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SERVICE DATE - APRIL 11, 1997

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33377]

Coach USA, Inc.—Control Exemption—Airport Bus of Bakersfield; Antelope Valley Bus, Inc., Desert Stage Lines, Inc.; Bayou City Coaches, Inc.; Kerrville Bus Company, Inc.; Red & Tan Charter, Inc.; Red & Tan Tours, Inc.; and Rockland Coaches, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice of Filing of Petition for Exemption.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier that controls 15 motor passenger carriers, seeks to be exempted, under 49 U.S.C. 13541, from the prior approval requirements of 49 U.S.C. 14303(a)(5), to acquire control of eight other motor passenger carriers.

DATES: Comments must be filed by May 1, 1997. Petitioner may file a reply by May 5, 1997.

ADDRESSES: Send an original and 10 copies of comments referring to STB Finance Docket No. 33377 to: Office of the Secretary, Case Control Unit, Surface Transportation Board, 1925 K Street, N.W., Washington, D.C. 20423-0001. Also send one copy of comments to petitioner's representatives:

Betty Jo Christian and David H. Coburn, Steptoe & Johnson
LLP, 1330 Connecticut Avenue, N.W., Washington, D.C. 20036.

FOR FURTHER INFORMATION CONTACT: Joseph H. Dettmar, (202)
565-1600 [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach seeks an exemption to
acquire stock control over eight motor passenger carriers
that operate in interstate and intrastate commerce: Airport
Bus of Bakersfield (MC-163191) (primarily charter operations
and regular-route service in California and Nevada);

Antelope Valley Bus, Inc. (MC-125057) (primarily charter
operations and regular-route service in California and
Nevada); Desert Stage Lines, Inc. (MC-140919) (primarily
charter operations in California); Bayou City Coaches, Inc.
(MC-245246) (primarily charter operations in Texas and New
Mexico); Kerrville Bus Company, Inc. (MC-27530) (primarily
charter operations and regular-route service in Texas,
Louisiana, and Arkansas); Red & Tan Charter, Inc.

(MC-204842) (holds authority to operate charter and special
services, but does not presently conduct any bus

operations); Red & Tan Tours, Inc. (MC-162174) (primarily
charter operations and regular-route service in New York and
New Jersey); and Rockland Coaches, Inc. (MC-29890)

(primarily charter operations and regular-route service in

New York and New Jersey).¹ Antelope Valley Bus, Inc. operates Airport Bus of Bakersfield as a division and wholly owns Desert Stage Lines, Inc. Red & Tan Tours, Inc., Red & Tan Charter, Inc., and Rockland Coaches, Inc. are also under common control. Bayou City Coaches, Inc. and Kerrville Bus Company, Inc. are controlled by different members of the same family. Coach states that each of the eight carriers accounts for a relatively small market share and operates regionally in diverse markets across the United States.

Coach indicates that it currently controls the nation's second largest group of motor passenger carriers, having acquired 10 carriers in May 1996,² and five more in November 1996.³ In STB Finance Docket No. 33343, which is

¹ The stock of these eight motor passenger carriers was placed in separate, independent voting trusts with different trustees to avoid any unlawful control.

² See Notre Capital Ventures II, LLC and Coach USA, Inc.—Control Exemption—Arrow Stage Lines, Inc.; Cape Transit Corp.; Community Coach, Inc.; Community Transit Lines, Inc.; Grosvenor Bus Lines, Inc.; H.A.M.L. Corp.; Leisure Time Tours; Suburban Management Corp.; Suburban Trails, Inc.; and Suburban Transit Corp., STB Finance Docket No. 32876 (Sub-No. 1) (STB served May 3, 1996).

³ See Coach USA, Inc.—Control Exemption—American Sightseeing Tours, Inc.; California Charters, Inc.; Texas Bus Lines, Inc.; Gulf Coast Transportation, Inc.; and K-T Contract Services, Inc., STB Finance Docket No. 33073 (STB served Nov. 8, 1996).

pending before the Board, petitioner is seeking to acquire control of four other motor passenger carriers.⁴

Petitioner asserts that there is little competition, and no significant overlap in operations, among the 15 carriers it now controls and the carriers it seeks to control in this proceeding and in STB Finance Docket No. 33343. Coach acknowledges that there is some overlap in service but states that the proposed acquisitions will have no meaningful effect on the continued availability of competitive transportation.

Following the acquisition of control by Coach, the eight carriers will continue to operate in their respective markets, each under its own name and each in the same basic manner as before. Coach claims that improved service at lower costs will result because of the coordination of functions, centralized management, financial support, rationalization of resources, and economies of scale that are anticipated from the common control. Coach also states that all collective bargaining agreements will be honored,

⁴ Coach USA, Inc.-Control Exemption-Progressive Transportation, Inc.; Powder River Transportation Services, Inc.; Worthen Van Service, Inc.; and PCSTC, Inc., STB Finance Docket No. 33343 (STB served and published Mar. 12, 1997) (62 FR 11518).

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that employee benefits will improve, and that no change in management personnel is planned. Additional information may be obtained from petitioner's representatives.

Coach also requests expedited action by the Board on its petition for exemption filed in this proceeding and in STB Finance Docket No. 33343. Coach explains that there will be a stock, and possibly a debt, offering in May 1997 and asks that the Board issue a decision in both proceedings by May 15, 1997.

A copy of this notice will be served on the Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, D.C. 20530.

Decided: April 4, 1997.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams

Secretary