

In addition, any person may, upon request, inspect the application, notice and other documents germane to the application in person at the Mobile Airport Authority.

Issued in Jackson, Mississippi on May 4, 1999.

William D. Shumate,

Acting Manager, Jackson Airports District Office, Southern Region.

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Docket No. MC-F-20945]

Coach USA, Inc., and Yellow Cab Service Corporation—Control—Ross Tours, Inc. [STB Docket No. MC-F-20946]¹; Coach USA, Inc.—Control—2948-7238 Quebec Inc

AGENCY: Surface Transportation Board.
ACTION: Notice tentatively approving finance transactions.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier, and its wholly owned noncarrier subsidiaries Yellow Cab Service Corporation (Yellow Cab) and Coach Canada, Inc. (Coach Canada), filed an application² under 49 U.S.C. 14303 for Coach and Yellow Cab to acquire control of Ross Tours, Inc. (Ross), and for Coach and Coach Canada to acquire control of 2948-7238 Quebec Inc., d/b/a Visite Touristique de Quebec (VTQ). Persons wishing to oppose the applications must follow the rules under 49 CFR 1182.5 and 1182.8.³ The Board has tentatively approved the transactions, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by June 28, 1999. Applicants may file a reply by July 13, 1999. If no comments are filed by June 28, 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-20945, *et al.* to: Surface Transportation Board, Office of

¹ These proceedings are not consolidated. A single decision is being issued for administrative convenience;

² Applicants filed a single pleading. Although the proposed control transactions are unrelated, applicants seek approval in a single application which embraced both transactions. Each transaction has been separately docketed.

³ Revised procedures governing finance applications filed under 49 U.S.C. 14303 were adopted in *Revisions to Regulations Governing Finance Applications Involving Motor Passenger Carriers*, STB Ex Parte No. 559 (STB served Sept. 1, 1998).

the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of comments to applicants' representatives: Betty Jo Christian and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

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

SUPPLEMENTARY INFORMATION: In *Coach USA, Inc., and Coach USA North Central, Inc.—Control—Nine Motor Passenger Carriers*, STB Docket No. MC-F-20931, *et al.* (STB served Nov. 19, 1998),⁴ we approved, subject to comments, Coach's transfer of direct control of its operating motor passenger carrier subsidiaries to six noncarrier subsidiaries: Coach USA North Central, Inc., Coach USA Northeast, Inc., Coach USA South Central, Inc., Coach USA Southeast, Inc., Coach USA West, Inc., and Yellow Cab. The published tentative grants of authority in these proceedings were scheduled to become effective on January 4, 1999, unless opposing comments were filed by that date. On January 4, 1999, Ground Systems, Inc., d/b/a Airport Bus filed comments in opposition to the control applications in STB Docket Nos. MC-F-20931, MC-F-20932, MC-F-20933, MC-F-20934, MC-F-20935, and MC-F-20937. No comments in opposition were filed in STB Docket No. MC-F-20936, in which Coach and Yellow Cab sought control of four motor passenger carriers, so that grant of authority became effective on January 4, 1999.⁵

In *Coach USA, Inc. and Coach Canada, Inc.—Control and Continuance in Control—Autocar Connaissance, Inc., Erie Coach Lines Company, and Trentway-Wagar, Inc.*, STB Docket No. MC-F-20938 (STB served Dec. 17, 1998), we approved, subject to comments, Coach Canada's⁶ control of Autocar Connaissance, Inc. (Autocar),⁷

⁴ A single decision was issued for administrative convenience that included STB Docket Nos. MC-F-20931, MC-F-20932, MC-F-20933, MC-F-20934, MC-F-20935, MC-F-20936, and MC-F-20937.

⁵ Coach and Yellow Cab state that the tentative grant of authority in STB Docket No. MC-F-20936 was vacated because comments were filed in response to the application. The statement is incorrect.

⁶ Coach Canada is a wholly owned subsidiary of Coach that was established for the purpose of obtaining direct control of Canada-based motor passenger carriers that Coach currently controls or may seek to control in the future.

⁷ Autocar subsequently merged with three other affiliated noncarrier entities, the parent of which is 3329003 Canada, Inc., a noncarrier owned by Coach. See *Coach USA, Inc. and Coach Canada, Inc.—Control—Autocar Connaissance, Inc.*, STB Docket No. MC-F-20943 (STB served Jan. 27, 1999).

and Erie Coach Lines Company, and for continuance in control of Trentway-Wagar, Inc.

In STB Docket No. MC-F-20945, Coach and Yellow Cab seek control of Ross.⁸ In STB Docket No. MC-F-20946, Coach and Coach Canada seek control of VTQ.⁹ The acquisition of control of Ross will be accomplished through stock ownership. According to Coach, the stock of Ross has been placed in an independent voting trust pending disposition of this proceeding. Coach states that it acquired VTQ in the same December 1996 stock transaction in which it acquired control of Autocar, a Quebec-based carrier that is part of the same corporate family as VTQ. Coach states that, while most of VTQ's operations are in Quebec, Coach and Coach Canada have now become aware that VTQ also holds federally issued operating authority in the United States. Having discovered this unresolved control issue, Coach and Coach Canada now seek Board authority to control this carrier.

Applicants submit that there will be no transfer of any federal or state operating authorities held by the carriers to be acquired. Following the consummation of the control transactions, each of the carriers will continue operating in the same manner as before and, according to Coach, granting the applications will not reduce competitive options available to the traveling public. Applicants assert that the carriers to be acquired do not compete to any meaningful degree with one another and that each faces substantial competition from other bus companies and transportation modes.

⁸ Ross is a Mississippi corporation. It holds federally issued operating authority in Docket No. MC-175674, which authorizes it to provide charter and special services between points in the United States. It specializes in operations in the Biloxi, MS area, where it provides charter services, including airport shuttle services. It also holds authority issued by the Mississippi Public Utility Commission to conduct intrastate operations. It operates 6 buses; employs 7 persons; and earned annual revenues in fiscal year 1998 of approximately \$406,000. In addition, it operates a fleet of taxicabs and holds federally issued authority to conduct operations as a common carrier of property, although it does not presently engage in any such operations.

⁹ VTQ is a Quebec corporation. It holds federally issued operating authority in Docket No. MC-302514, which authorizes it to provide special and charter operations between points in the United States. It also holds a variety of operating authorities issued by Canadian authorities. VTQ focuses its operations on charter and sightseeing services provided in the Quebec City area. On occasion, it provides charter transportation between points in Quebec and points in the Eastern United States. It operates a fleet that ranges up to approximately 25 buses which vary in size depending on the season; employs up to 40 persons during peak season periods; and earned annual revenues in fiscal year 1998 of \$2.6 million.

Applicants submit that granting the applications will produce, or continue to produce, substantial benefits, including interest cost savings from the restructuring of debt and reduced operating costs from Coach's enhanced volume purchasing power. Specifically, applicants claim that each carrier will benefit from the lower insurance premiums negotiated by Coach or its subsidiaries and from volume discounts for equipment and fuel. Applicants indicate that the respective subsidiary will provide each of the carriers to be acquired with management services, such as centralized legal and accounting functions and coordinated purchasing services. In addition, applicants state that vehicle sharing arrangements will be facilitated through Coach and its subsidiaries to ensure maximum use and efficient operation of equipment and that coordinated driver training services will be provided. Applicants also state that the proposed transactions will have no adverse impacts on the employees of Ross and VTQ and that Coach Canada and Yellow Cab will honor all collective bargaining agreements.

Applicants assert that, by further decentralizing certain management functions, they will be better able to plan equipment utilization, develop financial plans and coordinate other short- and long-term operational strategies best designed to meet the specific and unique needs of carriers operating in a particular region of the country, and their customers. Specifically, Coach Canada and Yellow Cab will each maintain a database of the assets, including the vehicles operated by each of the operating carriers, which will allow the management of Coach Canada and Yellow Cab to more effectively deploy vehicles, resulting in more timely and efficient service to the traveling public. Further, Coach Canada and Yellow Cab will coordinate the safety and compliance programs of the carriers they control, with the object of maintaining and raising safety performance levels for each of the operating carriers.

Coach anticipates that Coach Canada and Yellow Cab will be well-positioned to aid in the assessment of possible future acquisitions of motor passenger carriers in the particular area in which they function. According to Coach, Coach Canada and Yellow Cab will be able to make those assessments in view of the operations of the carriers under their control and with a view toward developing and carrying out a strategic growth plan. Over the longer term, Coach, Coach Canada and Yellow Cab will provide centralized marketing and

will further enhance the benefits resulting from these acquisitions.

Coach certifies that: (1) the jurisdictional threshold has been met with respect to the transactions that are the subject of the applications;¹⁰ (2) neither Ross nor VTQ has been rated for safety by the U.S. Department of Transportation; (3) each of the acquired carriers has sufficient liability insurance; (4) neither Ross nor VTQ is domiciled in Mexico or owned or controlled by persons of that country; and (5) approval of the transactions will not significantly affect either the quality of the human environment or the conservation of energy resources. Additional information may be obtained from the applicants' 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. The prior consummation of the transaction involving VTQ does not bar approval of the application in STB Docket No. MC-F-20946 under section 14303 if the evidence establishes that the transaction would be consistent with the public interest in other respects, and for the future.¹¹

On the basis of the applications, we find that the proposed acquisitions of control are 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 applications.¹² 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.

¹⁰ See 49 CFR 1182.2(a)(5).

¹¹ Applicants, Coach and Coach Canada, seek *nunc pro tunc* approval of the control of VTQ. While we are granting our tentative approval, the need for retroactive effect has not been demonstrated. Applicants evidently recognize that they should have sought our approval sooner but, under the circumstances, the Board does not intend to pursue enforcement actions against applicants for previously unauthorized common control.

¹² Under revised 49 CFR 1182.6(c), a procedural schedule will not be issued if we are able to dispose of opposition to the application on the basis of comments and the reply.

It is ordered:

1. The proposed acquisitions of control are 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 June 28, 1999, 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 20004; and (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: May 10, 1999.

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

Vernon A. Williams,

Secretary.

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33745]

Delaware and Hudson Railway Company d/b/a Canadian Pacific Railway—Trackage Rights Exemption—Norfolk Southern Railway Company

Norfolk Southern Railway Company (NS) has agreed to grant overhead trackage rights to Delaware and Hudson Railway d/b/a Canadian Pacific Railway (D&H) over NS's trackage described as: (1) the Harrisburg Line, between the connection with the Pittsburgh Line at CP Harris, at or near milepost 112.9, in Harrisburg, PA, and CP Walnut, at or near milepost 58.6, in Reading, PA, a distance of approximately 54.3 miles; (2) the Reading Line, between the connection with the Harrisburg Line at CP Wyomissing Jct., at or near milepost 9.4, and the connection with the Reading Belt Branch at CP Valley, Jct., at or near milepost 8.7, all in Reading, a distance of approximately 0.7 miles; and (3) the Reading Belt Branch, between CP Cumru, at or near milepost 11.0, in Reading, and CP Bird, at or near milepost 18.5, in Birdsboro, PA, a distance of approximately 7.5 miles.

The transaction is scheduled to be consummated on May 31, 1999.

The trackage rights will permit D&H to connect its current trackage rights at