



# AMERICAN PUBLIC GAS ASSOCIATION

March 20, 2014

Representative Sam Graves  
1415 Longworth HOB  
Washington, DC 20515

Representative Lee Terry  
2266 Rayburn HOB  
Washington, DC 20515

Dear Representative Graves and Representative Terry,

On behalf of the American Public Gas Association, I want to communicate our support for the trio of pro-natural gas vehicle (NGV) bills, H.R. 3937, H.R. 3938, and H.R. 3940 that you recently introduced. Collectively, these three pieces of legislation will remove significant barriers to the transition of the long-haul trucking market to natural gas.

APGA is the national trade association representing over 700 municipally and publicly-owned local natural gas distribution systems, which work to meet the daily energy needs of over 5 million customers in 36 states. Publicly-owned natural gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

As you are aware, natural gas powered trucks, primarily liquefied natural gas (LNG) powered trucks, have made significant strides in the long-haul trucking market due to the significant cost advantage of LNG versus diesel. Depending on the location of the refueling infrastructure, the cost advantage of LNG as opposed to diesel can be anywhere from \$1-\$2 per gallon, making payback periods economical for fleet owners and leading to lifecycle cost savings.

However, even in spite of this significant competitive advantage, several barriers to widespread adoption of LNG trucks still exist. Two of the most prominent issues are the lack of refueling infrastructure and the current weight penalty for LNG-powered long-haul trucks operating on interstate highways.

Perhaps the biggest hurdle to the adoption of LNG trucks is the lack of refueling infrastructure. Fleet owners are aware of the cost savings provided by LNG, however they are often unwilling to incur the cost of switching their fleets to LNG without the certainty of refueling infrastructure being widely available along interstate highways.

That is why your legislation, H.R. 3938, is so critical. It would direct the Secretary of Transportation and Secretary of Energy, along with affected states, to establish natural gas fueling corridors with the goal of having refueling infrastructure no more than 200 miles apart. Under your legislation, the Federal Government would play an important coordinating role to incent private companies to establish and run the refueling stations. This coordinating role for the Federal Government allows it to aid the development of a refueling infrastructure market, without expending taxpayer dollars.

One more important barrier to adoption is the current weight penalty on natural gas powered trucks which operate on interstate highways. Under current law, long-haul trucks are subject to a federal weight limit. An LNG truck weighs more than its diesel counterpart due to the weight of the LNG tank. This can mean that a fully loaded LNG truck may not be able to carry as much freight as a diesel truck, thereby cutting into revenues for the fleet owner. The potential for less revenue serves as a significant disincentive for fleet owners to switch to natural gas.

Your legislation, H.R. 3940, directly addresses this problem by allowing an exemption from the current truck weight limit for the purpose of the weight of the LNG tank. This bill will level the playing field between LNG trucks and diesel trucks. Again, removing barriers to the development of a market is common sense, conservative way to address a barrier to market development.

Beyond addressing current barriers, the legislation you have introduced, H.R. 3937, is wisely forward thinking. This bill would direct the Federal Government to create an interagency task force which also includes the private sector to evaluate other barriers to the adoption of LNG trucks, the costs and benefits of switching to natural gas, and the potential impacts on the Highway Trust Fund. Conducting a comprehensive study of these issues is a prudent approach which will allow private industry and the Federal Government, where appropriate, to understand and address existing challenges in a timely manner.

We thank you for your leadership on this critical issue. Your legislation will enhance the U.S.' energy security, will reduce emissions of harmful pollutants, and will strengthen our economy by improving our balance of trade. We stand ready to work with you on these issues and we look forward to working with you on the serious energy challenges that face our country.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bert Kalisch".

Bert Kalisch  
President & CEO