general partnership interest in KTLP into a voting trust, the general partnership interest had been held by Keeshin. Paul A. Keeshin Trust, Brett Keeshin O'Hare Trust, and Neal Keeshin O'Hare Trust also held limited partnership interests in KTLP.

<sup>8</sup> Coach Acquisition is a Delaware corporation that was established for the purpose of serving as a holding company with respect to the transaction involving Keeshin and KTLP.

coordinated driver training services will be provided, enabling each carrier to allocate driver resources in the most efficient manner possible. Applicants also state that the proposed transaction will benefit the employees of the acquired carriers and that all collective bargaining agreements will be honored by Coach.

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.

Applicants certify that the pertinent carrier parties hold satisfactory safety ratings from the U.S. Department of Transportation; that they have sufficient liability insurance; that they are neither domiciled in Mexico nor 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 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 application, we find that the proposed acquisition of control is consistent with the public interest and should be authorized. If opposing comments are timely filed, this finding will be deemed vacated and a procedural schedule will be adopted to reconsider the application. 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.

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 vacated.
3. This decision will be effective on April 13, 1998, unless timely opposing comments are filed.

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

Decided: February 20, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams  
Secretary