



J & S TRANSPORT



“THE INSIDER” QUARTERLY REPORT

Company Quarterly Report

JANUARY 2010

Note from John

We made some decent progress in 2009. We expanded our workforce, expanded the fleet, added a Safety Director and Operations Manager, launched a new website, put new pavement in the yard, implemented new uniforms and increased our delivery output. Even though these have been tough economic times at J & S Transport, we continue to strive to improve upon safety and strengthen the organization and its technology. Where other companies in our industry are collapsing, or downsizing, we continue to survive.

During the many improvements made, I realize it was not easy, at times quite frustrating for all of us. Everyone was under an immense amount of scrutiny in an attempt to strengthen our overall operation.

Safety and performance were two areas that were closely analyzed. What we found during this period was that our emphasis on safety and hiring a new Safety Director is working.

I continue to believe we are one of the safest carriers in the nation and will continue, with your help, to constantly improve in that area. Our Safety Director has been invited to participate with Sunoco during their monthly safety meeting. We will share information during these meetings in an effort to broaden our approach to safety.

When we analyzed performance we found something totally different. All locations and all drivers were looked at historically and the data was not consistent. The question now was how to make improvements without sacrificing safety. Utilizing the GPS data we were able to analyze all facets of a delivery. The analysis helped identify locations that the routing was not always the most cost effective way to get to the location. These locations required efficient routing changes that all would follow so times could be standardized.

Delivery and loading times are now looked at more closely and challenged. If any delays exist we need to be notified immediately by the driver. All of the loading and unloading delay times need to be accurately recorded to capture demurrage for the company to be

compensated. Not capturing these demurrage charges can impact the company bottom line significantly.

In the next few weeks all station locations will have average round trip times. These times will appear on each of your day sheets. If a trip exceeds the average expected time, other than traffic delays, the delay times should be captured and noted by the driver on all copies of the manifest.

This procedure, in particular, has been painful for some individuals and some, other than hearing the chatter, didn't notice anything at all. Drivers and staff alike need to realize that all scrutiny and changes are executed in the best interest of the entire organization.

I will conclude by saying that in 2009 we hit a bit of a rocky road and feel there was a bit of discontent. I now feel that the company has experienced a real paradigm shift (a philosophy change has occurred) and I see the performance and progress improving immensely while still maintaining the highest level of safety.

I personally am excited about 2010 and hope you all are as well.

Technology Upgrades

In reviewing technology improvements in 2009, our Creative Energies program continues to advance with new programming options that allows for improved inventory management. Our website will soon offer Electronic Data Interface (EDI) capability, which will make our customer billing much more efficient. We recently purchased the first of many future trucks that is equipped with the new Bendix Vorad system that improves safety and provides the driver with enhanced awareness of their surroundings.

New Employees

We would like to welcome aboard our recent employees:

Anthony Gonzalez – Anthony is coming to us from CK Smith. Anthony has many years of fuel experience and will be a tremendous asset to our organization.

Eric Johnson – Eric has joined our organization coming from Abenaqui Carriers and formerly of Lawrence Tank. Eric has a vast experience in fuel hauling and we look forward to Eric's assistance.

Greg Crosby – Greg has joined us from Abenaqui Carriers. Greg has shown to be a very motivated person and we have come to expect great things from Greg in 2010.

John Spano – John has joined us from Dana-Suttles. John has an immense amount of experience hauling for previous companies such as Penn Tank Lines, MTI and Cumberland Farms (Gulf). We expect John to be a natural fit into our organization.

Wet lines

There have been ongoing discussions between National Tank Truck Carriers (NTTC) and members of the House of Representatives in Washington, DC on the topic of "Wet

Lines” for hazardous material cargo tanks. In discussing wet lines one must be familiar with what they are. The following is a description and photo illustration on wet lines:

Wet lines are the manifold piping that reside on the exterior of a hazardous material cargo tank, in particular in the under belly of a tanker, and hold product in which the lines are open to the surrounding environment. The lines are somewhat protected however they have the potential to be damaged or punctured during an accident allowing hazardous material to freely pour onto the ground causing an environmental hazard or the spilled product causing further damage or destruction. Below is a photo showing a vehicle with wet lines.



Wet lines shown here at the bottom of a gasoline tanker as the tanker is being loaded

The loading lines (wet lines) do not drain and even after loading are completely filled with product. It has been estimated, contingent upon the length of the line, that approximately 8-12 gallons of product still remain in the line.

The opposing concerns promulgated on both sides of the issue continue. The United States Representatives are trying to mandate a ban to eliminate wet lines on new trailers by installing a pneumatic evacuation system to push all hazardous material residing in the lines back up into the belly of the tank. The opposition (NTTC and others) have raised concerns and have identified a major problem citing that more accidents and deaths have occurred while working/fabricating hazardous material tankers than actual accidents or deaths from the wet lines. The NTTC believe that if the evacuation systems are installed many more people would be hurt and/or killed.

The NTTC reviewed the published statistics that were reported on May 14, 2009 at the United States House of Representative Subcommittee hearings. After careful review by NTTC of the data from 2000-2008, the information showed that only one wet line related death and zero injuries occurred during the eight years. However, eleven deaths occurred at cargo tank facilities while workers were welding or performing other services on the tanks that contained petroleum vapors.

We as a company have stood strong against the implementation of the wet lines evacuation system and have taken steps to contact Washington through our local



representation to express our position. The following is a copy of the letter that was recently issued:

November 3, 2009

The Honorable Michael Capuano
Member
Transportation & Infrastructure Committee
United States House of Representatives
Washington D.C. 20515

Dear Mr. Capuano:

I am writing to ask you to vote against any proposal to ban so-called “wetlines” on cargo tank trailers used to deliver flammable products such as gasoline. I understand an amendment to ban product in the loading and unloading lines under the trailer is being considered by the House Transportation and Infrastructure Committee on Thursday November 5. Advocates of this unnecessary proposal are trying to get the Congress to do through legislation what the Department of Transportation has twice concluded is not justified after a thorough extensive regulatory process.

My company is located at 12R Washington Street, Lynn, MA where we have 20 employees. My truck fleet includes 7 tank trailers which we use to deliver gasoline and other petroleum products to motorists, businesses, and other users in this community. Incidents where a car has crashed into the loading and unloading piping under a cargo tank and caused death or injury are very rare. The Department of Transportation recently reported to Congress that there have been six deaths related to wetlines in the past ten years. My industry has, conservatively, made over 182 million deliveries of gasoline over that time.

We have both safety and economic concerns about this proposed legislation. We are concerned that the retrofitting of cargo tanks with some kind of purging or other system to remove the product from the piping would pose a real safety risk to workers performing the task. Flammable vapors are not easily removed from gasoline tankers, and explosions have killed and injured many workers. The possible benefit of reduced crashes involving wetlines is not worth the risk to shop workers that a retrofit would create.

We understand that whatever systems might be developed to meet a Congressional mandate could cost up to \$4,000 per trailer on new trailers, and up to \$7,000 on older trailers. Again, this is a cost our industry would willingly pay if there were a true safety benefit. The data simply does not support this investment. As you know, reduced miles travelled by the motoring public and the slump in the economy already has impacted trucking company and petroleum marketer bottom lines. This is not the time to impose real added costs on this industry for some theoretical gain.

I hope you will review the information provided to you by National Tank Truck Carriers and other trade associations on this issue. I would be happy to discuss this issue with you or a member of your staff.

Attached for your reference and review are letters that support my position on this issue. The letters are from the International Brotherhood of Teamsters and the Truck Trailer Manufacturing Association.

Thank you for your consideration.

Sincerely

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Annual Safety Meeting

We are looking forward to holding our 4th annual safety meeting. Last years meeting went very well and we hope to repeat its success this year. Many new topics will be discussed as well as some old ones. We look forward to announcing the meeting date and time shortly.

J & S Transport Launches Website

The launch of the new website was a great success. It was launched on Monday September 21, 2009. The analytical data shows that over 1,000 new viewers visited the website since its introduction.

If you would like to view the website the address is www.jandstrans.com. Please feel free to provide feedback on the website, negative or positive, as we continue to enhance the site capabilities. The launch of the website has been very exciting, and we hope that the site is informative for our friends and customers.



New website design

Interesting Company Topics

Carlos Olivar's son, Christian, has turned out to be quite a talented basketball player even at the young age of 6 years old. Christian's photo is shown below taking his basketball training classes at the YMCA in Malden, MA.



Congratulations to the following individuals for their new baby/family member arrivals:

Bobby D'Ambra (Bobby D.) recently got his 4th granddaughter, Alexis Marie D'Ambra, born October 14, 2009 weighing 7lbs.14 oz. and was 19.25 inches in length. Below are some nice photos:



A few months ago Julio Lopez had a baby boy, Gabriel Lopez, on September 24, 2009 at 5:28 am. Gabriel was 18" long and weighed 7lbs 4oz.



Congratulations to the following individuals for their recent anniversaries or weddings:

Ken Sholes and his wife Carol were married on October 10, 2009. We wish you many years of happiness and prosperity.

Happy Anniversary to Bob and Shannon Hoyt – September 3, 2009

If you have any topics of interest or questions please direct them to:

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