

INTRO:

Chair Edwards and Members of the Committee,

For the record, my name is Ron Bennett; I work for Hamilton Construction Co. We are an Oregon-based bridge contractor, headquartered in Springfield, founded in 1939. Our company has over 170 people on our payroll. To keep them all employed, we do a lot of work in Oregon as well as other Western states. Think of us as exporting our talent and expertise and bringing the benefits back to Oregon.

STATEMENT:

There are implications for users like us by the implementation of the DEQ's recently approved "Low Carbon Fuel Standard" rule.

The kinds of blended fuels that the DEQ rule contemplates, calls into question one of the key ingredients our company requires to stay in business. That is a quality and reliable fuel supply that allows us (and our subcontractors) to operate effectively and efficiently the expensive, specialized equipment we use on job sites every day in Oregon and other Western states. When using alternative fuels, the current engines burn more fuel and require more maintenance costing us more money to run the equipment to complete the same job. In particular, biofuel is dirtier- causing us more filter and maintenance problems.

All of this leads to increased costs, a lack of certainty, and reduced productivity in a time when our industry faces increased pressures to produce projects on schedule and on, or under, budget. Two additional points regarding costs...1) the costs mentioned here are part of overhead and project costs, consequently they are passed on to an owner in our bids and billings; 2) it's not just us, as the prime contractor, who have these costs, it's the entire subcontracting chain that is impacted as well. It can be looked at as the owners' costs go up, but the product isn't proportionally better. So the owner spends more and does not get a "better" product because the price went up.

In the near term, we do not see that the engine technology is currently available or that the quantity or quality of fuel is commercially and consistently available (especially considering our multi state operations).

Because of this, I believe fuel supply is best directed from the national level and not state by state. In fact, there are already federal mandates in place for advanced blend technology through the Federal Renewable Fuel Standards (RFS) program.

As bridge builders, we have a substantial amount of heavy equipment- cranes, forklifts, generators, welders, heavy trucks, etc. Retrofitting this equipment to properly handle these special blends is incredibly expensive.

One way to illustrate the practical impact is in the results of an EPA Clean Diesel Pilot Project that my company volunteered to participate in a few years back.

We retrofitted a 35-ton truck crane (small by our standards) in May of 2008. We received an \$18,345 grant. The total capital cost for the retrofit was \$45,000 for the purchase and installation of the engine.

Once placed back in service, and in addition to the capital costs, the maintenance costs have gone up primarily due to the fuel and exhaust filters that are (1) very expensive and (2) constantly require maintenance to keep them clean. The engine efficiency is close to the same, but our fuel usage has gone up- with these current engines you get less mpg/gph, which means more fuel cost. Maintenance downtime is also a cost concern.

CONCLUSION:

I want to be clear that my company is **certainly not opposed** to the idea of alternative fuels to reduce carbon emissions.

Similar to the transition from leaded fuels to unleaded fuels 25 years ago, this next transition will take time to evolve...likely well beyond the timeline contemplated in the rules adopted by the DEQ

Finally, I am also an active member of the Associated General Contractors Oregon-Columbia Chapter and for the record, AGC opposes this bill. I also serve on the AGC of America's National Environmental Forum Steering Committee. For more detail on AGC's perspective please see the formal testimony AGC recently submitted to the Environmental Quality Commission, which has also been entered into the record on this bill.

Thank you and I am happy to answer any questions.