



12/5/14

RE: Notice to our valued customers

What is CARB?

CARB is an acronym for California Air Resources Board. In 1967 California's Legislature passed the Mulford-Carrell Act which combined two department of health bureaus—the Bureau of Air Sanitation and the Motor Vehicle Pollution Control Board—to establish the Air Resources Board or ARB aka CARB.

What does CARB do?

The California Air Resources Board is part of the California Environmental Protection Agency, an organization which reports directly to the Governor's office in the Executive Branch of the California State Government. CARB's mission statement: "To promote and protect public health, welfare and ecological resources through the effective and efficient reduction of air pollutants while recognizing and considering the effect on the economy of the state." The ARB oversees the activities of 35 local and regional air pollution control districts. These districts regulate industrial pollution sources. They also issue permits, develop local plans to attain healthy air quality and ensure that the industries in their area adhere to air quality mandates.

What does this have to do with the cost of transportation?

Our state legislators and regulatory bodies such as CARB have passed laws and regulations that require California transportation providers to modify old trucks or purchase new trucks- at nearly four times the cost of existing trucks that were operating perfectly but did not meet current air quality standards. Similar regulations apply to diesel transport refrigeration equipment. January 2015 marks a compliance deadline where trucks 2008 or older must be replaced. There have been multiple previous compliance deadlines since July 2009, and there are future compliance deadline dates currently listed on the ARB's website.

These regulations forced Best Overnite to purchase new trucks in 2014 to replace trucks becoming non-compliant as of 1/1/15. This is addition to the replacement trucks Best Overnite was required to purchase in 2012 and 2013. With the acquisition of the new trucks acquired in 2014, Best Overnite will be a 100% CARB compliant fleet for the foreseeable future. Customers shipping with Best Overnite will not be subject to potential CARB penalties for shipping in non-compliant trucks. Shippers and freight forwarders can be held liable for penalties levied by the ARB for using providers with fleets out of compliance, knowingly or not. Don't hesitate to visit the ARB website and research your service providers and their compliance status.

Best Overnite has refrained from passing compliance costs onto customers in the form of a surcharge in years past; but can no longer absorb 100% of compliance costs in the current competitive market. Effective January 1, 2015 Best Overnite will be asking for customer assistance in the form of a "CARB Compliance Fee" of \$5.66 per shipment.

How long will this surcharge be in effect?

With the passing of the California Global Warming Solutions Act in 2006, the ARB was given the authority to enforce regulation and was tasked with the challenge of reducing green house gas emissions with goals set to be achieved in the year 2020 and the year 2050. With state regulations and the expenses attached to them being ongoing, there is no timeline established as of yet for terminating the CARB Compliance Fee Best Overnite is forced to pass on to customers.

CARB regulatory enforcement historical timeline

- 1968 ARB founded
- 1969 Air quality standards were set by ARB for particulates
- 1970 Federal Clean air Act amendments were enacted as the principal source of statutory authority for controlling air pollution
- 1971 ARB adopted the first automobile NOx standards in the nation
- 1976 ARB limited lead in gasoline
- 1977 Federal Clean Air Act Amendments enacted and required the review of all national ambient air quality standards by 1980
- 1984 CA smog check program went into effect
- 1993 ARB enacted new standards for cleaner diesel fuel
- 1998 the ARB identified diesel particulate matter as a toxic air contaminant, which means the compound is a known human carcinogen. California's EPA office of Environmental Health Hazard Assessment completed a health risk assessment to reveal that diesel particulate matter can cause life-shortening health problems. A 14-point program dubbed the "Diesel Risk Reduction Plan" was adopted to slash diesel emissions.
- 2000 ARB approved a comprehensive plan to reduce harmful particulate matter emissions from diesel powered equipment
- 2001 New standards were passed to reduce diesel soot and smog forming emissions by 90% from new large diesel engines. The new standards take effect with the 2007 model year and affect engines that power big rig trucks, trash trucks, delivery vans, and other large vehicles
- 2002 ARB adopted new particulate matter standards.
- 2003 ARB adopted new diesel fuel standards. The rule required greater than 95% reduction in the amount of sulfur in diesel fuel
- 2004 ARB adopted Heavy Duty Diesel Trucks idling controls
- 2005 ARB adopted regulation limiting unnecessary idling of heavy diesel duty trucks
- 2006 California switched to new ultra low sulfur diesel fuel
- 2006 the California Global Warming Solutions Act was signed tasking ARB to reduce greenhouse gas emissions by 25% by the year 2020 and by another 80% reduction by 2050.
- 2008 ARB launches clean trucks program with Ports of Los Angeles/Long Beach
- 2010 ARB makes changes to diesel regulations