

May 27, 2016

Visit us online at www.wpma.com

WP-05-27-16

RECAP OF PMAA'S ANNUAL DC CONFERENCE AND DAY ON THE HILL

More than 250 petroleum marketers attended last week's highly successful PMAA Annual DC Conference and "Day on the Hill." This year's event occurred at a pivotal time in Washington with the Presidential elections just around the corner. On Wednesday, PMAA's opening speaker was Energy Information Administration (EIA) Administrator Adam Sieminski who provided detailed information on the state of the industry, and how EIA collects some of its data, and then Sieminski answered numerous questions from the audience.

On Thursday, PMAA members met with lawmakers for face-to-face meetings to discuss a number of issues. Before leaving for the Hill, attendees heard from Rep. Rob Woodall (R-GA) who discussed the importance of meeting with representatives and who also spoke about the placarding issue he is leading in the House. Many PMAA members later discussed placarding and the need to allow marketers to continue to use the lowest flashpoint placard for both straight loads of gasoline (up to an E10 blend) and diesel.

PMAA members also urged lawmakers to cosponsor "The Food and Fuel Consumer Protection Act," (H.R. 5180) introduced by Reps. Flores (R-TX), Welch (D-VT), Goodlatte (R-VA) and Costa (D-CA) which would cap the maximum volume of ethanol blended into the nation's fuel supply at 9.7 percent. Many members also urged lawmakers to oppose H.R. 1736 and S. 1239 that would extend the 1 psi waiver to gasoline blends higher than E10 during the summer ozone season. PMAA opposes this legislation because it would expedite the use of E15 without addressing the infrastructure and liability issues that are associated with its use.

Other critical and active issues that were brought up in Hill meetings were the need to cosponsor H.R. 4775, "The Ozone Standards Implementation Act," which would delay the new 70ppb ozone standard implementation until 2026; and the need to cosponsor S. 2217, the Common Sense Nutrition Disclosure Act which would ease the new menu labeling requirements. PMAA also supported legislative efforts to nullify and/or delay the onerous final DOL overtime rule and the burdensome proposed SNAP rule. Meanwhile, heating oil dealers educated lawmakers on the benefits of Bioheat® in which a two percent biodiesel blend coupled with ULSD is cleaner than natural gas.

FINAL OVERTIME RULE RELEASED

Last week, the Department of Labor (DOL) issued its final rule on the new exemptions to the Fair Labor Standards Act (FLSA) overtime rules for white collar employees and highly compensated employees. The final rule will increase the minimum salary to qualify for white collar exemptions from the current \$23,660 annually to \$47,476 annually. It will also increase many requirements to qualify as highly compensated exempted employees (an increase from \$100,000 annually to \$134,004 annually). These exemptions will go into effect on December 1, 2016 and will be adjusted every three years with the first change to occur on January 1, 2020. Also, under the final rule, employers will be permitted to count non-discretionary bonuses and incentive compensation (including commission) towards up to 10 percent of the white collar salary threshold as long as the payments are made at least quarterly. Finally, the new rule made no changes to the duties tests for the white collar or highly compensated exemptions.

PMAA strongly disagrees with the final rule. If the presumptive Republican nominee Donald Trump becomes President, there is a good chance this rule could be reversed. Under the proposed rule changes, many employers would be faced with the possibility of reducing hours worked to 40 or less per work week in order to avoid overtime pay. Management would need to be diligent in watching hours worked for those employees who do not meet the new salary requirements, or would be legally obligated to pay overtime pay at a rate of 1-1/2 times their normal rate of pay for all hours worked over 40. Many retailers may choose not to have exempt employees in their businesses. By increasing the threshold for overtime-eligible employees, companies may be forced to cut bonuses and benefits to boost the managers' base salaries and lower hourly rates to compensate for the expense of paying salaried managers more.

PMAA MEETS WITH EPA OVER NEWLY PROPOSED 2017 RFS STANDARD

The U.S. Environmental Protection Agency issued a proposed rulemaking that increases 2017 volumetric blending mandates of ethanol and biodiesel under the RFS. The proposed rule would require refiners to blend 18.8 billion gallons of biofuel into the U.S. gasoline and diesel supply in 2017, including 14.8 billion gallons of conventional corn-based ethanol. The overall number blending volumes represents a modest increase over the 18.11 billion gallons of total renewable fuels the agency required for 2016. However, the proposed RFS standard for 2017 is far below the 24 billion gallon biofuel target that lawmakers established in a 2007 statute creating the renewable fuels program. The 300 million gallon hike in ethanol blending over 2016 levels is a modest increase that is not expected to breach the ethanol blend wall, a move that would result in a de facto E15 mandate. The EPA's proposed ethanol mandate is above the 9.7 percent of gasoline sought by refiners but about the same as the 10.4 to 11% of demand established under the 2016 standard. An anticipated jump in

gasoline demand for 2017 and a reduction in neat gasoline volumes will more than offset the 300 million gallon increase in ethanol blending for 2017 and keep the RFS from breaching the blend wall.

The modest increase in ethanol blending volumes reflects the EPA's ongoing concerns with forcing ethanol blends greater than E10 onto the market. PMAA highlighted those concerns at a meeting with EPA RFS regulators on May 19th. PMAA, along with 12 petroleum marketers with biofuel experience, reiterated the industry's support for renewable fuels generally and increased biodiesel production specifically, but reaffirmed that UST system compatibility, the lack of consumer demand for E10 plus blends and potential misfueling liability are remaining barriers that must be removed before the blend wall can be breached. The EPA was sympathetic to the issues raised by PMAA and invited more discussion on the proposed 2017 standard at an upcoming public hearing in Kansas City, through written comments and future meetings. PMAA has a long working relationship with EPA regulators on the RFS and is recognized as the leading trade association representing downstream petroleum issues.

PMAA SUBMITS COMMENTS ON THE ONEROUS PROPOSED SNAP RULE

Following final input from the PMAA Convenience Store Committee, PMAA submitted comments regarding the onerous proposed Supplemental Nutrition Assistance Program (SNAP) program last week.

By law, the rule, once finalized, will require retailers to offer for sale on a continuous basis a variety of seven foods in each of the four staple categories (dairy products; meat, poultry, or fish; fruits or vegetables; bread or cereals). Current law requires only three items in each category. It also requires SNAP retailers to stock at least one "perishable" food item in at least three of the four staple food categories. Current law requires perishable items in only two of the staple food categories. Therefore, the final rule must include these requirements.

Unfortunately, the Food and Nutrition's Service (FNS) proposed rule goes much further in changing the retailer SNAP participation requirements than Congress intended from the 2014 Farm Bill. We are certain the proposed requirements could cause tens of thousands of convenience stores to stop participating in the SNAP program at the detriment of many people who lack easy access to transportation, particularly in rural areas and inner cities. PMAA anticipates many harmful implications of this proposed rule and addressed all of them in our comments.

During PMAA's Day on the Hill last week, the Senate Appropriations Committee passed its FY 2017 Agriculture Appropriations Bill which includes language offered by Agriculture Subcommittee Chairman Jerry Moran (R-KS). Moran's amendment would prevent FNS from using funds to establish stocking requirements, eliminate multiple ingredient foods from the staple foods category, or prevent retailers from eligibility based on their percentage of heated or cooked food sales. The language passed without objection, sending clear congressional opposition to the proposed rule. The House Appropriations Committee passed similar language last month that would preclude FNS from finalizing or implementing its rule beyond the requirements in the 2014 Farm Bill.

Furthermore, the Congressional Black Caucus sent a letter of concern to USDA recently, as did 161 members of the House who urged Agriculture Secretary Tom Vilsack to modify the proposed rule.

PMAA will continue to fight for fairness for retailers who help millions of Americans who participate in SNAP.

BILL DELAYING IMPLEMENTATION OF OZONE STANDARD PASSES COMMITTEE

Last week, the House Energy and Commerce Committee approved legislation by a party-line vote of 30-23 that would delay the EPA's 2015 ozone standard from being implemented until 2026. H.R. 4775, "The Ozone Standards Implementation Act," extends the deadline for the new ozone standard and also extends the statutory review cycle for the National Ambient Air Quality Standards from five years to ten years. Supporters of H.R. 4775 urged the EPA to delay implementation of the 2015 70ppb rulemaking until the 2008 75ppb ozone standard is fully implemented by the states.

H.R. 4775 recognizes current state efforts to improve air quality while implementing a reasonable schedule for the 2015 ozone standards. It streamlines the air permitting process for businesses to expand operations and create jobs, and includes other reforms that bring more certainty to federal air quality standards. The next step is for House leadership to schedule a floor vote, which could take place sometime this summer.

ENERGY BILL TO BE FINALIZED-CONFEREES NAMED

Since the House and Senate have passed competing energy bills, they are likely to go to conference this summer to resolve differences. The House named its conferees this week as they race against the clock in the hopes of getting the first major energy bill signed into law in nearly a decade.

Unfortunately, the final House energy bill includes a hodgepodge of more than three dozen House-passed bills, including the "North American Energy Security and Infrastructure Act" (H.R. 8) that was approved in a party-line vote late last year. This is of concern to PMAA because it is not fuel neutral since it would expedite interstate natural gas pipeline approvals and does nothing to expedite oil pipelines. Specifically, the bill would expand the federal land eligible for natural gas pipeline siting, including designation as National Energy Security Corridors, to include land in the National Park System.

Rather than deregulate the natural gas pipeline permitting process, Congress should require that regulators and gas companies increase system efficiency by requiring that the thousands of miles of existing natural gas pipelines that are aging or obsolete be repaired or replaced.

PMAA will continue to monitor the issue.

2017 WPMAEXPO - LAS VEGAS, NEVADA



Mark your calendars for February 21-23, 2017. Make plans now to attend the 2017 WPMAEXPO. It will be held once again at the Mirage in Las Vegas, Nevada.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

- June 7-9, 2016** – Montana (MPMCSA) Convention – Fairmont Hot Springs Resort – Butte, Montana
- June 20-23, 2016** - Washington (WOMA) Convention - Suncadia Resort - Cle Elum, Washington
- June 23, 2016** – Utah (UPMRA) Summer Golf Classic – Mountain Dell Golf Course, Salt Lake City, Utah
- June 29, 2016** – Idaho (IPM&CSA) Magic Valley PAC Golf Outing – Blue Lakes Country Club, Twin Falls, Idaho
- August 3, 2016** – Idaho (IPM&CSA) Circling Raven GC PAC Golf Outing - Coeur d'Alene, Idaho
- August 3 – 5, 2016** - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho
- August 22-24, 2016** – New Mexico (NMPMA) Convention – Sandia Resort & Casino – Albuquerque, New Mexico
- August 26, 2016** – Hawaii (HPMA) Golf Tournament – Honolulu Country Club – Honolulu, Hawaii
- September 8, 2016** – Idaho (IPM&CSA) Teton Valley PAC Golf Outing – Huntsman Springs GC, Driggs, Idaho
- September 14-16, 2016** - Utah (UPMRA) Convention - DoubleTree Hotel by Hilton - Park City, Utah
- February 21 – 23, 2017** - WPMA Convention & Expo – Mirage Hotel, Las Vegas, Nevada
- June 18-22, 2017** – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington
- August 2-4, 2017** - Idaho (IPM&CSA) Convention – Sun Valley Resort, Sun Valley, Idaho
- June 17-21, 2018** – Washington (WOMA) Convention – Suncadia Resort – Cle Elum, Washington
- August 8-10, 2018** - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho

NPP WPMA MEMBER SERVICE

WPMA has partnered with NPP to provide members discounts on many products and services. NPP negotiates the rates, and makes them available to WPMA members. Membership with NPP is free, and there is no obligation to purchase. Discounts through Verizon, Expedia, Fastenal, Cradlepoint, and more.

Register Now: <https://associations.mynpp.com/myNPP/memberSavings.xhtml?guid=RB3WUOFG>

WPMA MEMBER SERVICES



Petro Pete: *“We are all here on earth to help others; what on earth the others are here for I don't know.”*

© 2016 Western Petroleum Marketers Association - All rights reserved. No part of this work may be reproduced or copied in any form or by any means - graphic, electronic, or mechanical, including photocopying, recording, or otherwise. The information herein is also intended for the sole purpose of members of the Western Petroleum Marketers Association (WPMA). Any other use is strictly prohibited without the express written consent of the WPMA. If you do not wish to receive information via fax or e-mail, please contact WPMA at: (801) 263-9762, Fax: (801) 262-9413, or e-mail: janr@wpma.com. Thanks.



Classified Ads

FOR SALE

1982 Trinity 10,500 gallon propane trailer; hydraulic Blackmer pump; new brakes and s-cams; 11:24.5 low pro tires; Very good condition; For more information or pictures, please call 406-654-2331 or 1-800-892-6874; \$52,000.00



FOR SALE

Have taken a PetroVend C/OPT Card lock and 4 mechanical dispensers down, all in good condition
2 Terminals, all the hardware, punch for making your own optic cards, ETC
Lots of miscellaneous parts, 406/580-7630