

SERVICE DATE — MAY 21, 2021

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21093

EQT INFRASTRUCTURE V COLLECT EUR SCS_p AND EQT INFRASTRUCTURE V COLLECT USD SCS_p—ACQUISITION OF CONTROL—FIRST STUDENT, INC.; FIRST TRANSIT, INC.; FIRST MILE SQUARE, LLC; FIRST CANADA ULC; AND TRANSIT MANAGEMENT OF DUTCHESS COUNTY, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: EQT Infrastructure V Collect EUR SCS_p and EQT Infrastructure V Collect USD SCS_p, each a noncarrier acting by its manager EQT Fund Management S.à r.l. (jointly, Applicants or EQT), have filed an application under 49 U.S.C. § 14303 to acquire control of First Student, Inc., First Transit, Inc., First Mile Square, LLC, First Canada ULC, and Transit Management of Dutchess County, Inc. (collectively, Target Carriers), which each hold interstate carrier operating authority in the United States, from FirstGroup plc (FirstGroup) and its subsidiary FirstBus Investments Ltd. (FirstBus), through a stock purchase agreement. 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.

DATES: Comments must be filed by July 6, 2021. If any comments are filed, Applicants may file a reply by July 20, 2021. If no opposing comments are filed by July 6, 2021, this notice shall be effective on July 7, 2021.

ADDRESSES: Comments should be filed with the Surface Transportation Board via e-filing on the Board's website. In addition, send one copy of comments to EQT's representative: David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Jonathon Binet at (202) 245-0368. Assistance for the hearing impaired is available through the Federal Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION: According to the application, Applicants form part of the fifth infrastructure investment fund established by EQT AB,¹ known as EQT Infrastructure V. (Appl. 4.) The fund is organized under the laws of Luxembourg and headquartered in

¹ Applicants state that EQT AB manages and advises a range of specialized investment funds and other investment vehicles that invest in companies across the world. EQT AB is not an applicant. (Appl. 3.)

Luxembourg City, Lux. (Id.) Applicants state that EQT currently does not directly or indirectly control any federally regulated motor passenger carriers operating in the United States. (Id. at 2.)

Under this transaction, EQT will acquire, through a stock purchase agreement, five motor passenger carriers from FirstGroup and its subsidiary FirstBus. (Id. at 1.) EQT states that FirstGroup is a public limited company organized under the laws of Scotland and headquartered in Aberdeen, Scot. (Id. at 5.) According to EQT, FirstGroup is an international transportation group that provides services in North America, where it has several operating divisions, which include the Target Carriers,² and in the United Kingdom. The stock agreement provides for the transfer of all outstanding shares of First Transit, Inc., and FirstGroup Investment Corporation (FirstGroup Investment),³ a subsidiary of FirstGroup. (Id. at 1.) This transfer will place EQT in control of the following motor passenger carriers that each hold interstate carrier operating authority in the United States:

- First Student, Inc., which provides over 900 million student journeys per year to approximately 1,000 school districts, engages in interstate charter and special operations, and provides intrastate transportation in California, Washington, and Pennsylvania;
- First Transit, Inc., which transports 350 million passengers annually across more than 300 locations in North America and engages in intrastate transportation in the states of California, Colorado, and Rhode Island, and in the Washington, D.C., metropolitan area;
- First Mile Square, LLC, which specializes in student transportation in the southeastern New York area and also conducts special and charter operations;
- First Canada ULC, d/b/a First Student Canada, which provides motor passenger services in Canada but also operates some cross-border services into the United States, primarily in the form of charter bus operations;
- Transit Management of Dutchess County, Inc., dba Dutchess County Mass Transit, which provides contract motor passenger transportation services in the Dutchess County, N.Y., area, and holds an intrastate permit authorizing it to provide motor passenger contract service within Dutchess County under contracts with the county. (Id. at 6-10.)⁴

² FirstGroup also controls four interstate passenger motor carriers that are not part of the proposed transaction. (Appl. 5, Ex. 3.)

³ FirstGroup Investment is a Delaware corporation headquartered in Cincinnati, Ohio. (Appl. 5.) EQT states that FirstGroup Investment is a holding company that controls four of the Target Carriers, in addition to other noncarriers that are not subject to this application. (Id.)

⁴ Additional information about the Target Carriers, including U.S. Department of

EQT states that it has no current plans to materially alter the services that the Target Carriers provide, to weaken the existing management structure that is in place to ensure the safety and reliability of such services, or to make any significant changes that would adversely affect the Target Carriers' safety controls, employees, or customers. (Id. at 3.) Rather, EQT states, its goal is to continue providing safe and reliable motor passenger transportation to the public while improving the quality and efficiency of that transportation and enhancing the value of the Target Carriers. (Id. at 2-3.)

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 from the proposed transaction, and (3) the interest of affected carrier employees. Applicants have submitted the information required by 49 C.F.R. § 1182.2, to include information demonstrating that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), see 49 C.F.R. § 1182.2(a)(7), and a jurisdictional statement under 49 U.S.C. § 14303(g) that the aggregate gross operating revenues of the involved carriers exceeded \$2 million during the 12-month period ending in December 2020, see 49 C.F.R. § 1182.2(a)(5). (Appl. 11-14.)

EQT asserts that the transaction will not alter the adequacy or nature of the transportation currently provided by the Target Carriers. (Id. at 13.) According to the application, EQT plans to invest in improved digital technology, such as touring software and various in-bus technologies to track and improve driver performance and safety metrics, and to accelerate existing plans made by First Student, Inc., and First Transit, Inc., for the acquisition of electric vehicles and associated charging infrastructure. (Id. at 12.) EQT states that, through its investment in electrification of the Target Carrier fleets, it hopes to expedite a broader interest in the electrification and sustainability of motor vehicle fleets nationwide. (Id. at 13.) Further, EQT plans to retain the current management of each Target Carrier, including safety managers at both the corporate and local levels. (Id.) EQT also submits that the proposed transaction will have no adverse effect on the level of competition in any sector of the motor passenger business in which the Target Carriers operate because EQT does not control other federally regulated motor passenger carriers operating in the United States. (Id. at 3.)

As to the fixed charges that will result from the proposed transaction, EQT states that the cost of the proposed transaction is being financed by a combination of debt and equity capital. (Id. at 13.) EQT states that the Target Carriers each have a stable revenue stream that is more than adequate to service existing and anticipated debt. (Id.) EQT also states that the Target Carriers will have access to funds from EQT Infrastructure V (which has an estimated total fund size of approximately \$18 billion) and other EQT funds and will have the backing of EQT AB's considerable capitalization. (Id.)

Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in the application. (Appl. 6-10, Ex. 1.)

According to EQT, the transaction is not expected to adversely affect current employees of the Target Carriers. (Id. at 14.) EQT states that it has no plans for employee layoffs or reductions in staffing and does not plan to adversely change existing employee benefits. (Id.)

The Board finds that the acquisition of the Target Carriers as 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 C.F.R. § 1182.6. If no opposing comments are filed by 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 C.F.R. § 1105.6(c).

Board decisions and notices are available 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 July 7, 2021, unless opposing comments are filed by July 6, 2021.

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: May 17, 2021.

By the Board, Board Members Begeman, Fuchs, Oberman, Primus, and Schultz.