

What will happen to truck capacity when the Electronic Logging Device (ELD) Mandate is finally enforced this coming December?

The ELD mandate will help to standardize Hours of Service (HOS). Paper logs can be manipulated easily, with some drivers running multiple books or delaying start times, to drive more hours than legally allowed. This would help a driver deliver loads more quickly and move more loads over a given timeframe.

There will be many drivers who have been moving shipments with accelerated transit who will now be forced to operate according to legal hours. This will impact the frequency with which a truck is available for use and change how long it takes some shipments to deliver.

A capacity tightening is almost certain. Just how much capacity will tighten is yet to be known.

Industry sources predict that shippers can expect a 4-7% impact on capacity and a 5-15% increase in rates because of electronic logbooks. DAT expands, saying that these increases will be greatest on 450- to 600-mile lanes.

NOTE: Roadside enforcement will begin December 18, 2017. There will be documentation of violations and citations will be issued to those operating without a compliant ELD. There is a hard “effective date” of April 1, 2018. Inspectors will place a driver out of service (10 hours) if their vehicle is not equipped with the required device. This time window was granted to give shippers and truckers time to adjust to the rule with “minimal disruption to the delivery of goods.”

## E-logs and Mileage

Lanes that fall into the 450- to 600-mile bucket could turn into two-day transit hauls instead of one because of HOS enforcement. Similarly, 900- to 1200-mile lanes could turn from two-day to three-day hauls, etc.

Keeping in mind the time it takes to load and unload shipments, not just the time spent in transit, many lanes will need to be reworked. Shippers and 3PLs will need to adjust pickup/delivery windows, taking driver breaks into account.

Previously, hours could be stretched, and a driver could reach maximum HOS, but still travel a short distance to their next pickup or a rest area. Those small tweaks can't happen anymore. Drivers may burn up their hours while waiting for a pickup, and be required to stay there or delay their next stop until they can legally restart the following day. This is likely to have a direct impact on rates.

If a driver's weekly mileage decreases, they will demand higher pay per mile to compensate. Smaller carriers may also change their minimum or maximum mileage standards to remain profitable. Unlike large asset-based players, they do not have terminals and teams to pull from for effective relays.

## ELD Mandate Requires Flexibility, Speed

Rate increases are also likely to impact shippers/receivers who have slow loading or unloading times and are prone to detention.

With less flexibility available to truckers, time wasted waiting means dollars lost. Similar to the example about mileage, if a driver burns up their hours, they may be forced to stay at a delivery location until they are legally allowed to restart, or miss their next pickup/delivery because too few hours are available.

This could become a problem for shippers that work with large retailers. Many big box stores have limited receiving windows; some only accept shipments in the early morning, others restrict trucks to evening appointments.

If a driver is ever running late – which undoubtedly happens – involved parties need to be realistic and forthcoming with communication so that appointments can be reworked, and larger schedules kept. Late drivers can't afford to be "worked in" to the load/unload schedule. Being worked into a schedule could be hours of waiting, then possibly the exhaustion of HOS, and ultimately a late delivery that equates to hundreds of dollars in fees from retailers or distributors.

Shippers and receivers will need to reprioritize the movement of trucks, moving it to the top. To keep things in motion under the ELD Mandate, there will need to be more flexibility with appointments and speed with service. We anticipate many first-come-first-serve facilities to switch over to flexible appointments to prevent detention and backlogs.

We recommend running an accessorial report to determine where changes need to be made. Are there facilities that consistently cause detention or take longer to load? Have discussions with these customers, be realistic, and devise new transportation strategies.

## Parking for Trucks

Electronic logs remove any elasticity from mandatory breaks, and drivers will need adequate parking to rest. They won't always be able to drive to a nearby facility and may need to stay onsite.

Parking availability is already an issue for semi-trucks, and the ELD Mandate could exasperate the problem. If possible, shippers and receivers should improve their driver facilities to accommodate. This would greatly increase a company's standing as a shipper of choice.

## Driver Shortage

ELDs could potentially push drivers out of the market. Owner-operators and small fleets have two main arguments:

- The cost to implement ELDs is estimated at \$495 per truck and would equal a sizable expense for operators of small fleets. Some don't see the payback and will close their doors.
- Many truckers feel that ELDs violate their privacy and as a result plan to leave the industry, rebelling against the increase in government oversight.

It's unclear how many truckers will choose this route. Already facing a labor shortage, this is a concerning potential development.