

Responsible Care Partner Conference

Houston TX January 18, 2012

Tank Truck Industry Issues

Greg Hodgen, President
Groendyke Transport and
2011-12 NTTC Chairman

John Conley, President
National Tank Truck Carriers



National Tank Truck Carriers, Inc.

www.tanktruck.org

- Member driven, issues-oriented association
- Served as industry's voice since 1945
- Membership includes over 200 for-hire carriers and 300 associate members
- Provide critical safety forum for carriers, tank manufacturers, shippers, and suppliers
- Attract quality people to our industry in every capacity.



ACC and NTTC Strong Partners in Safe and Efficient Chemicals Distribution

29 Responsible Care Tank Truck Members are NTTC Members

A&R Logistics
Altom Transport
Bork Transport
CBSL Transportation Services
Coal City Cob, Inc.
Dana Transportation Companies
Dupre Logistics
Enterprise Transportation Company
GLS Transport Inc
Groendyke Transport
Hazmat Environmental Group
Heniff Transportation Systems
Hercules Transport
Highway Transport Logistics
Lacy's Express

Linden Bulk Transportation
Liquid Transport
Martin Transport
Miller Transporters
Schneider National Bulk Carriers
Service Transport Company
SJ Transportation
Slay Transportation Company
Superior Carriers
Tankstar USA
Tidewater Transit
Transport Service Co.
Transwood Inc.
Trimac Inc.

And we have invited the other five to join soon!



Top Five Issues for 2012 (and beyond)

- 1. Tank Truck Driver Sustainability
- 2. Tank Truck Driver Sustainability
- 3. Tank Truck Driver Sustainability
- 4. Tank Truck Driver Sustainability
- 5. All other

Why Tank Truck Driver *Sustainability*?

Sustainability (def) – An attempt to provide the best outcomes for human and natural environments both now and in the indefinite future.

Professional drivers are a human resource as much as clean air and water are environmental resources.

The carriers and shippers with the elite tank truck drivers will survive and prosper.



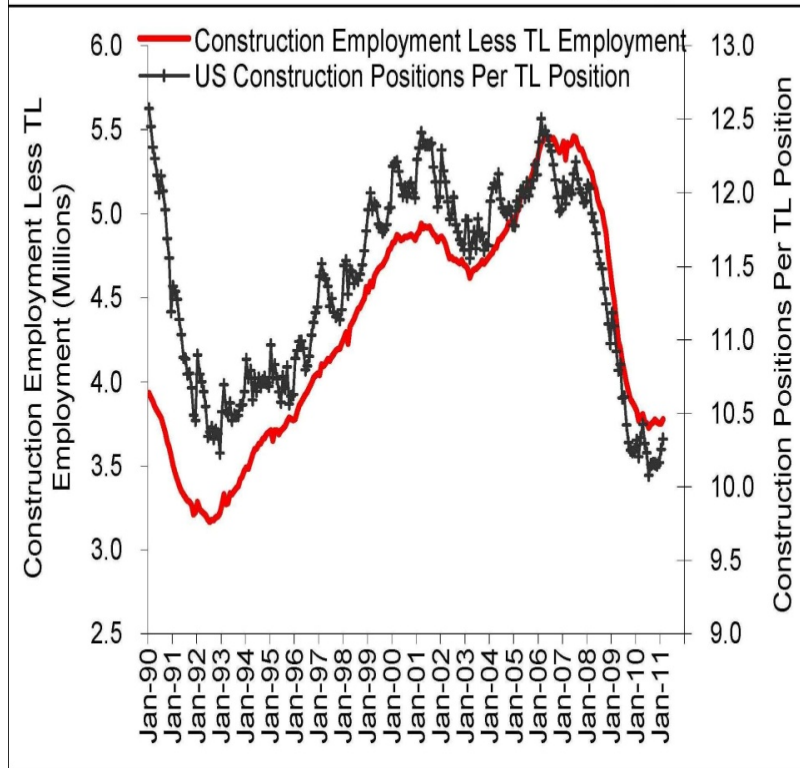
Where are the Qualified Drivers?

- Negative generational demographics
 - Entire industry short 188,000 drivers this year (per estimate of FTR Associates)
- Carriers downsized in recession
 - Drivers exited industry
 - Carriers slow to invest in fleets
- Turnover rates reaching 75%
- Quality and quantity of applicants has declined

Employment Trends

Exhibit 244

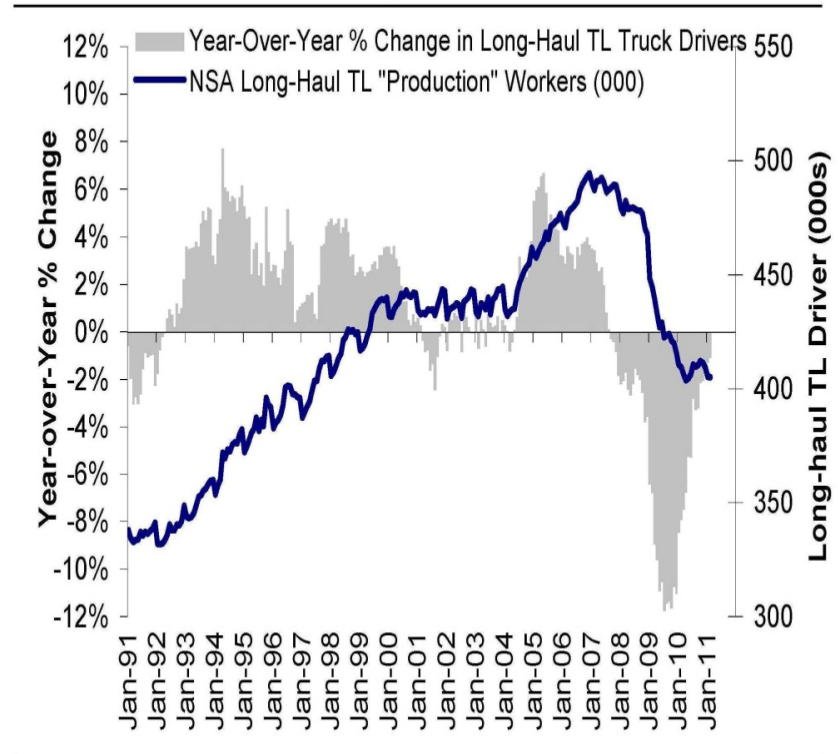
Truckload Drivers vs. Construction Employment



Source: BLS, Morgan Stanley Research

Exhibit 245

Truckload Driver Employment



Source: BLS, Morgan Stanley Research

Note net change in TL Driver Employment

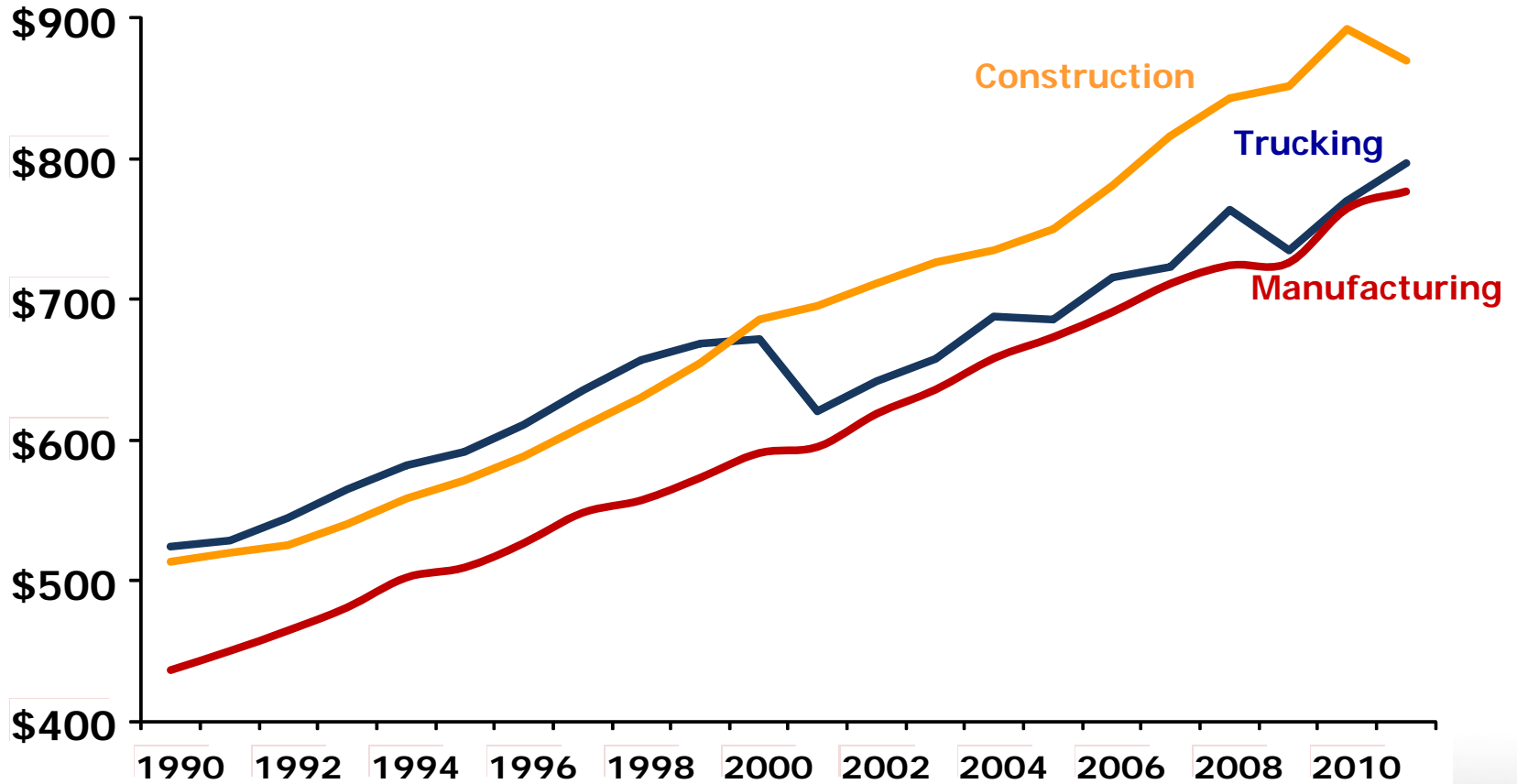


Driver Compensation Today

- Average driver pay \$48,000
- Compensation ranges from \$35,000 to \$75,000
- Differential from top quartile to bottom quartile is \$0.16 per mile
- Traditional gap is \$0.10 per mile
- Estimates of up to 30% increase by 2014

Weekly Earnings

Average Weekly Earnings of "Production" Workers
 Weekly Earnings = Pay rate x amount worked (mileage or hours)



Source: US Department of Labor

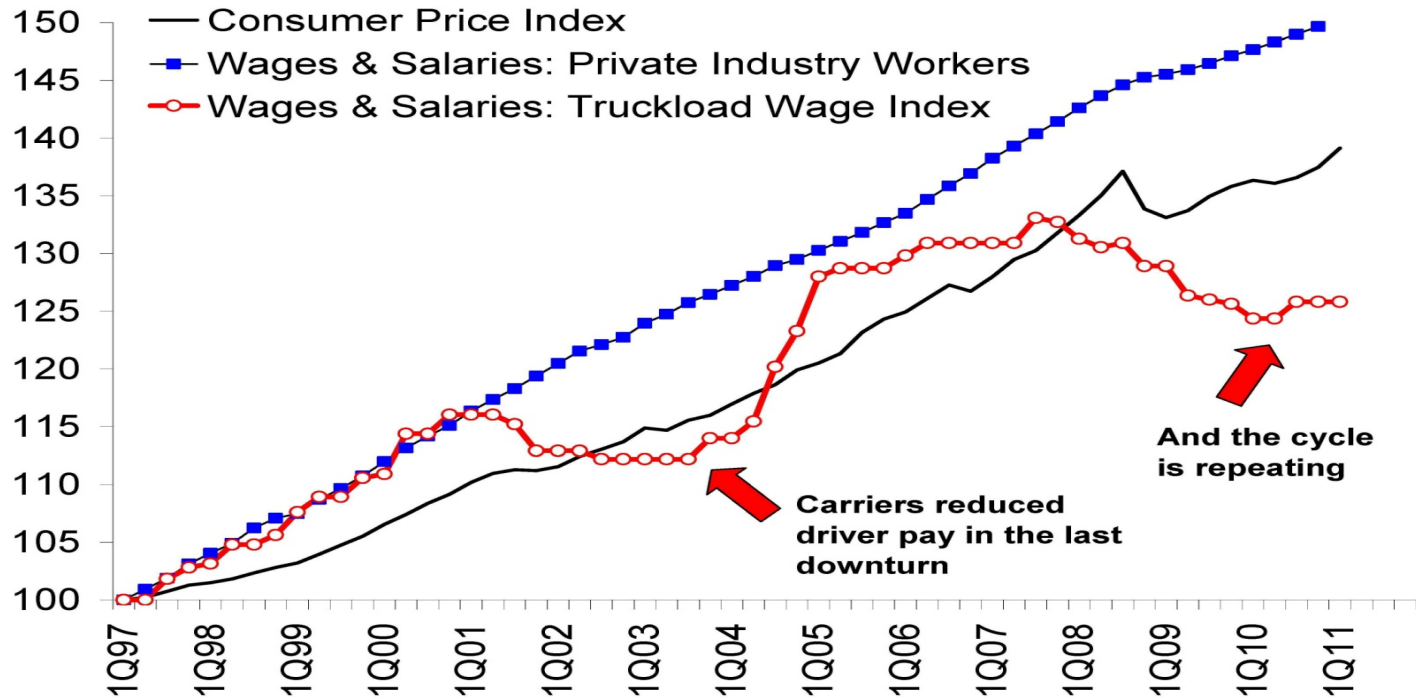


Driver Pay Trends

Driver Pay Trends

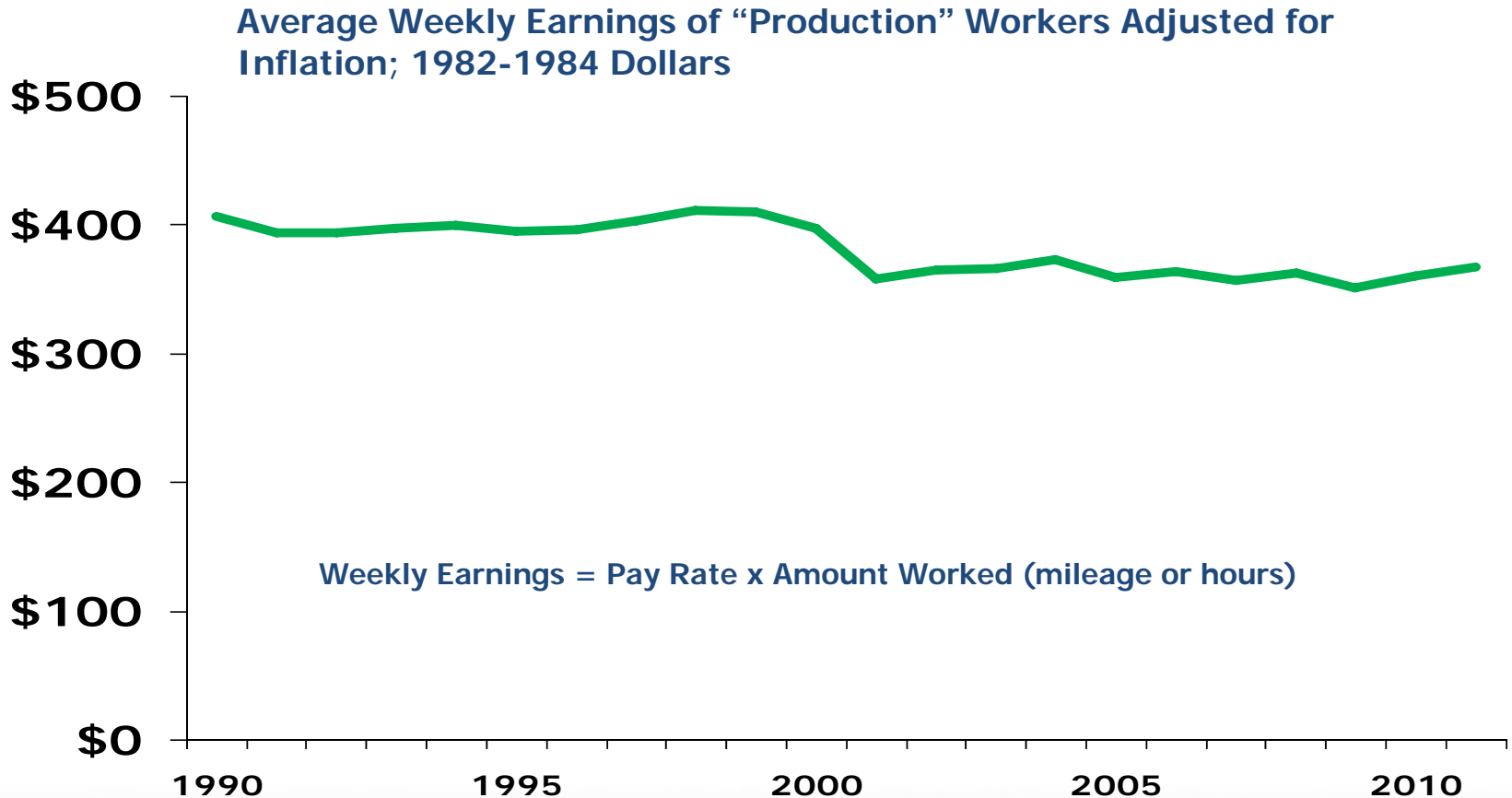
Exhibit 243

Starting Driver Pay (Per Mile) for Drivers With 3 Years Experience vs. Inflation



Source: National Survey of Driver Wages and Morgan Stanley Research

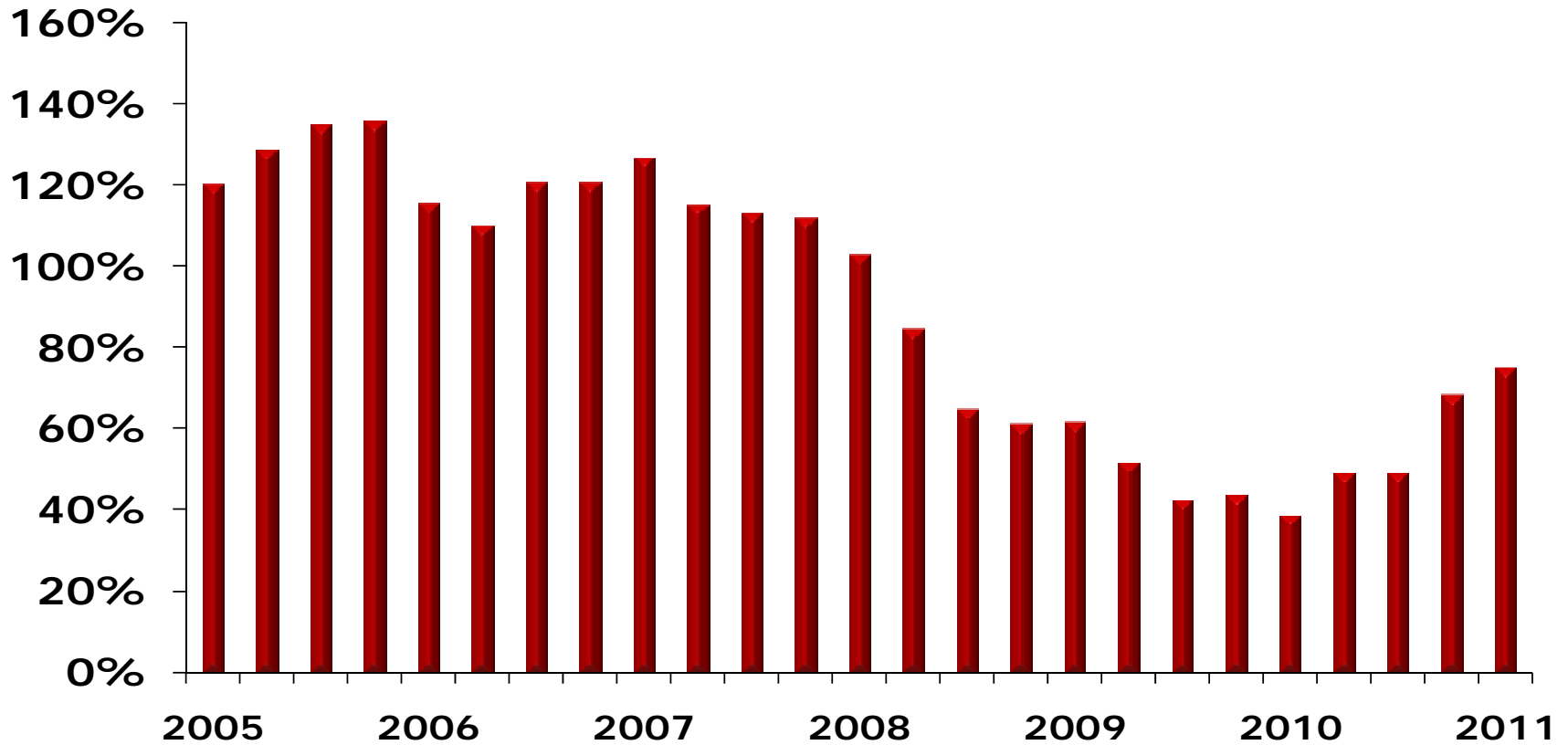
Real Weekly Earnings of TL Drivers



Source: U.S. Department of Labor & American Trucking Associations



Quarterly TL Linehaul Driver Turnover



Source: American Trucking Associations



Numerous Challenges in Quest for Drivers

- CSA: Compliance, Safety, Accountability
 - Complex grading system for carriers and drivers
 - 52% of fleets in CSA system currently exceed Federal intervention thresholds
- EOBR's
 - Electronic logs, event recorders, GPS, communication
- Generational profile
 - One of every six drivers is 55 or older
 - Lack of appeal to upcoming generations

Lifestyle Challenges in Quest for Drivers

- Time away from home and family
- Irregular work hours
- Irregular pay (i.e. no loads, no pay)
- Hard work
- Image issues – no longer *White Knights of Highway*
- Hyperactive regulatory environment
- Disintegrating infrastructure
- Disappearing rest stops and parking
- Increased medical requirements



Unique Nature of Tank Truck Segment

- Highly specialized service & equipment
- Large variety of service segments
- Generally shorter length of haul vs. other segments
- Modestly increased levels of compensation vs. other segments
- More predictable routing
- Significantly increased risk



Carrier Keys to Successful Recruiting

- Rethink yesterday's business model
 - Look in the mirror first
 - Treat drivers as your partners
- Identify qualified candidates
 - Target advertising to non-traditional outlets
 - Emphasize benefits of today's technology
- Protect your partners
 - Safety & compliance tools
 - Driver-friendly operating model
 - Increased economic opportunities



Develop Driver Retention Strategy

- Current operating environment makes retention more challenging (i.e. CSA, HOS, E-Logs)
- Communicate challenges openly with your partners and your customers (i.e. shippers)
- Ask for and act on driver input
- Develop wellness programs for your partners
- Recognize, reward, and respect

Industry Partners – Carriers, Shippers, and Drivers

- Shared challenges require shared solutions
- Honest communications key to success
- Recognize and value driver contributions
- Drivers are part of the solution, not the problem
- Equitable compensation is long overdue

Partners in Crisis: 'til Death do Us Part

- We simply cannot outsource essentiality of trucking
- Improve driver working conditions
- Improve transportation economics
- Reinforce industry professionalism and commitment to safety
- Focus on overall image



Shipper Improvement Areas

- Educate all stakeholders on essentiality of trucking
- Review loading/unloading practices with eye towards drivers
- Improve demurrage practices
- Work with carriers on existing barriers to success
 - Credentialing
 - CSA
 - HOS

Carrier Improvement Areas

- Personalize your relationship with drivers
- Protect economics of carrier/shipper transaction
- Redefine existing image of drivers
- Redefine existing image of trucking
- Actively participate in local, state, segment, and national associations

Now, The rest of the story

- New Hours of Service
- CSA and the Shipper
- Regulatory Developments
 - HM 247 Loading and Unloading
 - HM213D Wetlines
 - OSHA Fall Protection
 - Cross Border Residue
 - Shale Gas and Oilfield Growth

New Hours of Service

- Final Rule Issued December 22, 2011
- Effective July 1, 2013
- Retains 11 hours driving time
- Reduces 34-hour restart option
- Lawsuits to follow
- Move 'em in and move 'em out

CSA: Compliance Safety Accountability

- Should benefit the tank truck industry
- HM held to higher standards; HM BASIC
- Go to FMCSA website NOW to check your profile. Available to all in December
- Communicate with drivers. No ratings for individual drivers.
- All Roadside inspection data counts
- www.fmcsa.dot.gov



What You Need to Know and Discuss with Your Carriers

- Assign someone to become your in-house expert on CSA. Identify a key CSA point person at your carriers for on-going communications.
- CSA is a tool developed by FMCSA to help them better utilize their resources by “targeting” carriers for increased attention. It was not designed to be used by the public as a rating system. However, that is what it has become.
- Shippers should continue to “vet” their carriers the way they always have. CSA is a tool but not the only tool for this effort.
- Shippers and others will NOT have access to the Crash Basic. Currently, there is no differentiation between preventable and non-preventable accidents.
- Discuss Crash information with your carrier.



CSA NTK (contd)

- FMCSA is developing a Crash review process and so should you.
- Safety is an investment; it also is a cost
- “Lowest rates anywhere: anytime” **Is that how you would pick a vet for your dog?**

CSA WILL bring the shipper more into the game. Know your Carrier.

Know if your carrier brokers your loads

Have a written plan that you will feel comfortable on an 18-ft screen in a courtroom. Follow that plan.

What is your own exposure?

- FMCSA looking much closer at shippers for shipping paper and marking violations
- Plaintiff attorneys see Trucking as the next asbestos goldmine. “If you have a phone, you have a sleazeball lawyer.”
- CSA is available to plaintiff bar and media. “You knew or should have known.”
- Vicarious Liability cases and “deep pockets”



HM247 Cargo Tank Loading and Unloading

- Require specific annual training at all loading and delivery facilities
- Require each facility to develop unique loading requirements based on risk assessment
- Would require drivers to verify that they have been trained at each loading and unloading location
- Would duplicate and in some cases conflict with existing regulations
- Would require drivers at loading and unloading facilities to be supervised by trained facility personnel
- NTTC, ATA and ACC all commented on the proposed rule, along with the Interested Parties coalition of HM organizations.
- Final Rule –August 2012?

HM213D Wetlines

- Waiting for Final Rule -- August 2012?
 - Addresses more than gasoline
 - Three options:
 - Withdraw the proposal
 - Apply to new trailers only
 - Publish as proposed with retrofit
- NTTC prepared to go to Court House

Help Eliminate Tank Truck Rollovers



www.tanktruck.org

Thank you for your business and
your support!!!

*Let's Have a safe and
profitable 2012*

