

September 14, 2012

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WP-09-14-12

PMAA URGES CONGRESS TO PROVIDE TAX CERTAINTY

With many federal taxes scheduled to increase on January 1, 2013, and \$109 billion in federal spending cuts pending, PMAA joined nearly 300 business associations in a letter calling on Congress to address these important fiscal issues as soon as possible. It's not likely Congress will act before the November elections, but many political insiders believe Congress may pass a simple six-month tax cut extension and delay the automatic spending cuts during the lame duck, so the new Congress can address it. Ultimately, it depends on how the November elections shake up. The Congressional Budget Office (CBO) argues that allowing the tax cuts to expire and automatic spending cuts to move forward will push the U.S. economy back into recession.

Also expiring at the end of the year are several energy tax incentives and the alternative minimum tax relief (AMT). Although the one-dollar-per-gallon biodiesel blender's tax credit expired last year, the Senate Finance Committee recently passed the "Family and Business Tax Cut Certainty Act of 2012," which extends dozens of tax incentives that have expired or are scheduled to expire at the end of this year. The bill renews the biodiesel blender's tax credit through 2013 and doesn't move the credit from the blender's level to the production level. PMAA opposes efforts to move the credit to the production level.

It is unfortunate election year politics will obstruct Congress from addressing the important issues in the near term. PMAA will continue to push Congress to address these issues prior to the elections.

ROADCHECK ENFORCEMENT BLITZ RESULTS IN FEWER CDL DRIVER/VEHICLE VIOLATIONS

The Commercial Vehicle Safety Alliance (CVSA), a national association of state and federal motor carrier regulators, has released preliminary data on RoadCheck 2012, the group's annual commercial motor vehicle roadside inspection blitz held earlier this year. According to CVSA, a record 74,072 commercial motor vehicle roadside inspections were conducted nationwide between June 5, 6 and 7, 2012. The enforcement data from the annual RoadCheck program is important to petroleum marketers because it reveals the most common violations that lead to out of service orders (OSS) for drivers and commercial vehicles. During this year's event, over 9,500 CVSA and U.S. DOT inspectors participated at approximately 2,500 inspection sites across North America.

According to CVSA, 48,815 of the roadside inspections that took place during the three day event were North American Standard Level 1 — the most vigorous and comprehensive driver and vehicle compliance inspection used by enforcement officers. CVSA reports that 22.4 percent of vehicles and 3.9 percent of drivers were placed out of service (OOS) as a result of Level 1 inspections. This year's OSS rate is the second lowest since the program began in 1987. By comparison, the rates for Level 1 OSS issued in 1991 were 34.8 percent for vehicles and 5.6 percent for drivers. The overall OOS rates for the entire event in 2012 (includes all inspection levels) were 20.9 percent for vehicles and 4.6 percent for drivers, both of which were higher than last year's numbers.

Despite the positive downward trend on OSS, one in five vehicles selected for inspection were still found with a violation serious enough to be considered an imminent safety hazard. RoadCheck 2012 focused special attention on braking systems and hours-of-service compliance, traditionally the top ranking violation categories for vehicles and drivers, respectively. Even within these focus areas, the proportions of brake related and hours-of-service related violations relative to all out-of-service violations declined slightly. In addition, seatbelt violations issued totaled 848, the fewest recorded since 2007.

RoadCheck 2012 took place June 5-7 with an average of more than 1,000 trucks or buses inspected every hour during the 72-hour campaign.

NEW STUDY RELEASED ON ACCELERATED CORROSION PHENOMENON IN ULSD UST SYSTEMS

A new study involving reports of an unusual phenomenon involving accelerated corrosion in UST systems storing and dispensing ultra low sulfur diesel fuel (ULSD) was recently released. The independent study conducted by Battelle Memorial Institute was funded by PMAA and seven other industry stakeholders who make up the Clean Diesel Fuel Alliance (CDFA). The study was initiated two years ago after a handful of UST operators reported accelerated corrosion occurrences primarily in submersible turbine pumps, drop tubes, sensor probes and dispenser components. The Battelle study sampled six sites nationwide that reported the accelerated corrosion phenomenon in ULSD systems.

The study concluded that corrosion occurring in systems storing and dispensing ULSD is likely due to the dispersal of acetic acid throughout USTs. The acetic acid is likely produced by bacteria feeding on low levels of ethanol contamination. Dispersed into the humid vapor space by the higher vapor pressure and by disturbances during fuel deliveries, acetic acid is deposited throughout the UST system. This results in a cycle of wetting and drying of the equipment which concentrates the

acetic acid on metallic equipment causing severe and rapid corrosion.

The source of the low level ethanol contamination present in sampled ULSD tanks is not yet known. Contamination may be occurring in pipelines, terminal systems, cargo tank compartments or manifold vent systems.

It is important to note that this phenomenon is still uncommon and primarily affects system components rather than the tank itself and has not caused any known releases. It is too early to draw definitive conclusions on how ULSD tanks are being contaminated with ethanol or why accelerated corrosion occurs in a very small percentage of ULSD tanks while the majority of ULSD tanks remain largely unaffected.

PMAA and the other stakeholders in the CDFA are currently deciding whether to move forward with further research. Battelle recommends that additional research be focused on samples from a larger and more diverse set of USTs over a longer period of time. The study would sample and monitor ULSD tank systems with and without accelerated corrosion events and investigate the possible source of ethanol contamination.

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.

Petro Pete: ***“You can’t fight progress. But I’ve noticed you can unplug a lot of it.”***

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