

*Before the*

**Panel on 21st Century Freight Transportation  
Committee on Transportation and Infrastructure  
United States House of Representatives**

*Statement of Derek J. Leathers  
President and Chief Operating Officer  
Werner Enterprises, Inc.*

*Hearing on*

**Overview of the United States' Freight  
Transportation System**

**April 24, 2013**

## INTRODUCTION

Chairman Duncan, Ranking Member Nadler, and members of the panel, thank you for giving me the opportunity to testify at the first hearing of this special panel on behalf of Werner Enterprises, Inc. Werner is a member the American Trucking Associations, Inc. (ATA), and the views expressed in my testimony are consistent with ATA's positions. I would also like to commend Chairman Shuster and Ranking Member Rahall for creating this panel in recognition of the importance that freight plays in our nation's economy. I look forward to working with this panel and the full committee to craft a surface transportation reauthorization bill that promotes the safe, clean, and efficient movement of goods.

I am President and COO of Werner Enterprises, Inc., a premier transportation and logistics company, founded in 1956, with coverage throughout North America, Asia, Europe, South America, Africa and Australia. Werner maintains its global headquarters in Omaha, Nebraska. Werner is one of the five largest truckload carriers in the United States, with a diversified portfolio of transportation services that includes dedicated; medium-to-long-haul, regional and local van; expedited; temperature-controlled; and flatbed services. Werner's Value Added Services portfolio includes freight management, truck brokerage, intermodal, and international services. International services are provided through Werner's domestic and global subsidiary companies and include ocean, air and ground transportation; freight forwarding; and customs brokerage. We have more than 7,250 tractors, nearly 25,000 trailers and over 13,000 employees and independent contractors.

Mr. Chairman, a safe, efficient system of highways connecting America's cities, towns and rural areas is essential to our country's economic well-being, military security, and overall quality of life. Your predecessors recognized the necessity of good road transportation by creating the Interstate Highway System, which has served our country well, and today allows even the smallest entrepreneur to access markets throughout the country and around the world.

Every day, thousands of trailers and containers, carrying everything from grain to machine parts, flow through our ports, across our borders, and on our highway, rail, air and waterway systems, as part of a global multimodal transportation logistics system. It is a complex array of moving parts that provides millions of jobs to Americans, broadens the choices of products on store shelves, and creates new and expanding markets for U.S. businesses. Highways are the key to this system. Trucks move 68% of our Nation's freight tonnage and draw 81% of freight revenue.<sup>1</sup> In addition, trucks move \$8.3 trillion worth of freight each year, nearly 60% of the U.S. economy,<sup>2</sup> and the trucking industry is expected to move an even greater share of freight in the future.<sup>3</sup> Trucks are also crucial to freight moved by rail, air, and water. The highway system connects all of these modes to manufacturing and assembly plants, warehouses, retail

<sup>1</sup> Global Insight, *U.S. Freight Transportation Forecast to...2023*, 2012

<sup>2</sup> U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

<sup>3</sup> Global Insight, *U.S. Freight Transportation Forecast to...2023*, 2012

outlets, and homes. An efficient highway system is the key to a fluid global supply chain, which in turn is a fundamental element of a growing and prosperous economy. It should also be noted that despite the emphasis on promoting the use of intermodal transportation for moving our Nation's freight, 93% of freight moves by a single mode.<sup>4</sup> The share of additional freight that could benefit from intermodal service is extremely small, and the vast majority of freight will continue to be carried by trucks on the highway system.

## **THE TRUCKING INDUSTRY CONTINUES TO GET SAFER**

Safety is the trucking industry's highest priority. Industry-supported federal regulations, combined with better training, advanced safety technology and a greater focus by carriers on creating a better safety culture within their companies, have produced tremendously positive results. Over the past decade, the number of truck-related fatalities has decreased by 24% and the number of injuries has been reduced by 39%, despite steady growth in the overall number of trucks and miles on the road.

Unfortunately, new hours of service regulations that are scheduled to take effect in July will reduce industry productivity by 2-3%, without offsetting safety benefits. As such, it will take more drivers and trucks to move the same amount of freight. Furthermore, the rules will have the unintended safety consequence of putting more trucks on the road during morning peak travel periods. And, the new, unjustified provisions will make compliance more complex. In addition, a growing lack of truck parking along major truck corridors – which will be exacerbated by the new HOS rules – is making it increasingly difficult for drivers to get their needed rest and comply with federal regulations.

Mr. Chairman, while we are pleased with our progress, we believe that the industry's best days are before us. The development and adoption of new on-board technology, such as stability control and forward collision mitigation systems, will significantly reduce truck-involved crashes. We urge Congress to support these advances.

## **THE TRUCKING INDUSTRY IS CLEANER THAN EVER**

Each new truck purchased today produces 90% less particulate matter (PM) and nitrogen oxides (NOx) emissions than a decade ago. To put this improvement into perspective, the emissions from 60 new trucks purchased today roughly equals the emissions produced by a single new truck purchased in the mid 1980s, when truck emission standards were first established. Trucking was the first freight mode to widely use advanced diesel engine emission control systems. In 2002, the trucking industry began buying new trucks which incorporated exhaust gas recirculation (EGR), which combined with other emission control technologies to reduce tailpipe emissions of NOx by half. In addition, as of 2010, all on-highway diesel fuel sold in the United States contains near-zero levels of sulfur (<15 parts/million).

<sup>4</sup> U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

ATA launched a proactive industry-wide sustainability plan in 2008 to reduce greenhouse gas emissions by nearly one billion tons and fuel consumption by over 86 billion gallons over a ten-year period. ATA helped to develop and is a Charter Partner of the EPA SmartWay Transport Partnership's voluntary greenhouse gas reduction program, which includes close to 3,000 trucking fleets. Launched in 2004, fleets have saved 55 million barrels of oil, the equivalent of taking over 3 million cars off the road for an entire year. SmartWay's clean air achievements – 24 million metric tons of carbon dioxide, 478,000 metric tons of nitrogen oxides, and 24,000 metric tons of particulate matter reduced so far – help to protect public health.

Finally, greenhouse gas and fuel economy standards will take effect for new trucks beginning with model year 2014 equipment. It has been estimated that this new rule will reduce CO<sub>2</sub> emissions by about 298 million tons and save approximately 530 million barrels of oil over the life of model year 2014 to 2018 vehicles.

### **CONDITION AND PERFORMANCE OF THE HIGHWAY SYSTEM**

Mr. Chairman, the highway system is the lifeblood of the trucking industry and the key to moving America's freight. Unfortunately, the system no longer meets our transportation needs. A new report from the Texas Transportation Institute at Texas A&M University confirms what many of us already know: that in many American cities traffic gridlock is not only frustrating and time-consuming, it is also extremely expensive. TTI's *2012 Urban Mobility Report* found that congestion in 498 U.S. cities cost the economy \$121 billion in 2011, up from an inflation-adjusted \$24 billion in 1982. The report determined that \$27 billion of the 2011 costs were borne by the trucking industry, and passed on to customers and, ultimately, consumers.

However, our highway woes are not just limited to congestion. According to the American Society of Civil Engineers (ASCE), 31% of travel occurs on deficient pavement, resulting in higher freight costs due to greater vehicle operating expenditures and more potential for damaged goods.<sup>5</sup> Furthermore, the Federal Highway Administration reports<sup>6</sup> that more than 100,000 bridges are structurally deficient or functionally obsolete, which means that these structures will need either major improvements or will have to be replaced, at enormous cost. In addition, 3,600 bridges are in such poor condition that they have been closed, and 61,000 have been load-posted, forcing trucks to re-route, adding miles and cost to deliveries.

What is being done to address these problems? Unfortunately, very little. ASCE reports that while the U.S. is currently investing \$70 billion in our highways annually, an investment of \$133 billion is necessary just to prevent the situation from getting worse. By 2020 the investment shortfall is projected to reach \$756 billion and an unimaginable \$3.25 trillion by 2040.<sup>7</sup>

<sup>5</sup> American Society of Civil Engineers, *2013 Report Card for America's Infrastructure*, 2013.

<sup>6</sup> Federal Highway Administration, *National Bridge Inventory*, Dec. 31, 2012.

<sup>7</sup> American Society of Civil Engineers, *2013 Report Card for America's Infrastructure*, 2013.

The most recent Conditions and Performance Report by the Federal Highway Administration estimates that we need to invest \$101 billion annually at all levels of government just to maintain today's substandard conditions and performance on our roads. To improve our road system, the C&P Report estimates that we would need to invest \$170 billion annually.

The Interstate System, the larger National Highway System, and the soon to be designated "National Freight Network" must be our top priority. The NHS contains only 5% of the Nation's total route mileage but carries 55% of all vehicle miles travelled and 93% of truck VMT.

The federal Highway Trust Fund, which since 1956 has provided the bulk of funding for the Interstate Highway System and other major highways plied by 18-wheelers is, for all intents and purposes, bankrupt. The Fund, which normally relies almost exclusively on revenue from federal fuel taxes and truck fees, is being kept afloat by an annual infusion of nearly \$10 billion in General Fund subsidies. As highway construction costs continue to escalate and vehicle fuel efficiency improves, that dependency will grow. In an era of massive federal budget deficits, the future of the federal-aid highway program is in serious jeopardy. Despite reports to the contrary, the fuel tax is still a viable source of revenue, and can continue to be the primary source of funding for highways for many years. However, the rate of taxation must be adjusted to account for inflation and fuel efficiency improvements. ATA supports an increase in the fuel tax rate, indexing of the tax rate, or a combination of the two. This is the most efficient and least harmful way to prevent a catastrophic collapse of the federal-aid highway program.

### **CREATE A NEW HIGHWAY FREIGHT PROGRAM**

While more resources than are currently available will be necessary to fund the transportation improvements needed to get our country out of traffic gridlock, and to make driving less hazardous, we can no longer afford to spend federal resources on projects that do not meet our most important national needs. When the federal highway program was created, it had a clearly defined mission: to finance construction of the Interstate Highway System. When that mission was complete, highway user revenues were still flowing into the Highway Trust Fund, but Congress did not identify a new federal role. As a result, the federal-aid highway program has evolved into a block grant program for states, without a clear purpose.

MAP-21 took several steps toward remedying this situation, and the authors deserve credit for inserting language requiring recipients of federal aid to meet performance standards, including those related to freight transportation, and for ordering an identification of those highways essential to goods delivery. While MAP-21 did provide a greater federal share for certain freight projects, tight transportation budgets have greatly curtailed construction of new capacity, and it is unlikely that the bottlenecks identified under MAP-21 provisions will be funded with a greater priority than they were prior to the bill's passage. Therefore, ATA strongly recommends that Congress set aside money specifically for funding projects to eliminate bottlenecks identified under Section

1115 of MAP-21. The highest priority should be given to bottlenecks on the Primary Freight Network. A study for FHWA<sup>8</sup> identified the highway bottlenecks that cause the greatest amount of delay for trucks. Based on the agency's estimates, ATA calculates that these bottlenecks cost the trucking industry approximately \$19 billion per year in lost fuel, wages, and equipment utilization. The study estimated that highway bottlenecks account for 40% of congestion.

ATA also recommends dedicating a greater share of the federal-aid highway program to the newly expanded National Highway System, which carries 55% of all traffic and 97% of truck freight. Additionally, the NHS carries 98% of the value of truck trade with Canada and Mexico.<sup>9</sup>

## SOURCES OF FUNDING

Trucking companies are willing to support an increase in the fuel tax if the revenues are dedicated to projects and programs that will benefit goods movement on the nation's highways. While we understand that a fuel tax increase is difficult for some Members to support, the fact remains that no other source of funding has been identified that –

- will produce the level of revenues needed to meet current and future highway infrastructure needs;
- is easy and inexpensive to pay and collect;
- has a low evasion rate;
- is tied to highway use; and
- does not create impediments to interstate commerce.

Private financing of highway infrastructure can play only a very limited role in addressing future transportation needs, and certain practices may generate unintended consequences whose costs will vastly exceed their short-term economic benefits. In particular, ATA is very concerned about attempts by some states to carve up the most important segments of the Interstate System for long-term lease to the highest bidder. Leasing existing Interstate highways to private interests is inconsistent with the efficient and cost-effective movement of freight, is not in the public's best interest, and represents a vision for the Nation's transportation system that is short-sighted and ill-conceived. And to be blunt, privatization is the easy way out for politicians who want to avoid the tough decisions about raising user fees. We therefore oppose these schemes.

We are also concerned about the emphasis on TIFIA and other financing instruments. While they can be helpful under certain circumstances, they are not a substitute for "real" money. In fact, these types of mechanisms simply shift more of the burden for funding transportation from the federal to state and local levels since most of the financing costs must come from a non-federal source. It is important to keep in mind that projects which

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<sup>8</sup> Cambridge Systematics for the Federal Highway Administration, *Estimated Cost of Freight Involved in Highway Bottlenecks*, Nov. 12, 2008.

<sup>9</sup> U.S. Department of Transportation FY2014 Budget Highlights, April 2013.

receive assistance under these types of programs will still require a “real” money funding source to pay back the principal, interest, and associated fees.

ATA is strongly opposed to tolls on existing Interstate highway capacity. While federal law generally prohibits this practice, Congress has, over the years, created a number of exceptions. Imposing tolls on existing lanes of the Interstate System would have a devastating effect on the trucking industry. The industry is highly competitive and tolls usually cannot be passed along to shippers. Furthermore, tolls cause diversion of traffic to alternative routes, which are usually less safe and were not built to handle the additional traffic. We urge Congress to eliminate the existing pilot programs which provide tolling authority for existing Interstate Highways and to refrain from authorizing additional tolling flexibility.

Finally, ATA has serious concerns about mileage-based user fees. While we recognize that in the future a replacement for the fuel tax as the primary source of revenue for highway funding will be necessary due to changes in vehicle technology, that future is likely two decades away at least. It is important to understand that passenger vehicle fleet conversion will precede commercial vehicles’ transition from internal combustion engines by many years. Therefore, it would be illogical to require trucks to transition to a mileage-based fee before passenger vehicles.

Currently available options for implementing vehicle miles traveled fees are limited, and these options have extremely high collection costs, and will experience a very high level of evasion. A mileage-based fee would also be inefficient and very difficult to administer. Collection costs for the federal fuel tax are less than 1%.<sup>10</sup> Collection costs for Germany’s truck VMT tax system, currently the most sophisticated VMT tax in the world, are approximately 23% of revenue.<sup>11</sup> Since the fee is imposed almost exclusively on the Autobahn, which has the greatest volume of traffic, and Germany’s user fee rates far exceed levels that would be acceptable to U.S. drivers, this should be considered a conservative figure.

While it can be argued that technological advances and economies of scale will eventually bring costs down, the cost of administering the system will never come close to the cost of collecting the fuel tax. The fuel tax is collected from a few hundred taxpayers, while the VMT fee would have to be collected from tens of millions of individual taxpayers for each vehicle. In 2011, there were nearly 245 million registered vehicles in the U.S. Therefore, a bureaucracy would have to be established to deal with the same number of individual accounts. Compare this with the IRS, which processes less than 180 million tax returns each year. The physical and bureaucratic infrastructure necessary to effectively collect a VMT fee would have to be massive and the cost to both government and taxpayer would be enormous. Furthermore, because a VMT fee would have to rely on technology for monitoring and collection, significant enforcement

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<sup>10</sup> Transportation Research Board NCHRP Report 689, *Costs of Alternative Revenue-Generation Systems*, 2011.

<sup>11</sup> *Ibid.*

challenges resulting from system tampering and equipment malfunction should be expected.<sup>12</sup>

The challenges facing fuel tax revenue over the next 20 years can be addressed by indexing the rate. Substituting an untested, highly inefficient revenue collection mechanism for an efficient revenue mechanism that is already in place would be illogical and irresponsible, and would receive significant resistance from the trucking industry and other highway users.

## **IMPROVE THE MOVEMENT OF INTERMODAL FREIGHT**

While the vast majority of truck freight does not move as part of an intermodal delivery, intermodal freight is an important and growing part of the supply chain. It is also where significant bottlenecks occur.

ATA, along with our partners representing other modes, has long advocated for dedicated funding of last-mile intermodal connectors: those parts of the highway system that link ports, rail intermodal terminals and airports with the National Highway System. Many of these links have been described as “orphan roads” because while they are critical segments of the freight transportation system, they are often overlooked by the state or local governments responsible for them because many of their benefits accrue far beyond their borders.

Another barrier to the efficient movement of intermodal freight has to do with the condition and safety of chassis. Legislation introduced in this committee and enacted by Congress in 2005 established a statutory framework requiring intermodal chassis providers to ensure that their equipment (which is integral to the movement of millions of international freight containers transported in the intermodal sector each year) was in a safe “roadable” condition before it is used for transport. ATA’s Intermodal Motor Carriers Conference (IMCC) was actively engaged in the Roadability legislative and regulatory negotiations, and the consensus statutory language that developed was embodied in section 4118 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

Unfortunately, implementation of the law has been slow, and overall compliance with the program’s key legal mandates has not yet reached a level where the chassis that are moving on the highway system can be considered to be systematically maintained and repaired, and are in a roadable condition, as the law requires. The lack of roadable equipment slows down the movement of intermodal freight when equipment is taken out of service or drivers are forced to select new equipment when they fail a pre-trip inspection.

Moreover, intermodal drivers are now being charged during roadside inspections with equipment violations on the chassis that we believe should instead be assigned to the

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<sup>12</sup> Texas Department of Transportation. *Vehicle Mileage Fee Primer*, p. 16. Dec. 2009.

equipment provider, who is now supposed to be the responsible party. As a result of these regulatory enforcement practices, intermodal motor carrier/driver CSA scores are negatively and unfairly inflated by chassis deficiencies. With rising scores, we are beginning to see drivers leave the intermodal transport side of the business in order to avoid having their scores elevated by chassis deficiencies. This is exacerbating the intermodal driver shortage problem.

This failure to achieve the law's mandates is in large part due to FMCSA's decision to not require the driver's pre-trip chassis inspection to be documented and to not aggressively audit equipment provider operations to ensure that systematic maintenance and repair programs are in place. The only way to generate data on whether an equipment providing facility has an effective systematic maintenance and repair system, as required by law, is to document the driver pre-trip inspection, which is done when the provider first makes the chassis available for use. Since that data is not now being collected, we believe the agency does not have the requisite equipment provider system performance records needed to perform the required Roadability audits to actually measure and evaluate program performance. This lack of measurable progress has gone on for far too long. We urge you to review the chassis Roadability program, and work with FMCSA to ensure that the statutory changes that Congress put in place in 2005 are being implemented effectively.

## **AUTHORIZE THE USE OF MORE PRODUCTIVE TRUCKS**

In addition to well-maintained, less congested highways and bridges, the trucking industry needs to improve its equipment utilization if it is to meet current and future demands. The United States has the most restrictive truck weight regulations of any developed country. At the same time, America's freight transportation demands are greater than that of any other nation, and we have the world's most well-developed highway system. Restrictive federal regulations governing the length and weight of trucks prevent the industry from operating its cleanest, safest, most efficient equipment.

Research demonstrates that more productive trucks can be as safe as or safer than existing configurations.<sup>13</sup> Furthermore, because fewer truck trips will be needed to haul a set amount of freight, crash exposure – and therefore the number of crashes – will be reduced.

More productive vehicles would also produce important environmental benefits by reducing vehicle miles traveled, fuel consumption, and greenhouse gas emissions. Use of

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<sup>13</sup> See for example: Campbell, K.L., *et al.*, "Analysis of Accident Rates of Heavy-Duty Vehicles," University of Michigan Transportation Research Institute (UMTRI), Report No. UMTRI-88-17, Ann Arbor, MI, 1988.; Transportation Research Board, National Research Council, "Truck Weight Limits," Special Report 225, Washington, D.C., 1990; Cornell University School of Civil and Environmental Engineering, "Economic and Safety Consequences of Increased Truck Weights," Dec. 1987; Scientex, "Accident Rates For Longer Combination Vehicles," 1996; Woodrooffe and Assoc., "Longer Combination Vehicle Safety Performance in Alberta 1995 to 1998," March 2001; International Transport Forum, "Moving Freight with Better Trucks," 2010.

these vehicles could result in a fuel usage reduction of up to 39%, with similar reductions in criteria and greenhouse gas emissions.<sup>14</sup>

In addition, adding more weight can lower pavement costs.<sup>15</sup> Bridge costs can be minimized through effective bridge management, such as load posting bridges that are not designed for the additional weight, strengthening bridges where necessary, or replacing structures where it makes economic sense.<sup>16</sup>

Furthermore, Mr. Chairman, independent research predicts a net positive economic return from increased trucking productivity. A U.S. Department of Transportation study found that shipper costs could come down by as much as 11%.<sup>17</sup> A study by Oak Ridge National Labs concluded that the use of certain vehicles could reduce a shipper's logistics costs by between 13% and 32%.<sup>18</sup> These savings are ultimately passed on to the consumer in the form of lower shelf prices. Furthermore, the U.S. has the lowest national weight limits of any developed country.<sup>19</sup> This puts American businesses at a disadvantage, and makes it more difficult for them to compete with companies in other nations. In order to take advantage of the benefits that productivity increases can deliver, Congress must reform its laws to give states greater flexibility to change their size and weight regulations, and should also modernize vehicle length standards.

We understand that Members may be reluctant to support changes to size and weight law until the MAP-21 study is released. However, there are hundreds of research reports already completed which support our proposals, and one more study will simply bolster the reforms we are proposing.

## MODAL COMPETITION

Some have speculated that significant shifts in modal share would occur if size and weight limits increased or if the freight railroads were subsidized or given additional marketplace advantages through regulatory change, or if current regulations designed to protect their marketplace advantage were amended. This is a fallacy. Railroads and trucking companies serve very different markets, and rarely compete for freight. As the chart below shows, over the past two decades, through economic booms and busts, significant swings in energy costs, and the so-called "rail revolution," market shares have

<sup>14</sup> American Transportation Research Institute, *Energy and Emissions Impacts of Operating Higher Productivity Vehicles*, March 2008.

<sup>15</sup> See for example: U.S. Department of Transportation. *Comprehensive Truck Size and Weight Study*. Washington D.C. August 2000.; Transportation Research Board. *Regulation of Weights, Lengths, and Widths of Commercial Motor Vehicles. Special Report 267*. Washington D.C. 2002.

<sup>16</sup> Transportation Research Board. *Regulation of Weights, Lengths, and Widths of Commercial Motor Vehicles. Special Report 267*. Washington D.C. 2002.

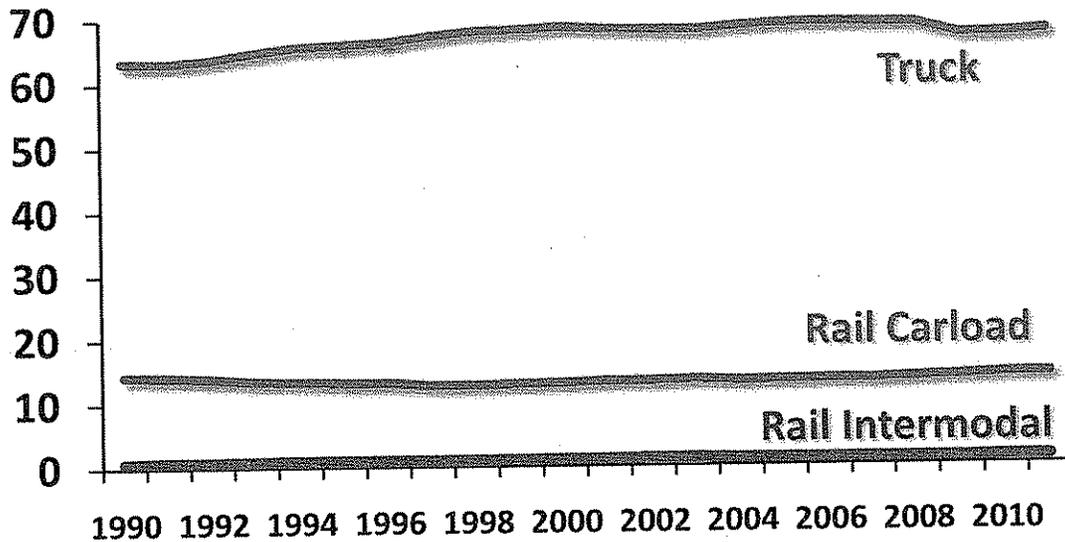
<sup>17</sup> U.S. Department of Transportation. *Comprehensive Truck Size and Weight Study*. Washington D.C. August 2000.

<sup>18</sup> Center for Transportation Analysis Energy Division, Oak Ridge National Laboratory, *The Productivity Effects of Truck Size and Weight Policies*, Nov. 1994.

<sup>19</sup> International Transport Forum, *Moving Freight with Better Trucks*, 2010.

been very stable. Neither greater trucking productivity, nor incremental improvements in rail intermodal service, is likely to change this reality.

**Percent of Tonnage**



Source: *U.S. Freight Transportation Forecast to 2023*

In fact, even if intermodal rail service volumes were to grow far more rapidly than projections, the impact on truck traffic would be virtually imperceptible, and would have, effectively, no impact on highway safety, emissions, or infrastructure maintenance and construction costs. In fact, even if rail intermodal volumes grew at twice the rate of projections over the next decade, the trucking industry's market share would dip by just 1%. A tripling of intermodal volumes would reduce truck market share by just 2%. Under both scenarios, truck market share would actually increase compared with today because trucks are expected to gain market share over this time period.

What we do know is that all modes are likely to see increases in demand. By 2023 Class 8 trucks will move 76% more freight tonnage with 36% more vehicles. Meeting this challenge will be exceedingly difficult without a much greater, more strategic public investment in the highways that carry significant truck volumes, and a regulatory environment which allows for improved efficiencies. Obstructing trucking efficiency improvements by continuing to limit the industry's productivity with size and weight regulations that are unsubstantiated by science will not support an expanded economy or meet a growing population's needs.

We would also like to note that ATA members, including Werner Enterprises, are significant users of rail intermodal service, and trucking companies are among the railroads' largest customers. We find the railroads' opposition to improvements in trucking productivity to be counterintuitive given the already discussed market share data, the level of cooperation between the modes in the rail intermodal space, and the importance of trucking capacity to the current and future success of the intermodal

market. Enhancing the productivity of trucks will benefit both rail intermodal and truck-only deliveries, and the ultimate result will be fewer emissions, less congestion and less crash risk to motorists as the number of trucks on the road comes down.

## **CONCLUSIONS**

Mr. Chairman, thank you for the opportunity to offer our views on how, collectively, we can further improve truck and highway mobility. A strong federal highway program is necessary to achieve these goals, and significant additional resources must be made available to this purpose. We look forward to working with you to find the necessary resources to support the highest possible funding levels. However, even under the best scenario, funding will likely continue to fall well short of what is necessary to simply maintain the highway system, let alone tackle growing congestion. In the absence of new resources, the federal program should be reformed to ensure that revenues are invested in critical projects that serve the national interest. Furthermore, outdated size and weight regulations can and should be changed to improve the efficiency of our highway system.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
*Truth in Testimony Disclosure*

Pursuant to clause 2(g)(5) of Rule XI of the Rules of the House of Representatives, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Derek James Leathers

(2) Other than yourself, name of entity you are representing:

Werner Enterprises

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES      If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

NO FEDERAL GRANTS, SUBGRANTS, CONTRACTS OR SUBCONTRACTS WERE RECEIVED BY WERNER ENTERPRISES DURING THE CURRENT FISCAL YEAR OR EITHER OF THE TWO PREVIOUS FISCAL YEARS.

Signature

Date

4/27/13

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## Derek Leathers

14507 Frontier Road, Omaha, NE 68138

### Professional Profile

Leadership and executive responsibility in the transportation and logistics sector for over 20 years. Keynote speaker for a number of industry events. Frequent interviews with various media outlets such as CNBC, Dan Rather interview series, Wall Street Journal and numerous trade magazines. One of the first foreign members of Mexico's trucking association (CANACAR) and resided in Mexico City for several years.

### Professional Experience

Werner Enterprises, Omaha, NE  
1999 - Present

#### President and Chief Operating Officer

##### Achievements:

- Responsibility for \$2B+ global transportation and logistics provider with over 13,000 employees and offices throughout the U.S., Canada, Mexico, China and Australia.
- Lead non-asset logistics growth of over 50% since assuming President's role.
- Achieved all-time Company profitability levels during tenure as President.

##### Responsibilities:

- 1999 – 2000, Vice President, Mexico
- 2000 – 2001, Vice President, International
- 2001 – 2005, Vice President, North America Truckload
- 2005 – 2009, President, Werner Global Logistics, LLC
- 2009 – 2011, Chief Operating Officer, Werner Enterprises and President, Werner Global Logistics, LLC
- 2011– Present, President and Chief Operating Officer

Schneider National, INC., Green Bay, WI  
1991 - 1999

#### Vice President, Mexico

##### Achievements:

- Upon taking over the Mexico operation, cross-border revenues were \$14M and a non-margin contributor. By 1999, Mexico revenues were \$147M and producing the highest margins in the Schneider National portfolio

##### Responsibilities:

- 1991 – 1992, Management Trainee
- 1992 – 1993, Manager, Intermodal
- 1993 – 1994, Manager Driving Trainee
- 1994 – 1995, Director, Operations, Mexico

### Education

Princeton University, Princeton, NJ  
B.A., Economics 1991

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