

SUMMARY OF TESTIMONY OF ED ANDERSON
CHIEF EXECUTIVE OFFICER AND PRESIDENT OF WEN-GAP LLC,

OVERVIEW OF THE RENEWABLE FUEL STANDARD: STAKEHOLDER PERSPECTIVES

BEFORE THE SUBCOMMITTEE ON ENERGY AND POWER
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES
July 24, 2013

- My wife Judy and I, with our son Eddie, own a small Wendy's franchise with four restaurants in Virginia. We have 138 employees.
- The Renewable Fuel Standard has created a new burden for businesses like ours. Now restaurant owners and employers like us are being hit at a time when our economy can't afford it.
- Based on several analyses, we estimate the RFS to be costing us up to \$30,000 more per restaurant than we would normally pay. For our family business, that's up to \$120,000 a year in additional cost.
- We're asking Congress to repeal the RFS. This would level the playing field and over time return normalcy to the food supply chain so everyone competes fairly and food becomes more affordable.
- A 2012 report by PricewaterhouseCoopers confirms what our analysts discovered. The RFS distorts food commodity costs so much that restaurants, suppliers and consumers are forced to pay more than we would under normal market conditions.
- We support H.R. 1461, the Renewable Fuel Elimination Act. We believe the RFS must be repealed because we are concerned that if just the corn ethanol mandate is eliminated from the RFS, it would simply be replaced with some other food crop and we would be right back where we are today.

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Good afternoon Chairman Whitfield, Ranking Member Rush and Members of the committee.

My name is Ed Anderson. My wife Judy and I, with our son Eddie, own a small Wendy's franchise with four restaurants in Virginia. We have 138 employees.

I was also elected to the board of Wendy's Quality Supply Chain Co-op, QSCC, a not-for-profit purchasing co-op owned by Wendy's restaurant operators like me. QSCC purchases the food for Wendy's and is staffed by experts who understand and help us interpret commodity markets.

The National Council of Chain Restaurants asked me to be here to represent our industry. I've never done anything like this in my life but I have a responsibility to my employees, fellow franchisees, customers, the foodservice industry, and my family...to make sure Congress knows a well-intended idea has turned out to be a very serious problem...and it's getting worse.

Judy and I are the face of American small business men and women. I started with Wendy's more than 32 years ago as a manager trainee working for the Wendy's Company. My dream was to own my own business and build something to be proud of, and that I could bring my family into with me.

We've worked hard to achieve our success and build our business, but when Congress passed the Renewable Fuel Standard – the RFS – it created a new burden for businesses like ours. Now restaurant owners and employers like

us are being hit at a time when our economy can't afford it. I doubt many restaurant operators, or our customers, know that an EPA mandate on corn ethanol is at the root of food cost increases.

Our family is not asking Congress for a bailout – we're asking Congress to dig into the true impact of the RFS and see how it has distorted the market at the expense of small employers like Judy and me.

Based on several analyses, we're asking Congress to repeal the RFS because it's estimated to be costing us up to \$30,000 more per restaurant than we would normally pay. For our family business, that's up to \$120,000 a year in additional cost. That might not be a lot of money in Washington D.C. – but for me and many others in the restaurant business – that's a LOT of money.

If Congress repealed the RFS, it would level the playing field and over time return normalcy to the food supply chain so everyone competes fairly and food becomes more affordable. Last year, ethanol industry proponents blamed the drought for high corn prices. This year, those same proponents are now blaming the oil companies.

But a 2012 report by PricewaterhouseCoopers confirms what our analysts at QSCC already thoroughly studied. It's the RFS that distorts food commodity costs so much that restaurants, our suppliers and consumers are forced to pay more than we would under normal market conditions.

Please understand, we're not anti-ethanol; we know if it wasn't for American farmers and ranchers we wouldn't be here, and we support American agriculture. We get all of our beef and chicken from here in North America. But this mandate is making food so expensive that it's harder to continue investing in new or remodeled restaurants which would create badly needed construction and restaurant jobs.

I believe with all my heart that we live in the greatest country in the world. This country was built on the hard work and the ingenuity of those who were willing to risk it all to build something. Removing the mandate for ethanol allows

it stand on its own. Capitalism allows us all to adjust and be successful. Let the natural market dictate the cost of ethanol not a mandate.

We can't pass these costs on to our customers, they are already struggling in this economy and their own food costs at grocery stores have also gone up because of the RFS. We're appealing to Congress to thoroughly study the issue – like we have. Please listen to all sides and consider all the implications. Then, you will understand why repeal is the best solution.

Recently, an educational campaign was launched called "Feed Food Fairness: Take RFS off the Menu." It's led by the National Council of Chain Restaurants and supported by a coalition of small business owners, operators, franchisees and the entire food supply chain - to urge Congress to repeal the RFS.

We support H.R. 1461, the Renewable Fuel Elimination Act and similar legislation introduced in the Senate. We believe the RFS must be repealed because we are concerned that if just the corn ethanol mandate is eliminated from the RFS, it would simply be replaced with some other food crop and we would be right back where we are today.

What sounded like a good idea has had serious consequences and artificially driven up the price for food both at home and in our restaurants.

Judy and I are the kind of people that make up much of the chain restaurant industry. We're here as small business owners, as employers, and as a family, to bring attention to this issue and ask Congress to take action for all of us.

Thank you.