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SERVICE DATE - AUGUST 14, 1998

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20926

COACH USA, INC.--CONTROL--BRUNSWICK TRANSPORTATION COMPANY D/B/A
THE MAINE LINE, ET AL.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Coach USA, Inc. (Coach or applicant), a noncarrier, filed an application under 49 U.S.C. 14303 to acquire control of Brunswick Transportation Company d/b/a The Maine Line (Maine Line); Mini Coach of Boston (Mini Coach); Olympia Trails Bus Co., Inc. (Olympia); Stardust Tours, Inc. d/b/a Gray Line Tours of Memphis (Gray Line); and Valen Transportation, Inc. (Valen), all motor carriers of passengers. 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.

DATES: Comments must be filed by September 28, 1998. Applicant may file a reply by October 13, 1998. If no comments are filed by September 28, 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-20926 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.¹ In this transaction, it seeks to acquire direct control of Maine Line,² Mini Coach,³ Olympia,⁴ Gray Line,⁵ and Valen⁶ through the acquisition all of their outstanding stock.

¹ In addition to the instant application, Coach has two 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; 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.

² Maine Line is a Maine corporation. It holds federally issued operating authority in Docket No. MC-109495 under which it provides charter and special operations between points in the United States and regular route operations in New England. It also holds authority from the State of Maine to conduct intrastate operations in that state. It operates a fleet of approximately 49 vehicles and employs approximately 85 people. Maine Line's gross revenue for fiscal year (FY) 1997 was approximately \$8.2 million. Prior to the transfer of its stock into a voting trust, it was owned by Robert J. Ouellette, Albert Z. Ouellette, Giles J. Ouellette, Joel D. Ouellette, Michael D. Ouellette, Dennis R. Ouellette, and Catherine Ouellette-Carlton.

³ Mini Coach is a Massachusetts corporation. It holds federally issued operating authority in Docket No. MC-231090 under which it provides charter and special operations beginning and ending at Medford, MA, and extending to points in the United States (except Alaska and Hawaii). It operates a fleet of 12 motorcoaches and 19 minibuses and vans and employs 70 people. Mini Coach's gross revenue for FY 1997 was approximately \$3.8 million. Prior to the transfer of its stock into voting trust, it was owned by Steven and Lori Bauld.

⁴ Olympia is a New Jersey corporation. It holds federally issued operating authority in Docket No. MC-138146 under which it provides charter and special operations between points in the United States and regular-route service between points in New York and New Jersey. It also holds authority from the State of New York and the State of New Jersey to conduct intrastate operations in those states. It operates a fleet of 56 buses and 4 vans and employs 130 people on a full time basis and 30 people part time. Olympia's gross revenue for FY 1997 was approximately \$16.5 million. Prior to the transfer of its stock into voting trust, it was owned by Nikolas Agathis, Sophia Agathis, William T. Agathis, Michael E. Agathis, and Nicholas C. Agathis.

⁵ Gray Line is a Tennessee corporation. It holds federally issued operating authority in Docket No. MC-318341 under which it provides charter and special operations, as well as authority from the Tennessee Department of Safety to conduct intrastate operations in that state. It operates a fleet of 6 minibuses and 1 van and employs 12 people. Gray Line's gross revenue for FY 1997 was
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Applicant submits that there will be no transfer of any federal or state operating authorities held by the acquired carriers. Following the consummation of the control transaction, these carriers will continue operating in the same manner as before, and, according to applicant, granting the application will not reduce competitive options available to the traveling public. Applicant asserts that the acquired carriers do not compete with one another, to any meaningful degree. Applicant submits that each of the acquired carriers is relatively small and that each faces substantial competition from other bus companies and transportation modes.

Applicant 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, applicant 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. Applicant indicates that Coach will provide each carrier to be acquired with centralized legal and accounting functions and coordinated purchasing services. In addition, applicant 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. Applicant also states 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.

Applicant certifies that: (1) Maine Line, Olympia, and Valen hold satisfactory safety ratings from the U.S. Department of Transportation, while Mini Coach holds a conditional safety rating and Gray Line has not been rated; (2) each of the acquired carriers maintains sufficient liability insurance; (3) none of the acquired carriers is domiciled in Mexico nor owned or controlled by

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approximately \$580,000. Prior to the transfer of its stock into voting trust, it was owned by John N. Fain, Jr.

⁶ Valen is a California corporation. It holds federally issued operating authority in Docket No. MC-212398 which includes regular-route authority between points in California, Nevada and Arizona, as well as authority from the California Public Utilities Commission to conduct intrastate operations in that state. It operates a fleet of approximately 5 motorcoaches and other vehicles. Valen's gross revenue for FY 1997 was approximately \$2.5 million. Prior to the transfer of its stock into voting trust, it was owned by Michael L. Valen, Michaeleen Valen, Bipinchandra M. Ramaiya, and Marguerite L. Skinner.

persons of that country; and (4) 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 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.

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.
3. This decision will be effective on September 28, 1998, unless timely opposing comments are filed.
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: August 7, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary