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SERVICE DATE - AUGUST 28, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20927]

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.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier that controls several motor passenger carriers, filed an application under 49 U.S.C. 14303 for control of Chenango Valley Bus Lines, Inc. (Chenango), Colonial Coach Corp. (Colonial), GL Bus Lines, Inc. (GL), Gray Line Air Shuttle, Inc. (GL Air), Gray Line New York Tours, Inc. (GLNY), Hudson Transit Corporation (HTC), Hudson Transit Lines, Inc. (HTL), and International Bus Services, Inc. (IBS), all motor passenger carriers related to one another through largely common ownership. 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 October 13, 1998. Applicant may file a reply by November 2, 1998. If no comments are filed by October 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-20927 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: Joseph H. Dettmar, (202) 565-1600.  
[TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach currently controls several motor passenger carriers.<sup>1</sup> In this transaction, it seeks to acquire control of Chenango;<sup>2</sup>

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<sup>1</sup> The Board recently issued a notice tentatively granting Coach authority to control nine additional motor carriers of passengers. Coach USA, Inc.--Control--Blue Bird Coach Lines, Inc. et al., STB Docket No. MC-F-20921 (STB served June 19, 1998). Because no adverse comments were filed, the notice became the final action of the Board. In addition, the Board more recently issued notices tentatively granting Coach authority to control two motor passenger carriers, Coach USA, Inc.--Control--Kansas City Executive Coach, Inc. and Le Bus, Inc., STB Docket No. MC-F-20923 (STB served July 24, 1998); and to control five motor passenger carriers, Coach USA, Inc.--Control--Brunswick Transportation Company d/b/a The Maine Line, et al. STB Docket No. MC-F-20926 (STB served Aug. 14, 1998). Finally, Coach has recently filed an application with the Board to continue in control of a motor passenger carrier, Coach USA, Inc.--Continuance in Control--Salt Lake Coaches, Inc., STB Docket No. MC-F-20928 (filed Aug. 3, 1998).

<sup>2</sup> Chenango is a New York corporation. It holds federally issued operating authority in Docket No. MC-141324, as well as authority from the New York State Department of Transportation (NYDOT). Chenango utilizes a fleet of approximately 14 motorcoaches and employs 47 full and part time employees. Chenango's gross revenue for fiscal year 1997 was approximately \$2.2 million. Chenango is owned in full by noncarrier Limousine Rental Service, Inc. (Limousine). A majority of the shares of Limousine are owned by Mr. Barnett Rukin. Limousine also wholly owns GL.

Colonial;<sup>3</sup>GL;<sup>4</sup> GL Air;<sup>5</sup> GLNY;<sup>6</sup> HTC;<sup>7</sup> HTL;<sup>8</sup> and IBS<sup>9</sup> by acquiring all of the stock of

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<sup>3</sup> Colonial is a New Jersey corporation. It holds federally issued operating authority in Docket No. MC-39491, as well as authority from the New Jersey Department of Transportation (NJDOT). Colonial operates a fleet of 8 motorcoaches and employs 25 full and part time persons. Colonial's gross annual revenue in 1997 was approximately \$945,000. Colonial is owned by Mr. Barnett Rukin (who holds a majority interest), Mr. Julius Eisen and Ms. Susan Eisen.

<sup>4</sup> GL is a New York corporation. It holds federally issued operating authority in Docket No. MC-180074, as well as authority from NYDOT. At present, GL is not conducting motor passenger operations and has no revenues from bus operations. GL, like Chenango, is owned in full by noncarrier Limousine.

<sup>5</sup> GL Air is a New Jersey corporation. It holds federally issued operating authority in Docket No. MC-218255, as well as authority from NYDOT. GL Air operates a fleet of 44 vans, 33 double-deck buses, 17 minibuses and 1 trolley. GL Air employs approximately 200 persons. GL Air's gross annual revenue in 1997 was over \$9.2 million. GL Air is owned by Mr. Barnett Rukin, Mr. Julius Eisen, Mr. Charles Flateman, Mr. Andrew Eisen, Ms. Cara Eisen, Mr. Joshua Eisen, the Emily Rukin Grantor Trust, the William Rukin Grantor Trust, and the Alexandra Rukin Family Trust.

<sup>6</sup> GLNY is a New York corporation. It holds federally issued operating authority in Docket No. MC-180229. GLNY employs approximately 90 persons. GLNY's 1997 annual revenues were in excess of \$17.8 million. GLNY is owned by Mr. Barnett Rukin, Mr. Julius Eisen, Ms. Brina Lois Rosenblatt, Mr. Bernard Flateman, and Mr. Charles Flateman.

<sup>7</sup> HTC is a New York corporation. It holds federally issued operating authority in Docket No. MC-133403, as well as authority from NYDOT. HTC employs approximately 40 persons. HTC's gross annual revenue for 1997 was \$5.1 million. HTC is owned by Mr. Julius Eisen, Mr. Joshua Eisen, Mr. Andrew Eisen, William Rukin Grantor Trust, Cara Gail Eisen Trust, Ms. Donna Rukin, and Short Line Terminal Agency, Inc. (Short Line), a noncarrier which owns a majority interest in HTC. The voting shares of Short Line are in turn owned largely by Mr. Barnett Rukin.

<sup>8</sup> HTL is a Delaware Corporation. It holds federally issued operating authority in Docket No. MC-228, as well as authority from NJDOT. HTL operates a fleet of 150 vehicles, mostly motorcoaches, and employs approximately 325 persons. HTL's gross annual revenue in 1997 was approximately \$25.6 million. Short Line, in which Mr. Barnett Rukin holds the large majority of voting shares, owns a majority interest in HTL. HTL is also owned by Mr. Barnett Rukin, Mr. Julius Eisen, Ms. Susan Eisen, Mr. Joshua Eisen, Mr.

(continued...)

each of these commonly-controlled carriers.<sup>10</sup>

Applicant 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 transaction, each of the acquired carriers will continue operating in the same manner as before. According to applicant, granting the application will not reduce competitive options available to the traveling public. Applicant asserts that none of the carriers proposed to be acquired competes to any meaningful degree with any of the others. Applicant submits that each carrier faces substantial competition from other bus companies and modes of transportation.

Applicant also submits that granting the application will produce substantial benefits, including savings in interest costs from the restructuring of debt and reduced operating costs from Coach's enhanced volume purchasing power. Specifically, applicant claims that the carriers to be acquired will benefit from lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Applicant indicates that Coach will provide each of the carriers to be acquired with centralized legal and accounting services 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. Applicant states that, with Coach's assistance, coordinated driver training services will be provided enabling each carrier to allocate driver resources in the

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<sup>8</sup>(...continued)

Andrew Eisen, William Rukin Grantor Trust, Trust for the Benefit of Joshua Eisen, Trust for the Benefit of Andrew Eisen, and HTC, another of the acquired companies.

<sup>9</sup> IBS is a New York corporation. It holds federally issued operating authority in Docket No. MC-155937, as well as authority from NYDOT and NJDOT. IBS operates a fleet of approximately 50 vehicles and employs approximately 150 persons. IBS's gross annual revenue in 1997 was approximately \$5.8 million, most of which was earned from transfers from related companies. IBS is owned by Mr. Barnett Rukin (who holds a majority interest), Mr. Julius Eisen, Ms. Brina Lois Rosenblatt, Mr. Charles Flateman, and Mr. Bernard Flateman.

<sup>10</sup> The Interstate Commerce Commission had previously approved the common control of these entities in Hudson Transit Lines, Inc.--Purchase--Inter-City Transportation Co., Inc., No. MC-F-8620 (ICC served July 27, 1964); Chenango Valley Bus Lines, Inc.--Purchase--Binghamton Short Lines, Corp., and Chenango Valley Transit, No. MC-F-12502 (ICC served Oct. 16, 1975); David Rukin, et al.--Control--International Bus Services, Inc., No. MC-F-15297 (ICC served Aug. 30, 1983); Julius Eisen, et al.--Continuance in Control--GL Bus Lines and Gray Line New York Tours, Inc., No. MC-F-16347 (ICC served July 23, 1985); and Barnett Rukin, et al.--Continuance in Control, No. MC-F-19545 (ICC served Jan. 1990).

most efficient manner possible. 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) none of the carriers holds an unsatisfactory safety rating from the U.S. Department of Transportation;<sup>11</sup> (2) each has sufficient liability insurance; (3) none of the acquired carriers is either domiciled in Mexico or owned or controlled by 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.

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<sup>11</sup> Chenango, Colonial, GL Air, GLNY, HTL, and IBS each hold a satisfactory safety rating. GLNY and HTC have not been rated.

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 13, 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: August 21, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams  
Secretary