

MICHAEL J. RILEY
PRESIDENT

**THIS TESTIMONY IS SUBMITTED BY MOTOR TRANSPORT ASSOCIATION OF CT
ON BEHALF OF UNITED PARCEL SERVICE**

**Testimony Submitted for the Record
Joint Committee on the Environment
General Assembly of the State of Connecticut**

**By Mike Britt, UPS
Director of Maintenance & Engineering
Ground Fleet
55 Glenlake Parkway
Atlanta, Ga. 30328**

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Dear Mr. Chairman,

I am the Director of Maintenance and Engineering for UPS's ground fleet of vehicles and I oversee the acquisition of UPS's fleet of alternative fuel vehicles, which now number approximately 2,600 vehicles. The purpose of my testimony is to affirm that UPS supports the provisions in Raised Bill No. 267, a bill to extend certain sales tax exemptions, gross earnings tax exemptions and tax credits to promote the sale, distribution and use of clean and alternative fuels.

UPS is pursuing alternative fuel vehicles for at least two reasons. First, we want to reduce our company's vulnerability to not just the cost of petroleum motor fuels that closely track world oil prices, but also to the unpredictable and erratic swings in those prices. Second, we want to reduce the emissions of our vehicles. Domestic alternative fuels and those from North America, shift reliance away from unstable foreign oil markets, reduce transportation costs, improve our energy security and the environment, and translate into an investment in the American economy.

UPS' extensive experience with alternative fuels and alternative technology vehicles shows that there is no single, "silver bullet" solution for replacing petroleum used in motor vehicles. For a decade, UPS has tested the major viable alternative fuel options in what UPS calls its "rolling laboratory," currently about 2,600 in-service vehicles worldwide, including compressed natural gas, liquid natural gas, electric hybrid, hydraulic hybrid, propane, and plug-in electric vehicles. We are pleased that Bill No. 267 supports a variety of alternative fuels technologies.

UPS is buying some of each type of these vehicles, but the number purchased is driven by the economics and available incentives. In fact, as of January 11, 2012, UPS had 964 compressed natural gas vehicles in the U.S. and 59 heavy, over the road trucks operating on liquid natural gas. We had 380 hybrid electric package cars and we have purchased and are about to take delivery of 100 plug-in, electric delivery vehicles in California.



Each type has its pros and cons, depending on the weight, range, and environmental restrictions on the required vehicle, as well as the fuel price differential, and cost of the refueling infrastructure. In this sense, UPS is fuel neutral. (UPS is a board member of both Natural Gas Vehicles of America and the Electric Drive Transportation Association.)

The biggest stumbling block to the proliferation of alternative fuels/alternative technology vehicles is the initial cost of the vehicle and the refueling infrastructure, as these vehicles are generally not mass-produced. The alternative fuels themselves are often much less expensive than petroleum-based motor fuels, but we need financial incentives to help solve the “chicken and egg” problem of initial vehicle cost and infrastructure development. Otherwise, these vehicles are not economic.

We believe that as demand for alternative fuel vehicles increases, economies of scale will bring down the cost of these vehicles, be they automobiles or trucks. A good example is the electric hybrid automobile. The nation faced this chicken and the egg problem before with hybrid technology vehicles like the Toyota Prius. Early financial incentives of limited duration helped make these gasoline-powered hybrids a permanent fixture in dealer showrooms, even though the largest financial incentives have ended.

While most trucks have multiple options for alternative fuels, the heavy, long-haul, tractor (Class 8) is a special case. They use far more petroleum than any other class of vehicle on a per vehicle basis. For them, there is no alternative fuel except super-cooled liquid natural gas (LNG) that yields the necessary range and power, and that can meet the environmental requirements. UPS has tested 11 of these 18-wheel tractor/trailers for a decade in service between Ontario, California and Las Vegas, Nevada. LNG reduces petroleum use by 95 percent, yet yields diesel-like performance and efficiency, displacing existing carbon emissions by 25 percent and is about \$1.50 – \$2.00 cheaper per gallon than diesel fuel. Using available incentives, UPS placed an order for 48 in January 2011 and can readily envision replacing more each year if there are appropriate future incentives in place. Unfortunately, the latest EPA-compliant LNG technology on a heavy truck is hand-built and consequently the truck is more than twice the cost of a new, 2010 diesel truck. (The cost of the LNG fueling station can exceed \$1 million.) Again, we believe that the vehicle cost will come down as new orders yield manufacturing economies of scale.

Where we obtain public assistance for fueling infrastructure UPS makes those facilities available to the public. The additional throughput helps reduce the cost of those fuels to us as well. I should note that the UPS centrally fueled, “hub and spoke” arrangement of our trucks, means UPS need only have fueling infrastructure at or near our hubs, which are located at intervals exceeding 200 miles. We do not need a filling station on every corner.

I thank the Committee for this opportunity to present UPS’ testimony and we urge adoption of Bill No. 267.