WPMA
News and Information for the Petroleum Marketers Industry
weekly update

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WPMA OFFICES WILL BE CLOSED FRIDAY JULY 3RD TO CELEBRATE INDEPENDENCE DAY

HOME STATE LAWMAKERS URGE OBAMA NOT TO LOWER THE OZONE RULE

This week, 10 mayors, business executives and various local officials from President Obama's home state of Illinois urged the Obama Administration to keep the ground level ozone levels unchanged at 75 ppb. They argued that a 65 ppb would devastate their local economies. Meanwhile, the U.S. Chamber of Commerce, the U.S. Black Chamber of Commerce, and the Illinois Black Chamber of Commerce also hosted a panel in Chicago this week on the ozone rule and argued that jobs will be lost if the maximum 75 ppb level is reduced.

Last year, EPA issued a proposed rule on ozone to tighten the standard to 65 to 70 parts per billion (ppb), down from the 75 ppb set by a George W. Bush-era rule. If EPA succeeds in adopting this new standard, it will have a significant negative consequence for gasoline refiners and retailers. The United States could see over 200 new counties impose RFG and/or lower RVP requirements for gasoline which would increase the cost of gasoline and stifle economic growth which will erode consumer purchasing power and drive the price of many consumer goods higher – placing a significant drag on the still recovering economy. EPA plans to issue a final rule on a new national ozone standard by the court-ordered deadline of October 1, 2015.

PMAA has argued that the current 75 ppb ozone standard is working, but has yet to be fully implemented. Therefore, EPA should leave the current standard for ozone in place until at least 85 percent of counties currently in nonattainment status can comply. The economic consequences do not justify a lower standard at this time.

AFPM MAY FILE SUIT AGAINST EPA'S ETHANOL MANDATE

The American Fuel & Petrochemical Manufacturers' (AFPM) new president Chet Thompson indicated this week that AFPM may file suit against the EPA's ethanol blending volumes if the agency does not reduce the requirements that were proposed last month, with 2016 being the mandate of greatest concern.

Overall, PMAA was pleased that the EPA lowered the proposed 2014, 2015 and 2016 corn-based ethanol volumes mandates after acknowledging that most existing gas station equipment is not made or warranted to store or dispense ethanol blends greater than 10 percent. However, PMAA believes the 2016 proposed 14 billion gallon ethanol blending volume is still a little too high and should be lowered in the final rule in order to avoid breaching the 10 percent ethanol blend wall.

Sixty percent of the gasoline stations are single-store owned and the average cost to retrofit a gasoline station with E15 compatible equipment is $200,000 which would increase pump prices and force many retailers, especially in rural areas, to close. PMAA is also concerned with E15 proponents' assertion that lucrative RIN values will lure retailers into compatible infrastructure investments to sell higher level ethanol blends. Unfortunately, the majority of retailers do not have the ability to participate in the RINs market since over 95 percent of all gasoline that passes over the terminal rack is already pre-blended with ethanol and no longer generates RINS, which leaves retailers with few viable options to invest in upgraded infrastructure.

PMAA supports the biodiesel proposed volumes for 2014-2017 because the biodiesel mandate supports BioHeat®, which at a 12 percent blend coupled with ultra-low sulfur heating oil (ULSHO), is cleaner than natural gas.

A final 2014-2017 RFS rule is expected by November 30, 2015.

PMAA FIGHTS OBAMACARE IN SPITE OF SUPREME COURT RULING

In spite of last week's Supreme Court ruling allowing Obamacare to move forward by keeping subsidies available for all state exchanges, PMAA continues to fight for language to return the definition of full time employee to 40 hours, down from the 30 hours that are in the Affordable Care Act.

Earlier this year, the House approved legislation which would change the definition of the Affordable Care Act's full time employee from a 30 hour work week to the standard 40 hour requirement. The bill known as the Save American Workers Act passed by a vote of 252 – 172. The GOP-controlled Senate is expected to consider an identical measure introduced by Senators Collins (R-ME), Donnelly (D-IN), Murkowski (R-AK) and Manchin (D-WV) later this year. The White House has issued a veto threat which means the Senate would need 67 votes and the House would need 290 votes to override a Presidential veto.

Last year, the Obama Administration decided to delay employer mandate fines for employers with 50 to 99 full-time workers until January 1, 2016 if they fail to offer workers health insurance. Companies with more workers could avoid some penalties in 2015 if they show they were offering coverage to at least 70 percent of full-time workers. The move came after PMAA and other associations pressured the Obama Administration to peel back the law's insurance requirements. Some companies had trimmed workers' hours to below 30 hours a week to avoid paying a penalty if they didn't offer insurance.

PMAA strongly supported the delay but remains concerned about long term consequences of the mandate for PMAA members.

TRANSPORTATION APPROPRIATIONS BILL INCLUDES LANGUAGE IMPORTANT TO MARKETERS

Last Thursday, the Senate Transportation Appropriations Committee approved a $55.6 billion Transportation-HUD spending bill that is expected to be considered on the Senate floor sometime this month. The bill includes many provisions important to petroleum marketers such as language that limits regulations on trucker hours of service, pending a FMCSA study that was ordered last year. Like the House bill which passed recently, the bill would only revoke the rule's suspension if FMCSA's report shows that "drivers who operated under the restart provisions demonstrated statistically significant improvement in all outcomes related to safety, operator fatigue, driver health and longevity, and work schedules, in comparison to commercial motor vehicle drivers who operated under the restart provisions in effect on June 30, 2013."

The Senate bill would also require the Federal Motor Carrier Safety Administration (FMCSA) to mandate the use of speed limiters on all trucks weighing more than 26,000 pounds, and require drivers to use electronic logging devices to record how many hours they are on the road without a break. PMAA has had concerns with the mandated use of electronic logging devices because the cost of installing an EOBR is estimated to be between $1,000 and $1,500 per vehicle, with additional monthly costs to keep the recorder in-service and operational. Any benefit gained from an EOBR mandate on carriers is marginal at best, as the FMCSA itself acknowledged in a Regulatory Impact Analysis.

An amendment introduced by Senator Richard Shelby (R-AL) was also approved which would allow truck lengths to grow to 33 feet from 28 feet and contains provisions providing states with more flexibility, including the ability to prohibit longer trailers from driving on local roads, and allowing states to seek exemptions for highway portions that state police cannot safely accommodate. Also DOT would have to conduct a three-year crash data study comparing 28-foot to 33-foot length trucks.

Appropriators included favorable language requiring FMCSA to display on any website, smartphone app or "other electronic medium" where trucking companies' safety scores can be accessed, "a disclaimer highlighting GAO's concerns" about the methodology used to calculate them, and the scores "are not necessarily reliable indicators of relative safety performance."

Unfortunately, the Senate's language on the FMCSA's financial responsibility rulemaking is not as strong as the House language particularly as the Senate version did not include a full prohibition. The Senate language allows the agency to move forward with the rulemaking after FMCSA conducts a report that includes an assessment of catastrophic crashes in which damages exceeded the insurance limits, the impact of higher insurance premiums on carriers, and the capacity of the insurance industry to underwrite increases in current minimum financial responsibility limits. PMAA strongly supports the House language which is stronger by prohibiting the Federal Motor Carrier Safety Administration (FMCSA) from using funds to issue and implement new motor carrier financial responsibility requirements.

Last year, FMCSA published an Advanced Notice of Proposed Rulemaking (ANPRM) that PMAA believes is the basis for a planned increase in financial responsibility (FR) requirements (insurance) for commercial motor vehicles. FMCSA has publicly entertained the idea of increasing requirements to as much as $4.5 million per truck for general freight, and a hike to as high as $10 million for petroleum marketers from the current $750,000 in liability insurance for general freight, $1 million for home heating oil and $5 million for gasoline and other hazardous materials.

PMAA believes there is no need to increase insurance minimums. Current requirements have been sufficient in ensuring over 99 percent of claims filed in motor vehicle crashes are fully covered since they were implemented in 1980. In the rare instance that coverage is inadequate, claimants can pursue compensation in court for damages not covered by the carrier's insurance (assuming the motor carrier is at fault). FMCSA also ignores market forces in the insurance industry that increase financial responsibility minimums when necessary to provide full coverage for damages based on risk. Ultimately, companies that cannot afford the increase would go out of business, resulting in less competition and increased prices. Furthermore, some insurance companies may not even be able to underwrite this level of exposure.

PMAA will push hard for the House language when the bill goes to conference.

MARK YOUR CALENDARS FOR UPCOMING EVENTS

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

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Petro Pete: "Nothing cures insomnia quite like realizing it's time to get up."

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- $9,5000.00 ** 6,000/6,000 Split Tank - $14,500.00 or best offer

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