Testimony of

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Before the

UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON REGULATORY AFFAIRS, STIMULUS OVERSIGHT AND GOVERNMENT SPENDING

Regarding

RUNNING ON EMPTY: HOW THE OBAMA ADMINISTRATION'S GREEN ENERGY GAMBLE WILL IMPACT SMALL BUSINESS & CONSUMERS

OCTOBER 12, 2011

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Submitted by

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Good morning Chairman Jordan, Ranking Member Kucinich, and members of the Subcommittee. Thank you for inviting me to testify on matters that are extremely important to our nation's small business trucking professionals and professional truck drivers.

My name is Scott Grenerth. I am a constituent of Chairman Jordan's and live in Arlington, Ohio. I am a member of the Owner-Operator Independent Drivers Association (OOIDA), and have been a professional truck driver for more than 10 years. I own my own truck and am currently leased on to a motor carrier, where I pull a flatbed trailer hauling steel and aluminum products throughout the Mid-West.

As you are most likely aware, OOIDA is the national trade association representing the interests of independent owner-operators and professional drivers on all issues that affect small-business truckers. The approximately 150,000 members of OOIDA are small-business men and women in all 50 states who collectively own and operate more than 200,000 individual heavy-duty trucks.

The majority of the trucking community in this country is made up of small businesses, as 96 percent of all carriers have 20 or fewer trucks in their fleet and 78 percent of carriers have fleets of just six or fewer trucks. In fact, one-truck motor carriers represent nearly half of the total number of motor carriers operating in the United States.

I have been asked to come here today to speak on behalf of OOIDA and my fellow professional drivers about the impact that recently finalized greenhouse gas and fuel efficiency regulations on heavy-duty trucks will have on our industry.

Before discussing the regulations specifically, I want to tell the Subcommittee a little bit about my background and approach to the important work of driving a truck. While trucking is my career and a huge part of my life, the main passion of mine is the environment. In fact, I am glad this hearing is today and not later in the week, as my wife and I will be teaching an environmental education class back home starting tomorrow.

Before becoming a professional truck driver, I went to school for environmental education. That is where I met my wife. We were married in 1995 on Earth Day. That is also the day we both took the name "Grenerth." This passion for and attention to the environment extends into my job as a trucker. I firmly believe that truckers can and should be good stewards of the Earth's resources and can operate their trucks and their businesses in an environmentally responsible manner. We have to, because our business survival depends on it.

Given my strong feelings about the need to be good stewards of the Earth's resources, you might assume that I am a supporter of the heavy-duty truck fuel efficiency and greenhouse gas rule (the "Heavy-Duty Truck Rule") recently issued by the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA). In reality, I am strongly opposed to these one-size-fits-all regulations and the associated mandates they place upon trucking.

While well intentioned and focused on important goals, the process used by EPA and NHTSA to develop these rules was extremely flawed. It excluded input from small-business trucking about how best to address fuel efficiency in an industry that is as varied as the American economy. It ignored investments in clean air made by trucking under previous EPA rules. It failed to fully examine the benefits of less expensive and likely more effective options that could have an almost immediate impact.

This process resulted in a rule that will have significant negative consequences on truckers, especially small business truckers. Ultimately it will increase new truck costs for small business truckers for little or no net environmental gain or improvement in fuel economy. It will reduce market choice for much of the small business trucking community which relies on being able to work with a truck dealer to build a truck that exactly meets their needs from the ground up. These increases in price and reductions in market choice will, in my opinion, result in environmental gains well below the estimates used by EPA and NHTSA to economically justify these rules.

Why Small Business Truckers Care About Fuel Use

We in trucking often read about how a major motor carrier has taken some new step to reduce fuel usage in their operations. They may have joined EPA's SmartWay program, activated the speed limiters on all of their fleet's trucks, or invested in equipment like Auxiliary Power Units or trailer side skirting. Yes, these companies have major fuel bills and are certainly making what they feel is a smart business decision. However, small-business truckers like myself laugh at the expansive press coverage given to these actions. While a high fuel bill for one of the mega-carriers may have an impact on their stock price for a quarter, the impact of a high fuel bill for us cuts far closer to home.

Disagreeing with the EPA runs the risk of being labeled a "misleading agitator" from EPA Administrator Lisa Jackson as she was quoted referencing those at odds with EPA in an article this past weekend in the *Kansas City Star*. Small business truckers and owner-operators have a very different reality than those faced by their large counterparts and yet the agency was condescending towards us in this rulemaking not understanding why all the certified SmartWay technologies were not being adopted en-mass by truck operators. Had the agencies made efforts to be more transparent and reach out to the small business community when developing this rule, perhaps the regulation would have been better crafted with more positive results for the environment.

Fuel is our number one expense, and we focus on monitoring it like the proverbial hawk. That goes beyond simply paying attention to which truck stops have the best prices on fuel to include a great deal of attention to our driving habits, and in some cases some pretty sophisticated analysis of what our truck's fuel efficiency is, why it is that way, and how we as the driver can make it better.

Putting fuel expenses into perspective can help you understand why truckers focus on it so much. As I noted above, it is our number one expense as small businessmen and women. Trucking is extremely sensitive to the price impact of fuel. Every time we fill

up the fuel tanks on our trucks, the bill runs an average of $750 based on 200 gallons. Every time the price of a gallon of diesel fuel increases by a nickel, our annual costs increase by about $1,000.

Unlike the major motor carriers, small business truckers like myself see the impact of fuel use in our personal pocket books. Drive in a way that uses too much fuel, and it will be a guarantee that you are driving yourself out of business. Drive in a way that is smart about fuel usage, meaning that you look beyond just finding the best speed to matching your gearing and other settings to the load you are hauling and the terrain you are driving across, and you will see success in trucking.

Business and Operating Diversity in the Trucking Industry

Heavy-duty trucks like the one I drive haul 70 percent of our nation's freight. Without trucks, our economy just does not move, as trucking supports businesses of all sizes. Because of its importance to our nation's economy, trucking reflects its diversity. This is especially true for small business truckers and owner-operators who operate significantly different business models than the major motor carriers and package delivery companies that are often seen by many as the face of the trucking industry.

Allow me to use my experience as a driver as an example. Early on, I hauled heavy loads almost exclusively; while during my time with a regional carrier we hauled very light loads. When I worked for a private fleet before becoming an owner-operator, we had more than ten different types of trailers, each matched to meet the needs of a specific product. I have even had to deliver equipment to farms out on the farm field. Because of this diversity of operations, while some of the mandated technologies under the Heavy-Duty Truck Rule may be beneficial in one aspect of my trucking, they may work against me in other aspects. And I am not alone.

Things get even more interesting for an owner-operator who finds his or her own freight. Experienced drivers know that there is significant money to be made in heavy-haul permitted loads, moving equipment like the Army's Bradley Fighting Vehicle, massive road construction equipment, or huge cracking tanks for refineries. All of this requires specialized equipment, but it is also even more competitive than the rest of the trucking industry, so sometimes a heavy-haul owner-operator must improvise to get a load. That truck is expensive to leave sitting or dead-head countless miles, so they need to find something to move, so maybe they find a dry van of televisions that needs to be moved from a port to a big box store's distribution center or they haul a load of pipe on a flatbed out of a small plant 70 miles from the Interstate. In either case, some of the mandated technologies will not achieve their stated goal and instead serve as hindrances to this trucker's operation.

I highlight this because the world of trucking is much different for my fellow small-business and owner-operator truckers than it is for the major motor carriers. While they may have lots of trucks, for most companies they move the same thing, a 53-foot dry van trailer on the same traffic lanes.

These differences in business and operations are huge, because they have a direct impact on how regulations impact the two different segments of the trucking industry. Major motor carriers buy cookie cutter tractors that are built to pull a dry van trailer efficiently on four-lane, limited access highways. For instance, many large motor carriers do not send their trucks across the Rocky Mountains, instead transferring their cargo to intermodal-rail services (this also helps them avoid the California Air Resources Board's new greenhouse gas regulations that exempt intermodal equipment). Owner-operators and small fleets, on the other hand, need a truck that can operate under significantly more varied operating environments. They do not spend money that is not going to improve their operations and help them save or make money. The new Heavy-Duty Truck Rule, as I will discuss, fails to recognize this difference, adding new costs and negatively impacting how small business truckers operate.

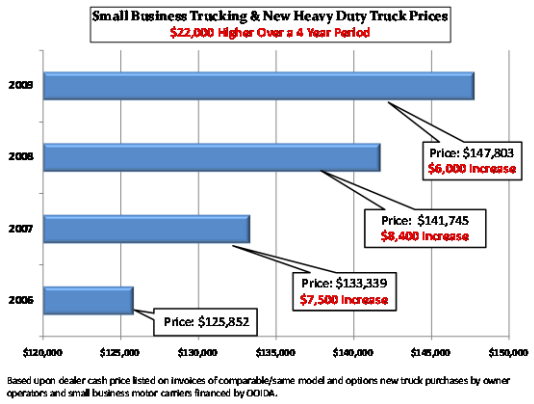
Past EPA Regulations Impacting Heavy-Duty Trucks and the Trucking Industry

Before getting into the specifics of the recent EPA/NHTSA Heavy-Duty Truck Rule, it is important to do a quick history of previous EPA regulations that cover heavy-duty trucks and their impact on the trucking industry.

Over the past decade and a half, the EPA issued several regulations covering emissions from the diesel engines used in heavy-duty trucks. These regulations were focused on reducing emissions of particulate matter (PM) and nitrogen oxides (NO_X). A short summary of the most recent EPA diesel regulations and what emissions-control technology they required is found in the table below:

Impacted New Engine Model Year	***Focus of Emissions Control***	***Required Equipment***
2004 and future	NO_x reduction	Exhaust Gas Recirculation (EGR) technology
2007 and future	90% reduction in PM	PM filters Emissions control equipment necessitated transition to ultra-low sulfur diesel fuel (ULSD)
2010 and future	90% reduction of NO_x from 2004 standards	NO_x control equipment (Selective Catalytic Reduction & EGR technology)

As you can see, these standards were extremely aggressive and required the addition of significant new equipment to trucks, some of which had not even been fully developed by the time EPA issued the standards. Despite this fact, and the calls of caution from OOIDA and others within the trucking industry as well as the engine manufacturers, EPA went forward with these rules under the estimate that they would only add minimal cost to a new truck – around $1,800 to $2,000.



Truckers quickly found out that their hunch that the new regulations would significantly increase the price of new trucks was spot on. A truck that used to cost a little over $100,000 before the 2007 regulation now costs at least $20,000 more. According to truck manufacturers, this price increase is directly tied to the cost of developing and providing the EPA-mandated emissions control equipment.

There are many other ways that the regulations drive up the cost to buy and operate a new truck. The mandated emissions equipment has been found to significantly decrease the reliability of the truck engine, meaning that the truck is spending time in the repair shop instead of out on the road making money. Last Monday, I was speaking to one of the head mechanics at a repair shop I frequent about the two types of NO_X control technologies required under the rules. The mechanic said that it was his experience these requirements cause the engine oil to have higher acid levels, which means more frequent oil changes while also increasing wear on the engine, leading to more frequent breakdowns. OOIDA knows of many small business truckers who are on the verge of bankruptcy right now because of breakdowns directly related to EPA-mandated technology kept their truck out of work.

Because truck and engine manufacturers have to conduct significantly more repairs on new trucks, the warranties that were formerly added for free or very little cost as an enticement to make a sale now need to be paid for at full price. This adds an additional $10,000 or more to the price of a new truck. Additionally, OOIDA recently found out that truck manufacturers are regularly charging non-discountable "EPA Surcharges" upwards of $9,000 that are not discountable. For more information about these cost increases, see the highlighted portion of the attached purchase order.

The added cost from these rules that has the most impact on truckers, and is the most important to the new heavy-duty truck rule, is the impact that the mandated equipment, has had on heavy-duty truck fuel economy. The first strike against truck fuel economy was the court settlement that EPA and engine manufacturers agreed to in 1998. This action resulted from manufacturers having programs on engines that specifically operated them in a more fuel efficient mode during steady highway driving. EPA considered this mode, since the alleged it produced higher NO_X, an illegal emission defeat device, and forced manufacturers to pay a significant penalty and disable the fuel efficient mode.

Further reduction in fuel mileage occurred under the 2007 rule. The EPA anticipated this impact to fuel economy when it developed the rule, yet it was explained away by the agency during the Regulatory Impact Analysis. Unfortunately, the reality is that these new technologies are burning more fuel and have so reduced fuel mileage that truckers who are driving a new truck are forced to buy around 800 gallons more fuel per year

according to real-world data obtained by OOIDA, increasing the cost of doing business by another $3,000 a year at current diesel prices.

The trucker in me cringes at that amount, and the environmentalist in me cringes at the thought of how many other pollutants were emitted to refine the oil to make that extra 800 gallons per new truck per year. The 2004, 2007, and 2010 EPA diesel engine regulations accomplished great things toward cleaning up diesel emissions, but their cost, both in dollars and in reduced fuel mileage have to be taken into account.

Another result of these impacts is that the small business trucking community is turning away from buying new trucks. For years, around 50 percent of OOIDA's membership considered buying a brand new truck to replace their current truck. Since the 2007 regulations were issued, that number has been cut in half. I certainly would not even think about buying a new truck today. The unreliability and reduction in fuel mileage, combined with the excessively high maintenance costs, make it a much better business decision for me to keep and rebuild my current equipment.

Unbelievably, EPA has a double standard for U.S.-based trucking. Small business truckers are being forced to purchase even more expensive trucks under the guise of emissions reduction, while EPA not only ignores, but also signed off on an Environmental Impact Assessment for Mexico domiciled motor carriers wanting to operate in the U.S. that do not need to meet these same standards. EPA brazenly states there is no environmental impact from trucks entering the country using fuel containing 500 parts-per-million (ppm) of sulfur versus the mandatory fuel U.S. truckers must use containing 15 ppm of sulfur. Additionally, none of the trucks entering the U.S. from Mexico will come with the additional EPA emissions requirements from the last decade.

The 2011 Heavy-Duty Truck Rule – A Flawed Process

As part of its greenhouse gas regulatory effort as well as the President's May 21, 2010 memorandum regarding fuel efficiency standards, and Congressional direction from the 2007 Energy Bill, in late 2010 the EPA and NHTSA issued a proposed rule designed to set greenhouse gas emissions and fuel efficiency standards for medium- and heavy-duty trucks.

There are significant similarities between the process EPA used to develop the heavy-duty truck rule and the process it used to develop its recent automobile emissions standards. The EPA, NHTSA, the California Air Resources Board, truck engine manufacturers, truck manufacturers, and big business manufacturers developed the standards. While this might sound like a positive approach to rule making, in an industry like trucking that is dominated by small businesses, it means that the majority of the folks who would end up buying and driving the trucks were locked out of the process.

Instead of reaching out to real truckers and learning about how the industry actually works and what drivers are doing now to improve fuel mileage (even in the face of fuel burning EPA rules), the EPA and NHTSA decided the best approach would be to rely on the input of a few large corporations and their representatives. This occurred despite

direction from the President's May 21 Memorandum to "seek input from all stakeholders."

As a trucker, knowing that the agencies did not consult with a single truck driver is extremely disheartening. We are experts in what we do, with countless OOIDA members having millions of safe and efficient miles on the road. Our business model demands that we pay attention to the fuel efficiency of our trucks and work to make it as high as it possibly can go. We know how the industry works not from computer calculations and data runs, but from our time and experience on the road. It is especially disheartening when I learn that OOIDA went to EPA and NHTSA and asked them to take advantage of the knowledge held by its membership as it developed its rulemaking, but instead, the agencies focused their outreach and engagement only on large trucking companies that were active participants in EPA's SmartWay Program.

What EPA and NHTSA would have heard from professional truck drivers like me is that practicing fuel efficient driving practices lead to significant fuel efficiency gains. This is a reality that is backed up by scientific study. A 2002 study by Deierlein stated "[the] most important fuel economy variable was the driver, who controls the idle time, vehicle speed, brake use, etc. The difference between a 'good' and a 'bad' driver can be up to 35% in fuel efficiency."

Further endorsement of driver training can be found in the 2010 National Academy of Sciences study, "Technologies and Approaches to Reducing the Fuel Consumption of Medium- and Heavy-Duty Vehicles," which was mandated by Congress and according to EPA formed the basis for much of their regulation. The NAS study says that driver training can "offer potential fuel savings for the trucking sector that rival the savings available from technology adoption." It goes on to say that "any government action taken to reduce fuel consumption in the trucking sector should consider [driver training]."

As someone who is out on the road and knows firsthand the important role that training and understanding how best to operate one's vehicle plays in improving fuel efficiency, it is frustrating to learn that EPA and NHTSA quickly dismissed the potential of driver training. According to their own cost information collected by the agencies for the rule making, driver training for one driver costs $139, well below the costs of the technology add-ons and mandates required under this rule. Further, training is something that could be underway and have an impact almost immediately, instead of years from now when trucks meeting the EPA standards will be released and purchased. Unfortunately, despite calls from OOIDA and others, this less costly and more effective option was ignored during the rulemaking.

In addition to the importance of driver training, professional truck drivers would have told the agencies that any new emissions or efficiency regulation on trucks has to take into consideration the impact of the past decade's EPA regulations that I discussed earlier. Not only have they led to what is basically an EPA-mandated $30,000 price increase on trucks, but the technology they required has significant impacts on our operations as truckers. There has to be some level of consideration or at least recognition

of the impact these regulations had on trucking. Unfortunately, you will not even find a mention of these rules in either the regulation or the Regulatory Impact Analysis. To EPA, it's like they never even happened.

The 2011 Heavy-Duty Truck Rule: Bad Results for Small Business Trucking

With such a flawed process, it's not hard to recognize that the results of the Heavy-Duty Truck Rule were bad for trucking, especially small business trucking. Instead of a rule that reflects the varied nature of the trucking industry, the EPA and NHTSA developed a regulation that is a prime example of a one-size-fits-all rulemaking. Now, truck purchasers will be forced by the agencies to use EPA-approved tires and to install costly aerodynamic devices on their trucks, even if they provide them with no benefit in their operations.

Unlike previous regulations, the Heavy-Duty Truck Rule regulates both the truck engine and the truck itself. Engine and truck manufacturers, who in the past had built trucks from the ground up to meet the specific needs of the truck buyer, will now have to satisfy EPA and NHTSA standards first, focusing on the needs of truck purchasers last. This will lead to reduced option choices, which will have a significant impact on the business operations of small business truckers.

Under the regulation, technologies such as air fairings, low rolling resistant tires, automatic engine shut-down, arbitrary speed limiter setting at 62 mph and even anti-idle technology such as an Auxiliary Power Unit would become mandatory – whole or in part. For heavy-haul operations each of these technologies individually or in combination would either be impractical, unsafe, and/or counter-intuitive to efficient operations. The size and weights carried by these operators will only mean they have to order new trucks with the added expense for absolutely no improvement in fuel economy thus no way to recoup the additional cost for the new truck. Adding insult to injury, it would be illegal for them to remove any of the technologies installed by the OEM.

These technologies certainly have an impact on improving fuel efficiency for trucks operated under the large motor carrier business model of pulling a standard dry van trailer along the Interstate. This is the model of trucking that EPA and NHTSA based so much of the estimates and testing for their rules, but instead of focusing on the potential of these technologies for certain operations, the regulation mandates them for all operations. This is a prime case where the big business model of trucking used by large motor carriers influenced and directed this rulemaking, at the expense of small business truckers who operate under a vastly different business model.

The big area where these new regulations will have an impact on small business and owner-operator trucking is in EPA and NHTSA's new regulation of the truck itself. I talked earlier about how we really focus on getting everything right when we purchase a new truck, making sure the right engine is matched with the right transmission, etc. Things got more difficult after the 2004, 2007, and 2010 EPA emissions regulations, but trucking still figured out how to make it work. Now that regulations have expanded to cover the entire truck, that ability to get everything just right just got a lot harder.

It's not just truckers who are saying it, but it is truck and engine manufacturers as well. Presentations from them discussing the regulations talk about "streamlined option choices" and say that the new regulations "may limit availability of certain truck/engine/feature combinations." A well-known writer and commenter on truck engineering wrote after the Heavy-Duty Truck Rule was issued that EPA and NHTSA's goals were impossible to achieve "unless you limit the truck maker's model lineup, squeeze the buyer's spec'ing choices, and in some cases, maybe many, force the [purchase of the] wrong truck to do the job."

How will this happen? Well, first the new rules take away the free reign that truck purchasers and truck manufacturers once had to design a truck from the ground up and force them to build trucks that fit narrow specifications written into law by the new regulation. If the government specs do not work for what a truck purchaser needs, the rules pretty much say "too bad, make do with what we give you as an option" – or pay a stunning $37,000 penalty to EPA for any deviation.

Heavy-duty trucks will now have to fit within one of seven standard and regulated configurations. Each of these configurations will have associated emissions targets that need to be met through certain engine, transmission, and drivetrain combinations, as well as by adding various technologies, such as EPA-approved tires, idle reduction timers, and aerodynamic features. Again, in some operations, these technologies will have an impact on reducing fuel mileage, but on many operations, especially the specialized hauling that many owner-operators focus on, these amount to either costly add-ons that provide no fuel efficiency improvements or they will result in significant impacts on the efficiency of their operations because the "spec" that best fit their business model is no longer available because it does not meet the rule's standard.

To illustrate how this will impact small business truckers, think about a trucker who does a little more than half of his work pulling a dry van trailer and the rest is pulling a flatbed. This is a common occurrence for owner-operators. Under the new rule, the next time this owner-operator buys a new truck, they are going to have to focus the "specs" of their truck on their dry van operations. The aerodynamics of the truck, the wheels, tires, and drivetrain combination will need to be focused on that type of operation, because that is what is required under EPA rules. If they "spec" the truck to a flatbed operation, he may have to buy a truck that is totally different from the one needed to haul a dry van, a low-roof sleeper instead of a raised roof sleeper, for instance. In the past, the owner-operator would have worked with the truck dealer and manufacturer to find the "sweet spot" for both types of operations, but under these new rules, that is going to be impossible.

Truck aerodynamics are another area where their use may make sense for some operations, but as a mandate they do nothing but drive up costs for some segments of the trucking industry. The best example of this is the heavy haul segment, which I talked about before. The photo below is an example, albeit an extreme example, of an oversized load hauled by a truck.

There is no amount of aerodynamic improvement that could be made to the tractor that can improve its fuel efficiency. The same holds true for trucks that haul cargo like mobile homes, large military equipment such as tanks, or generators for power plants. The additional cost of fairings and other equipment required under this rule will simply be a waste of money to the significant segment of the trucking industry that makes its living from hauling these specialized loads.

Another area of the rule that is not a complete mandate, but comes pretty close to that under EPA and NHTSA's system for certifying compliance is speed limiters. While not a required device, the regulation gives a lot of credit to manufacturers for the number of trucks they make that have a permanent, disable-proof speed limiter activated on the truck. While many large motor carriers make use of speed limiters because of their view that these devices lead to better fuel efficiency, they are seen as a significant efficiency reducer within the small business and owner-operator trucking community. OOIDA members without speed limiters can move cargo across our highways at a much greater efficiency without breaking speed limit laws than vehicles that have activated speed limiters. Not only is this speed limiter allowance dangerous because it increases unsafe speed differentials between different types of vehicles on the highway, but it also runs in the face of Congress' decision to allow states to have control over their own speed limits on their own highways.

As a driver, on the issue of speed limiters, I must go back to driver training and its importance. Simply setting a limit to speeds is not going to ensure that the truck is traveling at the most efficient speed for the weight of its cargo and the terrain the truck is traveling over. That takes the knowledge of the driver making sure the truck is geared correctly and that enough throttle is applied at the right time. Indeed, what I fear happening, and I have seen it with trucks from large motor carriers, is that they will drive the truck at the fastest speed possible as much as they can to make up for the efficiency lost due to their artificially limited highway speed. This not only has a negative impact on safety, but defeats the purpose of these regulations by incentivizing the driver to drive at a higher speed when they should be traveling at the posted speed. Again, these are all issues that EPA and NHTSA would have picked up on had they simply talked to some real, live truck drivers!

Finally, one of the other additional costs placed on small business trucking under this rule is the focus on "SmartWay" and "super-single" tires that offer low-rolling resistance and are designed to improve fuel efficiency. In the rule, the EPA and NHTSA talked a lot about how the trucking community did not understand the fuel efficiency benefits of these tires, and that this was a major reason that they were including such a focus on them within the rule. However, if you talk to truckers, the reason these tires are often avoided is because they are not the best match for their business.

Take my operation for example. Often I am driving through a muddy and puddle-filled mill yard on the way to pick up my load of steel. The low-rolling resistance part of the tire that the rule focuses so much on actually means less tread, so these new tires have significantly less traction. That means I am at a greater risk of getting stuck out there in the mill yard, not to mention what might happen to me coming up a snowy road or a mountain pass in the middle of winter.

These new tires also wear at a lot faster rate than standard tires, meaning that truckers are going to have to replace them a lot more often, adding a huge new cost to their operating budgets. And that cost goes even higher when you factor in the fact that these tires are 1-10-30 percent more expensive than standard tires. Think about the outrage you would hear from your constituents if the auto emissions rules required their cars to use tires that had less traction, had less resistance to wear, and cost more!

This regulation has a dual-edged sword for truckers. As I talked about before, it's going to have an impact on our operations and make us purchase equipment and add-ons that many of us are not going to see a return from. The further impact of the rule is the cost of those mandates even to folks who will see a benefit from them. This regulation, even at EPA's estimate, adds another $6,000 to the cost of a new truck. This is on-top of the $20,000 to $30,000 in additional costs added to trucks from previous EPA rules. Additionally, in the Heavy-Duty Truck Regulatory Impact Analysis, the EPA stated that the average Class 8 sleeper-equipped truck cost only $112,000. As you can see from the attached truck purchase order, that is a gross misstatement that misses the mark by nearly $50,000 without ever accounting for the added costs of complying with this new rulemaking.

Instead of incentivizing truckers to make that purchase decision, these regulations simply add more costs, making it difficult for a truck purchaser to justify the additional money a new truck is going to cost them. This means that truckers like me who want to run the most efficient and cleanest truck face significant challenges when it comes to buying these trucks.

Conclusions & Alternatives

OOIDA and its members support the goals of past EPA regulations and the intent of the EPA and NHTSA's Heavy-Duty Truck Rule to improve truck fuel economy and reduce emissions. However, we question the process used by the EPA and NHTSA to develop the rules and the efficacy of the approach taken by the rule, which mandates the purchase

of costly technology by all truckers, irrespective of its ability to improve their operation and actually improve fuel economy.

We are further concerned that the agencies have already begun the early work on its next round of regulations for trucks with model years after 2017. OOIDA fears that this next round of rulemaking will further reduce option choices for truckers, include additional new mandates that do not make real improvements to fuel economy, and even include new mandates on trailers. We feel that before the agencies move forward with the next round of regulations, they should change their approach to improving fuel efficiency and reducing emissions.

Agencies must recognize the reality that truckers are focused on maximizing their fuel efficiency and reducing emissions of all kinds. Our business success in what is one of the most highly competitive industries in the country depends upon us being good stewards of our resources and focusing on our fuel efficiency. Given the amount of money that a one truck operation spends on fuel a year – tens of thousands of dollars – pure economics tells you that trucking is going to take every advantage of technology that improves fuel efficiency based on their unique needs and without any government mandate.

Chairman Jordan and members of the Subcommittee, thank you for inviting me to testify today on behalf of small business and owner-operator truckers. I look forward to answering your questions.

Recent Truck Purchase Order Highlighting EPA-Related Charges

CIT Group, Inc.

☐ Normal, IL 309-452-8392 ☐ Peru, IL 815-224-4410 ☐ Springfield, IL 217-544-5300
☐ Morton, IL 309-263-9888 ☐ Urbana, IL 217-328-2025 ☒ Shorewood, IL 815-744-8358

PURCHASE ORDER

Purchaser's Name DuWayne Marshall Trucking (Print or Type) Date 9/27/11

Please Enter My Order For 1 (Qty) 2012 Kenworth T660 ☒ New ☐ Used ☐ Demo as follows:

STK #	V. I. N.	YEAR	MAKE	MODEL	RETAIL	F.E.T.	TOTAL
		2012	Kenworth	T660	$132,332.00	$15,629.84	$147,961 .84
	Cummins PP1 4year 500,000 miles				$10,150.00		$10,150 .00
	Cummins Aftertreatment 4yr 500,000				$1,300.00		$1,300 .00

Any Additional Options:

Total	$159,411 .84
Tax Exempt / ICC # Sales Tax	If Applicable
DOC Charges License Title $95.00 Registration $50.00 Prep Charge	$145 .00
*Total Cash Delivered Price	

SETTLEMENT

Cash Deposit Submitted with Order ☐ Pending Approval ☐ Non Refundable	
Allowance For Trade-in as Appraised	
Less Pay Off Owing To:	
Description of Trade-In	Net Equity
Year / Make / Model	Total Credits
VIN / Type	Unpaid Cash Balance Due On Delivery: $159,556 .84

THIS AGREEMENT, entered into this _____ day of _____ 20____ by and between _____ and CIT Group, Inc. witnesseth that _____ agrees that the above vehicle being considered for trade-in by CIT Group, Inc. will be:
(1) Dispatch ready according to D.O.T. requirements. Exceptions: _____
(2) All components, i.e. engine, transmission, rear axles(s), electrical , air conditioning and attaching components are in good working mechanical condition.
Exceptions: _____
(3) Physical Condition: No structural damage, broken glass or damage to interior (Normal wear and tear is expected and excluded.)
Exceptions: _____
(4) Tires to be original casing front axle with 11/32" tread. Caps or original rubber rear axle(s). Matched tread design and minimum 11/32" tread each tire.
(5) Front brakes 3/8" minimum shoe depth, rear 1/2". Brake drums will meet D.O.T. requirements.
Exceptions: _____

THIS MUST BE READ AND SIGNED BY THE CUSTOMER

It is understood that the major components of this vehicle are in reasonably good operating condition unless specifically stated and tire conditions are as indicated on this appraisal. Should these items prove otherwise at the time this vehicle is traded in, I am aware that CIT Group, Inc. reserves the right to adjust the value of this vehicle accordingly. I certify that all Federal and State use taxes, as well as others that are due are paid to date and/or will be at the time this vehicle is traded in the CIT Group, Inc. customer agrees to provide last copy of Federal Highway use tax forms 2290 and Schedule 1 (if 33,000 lbs. GVW or more).

Signed: _____ Purchaser
Street Address W6968 Highway G
City & State Watertown, WI. Zip 53098
Bus. Phone 414-870-5337 Res. Phone _____
Salesman Mike Lexow
This order is not valid unless signed and accepted by dealer or authorized representative
Approved _____ Dealer or Authorized Representative
*Quote **good for 30 days only**

FINANCE AND INSURANCE REQUIREMENTS

Monthly Payment _____
Down Payment _____
Term _____ Residual _____
☐ Credit Life/Disability Quote
☐ Downtime Quote
☐ Bobtail Quote

KENWORTH

Data	Code	Description	$ List	Weight
9140193	O	**Delete hosetenna. Must code for a tractor kit.**	-125	-8
9140199	U	**9140196 Double spring replacing single** spring hanger.	31	2
9140232	O	**Locate air dryer inside LH rail BOC.**	100	0
9140321	O	**Additional 7-way ISO 3731 connector for trailer** ABS power One additional, w/ o light line, for full truck & tractor.	153	6
9140700	O	**Standard hosetenna Bracket Location.**	0	0
Extended Warranty				
9200021	S	**Standard Warranty.**	0	0
9205490	O	**Protection Plan 1: Cummins 4-year/500,000 miles** (804,672 km), ISX15 & ISX11.9 2010, >500 hp.	10,150	0
9205816	O	**Cummins Aftertreatment: use w/ Protection Plan 1** 4-year/500,000 miles (804,672 km), ISX15 & ISX11.9 2010.	1,300	0
9210210	O	**2010 EPA heavy-duty Surcharge $9250.**	9,250	0
Miscellaneous				
9490003	O	**Additional lead time required for off highway &** /or speciality component truck.	0	0
9490206	O	**Triangle reflector kit. Kit consists of 3** triangles in plastic carrying case.	29	4
9490404	O	**One 5 lb. dry chemical type fire extinguisher** mounted outboard of driver seat.	102	11
Paint				
9700000	O	**Paint color number.** N97020 A - L1324EB RICH BLUE N97400 SUNVISOR L1324EB RICH BLUE N97600 AIR SHIELD L1324EB RICH BLUE N97200 FRAME N0001EA BLACK N97700 BUMPER L1324EB RICH BLUE	0	0
9940030	S	**Paint bumper & chassis fairings "A" color.**	0	0
9943419	O	**Imron solid 1 color aerodyne sleeper Spec A.**	0	0
9965510	S	**Base coat/clear coat.** The Kenworth Color Selector contains additional instructions, as well as information on Kenworth paint guidelines and surface finish applications. Kenworth is standard with Dupont Imron Elite paint.	0	0

Total Adjusted Price (W/O Freight & Warranty & Surcharges)	$199,566
Freight Charge	$1,925
Options Not Subject to Discount	$11,450
2010 EPA Engine Surcharge Not subject to Discount	$9,250
Total Weight	18777

Prices and Specifications Subject to Change Without Notice.

Unpublished options may require review/approval.
Dimensional and performance data for unpublished options may vary from that displayed in PROSPECTOR.

Printed:	9/28/2011 4:21:33 PM	***Complete***	Model Number:	T600 Series Conventional.
Effective Date:	Jul 1, 2011		Quote/DTPO/CO:	Q12126247
Prepared by:	ID: Mike Lexow		Version Number:	27.03

Scott Grenerth
Professional Truck Driver

Scott Grenerth has been a professional truck driver for ten years and an owner-operator for the past three years. He has driven for a large fleet, a small regional fleet, and a specialized private fleet before buying his own truck. Before entering trucking, he worked in the field of environmental education since 1989. He holds a degree in Environmental Education from Hocking College in Nelsonville, Ohio.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: Scott Grenerth

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Owner Operator Independent Drivers Association
P.O Box 1000
Grain Valley, MO 64029
I am a member of the association.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Transportation Security Administration - Trucking Security Program - Grant administered by FEMA

Grantee: HMS company - Alexandria, VA

OOIDA is a sub-contractor to HMS in the amount of 1.5 million dollars over 3 years.

I certify that the above information is true and correct.
Signature: Scott Grenerth Date: 10/10/11