



SSDA News

Service Station Dealers of America and Allied Trades

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LEGISLATIVE UPDATE

By Roy Littlefield

TRANSPORTATION EXTENSION BILL GOES TO PRESIDENT

The House of Representation legislation that extends Highway Trust Fund authority for 3 months and funding for 6 months, passed the U.S. Senate 91-4 on July 31 and has gone to President Obama for his signature.

Of note, the provision that could have reinstated the mandatory tire registration program was not included in the measure that was sent to the President.

SSDA-AT would like to thank members nationwide for their overwhelming grass roots effort. You made a difference. You told your story in a very honest and forceful way. Our effort is far from over. We suspect that the effort to pass this provision will continue and the need to reach out to legislators will continue.

SSDA-AT opposed a return to the failed paperwork requirements of the past and opposes legislation that could lead to independent dealers being forced to turn over our customer information to product manufacturers. We do agree however, that recall performance can be improved and have non-legislative proposals that we would like to work on with tire manufacturers to achieve this goal.

SSDA-AT believes that the industry coming together to seek solutions is a better alternative than to legislate for more government as a solution to any industry issue. We can - and should - do better.

CONGRESS IS ON VACATION

Here's the current situation.

The Senate and House have adjourned for summer recess Thursday and not return until September 8.

Before departing, the House passed a three-month extension of the gas tax until October 29 to give Congress more time to complete a long-term highway bill.

Ways and Means Chairman Paul Ryan has promised to pass a tax extenders bill in September or October. The Senate Finance Committee has already reported an extenders bill that can be quickly reconciled with whatever Ryan passes. Most importantly, we want Ryan to endorse H.R. 2754, which makes WOTC and VOW To Hire Heroes Act veterans' credits permanent.

All eyes are now on Ryan but chances are dim he can find time or will to act on

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With So Many Bills and Regulations Being Aimed at our Industry, Don't Forget to Attend The Industry Issues Forum!

By Roy Littlefield, IV

If you have never attended the Industry Issues Forum in Ocean City during the annual Convention & Mega Trade Show, I recommend sitting in on this year's session for what could prove to be the most lively and passionate program at the convention.

On Friday, September 11th from 10:00am - 12:00pm in the Convention Center we will discuss a flurry of bills and regulations showing up on the state and federal level that directly impact service station dealers and repair shop owners. The time is now for us to unite and defend our businesses against burdensome laws.

The Industry Issues Forum gives dealers and repair shop owners the opportunity to see what issues affect them on the state and federal level such as: the transportation bill, mandatory tire registration, LIFO repeal, estate tax, Obamacare, WOTC/extendors, OSHA regulations, gas taxes, decentralized VEP, Marketplace Fairness Act, Comp time and overtime proposals, tire aging, used tires, sales tax on labor, safety inspections, Keystone XL pipeline, minimum wage, family leave, and many others.

We will ask: What options do we have in the next session? How do these issue affect my business? How have other states combatted these issues?

The issues covered will be important for both service station dealers and repair shops owners in the interest of their businesses. With so many hot button issues on the floor for debate, it is essential that we ramp up our legislative efforts this year and unite as an industry against practices and laws that the government is trying to harmfully impose on your small business.

Both service station dealers and repair shops owners should be concerned with the legislative climate and thus we have provided a variety of speakers for the event who will cover issues in all sectors of the industry.



Speakers at the forum include lawyers, representatives from weights and measure, air management personnel, representatives from the Comptroller's office, API, AAA, distributors, and representatives from State Associations around the country. These speakers will compare legislation, debate issues, and offer predictions for the next legislative session.

We must continue to fight on the state and federal level to show legislators that SSDA-AT still has a strong and powerful voice. Help yourself, your business, and your fellow dealers and repair shop owners this year by attending the Industry Issues Forum in Ocean City! We must come together as an industry to speak in one powerful voice.

**The
Mega
Show**

**For More
Information
on the
Convention
& Mega
Show
go to
ssda-at.com**

Deluge of Refinery Expansions Run Risk of Cost Overruns, Delays, Report Finds

Refineries are expanding for the first time in years to soak up a wave of cheap crude unleashed by the U.S. shale boom, but their lack of in-house construction experience puts the projects at greater risk for cost overruns and delays, a new report finds.

More than 30 refining expansions worth \$14 billion total are under development across the United States as the industry hustles to take advantage of the oil glut, according to a new analysis by Petrochemical Update, which analyzes construction trends for the industry.

Texas alone has three refining projects under construction, including Kinder Morgan Energy Partner's \$369 million condensate splitter in Galena Park slated to come online at the end of this year.

But the industry has a shortage of workers with experience managing such massive investments, which can make it difficult for companies to accurately estimate how much a project will cost and how long it will take to build, the report said.

"The industry is suffering from a depleting resource pool of highly-experienced project managers and project support personnel," Stephen Cabano, president of Pathfinder, a project management consulting firm, wrote in the report.

That's problematic because it's critical for refineries to fully understand all the risks associated with building an expansion, Cabano wrote. For example, the flurry of new petrochemical and refining construction projects happening across the U.S. Gulf

Coast has created stiff competition for skilled construction workers, materials and equipment, which in turn can drive up prices, the report found. However, those problems may be easing amid falling oil prices, the report said.

Companies can avoid cost overruns and delays by planning around these risks, but those mitigation skills are in short supply, the report found.

The ability to manage risks is often developed over time through "experience and lessons learned, both of which are weak in today's marketplace," Cabano wrote in the report.

The report suggests that companies suffering from a lack of experience on their project teams should look for workers within the company, or hire outside experts and consultants, to help manage the projects, the report suggested.

"With the application of goodly amounts of research, applied experience, sound ideas from in-house and outside experts and an eye always on company objectives, capital projects can be completed on time and on budget," the report found.



Marathon Energy Firm to Acquire Marcellus Shale Gas Processor

A Findlay, Ohio-based energy asset firm owned by Marathon Petroleum Corp. reached a deal to acquire Denver-based midstream natural gas firm MarkWest Energy Partners in a deal valued at about \$15.8 billion, officials said.

MarkWest will become a wholly owned subsidiary of Marathon's MPLX LP following the close of the deal, which is expected to take place in the fourth quarter of 2015.



MPLX's assets include ownership of crude oil pipelines in the Midwest and Gulf Coast regions and a butane storage cavern in West Virginia. Mark-

West is the No. 2 player by market share in processing of natural gas from the Marcellus Shale and Utica Shale.

The combined company will have a total market capitalization of \$21 billion, purportedly making it the fourth-largest limited master partnership.

MPLX will abandon its previously proposed ac-

quisition of Marathon's marine transportation assets, the companies said.

"This combination creates a unique new competitor in the midstream sector," MPLX CEO Gary R. Heminger said in a statement. "We are thrilled to be joining forces with the MarkWest team, which has built a sterling reputation for customer service and its ability to execute on strategic growth projects."

MarkWest's executives will take on similar roles at MPLX, with Heminger remaining CEO. MarkWest CEO Frank Semple will become executive vice chairman of MPLX.

MPLX is making a one-time \$20 billion payment to acquire MarkWest and will assume \$4.2 billion in debt.

Marathon Petroleum is kicking in \$675 million in cash to support the acquisition.

The deal reflects a 32% premium of Friday's closing price of MarkWest shares.

The Convention is Coming!!

Don't miss out - the Annual Convention & Mega Show will be in Ocean City, Maryland

September 10 - 12, 2015

The room block at the new Host Hotel -
The Carousel Resort
Closes August 10th!

Go to www.ssda-at.com for more details, or call
Marta at 301-390-0900 ext 115



Canadian Imports of US Crude Hit Fresh Highs in May: Statistics Canada

Canada imported a record 573,400 b/d of US crude in May, Statistics Canada data showed.

As US crude exports are heavily restricted, the lion's share of US exports often go to Canada as much of the refined product produced eventually feeds into US Northeast demand.

Canada has four refineries on its East Coast: Irving Oil's 300,000 b/d Saint John facility in New Brunswick; Harvest Operations' 115,000 b/d Come By Chance refinery in Newfoundland and Labrador; and Valero's 265,000 b/d Jean Gaulin refinery and Sunco's 137,000 b/d Montreal refinery, both in Quebec.

While these refineries traditionally take Atlantic Basin crudes -- including offshore Canadian production -- they have recently been sourcing more and more barrels from Texas, and increasingly North Dakota and Wyoming as well, Statistics Canada data shows.

All four refineries can receive waterborne crudes, while Come By Chance is the only one that cannot receive crude by rail as it is island-based.

The incentive for US producers to seek exports is highly correlated to a wider ICE Brent/NYMEX WTI spread. In May, the prompt Brent/WTI spread averaged around \$6.21/b in April and \$8.80/b in March -- months in which these export deals were concluded, Platts data shows.

The Statistics Canada data Tuesday showed Canada's US imports were up from around 526,400 b/d in April. The freshest US Energy Information Administration data shows the US exported around 492,000 b/d to Canada in April.

The May totals are up from the previous record-high of 531,000 b/d set in January, Statistics Canada data shows.

Statistics Canada data tracks closely with US Energy

Information Administration US crude export data, however it is released nearly a month in advance.

Texas supplied around 336,000 b/d in May -- up from around 301,000 b/d in April -- accounting for the largest share by state. North Dakota supplied around 80,000 b/d, down from over 102,000 b/d.

Quebec imported around 182,000 b/d from Texas, and 19,600 b/d from North Dakota.

Irving Saint John likely accounted for around 93,000 b/d of imported Texas crude, and around 16,000 b/d from Louisiana. New Brunswick, and in turn likely the refinery, took around 11,700 b/d from North Dakota. Harvest's Come-by-Chance refinery -- the only facility in Newfoundland and Labrador -- imported around 55,300 b/d from Texas and 38,000 b/d from Louisiana.

NORWEGIAN BARRELS PILE IN

Statistics Canada data also showed imports of Norwegian crude climbed in May, averaging around 122,000 b/d, up from around 70,000 b/d in April.

Spot Ekofisk -- delivered to an East Coast Canada refinery via Suezmax -- would have averaged a \$1.22/b discount to FOB Hibernia over April, Platts data shows.

However, Ekofisk delivered came at a more than \$3/b premium to North Dakota Bakken in April -- which would have worked to discouraged Ekofisk imports, at least relative to Bakken.

Looking ahead though, that arbitrage has worked toward Ekofisk's favor. Over June, delivered-Ekofisk averaged a near \$5/b discount to Bakken, signaling more Norwegian imports could be expected.

Analysis - Oil Under \$60 Beyond 2016 Suggests Market Rethinking Shale

The almost 10 percent nosedive in headline oil prices this week has many hallmarks of a shocking but short-lived slump, triggered by a confluence of external events and exacerbated by safety-seeking investors and momentum-chasing traders.

By Tuesday afternoon, the crowded race to the exit was winding down, with prices recovering from three-month lows as traders reassessed the factors they blamed for the worst slide in four months: Greece's debt woes; China's stock market meltdown; talks with Iran over its nuclear program; a stronger dollar; a rise in the number of U.S. oil rigs; a breach of key technical triggers.



Yet a deeper look at the market suggests an important and more lasting rethink may now be afoot: longer-term oil prices, normally less volatile and reactive than immediate delivery, have suffered an almost equally violent collapse, pushing crude prices for 2017 to below \$60 a barrel for the first time ever.

If U.S. shale drillers - the world's new 'swing' producers - can still turn a profit at below \$60 a barrel, then the fall in long-dated oil prices may be rational. If not, as some bullish market analysts worry, then lower prices could be choking off new supplies the world may need as soon as next year.

"If you take the curve at face value, it appears to be saying that U.S. shale can grow ... if WTI stays below \$60 for three years. That doesn't seem

very likely," Paul Horsnell, global head of commodities research at Standard Chartered, said, referring to West Texas Intermediate crude.

"One would guess that all those companies that had been holding back from cutting projects and jobs over the past few months are not going to hold on much longer, and another shakeout will start. And it probably won't be long before U.S. rig counts start to dive again."

U.S. oil futures for December 2017 delivery have dropped by as much as \$5 a barrel, or 8 percent, in the past two days, an even deeper retreat than last November when OPEC's surprise decision to maintain oil output despite a global glut sent markets into a deepening tailspin.

The more liquid frontline prices for delivery in August this year have fallen only slightly further this week and are still several dollars above their trough from March. Longer-dated futures are plumbing contract lows, testing the break-even economics for U.S. shale oil drillers. The cause of this unusual tumble is still a topic of debate.

Some link it to a future shift in fundamentals such as the expected boost in Iran's oil exports next year. Others say it may reflect the realization that oil industry costs are falling faster than expected as activity slumps. A few wonder if it is an unusually large producer hedge, or a big macro-economy fund trade unwinding.

IRAN, RIGS OR...

Longer-term oil futures are normally insulated from the speculative, short-term fluctuations and fac-

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Analysis - Oil Under \$60 Beyond 2016 Suggests Market Rethinking Shale

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tors that afflict immediate prices. Too illiquid to attract fast money, they tend to trade on more strategic themes, whether a long-term bet on prices or a corporation seeking to hedge its price risks.

Front-month oil futures have posted a daily change of more than \$1 a barrel on 62 occasions this year, trading in a range of over \$20; December 2017 has moved by that magnitude only 18 times, trading between \$61 and \$67 a barrel.

The fact that this week's activity has affected both ends of the futures curve in nearly equal measure is unusual, says Credit Suisse analyst Jan Stuart.

"This isn't a simple front-month correlation trade or a dip in demand," he says. "This is investors who invest all along the curve picking up the ball and going home. That's what this looks like."

Some fundamental factors are also in play.

Negotiations over Iran's nuclear program, which may conclude this week in Vienna, have increased the likelihood that a country that was once OPEC's second-largest producer will ramp up exports as sanctions are eased - likely adding more supply to the market next year at the earliest.

Others pointed to the latest U.S. rig count data released last Thursday, showing the first increase in oil drilling since December. The addition 14 rigs was a bigger rise than expected.

The rise suggests that at \$60 a barrel, "producers can ramp up activity given improved returns with costs down nearly 30 percent and producers in-

creasingly comfortable at the current costs/revenue/funding mix," Goldman Sachs, which is predicting a deeper and prolonged oil slump, said in a note on Monday.

A HEDGE TOO FAR?

Some suggested that the selloff, which began last week ahead of the U.S. Independence Day holiday, may have provoked reticent oil producers to hedge, locking in far-forward prices for fear they may fall much further.

Oil option volatility fell last month to its lowest level in seven months, making hedging relatively cheaper for drillers who had locked in only 15 percent of their 2016 prices, according to analysts at Tudor, Pickering, Holt & Co.

The oil VIX index, a proxy for options pricing in the main oil ETF, has surged alongside oil prices in recent days, rising from 33.8 to over 42, its highest since mid-April, in a possible sign of increased demand to buy options protection.

Yet market sources saw little immediate evidence of a big hedge that could explain the price move.

Trading volumes in the December 2016 and 2017 WTI contracts, which were the fourth and fifth most-active in the market on Monday, was elevated, but not unusually so. The 2016 contract traded just over 35,000 lots, double the 30-day average but a hair less than on July 1, data show.

"We have not seen a lot of activity in the last 24-48 hours," said John Saucer, vice president of research and analytics at Mobius Risk Group, which advises companies on hedging. "We saw a lot last month."

IEA Says Oil Prices May Fall Even Further Before Supply Fades in 2016

Oil prices may fall further as the world remains “massively oversupplied,” before markets tighten in 2016 when output growth outside OPEC grinds to a halt, according to the International Energy Agency.

There will be no overall production growth outside the Organization of Petroleum Exporting Countries next year for the first time since 2008, according to the IEA. Growth in U.S. shale oil supplies will stagnate to the middle of 2016 while output declines in Russia, the Paris-based adviser said in its first detailed assessment of the year ahead. Global oil demand growth will slow, the agency predicted.

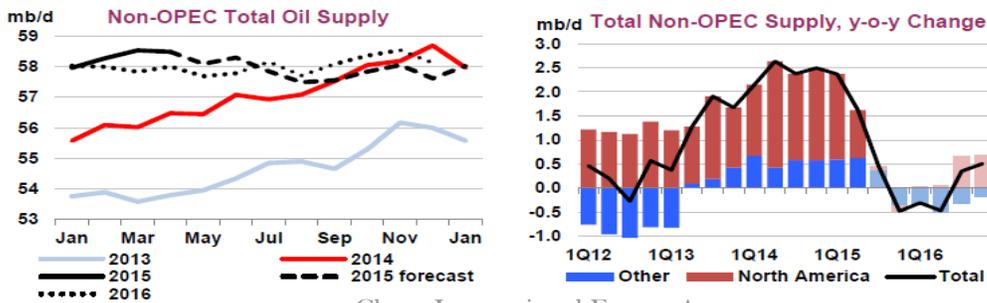


Chart: International Energy Agency

Oil-producing nations around the world are reeling after OPEC initiated a strategy in November to defend its share of global markets by pressuring rivals to curb output. Oil prices, about 45 percent lower than a year ago, may need to decline further to reduce the supply surplus, the IEA said.

“The bottom of the market may still be ahead,” said the agency, which advises 29 industrialized nations on energy policy. “Non-OPEC supply growth is expected to grind to a halt in 2016 as lower oil prices and spending cuts take a toll.”

Brent crude futures, a global benchmark, pared gains after the report. The August contract traded 9 cents higher at \$58.70 a barrel at 1:49 p.m. on the London-based ICE Futures Europe exchange, having earlier risen as much as \$1.05. The grade has lost 13 percent from this year’s peak in May.

U.S. Slows

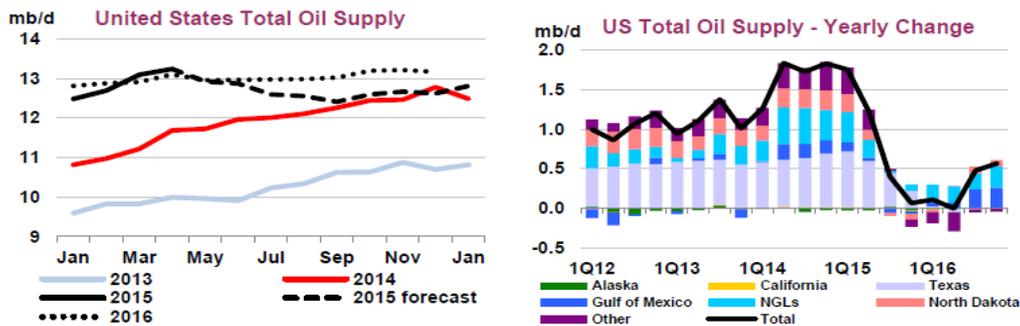


Chart: International Energy Agency

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IEA Says Oil Prices May Fall Even Further Before Supply Fades in 2016

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“In the short term, the report is definitely bearish” because of its assessment of a massive surplus, said Amrita Sen, chief oil analyst at consultant Energy Aspects Ltd. in London. The 2016 numbers are supportive of prices because of the “huge swing” in the trend of non-OPEC production growth, she said.

“Non-OPEC supply growth is expected to grind to a halt in 2016, as lower oil prices and spending cuts take a toll”

U.S. production growth will slow to 300,000 barrels day next year from 900,000 a day in 2015, with gains in off-shore production and supply of natural gas liquids. While “cost savings, efficiency gains and producer hedging” have helped shale drillers beat expectations so far, the nation’s boom can’t keep going at current prices, the agency said.

The halt in non-OPEC growth projected for 2016 contrasts with an expansion of 1 million barrels day this year and a “massive” 2.4 million in 2014, the IEA said. Russia’s production will slip next year to 10.86 million barrels a day from 10.98 million, the agency forecast.

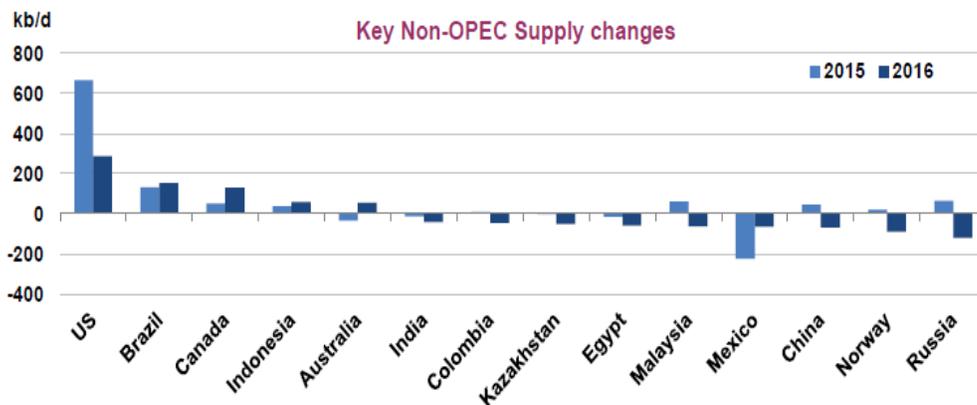


Chart: International Energy Agency

OPEC Strength

The slowdown in supplies will increase reliance on OPEC in 2016, the IEA said. Production from the 12-nation group climbed to a three-year high of 31.7 million barrels a day in June as Iraq reached a record of more than 4 million a day and Saudi Arabia, the biggest member, added output.

That leaves total OPEC supplies about 1.4 million barrels a day higher than the average needed next year “and the group is not slowing down,” according to the IEA. This will potentially counteract the effect of weaker out-

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GOP Lawmakers Slash \$450M From Transportation Budget

Budget Will Still Set Record For Borrowing For Road Work

Republican state lawmakers have approved a plan that would cut \$450 million from Gov. Scott Walker's transportation budget, but would still increase transportation debt to an all-time high.

Despite a substantial cut to the governor's transportation budget, the plan that Republican lawmakers approved on Thursday night would still borrow \$850 million for roads and leave the state spending nearly 21 cents of every transportation dollar on debt service.

State Rep. Gordon Hintz, D-Oshkosh, told Republicans that they punted on this issue.

"I mean, the reality is we have a budget that doesn't address any of the challenges that this Legislature set out to do," Hintz said.

Facing a likely veto by Walker, Republicans didn't increase taxes or fees to reduce borrowing. They did require an audit of the state Department of Transportation.

State Rep. Dean Knudson, R-Hudson, endorsed that approach.

"We've got to do a review of what's going on with the spending practices and the DOT before we raise taxes," said Knudson.

The plan passed the Legislature's budget committee on a party-line vote.

Maine: Gov. LePage Signs \$85M Transportation Bond Proposal

Maine voters will consider an \$85 million bond proposal to fund improvements to the state's roads and bridges.

Republican Gov. Paul LePage signed the bill on Wednesday. It will be placed on the November ballot.

It was one of two bond proposals passed by the Legislature this week. LePage has not yet taken action on the other measure, which would put \$15 million toward building more affordable housing for seniors.

Most of the money from the transportation bond would go toward building or rehabilitating highways and bridges. A total of \$17 million is targeted for improvements to things like ports, harbors and passenger railroads.

Despite his vow to veto every bill, LePage has signed a handful and let several go into law without his signature.

API Releases Pipeline Safety Recommended Practice

The American Petroleum Institute released a pipeline safety recommended practice that it developed with engagement from the US Pipeline and Hazardous Materials Safety Administration, National Transportation Safety Board, and other key stakeholders.

RP 1173 will build upon existing safety requirements to further monitor and measure the effectiveness of pipeline activities with a “plan, do, check, and act” philosophy that requires periodic reviews and applies changes or corrections to activities as needed, API Midstream Director Robin Rorick said.

“This new standard gives operators a holistic framework to identify and address safety concerns

for a pipeline’s entire life cycle,” Rorick said.

API released the standard on July 8, one day after the US House Energy and Commerce Committee’s Energy and Power Subcommittee announced it would hold a pipeline safety hearing on July 14. PHMSA proposed new federal pipeline accident notification requirements on July 1 (OGJ Online, July 2, 2015).

RP 1173 was developed and published using API’s American National Standards Institute accredited process that is open, transparent, and ensures that the best minds from government, academia, industry, and the public fully participate, the association said.

Transportation Sector Gains 17K Jobs in June

The transportation sector gained 17,100 jobs in June as the national unemployment rate fell to its lowest level in seven years, according to statistics released by the Department of Labor on Friday.

The Labor Department’s Bureau of Labor Statistics (BLS) said there were 4,777,500 jobs in transportation in June, compared to 4,760,400 in May.

The jump was part of a 223,000 increase in overall jobs in June that brought the nation’s unemployment rate down to 5.3 percent, the BLS said.

The transportation sector with the highest employment increase was the trucking industry, which had 1,458,500 jobs in June, compared to 1,451,100 in

May.

The biggest drop in employment in the sector was pipeline transportation, which lost 200 jobs last month. The category had 49,400 jobs in June, down from 49,600 in May.

The airline industry gained 700 jobs in June, going from 446,700 in May to 447,400 last month.

Long-distance rail companies also gained 700 jobs, going from 244,000 in May to 244,700 last month.

The public transit industry, meanwhile, also gained 700 jobs, going from 473,200 in May to 473,900 last month.

Revising Underground Storage Tank Regulations

Revisions to Existing Requirements and New Requirements for Secondary Containment and Operator Training; Final Rule

Federal Register / Vol. 80, No. 135 / Wednesday, July 15, 2015 / Rules and Regulations

SUMMARY: The Environmental Protection Agency (EPA or the Agency) is making certain revisions to the 1988 underground storage tank (UST) regulation and to the 1988 state program approval (SPA) regulation.

These changes establish Federal requirements that are similar to key portions of the Energy Policy Act of 2005 (EPAAct); they also update the 1988 UST and SPA regulations. Changes to the regulations include:

Adding secondary containment requirements for new and replaced tanks and piping; adding operator training requirements; adding periodic operation and maintenance requirements for UST systems; addressing UST systems deferred in the 1988 UST regulation; adding new release prevention and detection technologies; updating codes of practice; making editorial corrections and technical amendments; and updating state program approval requirements to incorporate these new changes.

EPA thinks these changes will protect human health and the environment by reducing the number of releases to the environment and quickly detecting releases, if they occur.

DATES: This rule is effective October 13, 2015.

ADDRESSES: EPA established a docket for this action under Docket ID No. EPA-HQ-UST-2011-0301. All documents in the docket are listed on the www.regulations.gov Web site. Although listed in the index, some information is not publicly available, e.g., CBI or other information whose disclo-

sure is restricted by statute. Certain other material, such as copyrighted material, will be publicly available only in hard copy.

Publicly available docket materials are available either electronically in www.regulations.gov or in paper copy at the OSWER Docket, EPA/DC, WJC West Building, Room 3334, 1301 Constitution Ave. NW., Washington, DC. The Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding Federal holidays. The telephone number for the Public Reading Room is 202-566-1744, and the telephone number for the OSWER Docket is 202-566-0270.

FOR FURTHER INFORMATION CONTACT: Elizabeth McDermott, OSWER/OUST (5401P), Environmental Protection Agency, 1200 Pennsylvania Avenue NW., Washington, DC 20460; telephone number: 703-603-7175; email: mcdermott.elizabeth@epa.gov.

SUPPLEMENTARY INFORMATION:

The Federal Register lists these Table of Contents:

- I. General Information
 - Does this action apply to me?
- II. Authority
- III. Background
 - A. Changes to the UST Regulations
 - B. History of the UST Laws and Regulations
 - C. Potential Impact of This Regulation
 - D. EPA's Process in Deciding Which Changes To Incorporate in the Regulations
 - E. Implementation Timeframe
- IV. Revisions to the Requirements for Owners and Operators of Underground Storage Tank Systems

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Revising Underground Storage Tank Regulations

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 1. Walkthrough Inspections
 2. Spill Prevention Equipment Tests
 3. Overfill Prevention Equipment Inspections
 4. Secondary Containment Tests
 5. Release Detection Equipment Tests
- C. Addressing Deferrals
 1. UST Systems Storing Fuel Solely for Use by Emergency Power Generators--Require Release Detection
 2. Airport Hydrant Fuel Distribution Systems and UST Systems With Field-Constructed Tanks
 3. Wastewater Treatment Tank Systems That Are Not Part of a Wastewater Treatment Facility Regulated Under Sections 402 or 307(b) of the Clean Water Act
 4. USTs Containing Radioactive Material and Emergency Generator UST Systems at Nuclear Power Generation Facilities Regulated by the Nuclear Regulatory Commission
- D. Other Changes
 1. Changes to Overfill Prevention Equipment Requirements
 2. Internal Linings That Fail the Periodic Lining Inspection and Cannot Be Repaired
 3. Notification
 4. Compatibility
 5. Improving Repairs
 6. Vapor Monitoring and Groundwater Monitoring
 7. Interstitial Monitoring Results, Including Inter-

stitial Alarms, Under Subpart E

- E. General Updates
 1. Incorporate Newer Technologies
 2. Updates to Codes of Practice Listed in the UST Regulation
 3. Updates To Remove Old Upgrade and Implementation Deadlines
 4. Editorial Corrections and Technical Amendments
- F. Alternative Options EPA Considered
- V. Updates to State Program Approval Requirements
- VI. Overview of Estimated Costs and Benefits
- VII. Statutory and Executive Orders
 - A. Executive Order 12866: Regulatory Planning and Overview and Executive Order 13563: Improving Regulation and Regulatory Review
 - B. Paperwork Reduction Act
 - C. Regulatory Flexibility Act
 - D. Unfunded Mandates Reform Act
 - E. Executive Order 13132: Federalism
 - F. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments
 - G. Executive Order 13045: Protection of Children From Environmental Health Risks and Safety Risks
 - H. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use
 - I. National Technology Transfer and Advancement Act
 - J. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations
 - K. Congressional Review Act

For a full version of the document please visit:
<http://www.gpo.gov/fdsys/pkg/FR-2015-07-15/html/2015-15914.htm>

LETTER TO THE EDITOR

Dear SSDA-AT,

As Congress works toward the first comprehensive energy legislation since 2007, policymakers have a rare and valuable opportunity to set America on a pro-energy path for the next decade and beyond. A recent report makes clear that pro-energy policies mean jobs (2.3 million by 2035), economic growth (+\$443 billion to GDP/year) and household energy savings. Policies that constrain production and refining could cost the economy 830,000 jobs, \$133 billion annually in GDP and \$242 in additional average household energy costs per year.

To achieve the full potential of the nation's energy resurgence, new energy legislation should:

Eliminate Obsolete Policies: America's energy outlook has changed dramatically since the last major energy bill, and federal policy should reflect our new energy reality. The 1970s-era ban on crude exports makes no sense now that the United States leads the world in oil and natural gas production. The Renewable Fuel Standard (RFS) was also developed under an expectation of energy scarcity that is no longer valid. Both policies are stuck in the past, and maintaining them causes needless economic harm.

Unlock Offshore Resources: Current policy bans energy exploration in 87 percent of federal offshore acreage - including promising areas in the eastern Gulf of Mexico, Pacific and Atlantic that could generate 840,000 new American jobs and \$200 billion in government revenue by 2035. Allowing responsible exploration in these areas and offshore Alaska should be a priority.

Roll Back Regulatory Onslaught: Ozone levels have dropped 33 percent since 1980 and 18 percent since 2000, yet the administration has proposed new regulations that could be the costliest ever. An extensive new EPA report confirmed fracking's safety record, finding no widespread impact to drinking water. Yet the administration has proposed new federal regulations on top of existing - and clearly effective - state regulations. Any policy that jeopardizes energy production jeopardizes jobs, and Congress has an opportunity to curb regulatory overreach by ensuring regulations are grounded in science and mindful of economic impact.

Thanks to American innovation and entrepreneurial spirit, we've entered an era of energy abundance that presents opportunities that were not possible even a few years ago.

Congress should not waste this chance to chart a course to prosperity and security through sound energy policy.

Sincerely,
Jack Gerard
President and CEO
API



LETTER TO THE EDITOR

Dear SSDA-AT,

This month, we celebrate the 5th anniversary of operations on the original Keystone Pipeline.

But wait - isn't the Keystone XL Pipeline stuck in a six-year limbo, waiting for the State Department and President Obama to approve construction?

Sadly, yes. Keystone XL has yet to be approved, despite promising 42,000 construction and manufacturing jobs and \$3.4 billion in US GDP growth.

But that's not what we're celebrating.

We're celebrating 5 years of success on the original Keystone project, which runs from Alberta Canada through North Dakota, South Dakota, Nebraska, Kansas, Missouri, and Illinois. This part of the pipeline was permitted in 3 years, built in 2 years and became operational on July 1, 2010.

Since that time, the original Keystone Pipeline has been delivering approximately 600,000 barrels per day of Canadian crude oil to American refiners - the same Canadian crude oil that Keystone XL will deliver once it is built.

Consider some of the benefits of this pipeline: Since construction, the original Keystone has paid millions in property taxes to counties, townships, and to school, fire and natural resource districts along the route, including \$20 million alone to Nebraska communities.

We have five years of success to celebrate today. But as you celebrate, remember we're still facing delays on even greater economic benefits and employment opportunities from Keystone XL.

Knowing what 5 years of the original Keystone Pipeline has done for jobs and revenue, the State Department and the President need to approve the Keystone XL Pipeline NOW so all Americans can benefit.

Sincerely,
Matt Koch
Vice President
Institute for 21st Century Energy
U.S. Chamber of Commerce



INSTITUTE FOR 21ST CENTURY ENERGY
U.S. CHAMBER OF COMMERCE

The Nation's First Per-Mile Charging System Launched in Oregon

State officials and private partners kicked off Oregon's new pay-by-the-mile road usage charge program, *OReGO*, welcoming drivers to enroll online.

"The doors are now open for Oregonians to enroll their vehicles and test-drive *OReGO* statewide," said Vicki Berger, chair of Oregon's Road User Fee Task Force, and a former member of the Oregon House of Representatives who helped pass legislation creating Oregon's new road usage charge program in 2013.

OReGO participants will pay 1.5 cents per mile while driving in Oregon, and receive a credit on their bill for state gas tax paid at the pump. *OReGO* is currently limited to 5,000 vehicles statewide.

ODOT is asking participants for feedback and suggestions for improving *OReGO* along the way.

How to enroll in *OReGO*

"Enrolling to test-drive *OReGO* is simple," said Tom Fuller, Oregon Department of Transportation Communications Manager.

"Go online at myOReGO.org to choose your provider," Fuller said. "When you make your choice, you'll be sent to the provider's website where you can apply to enroll your vehicle for *OReGO*. Once you're approved, the account manager

sends you a small reporting device that you plug into your car and you're good to go with *OReGO*."

Fuller said three private business partners are managing *OReGO* user accounts, handling customer billing and forwarding payments to the State Highway Fund. *OReGO* drivers pay 1.5 cents per mile when driving in Oregon and get a credit for the \$0.30 per-gallon state gas tax paid at the pump.

GPS or no GPS, it's your choice

There's a non-GPS option offered by ODOT's account manager, Sanef/IMS. It includes a basic mileage reporting device that only reports miles driven and fuel consumption.

Two of *OReGO*'s account managers will also offer GPS-enabled features that can help drivers save time and money.

With Azuga, drivers can also log trips, monitor fuel use and set up GPS-enabled Safe Zones to keep teen drivers safe. Azuga will soon add connected smart-phone apps that will help drivers diagnose their check-engine light, find their parked car and more.

Verizon Telematics users can also link their account with pay-by-the-mile insurance.

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The Nation's First Per-Mile Charging System Launched in Oregon

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OReGO is a first for Oregon and the Nation

"Oregon is leading the nation to develop a fairer, more sustainable way to fund road maintenance and improvements," said ODOT Director Matthew Garrett.

Several states - including Washington, California, Idaho, Colorado and others - are considering similar pay-by-the-mile road usage charge systems. Oregon has already conducted two pilot projects to test road usage charging, which led the 2013 Legislature to create the OReGO program and launch it statewide with up to 5,000 volunteer vehicles starting July 1.

"Oregon and other states know that the gas tax drivers pay at the pump isn't cutting it anymore," Garrett said. "As newer cars squeeze more miles out of each gallon of gas, and more hybrid and all-electric vehicles are sold, paying for road use by the mile instead of by the gallon ensures that everyone pays their fair share - no more, no less," he said.

About OReGO

New cars have never been more fuel-efficient and more drivers are turning to hybrid and all-electric vehicles. That's great for the environment and cost savings, but it also means Oregon's fuel tax revenue keeps shrinking, leaving less available each year for highway maintenance and

construction.

This led Oregon decision-makers back to the drawing board to create a fair, sustainable source of revenue to fund transportation projects for Oregonians. The result is OReGO.

- Beginning July 1, OReGO participants will pay a road usage charge for the amount of miles they drive in Oregon, instead of the state fuel tax.
- The OReGO road usage charge is set at 1.5 cents per mile.
- Drivers will get a credit on their bill to offset the state fuel tax they pay at the pump.
- Drivers will have their choice of secure mileage reporting options offered by OReGO's trusted private-sector partners, Azuga, Sanef/IMS and Verizon Telematics.
- Drivers' personal information will be kept secure and private.
- Currently, OReGO is limited to 5,000 cars and light-duty commercial vehicles registered to volunteer participants.

FOR MORE INFORMATION:

Visit www.MyOReGO.org, call (503) 986-3903 or

email michelle.d.godfrey@odot.state.or.us



OReGO

Virginia Plans to Pull Politics Out of Transportation Spending

This year and in coming years, Virginia plans to put more money into high-impact, cost-effective transportation projects and less into the pet projects of powerful politicians.

Virginia Secretary of Transportation Aubrey Layne last week detailed a plan to fix the state's system of transportation spending, which has been plagued by too few dollars and too much politics, he said.

Under the old paradigm, Virginia's governor heavily influenced transportation spending, and that meant new priorities as often as every four years. In addition, decision-makers readily invested huge sums in high-traffic areas to the detriment of rural areas. Officials sometimes added to the Six-Year Improvement Program as political favors, even if there wasn't any money to build.

"We always had more projects and needs than we had money. It became very political," said Layne, who spent five years on the Commonwealth Transportation Board as Hampton Roads' representative. "You don't get the best results doing it that way."

A new package of reforms under Gov. Terry McAuliffe will score proposed transportation projects on merit. The closer a proposal comes to delivering five public benefits — such as economic development, accessibility to jobs or congestion relief — the higher its score and likelihood to receive money. That's the new and only rationale behind how Virginia will invest in systems to move people and goods in the fu-

ture, Layne said.

If it works, rural and semi-rural places such as the Roanoke and New River valleys will compete on a more level playing field for construction dollars against the urban cores of Northern Virginia, Richmond and Hampton Roads. In addition, the state is giving itself an annual budget with which to both maintain the transportation network, with routine work like repaving, and to reconstruct roads and bridges when they get old.



Layne said you'd have to revisit the 1930s to find past changes as meaningful as the new scoring system, whose motto is "Funding the Right Transportation Projects." A bipartisan 2014 bill, HB2, set things in motion. A 2015 companion

measure, HB 1887, added specific rules. Both measures piggyback on 2013 tax measures passed during the McDonnell administration, under which the state started collecting more money for transportation after years of running low.

For further coordination, planners must refer constantly to the state's long-term transportation plan, VTrans2040, to achieve targets decades out.

It could be years before it's clear whether the new program has succeeded. The state won't complete the first annual cycle until summer 2016 and the transition will take several years. But officials in both local and state government

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Virginia Plans to Pull Politics Out of Transportation Spending

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sound hopeful.

Southwest Virginia has received slices of the transportation spending pie before. Crews are expanding the Elm Avenue and Valley View Boulevard interchanges and reconstructing the Southgate Drive and U.S. 460 intersection in Blacksburg, and they previously widened Interstate 81 on Christiansburg mountain, U.S. 11/460 in Glenvar and Virginia 114 in Christiansburg, to a name a few recent efforts.

But there are unmet needs.

Local governments have in recent years received reduced dollars to enhance city street systems, for instance. “I think we are all hopeful HB2 will restore some funding with which to undertake [local] transportation projects,” said Mark Jamison, Roanoke’s manager of transportation. It isn’t yet known how much or what Roanoke might be able to do with that money, he said. Roanoke has been hoping to undertake a widening of 10th Street, among other projects.

Jamison will have to propose transportation projects worthy of good scores.

Under the new strategy, local governments, regional groups such as the Roanoke Valley Transportation Planning Organization, and public transit agencies will propose projects during an annual fall intake period, which state workers will score during the winter. As before, the Commonwealth Transportation Board will decide by early summer what gets funded. But the CTB will now rely on the scores to allocate the billions of available dollars each year – or explain publicly why it didn’t.

Transparency is built in. The public will get to see project proposals, scores and the winners list – as well as the explanations if the CTB, which is made up of 14 citizens and three of the state’s top transportation officials, favors a lower-scoring project over a higher-scoring one. VTrans2040 is also a public document.

Proponents will compete in local and statewide rounds. Each district of the Virginia Department of Transportation will receive its own population- and traffic-proportioned pot of new construction dollars for in-district spending. Those pushing projects within a single district will compete to outscore the others. CTB members from that district will pick one or more winners.

Separately, project proponents can enter a statewide competition for a helping of a statewide pot of construction dollars. The whole CTB will pick the winners from among those initiatives. The five values by which all projects will be scored for public benefit are economic development, congestion relief, access to jobs and alternative forms of transportation, safety and environmental protection.

Cost is treated as a negative and lowers the public-benefit calculation. A high-impact project in a rural community could outscore a higher-impact project proposal from Northern Virginia that costs much more.

The guide to how the whole thing will work runs 80 pages.

Meanwhile, regions should find it easier to improve regional transportation networks that over-

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Virginia Plans to Pull Politics Out of Transportation Spending

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lap government jurisdictions. Imagine if crews coordinated all the traffic signals on Virginia 419 so that a motorist could drive from Franklin Road in Roanoke clear through Cave Spring and Salem to Interstate 81 with few or no stops, said Mark McCaskill, director of transportation planning organization programs at the Roanoke Valley-Alleghany Regional Commission. Under the old paradigm, such a project would have required budget synchronization first — Roanoke, Roanoke County and Salem each coming up with their share of the money at the same time. If they couldn't, nothing could occur.

This fall, regional transportation planners at McCaskill's agency could propose funding such synchronization out of the money the state will set aside for VDOT's Salem district. If judged a top regional proposal, it would get funded. HB2 "takes out a road block for these corridor-long projects," according to McCaskill, who said he is "cautiously optimistic" about the new strategy.

Here's another example: If the Roanoke Valley proposed to widen its stretch of I-81 to three lanes in each direction — something discussed for years — it could request a share of Salem VDOT's pot of money or dollars from the statewide pot of money, or both. In that vein, it would compete with other projects of statewide importance. But decision-makers couldn't discount the proposal on account of its location in Southwest Virginia. Only the proposal's cost-benefit score would matter, in theory.

To help depoliticize the CTB, a new law will insulate its members from removal by the gov-

ernor, except for malfeasance. While governors will continue to appoint people to the CTB with confirmation from the General Assembly, a governor who dislikes the vote of a CTB member will be powerless to remove the member, Layne said.

In addition, VDOT will help localities and other entities shape and propose projects, but that's where the agency's influence will end. Staffers in the office of the secretary of transportation, specifically those at the Office of Intermodal Planning and Investment, will score the proposals. "You don't want the people that are developing the projects to score them," Layne said. "It will be third parties."

Layne said the role of a CTB member now shifts from cutting back-room deals to "solving transportation problems." VDOT can get back to road building, he said.

Layne said he isn't naively hoping to eliminate politics from transportation spending. Some people will challenge the scores that their proposals receive and want them bumped up. But new measures of objectivity will offset those forces, he said.

If the new program needs fixing after implementation, so be it, he said. "I'm sure it will require adjustments," Layne said.



Natural Gas Surpasses Coal as Biggest US Electricity Source

Natural gas overtook coal as the top source of U.S. electric power generation for the first time ever earlier this spring, a milestone that has been in the making for years as the price of gas slides and new regulations make coal more risky for power generators.

About 31 percent of electric power generation in April came from natural gas, and 30 percent from coal, according to a recently released report from the research company SNL Energy, which used data from the U.S. Energy Department. Nuclear power came in third at 20 percent.

A drilling boom that started in 2008 has boosted U.S. natural gas production by 30 percent and made the United States the world's biggest combined producer of oil and natural gas. Hydraulic fracturing has allowed energy companies to tap huge volumes of gas trapped deep underground in shale formations.

That has driven the price of natural gas sharply lower to levels about a third of what they were just 10 years ago.

At the same time, power companies have been installing more natural gas turbines at their plants as they make them more flexible and retiring some older coal-fired facilities. They have long switched between natural gas and coal, depending on commodity prices. However, new regulations that aim to restrict the emission of greenhouse gasses, and the risk that more are on the way, have added pressure to make the switch.

The burning of natural gas produces carbon dioxide and nitrogen oxides, but far less than coal.

The Obama administration next month is expected to complete a so-called Clean Power Plan intended to cut earth-warming pollution from power plants by 30 percent by 2030. The rule will set the first national limits on carbon dioxide coming from existing power plants and set in motion one of the most significant U.S. actions ever to address global warming. The United States limits emissions of arsenic, mercury and lead pollution from power plants, but there are no national limits on carbon pollution from power plants.

Congressional Republicans have vowed to block the rule and some GOP governors have said their states will not comply.

These regulatory and price changes have begun to play out in usage data.

Federal data shows that in April, the amount of electricity generated with natural gas climbed 21 percent compared to April 2014, while the amount generated with coal fell 19 percent.

In April 2010, 44 percent of electric power generation came from coal and 22 percent from gas, according to SNL Energy.

The amount of coal and gas used will continue to vary depending on price.

The EIA said in a May report that it expects the level of coal-generated electricity to rebound as natural gas prices rise later this year and coal-fired plants return from spring maintenance. Overall, the EIA expects about 36 percent of total U.S. electricity generation to come from coal in 2015 and 31 percent to come from natural gas.

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tax extenders in September. He has authority not only over taxes but over Social Security, Medicare, Medicaid, Welfare, and other entitlements; thus he'll be a principal player in September's drama to forge a budget compromise to avert a government shutdown October 1st.

Politically, it will be tough pushing an extenders bill, which is scored to add \$95 billion to the deficit, at a time Congress is struggling to find money to stave off mandatory budget cuts. A September extenders bill may be out of reach despite our best efforts.

If the House doesn't pass the extenders in September, Senator McConnell may be tempted to merge them in October with the Highway bill (both are tax bills) because of limited floor time as the session's end looms. This might work in our favor if extenders haven't passed by October 29 and House and Senate make a deal on Highways; but it could also be a disaster if the Highways battle is protracted. For now, a stand-alone extenders bill works best for us.

The ball is in Ways and Means Committee's court and we have the entire August recess to lobby our representatives in person when they return to their districts.

Ask your representative to contact Chairman Ryan urging him to pass a short-term tax extenders bill covering 2015 and 2016 when Congress returns in September, and also ask Ryan to approve H.R. 2754 making WOTC and the VOW To Hire Heroes Act veterans' credits permanent.

Election year is only a few months away and they will be glad see you.

ANOTHER FISCAL CLIFF?

Treasury's July 29 announcement that the national debt will hit the authorized limit in late October means Congress will face another "fiscal cliff" when it returns September 8th.

A fiscal cliff is when spending to fund the government and a need to raise the debt limit occur around the same time. Government funding must be passed by September 30th, but tough three-party negotiations between House, Senate, and White House have barely begun so Congress may pass a continuing resolution till late October to allow more time.

Not only must the debt ceiling be raised by late October, but Congress has given itself till October 29th to pass a long-range \$200-\$300 billion Highway bill. We know a tax extenders bill will be moving to passage in September-October as well—either in the form reported by Senate Finance Committee, costing \$95 billion, or as reported by House Ways and Means when Chairman Ryan decides to act after Labor Day.

Tax and spending bills, like the Highway bill and Tax Extenders bill are inevitably going to be drawn into the talks for a comprehensive budget deal between Republicans and the President because their costs have to be factored in.

Even if a tax extenders bills are passed by

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House and Senate in September, which is unlikely, final passage may be held up until an overall fiscal cliff deal—covering taxes, spending, and debt ceiling—is reached by the President and Congressional leaders.

If there's no deal on funding the government by September 30th, Congress will be looking at October 29th as the next deadline because Highway funds expire and the debt ceiling may be broken on that date.

We don't see fiscal cliff negotiations being concluded by September 30th and its likely Congress will punt till October to wrap up talks—including

passage of tax extenders for 2015 and 2016.

The odds are a two-year retroactive extension of WOTC, VOW to Hire Heroes act veterans hiring credits, Indian Employment Tax Credit, Empowerment Zones reauthorization, and other extenders would be passed either as part of an omnibus budget bill or stand-alone measure by the last week of October.

CONGRESS GOES ON VACATION

Congress has adjourned until after Labor Day. Therefore we will not publish our weekly update until Congress returns or unless there is something important to report.

IEA Says Oil Prices May Fall Even Further Before Supply Fades in 2016

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put elsewhere in rebalancing world markets, the agency said.

“The rebalancing that began when oil markets set off on an initial 60 percent price drop a year ago has yet to run its course,” according to the report. “Recent developments suggest that the process will extend well into 2016.”

Global oil demand growth will slow next year to 1.2 million barrels a day – reaching 95.2 million a day – down from an expansion of 1.4 million a day this year, according to the report. The increase in consumption peaked in the first quarter, temporarily boosted by an unusually cold European winter.



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