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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33431]

Coach USA, Inc. and K-T Contract Services, Inc.—Control and Merger Exemption—Gray Line Tours of Southern Nevada

AGENCY: Surface Transportation Board, DOT.

ACTION: Notice of Filing of Petition for Exemption.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier that controls 27 motor passenger carriers, and K-T Contract Services, Inc. (K-T), a motor carrier of passengers wholly owned by Coach, seek to be exempted, under 49 U.S.C. 13541, from the prior approval requirements of 49 U.S.C. 14303, to acquire control of Gray Line Tours of Southern Nevada (Gray Line) and to merge Gray Line into K-T.

DATES: Comments must be filed by October 6, 1997. Petitioners may file a reply by October 21, 1997.

ADDRESSES: Send an original and 10 copies of comments referring to STB Finance Docket No. 33431 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 Petitioners' representatives: Betty Jo Christian and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, NW., Washington, DC 20036.

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

SUPPLEMENTARY INFORMATION: Coach, a noncarrier, and its wholly owned subsidiary K-T, a motor carrier of passengers (MC 218583), seek an exemption to acquire control of Gray Line (MC-127564), a Nevada-based motor carrier that operates in interstate and intrastate commerce, and to merge Gray Line into K-T.¹

By virtue of exemptions issued to it in STB Finance Docket Nos. 32876 (Sub-No. 1), 33073, 33343, and 33377,² Coach

¹ The stock of Gray Line has been placed in an independent voting trust to avoid any unlawful control pending disposition of this proceeding.

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*

currently controls 27 motor carriers of passengers, including co-petitioner K-T.³ Coach and K-T state that their acquisition of control of Gray Line through the acquisition of Gray Line's stock by K-T will not inhibit competition or reduce transportation options available to the public.

Petitioners also claim that the acquisition of control of Gray Line will allow that carrier to offer improved service at lower costs made possible by the coordination of functions, centralized management, financial

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); 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); 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 May 15, 1997); and 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; and Rockland Coaches, Inc., STB Finance Docket No. 33377 (STB served May 15, 1997).

³ They include: Airport Bus of Bakersfield (MC-163191), American Sightseeing Tours, Inc., d/b/a ASTI (MC-252353), Antelope Valley Bus, Inc. (MC-125057), Arrow Stage Lines, Inc. (MC-29592), Bayou City Coaches, Inc. (MC-245246), California Charters, Inc. (MC-241211), Cape Transit Corp. (MC-161678), Community Coach, Inc. (MC-76022), Community Transit Lines, Inc. (MC-145548), Desert Stage Lines, Inc. (MC-140919), Grosvenor Bus Lines, Inc. (MC-157317), Gulf Coast Transportation, Inc., d/b/a Gray Line Tours of Houston (MC-201397), H.A.M.L. Corp. (MC-194792), K-T Contract Services, Inc. (MC-218583), Kerrville Bus Company, Inc. (MC-27530), Leisure Time Tours (Leisure Time) (MC-142011), PCSTC, Inc., d/b/a Pacific Coast Sightseeing/Gray Line of Anaheim-Los Angeles (MC-184852), Powder River Transportation Services, Inc. (MC-161531), Progressive Transportation Services, Inc. (MC-247074), Red & Tan Charter, Inc. (MC-204842), Red & Tan Tours, Inc. (MC-162174), Rockland Coaches, Inc. (MC-29890), Suburban Management Corp. (MC-264527), Suburban Trails, Inc. (MC-149081), Suburban Transit Corp. (MC-115116), Texas Bus Lines, Inc. (MC-37640), and Worthen Van Service, Inc. (MC-142573).

In *Coach USA, Inc.—Control Exemption—American Charters, Ltd.*, STB Finance Docket No. 33393, Coach seeks an exemption to acquire control over American Charters, Ltd. (MC-153814). The Board served and published a notice in the **Federal Register** (62 FR 28531) on May 23, 1997, instituting an exemption proceeding. Comments were due by June 23, 1997; none was filed. A final decision is currently pending with the Board.

In *Coach USA, Inc., and Leisure Time Tours—Control and Merger Exemption—Van Nortwick Bros., Inc., The Arrow Line, Inc., and Trentway-Wagar, Inc.*, STB Finance Docket No. 33428, Coach and Leisure Time seek an exemption to acquire control of Van Nortwick Bros. and merge Van Nortwick into Leisure Time, which will remain as the surviving entity. Coach also seeks an exemption to acquire control of two additional motor passenger carriers, The Arrow Line, Inc., and Trentway-Wagar, Inc.

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, that employee benefits will improve, and that no change in management personnel is planned. Coach and K-T submit that a merger of K-T and Gray Line would result in the more efficient use of transportation resources and improved service to the public.

Additional information may be obtained from Petitioners' representatives.

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

Decided: August 18, 1997.

By the Board, Chairman Morgan, Vice Chairman Owen.

Vernon A. Williams,
Secretary.

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33435]

K. Earl Durden, Rail Management & Consulting Corporation, and Rail Partners, L.P.; Acquisition of Control Exemption; Pennington Railroad, Inc

K. Earl Durden (Durden), Rail Management & Consulting Corporation (RMCC), and Rail Partners, L.P. (Partners)¹ (collectively, applicants), have filed a notice of exemption² to acquire control of Pennington Railroad, Inc. (Pennington), a noncarrier. According to applicants, before the closing of the transaction, Pennington's parent company, James River Paper Company, Inc. (JRP) will merge Pennington into the Meridian & Bigbee Railroad Company (Meridian), a Class III rail carrier that is also owned and

¹ Durden, RMCC, and Partners control 12 Class III rail carriers located in Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, North Carolina, Tennessee, Texas, and Wisconsin. They are: Atlantic & Western Railway, L.P.; The Bay Line Railroad, L.L.C.; Copper Basin Railway; East Tennessee Railway, L.P.; Galveston Railroad, L.P.; Georgia Central Railway, L.P.; KWT Railway, Inc.; Little Rock & Western Railway, L.P.; Tomahawk Railway, L.P.; Valdosta Railway, L.P.; Western Kentucky Railway, L.L.C.; and Wilmington Terminal Railroad, L.P. These rail carriers are referred to as the RMCC Rail Group.

² Concurrent with the filing of the notice of exemption, applicants filed, pursuant to 49 CFR 1117.1, a petition to file under seal the Agreement of Merger in this proceeding. By decision served August 18, 1997, the Board granted applicants' request.