

June 15, 2012

Visit us online at [www.wpma.com](http://www.wpma.com)

WP-06-15-12

**WPMA 2012-2013 OFFICERS**

WPMA announced the Executive Officers for 2012-2013 at their annual board meeting in Salt Lake City this past week.

President: Brett Adams

1st VP: Robert Fung

2nd VP: Lary Poulton

3rd VP: Brad Bell

Immediate Past President: Bob Ogan

Executive Director: Gene Inglesby

**THE DURBIN AMENDMENT IS WORKING**

The American Banker reported this week that Atlanta-based home improvement giant, The Home Depot, lowered its prices for more than 3,000 products since the Durbin amendment's cap on debit card interchange fees took effect in October 2011. "While the price cuts cannot be directly tied to the debit fee limit, the cap on debit fees has lowered operating costs which has allowed the company to reinvest in the business to lower prices for consumers," said Dwaine Kimment, Home Depot's Treasurer and Vice President of Credit. Interchange fees account for the third-highest operating cost for Home Depot.

The Federal Reserve (Fed) found that the average interchange rate for a debit transaction was 44 cents. Under the final rule to implement the Durbin amendment, the Fed capped debit interchange fees at 21 cents per transaction and 0.05 percent of the transaction plus an extra penny for card issuers for fraud prevention. The largest bank holding companies responded to the Durbin amendment by eliminating free checking accounts and charging higher ATM fees. Last year, Bank of America (BOA) announced a five dollar monthly checking account fee for its clients which blamed the fee on debit swipe fee reforms. Other banks quickly filed suit, including Wells Fargo, Sun Trust, and JP Morgan Chase, to make up for the lost revenue.

**PMAA URGES SUPPORT FOR SMALL BUSINESS LENDING**

On Monday, PMAA, along with a diverse group of small business trade associations, sent a letter to House Agriculture Committee Chairman Frank Lucas (R-OK) and Ranking Member Collin Peterson (D-MN) urging them to make changes to the Rural Development title of the Farm bill that will spur small business lending. The letter states that there was a significant decrease in rural lending over the past three years under SBA's 7(a) lending program. To solve this problem, the signatories argued for increased lending authority for loan limits of up to \$250,000 for any microbusiness loan provided by "certified development lenders."

**ICPA EXECUTIVE PARTICIPATES IN CONGRESSIONAL PRESS CONFERENCE**

Last Friday, Independent Connecticut Petroleum Association (ICPA) Executive Gene Guilford participated in a press conference along with former CFTC Chairwoman Brooksley Born and Reps. Barney Frank (D-MA), Rosa DeLauro (D-CT), and John Larson (D-CT) to call on Congress to oppose Wall Street's efforts to weaken necessary reforms to the commodity futures trading markets. Guilford explained that between mid-December 2011 and early April 2012 the RBOB contract increased in price by 92 cents-per-gallon which cost the American economy more than eight billion dollars per-month. During that time period, U.S. gasoline inventories were well above their five-year average while the U.S. became a net exporter of refined petroleum products for the first time since 1950.

Under the House Appropriations Committee – Subcommittee on Agriculture, the CFTC could potentially receive a significant decrease that Guilford explained is bad public policy. "If any of the appropriators had ever been mayors or city managers and faced crime in their communities, the last thing they would do would be to cut the size of the local police force. Yet, this is exactly what cutting the budget of the CFTC would do – weaken the federal government's ability to protect our citizens," said Guilford.

**CALIFORNIA VOTERS REJECT NEW TOBACCO TAX**

The California Independent Oil Marketers Association (CIOMA) is thankful that enough California voters finally understood the serious problems with a proposed \$735 million tobacco tax increase and sent Prop 29 to defeat. Unfortunately in California, the elected Legislature has been unable to cure serious and chronic problems, so they now have the initiative process substituting for thoughtfully considered, balanced problem-solving.

CIOMA sees over and over again special interests designing major funding programs with unelected, unaccountable governing groups making decisions – without any ramifications if money is squandered. In fact, there are typically no requirements that transparent auditing of such programs be performed. The narrow defeat margin of Prop 29 can be taken either way. As a caution that the public is finally through with this kind of winner-take-all policy making, or as a sign to try it again, smoothing over the flaws that lead to Prop 29's defeat. One thing that is very important to retailers is that every extra

ounce of effort is important. With only about 36,000 votes creating the difference between the Yes and No positions, retailers need to realize that every counter-top display, every discussion with employees, family and associates, every letter written, can – and does – make a difference.

### **NEW ETHANOL TESTING AT GAS STATIONS IMMINENT**

Petroleum marketers who splashblend ethanol should take extra precautions to insure E-10 gasoline blends do not exceed 10 percent ethanol. As part of a national E-15 misfueling plan approved by EPA, the RFG Survey Association (RFGSA) will be taking fuel samples at gas stations across the U.S. and sending results directly to EPA. RFGSA will be sampling E-10 locations as well as locations offering E-15. If E-10 blends exceed 10 percent ethanol, retailers (and their supplier) could be subject to fines by EPA up to \$37,500 per day.

“While splashblending has been shown to be a reliable method for ethanol blending, now would be a good time for blenders to review their operations and do some independent testing,” said PMAA President Dan Gilligan. “A tiny variation in blending procedures could be very costly in terms of EPA fines,” he said.

Participating in the RFGSA survey is voluntary for retailers and it is customary for RFGSA inspectors to request cooperation from retailers in terms of paperwork and process. PMAA recommends that retailers check with their fuel suppliers if questions arise about a pending RFGSA inspection.

To learn more about RFGSA, please go to: <http://www.rfgsa.org/programs-list.html>.

### **REFINERS SUE EPA OVER MANDATE TO USE NON-EXISTENT BIOFUELS**

The American Fuel & Petrochemical Manufacturers (AFPM) and the Western States Petroleum Association (WSPA) filed a lawsuit on Tuesday with the D.C. Circuit Court challenging the Environmental Protection Agency’s (EPA) decision to require refiners to blend cellulosic ethanol or pay the agency for waiver credits due to the inability to blend these non-existent fuels under the federal Renewable Fuel Standard (RFS).

This challenge comes after the recent decision by EPA to deny a petition filed by AFPM, WSPA and the American Petroleum Institute in January for a waiver of the 2011 cellulosic fuel requirements under the RFS. This petition was filed after EPA’s own data showed that no cellulosic fuel was commercially available and refiners would be forced to purchase credits representing a fuel that did not exist.

“Congress gave EPA authority to waive RFS requirements when there is an inadequate supply of domestic biofuel. If EPA isn’t going to exercise this authority in a year when zero gallons were produced and available, when would EPA use this waiver provision?” commented AFPM General Counsel Rich Moskowitz. “EPA’s waiver denial is contrary to Congress’ intent and forces refiners to purchase credits from EPA for cellulosic fuels that are not commercially available and amounts to a hidden fuel tax on consumers.”

The Clean Air Act requires EPA to establish the appropriate amount of cellulosic biofuel that should be mandated each year based upon the amount of fuel it expects to be available in the marketplace. EPA’s 2011 rule required refiners and importers of gasoline and diesel to blend 6.8 million gallons of cellulosic biofuels into the fuel supply, despite the fact EPA’s own tracking system indicating that zero gallons of cellulosic fuel were commercially available in 2011.

“Someday cellulosic fuel may be available and may even be cost-effective, but today the fuel doesn’t exist. EPA’s denial of this waiver request is in poor judgment and a perfect example of the agency’s continuing war on fossil fuels,” said AFPM President Charles T. Drevna. “The requirement to blend cellulosic biofuels that do not currently exist—and will not be available in the immediate future—in any form that satisfies EPA’s phantom fuel requirements, let alone the quantities mandated by the RFS program, is one of many examples of how the RFS is broken. Congress should repeal the RFS and embrace a more realistic approach to biofuels; American consumers deserve better from their government.”

### **SENATE COMMITTEE APPROVES MUCH NEEDED CFTC FUNDING CONTRASTS WITH HOUSE CFTC APPROPRIATIONS BILL**

On Thursday, the Senate Appropriations Committee approved a much needed funding boost for the Commodity Futures Trading Commission (CFTC) at \$308 million, a \$103 million increase from its current \$205 million FY 2012 budget. The Senate’s CFTC funding bill differs from the House Appropriations Committee - Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies that passed a bill last week which would cut the CFTC FY 2013 funding from its current \$205 million level to \$180.4 million. Subcommittee Chairman Jack Kingston (R-GA) argued that the CFTC’s botched oversight over MF Global and JP Morgan’s trading losses while not completing Dodd-Frank financial reform regulations were the main reason why the CFTC deserved the funding reduction.

PMAA found these comments misleading given that the over-the-counter (OTC) derivatives market has grown exponentially over the last 10 years. Currently, the U.S. OTC market totals \$300 trillion with another \$300 trillion traded world-wide. The CFTC’s \$205 million budget is inadequate to provide adequate oversight especially since the agency is operating below early 1990s funding levels when the OTC market was in its infant stages.

The CFTC is in the process of receiving swaps trading data which will eventually allow the CFTC to impose aggregate position limits on the West Texas Intermediate (WTI) crude oil contract as well as the RBOB gasoline and heating oil contracts. Also, adequate CFTC funding will allow the agency to impose prudent margin, capital and clearing requirements to ensure that traders have enough "skin in the game" to back up their trades. Clearing requirements are very important to the futures and swaps market because it will bring oil price stability and reduce volatility levels. Congress must keep in mind that OTC products brought down insurance company giant AIG and investment banks Bear Stearns and Lehman Brothers not to mention that a \$700 billion taxpayer bailout was needed to prevent further financial disaster.

PMAA fully supported the Senate Appropriations Committee CFTC budget request and will continue to advocate for full CFTC funding so that the agency can be more effective in limiting excessive speculation in the oil futures market.

### **TRUCKERS SEEK FMCSA CHANGES**

The American Trucking Associations (ATA) has elevated its criticisms of the Federal Motor Carriers Safety Administration (FMCSA). According to ATA, FMCSA has been unresponsive to recommendations for changes widely supported by both truckers and trucking companies.

ATA has been especially critical of changes to the Federal Compliance, Safety, Accountability (CSA) program website that lists all accidents (fatality or injury) that carriers are involved in – without listing which vehicle/driver was at fault. No matter what the circumstance of the wrongful other party: alcohol, excess speed, inattention, if a carrier is involved, it goes on the site. Of course this is information that is accessed by competitors, shippers, attorneys and media. The petroleum industry was especially concerned when learning an automobile driver ran a red light, killing a tanker truck driver, but CSA reported the accident not disclosing the trucker was not at fault. In the absence of full disclosure, innocent persons and companies can be harmed.

Since the site first went up, FMCSA has been expected to correct for this by listing the accountable party on the site. Yet, when FMCSA will actually update the site with a crash accountability system is anyone's guess. In March, Administrator Anne Ferro said the agency needed to rethink its planned revisions.

### **2013 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA**

Start planning now to attend the 2013 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Mark your calendars for February 19-21, 2013.

### **MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2012**

**June 18-21, 2012** – Washington - WOMA Convention – Suncadia Lodge – Cle Elum, Washington

**June 19, 2012** – Idaho-IPM&CSA 1:30 pm Annual DEQ/UST Compliance and Informational Meeting with DEQ staff at DEQ

**June 21, 2012** – Utah - UPMRA Summer Golf Classic – Stonebridge Golf Course – West Valley City, UT

**August 1-3, 2012** – Idaho - IPM&CSA Convention – Coeur d'Alene Resort, Coeur d'Alene, Idaho

**August 15-16, 2012** – Utah - UPMRA Convention – Zermatt Resort, Midway, UT

**August 27-29, 2012** – New Mexico - NMPMA Convention and Trade Show – Embassy Suites – Albuquerque, New Mexico

Petro Pete: ***"Sometimes I question my sanity. Sometimes it replies"***

© 2011 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](mailto:janr@wpma.com). Thanks.



## **Classified Ads**

### **WANTED**

2 OR 3 PETROLEUM TANKERS

General Specs:

- Over 8400 gallons
- Aluminum Composition
- Prefer Double Conical but straight barrel will work
- Any Year
- Any Make
- Any Condition

**Contact: Tucker Evans**

**Office 678 925 7779**

**Fax 678 705 4418**