

April 26, 2013

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WP-04-26-13

PMAA COMMENTS ON KEYSTONE XL PIPELINE

PMAA submitted comments to the U.S. State Department's draft "supplemental environmental impact statement" (SEIS) study which concluded its 45 day comment period on Monday. The study dispelled environmental critics' claims that the Keystone XL pipeline would increase the production of Canadian oil sands and argued that Canadian oil sands would be developed with or without the pipeline. Although the report stopped short of recommending whether to grant a construction permit, it was considered an important step forward. The State Department will now review comments before publishing a final SEIS and issuing its national interest determination on TransCanada's request for a Presidential permit to build the pipeline across the U.S.-Canada border. The determination will then be subject to a public comment period.

A decision by the Obama Administration is expected once the SEIS is finalized which could be within the next six months. To view PMAA comments, go to:

<http://pmaa.org/weeklyreview/attachments/StateDepartmentKeystoneXLPipelineLtrApril2013.pdf>

PETROLEUM ASSOCIATIONS PROTEST ENTERPRISE DECISION

Five associations representing petroleum marketers and retailers filed a protest with the Federal Energy Regulatory Commission (FERC) over Enterprise TEPPCO's recent decision to halt interstate ULSD and jet fuel shipments on its pipeline effective July 1, 2013.

The Petroleum Marketers Association of America (PMAA) and NATSO, representing truckstops and travel plazas, along with Arkansas Oil Marketers Association, Louisiana Oil Marketers and Convenience Store Association and Missouri Petroleum Marketers and Convenience Store Association joined several companies to file the protest on Monday, April 22, including CHS Inc.; HWRT Oil Co. LLC; MFA Oil Co.; Southwest Airlines; and United Airlines.

The pipeline originates in Baytown, Texas, and runs through Louisiana, Arkansas, Missouri, Indiana, Illinois, Ohio, Pennsylvania and New York. Enterprise first notified customers in March that it would be terminating interstate shipments on its pipeline of ULSD and jet fuel, and on April 5, filed with FERC a tariff change purporting to cease accepting nominations of shipments of ULSD and jet fuel, except for deliveries of jet fuel to two locations on its system.

The associations are concerned that once ULSD shipments end, the area served by the Enterprise TEPPCO pipeline could experience product shortages, especially in markets in Louisiana, Arkansas and Missouri, where alternative ULSD supply sources are unavailable. These shortages could raise diesel prices and compromise consistent availability of the product for consumers reliant on the fuel for transportation, agriculture or other commercial uses.

The groups argued that while Enterprise TEPPCO intends to cancel ULSD and jet fuel interstate shipments on its pipeline, it has not abandoned service and it will continue to provide both interstate and intrastate ULSD and jet fuel transportation to certain shippers and destinations. These actions are arbitrary and discriminatory and will have serious consequences for shippers and consumers.

The associations also expressed concerns about the availability of ULSD in emergencies, especially with the Arcadia, Louisiana terminal being on the TEPPCO pipeline.

This decision by Enterprise has the potential to cause major supply issues throughout the TEPPCO system under normal circumstances. But in an emergency, such as the hurricanes of recent years, the petroleum industry's ability to provide ULSD will be seriously compromised. In particular, the terminal in Arcadia, Louisiana has been a crucial source of ULSD in the aftermath of hurricanes. With the termination of ULSD shipments by Enterprise, if emergency responders are forced to rely on rail, barge and trucking to transport ULSD into the area, emergency preparedness will be seriously compromised.

The associations also expressed concern about whether alternative supply sources will be able to absorb the ULSD volume when TEPPCO abandons interstate shipments, in addition to the high costs associated with trucking product long distances, the availability of common carrier tank trucks for additional ULSD shipments, driver hours-of-service limitations and other logistics challenges.

PMAA COMMENTS ON RFS RINS PROPOSED RULE

Last Thursday, PMAA filed comments on EPA's notice of proposed rulemaking (NPRM) which aims to prevent fraudulent renewable identification numbers (RINs) in the RFS program. Last year, millions of fraudulent RINs surfaced because three biodiesel production facilities faked their production volumes by selling invalid RINs which totaled in the millions of dollars to refiners (obligated parties). EPA is working on a final rule, known as a "quality assurance program" (QAP), to give obligated parties an "affirmative defense," to ensure they are not held liable for buying invalid RINs and accredited third parties have

systems available to verify RINs.

In its comments to EPA, PMAA fully supported transparency in the RINs marketplace and argued that the QAP provide an affirmative defense against civil actions to all downstream parties including the blender. Most notably, the NPRM also included a requirement that biodiesel blends containing less than five percent be disclosed on product transfer documents. PMAA has led the effort to include such a provision at the National Conference on Weights and Measures (NCWM) and at the EPA.

PMAA fully supports this requirement to ensure that accurate biodiesel blends are available in the marketplace. To view PMAA's comments, go to: <http://pmaa.org/weeklyreview/attachments/PMAACommentsRFSRINs.pdf>

CHAMBER OF COMMERCE SUGGESTS INCREASE IN GASOLINE TAX

On Wednesday, the House Budget Committee held a hearing on the solvency of the Highway Trust Fund (HTF). Testifying before the Committee: Robert Poole, Reason Foundation; Richard Geddes, Cornell University; and Janet Kavinsky with the U.S. Chamber of Commerce.

Revenue into the HTF has been inadequate in recent years partially because vehicles have become more fuel efficient – hence – less taxable gallons. Also, volatile gasoline prices have prompted motorists to drive less and conserve fuel. In 2008, Congress injected eight billion dollars from the Treasury's general fund and another seven billion dollars in 2009 to keep the Highway Trust Fund afloat. Motor fuel excise taxes have not been increased since 1993 and are not indexed to inflation. Recently, House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) said a long-term funding solution for highway infrastructure should be part of the broader tax reform bill.

Similar to what the National Commission on Fiscal Responsibility and Reform, commonly known as the Simpson-Bowles Commission, Ms. Kavinsky suggested that motor fuels taxes should rise from the current 18.4 cents-per-gallon (cpg) level to around 30 cpg to keep the HTF solvent past 2015. Currently, the HTF is spending \$15 billion more annually than the revenues it receives. Additional HTF options include: tolling, vehicle miles travel (VMT) – a user fee based on miles traveled – and public-private partnerships. Mr. Gedde advocated for VMT as a way to shore up the HTF for future years. Specifically, he said mileage-based user fees should be variable with costs adjusted depending on the time of day someone is driving. Rural lawmakers suggested user fees should be based on which highways motorists use, such as making it cheaper to drive on country roads compared to big city highways.

House and Senate Committees will be holding additional hearings to better define the problems and the solutions.

U.S. DOT INCREASES MAXIMUM CIVIL PENALTIES FOR KNOWING VIOLATIONS OF HAZMAT RULES

The U.S. DOT issued a final rule today that increases the maximum and minimum civil penalties for a knowing violation of the federal hazardous materials transportation regulations. The increase was mandated last July by Congress under the highway bill "*Moving Ahead for Progress in the 21st Century Act*" (Map-21) (49 U.S.C. 5101-5128). The penalties are retroactive to October 1, 2012 the date MAP-21 became effective. No notice and comment period was provided on the penalty increases since Congress specified the dollar amount for each in the statutory language of MAP-21. The final rule amends the following three areas under sections 49 CFR 329 and 49 CFR 171 of the *Code of Federal Regulations*:

- Increases the maximum civil penalty from \$55,000 to \$75,000 for a person who **knowingly** violates federal HAZMAT regulations, including administrative orders, special permits and approvals.
- Increases the maximum civil penalty from \$110,000 to \$175,000 for a person who **knowingly** violates federal HAZMAT regulations, including administrative orders, special permits and approvals that result in death, a serious illness, severe injury to any person or substantial destruction of property.
- Increases the minimum civil penalty from \$250 to \$450 for a violation related to any training provisions under the federal hazardous materials regulations.

According to 49 CFR 107.1 'acting knowingly' means "acting or failing to act while (1) Having *actual knowledge* of the facts giving rise to the violation, or (2) Having the knowledge that a *reasonable person* acting in the same circumstances and exercising due care would have had." In other words, any person who knows or should have known an act or omission is a violation and goes ahead despite such knowledge, is guilty of knowingly violating federal HAZMAT regulations.

U.S. DOT CUTS HAZMAT FEE BY 50 PERCENT FOR 2013-2014 REGISTRATION PERIOD

The U. S. DOT's Pipeline and Hazardous Material Safety Administration (PHMSA) issued a final rule that temporarily reduces the annual HAZMAT fee paid by marketers who haul petroleum products in both intrastate and interstate transportation. PHMSA collects annual HAZMAT registration fees and redistributes them to state and local emergency responders in the form of grants. PHMSA said the fee reduction is necessary due to an accumulation of unexpended funds beyond the statutory maximum amount the agency is allowed to collect through HAZMAT registration. Unexpended funds accumulate when states do not spend their total annual HAZMAT grant earmarked for emergency response training and equipment. The statutory limit on fee collection is \$28.3 million per year. PHMSA is refunding approximately \$13 million through 2013-2014 registration fee reduction/refund.

Reduced Registration Fee

Specifically, PHMSA is reducing the 2013-2014 HAZMAT registration fee for small business registrants to \$125 (plus a \$25 processing fee). For all other businesses, the 2013-2014 registration fee is reduced to \$1,300 (plus a \$25 processing fee). The fee reduction is effective for the 2013-2014 registration year only. After the 2013-2014 registration year, the annual HAZMAT fees will return to \$275 (plus a \$25 processing fee) for small businesses and \$2,575 (plus a \$25 processing fee) for all other businesses. Most petroleum marketers qualify as a small business for purposes of HAZMAT registration. PHMSA will include the reduced fee structure in the 2013-2014 registration packet that will be mailed to current registrants later this month.

Direct Refund to Multiyear Registrants

PHMSA will issue a refund to those marketers who have already prepaid their 2013-2014 registration through the multiyear registration option available to all registrants. The final rule did not specify the process by which multiyear registrants obtain a refund for the 2013-2014 registration year. However, PHMSA told PMAA that the process would likely involve a simple and brief online application establishing identity and proof of prepayment for the 2013-2014 registration year. PHMSA intends to send a letter to all those who prepaid for the 2013-2014 registration year explaining the process necessary to collect the refund.

Bottom Line – Marketers should keep an eye out in the mail for the PHMSA 2013-2014 registration packet explaining the reduced fees and a separate PHMSA letter to multiyear registrants explaining the refund process for prepaid fees.

WPMA MEMBERS - SAVE UP TO 32% ON UPS SHIPPING AND WIN A TRIP TO THE 2014 NCAA FINAL FOUR

As a WPMA member, you can save big every day with UPS. Through our partnership with UPS, you have exclusive access to the [UPS Savings Program](http://www.savewithups.com/wpma/) (<http://www.savewithups.com/wpma/>), which provides WPMA members up to a 32% discount on UPS shipping.

You could win a trip for 4 to the 2014 NCAA® FINAL FOUR®. Watching the game is a blast, but it's better when it helps your business. If you win our trip for four to the 2014 NCAA® Final Four®, you could take your colleagues on a much-needed break, or treat your favorite clients instead. Sign up now — the more you ship, the more chances you'll have to win. Go to <http://www.savewithups.com/wpma/> for your chance to win.

WPMA ANNOUNCES NEW PETROLEUM MARKETERS SUPPLY GUIDE

The Western Petroleum Marketers Association (WPMA) is pleased to announce that we have recently partnered with MultiView, Inc., an Irving, TX, publisher of Digital Buyer's Guides and E-News Briefs, to launch the *Petroleum Marketers Supply Guide*.

About the Petroleum Marketers Supply Guide

Our online vendor search is designed specifically for petroleum marketers, refiners, and c-store operators. Easily accessible from a link on the WPMA Web site home page (www.wpma.com) the marketplace enables users to conveniently perform targeted searches for industry-related products and services using either a user-defined keyword search, or an alphabetized category and sub-category directory search.

Unlike traditional search engine results that can generate numerous irrelevant results - and slow down your procurement process - the *Petroleum Marketers Supply Guide* is filled with industry-specific suppliers and service providers.

We feel confident you will find the *Petroleum Marketers Supply Guide* a valuable tool for researching, selecting and purchasing the resources you're looking for. Please click [here](http://petroleummarketerssupplyguide.com/) (<http://petroleummarketerssupplyguide.com/>) to visit the guide to see how it can work for you.

If you are a supplier or service provider, a listing in the *Petroleum Marketers Supply Guide* will ensure that your company's brand and message are easily accessible to the buyers who matter most to you. If you are interested in learning more about how to feature your company in the marketplace, please contact MultiView at 800-816-6710 or by email at wpma@multiview.com.

RESERVE YOUR ROOMS 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 15-17. The meeting will begin with an Opening Session / Issues Briefing in the early afternoon of May 15. Our welcome reception including our popular PAC silent auction fundraiser concludes the day! On the morning of May 16, marketers will head to Capitol Hill for visits with their Congressional delegations after a buffet breakfast and an issues briefing if you did not arrive in time to attend the opening session. The PMAA Board of Directors will meet on May 17.

If you plan on attending PMAA's Annual Washington Conference and Day on the Hill, now is the time to make your room reservation through A Room With a View at 1.800.780.4343. In the event that rooms become available at The Washington Court Hotel or The Liaison Capitol Hill due to cancellations, A Room With a View will notify conference attendees and help transfer reservations back those hotels in the order in which they were booked. For those planning to attend this informative

conference, please be sure to complete the appropriate Registration Form at your earliest convenience. Information and instructions for these forms along with the Conference Schedule and the latest Hotel Information can be found [here](http://www.pmaa.org/pmaameetings/upcomingmeetings.asp) (<http://www.pmaa.org/pmaameetings/upcomingmeetings.asp>).

Please make your plans now to attend this important and productive opportunity to meet with your members of Congress to make your voices heard on topics important to the petroleum marketing industry!

2014 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA



Start planning now to attend the 2014 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 18-20, 2014.

Access the WPMA National Convention page by scanning the QR code on the left with your smart device.

MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2013

May 9-10, 2013 – NPM&CSA Big Dogs' Shootout – Red Rock Hotel & Casino – Las Vegas, Nevada

June 4-6, 2013 - Montana (MPMCSA) Convention - Holiday Inn Grand - Billings, Montana

June 17-20, 2013 - Washington (WOMA) Convention - Suncadia Lodge - Cle Elum, Washington

June 20, 2013 – UPMRA Summer Golf Classic – South Mountain Golf Course – Draper, Utah

July 31-August 2, 2013 - Idaho (IPM&CSA) Convention - Sun Valley Resort - Sun Valley, Idaho

August 27-29, 2013 – New Mexico (NMPMA) Convention – Albuquerque Marriott Pyramid North, Albuquerque, NM

September 12-13, 2013 - Utah (UPMRA) Convention - Zermatt Resort - Midway, UT

Petro Pete: *“I’m and idealist. I don’t know where I’m going, but I’m on my way.”*

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