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SERVICE DATE - APRIL 10, 1998

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20918

COACH USA, INC.--CONTROL--METRO CARS, 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 Metro Cars, Inc. (Metro), 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.

DATES: Comments must be filed by May 25, 1998. Applicant may file a reply by June 9, 1998. If no comments are filed by May 25, 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-20918 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 37 motor passenger carriers.¹ In this transaction, it seeks to acquire control of Metro² through the acquisition of all of its stock.

Applicant submits that there will be no transfer of any federal or state operating authorities held by Metro. It asserts that Metro will continue operating in the same manner as before, and that the acquisition of control will not reduce competition in the bus industry or competitive options available to the traveling public. It states that Metro does not compete with any Coach-owned carrier. Applicant submits that Metro is relatively small and 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 Metro will benefit from the lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Applicant indicates that Coach will provide Metro with centralized legal and accounting functions and coordinated purchasing services. In addition, it 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 Metro 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

¹ In addition to the instant proceeding in which it seeks to acquire control of an additional motor passenger carrier, Coach has two pending proceedings: 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, STB Docket No. MC-F-20916 (STB served Feb. 27, 1998), in which it seeks to acquire control of five additional motor passenger carriers; and Coach USA, Inc.--Control--Airport Limousine Service, Inc. and Black Hawk-Central City Ace Express, Inc., STB Docket No. MC-F-20917 (STB served Mar. 13, 1998), in which it seeks to acquire control of two additional motor passenger carriers.

² Metro is a Michigan Corporation. It holds federally issued operating authority in MC-276823 and intrastate operating authority issued by the Michigan Department of Transportation. The majority of its revenues are derived from its services between the Detroit Airport and points in Michigan and Ohio, and its gross revenue for fiscal year 1996 was approximately \$6.6 million. It operates 75 sedans, 14 vans, 8 limousines, and 5 buses and other passenger vehicles. Prior to the transfer of its stock into a voting trust, it had been owned by Cullen F. Meathe and A. Gregory Eaton.

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 enhancing the benefits resulting from these control transactions.

Applicant certifies that: (1) Metro has not been rated for safety by the U.S. Department of Transportation; (2) Metro maintains sufficient liability insurance; (3) Metro is neither domiciled in Mexico nor 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.

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 May 25, 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: April 6, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary