

Why the World's Largest Anheuser-Busch Wholesaler (Silver Eagle Distributors, L.P., Houston, TX) Chose Natural Gas Trucks for its Fleet



Cliff Mattio
Silver Eagle Fleet Manager

NGV Fleet Workshop





Company Profile

- ◆ World's Largest A-B wholesaler
- ◆ Annual statistical case volume 43 million
 - Average A-B distributor: 3 million cases
- ◆ 13 counties and two major Metropolitan cities
 - Houston and San Antonio
- ◆ Serving over 10,000 retail establishments
 - ◆ 1,200 employees
 - ◆ Average 12 million miles annually
 - ◆ Total Fleet consist of 1,255 vehicles

Total in-house fleet maintenance program

- Five (5) full service maintenance facilities, and a highly trained staff of technicians in each of the following cities: Houston, Conroe, Rosenberg, Cypress and San Antonio.



Silver Eagle Environmental Stewardship

- ◆ A company commitment since 1990:
 - Houston's severe non-attainment AQ status
 - Corporate responsibility to the communities we serve
 - Growing concern about Energy Security and need for Fuel Diversification
- ◆ Pre-1998 Exhaust Emission Control Technologies
 - Cummins B-Series 5.9L diesel to propane conversion 50% reduction
 - 1993-1994 Ford Aerostar Vans dual-fuel propane/gasoline
- ◆ 1998-2001 Purinox fuel additive to lower NOx 10% & PM 10%
 - 10 Class 8 trucks pulling 200 loads per week @ 80,000# gross
 - Conclusion: Expensive with 20% less power and 20% less fuel economy
- ◆ 2002-2006 ITEC's Green Diesel Technology (DPF + ULSD + Reflash)
 - 42 tractors retrofitted
 - A Collaborative Win (ITEC, Valero Energy, Clean Cities, Community)





Silver Eagle Alternative Fuel Initiatives

Spring/Summer 2006

- Operating costs were spiraling out of control ; no fuel diversity. Needed to reduce fuel expenses and fuel budget volatility
- We were also in process of evaluating options that would meet EPA 2007 emissions requirements.
 - Had concerns about new diesel technology's maintenance issues
 - Not willing to compromise on performance; needed same HP/Torque and fueling range;
- Eligibility for federal and/or state incentives was important determinant
- Natural gas trucks showed a lot of promise but we wanted to conduct minimum 12 month product evaluation
- July 2006 – Compressed Natural Gas truck field test program



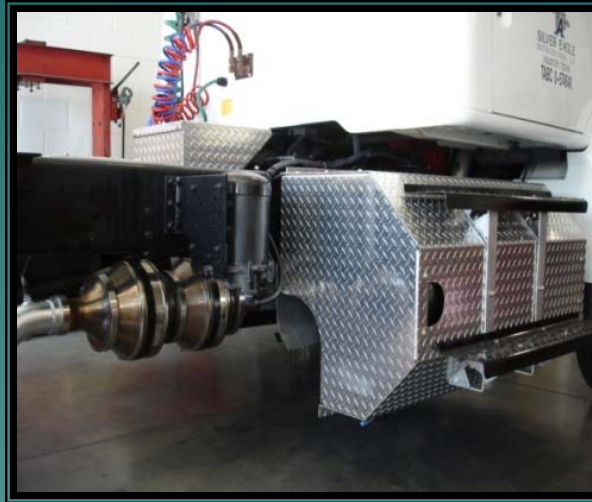
Silver Eagle Alternative Fuel Initiatives

- ◆ July 2006
 - Repowered two 1999 ITEC 8100s with ESI Phoenix NG 7.6L CNG engines
 - ◆ Engine has equal torque, horsepower with better acceleration (265HP, 820 ft-lb torque)
 - ◆ Same fuel economy and same fueling range
 - ◆ Eligible for \$32,000 federal tax credit
 - ◆ Two SED technicians trained to do repower
 - ◆ Enviromech: Type III CNG tank installation
 - Entered into 5-year pricing fueling agreement with Clean Energy
 - ◆ Fueling (fast fill, 3600psi) infrastructure located 150 yards from HDQ
 - ◆ Fuel savings over \$1 per DGE, met our ROI criteria





SED Repower Pics





Silver Eagle Distributors

"Making Sense of Alternative Fuels & Advanced Technologies"

Results & Going Forward

SCORE CARD

- ◆ Conversion process was relatively easy for seasoned truck technicians.
- ◆ CNG Engine Performance exceeded expectations in durability and performance.
- ◆ No service interruptions affecting downtime.
- ◆ 18 month product evaluation proved these engines to be very reliable.

GOING FORWARD

- ◆ Request for TERP and CMAQ grants submitted to repower additional trucks in Houston and San Antonio
 - Fueling provider to supply CNG fueling station.
- ◆ Green diesel Technology will continue to be part of our clean air strategy (Price/NOx/PM).
- ◆ ESI CNG engines will DRIVE our fueling costs down and improve air quality.
- ◆ Sustain our environmental leadership role in the communities we serve, and will continue be our passion in an effort to minimize our carbon footprint.