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ULSD ACCELERATED CORROSION SURVEY COMPLETED

The results are in on a nationwide survey on accelerated corrosion events in tank systems handling ultra-low sulfur diesel fuel (ULSD). The survey, initiated by the Petroleum Equipment Institute (PEI) and promoted by petroleum industry stakeholders including PMAA, was designed to determine the scope of accelerated corrosion events that some tank owners have experienced since the conversion to ULSD fuel was initiated in 2006.

Overall, the survey revealed the majority of respondents experienced no accelerated corrosion events associated with ULSD. In addition, while it is clear accelerated corrosion occurs in some tank systems, the cause of these events remain unclear.

Of the 1,192 respondents to the survey, 58 percent reported no problems associated with the conversion to ULSD. The remaining 42 percent of respondents reported a variety of problems, some pertaining to accelerated corrosion and others with no relation to such events. Respondents who reported problems were geographically dispersed and represent a small fraction of the overall fuel distribution system. By far, the largest problem reported in the 30 pages of survey comments reviewed by industry stakeholders was an increase in clogged filters. However, the majority of these complaints did not report evidence of metallic coffee ground-like particles in filters, an important indicator of accelerated corrosion. Other respondents found evidence of metallic particles in filters and reported accelerated corrosion in tanks, tank equipment, including drop tubes, line leak detection sensors and flow meters as well as deteriorated gaskets and seals. In addition, several respondents blamed ULSD for nozzle malfunctions (failure to turn off) and malfunction of dispenser shear valves. The survey results were inconclusive as to the potential causes of these problems, though water intrusion is likely a key factor.

PMAA will continue to monitor this issue closely. Industry stakeholders are reviewing survey results to determine how to proceed next. In addition, the Clean Diesel Fuel Alliance (CDFA) will develop guidance on monitoring and maintenance of ULSD fuel distribution and dispensing equipment. The CDFA will also explore improved data collection methods in order to gain a better understanding of the nature of the issue. In the meantime, please report any accelerated corrosion events involving ULSD to PMAA Regulatory Counsel Mark S. Morgan at mmorgan@pmaa.org.

FMCSA DELAYS CSA 2010

Yesterday the Federal Motor Carrier Safety Administration (FMCSA) announced that it will delay the implementation of its Comprehensive Safety Analysis (CSA 2010) initiative until later this year. Full nationwide implementation is not expected until 2011.

The CSA 2010 program, an effort to improve motor fleet safety, replaces the Motor Carrier Safety Status Measurement System, known as SafeStat. FMCSA had originally planned to roll out CSA 2010 this summer but after considerable feedback the agency decided to move the start of the rollout from the summer to the fall of 2010.

Under the new schedule, FMCSA will permit carriers to view performance data from April 12, 2010 to November 30, 2010 at which time FMCSA will begin issuing warning letters and using CSA 2010 scores to target fleets for compliance reviews and extra roadside enforcement.

PMAA will file comments ahead of the September 30 deadline. More information about the program including webinars can be found at <http://csa2010.fmcsa.dot.gov/>.

U.S. ENERGY PRODUCTION AN INCREASING CITIZEN CONCERN

Americans are beginning to understand the relationship between energy costs and environmental protection. A recent poll shows a shift in opinions where Americans view energy production as a higher priority than environmental protection. A March 4-7, 2010 Gallup poll was conducted a few weeks before President Obama came out in favor of oil exploration off some sections of the U.S. coast, and shortly after he advocated the expanded use of nuclear power in the United States. The current data represent a continuing shift in opinion toward energy production. Since 2007, when Americans' preferences for environmental protection were the greatest (58 percent to 34 percent), Americans' opinions have shown significant movement each year in the direction of prioritizing energy production.

The movement toward pro-production attitudes comes at a time when Americans' concerns about the U.S. energy situation have subsided. Thirty-three percent of Americans describe the energy situation in the United States as 'very serious,' down from 42 percent last year and the lowest since 2005. Additionally, 45 percent expect the U.S. to face a critical energy shortage in the next five years, down sharply from 62 percent in 2008, when gas prices were soaring, and the lowest Gallup has measured in the last 10 years. One possible explanation for the greater public priority on energy production at a time of diminished concern about energy is that Americans typically become somewhat less likely to say they favor environmental protection during down economic times. In the same March 4-7 poll, Gallup also found a new high in the percentage of Americans favoring economic growth over environmental protection.

EIA FORECASTS THREE DOLLAR GASOLINE FOR MOST OF SUMMER

The retail price of gasoline has already passed three dollars per gallon in some places and will likely keep rising during the summer driving season, federal forecasters at the Energy Information Administration (EIA) said Tuesday. EIA also predicted that prices will not get much higher than three dollars for the rest of the year.

The average price per gallon at the pump will climb by 48 cents above last summer's prices, and the average price over the course of the summer will stay just below the three dollar threshold at \$2.92. While spot crude oil prices are fluctuating, the average of about \$81 a barrel will hold steady, according to EIA. Diesel fuel will rise to an average of \$2.95 for this year and \$3.12 next year.

IRS FORM FOR NEW HIRE CREDITS

The Internal Revenue Service this week released Form W-11 which is used by employers to claim the newly available special payroll tax exemption and employee retention credit that applies to many newly-hired workers during 2010. Congress passed the exemption and credit for new hires under the Hiring Incentives to Restore Employment Act (HIRE). Employers cannot claim the payroll tax exemption or the new hire retention credit unless the employee completes and signs this affidavit or similar statement is otherwise a "qualified employee: A "qualified employee" is an employee who:

- begins employment after February 3, 2010, and before January 1, 2011;
- certifies by signed affidavit, or similar statement under penalties of perjury, that he or she has not been employed for more than 40 hours during the 60-day period ending on the date the employee begins employment;
- is not employed by you to replace another employee unless the other employee separated from employment voluntarily or for cause (including downsizing); and
- is not related to the claimant.

Form W-11 is available at the IRS website, <http://www.irs.gov/pub/irs-pdf/fw11.pdf>.

COTA ADDRESSED FUTURES MARKET REFORM AT EIA CONFERENCE

On Tuesday PMAA Vice Chairman Sean Cota spoke before the Energy Information Administration's 2010 Energy Conference regarding the future regulation of energy commodities. Speakers at the conference included: Energy Secretary Steven Chu; EIA Administrator Richard Newell; Dr. Lawrence Summers who is Director of the National Economic Council and Assistant to the President for Economic Policy; CFTC General Counsel Dan Berkovitz; Natural Gas Supply Association Executive R. Skip Horvath; and Deanna Newcomb, regulatory and compliance analyst at the law firm of McDermott Will & Emery LLP. Cota highlighted how current oil, gasoline and heating oil prices do not reflect supply and demand fundamentals. Cota said, "We are currently experiencing an energy bubble which is causing pain at the pump and to heat homes in the Northeast – we need Congressional action now to rid the futures market of excessive risk taking by Wall Street in order to return to the fundamentals of supply and demand." Cota believes that if the markets were to be valued on supply and demand of the actual physical commodity - as was done before the investment community took over the commodity markets – American consumers would pay at least one dollar per gallon less at the pump today.

Cota also highlighted how the lack of transparency for OTC and foreign boards of trade (FBOT) has made it difficult for the Commodity Futures Trading Commission (CFTC) to effectively regulate and oversee the futures marketplace which determines the price for crude oil, gasoline, and heating oil. PMAA continues to urge Congress to require centralized clearing and aggregate position limits for all financial players like hedge funds and insurance companies who speculate on oil while leaving an exemption for commercial hedgers. Cota finds it ironic that oil prices continue to rise into the mid to high \$80 barrel range while crude oil stockpiles continue to increase, oil demand remains stagnant and the value of the dollar vs. the Euro is at a 10 month high. Cota said that "these three factors should be sending oil prices downward, but because we still continue to have rampant and unchecked Wall Street oil speculation in the OTC derivatives marketplace – oil prices will continue to not reflect the economic fundamentals."

PLEASE TAKE THE TIME TO REGISTER NOW FOR PMAA'S WASHINGTON CONFERENCE AND DAY ON THE HILL

PMAA's annual Washington Conference and Day on the Hill will be held in our Nation's Capitol of Washington, DC from May 12-14. This forum unites marketers, state association executives and suppliers from across the country to openly discuss all the issues facing the petroleum marketing industry with their members of Congress and find solutions together. The meeting will begin with an issues briefing and issues groups on the afternoon of May 12 followed by a welcome reception including our PAC silent auction fundraiser. On the morning of May 13, marketers and association executives will then head to Capitol Hill for visits with their Congressional delegations. There will be a hospitality suite and a luncheon on Capitol Hill. On the evening of May 13, we will honor our new PMAA Chair, Gerry Ramm. The PMAA Board of Directors will meet on May 14 followed by our Distinguished Service Award luncheon.

For those who have hotel reservations or other arrangements, please be sure to complete a Registration Form at [http://www.pmaa.org/userfiles/file/Washington Conference/2010/PMAA_WashingtonConference_Registration_2010 - 2.pdf](http://www.pmaa.org/userfiles/file/Washington%20Conference/2010/PMAA_WashingtonConference_Registration_2010-2.pdf) at your earliest convenience. Additional instructions for the form are on our Meetings page at <http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>. A complete Conference Schedule ([http://www.pmaa.org/userfiles/file/Washington Conference/2010/Conference Schedule.pdf](http://www.pmaa.org/userfiles/file/Washington%20Conference/2010/Conference%20Schedule.pdf)) and Hotel Information ([http://www.pmaa.org/userfiles/file/Washington Conference/2010/Hotel Information Rev 3.pdf](http://www.pmaa.org/userfiles/file/Washington%20Conference/2010/Hotel%20Information%20Rev%203.pdf)) is available to you. Please make your plans now to attend this important and productive forum to meet with your members of Congress!

PMAA SUMMARY OF HEALTH CARE LEGISLATION

Yesterday PMAA sent out its summary of the health care legislation President Obama signed into law. The summary can be found at [http://pmaa.org/userfiles/file/Legislative/2010/PMAA HEALTH CARE LEGISLATION REPORT - March 31, 2010.pdf](http://pmaa.org/userfiles/file/Legislative/2010/PMAA%20HEALTH%20CARE%20LEGISLATION%20REPORT%20-%20March%2031,%202010.pdf) and will be available on PMAA's website at <http://pmaa.org/govtregaffairs/legislative.asp>.

2011 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA

Start planning now to attend the 2011 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 22-24, 2011.

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: "Never miss a good chance to shut up."

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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.

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- Petro Tank 1500 – 500 – 2500
- 3 in. Blackmere Pump 3" Pump off
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Contact Marty – 360-520-3275 360-736-2821

For Sale:

- 2003 PETE W/PUMP
- 9500 GALLON SEMI
- 4 COMPARTMENTS

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