

September 18, 2009

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WP-09-18-09

REGISTER FOR NACS BY GOING TO THE LINK ON THE WPMA WEB SITE

If you are planning on attending the NACS show in October and will be registering online, please go to the WPMA web site. We have set up a link on the home page that will take you to the online registration for NACS. Your state association will be given \$5 for each person who registers through this special link. Register today by going to www.wpma.com and click on the link for the NACS Show and help benefit your state association.

WHITE HOUSE COMPLETES REVIEW OF EPA GREEN HOUSE GAS RULE

The White House Office of Management and Budget (OMB) completed its review this week of the EPA's greenhouse gas (GHG) rule. While the rule does not immediately affect petroleum marketers, it marks the first step towards a comprehensive GHG program that is likely to follow and have a significant impact on the industry. Despite the EPA's effort to regulate GHG, Congress is expected to step in and mandate its own program that would largely replace the agency's regulations. Congress is assured to step into the process because of its reluctance to allow the EPA to establish and administer a GHG program that is expected to generate billions of dollars from the sale of pollution credit allowances. Instead, the EPA effort is seen largely as an attempt by the Obama administration to force Congressional action on GHG legislation sooner rather than later.

Meanwhile, the final rule would establish a reporting requirement for stationary sources that emit more than 25,000 tons of GHG per year. The reporting program would likely be maintained, if in a somewhat altered form, under a Congressional imposed GHG program. Very little is known about the content of the final rule though the proposed rule published in March indicated the reporting requirements would apply to about 13,000 large stationary emission sources in a wide range of industrial sectors, including power plants, automakers, iron and steel producers, petroleum refineries, and landfills. All of these sources are already required to collect and report data on non-greenhouse gas pollutants using continuous emissions monitoring systems under existing federal programs.

The petroleum industry has raised questions about whether EPA will have the methodology ready in time to allow sources to report emissions accurately. When fully implemented, a comprehensive GHG program is expected to have a significant price and supply impact on all petroleum based fuels. OMB review is usually the last step before EPA issues a final rule.

The EPA would not say when the final rule will be issued but the agency's semi-annual regulatory agenda published earlier this year indicates October as the target date for publication.

EPA PROPOSES STRINGENT NEW FUEL ECONOMY AND GHG EMISSION LIMITS FOR VEHICLES

The Environmental Protection Agency and the National Highway Traffic Safety Administration this week proposed a joint rulemaking that would, for the first time in history, establish a new national standard aimed at increasing both gasoline mileage and decreasing greenhouse gas emissions in all cars and light trucks sold in America. The rule is important to petroleum marketers because it would significantly reduce consumer demand for gasoline and diesel fuel.

The proposed rule would impose a 40 percent increase in fuel economy standards and a 21 percent reduction in tailpipe greenhouse gas (GHG) emissions by the year 2016. More specifically, cars and light trucks would be required to average of 35.5 miles per gallon and reduce carbon dioxide tailpipe emissions to 250 grams per mile. The proposed rule makes good on the Administration's promise to harmonize federal fuel and emission requirements with standards already adopted by California and 13 other states.

According to the EPA, the new standards would reduce oil consumption by an estimated 1.8 billion barrels and prevent greenhouse gas emissions of approximately 950 million metric tons. The higher fuel efficiency standard mandated by Congress in energy legislation passed in 2007 is expected to save drivers up to \$650 per year in fuel costs or approximately \$3,500 over the life of the vehicle.

The EPA is providing a 60-day comment period that begins with publication of the proposal in the Federal Register.

NEW GUIDE AVAILABLE FOR SMALL BUSINESS FLU PREPAREDNESS PLANNING

Department of Homeland Security (DHS) Secretary Janet Napolitano today joined Small Business Administration (SBA) Administrator Karen Mills and Centers for Disease Control and Prevention Influenza Division Deputy Director Daniel Jernigan to announce a preparedness guide to assist small businesses in planning for the H1N1 flu. "Small businesses play an essential role in our national effort to prepare for all disasters and emergencies—including the H1N1 flu," said Secretary Napolitano. "This guide will help America's small businesses maintain continuity of operations and resiliency as the fall flu season approaches."

Outbreaks of H1N1 flu are occurring now across the country and will likely coincide with the return of seasonal flu this fall and winter. The preparedness guide offers small business employers tools and information to help them plan for and respond flexibly to varying levels of severity of an H1N1 outbreak—which may lead to increased absenteeism, and, if the outbreak becomes more severe, may include restricted service capabilities and supply chain disruptions. Additional preparations may be necessary if a more serious outbreak evolves during the fall and winter.

Employers are encouraged to put strategies in place now to protect their employees and their businesses in advance of the fall flu season. Included in the preparedness guide are tips on how to write a continuity of operations plan, steps for keeping employees healthy, frequently asked questions about the 2009 H1N1 flu and a list of additional resources that employers can access online.

For more information and to view the preparedness guide, visit www.flu.gov.

EPA TO REVIEW 2008 SMOG STANDARD

The Environmental Protection Agency (EPA) announced this week it would review 2008 National Ambient Air Quality Standards (NAAQS) for ground-level ozone commonly referred to as smog. The agency will delay the 2008 standard pending review to reduce the workload of states during the interim period. The EPA issued the ozone standards on March 12, 2008, and set both standards at a level of 0.075 parts per million.

The EPA will review data from its science advisory board. The agency is expected to propose any new revisions by December 2009 and issue a final decision by August 2010.

HOUSE HEARING ON FUTURES MARKET REFORM

Yesterday, the House Agriculture Committee held a hearing to address the Obama Administration's legislative proposal to regulate derivatives. Testifying before the Committee were: Jon Hixson, director, Federal Government Relations, Cargill; Glenn English, president, National Rural Electric Cooperatives Association; Dave Schryver, executive vice president, American Public Gas Association; Richard Hirst, senior vice president and general counsel, Delta Air Lines; Garry N. O'Connor, chief product officer, International Derivatives Clearing Group; John Damgard, president, Futures Industry Association; Terrence Duffy, executive chairman, CME Group; Robert Pickel, CEO, International Swaps and Derivatives Association; Jonathan Short, vice president and general counsel, IntercontinentalExchange; and Daniel Budofsky, Securities Industry and Financial Markets Association.

The hearing consisted of two panels – an end users' panel and a futures/swaps exchange panel. Some carried the financial industry's message that imposing aggregate position limits and mandating over-the-counter (OTC) derivatives to clear through a regulated clearinghouse would limit their ability to offer customers effective risk management tools. Delta Airlines representative, Ben Hirst, said that if Delta had to choose between reducing oil price volatility or increased hedging costs due to mandated clearing – Delta would favor mitigating oil price volatility because speculative activity led to reduced working capital and wreaked havoc on futures markets over the last several years. More importantly, APGA, ATA, and NRECA supported aggregate position limits on non-commercial entities to mitigate excessive speculation.

House Agriculture Committee Chairman Collin Peterson (D-MN) said that he would work with House Leadership on moving a stand-alone futures market reform bill quickly rather than waiting for the House Financial Services to take up its own broader reform bill later in the year.

PMAA AND COALITION URGE CONGRESS TO PROVIDE PERMANENT ESTATE TAX RELIEF

PMAA along with other members of the Small Business Legislative Council (SBLC) are sending letters to all Members of Congress urging Congress to act now to provide estate tax planning "peace of mind" for thousands of small business owners by enacting permanent estate tax relief. Specifically, Congress should adopt a permanent individual "exemption" of \$3.5 million (indexed for inflation) from the estate tax and a top marginal estate tax rate of 45 percent.

Dan Gilligan and other members of the SBLC Board have become increasingly concerned about the estate tax relief situation. At present, the top estate tax rate stands at 45 percent-temporarily-and an individual's heirs are allowed to exclude \$3.5 million from the estate before the tax is applied; this is also temporary. The estate tax will automatically be repealed at the end of this year. A temporary one year extension of the current temporary levels will not help small

businesses. What does it mean for a small business owner? The answer is continuing with expensive and extensive estate tax planning.

Furthermore, the repeal will last for one year then in 2011, the estate tax will come roaring back with a vengeance. The top rate will revert to 55 percent and the exemption will shrink to one million dollars. President Obama supports permanently "freezing" the estate tax system at the 2009 levels for the rate and the exemption. The Congress passed a budget resolution with a placeholder for a freeze at those levels. The problem is that the relief has to be offset with tax revenue elsewhere, and a relief bill would require 60 votes in the Senate to pass if there is a procedural challenge.

What is particularly worrisome is that recently the talk on the Hill has turned to a one-year extension of the "freeze" instead of repeal. Among the reasons for doing so is that Congress gets to count the tax revenues gained by not allowing the repeal to occur as a revenue offset against spending increases elsewhere. At the same time, there are those in the business community saying, "Let the repeal happen, no one is ever going to let the estate tax go back to its previous incarnation." However, the facts do not support this viewpoint. First, the tax goes back to its previous state automatically. No action required. Second, there are a huge number of tax credits and relief, enacted primarily in 2001 and 2003, that will expire at the same time. If the choice is to renew a child care tax credit or provide estate tax relief, who do you think is going to win? Third, Congress is looking for ways to offset the growing deficit.

CLIMATE CHANGE UPDATE

This week Senate Majority Leader Harry Reid (D-NV) said that any vote on climate change would come next year after the Senate completed its work on healthcare reform and financial markets reform. This news has not stopped Senators Barbara Boxer (D-CA) and John Kerry (D-MA) from introducing their own climate bill at the end of September. However, any action would wait until the Senate had completed work on its other priorities.

The cost to consumers of a cap and trade remains in flux. Different agencies and associations have released estimates from their own analysis; however, CBSNews.com reported this week that previously unreleased analysis from the US Treasury Department estimated cap and trade legislation could cost families \$1,700 each year. Congress has touted the costs to be much lower depending on the study.

COTA TESTIFIES BEFORE CFTC COMMITTEE

On Wednesday PMAA Treasurer, Sean Cota of Cota & Cota, Inc. in Bellow Falls, Vermont, testified before the Commodity Futures Trading Commission's Energy and Environmental Markets Advisory Committee (EEMAC) at its New York Regional Office. The Committee's agenda focused on the CFTC hearings from last month, which addressed position limits, hedge exemptions, regulatory reform, and legislative efforts.

Cota urged the CFTC to impose aggregate position limits consistently across all markets and participants, including index traders, managers of Exchange Traded Funds (ETFs), and issues of Exchange Traded Notes. He also urged the CFTC to ensure that no one market participant such as a hedge fund, ETF or other trading entity hold a significant amount of the outstanding open interest in the futures or swaps markets. Cota's concern was that huge speculative concentration in the marketplace can adversely affect entities that actually need product to manage their businesses. CFTC Commissioner Bart Chilton agreed that setting positions and reaching the right balance on regulatory reform is critical.

"A full year after Lehman Brother's collapse and 2008's astronomical oil spike, substantive financial regulatory reform has yet to cross the finish line. It is absolutely a necessity to act now in order to prevent another economic collapse and a taxpayer funded bailout of Wall Street," Cota said. Furthermore, "we are not anti-speculator – PMAA and NEFI want to make sure that all trades are transparent and exchanged cleared to prevent market disruptions and ensure fair and orderly markets."

Commissioner Michael Dunn reported that at the end of the day there is probably a great deal of trading taking place intraday which is out of the purview of the CFTC. Dunn is concerned that setting position limits across the board could force trading to other countries. He said that the CFTC would need to work with the U.K. Financial Services Authority (FSA) and other European and Asian regulators to bring parity across the world. Dunn agreed that the CFTC is the right body to set position limits.

More importantly, the Chicago Mercantile Exchange (CME) along with the InterContinental Exchange (ICE) also agreed that position limits are necessary to prevent futures market imbalances, however, ICE adopted a stronger regulatory position stating that the CFTC is the body that should set position limits rather than the exchange. Yesterday, CME issued a white paper on applying position limits on spot, single months and across all markets to ensure futures markets parity.

PMAA's Futures Market Reform Task Force will review CME's white paper on position limits.

PLEASE PRE-REGISTER NOW FOR PMAA'S FALL MEETING OCTOBER 19-20

PMAA will hold its Fall Meeting in conjunction with the NACS Show on October 19-20 at the Las Vegas Hilton. The PMAA meeting will begin with a Board Orientation mid-afternoon on October 19th followed by a Board Briefing. A welcome reception with NACS to State Association Leaders will follow. On the morning of October 20th, there will be a Buffet Breakfast followed by Regional Meetings and Task Forces/Divisions Meetings. The PMAA Board of Directors meeting is scheduled after lunch. Please view the Conference Schedule at <http://www.pmaa.org/userfiles/file/Fall Meeting/2009/Conference Schedule Rev 1.pdf>.

Pre-registration is encouraged to expedite your time during the conference. Please complete a PMAA Fall Registration form by going to <http://www.pmaa.org/pmaameetings/upcomingmeetings.asp> at your earliest convenience. **The NACS Show registration is separate from the PMAA Meeting Registration.**

Please note that the final date to make any changes to your housing reservation without penalty is September 18, 2009.

2010 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2010 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 16-18, 2010.

REGISTER NOW FOR THESE UPCOMING EVENTS IN 2009

September 20-22, 2009 – UPMRA Convention and Golf Tournament – Courtyard Marriott, St. George, UT

October 9, 2009 – Hawaii Petroleum Marketers Association Golf Tournament – Ko Olina Golf Club, Kapolei, HI

October 22, 2009 - Nevada Petro Cup Kart Race - Fast Lap Indoor Kart Track - Las Vegas, Nevada

Petro Pete: “Duct tape is like the force, it has a light side and a dark side and it holds the universe together.”

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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



2000 Freightliner with Cat engine and six speed trans. The BEALL Trailer is 4200 Gallons and 4-Compartment. The pumping equipment is all hydraulic and the Meters have ticket printers. The truck has approximately 68,000 miles and the pumping equipment has less than 100 hours.

Call 406-543-7621 and ask for Frank

FOR SALE

Petroleum Marketer

This Wyoming fuel distributor, branded C-Store and truck stop operator is located on a high traffic interstate in a resource-rich area. With four prime retail locations, a diversified wholesale customer base, a long-tenured management team, and virtually no environmental risk, this company represents an attractive investment. The owner is selling in order to be free from ownership duties and to retire.

For information contact Bryce DeGroot.
406 282.6000 ext. 101 or info@compassadvisors.biz

FOR SALE BY OWNER

Soldier Summit, Utah - Mountain Convenience Store



Newly remodeled one-of-a-kind, profitable business - located on top of Soldier Summit, with full exposure to busy Highway 6 (located in-between Spanish Fork and Price). Located across from the newly offered Soldier Summit Mountain Estates with over 154 premier multi acre cabin lots. Summit Station is the hub to many outdoor activities.

For Sale by Owner

- 2-Acres of Real Estate
- 475-feet of highway frontage
- Full exposure to busy highway 6
- Recently completely remodeled 2008
- Includes 100-year jailhouse building
- Many upgrades
- Two Brand new Wayne Ovations pumps
- Two AST's 8,000 fuel tanks
- One AST 10,000-fuel tank
- Currently Tesoro Brand
- Approved 1,200-foot building addition with plans
- An additional 3.15-acres with approximately 600-feet of highway frontage
- Many possibilities!

Sale Price - \$598,000

Owner Agent
801-885-3838