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**VIA ELECTRONIC FILING**

Cynthia T. Brown  
Chief, Section of Administration  
Surface Transportation Board  
395 E Street, S.W.  
Washington, DC 20423-0001

**Re: Reply of Coach USA, Inc. and Megabus Northeast, LLC to March 12, 2010  
Letter Request of Greyhound Lines, Inc. Concerning Peter Pan Bus Lines,  
Inc – Pooling – Greyhound Lines, Inc., STB Docket Nos. MC-F-20908, MC-  
F-20904, MC-F-20912**

Dear Ms. Brown:

Coach USA, Inc. and Megabus Northeast, LLC (jointly, “Megabus”) hereby respond in opposition to the March 12, 2010 letter request submitted by counsel for Greyhound Lines, Inc. (“Greyhound”) seeking your approval for what Greyhound’s letter describes as a “minor, ministerial” amendment to the three Revenue Pooling Agreements between Greyhound and Peter Pan Bus Lines, Inc. (“Peter Pan”) that the Board approved in the late 1990’s. Those Agreements cover service offered by those two bus companies between New York and Washington, DC, New York and Philadelphia and New York and Boston. Far from being either “minor” or “ministerial” amendments to any of those three agreements, what Greyhound seeks here is a major expansion of the antitrust-immunized Pooling Agreements approved by the Board over ten years ago, under very different economic circumstances.

Specifically, Greyhound seeks to revise those Pooling Agreements to reach an altogether new service not previously covered by the Agreements, namely, a new Washington, DC-Philadelphia, PA service, to be conducted via Baltimore, MD, that will be operated by a Greyhound-Peter Pan joint venture entity known as BoltBus, which commenced operations in 2008. Neither that service nor that joint venture is addressed in any STB approved pooling agreement.

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Megabus submits that the issues raised by the proposed expansion of the Greyhound-Peter Pan pooling arrangement warrant careful consideration by the Board. The proper means to achieve that consideration is for Greyhound and Peter Pan to submit a formal pooling application to the Board pursuant to 49 U.S.C. § 14302 and the Board's rules at 49 C.F.R. Part 1184. While Greyhound paints its proposed amendment as minor or ministerial, the fact is that it proposes to do what the three existing Pooling Agreements never contemplated at the time that they were submitted to and approved by the Board over ten years ago, namely, run a joint venture service on a route (Washington-Philadelphia) not presented to the Board in any of the prior pooling applications. Nor has the Board had an opportunity to consider whether pooling involving these carriers is appropriate at all in the dramatically different economic circumstances that now surround intercity bus service in the Northeast or in light of the fact that Greyhound came under the control of FirstGroup plc, a large United Kingdom-based transportation conglomerate, in 2007.

The primary reason offered by Greyhound for the amendment to the existing Pooling Agreements is to allow BoltBus to compete on the Washington-Philadelphia route with Megabus, which has announced the commencement of scheduled service on a new Washington-Philadelphia route as of March 21, 2010. Megabus is a low fare, high quality scheduled intercity bus service offered by Megabus Northeast, LLC, which is owned by Coach USA, Inc., a subsidiary of Stagecoach Group, plc. Since 2008, Megabus has operated point-to-point express service between various cities in the Northeast, including non-stop New York-Washington and New York-Philadelphia service. It currently competes on those routes with BoltBus and several other motorcoach companies. BoltBus apparently operates on these and other routes under one or more of the Board-approved Pooling Agreements referenced in the Greyhound letter. BoltBus, however, does not transport passengers between Washington and Philadelphia, and apparently is awaiting action on its March 12 letter request before initiating this altogether new service.

Greyhound relies on the Board approved New York-Washington DC Pooling Agreement in Docket MC-F-20908 as the source for its claimed authority to pool revenues and service with Peter Pan (through BoltBus) on the Washington-Philadelphia route. However, the Board's 1998 decision in MC-F-20908, *Peter Pan Bus Lines, Inc. – Pooling – Greyhound Lines, Inc.* (served April 29, 1998) makes no mention at all of this route. Rather, that decision is focused exclusively on the route for which pooling authority was requested at the time, New York-Washington. So too, the May 20, 1997 Application filed by Greyhound and Peter Pan in MC-F-20908 makes no mention of the Washington-Philadelphia route. In fact, although other intermediate service points between New York and Washington are mentioned in the supporting verified statement of Peter Pan's President, Peter Picknelly, Philadelphia is not among those listed and there is no discussion at all of any service problems that Greyhound or Peter Pan may have been experiencing between Washington and Philadelphia, or of competitive conditions on that route.

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Further, Section 1(a) of the 1997 Greyhound-Peter Pan Pooling Agreement pertaining to New York-Washington service (attached to the Greyhound March 12 letter) makes no mention of Washington-Philadelphia service. Instead, it provides as relevant as follows:

The routes which shall be the subject of this Agreement ("Pooled Routes") are the routes authorized to be served by Peter Pan and Greyhound between *New York, NY and Washington, DC*, shown as route 7056 on the attached map of the Trailways National Bus System, Attachment 1, and route 126 on the attached Greyhound map, Attachment 2. (emphasis supplied).

Greyhound's letter points only to a cross-reference to a connecting Washington-Philadelphia route in a timetable that is referenced in the pooling agreement as support for its contention that that route is somehow covered by the New York-Washington Pooling Agreement. However, the fact that the Greyhound timetable referenced in that 1997 Pooling Agreement cross-references a timetable that shows Washington-Philadelphia "as a route that connects with" Greyhound's New York-Washington DC service is much too thin a reed on which to base a request approval for pooling for Washington-Philadelphia service. Such expanded pooling, and the antitrust immunity for BoltBus that Greyhound and Peter Pan may believe they have as a result of their approved Pooling Agreements, surely cannot rest on only a cross-reference in a timetable. Indeed, Greyhound offers no evidence whatever that Greyhound and Peter Pan ever previously requested or justified pooling on service between Washington and Philadelphia, and in fact they did not. A mere timetable cross-reference cannot substitute for real economic evidence that pooling of Greyhound's services, through its BoltBus joint venture, between Washington and Philadelphia is warranted. The Board should require much more to justify this significant expansion of the Pooling Agreements.

The only other purported justification offered by Greyhound is that the expanded pooling that it seeks here will allow its joint venture to compete with Megabus. Greyhound offers no predicate for the unusual proposition that the Board should approve pooling (or allow the substantial broadening of an existing pooling agreement) so that the pooling carriers can utilize a joint venture to compete with other carriers (such as Megabus) on a particular route. This is a strange proposition indeed and one that the Board should question in depth.

For example, why should the Board grant antitrust immunity to allow two large carriers like Greyhound and Peter Pan to pool their resources so that they compete jointly against Megabus and other motorcoach carriers which operate successfully without the benefit of pooling? Isn't pooling supposed to be reserved for situations where bus companies could not otherwise operate profitably but for an opportunity to pool service and/or revenue? Where is the proof that these two bus companies (one of which is now part of a large conglomerate) cannot operate profitably on this new route, or for that matter on other routes as to which they claim the benefit of pooling? On what basis do Greyhound and Peter Pan believe that pooling agreements entered ten or more years before BoltBus was created cover the BoltBus joint venture, whose

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operations and economics appear to be very much unlike those of its owners at the time the Pooling Agreements were approved years ago? And should Greyhound and Peter Pan be entitled to claim any antitrust immunity that flows from their approved pooling agreement for a joint venture that actively competes with other motorcoach operators?

No answer to these questions is offered in the Greyhound letter, but the Board should seek answers to these and other questions before approving any new pooling between these carriers or any further amendment to their existing Pooling Agreements.<sup>1</sup> The fact overlooked by the Greyhound request is that there has been a revolution in bus service since the time the Pooling Agreements cited by Greyhound were entered and approved. High quality, express intercity service of the type offered by Megabus, BoltBus and others is now very popular with the traveling public and can be offered on a profitable basis. This has resulted in new entrants, significant competition and a dramatically growing number of passengers for intercity bus service, as described in the attached materials. The services offered by Megabus and its primary competitors are very much unlike the excess capacity, money-losing services that Greyhound and Peter Pan may have been operating years ago, at the time that they sought the special relief offered by the Pooling Agreements.

In light of the above, Megabus submits that it is time for the Board to revisit the situation in which Greyhound and Peter Pan are able to operate their BoltBus joint venture with the extraordinary advantage offered by approved pooling under 49 U.S.C. § 14302. An appropriate section 14302 proceeding to address the propriety of the pooling that Greyhound and Peter Pan engage in through BoltBus, and plan to expand through their proposed Fifth Amendment, would provide a means for the Board to consider these issues and to ensure that its intentions, when it approved the Pooling Agreements in the late 1990's, are being met. Accordingly, Greyhound's March 12 request for approval of the Fifth Amendment to the Pooling Agreements should be

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<sup>1</sup> It bears note that Greyhound also operates another joint venture bus service, similar to its BoltBus joint venture, called NeON. That joint venture is operated with Adirondack Transit Lines, Inc. and Passenger Bus Corp. and provides scheduled service between New York City and various points in upstate New York and Canada. The STB approved a pooling agreement between these carriers in 1996 covering some of the same routes served by NeON. See MC-F-19190, *Adirondack Transit Lines, Inc., Pine Hill-Kingston Bus Corp., and Passenger Bus Corp – Pooling – Greyhound Lines, Inc. and Vermont Transit Company, Inc.* (served Nov. 26, 1996). It is not clear whether Greyhound claims that any portion of its NeON service is conducted pursuant to the 1996 pooling agreement.

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denied, and Greyhound and Peter Pan should be required to file an application to justify their pooling with respect to their BoltBus operation.

Respectfully,

A handwritten signature in black ink, appearing to read "David H. Coburn", with a long horizontal flourish extending to the right.

David H. Coburn  
Attorney for Coach USA, Inc  
and Megabus Northeast, LLC

### TRAVEL

## Pimp My Bus Ride. Goodbye, malodorous passengers. Hello, free wi-fi. The new, hip intercity motor coaches



Have wireless, will travel: Inside a MegaBus headed from Minneapolis to Madison, Wis.

BY HARRIET BAROVICK

I CAN COUNT ON ONE HAND the number of times I have traveled between cities on a bus. And let's just say that when I think back on those hulking motor coaches—from sullen rides to sleepaway camp to a terrifyingly fast tour abroad with an unpleasant-smelling driver—none of the memories are very nice. So when my ultra-cool 29-year-old cousin started raving about her regular bus trips from New York City to Philadelphia, where her fiancé is in grad school, I figured maybe it was time to review my old bias.

Turns out that bus travel, at least in the Northeast and Midwest, has become a hip and hiply budget-conscious mode of transport. Book early enough on some of the sleek new lines, and you can travel from city to city for as little as \$1. And forget

the images of desolate bus depots; the post-Greyhound generation of buses often pick up passengers at convenient curbside locations. A bunch of coach lines now compete for fare surfing customers on BusJunction.com by touting such amenities as power outlets and free wi-fi. Some even show movies.

"Who wants to drive when you can watch movies and play with your computer?" asks Joe Schwietzman, a DePaul University professor who specializes in urban planning and transportation. He recently published a study on intercity U.S. bus travel that showed a nearly 10% jump from 2007 to '08. "As Amtrak and the airlines have struggled with incorporating wireless, we think that's a big part of why it's suddenly cool to jump on the bus," he says.

That, and the jaw-dropping prices. The British-owned MegaBus, which arrived in the

### SIZE MATTERS



MegaBus uses double-deckers that hold up to 61 people; standard buses hold about 55.

**GOING GREEN** Combining fuel use with passenger occupancy, and buses are four times as energy-efficient as cars or planes.

U.S. in 2006, offers a \$1 fare to at least the first passenger to book a seat on each bus. Bolt Bus, a joint venture launched last year by Greyhound and Peter Pan that covers Washington, Baltimore, Philadelphia, New York City and Boston, offers the same \$1 deals as MegaBus, whose routes include the Northeast corridor and major college towns in the Midwest. Bolt Bus caps fares at \$25 each way. This means a weekday ride from New York City to Boston costs about a third as much on a bus as it does on Amtrak or JetBlue.

For long trips, of course, buses can't compete with trains and planes. The sweet spots, the most traveled routes, are those under 300 miles (480 km)—e.g., Chicago to Ann Arbor, Mich. But the surprisingly green coaches far outshine other vehicles in eco-efficiency. When you combine passenger occupancy with mileage per gallon, bus travel is four times as energy-efficient as car or air travel. Which helps explain its robust growth in a down economy. At MegaBus, sales have grown 60% in the past year.

On a recent Friday afternoon, my partner and I lined up on 34th Street in Manhattan and took a Bolt Bus to Philadelphia for date night. The bus left on time and was packed with people hunched over their netbooks and PDAs. Even the one bit of trash I saw was upscale: a lipstick-smudged Starbucks cup. And the \$20 round-trip fares made it a lot less painful to pay our babysitter when we got home.



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**Megabus.com Serves  
Two Million Riders**

Megabus.com, the first low-cost, intercity express bus service with fares as low as \$1 via the Internet, announced January 13, 2009 it has served two million customers, in part, due to travelers looking for economical solutions during tough times.

According to a recent study conducted by Chicago-based DePaul University's Chaddick Institute for Metropolitan Development, while nearly all indicators show a slowing economy, intercity bus travel is a booming trend. It is the second year the Chaddick Institute has cited megabus.com as a major force in driving the popularity of intercity bus travel.

High gas prices, the need for alternative travel options, convenience and cheap fares have boosted ticket sales for megabus.com service since its April 2006 launch. Megabus.com currently serves 30 cities across the Midwest and Northeast.

"We are pleased to have our innovative service recognized as the driving force of a national travel trend, one easily proven by our serving two million customers in such a short time," said Dale Moser, president and COO of megabus.com. "While the public is feeling the effects of the current U.S. economy, megabus.com has fast become the perfect solution for those looking to stretch their travel dollar."

Megabus.com has grown 202 percent in the last year. The Chaddick Institute Policy Study also stated that in 2008 the intercity bus industry posted its biggest one-year gain in service. The Motorcoach Council has called the rise in bus popularity the MegaBus movement.

Visit [www.megabus.com](http://www.megabus.com) for additional information about the service, schedules and fares.



## **Intercity Bus And Train Traffic Given A Boost By Passengers Bringing Portable Electronic Technology With Them, New DePaul Survey Finds**

For the wired generation, just how critical is it to have total access to digital technology while traveling? A new study by DePaul University's Chaddick Institute for Metropolitan Development suggests that it may be a major factor when consumers make their long-distance transportation choices.

Intercity bus companies and Amtrak seem to be the principal beneficiaries of the trend thus far. Chaddick researchers surveyed scores of buses, trains and planes in recent weeks to observe the prevalence of technology usage by more than 6,000 passengers traveling through 14 states. At any given point in the trip, nearly 40 percent of passengers on new Wi-Fi equipped buses are using some form of portable technology. The trend was much more pronounced among the new, lower-cost carriers that have been targeting college students and other young adult travelers than on traditional Greyhound buses. Busy Amtrak corridors are not far behind, seeing more than 35 percent of passengers using portable technology at any given point—with even higher use on high-speed Acela trains.

“Our study is the first of its kind,” notes Joe Schwieterman, director of the institute and one of the researchers. “We show that portable technology may be encouraging people who would otherwise fly or drive to take a second look at bus and train travel, even when those forms of travel are considerably slower.” Low-cost carriers, such as Megabus and Bolt Bus, began offering free wireless access on virtually all their routes in 2008 and their popularity is growing.

Meanwhile, these entrant bus carriers also expanded the number of routes and/or departures this year, leading to 5.1 percent growth for the bus industry as a whole. This is the third consecutive year of traffic growth for the United States intercity bus industry, a sector that had been in a steep state of decline for a half century. Train traffic has been flat, while airline service declined 7 percent in the past year, as measured by the number of departures.

On airlines, the rollout of Wi-Fi this year has been met with lackluster demand—which some believe is due to high fees and the inconvenience of having to shut down computers and other devices for substantial periods of time during the beginning and end of flights. The study found that no more than 18 percent of airline travelers use portable electronic devices at any given point in a trip.

“The prevalence of portable electronics is changing the dynamics of how we make travel choices,” says Schwieterman. “For many passengers, the ability to freely use portable technology on a bus or train more than compensates for the longer travel times.”

Along the East Coast, free Wi-Fi is now becoming standard for bus operators. In the summer of 2007, DC2NY Bus, another low-cost carrier, launched service between Washington, D.C., and New York offering free Wi-Fi on its entire system—making them

the first U.S. carrier to do so. In April 2008, Boltbus, a joint venture of Greyhound and Peter Pan bus lines, launched service out of New York to Boston, Philadelphia and Washington, D.C., with universal free Wi-Fi as well as power outlets. Megabus is adding wireless Web access on its service, first in the Northeast and now in the Midwest. Greyhound is also jumping onboard.

The researchers evaluated the type of technology that passengers use and how use varies at different times of the day. Train travelers are more likely to use technologies that involve LCD screens, such as Blackberries and laptops, than bus travelers, who rely more heavily on audio technologies, such as cell phones and music players, while still regularly checking e-mail.

Editor's note: The study is posted on the Chaddick Institute's Web site:  
<http://las.depaul.edu/chaddick>

## **INTERCITY BUS TRAFFIC GROWS AT RECORD RATE IN 2008**

While nearly all indicators lately show a slowing economic engine, at least one sector has been pressing hard on the accelerator in 2008: the intercity bus industry.

Driven by downward economic pressures, spiking gas prices and a contraction in the nation's airline industry, the intercity bus industry this year has posted its biggest one-year gain in service in a half century, according to a study from DePaul University's Chaddick Institute for Metropolitan Development.

Scheduled intercity bus departures in the United States grew 9.8 percent between the fourth quarters of 2007 and 2008. This marks the second year of robust growth after more than four decades of persistent decline. (The annualized rate of growth between the second quarter of 2006 and the fourth quarter 2007 was 8.1 percent.)

Due to significantly higher fuel efficiency per passenger mile achieved through bus travel, the trend toward buses for city-to-city travel also produced a bonanza in reduced greenhouse gas emissions. Approximately 36,000 tons of carbon dioxide were kept out of the atmosphere in 2008 as a result of the shift, according to estimates compiled for the study.

As intercity bus service grew during the past year, other forms of long-distance travel experienced pronounced declines – especially air travel has seen a roughly 8 percent decline seat-miles provided between the fourth quarters of 2007 and 2008. Travel by private vehicle was also down 3.3 percent for the first eight months of 2008 compared to the year earlier period. Train ridership as reported by Amtrak also has sharply increased over the past year, though the number of seat-miles on trains provided so far this year has increased only about 3.3 percent.

“The growth in intercity bus traffic is being driven by a number of factors, chiefly the spiking price of fuel over the past year,” said Joseph Schwieterman, professor of public service and director of the Chaddick Institute, who headed the study. “The basic economic efficiencies of bus travel are proving to be extremely attractive in this difficult economic climate.”

The majority of the growth in service was driven by increases in service offered by two companies Megabus and Boltbus (a joint venture of the Greyhound and Peter Pan bus companies). Intercity bus service is most popular between cities located 175 to 300 miles apart. The majority of train service growth during the past year occurred in markets in the Northeast, especially between New York and Washington, D.C.

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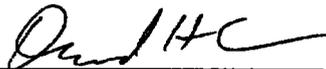
To reach the Chaddick Institute research team, please email Lauren Fischer  
[lfischer6@depaul.edu](mailto:lfischer6@depaul.edu) or call 312/362-5731

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 16<sup>th</sup> day of March 2010 served a copy of the Reply of Coach USA, Inc. and Megabus Northeast, LLC to March 12, 2010 Letter Request of Greyhound Lines, Inc. Concerning Peter Pan Bus Lines, Inc – Pooling – Greyhound Lines, Inc., STB Docket Nos. MC-F-20908, MC-F-20904, MC-F-20912 by Federal Express on counsel for Greyhound Lines, Inc. and Peter Pan Bus Lines, Inc. as follows:

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