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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET MC-F-21130

**JEFFERSON PARTNERS, L.P.
DBA JEFFERSON LINES**

**VERIFIED APPLICATION FOR ACQUISITION OF CONTROL
OF MOTOR CARRIER OF PASSENGERS UNDER 49 U.S.C. § 14303 AND
REQUEST FOR INTERIM APPROVAL**

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**VERIFIED APPLICATION FOR ACQUISITION OF CONTROL
OF MOTOR CARRIERS OF PASSENGERS UNDER 49 U.S.C. § 14303**

Pursuant to 49 U.S.C. § 14303(a)(4) and the Board’s rules under 49 C.F.R. Part 1182, Jefferson Partners, L.P., dba Jefferson Lines, (“Applicant”), a federally-authorized motor carrier of passengers, USDOT 116763, MC-252540, hereby requests the Board’s approval of the Applicant’s plan to acquire the assets of and operate Karst Stage, Inc. (“Karst”), a federally-authorized motor carrier of passengers. As explained more fully herein Applicant will establish a wholly-owned non-carrier holding company that will control one hundred percent of Karst, a federally-authorized motor carrier of passengers, USDOT 30118, MC-52298, providing charter bus service from its home in Bozeman, Montana throughout points in the United States.

In support of this Application the Applicants state as follows:

A. Identification of the Parties: 49 C.F.R. § 1182.2(a)(1)

Applicant Jefferson Partners, L.P. is a limited partnership with its principal place of business at 2100 East 26th Street, Minneapolis, Minnesota 55404. Applicant operates as a motor carrier of passengers under the name Jefferson Lines (USDOT 116763; MC-252540) and

provides regular route service in 14 states from its base in Minneapolis, Minnesota. Applicant also provides charter bus service originating from Minneapolis and Billings, Montana.

The verified statement of Steve Woelfel, President and CEO of Jefferson Partners, L.P., is included in Exhibit 1 hereto.

Karst Stage, Inc. is a corporation with its principal place of business at 511 North Wallace Avenue, Bozeman, Montana 59715. It operates as a motor carrier of passengers (USDOT 30118; MC-52298) providing charter bus service throughout the United States from its base in Bozeman, Montana.

Except as described herein, neither Applicant nor Karst Stage, Inc. has other parent, subsidiary or affiliated companies.

B. Description of Operating Authorities: 49 C.F.R. § 1182.2(a)(2)

1. **Jefferson Partners, L.P.** Jefferson Partners, L.P. will acquire and control the assets of Karst Stage, Inc. Jefferson Partners, L.P. is as a motor carrier and does business as and holds operating authority under the name of Jefferson Lines.

2. **Jefferson Lines.** Jefferson Partners, L.P., dba Jefferson Lines has interstate for-hire operating authority under MC-252540. It is authorized to carry passengers in interstate commerce. Copies of Jefferson Lines's federal and state operating authority certificates are included in Exhibit 2 hereto.

3. **Karst Stage, Inc.** Karst Stage, Inc. has interstate for hire passenger carrier authority under MC-52298. It is authorized to carry passengers in interstate commerce.

4. **Karst Stage, LLC.** Applicant has established a new company, Karst Stage, LLC, and has obtained new interstate operating authority as a motor carrier of passengers as MC-1697480. This company will operate the assets acquired from Karst Stage, Inc., including

vehicles, real and personal property. All employees of Karst Stage, Inc. will become employees of Karst Stage, LLC.

C. Description of the Transaction: 49 C.F.R. § 1182.2(a)(3)

Under the proposed transaction, Applicant will purchase and hold all the assets of Karst Stage, Inc. After consummation of the transaction, Applicant will operate the assets of Karst Stage, Inc. under the name of Karst Stage, LLC as before, providing charter bus service as a motor carrier of passengers from its company base in Bozeman, Montana throughout the United States.

Following the transaction, Applicant and Karst Stage, LLC will continue to operate as separate entities, with their own brands and their own motor carrier authorities and will not significantly alter their transportation operations. Jefferson Lines will continue to provide scheduled service and charter bus service, while Karst Stage, LLC will continue to provide charter bus service.¹

There will be little to no overlap in the charter bus operations of the two carriers. Karst Stage operates charters from its base in Bozeman, Montana. Jefferson Lines operates charters from its regional base in Billings, Montana, but Billings is some 142 miles from Bozeman. The two carriers have no common customers under contract at present.

The combination of Applicant and Karst Stage is designed, however, to allow the carriers to streamline their operations by sharing certain management functions. They anticipate combining General and Administrative functions; Safety Management; Human Resources;

¹ It is expected that after consummation of the transaction the motor carrier operating authority for Karst Stage, Inc. will be withdrawn.

Accounting; and Payroll services. The integration of these services will occur gradually after closing the transition.

Overall, the transaction will allow the Applicant to take advantage of economies of scale, better financial terms, and increased buying power. This will allow it to expand their combined operations, and eventually result in additions to driver and non-driver personnel. The Applicant plans to close on both the corporate transactions by January 31, 2025 or as soon thereafter as possible. The transaction is in the public interest, and for the reasons stated herein should be approved.

D. Affiliated Carriers: 49 C.F.R. § 1182.2(a)(4)

Jefferson Partners, L.P. dba Jefferson Lines is not affiliated in any way with any other motor carriers. Karst Stage, Inc. and Karst Stage, LLC are not affiliated with any other motor carriers.

E. Jurisdictional Statement: 49 C.F.R. § 1182.2(a)(5)

The Applicant and the company to be acquired have earned aggregate gross operating revenues far in excess of \$2 million during the twelve months preceding this Application, meeting the jurisdictional requirement set forth in 49 U.S.C. § 14303(g) and 49 C.F.R. § 1182.2(a)(5)

F. Effect on Environment and the Conservation of Energy Resources: 49 C.F.R. § 1182.2(a)(6)

The transaction will have an overall positive effect on the environment and the conservation of energy resources. The carriers do not anticipate substantially changing their individual operations. By combining two independent carriers under one corporate umbrella, the companies will be able to streamline their operations to take maximum advantage of corporate efficiencies. More important, this transaction will allow for the continued operation of Karst

Stage, Inc. under the name Karst Stage, LLC, and provide for continued employment of its personnel and ongoing service to its customers.

In sum, the efficiencies gained through combining the companies under one corporate structure and the increased purchasing power will result in the same or more transportation with fewer, more energy efficient vehicles over the long run. As a consequence, the two companies will be able to move the same or more passengers with less fuel and to reduce emissions of harmful exhaust gases. Thus, the transaction will have a net positive effect on the environment and the conservation of resources.

G. Consistency with the Public Interest: 49 C.F.R. § 1182.2(a)(7)

The Board is required to consider whether the proposed transaction is consistent with the public interest, including whether (1) the effect of the transaction on the adequacy of transportation to the public, (2) the transaction's total fixed charges, and (3) the interest of carrier employees that may be affected by the transaction. 49 U.S.C. § 14303(b); 49 C.F.R. § 1182.2(a)(7). In addition, the Board has traditionally considered the effect of the transaction on competition. *See, e.g.*, STB Docket No. MC-F-21052, *Southfield Coinvest Holdings, LLC, Southfield Hallcon Investment Corp and Hallcon Crew Transportation, Inc. et al.—Acquisition of Control—Renzenberger, Inc.*, (served March 28, 2013), slip op. at 3; STB Docket No. MC-F-21055, *Celerity Partners IV, LLC, Celerity AHI Holdings SPV, LLC, and All Aboard America! Holdings, Inc.—Control—Sureride Charter, Inc. d/b/a Sundiego Charter Company*, (served Oct. 29, 2013), slip op. at 3. The transaction proposed by the parties herein plainly meets this standard.

1. Adequacy of Transportation to the Public

As noted above, the proposed transaction will not result in significant changes to the operations of the two carriers. The purpose of the transaction is to merge the operations of the two distinct corporations under the corporate umbrella of Jefferson Partners, L.P., a motor carrier holding company. The transaction will enable the carriers to engage in economies of scale and to bring certain management functions together for more efficient management of the overall enterprise. The transaction will also allow the companies to take advantage of better financial terms, which will allow them to replace aging vehicles and purchase newer, more energy efficient vehicles on more favorable terms.

Most important, this transaction will allow for the continued operation of Karst Stage, Inc. under the name Karst Stage, LLC.

As such, the transaction will allow the carriers to maximize the use of personnel and equipment. The carriers will be able to serve their existing geographic areas and customer bases more efficiently and effectively, and do not anticipate any reduction in current service levels. In fact, the transaction will enable the carriers to leverage the combination of companies to grow the businesses of each individual carrier, and will result in the same or a greater level of transportation to the public.

The Board has consistently found that transactions of this type meet the standard for adequacy of transportation to the public. *See, e.g.,* STB Docket No. MC-F-20924, *Global STB Passenger Services, L.L.C.—Control—Bortner Bus Company, et al.*, (served July 17, 1998), slip op. at 5; STB Docket No. MC-F-21015, *Railcrew Xpress, LLC and Railcrew Xpress Corp.—Acquisition of Control—Raudin McCormick, Inc., et al.*, (served Feb. 27, 2006), slip op at 2; STB Docket No. MC-F-21014, *KBUS Holdings, LLC and CUSA, LLC—Acquisition of Control—*

America Charters, Ltd., et al., (served Feb. 22, 2006), slip op. at 2; STB Docket No. MC-F-21009, *CUSA PCSTC, LLC d/b/a Pacific Coast Sightseeing Tours & Charters—Acquisition of Assets and Business Operations—Laidlaw Transit Services, Inc. d/b/a Roesch Lines*, (served Jan. 13, 2005), slip op. at 2-3.

2. Fixed Charges

It is anticipated that the economies of scale might ultimately reduce overall fixed charges for financing of equipment acquisitions while the carriers' combined financial structure will strengthen.

3. Effect of the Transaction on Employees

The transaction will not have an overall negative impact on employees. Jefferson Partners, L.P. does not anticipate any reduction in the workforce for either operating motor carrier. Because this transaction will allow for the continued operation of Karst Stage, Inc. under the name Karst Stage, LLC, those employees will have the prospect of continued uninterrupted employment under the ownership of Jefferson Lines, L.P. Further, over time the companies will be able to grow by taking advantage of economies of scale, better financial terms, and increased buying power, resulting in additions to driver and non-driver personnel.

4. Impact on Competition

The transaction will not have a material adverse effect on competition. The companies do not plan on significantly altering their current operations but merely wish to take advantage of efficiencies gained through working under one corporate structure. Although they each provide charter bus service in Montana—Karst Stage in Bozeman and Jefferson Lines in Billings, some 200 miles away—their services do not currently overlap and they currently have no common customers.

Moreover, as stated above, this transaction will allow for the continued operation of Karst Stage, Inc. under the name Karst Stage, LLC.

Further, the areas served by the carriers are largely separate and distinct, with a small amount of overlap in the larger markets. The companies also will maintain their separate identities and be responsible for their own operations within the larger corporate family. Thus, the transaction will not result in any consolidation of market power in any relevant market.

The benefits associated with the transaction will only support increased competition. By taking advantage of the efficiencies associated with merging under one corporate structure, the carriers will be stronger operationally and financially. This increased strength will enable the carriers to continue to compete with other carriers, as well as non-motor carriers that compete for the same travel and tourism business as charter bus companies. *See, GLI Acquisition Co.—Purchase—Trailways Lines, Inc.*, 4 I.C.C. 2d 591, 598-602 (1988) (the relevant market for passenger transportation services includes multiple modes competing for the same passengers).

The competition for charter and tour business, the heart of the parties' operations, unquestionably is open to strong competition. The charter and tour business is constantly open to all competitors in the market, including the larger, multistate operators, as the business is contestable on a trip by trip basis. Further, commercial charter and tour operators must offer quality services at competitive prices to provide services that the travelling public could easily choose to do without by travelling to their destinations in their own vehicles.

In addition to the points made above regarding the particular markets served by the Applicants, the Board has found consistently that the lack of barriers to entry into the interstate bus transportation industry virtually eliminated the opportunities for abuse of market power. *See STB Finance Docket No. 33431, Coach USA, Inc. and K-T Contract Services, Inc.—Control and*

Merger Exemption—Gray Line Tours of Southern Nevada, slip op. at 2 (served Aug. 29, 2001) (" . . . the bus industry is characterized by pervasive competition and low entry barriers."); STB Finance Docket No. 33007, *Laidlaw Transit, Inc. et al.—Control and Merger Exemption—National School Service, Inc. et al.*, (served Oct. 25, 1996) ("[W]ith the low entry barriers and pervasive intermodal and intramodal competition that otherwise characterized the charter and special operations segment of the bus industry, most opportunities for the abuse of market power are effectively foreclosed."); *GLI Acquisition* at 601 ("[T]he presence of intramodal competitors is not necessary to maintain competitive discipline for bus firms. Where the barriers to entry are virtually nonexistent, potential entry, together with intermodal competition, exerts pressure on existing firms to price reasonably.").

In sum, the transaction here will not have a materially adverse effect on competition. The carriers currently do not have an overwhelming collective market share in the relevant markets. They will not significantly change their current operations and will continue to operate as separate carriers in the markets they serve. Thus, their market shares will not change significantly. Most important, it will allow one company, Karst Stage, LLC, to remain operating and service the charter bus market.

Charter services are particularly open to competition, both to intermodal and intramodal carriers, as well as to pressures on the market from passengers travelling in their own vehicles. That competitive landscape is unlikely to change regardless of this transaction. Finally, the Board has recognized the virtual impossibility of an abuse of market power in the bus industry. For these reasons, the Applicant submits that this transaction will not cause any diminution of competition in the relevant markets.

H. Safety Fitness Ratings: 49 C.F.R. § 1182.2(a)(8)

Jefferson Partners, L.P., dba Jefferson Lines has a satisfactory safety fitness rating issued by the United States Department of Transportation. In addition, Karst Stage, Inc. also has a satisfactory safety fitness rating issued by the United States Department of Transportation.

I. Insurance Coverages: 49 C.F.R. § 1182.2(a)(9)

The Applicant hereby certifies that it and Karst Stage, Inc. each have the requisite insurance coverage under 49 U.S.C. § 13906 for the transportation services they intend to provide.

J. Statement on Mexico Domiciliary: 49 C.F.R. § 1182.2(a)(10)

Pursuant to 49 C.F.R. § 1181.2(a)(10), the Applicant states that no party acquiring any operating rights through the proposed transaction is either domiciled in Mexico or owned or controlled by persons of Mexico.

K. Statement on Individuals Holding Operating Authority: 49 C.F.R. § 1182.2(a)(11)

Pursuant to 49 C.F.R. § 1182.2(a)(11), the Applicant states that the transaction does not involve the transfer of operating authority to an individual who will hold the authority in his or her name.

I. Certification Regarding Filing: 49 C.F.R. § 1182.3(b)

The Applicant hereby certifies that it has delivered copies of the Application by first-class mail to the appropriate regulatory body in each state in which intrastate operations are affected by the transaction.

CONCLUSION

For the reasons stated herein, the Applicant respectfully requests that the Board grant this Application.

Respectfully submitted,

/s/ Richard P. Schweitzer

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Attorney for Jefferson Lines, L.P. dba
Jefferson Lines

January 22, 2025

VERIFICATION

I, Steve Woelfel, President and CEO of Jefferson Partners, L.P., verify under penalty of perjury, under the laws of the United States of America, that all information supplied in connection with this Application, relative to Jefferson Partners, L.P. and to the company to be acquired, Karst Stage, Inc., as described in the accompanying Application is true and correct. Further, I certify that I am qualified and authorized to file this application or pleading. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 U.S.C. § 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. § 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

/s/ Steve Woelfel

Steve Woelfel
President and CEO
Jefferson Partners, L.P.

Dated January 22, 2025

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of January, 2025, I served a copy of the foregoing Verified Application for Acquisition of Control of Motor Carriers of Passengers Under 49 U.S.C. 14303 and Request for Interim Approval as follows:

By Overnight Delivery to:

Federal Motor Carrier Safety Administration
Chief, Commercial Enforcement Division
Office of Enforcement and Compliance
West Building, 1200 New Jersey Avenue, S.E.
6th Floor
Washington, D.C. 20590

By Overnight Delivery to:

Montana Department of Transportation
Motor Carrier Services
PO Box 4639
Helena, MT 59604-4639

/s/ Richard P. Schweitzer

Richard P. Schweitzer