

WPMA 2015 - 16 EXECUTIVE COMMITTEE APPROVED

At the recent WPMA Board of Directors Meeting in Deer Valley, Utah, members of the WPMA Executive Committee for the 2015 - 16 fiscal year were approved by unanimous vote of the Board. Effective July 1, 2015, the WPMA Executive Committee members will be:

WPMA President: Brad Bell, Connell Oil Inc, Pasco, Washington

WPMA 1st Vice President: Rick Reese, Kellerstrass Oil Co, Ogden, Utah

WPMA 2nd Vice President: Ron Berry, Berry Oil, Teton, Idaho

WPMA 3rd Vice President: Mark Lytle, Pro Petroleum, Las Vegas, Nevada

WPMA Senior PMAA Director: Gregg Benson, Rebel Oil Co Inc, Las Vegas, Nevada

WPMA Immediate Past President: Lary Poulton, Ezzie's Wholesale Inc, Malta, Montana

WPMA CEO: Gene Inglesby, WPMA, Salt Lake City, Utah

Our thanks go to departing Executive Committee member Robert Fung of Aloha Petroleum Ltd in Honolulu, Hawaii for his many years of dedicated service to the WPMA Board of Directors. He literally "went the extra mile" as he traveled from Hawaii to many PMAA, WPMA and state association meetings on the mainland.

WPMA also welcomes the newest member of the WPMA Executive Committee, Mark Lytle of Pro Petroleum in Las Vegas, Nevada. We appreciate Mark's willingness to serve on the Executive Committee, and look forward to working with him in the years to come.

It will be another great year for the association with Brad Bell, 2015-16 WPMA President, at the helm. Brad's insights and leadership will prove invaluable as WPMA moves into the future.

SENATE BILL TO REPEAL RFS INTRODUCED

Retailers' Infrastructure Concerns Are Heard Loud and Clear

On Tuesday, Senate Energy and Natural Resources Committee member Bill Cassidy (R-LA) introduced legislation to repeal the Renewable Fuel Standard (RFS) although efforts to repeal the RFS face an uphill battle this Congress.

Cassidy's introduction of his bill follows EPA's recently proposed RFS volume requirements for the years 2014, 2015 and 2016. The agency also proposed volume requirements for biodiesel through 2017. EPA is proposing to establish 2014 standards at levels that reflect the actual amount of domestic biofuel use in that year, and standards for 2015 and 2016 (and 2017 for biodiesel) that increase steadily over time. Ethanol blends move from 13.25 billion gallons in 2014, 13.4 billion gallons in 2015 to 14 billion gallons in 2016, a one billion gallon decrease over the 2016 statutory blending mandate. A final rule is expected by November 30, 2015.

Meanwhile, the Senate Homeland Security and Government Affairs Committee held a hearing over the latest RFS proposed volume standards. Testifying before the Committee was Janet McCabe, acting assistant EPA administrator in the Office of Air and Radiation. During the hearing, Senator Joni Ernst (R-IA) said, "Despite the clear direction from Congress, EPA has now decided to use available refueling infrastructure as a condition to waive the standard even though Congress expressly rejected that when they set the law." EPA responded that "Our interpretation of that term is that Congress intended these fuels not only to be produced but to be used. When you have a situation where the fuels cannot in fact be delivered to consumers on the time frame that was set out in the statute, and Congress provided this waiver authority, we believe it's a reasonable interpretation for us to reduce the volumes to a level that still will comply with Congress's intent to drive the fuels."

During the hearing McCabe also announced that EPA is exploring a permanent reduction in annual RFS blending rates in 2017. As soon as 2014, 2015 and 2016 are complete, EPA will focus on 2017 and a reset is a possibility under EPA's statutory authority. A reset under cellulosic ethanol blending volumes as well other fuels are possible.

Under the Energy Independence and Security Act (Pub. L. No. 110-140), EPA can modify the blending mandates if the agency reduces the mandates by 20 percent in two consecutive years or by as much as 50 percent in a single year.

Overall, PMAA is pleased that EPA exercised its statutory authority to mandate RFS blending volumes lower than those required under law after acknowledging that there are constraints in the motor fuels market to accommodate increasing volumes of ethanol including concerns related to retail infrastructure compatibility. Specifically, PMAA supports EPA's proposed 2014 and 2015 corn-based ethanol volumes. However, PMAA has concerns with the 2016 proposed RFS blending volume mandate and supports a reasonable number that's less than 14 billion gallons in order to prevent

breaching the ethanol blend wall and the resulting chaos in the retail motor fuels market. Finally, PMAA has no concerns regarding the biodiesel proposed volumes for 2014 – 2017.

STATE DEPARTMENT CONTINUES TO SIT ON KEYSTONE RULING

On Wednesday, the White House confirmed that the State Department is still conducting a review of the Keystone XL pipeline. House Oversight and Government Reform Committee Chairman Jason Chaffetz (R-UT) may subpoena the State Department to share the comments from the eight agencies that the Department is reviewing.

The House attracted 270 votes in favor of approving the pipeline earlier this year. Following the failed Senate attempt to override the President, the GOP-controlled Senate said it would likely try to attach the bill to future bills that the President may not want to veto such as the highway bill reauthorization, raising the debt ceiling or a spending bill later this year.

Although President Obama can issue an Executive Order without a ruling from State, he wants to wait until the State Department review is completed before deciding on whether to approve construction of the pipeline.

PMAA fully supports the immediate approval of the Keystone XL pipeline.

HOUSE AND SENATE HOLD HIGHWAY FUNDING HEARINGS

Leadership Says Raising Gas Tax is not the Solution

Congress continues to vet proposals for funding the Highway Trust Fund (HTF) in which both highway policy and HTF spending authority are set to expire on July 31. The Congressional Budget Office (CBO) projects a \$168 billion shortfall in the HTF over the next 10 years. Still it is likely that there will be another extension through the end of the year in order to give Congress more time to find revenue to pay for a long term highway policy bill.

This week, the tax committees held hearings on the transportation fund beginning with the House Ways and Means Committee hearing on Wednesday. Witnesses were: Chad Shirley, Deputy Assistant Director, Microeconomic Studies Team, Congressional Budget Office; Robert Poole, Director of Transportation Policy and Searle Freedom Trust Transportation Fellow, Reason Foundation; and Bill Graves, President and Chief Executive Officer, American Trucking Associations.

The hearing started with Chairman Paul Ryan (R-WI) stating that the Committee is not going to raise the gas tax. House Speaker John Boehner (R-OH) has also signaled that he would not support raising the gas tax. Many on the committee also oppose "repatriation" (revenue generated by taxing companies' overseas profits), while some lawmakers think it should be left up to states to figure out how to fund surface transportation projects. Vehicle miles traveled (VMT) was also addressed during the hearing although it is unlikely to gain any real momentum. Greater use of tolls is on the table along with public-private partnerships.

The Senate Finance Committee also held its hearing "Dead End, No Turn Around, Danger Ahead: Challenges to the Future of Highway Funding". Witnesses before the panel were: Dr. Joseph Kile, Assistant Director for Microeconomic Studies Division, Congressional Budget Office; The Honorable Ray LaHood, Senior Policy Advisor, DLP Piper and Stephen Moore, Distinguished Visiting Fellow, The Heritage Foundation.

Senate Finance Committee Chairman Orrin Hatch (R-UT) stated that he doesn't think an increase in the gas tax could be enacted into law. Hearing witness and former DOT Secretary Ray LaHood told committee members that they need to accept the idea that an increase in the gas tax is going to be necessary.

Meanwhile, Senator Mike Lee (R-UT) and Rep. Ron DeSantis (R-FL) have introduced the Transportation Empowerment Act (S. 1541 and H.R. 2716) that would reduce the gas tax to 3.7 cents per gallon over five years and transfer federal highway and transit authority to the states. These bills are unlikely to move forward since all Democrats and some Republicans do not support moving authority to the states. Finally, the Senate Environment and Public Works (EPW) Committee is seeking completion of a six-year authorization of a surface transportation bill and will hold a bill markup on June 24. Again, even if the Committee passes a six year reauthorization bill, finding the cash to pay for it is the real question.

HOUSE COMMITTEE VOTES TO DELAY PROPOSED OZONE STANDARDS

EPA CRITICIZED FOR CHANGING REGULATIONS PREMATURELY

This week, both House and Senate Appropriators passed the 2016 Interior-EPA spending bills which includes language to block the EPA from moving ahead with a new ozone standard until 85 percent of counties can comply with the current standard.

EPA's proposed ozone regulation was also targeted during a hearing before the House Environment and the Economy Subcommittee. Chairman John Shimkus (R-IL) compared EPA's proposals to tighten regulations (before industry has a chance to comply with current regulations) to changing the rules in the middle of a game. Shimkus said, "We're changing the rules on the fly and the people who are creating jobs in this country cannot handle it."

In particular, Shimkus told Acting EPA Air Chief Janet McCabe that proposals such as the ozone, boiler MACT, cement rules, cross-state air pollution, particulate matter and Tier 3 affect a wide range of industries and the impact is far more onerous because the industries are struggling to meet the current requirements.

Finally, Senator Bill Cassidy (R-LA) and other members of Congress who are physicians or who have advanced health care degrees sent a letter to EPA Administrator Gina McCarthy arguing against the medical benefits of further lowering the ozone standard. They question the science used in determining the advantage of a lower standard and tout the damage caused by further unemployment, by poverty and by reduced access to health insurance as a consequence of a tougher standard.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 16 – 18, 2016 - WPMA Convention & Expo – Mirage Hotel, Las Vegas, Nevada

June 22 – 25, 2015 - Washington (WOMA) Convention – Suncadia Resort, Cle Elum, Washington

August 5 – 7, 2015 - Idaho (IPM&CSA) Convention - Sun Valley Lodge - Sun Valley, Idaho

August 17-19, 2015 – New Mexico (NMPMA) - Marriott Pyramid North – Albuquerque, New Mexico

September 15-17, 2015 - Utah (UPMRA) Convention - Park City Marriott - Park City, Utah

August 3 – 5, 2016 - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho

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Petro Pete: “The fridge is a clear example that what matters is on the inside.”

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