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PUBLIC HEARING

before

ASSEMBLY LEGISLATIVE OVERSIGHT COMMITTEE

on

ENERGY CRISIS

Held:
June 29, 1979
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Kenneth A. Gewertz (Chairman)
Assemblyman Walter J. Kavanaugh

ALSO:

William E. Halsey, Research Assistant
Office of Legislative Services
Aide, Assembly Legislative Oversight Committee

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THE HOUSE OF REPRESENTATIVES

1950

REPORT OF THE HOUSE OF REPRESENTATIVES

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ASSEMBLYMAN KENNETH A. GEWERTZ (Chairman): If I can have your attention, we are going to get started. On behalf of the Committee, I appreciate your attendance here to assist us in gathering some information, which we feel will be essential in the endeavors of this Committee to supply the Legislature with an accurate picture of what is happening in New Jersey and strengthen our ability to provide alternate forms of transportation and consideration to the various industries that are dependent on petroleum products for their existence.

As we get further into our hearings, I think it will become evident that in some areas there is obviously not a shortage of crude oil. There seems to be a very definite question as to whether the shortages of refined product are, in fact, realistic or merely a ruse to continue to raise the prices. The State of New Jersey is obviously in a unique position, depending on a number of industries for our very existence, not only in the form of revenue, but in its ability to provide our residents with a means of getting to and from their places of gainful employment.

With that in mind, Mr. Halsey, will you call the first witness?

MR. HALSEY: Mr. Prouty from Amtrack, please.

L. FLETCHER PROUTY: Good morning. My name is Fletcher Prouty. I am with the National Rail Passenger Corporation, known to most of you as AMTRAK. I have been with them almost since the company began. It is a pleasure to be here this morning. Judging by the news we are all reading this morning, I feel that we couldn't be talking about a more important subject, whether we are in the State of New Jersey or any of the other 49 states in this country. It is a pretty serious business.

I have a statement I would like to go through. It is rather short. If there are any questions afterward, I would be delighted to work on them.

Transportation dominates the energy situation. If we are going to get to the bottom of the fuel problem, we have to look at transportation. The cost of transportation runs at 20 percent of the gross national product each year. Transportation uses 25 to 30 percent of the gross national energy consumption and more than half of our total petroleum consumption. The automobile consumes more than half of all this petroleum used by transportation. The energy crunch will not be lessened unless the transportation imbalance is restructured.

To give you a feel for the nature of this imbalance, in the inner-city transportation business, the business that AMTRAK is in by law, 84% of all inner-city travel is by automobile, 13% by air, 2% by buses, and actually less than 1% by rail.

A few days ago, the National Transportation Policy Study Commission reported this country must be prepared to spend \$4.4 trillion - we have a new word in the political vocabulary; that was "trillion" - during the next two decades to make our present network workable. That does not mean to create new networks, that is to make the present network workable. The Chairman of this Commission, Representative Bud Shuster, Republican from Pennsylvania, has said: "There is a transportation crisis just around the corner." He adds: "The world's best transportation system is in danger. It may not be able to meet the needs of a growing America." He sees "a minimum increase in passenger miles traveled of 81%" to the end of the century. There are about 130 million vehicles on the roads now and the U.S. DOT estimates this will climb to more than 170 million by 1990. Highways are overcongested; airports and airways are overcrowded

already. Imagine what an 81% increase will do.

If we are to mitigate the energy crunch, we are going to have to resolve our transportation crisis and we certainly are not going to improve things by jamming more cars on the highways, with more trucks and more buses. And, we are not going to resolve this crisis by cramming more aircraft into the airports and airways. We are going to resolve this crisis by returning to a sensible balance in transportation. The greatest relief in the shortest time with the system which has proven itself in crisis after crisis before now - as in World War I and World War II - is the railroad.

The industrial nations of the world are giving their highest priority to the development of a new generation of high-speed, comfortable, safe and money-making rail passenger systems. The Italians are building the all-new Diertissima from Milan to Naples. The French are building the all-new Paris to Lyons line. The British and Germans are upgrading their high-speed intercity passenger services. The Japanese have proven the success of these high-speed systems with their Shinkansen service from Tokyo to Hakata. That is about 660 miles, like the route on our east coast. They are now rushing to complete additions to this service to make a nationwide system of 4,500 miles. In this country, where we have just experienced the loss of 55,000 lives on our highways in 1978, it is pertinent to note that the Shinkansen trains have carried 2 billion passengers during 15 years without a single fatality, without a single casualty.

One reason for all of this - the development of these all new high-speed systems - is the energy crunch, followed by the fast-rising cost of gasoline. Before the present surge in gasoline prices, the cost of gasoline in Italy was \$2.18 per gallon; in France \$2.29; in Spain \$2.12; in Germany \$1.88; and in Greece \$2.62. In those countries the tax, or the value of each one of those sales, was 40% to 60% to the government. In England, 82¢ of every gallon goes to the British government. They recommended that there must be an alternative to this increasing cost. The alternative that they have chosen is rail passenger service. And, as our gasoline prices soar in this country to new highs, the demand for rail passenger service from all over the country far exceeds our ability to supply seats.

We are following a similar course to develop high-speed rail transportation here in the United States, but at a much slower and a more uncertain pace. Now, AMTRAK operates more than 30 passenger trains per day, each way, through New Jersey. These trains run on electricity and are not dependent upon portable liquid fuel. The Northeast Corridor is being improved and we hope to be offering much better and more reliable service during the next decade. Now, let's look at some important figures.

One Metroliner, consisting of six cars, can carry 440 people and produce the equivalent of 365 passenger miles per gallon of fuel. This means that this one train can lessen highway congestion by replacing 200 automobiles - figuring the national average capacity in intercity driving is 2.2 persons per car - and save all of the gasoline consumed by those cars because the Metroliner runs on electricity.

One Amfleet car train of 18 cars with one locomotive, type E-60, can carry 1,440 people and produce the equivalent of 326 passenger miles per gallon. It would replace 654 automobiles and the gas they consumed. In relative terms, the fuel savings are about ten to one over the average automobile - and national average being 13.5 miles per gallon.

All kinds of statistics can be developed to prove all kinds of scenarios. They may or may not serve a purpose. They are most important in this case where we have the advantage of utilizing electricity instead of portable liquid fuel.

The automobile, the bus, the truck, and the airplane are not designed to use anything else but portable liquid fuel. This liquid fuel is running out. Even SYN-FUELS will not alleviate this problem. They only serve to raise the cost and to push the date of non-availability back a few years. There may be some kind of electric automobile in 10 or 20 years, but it has yet to be proven and accepted. But, we do have electric trains and the world electric train operation is generally about 30% less costly than comparable diesel operations. This is the way to go and all of these other industrialized countries are converting to electric power as fast as they can.

There are other great advantages of a rail passenger system. Congestion on the highway is a very real problem. The linear configuration of a passenger train makes it a much more efficient passenger carrier than the other modes. To carry 40,000 people across a mile long bridge in an hour, it would require 2 lanes of trains, four lanes of buses, or twelve lanes of automobiles. This great functional advantage of the train supports their use, even if fuel consumption was equal or didn't matter.

As I said above, one 1,440 passenger train equals 654 automobiles. It equals thirty-five 43 passenger buses, or eleven 134 passenger 727 aircraft. It would not take many trains to make a big difference in the traffic burden on the highways and airspace of New Jersey. The Northeast Corridor is being improved so that we can offer more service, faster service and more comfort.

In the rest of the country, Amtrak operates diesel fueled locomotives. We refuel at 83 locations with monthly fueling requirements ranging from a high of 472,000 per month at Washington, D.C., to a low of 16,745 gallons per month at Russell, Ky. Fifty-three percent of the fuel consumed by Amtrak to move its trains in 1978 was purchased directly from fuel suppliers. The remaining 43% was supplied by the contracting railroads who provide service and facilities to Amtrak in connection with the operation of its trains.

There have been interesting developments during the past few months. The recent performance of Amtrak's San Diegan service probably provides the best example both of the dramatic increase in demand which Amtrak has experienced and of the relative fuel efficiency with which Amtrak can handle such increased demand. The San Diegan service, which is partially funded by the California Department of Transportation, provides five daily round trips, plus an additional round trip train which operates six days per week, between Los Angeles and San Diego, a distance of 127 miles each way.

In April of this year, Amtrak carried 98,837 passengers in this service, compared to 69,788 passengers in April of 1978. In May of this year, Amtrak carried 148,394 passengers on the San Diegan, compared with 88,826 last year. The passenger volume for May of this year significantly surpassed the previous ridership of approximately 125,000 persons carried by train on this route during a single month. That record was set during World War II, when there was gas rationing. In spite of the dramatic 67% increase in ridership during May, Amtrak's fuel consumption for this service in May of this year was only 5.7% greater than the amount of fuel used in operating the same service in May of 1978. That is something that I should emphasize, that the increase of ridership on

trains may go up abruptly, but the fuel consumption goes up very modestly. That is quite an important fact when you are up against a fuel crisis.

This situation could be duplicated in many other parts of the country, but we do not have the railroad cars to provide the extra services required by the energy-driven demand.

Lack of cars and of a car manufacturing industry is one of Amtrak's most basic problems today. We operate every day with about 1,200 cars from a fleet of 1,700 units. Let me put this into perspective.

The Union of South Africa operates its passenger service with 9,784 cars every day. In France, they use 15,320. Great Britain uses 17,463. Germany uses 17,766. And, in Japan, that small insular country, they operate every day with 26,099 passenger cars. This is a key factor when you figure we have only 1,200 cars in the whole United States. There are so few cars in this country, there is little that can be done today to meet the fast growing demand.

The most immediate and urgent problem facing Amtrak today is to find some way to develop a car manufacturing industry. This industry must be strong enough to design, develop and deliver thousands of cars over a long period of time. Such a manufacturer performs about 50 percent of the total work. He must be supported by a sub-component industry which doesn't exist today. The sub-component is where the important research and development takes place to improve the state of the art of rail car manufacturing. There is no substitute for such an industry.

When this problem is solved, the next big problem will be to improve the track. It does no more good to put excellent cars on bad track than it would to drive a fleet of Cadillacs without tires in the desert. Freight track, as it is designed in this country today, for heavy cars, long trains, and high centers of gravity, is physically incompatible with passenger train operation. As a result, since this track is owned by private freight hauling corporations, passenger service is seriously handicapped by the condition of freight track. Amtrak's nationwide passenger train speed has declined every year since its creation in 1971 to an average of around 42 miles an hour today. That is not saleable. The ride is not comfortable, and in some cases it might not be safe. Track design must be improved for passenger train operations.

In summary, Amtrak has much to offer New Jersey and the country in the time of an energy crunch and the transportation crisis. These two most serious problems impact upon each other. Curing the ills of transportation will do much to reduce the malady of our national energy situation and nothing can do more good for both than a general return to trains to correct the present lack of a sensible balance in the industry. Thank you, sir.

ASSEMBLYMAN GEWERTZ: Thank you. One question I would like to ask is in regard to other areas of the country. You mentioned that Amtrak is electrified in this area. In areas other than the East Coast, has the diesel or fuel allocation to Amtrak remained stable, or has it been reduced or increased?

MR. PROUTY: At the present time, we get 100% of our requirement, but we have had to, in the last week, go to the ERA to make sure this is not cut for our heavy summertime travel. We are not, ourselves, sure right now that we are going to get this fuel. We need it.

ASSEMBLYMAN GEWERTZ: How about the cost of the fuel? How much has it risen in say the last 90 days, approximately, that you are aware of?

MR. PROUTY: Sir, I think the only answer I could give you is that it is tied to the same costs that everybody is paying. We get no significant differences than the general average, and since most of our fuel comes from the private railroad companies, we have to pay what they pay and then that is what we pay the suppliers beyond them. We have no special rate. We go up with the average.

ASSEMBLYMAN GEWERTZ: I realize that, but approximately how much has diesel fuel gone up?

MR. PROUTY: I am afraid I can't tell you.

ASSEMBLYMAN GEWERTZ: Would you be so kind as to have your people furnish us with the amount of the increase?

MR. PROUTY: I would be glad to.

ASSEMBLYMAN GEWERTZ: Now, as far as Amtrak in New Jersey is concerned, assuming that the situation, as it is presently contemplated, becomes worse, how are you in a position to handle additional ridership, assuming that more people are forced out of their vehicles because of the unavailability of motor fuels?

MR. PROUTY: In the immediate situation, I should tell you that in the month of May, we had to deny travel to 756 thousand firm offers for travel. We are very limited in our capacity to carry people. This doesn't mean that we are filled all the time though, and for families or vacation travelers who can travel at other than the peak periods, there are still seats on the train. The train that I came up in yesterday afternoon had standees between most cities from Washington until I got off in Trenton.

ASSEMBLYMAN GEWERTZ: So, in other words, assuming that more people in New Jersey wish to avail themselves of Amtrak, they might find it very difficult to get on a train? It has been our experience, when trying to get information or reservations, that sometimes it is very difficult to get a clear line. The lines are constantly busy.

MR. PROUTY: I can see you are close to the problem. We have had more than 2 million calls coming in for a system that is built to hold about 500 thousand. The demand for rail passenger service has absolutely gone past any capability that was built into our company.

ASSEMBLYMAN GEWERTZ: Do you have plans to increase your service lines so that people would be able to get the train information and reservations quicker than is presently being done? Again, I assume that your answer is that Amtrak would not be in a position to put additional trains or additional cars in service in this area, assuming that more and more people turn to that as a form of transportation.

MR. PROUTY: There are two basic replies to your question. We are funded on an annual basis, as you know, by the federal government and the plans of the government for next year have been to cut the Amtrak system by 43%.

ASSEMBLYMAN GEWERTZ: That is very intelligent.

MR. PROUTY: Such plans did not provide us with funds to increase anything, like the reservation system which is a rather expensive computer system.

On the other side of it, such plans do not provide the capital structure to request the manufacturer of the cars - and I can give you an example which may provide some interesting insight-- On the 2nd of April, 1975, we signed a contract with the Pullman Company. That would be like buying cars from Chevrolet. This called for 284 cars. We are in our fifth year, waiting for the delivery of those cars. This country needs, badly, the ability, the industrial capacity, to

manufacture railroad cars, or we are going to have to go overseas to find them. It is a very serious problem in our business.

ASSEMBLYMAN GEWERTZ: So, it is then reasonable to assume that if the federal government goes ahead with this madness and reduces your budget by 43%, you will have to pay additional cost for fuel, wages, and whatever else there is that is built into our inflationary economy, and the amount of service that is available at this point, presently, will continue to diminish instead of increase?

MR. PROUTY: That's correct. We have seen indications of changes recently. You know, the Secretary of Transportation has agreed to somewhat modify his department's proposal. We aren't sure exactly how Congress will act within the scope of his changes and some of the changes that they feel are absolutely necessary. Importantly, we notice also that Congress is apparently much more interested in providing some capital funds which will permit us to place orders for cars. We hope those are not just year-by-year increments. They have to give us lead time because that is a major industry that has to be rebuilt.

ASSEMBLYMAN GEWERTZ: Has Amtrak considered, as some of the railroads have done in the past, manufacturing or assembling their own cars? Being an old railroader, many many years ago most of the major railroads did, in fact, build their own cars. Many built their own locomotives in their own shops and that appeared to lessen the problem of the availability of those types of equipment.

MR. PROUTY: We do not have that. We have a good maintenance facility which we have taken over from the railroads. We have had to acquire these shops from them, but that does not include manufacture. There is a basic thing to this. The order of passenger cars in the United States, by any railroad, tapered off after the period of 1954 to 1956. There were some reorders, but no new design, no research and development, no improvement, no state of the art improvements. When a major industry like that gets no orders, they then place no orders with their sub-component firms. They make about 50% of the cars and then depend upon sub-component manufacturers to do the rest. That sub-component industry is completely dead. Even the Pullman order, which we are presently hoping to get, is scouring the world, actually - Switzerland, Germany, Belgium, everywhere - to get parts to try to complete these cars. They build the shells, but they can't get the trucks for the wheels, the heaters, the air conditioners, and so on. They are trying to acquire these from anywhere they can get them.

ASSEMBLYMAN GEWERTZ: Is it still the policy of the federal government that if you are not able to buy an American manufactured car and it has to be imported that you still have Amtrack subject to duty on imports? I know that Patco, when they were ordering cars from a Canadian firm, was subject to a Federal tax, which is ridiculous in a way. Are you stuck with the same situation?

MR. PROUTY: Our stipulation is more explicit. Our stipulation says, "buy American only." We put the order with the Pullman Company. If the Pullman Company has to buy some car plumbing from Switzerland, then the Pullman Company makes that purchase. We have to buy American. That is in our law. I don't know whether we can stay within that because when there is no industry, you have to do something.

ASSEMBLYMAN GEWERTZ: The last question is, it would appear that the plight of many of the American railroads is almost self-inflicted to the extent that over a period of years railroads were not particularly interested in passenger

service. They were normally freight because that was the most profitable, or the point that had the least amount of liability as far as passengers were concerned, and they themselves continued to cut back on passenger service as much as the ICC would allow them to do away with. Now we find ourselves with really no adequate method of carrying large volumes of passengers, not because the nation felt that way but because the railroads themselves found it more profitable to get out of the passenger business. Now they are stuck with the problem of having to redo what should have been continually upgraded.

MR. PROUTY: You have touched on the single most important point in the American railroad industry. It is different in other countries of the world. That is the fact that our private railroads - and they own the property, as you well know, and the equipment, so they have a perfect right to run it as they think it is best to run it - have chosen to operate very heavy freight cars in very long trains, and those conditions produce sometimes rather high centers of gravity. This requires them to redesign the track. It is a very complicated, very physical bit of engineering. When the track has been redesigned for heavy freight, that track is no longer compatible with passenger service. It is as simple as that. It is a physical matter. Having made the decision, there were no other options. American track - privately owned track - is freight track. It will not accommodate passenger cars adequately. That is why we can only run at 42 miles an hour. The curves are not banked enough for our trains to move any faster. It wouldn't be safe.

It is a very fundamental problem. If this country is going to have rail passenger service, it is going to have to be done on track other than the heavy freight track. That is the way it is done around the world.

ASSEMBLYMAN GEWERTZ: In other words, if Amtrak was to expand its service to other areas of, say, New Jersey that are not serviced with Amtrack, you would have great difficulty in utilizing the existing freight track to run passenger trains?

MR. PROUTY: For two reasons. The first, and the fundamental one, is because of its present design, which is not compatible. The other is that in some cases maintenance has dropped down to where you would need a lot of maintenance. But, each of those are only a matter of degree. They don't require 100% investment to make the change. It is simply a matter of bringing it around a degree. It isn't a frightening problem. It is just one you have to contend with and let the engineers go out and design.

So, if we were to take a train from here to somewhere within the State, we would just go out and put the engineers on that and say we need to run 80 miles an hour. Design it for 80 miles an hour. It isn't 100% change but a 20% change.

ASSEMBLYMAN GEWERTZ: How about the acquisition of right-of-way, where privately owned railroads are discontinuing their service and the right-of-way remains dormant? Is Amtrack endeavoring to acquire right-of-way of existing railroads where you think that in the future that could be a lucrative passenger line?

MR. PROUTY: That is very important. There is, in the United States, 310,000 miles of trackage over 200,000 miles of railroad route. In those hundreds of thousands of miles, there is mainline freight track that is kept in good shape for mainline freight. Within the other tens of thousands of miles there is plenty

of alternative track and in certain cases, where we have needed that track - I think there is an 85 miles section up in Michigan and we are working on a 12 mile section in the State of New York right now, and there are other areas - we are going in and acquiring track, separately, to improve the service we now run.

This brings up some rather interesting things in some places, exemplified best by the two stations in New York City, where Penn Station and Grand Central Station are separate and you can't get from Trenton to Albany because we can't run a train between those two little points. There are things like that all over the country, where the two railroads cross each other and don't actually join each other. There are no interchanges in the railroad system, or they are very limited. We have to build the interchanges. It is an interesting problem.

ASSEMBLYMAN GEWERTZ: Don't feel badly, we have the same problem in the highway network.

Assemblyman Kavanaugh.

ASSEMBLYMAN KAVANAUGH: Yes. I have just a few questions. You mentioned the reduction of Amtrak funds by 43%. I always get a little leery when it comes to numbers because I don't know how much it increased last year. What are you doing in regard to that 43% reduction? Why such a drastic reduction in one year, when we have having a problem that calls for expanding our mass transit rather than reducing it? In what general areas are they making these big reductions?

MR. PROUTY: Well, the 43% would be a 43% reduction in the system we are presenting operating. The funding reduction wouldn't work on that same curve.

ASSEMBLYMAN KAVANAUGH: You are talking about services that would be reduced?

MR. PROUTY: We are talking about the service being reduced. Certain of our routes would be cut back.

ASSEMBLYMAN KAVANAUGH: Whose idea, or plan is that? Who is at the head of this 43% reduction?

MR. PROUTY: That plan has more than one center of origin.

ASSEMBLYMAN KAVANAUGH: Is it a political thing?

MR. PROUTY: First of all, O & B established a budget ceiling of \$552 million as their objective and DOT was asked to create a system which could be run within that \$552 million fiscal objective. In order to do that, they dropped the system back, or proposed to drop the system back, 43%. When it got to Congress, there were certain changes brought into it and then the recent demand that has just sprung up all over the country has made some of those proposals look rather poorly planned.

Since then DOT has come back with a modification of their original proposal and Congress is working on that at the present time. We have the feeling-- And I must repeat again that we are just standing on the side; we operate the trains for the government. We don't create these things. Our whole system was created by the government before Amtrak existed. We did not create this system. But, we have the feeling that we will be operating next year the same system that we are operating this year for several reasons. We don't have the equipment to increase it, and the public is demanding that it not be decreased. So, we are in the middle of those two great pressures.

ASSEMBLYMAN KAVANAUGH: So that cut of 43%, you don't think will come about? There may be some reduction, but nothing near the 43%?

MR. PROUTY: I don't see how it can. Looking at it from the interest

of a state, the State of California has filed suit against one or two of these reductions for very, very significant reasons. One of our trains that leaves Los Angeles daily to go to Chicago has an average, every week, of 6,000 people left in the station who can't get on the train. This was before this recent problem. This was testimony delivered to Congress two months ago. There are many standees also as it leaves the station. It didn't seem sensible to cut out a train that leaves Los Angeles with standees on it, bound for Chicago - personally, I don't go to Chicago - and in addition there are 6,000 people who couldn't even get on the train. Six thousand would support a second train. So, the State of California put its foot down and said, "Look, it doesn't make much sense to cut that train out."

There were also trains that would affect the East Coast. One of the trains that runs through New Jersey on the way to Montreal was going to be cut out. Now, if you cut that train out, you have no rail service north of Springfield, Massachusetts for anybody who wants to go to Vermont and New Hampshire for the summer, or to Canada, or to ski in the winter time. There is no rail service. So, the New England states rose up against the cutting of that train and I believe they are saving that one. But, those are indications of how each one of these systems have been dealt with.

ASSEMBLYMAN KAVANAUGH: Thank you.

ASSEMBLYMAN GEWERTZ: Who would coordinate the bus lines as far as meeting the trains and taking people to and from Amtrak, so that you have some orderly method of getting people back and forth as expeditiously as possible to encourage the use of mass transit rather than discourage it?

MR. PROUTY: Sir, that is the most important question asked this morning. The buses and the trains are energy efficient. Anytime people ride either one of those systems, they are saving gasoline by the ton and wherever possible intermodel stations are an absolute necessity. I remember stopping here in Trenton years ago, when I first came to Amtrak, to work out the intermodel arrangements with your company here, especially as it pertained to Fort Dix and some of the other rather highly traveled segments at that time. In Washington, D.C., I think you realize that the big visitor center there is becoming an intermodel center. The subway goes there. It is a bus terminal. And, we hope eventually the inner-city buses will be brought in there.

In many parts of the country, this is operated. It is a difficult thing to achieve everywhere because some of the old railroad terminals that we used to use are in bad shape. Some of the bus terminals were built in different areas of the cities. But, we are gradually trying to bring these together.

I think that without any question the move toward the intermodelism between rail and bus is going to be one of the most important things we can do for passenger transportation.

ASSEMBLYMAN GEWERTZ: Who in New Jersey is responsible for that coordination? Is it Amtrak? Is it the Department of Transportation? Is the bus companies? Who coordinates this?

MR. PROUTY: Well, in the case that I worked on myself, I worked directly with the bus officials and Amtrak publishes in its timetables the schedules that are related to its trains that can put you on a bus. We have, for all of our ticketing and reservations people, individual state maps that show our routes and then all the bus routes that join them. So, anybody that calls Amtrak can get the bus information right from our reservation people.

I think if you want to know is there s central coordinated office that does this, unless there are maybe one or two in the country, I don't think it exists, as such. The companies try to get together more or less by local conditions.

ASSEMBLYMAN GEWERTZ: Thank you.

MR. PROUTY: I appreciate it.

MR. HALSEY: I would now like to call Mr. Diffenderfer from Conrail.

J A M E S W. D I F F E N D E R F E R: Good morning, Mr. Chairman. I appreciate this opportunity to appear before you today on this very vital subject. My name is James W. Diffenderfer. I am Executive Representative for the Consolidated Rail Corporation, native of New Jersey, and a registered professional engineer in New Jersey and other states. I have spent about 39 years in the railroad business, starting on the Pennsylvania, Reading Seashore line, down in Camden County, back in 1940.

Conrail is a common carrier by rail, established pursuant to to the Rail Reorganization Act of 1973, as amended in 1976, and other years, to assume certain rail operations of six bankrupt railroads in the Northeast and Midwest regions, all of which were located right here in the State of New Jersey. In fact, the State of New Jersey had the distinct privilege of being the only state in the nation to have all of its class one railroads in bankruptcy.

Conrail is engaged in the transportation of freight and passengers in 16 states, the District of Columbia, and Canada, and operates a fleet of 4,400 locomotives, most of which are diesel powered, over a system of approximately 17,000 miles. We use approximately 500 million gallons of diesel fuel annually to support these operations.

We fuel our locomotives at over 300 stations on our system. At many of these sites there is either no capacity to store fuel supplies in excess of immediate needs or fuel is not available from suppliers whether or not that storage capacity exists. This lack of fuel supply does hinder, to some extent, the plans for routing trains and increasing locomotive and car utilization, thereby conserving fuel. This situation is typical of what is being experienced by the entire U.S. rail system.

This continuing uncertain nature of the fuel supply situation also places railroads in an insecure position as to their ability to carry on rail operations. The effect of any action against a fuel supply shortage which would require the curtailment of operations, or stoppage of them, would certainly be profound.

We, as Conrail, are the major originating and terminating carrier for the Northeast and parts of the Midwest. In fact, we are New Jersey's only class one railroad providing all freight services to the state. Any curtailment or shut-down of operations by Conrail, or really any railroad connecting with Conrail, would impede, or block, this flow of vital freight.

Now, we are currently able and willing to handle all the freight we can. If we see any problems arising, we have an extensive customer relations set up that will contact all of our freight shippers in advance. We are doing out best, also, to serve the people and the industries of this state.

In the passenger area, we operate, under contract with the State of New Jersey, Department of Transportation, over 450 commuter trains a day, both in North Jersey and South Jersey. A number of these on our New York/Trenton main

line, New York/South Amboy, and Hoboken out to Dover, are electrified. But, the majority of them operate on diesel power, both in North Jersey and in South Jersey.

We have an interesting response from the public as a result of this current fuel crisis. It is probably best measured by the number of calls coming in to our newly established information center that we set up a year or two ago, up in Newark, to cover our entire commuter network. We used to average 2,000 phone calls a day asking for train information. During snow storms we have hit a peak of about 3,000 calls. This week we have been running between 4,000 and 4500 calls a day for information from people wanting to use rail service to get places. This is two and one-half times what we ordinarily encounter. So, this is some idea of the interest people have who are seeking ways of using public transportation.

Also, beginning this weekend, we are instituting a new train service in an area where I well recall trains being operated many, many years ago. This is to help folks from the Trenton area to reach the Jersey Coast. It is an experimental thing, but we are doing this on Saturday, Sunday, and holidays during the summer, operating a passenger train from Trenton to the North Jersey coast. It will leave here at 8:15 in the morning and serve the North Jersey coast, the communities there, and be returning in the evening because of the fuel crisis and the impact it has upon the resort communities.

We do have a very critical gasoline supply problem for our maintenance vehicles, and maintenance machinery, the equipment that is used to rebuild the track. We have an extensive program across the system in rebuilding this railroad. We install between three and one-half and five million track ties a year and lay over 1,000 miles of track with new rail every year and this machinery is largely gasoline operated. We also need gasoline for our emergency vehicles and our police cruisers. Conrail has the largest private police force of any company in the country and we have having a difficult time. We are not going to be able to continue these maintenance programs many more days, much less be able to maintain emergency services to keep our railroad in operation 24 hours a day without some specific allotments of gasoline for these vehicles and this machinery.

Commissioner Jacobson's office has issued our vehicles a number of stickers, but that simply gives you the privilege to sit in gas lines for a couple of hours with each vehicle - which you can't afford to do, especially when you are on emergency call at midnight, or time such as that. So, we need some allotments for gasoline for these purposes.

Except for Conrail's electrified operations between Newark and Trenton and between Trenton and South Amboy - these are in our freight operations - the railroad is dependent upon diesel fuel to operate. We really don't have any other choice. While Conrail does have some 15 days supply to keep operating - that is at 300 fueling areas - there are these occasional spot shortages. What we are really concerned about is the future prospect. There is very little relief in sight.

Recently, the Economic Regulatory Administration of the Department of Energy did grant to agriculture, and agricultural trucking, fuel allocations to 100% of their needs. The railroad industry didn't receive any such allocations at all. We just have to try and find what we can on the market. In fact, as most of our suppliers have had their allotments cut, we have had sustained similar cuts as well. Yet, the railroads are far and away the most fuel efficient general mode of surface transportation. We are more efficient in fuel useage than any

other surface or air freight mode. In fact, we are more efficient than any mode, except pipelines which carry certain commodities, obviously, very efficiently underground.

In terms of net ton miles per gallon, trucks consume four times as much fuel as railroads do. Last year the nation's railroads produced 870 billion ton miles of transportation, more than any other freight transportation mode. Yet, in so doing, they accounted for only seven tenths of one percent of the nation's energy consumption. In fact, we consume - the railroad industry - only two and one-half percent of the nation's petroleum consumption. The present and potential effects of the tight fuel supply situation also needs to be viewed in the context of the competitive position of Conrail and the railroads in the United States. Because of shortages and deferred maintenance of track and equipment that we have all experienced over the years and the resulting inefficiency of operations, coupled with the impotence of federally - or publicly - financed and built highway systems and a very restrictive regulatory environment, the railroads, in recent years, have sacrificed major portions of their markets to the trucking industry. The present fuel shortages should place a premium on fuel efficient transportation, which the railroads provide by consuming 75% less fuel per ton mile than is consumed by trucks.

The June 1st amendment to Special Rule 9 of the Economic Regulatory Administration of the Department of Energy, by extending the allocation priority to agricultural trucking and to production of oil and gas, further undermines the precarious position of Conrail and of other railroads, rather than removing the existing uncertainty and equalizing the competitive climate with respect to fuel supplies.

To the extent that that Special Rule 9 provides an "as needed" allocation to agricultural trucking, the railroads will be further deprived of available diesel fuel supplies. The railroads allocation percentages will almost certainly be reduced to meet increased demand from these priority users, or those who have been given such priority. The priority allocations now present in this ERA Special Rule 9, undermine the principals of competitive equity to the detriment of all consumers. The ICC's recent deregulation of rail transportation of certain agricultural commodities promised to give the railroads an opportunity to compete for this traffic in a free market environment. Now, the ERA's action to allow all agricultural trucking all of its fuel needs, distorts that free market again.

In its testimony of May 18th before this administration, the railroads emphasized the importance of coal, both to the nation's energy needs and to the railroads. We have recommended to the Economic Regulatory Administration that they consider the need to encourage coal production through the allocation of fuel as needed to such production and to the transportation of coal, just as the administration has done for oil and gas production. Most of the nation's coal moves by rail and trucks and barges could not move needed coal from mines to power plants and industries if this rail transportation were not available. So, we have a critical situation there in the coal supply for power plants that are using coal.

So, we are faced with the situation of trying to rely upon the Economic Regulatory Administration to assure adequate fuel supplies. Unlike trucks, we can't sit and wait in fuel lines, not that they want to either. But, we can't search for fuel that is available at numerous locations. We

have to depend on bulk purchases to supply fueling stations. At present, our suppliers either continue to allocate fuels at levels below the 1978 useage, or are just absolutely unable to supply fuel at any level. Then we have to try and find alternate suppliers. They don't like to take on new customers and they simply refuse to serve anybody that wasn't using them in 1978. So, then we have to try and search around to try and move tank cars of fuel from one place to another and that takes fuel consumption to do that.

We also have the issue of fuel prices. The rate of price increases of diesel fuel is now, based on our experience, outpacing that of other commercial fuels. I am sure the truckers have seen that. We have certainly seen it. I can well recall, just about 15 years ago, we were paying 9¢ a gallon for diesel fuel. Today we are paying around 65¢ to 70¢ a gallon for fuel. So, you see that represents a --

ASSEMBLYMAN GEWERTZ: Excuse me for interrupting you. How much of an increase is that, say, in the last 90 day period?

MR. DIFFENDERFER: We have had a 40% increase in fuel cost since January 1st. That is when you are consuming 500 million gallons a year. This isn't buying on the retail market. This is buying in quantity. It is 40% since January 1st.

The rate of this increase doesn't seem to be justified but any cost factors seem to be the result only of an uncontrolled supply/demand situation. Moreover, the price increases now being experienced are in excess amounts which could be reasonably projected or expected and represent a serious increase in the railroad's cost, which may be only partially recovered in rate increases. The Interstate Commerce Commission's procedures now permit special rate increases to offset fuel costs. The first such increase was effective June 5th. It should be emphasized, however, that these increases are not automatic. They are subject to ICC suspension or rejection. They do not always fully compensate railroads for increased fuel cost, particularly in view of the level of price rises experienced over the past six to eight months.

We believe that the government should take immediate steps to assure that prices charged for diesel fuel accurately reflect the prevailing market and that refiners and suppliers are not using the tight supply situation as a basis for price gouging.

You know, notwithstanding the action that has been taken by the Arabs and the OPEC nations, there have been actions by legislative bodies across the country, including the Legislature of this State, which have increased this nation's dependence upon oil, made us victims of Arab pressures, and at the same time precipitates bankruptcies of all the class one railroads in New Jersey.

Permit me to cite just two examples of actions taken just by this body, in conjunction with similar actions by the Congress of the United States. One is, in the years since I began working on the railroad in South Jersey, this State Legislature has doubled the legal weight limit of trucks to 80 thousand pounds, diverting millions of tons of freight annually from the railroads to the trucks - from the most fuel efficient form of surface transport in the state to that which consumes four times as much fuel per net ton mile. This was not only another factor in causing the demise of New Jersey's railroads, but also a factor which increased fuel consumption above that which would have been necessary had these goods remained on the railroads.

Then - another one - only ten years ago, just the Pennsylvania Railroad alone - the Penn Central, which was serving New Jersey - was moving 25 million tons of coal a year to power plants on the eastern seaboard. As a result of the action of this Legislature and Congress and other legislatures, we lost 25 - we were moving over 25 million tons - million tons a year of coal, moving to eastern seaboard powerplants, replaced mostly by Arab oil. Together with the public utilities, the railroad warned this Legislature at hearings, they warned Commissioner Dick Sullivan, the Commissioner of Environmental Protection, of the potential consequences of being dependent on Arab oil for this state's electric power supply. This was only 10 years ago, or a little less than that. We warned of the hazards of being dependent upon foreign sources of oil, or ocean transport during periods of war, of the impact on the balance of payments, the impact on domestic employment and the decline of railroad revenues through coal transport and, really, the sword of Damocles that the Arabs held over us. These warnings were ignored. In fact, we had the Commissioner literally laugh at us. Do you know what these 25 million tons of coal mean when replaced by oil? They mean the equivalent of one billion barrels of oil a year. That equals 42 billion gallons of oil a year, which could be available for other uses if these eastern seaboard powerplants had not been forced to convert to oil.

Not only did this conversion force greater oil consumption, but it also forced an increase in the cost of powerplant fuels, an increase from 50% to 100% greater per B.T.U. than the fuel cost of coal for power generation. This Legislature was one of the bodies that helped create these fuel consumption problems.

If you are really serious about making more fuel available to the people of this state and helping this state's economy, these are some areas to consider. In fact, in 1977 alone the oil fired power plants in the State of New Jersey consumed 26 million barrels of fuel oil. That is equivalent to 1.1 billion gallons of fuel in just one year. I am sure that that 1.1 million extra gallons of fuel would go a long way toward solving this state's gasoline and diesel fuel shortages. Thank you very much.

ASSEMBLYMAN GEWERTZ: One act that you forgot to mention, which I happened to oppose, was the merger of the Pennsylvania Railroad with the New York Central, which was also approved by the Legislature and which ended up in a financial disaster, since the Pennsylvania was a profitable railroad at the time and the New York Central was down the tubes. It ended up, with the merger, where the Penn Central went down.

MR. DIFFENDERFER: I spent my lifetime on the railroad with the Pennsylvania but I do recall at that time that as the railroad part of that enterprise, we were losing between \$20 and \$25 million a year just in rail operations. So, the trend was set. We were just being kept alive by some of our other investments.

ASSEMBLYMAN GEWERTZ: The stockholders did all right and the public and the railroads got-- Can I ask you a question? Since your diesel locomotives are basically diesel-electric - it is diesel power generating power to diesel-electric motors, which is what propels the locomotive - has Conrail considered going back to coal fired?

MR. DIFFENDERFER: Coal fired locomotives?

ASSEMBLYMAN GEWERTZ: Or diesel powered steam? Being an old railroad man, I probably fired the last K-4 that ran the race track to Atlantic City

and probably of all the cost efficient methods of transporting tonnage, the steam engine was second to none. As an old railroad man, you will probably know that the top speed of the K-4 engine was never computed. Nobody every opened the engine up fully. Nobody knew how fast it would go.

MR. DIFFENDERFER: First of all, I might mention that Conrail has the largest electrified system in the country. We have the largest electrified freight system, all built with private funds. The last major extension of electrification was done in 1938. So, this is one thing that enabled the old Pennsylvania to keep much of the nation's freight moving during World War II.

ASSEMBLYMAN GEWERTZ: They used to build their own engines - the old G.G.-1.

MR. DIFFENDERFER: They had a marvelous electrified freight system. However, in search of reduced cost of operation, we really had to go to the diesel locomotive, especially to reduce labor costs and increase power, so we can move ten thousand tons of freight behind a couple of locomotives through the State of New Jersey. It is done far more efficiently with diesel locomotive than it was with the steam locomotive and the diesel locomotive causes a lot less wear and tear on the track.

Once you have converted this system, it would be prohibitively expensive to return it to a steam powered system. I was doing some consulting work about five years ago for the Tiwan Railroad Administration in the Republic of China, where there is still an extensive steam operation. However, they were in the process then - they just awarded contracts - of converting almost their entire system to electric power. But, the steam operation, having gotten rid of your fueling facilities and your watering facilities, etc., is very, very expensive to return to. We couldn't afford such a capital investment.

ASSEMBLYMAN GEWERTZ: Am I right when I say that in your previous testimony you said that the shortage of gasoline is causing the railroad a problem to the extent, as I understood you, that your police department is having problems in acquiring fuel?

MR. DIFFENDERFER: Yes. We don't maintain bulk supplies for gasoline like we do for diesel fuel. We are dependent upon getting these at various service stations throughout the state and our police cruisers, of course, are on duty 24 hours a day and we have emergency crews who work nights. When you have disruptions of service, if you want to get commuters to work in the morning, if something happens at three o'clock in the morning, you have to get out there and get those things fixed if you want to minimize the delays in handling the people. We are having tremendous difficulties in getting fuel from that standpoint, just to keep our operations going through the mobility of our people.

The second area of difficulty is in all these big track laying machines we have that are largely operated with gasoline, through their total consumption is not great in terms of the consumption of fuel by transport in this state. Just a few barrels of gasoline will keep them going all day long, but nevertheless we are having difficulty getting those barrels because we can't get a bulk supply and we can't do as we always did, take a truck with a couple of barrels over to the gas station and get those barrels filled up with fuel. That is where we are having trouble and we are facing a shutdown of these maintenance forces, right in the heart of the summer season when we do all this construction work.

ASSEMBLYMAN GEWERTZ: And the availability of diesel fuel for your

freight and passenger service is causing cutbacks at this point in time?

MR. DIFFENDERFER: No. As I said, we have a 15 to 16 day supply that we have been able to maintain. We are probably in better shape than some of the other railroads throughout the country. We are concerned about the cost. We are concerned about the future of this because we don't see actions being taken by the public agencies in charge of this that will help to assure a proper allocation. We have no allocation priorities, such as we were able to get, say, during World War II and times like that.

They have given, as I indicated, allocation priorities to agriculture and to trucks that haul agricultural commodities. But, we have to scratch on the marketplace for such fuel, just as anybody else does.

ASSEMBLYMAN GEWERTZ: But, after the 15 or 16 days you have problems and you are not in a position to expand service?

MR. DIFFENDERFER: We are doing everything we can in the commuter area, as far as handling passengers. We are able to take all the freight we can. June 25th, the ICC granted special exemption from common carrier restrictions for the hauling of food products and agricultural products and oils - fuels - to expedite that handling. But, we have a sufficient fuel supply and we have not had to go against any of those previous common carrier obligations. We are able to fulfill all our common carrier obligations in that respect.

ASSEMBLYMAN GEWERTZ: Thank you. Assemblyman Kavanaugh.

ASSEMBLYMAN KAVANAUGH: In listening to your testimony, if I were involved in getting a product from one area to another, I would give up on the trucking industry because the way you brought this forth was that it was so efficient - the cost per mile compared to trucks - and I am just wondering about the operating expenses that you brought forth as far as freight cost is concerned. How does your freight cost per ton mile compare with trucking?

MR. DIFFENDERFER: Well, this varies by commodity.

ASSEMBLYMAN KAVANAUGH: So, it is really a little unfair to say that your cost per mile is such a drastically different cost per mile compared to trucking?

MR. DIFFENDERFER: No, wait. I am saying fuel consumption. I wasn't talking cost. I was talking about fuel. We are concerned here about fuel. The per net ton mile - that is the cargo you carry - the railroads, on an average, have a fuel consumption rate that is only 25% of that of the truck. Trucks take about four times as much fuel per net ton mile as hauling by rail. Now, obviously there are certain commodities - valuable commodities - that move more efficiently by truck.

ASSEMBLYMAN KAVANAUGH: All right, because in the electrification area, as far as that system is concerned, your cost to make electric using fuel -- you are using more fuel to make electric. You would be more efficient if you were using diesel all the way instead of the electrification system, as far as saving on fuel is concerned, is that correct?

MR. DIFFENDERFER: Oh, that's right. Now, as far as energy consumption is concerned, when you talk about cost you have to consider the capital cost of that installation initially. That represents a substantial capital investment and is only supported by a high density of movement. If you are only going to move one million tons of freight a year over a particular line, it doesn't pay to electrify that line. We have some lines there we are moving 70 to 80 million tons of freight a year over one particular line.

ASSEMBLYMAN KAVANAUGH: Thank you.

ASSEMBLYMAN GEWERTZ: I have nothing further. Thank you very much.

MR. DIFFENDERFER: You are welcome.

MR. HALSEY: Mr. Max Wingate from the American Automobile Association. I understand that you don't have any prepared testimony, but that you are willing to answer questions by the Committee, Mr. Wingate.

M A X W I N G A T E: Thank you, sir. I am Max Wingate. I am Director of Operations for the Automobile Club of Central New Jersey. For the purposes of this hearing, I am speaking for all of the AAA clubs in the state, representing over one-half million people.

As you know, we take national, state, and local weekly surveys on gas availability, gas prices, stations closing, and that sort of thing. I am not sure just what kind of questions you have in mind, but I have just a couple of personal observations.

For a state which, the last time I looked, had the largest car density in the entire nation - which means somewhere over 400 vehicles per square mile of roadway - it seems to me that we are not getting a very fair shake of gasoline. Of course, compounding that with the transit traffic we get through here does create quite a problem. Right now, in my office, we have 20 people answering the telephone with calls from members, non-members, and interested people, wanting to know where they can get gas, whether it is available in Connecticut on Friday, and Iowa, and so forth. So, we find ourselves in the middle of this situation with a pretty good feel of the effect of the gas shortage and the reaction of the people and the reaction of gasoline dealers - the stations, and so forth.

So, I would be happy to comment on anything that you might have on your mind. I cannot tell you where you to get gas this afternoon necessarily.

ASSEMBLYMAN GEWERTZ: I may end up in crisis today. One of the things that we were primarily interested in as far as AAA was concerned would be the amount of complaints you may be getting from the public, as far as increases in fuel prices for example. I noticed one station myself that went up almost 10¢ a gallon in a week. Of course that is some formula, supposedly, that they are using in computing the fuel prices, but who is out monitoring them is another question. Have you received a lot of complaints from motorists as far as increases in prices are concerned?

MR. WINGATE: That is one of the complaints and it is by the thousands. An interesting commentary on that is that in our weekly nationwide survey a month ago, there was only one state in the country that had a lower average gasoline price than New Jersey. Today, we are right in the middle. There are maybe 20 or 25 that have lower gas prices than we do, and this is in a period of one month. So, our prices have obviously escalated at a higher rate than most states.

ASSEMBLYMAN GEWERTZ: Have there been complaints from motorists? I noticed also that in driving around you will find some service stations that say "out of gas; pumps closed" and then somebody pulls in and sure enough, they get gas. It would appear to me that in some instances, there seems to be a move on to give special treatment to special customers, as opposed to stations servicing all of those who may come by in need of fuel.

MR. WINGATE: Yes. We have heard a great number of comments such as that. I suppose it happens. I am sure there people who don't wait in lines. Whether or not there is any way to control that, I don't know. The gas station

owners themselves, they tell us, are very reluctant to treat their year 'round customers the same way they treat somebody they will never see again. This is causing them an economic problem.

ASSEMBLYMAN GEWERTZ: I appreciate that. One of the things that seems to be somewhat odd is, there seems to be a number of closings of various service stations in given areas. Now, there are still the same amount of cars in that given area to be serviced. It would appear if one station closes and they are of the same supplier, the remaining stations, bearing in mind that they still have to service those cars in that area, should be given an additional allocation of fuel, but that doesn't seem to be the criteria. Nobody seems to be able to figure out where the gas is going from the stations that are being closed.

MR. WINGATE: Yes, we would like to know that also. I don't know, really, what kind of a system the oil companies use.

ASSEMBLYMAN GEWERTZ: We are going to get around to that next week.

MR. WINGATE: I am sure you will. It does seem to me to be odd.

I ran into a situation this morning which is kind of interesting. We polled some of our stations early this morning to get a feel for the weekend and for the Fourth of July. One station near Long Beach Island said that he would normally use 35 employees for shift work this time of the year and it is now down to 20. When he is pumping gas, there is no way he can do repair work, so he is not ordering parts and all of the part companies in that area are closing by noon, which means that they are not working. So, the availability of parts for people from out-of-state who need them is going to create quite a problem too.

Another thing that we found this morning, and I am not sure how true it is except I have no reason not to believe it, is that in the Seaside Heights area, after 12:00 noon there is no gas station pumping gas.

I have been reading in the papers that the situation is easing somewhat, but our members and the motoring public and the gas stations don't seem to know what source it is coming from.

ASSEMBLYMAN GEWERTZ: Do you find, in your personal opinion, that this odd-even system drastically reduces the amount of people in line - or the newest criteria, the five and seven dollar minimum? Is it going to have any affect on reducing the amount of people in service station lines?

MR. WINGATE: Drastically, no. I think given a little more time it will help. The same day that the odd-even system was put in, we sent a news release out advocating five and seven dollars. That was more than two weeks ago. We felt that limiting the purchase would have, perhaps, more of an effect than the odd-even. What we are finding today is, our members are reacting to this recent five and seven, particularly those who drive small cars because a guy can pull in some car with over a half tank and get his seven dollars worth. The station owners - and I don't care what the law says - are very reluctant to check a gas gauge. I think very few of them are doing it. The minimum purchase is giving them an opportunity to control it. We are thinking that perhaps for big cars the minimum should be a dollar or so higher in order to bring about a more equitable distribution.

It is an extremely difficult thing to administer and I am quite sure it is not being administered well. The odd-even obviously will be because the guy in back of you will run into you if you have the wrong kind of license plate. The stories we are getting about this sort of thing are quite interesting.

I don't know if the people themselves have reached a state of panic but for a state that has the car density that we do, we are really getting short changed as far as we are concerned. It is having a very adverse effect and it is simply not, to be very basic, fair for the people of New Jersey to be this short of gasoline.

ASSEMBLYMAN GEWERTZ: Would you be kind enough, since you are getting complaints, or calls, from individuals who are complaining about price gouging or not being able to get fuel or stations that continue to be overcrowded with lines, to furnish our committee staff with that information? I don't want to put you to any inconvenience. That information would be helpful when we get some of the other groups, so that we can make them aware of some of these situations.

MR. WINGATE: I would be very happy to cooperate. We are in daily touch with the Energy Department. I have a copy of their odd-even law and I am considering whether we need a staff of attorneys to interpret it for us.

ASSEMBLYMAN GEWERTZ: We have one advantage the Energy Department does not have, we now have subpoena power. That is very important.

MR. WINGATE: I understand that. We have a difficult time in serving our members because we want to abide by the law. We also want to fulfill our commitment to our members. The emergency supply of gas which we normally deliver if they run completely out -- this is becoming difficult to do in compliance with the law.

But, we take the reactions of our members and try to give them whatever information we have, both closings and gas availability, and unfortunately that changes day to day.

ASSEMBLYMAN KAVANAUGH: I would like to comment and ask you a few questions. I think that one of the things we have to make clear is, there have been some areas where the State Government is irresponsible and has been putting out information that is incorrect. I truly think the people do not realize that there are shortages. I think they have been told that the gas is there and that they are being short changed.

We talk about Iran and we talk about a five percent reduction in Iranian oil, but we have to keep in mind -- I am sure you are aware of the "pipeline effect" -- that from the oilfield to here is, in most cases, four billion barrels of oil in transit, whether it be in the tanks or in the form of crude. It is a very complex thing.

I happen to be in the oil business and when we talk about the five percent reduction in Iranian oil, we also have to keep in mind the spot market, because of the exchange program. You may be getting the oil that was sold to Sweden, which comes into South America. It comes back and forth. So, when you look at that, it is another 10% or 12% oil. So, in reality the loss to the United States market is not five percent, but something in the area of fifteen to seventeen percent. Plus, we have an increase of about four percent, approximately, in usage in the past year. So, the people have to realize that we are short.

Now, the inequities that come about -- we were in Washington on Wednesday and spoke with the DOE and the members of the ICC and the Congressional Delegation from New Jersey, and the concerns that we voiced were in regard to the emergency regulations that were put into effect on the 1st of May. I think it is important that we make this for public consumption, that the hearings on those regulations are still being held. They will be held through July, yet they have only had fifty some-odd comments from a nation of over two hundred million people,

people who are so concerned about gas that they have only offered 50 comments. Now, the regulations were promulgated the 1st of May and they run through September, unless at that time they be made permanent.

This is a formula that would allow the retailer, from the period of October through February of this year, the 10% growth factor. This is where it is unfair to New Jersey. The formula is something that is beneficial to Florida or to your ski areas, up north -- the Poconos -- ones that have a winter tourist trade. So, we here in New Jersey had difficulty during that time with our weather and what have you. Our consumption was not as high, so we are not getting our fair share. Probably, if we went back to the base year of '72, prior to all of this, we could see what this involved on an allocation basis and take what those stations used - say in 1972 what they burned and what they sold in June - and give them that same allocation in June, but reduce it by whatever the amount is, whether it be all the way across or whatever. If it is Shell, they are sometimes down 20% or 25%. But, in fairness, this should be done all across the United States. And, the DOT would have that power. This would be fair and equitable. You can then build in your growth. But, everyone should be given the same percentage.

I think if we could rectify that problem, if the DOT would see fit to do that, it would relieve us.

Now, on the state set-aside, as you know, we have a 5% state set-aside. In the past month it was approximately 15 million gallons - thirteen and one-half or fifteen million gallons - but that is not transferable. This is another question that came up when we were in Washington. We asked why it couldn't be transferable. Using any company, whether it be Exxon, or Arco, or what have you, when they have a state set-aside, their percentage is used by their stations. Another gas company, say Shell, would not be able to go in, if all of their allocation is gone - if it had been used - and get additional gas. So, if we could transfer the state set-aside, it would be beneficial. So, it would then be up to the Department of Energy to give to those people who need it the most and not because they have certain stations, whether it be Shell, or Arco, or Exxon, or whatever.

So, we need to get relief in that area, but that is also controlled by federal regulation. So, our hands are tied insofar as the Department of Energy is concerned. Their hands are tied to a degree because of federal regulations. People down there, Schlesinger, Bardin, O'Leary, and who have you, have no concern for New Jersey. Here we are a corridor state, and we have to remember, as far as New Jersey itself is concerned, that 90% of all the products that go through the United States go through New Jersey. We had a meeting with some independent truckers and they said when they used to come into New Jersey, because of our tax, they would maybe only put 20 or 30 gallons in and then run over to Pennsylvania. But, now Pennsylvania's supplies are down, so they are coming in here and fill up 200 or 250 gallons of diesel and run back to the Midwest with that.

MR. WINGATE: We realize that there are problems. We realize somewhere along the line there is some kind of a shortage. We don't know where it is. But, the guy standing in line for two hours at the pumps does not believe there is a gasoline shortage.

ASSEMBLYMAN KAVANAUGH: That is what we, as responsible legislators, and you, as someone who is in the automobile industry, have to tell the people of New Jersey. We have to tell them there is a shortage. I think Americans are the type of people who, if they know there is a shortage and it is not a contrived thing, will conserve. But, if you try to gloss it over and say to them

"There is really nothing there", they are going to keep going out because they will take the attitude, "I will get whatever I can and the hell with the rest; just as long as I get my fair share." Now, this morning, coming down, I stopped at two stations and asked them how the five and seven dollar limit was working. One of the attendants said, "Remarkable." He said, "I have one of my people going down the gas line telling the people, 'you have a four cylinder, it is going to be five dollars' or 'you have a six or eight cylinder, it is going to be seven dollars' and, he said, over ten cars pulled out of line, irate because they were going to have to pay a five or seven dollar minimum. They were only topping off. Now, if you notice, the lines coming down today were a great deal shorter. I came down yesterday and they were a mile and one-half long on Route 206. Today, there were about six cars in line.

MR. WINGATE: Of course, those lines in the last couple of days were a lot larger too because they feared that the stations were going to close for the weekend.

You know, we agree with you about the shortage - that somewhere there is a shortage. But, I repeat, the guy sitting in line doesn't believe it. Now, if there is, in fact, a shortage and if we want that motorist to live with it and abide by it and accept it, then somebody has to get involved in a very serious and effective P.R. program to convince them of that. The method by which he is now being convinced is making him mad as the devil.

ASSEMBLYMAN KAVANAUGH: True. One of the problems that came about with the odd-even program was, we started it on the 22nd or the 23rd of the month. It was late in the month and by the 15th of June, the "allocation" to New Jersey had been used up -- 70% of it. So, by the 15th of June, 70% of the gas for New Jersey was gone. So, a lot of the stations were closed. That, once again, is up to the oil companies. This doesn't have anything to do with the federal government. The oil companies can do that at any time.

For example, the dealers in New Jersey -- let's say a station has one-half million gallons coming -- could take that whole half million, if it were available in July, and fend for himself, if he had tank storage to do that. He knows what you can get on the market today. I had a call the other day about seven hundred and fifty thousand gallons of gasoline at \$1.23 a gallon, if I had the storage.

MR. WINGATE: That's true.

ASSEMBLYMAN KAVANAUGH: So, that is one thing the allocation portion of the Department of Energy told us: There is no state allocation. That is a misnomer. They have a nationwide thing and there is no state allocation, per se. But, the end result was that New Jersey qualified in the month of June for approximately 300 million gallons.

MR. WINGATE: Many of the stations are now pumping their July allocation, which means that in July they may be pumping their August allocations. Somewhere along the line that has to catch up with you. And, unless there is more gas brought into the state, this problem is going to compound itself. We don't know where it is going, but we can tell you the average motorist out there is really burned up and he is ready to hang the Legislature and bomb the Arabs, and whatever, in order to get revenge for the fact that he can't get the gas in the automobile.

ASSEMBLYMAN KAVANAUGH: Well, this is the thing. When you talk about P.R., this is where the people in New Jersey should be made to realize that we

have to start doing a job and have them get in touch with the federal government, because our hands are tied. People call the members of the Legislature and ask what they are doing about the gas crisis. There is nothing we can do except bombard the Congressional Delegations of all states, because the power is with these people.

We would be very happy to cooperate in any effort along any lines that you would like to become involved with. I don't think we would have any problem with stirring up our membership or the general driving public to do that. The thing is, any reaction you would get from them now would be so emotional, it would perhaps lack proper rationale. As this goes on, people are going to realize just how serious it is. Right now, they are just mad because there are stations that have gas underground and aren't pumping it. You know, that is all over the state and they don't try to keep a secret of it. Some motorists know this and they are upset, and I think they have a right to be.

ASSEMBLYMAN KAVANAUGH: I agree with you one hundred percent.

ASSEMBLYMAN GEWERTZ: Whether there is or is not a shortage will be determined as the next couple of weeks go by. But, interestingly enough, if someone has gas to sell - 750 thousand gallons, assuming you have the capacity to store it, at \$1.23 a gallon - they have to be getting the 750 gallons from someplace to sell. Now, is it out of the allocation that should have gone to some service station and they are holding it back and trying to peddle it on the market instead of giving it to their dealers to give to the public? That is one of the things we are going to have to get into in some depth.

ASSEMBLYMAN KAVANAUGH: Because there are 1,000 less stations in New Jersey now, the question is asked: Where is that allocation?

MR. WINGATE: Well, the fellows now have gas in the ground and they are not going to pump it for another week because they are going to get another 5¢ a gallon for it.

ASSEMBLYMAN GEWERTZ: I believe that there is a lot of gas sitting in storage tanks.

MR. WINGATE: How anybody is going to control that, I don't know, but that poor guy driving that car is the one that gets hit with the bottom line and he would probably be willing to pay - I hate to say this - \$1.25 a gallon.

ASSEMBLYMAN GEWERTZ: Well, if you go to some of the construction sites, like Oyster Creek, and you will find guys out there with tank trucks selling gas. You can pull your car up and you can buy gas. If you want to pay \$1.25 a gallon, you can buy gas right out of the tank truck.

ASSEMBLYMAN KAVANAUGH: To clarify one point, you mentioned that the retailers are not pumping. They have the gas in the ground but they are going to wait for the price to go up. There is a regulation that they only have a certain spread at the retail level, so they are not going to gain that profit. So, it is misleading to the public to make that statement against the individual stations. It is illegal if he does that.

MR. WINGATE: This is what the public believes.

ASSEMBLYMAN KAVANAUGH: I think we have to be responsible. This is the thing. I think we have to be responsible as far as our statements are concerned as legislators, as business people, and especially as individuals, especially an outfit as respected as AAA. I think that is important on the part of AAA. Truly, they are a marvelous company and you people can do so much to dispel the rumors.

This is the thing. There is almost anarchy in New Jersey at the present time. You hear that down in Berlin they turned a truck over; they burned the truck. They have had truckers being shot at on Route #80. This is ludicrous to have things like that happen here in New Jersey and have everyone kind of sit on their hands. I think this is where the executive branch of government has the power as far as people holding gas back, and what have you. They have done this in other areas by executive order.

MR. WINGATE: This is something where you not only need regulations, but you also need some policing of it. I don't think there is that much of it right now.

ASSEMBLYMAN GEWERTZ: One of the problems with the prices, as I understand it - Walter and I have spent some time with the Commissioner of Energy - is that price is based on your cost. Now, if someone wants to play a little game and sell gas between themselves, they can make a profit on the gas they sell to company B and when it goes in the tanks in the ground, they are entitled to a percentage of the profit, over and above their cost. Well, the higher the cost goes, the higher the dollar value because it is on a higher price per gallon. There are all kinds of little games.

MR. WINGATE: I am not an expert on gasoline manipulation. All I know is how our public and our members feel. I can assure you that unless there is some effort to bring out the truth and get them to accept it, that violence might not be uncommon because if you need gasoline bad enough, you are liable to get desperate and you are going to syphon it out of someone's tank.

ASSEMBLYMAN GEWERTZ: You know, if you go into some of the auto stores, like Pep Boys, and you look on the counter, there is a big display of syphons.

MR. WINGATE: Oh, yes.

ASSEMBLYMAN GEWERTZ: That is the newest field of merchandising.

MR. WINGATE: What we are doing is just trying to advise people the ways of living with this situation.

ASSEMBLYMAN GEWERTZ: Oddly enough, whatever misery the public has, somebody manages to make a profit on it.

ASSEMBLYMAN KAVANAUGH: Do you have any concrete examples of what you think should be done as far as the input that is coming from your people is concerned -- what you would like to see and things that could be initiated here in the State of New Jersey? Do you think there is some suggestion that would be constructive?

MR. WINGATE: Not short-term, no. We don't know. I will tell you why we can't come up with anything, or why we have not come up with a recommendation. We really don't know where the problem is. We know there is a problem at the pumps, but we don't know who is causing that. For us to create a program, or an effort, we would like to have a more solid basis than just an assumption.

ASSEMBLYMAN GEWERTZ: That is what we are going to spend our time on.

MR. WINGATE: As I said, we would be very happy to cooperate with any kind of an information program you can come up that is based on some solid facts and that we think our members should know. We would be more than happy to cooperate to the fullest extent. We will also give you whatever feedback we get from our membership that we feel would help you.

ASSEMBLYMAN KAVANAUGH: I think that would be important because there are a lot of people out there who are a lot smarter than the legislators and who probably could come up with some good ideas.

MR. WINGATE: Most of the reaction I wouldn't want to tell you. Most of it is unprintable.

ASSEMBLYMAN KAVANAUGH: The Governor gives an example of that, about them seeing legislative plates and they waive at you but then they eat all your fingers. That is happening. I don't drive a car now with legislative plates.

MR. WINGATE: Well, people believe that there is no shortage and people believe that the "big shots", so to speak, don't wait on lines. Whether or not they are correct, I don't know, but that is what they believe and that is what they are basing their reactions on. So, we have a potential time bomb out there.

ASSEMBLYMAN GEWERTZ: Thank you very much, Mr. Wingate.

We will now hear from the New Jersey Motor Truck Association.

N O R M A N H U G H E S: Good afternoon, gentlemen. I am Norman Hughes, Managing Director of the New Jersey Motor Truck Association, a 65 year old trade association, representing 1357 companies who employ some 210,000 people in the State of New Jersey.

Thank you for this opportunity. I commend you for the temerity to tackle this problem, which is a most difficult one, defying, as it seems, many solutions, if there are any.

Our industry is a fuel intensive industry. I must speak in terms of totals at the moment, rather than specifics, because they are the figures we have available.

This industry consumes 20 billion gallons of fuel a year. Approximately half of that is gasoline and the other half is diesel fuel. Our industry believes there is a shortage. Our research indicates that the total demand, worldwide, is from two to four percent above the available product. Now, when you deal with a middle-distillate type of fuel that we use, which is called diesel fuel in our case, it is called home heating oil in another category, we find that the stocks currently are 128 million barrels. Now, that is eleven million barrels more than in 1978, but it is still 12 billion barrels short of what it should be, or should have been, as of June 1st.

As I am sure you know, there has been a demand from the Federal Government that the stockpiles of home heating oil should be 240 million barrels by the beginning of the heating season in order to accommodate the needs for a normal winter.

Since 1974, the trucking industry has saved two billion gallons of fuel a year by utilizing level torque engines, fan clutches, steel belted radial tires, wind shields, and totally supporting the 55 mile per hour limit.

Now, interestingly, diesel is a decontrolled product. Gasoline is not. This means that it can be priced at whatever sellers figure the market can handle.

Originally, in the mandating and allocating system, farmers, those who produce agricultural goods, were given 100% of need. That has now been repealed. My friend from the railroad -- in regard to some of this statements, I don't think this is the forum to get into a dialogue as to which is more fuel efficient, etc. The railroad has its needs. We have our needs. We are all in this problem together.

I would make one statement: In our view, railroads, which take tons to move pounds, are short-armed giants. Somebody - trucks, if you will, must bring what they move to them and most take it away from where they stop.

Now, speaking of the farmer situation, their normal use is 5% a year

of the available source. But, in May, for instance, they used 50% of the available source because of a late planting season, caused by adverse weather and many other factors. So, in the original mandating, it was perhaps a necessary step. I repeat again that their 100% allocation has now been repealed.

Speaking of prices, I mentioned that diesel is not a controlled product. Normal price for diesel in recent months has been from 60¢ to 65¢ a gallon. Bear in mind that our price includes the tax - federal and state. The railroad prices they mentioned do not.

Today, we find that the average price for diesel is from 81¢ to \$1.50. I have copies here of selected reports of sales tickets that we have been receiving in our office now for three months. Our problem began three months ago, not just with the recent situation. Our carriers, depending upon bulk deliveries, were being cut 25% to 30%. We find today that when that happens, they must then go into what is called the spot market. Perhaps you might call it a black market, but nonetheless, it is a second grade market and the government has not made, apparently does not intend to make, any effort to control that. That is where the price is running an average 81¢ to a high of \$1.50 per gallon. We haven't experienced that high price in our area but it has been paid in places like Missouri and Tennessee.

Now, everyone talks in terms of what he should get, which brings it to priorities. When you are talking priorities, allocable to middle distillates, keep in mind that home heating oil is almost identical to diesel fuel. Some engineers can tell you the difference. I can't. I don't know of people who use diesel fuel who could. It will work in a diesel truck. But, mostly, it is not so used.

Now, the middle distillate cracking out of a barrel of petroleum is about twenty two percent. That means that you can get about nine gallons of middle distillate out of every 42 gallons of crude oil.

The schedule of priorities established so far was, number one, home heating oil, number two, agricultural production, number three, mass transit. When you get to gasoline, of course you know that there are special allocations made to police, firemen, hospitals, municipalities, and so forth. We have no quarrel with any of that. We recognize that these are essential services. There is one point that I would make as dramatically as I know how: Keep in mind that to whomever you make an allocation, they don't get that allocation in a bucket. There is only one way that any allocation can be delivered and that is by truck. All the allocations, necessary as they may be, if they can't get it, forget it. You have to provide a method whereby the allocations can be distributed.

Now, it is one thing to talk about the problems, and to say whether they are or are not real. As I pointed out, we believe they are real. We know from our research, which is vast, that there is a shortage. We are experiencing that shortage. We therefore would like to make a few recommendations for the consideration of this committee. Hopefully, they may see implementation.

One would be to permit at least a federal 80,000 pound gross weight in every state. I compliment New Jersey's legislature in its wisdom in permitting this in our state as much as a year and one-half ago. We do have here the 80,000 gross allowed by the federal government. We have the 34,000 on tandem and we do have 22 for the single. That makes the distribution and operation of our vehicles most efficient. The problem is, it is difficult to get out of New Jersey with

that kind of weight because the surrounding states, such as Pennsylvania, are still at 73 to 80. Maryland is still at 73 to 80 and Connecticut, along with some 7 other states.

Secondly, we would strongly recommend consideration of permitting 60 foot overall length in New Jersey. Presently, we are allowed 55 foot. There is no limit specified on a semi-trailer. One of the big problems that has sparked the difficulty with independent operators rests in this area. By and large, such operators use big power units. Those power units are long enough that when hooked into a 45 foot trailer, they are then over the 55 foot length. If we could permit 60 foot in New Jersey, with a limit of 45 foot on a semi-trailer when in such a combination, this would do much to improve the efficiency of the system, again save more fuel, and certainly make it easier for these owner-operators to function and have more activity.

If that could be done, the estimate is that the industry would save 225 million gallons a year, on top of what they are presently saving with the other methods. Now, we would strongly recommend that support be given, certainly for the bond issue that is now ready for the Governor's signature, which would enable our DOT to get going on finishing the interstates and improving the main highways that run through New Jersey. We are a corridor state. We know that there are 450 thousand vehicles over 18,000 pounds registered with our Bureau of Motor Carriers. Of that number, 80,000 domicile in New Jersey. We rank third in the country with the number of domiciled class one and two regulated carriers, behind only California and Pennsylvania.

Now, there are several suggestions that will hopefully be of value in making an approach to if not solve the existing shortage problem, do something about cutting down our use - which in the total country is exorbitant - of fuel, so much of which we now have to import from foreign countries. Thank you very much.

ASSEMBLYMAN GEWERTZ: Walter.

ASSEMBLYMAN KAVANAUGH: You talked about extending the boxes, as far as the regulation is concerned, to 60 feet. You have 45 feet now and--

MR. HUGHES: Fifty five.

ASSEMBLYMAN KAVANAUGH: Okay. If you go to 60 feet, what effect will that have on our roads. You are saying we are going to save fuel, but are we going to have an adverse effect, when you get that length, depending on the hookup? Are you going to get that effect that is going to start pounding the highways to the degree that we are going to end up with more potholes than we have now?

MR. HUGHES: Our engineering studies have shown that it is more or less the times you go over a road, which has an equal impact on this deterioration as compared to weight. There will be no change in the weight if we go to 60 foot. Now, if you keep in mind that for many, many years - and the federal government today has specified and we have used this in the past - we have used what is called a bridge formula. That stipulates the distance it must be between the axels in order to have the higher weights. This would indicate to me that the more you spread it out, the less damage it does. Even the federal allowance on the interstates today takes into consideration that so-called bridge formula. I think that if we were permitted the 60 foot length, we are still within a 80,000 pound gross. That would mean if you had a tractor, for instance, in the current configuration we are allowed to have and the tractor, let's say, weighed

15,000 pounds, then you could have the difference in the trailer and the load.

Now, if you had a bigger tractor, which would be what this would permit, and let's say that tractor weighs 20,000 pounds, now you are only allowed the 60,000 pounds in the trailer and the load. So, in essence, it would have a tendency to spread the weight more evenly - put more of it up front and less in the back, where it mainly rests on the tandems. So, I would think that certainly the wear and tear would not be more.

ASSEMBLYMAN KAVANAUGH: You wouldn't be looking for more cubes, as far as on the box?

MR. HUGHES: No. Our position is that we should restrict the trailer in that kind of a combination. There is no limit now on a semi-trailer.

ASSEMBLYMAN KAVANAUGH: What about on our interstate and our parkways where trucks are able to go with the limitation of 55 miles an hour, say with 12 speeds? I don't know how many speeds forward these trucks today have. There has been quite a bit of discussion that they never really get into overdrive if they have to be held at 55. They could have a fuel savings of approximately 10% additional if they could get it up to the overdrive. I am not talking now about your state highways. Would you be interested in changing the regulation, even though it is federal thing -- to appeal to the feds to change that restriction from 55 to 65 in order to have a gas savings because of the gear ratio of the trucks?

MR. HUGHES: Well, the research that has been done in light of this 55 mile - and you know there has been much controversy, pro and con, about that - as of today, shows that the regulated carriers use as power units what we call the "plain Janes." In other words, it is only big enough to handle the load and get it where it needs to go efficiently, as opposed to the independent type operators who use bigger equipment. They spend so much more time in that equipment, they do dress them up. In some instances, it is almost the independent operator's home. So, of course, he has surrounded himself with more protection, which is to his benefit. But, I would think that the speed situation is almost an individual decision.

Now, again, the regulated industry -- fine. There were some very conclusive tests run. I am sure you read about those in the paper. They actually had anybody who wanted to come into this thing run a test course, anyway they wanted to. Something like 82% of them saved fuel at 55 miles an hour. Now, there could be some circumstances where great open space - Wyoming, if you will - I would suspect, running at higher speed, would certainly be more efficient.

ASSEMBLYMAN KAVANAUGH: Now, not to infer anything, but as a member of the Truckmen's Association here in New Jersey, would that answer be such that because of the problem of deregulation - the proposed deregulation of the independent truckers - it would possibly give them an advantage if we moved in that direction? You know, where are you coming from on that?

MR. HUGHES: Of course, the independent trucker is deregulated today. What they are talking about on the federal level is deregulation of the regulated industry.

ASSEMBLYMAN KAVANAUGH: The regulated industry?

MR. HUGHES: Which is those subject to the ICC's. Sixteen thousand eight hundred and sixty five companies are regulated by the ICC. This means that they are told what they can haul, where they can haul it from, and what they can charge to do it. That is the regulatory system today.

Now, the other facet of the industry, private carriers, has no regulation. They can haul their product, that they own, anywhere in the country. Contract carriers can make a contract. They don't offer their services to the public, in a general sense. They deal with one company, or two or three -- whatever. They make a contract.

Then, there is the hauling of unregulated commodities. Anybody can haul these anywhere in the country, with no regulation as to tariffs, rights, or anything. Then there are the independent contractors who function in that regard and by leasing to a certificated carrier.

Now, we have no quarrel with anything that improves the efficiency of operating a truck. The name that you hang on the person who does that doesn't mean much, because we all have the same kind of problem. We all have to move freight from one point to another. Where it exists it has no value. It only has value after it has been moved to where it is needed. So, we all have that problem. Any kind of a truck has that to contend with. Anything that improves the efficiency of that we are for. Anybody in the industry should be for it. And, I think anybody in the industry is for that. We may at times seem to be fighting each other, but that is sort of a surface thing because basically we are all in the same kind of a problem. Again, we are no different than the railroads in this respect, or the airlines, or the barges. We all have to move freight and/or people as efficiently as we all can figure out how to do it.

ASSEMBLYMAN KAVANAUGH: All right. Well, I think that the regulations that are established are important to the ICC because of the number of trucks that are on the road. Diesel is just a step down from gasoline as far as the distillate process is concerned. So, it is important that we concern ourselves also with the use of diesel and not only just gasoline because of the high consumption and also its use as home heating oil.

There is a problem insofar as waste of fuel is concerned, when you have a truck, say, coming from Indianapolis into Baltimore and the rights are such that he is hauling for a company who may not have that right. He may have to come into New Jersey to get his load changed and then go back to Baltimore in order to make it legal. These are the things that I think your association should be working with the ICC on, to alleviate these problems, to streamline the operation, and to stop waste. They say that if you are going back and forth one hundred miles, one way or the other, it is burning a lot of fuel.

MR. HUGHES: That's right.

ASSEMBLYMAN KAVANAUGH: You also have within your industry people who have those ICC rights, people who are not really in the trucking business. They are brokers of the rights with independent operators.

MR. HUGHES: That is a different kind of right, but you are right.

ASSEMBLYMAN KAVANAUGH: So, we have to look at that part of the industry. I think that is very important. The figures as far as the use of diesel in that area -- there must be a tremendous use of diesel fuel by the trucking industry throughout the country.

MR. HUGHES: I think what you alluded to there, Mr. Kavanaugh, has to do with what we used to call "gateway." Instead of going in a straight line, you go like a triangle. Now, back in the early days it probably had some application that made sense. But, long since it has ceased to have sense. The industry has been fighting for ten years to get that corrected. It has now been materially corrected. There was a time when in spite of the industry paying

a very high percentage of money to build the interstates -- you know there is a federal highway use tax that we pay that others don't -- and yet you couldn't use them because your right said, as you pointed out, that you can't go in and out; you had to go from Baltimore to get to Florida -- you know, that kind of business, which is ridiculous and a great waste.

I will tell you another kind of situation which is causing considerable waste and that is the banning of the use of highways. I cite you one flagrant example. There is a section of 9W -- it runs up New Jersey -- that is the best route to use to go north/south in that section of the state. When you get to the border of New York, there is a five and one-half mile strip on 9W that is posted at 10 tons. Because of that, if you go to the west to get around it is 62 miles further -- another hour and one-half of wasted fuel and wasted time. If you go the other way, you have to try and get across the George Washington Bridge, which is a toll and then go up the Major Deegan, which is now under repair and you have to go further east to get up there to hit the Thruway in New York. All this was done to accommodate some 150 people who lived on that five and one-half mile stretch of road. Why? Because -- whatever. We call them the "silk stocking people." They don't want any noise on that road. That is what has been done in New York.

ASSEMBLYMAN KAVANAUGH: That is about a year now. They have been doing that for approximately a year.

MR. HUGHES: That's right -- 15 months. Now, you figure the amount of fuel that has been wasted and lost, and time and everything else, plus the wear and tear now on roads where our type vehicles don't belong and should not be on. Because in order not to run that and get yourself a \$50 ticket, you cut off on a side road of some sort, one that is not built for our trucks. We don't want to be there. We shouldn't be there. So, they have exported what they thought was a serious problem into other areas where it is a serious problem. We have been fighting that thing tooth and nail now for 15 months and just now we think we are beginning to see some light at the end of the tunnel. They are the kinds of things that tie right in with what you have just suggested.

ASSEMBLYMAN KAVANAUGH: All right. Another thing, are there any suggestions -- as I asked the gentleman here from AAA -- you can give us, any ideas or answers you can give us, or any ideas you can submit to the committee in areas where you think we could initiate some conservation methods?

MR. HUGHES: Yes. They are the things I did spell out.

ASSEMBLYMAN KAVANAUGH: But, are there any other things, other than your testimony, that you have thought of on your own since the testimony was drafted?

MR. HUGHES: No, I think that pretty much covers the way we have been able to analyze those things which are reasonably possible to achieve and achieve quickly.

ASSEMBLYMAN GEWERTZ: Has the industry been looking at different modifications of engines in order to conserve fuel?

MR. HUGHES: Yes. The level torque engines are one big step in that direction. Fan Clutches have been installed. They are making quite a difference. There are training programs to teach even drivers that have been around for 10, 15 and 20 years how to properly use these more efficient -- fuel efficient -- engines. As Mr. Kavanaugh pointed out, they have 10, 12, 15 speeds forward. If a driver doesn't know how to use that, he is not going to get the advantage of that

engineering. That is on-going and that is very prevalent.

ASSEMBLYMAN GEWERTZ: Tire pressures?

MR. HUGHES: Tire pressure. Steel belt radials are being used. The windshields that you now see on the top of vehicles are making a difference. Plain side trailers. You know, they used to make post trailers. So, now they are making plain side trailers. All of these things, they are finding, make a difference in the efficiency of the vehicle. They used to get about four miles to the gallon. Now, they get about six or six and one-half miles per gallon. That is quite an efficiency increase in the use of the vehicle.

ASSEMBLYMAN GEWERTZ: Thank you very much, Mr. Hughes. Robert Petronaci.

R O B E R T P E T R O N A C I: Mr. Hughes did a pretty good job on a lot of what I had to say. It is important to get the length up to 60 feet. That is the most important for two reasons. A lot of us guys would like to have a conventional tractor, which is more comfortable and also it saves fuel because it goes through the wind a heck of a lot easier. A lot of the cabs just don't push through the wind as easy as a conventional does.

Another thing, maybe we could do something with the speed limit in this state at night. I would like to see it raised to 65 miles an hour. That would help us. I still say trucks are getting better fuel when they get up into overdrive. That means a lot because the motors basically turn over at the same r.p.m.'s at 55 as they do at 65. They are simply going faster for the amount of fuel you are burning.

ASSEMBLYMAN KAVANAUGH: It was mentioned briefly that the trucks owned by the independent operators are, in most cases, more powerful than the others.

MR. PETRONACI: Yes.

ASSEMBLYMAN KAVANAUGH: So, you don't haul exclusively in New Jersey. You probably go nationwide as an independent operator.

MR. PETRONACI: Well, I used to. Right now, I am just running around New Jersey.

ASSEMBLYMAN KAVANAUGH: But, you still have the same equipment?

MR. PETRONACI: Yes.

ASSEMBLYMAN KAVANAUGH: So, it would be to your benefit also, selfishly, if it went up. You would have a percentage increase as far as hauling is concerned?

MR. PETRONACI: Yes, I would. I could save a lot of time and save some fuel. You see a lot of us have bigger engines. We find in a lot of cases, with a bigger engine you get better economy because the engine just doesn't work that hard.

ASSEMBLYMAN KAVANAUGH: What have you noticed as far as - in New Jersey - the fact that you don't have a terminal to go to? You have a truck stop, maybe. Could you give us a little of your experience since this gasoline crunch has come, regarding what you have found in New Jersey as far as the availability of diesel fuel or gasoline is concerned? You probably have diesel operated equipment?

MR. PETRONACI: Yes.

ASSEMBLYMAN KAVANAUGH: All right. Could you give us a feeling of that and maybe give us some insight on the feeling of the truckers? We have heard about the blockades and picketing and what have you. Can we get some information on that?

MR. PETRONACI: Well, the guys are fed up with the price of fuel.

We know it is never going to go down but we would like, if it is possible, if they can get - let's say they want \$1.25 a gallon - it there and freeze it. That way, we could set our rates. You see, a couple of friends of mine and myself, we don't work for a company right now. We are on our own. I am not a lease operator any more and a guy will come up to me and ask, "How much do you want to do this or that, go here or there with how much weight"? and you really can't set up a deal with the guy because the fuel keeps going up, a nickel and dime at a time. In other words, today you are making money and tomorrow you are working for nothing and the day after that, you are broke.

ASSEMBLYMAN KAVANAUGH: The surcharge that the ICC uses for independent truckers, as far as your recovery surcharge is concerned, which has gone up to seven percent - it went up just the other day - doesn't this do something for you?

MR. PETRONACI: Well, that will help a lease operator, or a guy who works for a big company. But, I myself do a lot of dump trailer work. I just work strictly for a guy, a concrete firm or something like that. Really, the ICC has nothing to do with dump trucks or dump trailers, or anything like that.

ASSEMBLYMAN KAVANAUGH: So, you are outside the regulated area?

MR. PETRONACI: That's it.

ASSEMBLYMAN KAVANAUGH: All right. Now, how about the availability? What have you found throughout the state on availability of diesel at the truck stops?

MR. PETRONACI: Well, I just found out that we have 100% allocation, which is good. I guess that is due to the shutdown. But, at the beginning of it, the Turnpike was only giving out \$45 worth of fuel. Now, for a guy going across country, that doesn't even fill up one-half tank. Most of them have two tanks. The average tank is 100 gallons. You know, you have to keep stopping for fuel and that takes more time and they just got fed up and they parked the trucks and went home.

ASSEMBLYMAN KAVANAUGH: But, you find that at this time the availability of fuel is there?

MR. PETRONACI: Yes, I have been hearing that.

ASSEMBLYMAN KAVANAUGH: Is there anything else that you would like to suggest?

MR. PETRONACI: Well, I would like to see if you can do anything about getting the interstate highways finished, especially 78. It was just mentioned before, you know, just so 50 or 100 people can live a little more comfortably, the rest of the state and in some cases the rest of the country suffers because of that.

ASSEMBLYMAN KAVANAUGH: They have to temper that with good judgment - the environmental impact.

Could you just give us an idea of what your recent cost for diesel fuel has been? What have you been paying for diesel fuel?

MR. PETRONACI: On the average, 85¢ a gallon. Around here I have seen it, the cheapest, for 79¢. I have seen it go up to around almost 92¢ or 93¢ too. I hear that this summer it is going to go over \$1.00 with no problem. Right now, I would say the average is about 85¢ a gallon. I get about 5 miles per gallon.

ASSEMBLYMAN KAVANAUGH: Okay, thank you very much.

ASSEMBLYMAN GEWERTZ: I have no questions. Thank you.

Mr. Francis Brown.

F R A N C I S B R O W N: Thank you. I am Francis Brown. I am with the Independent Truckers of South Jersey, incorporated in the State of New Jersey.

I would like to ask one question. What makes bootleg gas? Where does it come from?

ASSEMBLYMAN KAVANAUGH: The question was?

MR. BROWN: Where does bootleg gasoline, or fuel, come from?

ASSEMBLYMAN KAVANAUGH: Do you mean the spot market?

MR. BROWN: Where does the bootleg fuel come from? You were offered gas at a price. I have been offered fuel at a price. Where does it come from?

ASSEMBLYMAN KAVANAUGH: We would like to know the answer to that question also.

ASSEMBLYMAN GEWERTZ: Mr. Brown, that is what we are going to get into next week by gathering in some of the suppliers and requesting that they furnish us not only with their bodies but also with some of their records. I would assume that a lot of it must be coming from stations that have been closed. Customers have been lost and instead of redistributing the allocation to people that are physically using it, they have it sitting in their storage tank somewhere, offering it at a higher price. That is the answer if I had to guess off the top of my head. But, we are going to get into that.

MR. BROWN: We had Joel Jacobson at a meeting down at the 76 truck stop a couple of weeks ago. We told him we would leave the station alone if he made his four or five or maybe six cents a gallon. He asked to see the truck stop's last dump receipt and the truck stop owner said he didn't have it. He couldn't show it. Joel Jacobson was supposed to be going to look into it. We have heard no more.

Now, I heard the railroad here, bad-mouth the independent truckers and all of the trucking industry because we use more fuel. How long does it take the railroad to bring a carload of fresh produce in from the Coast compared to the trucks? We run it in 72 hours. It takes 9 to 11 days by rail. So, then your produce is no longer fresh.

You have Hershey out here in Hershey, Pennsylvania. They laid off 950 employees because they couldn't move their product, because that is moved on specialized equipment, which is refrigeration equipment, which interstate carriers, most of them, do not have. They have to depend on the independent owner-operator.

Now, I heard you ask about the surcharge. I have an exempt hauler - or a hot hauler. Maybe you know what a hot hauler is. Anything goes in that trailer as long as the man will pay me my price and I have had some of the biggest companies in this country cry when I quit hauling for them.

I was in front of the ICC in '74. I told them the same thing. I named the companies and they had to agree that they were big companies. We also have what they claim are the regulated carriers, which are out there cutting each other's throats with rates. They are not selling service anymore. The independent-exempt operator has to sell service.

We have had these regulated carriers come in and cut our rate in half. They would give them time to get there because they were getting it hauled cheaper.

I have been out here 41 years. In 1939 I applied for ICC rights and because I told the inspector, "whether you give it to me or not, that truck is

going to make me my living." I never got ICC rights.

I heard you ask about deregulation. We don't want deregulation. We want reregulation so we can all-- I think I should be entitled, if I bring a load of exempt commodities up, I should be able to haul anything I want going back. But, let the ICC do what they were supposed to do when they started: set the rates for each commodity and not the carriers.

ASSEMBLYMAN KAVANAUGH: Well, Mr. Brown, that is outside our--

MR. BROWN: That is outside your jurisdiction?

ASSEMBLYMAN KAVANAUGH: Some of us have dreams of grandeur of the possibility of some day having the right to get into that market -- you know, when we go to Washington. But, right now we are limited to the Trenton area. We do feel a concern for the truckers, the trucking industry itself. I think you are representing people whether it is regulated or nonregulated -- common carriers, independents, what have you. You are involved in the whole operation. Your major concern is, you want that truck on the road. You want gasoline. You want--

MR. BROWN: We want fuel and we want it at a reasonable price.

ASSEMBLYMAN KAVANAUGH: That's right. You don't want to be taken over. This is what the Oversight Committee is here for, to get the information from you and put it on the record.

MR. BROWN: If you go through your Archives, you will find that in 1974 another driver and I came up here and wrote a weight law and a length law. It was for the frame to the 45 foot trailer. That way, you could distribute the weight more on the trailer. You don't get it with a little short-- You have 45, you have 48 foot trailers out here, with little, short tractors, so you have all the weight on the steering axel, which is not good for the tires. We put that in there to stipulate 45 foot, but they took Senator Horn and another Senator's - Donahue, I think it was--

ASSEMBLYMAN KAVANAUGH: McDonough.

MR. BROWN: They took their deal, and it didn't have any stipulation in there for trailers, or extending the length of them. Another friend of mine came up. What is his name? Smith. Upstairs. We sat down and wrote the length and weight law that we would like to have put in. But, as usual, we didn't have enough money behind us. They did as they liked.

ASSEMBLYMAN GEWERTZ: Let me ask you something pertaining specifically to our problem. How much is the 76 truck stop charging for gasoline?

MR. BROWN: I think before we shut them down it was 86.9¢.

ASSEMBLYMAN GEWERTZ: 86.9¢. How much did that rise, say, in the last 90 days?

MR. BROWN: Right now, I don't know. I don't deal there. But, we were buying fuel in some of the Southern states for 56.9¢.

ASSEMBLYMAN KAVANAUGH: What date? I have here the diesel fuel index, the selling price at the pump - full service.

ASSEMBLYMAN GEWERTZ: I think he has self service, right?

MR. BROWN: No. I don't know whether they have full service or self service.

ASSEMBLYMAN KAVANAUGH: The only thing is, with the full service this is another matter and could vary.

MR. BROWN: I believe in New Jersey you are not allowed self-service.

ASSEMBLYMAN KAVANAUGH: There is no self service in New Jersey. It is against the law. That is correct. On January 1, 1979, the price was 63.6¢, that is the average. The price that you quoted, 86.9¢, is the price as of June 25, 1979. We have seen it go up from the 1st. It went to 63.6¢ and back on the 1st of June it was 84¢. At the end of June it was 86.9¢. So, the index now is 136.6.

You made a remark. You said: "When we closed them down."

ASSEMBLYMAN GEWERTZ: Blockade.

MR. BROWN: We blockaded them. He wasn't selling any fuel whatsoever. Last weekend he turned the key in the door and went home.

ASSEMBLYMAN KAVANAUGH: Now, from the horse's mouth, what was the reason for the blockade?

MR. BROWN: Because of short fuel and the high price of fuel all over.

ASSEMBLYMAN KAVANAUGH: What was the advantage of closing down the 76 truck stop? What did you think you were going to gain by that?

MR. BROWN: We wanted to show the government what we could do because we have had nothing but promises since 1974 and none of them have ever been fulfilled.

ASSEMBLYMAN KAVANAUGH: Another question is, the Shell refinery turns out between 850,000 and one millions gallons of gasoline a day. That was also blockaded. It was reduced to 100,000 gallons a day. What advantages do you see to holding back approximately 750,000 gallons from the people of New Jersey, by denying them the gasoline which was available but could not come out of the refinery because of the blockade?

MR. BROWN: Now, I don't know if I am right or not; I am pretty sure I am though. We didn't blockade the refineries in the Southern part of New Jersey from bringing out gasoline. We only blockaded the diesel fuel.

ASSEMBLYMAN KAVANAUGH: So, when a trucker came in, you asked whether it was diesel or it was gasoline?

MR. BROWN: Yes. If he was going for diesel or anything -- number two oil -- they didn't come out. Now, we had drivers that did it for themselves. We have had truck stops that would do it to themselves. They would shut down; just ask them. We had another one come out and beat up three of our drivers and sent them to the hospital the other night, right here in South Jersey. We have tried to do it peacefully. You have heard of the shooting and everything else all around. We don't want that.

ASSEMBLYMAN GEWERTZ: The 76 truck stop is supplied by Phillips Petroleum, right?

MR. BROWN: The 76 truck stop goes out and buys it anywhere. They buy it on the open market.

ASSEMBLYMAN KAVANAUGH: Could you explain what the open market is?

ASSEMBLYMAN GEWERTZ: He didn't have any receipts or anything?

MR. BROWN: He had no receipt for the last drop that was put in there.

ASSEMBLYMAN GEWERTZ: That is interesting. How would he pay for it then? He must get a bill.

MR. BROWN: According to him, he didn't. All he knew was what amount of gallons they put in there. I have heard some other things about that same 76 truck stop, but I won't say it because I don't have full proof.

ASSEMBLYMAN GEWERTZ: Maybe we should get some of his receipts.

MR. BROWN: You see, the reason they all shut down on him is, they went to him and talked with him first and he said, "If you get the rest of them

shut down, we will shut down." We then got the consent of the rest of them and now he wanted to stay open. Last Sunday from the Delaware Memorial Bridge to the Walt Whitman Bridge, there wasn't a drop of fuel being dispensed. We had to open it up again because the same man who beat the three drivers the other night -- at his truck stop they went in there with guns. The guns were pointed at the drivers, our men, as they came into the truck stop.

ASSEMBLYMAN KAVANAUGH: Is it that you were frustrated by the inaction and by whom?

MR. BROWN: On the part of the government. They didn't do anything to help us.

ASSEMBLYMAN KAVANAUGH: Federal or state, or both?

MR. BROWN: Both. We tried to get the 60 foot length here. It makes a more comfortable ride.

ASSEMBLYMAN KAVANAUGH: Has your group been to the Governor's office recently?

MR. BROWN: A couple of weeks ago, or last Wednesday or Thursday. We were in the Governor's office.

ASSEMBLYMAN KAVANAUGH: What did the Governor have to say to you?

MR. BROWN: I wasn't there. I understand he said he would go along with us and then we got word back that he was not going to go along with a 60 foot length.

You see, what we are frustrated about is, I run over the road. I run anywhere east of the Mississippi. We have Maryland with 73,283 pounds. We have Pennsylvania with 73,283. We have Tennessee with the same. But, it is only a gimmick. If you pay them at the first scale, where they get you, when you go to the other scale, you just waive to them and show you paid and you can go ahead. It is a money-making scheme and they have their rates all set up. Most of us will try to load legally, but you cannot load legally if you go through those states. As I said, your back roads get the pounding because you have to run around because we have to use them.

ASSEMBLYMAN GEWERTZ: Thank you.

MR. HALSEY: We have two representatives from Transport of New Jersey. Would you like to testify together? (affirmative reply)

C H A R L E S S C H L A P E: I am Charles Schlape, Supervisor of Engineering at Transport of New Jersey. We came here as a team of two. I represent the useage of the fuel on the bus and Mr. Specht is the Purchasing Agent. He represents the allocation and the purchasing of fuel.

We have no prepared statement. Generally, our company is, today, still a private company, although the state is trying to take us over. We have 1556 buses, primarily all of them are basically 40 footers, carrying about 50 passengers per bus. All are diesel. They average approximately just under 5 miles per gallon of diesel fuel. We haul about 400 thousand passengers daily. The state is in the process of buying new buses. They will probably be all diesels. There are about 1100, of which we have been getting about one-half of all the buses the state has been buying. We are subsidized, of course, by the State of New Jersey.

The bus manufacturers -- we don't know if they are going to be able to supply the 1100 buses that the state wants to buy because General Motors is inflexible; they are only making one type of bus now, which is a transit type.

Basically, we have half commuter and half transit type operation. We have six routes, so we can pinpoint our useage and the miles per gallon. We are not like a trucking company.

That is basically my opening statement. If you have any questions, I would be happy to answer them.

ASSEMBLYMAN GEWERTZ: We are primarily interested in the cost of fuel and the availibility of fuel for Transport.

MR. SCHLAPE: All right. Mr. Specht can give you that.

ASSEMBLYMAN KAVANAUGH: Can I ask you just one question?

MR. SCHLAPE: Sure.

ASSEMBLYMAN KAVANAUGH: With the shifting population in New Jersey, have there been any changes, or requests to abandon certain routes that are not economically feasible? Also, if it is not economically feasible, it means we are wasting fuel in an area that only has a low ridership.

MR. SCHLAPE: Right. We have done that right along, where the ridership dropped down. We have had bus lines where only one or two people would be riding and we would discontinue it. Of course, you have to go through the -- at that time it was the PUC and the DOT to accomplish that. You just don't do that on your own.

Basically, when you analyze it, our bus routes are the old trolley routes. There should be some changes, I would think, because of the shifting of the population.

ASSEMBLYMAN KAVANAUGH: In the past five years - go back that far - how many changes have you made in the routes? What percentage of your routes are still the old trolley routes? As you know, there has been a drastic change in the population of New Jersey.

MR. SCHLAPE: I really don't have those figures. But, there have not been many route changes to take on the shift in the population.

ASSEMBLYMAN KAVANAUGH: So, with route changes, we could see a reduction in the use of diesel fuel?

MR. SCHLAPE: Yes.

ASSEMBLYMAN KAVANAUGH: Or, at least a return on the investment - a better return on the investment?

MR. SCHLAPE: Right.

ASSEMBLYMAN GEWERTZ: Okay, we will new like to hear about the fuel consumption, the cost, and the availability.

F R E D S P E C H T: We consume approximately 11 million gallons of diesel fuel annually. We drive approximately 54 million miles. The increase has gone this year alone from 43¢ a gallon to, at present, 60¢.

Availability -- so far I have had no real problems. Whenever I ran out, I did a little phone calling and got additional supplies. However, I don't know if that is going to hold true in the future.

ASSEMBLYMAN KAVANAUGH: The phone call to the Energy Office, is that state set aside?

MR. SPECHT: No, sir, I phoned our supplier. I have been in touch with Mr. Deegan also, but that was in reference to a truck blockade at the Woodbury Terminal. They would not allow diesel fuel out and two of our locations were completely out of diesel fuel. We did obtain it from another terminal, out of state.

ASSEMBLYMAN KAVANAUGH: You are not having any supply problems?
MR. SPECHT: Not at the moment. We ran out of allocation a few days ago and I was able to obtain another 200,000 gallons for the rest of the month of June.

ASSEMBLYMAN KAVANAUGH: Is that off your next month's allocation?

MR. SPECHT: No, this was in addition to it.

ASSEMBLYMAN KAVANAUGH: In addition to it?

MR. SPECHT: Yes.

ASSEMBLYMAN GEWERTZ: You buy your fuel under contract, right?

MR. SPECHT: Yes.

ASSEMBLYMAN GEWERTZ: How long is the contract for?

MR. SPECHT: Annually. December 31st.

ASSEMBLYMAN KAVANAUGH: Did you have any reduction during the winter months, since there is a similarity between diesel and number 2 fuel oil?

MR. SPECHT: No.

ASSEMBLYMAN KAVANAUGH: You had no reduction whatsoever?

MR. SPECHT: In accordance with the contract, there is a minimum and a maximum. Each month I send the supplier a telegram requesting 100% allocation and so far I have received it.

ASSEMBLYMAN KAVANAUGH: And who is your supplier?

MR. SPECHT: Atlantic Richfield.

ASSEMBLYMAN KAVANAUGH: What did you do during the time when Arco had no fuel down in Newark for five or six days?

MR. SPECHT: Well, the Newark Terminal wasn't blockaded, it was the Woodbury Terminal.

ASSEMBLYMAN KAVANAUGH: No, it was not by blockade. They were out of fuel. The pipeline -- do you remember the period of time when there was nothing in the pipeline?

MR. SPECHT: That's right. Okay. They brought some down from New England.

ASSEMBLYMAN KAVANAUGH: By truck?

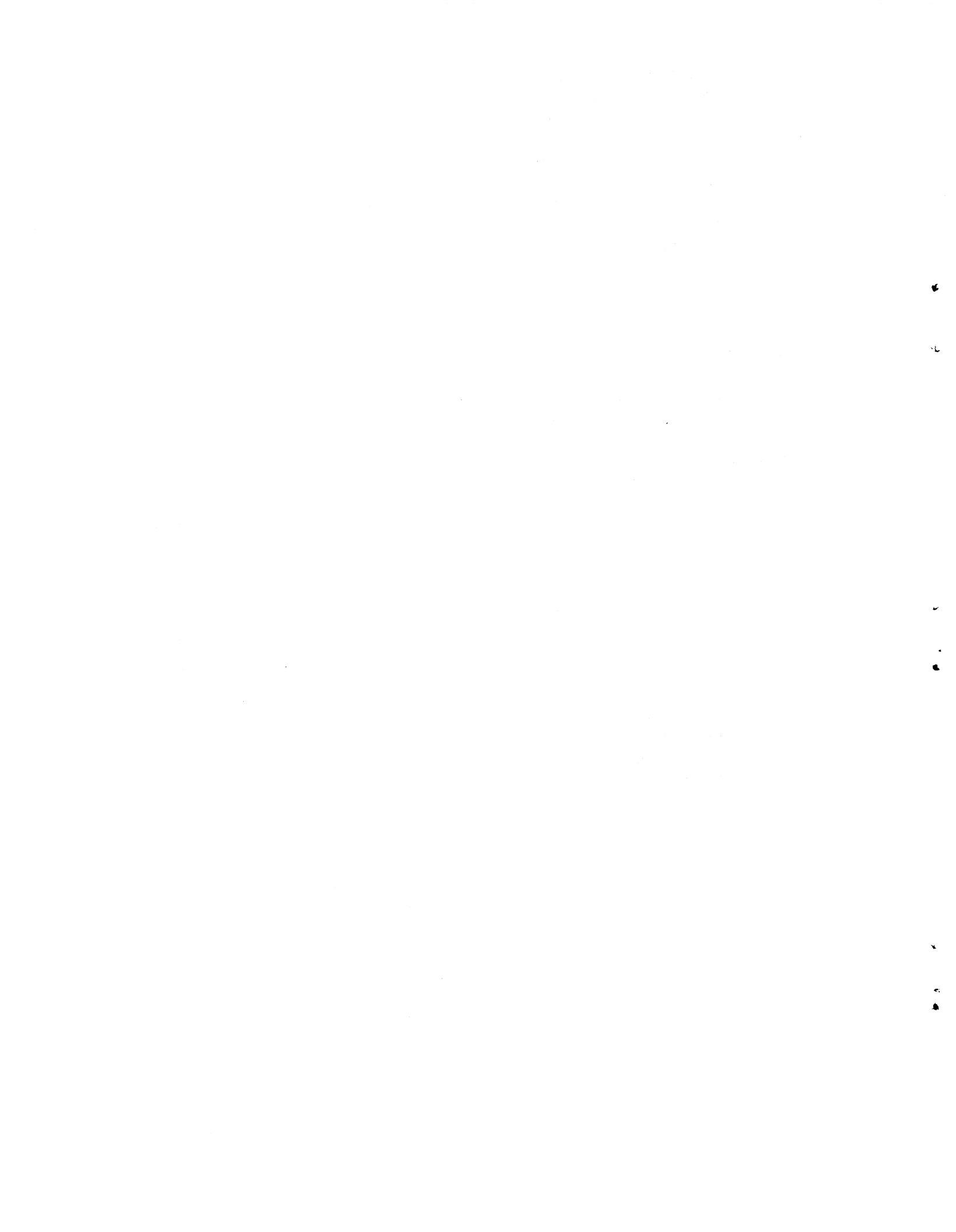
MR. SPECHT: By truck.

ASSEMBLYMAN GEWERTZ: We have nothing further. Thank you very much.

That concludes the list of people for today. For the record, we have a communication from the Air Transport Association on the price of jet fuel, which is a national figure. Their prices have risen from 47.1 per gallon for the month of April to 53 cents a gallon, which is an estimate for June and there are no July figures available at this point. I just want to put that in the record.

We will reconvene our hearing at 10:00 A.M. next Friday. We will call at that time the retail gasoline dealers, the Fuel Merchants Association, and representatives of the major oil companies. Thank you.

(hearing concluded)



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