

January 28, 2011

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WPMA ROOM BLOCK EXTENDED

The WPMA room block at the Mirage has been extended to February 1, 2011. Reserve your rooms now while there is availability. To reserve your room call The Mirage at 1-800-499-6311.

SCHOLARSHIP TIME APPROACHES!

The time is fast approaching when the WPMA scholarship recipients for 2011 will be selected. March 1, 2011 is the cut-off date for applications to be postmarked and mailed to the WPMA office. Usually, there are less than 20 applicants for each WPMA state scholarship and the associate member scholarship, which makes the chances of receiving a scholarship very good. Applicants must be graduating high school seniors, and the son or daughter of a full-time employee of a WPMA member or associate member company. Applicant qualification information and the scholarship applications and are available to download at www.wpma.com, under the Scholarship Foundation link (scroll to the bottom of the Scholarship page). Scholarship applications are also available from the WPMA office by e-mailing kathym@wpma.com and requesting an application. As a reminder, the WPMA scholarships pay \$500 per semester for up to eight semesters to the recipients, for a total of \$4,000. **Employers, please remind your employees to request or download an application right away, and give their students a chance for some extra financial help in college!**

PMAA RESPONDS TO CHAIRMAN'S CALL ON REGULATIONS THAT HARM JOB GROWTH

The new Chairman of the House Oversight and Government Reform Committee, Rep. Darrell Issa (R-CA), is seeking comment from business groups on existing and proposed regulations that do or would harm job growth. His goal is to investigate if there is something that Congress can do to ease the regulatory burden and stimulate job creation. The Chairman asks, is there a consistent practice or regulation that hurts jobs?

After receiving a great deal of feedback on practices and regulations that hurt job growth from the state associations, PMAA compiled the responses and included them in a letter to the Chairman.

PMAA urged Chairman Issa and his Committee to:

- Require EPA to more fully consider the downstream implications of the E-15 waiver and be required to delay the introduction of E-15 product until comprehensive equipment compatibility studies currently underway by both private and government testing laboratories are completed. The EPA must also be required to coordinate with the Federal Trade Commission on pending rules by both agencies that would impose duplicative dispenser labeling requirements for E-15 product. Also, Congress must provide legal and regulatory certainty for marketers of E-15.
- Require a permanent halt to the EPA's efforts to promulgate new national ambient air quality standards (NAAQS) for ground-level ozone nationwide. The standards were made more stringent in 2008 and further tightening will very much hurt the economy. Ground-level ozone forms when emissions from industrial facilities, power plants, landfills and motor vehicles react with sunlight. The new ozone standard is important to petroleum marketers because it could lead to expanded use of costly reformulated gasoline (RFG) in the U.S.
- Require EPA to make the long awaited and overdue determination that on-board canisters are in "widespread use" nationwide; thereby, repealing the interim control measure of Stage II Vapor Recovery immediately.
- Require the FMCSA to maintain the maximum driving hours and on duty status hours currently provided under the DOT Commercial Motor Vehicle Driver Hours of Service regulations. Without these extra hours, small business petroleum marketers would be forced to purchase additional equipment and hire new drivers which impose compliance costs that are impossible to meet. The petroleum distribution and supply chain could also be slowed and even disrupted if drivers do not have sufficient time to deliver fuel during adverse weather conditions or national emergencies.
- Delay EPA rules governing CO₂ until such time that Congress specifically authorizes such action. The Clean Air Act was never intended to regulate CO₂ nor address international climate change objectives. Regulating CO₂ will unjustifiably increase energy costs for everyone and hurt the U.S. economy.

- Override EPA authority "found" by the Supreme Court in the Massachusetts vs. EPA Supreme Court case regulating six gasses [CO₂] under the 1990 federal Clean Air Act Amendments.
- Require EPA to provide an exemption from the particulate and carbon dioxide standards for small commercial boilers and impose "best management" practices designed to reduce and limit regulated emissions instead.
- Protect the Derivatives Title and the Debit Card Interchange language that is included in the Dodd-Frank Act.
- Prevent DOT from moving forward with the wetline mandate given that the agency so recently rejected a similar proposal based on a comprehensive cost benefit analysis which remains valid today. Otherwise, costly and unnecessary regulatory burdens will be placed on small business petroleum marketers.
- Examine costly new ADA Rules, in particular, the requirement to make "reasonable modifications" to convenience stores to permit the use of trained miniature horses to do work or perform tasks for someone with a disability.
- Repeal the expanded 1099 Requirement. The 1099 vendor reporting requirements that were included in the 2010 health care bill requires all businesses to issue 1099's to any vendor paid more than \$600 in a calendar year.
- Reverse the DOI Decision to delay further development of offshore oil and gas drilling until 2017.

STRATEGIC GASOLINE RESERVES LEGISLATION INTRODUCED IN HOUSE

Recently, Rep. Larry Kissell (D-NC) introduced H.R. 142, legislation to establish a system of three to five strategic gasoline reserves that would hold ten million barrels of regular unleaded gasoline. The Energy Secretary would have the discretion to determine the location of the sites. This bill is similar to the "Strategic Petroleum Reserve Modernization Act of 2009," legislation introduced by Senator Jeff Bingaman (D-NM) that would have established a 30 million barrel strategic motor fuels reserve as part of a national energy policy.

PMAA had many reservations to the refined petroleum product reserve proposal and worked closely with the staff of the Senate Energy and Natural Resources Committee regarding our concerns. PMAA's concerns include: long term product storage issues, winter and summer gasoline inventory concerns, boutique fuel issues, supply and storage issues with ethanol and biomass-based diesel, futures market hedging costs, and distribution pipeline inefficiencies.

The refined product reserve has been considered by Congress in previous years, but the proposals have always been dropped due to adequate inventory and refining capacity. The California Energy Commission (CEC) and the National Petroleum Council have studied the refined-petroleum product reserve proposal several times and each time rejected it.

PMAA will communicate our concerns with H.R. 142 to Congressman Kissell's staff.

FUEL CHOICE ACT RE-INTRODUCED

On Tuesday, Senator Tom Harkin (D-IA) introduced a new version of his "Consumer Fuels and Vehicle Choice Act of 2009." Iterations of this legislation have floated for the past several Congresses with President Obama as a sponsor of earlier versions. The last attempt to move this proposal occurred late last year when Harkin and Senator Lugar (R-IN) tried to attach the language to the Energy bill. This new version of the bill is titled, "Biofuel Market Expansion Act of 2011."

The bill would require "major fuel distributors" to install at least one blender pump at an increasing number of the refueling stations which they own or through which they market, at this level: 10% by 2014, 20% by 2016, 35% by 2018, and 50% by 2020 and thereafter. A "major fuel distributor" is defined as a person who owns a refinery or directly markets the output of a refinery, but not including any person that owns or directly markets through less than 50 retail fueling stations.

Authorizes grants for installation of retail ethanol blend fueling infrastructure including blender pumps, tanks, and associated equipment. Grants may be up to 50% of project costs, but they are not available to major fuel distributors. Grants would be eligible for \$50 million in 2012 and up to \$350 million in 2015.

Finally, the bill would also mandate that half of all new passenger vehicles be flexible fuel vehicles (FFVs) capable of burning E85 by the year 2014, and the legislation create a federal loan guarantee program for pipelines to carry ethanol from production facilities to markets.

PMAA held discussions with Senator Harkin's staff on this legislation last year, and we will begin that dialogue once again. A new question that we have is if a marketer that owns ten stores but supplies fuel to an additional 45 stores will be considered a major fuel distributor? We will continue to express that replacing underground storage tanks, piping, sumps and dispensers will be quite costly and would unfairly penalize some companies. We will also continue to stress the need for regulatory and legal certainty in order to sell E-15.

An interesting side note is that the companies targeted to bear these new costs are the same companies that will bear the \$3,000 per employee health care penalty approved by Congress last year. The marketplace will not permit petroleum marketing companies to pass on these new costs to consumers.

NCWM HOLDS INTERIM MEETING IN DALLAS, TEXAS

Earlier this week, the National Conference on Weights and Measures (NCWM) held its 2011 Interim meeting in Dallas, Texas. Two items on the agenda important to petroleum marketers and retailers were items surrounding biodiesel disclosure and retail price posting requirements. Both items were not on the NCWM "voting" agenda, but they could eventually come up for a vote in 2012. PMAA was concerned with the biodiesel disclosure item which contained language that could have unintended consequences on petroleum marketers and consumers if it was not modified. PMAA's Southeastern Region Chairman Sam Bell and Tennessee Fuel and Convenience Store Association's Tommy Hunt were in attendance to push for modifications to the biodiesel disclosure item to improve transparency and fairness for marketers.

Under current NCWM regulations, biodiesel producers, oil companies and terminals are not required to disclose the exact volume percentage amount of biodiesel blends below five percent. For instance, petroleum marketers could unknowingly purchase a two percent biodiesel blend and then immediately blend an additional five percent biodiesel creating B7. This is a very serious concern to marketers because some standards governing engines, burners and retail infrastructure only permit five percent biodiesel. PMAA urged weights and measures officials to modify the language to require suppliers to disclose the exact volume percentage of biodiesel content in blends below five percent on product transfer documents (PTDS).

PMAA believes that all parties along the distribution chain have a responsibility to disclose accurate biodiesel content information for the fuel they supply. It is only logical that this responsibility start at the top of the supply chain where the fuel originates and a baseline for biodiesel content is most easily established. Refiners, biodiesel producers and terminal operators are uniquely positioned in this respect and have the necessary resources to manage product in order to accurately disclose the biodiesel content of the fuel they supply. Because the NCWM Laws and Regulations Committee was unable to find consensus on the issue among PMAA, SIGMA, National Biodiesel Board (NBB) and API, they decided to form a Biodiesel Disclosure Work Group chaired by PMAA member Sam Bell and NBB's Technical Director Steve Howell. The work group will meet via conference call this Spring.

Additionally, PMAA participated in the NCWM work group tasked with addressing retail motor fuel dispenser price posting requirements. Current regulations do not address the recent advancements in fuel purchase discounts at retail stations, such as discounts for purchasing with cash, pre-pay sales, purchasing store products, carwashes, rebates, and other discount scenarios, that could lead to retailers to be found out of compliance with NCWM standards. The work group seeks additional information to address marketing practices and plans to meet again in February.

DOT PROPOSES WETLINE PROTECTION FOR TRANSPORT TRAILERS IN FLAMMABLE SERVICE

The U.S. DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a proposed rulemaking this week amending the Hazardous Materials Regulations (HMR) to prohibit the transportation of flammable liquids in unprotected external product piping (wetlines) on DOT specification cargo tank motor vehicles. The proposed rule would require DOT specification transport trailers in flammable service to be equipped with bottom protection devices (steel guards) that would prevent rupture of wetlines in the event of a motor vehicle collision. Bottom protection devices would not be required where product is reduced to no more than 33 ounces in each line. The only practical way to meet this standard is with in-line purging devices. Transport trailers containing "combustible products" or flammable products reclassified as combustible are exempt from the proposed rule. In other words, diesel fuel, kerosene and heating oil placarded as 1993 would not be subject to the wetline requirements. Moreover, the proposed amendments do not apply to cargo tank vehicles where the engine, body, and cargo tank are permanently mounted to the same chassis (straight trucks, bobtails, etc).

The bottom line for marketers is that the proposed rule largely applies to gasoline transport trailers only. PHMSA is providing the exemption for combustible liquids because none of the recorded fatalities associated with wetline rupture over the past 20 years involved combustible products. The proposed rule would require existing transport trailers in flammable service to be retrofitted with bottom protection equipment or meet the maximum 33 ounce residue standard within ten years. Newly manufactured trailers would be required to comply within two years.

PMAA will submit written comments to PHMSA before the March 28, 2011 public comment deadline.

IPM&CSA RECOMMENDS FEDERATED INSURANCE FOR WORKERS COMPENSATION

Idaho Petroleum Marketers & C-Store Association is pleased to announce Federated Insurance Companies as the recommended carrier for Workers Compensation in addition to IPM&CSA's current recommendation of Property/Liability & Financial Protection Services.

2011 PETROLEUM MARKETERS LEADERSHIP INSTITUTE (PMLI)

The 2011 Petroleum Marketers Leadership Institute will be held at the Madison Hotel located downtown in Memphis, TN April 10 -12, 2011. In preparation for the 2011 Petroleum Marketers Leadership Institute, we need you to begin thinking of petroleum marketers who are active in your association who have "the right stuff". These are marketers who you can count on to support the industry and your state association. They are the ones who give of themselves and are often natural leaders. **PMAA relies heavily on state association executives to identify nominees/candidates for PMLI.** The value in PMLI is the cadre of leaders it is creating for our future. You can never have too many knowledgeable and dedicated leaders. State associations that have sent emerging leaders to the Institute the past seven years have already begun to reap its rewards.

As state associations, you are not obligated to pay anything for candidates to attend. Some states assist with travel related and tuition costs for their candidates but that varies from state to state. The most important thing is to make sure you give us a few names of marketers to invite. The tuition this year will be the same as last year \$425.00 per person and that includes meals and curriculum. When you compare this with other leadership programs of similar length, you'll find that the \$425.00 is a fraction of what other programs cost. From 2001 to 2010 we have had over 150 marketers go through PMLI and all of them have expressed very favorable comments about the program.

For more information please contact your state executive or the WPMA offices.

FOLLOW US ON FACEBOOK AND TWITTER

WPMA has now joined the Facebook and Twitter communities! Please visit us and become a fan, and stay on top of the latest updates, events and announcements from WPMA and the WPMA state associations.

To follow us on Twitter, go to twitter.com/WPMA_NOW.

Petro Pete: *"Be thankful that you don't already have everything you desire. If you did, what would there be to look forward to?"*

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Classified Ads

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- DOT 406 MC
- 1400 X 2 Comp
- Rear hose reel
- 2 ½ Pump with PTO
- Pro Tec Box & Rear bumper
- \$16,000.00 OBO

Contact Marty Hull – 360-520-3275 (cell) 360-736-2821