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OCT 18 2004
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

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FINANCE DOCET NO. MC-F-210010

CUSA FL, LLC D/B/A FRANCISCAN LINES
-- ACQUISITION OF ASSETS AND BUSINESS OPERATIONS --
PACIFIC COAST BUS SERVICE, INC.

ENTERED
Office of Proceedings
OCT 18 2004
Part of
Public Record

VERIFIED APPLICATION

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SURFACE
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Applicant, CUSA FL, LLC d/b/a Franciscan Lines ("CUSA FL" or "Applicant"), pursuant to 49 U.S.C. §14303(a) and 49 C.F.R. §1182.1 *et seq.*, seeks Board approval to acquire the properties and business of Seller, Pacific Coast Bus Service, Inc. The proposed transaction would assure no interruption in the service now provided by the Seller to the public, who will continue to receive the same type and quality of service from the Applicant as that now provided by Pacific Coast, provided the Applicant can move quickly to complete the Transaction. Upon closing of the transaction, CUSA FL will continue to carry on the business now conducted by Pacific Coast. The Applicant is wholly owned by CUSA, LLC, a non-carrier, which in addition to CUSA FL, owns eighteen other federally regulated and several non-federally regulated motor carriers.¹ CUSA, LLC ("CUSA") is in turn wholly owned by KBUS Holdings, LLC ("KBUS"), which is also a non-carrier.²

¹A list of all of the federally regulated motor carriers owned by CUSA is attached to this application as Appendix A.

²Board approved the acquisition by KBUS of the assets and business conducted by 30 federally regulated motor carriers then owned by Coach USA, Inc. in STB Docket No. MC-F-21000, MC-F-21000, *KBUS Holdings - Acquisition of Assets and Business Operations - All West Coach Lines, Inc., et al.*, (served July 23rd, 2003), a copy of which is attached to this Application as Appendix B. The assets and business acquired by KBUS have been

Approval of this Application is consistent with the public interest standard set forth in 49 U.S.C. §14303(b), as discussed further below. Furthermore, for reasons set forth in an accompanying Request for Interim Approval, the Applicant seeks interim control of the Pacific Coast assets pending action on this Application in order to preserve the value of those assets, which might otherwise be at risk.

1. Name, Address and Telephone Numbers of the Parties:

The Applicant

CUSA FL, LLC d/b/a Franciscan Lines
300 Toland Street
San Francisco, CA 94124
Tel: (415) 642-9400

The Seller

Pacific Coast Bus Service, Inc.
214 Shaw Road, Suite S
South San Francisco, CA 94188
Tel: (650) 624-0110

2. Information about the Parties

Applicant:

Applicant was created by KBUS Holdings, LLC as part of the transaction whereby it acquired the assets and business conducted by 30 federally regulated motor carriers then owned by Coach USA, Inc., which the Board approved in STB Docket No. MC-F-21000. The assets and businesses acquired by KBUS in that transaction were consolidated into eighteen federally regulated carriers listed in Appendix A plus several non-federally regulated entities.³ CUSA FL

consolidated into the nineteen federally regulated carriers listed in Appendix A plus several non-federally regulated entities.

³ A nineteenth operating entity, CUSA RAZ, LLC d/b/a Raz Transportation Company, was created by CUSA, LLC earlier this year to acquire and operate the assets and business purchased from Raz Transportation Company, which transaction is subject of an application before Board in STB Docket No. MC-F-21007, *CUSA RAZ, LLC d/b/a Raz*

holds motor common carrier passenger authority for charter and special operations and for regular route operations and contract carrier authority under MC#463273. In the year since completing the transaction approved by the Board in STB Docket No. MC-F-21000, CUSA has successfully reorganized the assets and businesses acquired into a number of federally and non-federally regulated companies. Annual revenues for the CUSA group of companies for 2004 are forecast to be \$220 million. The companies in the CUSA group operate more than 1,000 coaches and 600 other revenue vehicles in 35 states and have more than 3,500 employees. The experienced senior management team that CUSA now has in place has identified the acquisition of Pacific Coast as a strategic way to expand its market scope in the greater San Francisco and Northern California market. Individually, CUSA FL operates a total of 35 motor coaches and other revenue vehicles, principally in the greater San Francisco area, and employs approximately 170 people. This Transaction will add 11 pieces of revenue equipment and approximately 12 employees, including the owners of the Seller. The Applicant is profitable.

Seller:

Pacific Coast is a passenger carrier operating principally in San Francisco and Northern California pursuant to authority granted in Docket No. MC-198977. The company was incorporated in California in 1984 as Trans Cal Maintenance and the name was changed to Pacific Coast Bus Service, Inc. in 1987.

The Applicant is not acquiring Pacific Coast's operating authority. CUSA FL will operate the assets and conduct the business it is acquiring in this transaction under its existing operating authorities as described above.

3. Description of the Proposed Transaction

Applicant has entered into an agreement with the Seller to buy the assets of Pacific Coast, including Pacific Coast's vehicles, business operations, and all prepaid charter trip deposits (the "Agreement"). The Agreement is scheduled to close on October 29th, 2004.

For reasons set forth in an accompanying Request for Interim Approval, the Applicant seeks interim control of the Pacific Coast assets pending action on this Application in order to preserve the value of the Pacific Coast assets, which may otherwise be at risk. Applicant will operate the business pursuant to its own federal operating authority. Applicant's purchase of Pacific Coast's assets and business operations requires Board authorization pursuant to 49 USC § 14303(a)(1), (2) & (3).

4. Affiliated Motor Passenger Carriers, their Operations and Relationships

Seller is affiliated with the federally regulated motor carriers listed in Appendix C, which also includes a chart showing the relationship among KBUS, CUSA and the affiliated carriers controlled by CUSA. Applicant is owned by CUSA, a non-carrier, which is in turn owned by KBUS, another non-carrier. KBUS, through CUSA, controls the FMCSA registered motor passenger carriers listed in Appendix A.

5. Jurisdiction Statement

The Board has jurisdiction over this matter under 49 USC 14303(g), because the annual aggregate gross operating revenues of the motor carriers that are party to the proposed Transaction exceed \$2 million.

6. Environmental Impact

The parties assert approval of this application will not constitute a Federal action having a significant effect on the quality of the human environment and the conservation of energy

resources. There will be no significant operational changes as a consequence of the transaction described in this application.

7. Consistency with the Public Interest

Adequacy of Transportation Services to the Public

The proposed transaction will improve the adequacy of transportation services available for the traveling public. As stated in the Request for Interim Approval, the owners of the Seller are faced with the loss of the lease on their principal facility, which is now on a month-to-month basis, and lack an acceptable, long-term alternative. The need of the Seller's business for new capital to expand and the requirement that the owners provide their personal guarantees to obtain both a reasonable long-term lease and new capital for expansion, prompted the owners to decide to sell or discontinue the business. Applicant's desire and ability to quickly integrate Pacific Coast's business and personnel into its own operations immediately will enable Pacific Coast's existing operations to continue without interruption by the sudden loss of its leased premises. Given Pacific Coast's precarious lease position, approval of the Transaction will ensure that there is no cessation of operations and that the assets that the Applicant has agreed to purchase will retain their value and be put to use for the benefit of the public.

The Applicant is part of a new, but successful and well-funded industry group, lead by a management team with extensive bus industry experience. CUSA FL intends to integrate the business and assets it is acquiring from Pacific Coast into the business it now conducts successfully principally in San Francisco and Northern California. Service to the public will be enhanced by the Transaction, in that the Applicant will employ the acquired assets and personnel of the Seller to expand its service to the public. CUSA FL will continue to operate within the centralized management structure that KBUS established under CUSA when it entered the bus

industry last year and continue to enjoy the advantages of volume purchasing power in areas such as equipment and fuel, which will further its ability to provide efficient public service.

Board approval of this Application also will relieve Applicant of the need to seek state approval that might otherwise be required. This will reduce regulatory burdens and allow the transaction to proceed in an efficient manner.

Fixed Charges

The proposed transaction will have no effect on total fixed charges.

Employee Interests

It is anticipated that none of Seller's employees will be adversely affected by the contemplated transaction. All qualified employees of the Seller who wish to continue employment will be offered employment with CUSA FL.

8. Safety Fitness Ratings

CUSA FL and the other federally regulated motor carriers owned by CUSA have satisfactory safety ratings or are as yet unrated as shown on Exhibit A attached hereto. Seller has a satisfactory safety rating.

9. Insurance

CUSA FL has the required \$5 million of BIPD insurance.

10. Mexican Domicile or Control

Applicant, CUSA, KBUS and Seller are not domiciled in Mexico or controlled by persons of that country.

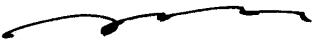
11. Conclusion

Applicant and Seller respectfully assert that this Application satisfies the requirements of the applicable law and regulations and should be granted as requested.

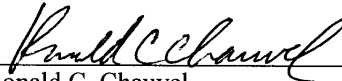
Respectfully submitted,

For CUSA FL, LLC

For Pacific Coast Bus Service, Inc.



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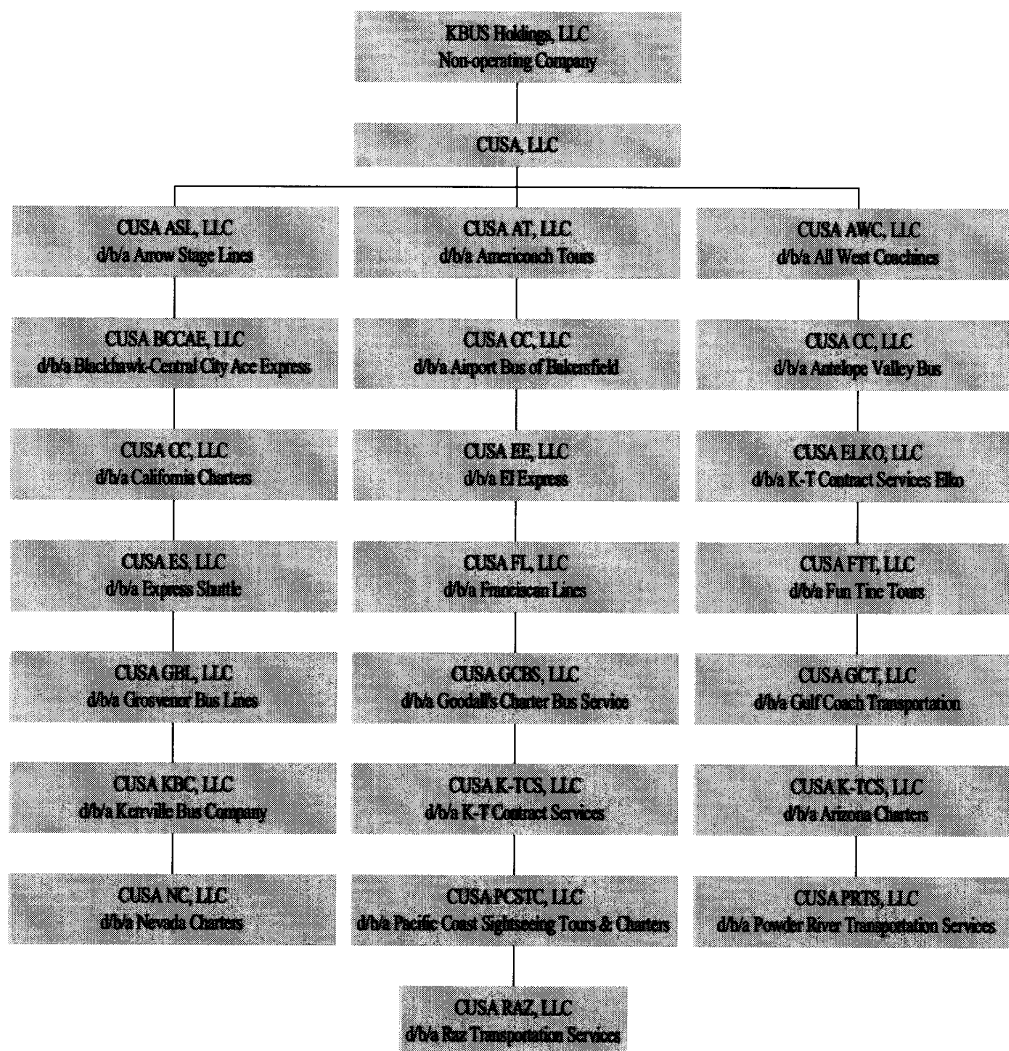
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STB Docket No. MCF-21010 - Appendix A

CUSA, LLC Entities with MC#, USDOT #, DOT Safety Rating & EIN

Carrier Name	MC #	US DOT #	Safety Rating	EIN
CUSA, LLC	MC # 471723	1183818	Unrated	65-1193523
CUSA ASL, LLC d/b/a Arrow Stage Lines	MC # 465199	1167618	Unrated	20-0152030
CUSA AT, LLC d/b/a Americoach Tours	MC # 463166	1167631	Unrated	20-0152071
CUSA AWC, LLC d/b/a All West Coachlines	MC # 465200	1167523	Unrated	20-0152084
CUSA BCCAE, LLC d/b/a Blackhawk-Central City Ace Express	MC # 463169	1167642	Unrated	20-0152017
CUSA CC, LLC d/b/a Airport Bus of Bakersfield	MC # 465201	1167647	Unrated	20-0151999
CUSA CC, LLC d/b/a Antelope Valley Bus	MC # 463167	1167647	Unrated	20-0151999
CUSA CC, LLC d/b/a California Charters	MC # 465198	1167647	Unrated	20-0151999
CUSA EE, LLC d/b/a El Expreso	MC # 463171	1167656	Unrated	20-0151982
CUSA ELKO, LLC d/b/a K-T Contract Services Elko	MC #467153	1167661	Unrated	20-0154648
CUSA ES, LLC d/b/a Express Shuttle	MC # 463168	1167664	Unrated	20-0151941
CUSA FL, LLC d/b/a Franciscan Lines	MC # 465197	1167666	Unrated	20-0151920
CUSA FTT, LLC d/b/a Fun Time Tours	MC # 463172	1167670	Unrated	20-0151907
CUSA GBL, LLC d/b/a Grosvenor Bus Lines	MC # 463174	1167668	Unrated	20-0151920
CUSA GCBS, LLC d/b/a Goodall's Charter Bus Service	MC # 463173	1167671	Satisfactory	20-0151891
CUSA GCT, LLC d/b/a Gulf Coast Transportation	MC # 465196	1167675	Satisfactory	20-0151833
CUSA KBC, LLC d/b/a Kerrville Bus Company	MC # 463270	1167678	Unrated	20-0151808
CUSA K-TCS, LLC d/b/a K-T Contract Services	MC # 463271	1167677	Unrated	20-0151741
CUSA K-TCS, LLC d/b/a Arizona Charters	MC # 468081	1167677	Unrated	20-0151741
CUSA NC, LLC d/b/a Nevada Charters	MC # 465263	1167637	Unrated	20-0151724
CUSA PCSTC, LLC d/b/a Pacific Coast Sightseeing Tours & Charters	MC # 463273	1167672	Unrated	20-0151701
CUSA PRTS, LLC d/b/a Powder River Transportation Services	MC # 463274	1167669	Satisfactory	20-0151591
CUSA RAZ, LLC d/b/a Raz Transportation Company	MC #499453	1285207	Unrated	20-1610640

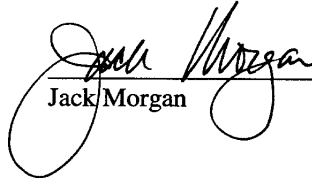
KBUS Holdings, LLC/CUSA, LLC
Ownership Structure of Federally-Regulated Carriers



VERIFICATION

I, Jack Morgan, Chief Financial Officer of CUSA FL, LLC, declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Verified Application of CUSA FL, LLC d/b/a Franciscan Lines and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of CUSA FL, LLC d/b/a Franciscan Lines, the purchaser of assets being acquired from Seller. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 USC 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 USC 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

Dated at Dallas, Texas, this 18th day of October, 2004.



Jack Morgan

VERIFICATION

I, Mike Waters, President, Pacific Coast Bus Service, Inc., declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Verified Application of CUSA FL, LLC d/b/a Franciscan Lines and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Pacific Coast Bus Service, Inc. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under 18 USC 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 USC 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

Dated at South San Francisco, CA, this 8th day of October 2004.



Mike Waters
President

Certificate of Service

I hereby certify that I have served a copy of the foregoing Application on the following entities by serving a copy thereof as follows:

By causing to be hand delivered to:

Director of Operations
Antitrust Division
US Department of Justice
601 D Street, NW, Room 1013
Washington, DC

Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, DC 20580

By mailing a copy thereof, via first class mail, postage prepaid, to:

Chief, Licensing & Insurance Division
U.S.D.O.T. Office of Motor Carriers-HIA 30
400 Virginia Avenue, SW, Suite 600
Washington, DC 20004

California Public Utilities Commission
Attn: Licensing Division
505 Van Ness Ave.
San Francisco, CA 94102

Nevada Department of Business and Industry
Transportation Services Authority
Administrative & Filing Office
2290 S. Jones Boulevard, Suite 110
Las Vegas, NV 89146

Dated at Arlington, Virginia, this 18th day of October 2004.



Stephen Flott