



ROAD TALK

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Dirty Diesel

trucking fuel targeted for elimination

Rising levels of carbon dioxide and other greenhouse gases such as methane and nitrous oxides, are fueling the pace of climate change legislation around the world. Those efforts in the U.S. continue to heat up and right now, the trucking industry is directly in the cross hairs.

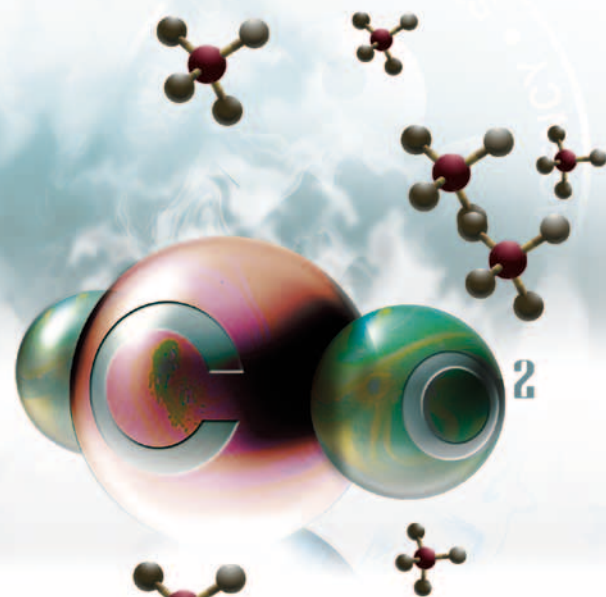
California is aggressively targeting greenhouse gas emissions from all sources throughout the state, and at the moment the trucking industry's primary fuel source, diesel, is being labeled "Dirty".

Senate Bill 44, also known as the Ditching Dirty Diesel bill, is designed to phase out the use of diesel-fueled medium- and heavy-duty trucks and buses in the state over the next three decades. The bill would mandate that the California Air Resources Board (CARB) come up with a plan to reduce greenhouse gas emissions in commercial trucks by 40% in 2030 and 80% by 2050. The bill also requires CARB to develop their strategy for targeted trucks by Jan. 1, 2021. The proposed legislation has far reaching consequences that would include trucks entering California from other states.

The state of Oregon has initiated similar legislation (HB2007) which declares an emergency related to diesel emissions. The bill would require the Environmental Quality Commission to adopt federal diesel engine emission standards for medium-duty and heavy-duty trucks. It would also require truck owners entering into the state to maintain evidence that their engines meet those standards. Taking it a step further, HB2007 would also require certain public improvement contracts to require the use of 2010 model year or newer diesel engines in performance of the contract. The bill would be effective January 1, 2020. But wait, Oregon is not done yet. The state is doubling down on their emergency declaration by simultaneously introducing a greenhouse gas cap and trade program as a compliance mechanism. That legislation would take effect January 1, 2021.

On the other side of the country, a coalition of nine states (Connecticut, Delaware, Maryland, Massachusetts, New Jersey, Pennsylvania, Rhode Island, Vermont, Virginia, and Washington, D.C.) announced

their intent to design a low-carbon transportation policy proposal. The proposal would cap and reduce carbon emissions from the combustion of transportation fuels, and invest proceeds from the program into the transportation infrastructure. It also sets a goal of completing the policy design process within one year, after which each jurisdiction will decide whether to adopt and implement the policy.



UNDERRIDE MANDATE

FRONT - SIDE - REAR

An effort to require front, side and rear underride guards has been reintroduced in both the House and Senate. Senate bill 665 and House bill HR1511 would require underride guards on medium and heavy-duty tractor trailers.

According to a 2017 study by the Insurance Institute for Highway Safety (IIHS), 301 passenger vehicle occupants were killed in crashes with a tractor-trailer when their vehicles struck the side of a tractor-trailer. The study notes that due to gaps in federal crash data, IIHS researchers can't determine exactly how many of these crashes involve underride, but they estimate that underride occurs in about half of fatal crashes between large trucks and passenger vehicles. David Zuby, the Institute's executive vice president and chief research officer stated, "We think a mandate for side underride guards on large trucks has merit, especially as crash deaths continue to rise on our roads."

The legislation was introduced by Senators Kirsten Gillibrand (D-New York) and Marco Rubio (R-Florida) and Representatives Steve Cohen (D-Tennessee) and Mark DeSaulnier (R-California). The legislation is also backed by a number of industry groups such as the Commercial Vehicle Safety Alliance and the Truck Safety Coalition. According to Gillibrand, "Truck underride guards are one of the best and easiest solutions for protecting passengers and preventing them from being killed when a car collides with a truck."

As you might expect, the proposed legislation met opposition from trucking groups that call it heavy, technically flawed, costly, misguided, burdensome and unproven. The opposition claims the government is once again making mandates first and proving its need and benefit last. One developer of side underride technology clapped back saying concerns related to weight and technological feasibility are misplaced. They continued by noting that the extra twenty-plus-inch guard protruding from the bottom of the trailer is not a hazard for hanging up or impeding operations. Also, the developer claims that carriers tend to use up the available space of the trailer before reaching their 80,000lb limit negating most weight concerns as well.

The *Stop Underrides Act* was originally introduced in 2017 but failed to make it to a vote. HR1511 was introduced into the House on March 5 and has been referred to both the Subcommittee on Highways and Transit and the House Committee on Transportation and Infrastructure. S.665 was also introduced on March 5 and referred to the Committee on Commerce, Science, and Transportation. Text for the bills has not yet been made available, so it is not known whether the guards are intended to be required on new trailers or all existing trailers.

DRIVER SHORTAGE BLS Says NO

Research concluded by the Bureau of Labor and Statistics (BLS) to investigate the trucking industry assertion of a driver shortage finds that the market for truck drivers works about as well as that for other blue-collar occupations.

In its report, the BLS notes that the discussion of a driver shortage has been around since the 1980s including that the American Trucking Association (ATA) has been a catalyst of the argument since 2005. Since that time, major media outlets have picked up the topic and gave it life. Ironically, in a meeting with the House and Ways Committee discussing the crumbling infrastructure, ATA President Chris Spears may have summed up the report's conclusion by stating, "*If I'm (a truck driver) sitting in traffic, I got to be sitting there thinking I could be doing something much better with my life*", "*I get paid by the mile, and I'm not moving.*"

Economists consider a shortage as a type of disequilibrium that normal market forces will tend to moderate and eventually remove. So, from a pure labor economist standpoint, BLS was puzzled over the assertion of a long-standing (more than a decade) shortage of drivers. What the report ultimately found was indicators that the industry has been tight since 2003. These indicators, *increasing wages relative to alternative employment opportunities; lower unemployment rates than in alternative employment opportunities, and; steady employment levels*, suggest that there is an abundance of opportunity for drivers in a robust and competitive market. Following the examples of other labor markets, the expectation would then be that if wages rise when a labor market is tight, the potential for any long-term shortages will be resolved. In the short run a shortage is alleviated by wage increases and in the longer run by the development of new employees in response to higher wages. Yes, the report suggests that high turnover rates may be linked to noncompetitive pay for the responsibility and sacrifice of the job. This report continues in great detail and we highly recommend reading it for yourselves for a more thorough understanding of such an important topic.

Stephen V. Burks and Kristen Monaco, "Is the U.S. labor market for truck drivers broken?," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, March 2019, <https://doi.org/10.21916/mlr.2019.5>.

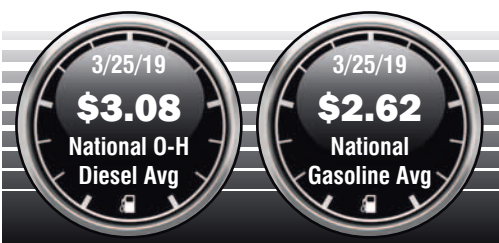
FUEL UPDATE

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

the U.S. average regular gasoline retail price has rose steadily throughout the first three months of the year averaging \$2.25/g in January, \$2.31/g in February and \$2.52/g in March. Currently, the U.S. regular gasoline retail price per gallon is \$2.62. EIA expects gasoline retail prices to average \$2.50 by the end of 2019 and \$2.56 in 2020.

U.S. on-highway diesel fuel prices also rose each of the first three months in 2019 averaging \$2.98/g in Jan, \$3/g in Feb and \$3.08 in March. Currently, the average price per gallon for on-highway diesel fuel is \$3.08. EIA expects diesel retail prices to average \$3.01 by the end of 2019 and \$3.15 in 2020.

EIA expects that West Texas Intermediate (WTI) crude oil prices will average \$56.13/b in 2019 a \$10/b drop from 2018.

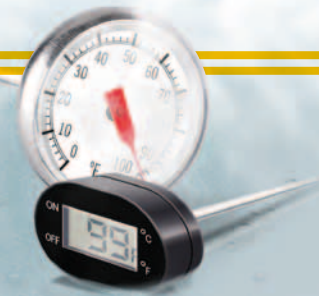


On-highway Diesel Fuel Prices

Region	3/25/19	2/25/19	3/26/18
East Coast	3.214	3.094	3.038
New England	3.310	3.171	3.115
Central Atlantic	2.995	3.286	3.217
Lower Atlantic	2.993	2.949	2.898
Midwest	2.876	2.969	2.934
Gulf Coast	2.974	2.849	2.823
Rocky Mtns	3.526	2.913	2.991
West Coast	3.819	3.493	3.438
California	3.922	3.772	3.669

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.



Maintain your cool

Transporting refrigerated loads can be a hot commodity, but the risk can be much higher if you don't take the basic steps of ensuring that you're not getting stuck with a "Hot Load".

A persistent claim we are encountering is with perishable reefer loads, specifically the difference in temperatures of the cargo when it is accepted by a driver and when the driver arrives with it at its destination.

The actual condition of the load you're signing for, both in appearance and the temperature when you receive it, is critical. If the Bill of Lading (BOL) states a requirement to maintain the temperature of the cargo between 34-38 degrees and the product you've signed for is currently at 40 or 42 degrees (and for how long), it's likely at that point that you just bought that load. Reefers maintain temperatures, not chill down the product – especially in the middle of the pallets.

With the BOL, every time you take possession of a customer's goods, load it, close and lock your trailer doors then sign your name next to the "X" that reads, "received in good condition", you have entered into a legal contract that transfers responsibility of that load to you. Only at the delivery terminal do you finally release your liability by transferring responsibility of that load. However, you better believe each load will be thoroughly checked for appearance and temperature readings before that is allowed to happen. If a load is not within the agreed temperatures, it will likely be rejected and you will be stuck with a claim, a deductible and a very unhappy customer.

- ✓ Protect yourself by knowing the basics about temperature-controlled loads.
 - Buy yourself a pulp thermometer – best to buy two of them and have a backup available; or, spend a bit more and buy a digital. A pulp thermometer measures the temperature inside the box or product whereas an infrared measures the surface temperature – big difference. And, if there is a big enough opening, the infrared can reach further into the pallet to detect that temperature.
 - Calibrate the pulp thermometer by placing it in ice water – the reading should show 32° F.
- ✓ When the shipper presents the first boxes of the load request a moment to test the load.
 - The thermometer should be positioned in the thickest or center portion of the product. If the BOL says you're responsible to keep it at 34° to 38°, then the product you're loading should be in that same range.
 - If the temperatures don't match, tell the shipper and if they wish to they will call the buyer or receiver and confirm the different temperature it's being shipped at.
 - Always make a notation on the BOL prior to signing it if you have any temperature issues. For example, "tested pulp of product temp readings show 39° to 41° on product, shipper notified."
 - If you're picking up and the shipper will not allow you on the dock then tell them you MUST have the BOL show, "Shipper load and count" temperature per the BOL.
 - Be sure your air-chute is free of rips, tears or holes that would impede proper air flow. Proper air circulation is crucial to maintaining the temperature inside the trailer.

Bottom line is you need to fully understand your responsibility when transporting reefer loads. Take the time to educate yourself on refrigerated loads before you accept them and inspect them



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Roadtalk Newsletter

VERY IMPORTANT

Accident Reporting Requirement

State law requires the Department of Motor Vehicles (DMV) to record accident information regardless of fault whenever an accident is reported. Part of that process is the SR1 form. This form is the DMV's tool for reconciling financial responsibility requirements for parties involved in accidents.

Following an accident that involves injury, death or property damage in excess of \$1,000, the drivers of all parties involved are required to fill out and return an SR1 form to the DMV. Regardless whether or not a report of the accident was filed by another party or the police, all drivers involved must individually return a completed SR1 form to the DMV.

When the DMV receives the SR1 form, it contacts the listed insurance company to verify coverage for the driver. If coverage does not exist, a number of events take place, one of which is a notice is sent to other party's insurance company so they can proceed with uninsured motorist coverage for their insured. Citations, driving record point counts, including incarceration and legal action are likely domino effects.

Understand that while insurance companies may provide this form as a courtesy, it is the responsibility of the involved parties to complete and return this form to the DMV. The DMV states that these forms should be reported within 10 days of the occurrence, and that untimely reporting could result in driver license suspension. For commercial motor carriers, a license suspension and reinstatement could take months and lead to serious financial loss and hardship. Also, did you know that the DMV states that your vehicle can be impounded and may be sold if you drive while suspended. Do not wait to fill out this form. The SR1 form is available online at: www.dmv.ca.gov. You can fill it out online, but you must print it out and mail it or return it to a DMV office.

American Highway Carriers Association



Save big bucks on amusement parks tickets to windshield repair and more. And, if you have a child/grandchild graduating or just having graduated from high school, DO NOT miss out on our Scholarship program!

Visit us at www.AHCAonline.com to see all the discounted benefits available to members. Also, we are very excited to be working on valuable NEW benefits for members available in the New Year, so stay tuned. Many of our benefits require the use of your AHCA ID Number which is located on your AD&D Certificate in your member package. You may also call AHCA at (877) 855-8462 and we will look it up for you.