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## **RESULTS FROM NCWM INTERIM MEETING**

This week, the National Conference on Weights and Measures (NCWM) held its interim meeting in San Diego, California. On the agenda again included a 10 micron diesel filter mandate and an item to repeal 85 octane as an acceptable motor fuel in mountain states. Currently, a 30 micron diesel filter is required in NCWM Laws and Regulations Handbook 130. Also, a new item on the agenda was a requirement to tighten the acceptable UST water tolerance level from 1 inch to 1/4 inch.

### *Background on 10 Micron Filter Mandate*

Since the 10 micron filter mandate was defeated last summer, it was returned to the committee of jurisdiction for consideration. However, this time, adjustments were made that now exempts most Northern states during the winter months from using a 10 micron diesel filter given PMAA's filter plugging concerns. While this is an improvement to the item, it still falls short at addressing the issue of diesel fuel cleanliness. PMAA urged the Committee to withdraw the item, but unfortunately, the auto manufacturers teamed up with the major oil companies to push it to a voting item again this summer.

### *Solution to the Issue*

PMAA continues to argue that diesel fuel can be contaminated from many parts of the supply chain starting with the refinery, through a pipeline, in terminal storage tanks, in barges and ships in a retail storage tank. Solving this problem requires a comprehensive examination of the entire supply chain and it was unfortunate that much of the blame has fallen on petroleum marketers -- the final step in the supply chain -- without recognizing that upstream measures beyond retailers' control contribute to diesel cleanliness issues. PMAA argued that this should be a total industry effort and should not just fall on the petroleum marketer.

The first place to start would be updating diesel fuel cleanliness standards at ASTM. According to the Coordinating Research Council (CRC) report, "the current bottoms, sediment and water (BS&W test D2709) is archaic compared to the updated Canadian standards that have a lower BS&W tolerance level. In Canada, 10 micron filters are widely used because its diesel fuel standard is better. PMAA believes diesel fuel cleanliness standards need to be updated because imposing a retail mandate before an upstream effort that provides higher specifications for the refiners as well as filtering along the entire distribution channel (per the CRC report recommendations) is not reasonable, nor fair. Ultimately, the product needs to be treated or refined in a manner that it will not re-particulate.

### *UST Water Tolerance Level*

The new item on the agenda regarding the water tolerance level in USTs was kept informational meaning that it cannot come up for a vote this summer. PMAA is in the process of collecting additional information on this issue and urged the L&R Committee to keep it informational.

### *85 Octane Update*

PMAA also opposed an item to repeal 85 octane. Several states allow the use of 85 octane and repealing it would ultimately harm petroleum marketers and consumers by restricting supply which would lead to higher prices at the pump. There has been limited evidence presented regarding harm to engines or complaints from consumers regarding engine damage—or any other problems—due to 85 octane gasoline. Furthermore, there is simply not enough information to determine whether the overall environmental impact of an 87 octane standard will be positive or negative. Because of PMAA's efforts, the 85 octane proposal was withdrawn, however, the fight is now at ASTM where there is a ballot initiative to repeal 85 octane.

PMAA would like to thank former PMAA Chairmen Matt Bjornson and Sam Bell along with marketing representatives Brian Parnell (Mapco Express and TFCA member) and Brian Kernke (Loves Travel Stops) for attending the NCWM meeting. They were instrumental in providing critical testimony on maintaining a 30 micron filter mandate.

## **EIA FORECASTS \$2-PER-GALLON GASOLINE ALL YEAR**

On Tuesday, WTI crude oil price dropped below \$30 a barrel. The drop takes us to lowest level since December 2003. This drop came among concerns that China's economic growth may slow and, therefore, lower demand for fuel. Morgan Stanley anticipates that the drop may lower Brent to \$20 a barrel.

The Energy Information Administration (EIA) announced on Tuesday that gasoline prices are expected to stay in the \$2-per-gallon range throughout the year, stating that the benchmark international oil price is projected to average \$40 per barrel this year and \$50 next year, with U.S. crude lagging \$3 behind.

The EIA short-term outlook also expects gas prices to rise slightly to a \$2.21 average next year. Natural gas and coal will see their share of U.S. power generation fall by two percent and one percent, respectively, and renewables' shares will rise one percent.

## **HOUSE APPROVES BILL TO KILL U.S. WATERS RULE**

On Wednesday, the House voted 253-166 to kill the Administration's controversial Waters of the U.S. (WOTUS) Rule. This follows a 53-44 vote on a resolution of disapproval under the Congressional Review Act by the Senate in November. Unfortunately, there are not enough votes to override a certain veto by President Obama.

The EPA issued a final rule in May that attempts to expand federal jurisdiction over navigable waters under the Clean Water Act. The rule is important to petroleum marketers because it defines how far federal clean water regulations extend into local land use and permitting decisions including the construction of new gasoline stations and surface water runoff from parking and fueling areas. Many petroleum marketers with bulk storage could also be adversely affected by the revised definition. Last year, PMAA joined with a coalition representing a broad range of businesses, industries, and commercial interests to voice strong opposition to the revised definition of the WOTUS proposed by EPA and the U.S. Army Corps of Engineers (COE). At the most fundamental level, the proposal as written represents an unjustified expansion of Clean Water Act jurisdiction far beyond the limits of federal regulation explicitly established by Congress and affirmed by the courts. The proposal would, for the first time, give federal agencies direct authority over land use decisions that Congress has intentionally preserved to the States. It would intrude so far into traditional State and local land use authority that it is difficult to imagine that Congress intended this outcome. GOP leaders in Congress have vowed to pass legislation that more narrowly defines waters subject to the Clean Water Act.

Following the announcement of the final rule, Congress attempted to scrap it through legislation and to block its implementation through the end-of-year spending bill but neither had a veto proof vote so the main battle over the water rule moved to the courts. In the meantime, the rule was slated to go into effect on August 28, 2015, but the court issued a stay while it further reviews this jurisdictional question. The 6th Circuit Court of Appeals is expected to rule soon on whether it will hear cases challenging the rule or send them through the district courts first.

**TAX OVERHAUL FOR BUSINESSES INTRODUCED BY TAX COMMITTEE MEMBER**

A senior Republican on the House Ways and Means Committee, Representatives Devin Nunes (CA) introduced legislation Thursday that would greatly overhaul the tax system for businesses. According to Congressman Nunes, the “American Business Competitiveness Act” (H.R. 4377), known as the ABC Act, “is my bill to overhaul and simplify the way businesses are taxed in America. The ABC Act would adopt a few simple yet far-reaching reforms that would encourage businesses to invest and expand, make it much easier for Americans to open their own business, and kick start growth throughout the entire U.S. economy.”

Nunes’s plan would: Allow all businesses, regardless of their size or how they’re organized, to write off all their business expenses in the current calendar year; Lower tax rates on business income to 25 percent or less; Eliminate all loopholes (deduction for interest expenses) and special deals; and Establish a territorial system that removes the penalties which U.S. businesses incur when they take income they’ve earned in foreign countries and invest it back in the United States.

Ways and Means Chairman Kevin Brady plans to vet the plan (which already has more than two dozen GOP cosponsors) this year as Republicans try to build momentum for a more comprehensive revamp as soon as 2017.

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**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 29, 2016** – Idaho (IPM&CSA) Magic Valley PAC Golf Outing – Blue Lakes Country Club, Twin Falls, 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

**September 14-16, 2016** - Utah (UPMRA) Convention - DoubleTree Hotel by Hilton - Park City, Utah

**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

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