# Transportation Initiatives

*Materiality Assessment Topics: Company GHG emissions; Products that enable social and environmental benefit*

## Issue Summary

Finding cleaner, more efficient methods of powering our vehicles is important for this country's economy, security and environment. The challenges of transitioning away from petroleum are many, from infrastructure to cost, but they are crucial to solve. Globally, transportation accounts for 13 percent of greenhouse gas emissions.[1]

## Our Position

With one of the largest commercial fleets in the U.S., we know we need to be part of the solution.

AT&T operates more than **71,000** vehicles and **22,200** "wheeled equipment units," which include portable power units and utility trailers used for transporting supplies and equipment.

Additionally, our wireless fleet management solutions for commercial truck and van fleets can lead to reduced idle time, better management of miles driven per day, improved route planning and reduced travel time and costs.

## Data Highlights

### Key Performance Indicators

- Alternative-fuel vehicles in service as of October 2013: **7,500** total
  - **5,474** CNG
  - **1,996** hybrid
  - **3** all-electric
  - **27** extended range electric
- Total gallons of unleaded gasoline avoided in 2012 through the deployment of alternative-fuel vehicles — annual: **3.6M**
- Total gallons of unleaded gasoline avoided in 2012 through the deployment of alternative-fuel vehicles — cumulative: **7.7M**

| 2012 Goals | 2012 Progress Toward Goals |
| --- | --- |
| Replace retiring passenger vehicles with alternative-fuel models and deploy up to **8,000** compressed natural gas (CNG) service vehicles through 2014. | As of year-end 2012, AT&T had deployed a cumulative total of **7,061 alternative-fuel vehicles**, with more than **5,200 CNG vehicles**, and over 2,600 of those vehicles in California. We:<br>• Expect to spend approximately **$215 million** to replace more than **7,000** passenger cars with alternative-fuel models through 2018 and expect to spend an estimated **$350 million** to purchase up to **8,000** CNG vehicles through 2014.<br>• Operate a cumulative total of over **1,800** hybrid-electric passenger vehicles around the country in **699 cities** in **42** states and DC.<br>• Deployed **three** all electric vehicles — a Smith Newton cargo truck in St. Louis, Missouri, two Ford Transit Connect Electric vans in Dallas, Texas and Los Angeles, California — and **26** extended range electric vehicles, Chevrolet Volts, located in **10** states nationwide. |
| We plan to use B20 bio-diesel fuel on the Fan Zone Tour in 2012. | In August 2012, the AT&T Fan Zone tour switched to using B20 bio-diesel fuel for all its travel across the United States. |

## 2013 Goal

Replace retiring passenger vehicles with alternative-fuel models and deploy up to **8,000** compressed natural gas (CNG) service vehicles through 2014.

# Our Action

## INVESTING IN ALTERNATIVE-FUEL TECHNOLOGIES

In October 2013, we reached the halfway mark toward our commitment to deploy 15,000 alternative-fuel vehicles (AFVs) through 2018. We committed in 2009 to invest up to $565 million to deploy AFVs, and we are making steady progress toward that goal. The Center for Automotive Research (CAR) estimated that our planned AFV commitment would:

- Create or save — on average — approximately 1,000 jobs per year over the first five years of the initiative[2]
- Avoid the purchase of 49 million gallons of gasoline over the 10 year commitment.[3]

Our 7,500th AFV — a 2013 CNG Chevy Express van — was delivered to a U-verse technician in Lenexa, KS. As of this milestone, we had deployed AFVs in 44 states nationwide, comprising 5,474 CNG, 1,996 hybrid electric, 27 extended range electric and three all-electric vehicles.

### Compressed Natural Gas (CNG) vehicles

AT&T expects to spend an estimated $350 million to purchase up to 8,000 CNG vehicles through the end of 2014.

- AT&T's CNG vehicles are manufactured by U.S. automakers, and many are converted to run on CNG purchased from domestic suppliers.
- CNG vehicles emit approximately 25 percent less emissions than comparable vehicles powered by traditional gasoline engines.
- The CNG vehicles will be used to provide and maintain communications and entertainment services for AT&T customers. By October 2013, we had deployed more than **5,400** CNG vehicles, with more than **2,600** of those vehicles in California.

We also opened our first private CNG refueling station in 2012. It is located in the Los Angeles area and serves more than **100** AT&T service and passenger vehicles.

Our AFVs will allow us to avoid the purchase of nearly **4 million** gallons of unleaded gasoline in 2013 and each subsequent year they are in use.[4] The number of gallons of unleaded gasoline avoided will continue to grow with every AFV deployment.

### Alternative-Fuel Model Passenger Cars

AT&T expects to spend approximately **$215 million** over a 10-year period through 2018 to replace passenger cars with alternative fuel models.

- AT&T expects to replace more than **7,000** passenger cars through 2018.
- These vehicles are expected to offer a **39 percent** improvement in fuel economy and to reduce GHG emissions by 29 percent in comparison with traditional gasoline-powered vehicles.
- AT&T currently operates almost **1,900** hybrid-electric passenger vehicles across the country.

The remaining AFV deployments beyond the first quarter of 2014 will consist primarily of AFV passenger vehicles, including hybrid electric and plug-in extended range electric vehicles, which will offer a significant improvement in fuel economy and reduction in tailpipe greenhouse gas emissions as compared to similar conventionally fueled vehicles.

## DAILY FLEET MANAGEMENT

We use best practices to efficiently manage our fleet every day, and we continue to explore new ways to reduce fuel use and drive fewer miles.

We:

- Encourage our drivers to avoid fast acceleration and hard braking, to keep tires properly inflated by checking them frequently and to reduce the weight of loads carried.
- Equipped more than **50,000** of our technician vehicles with GPS capabilities. Use of this technology has provided increased visibility into business operations and allowed us to uncover opportunities to improve efficiency and reduce costs.
- Developed an idling reduction policy. Excessive and unnecessary idling wastes fuel, adversely affecting the environment and the company's bottom line.

## Fleet Management Solutions

AT&T is one of the largest U.S. wireless providers of fleet management solutions for commercial truck and van fleets.

A study showed that congestion in metropolitan areas in 2012 caused urban Americans to purchase an extra 2.9 billion gallons of fuel. In total, congestion costs the economy $121 billion per year.[5]

Smarter transportation tackles these inefficiencies by reducing fuel consumption through automated route planning; increased vehicle efficiency; the reduction of idle time; better management of miles driven; adherence of speed rules; monitoring of vehicle acceleration and other strategies. The resulting efficiency gains can deliver fleet-wide performance improvements that can lead to reduced energy waste and GHG emissions.

Along with our business alliance members, we offer many vehicle-based solutions that combine the latest advances in GPS, wireless and Web technologies to make mobile workforce and fleet management a more affordable reality. These solutions can lead to reduced idle time, better management of miles driven per day, improved route planning and reduced travel time and costs.

AT&T's technician vehicles are equipped with similar solutions. For our company, these products provide:

- Better management of miles driven per day by technicians
- Improved processes in place for vehicle returns to work centers
- Improved inventory management
- Reduced travel time and costs with real-time dispatching.

[1] Environmental Protection Agency, Global Emissions
[2] Jobs Impact, Center for Automotive Research
[3] Emissions Reductions and Energy Savings, Center for Automotive Research
[4] This number was calculated based on the 7,061 AFVs in service at the end of 2012.
[5] 2012 Urban Mobility Report, Texas A&M Transportation Institute