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SERVICE DATE – DECEMBER 14, 2011

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MC-F 21042

STUDENT TRANSPORTATION OF AMERICA, INC.—CONTROL—
DAIRYLAND BUSES, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: Student Transportation of America, Inc., a motor carrier of passengers (Student Transportation), has filed an application under 49 U.S.C. § 14303 for its acquisition of control of Dairyland Buses, Inc., also a motor carrier of passengers (Dairyland). 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 under 49 C.F.R. §§ 1182.5 and 1182.8.

DATES: Comments must be filed by January 27, 2012. Student Transportation may file a reply by February 10, 2012. If no comments are filed by January 27, 2012, this notice shall be effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MC-F 21042 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Student Transportation's representative: Mark J. Andrews, Strasburger & Price, LLP, Suite 640, 1700 K Street, N.W., Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Julia M. Farr, (202) 245-0359. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Student Transportation is a publicly held corporation established under the laws of New Jersey. It holds authority from the Federal Motor Carrier Safety Administration (FMCSA) as a motor carrier providing interstate charter passenger services to the public (MC-31422). Dairyland, a corporation established under Wisconsin law, also holds a FMCSA license (MC-170747) and is owned by Coach USA, Inc., a Delaware corporation and noncarrier. The core business of both Student Transportation and Dairyland is transporting students to and from school, a type of transportation not subject to Board jurisdiction. See 49 U.S.C. § 13506(a)(1). According to the application, approximately 97 percent of Student Transportation's revenue is derived from school bus services exempt from FMCSA licensing jurisdiction; the remaining 3 percent is derived from incidental charter

operations that do require FMCSA authority if they are interstate in nature. Similarly, the application indicates that Dairyland derives the vast majority of its revenue from exempt school bus transportation, with the remainder involving incidental charter operations. The application states that FMCSA-regulated charter and special operations have accounted for an insignificant percentage of Student Transportation's and Dairyland's total revenues.

Under the proposed transaction, Student Transportation seeks permission to acquire all of the shares of Dairyland. According to the application, the shares of Dairyland were anticipated to be transferred on or about November 14, 2011, from their current owner, Coach USA, Inc., into an independent voting trust established under 49 C.F.R. pt 1013—Guidelines for the Proper Use of Voting Trusts, where they would remain until the proposed transaction is dismissed by Student Transportation or disapproved by the Board, or until Board approval is final and effective.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction it finds 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. Student Transportation has submitted information, as required by 49 C.F.R. § 1182.2, including the information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), and a statement that the 12-month aggregate gross operating revenues of Student Transportation and Dairyland exceeded \$2 million.

Student Transportation states that the proposed transaction will have no significant impact on the adequacy of transportation services available to the public because Student Transportation has no intention of substantially changing the physical operations historically conducted by Dairyland. With respect to fixed charges, Student Transportation states that the proposed transaction will reduce not only interest costs but also a variety of other overhead and variable costs that Dairyland might otherwise bear. According to Student Transportation, the transaction will have a positive impact on employee interests, as the economies and efficiencies resulting from the proposed transaction, will directly benefit Dairyland's employees by maintaining job security and retaining or expanding the volume of available work. Additional information, including a copy of the application, may be obtained from Student Transportation's representative.

On the basis of the application, the Board finds that the proposed acquisition of control is consistent with the public interest and should be tentatively approved and 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 application. See 49 C.F.R. § 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.

The party's application and 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.

It is ordered:

1. The proposed finance 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 as having been vacated.

3. This notice will be effective January 27, 2012, unless opposing comments are timely filed.

4. A copy of this decision will be served on: (1) 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: December 8, 2011.

By the Board, Chairman Elliott, Vice Chairman Begeman, and Commissioner Mulvey.