

**BUSINESS & FINANCE**

# Shippers Evaluate Carriers for Reliability, Pricing, Less for Fuel Efficiency, Experts Say

By Roger W. Gilroy  
Staff Reporter

Carriers' equipment is becoming more fuel-efficient, a trend the Phase II greenhouse-gas emissions

rule is expected to increase starting next year. However, shippers are not focusing on these improvements in their already complex contracts with carriers, logistics experts said.

The fuel-efficiency gains carriers achieve are "more obscure from the

shipper's point of view," said Matthew Harding, vice president at Chainalytics, an Atlanta-based supply chain consulting, analytics and market intelligence company.

Gail Rutkowski, executive director for the National Shippers Strategic



A worker unloads boxes of plastic bottles from a tractor-trailer at the Mother Nature Spring Water facility in Ashcamp, Ky.

Luke Sharrett — Bloomberg News

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Transportation Council, agreed. "I asked our shipper members and heard back from three of them. Not one of them said they were monitoring this trend at all and generally do not keep up with this equipment part of transportation," she said.

Shippers want to know if the carrier is reliable, whether its pricing is in line with the market and whether it can offer operational efficiencies, Harding added.

Fuel efficiency is "a market force that exists primarily on the carriers' side to reduce their costs, not so much because the shipper wants it," he said. "Although any shipper out there will [also] tell you, 'we have to watch our carbon footprint and we have to do what's best for the environment.'"

A carrier with noticeably higher fuel efficiency than its competitors, however, "has an advantage to either create more margin or price its freight capacity lower," Harding said.

Meanwhile, shippers and carriers are learning how to maximize operations in a world of vast amounts of data, said Geoff Milsom, a director with enVista, a supply chain consulting and IT services firm in Carmel, Indiana.

"It's not easy for shippers to put in their contract, 'This is what the expected fuel-efficiency gains are, and therefore our fuel surcharge will be reduced over time,'" he said.

For example, at large carriers with thousands of tractors and trailers, not all pieces of equipment reflect the same fuel efficiencies, Milsom said.

"So it's difficult to tie these things together in a single contract looking at fuel efficiency. That's pretty complicated, considering where most shipper-carrier agreements are today," he said.

Large carriers typically have grown through acquisitions and can find themselves with several IT systems, "and that makes it very tough to make a good pricing decision for a shipper who might not be able to tell you how much actual volume they are going to do on a day-by-day or week-by-week basis," he said.

For shippers, the best efficiency improvements are the ones they can facilitate themselves, and those are what they should focus on, said Paul Newbourne, president of Pittsburgh-based Logistics Project Consulting. These include reduced times for loading and unloading, elimination of pallet exchanges and lumpers, and eliminating layover transit routes, he said. (After his interview for this article, Newbourne was appointed chief operating officer at Covenant Transport Solutions, the logistics unit of Covenant Transportation Group. Covenant ranks No. 43 on the TRANSPORT TOPICS Top 100 list of the largest U.S. and Canadian for-hire carriers.)

"In my experience, carriers are more readily willing to reflect the benefits from these types of changes in their pricing to their customers," Newbourne said.

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## Coolants Convert Into Organic Solutions In Aluminum Engines, Maintenance Exec Says

By Fran Matso Lysiak  
Equipment Editor

RALEIGH, N.C. — The increasing use of lightweight aluminum in engines will likely bring with it a conversion to nitrite-free organic acid technology, or OAT-NF, coolants, according to a maintenance executive at an industry meeting here.

Aluminum is replacing steel because its high-strength, low-weight properties help truck makers meet federal greenhouse-gas emissions standards by boosting fuel economy. At a Sept. 20 meeting here of the Technology & Maintenance Council, Homer Hogg, manager of technical development for Travel Centers of America/Petro, said the switch in metal should be coupled with a change to OAT-NF coolants.

"It's just a matter of weight," Hogg told TRANSPORT TOPICS.

Coolants are now called upon to protect more aluminum than steel, Hogg said, so the industry is transitioning to the new coolants. He said nitrites have been removed from new coolants to adjust to some manufacturing processes and benefit more aluminum in engines.

The servicing industry must react to that quickly because it can be very costly, he said. "In fact, it can take your entire engine down \$50,000-plus per engine ... if you do not get this right." Hogg was one of the speakers on the

panel at the session, titled "The Evolution of Engine Coolants."

Coolants feature many technologies and colors, and knowing the difference between them is important for maximum coolant system protection, according to the meeting program.

OAT-NF coolants are quickly becoming the preferred specification among manufacturers and fleets, the meeting program said.

If a fleet has different types of vehicles, it doesn't want to be responsible for managing multiple types of anti-

freeze, said Hogg, who develops technical solutions for TA Truck Service's coast-to-coast network, primarily in the truck shop division.

"It would be challenging on your inventory and challenging on your training programs, so you try to have one consistent type of coolant," Hogg said.

That is what many in the industry are struggling with, he said, noting many of the questions at the session concerned whether one antifreeze can be used for all of a fleet's engine

platforms. The answer, he said, is yes, but for the nitrite-free coolants.

Over the past year or so, the transition to nitrite-free occurred on a broad scale in the industry, Hogg said. Not everyone has moved to this type of coolant, but the majority has, he said.

The new coolant is required by some of the engine manufacturers, such as Daimler, Hogg said. Other manufacturers are recommending it.

TMC is a division of American Trucking Associations.

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"I also suspect that a carrier will say that they are making a considerable investment in new tractors, trailers, routing software, driver training, speed governors to improve efficiency and need to garner a return on these investments from the savings these investments create," he said.

Analysis by Chainalytics on fuel compensation, however, shows that in times of low fuel prices, the advantage diminishes among carriers and actually doesn't help carriers with more efficient fleets as much as they probably hoped when they made that investment, Harding said.

Yet carriers that have invested in efficient capacity would be able to price the less efficient capacity "right out of the market a little more effectively" if high fuel prices return, he said.

Looking ahead, in the next few years autonomous vehicles will become part of any negotiation of ongoing reductions in fuel cost, Milsom said.

"What we would probably do is break down the cost per mile and allocate the pennies to each component of cost," he said when asked how that would be structured. Cost components would include labor, equipment depreciation, fuel and variables such as highway user charges, "and we'd try to factor in any waiting time," Milsom said.

"I would take the fixed and variable costs and assign the percentage for the cost per mile to those pieces," he said, noting that, with autonomous vehicles, those labor components will diminish.

It is much easier to do that for dedicated contract carriage arrangements, he said. "Things are more predictable."

Various shippers did not respond to a request for comment.

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