

Testimony of John L. Conley
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Hearing on "Gasoline, Price, Supply and Specifications"

U. S. House of Representatives
Committee on Energy and Commerce
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Mr. Chairman and members of the Committee.

Good morning. My name is John Conley, and I am the president of the National Tank Truck Carriers (NTTC). I want to begin by thanking you, Mr. Chairman, for holding this hearing and for your kind invitation to my association to participate.

National Tank Truck Carriers is a trade association comprised of approximately 200 trucking companies, the majority of which specialize in bulk transportation of hazardous products, such as gasoline, diesel fuel, and ethanol throughout continental North America. The interest of our membership in this matter is substantial. In addition to the common carriers NTTC represents, petroleum products also are hauled by private truck fleets operated by the major oil companies and by petroleum marketers. NTTC is affiliated with the American Trucking Associations.

The Nation's tank truck industry is a key link in the distribution chain that provides our economy and our citizens the petroleum products that allow us to maintain and improve our mobile quality of life. To borrow from a well knowing saying, "If your car has gasoline, your farm tractor has diesel fuel, and your home is warmed by fuel oil, a tank truck brought it."

NTTC was asked to discuss what impact increased use of ethanol is having on my industry's ability to continue providing gasoline and other products to service stations. The short answer is that it has presented additional distribution challenges but that the tank truck industry does have the capacity and management skills to meet those challenges.

The increased movement of ethanol has added to the logistical balancing act our fleets already have to do to try to meet the almost irrational petroleum smorgasbord of what products can be delivered to what political jurisdiction on what day. These changes often take place during periods of seasonal peaks in demand. Our entire petroleum distribution system would be less cumbersome and less costly if this country had a realistic and consistent national fuel policy. The addition of increased demand for ethanol transportation at a time when our trucks are being used to capacity has exacerbated the

situation. However, I again state with confidence that our drivers and fleets will meet the demand.

As this committee is aware, ethanol does not move by pipeline. Our trucks are picking ethanol up directly from suppliers or are transloading the product from railcars or barges. We are able to load quicker from barges and have found that our drivers do sometimes have to wait in long lines to transfer from railcars. In trucking, time is money and time waiting is money not well spent. I am sure we will be able to work with our rail partners to devise quicker ethanol transfer procedures. Obviously, as rivers freeze and the inevitable rail dislocations occur, more demand will exist for tank truck transportation from ethanol producer to blending facilities.

At this point I would like to anticipate two questions and state that National Tank Truck Carriers would not support increasing hours of service or raising weight limits in existing trailers as short-term solutions to gasoline delivery disruptions. In our industry, everything takes a second seat to safety.

As tank truck carriers, we do not set the price of fuel or determine what fuels will be produced. However, we are impacted by the almost daily changes in these two key factors. It is not uncommon for our drivers to be sitting in line at one terminal only to be contacted by dispatch and told to travel to another location because price at that terminal has dropped. This “shopping for gas” is another unproductive use of tank truck industry manpower and equipment, but it is a fact of life.

As supplies of various blends ebb and flow from one site to another, our trucks also chase supply. We are finding that those trucks often have to go longer distances to load ethanol or other products because of supply and demand changes by producers and retailers. While Ultra Low Sulfur Diesel (ULSD) is not a subject of this hearing, widespread introduction of that latest new fuel will further restrict driver and equipment capacity, especially if ULSD shippers or retailers decide that we will have to provide “dedicated” equipment.

I would like to briefly describe how we transport ethanol, gasoline and other petroleum products. Trailers for these products are built to specifications developed by the Department of Transportation. Our drivers must hold a Commercial Driver’s License with a hazardous materials endorsement and a cargo tank endorsement. To qualify for the HM endorsement, the drivers must undergo a background check and fingerprinting. Rethinking the whole approach to HM endorsements would enable us to hire drivers and put them to work more quickly. I know that is an issue for another day.

Tank trailers used to haul gasoline also can and are being used to transport ethanol. In the most productive situation, a carrier can haul ethanol into a petroleum terminal and haul gasoline back from that terminal to a retailer. Hopefully, we will get to the point where we will see more efficient utilization of our fleets in this way. In other cases, carriers are diverting trailers and drivers from gasoline service to handle ethanol transportation.

We even have some carriers who do not transport gasoline that have become involved in hauling ethanol. This potential additional capacity is one factor that makes me confident in saying we will meet the distribution challenges we face today.

Thank you for your attention and the personal honor of appearing before you. I would be pleased to answer any questions.