



Fuel Costs and Considerations:

There is an increasing focus on the rising fuel costs and a growing concern about the impact on the trucking industry. Rising fuel costs are having a huge impact on the trucking industry. For many motor carriers, fuel is now equal to labor as the highest expense; and for some carriers, fuel has likely surpassed labor as their largest expense.

Impact on the Economy:

Because trucks haul 70 percent of all freight tonnage, and 80 percent of communities receive their goods exclusively by truck, rising fuel costs have the potential to increase the cost of everything that Americans consume that comes by truck.

The trucking industry spent over \$112 billion fuel in 2007, and we're on pace to spend \$135 billion in 2008 – a record high. That's up from \$106 billion in 2006.

Commercial trucks consume 53.9 billion gallons of fuel each year. About 39 billion gallons, or 73 percent is diesel. The remaining 27 percent is gasoline. The U.S. Energy Information Administration recently predicted that diesel will average \$3.45 per gallon this year, 20 percent higher than the 2007 average. Trucks operate 1800 miles on a fill-up as they have two 150-gallon tanks on board.

California Diesel Fuel Standard:

In October 1993, the California Air Resources Board (CARB) imposed a more stringent diesel fuel standard to take effect for in-state operators of diesel-fueled equipment. The standard fuel is no more than 10% aromatic hydrocarbon content, in addition to the federal sulfur standard of 500 ppm. Fuel companies have been allowed to develop alternative standards (additives) that have equal or better tailpipe emissions. Fuel companies use the federal diesel fuel, transported through pipelines and co-mingled, and add their proprietary additive at the rack in California at which time it becomes their proprietary fuel and can be sold here.

Economic Consequences to the California Trucking Industry:

California's average retail diesel price as of March 17, 2008, is \$4.083 an increase of 49% from the previous year. The average fill up per truck is \$1,225.00! Just a one-penny increase in the price of diesel annualized over an entire year costs the trucking industry an additional \$391 million a year.

As businesses struggle with the increased cost of energy, the California Trucking Association is concerned about the impact of diesel price increases on goods movement and continues to look for solutions to increase fuel efficiency and reduce consumption in order to help bring relief to California's economic engine – the trucking industry.

California Trucking Association Member Actions:

CTA members are decreasing their consumption of diesel fuel by joining the Environmental Protection Agency's SmartWay Transport Partnership Program, and adopting fuel-saving strategies including aerodynamics, reducing truck weights, using biodiesel blends, reducing truck speeds, installing auxiliary power units and properly inflating tires, among others.

California Trucking Association Supports America Trucking Association Efforts:

ATA has urged the federal government to help bring down the price of diesel fuel and to alleviate trucking companies' hardships by doing the following:

- Stop filling and instead release oil from the Strategic Petroleum Reserve;
- Establish a national diesel fuel standard;
- Allow environmentally responsible exploration of oil-rich areas in the United States that are now off-limits;
- Allow environmentally responsible development of crude resources in oil shale and tar sands in Colorado, Utah and Wyoming;
- Work with the 50 state Attorneys General to combat any fuel price gouging that might occur;
- Continue to fund EPA's SmartWay Transport Partnership Program, which encourages fuel-saving strategies;
- Streamline EPA's regulatory framework for reviewing and processing applications for additional refinery operations;
- Require speed limiters set for 68 mph or lower on all new trucks;
- Set a national maximum speed limit of 65 mph;
- Suspend the collection of the 12 percent federal excise tax on motor carriers' purchase of auxiliary power units (APUs), which cut the consumption of fuels in idling truck engines;
- Require states to grant a weight exemption for APUs; and
- Close a federal loophole that provides a tax benefit for the exportation of biodiesel.

For more details, please view correspondence at <http://www.truckline.com/fuelpricecrisis>.