December 3, 2008

California Air Resource Board,

By industry standards, we are a small trucking company with twenty power units and Forty-five 57' trailers. We transport air. The air we transport is inside the new and empty containers you have throughout your home, office and place of business. Steel cans that are used for food products (pets and humans), plastic bottles for cleaning products, water, and food, fiberboard cans for chips, drink powders and oil. We move these containers from the manufacturer to the companies who will fill them with the products you purchase daily.

We also move large plastic bins to farmers in the fields; large pails and buckets to the food companies who pack for institutions.

The company was started with one used truck in 1980 and continued using used equipment until 1990 when we purchased four new Freightliners. We have continued to purchase new equipment as the budget has allowed and the equipment was available. Our last new trucks were added to the fleet in 2003 with 2002 engines.

Our equipment is structured to meet length laws, hours of service, safety and economics. To meet the length laws we must use a 75" cabover tractor with a sleeper berth as our truck and trailers are governed by a 65' overall length law. A conventional truck body and 53' trailer are allowed to be 75' in overall length. Using the sleeper cab allows us to meet the hours of service rules.

The 75" sleeper cabover was discontinued in 2004 by all manufactures. The non-sleeper cabover was discontinued in 2005. Since no manufacturer builds our cabovers we are unable to replace our trucks and meet the 65' length law.

Economics and Safety – In 1995 we placed Cadecs in our trucks, commonly known as black boxes, the Cadecs allow us to have computer logs, pre-set maximum road control speed, idling time (in that the engine will automatically shut itself off) and RPM's. The computers are preset with standards that the drivers are required to follow, and the company pays bonuses for meeting those standards. This resulted in less fuel burned, less wear on the engines and drivers do not receive speeding tickets or have serious accidents.

Nose cone fairings were also placed on the front of the trailer to improve fuel economy and the 57' trailers can move seven loads of freight as compared to eight 53' trailers doing the same job. Results! One less truck on the road, and less pollution as well!

Since we can no longer purchase the cabovers, we're being required to retrofit or replace the engine, or purchase conventional tractors and 53' trailers.

I can retrofit with the particulate filters and my fleet would be in compliance with particulate requirements until 2023. However, this would do nothing to meet the nox requirements of 2012. In 2012 I will be required to add nox filters to meet the 2010 engine standards. While a particulate filter can be routed under the truck a nox filter can not.

It will cost $10,000 per unit to add the particulate filters for a total of $200,000. This investment would have the fleet compliant for only two years due to the nox requirements. Since the company presently operates on a 95% to 105% operating ratio, I would need to raise my rates by 10% to pay for this expense. Shippers are most reluctant to pay higher freight charges and often give the freight to someone else. Should we make the change to 53' trailers our rates would need to remain the same for less freight shipped, but we would probably need additional rate increases to pay for new equipment. The shipper would be getting less service for their money.

In looking at my choices I can;

- Close the doors of the company and lay off 25 employees

- Ask the State Legislators to pass a law increasing the overall length for 57' trailers.

- Retrofit with particulate filters at a cost of $200,000 good for two years.

- Replace all trucks and trailers in my fleet at a cost of $2,240,000 for trucks and $1,600,000 for trailers. The monthly payment on this debt would be $64,000 a month principal only, for five years.

Our company grosses $3,000,000 a year and 25% of that is fuel surcharges. We pay $4,500 a month or $54,000 a year in truck payments. The difference in payments of $59,500 a month would have to be made up by rate increases.

What I think I can do: If the State Board program would provide the particulate filters at a cost of $10,000 per unit, the grant would pay $5,000 and the company would pay $5,000. This would require debt for the company and an added monthly expense, but the fleet would be compliant until 2012. We would need to use fleet averaging that would recognize all the equipment with filters and in 2010 new trucks will be available with both particulate and nox filters (clean air). We would begin the changeover of our fleet to conventional tractors pulling 53' trailers. We would continue to change our fleet as financing becomes available and budget allows. We would need until at least 2023 to make the transition complete.

I am writing this letter as a resident born and raised in the San Joaquin Valley, as the owner of C.D. Matthes, Inc. and as one of the 25 employees who relies on a paycheck to meet my financial obligations. I to want clean air but not at the expense of jobs!

Janice Matthes
C. D. Matthes, Inc.