

# ANDERSON LOGGING INC.

P.O. Box 1266 • Fort Bragg, CA 95437

08-11-3

Myles Anderson

12/11/08

Mary Nichols, Chair  
California Air Resources Board  
PO Box 2815  
Sacramento, CA 95812-2815

RE: On-Road Diesel Engine Emission Proposed Rule

Dear Chair Nichols:

Last spring the Executive Officer for the Mendocino County Air Quality Management District stated that our county is at 1980 Levels For PM & NOx. How did we do it? Half of our Lumber mills in the county went out of business in the 1990's. We lost Harwood Products this year to add to the list, therefore we are below 1980 levels as we talk today. We have some of the cleanest Air in the State however we still have to comply with this regulation aimed at cleaning up the air. We are going to be required to clean up our trucks just like the ones that run in the San Joaquin and South Coast Air Districts, however we have to do it with out the help of our tax dollars as is the case with recipients of the Prop 1B funding.

Rural Counties have seasonal work and annual truck mileage in the 40-50,000-mile range. Capitol investments like trucks work in business plans for these companies by spreading the cost over a longer period than that of a year round trucking Company or a "Trade Corridor" trucking company this is currently getting funding to meet the regulation. The entire state of California should not be punished for the inability of two air districts to meet the required air standards.

A majority of rural trucks are mechanically injected engines or pre 1993 emission year engines. There are two options to compliance with the proposed rule, first to buy a new truck at \$120,000 or put on a Diesel Particulate Filter (DPF). As of this hearing there are 6 DPF's listed on CARB's webpage as being verified. In actuality the Cleaire Longview, Donaldson and Johnson Mathey have become de-verified due to not meeting the 2009 nitrogen dioxide requirements. The de-verification of these filters leaves CARB and the trucking industry with 3 verified filters as of this date to base the economic impacts of this regulation upon.

1. Cleaire Horizon;
  - i. Will not work on a mechanically injected engine
  - ii. 370 Horsepower limitation
  - iii. Regeneration takes 5 hours and is required after every 8 worked

- iv. Regeneration requires a 208 Volt service
  - v. Cost of \$22-25,000
2. Engine Control System – Purifier
- i. Executive order states it is only verified for engines with PM emission levels of 0.1 – 0.01 g/bhp-hr, no mechanical engines fall in this level
  - ii. Cost of \$16,000
3. Huss
- i. Active Filter will
  - ii. Will work on a mechanical engine if opacity score is less than 25
  - iii. 250 Horsepower maximum, nearly all trucks will require 2 filters
  - iv. Price for 2 filters is \$42-45,000

Diesel particulate filters should be a relatively inexpensive solution however they are not when compared to the market value of the trucks they are being put on. Recent auctions have shown the value of trucks average around \$15,000 for a late 1990, clean and low mileage truck. This value is less than any of the verified filters to make these trucks compliant with the regulation presented.

How has staff analyzed the impact of supply and demand when every truck in the state and for that matter wanting to enter the state must purchase a new truck or buy a DPF? Staff compared the economic impact to trucking companies by looking at the proposed cost to comply versus California's Gross Domestic Product. Are these the kinds of analysis the Board is counting on to be factual when determining the actual far reaching impacts this regulation will have on California business owners?

Air quality is a priority however improving emission to levels of previous years should not be achieved by merely putting half of the California trucking companies out of business. That should not be the intent of regulation however Staff has continually stated that they know it will put a large number of trucking companies out of business for lack of workable proposal.

My company utilizes trucks as a necessity to transport our timber to the market. We employ just fewer than 100 people in rural Mendocino County, of those about 25 are commercial truck drivers the other 75 are on the logging side of the business. Without the ability to deliver our product to the market the logging jobs are at risk of being lost. I have done the analysis and studied the options and inputted the results into the fleet calculator to come up with what it will take our company financially to comply with this regulation and have attached it to this letter. Starting this year in 2008 with the purchase of 4 new trucks and replacing 2 engines to get us started it will still take 1 million dollars above and beyond our

return on the trucks between now and 2013 to comply with this regulation. If we want to stay in business and continue to employ these people we will have to invest this money into our business, this is the same decision all trucking companies are going to be faced with due to this regulation.

A vote for this regulation today tells us that the board is anticipating technology to make this work and that is not the right way to formulate regulation. Speculation and poor regulation got this country into the sub prime mess it is in today, please do not repeat their mistakes.

Thank you for the opportunity to comment,

Sincerely,

A handwritten signature in black ink, appearing to read 'M Anderson', with a long horizontal flourish extending to the right.

Myles Anderson

Attach: Cost to Comply Comparison

|   |                | 2009           |                | 2010           |                | 2011           |  |
|---|----------------|----------------|----------------|----------------|----------------|----------------|--|
|   | Business Model | With Rule      | Business Model | With Rule      | Business Model | With Rule      |  |
| <b>Cost Impact of Regulation on 25 truck fleet, operating in Forestry Sector Limited by Regulation to a 6 month season</b>  |                |                |                |                |                |                |  |
| <b>Comparison of a business model replacement schedule compared to a forced replacement schedule by CARB.</b>   |                |                |                |                |                |                |  |
| Replacement Schedule and Filter requirement data was collected by entering our fleet into CARB's Fleet Calculator   |                |                |                |                |                |                |  |
| Assumptions: Our average hours operated per year for the past 6 years will remain the same, markets will allow our hourly rate to increase by 1 dollar per hour per year, New truck costs will not go up faster than \$5,000 per year, Filters will be available for the Estimated cost of \$20,000 per vehicle that will reduce PM by 85% and Nox by 55% starting in 2011, used truck value will be significantly reduced with lack of markets for them, by 2012 used trucks to be sold will be newer and more valuable. |                |                |                |                |                |                |  |
| Hours Operated  | 35000          | 35000          | 35000          | 35000          | 35000          | 35000          |  |
| Hourly Rate (\$/hr)   | \$85.00        | \$85.00        | \$86.00        | \$86.00        | \$87.00        | \$87.00        |  |
| Gross Revenue   | \$2,975,000.00 | \$2,975,000.00 | \$3,010,000.00 | \$3,010,000.00 | \$3,045,000.00 | \$3,045,000.00 |  |
| Depreciation Revenue  | \$175,000.00   | \$175,000.00   | \$183,750.00   | \$183,750.00   | \$192,500.00   | \$192,500.00   |  |
| Number of Trucks Sold   | 2              | 4              | 2              | 3              | 2              | 3              |  |
| Revenue from Sold Trucks  | \$40,000.00    | \$40,000.00    | \$40,000.00    | \$30,000.00    | \$40,000.00    | \$30,000.00    |  |
| Revenue to Purchase New Trucks  | \$215,000.00   | \$215,000.00   | \$223,750.00   | \$213,750.00   | \$232,500.00   | \$222,500.00   |  |
| Number of Trucks Purchased  | 2              | 4              | 2              | 3              | 2              | 3              |  |
| Cost per New Truck  | \$105,000.00   | \$105,000.00   | \$110,000.00   | \$110,000.00   | \$115,000.00   | \$115,000.00   |  |
| Total Cost of Trucks  | \$210,000.00   | \$420,000.00   | \$220,000.00   | \$330,000.00   | \$230,000.00   | \$345,000.00   |  |
| Number of Exhaust Filters Needed  | 0              | 0              | 0              | 0              | 0              | 1              |  |
| Cost of Required Filters  | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$20,000.00    |  |
| Total Cost of Filters   | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$20,000.00    |  |
| Engines to be Replaced  | 0              | 3              | 0              | 0              | 0              | 0              |  |
| Cost of Replacement Engines   | \$0.00         | \$25,000.00    | \$0.00         | \$0.00         | \$0.00         | \$0.00         |  |
| Engine Replacement Cost   | \$0.00         | \$75,000.00    | \$0.00         | \$0.00         | \$0.00         | \$0.00         |  |
| Net to Company  | \$5,000.00     | -\$280,000.00  | \$3,750.00     | -\$116,250.00  | \$2,500.00     | -\$142,500.00  |  |
| Percentage of Gross Revenue   |                | 9.41%          |                | 3.86%          |                | 4.68%          |  |
| CARB Staff states under Section VIII. Costs and Economic impacts that cost is estimated at 0.18 percent of their Gross  |                |                |                |                |                |                |  |

Cost to Comply Comparison.xls

|  | 2012           |                | 2013           |                |
|--|----------------|----------------|----------------|----------------|
|  | Business Model | With Rule      | Business Model | With Rule      |
| Hours Operated   | 35000          | 35000          | 35000          | 35000          |
| Hourly Rate (\$/hr)  | \$88.00        | \$88.00        | \$89.00        | \$89.00        |
| Gross Revenue  | \$3,080,000.00 | \$3,080,000.00 | \$3,115,000.00 | \$3,115,000.00 |
| Depreciation Revenue   | \$201,250.00   | \$201,250.00   | \$210,000.00   | \$210,000.00   |
| Number of Trucks Sold  | 2              | 3              | 2              | 3              |
| Revenue from Sold Trucks   | \$45,000.00    | \$35,000.00    | \$45,000.00    | \$35,000.00    |
| Revenue to Purchase New Trucks   | \$246,250.00   | \$236,250.00   | \$255,000.00   | \$245,000.00   |
| Number of Trucks Purchased   | 2              | 3              | 2              | 3              |
| Cost per New Truck   | \$120,000.00   | \$120,000.00   | \$130,000.00   | \$130,000.00   |
| Total Cost of Trucks   | \$240,000.00   | \$360,000.00   | \$260,000.00   | \$390,000.00   |
| Number of Exhaust Filters Needed   | 0              | 6              | 0              | 5              |
| Cost of Required Filters   | \$0.00         | \$20,000.00    | \$0.00         | \$20,000.00    |
| Total Cost of Filters  | \$0.00         | \$120,000.00   | \$0.00         | \$100,000.00   |
| Engines to be Replaced   | 0              | 0              | 0              | 0              |
| Cost of Replacement Engines  | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Engine Replacement Cost  | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Net to Company   | \$6,250.00     | -\$243,750.00  | -\$5,000.00    | -\$245,000.00  |
| Percentage of Gross Revenue  |                | 7.91%          |                | 7.87%          |
| CARB Staff states under Section VIII. Costs and Economic impacts that cost is estimated at 0.18 percent of their Gross |                |                |                |                |
| Estimated Cost to Company over next 5 years to comply: \$1,027,500.00  |                |                |                |                |