



Earning Your Support-2012

Each day you go to work to earn the support of your customers, while competing against others who are also trying to do business with your customers. **ICPA's relationship with you reflects the same commitment to earning your support and a commitment to excellence as we are focused on providing benefits, services and products that enhance your business and our industry's ability to compete and grow in Connecticut.**

The petroleum industry in Connecticut employs over 13,000 of our fellow citizens, sells more than 500 million gallons of heating oil to 682,000 consumers through 600 retailers, sells more than 1.6 billion gallons of gasoline to 2 million drivers through 1,400 retail outlets, and has more than 4,500 licensed, professional Energy Conservation Technicians working here every single day and this industry's total economic impact on Connecticut now exceeds \$6 billion.

The sum total of what ICPA is given by its members in dues to represent and defend this \$6 billion heating oil and motor fuel industry in our state is \$400,000. 576 companies contribute \$400,000. Our dues to become a member of ICPA in 2012 have not changed.


There are many industry organizations you can join . . . but here at the state level only ICPA will *promote, preserve and protect* your business interests. Here are some reasons we feel ICPA is your best choice, and why we work hard to **"EARN YOUR SUPPORT!!"**

What Does ICPA Do For YOU?

What Does ICPA Do For YOU?

Who Is On YOUR Side?

Our key strategic partners at PMAA and NEFI have agendas for the industry as well and both can be found at the end of this document. Please review this to gain a perspective of what we ALL do for marketers, their associated businesses as well as suppliers.

<i>Where Do Our Challenges Come From?</i>	<i>Who Is On YOUR Side In Connecticut?</i>
<p><u>GOVERNMENT.</u> <i>Taxes, fees, regulations from DOT, DMV, OSHA, EPA, DEP, DOL, DCP, legislation from the state and federal government. Energy policy that works against oil in favor of other fuels.</i></p> <p><u>UTILITIES.</u> <i>They want to make YOUR customers THEIR customers.</i></p> <p><u>MEDIA.</u> <i>Leave them to their own devices and OUR side of the story doesn't get told.</i></p> <p><u>ENVIRONMENTAL GROUPS.</u> <i>Dozens of privately and publicly funded special interest groups who want to end petroleum use in the country and our state.</i></p>	<div data-bbox="883 384 1302 499" style="text-align: center;">  </div> <p style="text-align: center;"><i>We're IT</i></p> <p style="text-align: center;"><i>That's Right—The Independent Connecticut Petroleum Association. We're It In Our State Representing the Interests of Independent Petroleum Marketers</i></p> <p style="text-align: center;"><i>The more members we have the stronger we become striking a balance between everyone against petroleum and those of us who want a future in Connecticut</i></p>

What Does ICPA Work On and Help Marketers With In Connecticut?

- Taxes
- Accounting
- Marketing
- Legal Issues
- Licenses
- Trucks/transportation
- Storage
- Deliveries
- Insurances
- Federal and State Government Relations

- Customer Issues
- Government rebates
- Tax Credits
- Competing Against Other Fuels
- Money-Saving Services
- HVAC Technical Services
- Environmental Issues
- Public Policy
- Regulatory compliance
- Media Relations

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10 REASONS YOUR SUPPORT MATTERS...

ICPA IS A NATIONAL PLAYER IN ENERGY MARKETS. Back in 2004, no one in the country tried to do anything about market volatility due to speculators – until ICPA came forward. We assembled a coalition of partners inside and out of the petroleum industry to attack the problem, culminating in the Dodd-Frank bill that passed in 2010 and various regulatory actions at the CFTC during 2011. Understanding that the problem is more complex than just commodities speculators, we take a diversified approach by addressing national energy policy and Fed monetary policy as key elements to addressing energy issues.

ICPA IS ON YOUR SIDE. As explained in this document, there are plenty of groups that challenge us: federal, state and local government, utilities, the media, and environmental groups. Every owner has his or her own support group of friends and family. ICPA is also part of that support group, and we bring to bear all the professional industry experience and expertise of our staff as well as outside resources, to help answer your questions, solve your problems, and keep you profitable for today and generations to come.

ICPA AND CRISIS MANAGEMENT. You can rely on ICPA in times of a crisis, whether it's getting a much needed hours of service waiver during a snowstorm, or helping to ensure product continues to flow when the power fails, such as happened twice last year. We're also the face of the industry to the public to respond to price spikes, supply disruptions, or when major accidents occur. And that includes supporting the industry in times of crisis with regulators and legislatures. But we're there for you also, if you experience a crisis in the operation of your own business. We can help manage media for you, and bring together the resources necessary to fix the problem.

ICPA CAN HELP KEEP YOU IN BUSINESS TODAY. Dozens of oil dealers in recent years have either gone out of business. Many of these companies could have been saved if they followed the best management practices advocated and taught by ICPA, or understood and complied with state and federal regulations. ICPA answers thousands of questions a year from members, from excise taxes to handling misdeliveries to contracts to charging interest on overdue balances. Getting the right answer to your questions may save you a few hundred dollars, and it might even save your company.

ICPA DEFENDS MARKETERS AGAINST THE GOVERNMENT. Politicians and bureaucrats for years have accused, investigated, subpoenaed, and held press conferences to attack local gasoline retailers about worldwide spikes in the price of fuel. ICPA has changed all that with a new law that shields marketers from false accusations that government officials make without any regard for the facts. We proved in worked in 2011 after the August hurricane and October snowstorm.

ICPA IS THE INDUSTRY'S PUBLIC FACE. There's only one entity that is constantly in the face of the media when it comes to petroleum issues and that's ICPA. *When there is an energy issue in play, the Connecticut media calls ICPA.* If it weren't for ICPA, the media and others would define who you are, and you should NEVER allow your opposition to define who you are or what you do. If it weren't for ICPA, the media would cast you all as cheats, not the hard-working, customer-focused, family-run businesses you really are. And in this age of technology, we include social media and bloggers as

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well, which we likewise bring to task anytime they attack our industry. ***Be first, be accurate, and be out in front NEVER behind.***

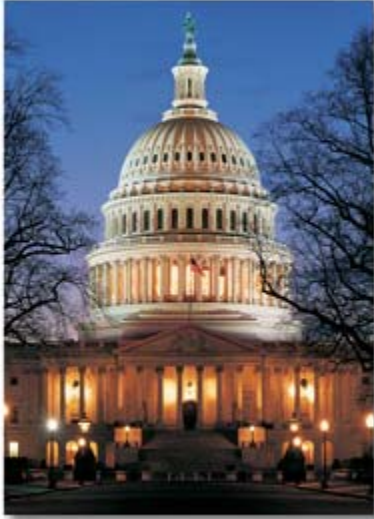
ICPA DEFENDS AND PROTECTS THE MOTOR FUELS MARKET. For the last six decades ICPA has defeated legislation that would have fundamentally changed the way Jobbers do business. ICPA killed proposals like Jobber divorcement, right of first refusal, open supply, zone pricing, a ban on replacement cost pricing, 24 hour price freezes, price transparency among other issues. ICPA had a hand in shaping every regulatory proceeding effecting pumps, tanks, fuel, and price signs. ICPA works every day to maintain a competitive market place while improving the environment in which Jobbers do business.

ICPA CAN HELP KEEP YOU IN BUSINESS FOR THE FUTURE. The heating oil industry today is at a crossroads where the public now has multiple fuel choices. We're also at a demographic crossroads where younger generations are supplanting our older, traditional customers. ICPA has been working ensure you have the right tools to keep in business for the next 10-20 years. This includes repositioning your product as a cleaner, more modern fuel; transforming your service department into an energy conservation department, looking at the whole home as a single unit; and using new technologies to market yourselves to a younger customer base. All this is intended to keep heating oil as the fuel of choice, relevant to the needs of future generations of customers.

ICPA DEFENDS YOU AGAINST UTILITIES. Utility gas is a threat to heating oil companies. You don't want Connecticut to end up like Wisconsin, Illinois or Indiana where heating oil was destroyed by the utilities long ago. We have provided members with strong marketing support in the form of printed material and customer service training. We successfully defended against attempts by utilities to create an uneven playing field regarding co-pays your customers pay for energy audits. We want to take the fight to the utilities, through unbundling residential supply and allow you to compete for gas business.

ICPA MAKES YOU STRONGER COMPETITORS. The difference between high performing oil companies and everyone else is the strength of their management. Through ICPA's management education program, we've created a curriculum that will help you manage risk while excelling in running your business, understanding regulatory compliance, cash flow and the oil business cycle, new technologies, leadership and focused marketing. Through ICPA you'll learn how to reduce your costs and enhance revenues through management excellence.

ICPA HELPS TO KEEP YOUR SERVICE DEPARTMENT VIABLE. First, as described elsewhere, to keep your service department relevant to a changing world, you need to reposition it as your energy conservation department. Second, we have been very aggressive in helping you to retask your service to take a whole home approach. Finally, we continue to teach service excellence at our school, so you can maintain your competitive edge and distinguish yourselves by providing outstanding service to your customers.



Washington and Energy Markets

There are few issues ICPA works on of more importance to petroleum marketers than energy markets and how these markets affect them, their customers and our economy. We need to be honest and discuss the broad drivers of energy costs, not just focus on one issue. One issue alone does not drive energy prices and, therefore, addressing one issue will not resolve the nation's energy problems.

1. National Energy Policy / Crude Oil. With crude oil now above \$90 per barrel on world exchanges we have no further to look than the Obama Administration's decision to delay the construction of the Keystone pipeline and delay full licensing of domestic crude oil production in the Gulf of Mexico and other areas of the US as contributing causes of high crude oil prices. These federal government decisions sent signals to world energy markets that the United States does not intend to help itself out of the imbalance of roughly 49% imported crude oil for the foreseeable future. Taking producible domestic crude out of production has worsened the current balance between roughly 85 million barrels per day of world production and 83 million barrels per day of world consumption. Tightness of world crude supply and demand plays a crucial role in driving world crude markets higher and thus far OPEC has been unwilling to make up for what the U.S. has decided to take off the market. Congress needs to expedite oversight of deep water drilling projects, build the Keystone pipeline and authorize licensing of crude oil production in all other areas of the United States.

It is not enough that "other" groups speak to this issue. We need to speak to this issue as well and join with others [Institute for Energy Research, U.S. Chamber of Commerce, American Petroleum Institute, National Petrochemical and Refining Association, et al] and bring our COMC coalition into realizing that we can win every rulemaking at the CFTC and SEC and still end up with unacceptably high energy prices because we will have been defeated by bad federal energy policy.

2. National Monetary Policy / The Fed. As ICPA wrote in the op-ed piece entitled, "The Fed Tax," it is impossible for any rational economist to ignore the role a dramatically weakened U.S. dollar currency has on energy prices. Crude oil has increased by more than 30% since last summer, as everyone who shops for food already knows, food prices are up dramatically based on the prices of wheat, corn and soybeans having increased in price more than 90% over the past year. Energy prices have seen similar shocks to the family pocketbook. Heating oil inventories are high and the weather reflects that between this year and last year we should have a decline in heating energy demand – yet heating costs are rising. Gasoline inventories are higher than their five-year average. Demand for gasoline by consumers is down 2.7% between October, 2010 and October, 2011. Energy inventories are up, consumer demand is down – yet we've all seen consumer prices increasing.

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Americans are paying more for essential commodities due to a "phantom tax" that Congress never passed and the President never signed. These increased costs from the phantom tax are courtesy of the Federal Reserve which has pumped out trillions of dollars in an attempt to reflate the nation's economy. As more dollars flow out of the Fed and into the money supply, the less each dollar is worth; and as the Fed continues to drive down the value of the US dollar, everything that is sold in dollars continues to rise in price.

For distillates, the increase of 37 cents a gallon since the beginning of the 2011 is equal to a tax increase of more than \$65 million a day or \$24 billion. This amounts to a tax increase of more than \$24 billion (annualized) and no one voted on it.

Coupled with the wrong signals sent by our Federal Government concerning domestic energy production, Fed monetary policy also acts as a firm driver of higher energy costs through maintaining a weak U.S. dollar.

3. The Magnet of Safe Havens / The Flight to Commodities. If you have a Federal Government signaling it is taking millions of barrels of domestic production out of world supply and then have a Federal Reserve debasing the world's reserve currency that is the keystone of world energy prices, you have the perfect coupling of two drivers of investment in commodities whose prices should rise and thus create a safe haven for investment to defeat the devalued dollar. This is now evidencing itself in everything from gold prices to wheat prices to crude oil prices to copper prices.

As commodity prices soar to new records, the ability of a few traders to hold huge swaths of the world's stockpiles is coming under scrutiny.

Position limits are one of the more controversial initiatives required by the Dodd-Frank financial reforms passed in July of 2010. Lawmakers directed the CFTC to pass rules limiting traders' size in energy, metals and agricultural commodities traded on and off exchanges.

The CFTC took two, key actions in 2011 regarding market manipulation. Here they are in brief:

- ***On July 7, the CFTC unanimously approved final rules that dramatically broaden the agency's power to police manipulation and fraud in futures and swaps markets.*** The rules, among the 22 Dodd-Frank rules the agency finalized this year, give the agency anti-manipulation and anti-fraud powers similar to those at the Securities and Exchange Commission and the Federal Energy Regulatory Commission.

Lawyers following the new rules, which took effect in mid-August, said they leave much room for interpretation, may lead the agency to pursue unprecedented insider-trading cases against dealers and also could prompt a bevy of investigations outside the futures market.

The CFTC announced in October that it had filed an agency-record 99 enforcement actions in fiscal 2011, a 74% jump from a year earlier, a record that

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is expected to be short-lived since these cases came before the new powers went into place.

The cases included manipulation charges filed against Parnon Energy, Arcadia Petroleum and Arcadia Energy (Suisse) SA for what the agency said was price manipulation in the crude oil market.

- ***On October 18, after a divisive 3-to-2 vote, months of pressure from Congress and criticism from both sides of the debate, the CFTC approved setting federal position limits on energy, metals and agriculture contracts.*** NYMEX parent CME Group said the new limits may create manipulation and abuse, particularly in the natural gas market, while the Industrial Energy Consumers of America, a major position limits advocate, said the rule was so weak the CFTC "may as well have done nothing at all."

In August, Senator Bernie Sanders, a Vermont Independent, publicly released data revealing the positions held by several firms in US gas, crude oil, heating oil and gasoline markets from December 30, 2007 to June 30, 2008. The leak was an attempt to compel the CFTC to immediately impose commodity position limits, Sanders said at the time.

Under the rule, the CFTC will impose federal limits on 28 commodity contracts in two phases. On December 2, the International Swaps and Derivatives Association and the Securities Industry and Financial Markets Association jointly filed a federal lawsuit, claiming the new limits will "adversely impact" commodity markets and were enacted improperly.

We need to face one irrevocable fact and that is that we are in an environment where infinite dollars of less and less value are chasing finite resources. Simply "winning" every CFTC rulemaking will not likely change energy prices significantly given the other factors we discussed here.

- Fighting market manipulation issues in Washington is not simple, or easy, or inexpensive. The Financial Services industry spent \$74,877,000 on lobbying alone in 2011, and has employed 723 lobbyists to carry their message in Washington. While PMAA and NEFI has assembled an impressive coalition of interests from all over America to help on this issue, the sum total of all of that effort is but a small portion of the investment the Financial Services industry has made in maintaining the status quo to oppose market reforms.

ICPA led the effort to change our industry's one-dimensional view of energy markets and looking at only "speculation" and only what is going on in one federal agency, because looking at only one dimension of our energy challenges does a disservice to a serious issue that is deserving of a multi-dimensional view of the reality of energy markets. Those who continue to point to only one cause of high energy prices, or only one solution, are not only wrong they are setting themselves up for letting down those who they represent and will ultimately be disappointed by the results.

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Our Federal Government has sent all the **wrong signals** in the evolution of national energy policy and those negative signals are directly resulting in higher energy costs and are directly threatening the weak and floundering economic "recovery," where the **real effective unemployment rate is 17%**, where **1 in 7 Americans lives below the poverty level**, and where now **the number of Americans receiving food stamps is now over 42 million, or 14 percent of the population, an increase of 58.5% since August, 2007.**

The national average price of a gallon of gasoline went over \$3 during mid-December, 2010 and remains over \$3.35 nationally to this day. The public is in a bad mood. The Congress continues to need a primer on ALL the drivers of energy costs and ICPA will continue to play the leading role in ensuring our industry presents the whole picture, not just one part.

Apparently it was heavy losses on his currency trading that prompted John Maynard Keynes to quip that **"markets can remain irrational a lot longer than you and I can remain solvent."**



Perhaps one of the root causes of irrationality, particularly in oil markets, remains the human element. The impulsive, sometimes selfish, emotional and -- yes -- irrational decisions we make on a daily basis that seem to confound logic and fly in the face of reason affect us all, from traders to end users.

It's enough to make you think the world's gone mad. **Again.** ICPA joined with

PMAA, Maine and Vermont and produced this YouTube video that explains all this madness – it's on ICPA's website and can be used by every ICPA member to communicate with consumers.

Doubtless, it's a reflection of yet another remarkable year for oil, energy and economies. A year in which geopolitical fears have grappled with economic woes to see which would hold sway over oil and commodity prices.

From regime change in North Africa to the perils of the euro zone; the US military withdrawal from Iraq to the increased tensions over Iran; from the discrepancy between WTI and its North Sea Brent counterpart; a disagreement within OPEC and a stock release from the IEA: the price and fundamentals of oil have seen one of their most remarkable years.

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Restoring rationality is not easy, simple or accomplished with a magic bullet. Free markets allowed the US to develop the wealthiest and most powerful economy in the history of the world and can again – if allowed to by government.



ICPA GOVERNMENT
RELATIONS

INDEPENDENT CONNECTICUT PETROLEUM
ASSOCIATION

Heating Oil

Each year more than 500 million gallons of heating oil are consumed in our state by just over 682,000 consumers, sold by 600 retailers.

ICPA's responsibility is the promotion, defense and protection of this market and the marketers and consumers who use this fuel. Every retailer benefits from the work we do, as does every associate member who sells everything from wholesale heating oil to legal services to environmental services to insurance to trucks, tires, pumps and heating equipment & services. The health of this market is our primary concern.



Home heating oil dealers earn a living by delivering fuel to homes and businesses throughout the state and ICPA was there for you when you needed us the most. Never in our state's history did the weather effect how you do business more than it did this past year. Record breaking snowfall that would normally interfere with your ability to make deliveries in a timely manner were addressed after ICPA was able to obtain driver Hours of Service waivers that covered a total of 38 days last winter. ICPA was able to obtain these critical waivers in Connecticut when states that we boarder did not receive the same privileges. Without these waivers, trucks would have been parked, homes would have gone without fuel and you would not have been paid!

If dealing with the weather was not enough, the state faced the largest deficit in its history and looked in the pockets of every business and resident of our state for additional tax revenue to pay the bills. New taxes on heating oil were avoided while heating oil dealers reaped the benefits of ICPA's work to protect and promote the Oilheat industry despite the governments' efforts to tax everything that moves. ICPA was successful in having oil included in a "conversion" plan to move electrically heated homes to Oilheat. What that means for you is - as the government provides incentives for electrically heated homes to switch fuels, oil will be the fuel that they switch to. One less customer for CL& P and UI and another customer for you! Another initiative that ICPA passed into law is a low interest loan program to upgrade heating systems. This new loan program builds the loan payments into the customer's utility bill. You install the heating equipment, you get paid and the utility collects the payment on their bill to the customer. This loan program keeps your customer heating with oil and the utilities collecting the payments. These programs will benefit oil dealers and their customers for years to come.

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The Connecticut Energy Assistance Program (CEAP) once again had its share of failures, but ICPA was there to help our members get paid. Although the contract that oil dealers signed allows the state to pay them for CEAP deliveries up to 30 days from the date that the delivery ticket is submitted for reimbursement, ICPA was able to intervene on behalf of several members to get them paid more quickly.

A number of members, who were on the cusp of being “cut off” from their oil supplier because of strained credit lines, came to ICPA to help facilitate payments from the CEAP program so that they could pay their bills. Some of these members were owed as much as \$150,000 in the first week that the CEAP opened for the season, placing an immense burden on their ability to pay their suppliers. In these extreme circumstances ICPA was there to help get our members paid and back in business.

In a case where a local community action agency (CAA) was in a dispute with an oil dealer, the CAA arbitrarily decided to steer the customers from away from the dealer to their competitors. ICPA demanded that the Department of Social Services (DSS) investigate and take action to stop and correct the damage that was being done to this particular dealer. ICPA enlisted the help of a local legislator to ensure that the actions of the CAA was stopped, corrected and a plan was put in place to prevent it from happening in the future. ICPA is on your side and will work tirelessly to get results that help your business.

ICPA was also able to protect the equal treatment of consumers who heat with oil from being discriminated against when it comes to the co-pays that they are charged to access state conservation programs. ICPA was able to get the state to utilize a pool of money to buy down the Home Energy Solutions Program (HES) co-pay from \$300 to \$75. The utility run HES decided to “save money” by increasing the co-pays for oil heated homes while keeping utility heated home at a much lower rate. ICPA worked with the Department of Public Utility Control (DPUC) and was able to rectify the co-pay differential, thus ensuring equal treatment of all homeowners regardless of the fuel they use to heat their home. ICPA will not tolerate discrimination against the heating oil industry and will fight for equal treatment.

Despite the states massive deficit, ICPA was able to obtain state dollars so that the Oil Conservation Board could issue grants and subsidies to replace and upgrade heating systems that use oil. The program will receive \$10 million and be limited to nonprofits and housing authorities. This funding will allow oil heated facilities to remain your customers for years to come. Regardless of the financial difficulties that the state was dealing with, ICPA ensured that the oil remained a priority even when resources were scarce.

As 2011 ended, ICPA began to look forward at several issues that will be dealt with in the New Year that will protect our core products and services while creating new profit centers. ICPA began a conversation at last year’s Annual Meeting where Department of Energy and Environmental Protection (DEEP) Commissioner Dan Esty spoke about granting marketers the ability for natural gas to be sold competitively. This year, ICPA will advance that conversation and begin a process that will allow home heating oil dealers to sell natural gas to consumers. This will give retailers a new profit center and broaden their ability to compete with utility companies.

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Another issue that ICPA began to tackle this past year is one that may prevent liability to your company and save you from costly litigation in the future. In 2008 the American Society for Testing and materials (ASTM) changed the specification for heating oil to allow for up to a 5% blend of biodiesel without disclosing the actual amount to retailers. Without actually knowing how much biodiesel is in the fuel you sell, you may be selling a product that is not allowed by equipment manufactures.

Damage to heating system equipment that may result for the fuel you sell could land you in court. ICPA will seek to protect you and your customers by requiring disclosures on how much biodiesel is in the product you are selling so you can make informed decisions and avoid problems with your customers.

Once again ICPA was able to advocate for laws that saved jobs, saved energy, saved money, and kept our members earning a living. Together, with your involvement ICPA gained ground to secure our future and make you more profitable. The issues that we worked on with you, made it possible to improve the climate in which you do business.

INDUSTRY TRANSFORMATION



ICPA introduced a comprehensive marketing, promotion and retailer transformation program **entitled "Hope for Today and Tomorrow."** Why? A heating oil retailer's strongest demographic group are men, over 50 years of age with only a high school education. We cannot build a future customer base on that demographic. As Connecticut's demographic groups are younger and well-educated, the more they tend to not like oil or prefer natural gas.

We face unprecedented challenges from state, regional and federal governments in the area of climate change, low-carbon fuel standards and other environmental laws and regulations. This body of work by government directly threatens heating oil as we know it today.

However, with a transformation of that fuel to a new, ULSD-based product with renewable BioFuel content, we can and will become the cleanest fossil fuel available in our market and that is our objective for 2012. While we passed this new fuel transformation in 2010, it is tied to developments in New York, Massachusetts and Rhode Island to ensure we have adequate supply in all parts of our state.

There are 91 million smart phones in the nation. Over the holiday season in 2011/12, more than 1.2 billion applications we downloaded to those phones. There are 360 million Twitter accounts in use and 800 million Facebook accounts. In 2011 we brought you new opportunities for understanding and using social media and the new communications technologies of today to reach consumers on your terms, instantly, and with rapid access to changing circumstances not afforded by newspaper ads and traditional media.

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NOTHING TO BE AFRAID OF...

ICPA uses social media to communicate with all major news outlets, with public policy officials, with consumers and with members. Go to www.icpa.org and you'll see the line-up above right on the bottom of the main website page. ICPA has a "blog" [B] for communicating more extensively on subjects of energy policy, ICPA has a Facebook page [F] as does ITEC, ICPA has a Twitter account [T], ICPA's President Gene Guilford has a LinkedIn account [IN] with more than 1,000 direct connections to another 7.1 million indirect connections, and ICPA has a YouTube page [YouTube] where we highlight videos that help consumers and media understand our industry and our major issue concerns.

Every marketer can do exactly the same! Why should you? Here are just two very good reasons...

No. 1. INTERNET VIDEO TAKES CENTER STAGE. CONSIDER THESE STATISTICS:

- According to Cisco, online video now makes up 50% of all consumer Internet traffic
- Last year, almost 200 million Americans watched online videos every month, and on any given day, 100 million people will watch videos online

What does this mean for your business? Plenty. People love video, and it turns out that video increases sales. Onlineshoes.com says that its conversion rate is up to 45% higher with video and Zappos.com says it sells up to 30% more when videos are used to display a shoe.

The upshot is that you need to strongly consider adding video to the mix, be it an online video brochure, a tour of your store, video newsletters, or just some instructional videos.

No. 2. SOCIAL MEDIA IS BECOMING THE LAND OF THE HAVE AND HAVE NOTS:

There seem to be two distinct camps when it comes to social media vis-à-vis small business: Those who get it and use it effectively and those that don't give a whit about it (oh, and camp three — those that get it but dabble ineffectively in it).

According to the 2011 Impact of Social Business in Small and Medium Business Study, about 50% of small businesses use social media. Those that do, do so for the following reasons:

- 80% of online visitors use social media daily
- More than 50% of all social media users follow a brand

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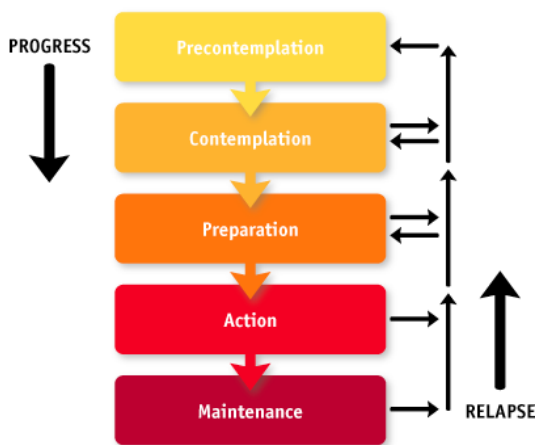
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- Social media is growing exponentially — Facebook added over 200 million users in 2011

So for the small business that has figured out that social media must be a key element to their business model going forward, we say way to go. To the other 50% we say — what are you waiting for? We can help you!

PROTECTING HEATING OIL RETAILERS

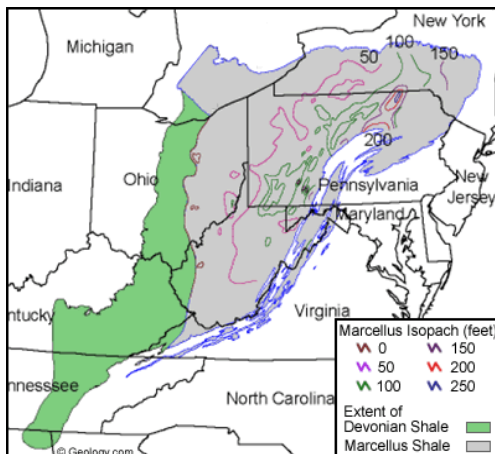
We have the need to assist heating oil marketers with transitioning and updating their image and public persona - so that younger and well-educated demographic groups will better appreciate the value of modern, ultra-clean BioHeat and the services our marketers bring to them every day. In addition, we are going to broaden the marketing opportunities of heating oil retailers into new fuels.



100 years ago, marketers sold coal and ice. Electric refrigeration ended the ice business, and coal eventually gave way to oil. Transitions are nothing new to our industry or the history of our marketers. Energy markets are dynamic and also change. In February of 2008 the Federal Energy Regulatory Commission unanimously approved the Broadwater LNG facility to be built in Long Island Sound. Remember? That was with \$8 @ mmbtu natural gas. Three years later, with \$3 @ mmbtu natural gas the United States is beginning to export natural gas, not import it.

Our ability to succeed as an industry rests on our ability to become more flexible, **to embrace and make change work for us**, and to become more diverse in what we do to respond to changing consumer demands.

Since 1995, natural gas has been unbundled at the commercial and industrial level. There is every reason for a heating oil retailer to want to look at this market and hold onto their industrial and commercial accounts, if possible, by selling natural gas. In addition, **in 2012 ICPA is undertaking an effort to unbundle natural gas at the residential level, again to afford our marketers the opportunity to retain customers.**



A SERIOUS THREAT NEXT DOOR

This map shows the Marcellus Shale formation in the dark colors. What is the Marcellus shale? The Marcellus Shale, also referred to as the Marcellus Formation, is a black, low density, carbonaceous (organic rich) shale that occurs in the subsurface beneath much of Ohio, West Virginia, Pennsylvania and New York. Small areas of Maryland, Kentucky, Tennessee, and

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Virginia are also underlain by the Marcellus Shale.

In early 2008, Terry Englander, a geoscience professor at Pennsylvania State University, and Gary Lash, a geology professor at the State University of New York at Fredonia, surprised everyone with estimates that the Marcellus might contain more than 500 trillion cubic feet of natural gas.

Using some of the same horizontal drilling and hydraulic fracturing methods that had previously been applied in the Barnett Shale of Texas, perhaps 10% of that gas (50 trillion cubic feet) might be recoverable. That volume of natural gas would be enough to supply the entire United States for about two years and have a wellhead value of about one trillion dollars! The presence of an enormous volume of potentially recoverable gas in the eastern United States has a great economic significance. This will be some of the closest natural gas to the high population areas of New Jersey, New York and New England. This transportation advantage will give Marcellus gas a distinct advantage in the marketplace. That natural gas currently has a commodity price of around \$3 mmbtu is attributable to the existence of Marcellus shale natural gas. ICPA believes that competition from natural gas and the utility industry will be a significant problem for heating oil retailers for decades to come. Further, with the media and government attention given to T. Boone Pickens' "Pickens Plan," the threat also extends to diesel fuel conversions to natural gas in the transportation market as well.

DEFENSE AGAINST NATURAL GAS



ICPA is a member of the American Energy Coalition, and ICPA's President Gene Guilford is the co-chair of the AEC's Advertising Committee. AEC's sole purpose is the development of materials for marketers to use in their communications with their customers to tell the truth about the natural gas industry. ICPA has distributed more than 240,000 of these AEC-created pieces to members since 2010, as seen below.



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At 6.5c per piece or \$65.00 per thousand, these highly effective bill stuffers/leave behinds help spread the word to your customers about the real story of natural gas. If you don't think this is important – take a long, hard look at the facts of where heating oil's marketshare use to be and where it is now in Connecticut.

	Decade	Decade	Decade	Decade
	2000	1990	1980	1970
Residential units	1,301,670	1,230,479	1,093,678	933,269
Fuel Oil	52.4%	54.4%	63.8%	71.9%
Utility Gas	29.0%	26.3%	21.6%	20.6%
Electricity	14.6%	15.1%	10.7%	5.2%
LP Gas	2.4%	1.9%	1.2%	1.4%

Over the last 45 years the heating oil industry nationwide has lost 50% of its marketshare. That's a loss of 7 million customers and 8 billion gallons of heating oil sales. States like Washington, Oregon, Wisconsin, Michigan, Minnesota, Illinois, Indiana, and Ohio all had vibrant heating oil markets in the 1960s – now their markets are largely gone. The same will happen in New England and in Connecticut if we do nothing and let our customers go the same way Oilheat in the rest of the nation has gone.

We hope you agree to make a voluntary contribution to the AEC through your ICPA membership and help us help you defend the Oilheat industry in our state.



Motor Fuels

Each year more than 1.6 billion gallons of gasoline and 300 million gallons of diesel fuel are sold in our state through 1,400 retail outlets to more than 2 million drivers. ICPA's responsibility is the promotion, defense and protection of this market and the marketers and consumers who use these fuels. Every retailer benefits from the work we do, as does every associate member who sells

everything from wholesale motor fuels to environmental services to legal services to insurance to trucks, tires, pumps and convenience store equipment & supplies. The health of this market is our primary concern. The Connecticut motor fuels industry collects \$400 million in gross earnings taxes, another \$400 million in gasoline excise taxes, and another \$200 million in diesel excise taxes - for a total of just over \$1 billion in tax revenues. This is just the beginning, as the industry raises hundreds of millions in sales taxes, cigarette taxes and license fees, corporate and personal income taxes and property taxes as well - for a total of over \$1.3 billion in tax revenue that we raise for the State of Connecticut.

Over the years few issues angered gasoline marketer more than the investigations, press conferences, media coverage and subpoenas that were issued by then Attorney Generals' Joe Lieberman and Dick Blumenthal that accused gasoline retailers of

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“gouging” motorists after hurricanes and other weather events that drove up the price of gasoline. That is until this year! After several years of hard work defending gasoline marketers from false allegations of gouging by government officials, 2011 saw all of our efforts pay off. ICPA passed a law that provided “safe harbor” to gasoline retailers during price disruptions. During hurricane Irene and the October snow storm that left 850,000 people without power, our new law gave retailers absolute protection, and guidance on how to conduct their businesses without exposing their companies to legal liability. ICPA issued guidance (http://www.icpa.org/protect/TBs/ICPA_MSB23.1_Gouging.pdf) to our members on what the law means and how it can work to protect them. We held a conference call where we went over this guidance and addressed any questions you may have had. Unlike hurricanes Katrina and Rita, gasoline stations did not make headlines, receive subpoenas or incur legal fees - all because of ICPA’s new law that protects you when forces beyond your control result in volatile prices. 2011 saw the first test of this law and it passed with flying colors. No investigations, no fines, no headlines, no press releases and no lawyers meant that you could do what you do best - serve your customers!

In attempt to undo ICPA’s gouging law, legislation was introduced this past legislative session that would subject marketers to undefined terms like “gross disparity” and “unconscionably excessive”. ICPA lobbied against the bill and ultimately petroleum products were excluded from the final version that was passed into law. Most other industries were not so lucky. This victory allowed our members to utilize protections afforded to them under the existing law during Irene and the October snow storm with unprecedented success.

Once again, ICPA defeated legislation that would fundamentally impact the way gasoline is sold at the wholesale level in our state. Several bills known as “Zone Pricing” were killed by ICPA for the 15th year. These bills attempted to equalize the wholesale price of gasoline that Jobbers and lessee dealers pay, regardless if they purchase fuel at the rack or a dealer tank wagon (DTW) price. ICPA’s defense of the way gasoline is bought and sold maintained the integrity of our market place and reliability in the system that everyone does business.

During 2011 Connecticut experienced the largest snow fall in its history, making it more difficult for transporters to deliver fuel to retail gasoline stations in a timely manner. ICPA assisted the gasoline industry by securing 47 days worth of Hours of Service waivers so that drivers could stay on the road longer to make deliveries. These waivers helped transporters mitigate the extra time required to make deliveries because of unusually long wait times at terminals and snow covered fills at gasoline stations. Gasoline stations continued to be supplied because of these waivers and you were able to serve your customers because of it. When you needed more time to make and receive deliveries, ICPA was there to make sure the government did not get in your way.

After several years of work to end Stage II, 2011 saw the fruits of that effort begin to come together. The Department of Energy and Environmental Protection (DEEP) took the first steps to decommission Stage II vapor recovery systems and have begun a process to end the program for good. ICPA serves on a committee to structure the end of Stage II and will see this effort through in the coming year. Stage II will die and you will save money because of it.

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After ICPA passed a law to allow gasoline marketers to offer their customers a discount when purchasing fuel with cash and last year the state drafted regulations to supplement the law leaving many concerned about how rules might be enforced.

ICPA testified and lobbied against the state requiring that cash discounts must be offered by all retailers, and those gas stations that do offer discounts would have to offer those discounts in an amount prescribed by the state. Ultimately, the regulations that were finalized this past summer were limited to a simple notification at the pump so that consumers understood when and how discounts were applied.

ICPA secured extensions for our members who needed additional time from DEEP to fill out new UST notification forms. After several revisions and delays from the state, many members were concerned that they could not meet the deadline to submit their forms. ICPA was able to secure extensions and avoid sanctions for several members who needed extra time to submit their forms to DEEP.

ICPA continued its strong efforts to restrain increases in tobacco taxes and other measures that hurt convenience store sales of these legal products. While we support efforts to curtail under-age smoking and tobacco use, we also believe that adults can make decisions about their personal consumption habits that should be free from undue government intervention.

ICPA continued to work on several regulatory issues that would be onerous and burdensome on your business. In 2010 ICPA rallied several members to oppose environmental protection regulations that would virtually require reporting of every drop of product that was "spilled". ICPA continued this fight that stymied regulators from moving forward. ICPA will continue to fight nonsensical regulation that fails to protect the environment and drives up costs for members.

As the year closed ICPA began work on several issues that will surface on 2012. A proposal to require gasoline stations to have generators will be the focus of the legislature in the upcoming year. The issue originated because extreme weather events of the past year that left hundreds of gasoline stations without power. ICPA testified before Governor Malloy's "Two Storm Panel" denouncing unfunded mandates that would require investments exceeding \$50,000 to require generators at gas stations. We have also worked with key members of the legislature to ensure that these proposals do not gain momentum.

The Commercial Tank Program will be fixed in the coming year. ICPA has devised a plan to save the program and has organized groups of stakeholders to lobby for its passage. After months and years of waiting, nearly \$80 million in claims will be paid to tank owners and a clear future will be secured. Creative financing with real dollars will pay marketers what they are owed, while a new claims processing system will be implemented that utilizes the best practices from other states. This new system will usher in a new age for tank owners that will allow them to comply with federal law for years to come.

In 2012 we will work to expand your profit centers by changing the law to allow for the sale of beer in your c-stores. Nationally, beer sales are the number two product sold inside a c-store and ICPA will work to change the law so that you can sell beer here. ICPA is working with the Beer Wholesalers Association and key legislators to make that

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happen in 2012. New products mean new profits and ICPA will work so that beer can contribute to your bottom line.

The success that ICPA experienced in 2011 is a testament to the hard work that our members have dedicated to improving the climate in which you all work. Your calls to local legislators, testimony at public hearings expressing your views on issues that will affect your business and the many meetings with local legislators enable ICPA to accomplish your agenda and 2011 was another example of that. 2012 promises to be another year where ICPA will work with our members to improve on past success and make your businesses stronger than ever!

Please review the record of accomplishment we have managed to compile by working together and focusing our resources and energy on behalf of the motor fuels and heating fuels marketers of Connecticut



COMMUNICATIONS. Your trade association performs a vital function in communicating with the press, and thus to consumers and lawmakers, on our industry's point of view on a wide range of energy issues. This has been accomplished through media interviews and appearances, press releases, letters to newspapers, and

speeches to business groups. Our objective is rapid response, within the same news cycle as any issue appears. In short, our jobs is to take any media challenge posed at 10am and have a response ready and out the door and be talking to the press by 10.30.

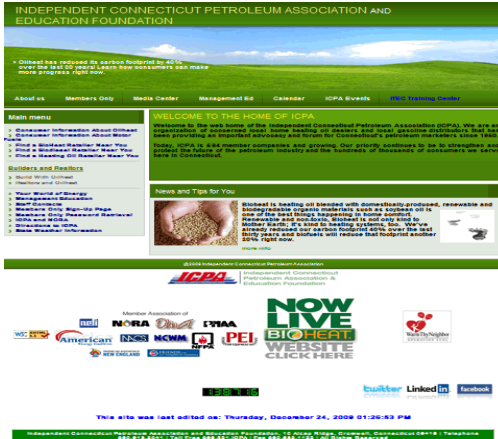
ICPA was not only interviewed by the print and electronic media. ICPA also published op-ed pieces on heating oil contracts, diesel taxes, motor fuels prices in comparison to neighboring states, energy conservation, energy policy, problems of access to credit, electric heat and why converting to natural gas makes no economic sense.

ICPA continued its work with an aggressive public relations effort aimed at free media, government and the consuming public, telling our side of the energy story in our state.

ICPA went all out, with interviews with the Hartford Courant, Ridgefield Press, Stamford Advocate, Connecticut Post, Norwich Bulletin, Danbury News Times, the Journal Inquirer, the Waterbury Republican American and more, plus interviews on radio such as Connecticut Public Radio, WTIC and WRDC and on television, including Channel 12 in Norwalk, Channels 8 & 61, Channel 3's *Face the State* and Channel 30's *Connecticut Newsmakers*. ICPA succeeded in generating an enormous amount of positive press on the side of heating oil retailers in explaining heating oil issues in the face of very difficult circumstances for retailers and their customers all over Connecticut.

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ICPA's website, www.icpa.org, also contains a wealth of information for consumers, including such things as energy conservation tips and explaining motor fuels



taxes and the difference between prebuy and fixed price contracts. There's a section on how to become a CT licensed heating and cooling technician. The "Member's Only" section contains a wide variety of materials members may use for consumer education, such as explanation of fuel supply and demand, explanation of imports, production and exploration, and giving consumers a comprehensive look at the status of the state's current energy issues. As explained in the following section, we also have all our Member Services Bulletins on line for your examination.



FEDERAL ADVOCACY. Even though we are a member of PMAA and affiliated with NEFI, NACs, PEI and a variety of other national organizations – we take our role of having a close working relationship with our Congressional delegation seriously. We regularly report to Congressional staff on energy issues in our state – both heating and motor fuels. We encourage our members to communicate in a broad grassroots effort to make sure our representatives in Washington know who we are, what we represent, our 13,000 employees and the tremendous economic contribution that we make to our state and our communities. ICPA takes a group of marketers from our state to the annual PMAA Washington Day on the Hill each spring to meet with our

Congressional delegation. In addition, the ICPA office provides regular reports on energy issues to our delegation's staff.



STATE ADVOCACY. ICPA is the only association in the state with full-time attention to legislative and regulatory matters effecting petroleum marketers in Hartford. ICPA is involved with the Governor's office directly, as well as agencies such as the Departments of Consumer Protection, Motor Vehicles, Energy & Environmental Protection, Public Safety and Economic Development. We maintain a close working relationship with the Office of the Attorney General.

We employ one full-time staff person to work on state legislative and regulatory matters, as well as employing a full-time outside lobbyist to assist us. Even with this

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commitment of time and staff, we calculate that the natural gas and electric utilities outspend us on lobbying by a factor of 10 to 1.

At the end of this paper is our 2012 Legislative and Regulatory Agenda. While important, this agenda for the Connecticut petroleum industry isn't overshadowed by the fact that one of ICPA's core missions is being at the state house every day of the legislative session and working with legislators of both parties in both houses. Given the propensity of state government to involve itself with everything from energy policy to tax policy to transportation issues, ICPA's first defense of the petroleum industry is in Hartford.

KEEPING YOU INFORMED

ICPA is the industry's leading source of information not just for the public, but for industry members themselves. As an ICPA member, you would

have received 26 reports keeping you abreast of the latest developments in our industry at local, state, regional and national levels.

This information includes legislative and regulatory developments, national energy policy and trends, new technologies, consumer attitudes, business resources, and much more.



MANAGEMENT EDUCATION There is a reason why the most successful energy companies in our industry invest in management education: **COMPETITIVE ADVANTAGE.**

They understand that management excellence is what distinguishes high performing companies from everyone else. The nature of our industry is that it is highly regulated, and success depends on mastering complex management skills and developing a diversified approach to marketing. Management education is also about risk management – making a wrong management decision or failure to understand regulations can cost you tens of thousands of dollars, or even your business itself. Avoiding risk and excelling in running your business, on the other hand, will give you an advantage against all the companies you compete against.

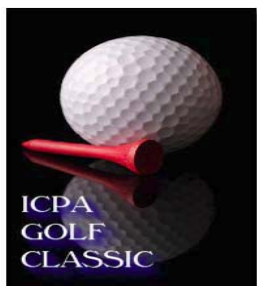
To this end, we rolled out the **Energy MBA** program in 2011. Developed by ICPA's Management Education Committee (chaired by Sam Gault, Gault Energy) this program is a

certification program centered on a number of core competencies, including Oilheat economics, human resources, state and federal taxes, regulatory compliance, anti-trust law and business ethics, hedging and contracts. ***Eighty-seven companies participated in the program last year, sending students who amassed a total of 799.5 hours of classroom time towards their Energy MBA Certificate.*** This certificate serves a two-fold purpose. You can use it in your marketing to your customers as evidence of attaining excellence in management, thereby distinguishing yourself from other companies. And, by taking this curriculum, you'll better understand how to manage risk, reduce costs, make fewer mistakes and enhance revenues through management excellence.



Page 20 of 35 Pages WE THANK YOU FOR YOUR SUPPORT AND LOOK FORWARD TO CONTINUING TO WORK WITH YOU IN 2012

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NETWORKING with your peers and vendors in the industry is another benefit of being an ICPA member, and members use these events as additional learning opportunities in informal settings. These events in 2011 included our **Golf Classic** at Wampanoag Country Club which attracted 116 players (Golf Committee co-chaired by Kate Childs, Tuxis Ohr's and Frank Troiano, Troiano Oil), and our **Holiday Party** at the Middletown Inn which drew 111 guests.

Our premier event of the year is our **Annual Meeting**, which attracted 231 guests at the Water's Edge Resort in 2011 (Convention Committee chaired by Ken Gostyla, Bloomfield Oil). The hallmark of our Annual Meeting is always the strong education we provide, from heating oil traded on the NYMEX to debt restructuring, foodservice at c-stores and spill cleanups; and keynote speakers of national stature, such as former U.S. Comptroller David Walker.



**ICPA's
61st
Annual
Meeting
September
22, 2011**



ICPA is also a co-sponsor of the **AREE** tradeshow in Atlantic City, a great venue for both networking and learning - you can find more information at www.areetradeshow.com.

REGIONAL CHAPTER MEETINGS offer our members the opportunity to network together and express how they want their trade association to serve them. This year's focus was on national issues, and Mike Trunzo, president of NEFI, was on hand to brief members and field questions. If you have a local concern or issue, you may contact your Chapter's president:

Hartford Chapter, Ed Guarco, State Line Oil, (860) 653-7241
New Haven Chapter, Sharon Bloomer, Apple Oil, (203) 934-3835
Bridgeport Chapter, Tom Devine, Devine Brothers, (203) 866-4421
Waterbury Chapter, Sue Santopietro, Baribault Oil, (860) 274-6724
Danbury Chapter, Jeff Jennings, Jennings Oil, (203) 790-1406
East Chapter, Dick Gada, Guy's, Inc., (860) 739-8700
Northwest Chapter, Peter Aziz, Bantam Fuel, (860) 567-9431

**ICPA MEMBER
SERVICES**

ICPA EDUCATION FOUNDATION

MEMBER SERVICES BULLETINS: Another way ICPA earns your support is through regulatory guidance. We have provided a series of informative bulletins that explain in plain language many of the

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regulatory requirements that impact your business. Members rely upon ICPA for such guidance, which we provide both in these documents and in answering member questions over the phone and by email.

Our bulletins include:

- MSB #1 - SECURITY PLANS
- MSB #2 - HOME HEATING OIL & PROPANE CONTRACTS
- MSB #3 - SERVICE AND OIL DELIVERIES
- MSB #4 - HIRING CDL DRIVERS
- MSB #5 - FEDERAL IRS TAX GUIDANCE
- MSB #6 - UNJUST ENRICHMENT
- MSB #7 - TIER III COMPLIANCE KIT
- MSB #8 - HEATING OIL LIABILITY WAIVERS
- MSB #9 - ULSD COMPLIANCE KIT
- MSB #10 - CT TAX-FREE HOLIDAY
- MSB #11 - HAZMAT REGISTRATION KIT
- MSB #12 - FAQs ABOUT DOT AND DRIVER REQUIREMENTS
- MSB #13 - TORTIOUS INTERFERENCE IN A BUSINESS RELATIONSHIP
- MSB #14 - OIL SPILL PREVENTION AND RESPONSE PLANS
- MSB #15 - ICPA MASTER TAX BULLETIN
- MSB #16 - ICPA CT UST INSPECTION CHECKLIST
- MSB #17 - SPCC PLAN COMPLIANCE GUIDANCE
- MSB #18 - CONNECTICUT GROSS RECEIPTS TAX CALCULATION
- MSB #19 - HANDLING DIFFICULT CUSTOMERS
- MSB #20 - FEDERAL AND STATE ENERGY CONSERVATION INCENTIVES
- MSB #21 - FTC RED FLAG RULE COMPLIANCE
- MSB #22 - DELIVERY SURCHARGES
- MSB #23 - CT GOUGING STATUTE / SAFE HARBOR PROVISIONS

*These bulletins are available to members only at the ICPA website,
<http://www.icpa.org/protect/tb.htm>*



BUSINESS RESOURCES AND AFFINITY PROGRAMS

ICPA's Member Services Committee researches and endorses a variety of

vendors and business resources and suppliers to help **reduce your costs of doing business, add profitability and cash flow raise productivity and improve customer service.**

Members have saved tens of thousands of dollars using ICPA-endorsed services. Just as an example, we started an electricity program in 2010 with Energy Plus. This program has not only saved members and their customers money in lower electric bills – ***we have also rebated back to members \$32,236. Yes, ICPA sent \$32,236 back to the members who participate in this Energy Plus discounted electricity program! That's what we mean by Earning Your Support!***

These are listed below; for a full description of our affinity programs, see our website: <http://www.icpa.org/protect/memserv.htm> or contact David Chu at ICPA, chu@icpa.org, 860-613-2041.

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- **Federated Insurance:** property and casualty insurance
- **Group Benefits Administrators of CT:** health insurance and employee benefits
- **Willis of CT:** home and auto personal lines of insurance
- **Energy Plus:** discounted electricity program
- **Staples:** office supplies, furniture
- **Apex Environmental:** SPCC plans and engineering
- **MPE:** SPCC plans and engineering
- **Avatas Payment Services:** credit card processing
- **AFC First / Energy Loan:** consumer HVAC equipment financing
- **Transworld / Green Flag:** collection agency
- **Law Offices of John Regan:** collection attorney
- **Boston Environmental / Tanksure:** customer AST tank monitoring and warranty
- **Foley Carrier Services:** DOT compliance, drug testing
- **YHB Retirement Services / PASI:** retirement plans
- **Law Offices of David Purvis:** Oilheat guaranteed price contracts
- **Bassman, Mitchell & Alfano:** standardized petroleum agreements
- **Fleetmatics:** GPS technology
- **Enterprise:** car rental discounts



ICPA NETWORKING OPPORTUNITIES VIA THE WEB

Networking with your peers and vendors in the industry is a key benefit of any trade association. Networking with ICPA will take on a new meaning in 2012 as ICPA installs audio-visual technology in the office that will

enable us to provide members with ICPA-generated webinars. These programs will feature many of our associate members, as well as delivering other educational programs directly to you via the web in your own office. You won't need to travel, we will come to you!



TECHNICAL TRAINING: ICPA's Technical Education Center (ITEC) is the pinnacle of Heating, Ventilation, and Air Conditioning training centers in Connecticut. See <http://icpa.org/education.htm>. Certified by the State of Connecticut Department of Higher Education as a private, non-profit vocational technical school since 2004 ITEC has taken a new direction in technical training. **The only HVAC School in Connecticut run by the energy industry!**

Managed through ICPA member company's service managers and top professionals, ITEC's School Advisory Board ensures the highest quality training. The School Advisory Board is chaired by Mr. Craig Snyder of

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Wesson Energy; his fellow board members are Mr. Albert Breda of Sippin Energy, Mr. Michael Mazzella of Benvenuti Oil Company, Mr. Douglas Gesick of Wilcox Fuel, Mr. Daniel Gentile of Wesson Energy, Mr. Hank Mailhot – Retired, Mr. George McQueeney of East River Energy, Mr. Michael Matarese of Petro-Kasden, Mr. Dan Wetmore, Sr. of Bantam Fuel, Mr. George Perrelli of F. Perrelli & Sons Fuel, Mr. Richard Leighton of David Gooding, Inc., Mr. James Hickey of Gault, Inc. and Mr. Raymond Edwards of Westmore Fuel. This group represents the best and brightest minds within the HVAC industry.

ITEC's school board meets monthly to discuss what training needs the industry has and to develop and update curriculum for our ever changing energy industry. **Their combined experience is vast; their knowledge of the energy industry is unique. No other trade school in CT has the ability to provide what we are able to achieve!** They live and breathe the industry and understand that in a challenging economy **Change Yields Success!** We have expanded our course content and seminars to include **all aspects of the energy efficiency industry to offer innovative training solutions responsive to the latest needs of our local energy companies** and their employees at an affordable price.

We are currently in the process of revolutionizing ITEC's lab to provide you with cutting edge technology including oil, gas, solar and propane. Soon we will be able to offer courses via the web. Everyday ITEC works tirelessly to give you the best training available!

FOLLOW US ON FACEBOOK!



<http://www.facebook.com/pages/ITEC-ICPA-Education-Foundation/440063025102?sk=wall>

FOLLOW US ON TWITTER!



http://twitter.com/#!/ITEC_KATE

WE DELIVER YOUR TRAINING NEEDS

It's time to kick start your business and offer your customers the best in home energy performance. **To be that Service Company that outshines the rest you must have what they want!** Consumers are looking for ways to save money and become more energy efficient, you already give customers the best service for their heat, air conditioning, and fuel deliveries, now complete the circle. Don't just offer energy conservation advice – Sell It! **Energy Conservation Investments begin with what you already do, get the training to surpass the competition!**

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ITEC offers programs in the following disciplines:

- **S, B & D HVAC License Training**
- **Solar Thermal Certification Course for S or P license holders**
- **Home Energy Audit Training through the BPI/HES standard**
- **Certified Employee Training Program for Propane & G-license**
- **Professional Skills for Technicians**
- **Class B Commercial Driver License Training**
- **Plumbing License Continuing Education**



Educational programs for the S, B and D HVAC licenses are offered both day and evenings in Cromwell. We have satellite facilities at Sippin Energy in Monroe offering evening B license program courses and at Wesson Energy in Waterbury offering Building Performance Institute (BPI) Training.

Why pay more for training your technicians?

ICPA members receive a discount unparalleled by any other in the state on HVAC courses. ITEC trained and prepared four hundred and fifty seven students attending S, B & D license courses in 2011 to serve your customers with the highest level of professionalism the industry has to offer. Our program provides the educational requirements needed for those students working toward obtaining an S, B or D occupational license in Connecticut. **Our training is designed to teach the theory behind what makes an HVAC system work and extensive hands-on training is used to teach how to trouble-shoot and maintain that system in the best and most diversely equipped HVAC lab in the State of Connecticut.** Upon successful completion of our programs students receive a certificate of completion. Should a student attend ITEC and receive their certificate of completion for the B license program (Oil Burner Service and Installation) or for the D license program (Warm Air Heating and Cooling Mechanic) they have the option of furthering their education by attending eight additional courses to acquire the related instruction needed toward an S license (Heating and Cooling Mechanic).

Solar Thermal Certification



Our **Solar Thermal Certification Course** covers all facets of solar thermal work – theory, fundamentals, installations, repair, replacement and maintenance of systems which convert ambient energy into heat. This course enables current S1, S2, S3, S4 and P1, P2, P3, P4 license holders to receive the required education to take their solar thermal licensing exam. Thirty five technicians and plumbers expanded their knowledge and obtained their educational

requirement with ITEC in 2011 to take their solar thermal licensing exam, taking advantage of the lowest priced course in Connecticut. Get your employees certified and

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offer your customers the benefit and savings of renewable energy with solar heated water. **Customers wish to save money and you can help them cut their carbon footprint and become more energy efficient, give them one more reason to call your company for all of their energy needs!**



In 2012 ITEC continues to offer you the **opportunity to build new profit centers** through our **Building Performance Institute Energy Audit Training**. As our industry looks beyond the traditional focus of the HVAC system to the whole home as an energy unit **performing energy audits is another opportunity to make your company exactly what consumers are looking for – a full service energy company to assist them with ALL of their energy needs.** Understanding home performance, building science and the connections of all the building systems give insight to the effects on safety, health and

energy efficiency – which is just what your customers want!

Building Analyst Training is a comprehensive course designed to provide the student with the fundamental skills to learn the trade of becoming a whole-home energy auditor.

Envelope and Shell Training enhances your skills as an energy auditor through learning essentials in understanding why analyzing the home envelope is so important, what creates problems and options to give homeowners in solving those issues. The

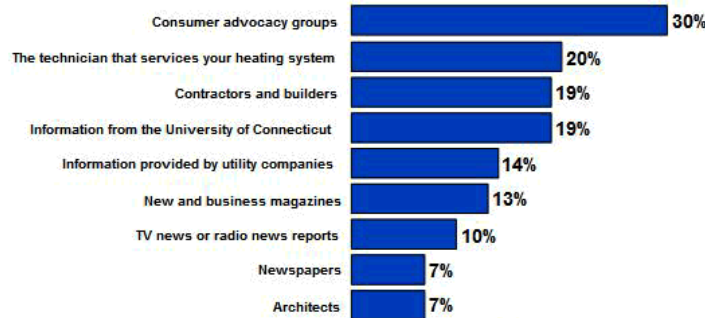
Heating Specialist Training adds another step in your building science education and will help you better understand heat loads and sizing, duct systems and proper maintenance. For those who would like to develop their skills further you can take on

the challenge of larger housing units. The **Multi Family Building Analyst Training** is an advanced level training which you can add to your business services and provide

building owners and their tenants solutions for a more comfortable, safe and durable building. **Why wouldn't you want to be the only company your customer calls for their energy and home performance services? Don't lose another opportunity to your competitor – get certified today!**

Professional Skills for Technicians - Remember - The ten minutes an employee spends speaking to a customer may be the reason they **STAY** a customer!

Your technicians are held in the highest regard by consumers for home energy efficiency advice. Are you taking advantage of this tremendous opportunity to develop a



stronger bond between your company and your customers? With cleaner fuels, improvements in equipment quality and the “Go Green” movement consider how the service department is changing. It can now become your Energy Efficiency Department, with your team of Energy Conservation Technicians. How do you make maximum use and productivity

of this resource? How do you inform customers of the benefits of oil heat? How do you retain customers? Send them to ITEC's Professional Skills for Technicians class!

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This program is a fun interactive class which provides your employees the self assurance and communication skills to **productively communicate with your customers**. It was created by our School Advisory Board; based on their experiences and daily interactions with technicians and customers. It's a basic common sense approach for your team to acquire techniques for customer service and creating sales opportunities. **Enhance your company image! Solidify your reputation! Build customer confidence!** Set your company apart from your competitors by having the finest team of qualified professionals on your staff. **You want a team that is great in customer management and capable of handling all types of circumstances!** Customers can be angels or demons. Your employees need to be able to deal with all types of customers, their emotions and attitudes in addition to dealing with their own attitudes and emotions. Tips and techniques on everything from greeting the customer, dealing with generation gaps, needy customers, pets, cluttered work areas, respect for the customer and their home, sales opportunities and much more. ***This is not your typical class.*** Participation is the key in learning how to manage customers. It's entertaining and interactive; every student is fully involved in discussions and role playing. **Are you ready to benefit from the magnificent resource you already have?**



You need it – We have it for less! The State of Connecticut mandates that certain plumbing license holders need continuing education units every two years for license renewal. ITEC's ***Continuing Education Course for Plumbers*** last year saw one hundred and twenty eight plumbing license holders take advantage of this inexpensive and informative course. Stop attending

boring classes; it's time to get involved! We offer quality training at it's best to help improve the overall professionalism and performance within the industry. **Offered throughout the year for both journeypersons and contractors; simple, convenient and affordable CEU courses.**



Looking to diversify the products you sell? Our ***Certified Employee Training Program for Propane*** continues into 2012. With more companies venturing into the growing propane industry proper training is crucial to assure safety and reliability. **Let's encourage integrity and professionalism in the propane industry and raise the level of technical expertise.** From propane basics to delivery, layout and design to service, ITEC

can train your team to establish job performance standards and create proficient employees. The CETP program includes training materials written by industry experts and combines hands-on activities with written evaluations. Upon successful completion of each section the student will receive National Propane Gas Association Certification. **It's yet another way ITEC can help you grow your company!**

CDL Class B

ITEC



Gary LaBrake is a nationally recognized driver training and continues to instruct our **Commercial Driver License Training** program in 2012. He is a safety expert with over 30 years of experience, is the former Director & CEO of the Connecticut Commercial Driver Training School and committee chair for the development of the DMV's first Commercial Drivers Training manual. Our program fully prepares students to meet the State of Connecticut Department Of Motor

Vehicle's requirements and gives them the hands-on skills training that employer's demand at a cost lower than our competitors. ITEC prepares students for all aspects of the Class B Commercial Driver License process including: written exam, skills exam and road test administered by the DMV at our CDL training facility in Cromwell. **We have a pass rate of over 90 percent – the only school in Connecticut able to make this claim!**

Seminars

ITEC



ITEC offers a two day combined comprehensive **License Review Seminar** for the S, B and D - HVAC license categories. The seminar is designed for those who will be undergoing their State of Connecticut occupational licensing exam. Reviews are offered several times throughout the year. We also administer the **EPA 608 Refrigeration Certification Exam**. There are four sections to the exam – Core Information, Type 1 (small

appliances), Type 2 (high pressure), and Type 3 (low pressure). Universal certification involves issues pertaining to all three specific types of equipment and requires the student to pass all exam sections. Exams are offered six times during 2012 with a reduced cost to ICPA members.

ITEC holds a number of **Training and Technical Seminars** on a variety of subjects, each of which is held multiple times during the year, including:

- Venting & Ventilation
- AC Systems
- Electricity and Controls
- AC Service & Troubleshooting
- Low-Tech Training for Frontline People
- Fuel Pumps Pressure & Vacuum
- Gas Pipe Sizing & Design
- Hydronic Controls

ITEC is available to perform customized training seminars across the state at member locations, and at our facility in Cromwell. One hundred and thirty six people took advantage of our member discounted seminars in 2011.

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We also invite equipment representatives to hold demonstrations and conduct seminars on various topics and equipment. **Call us if you are in need of any specialized training or have suggestions for seminars. We are always happy to be of assistance to our members!**

COMMUNITY OUTREACH - We are building the future of our industry and over the past year ITEC has traveled around Connecticut attending over 60 college and career fair programs at high schools. We have visited with guidance counselors and technical education classes and provided informational materials to all of the state's high schools to introduce the energy industry to a new generation of future energy conservation technicians. **Students and parents are realizing they have education alternatives and career options; we are seeing an increase of young people entering our school.** Call us if you are in need of an apprentice! We have already been invited to several career fairs in the coming year and continue to visit guidance and career centers in the high schools throughout Connecticut. **Join us for a presentation and let students know what your work truly involves.**



In 2012 ITEC is transforming into an unrivaled training facility, yet we remain dedicated to our original concept of tradesmen teaching their fellow tradesmen. ***Change Yields Success*** and we continue striving to position ourselves as an industry leader in training and helping you grow your business. ITEC embraces the responsibility to educate our present and future energy conservation technicians and takes pride in training professionals whose life work is the improvement of the energy efficiency of homes and the safety of their customers.

ITEC can help you train your team to be the best! Satisfied customers aren't enough anymore, you want them to love your company and all you can do for them. Today's consumers are smart and savvy, they shop around, surf the web and talk to their friends and co-workers. Customers are looking for value and convenience, but they want a company to treat them as if they're more than a number, that they are important. **And They Are Important!! Without the customer you have no business! Start training your team today!**

ITEC is approved by the Department of Veteran Affairs in assisting eligible Veterans to apply for benefits to offset the cost of their education while attending ITEC. Our HVAC program is also an approved Trade Adjustment Act training program.

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CONNECTICUT AND BEYOND

ICPA is associated with the **New England Fuel Institute (NEFI)**, the **Petroleum Marketers' Association of America (PMAA)**, the **National Oilheat Research Alliance (NORA)**, **Oilheat Manufacturers Association (OMA)**, the **Propane Gas Association of New England (PGANE)**, the **National Fire Protection Association (NFPA)**, the **National Association of Convenience Stores (NACS)**, the **National Conference on Weights & Measures (NCWM)**, the **American Energy Coalition (AEC)**, the **Atlantic Region Energy Expo (AREE)**, the **Friends of the U.S. Chamber of Commerce**, and the **Institute for Energy Research (IER)**.



Through ICPA you are plugged into regional and national developments in our industry, from legislative issues to technology developments.

PMAA's primary mission is to unify petroleum marketers across the country, through their state and regional associations in order to effectively further the common business interests of the petroleum marketing industry. This affiliation affords us the opportunity to be proactive and involved with Connecticut petroleum issues on a federal level. It also fosters relationships on common issues with sister organizations around the country. **NEFI** is a regionally recognized business association of 800 member companies in the heating oil and related heating service industry. They are ambassadors before the public to promote the benefits of oil heat.



Legislative and Regulatory Agenda for 2012

Our legislative and regulatory agenda is assembled from our members and with a backdrop of transition in Hartford. The economic challenges of Connecticut, while similar to those of other states in the current Great Recession, will mean ICPA's presence in Hartford continues to be critical to our membership. New taxes, ending old tax exemptions, and budget cuts all will, in one way or another, affect our members.

ICPA's legislative and regulatory agenda is developed from feedback we receive directly from our members and their commitment to work in large numbers to influence the legislative and regulatory process. This agenda is our member's agenda.

- **Defending and Promoting the Industry**

NORA has been an important part of our industry's revenue base used to promote Oilheat. Unfortunately, with the lapse of NORA in February of 2010 we have had to go without the nearly \$1 million a year we use to use to promote marketer's businesses. We cannot allow utilities and other fuels to beat up on the oil industry unanswered for two

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years without some effort to establish a means to replace NORA at the state level in some way and we are endeavoring to create that now.

- **An Act Requiring Education Prerequisites for Gaining an HOD License**

Not just anyone should be able to enter the energy field with paying \$200 for an HOD license and taking out an ad in the newspaper. The energy business today is tremendously complex and requires knowledge of everything from contract law to vehicle fleet and driver regulations to finance. To protect consumers and the energy markets' ability to serve the general public with confidence and the highest quality care, prior to getting into the business those who choose the profession need to reflect they have at least the basic knowledge necessary to operate a fuel business.

- **An Act Concerning the Sale of Beer at Gasoline Stations**

Nationally, beer sales rank third in total c-store sales. Unfortunately, Connecticut has a set of regulations that makes it impossible to sell beer at a c-store that also sells gasoline. This restriction has significantly reduced the ability of gasoline marketers to realize the full earning potential of their in-store sales. The Motor Fuels Committee recommends that ICPA introduce legislation that eliminates the obstacles that prohibit the sale of beer and gasoline at the same location.

- **An Act Concerning the Commercial Tank Fund**

Funding for the Commercial Underground Storage Tank Program has been cut to less than \$3 million per year. With a backlog of approximately \$30 million and annual claims of \$12 million the Tank Program is in jeopardy of losing its funding entirely. The Motor Fuels Committee recommends that ICPA introduce a bill that would create a funding mechanism outside of the state budget that would pay annual claims and address the backlog. The committee will continue to explore processing of claims by another department within the state or a move to private insurance.

Our failure to complete this successfully potentially renders the Connecticut Commercial Tank fund as unable to meet the federal requirements of evidence of financial responsibility for UST systems.

ULSD Corrosion

Beginning in 2009, many motor fuels marketers began noticing a degradation of many component parts of their diesel UST storage and dispenser systems. Marketers have been spending thousands of dollars per location replacing components that have failed due to what appears to be corrosion. ICPA reported these conditions to PMAA in the summer of 2009, and reached out to other groups to determine how widespread an issue this may be.

What we know definitively, as of today, is that retailers from all over the east coast are having these same corrosion-related issues.

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There is a working group comprised of PMAA, API, STI, PEI, EPA, NBB and others has been at work investigating the potential causes of this problem.

ICPA has done a joint survey with MAPDA in the Mid-Atlantic states. Our committee now wants this outreach to include more states on the east coast, and to engage Brookhaven National Laboratory to see if BNL can investigate the fuels involved and the component parts effected by this problem and provide advice as to potential causes and solutions.

The resolution of this problem is critically important, especially given the intended reliance on ULSD/bio blends for heating purposes over the next few years. We need to find a cause and a solution. We held a program on this issue at our 2011, 61st annual meeting and provided marketers with some best practices recommendations while a permanent solution is being devised.



We have much on our national association's agenda. While you can find more detailed information in our special reports distributed through ICPA's regular E-Marketers Report, we wanted to offer this condensed version that addresses some of our priority issues for 2012. ICPA's Board member David Foster from Wilcox Fuel in Westbrook is the Director of the PMAA Heating Fuels Division and Sharon Bloomer from Apple Oil in North Haven is the PMAA Northeast Regional Marketer Chair.

- **Biodiesel Tax Credit** The one dollar-per-gallon biodiesel tax credit expires on December 31, 2011. In December 2010 Congress approved a one year extension of the one-dollar-per-gallon biodiesel tax credit. Although the Deficit Reduction Supercommittee was unable to reach an agreement, it is likely there will be legislation to extend some expiring programs before the end of the year. The biodiesel tax credit has general wide spread support, but the cost may prohibit Congress from extending the credit.
- **Climate Change** Cap and trade legislation that was passed by the House and introduced in the Senate is likely dead for 2011 and 2012. There is not enough bipartisan support for comprehensive climate legislation that imposes unrealistic restrictions on carbon emissions. EPA has promulgated several rules to restrict carbon emissions from large emitters; however, those rules are being challenged in the courts. House and Senate legislators have introduced bills to limit EPA's authority to regulate carbon but without any overwhelming bipartisan support, those measures won't be enacted.
- **Commercialization of Rest Stops** Some state governments are lobbying Congress to change the law to allow states to commercially develop rest stops and to allow state electric charging infrastructure at rest stops. The Administration supports such proposals. PMAA continues to assertively oppose commercialization of rest stops.
- **Ethanol Blend Wall** EPA approved E15 fuel for cars made after 2001. Many barriers to E-15 exist and retailers are advised not to sell E-15 until legal issues are resolved. PMAA supports reintroduction of the Renewable Fuels Marketing

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Act of 2010 in this Congress, which would include limited retailer liability language to provide a legal and regulatory pathway for marketers to sell mid-level ethanol.

- **Ethanol Tax Credit/Ethanol Import Tariff** The 45 cents-per-gallon ethanol blender's tax credit and ethanol import tariff expired on December 31, 2011. The ethanol tax credit has come under scrutiny this year due to deficit concerns. Since the ethanol blender's tax credit and 54 cents-per-gallon tariff expires at the end of this year, and the Deficit Reduction Supercommittee was unable to reach an agreement, it is likely there will be legislation to extend some expiring programs in 2012. PMAA is supporting a new coalition who is working to have the excise tax credit extended for E-85.
- **FTC's Red Flag Rule** Last year Congress designated creditors under the FACT Act as any company that obtains a consumer credit report or provides information to a consumer credit reporting agency, thereby making all such companies responsible for implementing identity theft prevention programs. PMAA is urging Congress to revisit this and focus the rule on businesses whose primary purpose is to provide consumer financing.
- **Futures Market Reform** Futures market reform language was included in the "Dodd-Frank Wall Street Reform and Consumer Protection Act," P.L. 111-203. PMAA is working to make certain reform is implemented in regulation. PMAA has submitted eighteen comments to CFTC proposed rules and is fighting for full funding to implement the derivatives language. Recently, the CFTC issued its final rule on energy position limits which final implementation likely to go into effect in late 2012.
- **Health Care Reform Employer Mandates** The controversial healthcare law is uniquely unfair to petroleum marketing and convenience store companies. In 2014, companies with more than 50 employees will have to pay hundreds of thousands of dollars in penalties if health insurance is not provided to all full time (30 hours per week) employees. PMAA is supporting legislative efforts to repeal the healthcare law.
- **Heating Oil Efficiency Tax Credits** PMAA is working with a coalition to focus efforts on the Congressional Tax Committees to expand tax credit availability to more Oilheat equipment.
- **Highway Bill/Gas Tax Increase** Highway funding and the gas tax have been extended until March 31, 2012. It is unlikely that Congress will vote to increase gasoline and diesel excise taxes in 2012. Because of the need for greater highway infrastructure funding, some groups have decided to support an increase in the federal fuel excise tax in order to build up the depleted highway trust fund. PMAA is concerned about the impact of raising federal taxes and subsequently requiring state governments to raise taxes to comply with the requirements for matching funds.
- **Interchange Fees** Senator Durbin's language that was signed into law in 2010 (P.L. 111-203) allowed retailers to offer discounts based on payment type and to

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place credit card purchase minimums not to exceed ten dollars. It also gave the Federal Reserve the authority to set debit interchange fees which was implemented this month (October). The rule caps debit swipe fee rates at 21 cents per transaction and includes a 0.05% ad valorem tax.

Separate from the Federal Reserve, the Department of Justice released its consent decree, which aims to address some of Visa and MasterCard's anticompetitive practices related to credit cards. Petroleum marketers may offer discounts, incentives, and other benefits to encourage customers to use a particular form of payment, brand or type of credit card. The consent decree is specific to credit cards and does not deal with debit or address fees.

- **LIFO Accounting** PMAA is opposed to the Administration's and congressional efforts to repeal LIFO and we have communicated those concerns to Congress.
- **LIHEAP and LIHEAP Reform** LIHEAP was appropriated \$4.71 billion for FY 2011. The proposed 2012 budget would cut the program down to \$2.57 billion. PMAA continues to lobby for the full authorized level of \$5.1 billion and we continue to express our concerns about margin over rack programs and leveraging policies. Thus far the Senate Committee has approved a funding bill that would provide \$3.6 billion for LIHEAP. It would provide a total of \$3.4 billion in "formula funding" directly to states and \$200 million in "contingency funding" for release at the discretion of the White House. While the proposal is less than the \$5.1 billion, it is still higher than the \$2.57 billion (or 50 percent cut) requested by President Obama.
- **National Oilheat Research Alliance** Bipartisan NORA legislation, S. 949 and H.R. 1756 were introduced in May. Both bills promote Oilheat efficiency, research and education by reauthorizing, strengthening and making important technical corrections to the National Oilheat Research Alliance Act of 2000. Your efforts have already garnered 63 House cosponsors and 15 cosponsors in the Senate.
- **Natural Gas Act** This Act would promote purchase of vehicles with tax credits: \$7500 for an 8500 lbs vehicle, \$16,000 for 14,000 lbs, \$40,000 for 26,000 lbs, and \$64,000 for more than 26,000 lbs. It would provide a producers credit for vehicles fueled by NG or LNG, making up 10% of the basis cost or \$4000, with an aggregate credit of \$200 million. Pump installation credits of 50% or \$100,000 are also included in the bill.

Because natural gas can be converted to diesel fuel, PMAA believes federal resources are best focused on those opportunities. PMAA members have \$500 billion invested in liquid fuels infrastructure.

- **PACT Act** The PACT Act, P.L. 111-154, restricts phone, internet and mail order tobacco operations. PMAA continues to monitor the implementation of the Act.
- **Repeal of 1099 Reporting Mandate** Section 9006 of the Healthcare Reform law, mandated businesses to send Form 1099s for every vendor of \$600 or more for both property and services beginning in 2012. Fortunately, due to strong

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communication from petroleum marketers and most retail groups nationwide, repeal legislation was passed by both bodies of Congress and was signed into law in April, 2011.

- **Stage II: Widespread Use** The EPA announced that “widespread use” of onboard refueling vapor recovery (ORVR) systems will be achieved nationally on June 30, 2013. PMAA had several discussions with EPA about the need to determine when widespread use has been achieved and urged the agency to make that determination. Since then, PMAA sent a letter to EPA urging the agency to recognize widespread use of on-board canisters as a "comparable measure" for the Ozone Transport Region (OTR).
- **TIRPA** PMAA strongly opposes the three percent withholding provision of the “Tax Increase Prevention and Reconciliation Act” (TIRPA). There are three bills in the House and Senate to fully repeal Section 511 (H.R. 674, S. 89 and S. 164). PMAA supports this legislation to fully repeal the three percent withholding requirement. In November the Senate approved the House-passed bill, H.R. 674, that repeals the withholding tax on contractors doing business with federal, state, and local governments by a vote of 95 - 0, with one voting present. This is a big victory for PMAA and small businesses across the country.
- **Tribal Gaming Bill** PMAA is urging Congress to support S. 771, the Tribal Gaming Eligibility Act which would provide guidance and standards for the determination for eligible land for use in development of Indian reservation casinos and other businesses.

Underground Storage Tanks The President and Congress continue to underfund the LUST program around levels of \$115 million which is well short of the \$200 million the Energy Policy Act of 2005 authorized per fiscal year. Congress extended the 1/10 cents per gallon LUST tax to March 31, 2012. In October 2011, the EPA Office of Underground Storage Tanks (OUST) announced proposed revisions to the 1988 federal UST regulations. PMAA's UST task force is carefully reviewing the proposed rule and will prepare comments.

- **Wetlines** The House Transportation Committee approved a wetlines provision in the previous Congress but adjourned before moving the language further. DOT released its proposed rule in January 2011. The rulemaking is likely to be completed before any wetlines purging mandate becomes law. PMAA filed comments urging DOT to withdraw the proposed rule citing incorrect data and perform a cost-benefit analysis with accurate data. We are working with Congress to communicate to DOT. PMAA sent a letter asking Secretary LaHood to withdraw the proposed rule.