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October 13, 2005

VIA E-FILING

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20423-0001

Re: **Ex Parte No. 658**
The 25th Anniversary of the Staggers Rail Act
of 1980: A Review and Look Ahead

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding is the Statement of Larry R. Parsons on behalf of Wheeling & Lake Erie Railway Company.

Please contact me if you have any questions.

Respectfully submitted,



William C. Sippel
Attorney for Wheeling & Lake Erie
Railway Company

WCS/pj

Enclosure

BEFORE THE
SURFACE TRANSPORTATION BOARD

EX PARTE NO. 658

THE 25TH ANNIVERSARY OF THE STAGGERS RAIL ACT OF 1980:
A REVIEW AND LOOK AHEAD

STATEMENT OF
LARRY R. PARSONS

My name is Larry R. Parsons. I am the Chairman and Chief Executive Officer of Wheeling & Lake Erie Railway Company.

I worked for the Denver & Rio Grande Western Railroad in the 1970s and 1980s and it did not support the Staggers Act. The implementation of Staggers gave me an interesting perspective on railroad market forces. As a Vice President of Operations the rate reductions which came along with rate deregulation forced me to make the reductions in our costs to try to remain profitable. While basically a very unpleasant task, the truth is that Staggers forced the operating department to remove any fat that existed and helped create a more efficiently operated railroad.

Having now had a marketing and operating perspective for the last decade as a Chairman & CEO of a regional railroad, I more fully appreciate the freedoms Staggers provided on the marketing side of the equation. This has allowed expedited transactions and handshake deals that generated capital investments to allow both the railway and the customer to take short haul truck traffic off the highway system and convert it to rail.

From a "big picture" point of view, the rate freedoms allowed by Staggers have allowed this Class II railroad to make major financial commitments for the next 25 years. We are grateful that Congress has seen fit to create the RRIF loan program which has enabled us to invest funds we would otherwise not have been able to invest. The railroad has and will avail itself of \$34 million of RRIF financing which will allow us to improve the infrastructure and increase capacity to far exceed with standards for this type of railway and to invest in our car fleet. Further, Congress has increased this private/public partnership by legislation for Class II and III tax credits for track maintenance and capacity improvements. This investment will easily exceed \$40 million over three years and will be in excess of our book value. None of this would have been possible had there been any serious threats to changing the regulatory environment we currently experience. The bottom line is that Staggers has created rate freedoms and network efficiencies to allow for capital investment to increase customer service capabilities. These capabilities have greatly enhanced regional and shortline successes.