

Fleet Modernization Discussion

SIP vs. Business In California

1

Gross Vehicle Weight (GVW) Categories

Class	Description
1	Under 6,000 lbs includes passenger cars, light trucks and mini vans
1C	Under 6,000 lbs includes full size pickups and full size vans only
2	6,001 to 10,000 lbs
2C	8,500 to 10,000 lbs
3	10,001 to 14,000 lbs
4	14,001 to 16,000 lbs
5	16,001 to 19,500 lbs
6	19,501 to 26,000 lbs
7	26,001 to 33,000 lbs
8	Over 33,000 lbs

Vehicle classes effected by the CARB Proposed Private Fleet Rule

3

California Fleet

2

Total Fleet Value

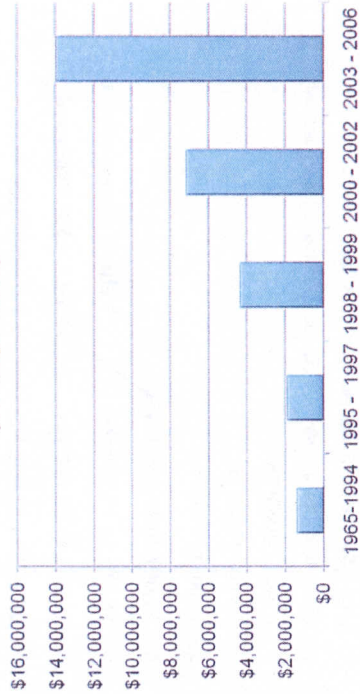
Freightliner Marketing/R. L. Polk Data Co.
Class 4-8 Diesel Vehicles

Model Year Group	Truck Counts	Average Value	Extended Value
1965-1994	149,399	\$11,500	\$1,718,088,500
1995-1997	58,639	\$18,000	\$1,055,502,000
1998-1999	46,478	\$24,500	\$1,138,711,000
2000-2002	77,041	\$31,000	\$2,388,271,000
2003-2006	137,909	\$58,000	\$7,998,722,000
Totals	469,466		\$14,299,294,500

14.2 BILLION DOLLARS

4

Used Truck Stock Inventory
(Average Value)



OVER 28 MILLION DOLLARS

5

The CARB Fleet Replacement Program "The Proposed Private Fleet Rule"

- Phase #1
- By 2014-No truck older than 2007
- Phase #2
- By 2022-No truck older than 2010

6

**The economy of the
State of California
cannot survive
this CARB rule.**

8

ARB Time Line #1

Vehicle Totals from Freightliner Marketing/R. L. Polk Data Co.
Class 4 tlr. 8-469,466

Effective Date	Year	Trucks Per Model Year Category				Class E	%	Class E	%
		PM	NOx	Class E	%				
12/31/10	'65-'86	1.00	10.00	111,778	24%	54,320	30%		
	'87-'90	0.60	6.00						
	'91-'93	0.25	5.00	23,575	5%	9,946	6%		
	'94-'97	0.10	5.00	72,685	15%	26,633	15%		
				208,038	42%	90,899	50%		
12/31/11	'98-'02	0.10	4.00	123,519	25%	43,501	24%		
12/31/12	'03	0.10	2.50	21,683	4%	7,561	4%		
	'04	0.10	2.50	25,196	5%	7,359	4%		
12/31/13	'05-'06	0.10	2.50	91,030	18%	31,413	17%		

7

Thoughts For Today

- For every action, there is an equal and opposite reaction
 - State of California will no longer be competitive in the world market place
 - The demise of small and medium size trucking businesses
 - “Litigation”

9

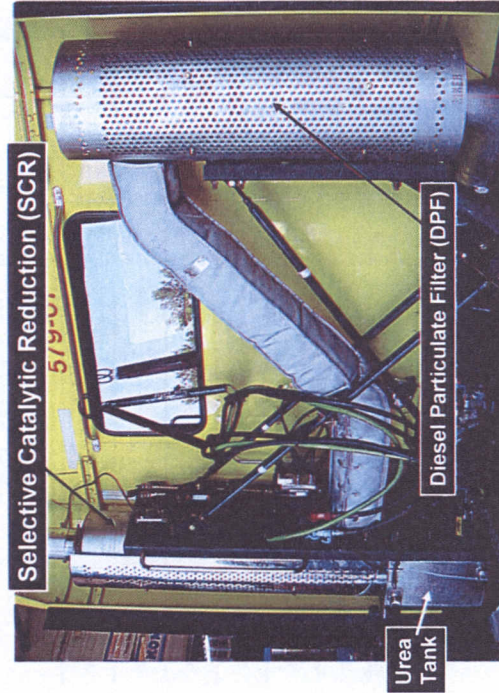
- The CARB's air quality mandate assumption of facts not in evidence

- Costs can be passed on

- Retrofit technology will:

1. Become available
2. Be affordable
 - Cleaire Longview-\$20,500
 - New SCR Unit-\$35,000?
3. Not effect a vehicles intended use
4. In other words-THIS WILL BE EASY

10



11



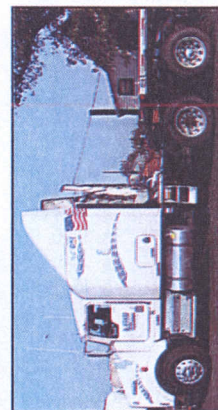
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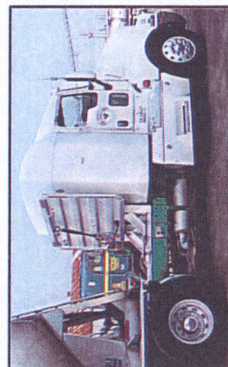


2003 Peterbilt
Retrofit installed 10/07
Vehicle must be
scrapped in 2014

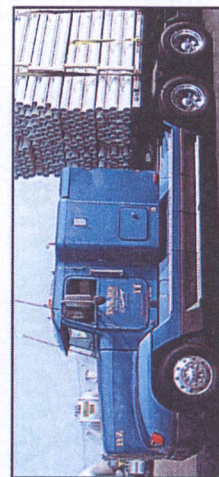


2000 Kenworth
Retrofit installed 9/07
Vehicle must be
scrapped in 2014

61



2003 Kenworth
Request for Retrofit filed
Vehicle must be scrapped
in 2014



2000 Freightliner
Request for retrofit
filed

Vehicle must be
scrapped in 2014

20



2001

2005

2005

1999

2006

1999

2000

1997

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2004

18

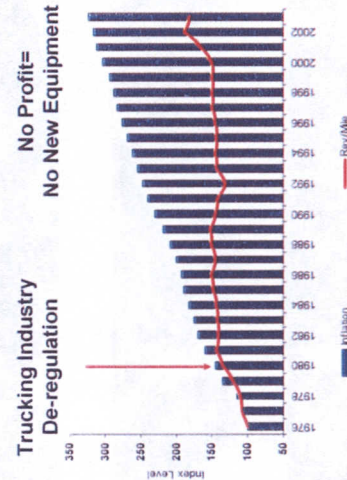
California Diesel Fleet Rules

1. Refuse Industry -14,000 Vehicles
 - a. Refuse haulers work for municipalities under multi year contracts
 - b. Refuse equipment is all company owned
 - c. Refuse Rule-Particulate device ONLY for life of vehicle
 - d. Municipal Vehicles 2,800
 - e. Private Vehicles 11,200 \$12,000 \$134,400,000 ?
2. Off Road Industry
 - a. 180,000 ?
3. On Road Diesel Vehicles-Freightliner Marketing/POLK Data
 - a. Private fleets usually work with 1 year rate quotes
 - b. Shippers usually have many carriers on their carrier list
 - c. Shippers use brokers using independent contractors
 - d. Private fleet class 4-8 469,466
 - e. Class 8 Only-Selective Catalytic Reduction (SCR) Retrofit 180,733 \$35,000 \$6,325,655,000 ?
 - f. Class 8 Only-To New 180,733 \$115,000 \$20,784,295,000 ?

22

• Why Are We Here?

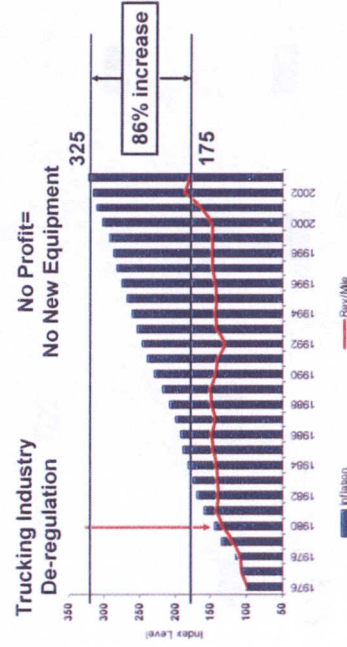
Trucking Revenue Per Mile vs. The Rate of Inflation



Graph furnished by the American Trucking Assn.

23

To put today's revenue per mile even with inflation, a \$500.00 load should pay the trucking co. \$930.00 or an 86% increase.



To have kept up with inflation, revenue per mile should have increased 3% per year or \$15.93 a load.

24

- **Possible Solutions** - **Reality**

25

Thoughts

- Maintain standard rate increase criteria
 - A few % per year for normal added costs
 - Proposed Private Fleet Rule will accelerate that rate increase criteria to levels not acceptable for survival of the state economy
- Rule cannot force companies out of business

26

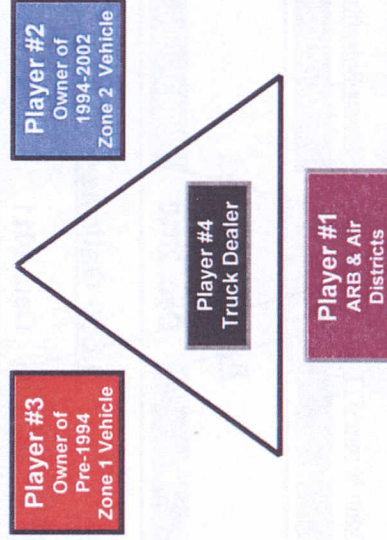
Dual Path/Fast Track

Multiple Sort Criteria

- **Sort Criteria #1-Fuel**
 - Fuel used handles "all" age groups equally
- **Sort Criteria #2-Funding Sources**
 - Multiple sources for multiple age groups
 - ALL "3-R" CHANGES ARE FUNDED
- **Sort Criteria #3-Vehicle Age**
 - Will determine vehicle fate
 - Replace, Swap or Scrap-"TTT" or Retrofit

27

Triangular Truck Trade



Will not work because SIP standards have been set to high

28

From	To	'94-'97	Red.	'98-'02	Red.	'03-'06	Red.	'07-'09	Red.	'10-'12	Red.
PM	1.00	0.10	-90%	0.10	-90%	0.10	-90%	0.01	-99%	0.01	-99%
NOx	10.00	5.00	-50%	4.00	-60%	2.50	-75%	1.20	-88%	0.20	-98%

From	To	'94-'97	Red.	'98-'02	Red.	'03-'06	Red.	'07-'09	Red.	'10-'12	Red.
PM	0.60	0.10	-83%	0.10	-83%	0.10	-83%	0.01	-98%	0.01	-98%
NOx	6.00	5.00	-17%	4.00	-33%	2.50	-58%	1.20	-80%	0.20	-97%

From	To	'94-'97	Red.	'98-'02	Red.	'03-'06	Red.	'07-'09	Red.	'10-'12	Red.
PM	0.25	0.10	-60%	0.10	-60%	0.10	-60%	0.01	-96%	0.01	-96%
NOx	5.00	5.00	0%	4.00	-20%	2.50	-50%	1.20	-76%	0.20	-96%

From	To	'94-'97	Red.	'98-'02	Red.	'03-'06	Red.	'07-'09	Red.	'10-'12	Red.
PM	0.10	0.10	0%	0.10	0%	0.10	0%	0.01	-90%	0.01	-90%
NOx	5.00	5.00	0%	4.00	-20%	2.50	-50%	1.20	-76%	0.20	-96%

29

Possible Forced Exemptions

- Farming
- Towing
- Dump Truck
- Cranes
- Owner Operators

31

From	To	'94-'97	Red.	'98-'02	Red.	'03-'06	Red.	'07-'09	Red.	'10-'12	Red.
PM	1.00	0.10	-90%	0.10	-90%	0.10	-90%	0.01	-99%	0.01	-99%
NOx	10.00	5.00	-50%	4.00	-60%	2.50	-75%	1.20	-88%	0.20	-98%

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NOx	5.00	5.00	0%	4.00	-20%	2.50	-50%	1.20	-76%	0.20	-96%

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PM	0.10	0.10	0%	0.10	0%	0.10	0%	0.01	-90%	0.01	-90%
NOx	5.00	5.00	0%	4.00	-20%	2.50	-50%	1.20	-76%	0.20	-96%

30

Effective Date	Model Years	Vehicles Affected	Starting Subpart	Compromise Time Table
01/01/11	2007-2009	?	PM 0.01 Nox 1.20	Retrofit, in preparation for trade
01/01/14	2003-2006	46,333	PM 0.10 Nox 2.50	Retrofit, in preparation for trade
01/01/17	1998-2002	43,501	PM 0.10 Nox 4.00	Retrofit, in preparation for trade or possible SCRAP
01/01/20	1994-1997	26,633	PM 0.10 Nox 5.00	Retrofit, in preparation for trade or possible SCRAP
01/01/23	1965-1993	64,266	PM Nox	SCRAP

32

