



**Before the
U.S. House of Representatives
House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit**

**Statement of G. Tommy Hodges
on behalf of the
American Trucking Associations, Inc. (ATA)**

***Energy Reduction and Environmental Sustainability in Surface Transportation
January 27, 2009***

Mr. Chairman and Members of the Subcommittee:

My name is Tommy Hodges. I serve as the Chairman of Titan Transfer, Inc., based out of Shelbyville, Tennessee, a full-service truckload carrier operating throughout the Midwest, southeast, northeast, and southern California. In addition, I also serve as Chairman of Goggin Warehousing, LLC; Chairman of HEC Leasing, Inc.; and Chairman of IWLAIC Insurance Company, a group captive insurance company. Titan Transfer is proud of its energy reduction record as well as its participation in the U.S. Environmental Protection Agency (EPA) SmartWaysm program in which we received the agency's highest rating for outstanding environmental performance for greenhouse gas reduction and environmental stewardship efforts.

Today, I appear before you representing not just my company, but also the American Trucking Associations (ATA) headquartered in Arlington, Virginia. I am proud to serve as the First Vice Chairman of ATA and the Chairman of ATA's Sustainability Task Force. ATA is the national trade association of the trucking industry. Through its affiliated state trucking associations, affiliated conferences and other organizations, ATA represents more than 37,000 trucking companies throughout the United States.

My testimony today will focus on the unique nature of the trucking industry and our efforts to reduce energy consumption and advance environmental sustainability as we continue to deliver the nation's freight.

Overview of the Trucking Industry

With more than 600,000 interstate motor carriers in the United States, the trucking industry is the driving force behind the nation's economy. Trucks haul nearly every consumer good at some point in the supply chain. Few Americans realize that trucks deliver nearly 70 percent of all freight tonnage or that 80 percent of the nation's communities receive their goods exclusively by truck. Even fewer are aware of the

significant employment, personal income, and tax revenue generated by the motor carrier industry.

Nearly nine million people employed in the trucking industry move approximately 11 billion tons of freight annually across the nation. Trucking generates approximately \$646 billion in revenue and represents roughly five percent of our nation's Gross Domestic Product. One out of every 13 people working in the private sector in our country is employed in a trucking-related jobs ranging across the manufacturing, retail, public utility, construction, service, transportation, mining, and agricultural sectors. Of those employed in private-sector trucking-related jobs, 3.5 million are truck drivers.

The trucking industry is composed of both large national enterprises as well as a host of small businesses, all of whom operate in extremely competitive business environments with narrow profit margins. According to the U.S. Department of Transportation, 96 percent of motor carriers have 20 or fewer trucks.

The Trucking Industry and Energy Consumption

The fuel of choice for the nation's long-haul trucks is diesel fuel. Diesel fuel provides greater fuel economy and has the higher energy content necessary to transport widely-diversified loads under extreme operating conditions. We use a tremendous amount of diesel fuel every year to keep our economy moving. Therefore, it is in our best business interest to reduce our energy consumption, improve our profitability, and reduce our levels of emissions and greenhouse gases.

Our industry is proud of its environmental record in reducing emissions and transitioning to clean fuels. Trucking was the first freight industry to widely use advanced diesel engine emission control systems. In 2002, the industry began buying new trucks which incorporated exhaust gas recirculation (EGR) combined with other emission control technologies to reduce tailpipe emissions of nitrogen oxide (NOx) by half. The additional annual cost of purchasing this new engine technology was estimated to be as much as \$0.5 billion.

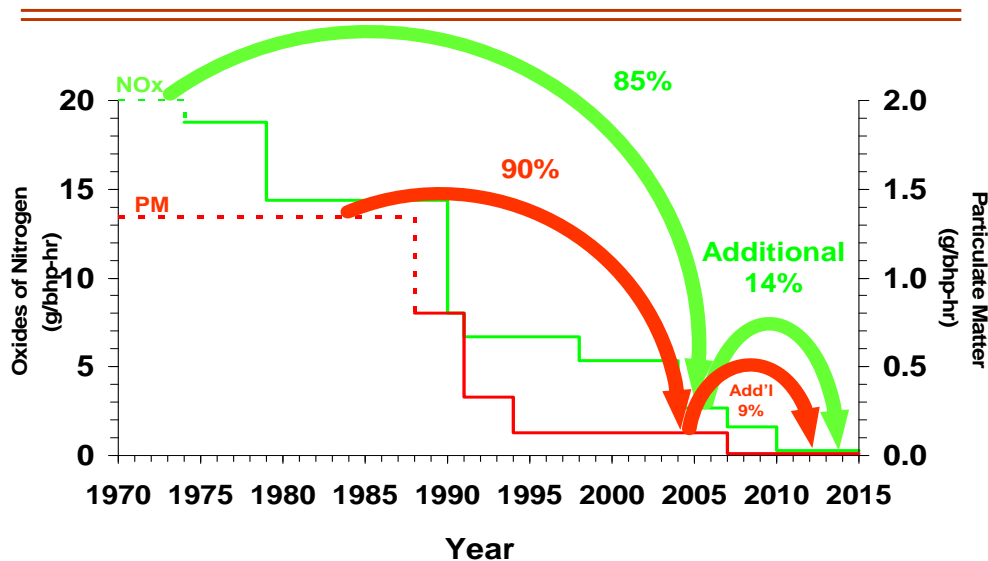
In 2007, the new diesel trucks purchased by our industry began incorporating diesel particulate filters (DPFs) to reduce tailpipe emissions of particulate matter by 90 percent. To illustrate the significance of these reductions, every 60 new trucks purchased this year will equal the particulate emissions of six trucks purchased just three years ago and of a single new truck purchased 20 years ago. These new trucks also began the first half of what; ultimately, will be an additional 90 percent reduction in NOx emissions.

To advance the use of these new emission reduction technologies, the trucking industry began transitioning to a new ultra-low sulfur diesel fuel (ULSD) in 2006. ULSD, which now represents the vast majority of all on-road diesel fuel being purchased in the United States, is refined to lower the sulfur content to near-zero levels (15 parts per million). In 2010, 100 percent of all diesel fuel sold across the nation for on-road use will be required to be ULSD.

These latest efforts to improve air quality continue a quarter-century trend of reducing truck emissions. In 2002 (the most current year data is available), on-road diesel engines contributed approximately 1 percent of the nation's total emissions of volatile organic compounds, carbon monoxide and sulfur dioxide, less than 1.5 percent of the nation's total emissions of fine particulate matter, and approximately 16 percent of the nation's total emissions of NOx. (EPA, 2005) On-road heavy-duty trucks account for less than 6 percent of the nation's greenhouse gas emissions. (EPA, 2008)

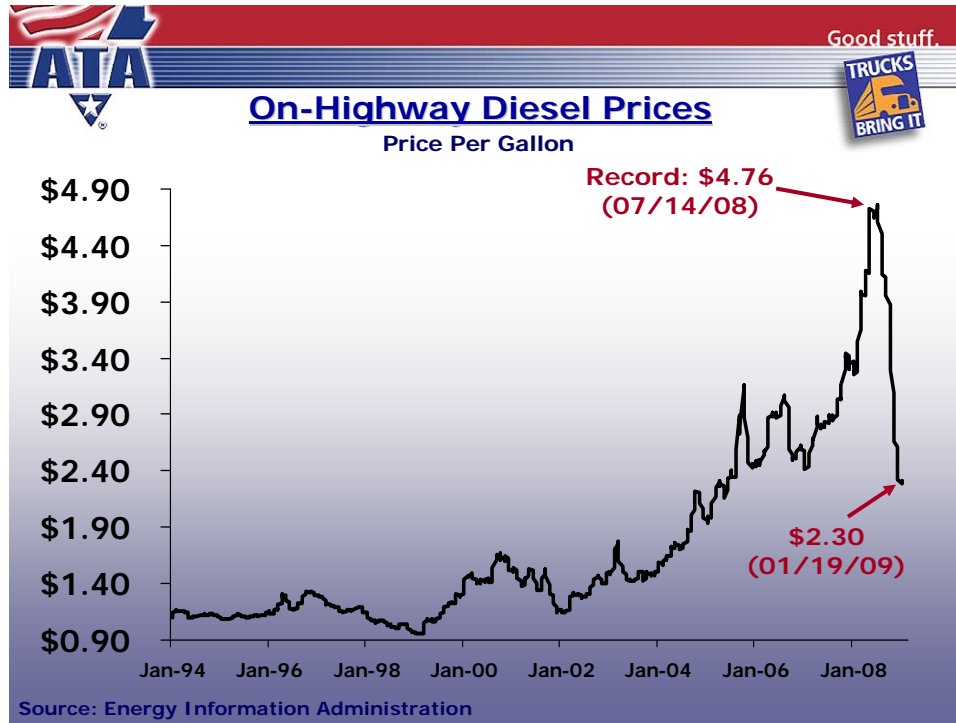
Nationally, on-road heavy-duty diesel trucks produce half as much fine particulates as off-road sources, including construction and farm equipment, locomotives, and marine vessels. When compared to 2002, PM and NOx emissions from heavy-duty trucks will be reduced by more than 40 percent by 2010 and by more than 70 percent by 2020 due to the stricter engine and diesel fuel standards. (FHWA, 2005)

On-Highway Diesel Engine Emission Reductions

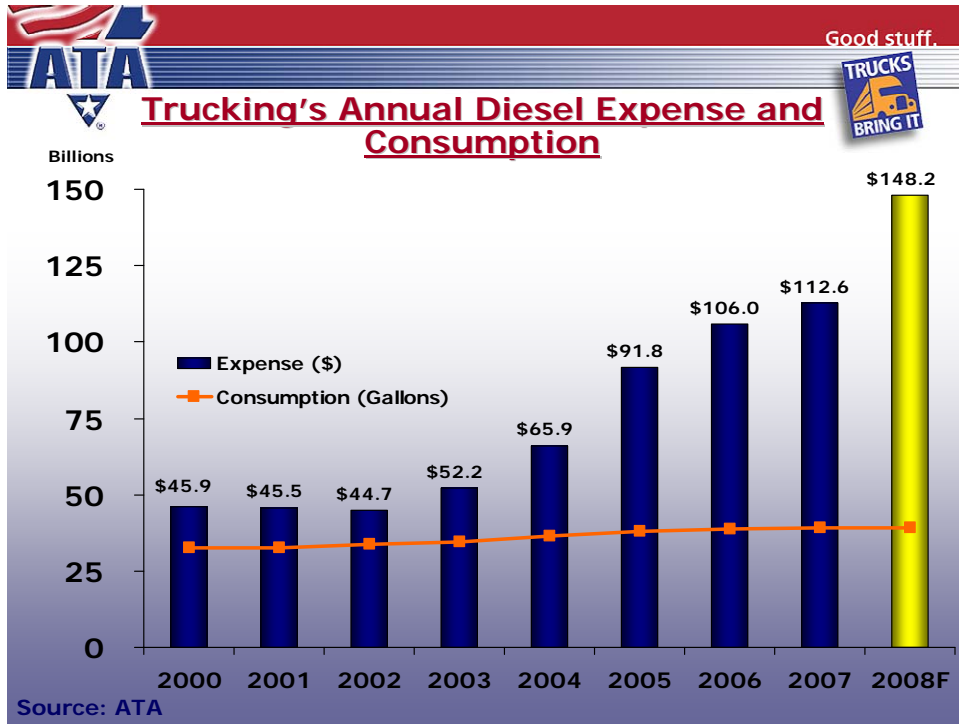


These improvements have not come without significant cost to our industry which is extremely sensitive to rapidly shifting operating costs given our thin profit margins of between 2-5 percent, in the best of years. These margins continue to be chipped away given the numerous and unprecedented costs being imposed upon our industry. For instance, 2002 diesel engine emission standards imposed by the EPA in drove up engine costs between \$3,000 to \$5,000 while decreasing fuel economy between 6-8 percent. EPA's diesel engine emission standards in 2007 drove up the cost of engines again between \$8,000 to \$10,000 and, by many accounts, decreased fuel economy between 2-4 percent. Diesel engine emission standards set to take effect in 2010 will substantially increase engine costs yet again while fuel economy impacts still remain unknown at this time. Overall, the additional annual cost tom our industry in purchasing these newest engine technologies and ULSD has been estimated to be as much as \$4 billion.

In 2008 alone trucking consumed over 39 billion gallons of diesel fuel. This means that a one-cent increase in the average price of diesel costs the trucking industry an additional \$391 million in fuel expenses. The average national price of diesel fuel last week was \$2.30 per gallon, a far cry from the record national average price of \$4.76 per gallon we experienced in July of last year. But we are aware that the current low prices are merely temporary. Once the economy rebounds, so will diesel prices.



The trucking industry spent an incredible \$148.2 billion on fuel last year. This is \$35.6 billion more than we spent in 2007, and more than double the amount we spent just four years ago.



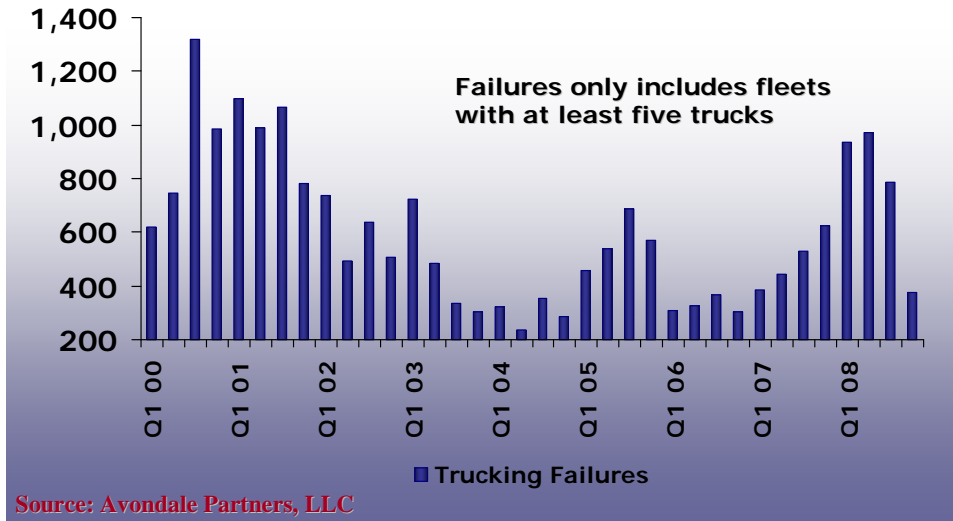
Today it costs nearly \$700 to refuel a truck. As a result of roller coaster fuel costs coinciding with a downturn in the economy and a softening of demand for freight transportation services, many trucking companies are struggling to survive. In 2008, more than 3,000 trucking companies with at least five trucks failed and thousands of independent operators, drivers and employees have lost their jobs. This was the largest annual number of trucking related failures since 2001. It is very likely that a large number of companies that operate fewer than 5 trucks also have turned in their keys.



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Trucking Failures



As noted, trucking is a highly competitive industry with very low profit margins. This explains why many trucking companies are reporting that higher fuel prices have greatly suppressed profits, if they are making a profit at all.

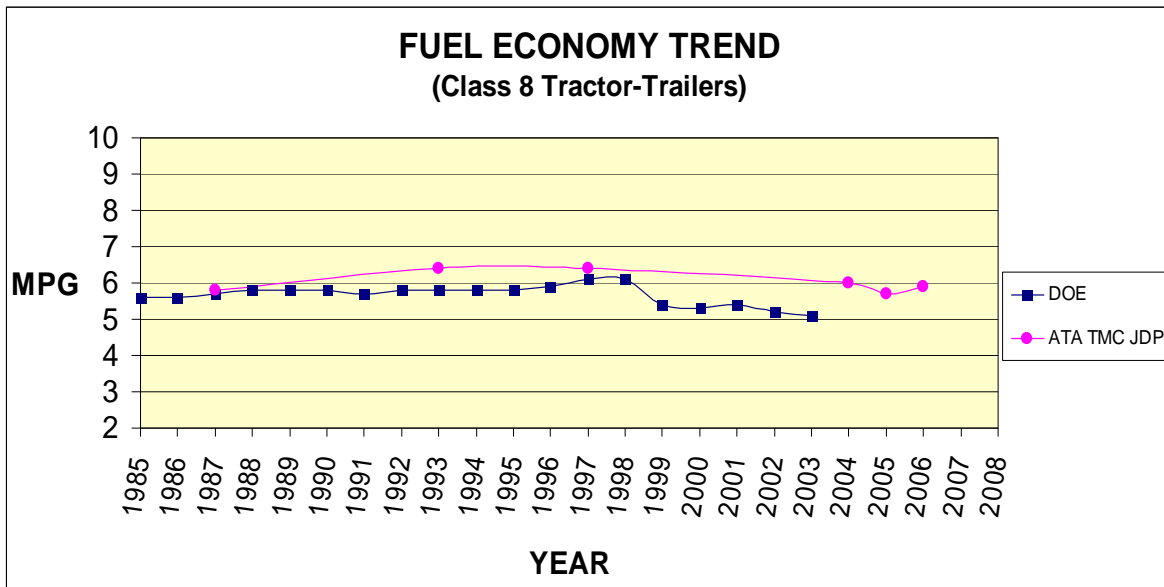
Keep in mind that as the nation's population continues to grow, so does the corresponding demand for more consumer goods. The demand for more products will in turn require more trucks to deliver such goods which will result in more vehicle miles traveled and greater diesel fuel consumption. The table below clearly shows these relationships.

TRUCK POPULATION, FUEL USE, VMT & POPULATION

Year	Class 8 Trucks (Millions)	Diesel Fuel Consumed (Billions of Gallons)	VMT (Billions)	U.S. Population (Millions)
2000	2.60	32.5	119.7	282.3
2001	2.61	32.5	115.7	285.0
2002	2.63	33.9	114.5	287.7
2003	2.64	34.6	113.9	290.3
2004	2.72	36.4	117.8	293.0
2005	2.86	38.1	130.5	295.7
2006	3.01	39.1	139.3	298.4
% Increase Over 2000	+16%	+20%	+16%	+6%
2018	3.64	---	178.8	330.7
% Increase Over 2000	+40%	---	+49%	+17%

Source: American Trucking Associations

Keep in mind that fuel economy of line-haul trucks has not recognized any appreciable change over the last quarter century averaging between 6.0 and 6.5 miles per gallon. Heavy-duty trucks are far different from passenger cars. There are no hybrid line-haul trucks, truck fuel economy continues to remain stagnant, and truck movement is undertaken to conduct business operations – not pleasure. The table below depicts fuel economy trends in our industry.



Sources: American Trucking Associations (ATA); ATA Technology & Maintenance Council (TMC); JD Powers & Associates (JDP); U.S. Department of Energy (DOE).

Intermodalism

ATA believes that intermodal transportation – be it by rail, air or water – can play an important role in addressing both energy usage and environmental sustainability. In fact, the trucking industry is one of the largest customers of the railroads, putting over 2 million loads on the rails last year. However, the reality is that rail intermodal is not a significant alternative to truck transportation. Today, rail intermodal tonnage is less than 1.5 percent of all freight transportation tonnage in the U.S. versus 69 percent for trucking. By 2018, IHS Global Insight projects that rail intermodal freight will be 1.7 percent of all freight tonnage while trucking will account for 70 percent of the total.

To be sure, rail intermodal will see some tremendous growth by 2018. IHS Global Insight forecasts that rail intermodal tonnage will surge a total of 72.6 percent from 2006 to 2018. ATA analyzed how much freight could be taken off the roads if rail intermodal saw even higher growth rates from the already lofty numbers. Specifically, instead of growing 72.6 percent, ATA doubled that growth rate to 145.2 percent, assuming all that increase moved away from highway freight. What ATA found may surprise many. That doubling of rail intermodal freight only reduced trucking's market share to 69 percent from the expected 70 percent by 2018, while the rail intermodal share only rose to 2.5 percent from the expected 1.7 percent. In essence, rail intermodal cannot significantly reduce highway freight volumes.

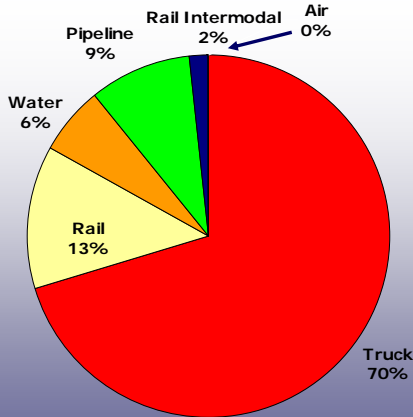
Highway freight is a dynamic mix of international, transcontinental, regional and local freight. Generally speaking, railroads are competitive with trucks for shipments of over 750 miles. However, just 8.3% of all freight shipments fall into this category in 2007 according to the Commodity Flow Survey. The reality then is that the vast majority of freight moved by truck is unlikely to shift to rail.



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Distribution of Tonnage by Mode: 2018 (Baseline Forecast)



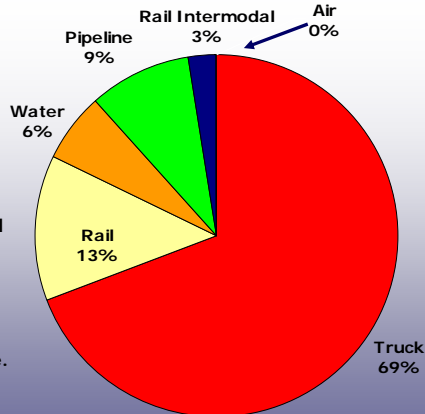
Source: U.S. Freight Transportation Forecast to...2018



Good stuff.



Distribution of Tonnage by Mode: 2018 (Alternative Forecast)



Assumption:
Instead of growing 72.6%, we assumed rail intermodal would grow 145.2% all at the expense of trucking – a very unlikely, if not impossible, scenario. The impact is minuscule.

Source: U.S. Freight Transportation Forecast to...2018 & ATA

The Trucking Industry's Sustainability Plan

Trucking is not an industry that chooses to remain on the sideline. That is why ATA undertook a full analysis of our industry and its operations and began its efforts to develop its sustainability plan in 2006 to reduce our energy use and emissions. The ATA effort took into account the unique nature of the trucking industry and identifies opportunities to advance environmental sustainability without restricting the delivery of the nation's goods.

The fruits of our industry's efforts culminated in May of 2008 when ATA formally unveiled its sustainability plan entitled *Strategies for Reducing the Trucking Industry's Carbon Footprint* at a press event held here in Washington, DC. At that event, we committed to a bold sustainability program that will have an immediate impact on the environment, reducing fuel consumption by 86 billion gallons and thus reducing the carbon footprint of all vehicles by nearly a billion tons over the next ten years. Our plan can achieve real results. In addition, our plan will extend the significant progress industry has already made over the past 24 years in reducing its carbon footprint and overall impact on the environment. To view ATA's plan, go to:

http://www.trucksdeliver.org/pdfs/Campaign_Executive_Summary.pdf.

The recommendations set out real solutions for our industry that are achievable today to reduce greenhouse gases. The six key recommendations set out in the report are as follows:

1. Enact a National 65 mph Speed Limit and Govern Truck Speeds to 65 mph for Trucks Manufactured After 1992

The typical heavy-duty diesel truck travels between 5 and 7 miles on a gallon of diesel, depending upon load, route, equipment and drivers' skill. Speed has a direct correlation to fuel consumption. In fact, for each mile per hour that a truck travels in excess of 65 mph, its fuel economy decreases by 1/10 of a mile per gallon. Thus, a truck traveling at 65 mph that is capable of achieving 6 miles per gallon, will achieve only 5 miles per gallon when traveling at 75 mph. For this reason, ATA's sustainability plan recommends supporting a national speed limit of 65 mph for all vehicles and governing truck speeds at 65 mph for trucks manufactured after 1992. Of course, to achieve the maximum benefit of this policy, the federal government will need to partner with states to ensure strict enforcement of the 65 mph speed limit. In addition to the fuel conservation benefits from reducing truck speeds, we are confident that this measure will further reduce the number of truck-related fatalities that occur on our nation's roadways.

2. Increase Fuel Efficiency Through EPA's SmartWaysm Program

In February 2004, the freight industry and EPA jointly unveiled the SmartWaysm Transport Partnership, a collaborative voluntary greenhouse gas reduction program designed to increase the energy efficiency and energy security of our country while significantly reducing air pollution in the process. The program's mantra is "fuel not

burned equates to emissions not had.” The program, patterned after the highly-successful Energy Star program developed by EPA and DOE, creates strong market-based incentives that challenge companies shipping products and freight operations to improve their environmental performance and improve their fuel efficiencies. To become a partner a fleet must commit to reduce fuel consumption through the use of EPA-verified equipment, additives, or programs. By 2012, the SmartWaysm program aims to save between 3.3 and 6.6 billion gallons of diesel fuel per year and reduce trucking’s annual carbon emissions by 48 million tons. SmartWaysm is one voluntary greenhouse gas program that not only works, but exceeds expectations.

Like my company, the rest of the trucking industry has fully embraced SmartWaysm and relies upon the innovativeness of this cutting edge program. However, while the program is growing by leaps and bounds, future funding remains uncertain. While ATA and other freight and shipping sectors continue to work towards ensuring a separate line item in future EPA appropriations for SmartWaysm, we are troubled with the FY08 funding cuts to the program. More specifically, total monies allocated to the program last year dropped from roughly \$3 million in FY07 to \$2 million in FY08. Funding cuts to grants, contracting, marketing, technology development, and other program expenses have severely undermined the mission of the program. It is our hope that EPA will redirect additional dollars from its Climate Protection Program to ensure the continued growth and success of this remarkable program. Given that the Energy Star program’s annual operating budget is \$50 million, we also ask that Congress provide a line item appropriation to ensure that SmartWaysm is adequately funded in the future.

3. Support National Fuel Economy Standards for Medium- and Heavy-Duty Trucks

ATA’s sustainability plan recommends increasing fuel economy standards for commercial medium- and heavy-duty trucks that are technologically and economically feasible, do not compromise truck performance, and provide manufacturers sufficient stability and lead time for production. Given that fuel economy in the industry has remained flat over the last quarter century and fuel now is the largest operating expense for many fleets, it is more critical than ever to ensure small and large fleets alike are able to continue to deliver the nation’s goods. ATA will be working closely with the U.S. Department of Transportation and the National Academy of Sciences as they work to evaluate fuel economy, fuel efficiency, and establish associated standards for medium- and heavy-duty trucks as directed under the Energy Information and Security Act of 2007.

4. Decrease Idling

Truck drivers idle their trucks out of necessity. The Department of Transportation’s Federal Motor Carrier Safety Administration *Hours-of-Service* regulations require mandatory rest periods. As the driver rests in the truck’s sleeper compartment, he/she will often need to cool or heat the cab to rest comfortably. In extremely cold weather, truck drivers also idle their engines to prevent the engine block

from freezing. Argonne National Laboratory estimates that the average long-haul truck idles for 1,830 hours per year. With hundreds of thousands of these trucks on the road, idling has a significant impact on fuel consumption and the environment. The EPA estimates that idling trucks consume approximately 1.1 billion gallons of diesel fuel annually, roughly 3 percent of trucking's annual diesel fuel consumption. ATA's sustainability plan therefore recommends pursuing efforts to reduce such idling practices to save fuel and reduce emissions and greenhouse gases.

Many options are currently available to reduce engine idling. Auxiliary power units (APUs) are among the most popular choices in anti-idling equipment providing climate control (heating and cooling), engine preheating, battery charging, and power for household accessories without use of the truck's main engine. APUs have been proven by the Federal Highway Administration to save up to one gallon of fuel per hour of idling and to substantially reduce emissions and greenhouse gases.

Nearly 40 states have adopted regulations limiting the amount of time a commercial vehicle can idle. While reducing main engine idling is a laudable goal, two major barriers stand in the way of trucking companies purchasing such equipment for their daily use: (1) the failure to grant exceptions for the additional weight associated with anti-idling equipment; and (2) the cost of the devices themselves.

Since idling reduction equipment can add weight to a truck, many fleets do not want to reduce their cargo capacity to compensate for the installation of idle reduction equipment on a truck. To address this concern, Congress authorized a 400-pound weight exemption for trucks equipped with idle reduction equipment under Section 756 of the *Energy Policy Act of 2005*. While Congress' intent was to mandate this exemption, the Federal Highway Administration (FHWA) has determined that states "may" adopt the exemption on a voluntary basis. FHWA's interpretation of the weight exemption gives states the option of whether to allow the exemption or not. To date, several states have passed legislation recognizing the 400-pound weight tolerance and a handful of states are exercising enforcement discretion. Congress needs to clarify the 400-pound weight exemption as being applicable to idling reduction equipment nationwide.

While a variety of proven technologies exist to reduce main engine idling, most trucking companies just cannot afford purchasing devices that can cost up to \$10,000 per unit. It is imperative that the Congress consider financial incentives in the way of tax credits or grants to expedite the introduction of idling reduction equipment across the nation.

5. Reduce Highway Congestion through Highway Infrastructure Improvements

Americans waste a tremendous amount of fuel sitting in traffic. According to the most recent report on congestion from the Texas Transportation Institute, in 2005, drivers in metropolitan areas wasted 4.2 billion hours sitting in traffic. These congestion delays consumed 2.9 billion gallons of fuel. ATA estimates that if congestion in these areas was

ended, 32.2 million tons of carbon would be eliminated and, over a 10-year period, nearly 32 billion gallons of fuel would be saved, reducing carbon emissions by 314 million tons.

ATA's sustainability plan recommends that Congress invest in a new congestion reduction program to eliminate major traffic bottlenecks identified in all 437 urban areas across the country, with a specific focus on those that have the greatest impact on truck traffic. Congestion relief offers one of the most viable strategies for reducing carbon emissions. ATA recommends a 20-year plan for addressing congestion. During the first five years, the focus would be on fixing critical highway bottlenecks. During the next five to 15 years, traffic flow in critical freight corridors would be improved through highway capacity expansion. Beyond that, the focus would be on creating truck-only corridors which would enable carriers to run more productive vehicles. These improvements are possible only with dedicated revenue generated by an increased federal fuel tax.

6. Promote the Use of More Productive Truck Combinations

By reducing the number of trucks needed to move the nation's freight, the trucking industry can significantly lower our fuel consumption which would produce substantial environmental benefits. ATA's sustainability plan calls for the use of more productive equipment - where it is consistent with highway and bridge design and maintenance of safety standards - as an additional tool that should be available to states. ATA estimates that allowing nationwide operation of higher productivity vehicles by increasing single tractor trailer maximum gross vehicle weights to 97,000 pounds and use of heavier double 33-foot trailers would save more than 20.5 billion gallons of diesel fuel and reduce carbon emissions by over 227 million tons over a 10-year period.

A recent study by the American Transportation Research Institute found that use of these vehicles could reduce fuel usage by up to 39%, with similar reductions in criteria and greenhouse gas emissions. The reduction in truck vehicle miles traveled on highways such as the New York Thruway, Massachusetts Turnpike, Florida Turnpike, and on roads throughout the Western United States, has lowered the amount of fuel burned in these states. These examples of responsible governance could be replicated by other states if given the necessary flexibility under federal law.

Beyond the six aforementioned recommendations and in closing, ATA requests Congress to consider funding research and development in the areas of new engine technologies, aerodynamics, fuel additives, lubricity, tires, batteries, hybrids, anti-idling equipment, insulation, and rolling resistance specific to operations of line-haul trucks. Technology advancements have been stalled for many years and an infusion of funding and will is critical to realize the next generation of more fuel efficient trucks.

ATA and Titan Transfer appreciate this opportunity to offer our insight into the trucking industry's efforts to reduce energy use and advance environmental sustainability in surface transportation. Thank you.