

QUALITY DISTRIBUTION LIVES UP TO ITS NAME

When you serve the gas and oil industry, you don't want to spend all your money on fuel. It wouldn't look good to the customers ... or the shareholders.

That's why Quality Distribution, Inc. called on Mack Trucks, Inc. when it landed a contract to provide water for companies involved in hydraulic fracturing, also called fracking.

The stakes were high. Headquartered in Tampa, Florida, Quality Distribution, Inc. operates the largest chemical bulk tank truck network in North America through Quality Carriers, Inc. It is the largest North American provider of intermodal tank container and depot services and provides logistics and transportation services for fresh water, disposal water and oil hauling for the gas and oil shale markets. The company runs 642 power units with an additional 2,500 trucks owned by affiliate and owner-operators and booked operating revenues of \$746 million in 2011.

So when Quality Distribution signed a new customer contract, Van Patterson, the company's manager of fleet utilization, called Mike Arnold, general manager of Nextran in Tampa, Florida, and said, "Let's make a deal."

And deal they did. Quality Distribution took delivery of 14 Mack® Pinnacle™ models in 2011 and another 40 in 2012, with an additional 80-plus on order. The units are a mix of day cab and mid-rise sleepers, sporting 445-HP MP8 engines and either *mDRIVE*™ or 13-speed transmissions.

In a fleet that contains a mix of models, Pinnacle has cut fuel consumption, reduced maintenance costs and increased driver satisfaction, Patterson said. "The new Macks are running the most efficient over everything we order. Many are getting 6.5 mpg, some close to 7 mpg. Where maintenance was 11-12% of our terminals' operating P&L it's now only 4%."

In 2011, Quality Distribution decreased expenses for supplies and maintenance by \$3.3 million, or 6%, primarily due to lower repair and maintenance costs related to operating this newer fleet.

Patterson also polished the company's image with Pinnacle. He replaced older equipment, installed bunk heaters and shore power in the cabs and painted the tractors blue and silver, similar to the Dallas Cowboys' colors. The biggest innovation was the inclusion of *mDRIVE* in the spec. The move accounts for some of the company's savings. But Patterson said the benefits of the automated manual transmission go far beyond money.

"We've designed a truck that an experienced driver is going to say, 'Damn right, I want to drive that.' You can increase the number of drivers with automatics. I put four drivers that came out of long-nose, big stack rigs in the Pinnacle. They'd talk about how they used to go through some of the steep grades in Pennsylvania and West Virginia and drop three or four gears. With *mDRIVE* they only drop one. The engine brake is smooth and quiet and keeps them from riding the brakes all the way down the hills. They've become believers."

The fleet now has a more uniform and professional look. It's more reliable and it's saving the company money. The new trucks "reduce maintenance costs and send a message to the drivers that we care about them".

Customers have noticed the change, too. "When our trucks pull into the gate, the customers know it's Quality."

