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SERVICE DATE - JULY 23, 2003

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-21000

KBUS HOLDINGS, LLC — ACQUISITION OF ASSETS AND BUSINESS OPERATIONS —  
ALL WEST COACHLINES, INC., ET AL.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: KBUS Holdings, LLC (KBUS or Applicant), a noncarrier, has filed an application under 49 U.S.C. 14303 to purchase and merge the assets and business operations of: All West Coachlines, Inc. (MC-212056); American Charters & Tours, Inc. (MC-153814); Americoach Tours, Ltd. (MC-212649); Antelope Valley Bus, Inc. (Antelope) (MC-125057); Airport Bus of Bakersfield, Inc., a subsidiary of Antelope (MC-163191); Arrow Stage Lines, Inc. (MC-029592); Bayou City Coaches, Inc. (MC-245246); Blackhawk, Central City Ace Express, Inc. (MC-273611); Browder Tours, Inc. (MC-236290); California Charters, Inc. (MC-241211); Desert Stage Lines, owned by Antelope (MC-140919); El Expreso, Inc. (MC-244195); Express Shuttle, Inc. (MC-254884); Franciscan Lines, Inc. (MC-425205); Fun Time Tours, Inc. (MC-176329); Goodall's Charter Bus Service, Inc. (MC-148870); Grosvenor Bus Lines, Inc. (MC-157317); Gulf Coast Transportation Company (MC-201397); Kerrville Bus Company, Inc. (MC-27530), and 3 subsidiaries, Community Rentals Company (MC-257338), Sunset Tours & Travel, Inc. (MC-241422), and William Timothy Vaught d/b/a Vaught Bus Leasing Company (MC-209574); K-T Contract Services, Inc. (MC-218583); PCSTC, Inc. (MC-184852); Powder River Transportation Services, Inc. (MC-161531); Royal West Tours & Cruises, Inc. (MC-239135); Stardust Tours-Memphis, Inc. (MC-318341); Texas Bus Lines, Inc. (MC-037640); Travel Impressions, LLC (MC-340826); Valen Transportation, Inc. (MC-212398); and Worthen Van Service, Inc. (MC-142573) (collectively, Sellers). Persons wishing to oppose this application must follow the rules at 49 CFR 1182.5 and 1182.8. 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 8, 2003. Applicant may file a reply by September 22, 2003. If no comments are filed by September 8, 2003, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-21000 to: Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of any comments to applicant's representative: Stephen Flott, Flott & Co. PC, PO Box 17655, Arlington, VA 22216-7655.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.]

SUPPLEMENTARY INFORMATION: KBUS is a private limited liability company organized under the laws of the state of Delaware by Kohlberg & Company, LLC (Kohlberg), a noncarrier. Kohlberg is a private equity firm specializing in middle market investments. KBUS, which was specifically created to undertake this transaction, entered into an agreement with the Sellers to buy the assets, including vehicles, and business operations of the Sellers and to take over vehicle leases. KBUS is undertaking this transaction under Kohlberg Fund IV, which closed in 2001 with a total capital of \$576 million.

KBUS is a noncarrier and will remain a noncarrier after this transaction. Applicant plans to consolidate the assets and business operations of the Sellers into two entities: a leasing company and CUSA, LLC (CUSA). The leasing company will acquire the vehicles and CUSA will conduct carrier operations. CUSA has applied for twelve operating authorities from the Federal Motor Carrier Safety Administration to operate as a motor contract and common carrier of passengers in interstate commerce, in order to accommodate the twenty-four operating names under which CUSA intends to carry on business. The Federal operating authorities currently held by each of the Sellers will, upon consummation, be surrendered.

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction found to be 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.

Applicant has submitted information, as required by 49 CFR 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b). Applicant states that the proposed transaction will not reduce competitive options, adversely impact fixed charges, or adversely impact the interests of employees of companies whose assets and businesses are being acquired. It asserts that granting the application will allow CUSA to take advantage of economies of scale and substantial benefits offered by Applicant, including interest cost savings and reduced operating costs. Additional information, including a copy of the application, may be obtained from Applicant's representative.

On the basis of the application, the Board finds that the proposed transaction is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6(c). 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 finance transaction 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 September 8, 2003, unless timely opposing comments are filed.

4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 400 7th Street, S.W., Room 8214, Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 400 7th Street, S.W., Washington, DC 20590.

Decided: July 17, 2003.

By the Board, Chairman Nober.

Vernon A. Williams  
Secretary