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SWIPE FEE PETITION ONLINE

Earlier this week, Senate Majority Leader Harry Reid (D-NV) said he intends to schedule a vote on Senator Jon Tester's amendment to delay important swipe fee reform when the Senate returns from its Memorial Day recess June 6.

Calls and emails to Senators from marketers have made a tremendous difference. To help keep the pressure on the Senators to support retailers and consumers, our MPC coalition partners at the Food Marketing Institute have created an easy online petition at www.keepdebitwipefeesincheck.com. Please join the 2,000 people who have already signed the petition urging Senators to side with retailers and consumers and not support efforts to delay important swipe fee reforms.

WHITE HOUSE CONFIRMS SUPPORT FOR ENDING STAGE II VAPOR CONTROLS

On Thursday, OMB Director Jack Lew confirmed that the Obama administration is moving forward with plans to ease the regulatory burden on gasoline retailers who are required to install and maintain costly Stage II vapor controls. Lew predicted that the decision will save gasoline retailers \$670 million over the next ten years.

PMAA reported in April 2011 that EPA had submitted a proposed "widespread use" definition to OMB on March 29, 2011. This definition is the threshold the EPA requires to be met for market penetration of automobiles equipped with on-board vapor recovery canisters before Stage II vapor recovery nozzles and hoses are no longer required.

Yesterday's announcement by the White House is the first indication that OMB has decided to approve the EPA plan. PMAA has been asking EPA to publish a widespread use definition for nearly a decade.

Because the specific details of the "widespread use" definition have not been released, PMAA cannot yet offer members a comprehensive analysis. We will report more when the details are released.

PMAA SHARES CONCERNS ABOUT EOBR RULE WITH FMCSA

On Monday, PMAA filed comments with the Federal Motor Carrier Safety Administration (FMCSA) on the agency's proposed rule to expand the mandatory use of Electronic Onboard Recorders (EOBRs). PMAA called on the agency to clarify the proposed rule and expressed concerns that mandate would extend to short-haul carriers.

A copy of the comments is available at <http://pmaa.org/pdfs/PMAAFMCSEOBRs.pdf>.

PMAA SUPPORTS REPEAL OF EMPLOYER MANDATE IN HEALTHCARE LAW

On Wednesday, PMAA joined several organizations representing small businesses in a letter to the House and Senate supporting H.R. 1744 and S. 20, legislation to repeal the employer mandate.

As you may know, the employer mandate provision in the law penalizes small businesses with 50 or more "full time equivalent" employees (defined as working 30 hours or more per week) if they do not provide government prescribed health insurance or if certain employees receive a tax credit and purchase insurance through the exchange.

A copy of the letter is available at <http://pmaa.org/pdfs/SBCAHEmployerMandateRepealLetterofSupportHouse.pdf>.

"FUEL NEUTRAL" ALTERNATIVE VEHICLE BILL INTRODUCED IN SENATE

Senators Ron Wyden (D-OR) and Debbie Stabenow (D-MI) recently introduced the "Alternative Fuel Vehicles Competitiveness and Energy Security Act of 2011" (S. 1001) which seeks to allow the free market to decide which alternative fuel and vehicle technology combinations are better fit to replace traditional motor fuels. S. 1001 builds upon the "Energy Independence and Security Act of 2007" (Pub. Law 110-140) which established an incentive program, the Advanced Technology Vehicles Manufacturing (ATVM) Loan Program, to provide manufacturers and suppliers direct loans to expand vehicle technologies to improve energy efficiency for different types of vehicles for different parts of the country. The bill is fuel neutral which will allow only alternative fuel vehicles that reduce consumption of conventional motor fuels by 25 percent or more to qualify for loan guarantees.

PMAA's Motor Fuels Committee will review the legislation.

SENATE ENERGY PASSES FIVE ENERGY BILLS

With energy issues topping congressional agendas because of high gasoline prices, the Senate Energy and Natural Resources Committee marked up five bills yesterday.

Two bills to ramp up offshore drilling safety and expand oil and gas drilling and one bill to create a Clean Energy Deployment Administration (CEDA) were delayed until next month because the markup agenda was simply too full. S.916 would promote oil and gas drilling in Alaska and calls for a thorough study of available reserves in the Atlantic, the eastern Gulf of Mexico and in Arctic waters, while S.917 would address drilling safety concerns raised by last year's BP oil spill.

The bills that were reported out of committee are: S. 630, to promote marine and hydrokinetic renewable energy research and development; S. 699, to authorize the Secretary of Energy to carry out a program to demonstrate the commercial application of integrated systems for long-term geological storage of carbon dioxide, to require monitoring and verification of the injected carbon dioxide plume throughout the project's life and beyond its closure to ensure the CO2 remains trapped; and to create a \$10 million annual grant program to train regulators at state agencies; S. 757, to provide incentives to encourage the development and implementation of technology to capture carbon dioxide from dilute sources on a using direct air capture technologies; to provide language for the conduct of an analysis of the impact of energy development and production on the water resources of the U.S.; and finally, cybersecurity language was approved that would grant the Federal Energy Regulatory Commission more authority to protect the electricity grid as it integrates "smart grid" technology.

HOUSE COMMITTEES WEAKEN CFTC OVERSIGHT OF FUTURES MARKETS

On Tuesday the House Financial Services Committee passed out H.R. 1573, which would delay final implementation of the essential regulations to move reform of the commodities market. The bill which was passed along party lines (30-24) would delay, by as much as 15 months, implementation of certain elements of Title VII (derivatives title) of the "Wall Street Reform and Consumer Protection Act." Because the Senate has shown very little interest in delay, the measure is unlikely to become law.

PMAA opposes the legislation because it delays implementation of critical reforms to the oil futures market although its potential impact was weakened by amendments adopted Tuesday. The deadline for the Commodity Futures Trading Commission's (CFTC) proposed rules is July 2011; however, the deadline is expected to be exceeded for at least several months. Delaying implementation of Title VII would allow the big banks and hedge funds to continue their dominance in the futures marketplace compared to end-users who need the market to hedge effectively. PMAA continues to argue that speculators need to reduce their positions in the futures market because they are overwhelming a finite supply of product that was created for hedgers (petroleum marketers, airlines, farmers) who need to use the futures market to plan ahead. PMAA supports all of the above approach to reduce oil prices both in the short and long term. Although the bill as amended would not delay imposition of position limits, it would delay imposition of aggregate position limits which would delay the reduction of excessive speculation. Reduction of excess speculation will lead to the dampening effect on prices at the pump that PMAA has continued to fight for, so any delay is harmful.

Notable amendments that were adopted include language offered by Rep. Scott Garrett (R-NJ) that reduced the maximum delay from 18 months to 15 months and an amendment offered by Stephen Lynch (D-MA) that prevents delay of any authority that SEC and CFTC have to address speculative trading. During the debate, Ranking Member Barney Frank (D-MA) specifically stated that the suspension of speculative position limits caused by this bill would further drive up the price of oil and that petroleum marketers have spoken up in opposition to H.R.1573 and in support of the underlying law, and they should be heard, not just the businesses that are opposed to derivatives regulations. This was a key PMAA message during our recent DC conference "Day on the Hill."

Also this week House appropriators advanced a 2012 spending plan that cuts 15 percent from the CFTC relative to this year's spending bill, a significant reduction given that the agency had sought an 87 percent bump to pay for implementing limits on oil futures trading aimed at curbing speculation. The House Appropriations Subcommittee that funds the CFTC voted to appropriate \$172 million for FY 2012 – far less than the \$308 million the President requested. Even the \$308 million that CFTC requires is small when compared to \$1.2 billion in current funding for the SEC. This reduction in CFTC funding is only a starting point and was expected. PMAA, NEFI and CMOC will continue to fight for full CFTC funding.

HEARINGS ON LOWERING GASOLINE PRICE

On Tuesday, Chairman Darrell Issa (R-CA) held a hearing on lowering domestic gas prices in his House Oversight and Government Reform committee. Chairman Issa focused the hearing on the job-creating potential that comes with new drilling and new technologies such as hydraulic fracturing. In the meantime, ranking member Elijah Cummings (D-MD) released a report concluding that the best way to bring real relief at the pump would be for the committee to use its investigative authority to look into ways to counter the impact of excessive speculation in crude oil futures markets. Cummings staff put together the report based on the testimony of experts who appeared before 10 congressional committees that conducted hearings on gas prices. The report, which was circulated again by House Democratic leadership offices yesterday, concludes that oil speculation could be responsible for inflating gas prices by up to 30 percent, while increasing domestic drilling would affect prices by one percent -- and even then after a decade or more.

Issa's majority members of the committee have also recently released a new report detailing regulatory barriers that the chairman said clearly demonstrates the administration's bias against U.S. fossil fuels. The report is entitled "Rising Energy Costs: An Intentional Result of Government Action." During the hearing, Issa asked EPA Administrator Lisa Jackson whether the Obama administration is raising gas prices through government red tape, regulation and delays in order to force a green agenda.

On Wednesday, the House Natural Resources Committee held a hearing to discuss the effects high fuel prices will have on Americans' Memorial Day vacation plans. Rep. Edward Markey (D-MA), the Ranking member on the Natural Resources Committee, said repealing tax incentives for domestic oil production and greatly increasing the use of electric vehicles are ways to reduce rising gas prices, but Republicans on the panel pushed for increased drilling. He also suggested opening of the Strategic Petroleum Reserve. Members on both sides called for a more comprehensive energy policy from the Obama administration.

Finally, on the other side of the Hill, Sen. Rand Paul (R-KY) has proposed an immediate relief plan based on a four month federal gas tax holiday this summer. He would pay for that effort with money that otherwise would have gone to foreign aid. The Senator believes that removing the 18 cents out of every dollar the government collects would help people who are struggling with high gas prices.

BUCKLE UP

Today marks the start of the summer driving season. As a record number of motorists take to the roads this Memorial Day weekend, police officers will be out enforcing seatbelts laws as part of the nation-wide "Click it or Ticket" initiative. Failure to wear a safety belt is consistently the number one violation for CDL drivers at roadside inspections. Drivers often get stopped, fined, and taken out of service for not wearing a safety belt.

Drivers should be reminded to buckle up and be aware of the stepped up enforcement.

2012 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2012 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 21-23, 2012.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2011

June 7-9, 2011 – MPMCSA Convention – Hilton Garden Inn – Missoula, Montana

June 20-23, 2011 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

August 3-5, 2011 – IPM&CSA Convention – Sun Valley Resort – Sun Valley, Idaho

August 30-31, 2011 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 14-16, 2011 – UPMRA Convention – Rainbow Hotel and Casino – Wendover, NV

September 21, 2011 – NPM&CSA – Tanker Yanker – Reno, NV

Petro Pete: *"Light travels faster than sound... which is why most people appear brilliant until you hear them."*

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