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HOUSE TRANSPORTATION COMMITTEE APPROVES HIGHWAY BILL

On Thursday, the House Transportation and Infrastructure Committee unanimously passed a six-year, \$325 billion "Surface Transportation Reauthorization and Reform Act of 2015." Language of particular importance for marketers is outlined below.

Withdraws PHMSA's Wetlines Proposed Mandate for Good

On January 27, 2011, the Pipeline and Hazardous Materials Safety Administration (PHMSA), issued a proposed rule regarding the transportation of gasoline in the external product piping (wetlines) on cargo tanks transporting flammable liquids. The proposed rule limited the amount of gasoline in each wetline to one liter. Transports usually have four wetlines – one per compartment. The proposed rule gave tank truck operators 12 years to retrofit existing tanks with bottom protection like steel rails or install purging equipment, and any trailer manufactured two years after the date of regulation would have to be equipped with in line purging devices or steel guard rails to shield the wet lines from impact.

PMAA led efforts to oppose the proposed rule and we are pleased the bill withdraws the 2011 wetlines proposed mandate. In the 2012 Highway Bill, PMAA saved marketers \$8,000 per transport by asking Congress to include a provision which prevented DOT from arbitrarily adopting a wetlines mandate until a Government Accountability Office (GAO) report was completed. In September 2013, the GAO cited that DOT did not have adequate information to determine whether a wetlines device mandate was necessary to improve safety.

Safety Data Postings/FMCSA's Compliance, Safety, Accountability Program (CSA)

In a significant step forward for petroleum marketers, the committee approved language that requires DOT to commission a study on the accuracy of the CSA program and take steps to address problems in identifying risk and the use of crash data where a motor carrier was free from fault. Until the study and corrections are complete FMCSA would have to take down its safety scores for trucks and motor carriers. Similar language is included in the Senate highway bill.

Earlier this year, the Government Accountability Office (GAO) issued a critical report on the quality of the safety data used by the DOT to determine motor carrier safety. The GAO found that the safety data collected is not a reliable predictor of motor carrier safety. The CSA program uses data from enforcement activity, roadside inspections and accidents involving commercial motor vehicles to set individual motor carrier safety scores, which in turn are used to establish a predictive crash risk. Motor carriers with a predictive crash risk over a certain threshold are targeted for FMCSA intervention. Intervention begins with an initial warning letter followed by closer FMCSA oversight including targeted roadside enforcement and investigative safety audits. Carriers with the poorest safety ratings can be ordered out of service by FMCSA. The GAO report criticized the CSA data saying that of the 800 violations included in the motor carrier risk model, only two - speeding and failure to wear a seat belt, were reliable predictors of crashes. In addition, the CSA model was criticized for not including a sufficient amount of data on all carriers to establish a baseline risk for crashes. As a result, many motor carriers with no history of crashes have received a high predictive crash rate.

Financial Insurance Minimums

The bill requires the Federal Motor Carrier Safety Administration (FMCSA) to conduct a comprehensive study of passenger carrier industries' accident and claims histories before being permitted to proceed to radically increase minimum insurance rates..

Gas Tax Alternative for States

Because Congress lacks the votes to pass a gas tax increase, the bill grants \$115 million towards a six year program that would allow states to demonstrate alternative methods to raise revenue for highways through a user fee. The grants will promote the safety and efficiency of commercial motor vehicle transportation including the safety of drivers and passengers, and the safe transportation of hazardous materials.

EV Charging Amendment Withdrawn

During the House Transportation Committee markup, Reps. Napolitano (D-CA) and Jerry Nadler (D-NY), offered an amendment that would allow sales of EV charging stations and natural gas refueling infrastructure at highway rest areas. The amendment was ultimately withdrawn, but it could still be considered on the House floor. PMAA opposed the amendment and joined other associations in a letter expressing our concerns.

Outlook on Highway Bill

Until the GOP elects a new Speaker and Congress finds a way to fund a highway bill, it will remain in limbo. The Senate's six year bill only guarantees enough funding for three years although it authorizes policy for six years. Congress will likely pass a short term policy extension to give them more time to finish a highway bill. Transportation policy expires in seven

days. Meanwhile, Senate Environment and Public Works Committee Chairman Jim Inhofe (R-OK) has indicated that Congress will likely pass a six year bill with three years of guaranteed funding before the Thanksgiving holiday.

REFINERS TO MCCONNELL: DON'T COMPROMISE ON CRUDE OIL EXPORTS BAN

This week, the American Fuel & Petrochemical Manufacturers Association (AFPM) sent Senate Majority Leader Mitch McConnell (R-KY) a letter urging him and other Republicans not to give in to the demands of Democrats in regards to a compromise for lifting the ban on crude oil exports.

In the letter, AFPM President Chet Thompson said the group does not oppose lifting the ban on crude oil exports, something other refiner groups have come out against. He added that such a measure should not include legislation some Democrats have said will be necessary to win their support, including an extension of renewable energy tax credits, which has been mentioned by Sen. Heidi Heitkamp (D-ND).

Supporters of lifting the exports ban have been trying to solicit Democratic votes in the Senate because a bill that only lifts the export ban will likely result in a filibuster.

CANADA'S NEW PM SUPPORTS KEYSTONE BUT MAY ACCEPT A U.S. REJECTION

Canada's newly elected Prime Minister Justin Trudeau supports development of the Keystone XL pipeline but is unlikely to lobby the pipeline as hard as his predecessor, Prime Minister Stephen Harper.

While a U.S. decision on Keystone XL has not been made, President Barack Obama has widely hinted that it may never be built. Harper predicted Keystone KL would be built under a subsequent administration even if Obama says no, as is expected. But that will depend on a Republican settling into the White House in 2017.

PMAA continues to fully support the approval of the Keystone XL pipeline.

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Petro Pete: "I remember when Halloween was the scariest night of the year. Now, it's election night."

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