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## **Paying at the Pump, in a Big Way**

**By CHRISTOPHER MAAG**

CLEVELAND — Ricardo Caraballo was having a familiar American experience at the filling station the other day, groaning as the pump clicked up, up, up. By the time he finished it read \$505, and his tank was only half full.

A few years ago, “\$500 would have kept me rolling for two weeks,” he said. “Now, I’ll be lucky to make it three days.”

Mr. Caraballo is a trucker, and instead of gasoline he was buying 143 gallons of diesel. While the price of gasoline may be on the verge of setting another record, diesel is already there.

According to AAA, the motor club, the average nationwide diesel price has set records on 18 of the past 19 days, including Monday, when it hit \$3.83 a gallon.

In the nation’s tool and die plants, in the driver’s seats of farm tractors and in the cabs of the long-haul semis that ply America’s highways, people are feeling the pain.

“It’s killing us,” said Chad Beachler, co-owner of Beachler Trucking, which operates nine trucks in Loudonville, Ohio. “Every day, I come in here and wonder if I have enough money to buy fuel.”

Both diesel and gasoline prices had lagged behind the big increase in the price of oil, as slack wintertime demand helped to suppress increases at the pump. But now both fuels are rising rapidly. Gasoline was selling for a nationwide average of nearly \$3.23 a gallon on Monday, a half-penny shy of the record set last May. Oil closed up sharply on Monday to hit a record, \$107.90 a barrel, in trading on the [New York Mercantile Exchange](#).

Four states — New York, California, Pennsylvania and Vermont — reported average diesel prices above \$4 a gallon on Monday. “That really is unprecedented,” said Tom Kloza, publisher and chief oil analyst at the Oil Price Information Service, which compiles data for AAA.

Stunned by the high prices, businesses are trying to cut fuel consumption any way they can. Farmers are buying more fuel-efficient equipment. Truckers are putting off maintenance and packing lunches. Transport companies of all types are cutting what little fat remains in an industry that subsists on lean margins even when fuel is cheap.

“In this industry, if you’re making 4 percent profits, you’re held in high esteem,” said Jim O’Neal, chairman of the Truckload Carriers Association. “Now we’re looking at the dreaded stagflation: a soft economy and increasing prices on everything, especially fuel.”

Some causes of the run-up are seasonal, said Ron Planting, an economist at the [American Petroleum Institute](#). For instance, home heating oil and diesel are close cousins, and when heating-oil demand goes up in the winter, the prices of both fuels often rise.

But other reasons are relatively new. The rising popularity of diesel vehicles in Europe increases demand for the fuel and decreases demand for gasoline, allowing European refiners to export their surplus to the United States, which helps stabilize gasoline prices here, Mr. Planting said. Diesel use is on the rise in fast-growing countries like India and China, Mr. Kloza said. And even in the United States, demand for diesel and heating oil grew 1.5 percent in 2007, compared with 0.4 percent for gasoline, Mr. Planting said.

Government data shows that Americans used 1.55 billion gallons of diesel last year, compared with 3.395 billion gallons of gasoline. Diesel is mostly burned by businesses to power machinery or haul freight, Mr. Planting said. Since few of the functions dependent on diesel are discretionary, companies must pay the higher prices to remain in business.

“In the U.S., gasoline is having its little run,” Mr. Kloza said. “But diesel is much more of a global market. All the signs say that the world’s appetite for diesel is only going up.”

Rising fuel costs come at a difficult time for America’s transport companies, already hit by slumps in new home construction and consumer spending. Truck tonnage fell 1.5 percent in 2007, to just under 11 billion tons, said Bob Costello, chief economist of the American Trucking Association. Rising diesel costs will almost certainly lead to higher consumer prices and more bankruptcies, he said.

“We’re already seeing more trucking companies fail, and it’s only going to get worse,” Mr. Costello said.

When Tony Jarachovic bought his white Kenworth semi in 1998, diesel cost 88 cents a gallon. Today the truck’s odometer reads 1.1 million miles. It needs new front tires, which together cost \$900, and a major overhaul, which will cost \$8,500.

Spending \$1,500 a week on fuel has depleted his maintenance budget, however. Now he avoids driving from his home base in Lodi, Ohio, into Pennsylvania because the hills strain his motor. Mr. Jarachovic used to buy [Krispy Kreme](#) doughnuts at truck stops, and treat his family to dinner at Applebee’s every Sunday. Now his wife cooks extra spaghetti so he can eat leftovers on the road.

“I have no expenses left to cut,” Mr. Jarachovic said.

Trucking companies are looking for efficiencies, as well. O & S Trucking of Springfield, Mo., recently installed electronic devices in each of its 350 trucks to kill the engines automatically after they idle for two minutes, said Jim Frieze, the equipment director. And all the company’s trucks have devices that limit roadway speeds; Mr. Frieze has dialed those down from 70 miles an hour to 65 to conserve fuel. He audits every truck’s computer every week, searching for wasteful habits.

“If a driver’s gear shifts take him over 8,000 r.p.m., he’s just blowing fuel out the stack,” Mr. Frieze said. “I take him aside and counsel him to shift faster.”

Long-haul truckers often sleep in their cabs at night, running their engines for heat or air-conditioning and burning a gallon of diesel every hour, said David Owen, president of the National Association of Small Trucking Companies. Many businesses are installing auxiliary power units, known in the industry as A.P.U.’s, in their trucks, which do the same work for a quarter of the fuel.

But it takes money to save money. The units cost \$6,000 to \$9,000, Mr. Owen said.

“We might have to lay off some drivers,” said Louise Harbert, office manager at Harvest Transport in Vancouver, Wash. “There’s no way we can afford A.P.U.’s right now.”

[Wal-Mart](#) is working with truck manufacturers to create hybrid diesel-electric truck engines and improve the aerodynamics of its trucks, according to a company statement. [United Parcel Service](#) has a fleet of 1,400 alternative-fuel vehicles, and will add hundreds more this year, partly to reduce diesel costs, said Heather Robinson, a spokeswoman. U.P.S. is selling software that helps other companies improve the efficiency of delivery routes.

“The days of drivers running five miles off-route to get their favorite pizza are over,” Ms. Robinson said.

Other industries are cutting diesel waste as well. Every month, the [Union Pacific](#) railroad rewards engineers who have helped it save the most fuel by giving them \$100 gasoline cards for their personal vehicles, according to a company statement.

The Anacostia and Pacific Company, which owns five regional railroads, recently installed devices that shut locomotives after 20 minutes of idling, and it is considering other devices to keep fuel lines from freezing in cold weather. Together, the cost would be \$50,000 per engine.

“It’s not cheap,” said Bruce Lieberman, the chief financial officer. “But I am recoiling in horror at how much we spend on fuel.”

Tugboat captains sailing to Puerto Rico from Jacksonville, Fla., for [Crowley Maritime Corporation](#) once made the trip in 13 days. To save fuel, the company ordered them to slow down, adding a day to the voyage, said Rob Grune, Crowley’s vice president for Caribbean services.

Because boats move goods more efficiently than trains or trucks, barge shipping is one of the few diesel-burning industries that benefits from the high cost of fuel. Annual transportation revenue at [American Commercial Lines](#), a tug-and-barge company in Jeffersonville, Ind., grew by \$60 million in 2007, almost entirely from companies switching from trucks or rail to save money on fuel surcharges, said Michael P. Ryan, the company’s president and chief executive.

The nation’s farmers are also among those looking to save fuel. Bill Christison, 71, never had much of an erosion problem on his 2,000-acre farm near Chillicothe, Mo., so he never needed a no-till planter, which plants seeds without plowing up the soil. But plowing burns lots of fuel; last year Mr. Christison spent \$17,207 on diesel. So this winter he paid \$100,000 for his first no-till planter.

“I’m being as stingy with fuel as I can be,” Mr. Christison said. “But we just can’t get along without diesel.”

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