GRANITE CONSTRUCTION INCORPORATED

December 1, 2008

Clerk of the Board
California Air Resources Board
1001 I St.
Sacramento, CA 95814

Subject: Comments regarding the Proposed Regulation for In-Use On-Road Diesel Vehicles

Dear Members of the California Air Resources Board and CARB Staff:

Granite Construction Incorporated is a publicly held corporation headquartered in California. Granite is one of the nation's largest heavy civil contractors; and although we work all over the country, California remains the heart of our operations. We at Granite are proponents of clean air. We operate in an environmentally responsible manner, and we see the need to reduce particulate matter (PM) and oxides of nitrogen (NOx) emissions from our diesel trucks. In fact, we have proactively reduced both PM and NOx emissions from our truck fleet nationwide without any regulations in place.

We agree that an in-use regulation will accelerate the reduction of diesel emissions and is necessary to create reductions across multiple industries; however we are concerned with:

1.) The impact of the regulation on vocational-type trucks;

2.) The cumulative effect of this regulation on top of the multiple CARB regulations already imposed on Granite's equipment fleet;

3.) The reliance placed on retrofit technology; and

4.) Fair and equitable enforcement of the regulation.

In more detail, our concerns are as follows:

Regulatory Impact on Vocational Trucks:

Granite's truck fleet is comprised of a wide variety of trucks, but the common trait for the majority of Granite's truck fleet is a function as support equipment. Granite's fuel/lube trucks, mechanics trucks, transport tractors, and crew trucks are all owned for the primary purpose of supporting Granite's equipment and supporting Granite's work. Because these trucks fall into a support role, two traits jump out when looking at the impact of the proposed truck and bus rule on them: These trucks accumulate low miles and low hours relative to other vehicles; and these trucks are extremely costly to replace due to their role as a non-revenue generating asset.



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Granite's structure within California utilizes a de-centralized operating strategy where trucks are generally dispatched out of a facility to support work in a local area. This structure, along with the fact that the trucks are only visiting a jobsite once a day leads to relatively low mileage accumulation. Unfortunately, the low-mileage exemption currently written into the rule is too low to offer any relief for what Granite considers low-use trucks. Since these support vehicles accumulate relatively low miles, they also tend to have a very long life.

This situation puts many of Granite's trucks into a situation where they operate too much to be exempted under current low-use provisions, have not realized anywhere near their useful life, and do not generate enough revenue to afford a replacement. An increase in the low-use cutoff for trucks used in construction support roles would allow for existing trucks to achieve utilization closer to their useful life and for the eventual replacement to be more feasibly financed.

Cumulative Effect of Multiple CARB Regulations:

Granite Construction owns and operates a diverse fleet of equipment in California to support its construction and aggregate businesses. Over the past few years, Granite has seen portions of its fleet fall under a number of CARB regulations targeting the company's equipment. Following is a listing of some of the CARB rules in addition to the proposed truck and bus rule that Granite's fleet falls under:

- Statewide Portable Equipment Registration Program (PERP);
- Portable Diesel-Fueled Engines Air Toxic Control Measure;
- Airborne Toxic Control Measure for Stationary Compression-Ignition Engines;
- Off-Road Large Spark-Ignition Engine Regulation;
- Periodic Smoke Inspection Fleet Program;
- Airborne Toxic Control Measure to Limit Diesel-Fueled Commercial Motor Vehicle Idling; and
- Regulation to Reduce Emissions from In-Use Off-Road Diesel Vehicles.

While I am not asking for Granite to be given any exemptions from the above mentioned rules, I would like to bring some attention to the challenge of ensuring compliance with all of the rules simultaneously. All of the above rules contain completely different compliance dates, compliance actions, and deadlines. In some cases, such as the LSI Rule and CARB Offroad Rule, compliance with one regulation is even counterproductive relative to compliance with another regulation.

The task of planning for and managing compliance is challenging at best, and the labor required for recordkeeping and planning is significant. Due to the burden placed on equipment owners by a multitude of CARB rules, Staff needs to work directly with fleet owners whose equipment falls under three or more fleet rules. Staff familiar with all rules applicable to a given owner's fleet needs to be made available for detailed in-person consultation with owners of diverse fleets on a minimum of a semi-annual basis. These meetings need to be educational in nature, and the fleet owner needs to be given a

reasonable opportunity to correct any compliance issues uncovered prior to an enforcement action being taken.

On top of the logistical burden of multiple fleet rules is the obvious issue of cumulative financial effect. When assessing the economic impact of the truck and bus rule, CARB Staff neglected to analyze anything beyond the combined effect of the truck and bus rule and in-use off-road diesel vehicle regulation on construction fleets.[1] Staff needs to perform a more thorough analysis of the cumulative economic effect of fleet rules on equipment owners subject to a comprehensive listing of in-place regulations.

Reliance on Retrofit Technology:

While there is no doubt that the on-road diesel retrofit market is more developed than the off-road diesel retrofit market, there are still huge challenges with placing a total reliance on retrofit technology. Similar to what is found in off-road equipment; diesel trucks in some applications simply don't match well with retrofit technology. Coincidentally, these potential problem retrofit applications apply to many of the low-use support vehicles described earlier in this letter. Mechanics trucks, fuel/lube trucks and other vocational trucks have the potential to operate a power take-off unit for an extended period of time. This situation would lead to filter plugging and other operational issues associated with currently available DPF retrofits. Verified active DPF systems that can re-generate themselves create operational and safety concerns and are simply unacceptable at this point.

2007 and later model year trucks equipped with OEM-engineered DPF systems can account for low-load situations through pre-programmed regeneration parameters, but retrofit DPF systems do not have the capabilities to interface with the engine control system and compensate for low-load filter plugging. Trucks in applications that are likely to lead to filter plugging issues need to be exempted from the current retrofit requirements until such time that retrofit systems are verified that can interface with engine software.

The proposed regulation also includes BACT options to utilize VDECS that reduce NOx exhaust emissions to specific targets for specific year models. Please note that at this time there are no CARB verified technologies that meet these parameters. We are very concerned this regulation includes NOx BACT options that are not currently available, not technically proven, and/or not economically feasible.

Enforceability of the Rule:

The cost and operational impact of the Proposed Truck and Bus Rule is immense, and it will be felt across a number of industries. The time, effort, and expense to insure compliance with the rule is enough to create a significant competitive advantage to a fleet that chooses to not take steps toward compliance with the rule.

Granite will take all necessary steps to put ourselves in compliance, and a large amount of capital will be invested to take those steps. CARB needs to build mechanisms into the

[1] Proposed Regulation for In-Use On-Road Diesel Vehicles, Initial Statement of Reasons, Page 56. http://www.arb.ca.gov/regact/statde05/isor.pdf

rule that will insure all fleets are held to the same standard. CARB Staff, California Highway Patrol, and other agencies that will be enforcing this rule need to create protocol that will insure fair and equitable enforcement across different geographic areas, industries, and companies.

We appreciate the opportunity to give our input to the Truck and Bus Rule, and we urge you to consider our suggestions as you consider passage of the regulation.

Sincerely,

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