

# Propane Infrastructure Cost Webinar



August 12, 2014

- ❖ Welcome – Dennis Smith, DOE
- ❖ Overview of Propane Stations – Curtis Donaldson, CleanFUEL USA
- ❖ Leased Station Example – Rob Little, Pinnacle Propane
- ❖ Mesa Public School Example – Ron Latko, Latko Consulting, LLC

# Overview of Propane Stations

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— THE INDUSTRY —

# LEADER

In Propane Autogas Fleets & Fueling Infrastructure



ANNIVERSARY



# Who we are, what we do...



Through fuel supplier relationships, CleanFUEL USA has the ability to provide a low cost autogas fueling package to fleets of all sizes.



CFUSA offers a full range of state-of-the-art propane autogas dispensers for any onsite fueling requirements.



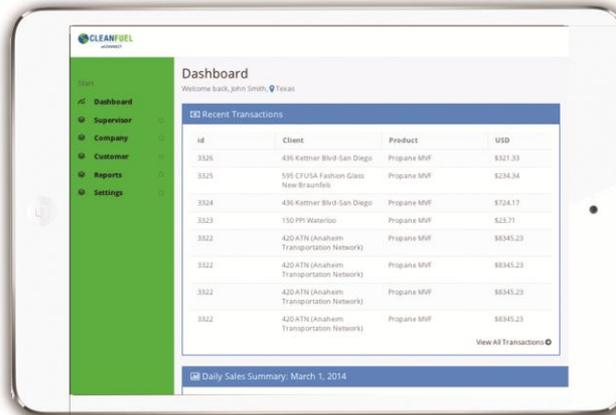
Our technical call center, service provider network and dedicated customer service team, is committed to upholding our industrywide reputation for quality service and warranty support.



CFUSA works with OEM partners to provide state of the art propane autogas vehicle technology. CFUSA also offers aftermarket vehicle options

# Key Components and Cost Ranges

- Storage tank (\$5,000 to \$100,000)
- Dispenser cabinet (\$5,000 to \$35,000)
- Pump and motor (\$4,000 to \$15,000)
- Fuel mgmt system (\$5,000 to \$30,000)



# How a propane station works

- Systems for refueling tanks
- Private station, public station, offsite fueling network
- Cylinder replacement for lawn equipment



# Factors that affect the cost

- Purchasing equipment vs leasing equipment
- Installation and Site Constraints
- Regulatory and Permitting Issues
- Above/below ground tanks pros and cons



# Operational Costs

- When charging for fuel, need to recoup equipment and operation costs
- Billing and accounting systems
- Maintenance
- Liability insurance



# Contact Us

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**Autogas Infrastructure**  
Simple. Flexible. Inexpensive.

# JPE Overview



# Customer Desires

- Value
  - The right mix of service and competitive price.
- Consistent Supply
  - Fuel required to remain operable under all conditions.
- Responsiveness
  - Bill on time. Acknowledge service / maintenance requests.
- Quality Equipment
  - Reliable. Easy to use. High GPM.



# Propane Supplier Desires

- Loyal Partners
  - Partners that collaborate and are open with sharing needs
- Volume
  - Autogas customers are generally high in consumption
- Non-Seasonal Demand
  - Autogas customers operate year round
- Commitment
  - Customers that are committed to the benefits of autogas and partner with supplier to expand use



# Weighing the Options

Benefits of Leasing	Benefits of Owning
Not Responsible for Maintenance	Option to Regularly Bid Supplier
Long-Term Relationship	Generally Lower Price per Gallon
Consistent Supply	Sense of Flexibility
Price Lock-In	Potential Tax Advantages
Option to revisit price structure based on actual volume	
Minimal Capital Investment	
High and Immediate Deployment ROI	
Equipment Upgrades	
Scalability	
Regular Inspection	
Extensive / Regional / National Support	



# What Changes?

- User of Station?
  - **Unchanged.**
- Station Maintenance, Inspection, Certification?
  - **Owning Party Responsible.**
- Station Location?
  - **Unchanged.**
- Timeframe?
  - **Unchanged (unless capital investment is delayed from customer).**
- Location / Layout?
  - **Unchanged.**
- Training?
  - **Owning Party Responsible**



# Lease Example 1: KCTG



- **Station Overview:**
  - 18,000 Gallon Fueling Station
  - Two Dispensers – capable of filling two vehicle simultaneously
  - Two Pumps
- **Annual Consumption:**
  - 250,000 + gals per year
- **Why Lease?**
  - No Capital Outlay (estimated cost of station ~\$250,000)
  - No Maintenance Concerns
  - Savings Expected: \$8,000 – \$10,000 per para transit bus, per year



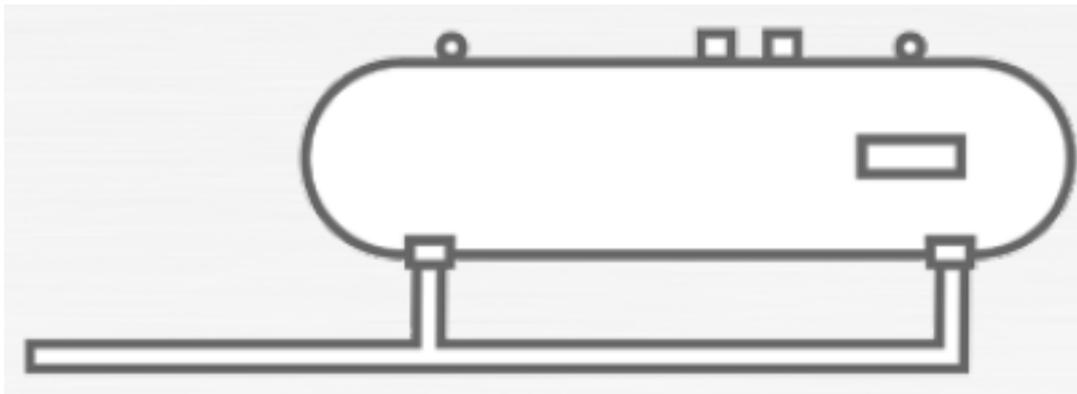
# Lease Example 2: DHL



- Station Overview:
  - 1,000 Gallon Fueling Station
  - One Dispenser
  - Powered by Kohler Propane Generator
- Annual Consumption:
  - 30,000 Gals per Year
- Why Lease?
  - No Capital Outlay (estimated cost of station ~\$50,000)
  - Multiple Locations with Standard Autogas Package
  - Scalability at select sites
  - Faster Deployment in New Regions



Ian Clough, CEO of DHL Express U.S.:  
“Initiatives like our all ‘green’ fleet in Manhattan and this propane autogas fleet not only lower our DHL carbon footprint, but are a smart, clean and cost-effective choice for our business.”



# Lease Example 3: Texas Fleet

## Station Overview:

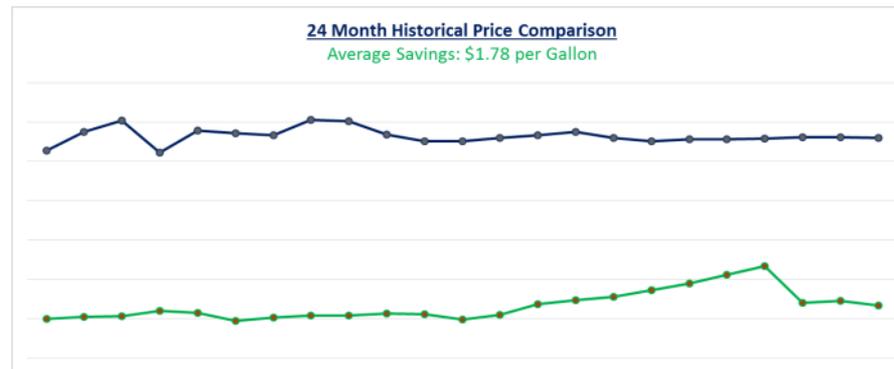
- 1,000 Gallon Fueling Station
- One Dispenser with Autogas Hose and Cylinder Hose
- One Pump

## Annual Consumption:

- 24,700 Gallons per Year

## Analysis

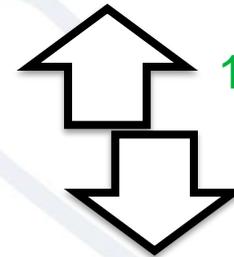
- **If Buy Equipment:**
  - \$35,000 Capital Outlay
  - Save \$0.21 per gallon (\$5,187 per year) vs. leasing equipment
  - Will take 6.75 Years to Breakeven on Infrastructure Investment
  - Proposed Contract: 5 Years



# Intangible Benefit: Flexible



Splash Fill



1,000 gal.

18,000 gal

Scalable



JP Energy Partners

Relocate-able



# Intangible Benefit: Biz Continuance



# Choose Value

## Fuel is an Unavoidable Cost Center

### Propane is a Proven Investment

"The bitterness of poor quality remains long after the sweetness of low price is forgotten."

-Benjamin Franklin

"I'd sign on with a responsive and committed service provider offering the full package, before I'd search to squeeze another 5 or 10 cents per gallon in savings."

-Ed Hoffman, Fleet Director, Keystone Automotive Group



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**It's  
Easy Being  
Green**



# Delivery of 1<sup>st</sup> Propane Bus





# Fueling at Fremont

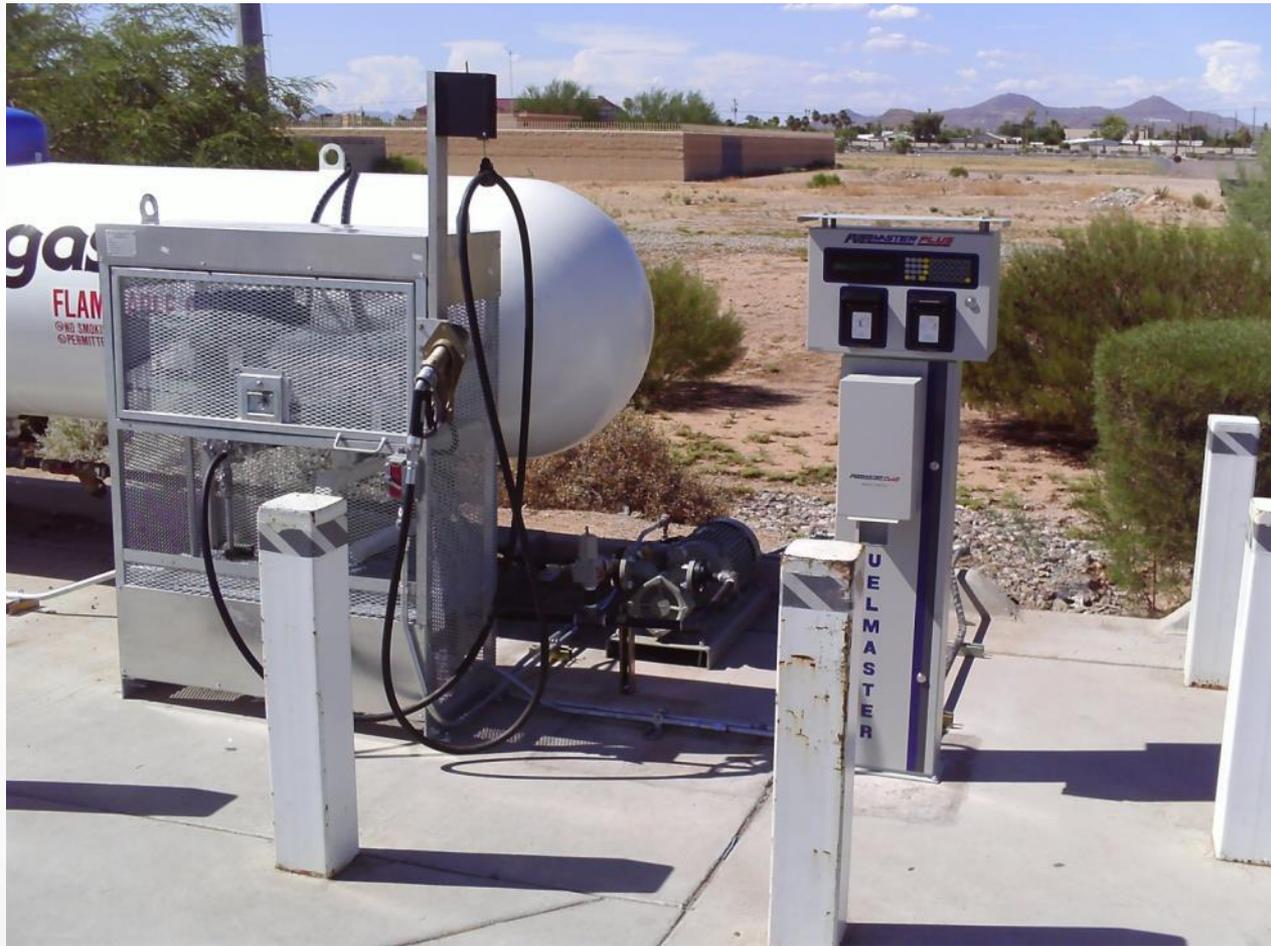


# Final Station Design





# 1,000 Gallon Tank



# From Tank to Dispensers





# Lowering Tank at Fremont



# Fremont Fuel Station



# Broadway Tank Location



# Broadway Tank Delivery



# Broadway Tank & Fill Port



# Propane Infrastructure





**Thank you**

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