

benefits, including interest cost savings from the restructuring of debt and reduced operating costs from Coach's enhanced volume purchasing power. Specifically, Coach claims that each carrier to be acquired will benefit from the lower insurance premiums negotiated by Coach and from volume discounts for equipment and fuel. Coach indicates that it will provide each carrier to be acquired with centralized legal and accounting functions and coordinated purchasing services. In addition, Coach states that vehicle sharing arrangements will be facilitated through Coach to ensure maximum use and efficient operation of equipment, and that coordinated driver training services will be provided. Coach also states that the proposed transaction will benefit the employees of each carrier and that all collective bargaining agreements will be honored.

Coach plans to acquire control of additional motor passenger carriers in the coming months. It asserts that the financial benefits and operating efficiencies will be enhanced further by these subsequent transactions. Over the long term, Coach states that it will provide centralized marketing and reservation services for the bus firms that it controls, thereby further enhancing the benefits resulting from these control transactions.

Coach certifies that none of the carriers to be acquired holds an unsatisfactory safety rating from the U.S. Department of Transportation,<sup>5</sup> that each has sufficient liability insurance; that none is domiciled in Mexico or owned or controlled by persons of that country; and that approval of the transaction will not significantly affect either the quality of the human environment or the conservation of energy resources. Additional information may be obtained from applicant's representatives.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find 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.

On the basis of the application, we find that the proposed acquisition of control 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.<sup>6</sup> 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 acquisition of control 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 as having been vacated.

3. This decision will be effective on November 9, 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, SW, Suite 600, Washington, DC 20024; and (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, NW, Washington, DC 20530.

Decided: September 18, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

**Vernon A. Williams,**  
*Secretary.*

[FR Doc. 98-25599 Filed 9-24-98; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Surface Transportation Board

[STB Docket No. S5R 100]

#### Association of American Railroads and American Short Line and Regional Railroad Association—Agreement—Application Under 49 U.S.C. 10706

**AGENCY:** Surface Transportation Board.

**ACTION:** Notice of interim approval.

**SUMMARY:** The Association of American Railroads (AAR) and the American Short Line and Regional Railroad Association (ASLRRA) have filed an application under 49 U.S.C. 10706 for approval of the rate-related provisions

<sup>6</sup> Under revised 49 CFR part 1182, scheduled to become effective October 1, 1998, as adopted in *Revisions to Regulations Governing Finance Applications Involving Motor Passenger Carriers*, STB Ex Parte No. 559 (STB served Sept. 1, 1998), there will be minor changes to the procedures involved in motor passenger finance applications. As pertinent, a procedural schedule will not be issued if the Board is able to dispose of opposition to the application on the basis of the comment and applicant's reply.

of an AAR-ASLRRA Agreement (the Agreement) that addresses issues raised in *Review of Rail Access and Competition Issues*, Ex Parte No. 575 (STB served Apr. 17, 1998) (*Review*). The Agreement, to which rail carriers may subscribe on an individual basis, is intended to provide a framework for improving the ability of smaller (Class II or III) railroads and Class I railroads to work together to fulfill their shared goal of serving the shipping public in the most efficient possible manner. The rate-related principles outlined in the Agreement constitute a series of bilateral commitments by each subscribing Class I carrier to each subscribing smaller railroad with which it connects with respect to switch charges and interline rates between those two carriers. These principles relate to rates within the meaning of 49 U.S.C. 10706(a)(2)(A). The Board is approving the application on an interim basis, subject to comments. If opposing comments are timely filed, the Board will consider the comments, and any reply, and issue a further decision on the application. Absent opposing comments, this notice will constitute final approval of the application and will be the final Board action.

**DATES:** Comments must be filed by October 26, 1998. Applicants may file a reply by November 10, 1998. If no comments are filed by October 26, 1998, this interim approval will be final as of that date.

**ADDRESSES:** Send an original and 10 copies of any comments referring to STB Docket No. S5R 100 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, NW, Washington, DC 20423-0001. In addition, send one copy of comments to applicants' representatives: Arvid E. Roach II, Covington & Burling, 1201 Pennsylvania Avenue, NW, P.O. Box 7566, Washington, DC 20044-7566, for AAR; and Alice C. Saylor, American Short Line and Regional Railroad Association, 1120 G Street, NW, Suite 520, Washington, DC 20005.

**FOR FURTHER INFORMATION CONTACT:** Beryl Gordon, (202) 565-1600. (TDD for the hearing impaired: (202) 565-1695.)

**SUPPLEMENTARY INFORMATION:** In *Review*, slip op. at 8, we discussed impediments to the ability of smaller railroads to reach their full potential in providing service to the shipping public. Noting our preference for private-sector over government-mandated solutions, we urged the railroads to address and resolve these issues expeditiously. We committed to take administrative action as necessary and appropriate to

<sup>5</sup> Clinton and ONE Bus have no safety rating; Wisconsin holds a satisfactory safety rating.

facilitate any constructive privately-reached agreement. We appreciate the substantial efforts of AAR and ASLRRRA and their members in working cooperatively to reach agreement on these difficult and important issues. We now address the instant application seeking approval of certain aspects of the agreement.

Our jurisdiction to approve rate agreements under 49 U.S.C. 10706 extends to agreements of at least two rail carriers that relate to rates (including charges between rail carriers and compensation paid or received for the use of facilities and equipment), classifications, divisions, or rules related to them, or procedures for joint consideration, initiation, publication, or establishment of the same.<sup>1</sup> In order to approve an agreement under 49 U.S.C. 10706(a)(2)(A), we must find that the making and carrying out of the agreement will further the rail transportation policy (RTP) of 49 U.S.C. 10101. If we approve the agreement, which may require compliance with conditions necessary to make the agreement further the RTP, it may be carried out under its terms and under the required conditions, and the antitrust laws (enumerated in that subsection) do not apply to parties and other persons with respect to the making or carrying out of the agreement. We may not approve or continue approval of an agreement if the required conditions are not met or if we do not receive a verified statement specifying for each rail carrier that is a party to the agreement certain information concerning its identity and that of any affiliates. See 49 U.S.C. 10706(a)(2)(B) and the regulations at 49 CFR 1331.1. The regulations also require that certain exhibits be filed with the application (49 CFR 1331.2) and that new parties to an agreement comply with the requirements of 49 CFR 1331.1(b) (49 CFR 1331.4).

Applicants submit verified statements identifying each of the AAR and ASLRRRA members that either has subscribed or is eligible to subscribe to the Agreement.<sup>2</sup> Applicants seek an

<sup>1</sup> Applicants note that the Agreement contains other provisions that are unrelated to rates, classifications, divisions or traffic rules. These provisions are aimed at better meeting the car supply needs of customers served by short line and regional railroads, improving the quality of interline service provided jointly by smaller railroads and Class I carriers, and giving Class III carriers access to new routes and haulage arrangements in certain circumstances in order to develop new business. The Application provides for arbitration as a means of dispute resolution.

<sup>2</sup> Applicants do not provide the detailed information required by 49 U.S.C.

exemption under 49 U.S.C. 10502 for further detailed information about the railroads that will subscribe to the Agreement and request that we also approve the Agreement with respect to possible future participation by railroads that have not been identified in their attached verified statements. Applicants contend that we can make the findings necessary to approve the Agreement without having the precise information concerning the identities of all of the railroads that will ultimately become subscribers. Applicants submit that they will maintain a record of the railroads that subscribe in the future and make that list available to the Board and any interested party upon request.

We agree with applicants that we have enough information with regard to the carriers listed in their verified statements to make the necessary findings under 49 U.S.C. 10706(a)(2)(A).<sup>3</sup> Accordingly, under 49 U.S.C. 10706(a)(2)(A), we find that the rate-related provisions of the Agreement further the RTP. The Agreement memorializes certain principles that would apply in specified circumstances when a subscribing Class I carrier provides switching services to, or makes interline rates with, a subscribing smaller railroad. It does not involve collective rate-setting; rather, it embodies principles to be applied by independent railroads acting independently. Application of these principles will assist smaller railroads in reaching their potential and playing a more significant role in providing reasonably priced high-quality and efficient service to the shipping public, thereby enhancing the overall strength, efficiency, and responsiveness of the Nation's rail network. By encouraging a more rational, efficient and cooperative relationship between Class I carriers and smaller railroads, we find that the rate-related provisions of the Agreement promote a safe and efficient rail transportation system [49 U.S.C.

10706(a)(2)(B)(iii), which calls for identifying every affiliate, officer, director, and affiliate of an officer or director, of each subscriber to an agreement, because the Agreement does not entail any collective ratemaking or ongoing bureau process. To the extent that such information is required by 49 U.S.C. 10706, applicants request that we exempt them from "unnecessary and burdensome procedural requirements."

<sup>3</sup> More detailed information with regard to their affiliates is not necessary to carry out the RTP. Accordingly, we exempt applicants from this requirement under 49 U.S.C. 10502. As to the identities of possible future participating railroads, 49 CFR 1331.4 provides a mechanism for adding new parties to an agreement, and applicants have committed to maintaining a record of all future railroad subscribers and making that list available to the Board and other interested persons.

10101(3)]; ensure the development and continuation of a sound rail transportation system with effective competition among rail carriers [49 U.S.C. 10101(4)]; foster sound economic conditions in transportation and ensure effective competition and coordination between rail carriers [49 U.S.C. 10101(5)]; and encourage honest and efficient management of railroads [49 U.S.C. 10101(9)].

Applicants submit, and we agree, that the rate-related provisions of the Agreement do not have any anticompetitive effects and preserve rather than override market forces. They further submit that the Agreement's rate-related provisions offer participating Class I carriers and smaller railroads the unique opportunity to address issues without the need for new regulatory requirements that supplant, rather than harness, market forces. We find that this aspect of the Agreement furthers the twin RTP goals of minimizing the need for Federal regulatory control over the rail transportation system [49 U.S.C. 10101(2)] and providing for the resolution of proceedings permitted to be brought under the statute [49 U.S.C. 10101(15)].

This notice is available on our website at "WWW.STB.DOT.GOV."

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

*It is ordered:*

1. This application is approved, on an interim basis, subject to comments.
2. Comments must be filed by October 26, 1998. Applicants may file a reply by November 10, 1998. If no comments are filed by October 26, 1998, this interim approval will be final as of that date.
3. This decision is effective on September 22, 1998.
4. A copy of this notice will be served on: (1) The Federal Trade Commission, Bureau of Competition, 6th Street & Pennsylvania Avenue, NW, Washington, DC 20580; and The Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, NW, Washington, DC 20530.

Decided: September 21, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

**Vernon A. Williams,**  
*Secretary.*

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