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**API PREDICTS CLIMATE BILL WILL INCREASE GAS PRICES 77 CENTS**

The American Petroleum Institute (API) predicts legislation designed to restrict fossil fuels will increase gasoline prices by 77 cents a gallon. The measure, H.R. 2454, has passed the House Energy and Commerce Committee and is being considered by other committees with limited jurisdiction. Basing an estimate on numbers provided by the Congressional Budget Office (CBO), API President Jack Gerard estimates the impact on consumers will be costly.

"The study confirms the bill discriminates against ordinary Americans who depend on cars, trucks, trains and airplanes," Gerard said in a written statement. The legislation would require refiners and manufacturers to acquire carbon dioxide pollution allowances that could be traded on a market as part of an effort to cut emissions 17 percent below 2005 levels by 2020. The House Energy and Commerce Committee approved the bill May 21 and it is awaiting review by other panels. The CBO study released June 5 said the measure would produce \$845.6 billion in revenue and cost consumers \$821.2 billion through 2019 in the form of free allowances for industry, tax breaks for low income households and investment in cleaner forms of energy.

Congressman Ed Markey (D-MA), who helped write the bill, said in a statement that it will "get our planet out of the red, while helping to put our budget back in black." Further, it's a "win-win for America's economy and environment."

Gerard said the measure puts too much burden on the oil and gas sector. It would raise the cost of a gallon of jet fuel by 83 cents per gallon and diesel fuel by 88 cents. The report estimates that allowances would cost \$15 per ton of emissions in 2011 and rise to about \$26 per ton in 2019. "The \$846 billion price tag on emission allowances - borne disproportionately by oil consumers -- will drive up costs of producing and refining gasoline, diesel and other fuel products while doing nothing to protect fuel consumers," Gerard said.

House Minority Leader John Boehner (R-OH) commented that the legislation creates "new national energy taxes that will affect every American" and "provides no relief for most of the middle class."

**INCREASED BANK GUARANTEES EXTENDED**

Last fall, Congress authorized increased insured bank deposits to \$250,000 from \$100,000. Those increases have now been extended through 2013. According to the FDIC, deposits at FDIC-insured institutions are now insured up to a maximum of \$250,000 per depositor through December 31, 2013. On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for all account categories except for IRAs and other certain retirement accounts which will remain at \$250,000 per depositor. (This supersedes the October 3, 2008 changes.)

The extension does not apply to the Transaction Account Guarantee Program. The unlimited coverage under the Transaction Account Guarantee Program is only in effect for depositors at participating institutions through December 31, 2009.

**FDA REGULATION OF TOBACCO PASSES SENATE**

Yesterday the Senate passed legislation to authorize the Food and Drug Administration to regulate tobacco products. After two weeks of debate, the Senate passed H.R. 1256 which had been passed by the House on April 2.

The Senate version reflects a bill (S. 982) sponsored by Sen. Edward Kennedy (D-MA), that differs only slightly from the original House-passed bill. Some changes were made to the bill which leaves open the possibility for the need for a conference committee, but it is most likely that the House will simply clear the final bill for President Obama's signature, with a vote possible as early as tomorrow. The Senate vote was 79-17. To see how your Senators voted click here. Twenty three Republicans voted for the bill and only one Democrat voted against the bill, Senator Kay Hagen (NC). President Obama is expected to sign the legislation.

The legislation would create a new "Center for Tobacco Products" inside the FDA to regulate the production, marketing and sale of tobacco products. A twelve person panel of physicians and others, including three people from the tobacco industry, will advise the regulators. Unlike the other experts, the tobacco industry representatives will not have a vote on the panel. The new oversight will be paid for by user fees on tobacco companies and importers, which is likely to cause an increase in the price of cigarettes and other tobacco products. For 2009, the fees will be \$83 million, and over 10 years the fees would grow to total \$712 million annually.

The bill will allow the FDA to regulate sales of tobacco on Native American lands and regulate Internet tobacco sales but it will punish retailers if the packaging, labeling or advertising for tobacco products are found to be out of compliance with regulations that are to be determined by the FDA. Furthermore, the bill establishes graphic health color photos to cover half of every pack of cigarettes. Cigarette and smokeless tobacco products will have new warning labels which include statements like, "Smoking can kill you," and "Tobacco smoke causes fatal lung disease in nonsmokers." Flavor additives like chocolate, grape, orange and cherry will be banned, as will product claims such as "light" and "low-tar."

Retailers will be protected from accidental sales of tobacco to minors by a "good faith" clause. A retailer will be protected if the retailer adopted and enforced a written policy about sales to minors, informed employees of relevant laws, established punishments for employees who violate that law and required employees to verify a purchaser's age using a government-issued photo ID or an electronic scanning device. Additionally, the legislation clarifies that a retailer cannot be held liable for a violation if a minor presents a false government ID.

Once the language is available, PMAA will thoroughly review and report on the changes the made to H.R. 1256.

### **"CARD CHECK" COMPROMISE MAY BE NEAR**

Senators are close to reaching an agreement on "card check" legislation (S. 560) which would strengthen union authority. As previously reported, Senator Tom Harkin (D-IA) was working to include Senator Specter's (D-PA) proposed changes to the card check legislation in order to obtain the 60 votes needed to overcome a Republican filibuster. Specter's proposed changes include removing the secret-balloting process for employees voting whether to unionize requiring the National Labor Relations Board elections to take place within 14 days and to cutting the time necessary for disputing elections. Possible compromise language might alter the binding first-contract arbitration if an employer and union are unable to agree on a contract within 120 days of negotiations.

Card check legislation was passed by the House last year. It would have removed the secret-balloting process for workers voting whether to unionize. Instead, workers would be forced to vote publicly in front of a union representative leaving workers open to coercion and intimidation.

### **LEGISLATION INTRODUCED TO GIVE CFTC EMERGENCY POWERS**

Earlier this week, Senator Bernie Sanders (I-VT) introduced legislation which would give "emergency power" to the Commodity Futures Trading Commission (CFTC) to bring stability to volatile energy futures markets. Under the bill's findings, it states that oil supply is at an all time high, while demand is at a ten year low, yet oil prices have increased by over 70 percent since the middle of January 2009.

Specifically, the legislation would grant the Commission "emergency power" to curb the role of excessive speculation in any contract market within the jurisdiction of the CFTC that has led to price distortion and sudden or unreasonable fluctuations or unwarranted changes in prices. Additionally, the legislation would classify hedge funds and other investment funds as non-commercial traders subject to strict position limits while eliminating conflicts of interest with any entity that owns and controls physical commodities. No-action letters would also be repealed by the legislation. Essentially, no action letters means that the CFTC will take "no action" to oversee foreign trading terminals operating within U.S. borders.

CFTC Commissioner Bart Chilton endorses Sanders' legislation which would grant the CFTC aggressive authority to address the current market volatility.

### **HOUSE PASSES BILL STRENGTHENING INSPECTOR GENERAL OF CFTC**

The House passed a bill by voice vote on Monday to strengthen the power of the Inspector General of the Commodity Futures Trading Commission (CFTC) along with the Securities and Exchange Commission (SEC), Federal Reserve and other regulatory agencies. H.R. 885, known as the "Improved Financial and Commodity Markets Oversight and Accountability Act," grants the Inspectors General subpoena power and also allows the covered Inspectors General to hire employees or appoint officers. Congressman John Larson (D-CT) introduced a similar bill last year which passed the House, but was never taken up by the Senate. Last year's bill only addressed the CFTC Inspector General.

PMAA supports this legislation which will bring greater transparency and accountability to commodity futures markets.

### **CURRENT SPECULATION CONCERNS GET SENATE ATTENTION**

Earlier this week the Senate Energy and Natural Resources Committee adopted a proposal by Senator Bernie Sanders (I-VT) to make some oil traders divulge reserves held in offshore tankers to provide transparency to prevent traders from skirting reporting requirements, distorting supply records and artificially driving up prices. Sanders language was added to Chairman Bingaman's (D-NM) amendment to legislation aimed at promoting oil and gas exploration. The Bingaman amendment would require the 50 largest traders of oil contracts to report to federal regulators all of their oil reserves, in an attempt to provide greater transparency in the energy commodities market. PMAA Vice Chairman Gerry Ramm testified about the Bingaman bill, the "Energy Market Transparency Act of 2009" earlier this year.

The Sanders language tightens Bingaman's bill further and was endorsed by PMAA, NEFI and the Vermont Fuel Dealers Association, (to review the letter of support click here).

Global diesel storage at sea has climbed to about 41 million barrels, Reuters reported today, citing traders and shipbrokers. Seven tankers with an estimated 14 million barrels of North Sea crude are anchored off Great Britain, Bloomberg reported. JP Morgan Chase recently hired a ship to store up to two million barrels of heating oil off the coast of Malta. "These companies are hoarding heating oil right now, in the hope of selling it at a higher price this winter when senior citizens on fixed incomes and middle class Americans in cold-weather states need heating oil to stay warm," Sanders said. Since the storage of oil in overseas tankers is not reported to the federal government, the practice already is distorting supplies and leading to unnecessarily high prices. "We cannot allow this to continue, especially when the firms that are taking advantage of this situation have received the largest taxpayer bailout in the history of the world," the Senator said.

### **JOBS AT RISK WITH CLIMATE LEGISLATION**

The U.S. is losing jobs to China and India because of our higher labor costs. Some experts believe we will lose more jobs if the U.S. adopts new limits on energy production and consumption. Congressional leaders are planning to impose \$646 billion in new taxes on fossil fuels in the U.S. which will dramatically increase consumer prices of gasoline, diesel and heating oil. The new "cap and trade" taxes will raise prices for U.S. consumers while lowering costs for China and India who will benefit by doing very little to reduce greenhouse gas emissions.

To partially address the potential job losses in the U.S., Senator Evan Bayh (D-IN) has introduced legislation that would require the Secretary of Energy to report on climate change and energy policy in the People's Republic of China and in the Republic of India.

Since the U.S., China and India are some of the world's largest emitters of greenhouse gases (GHG), the "Roadmap for Addressing Climate Change in China and India Act of 2009" requires action by all three countries that is commensurate with their national circumstances and level of economic development. The bill would require the Secretary of DOE and a task force made up of the Secretary's of State, Treasury, Commerce, and the EPA Administrator to prepare a report to be submitted to Congress that would: consider plans, policies, programs, laws, regulations, incentive mechanisms, and other measures that are expected to result in, or have resulted in, reductions in energy use and GHG emissions; provide estimates of the reductions in energy use and GHG emissions achieved or expected to be achieved as a result of such plans; estimates of the quantity and types of energy used and GHG emissions; a description of the tools, methods, and procedures that are used for collecting and analyzing data and a comparison to the methodologies used by the U.S. and international practices; and the expected levels of uncertainty regarding the data collected and the transparency of such tools, methods, and procedures.

### **SENATE COMPANION INTERCHANGE FEE BILL INTRODUCED**

On Tuesday, Senate Majority Whip Richard Durbin (D-IL) introduced the "Credit Card Fair Fee Act of 2009," a companion bill to legislation introduced last week by House Judiciary Committee Chairman John Conyers (D-MI) and Rep. Bill Shuster (R-PA).

Over \$48 billion in interchange fees were collected last year, and S.1212 would alter the current system where card networks are unilaterally setting fees at levels that are driving retailers out of business. Durbin's bill would provide a framework for negotiations that would give retailers a voice in setting interchange fee rates and terms and then spur card providers and retailers to work out voluntary agreements on rates or have a federally-appointed panel choose between the two proposals. The ultimate goal of the legislation is for the process never to reach the point where judges would need to issue a ruling. Rather, the prospect of an arbitration ruling should compel card providers and retailers to reach agreements that both sides can live with.

PMAA and the Merchants Payment Coalition (MPC) continue to urge legislators to pass language that will give retailer groups the opportunity to negotiate interchange fees in a transparent environment. PMAA believes these negotiations will put downward pressure on interchange fees and force credit card companies to provide justification for the rates charged. We urge you to reach out to your Senators and your Representatives and ask them to cosponsor the "Credit Card Fair Fee Act of 2009." Please visit PMAA's Legislative Action Center at <http://capwiz.com/pmaa/home/> to send an email or fax.

### **PMAA FALL MEETING 2009 SET FOR OCTOBER 19-20**

As mentioned last week, PMAA will hold its Fall Meeting in conjunction with the NACS Show on October 19-20 at the Las Vegas Hilton. The PMAA meeting will begin with a Board Orientation mid-afternoon on October 19th followed by a Board Briefing. A welcome reception with NACS to State Association Leaders will follow. On the morning of October 20th, there will be a Continental Breakfast followed by Regional Meetings and Issue Groups. The PMAA Board of Directors meeting is scheduled after lunch. Please view the Conference Schedule at <http://www.pmaa.org/userfiles/file/FallMeeting/2008/ConferenceScheduleRev2-PMLIchange.pdf>.

PMAA Fall Meeting Registration will not be available until mid July. The NACS Show registration is separate from the PMAA Meeting Registration.

If you are only attending the PMAA Meeting, please make your hotel reservations on PMAA Convention Online Housing at [https://resweb.passkey.com/Resweb.do?mode=welcome\\_gi\\_new&groupID=517827](https://resweb.passkey.com/Resweb.do?mode=welcome_gi_new&groupID=517827), at the NACS Show or call 800.262.9974 and refer to PMAA Block. You can find additional information on our home page at <http://www.pmaa.org/index.asp> under PMAA Fall Meeting Details.

### **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.

### **REGISTER NOW FOR THESE UPCOMING EVENTS IN 2009**

June 9-11, 2009 – MPMCSA Convention, Trade Show & Golf – Hilton Garden Inn, Missoula, MT  
June 18, 2009 – UPMRA Golf Classic – Wasatch Mountain State Park, Midway, UT  
June 23-25, 2009 – WOMA Convention and Golf Tournament – Suncadia Resort, Cle Elum, WA  
July 29-30, 2009 – IPM&CSA Convention and Golf Tournament – Sun Valley Resort, Sun Valley, ID  
August 30-31, 2009 – NMPMA Convention and Golf Tournament – Embassy Suites, Albuquerque, NM  
September 20-22, 2009 – UPMRA Convention and Golf Tournament – Courtyard Marriott, St. George, UT

**Petro Pete: "Everyone has a photographic memory. Some don't have film."**

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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](mailto:janr@wpma.com). Thanks.

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Contact JW Sellers at 505-660-3791 or Don McTeigue at 505-603-7611.