



SURFACE TRANSPORTATION BOARD

[Docket No. MCF 21130]

Jefferson Partners, L.P. dba Jefferson Lines—Acquisition of Control—Karst Stage, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On January 22, 2025, Jefferson Partners, L.P., dba Jefferson Lines (Jefferson), an interstate passenger motor carrier, submitted an application for authority to acquire and operate the assets of another interstate passenger motor carrier, Karst Stage, Inc. (Karst). The Board is tentatively approving and authorizing this transaction.

If no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by April 28, 2025. If any comments are filed, Jefferson may file a reply by May 12, 2025. If no opposing comments are filed by April 28, 2025, this notice shall be effective on April 29, 2025.

ADDRESSES: Comments, referring to Docket No. MCF 21130, may be filed with the Board either via e-filing on the Board's website or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Jefferson's representative: Richard P. Schweitzer, Richard P. Schweitzer, P.L.L.C., 1717 K Street, N.W., Suite 900, Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Jonathon Binet at (202) 245-0368. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: The application¹ states that Jefferson Partners, L.P., is a limited partnership that operates as a motor carrier of passengers under the name Jefferson Lines. (Appl. 1.) Jefferson’s principal place of business in Minneapolis, Minn. (Id.) According to the application, Jefferson provides regular route service in 14 states from its Minneapolis location. (Id. at 2.) Jefferson also provides charter bus service originating in Minneapolis and Billings, Mont.² (Id.)

The application states that Karst’s principal place of business is in Bozeman, Mont. (Id.) Karst holds interstate authority to carry passengers³ and currently provides charter bus service from Bozeman to locations throughout the United States. (Id.)

The application explains that, in this transaction, Jefferson will purchase and hold all of Karst’s assets. (Id. at 3.) The application states that Jefferson has established a new company, Karst Stage, LLC, that will operate the assets acquired from Karst and employ Karst’s former employees. (Id. at 2-3.) According to the application, Jefferson has obtained interstate passenger motor carrier authority for Karst Stage, LLC, which will become a carrier after the transaction.⁴ (Id. at 2.) After the transaction, Jefferson and

¹ The application was supplemented on February 11, 2025. Therefore, for purposes of determining the procedural schedule and statutory deadlines, the filing date of the application is February 11, 2025. See 49 CFR 1182.4(a).

² Further information, including Jefferson’s U.S. Department of Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in the application. (Id. at 2, 10.)

³ Further information about Karst, including its USDOT number, motor carrier number, and USDOT safety fitness rating, can be found in the application. (Id. at 2, 10.)

⁴ Karst Stage, LLC’s motor carrier number can be found in the application. (Appl. 2.) Its USDOT number can be found in Jefferson’s request for interim approval. Req. for Interim Approval i, Jefferson Partners, L.P.—Acquis. of Control—Karst Stage, Inc., MCF 21130 TA. The application states that after consummation of the transaction, it is expected that Karst’s motor carrier operating authority will be withdrawn. (Id. at 3 n.1.)

Karst Stage, LLC, will operate as separate entities but plan to integrate and share certain management functions. (Id. at 3.)⁵

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 resulting from the proposed transaction, and (3) the interest of affected carrier employees. Jefferson has submitted the information required by 49 CFR 1182.2, including information demonstrating that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b), see 49 CFR 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 immediately preceding the filing of the application, see 49 CFR 1182.2(a)(5).

Jefferson asserts that granting the application would be consistent with the public interest. (Appl. at 5.) According to the application, the proposed transaction will ensure continued service to Karst's existing customer base with no reduction in current service levels. (Id. at 6.) The application states that the proposed transaction will not result in significant operational changes and that merging the operations of Jefferson and Karst Stage, LLC, under a single corporate umbrella will allow both carriers to engage in economies of scale. (Id.) After the transaction, Jefferson plans to share several management functions with Karst Stage, LLC, including administration, safety management, human resources, accounting, and payroll. (Id. at 3.) Jefferson states that combining these functions will increase efficiency for both companies. (Id. at 6.) The application also states that the proposed transaction will result in better financial terms

⁵ In Jefferson Partners, L.P.—Acquisition of Control—Karst Stage, Inc., MCF 21130 TA (STB served Feb. 21, 2025), the Board authorized Jefferson to operate Karst's assets on an interim basis under 49 U.S.C. 14303(i) and 49 CFR 1182.7(b).

that will facilitate the replacement of aging vehicles with newer, more efficient equipment. (Id.) Thus, Jefferson contends that the transaction will result in economies of scale, management efficiencies, and improved financial terms. (Id.) According to the application, Jefferson seeks to leverage these benefits to grow the businesses of both carriers, potentially improving the level of transportation available to the public. (Id.)

Jefferson anticipates that this transaction could ultimately reduce the overall fixed charges for financing equipment acquisitions. (Id. at 7.) According to the application, the transaction will strengthen Jefferson and Karst Stage, LLC's combined financial structure, allowing them to take advantage of better financial terms. (Id. at 6, 7.)

Jefferson further represents that the proposed transaction will not have an overall negative impact on the interests of employees. (Id. at 7.) The application states that Jefferson does not anticipate reducing Karst's workforce or Jefferson's workforce. (Id.) Because Karst Stage, LLC, will continue Karst's current operations in substantially the same manner, Karst's employees will have the prospect of continued, uninterrupted employment. (Id.) Jefferson also expects both Karst Stage, LLC, and Jefferson to grow over time by taking advantage of economies of scale, improved financial terms, and increased buying power, resulting in additions to both driver and non-driver personnel. (Id.)

Jefferson argues that the proposed transaction will not have a material adverse effect on competition, explaining that although Jefferson and Karst both currently provide charter bus service in Montana, Karst operates out of Bozeman, and Jefferson operates out of Billings. (Id.) According to the application, Karst and Jefferson have no common customers and serve largely separate and distinct areas, with some overlap in the larger markets. (Id. at 7-8.) The application states that Jefferson and Karst Stage, LLC, will maintain separate identities after the transaction, and their market shares will not change. (Id. at 8-9.) The application further states that both Karst and the Jefferson face strong

intra- and intermodal competition in their respective markets. (Id. at 9.) According to the application, passengers' ability to travel in their own vehicles as an alternative to charter bus services exerts additional competitive pressure. (Id. at 9.) Jefferson therefore argues that the proposed transaction will not diminish competition. (Id.) According to Jefferson, the transaction will instead support competition by allowing Karst's existing operations to continue. (Id. at 8.)

Based on Jefferson's representations, the Board finds that the acquisition 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 CFR 1182.6. 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 in this proceeding.

This action is categorically excluded from environmental review under 49 CFR 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 April 29, 2025, unless opposing comments are filed by April 28, 2025. If any comments are filed, Jefferson may file a reply by May 12, 2025.

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: March 6, 2025.

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

Brendetta Jones,

Clearance Clerk.

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