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SERVICE DATE - JANUARY 11, 1999

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20942

LIDLAW, INC. ET AL.—CONTROL AND MERGER—D-A-R TRANSIT SYSTEMS, INC.  
D/B/A GALAXY CHARTERS ET AL.

AGENCY: SURFACE TRANSPORTATION BOARD

ACTION: Notice Tentatively Approving Finance Application

SUMMARY: Laidlaw, Inc. (Laidlaw or applicant), a noncarrier that currently controls seven interstate motor passenger carriers, has filed an application under 49 U.S.C. 14303 to acquire control of four additional motor passenger carriers and ultimately to merge the carriers into existing Laidlaw affiliates. Persons wishing to oppose the application must follow the rules under 49 CFR 1182 (effective October 1, 1998). 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 February 25, 1999. Applicant may file a reply by March 12, 1999. If no comments are filed by February 25, 1999, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20942 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 any comments to applicant's representative: Mark J. Andrews, Barnes and Thornburg, Suite 500, 1401 Eye Street, N.W., Washington, DC 20005.

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

SUPPLEMENTARY INFORMATION: Laidlaw currently controls seven interstate motor passenger carriers<sup>1</sup> and three intrastate or regional carriers not subject to federal economic regulation.<sup>2</sup> A notice published in Laidlaw Inc. and Laidlaw Transit Acquisition Corp.—Merger—Greyhound Lines, Inc., STB Docket No. MC-F-20940 (STB served Dec. 17, 1998) (63 FR 69710) tentatively approved the merger of Greyhound Lines, Inc. into Laidlaw's wholly owned subsidiary, Laidlaw Transit Acquisition Corp., to become effective February 1, 1999.<sup>3</sup>

Laidlaw is seeking Board approval under 49 U.S.C. 14303 for several control, merger and consolidation transactions by which Laidlaw proposes to acquire four additional interstate motor carriers: (1) a company formerly known as CAR Enterprises Ltd. of Grayslake, IL (CAR), which has a successor-in-interest known as Laidlaw Transit Services (Two), Inc. of Burlington, Ontario (Transit Two) (MC-163344); (2) D-A-R Transit Systems, Inc. d/b/a Galaxy Charters of Crystal Lake, IL (DAR) (MC-311766); (3) Voyageur Colonial Limited of Montreal, Quebec (Voyageur), including two successors-in-interest: 1327130 Ontario Limited of Toronto, Ontario (1327130 Ontario)<sup>4</sup> and 3552926 Canada Inc. of Burlington, Ontario (3552926 Canada) (MC-83928); and (4) 1128570 Ontario Ltd. (1128570 Ontario) and its sole stockholder, Ms. Gisele Rockey (Rockey) d/b/a Northern Escape Tours (Escape), and its successor-in-interest: 1327172 Ontario, Ltd. (1327172 Ontario) (MC-231298).<sup>5</sup>

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<sup>1</sup> Laidlaw's federally regulated affiliates are: Greyhound Canada Transportation Corp. (GCTC) (MC-304126), which is not currently affiliated with Greyhound Lines, Inc.; Laidlaw Transit, Inc. (MC-161299); Laidlaw Transit Ltd. (MC-102189); Roesch Lines, Inc. (Roesch) (MC-119843); Safe Ride Services, Inc. (Safe Ride) (MC-246193); Vancom Transportation-Illinois, L.P. (MC-167816); and Willett Motor Coach Co. (Willett) (MC-16073).

<sup>2</sup> Laidlaw's other motor transportation affiliates are: Empex Ventures, Inc. (California); Laidlaw Transit Services, Inc. (Minnesota and the Washington Metropolitan Area Transit Commission) (LTSI); and The Dave Companies, Inc. (California and Minnesota).

<sup>3</sup> Greyhound holds nationwide, motor passenger carrier operating authority under Docket No. MC-1515, and controls, directly or indirectly, the following ten regional motor passenger carriers: Continental Panhandle Lines, Inc. (MC-8742); Valley Transit Co., Inc. (MC-74); Carolina Coach Co., Inc. (MC-13300); Texas, New Mexico & Oklahoma Coaches, Inc. (MC-61120); Vermont Transit Co. Inc. (MC-45626); Los Rapios, Inc. (MC-293638); Americanos U.S.A., L.L.C. (Americanos) (MC-309813); Gonzales, Inc. d/b/a Golden State Transportation (Gonzales) (MC-173837); PRB Acquisition LLC (MC-66810); and Autobuses Amigos, L.L.C. (Amigos) (MC-340462-C).

<sup>4</sup> Allegedly, Voyageur's authority would be transferred to 1327130 Ontario.

<sup>5</sup> Applicant indicates that the shares of Transit Two, DAR and 1327172 Ontario are  
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Board approval is also sought under 49 U.S.C. 14303 for (1) the prospective merger of Transit Two and DAR into LTSI; (2) the prospective consolidation of operations and assets of Voyageur into GCTC; and (3) the consolidation of operations and assets of 1128570 Ontario into GCTC. Applicants state further that the interstate operating authorities of DAR, Voyageur and Escape would be surrendered as duplicative.

Applicant states that the operations of CAR and DAR have historically consisted primarily of municipal transit services in the Chicago, IL area, which is not subject to federal authority, and that the operations of Voyageur and Escape have consisted of regular-route and charter operations conducted primarily within Canada. Applicant further states that CAR/Transit Two, DAR, Voyageur and Escape do not hold intrastate authority. Applicant further states that these transactions will not significantly increase its current share of the North American markets for municipal transit/paratransit and intercity/tourism operations by passenger motor carriers. In each of these markets, applicant states that its current share is approximately 2%.

Applicant states that the transactions will not reduce competition in the regulated bus industry or competitive options available to the traveling public in the U.S. Applicant indicates that most of its current operations are unregulated, and/or take place outside the U.S. Applicant acknowledges, however, that this situation would change after its proposed acquisition of Greyhound that has been tentatively approved in STB Docket No. MC-F-20940. Applicant indicates, however, that it will continue to face substantial competition from other bus companies and transportation modes in the United States.

Laidlaw contends that the proposed transactions will produce substantial benefits, including interest cost savings from restructuring of debt and reduced operating costs from applicant's enhanced volume purchasing power. Applicant claims that the carriers it will acquire will benefit from the lower insurance premiums it has negotiated and from volume discounts for equipment and fuel. Applicant also asserts that it improves the efficiency of all acquired carriers, while maintaining responsiveness to local conditions, by providing centralized services to support decentralized operational and marketing managers. Centralized support services are provided in such areas as legal affairs, accounting, purchasing, safety management, equipment maintenance, driver training, human resources and environmental compliance. In addition, applicant states that it facilitates vehicle sharing arrangements between acquired entities, so as to ensure maximum utilization and efficient operation of equipment. According to applicant, the involved transactions offer ongoing benefits for employees of acquired carriers not only because of the efficiencies described above, but also because applicant's policy is to honor all collective bargaining agreements of acquired carriers.

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<sup>5</sup>(...continued)

currently being held in separate, independent voting trusts and shares of 1327130 Ontario will be placed in a voting trust, if necessary.

Applicant asserts that the aggregate gross operating revenues from interstate operations of the operations of carriers to be acquired and all of Laidlaw's affiliated motor carriers exceeded \$2 million for the 12-month period prior to the date of the earliest agreement covered by the application. Applicant certifies that none of its current affiliates nor any of the carriers it proposes to acquire has been assigned a safety fitness rating of less than satisfactory by the U.S. Department of Transportation.<sup>6</sup> Applicant further certifies that all involved carriers maintain sufficient liability insurance and that none of the involved carriers has been or is either domiciled in Mexico or owned or controlled by persons of that country.

Under 49 U.S.C. 14303(b), the Board must approve and authorize transactions it finds consistent with the public interest, taking into account at least: (1) the effect of the transactions 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 transactions are 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 timely 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 at our website at: "WWW.STB.DOT.GOV."

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

It is ordered:

1. The above-described transactions are approved and authorized, subject to the timely 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 February 25, 1999, unless timely opposing comments are filed.
4. A copy of this notice will be served on (1) the U.S. Department of Justice, Antitrust Division, 10th Street and Pennsylvania Avenue, N.W., Washington, DC 20530 and (2) the U.S.

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<sup>6</sup> According to the application, Laidlaw's current affiliates, GCTC, Roesch, Safe Ride and Willet have satisfactory ratings; Laidlaw's other affiliates are unrated. Of the companies to be acquired, Voyageur has a satisfactory rating; the other companies are unrated.

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Department of Transportation, Office of Motor Carriers-HIA 30, 400 Virginia Avenue, S.W., Suite 600, Washington, DC 20024.

Decided: January 4, 1999.

By the Board, Chairman Morgan, Vice Chairman Owen and Commissioner Clyburn.

Vernon A Williams  
Secretary