

STEPTOE & JOHNSON ^{LLP}
ATTORNEYS AT LAW

David H. Coburn
202.429.8063
dcoburn@steptoe.com

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
Tel 202.429.3000
Fax 202.429.3902
steptoe.com

December 16, 2010

VIA Electronic Filing

Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

**Re: STB Docket Nos. MC-F-20904, MC-F-20908, MC-F-20912 – Petition of
Coach USA, Inc. and Megabus Northeast, LLC to Reopen Approval of
Fourth Amendment**

Dear Ms. Brown:

On May 3, 2010, Coach USA, Inc. and Megabus Northeast, LLC (jointly, “Coach USA”) jointly filed a Petition to Reopen the Board’s April 17, 2008 approval granted to the Fourth Amendment to the Revenue and Pooling Agreements (“Fourth Amendment”) between two intercity motor passenger carriers, Peter Pan Bus Lines, Inc. (“PPB”) and Greyhound Lines, Inc. (“GLI”) in the above-referenced proceedings. Coach USA seeks revocation of that approval on the grounds that the economic conditions that may have warranted the approval of a pooling agreement between these two scheduled bus carriers on certain routes in the Northeast and Middle Atlantic no longer exist and these carriers therefore should not be permitted to operate as an antitrust-immunized joint venture in competition with Coach USA and other carriers. The Petition to Reopen, which has been opposed by GLI and PPB, remains pending. The purpose of this letter is to bring the Board’s attention to a new development relevant to the issues raised by the Petition.

Recently, GLI has introduced a new service known as Greyhound Express on certain routes in the Midwest. Greyhound Express operates between cities in the Midwest such as Chicago, Milwaukee, Indianapolis, Minneapolis, and Madison. See attached Greyhound press release. It offers rates beginning at \$1, identical to Megabus.

Ms. Cynthia Brown
December 16, 2010
Page 2

The initiation of Greyhound Express, which will directly compete with services offered by another Coach USA-controlled passenger carrier, Megabus USA, LLC, provides further evidence that GLI is capable of providing the services currently covered by the Fourth Amendment without the special advantages offered by STB-approved immunized pooling with an otherwise competing bus carrier. This underscores that approval of the GLI/PPB pooling allowed by the Fourth Amendment is not justified.

To reiterate the key facts here, the Fourth Amendment established a so-called “enhanced service” over the New York-Philadelphia, New York-Boston and New York-Washington pooled routes in the form of a GLI/PPB joint venture intercity curbside bus service known as BoltBus. Among other provisions, the Fourth Amendment provides for antitrust-immunized coordination between GLI and PPB with respect to the pricing and schedules for the BoltBus service, for the joint formulation of capital and operating budgets and for a formula under which revenues are shared between GLI and PPB. In its Petition, Coach USA argued that circumstances in the intercity scheduled bus sector have dramatically changed since the April 2008 approval of the Fourth Amendment and that reopening is justified based on these changed circumstances. Given the high demand that has come to characterize the intercity bus market in recent years, a BoltBus-like service today could be successfully operated without the advantages of immunized pooling, as demonstrated by BoltBus’ competitors on the pooled routes. The introduction of the new Greyhound Express service further confirms the changed circumstances under which GLI and PPB can each operate their own services without the advantages provided by a Board-approved immunized pooling agreement.

In short, Greyhound Express demonstrates that the Fourth Amendment no longer serves the purposes of pooling, which the Board’s predecessor described as “to allow carriers to combine their resources to promote maximum efficiency when there is *insufficient volume of traffic for the number of carriers to transport it.*” *Policy Statement on Motor Carrier Pooling Applications*, 127 M.C.C. 746, 749 (ICC 1981) (emphasis added). Traffic volumes clearly are no longer insufficient as they may have been when the pooling agreements at issue were initially approved years ago. Indeed, according to a July 2010 press release, BoltBus has now carried over 3 million passengers in a little over two years of operation and, according to its General Manager, “BoltBus has succeeded beyond our expectations.” <http://www.prnewswire.com/news-releases/boltbus-rockets-to-three-million-passengers-97932119.html>

Ms. Cynthia Brown
December 16, 2010
Page 3

In light of this additional new information, the Board should act promptly to reconsider and terminate its approval of the Fourth Amendment and thereby level the competitive playing field.

Respectfully,

A handwritten signature in black ink, appearing to read "David H. Coburn", with a long horizontal flourish extending to the right.

David H. Coburn

Attorney for Petitioners Coach USA, Inc.
and Megabus Northeast, LLC

cc: All parties of record

News Release

Media Contact: Greyhound Media Relations
513-362-4600

Greyhound Introduces New Express Service in Midwest; Reserved seats, new buses and direct routes starting at \$1

DALLAS (Nov. 12, 2010) — Greyhound today announced it will launch on Dec. 1 a new express service in the Midwest called Greyhound Express™. Customers will experience faster trips with direct and one-stop service between Greyhound's Chicago hub and Milwaukee, Madison, Wis., Minneapolis, Indianapolis and Lafayette, Ind. Fares start at \$1 and are now available for purchase at www.mygreyhoundexpress.com. Greyhound Express will feature brand new buses with reserved seating and onboard amenities, including free Wi-Fi access, extra legroom and power outlets.

"Greyhound recognized the demand for a higher level of service between popular Midwest cities at an unbeatable price," said Dave Leach, president and CEO, Greyhound. "Just in time for the holiday season, Greyhound Express customers will experience time- and cost-savings, a reserved comfortable seat and premium amenities, all while gaining convenient easy access to downtown centers and local attractions."

Customers can buy their ticket online to take advantage of discount pricing, print their ticket at home and then go straight to the gate knowing a guaranteed seat is waiting for them. A private waiting area near the dedicated departure gates is provided at terminal locations, and a guest services specialist will present an extra level of service for Greyhound Express customers.

Greyhound Express will serve a mixture of terminal and curbside locations:

Chicago

630 W. Harrison St. (Jefferson St. & Des Plaines St.)

Located inside the Greyhound Terminal

Milwaukee

433 W. St. Paul Ave. (at 5th St.)

Located in the Milwaukee Intermodal Station

Madison, Wis.

636 W. Washington Ave.

Located curbside near Kelley's Market, west of Bedford St.

Minneapolis

905 Hawthorne Ave. (10th Street & Hawthorne Ave.)

Located inside the Hawthorne Transportation Center

Indianapolis

105 N. Delaware St.

Located curbside at the IndyGo Stop, north of E. Market St.

Lafayette, Ind.

200 N. 2nd St.

Located curbside outside of the Amtrak station

Greyhound Express tickets are available for purchase up to three months in advance at www.mygreyhoundexpress.com or www.greyhound.com/express. Tickets can also be purchased in terminals, where available. The earlier customers purchase their tickets, the lower the fare they receive. Walkup tickets will be purchased at full price. All tickets are nonrefundable. For fare and schedule information and to purchase tickets, visit www.mygreyhoundexpress.com.

About Greyhound

Greyhound is the largest North American provider of intercity bus transportation, serving more than 3,800 destinations across the continent. The company also provides Greyhound

Package Express (GPX) and charter services. For fare and schedule information and to buy tickets call 1-800-231-2222 or visit the website at www.greyhound.com. For the latest news and travel deals, follow GreyhoundBus on Twitter at <http://twitter.com/GreyhoundBus> and Like us on Facebook at <http://www.facebook.com/GreyhoundBus>.

###

[Back](#)

CERTIFICATE OF SERVICE

I hereby certify that I have this 16th day of December 2010 served a copy of the Letter of Coach USA, Inc. and Megabus Northeast, LLC by Federal Express on counsel for Greyhound Lines, Inc. and Peter Pan Bus Lines, Inc. as follows:

Daniel R. Barney
Scopelitis, Garvin, Light, Hanson & Feary
1850 M Street, N.W.
Suite 280
Washington, DC 20036-5804

Jeremy Kahn
Kahn and Kahn, Attorneys at Law
1730 Rhode Island Avenue, NW
Suite 810
Washington, DC 20036



David H. Coburn