

By William B. Cassidy

to be able to sell space on such favorable terms after the contract's 2011 expiration. That restructuring includes slimming down its logistics unit and other operations, shedding a heavy-haul trucking unit and renegotiating debt.

Still, uncertainty about the UP contract hangs over its future. Edward Wolfe of Wolfe Research, along with some other analysts, thinks UP and Pacer are negotiating a deal to end their contract soon, giving Pacer much-needed cash for other operations to simply give up its western wholesale business.

Wolfe said his contacts include current and former Pacer employees, who now think an "exit from the Stacktrain business is plausible" in the near future and that Pacer can take "substantial cash" for leaving the contract early.

Intermodal shippers, from the IMCs such as Hunt and Hub to big retail store chains that are the eventual customers, would probably see pricing for rail-truck containerloads increase if the UP Stacktrain service went away. Wolfe estimates Pacer's pricing from UP is about 25 percent below current market rates, so just having that option in the market keeps overall intermodal rates lower than they might otherwise be.

Matthew K. Rose, BNSF chairman, president and CEO, would not specifically address the Pacer situation last week. But for legacy train-space contracts from "an era where there was great overcapacity, any time that those contracts come up, and the overall market becomes more transparent, is a good thing," Rose told *The Journal of Commerce*.

As to whether removing a low-cost, high-volume intermodal space holder like the Stacktrain service would help BNSF and other providers in their pricing, Rose said, "I have a hard time figuring out how it would be bad for BNSF."

Pacer could retain a low-cost contract it has with CSX in the East, but Wolfe said its traffic is linked to the dominant UP business. He projects Pacer would keep its IMC that sells intermodal service to retail customers, plus its truck drayage unit. **joc**

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## New Deal FOR ELECTRIC TRUCKS

Climate change is reshaping delivery fleets, spurring tests and deployment of 'green' vehicles

**NEW DEAL LOGISTICS'** Joe Killeen knows retail delivery like he knows Manhattan, which is to say block by block. From his office in South Kearny, N.J., he dispatches straight trucks and tractor-trailers to the five boroughs of New York, where he's worked the congested streets of midtown Manhattan since the 1960s.

"I've been smelling diesel exhaust for a long time, and I can tell you, whatever is in it, it isn't good for you," said Killeen, owner and director of operations at NDL, a company founded by his father. "My lungs are probably metastasized from all the years I've been in this business."

That's not something he wants for his grandchildren, however, so he's buying two electric delivery trucks built by British manufacturer Smith Electric Vehicles. Two trucks won't make a dent in New York's smog, but, he said, "I want to do something today so I can see what works."

Killeen is part of a growing group of truck fleet operators casting a fresh eye on an old solution to urban pollution. Electric vehicles are anything but new. Battery-powered taxicabs hit New York streets in 1896, followed by electric automobiles and electric trucks used by businesses with stop-and-go delivery routes.

By World War II, however, cheap gasoline and more powerful, faster gasoline-powered motors sent most electric vehicles to the scrap heap. Attempts were made to revive the electric truck, but lack of an adequate network of charging stations and the limited range of most electric trucks made them uneconomical.

That's all changed in this brave green world, as concern over pollution-induced climate change and volatile fuel prices spur sales of hybrid gasoline-electric cars, corporate "sustainability" initiatives and

legislation aimed at reducing the nation's carbon output.

Suddenly, electric vehicles, though still expensive, attract environmentally conscious customers and government grants.

Some of the best known and least known equipment manufacturers are building or designing electric or hybrid electric-diesel, electric-gasoline trucks. Navistar, the Warrenville, Ill., manufacturer that makes International heavy-duty trucks, rolled out an electric delivery van on Capitol Hill last month and plans to build 400 next year.

Santa Ana, Calif.-based Balqon produces electric terminal tractors for ports and railyards and plans to introduce an electric medium-duty truck this fall.

Smith Electric Vehicles, a subsidiary of Britain's Tanfield Group, plans to sell thousands of trucks in the United States. It's already sold trucks to major private fleet operators such as Coca-Cola, Frito-Lay, AT&T and Staples, as well as NDL.

For NDL, "the electric truck has been a three-year pursuit," Killeen said. It began when he saw a television program featuring Smith Electric trucks on the streets of London. He researched the company and found Smith has been building battery-powered vehicles — buses, trolleys, trucks and vans — since 1920. He also learned the manufacturer planned to set up shop in the United States.

Its European delivery trucks — used by express delivery companies such as DHL and TNT — "weren't quite as big as the trucks I would need in New York," he said. "This is America, after all. Everything has to be super-sized."

The company designed a slightly larger version of its Newton model that's the equivalent of a standard straight truck, with a 25,000-pound gross vehicle weight

## FROM GARMENT RACKS TO RETAIL

**NEW DEAL LOGISTICS**, which offers trucking and distribution services from New England to North Carolina, got its start serving the apparel business in New York's midtown Garment District in the late 1960s. The apparel industry changed dramatically as manufacturing shifted overseas, but NDL adapted by adding retail customers and expanding its territory.

"We're doing business all over the U.S. now," said Joe Killeen, owner and director of operations. "We took our fashion industry experience and applied it to other industries. Today, we're 95 percent retail business."

The South Kearny, N.J.-based company is also part of a larger logistics alliance called Dynamic Group, which gives NDL greater reach into international supply chains and shippers from Florida to the West Coast. NDL's customers include Foot Locker, Lord & Taylor and Saks Fifth Avenue.

"We deliver basically anything you could buy in a department store," Killeen said.

In addition to transportation, NDL offers logistics services, warehousing, consolidation, dedicated contract carriage, truckload and expedited LTL. In New York, Killeen sends 12 to 24 delivery trucks into the city daily, in addition to trucks hauling bonded



freight from the region's airports.

"We're in any niche you can look at in the retail logistics supply chain," he said, "from container movements to last-mile delivery to the selling floor."

Building a customer base with more diverse suppliers and partnering with other transportation providers helped NDL survive in a market that lost many trucking operators in recent decades.

"It used to be that you could send your trucks into Manhattan full and bring them out full," Killeen said. "You can still send them in full, because we're a major consumer market. But the production that used to let us bring them out full has moved overseas."

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and capable of hauling a payload of 10,000 to 15,000 pounds.

This fall, Killeen hopes to finally put NDL's zero-emissions trucks into service. "Smith opened a U.S. plant in Kansas City, and the first vehicles will come off the line in October," he said. "I'm scheduled to get mine somewhere around the end of November."

Killeen initially planned to purchase one Newton, but a \$302,907 grant from New York state allowed him to buy two and to purchase and test new charging technology, including a solar-based system.

But adding electrics isn't as easy as turning a key or pressing a button. First, NDL needed that charging system.

"Having that is as important as having the vehicle itself," Killeen said.

It installed a system that recharges the trucks overnight, but had hoped for more. "We were looking at a quick charger that was in development by an American company" that would have recharged the trucks at a customer's dock in an hour or so, Killeen said. "But that technology is not going to be there for another year at best."

Charging technology, it turned out, was the biggest obstacle. "How much electricity can the charger push into the batteries in a concentrated time and not weaken them, and can it provide the power in an even flow and allow them to charge fully? That's the

big issue with these vehicles," he said.

He did note the latest version of the Newton has lithium-iron battery packs that extend battery life and improve performance.

And the Newton performs as well if

### The Smith Newton

- **MOTOR:** 120-kilowatt induction motor.
- **BATTERIES:** 80- to 120-kwh lithium-ion iron phosphate battery pack.
- **PAYLOAD:** 7,392 to 16,280 pounds.
- **GROSS VEHICLE WEIGHT:** 16,535, 23,148, or 26,455 pounds.
- **RANGE:** More than 100 miles.
- **TOP SPEED:** 50 mph.
- **CHARGING:** On-board battery charger.
- **FULL BATTERY RECHARGE:** Six to eight hours.

not better than its hydrocarbon-powered counterparts, said Killeen, who tested one of the trucks in Los Angeles and in New York before deciding to buy. "It's got a much quicker takeoff, and it steers and stops in a comparable or even better way" than standard trucks, he said.

Its top speed, however, is only about 50 mph — not a speed it's likely to reach on Broadway or even the Cross Bronx Expressway.

"It's not meant to go on the New York Thruway, though it could go to Westchester in the right lane," Killeen said. The problem then might be getting it back. "If you drive it at 50 mph, you're going to reduce its range because you're using up the battery," he said.

When used on multistop routes in stop-and-start city traffic, he said the truck would run 100 miles on one charge.

One drawback: The truck is almost too quiet, a problem that Toyota has noted with its electric cars, as well. "We've been working on a way to make it more noticeable on the street," Killeen said. While testing the truck in Manhattan, "we realized that people actually pay more attention to sounds than to sight when they're crossing at an intersection."

The problem wasn't so bad in the city, where experienced New Yorkers are wary of drivers who like to race red lights. "In the suburbs, though, people just walk blindly," Killeen said, "especially at shopping malls." **joc**

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