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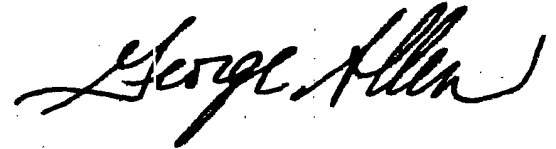
SENATOR GEORGE ALLEN**To:** Surface Transportation Board**Fax:** (202) 565-9016**Phone:**

From: Brent Perry**Date:** October 17, 2005**Pages** 1 + Cover**Fax:** (202) 228-3561☐ Urgent☐ For Review☐ Please Reply**Comments:**

Please find attached a statement Senator Allen would like included for the record of the Board's October 19, 2005, hearing on the Staggers Act. Please call with any questions. Thank you.

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STATEMENT OF SENATOR GEORGE ALLEN
Meeting of the Surface Transportation Board
Wednesday, October 19, 2005

Freight railroads are an essential component of our transportation infrastructure and are vital to our continued economic success. Given the role the rail plays in our economy, it is clear an efficient, financially viable freight railroad industry is in our nation's best interest.

Today, U.S. freight railroads haul more freight than ever before, and will be called upon to transport even more goods and materials in the coming years. This is of significant benefit to the country, as rail is more fuel efficient and environmentally friendly than other modes of transportation; it reduces highway congestion and reduces the pressure to build new highways; and offers major safety benefits.

Freight railroads in the U.S. are private sector firms that receive limited government funding, which has encouraged greater efficiency and productivity. Like other private sector businesses, the railroads must earn sufficient revenues to maintain its infrastructure and operations over the long term.

I understand that it is enormously expensive to maintain the existing rail network and even more so to add new capacity. I have been told that recent increases in rail traffic have produced congestion on some rail corridors and at certain network locations, indicating the needs for additional infrastructure and equipment to meet the demand for rail service. If our railroads are to meet our nation's freight transportation needs, they must be able to attract the capital required to make these investments.

To help make capital investment in rail a reality, we should continue the market-oriented approach that began 25 years ago. The elimination of burdensome regulations has helped stabilize the financial health of the rail industry and overall, improved service to customers and reduced rates in most cases. Leaving private industry to determine how to best meet its customer's needs is far preferable to a system in which government controls wide areas of rail operations, unless there is a clear lack of competition.

The evolved regulatory structure that emerged as a result of the Staggers Act has made investors more willing to supply capital to the rail industry, believing the railroads will have the opportunity to earn competitive returns. As a result, railroads have invested these funds to enhance productivity, lower costs and improve service. To conclude deregulation has benefited both railroads and their customers and this policy environment will be necessary going forward to meet the substantial rail capacity that will be needed in the future.