



Good stuff.



Consumer Energy Alliance

Trucking Industry Update

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(December 2008)

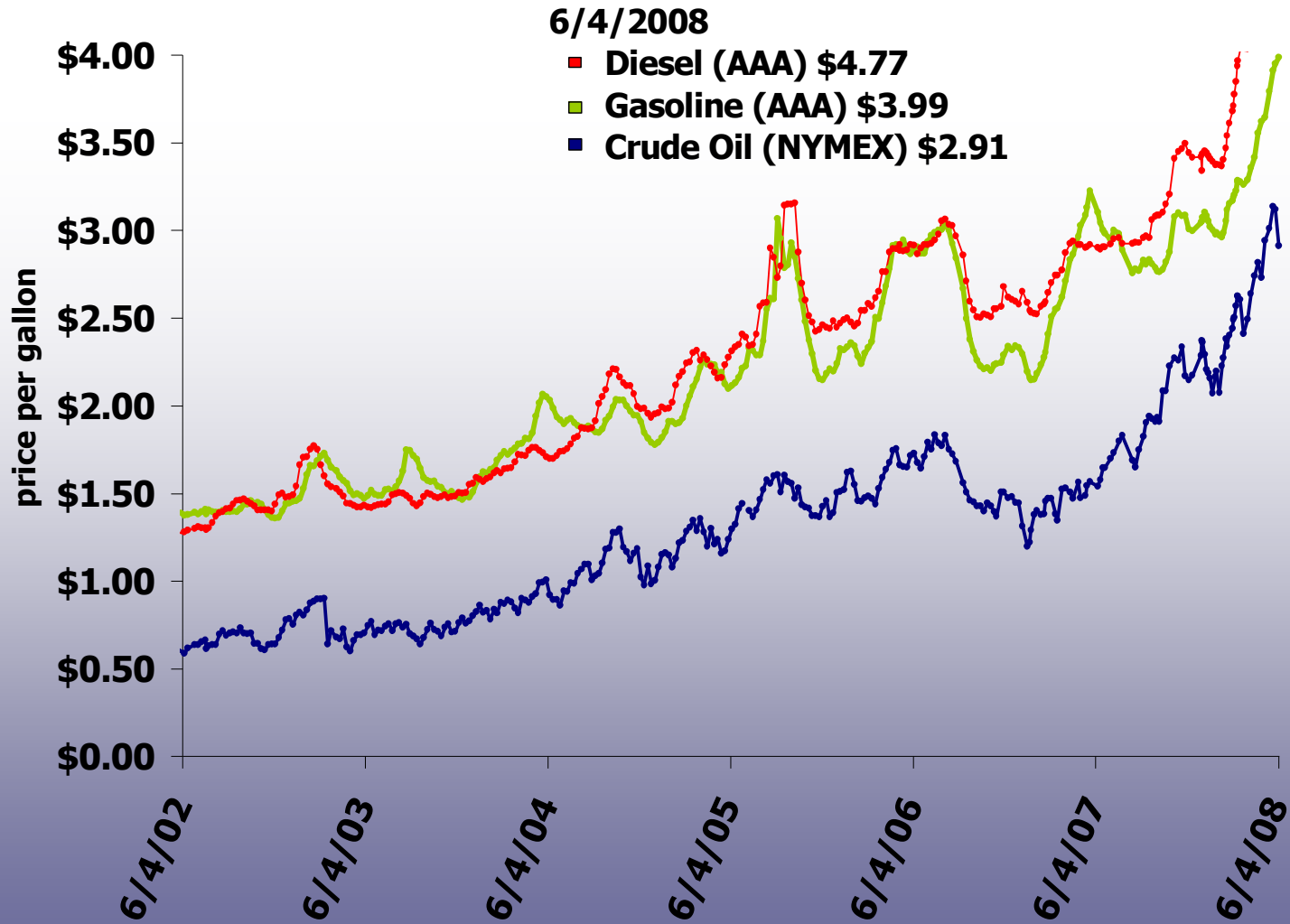




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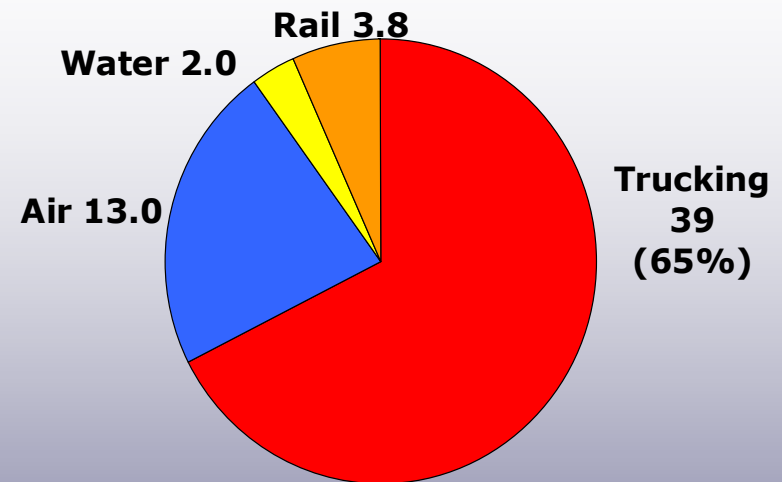


Diesel, Gasoline and Crude Prices



Fuel Issues

- ▼ Diesel is Essential to Trucking
- ▼ Trucking industry consumes 39 billion gallons of diesel
- ▼ Fuel is typically the 2nd largest expense (20-25%)





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On-Highway Diesel Prices Price Per Gallon



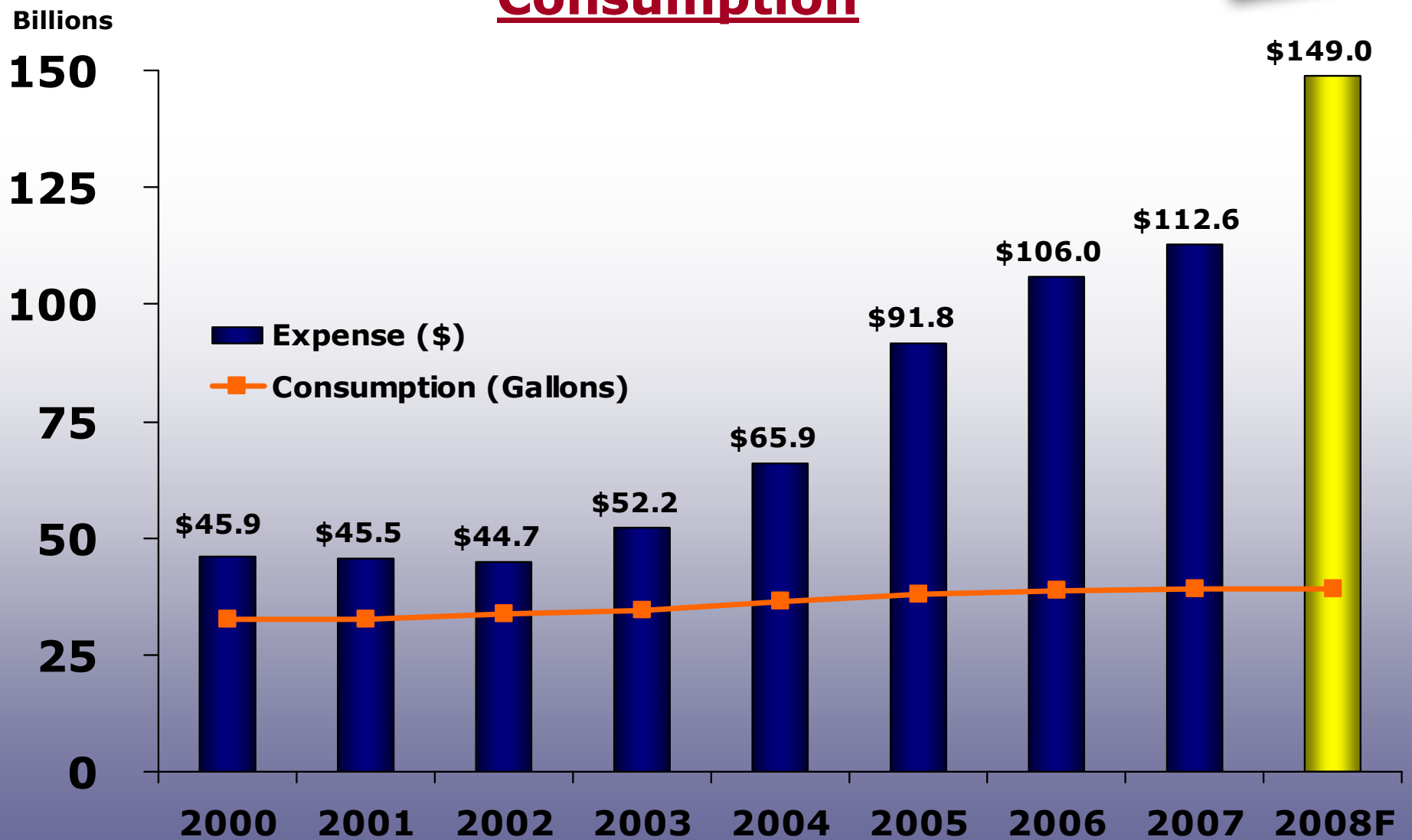
Source: Energy Information Administration



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Trucking's Annual Diesel Expense and Consumption



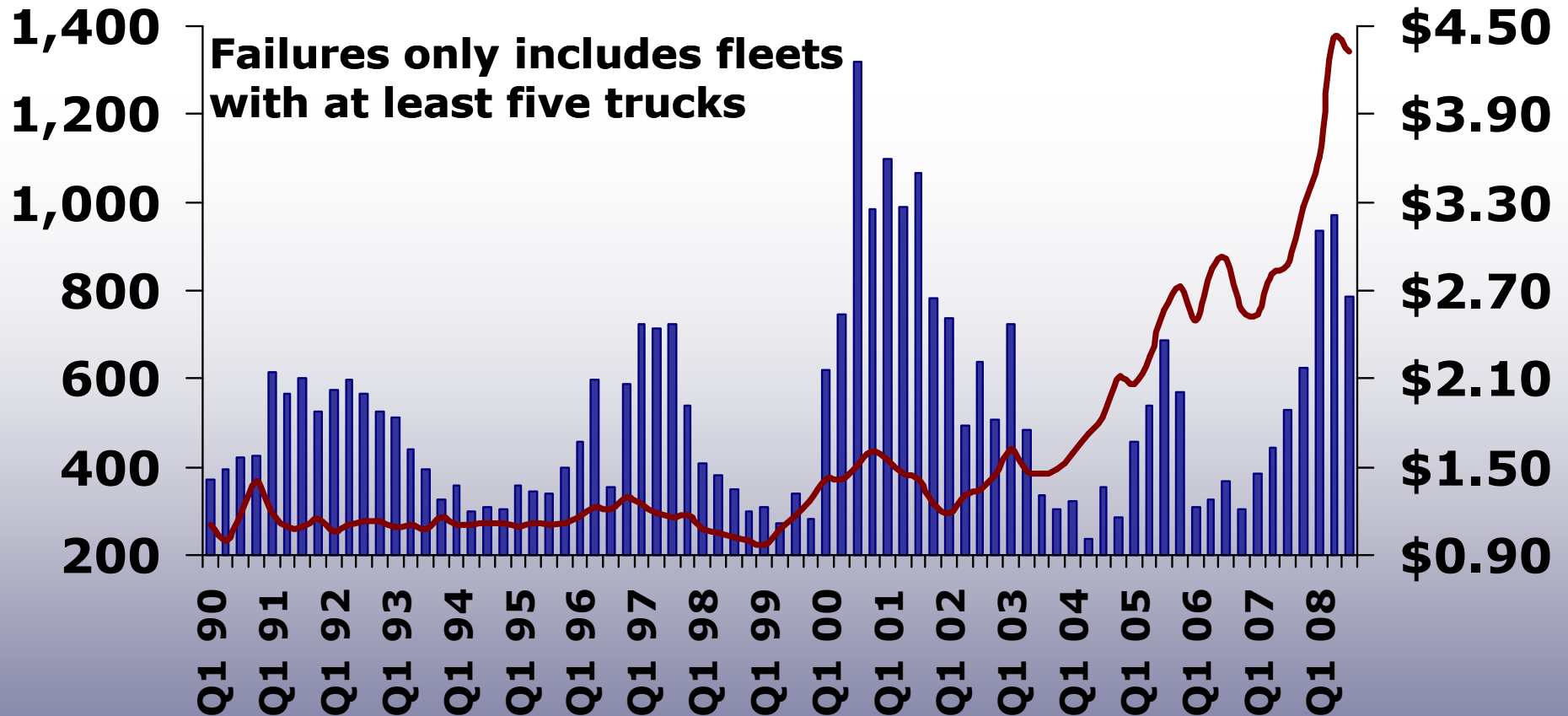
Source: ATA



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Trucking Failures



■ Trucking Failures — National Avg. Price of Diesel Fuel (\$/Gallon)

2,690 Failures for the first 3 quarters of 2008 (125,000 trucks)

Sources: Avondale Partners, LLC ; Energy Information Administration



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Solving the Energy Crisis

We Need Every Tool in the Tool Shed

- ▼ Conserve – Reduce Demand
- ▼ Drill – Increase Supply
- ▼ Orderly Markets – Government Oversight

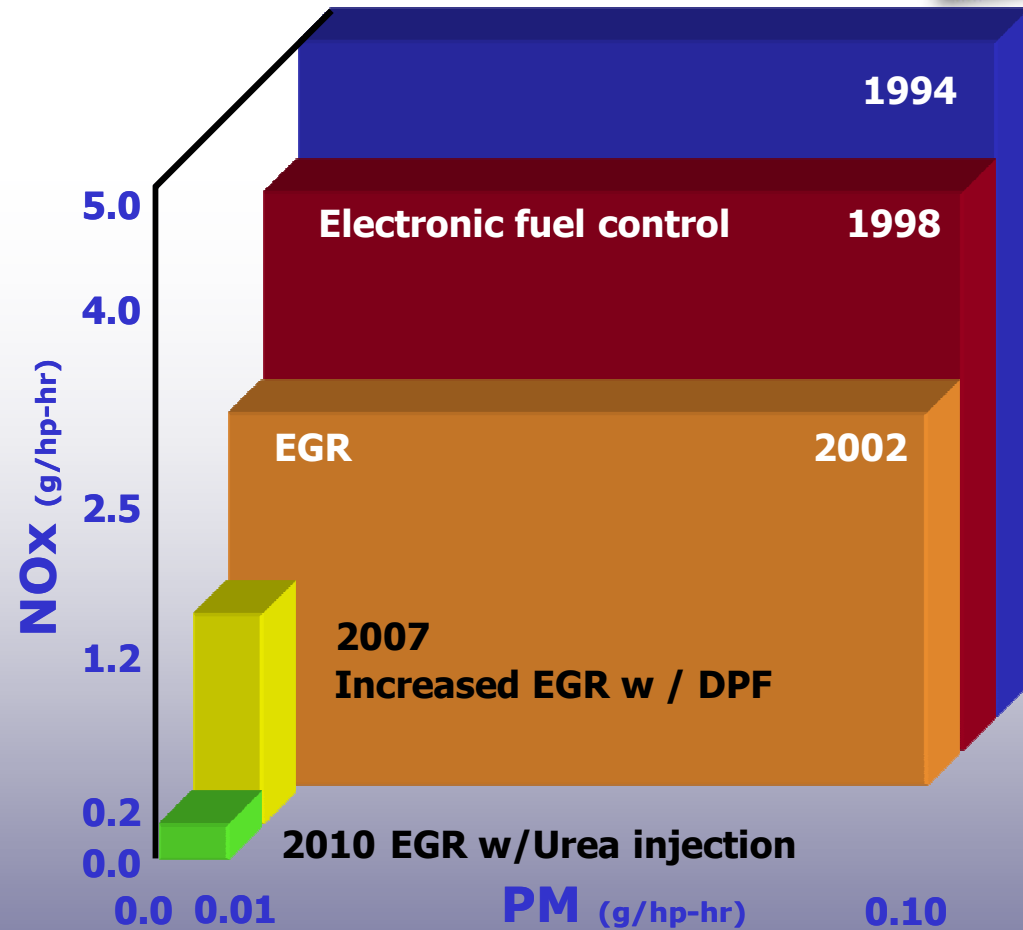


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Relationship Between
EPA's Diesel Emissions
Regulations and Fuel
Economy has been
Negative

- ▼ 2002 Emissions Standards (EGR)
- ▼ 2006 ULSD
- ▼ 2007 PM traps
- ▼ 2010 Additional NOx Controls (SCR)





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ATA's Sustainability Initiatives

Control Speed (Highway Reauthorization)

- ▼ 1/10 mpg for each 1 mph
- ▼ Enact 65 mph national speed limit
- ▼ Govern new trucks at 68 mph maximum speed

65 mph for trucks:*

2.8 billion gallons of diesel fuel

31.5 million tons of CO₂

* Over 10 years

65 mph for all vehicles:*

8.7 billion gallons of gasoline

84.7 million tons of CO₂

* Over 10 years



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ATA's Sustainability Initiatives

Reduce Main Engine Idling

40 state/municipal regulations (GA, NC, PA)

▼ .8 gallons per hour

▼ Financial Incentives

▼ Waive FET (12%)

▼ Provide tax incentives

▼ Weight exemption (32 states)

Truck idling consumes 1.1 billion gallons of diesel annually
13.3 million tons of CO2 annually



Good stuff.



ATA's Sustainability Initiatives

Address Congestion (Highway Bill)

- ▼ 4.2 billion hours/year sitting in traffic
- ▼ 2.9 billion gallons of fuel

- ▼ Invest in infrastructure
 - ▼ Gas Tax (1% - 2% cost)
 - ▼ No Tolls (20%-30% cost)

Eliminating 437 key congestion bottlenecks could save trucking companies:
4.1 billion gallons of fuel over a 10 years
45.2 million tons of CO2 emissions annually



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ATA's Sustainability Initiatives

Improve Fuel Efficiency (Energy Legislation)

- ▼ Voluntary
- ▼ Market Based Incentives
- ▼ Constant Improvement (3 year plans)
- ▼ Funding dropped from \$3M to \$2M in '08

SmartWaysm Benefits:

554 million gallons annually
48M tons CO₂ by 2012





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ATA's Sustainability Initiatives

Enhance Truck Productivity (Highway Reauthorization)

- ▼ Lower consumption by reducing the number of trucks needed to move freight
- ▼ Size and Weight Reform

Allowing heavier double 33-foot trailers could save:

20.5 billion gallons of diesel over 10 years
227.3 million tons of CO₂



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ATA's Sustainability Initiatives

Increase Fuel Economy Standards

- ▼ Historical Tradeoff
- ▼ NAS study
- ▼ Technologically Feasible
- ▼ Economically Feasible
- ▼ Maintain Performance
- ▼ Adequate Lead Time





Why Biodiesel?





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Biodiesel Economics (12/9/08)

▼ Soy Oil (7.3 lbs./gal.) @ 30.11 cents +.03	\$ 2.42	
▼ Methanol (12%-20% by volume)	\$.10 - .20	} 50¢
▼ Catalyst	\$.10 - .12	
▼ Electricity	\$.01	
▼ Natural Gas (boiler - heat)	\$.08 - .10	
▼ Labor and Overhead	\$.05 - .10	
▼ Maintenance	\$.03 - .05	
▼ Insurance & Tax	\$.03 - .05	
▼ Depreciation	\$.05 - .10	
<hr/>		
Total Production Costs	\$ 2.92	
Federal Tax Credit extended thru 2009	\$ -1.00/ gallon	
▼ Wholesale price of biodiesel (w/o transport)	\$ 1.92/ gallon	
Wholesale price of ULSD (.56 tax)	\$ 1.47/ gallon	

Biodiesel Operational Concerns (Trucking Perspective)

Energy Content

~9% lower BTU value

Maintenance Costs

(fuel filters)

Cold Weather Performance

- No. 2 diesel gels at 16° F
- B100 (soy) gels at 32° F
- B20 will decrease cold flow properties 3°F - 5°F
- <B5 should perform as No. 2





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Biodiesel Quality



State Biodiesel Mandates

Biodiesel Mandates

- - Mandate Effective
- - Mandate Pending
- - Incentive

