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SERVICE DATE – FEBRUARY 21, 2025

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21130 TA

JEFFERSON PARTNERS, L.P. DBA JEFFERSON LINES—ACQUISITION OF CONTROL—
KARST STAGE, INC.

Digest:¹ This decision permits Jefferson Partners, L.P., dba Jefferson Lines (Jefferson) to operate the assets of Karst Stage, Inc., on an interim basis while the Board considers Jefferson’s application to purchase those assets.

Decided: February 20, 2025

On January 22, 2025, Jefferson Partners, L.P., dba Jefferson Lines (Jefferson) requested interim approval under 49 U.S.C. § 14303(i) and the Board’s regulations at 49 C.F.R. § 1182.7(b) for Jefferson’s “plan to acquire the assets of and operate” Karst Stage, Inc. (Karst), pending the Board’s decision on Jefferson’s concurrently filed application in Docket No. MCF 21130 for authority to acquire those assets.

BACKGROUND

Jefferson (MC-252540) is a passenger motor carrier that provides regular route service in 14 states from Minneapolis, Minn. Appl. 2, Jefferson Partners, L.P.—Acquisition of Control—Karst Stage, Inc., MCF 21130. Jefferson also provides charter bus service originating in Minneapolis and Billings, Mont. Id. Karst (MC-52298) provides charter bus service from Bozeman, Mont., to locations throughout the United States. Id. According to the acquisition application, Jefferson seeks to purchase all of Karst’s assets. Id. The application explains that Karst Stage, LLC, a new company established by Jefferson, will operate the purchased assets and hire Karst’s employees. Id. at 2-3. After the transaction, Karst Stage, LLC, will continue to provide the same charter bus service that Karst provided. Id. at 3. The acquisition application states that Jefferson and Karst Stage, LLC, will operate separately, but that the two companies intend to integrate certain management functions. Id. at 3-4. Jefferson expects that economies of scale, improved financial terms, and additional buying power resulting from the transaction will allow both companies to grow. Id. at 4.

In the request for interim approval, Jefferson states that Karst’s sole owner seeks to complete the proposed transaction as soon as possible so that he can retire. (Req. for Interim

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol’y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

Approval ii.) Jefferson explains that Karst requires additional capital in order to purchase new equipment and build a new facility. (Id.) However, Karst's owner is reluctant to incur the debt necessary for such long-term improvements in light of his plans to retire. (Id. at ii-iii.) Jefferson further states that two contracts with Karst's key customers, which together account for 40% of Karst's current revenue stream, will come up for renewal in mid-2025. (Id. at iii.) Jefferson seeks an opportunity to work with these customers ahead of the contract renewal. (Id.) According to Jefferson, retaining Karst's key customers will prevent financial losses and cuts in employment. (Id.) Jefferson therefore asks the Board to grant interim approval by January 31, 2025, or as soon after that date as possible. (Id. at ii.)

DISCUSSION AND CONCLUSIONS

Under 49 U.S.C. § 14303(i), while an application for authority under §14303 is pending,

the Board may approve, for a period of not more than 180 days, the operation of the properties sought to be acquired by the person proposing in the application to acquire those properties, when it appears that failure to do so may result in destruction of or injury to those properties or substantially interfere with their future usefulness in providing adequate and continuous service to the public.

Based on Jefferson's representations regarding the transaction, the Board finds that a grant of interim approval for Jefferson to operate² Karst's assets meets the criteria of § 14303(i). Jefferson states that Karst's contracts with two key customers, representing some 40% of Karst's revenue stream, are up for renewal in mid-2025. Jefferson seeks interim operating authority to permit it to engage with these customers promptly in order to prevent significant financial losses to the business and possible job losses among current employees. Under these circumstances, the Board finds that delay in permitting Jefferson's operation of Karst's properties could substantially interfere with their future usefulness in providing adequate and continuous service to the public. Therefore, pursuant to 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7(b), interim operating approval will be granted. The Board reminds Jefferson that this interim approval is temporary, and that Jefferson is responsible for protecting the assets at issue so Karst can resume their operation in the event Jefferson's application for authority to acquire them is denied.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

It is ordered:

1. Jefferson is authorized on an interim basis to manage and operate the assets of Karst under 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7. Jefferson's application for acquisition authority will be addressed in a separate decision in Docket No. MCF 21130.

² Although Applicant couches its request in terms of interim approval of its "plan to acquire the assets of and operate" Karst, (Req. for Interim Approval 1, 2), interim approval under § 14303(i) applies only to operation of the properties sought to be acquired, not the acquisition itself.

2. This decision is effective on its service date.

3. A copy of this decision 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.

By the Board, Board Members Fuchs, Hedlund, Primus, and Schultz.