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FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. MCF 21083]

National Express LLC—Acquisition of Control—Wise Coaches, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On August 31, 2018, National Express LLC (National Express) and Alan Wise (collectively, Applicants), noncarriers, jointly filed an application under 49 U.S.C. 14303 for National Express to acquire control of Wise Coaches, Inc. d/b/a Wise Coach of Nashville (Wise). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules at 49 CFR 1182.5 & 1182.8.

DATES: Comments must be filed by November 13, 2018. Applicants may file a reply by November 27, 2018. If no opposing comments are filed by November 13, 2018, this notice shall be effective on November 14, 2018.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21083 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to National Express' representative: Andrew K. Light, Scopelitis, Garvin, Light, Hanson & Fearly, P.C., 10 W. Market Street, Suite 1400, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Sarah Fancher (202) 245-0355. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: According to the application, National Express is a non-carrier holding company organized under the laws of the state of Delaware that is indirectly controlled by a British corporation, National Express Group, PLC (Express Group). (Appl. 1-2.) Applicants state that Express Group indirectly controls the following passenger motor carriers (collectively, National Express Affiliated Carriers): Aristocrat Limousine and Bus, Inc. (Aristocrat); Beck Bus Transportation Corp. (Beck); Durham School Services, L.P. (Durham); MV Student Transportation, Inc. (MV); National Express Transit – Yuma (NETY); Petermann Ltd. (Petermann); Petermann Northeast LLC (Northeast); Petermann Southwest LLC (Southwest); Petermann STSA, LLC (STSA); Queen City Transportation, LLC (Queen City); Trans Express, Inc. (Trans Express); Trinity, Inc. (Trinity); Trinity Student Delivery LLC (Trinity Student); and White Plains Bus Company, Inc., d/b/a Suburban Paratransit Service (White Plains). (Id. at 2.)

Applicants assert the following facts regarding the National Express Affiliated Carriers held by Express Group (id. at 2-7):

- Aristocrat is a passenger motor carrier providing to the public interstate passenger charter services in the states of New Jersey, New York, and Pennsylvania, and intrastate passenger charter services in the state of New Jersey. The USDOT Number assigned to Aristocrat is 141894, and Aristocrat has a “Satisfactory” USDOT Safety Rating. Aristocrat holds

interstate carrier authority from the Federal Motor Carrier Safety

Administration (FMCSA) under MC-173839.

- Beck is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services in the state of Illinois under contracts with regional and local school jurisdictions. Beck also provides charter passenger services to the public. The USDOT Number assigned to Beck is 277593, and Beck has a “Satisfactory” USDOT Safety Rating. Beck holds interstate carrier authority under MC-143528.
- Durham is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services in several states under contracts with regional and local school jurisdictions. Durham also provides charter passenger services to the public. The USDOT Number assigned to Durham is 350651, and Durham has a “Satisfactory” USDOT Safety Rating. Durham holds interstate carrier authority under MC-163066.
- MV is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services in the state of Illinois under contracts with regional and local school jurisdictions. MV also provides charter passenger services to the public. The USDOT Number assigned to MV is 1049130, and MV has a “Satisfactory” USDOT Safety Rating. MV holds interstate carrier authority under MC-148934.

- NETY is a passenger motor carrier primarily engaged in providing paratransit services in the area of Yuma, Ariz. The USDOT Number assigned to NETY is 2532398, and NETY has a “Satisfactory” USDOT Safety Rating. NETY holds interstate carrier authority under MC-960629.
- Petermann is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services in the state of Ohio under contracts with regional and local school jurisdictions. Petermann also provides charter passenger services to the public. The USDOT Number assigned to Petermann is 821384, and Petermann has a “Satisfactory” USDOT Safety Rating. Petermann holds interstate carrier authority under MC-364668.
- Northeast is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services, primarily in the states of Ohio and Pennsylvania under contracts with regional and local school jurisdictions. Northeast also provides charter passenger services to the public. The USDOT Number assigned to Northeast is 2058860, but Northeast does not yet have a USDOT Safety Rating. Northeast holds interstate carrier authority under MC-723926.
- Southwest is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services in the state of Texas under contracts with regional and local school jurisdictions. Southwest also provides charter passenger services to the public. The

USDOT Number assigned to Southwest is 1765359, but Southwest does not yet have a USDOT Safety Rating. Southwest holds interstate carrier authority under MC-644996.

- STSA is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services, primarily in the state of Kansas under contracts with regional and local school jurisdictions. STSA also provides charter passenger services to the public. The USDOT Number assigned to STSA is 2133951, and STSA has a “Satisfactory” USDOT Safety Rating. STSA holds interstate carrier authority under MC-749360.
- Queen City is a passenger motor carrier primarily engaged in providing non-regulated student school bus transportation services in the metropolitan area of Cincinnati, Ohio, and charter passenger services to the public. The USDOT Number assigned to Queen City is 224683, and Queen City has a “Satisfactory” USDOT Safety Rating. Queen City holds interstate carrier authority under MC-163846.
- Trans Express provides interstate and intrastate passenger transportation services in the state of New York. The USDOT Number assigned to Trans Express is 530250, and Trans Express has a “Satisfactory” USDOT Safety Rating. Trans Express holds interstate carrier authority under MC-187819.

- Trinity is a passenger motor carrier engaged in providing non-regulated school bus transportation services in southeastern Michigan and also operates charter service to the public. The USDOT Number assigned to Trinity is 822553, but Trinity does not yet have a USDOT Safety Rating. Trinity holds interstate carrier authority under MC-364003.
- Trinity Student is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in northern Ohio. Trinity Student also provides charter passenger services. The USDOT Number assigned to Trinity Student is 2424638, but Trinity Student does not yet have a USDOT Safety Rating. Trinity Student holds interstate carrier authority under MC-836335.
- White Plains is a passenger motor carrier and operates primarily as a provider of non-regulated school bus transportation services in the state of New York, paratransit services, and charter service to the public. The USDOT Number assigned to White Plains is 25675, and White Plains has a “Satisfactory” USDOT Safety Rating. White Plains holds interstate carrier authority under MC-160624.

Applicants assert the following facts about Wise (Appl. at 7-8):

- Wise is a Tennessee corporation. It operates primarily as a motor carrier providing interstate passenger charter services in the state of Tennessee and surrounding states, and intrastate passenger charter and shuttle services in the state of Tennessee. The USDOT Number assigned to Wise

is 763412, and Wise has a “Satisfactory” USDOT Safety Rating. Wise holds interstate carrier authority under MC-343763.

Applicants state that Wise is not affiliated with any other passenger carrier that has interstate passenger motor carrier authority. (Id. at 8.)

According to the Application, Alan Wise holds all of the issued and outstanding equity stock of Wise. Applicants assert that National Express would acquire all of the outstanding equity stock, resulting in 100% control of Wise through the stock acquisition. (Id.) Applicants further state that, other than the National Express Affiliated Carriers and Wise, there are no other affiliated carriers with regulated interstate operations that are involved in this application. (Id.)

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public, (2) the total fixed charges that result, and (3) the interest of affected carrier employees. Applicants 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), see 49 CFR 1182.2(a)(7), and a statement that the aggregate gross operating revenues of the National Express Affiliated Carriers and Wise exceeded \$2 million for the preceding 12-month period. See 49 U.S.C. 14303(g).¹

¹ Parties must certify that the transaction involves carriers whose aggregate gross operating revenues exceed \$2 million, as required under 49 CFR 1182.2(a)(5).

Applicants submit that the proposed transaction would have no material impact on the adequacy of transportation services to the public, as Wise would continue to provide the services it currently provides using the same name. (Appl. 9.) Applicants state that Wise “will continue to operate, but going forward, will be operating within the National Express corporate family, an organization that is very experienced in passenger transportation operations.” (Id.)

According to Applicants, “[t]he addition of Wise to the carriers held by National Express is consistent with the practices within the passenger motor carrier industry of strong, well-managed transportation organizations adapting their corporate structure to operate several different passenger carriers within the same services markets, but in different geographic areas.” (Id.) Applicants assert that Wise is experienced in some of the same market segments already served by some of the National Express Affiliated Carriers. (Id. at 9-10.) Applicants expect the transaction to result in improved operating efficiencies, increased equipment utilization rates, and cost savings derived from economies of scale, all of which, Applicants state, would help to ensure the provision of adequate service to the public. (Id. at 10.) Applicants further assert that bringing Wise within the National Express corporate family would serve to enhance the viability of the overall organization and the operations of the National Express Affiliated Carriers, which would ensure the continued availability of adequate passenger transportation service for the public. (Id.)

Applicants also claim that neither competition nor the public interest would be adversely affected by the contemplated transaction. Applicants state that the population

and demand for charter and shuttle services in Nashville, Tenn., and the surrounding area (the Service Area) have consistently grown and are expected to increase in the foreseeable future. (Id. at 11.) According to Applicants, Wise competes directly with other passenger charter and shuttle service providers in the Service Area, including Anchor Tours, First Class Charter, Grand Avenue, and Gray Line Nashville. (Id. at 11-12.) Applicants state that the Service Area is geographically dispersed from the service areas of the National Express Affiliated Carriers, and there is very limited overlap in the service areas and customer bases among the National Express Affiliated Carriers and Wise. (Id. at 12.) Thus, Applicants state that the impact of the contemplated transaction on the regulated motor carrier industry would be minimal at most and that neither competition nor the public interest would be adversely affected. (Id.)

Applicants assert that there are no significant fixed charges associated with the contemplated transaction. (Id. at 10.) Applicants also state that National Express does not anticipate a measurable reduction in force or changes in compensation levels or benefits to employees. (Id.) Applicants submit, however, that staffing redundancies could result in limited downsizing of back-office or managerial-level personnel. (Id.)

The Board finds that the acquisition proposed in the application is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings 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 notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 CFR 1105.6(c).

Board decisions and notices are available on our website at www.stb.gov.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective November 14, 2018, unless opposing comments are filed by November 13, 2018.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., 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, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: September 24, 2018.

By the Board, Board Members Begeman and Miller.

Clearance Clerk,

Kenyatta Clay.

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