July 2, 2013

To Our Valued Customers:

On July 1, 2013 a new Federal Motor Carrier Safety Administration Hours-of-Service regulation went into effect. We have been working with our carrier partners to determine the possible impact this may have on our business.

The most significant changes to the Hours-of-Service regulation include a mandatory 30 minute rest break within the first eight hours on duty, reducing working time for the driver; and a 34-hour restart within a seven day work window, where two consecutive periods of night rest (mandatory downtime between 1AM and 5AM on consecutive days) must be taken. These changes will reduce driver productivity and may reduce truckload capacity. Typical estimates of the severity of reduction range from 5% to 10%.

Additional possible impacts to our business and your business include:
1. Reduced ability to satisfy same-day shipment requirements.
2. Increased transit times for some shipments.
3. Increased congestion during morning rush as drivers restart after their weekly reset ends at 5AM.
4. Monday morning deliveries and Monday morning pick-ups become problematic when drivers miss their weekly reset over the weekend.
5. A long term increase in road congestion and carbon emissions due to more trucks being needed to haul the same amount of freight
6. A need for additional drivers to haul the same amount of freight.
7. Increased freight costs.

We really will not know the true impact until the change goes into effect and trucking companies figure out how to operate under the new rules. We risk trucking disruptions and delivery failures in July as our dispatch team and carriers adjust to operating under the new rules.

You can help by avoiding same-day shipping expectations whenever possible. We are more likely to successfully fulfill your delivery expectations when we have 24-48 hours to secure a truck. Since the flatbed industry is much more capacity constrained than the dry van industry, any flexibility on accepting freight delivered in a dry van will reduce flatbed demand and help to keep flatbeds available for those deliveries that truly require a flatbed. Minimizing delays in unloading of trucks will help to increase the time a truck driver can spend driving, keeping our business attractive to trucking companies.

We remain committed to working with our freight providers to deliver the freight as you require. To view the new rules online, please go to http://www.fmcsa.dot.gov/rules-regulations/topics/hos/index.htm.

Sincerely,

Jim Whitton
VP Sales and Marketing
Hunter Panels