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By Greg Gann

How to Save \$833,058.54 Per Minute

The U.S. consumer is responsible for approximately 70% of our country's economy. In short, we need consumers in the United States to continually spend in order to keep the economy healthy. Remember how immediately following the 9-11 terrorist attacks we were encouraged to demonstrate our patriotism through shopping.

Gasoline today is hovering near the infamous \$4.00/gallon mark. It will be interesting to see what kind of impact if any of this creates for retailers. For each one cent uptick in the cost of a gallon of gasoline, there is a corresponding \$1 Billion of consumer spending that is redirected away from other retail establishments per year, according to Credit Suisse analysts. Gasoline prices are directly siphoning billions of dollars out of our economy, not to mention the security implications and military expenditures associated with being so energy dependent.

Presently, the world consumes about 89 million barrels of oil per day. This costs \$3 Trillion per year, of which \$1 Trillion passes to OPEC. The vast majority (70%) of oil is consumed for transportation. Many U.S. presidents have made energy independence a promise on the campaign trail, but since 1948, our country has consistently been a net importer. Not only does such an imbalance result in uncontrollable price hikes, shortages, compromised foreign policy decisions, but also tremendous environmental threats as well.

Today, there are somewhere around 250 million vehicles in the United States alone. The government has not come up with a viable plan for reducing our foreign energy dependence in over six decades. Whether you like him or not, or agree with all his points, T. Boone Pickens is a real pioneer with a radical plan to achieve this ambitious goal, which has been unachievable through government. He is a businessman and not a politician. His focus is on natural gas for several reasons. His detailed analysis shows that on average, it costs a third less to fill a vehicle with natural gas than traditional gasoline. And, since 98% of the natural gas used by the United States is

domestic, he argues that it is free from outside political and economic pressures.

Pickens believes that we should continue to develop multiple sources of domestic energy, but we should utilize the natural gas with which we are endowed while researching and developing other alternatives. Although there are numerous potential environmental impacts relating to the fracking process for accessing natural gas, Pickens points out that natural gas is 25% cleaner than oil, and it does not require refining. He also makes reference to the fact that the U.S. has three times in natural gas what the Saudis claim to have in oil.

Switching over to natural gas would require a lot of costs to the average American consumer as well as require tremendous infrastructure expenditures. As a result, the Pickens Plan focuses on the approximate 8 million 18-wheelers of the 250 million total vehicles in the United States. By retrofitting these heavy duty trucks to run on natural gas, Pickens estimates that the U.S. would reduce its imports by 3 million barrels per day. With light crude oil costing \$106 per barrel, reducing imports by a factor of 3 million, would result in a savings of \$318 million per day and over \$116 billion per year. The net effect of retrofitting these heavy duty vehicles would decrease our imports of oil by 25%.

In 2011, the total cost of imported oil was approximately \$454 billion. That is equivalent to our spending \$833,058.54 per minute with foreign countries, many of whom are not our allies. Reducing our foreign oil imports by a third would mean \$150 billion staying within our borders. The multiplier effect would be enormous. The U.S. consumer would directly benefit from lower transportation costs, significantly greater national security, and a much stronger currency, not to mention thousands upon thousands of high paying U.S. jobs. Due to improved technological means for extraction, the present supply of domestic natural gas is enormous. While a unit of natural gas cost \$13.00 in 2008, today it is trading at just a little above \$2.00. Retrofitting heavy duty trucks and installing natural gas pumps along truck stops of major thoroughfares would go a long way simultaneously towards improving our economy and the environment. Renewable energy sources such as wind and solar both come with shortcomings in that they are intermittent. Clearly developing and encouraging greater production and consumption of renewables is most noble, but with natural gas prices at historic lows, they are not economically competitive, and are therefore not currently feasible from a practical matter.

Energy imports currently account for nearly half of our entire trade deficit, and reduced energy costs would certainly boost American manufacturing, exports and improve our trade balances. Nothing is perfect, but we possess the technological and natural resources to fundamentally change the geopolitical landscape of the Middle East by crushing the stronghold of oil-rich nations AND save us \$833,058.54 every single minute!

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