

CHAIRMAN NOBER: Okay. Good morning. The hearing will come to order. 25 years ago Congress passed the Staggers Rail Act of 1980 against the backdrop of the U.S. railroad industry that was clearly in crisis. The plight of the railroads at that time is now documented. Low returns on investment, widespread bankruptcies, insufficient capital for maintenance and improvement and unsatisfactory service.

Now, the five goals of the Staggers Act, as expressed in that legislation, were to assist railroads in rehabilitating the nation's rail network to meet the demands of interstate commerce and national defense; to reform federal regulatory policy to preserve a safe adequate economical efficient and financially stable rail system; to assist in the preservation of the viability of the rail network in the private sector; to provide a regulatory process balancing the needs of railroad shippers in the public and to assist in the rehabilitation and financing of the nation's rail system.

Now, we have certainly come a long way in 25 years and I think it's fair to say that the Staggers legislation gets a lot of credit for that. However, it's also clear from today's testimony that significant areas of concern remain. While in 1980 the focus was more on the financial health of the railroad industry, today there are more concerns about competitive climate and service issues.

In many ways, the railroads have returned to financial health. While railroad revenue adequacy was a distant goal in 1980, today that goal appears close to being achieved for some carriers. At the same time, the industry is experiencing noticeable capacity constraints in some areas and we must grapple all of that -- we must grapple with what all of that means for our regulatory process.

Now, we scheduled this hearing today to explore these issues in an open forum to which all the stakeholders have been invited. I appreciate the widespread interest that this hearing has generated and look forward to the testimony of all of our witnesses. There are some of the most interesting questions facing our agency and the stakeholders that will be discussed today and I look forward to an open and somewhat extensive dialogue on them all.

Now, before we begin, let me just take a few minutes to review a few procedural points about today's hearing. As you may or may not know, we have over 40 witnesses today presenting testimony on behalf of 35 entities. We have split the day into morning and afternoon sessions to give each of the witnesses a better understanding of when they will be presenting. But this is a hearing and it is impossible to estimate in advance how long it will run or when any one individual witness will testify.

I will say that I ask all witnesses to, please, summarize their oral statements in the interest of time. I think I can speak for everyone and say that we have all read each of your full statements and you should not feel obligated to use every second of the time allotted. And consistent with our practice, we will allow all the witnesses on each panel to make full presentations before the Members ask any questions.

And, you know, we will rotate among the Members by five minutes at a time. Now, finally, as all of you may know, my term here at the Board expires at the end of the year and I announced last week that I will not be seeking another term as Chairman. So while I may be interested in these issues, I have to confess that my views really aren't that important, since the answers to the questions raised today will be faced in the future by my colleagues or by future Board Members yet identified.

To put today's hearings in perspective, it certainly was unimaginable that three years ago we would be having a hearing where the main concerns were that the railroad industry

was too healthy and that they were too financially sound. But I'm pleased that we're able to do it nonetheless. So with that, I certainly look forward to, you know a very interesting and provocative day of testimony.

I know I have a lot of questions and I'm sure that my fellow Commissioners do as well. And with that I will recognize Vice Chairman Buttrey for any opening statement he may have.