

SURFACE TRANSPORTATION BOARD

DECISION

STB No. MC-F-20906

CAPITAL MOTOR LINES, ET AL.--POOLING--GREYHOUND LINES, INC.

Decided: September 17, 1997

On February 11, 1997, Capital Motor Lines, d/b/a Capital Trailways (Capital Trailways), of Montgomery, AL, and Colonial Trailways, of Mobile, AL, and Greyhound Lines, Inc. (Greyhound), of Dallas, TX (collectively, applicants), jointly applied for approval under 49 U.S.C. 14302 of an operations and revenue pooling agreement to govern their motor passenger and express transportation services between described points in Alabama, Florida, Georgia, Louisiana, and Mississippi.¹ Notice of the application was served and published in the Federal Register (62 FR 19853) on April 23, 1997.² In addition, a copy of the notice was served on the U.S. Department of Justice, Antitrust Division. No comments have been filed.

Under 49 U.S.C. 14302(b), an agreement to pool or divide services and earnings may be approved if the carrier participants assent, and if we find that the agreement (1) will be in the interest of better service to the public or of economy of operation, and (2) will not unreasonably restrain competition. By jointly filing the application, both carriers presumably assent to the transaction. We have analyzed the application under the statutory criteria and have decided to approve it to the extent covered by our prior notice and tentatively to approve the remainder of the application, subject to comment based upon publication of a more complete notice.

BACKGROUND

Capital Trailways (MC-2908) and Colonial Trailways (MC-67308) are separately incorporated and hold individual operating authority. They publish individual schedules but coordinate their operations to function as a single system referred to collectively as Capital. Capital operates more than 1,500 miles of intercity routes, predominantly in Louisiana, Mississippi, Alabama, Georgia, and Florida, serving, among other points, New Orleans, Jackson, Birmingham, Mobile, Montgomery, Columbus, and Tallahassee. Greyhound (MC-1515) operates more than 70,000 miles of intercity routes throughout the United States.

Applicants state that they are competitors on certain intercity routes, most notably between Mobile and Birmingham and between Mobile and New Orleans. On the route between Mobile and Birmingham, Capital and Greyhound both operate two daily trips in each direction. On the route between Mobile and New Orleans, Capital operates four daily trips in each direction and Greyhound operates 16 daily trips in each direction.³

¹ On April 14, 1997, applicants filed two exhibits that were inadvertently omitted from their application.

² The Board's notice was incomplete in that it stated that the pooling agreement governs routes between Mobile and Birmingham, AL, and between Mobile and New Orleans, LA. In fact, the pooling agreement governs these routes and additional routes between Mobile and Montgomery, AL, and between Mobile and Jackson, MS, and between Montgomery and Birmingham, between Montgomery and Tallahassee, FL, between Montgomery and Meridian, MS, and between Montgomery and Columbus, GA. Because these latter routes were not described in the notice, we regret that our approval of the application as to these routes is subject to republication of notice to fully describe the scope of the pooling agreement.

³ Applicants assert that the redundancy of their operations is exacerbated by the close proximity of the schedules they each operate. For example, Greyhound's schedule has a bus leaving Mobile at 6:30 a.m., arriving in Jackson at 11:59 a.m., while Capital's corresponding schedule has a
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According to applicants, the duplication in their services has resulted in partially loaded buses on these routes and inefficient and costly bus transportation that is less competitive with other modes. Applicants assert that there is substantial intermodal competition between the points on the routes in which they compete. They assert that Amtrak operates daily passenger train service as follows: 8 trains between Mobile and Montgomery; 8 trains between Mobile and Birmingham; 8 trains between Montgomery and Birmingham; and 20 trains between Mobile and New Orleans. Additionally, they identify numerous air flights⁴ and otherwise contend that the region's highway network makes private automobile travel relatively quick and inexpensive.⁵

DISCUSSION AND CONCLUSIONS

The proposed pooling arrangement should allow applicants to operate more economically and efficiently. By rationalizing their competing operating schedules, applicants should be able to end the inefficient duplication in service that currently exists, thereby increasing the passenger load per bus and reducing unit costs. Such rationalization will enable applicants to spread their schedules more evenly throughout the day and thus offer the traveling public a wider choice of departure times and enhance the convenience of bus travel. In addition, the sharing of revenues derived from their operations will provide applicants with greater financial stability. This should allow each carrier to manage better its pricing structure and capital improvements and result in improved service for the traveling public.

The proposed pooling agreement should not unreasonably restrain competition in the affected transportation market. Rail, air service, and the private automobile ensure that the traveling public will retain the benefits of substantial intermodal competition. A strong competitive field, based on service provided by other transportation modes, has been recognized as preventing undue competitive restraints in the intercity bus industry. See GLI Acquisition Company--Purchase--Trailways Lines, Inc., 4 I.C.C.2d 591 (1988), aff'd mem. sub nom. Peter Pan Bus Lines, Inc. v. ICC, 873 F.2d 408 (D.C. Cir. 1989). Thus, we find nothing of record to suggest that the proposed pooling agreement will restrain competition within the affected service area to any material extent. To the contrary, as suggested above, the proposed agreement may represent the best way to promote, if not ensure, continued competitive passenger service in the affected region.

We find:

The proposed operations and revenue pooling agreement between Capital and Greyhound will foster improved service to the public and economy of operation, and will not unreasonably restrain competition. This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed operations and revenue pooling agreement between Capital and Greyhound is approved and authorized as to the routes between Mobile and Birmingham, AL, and between Mobile and New Orleans, LA, and is tentatively approved and authorized as to the remainder of the

³(...continued)
bus leaving Mobile at 7:30 a.m., arriving in Jackson at 11:50 a.m.

⁴ Applicants state that Delta Air Lines (Delta) offers five daily connecting flights each way between Montgomery and Tallahassee, Montgomery and Pensacola, FL, and Birmingham and Mobile, four between Montgomery and Meridian, and three between Birmingham and Montgomery. Northwest Air Lines (Northwest) offers two daily connecting flights each way between Mobile and Jackson and Mobile and New Orleans. In addition, between Columbus and Montgomery, Delta has seven daily connecting flights, Northwest has one, and US Airways has one.

⁵ Mobile and Birmingham are joined by Interstate Highway 65, and Mobile and New Orleans are joined by Interstate Highways 10 and 59.

routes specified in the application, the pooling agreement, and this decision, subject to republication of a complete and corrected notice in the Federal Register.

2. A corrected notice of the proposed pooling application will be published in the Federal Register on September 25, 1997. Comments are due by October 27, 1997 and, if comments are filed, applicants' rebuttal is due by November 14, 1997.

3. If no timely filed adverse comments are received, our tentative approval of the remainder of the application will become final. If adverse comments are received, the comments and any reply will be considered, and the Board will issue a further decision.

4. This decision will be effective on September 25, 1997.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams
Secretary