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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.

ATV TO BE RAFFLED AT WPMA 2010 CONVENTION

The WPMA Scholarship Foundation is sponsoring a raffle of a Polaris Sportsman 550 Touring EPS ATV. Only 250 tickets will be sold, so the odds of winning are very good. Tickets are being sold through the WPMA office, for a donation of \$100 per ticket. The drawing will be held Thursday, February 18th at the WPMA Convention Buffet Brunch in the trade show area in Las Vegas, Nevada. The winner does not need to be present to win.

All proceeds from the raffle will help fund eight \$4,000 scholarships awarded by the Foundation each year. For more information or to purchase tickets, contact the WPMA office at 801-263-9762.

NATIONAL COALITIONS MEET TO COORDINATE EFFORTS ON DERIVATIVES REFORM

On Thursday, PMAA and NEFI along with other members of the Commodity Markets Oversight Coalition (CMOC) met with member groups of the Americans for Financial Reform (AFR) in a closed meeting to discuss needed futures/swaps trading reforms and recent legislative developments. About 40 individuals attended the meeting which was hosted by the Air Transport Association (ATA), the national association representing the U.S. airline industry.

Late last year, the House approved a Wall Street reform package known as the "Wall Street Reform and Consumer Protection Act" (H.R. 4173). The bill will expand transparency and federal oversight to currently unregulated over-the-counter (OTC) markets. While the legislation was a significant step in the right direction, we are urging that the Senate will improve on the work done by the House. Currently, futures/swaps reform legislation resides in the Senate Agriculture Committee which Chairwoman Blanche Lincoln (D-AR) intends to introduce a bill next month.

PMAA Vice Chairman Sean Cota briefed attendees on excessive volatility and speculation in the energy futures market and its role in the 2008 (and the current) bubbles in energy prices, and its impact on independent petroleum marketers. The leadership of AFR and CMOC are finalizing a joint statement of principles which will be forthcoming.

EPA'S PROPOSED OZONE STANDARD COULD LEAD TO WIDESPREAD USE OF RFG GASOLINE

PMAA will be opposing a new national ambient air quality standard for ground level ozone which was proposed by EPA this week. The proposed rule would likely lead to the widespread expansion of RFG gasoline requirements into conventional gasoline areas and drive prices up at the pump. Ground level ozone (smog) is primarily formed by emissions from automobiles and power generating plants.

The EPA is required under the Clean Air Act to undertake a review of the ground level ozone standard once every five years to determine whether it is adequate. However, the EPA has changed the ozone standard only three times since it was first introduced in 1971. The standard was last tightened in a 2008 rulemaking by the Bush Administration. Environmentalists criticized the 2008 standard as being too weak and have pushed for a more stringent standard. The EPA is proposing to strengthen the "primary" eight-hour ozone standard designed to protect public health to a level somewhere within the range of 0.060-0.070 parts per million (ppm). The agency is also proposing a distinct seasonal "secondary" standard, within the range of 7-15 ppm-hours designed to protect sensitive vegetation and ecosystems, refuges and wilderness areas. EPA claims that the new standard would prevent 12,000 premature deaths per year by 2020 and those claims will need to be closely examined.

Currently, 322 of the 675 counties designated as non-attainment under the Clean Air Act fail to meet the 2008 ozone standards. Under the proposed rule, 650 counties would fail to meet the newly proposed primary eight-hour standard. This means that each of these 650 counties would have to implement more stringent air pollution control requirements, such as introduction of RFG, to come into attainment with the new standard. In addition, the EPA says that as many as 210 new counties may be monitored for ground ozone levels under the proposed primary standard. The agency also estimates that 579 counties will fail to meet the seasonal secondary ozone standard. These counties will likely be forced to impose seasonal RVP standards to come into attainment. Normally, new ozone standards take at least ten years to implement.

However, the EPA is proposing an accelerated implementation plan for the newly proposed standard. States would recommend counties for designation as non-attainment under the revised standard by January 2011. The EPA would make the final non-attainment designations by July 2011. Once those determinations are made, states would be required to revise

air quality implementation plans (SIP plans) to meet the new standard by December 2013. Finally, states would be required to comply with the primary ozone standard between 2014 and 2031.

PMAA strongly opposes a change in ozone standards and will submit written comments on the proposed rule and attend EPA regional stakeholder meetings that will begin on February 2.

FEDERAL COURT RULES ON TOBACCO INDUSTRY TO FDA REGULATIONS

This week a federal court in Kentucky struck down some provisions of the Family Smoking Prevention and Tobacco Control Act, the law that also gave the Food and Drug Administration (FDA) authority to regulate tobacco. The court agreed with the tobacco industry that the law went too far in prohibiting colors and graphics on product labels and in advertising.

However, the court upheld the ban on event sponsorship, free samples and the distribution of merchandise like hats, t-shirts and other sporting goods with brand names and logos. The court also upheld labeling requirements that require the top 50 percent of the front and rear panels of cigarette packaging for warnings.

The court did not address the tobacco companies' challenge of the ban on outdoor advertising nor did it rule on whether or not the limited use of the tobacco companies' trademarks on their packaging is illegal. The court said that it was not the proper venue to make that judgment.

PMAA Regulatory Counsel, Mark Morgan, will be issuing a Regulatory Report on this topic.

PMAA AND OTHERS CALL ON EPA TO CONSIDER NEW DATA IN E-15 WAIVER REQUEST

This week PMAA joined other associations in a letter to EPA Administrator Lisa Jackson, Energy Secretary Steven Chu and Carol Browner, former EPA Administrator and current environment advisor to President Obama. The letter calls on the EPA to expand the body of information the EPA reviews as it considers the E-15 waiver from Growth Energy, a coalition of the ethanol industry. Additionally, the letter calls on EPA to reopen the comment period to allow public review of new test data prior to making a decision on the waiver request.

EPA EXTENDS ENFORCEMENT DISCRETION FOR ULSD SAMPLING AND TESTING CONSORTIUM

The U.S. EPA announced yesterday that it is extending regulatory enforcement discretion in place since 2006 that permits a private consortium to sample and test ULSD for compliance at retail sites nationwide. The announcement is important to petroleum marketers who distribute distillates with different sulfur content where the risk of violation through cross contamination is high.

The ULSD regulations require each party along the distribution chain (except retailers) to sample and test product as part of an established quality assurance program in order to raise a defense against a sulfur content violation. However, stakeholders, including refiners and distributors, complained to the EPA that the cost of establishing quality assurance programs on a company by company basis would be too high. Instead, the EPA agreed to exercise its enforcement discretion and allow a private third party testing consortium to sample and test ULSD at retail sites in lieu of duplicative upstream refiner or distributor-specific testing programs.

The EPA said it is necessary to extend the enforcement discretion because a final rulemaking to include third party testing in the regulations is not yet complete. While the extension of enforcement discretion offering regulatory relief for ULSD testing is welcome, the program is less relevant today than it was in 2006 because most distillates already achieve the 15-ppm sulfur content in preparation for the elimination of 500-ppm on road and off-road diesel fuel in 2010.

TWO KEY DEMOCRATIC SENATORS TO RETIRE

Earlier this week, Senators Byron Dorgan (D-ND) and Christopher Dodd (D-CT) announced that they will not seek reelection in 2010 and will retire at the end of this year. Sen. Dodd is chairman of the Banking Committee and has been leading negotiations in the Senate on financial reform while Sen. Dorgan has been leading the charge on derivatives reform legislation for almost four years. Sen. Dodd's approval rating has dwindled over the last several months leaving the senior Senator from Connecticut vulnerable in the upcoming mid-term election. Political insiders say that Dodd's retirement gives Democrats a better chance at winning the mid-term election in Connecticut.

Sen. Dorgan's retirement came as a shock to Capitol Hill ending a career that started in the 1960s. Sen. Dorgan was an early advocate of reforming the commodity futures markets when PMAA started to alert members of Congress on the need to bring transparency and accountability to the marketplace. Both Senators have said that they want to tackle financial reform legislation before the end of the year and PMAA will continue to work with both Senate offices to ensure that futures market reform legislation passes this year.

2010 PETROLEUM MARKETERS LEADERSHIP INSTITUTE (PMLI) SEEKING NOMINATIONS

PMAA's Petroleum Marketers Education Foundation (PMEF) is currently seeking nominations from state associations and past PMLI graduates for the March 21-23, 2010 PMLI in Baltimore, MD. Since its inception in 2001, almost 150 petroleum

marketers from around the country have graduated from the highly acclaimed Institute whose goal is to build leaders for the petroleum marketing industry. Graduates are immediately able to apply the skills that are presented in the highly interactive retreat to leading their own businesses as well as to the work they do on behalf of the industry at their state associations.

In addition to individual marketers, attendees have come in leadership teams from state associations and companies. Each Institute is comprised of marketers from all sectors of the business, from motor fuels to heating oil, from multi-generational family businesses to corporations, from businesses that are locally to nationally- based, and from emerging leaders to experienced marketers seeking to become more effective leaders. The Institute enables meaningful interaction among participants on a full range of challenging leadership issues within the industry and has received consistently high ratings from the participants.

Generously supported by Valero Energy Corporation and Federated Insurance along with state associations and PMLI Graduates themselves, the fast-paced, highly interactive sessions look at the leader within, leading others, and leading your company and your association. A recent graduate writes, "If you could measure personal growth, I feel I would be off the meter as a result of PMLI. I now have a better understanding of how I am perceived, and feel I am communicating better than ever with employees, suppliers and customers..."

The Institute begins Sunday afternoon and concludes before lunch on Tuesday to minimize time away from the office. Once again, thanks to generous donors, the Petroleum Marketers Educational Foundation is able to offer a \$395 registration fee which includes all materials and meals during the Institute itself. Space is limited and nominations are being accepted at PMAA. For more information or to nominate an emerging leader from your company or your state association, contact Arlene Bellfield at abellfield@pmaa.org.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2010

June 8-10, 2010 – MPMCSA Convention – Billings Hotel and Convention Center – Billings, Montana

June 22-24, 2010 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

August 4-6, 2010 – IPM&CSA Convention – Schweitzer Mountain Resort – Sandpoint, Idaho

August 31-September 1, 2010 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 8-10, 2010 – UPMRA Convention – Park City Marriott – Park City, Utah

Petro Pete: "I used to be indecisive. Now, I'm not sure."

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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.