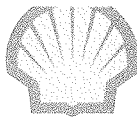


*Chair McKeown and
Members of Transportation
Policy Committee*



A Division of
LEATHERS
ENTERPRISES

LILA LEATHERS-FITZ
President



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HB 2293 Testimony, March 29, 2017

— CORPORATE OFFICE —
255 DEPOT STREET • FAIRVIEW, OR 97024

- I. **Intro:** Lila, together with kids own/operate Shell and Leathers Fuels stations across Oregon
 - a. We were first fuel marketer to commit multiple sites to sell B20 under **HB 2435** (we were scared!) No other marketer wanted to try it.
 - b. **Started selling B20 in March of 2014**
 - c. **Now sell B20 at 21 retail stations**, including Medford, Burns, John Day, Central Oregon, Hermiston and the Portland Metro area.
- II. **Significant Investments:**
 - a. We **invested an average of about \$25,000** per site to facilitate sales
 - b. Includes new dispensers, and station hardware, and one new UST, **and**
 - c. Startup costs to develop tools for staff training, customer education, handouts
 - i. **Consumers don't understand biodiesel**, many difficulties educating them
 - ii. Most refuse to buy anything but traditional diesel out of concern that it will harm their engines
 - iii. **The tax incentive is critical** in getting them into the station
 - d. We've spent **between \$30 and \$40 K per year to winterize** the B20, to mitigate its higher gel point
 - e. **We anticipated the full length of the bill when making our investments**, believing the 6 or 7 years of HB2435 would allow us to recoup expenses and make a reasonable profit.
- III. **Passed Tax Savings on to Consumer:** From day one, we've passed the tax credit on to the consumer by lower fuel prices.
 - a. **We believed that was the legislative intent**
 - b. **Our street price is 20 to 25 cents/gallon lower than B5 pricing**
- IV. **The Program is Successfully Educating Consumers**
 - a. Beyond the economic implications, B20 is becoming a viable option for consumers' diesel vehicles.
 - b. It would be a shame to lose the momentum that has been gained. Perhaps one day, B20 will be a sought-after product; now, it's our belief the lower cost incentive is necessary to sustain the product.
 - c. Please allow us to continue to educate consumers!

*Respectfully Submitted
Lila C. Leathers*