

May 8, 2015

Visit us online at www.wpma.com

WP-05-08-15

EPA SENDS LONG DELAYED RFS STANDARDS TO WHITE HOUSE FOR REVIEW

The EPA has sent an omnibus Renewable Fuel Standard (RFS) proposal to the White House Office of Management and Budget (OMB) for review. OMB review is required before a proposed rulemaking is published in the Federal Register for public notice and comment. The proposed rule sets RFS blending mandates for years 2014, 2015 and 2016.

The EPA is under court order to publish the proposed RFS standards by June 1 and finalize them no later than November 30, 2015. That order is based on a court approved agreement between the EPA and refiners designed to get the long overdue standards back on schedule. The EPA is required by statute to set annual RFS standards no later than November 30 of the preceding calendar year to give refiners sufficient notice of their renewable fuel blending obligations for the upcoming year. However, EPA has consistently missed the November 30 deadline for RFS standards since its authority to set annual volumes began in 2008.

The ongoing RFS delays have stoked periodic speculation and volatility on the RINS market where refiners must go to purchase blending credits to meet annual renewable fuel volume obligations. The EPA missed the past two statutory deadlines for 2014 and 2015 largely due to uncertainty over how to address the impending ethanol blend wall. The Agency has been under intense political pressure from both the refiners and renewable fuels industry over whether an E15 gasoline mandate is a viable remedy to overcome the RFS blend wall. The EPA's effort to head off or delay arrival of the blend wall has been complicated by a sustained drop in gasoline demand nationwide. The content of the proposed rule will not be known until its publication in the Federal Register scheduled for June 1, 2015.

PMAA will continue to follow this issue closely.

UPDATES TO OVERTIME REGULATIONS GOES TO OMB

This week the Department of Labor (DOL) sent proposed updates to federal overtime regulations to the Office of Management and Budget (OMB) for review. Generally OMB uses its full 90 day allotment to review the proposed rule, so the rule could be available for public comment in late Summer.

Early in 2014, President Obama signed an Executive Order instructing the Department of Labor to revise federal "Overtime" regulations. The White House fact sheet specifically references convenience stores in a negative fashion. Here is a direct quote, "The overtime rules that establish the 40-hour workweek, a linchpin of the middle class, have eroded over the years. As a result, millions of salaried workers have been left without the protections of overtime or sometimes even the minimum wage. For example, a convenience store manager or a fast food shift supervisor or an office worker may be expected to work 50 or 60 hours a week or more, making barely enough to keep a family out of poverty, and not receive a dime of overtime pay. It's even possible for employers to pay workers less than the minimum wage per hour."

Preparing for this new Obama initiative is a PMAA priority. Currently, salaried employees paid \$455 per week can be exempt from overtime. The media reports that Obama wants to raise the minimum to \$970 per week.

FUEL RELIEF FUND PROVIDING FREE FUEL TO NEPAL

Fuel Saves Lives Fuel Relief Fund (FRF) is a global, non-profit organization providing free fuel immediately after a major disaster. It has responded to incidents including Hurricane Katrina, the earthquake in Haiti, Japan's earthquake and tsunami disaster, the major earthquake in Turkey, and most recently, Hurricane Sandy. The California Independent Oil Marketers Association (CIOMA) assists FRF with essential administrative support.

Now the Fuel Relief Fund has deployed its Disaster Deployment Operations Team to Nepal. "A major problem right now is getting water to the people. Fuel is in high demand and critically needed to deliver water and emergency supplies to all the affected areas", reported Ted Honcharik, Founder, Fuel Relief Fund.

Fuel Relief Fund's operational team is working to secure fuel for the community, local agencies and their partners until the situation stabilizes. People are living in tents with cold and rain predicted.

Since April 25, Fuel Relief Fund has:

- Connected with the Ministry of Supply & Commerce in Nepal.
- Provided fuel for the United Nations, World Food Program and many local NGO's.
- Provided fuel for more than 600 dirt bikes being used to reach steep, unsecured roads.
- Provided fuel for (4) main hospitals in Nepal and surrounding areas.

- Provided fuel to a water treatment plant that produces 10,000 liters of fresh water per hour for the City of Katmandu.
- And the daily requests keep coming.

Fuel supply is critical to stabilizing the community and further assistance is needed.

Fuel Relief Fund is the only NGO providing this service.

Donations are being requested from the petroleum and general community and can be made by visiting www.FuelReliefFund.org

For more information, please contact Greg L. Minor at (909) 322-1481.

MENU LABELING AND THE "COMMON SENSE NUTRITION DISCLOSURE ACT"

Clarification as to Which Store Owners Must Comply

Last week, PMAA reported on legislation that Reps. Cathy McMorris Rodgers (R-WA) and Loretta Sanchez (D-CA) reintroduced, the "Common Sense Nutrition Disclosure Act," (H.R. 2017). The Act would limit Menu Labeling language in the Affordable Care Act (ACA) to establishments that derive 50 percent or more of their revenue from food for immediate consumption and/or prepared and processed on-site.

In November 2014, the FDA finalized regulations required by Section 4205 (Menu Labeling) of the 2010 healthcare law. Unfortunately, under the final rule, convenience store owners with 20 or more locations doing business under the same name and offering for sale substantially the same menu items, are required to list calorie information for standard menu items, such as posting calorie information on menus and menu-boards. Specifically, the number of establishments owned and operated by a particular company/individual is not what matters under the rule. What matters is whether there are multiple locations doing business under the same name (and offering for sale substantially the same menu items). For example, if you own three businesses and there are no other businesses with that name, you are not covered. If you own three stores all with a branded name then you do meet this criteria. The menu labeling final rule also requires covered establishments to provide, upon consumer request and as noted on menus and menu boards, written nutrition information about total calories, total fat, calories from fat, saturated fat, trans fat, cholesterol, sodium, total carbohydrates, fiber, sugars and protein. Retailers have until December 1, 2015 to comply.

In addition to limiting the Menu Labeling regulation to establishments that derive 50 percent or more of their revenue from food for immediate consumption and/or prepared and processed on-site, H.R. 2017 would also permit retailers to identify a single primary menu while not having to include nutrition labeling in other areas of the store. Under the existing regulations, every area where food is on display must each include calorie information for every item sold there. Furthermore, the bill would clarify that advertisements and posters do not need to be labeled and would provide flexibility in disclosing the caloric content for variable menu items that come in different flavors or varieties, and for combination meals. H.R. 2017 would also ensure that retailers acting in good faith are not penalized for inadvertent errors in complying with the rule and stipulate that individual store locations are not required to have an employee "certify" that the establishment has taken reasonable steps to comply with the requirements. Stores would have 90 days to correct any alleged violation without facing enforcement action. Finally, the bill would also delay regulatory implementation for two years.

PMAA encourages Senators Roy Blunt (R-MO) and Angus King (I-ME) to reintroduce their similar bill, also the "Commonsense Nutrition Disclosure Act," that would bring a common sense solution to a regulation which unfairly burdens small business convenience store owners.

BILLS WOULD RAISE MINIMUM WAGE

This week, Rep. Bobby Scott (D-VA) and Sen. Patty Murray (D-WA) introduced legislation that would increase the minimum wage to \$12 an hour over five years, and then index the wage to median growth. The current federal minimum wage is \$7.25 an hour while the District of Columbia, 29 states, 21 counties and cities have minimum wages above the federal minimum.

PMAA opposes the measure. While industry employee wages often exceed state or federal minimums, every increase in the minimum wage destroys opportunities for entry level employees to get a job and start up the career ladder.

The Republican majority in Congress is highly unlikely to pass an increase in the minimum wage this session.

BILL INTRODUCED TO EXTEND RVP WAIVER TO E15

Refiners urge EPA to Lower Corn-Based Ethanol Mandate

Recently, Rep. Adrian Smith (R-NE) introduced legislation to extend the Reid vapor pressure (RVP) waiver for E15. In 1990, Congress provided a 1.0 psi allowance for ethanol blends containing a minimum of 9 percent and a maximum of 10 percent ethanol. However, Congress did not extend the 1 psi waiver to E15 which makes it very difficult to meet the summertime RVP specifications. Even if Congress approves the bill, which is very unlikely in the foreseeable future, E15

still faces an uphill climb due to its incompatibility with existing UST systems (seals and piping most concerning) that are only UL certified to a maximum E10 blend.

Meanwhile, the American Petroleum Institute (API) and the American Fuel and Petrochemical Manufacturers (AFPM) met with the EPA and urged the agency to lower the corn-based ethanol mandate because current refueling infrastructure, including UST systems, are not UL certified to handle higher ethanol blends. If EPA does not lower the mandate, it risks creating a fuel shortage, the groups said.

PREPARING FOR THE RISE OF DIESEL

Low fuel prices have been a major story for several months now. But if history is a guide, prices will eventually rise to their previous levels and higher, and the cost to fill up will again be a major concern among drivers.

What is increasingly seen as being just as inevitable is a change in the type of fuel drivers choose to put in their tanks.

Diesel is on the rise and gasoline is dropping. Just take a look at the numbers from the 2014 [annual energy outlook](http://www.eia.gov/forecasts/aeo/mt_liquidfuels.cfm) (http://www.eia.gov/forecasts/aeo/mt_liquidfuels.cfm) by the U.S. Energy Information Administration (EIA):

- Diesel fuel consumption in the U.S. is to increase by 17 percent between 2012 and 2023 and 26 percent by 2040.
- Over those same two periods of time, gasoline consumption is forecast to decrease 11 percent and 24 percent, respectively.

This shift is already underway. Diesel car and SUV registrations in the U.S. increased 24 percent from 2010 through 2012, compared with 2.75 percent growth for all car and SUV registrations, according to Diesel Technology Forum.

Audi, BMW, Chevy, Jeep and Dodge all launched new diesel models in 2014. The EIA predicts a 349 percent increase in diesel-powered light-duty vehicles by 2023.

Perhaps the biggest reason for this change is the CAFE standards coming over the next decade, which will require that cars and LDVs have significantly better fuel economy. Diesel-powered passenger vehicles are up to 40 percent more fuel efficient than gasoline cars.

Despite this trend, only about half of the nation's fuel retail outlets sell diesel. So while half of the outlets are making money off of this growing customer base, the rest are leaving money on the table.

Drivers, leading automotive brands and the government are not sitting idle, and neither should you. Having a better understanding of these trends and what they can mean to your business is critical to evaluating where to make investments.

Click here to download **The Downfall of Gasoline and the Rise of Diesel. Fuel Customers Are Changing — Is Your Business Ready?** (<http://info.regi.com/Diesel-Trends>)

MARK YOUR CALENDARS FOR UPCOMING EVENTS

February 16 – 18, 2016 - WPMA Convention & Expo – Mirage Hotel, Las Vegas, Nevada

May 14 – 15, 2015 - Nevada (NPM&CSA) BIG DOGS – JW Marriott Las Vegas Resort & Spa, Nevada

June 2 – 4, 2015 - Montana (MPMCSA) Convention – Northern Hotel, Billings, Montana

June 22 – 25, 2015 - Washington (WOMA) Convention – Suncadia Resort, Cle Elum, Washington

August 5 – 7, 2015 - Idaho (IPM&CSA) Convention - Sun Valley Lodge - Sun Valley, Idaho

August 17-19, 2015 – New Mexico (NMPMA) - Marriott Pyramid North – Albuquerque, New Mexico

September 15-17, 2015 - Utah (UPMRA) Convention - Park City Marriott - Park City, Utah

August 3 – 5, 2016 - Idaho (IPM&CSA) Convention - Coeur d'Alene Resort - Coeur d'Alene, Idaho

NPP WPMA Member Service

WPMA has partnered with NPP to provide members discounts on many products and services. NPP negotiates the rates, and makes them available to WPMA members. Membership with NPP is free, and there is no obligation to purchase. Discounts through Verizon, Expedia, Fastenal, Cradlepoint, and more.

Register Now: <https://associations.mynpp.com/myNPP/memberSavings.xhtml?guid=RB3WUOFG>

WPMA MEMBER SERVICES



Register Now: <https://associations.mynpp.com/myNPP/memberSavings.xhtml?guid=RB3WUOFG>

Petro Pete: “Kids today don’t know how easy they have it. When I was young, I had to walk 9 feet through shag carpet to change the TV channel.”

© 2014 Western Petroleum Marketers Association - All rights reserved. No part of this work may be reproduced or copied in any form or by any means - graphic, electronic, or mechanical, including photocopying, recording, or otherwise. The information herein is also intended for the sole purpose of members of the Western Petroleum Marketers Association (WPMA). Any other use is strictly prohibited without the express written consent of the WPMA. 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:

Idaho Petroleum Equipment Inc. has two new Containment Solutions fiberglass fuel tanks for sale with warranty

One of each *12,000 Gallon and **6,000/6,000 Split 12,000 gallon double wall tanks
dry interstitial, 42” sump, non-water tight lid and includes deadmen straps

*12,000 Tank- \$10,000.00 ** 6,000/6,000 Split Tank - \$15,000.00

Contact Juan @ 208.724.3390 or ipejuan3@gmail.com