Statement of
PepsiCo
presented by
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for the hearing
Under Pressure: The State of Trucking in America
before the
Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure
United States House of Representatives
June 12, 2019

Chairwoman Holmes Norton, Ranking Member Davis, Chairman DeFazio, Ranking Member Graves, and Members of the Subcommittee, I am pleased to appear before you today on behalf of PepsiCo to share our perspective on important issues impacting the trucking industry.

My name is Rodney Noble and I am Senior Director of Transportation Global Procurement. I have been with PepsiCo for 33 years and in my current role I am responsible for strategy development and capacity procurement for all modes of purchased transportation/freight as well as North America Fleet procurement for PepsiCo. This role is a mixture of transportation execution, centralized strategy, planning, technology, integration and procurement of freight and fleet solutions for PepsiCo across North America.

My testimony will outline our efforts to improve truck safety and reduce emissions from trucking as part of our continuous efforts to improve our transportation and logistics systems. But first I'll provide some important context.

PepsiCo and its Logistics Network

PepsiCo is the largest food and beverage Company in the United States and our portfolio includes our iconic Pepsi-Cola and Frito-Lay products, as well as brands such as Aquafina, Lipton, Tropicana, Gatorade, Quaker Oats, Sun Chips and Sabra hummus. PepsiCo sources over six million metric tons of potatoes, grains, fruits, vegetable oil and more in the U.S., from growers of all sizes. Along with our franchise bottlers, we employ and support the jobs of nearly 140,000 Americans in all 50 states and the District of Columbia. We have a total of 94 manufacturing sites across the United States with many of these facilities located in your Congressional districts; like our Quaker plant in Cedar Rapids, Iowa, our Pepsi plant in Hyattsville, Maryland, or our Frito-Lay facilities in Canton, Ohio, Jonesboro, Arkansas or Dallas, Texas. PepsiCo considers itself part of these communities with our employees living in small towns and large cities, and contributing through hard work and volunteer efforts.

Although you may be familiar with our brands, you may not know of PepsiCo's logistical network. Through our transportation subsidiaries, PepsiCo owns the largest independently-owned fleet of trucks in the United States. We own over 36,000 trucks and a total of over 70,000 assets including over 11,000 tractors, 12,300 vans and 8,300 service support vehicles. PepsiCo employs over 25,000 drivers, all of whom are integral to the success of our logistics network to make sure our product gets from the farm to your grocery store shelf in a safe and

environmentally responsible manner. Now knowing the scope of our fleet, you can imagine the impact that well maintained infrastructure and smart transportation policies can have on our day-to-day operations.

Environmental Leadership; Reducing Emissions from Trucking

Earlier this year PepsiCo adopted a new corporate vision, *Winning with Purpose*, which conveys our belief that sustainability can be an even greater contributor to our success in the marketplace. We are committed to reducing our absolute greenhouse gas emissions across our supply chain by at least 20 percent by 2030. Our fleet operations adopt sustainability in their everyday practices and long-term business plans by reducing emissions through efficient, new technology and the sharing of best practices. For a number of years, we have made significant improvements in fleet efficiency. One way is diversifying the types of fuels we use; PepsiCo operates over 1,500 alternative fuel vehicles and in 2018 our fleet logged over 64.5 million alternative fueled miles.

These changes have not come without their challenges, even for a company the size of PepsiCo; incorporating emerging technology requires additional training for our mechanics so they have the technical skillset and expertise to operate and maintain these highly technical systems. It also requires PepsiCo to remain current with our diagnostic software and update our site and maintenance facilities, including our refueling infrastructure. Despite these challenges, we believe these investments are right for the environment and give us the ability to contain current and future transportation costs, which means that your constituents will continue to be able to purchase our products at an affordable price. Here are some quick facts on our fleet:

- PepsiCo owns one of the largest commercial fleets of electric vehicles in the U.S.
- PepsiCo is working to increase the volume of renewable natural gas (RNG) used in our freight trucks. Within the Frito-Lay division alone, the fleet reduced its diesel fuel usage by more than 30 percent. We are now on track to cut conventional fuel use from our fleet by 50 percent by 2020, compared to a 2008 baseline.
- PepsiCo is an industry leader in investing in compressed natural gas (CNG) tractors and advanced diesel technology. Forty two percent of our Frito-Lay over-the-road fleet has been converted to compressed natural gas and in 2018 our CNG fleet drove 56.3 million miles.
- PepsiCo made an initial reservation for 100 all-electric semi-trucks. This investment represents part of our broader strategy and gives us an opportunity to explore electrification across all our vehicle classes.
- With a grant from the California Air Resources Board, Frito-Lay will replace all of its diesel equipment in Modesto, CA with Zero emissions or Near Zero emissions equipment in the next two years.

We believe there is more to energy efficiency than just our equipment alone. We continually look for other ways to achieve excellence in operations to accomplish our sustainability and productivity goals. This includes incorporating everything from driver training, the latest in safety technology and more efficient routing as important components of our strategy.

Safety Is Paramount

At PepsiCo we make a point of celebrating safety within our fleet. One example is Frito-Lay's annual Million Mile award ceremony where we recognize our drivers that have driven one million miles without an accident. This past April we celebrated 78 U.S. and Canada based over-the-road drivers from more than 30 sites who drove one, two, and three million accident-free miles. To put that in perspective, it takes Frito-Lay drivers approximately 10-12 years to reach the one million mile mark. Needless to say, we are extremely proud of these drivers and their incredible safety record.

Over the last few years, PepsiCo has created a culture around driver-training programs, training thousands of drivers to help reduce fuel use through their driving habits. From avoiding unnecessary braking and eliminating idling to gentler acceleration and leveraging cruise control, our programs encourage best practice sharing and tracking to improve fuel mileage.

PepsiCo knows how important safety is and we have made decisions to go above and beyond current federal and state safety regulations. The majority of our new vehicles are outfitted with features including: collision mitigation, lane departure, blind spot detection, LED headlights, back-up cameras, antilock brakes, traction control and electronic stability control. We are also adding forward facing cameras and lane departure devices to our existing fleet, while continuing to leverage telematics for proactive driver training on safe driver behaviors. As a pioneer in the safety space, we also work to influence manufacturers to bring the latest technologies to market to benefit the industry as a whole, wherever possible.

The key to our fleet strategy is spending the time and effort to procure equipment that is best suited to the business, allowing us to employ the most efficient trucks for our operations. For example, PepsiCo Beverages North America is accelerating a new and innovative delivery system, which replaces segmented bulk and bay delivery trucks with specially designed and specified trailers that are pre-loaded at the warehouse. This helps ensure the right quantity and assortment of product reaches the retail customer in a more efficient and timely manner while saving time for route delivery drivers and fuel by eliminating overlapping delivery vehicles.

To date, approximately 44.1 percent of routes have been converted to this new system, resulting in a 15 percent reduction in the number of truck days and total miles from the system. Reducing miles improves safety because it translates into fewer exposures for our drivers and decreases the chances of crashes.

Legislation Can Advance Our Safety and Environmental Efforts

We are very supportive of Congress getting started on legislation to improve our nation's road infrastructure. Better bridges and highways will help reduce wear and tear on our fleet and improve driving conditions for our trucks, all of which will benefit our industry. While PepsiCo is proud of our ability to innovate around the current challenges facing our trucking fleet, we believe more can be done to advance safety, reduce emissions, and protect infrastructure; but we are constrained by antiquated federal laws.

For example, the current 80,000 pound gross vehicle weight (GVW) limit for five axle trucks operating on Federal Interstate System highways was set in 1983, since that time the transportation industry has seen significant safety improvements like the standardization of anti-lock brakes. In the intervening decades a majority of States now allow trucks over 80,000 pounds on state and local roads but the Federal GVW limit for the Interstate System remains stubbornly stuck at 80,000 pounds. What does this mean for PepsiCo? Since many of our products are heavy, we often hit the 80,000 pound limit and our trucks are only partially full, which leads to more trucks on the road and carbon emissions than if we were able to fill our trucks to their optimal capacity.

To begin addressing this, we support Congress authorizing a pilot program for a limited number of States to allow a modest increase in the gross vehicle weight (GVW) of trucks on the Interstate Highway System. PepsiCo is a member of the Safer Hauling and Infrastructure Protection Coalition, or SHIP Coalition, which believes modestly higher truck weights, subject to important conditions for safety and infrastructure protection, would reduce road wear and tear and greatly reduce greenhouse gas emissions, all while being carried out safely. We know it can work because our company is already safely operating six-axle vehicles at over 80,000 pounds in Canada; just one of the many developed nations with higher GVW limits.

They say a picture is worth a thousand words and I'd like at this time to call the Subcommittee's attention to the photo on the screen and attached to our prepared testimony. You will see a standard 53- foot trailer that, with tractor, is generally limited to 80,000 pounds GVW in the U.S. and operates on 4-5 axles. The other vehicle is equipped with 6 axles, not 5, and in Canada we are operating these at a GVW even higher than 91,000 pounds. Before this hearing we checked back five years and found zero fatalities in our operation of these vehicles in Canada, even though they cover an average of 2.6 million miles annually.

In the U.S. we believe that, by allowing more cargo to be carried in fewer vehicles, this pilot program would reduce the growth in the number of trucks on the road.

By allowing a given amount of cargo to be carried in fewer vehicles, this pilot program will help: reduce congestion on roads, lower fuel consumption, and mitigate exhaust emissions. USDOT estimated that a 6-axle/91,000 pound configuration reduces CO2 and NOX emissions, with NOX being a particulate matter pollutant precursor.

In addition, by reducing miles to move a given amount of cargo, exposures on the road are also reduced, which decreases the chances of crashes.

The additional axle comes with additional wheels and brakes, increasing braking power. DOT found the 91,000 pounds GVW, six-axle vehicle stopped one-foot shorter than the conventional 80,000 pounds 5-axle vehicle. Importantly, this ten-state pilot program would facilitate shifting truck traffic away from lower classification roads that often pass by schools and shopping centers and through neighborhoods with pedestrians. Instead, trucks would be able to use the Interstate Highway System, found by the Transportation Research Board in a 2019 report to be the safest and best suited roads for trucks.

In addition, States that opt in to the voluntary pilot program would have to collect certain data regarding the GVW of a truck in the pilot program in the event of a crash. The lack of data on the loaded weight of a truck at the time of a fatality or injury was noted in 2015 and 2016 by the U.S. Department of Transportation (DOT) as a critical data gap. PepsiCo is an industry leader in telematics, data collection, and analysis – and we are particularly well equipped to provide valuable feedback data to the program.

By requiring an additional axle the proposed pilot also addresses concerns on potential road wear and tear. With the additional axle, the weight transferred to the pavement is lower per axle at 91,000 pounds GVW than a five-axle 80,000 pounds GVW vehicle. USDOT found this six-axle configuration would reduce, not increase, life-cycle pavement costs, with savings of 2.4 to 4.2 percent.

Another advantage of the SHIP pilot proposal is it would help alleviate the pressure PepsiCo and the trucking industry at large is feeling from the nationwide commercial driver shortage. With the current shortfall of drivers only expected to increase, the ability to more efficiently move our product would go a long way in enabling us to continue to take the time needed to attract the highest quality drivers.

Another way the Federal government could help to address the commercial driver shortage is by passing the Developing Responsible Individuals for a Vibrant Economy Act also known as the "Drive Safe Act". We believe this legislation would help establish a pipeline for drivers by allowing 18-21 year olds that already have a commercial driver's license to drive interstate pending completion of a 400 hour apprenticeship program with an experienced driver. Right now, young adults coming out of high school who might be interested or even just considering a career in the trucking industry are choosing a different occupation because they can't afford to wait until they are 21 to be hired and we are losing access to a valuable pipeline of potential talent. We also believe it is important that the legislation ensures that vehicles used in the program would be required to have the latest safety technology.

In conclusion, PepsiCo is deeply committed to efforts to continuously improve our truck, transportation and logistics operations, particularly as to safety and emissions reductions. We look forward to working with Congress to help advance sensible transportation policies that will help improve our nation's trucking infrastructure for the next generation.

Thank you, again, for the opportunity to be here today and I will be happy to respond to any questions.