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SERVICE DATE - AUGUST 27, 1998

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20925]

Greyhound Lines, Inc., et al.--Acquisition of Assets--Southeastern Trailways, Inc.,
and Peoria - Rockford Bus Co.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Application.

SUMMARY: Greyhound Lines, Inc. (Greyhound), a motor carrier of passengers, and its wholly owned noncarrier subsidiary, GLI Holding Co. (GLIH) (applicants), seek approval under 49 U.S.C. 14303 to acquire certain assets of Southeastern Trailways, Inc. (SET) and Peoria - Rockford Bus Co. (PRB), including their operating authorities, to engage in scheduled, regular-route, intercity service as motor common carriers of passengers and express, pursuant to certificates of public convenience and necessity issued by the former Interstate Commerce Commission in Docket Nos. MC-54591 and MC-66810, respectively.¹ Persons wishing to oppose the transaction must follow the rules at 49 CFR 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. If opposing comments are timely filed, this

¹ The properties of SET and PRB will be acquired by newly created noncarrier subsidiaries, SET Acquisition Corp. and PRB Acquisition LLC, respectively. SET Acquisition Corp. will be merged into Greyhound upon receiving regulatory approval and PRB Acquisition will become a subsidiary of Greyhound through its wholly owned, noncarrier subsidiary, GLIH.

tentative grant of authority will be deemed vacated, and the Board will consider the comments and any replies, and will issue a further decision on the application.

DATES: Comments are due by October 12, 1998. Applicants may reply by November 2, 1998. If no comments are received by October 12, 1998, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of comments referring to STB Docket No. MC-F-20925 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. Also, send one copy of comments to applicants' representative: Fritz R. Kahn, Suite 750 West, 1100 New York Avenue, N.W., Washington, DC 20005-3934.

FOR FURTHER INFORMATION CONTACT: Joseph H. Dettmar, (202) 565-1600.

[TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Greyhound holds nationwide operating authority in Docket No. MC-1515 and sub-numbered proceedings. It also controls directly or indirectly 8 other regional motor carriers of passengers. Greyhound directly controls (1) Continental Panhandle Lines, Inc. (MC-8742), operating in Oklahoma and Texas; (2) GLI Holding Co., and indirectly (a) Valley Transit Company, Inc. (MC-74), operating in Texas; (b) Carolina Coach Company, Inc. (MC-13300), operating in Delaware, Virginia and North Carolina; (c) Texas, New Mexico & Oklahoma Coaches, Inc. (MC-61120), operating in Texas, New Mexico, Colorado, Kansas and Oklahoma; and (d) Vermont Transit Co., Inc. (MC-45626), operating in Maine, Vermont, Massachusetts and New York; and (3) Sistema Internacional de Transporte de Autobuses, Inc. (SITA), a non-carrier subsidiary which

controls 3 carriers: Los Rapidos, Inc. (MC-293638), operating in Arizona and California; Americanos, U.S.A., L.L.C. (MC-309813), operating nationwide; and Gonzalez, Inc., d/b/a Golden State Transportation (MC-173837), operating in the Southwest.²

SET holds operating authority issued in MC-54591 and sub-numbered proceedings to conduct operations as a motor common carrier of passengers and express in scheduled, regular-route, intercity service between Chicago, IL and St. Louis, MO; Chicago, IL and Indianapolis, IN; Indianapolis, IN and Cincinnati, OH; Cincinnati, OH and Knoxville, TN; Indianapolis, IN and Louisville, KY; Detroit, MI and Cincinnati, OH; and Cincinnati, OH and Louisville, KY. SET will retain its authority to handle charter operations.

PRB holds operating authority, issued in MC-66810 and sub-numbered proceedings, to conduct operations as a motor carrier of passengers and express in scheduled, regular-route, and intercity service between O'Hare Airport and Rockford, IL.

SET and PRB have been commonly-controlled, family owned and operated businesses. For the past 10 years, all of SET's scheduled, regular-route, intercity operations have been the subject of a revenue pooling agreement with Greyhound that was approved by the former Interstate Commerce Commission in Southeastern Trailways, Inc., et al.-- Pooling--Greyhound Lines, Inc., Docket No. MC-F-18939 (ICC served Nov. 28, 1988).

SET has occupied Greyhound's terminals and has been a participant in Greyhound's tariffs.

² An application for Greyhound, through its subsidiary SITA, to continue in control of Autobuses Amigos, L.L.C., upon its becoming a motor carrier of passengers, was tentatively approved, subject to comments by September 8, 1998, in Greyhound Lines, Inc.-- Continuance in Control--Autobuses Amigos, L.L.C., STB Docket No. MC-F-20922 (STB served July 22, 1998).

When the owners of SET and PRB decided to sell parts of their businesses, they approached Greyhound. Greyhound's new subsidiary, SET Acquisition Corp. (Acquisition), purchased SET's assets on July 1, 1998. Applicants state that the stock of Acquisition has been placed in a voting trust³ pending disposition of this proceeding. Greyhound's new subsidiary, PRB Acquisition, LLC, will purchase certain assets of PRB after regulatory approval of the transaction.

Applicants state that the aggregate gross operating revenues from interstate operations of Greyhound and its affiliates exceeded \$2 million during the 12 months preceding this application. Applicants also state that the proposed transaction will have little effect on competition; that the total fixed charges associated with the proposed transaction are well within Greyhound's financial means; and that there will be no change in the status of any PRB employee, and that those employees who elect not to remain with SET will be offered employment with Greyhound or a Greyhound affiliate. Any affected SET, PRB, or Greyhound employee will be accommodated pursuant to the collective bargaining agreements with the unions representing them. Therefore, because no employees will be adversely affected, applicants assert that no conditions need be attached for their protection.

We conclude that this transaction will advance the goals of the national transportation policy by promoting safe, adequate, economical and efficient transportation;

³ A voting trust agreement was informally approved by the Board's Secretary in his letter dated July 1, 1998.

by meeting the needs of passengers; and by providing and maintaining service to small communities. As to SET, passenger travel will be improved: (1) by eliminating the confusion sometimes associated with pooled operations; (2) by making it more convenient to transfer to connecting Greyhound bus routes; (3) by assuring passengers of equipment that is up-to-date and operated by well trained, experienced drivers; and (4) by freeing Greyhound to adjust schedules and routes in response to market conditions to assure its passengers of excellent service at attractive fares. As to PRB, airport passengers and crews traveling between the community of Rockford and O'Hare Airport will benefit from Greyhound's experience in providing airport operations throughout the country.

Greyhound's acquisition of SET assets will improve its financial condition, while freeing Greyhound from the restraints of revenue pooling, by allowing Greyhound to revise schedules, adjust fares, and improve utilization of equipment and drivers for more efficient and economical operations. As to PRB, although this is a new market for Greyhound, overhead costs will not significantly increase because Chicago is already a major service point for Greyhound. The envisioned improvement in efficiency and economy will inure to the benefit of the traveling public.

Applicants assert that competition will not be impaired as a result of Greyhound's proposed acquisition of the SET and PRB assets. Competition between SET and Greyhound over the pooled routes has been limited, because SET and Greyhound's schedules of operation were based on the terms of the revenue pooling agreement and SET had elected to participate in Greyhound's tariffs for the most part. Moreover, there appears to be

substantial intermodal competition and the acquisitions do not threaten to produce an unreasonable restraint on competition. Applicants note that there is keen competition from other modes of passenger travel in the area, including private automobiles and other bus companies. On the other hand, PRB will continue its operations between O'Hare Airport and Rockford that are under contract with United Airlines. Thus Greyhound's acquisition of PRB's regular-route, intercity service will result in no reduction of competition between the two carriers.

Applicants certify that: (1) Greyhound and each of its affiliates (except Americanos, which is not yet rated) hold satisfactory safety ratings; (2) Greyhound and its affiliates have appointed agents in each of the states in which they operate in accordance with 49 U.S.C. 13303 and 13304 and 49 CFR 1944.1, et seq., and have procured liability insurance or obtained self insurance authorization in accordance with 49 U.S.C. 13906 and 49 CFR 1043.1, et seq. (Greyhound and its affiliates are in compliance with these provisions); (3) Greyhound and its affiliates are not domiciled in Mexico and are not owned or controlled by a person 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.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction that we find consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result from the proposed transaction; and (3) the interest of carrier employees

affected by the proposed transaction. We find, based on the application, that the proposed transaction is consistent with the public interest and should be authorized.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The acquisition by Greyhound and GLIH of certain assets and operating authorities issued in MC-54591 and MC-66810 to SET and PRB, respectively, 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 October 12, 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