AHCA

ROAD TALK

VOL. 29, NO. 1 AN OFFICIAL PUBLICATION FOR TRUCKING PROFESSIONALS MARCH 2024

ATRI study critical of California's move to 100% renewable energy

As the nation, spearheaded by California, seeks to transition from fossil fuel-based power to a more environmentally friendly electrical source, a revealing study from the American Transportation Research Institute (ATRI) highlights significant pitfalls. Let's look at some of these areas of concern and Read Between The Lines (**RBTL**) at their possible implications.

California has set the ambitious goal of achieving 100% of its retail sales of electricity to be from renewable energy and zero-carbon resources by 2045. Last year, CA Governor Gavin Newsom set benchmarks for the state to reach 90% clean electricity by 2035 and 95% by 2040, moving toward 100% by 2045. These benchmarks require 100% of in-state sales of new passenger cars and trucks to be zero-emission by 2035, and the same for medium-and heavy-duty vehicles by 2045.

In December 2022, the ATRI published a study on electric vehicle charging and the charging infrastructure. The study reveals that achieving complete electrification of the U.S. vehicle fleet would not only demand a large portion of the country's present electricity generation but would necessitate some states to generate up to 60% more. Notably, California would need to produce 57.2% more electricity to move to an all-electric model. Considering the magnitude of this shift from fossil fuels, the ATRI expanded on its study, offering examples of the challenges facing the Golden State.

According to the study, the transition to an all-electric vehicle fleet would impose a significant demand from mined sources such as cobalt, graphite, lithium, and nickel. The annually-required quantities needed would exceed current global production. To illustrate, 763,001 tons of cobalt would be needed, representing 407.2% of today's global production; 543,223 tons of lithium, equivalent to 492.8% of today's global production; and 4,183,027 tons of graphite, accounting for 379.5% of today's global production.
RBTL: Simply put, this would seem unsustainable.

The study underscores that the shift toward clean energy would pose a considerable challenge, as current renewable sources only contribute 33.6% of the power production. The majority of electrical production in the state is still dominated by natural gas, nuclear, and coal power plants combined
RBTL: With such a large demand for electricity, and no viable renewable source to generate it, one could assume there would be limits to consumer's electricity usage and/or a mandate for personal production and storage of electricity.

For the trucking industry, domestic long-haul trucking alone would consume over 10% of the country's electricity generation. And, if diesel tractors were replaced with significantly heavier electric trucks, one-third of the truckload sector would exceed weight limits for U.S. roads. This would mean for every 1,000 trucks, an extra 343 trucks would be needed due to the battery weight.
RBTL: Limiting a truck's capacity in this way is inefficient and would lead to increased transit costs. Without a lighter alternative power source, a shift away from long haul trucking might occur.

"I think we're gonna look back in 20 to 30 years and go, why were we allowed to drive". That is a comment made by Newsom in response to being questioned about driverless vehicles during his tour at a Tesla factory in China last year.
RBTL: Considering the enormity of achieving these goals, one could assume that a huge investment in mass transit would be a serious consideration – especially if the Governor himself believes we shouldn't be behind the wheel.

Around the country, there has been a slowdown in EV production and demand. In a major reversal, Ford Motor company announced it is cutting production of its all-electric F-150 Lightning pickup. General Motors announced that it's tapping the brakes on its EV production including scrapping a $5 billion plan with Honda to develop low-cost EVs.

Nearly 4,000 car dealers and 16 state governors have separately sent letters to President Biden urging a slow down to EV mandates.

Are we setting ourselves up to be stranded by shooting for the stars? T he moon is a lonely place.

HOW MUCH IS ENOUGH

$5,000,000 Minimum Liability Insurance Proposed

H.R.6884 Fair Compensation for Truck Crash Victims Act is a bill that attempts to raise the existing minimum insurance requirements for commercial truckers from $750,000 to $5 million.

H.R.6884 was referred to and introduced into the House of Representatives on December 22 by Rep. Jesus "Chuy" Garcia (D-Ill.). This is the third such attempt at increasing liability minimums by the Representative. Garcia believes current minimums are not adequate to cover today's medical costs and potential losses from serious crashes. The $5 million figure would also be indexed for inflation.

Numerous crash studies over the years have placed the majority of fault (up to 91%) on the four-wheeling public yet a minimum insurance increase is only being considered for commercial carriers. Every crash, every fatality and every injury is a tragedy, but laying blame, guilt and burden solely on motor carriers does not seem to fit the bill. There is no data to corroborate that raising minimums would improve safety as the Representative claims it would.

> "Even if all trucks were operated perfectly, only a minority of the fatal crashes would be eliminated"

According to a researcher at the University of Michigan Transportation Research Institute, "The actions of other vehicles on the road contribute substantially to the toll. Even if all trucks were operated perfectly, only a minority of the fatal crashes would be eliminated."

More than one study by the Department of Transportation acknowledges the disparity in fault between commercial trucks and the motoring public and went as far as listing the unsafe driving acts of those car drivers in the study, here are the top 10:

1) Driving inattentively (e.g., reading, talking on the phone, fatigue-induced)
2) Merging improperly into traffic, causing a truck to maneuver or brake quickly
3) Failure to stop for a stop sign or light (also, early or late through a signal)
4) Failure to slow down in a construction zone
5) Unsafe speed (e.g., approaching too fast from the rear/misjudging truck's speed)
6) Following too closely
7) Failure to slow down in response to environmental conditions (e.g., fog, rain, smoke, bright sun)
8) Changing lanes abruptly in front of a truck
9) Driving in the "no zones" (left rear quarter, right front quarter, and directly behind)
10) Unsafe turning, primarily insufficient headway

In 2020, instead of a standalone bill, Garcia added a provision as part of the highway bill that would have increased insurance minimums. That provision was supported by Democrats in the House but ultimately failed in the Senate. Truckers are urged to stay vigilant on this issue and let their voices be heard by contacting their lawmakers and encouraging them to oppose Garcia's bill.

We will keep you posted if/when this bill moves at all. Source: FHWA-HRT-04-085

UCR Fees to Increase 25% for 2025

A Notice of Proposed Rulemaking (NPRM) by the FMCSA regarding 2025 Unified Carrier Registration (UCR) fees shows an average 25% increase overall (from 2024), with varying increases between $9 and $9,000 per entity.

The UCR Plan will now use historical monthly collections for the same time periods in each of the prior 3-year periods to determine projected collections. The proposed fees would remain in effect for subsequent registration years after 2025 unless revised by a future rulemaking.

Wisconsin taking bold steps to reduce nuclear verdicts

Two controversial bills, Assembly Bill 647 and its companion bill Senate Bill 613, are making their way through the Wisconsin legislature. The bills are specific to transportation companies and seek to limit trial lawyers ability to obtain nuclear verdicts against commercial motor carriers. A nuclear verdict is generally described as one that is $10 million or more.

These bills would limit the total amount of noneconomic damages, such as pain and suffering to $1,000,000. Noneconomic damages are noted as the largest component of a nuclear verdict exceeding total economic and punitive damages combined. Both bills do not put limits on direct damages, such as medical expenses.

Large jury verdicts against trucking companies are a driving factor in rising insurance rates. According to a report from the U.S. Chamber of Commerce Institute for Legal Reform, despite a decline in fatal crashes by more than one-third over the past two decades, the average nuclear verdict grew significantly in frequency and size between 2010–2019, with the median verdict rising from about $19 million in 2010 to almost $25 million in 2019.

Both bill have passed by vote in ther respective committees and are now calendared to be debated/amended before the next vote.

Missles Hit Trade Ships

Shippers shift routes away from the Red Sea

What in the world is going on? The global shipping industry is being confronted with significant challenges and volatility. An economic blow is being served in Panama as historic drought that began last year has forced authorities to slash ship crossings by 36% in the Canal. Additionally, tensions in the Houthi-controlled Yemen area of the Red Sea, exacerbated by warring between Israel and Hamas, have resulted in two ships being struck by anti-ship ballistic missiles from the Houthi militia. These attacks have led a number of shipping operators to suspend operations in and around the Red Sea prompting changes in shipping routes which will create negative implications should they be prolonged.

Shifting routes away from the Red Sea/Suez Canal to a longer route around Africa's Cape of Good Hope will nearly double travel times and increase costs (fuel and insurance). These changes will affect us here in the U.S. with a delay in goods, increased product costs, and disruptions to drayage and tanker operations as equipment is displaced for longer periods.

About 12% of the world's shipping traffic utilize the Suez Canal via the Red Sea. Throughout the Red Sea leading to the Suez Canal are strategic routes for Persian Gulf oil and natural gas shipments to Europe and North America. Roughly 12% of the seaborne oil trade and 8% of liquefied natural gas trade use these routes. The U.S. has responded with direct strikes on the Houthis and a cyberattack on an Iranian vessle believed to be providing targeting information to the Houthis. It's now a wait-and-see approach for ships returning to the canal.

Dear Insured,

A NOTE FROM YOUR INSURANCE AGENT

Business owners are urged to verify the insurance coverage for any subcontractor or vendor they do business with. It's vitally important to be proactive to protect yourselves from bad actors. This reminder comes as a California trucking company owner and operator Raymond Youash appeared in court on 30 felony counts of unauthorized use of personal identifying information and forgery. Raymond Youash was investigated by the Department of Insurance who alleges he created and distributed fraudulent insurance documentation to the businesses that employed him. Should there have been a loss, no coverage would have been available leaving unsuspecting businesses financially devastated.

FUEL UPDATE

According to the U.S. Energy Information Association (EIA),

EIA estimates that Brent crude oil prices will average $82 per barrel in 2024, about the same as in 2023. Recent developments in the Middle East could increase the risk for supply disruptions, which could result in higher and more volatile prices.

The U.S. average retail gasoline price declines in EIA's 2024 forecast as gasoline inventories increase. EIA expects U.S. gasoline prices to average around $3.40 per gallon (gal) in 2024 compared with an average of more than $3.50/gal in 2023.

EIA forecasts U.S. retail diesel prices will average more than $3.90/gal in 2024 following an average of $4.21/gal in 2023.

02/19/24

4.109	3.269
National O-H Diesel Avg	National Gasoline Avg

On-highway Diesel Fuel Prices			
Region	**02/19/24**	**01/22/24**	**02/20/23**
East Coast	4.240	3.979	4.572
New England	4.320	4.288	4.961
Central Atlantic	4.355	4.232	4.870
Lower Atlantic	4.189	3.853	4.421
Midwest	4.010	3.704	4.194
Gulf Coast	3.844	3.584	4.100
Rocky Mtns	3.957	3.696	4.621
West Coast	4.721	4.504	4.972
California	5.258	5.092	5.407

Prices listed above are diesel averages in dollars per gallon.

Up-to-date statistics are available from the Department of Energy at www.eia.gov.

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CDL privileges removed for positive drug/alcohol test

FMCSA regulations amended in October 2021 require State Driver's Licensing Agencies not to issue, renew, upgrade, or transfer a commercial driver's license (CDL) for any individual with one or more drug/alcohol program violations. This means removing the CDL privilege from that driver's license until the driver complies with return-to-duty (RTD) requirements (see below). Compliance for the new amendments are set to begin November 18, 2024.

RTD Requirements:

- Be evaluated by a substance abuse professional (SAP).
- Participate in/complete the treatment program prescribed.
- Pass a drug and/or alcohol return-to-duty test with the following results:
  - Alcohol with a result indicating an alcohol concentration of less than 0.02; and/or
  - Controlled Substances with a result indicating a verified negative result for drug use.
- Have a documented follow-up testing schedule.

IMPORTANT NOTE: Under the Federal Motor Carrier Safety Regulations, a person is not physically qualified to operate a Commercial Motor Vehicle if he/she uses any Schedule I controlled substance such as marijuana. This is applicable regardless of any state-approved personal use of the drug.

CLAIMS Trend

The adverse effects of trucks commuting alongside the four-wheeling community has once again manifested into collisions. While not new, the latest trend in insurance claims involves four-wheelers encroaching into the lanes of commercial trucks. Truckers frequently find themselves forced to react quickly and brake abruptly, leading to a range of alarming outcomes including: rear-end collisions, jackknifing, and swerving into surrounding objects. Unfortunately, some, but not all of these claims are defensible.

To reduce the severity of these interactions, we strongly advise truckers to maintain a minimum three-second following distance. This buffer zone in the least provides time to react to these unforeseen situations. Additionally, we recommend the installation of dashcams as a proactive measure to strengthen your defense in the event of a collision.