

FUEL MONITOR

FALL 2012



POLICY POLITICS PETROLEUM

★ ★ ★ ★ ★
2012

APMA ANNUAL CONFERENCE

Conference Information 10-13
A Look at Regulations 6
Economic Forecast: Health Care 4

Introducing Amanda Gray 5
Preventing Injury 9
Carrier Safety Analysis 16

ADVERTISERS

Cochise	7
Federated Insurance	16
Firestream.....	16
Holly Frontier	18
Keenan	15
Pinal Energy.....	19
Pioneer	8
Polar	18
PT Risk Management	20
Union Distributing.....	18
Western Refining	7

Message from the President	4	Protect Yourself, Others	9
Health Care Ruling	4	APMA 2012 Conference	10-13
APMA New Executive Director	5	Motor Carrier Safety	16
Gas in Diesel Engines	5	Insurance Survey	20
The Burden of Regulation	6	APMA Committees	20



**Petroleum Marketers
Management Insurance Company**

Now offering coverage in Arizona!

- **UST and AST Insurance**
- **Complete Coverage Includes Dispensers**
- **Competitive Rates**
- **Low Deductibles**
- **Owned by Petroleum Marketers**
- **Satisfies State and Federal Requirements**

www.pmmicinsurance.com

Have your agent contact us today at 515-334-3001

APMA'S PURPOSE

APMA's primary purpose is to protect and advance its members' legislative and regulatory interests in Arizona and Washington, D.C. APMA's secondary purpose is to provide members with business and social functions. These include an annual conference, workshops, seminars and industry speakers. APMA holds two golf tournaments – one benefitting the APMA Scholarship Foundation and the other in conjunction with the annual conference. In addition, APMA holds monthly membership meetings as well as various association committee meetings. APMA is a member of the Pacific Oil Conference and the Petroleum Marketers Association of America.

APMA'S OBJECTIVE

- Encourage members to be actively engaged in association activities and legislative grass-roots efforts
- Provide resources for education, training and the exchange of ideas
- Encourage members to maintain high business ethics and a positive image for the industry
- Advise and educate membership to enable them to run their businesses effectively and profitably

Arizona Petroleum Markets Association
P.O. Box 44536 • Phoenix, AZ 85064
PH: 602.330.6762 • FAX: 602.391.2817
E-mail: Amanda@APMA4u.org
www.APMA4u.org

APMA Fuel Monitor
is published by Cereus
2950-2 East Broadway Rd., Phoenix, AZ 85040
cereusgraphics.com

APMA Executive Committee



President
Sally Voyles
Pioneer Distributing



Vice President
Bill Champlin
Holly Refining & Marketing Co.



2nd Vice President
Lenora Nelson
Bennett Oil



Treasurer
Dave Alexander
Caljet



PMAA Director
Warren Lueth
Union Distributing



Executive Director
Amanda Gray

APMA Board of Directors

Alan Calvert	Calvert Oil Co.	Jess Miller	Diamond Trucking
Apryl Erekson	Cochise Companies	Jason Davis ...	Arizona Fuel Distributors
Bill Aust	Biltmore Bank of Arizona	Erik Savage	Circle K
Cameron Trejo	Trejo Oil	Steve Hallum	Hallum Oil
Dave Armstrong.....	Ballard Spahr	Troy Little	Quik Mart Stores
Steve Kornman.....	SC Fuels	Andy Rodriguez....	Musket Corporation
Garth Davis.....	Supreme Oil	Bill Havard	Wells Fargo Insurance
James Marker...	Western Refining Wholesale		

Articles and other contributions to this publication are the sole opinion of the author or contributor and are not to be interpreted as the work or opinion of the APMA. Indeed, APMA provides no warranty or representation concerning the accuracy of articles or other contributions to this publication and hereby expressly disclaims the same.



Sally Voyles
President

Message From The President

After spending short periods of time in foreign countries over the years, I have learned what it means to live in the United States of America. The freedoms we enjoy today, given to us through generations of sacrifice and hard work, grace us with the ability to have free speech, to assemble and to live the lives our parents and grandparents dreamed for us....the kind of life we now work so hard to give our children and grandchildren. It is the traveling abroad that reminds me how lucky we are to be able to be part of an organization like the APMA. It reminds me that when we put our voices together we have the liberty to make them heard.

As American's we are in the midst of what may well be the most impactful election of our generation. As Arizonans, the representatives we choose, both federally and statewide

will have an impact on our industries, our businesses and the future of our children. The decisions we make on Tuesday November 6th, may well decide the course of our country for decades to come.

I hope that you join us in Sedona for Policy, Politics and Petroleum, our annual conference, October 21st -23rd. Join us in discussing the issues that affect our businesses, in exercising the freedom to assemble, to celebrate the liberties bestowed upon us by generations past and to discuss the future for generations to come. Join us to celebrate the great American Gift.... the right to vote, to be counted, to be heard!

See you in Sedona!

Sally Voyles
President

Introducing Amanda Trelstad Gray, APMA's New Executive Director

One of the questions in my initial interview for the APMA Executive Director position was along the lines of, "Why would a lawyer want this job?" In case you are wondering the same thing, I would like to introduce myself by sharing a few of the reasons.

After practicing law as a civil litigator for the City of Minneapolis, I want to use my legal skills to help shape better laws. By furthering the APMA's legislative agenda, I hope to do just that. I am a graduate of the University of St. Thomas Law, a small private school in downtown Minneapolis. Before that, I earned my undergraduate degree from Arizona State University in English. My legal background will enable me to represent the APMA's interests to the state and federal legislatures and to keep you informed about relevant changes to the legal landscape.

Many parts of the APMA organization speak to me, but one in particular is the Scholarship Foundation. I was the recipient of academic scholarships in both college and law school. In my view, students who work hard and achieve academic success merit assistance, particularly given rising tuition costs. I can hardly wait for the

15th Annual Scholarship Golf Tournament next spring.

On a more personal note, my husband, Steve, and I both lived in Phoenix when we were growing up. After we got married in Minnesota last fall, we agreed that we wanted to be near our families when we started our family. We decided to come home in May of 2012, trading Minnesota winters for Arizona summers. As it turns out, we moved just in the nick of time because we are expecting our first child in January 2013.

As APMA's new Executive Director, I am thrilled to learn more about the petroleum industry and to work with you all in your various areas of expertise. Please feel free to be in touch; I am eager to meet you if we have not yet and excited to get to know you better if we have. In particular, I would love to know about interesting events at your company to feature in upcoming editions of the AZ Motor Fuel Monitor. Hope to see you at the Annual Conference on October 21-23.

Best Regards,

Amanda T. Gray



Amanda T. Gray
Executive Director

Work and Education History

Minneapolis City Attorney's Office – Civil Division

Assistant City Attorney,
March 2010 – May 2012
Legal Clerk,
September 2007 – March 2010

University of St. Thomas School of Law

Juris Doctor, magna cum laude, 2009

Arizona State University

Bachelor of Arts, English Literature,
summa cum laude, 2006

Bar Membership

Georgia – 2009,
Minnesota – 2010,
Arizona – expected 2012

ECONOMIC FORECAST

Provided by
Wells Fargo Bank N.A.

Steven Zakely, CFA®
Senior Equity Research Analyst



Chris Haverland, CFA®
Asset Allocation Strategist

Health Care Ruling and Market Implications

QUICK MARKET UPDATE

Today, the U.S. Supreme Court in a 5-4 decision ruled in favor of upholding the Patient Protection and Affordable Care Act (PPACA)—the Obama administration's health care legislation. The constitutionality of two key provisions of the Act—the individual mandate and Medicaid expansion—were essentially upheld in today's ruling, leaving the Act nearly intact. The justifications the justices presented to support their ruling demonstrate how complex the issues were and how fine the line was between the Act being upheld or overturned. In this Quick Market Update, we review the highlights of today's ruling and discuss

the market implications for preserving the PPACA legislation.

With the entire law being upheld, we believe much of the impact has already been priced into the healthcare sector. Therefore, we do not envision much, if any, change to the sector's earnings based on the ruling. However, we continue to believe that certain areas of the healthcare sector likely will benefit from the law more broadly than others, although perhaps a little less than we originally thought given the fact that individuals are not being forced to buy health insurance and considering that states now have an option to participate in the expansion of Medicaid. The S&P Health Care Sector Index was down modestly lower today, but has climbed more than 10 percent since the law was enacted on March 23, 2010.

Continued on page 14...



Gas in Diesel Engines

What happens if you inadvertently fill your diesel car with gasoline? Whether you're new to diesel ownership, or might have both diesel and gasoline powered vehicles in your own personal fleet, it can be oh-so-easy to accidentally miss-fuel your diesel tank with gasoline. Filling your fuel tank is such an ordinary and mundane task, that just a moment's inattention can cause you to grab the wrong nozzle and pump away. Bad enough if you realize the mistake right away and can get the car towed to a shop to have the tank drained (an awfully expensive nuisance), but what if you don't even realize the mistake and end up driving away with a tank full of gasoline? Chances

are you won't get very far (maybe just a mile or so until the diesel in the fuel line gives way to the fresh batch of gasoline on the way from the tank) and the engine starts to run "funny."

Of course, it all depends on how much diesel remained in the tank before the gasoline was added, and how new and sophisticated the diesel engine is. In a 2007 or newer clean diesel engine, any amount of gasoline will probably damage the sensitive emissions control components (DPF, Oxy-Cat and SCR) and system. In older engines with much less sophisticated and "touchy" emissions systems, a lightly diluted (say 90 percent diesel/10 percent gasoline) mix would probably

pass through with little or no detriment. It might simply cause reduced engine power, perhaps a bit more noise, and possibly a sharp warning from the emissions sensors that detect something other than pure diesel exhaust. It is high concentrations of gasoline that spell real trouble. Whether a modern clean CRD diesel or an old indirect injection unit; burning straight gasoline or highly diluted diesel fuel will almost certainly result in catastrophic damage to the mighty diesel engine.

Michael DuCharme,
Division Manager,
O&P Operations
Phoenix



The Burden of Regulation



Dan Gilligan
PMAA President

As the nation begins to focus on the November 2012 elections there has been much written and said about the impact of business regulation on the economy. Many academics and statisticians are often quick to dismiss concerns about regulation. In my discussions with petroleum marketers across the country I know for a fact that federal, state and local regulation is an enormous burden for all businesses big and small. A few weeks ago the National Federation of Independent Business (NFIB) released some statistics that surprised economists but it did not surprise me. The NFIB report revealed that

business owners now view regulation equal to concerns about the economy and taxation. In earlier studies by NFIB, concerns about the economy and taxation were significantly more of a concern than regulation. But now concerns about regulation equal the other two.

For petroleum marketers with significant operations in convenience stores I know pending regulations about health insurance are an enormous worry to those marketers. If the new healthcare law is not blocked by the Supreme Court or repealed by Congress the consequences to many small businesses will be devastating. Maybe by the time this magazine reaches your desk the Supreme Court will have dealt the new law a fatal blow.

Petroleum marketers are also very concerned about new EPA regulations for underground storage tank owners. PMAA estimated the new regulations would cost the average gas station \$900 per year to comply. PMAA did our own analysis and concluded the cost was closer to \$6000 per year. PMAA members are really questioning how all this additional new cost can be justified. The federal underground storage tank regu-

lations have been very effective in protecting the environment so why is it necessary that such significant revision be pursued. One reason is the regulatory culture of the federal government. The government employs many talented ambitious people at the executive level. In many cases executives are evaluated not only on how well they manage a regulatory program but how aggressively they are pursuing improvements to those regulations. Because of its environmental mission, EPA executives are expected to pursue greater environmental protection. Unfortunately, the big environmental gains achieved early in a program cannot be replicated therefore tiny environmental gains are pursued at an extraordinary cost to the regulated businesses.

PMAA sees this dynamic play out in many of the regulations affecting the petroleum industry. The EPA is pursuing new gasoline standards, ozone standards, greenhouse gas rules, and climate initiatives all with very small environmental benefits and enormous costs. PMAA will continue doing everything possible to oppose excessive regulation and we urge petroleum marketers to remind their elected officials that excessive regulation does stifle economic growth.



Bennett Oil rolling to new customer tank placement



FUELING OUR LIVES.



At Western Refining, we make fuel. Fuel that helps keep our nation moving. Fuel that powers the trains that move cargo across our country, the busses that take our children to school, or the planes that connect us with the rest of the world.

It's what we do everyday, and we do it in a way that protects our environment, our people, and our communities.

We're proud to be a member of the Arizona Marketing Petroleum Association and support their efforts on behalf of the petroleum industry.



Fueling Our Lives

wnr.com

CELEBRATING SINCE 1947 65 YEARS

- ◆ Lubricants
- ◆ Grease
- ◆ Re-Refined Lubricants
- ◆ Diesel Exhaust Fluid
- ◆ Diesel Fuel
- ◆ Unleaded Fuel
- ◆ On-Site Mobile Fueling
- ◆ Bio-Fuels
- ◆ Lubrication Equipment
- ◆ Sites in Phoenix and Tucson

PIONEER

D I S T R I B U T I N G C O .

1300 N. 24th Avenue, Phoenix Arizona 85009
602-278-2693 • www.pioneerdistributing.com

Protect Yourself, Others

Tod L. Dennis
Association Coordinator
Sales & Customer Relations Division



Locking out, tagging are keys to preventing hazardous energy injuries

Energy sources – including electrical, mechanical, hydraulic, pneumatic, chemical, thermal or other sources – in machines and equipment can be deadly. It is why locking out and tagging the machines and equipment is necessary to keep employees safe.

Workers servicing or maintaining machines or equipment where the energy source is enabled could be shocked, burned, crushed, cut, amputated or killed.

For example:

- A closed steam valve that automatically turns on while workers are repairing it, can burn the employees severely
- A jammed conveyor system that an individual working to unjam it is freed of the obstruction and results in crushing him
- Internal wiring on a piece of factory equipment electrically shorts shocking the employee who is repairing the equipment

At greatest risk from hazardous energy are the estimated 3 million electricians, machine operators and laborers, who service equipment routinely. Failure to control hazardous energy accounts for nearly 10 percent of all the serious accidents in many industries, according to the Occupational Safety and Health Administration.

OSHA also reports that workers who suffer injuries from hazard-

ous energy average 24 days off work to recuperate. But by complying to the standard – Title 29 CFR Part 1910.147 – OSHA estimates 120 fewer people will be killed and more than 50,000 workers will escape hazardous energy-related injuries each year. So what should employers do to reduce the risk? Foremost is to ensure proper lockout/tagout practices and procedures are observed. Here are OSHA's recommendations:

- Develop, implement and enforce an energy control program and procedures
- Use lockout devices for equipment that can be locked out when they are begin repaired or maintained

sure the lockout devices are durable, standardized and substantial, or the tags are clear

- Be sure all lockout/tagout devices identify the individual who has applied it
- Establish a policy that permits only the employee who applied a lockout/tagout device to remove it
- Inspect energy control procedures annually
- Provide effective training to all employees working in around equipment or machinery that could release hazardous energy, and be sure your lockout/tagout procedures are covered

Employee training should cover:

- The employer's energy control program
- Elements of the energy control program that are relevant to the employee's duties or assignment
- Various requirements of the OSHA standards related to lockout/tagout

SCF Arizona's Loss Control Consultants can help your members identify sources of hazardous energy, and they can collaborate with them to ensure they comply with the OSHA standard to protect their workers.

Or, your member can order SCF's "Lockout/Tagout" safety insert card by visiting the website, scfaz.com.

SCF Arizona is the state's largest workers' compensation insurer, providing coverage to nearly 25,000 policyholders and their employees statewide. SCF has operated in Arizona for more than 87 years and holds in excess of \$3.4 billion in assets. Based in Phoenix SCF, has a statewide presence. For more information about SCF Arizona, visit scfaz.com. Follow @SCFArizona on Twitter and like us on Facebook.



- Develop, implement and enforce an effective tagout program if machines or equipment are not capable of being locked out
- If lockout devices are not available, use tags to alert employees when equipment or machinery is being repaired or maintained
- Ensure that new or overhauled equipment is capable of being locked out
- Only use the lockout/tagout devices that are authorized for the specific equipment or machinery and make

Sunday, October 21st

- 3:00pm **APMA Board Meeting** - Manzanita Board Room
- 2:00 – 4:00pm **Registration** - Agave Ball Room (Terrace)
Welcome Bags to the first 100 Registrants
- 4:00 – 6:00pm **Welcome Cocktail Reception** / Hors d'oeuvres – Village Terrace

Monday, October 22nd

- 8:00 am **Registration**- Agave Ball Room (Terrace)
- 8:30 am **Breakfast** - Agave Ball Room
- 9:00-9:30 am **Brian Wiegert** – Vice President, PMMIC Insurance
“Compliance & Procedures – What to catch before you’re caught!”
- 9:45-10:15am **Ruthann Laswick** – Blue Water Benefits Consulting LLC “Health Care update”
- 10:30-11:15am **Rick Conlow** – WCW Partners “We develop the capability in you.”
Good Boss, Bad Boss – Which One Are You? How Good Can You Be? Achieving Peak Personal Performance
- 11:30am **Lunch**
- 12:00 – 1:00pm **Ken Bennett** – Arizona Secretary of State
- 1:15 – 2:15pm **Dan Gilligan** - President PMAA
“Election 2012, What Is At Stake for Petroleum Marketers”
- 5:30-7:00pm **Cocktail Reception & Silent Auction** - Village Terrace
- 6:30-7:00pm **PYROKLECTIC (fire dancers)** – Village Terrace
- 7:00-9:00pm **Dinner**

Key Note Speakers:

Jeffrey S. Beyersdorfer – Western Refining Senior Vice President, Treasurer Director of Investor Relations
Catherine Reheis-Boyd – Western States Petroleum Association

Tuesday, October 23

- 8:30-9:45am **Golf Registration** – Seven Canyons, Exclusive Private Golf Course
Coffee, Hot Chocolate, Doughnuts, Yogurt
- 10:00am **Tee Off / Golf Tournament**
Shotgun start
- 11:00am **Pink Jeep Tour in Sedona** for non-golfers
Ancient Ruins Tour
- 2:15 pm **Lunch, Golf Awards** - Seven Canyons - Patio

Sponsorships

WHY SPONSOR?

Sponsorship packages are a great way to increase your marketability among APMA membership, support your state association, and provide valuable benefits to both your company and the association.

Diamond Sponsor \$10,500
(4) Conference registrations, (2) Golf registrations, hole sponsorship, listed on all signage, banner throughout conference, mention in onsite program with logo, recognition on APMA website and verbal recognition

Ruby Sponsor \$5,000
(3) Conference registrations, (2) Golf registrations, hole sponsorship, listed on all signage, mention in onsite program with logo, recognition on APMA website and verbal recognition

Platinum Sponsor \$2,500
(2) Conference registrations, (2) Golf registrations, mention in onsite program with logo, recognition on APMA website and verbal recognition

Gold Sponsor \$2,000
(1) Conference registration, (1) Golf registration, mention in onsite program with logo, verbal recognition

Silver Sponsor \$1,500
(1) Conference registration, mention in onsite program with logo, verbal recognition

Bronze Sponsor \$500
Mention in onsite program and verbal recognition

TOURNAMENT OPPORTUNITIES

Single Golfer \$170
Golf for one and admission to awards luncheon

Foursome \$680
Golf for 4 and admission to awards luncheon (4)

Hole Sponsor \$200
Corporate Name/Logo on hole. Mention in Golf program/posters

Coffee/Doughnut Sponsor \$400
Company Name/Logo in front of welcome food/beverage table, mention in golf program/posters

Hole in One Sponsor \$500
Corporate Name/Logo on hole with Prize on Hole of your choice. Mention in golf program/posters

Golf Ball Sponsor \$1,500
Company Name/Logo on golf ball distributed in Every golf goodie bag. (1 available)

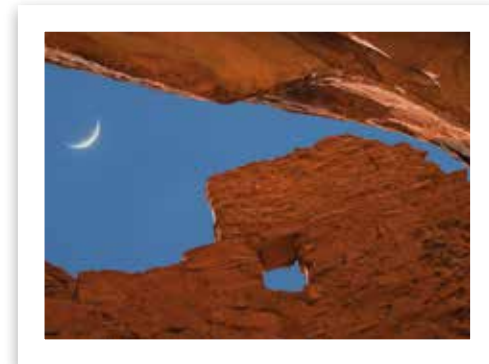
Towel Sponsor \$2,000
Company Name/Logo on golf towel. Mention in golf Program/posters. (2 available)

Course has availability for 96 golfers only. Please sign up early to reserve your spot as it is first come first serve



Conference Registration

Name _____
Company _____
Mailing Address _____
City, State, Zip _____
Phone _____ Email _____



CONFERENCE OPTIONS

- DIAMOND SPONSOR \$ 10,500**
- RUBY SPONSOR \$ 5,000**
- PLATINUM SPONSOR \$ 2,500**
- GOLD SPONSOR \$ 2,000**
- SILVER SPONSOR \$ 1,500**
- BRONZE SPONSOR \$ 500**
- COCKTAIL SPONSOR \$ 250**

ATTENDEE \$ 350
(Includes all scheduled events/meals, except golf)

SPOUSE \$ 200
With full attendee registration only.
(Includes all scheduled events meals, except golf)

NON-MEMBER FEE \$ 100
In addition to all fees above.
(Can be credited toward APMA membership later)
Level of Giving Amount

PAYMENT

- CHECK ENCLOSED**
- VISA**
- MASTERCARD**
- AMERICAN EXPRESS**
- DISCOVER**

Account Number _____ Exp _____ CVV # _____
Billing Address _____ City _____ State _____ Zip _____
Signature _____

Please make checks payable to APMA and mail to:

GOLF

- SINGLE GOLFER \$ 170**
- FOURSOME \$ 680**
- HOLE SPONSOR \$ 200**
- COFFEE/DOUGHNUT SPONSOR \$ 400**
- HOLE IN ONE SPONSOR \$ 500**
- GOLF BALL SPONSOR \$ 1,500**
- TOWEL SPONSOR \$ 2,000**

LUNCH ONLY \$ 30

ANCIENT RUINS JEEP TOUR \$ 100

LIST OF GOLFERS

1 _____
2 _____
3 _____
4 _____

TOTAL CHARGES \$

Attn: Amanda Gray
APMA Conference Registration
P.O. Box 44536, Phoenix, AZ 85016



CONFERENCE ROOM RATES

Casita Bedroom/Deluxe Studio Mix	\$190
Casita Junior Suite	\$270
Casita Suite (One Bedroom)	\$405

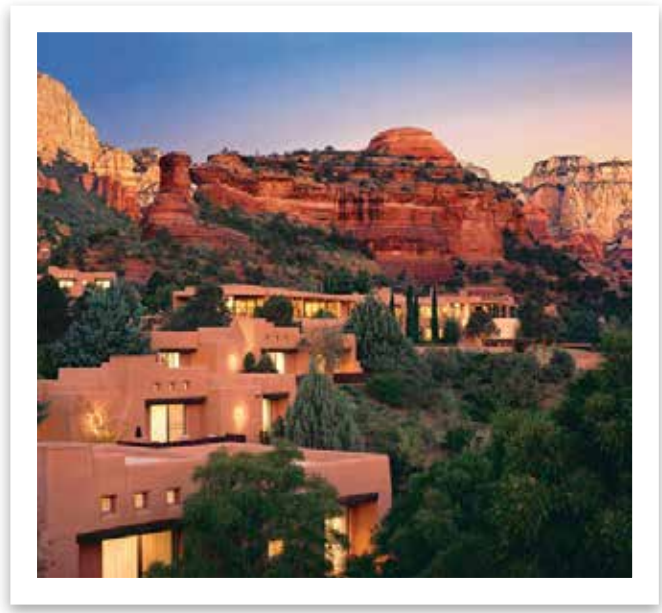
Room rates do not include tax and a one time porterage fee of \$12 per person

If you wish to extend your stay, some rooms are available 2 days before and after the conference.

CALL FOR RESERVATIONS

(928) 282-2900 or (800) 826-4180

Please make your reservation by October 17th to guarantee availability and avoid rate increase. Rate is not available online.



CASITA GUEST ROOM

A spacious and comfortable guest room with a king or two queen beds and cozy sitting area. Richly furnished in Southwest décor, highlighted by a private viewing deck of Boynton Canyon.

DELUXE STUDIO

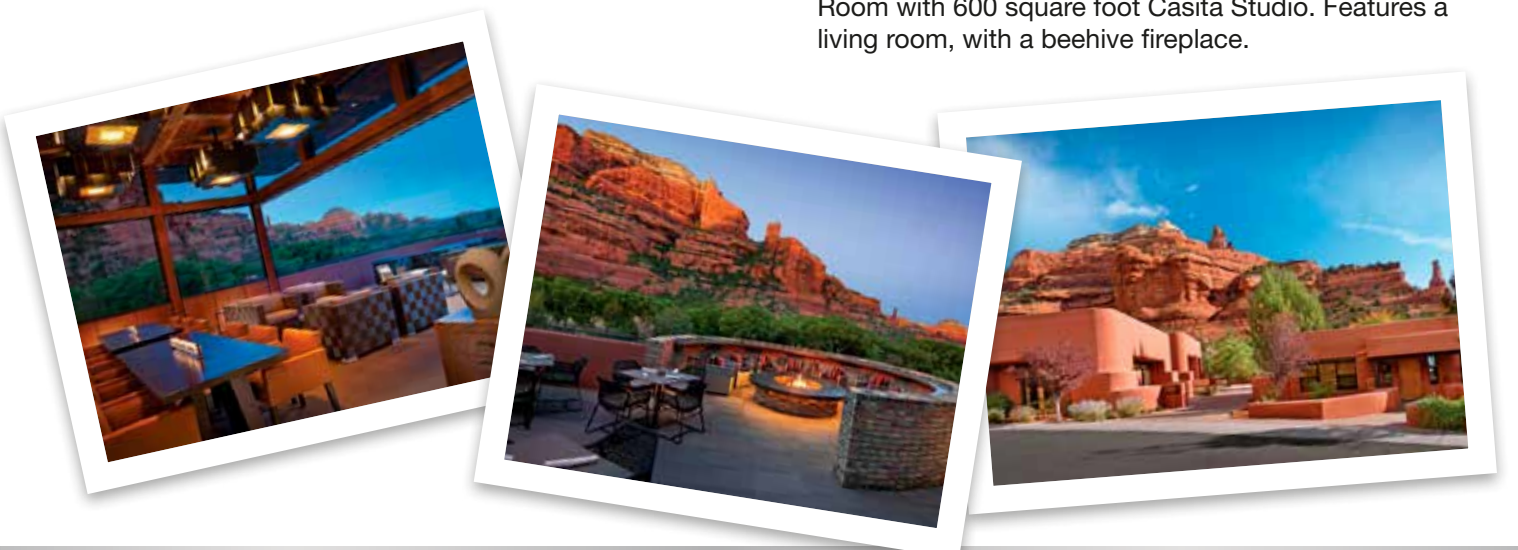
Provides 600 square feet of living area with a fireplace, queen pull down bed, full bath, kitchenette with dining area for four and a gas grill to accommodate outdoor dining on the deck.

CASITA JR. SUITE

A luxurious bedroom and living room. Each room features a private deck viewing the Boynton Canyon, oversized bath tub, sky lights, and many more.

CASITA SUITE

This combines a king or 2 queen bedded Casita Guest Room with 600 square foot Casita Studio. Features a living room, with a beehive fireplace.



MARKET UPDATE

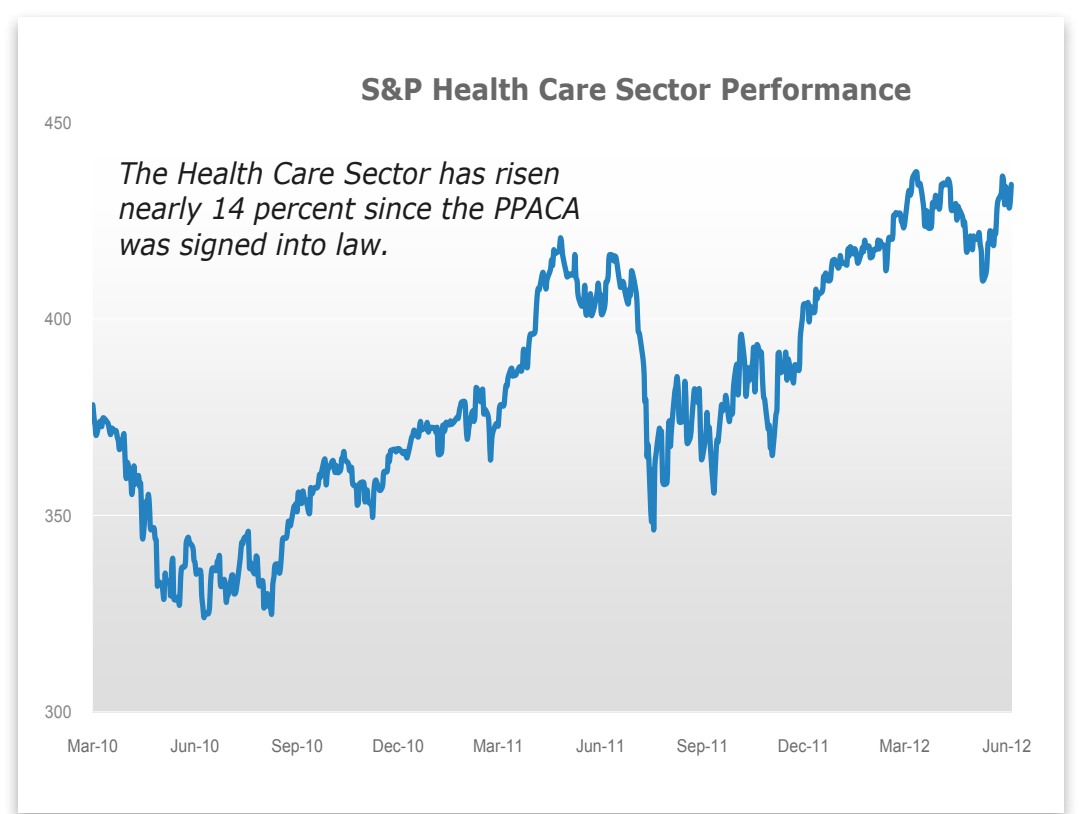
Continued from page 4

Details of the Supreme Court Ruling

Following their review of the individual mandate, the justices ruled that Congress does not have the power to force consumers to buy health insurance. The ruling specifically stated that "the individual mandate was not a valid exercise of Congress's power under the Commerce Clause and the Necessary and Proper Clause." However, they did agree that the individual mandate could be upheld based on Congress' taxing authority granted under the U.S. Constitution. Specifically, the Supreme Court viewed the "shared responsibility payment" of the Act, for constitutional purposes, may be viewed as a tax. And that "the payment is not so high that there is really no choice but to buy health insurance; the payment is not limited to willful violations, as penalties for unlawful acts often are; and the payment is collected solely by the IRS through the normal means of taxation." Essentially the court is saying that Congress cannot force individuals to buy health insurance, but it does have the authority to tax individuals who chose not to purchase it. This justification may appear to some market watchers as splitting hairs.

There was a similar splitting of hairs in the Court's decision to uphold the expansion of Medicaid within the Act. Under PPACA, the Secretary of Health and Human Services was granted the authority to penalize states that chose not to participate in the Medicaid expansion by withholding their existing Medicaid funding. It was this provision that the justices determined violated the Constitution and ran counter to the nation's system of federalism. They determined that this violation could be remedied by precluding the

Secretary from withdrawing existing Medicaid funds for failure to comply with the requirements set out in the expansion. In short, through PPACA the Secretary could choose to withhold new funds for any state that chose not to participate in the expansion, but could not withdraw existing Medicaid funds from those that chose not to participate.



Investment Implications

In our view, many companies that focus on reducing costs in the healthcare system likely will benefit in the longer-term. However, we believe the potential impact for industries within the healthcare sector is mixed:

- Generic Drug makers will probably fair well under the ruling since their business models typically focus on saving consumers money with reasonably-priced drug alternatives.
- Medical Device's and Healthcare Technology may benefit from increased coverage but likely will not be a primary beneficiary from the legislation itself. The medical device

market faces an excise tax to help fund the reform package beginning in 2013. We believe that a premium will be placed on those device and technology companies which demonstrate a capacity to take market share. Execution and innovation will be the key strategic factors.

The Biotech industry will not come out of this completely unscathed, as Pharma won a 12-year window on biosimilars—officially approved versions of biopharmaceutical products made by a different sponsor once an innovator's patent expires. Nevertheless, maintaining exposure to the group offers an effective way for investors to diversify healthcare holdings in the long-term.

Drug-Makers and Insurers could be the primary beneficiaries from the legislation. Drug-Makers simply stand to gain volume as more people purchase insurance. Unfortunately, drug companies will have to provide money to cover half of the donut-hole gap in Medicare Part D drug cover-

age. Furthermore, drug companies must contribute \$84 billion over 10 years to help fund the health care legislation. Importantly, drug companies started "paying-out" taxes in 2011, but will not receive the benefit from increased volume until around 2014.

In terms of Managed Care, companies that have a strong Medicaid business should benefit from the impact that expanded coverage will have on their top line (15 million of the 32 million people who will become covered will be new Medicaid participants, expanding coverage to all Americans with income up to 133 percent of federal poverty level). Unfortunately, the Medicaid expansion will not become effective until 2014.

While large Pharma, Labs, and Medicaid HMO's as well as Hospitals and possibly Medical Technology are the most likely beneficiaries in the long term, we believe benefits will be partially offset by budget cuts which may remain intact despite today's ruling. The law could be a focus for the new Congress next year, which may mean delaying implementation beyond 2014 to help reduce the deficit. Positive employment figures would provide a tailwind that could create upside to current market expectations and drive equity markets higher. Nonetheless, now that the Supreme Court has upheld PPACA, investors likely will turn their attention to the upcoming presidential election, which presents its own set of uncertainties and could potentially limit

potential upside in the healthcare sector in the near-term. Today's Supreme Court ruling is just the first of many issues that we expect to gain clarity on in the coming months. New information on monetary policy, fiscal policy, elections, economic growth and the Eurozone debt crisis likely will impact market volatility levels in the near-term, but, at the same time, could present attractive buying opportunities for longer-term investors. Today's ruling has no impact on our overall economic and market outlook, and we continue to recommend that investors remain fully invested in a globally diversified portfolio including exposure to the four major asset groups (equities, fixed income, real assets and complementary strategies). ☼



AT KAG WEST - WE OFFER AN EXTENSIVE PRIVATE FLEET CONVERSION PROGRAM - THAT GIVES YOU THE ABILITY TO:

- Keep the same experienced drivers serving your customers
- Eliminate the constant headache and challenge of regulatory compliance
- Improve your operational execution through the industry's most sophisticated inventory management and transportation management systems
- Have access to an array of other value-delivering supply chain management services
- Expand access to capacity during peak demand times
- Significantly reduce your liability and risk
- Free up capital for better use in your core business activities
- Receive an additional payout for your fleet's enterprise value
- Eliminates the headaches of CARB compliance and the expenditure to re-capitalize your fleet
- Take advantage of our advanced technology, including KAG Connect - www.kagconnect.com - a web-based platform that gives you real-time visibility to both order tracking and delivery information including gross/net gallons & bol number

CONTACT JOHN JOLLY AT 800-969-5419, ext. 2365 FOR MORE DETAILS

CUSTOMER TESTIMONIALS

Downs Energy - Mike Downs, President Downs Energy stated "Their [KAG's] size, safety record and that their core business is the delivery of fuels made them an excellent partner, while we focused on the marketing side". Further he stated "it was almost seamless, with the same drivers, same trucks and same dispatcher". There was no interruption, and it was the same team who would continue to successfully serve our customers".

Coast Oil Co - Mark Mitchell, Owner of Coast Oil Company emphasizes "We're not in the fuel delivery business. We're in the marketing and sales business and we're good at it, so it made sense to focus on what we do best and join together with someone who is the best at what they do. This will help us remain even more competitive in what is probably the most volatile fuel area in the United States".

Federal Motor Carrier Safety Administration Comprehensive Safety Analysis



Jeana Hysell, MS, CDS
Motor Carrier Safety Consultant &
Transportation Professional
Safety Compliance Professionals LLC

Comprehensive Safety Analysis (CSA) is a major Federal Motor Carrier Safety Administration (FMCSA) initiative to improve the effectiveness of the Agency's compliance and enforcement programs. Its goal is to achieve a greater reduction in large truck and bus crashes, injuries, and fatalities, while maximizing the resources of FMCSA and its State partners.

There are four major elements to CSA 2010 – measurement, intervention, safety evaluation, and information technology - COMPASS. The attached graphic illustrates how these would interact under CSA 2010. Measurement System – The measurement system would group the safety performance data of motor carriers and drivers into seven categories, called **BASICs** – Behavioral Analysis Safety Improvement Categories. The seven BASICs are: (1) Unsafe Driving, (2) Fatigued Driving, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, (6) Improper Loading/Cargo, and (7) Crash Indicator. The data would be scored and weighted based on its relationship to crash causation. Based on a carrier's score within each BASIC, the measurement system would trigger when the Agency should begin to intervene with a motor carrier, and when its performance has reached the proposed "unfit" threshold.

IS YOUR BACK OFFICE SOFTWARE OUT-OF-DATE OR UNSUPPORTED?

**FIRESTREAM'S ASCEND IS A TOP-NOTCH MODERN BACK OFFICE SYSTEM
USED BY FUEL & LUBE MARKETERS AND RETAILERS AROUND THE COUNTRY**

READY TO REPLACE THAT OLD AND CLUNKY SOFTWARE?

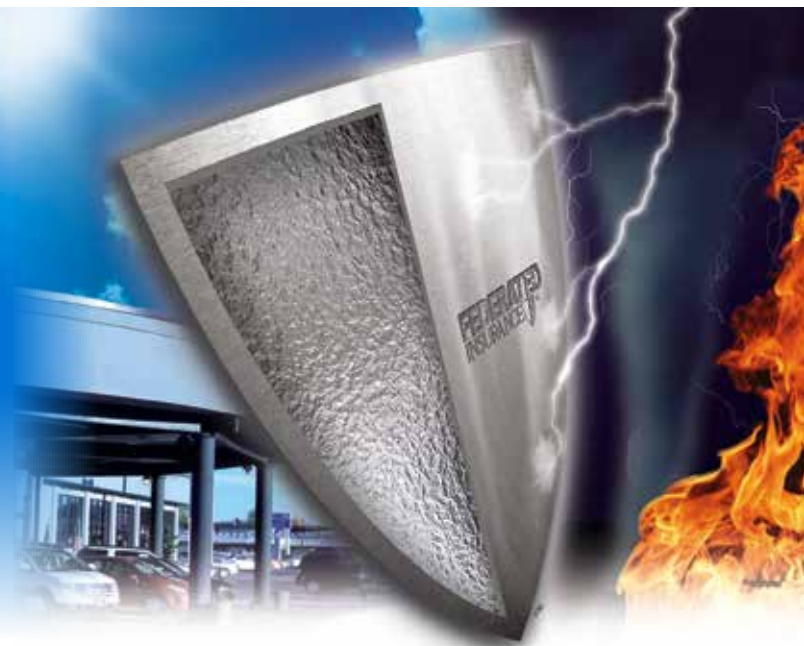
Call FireStream WorldWide today to discover how you can speed up billing, manage your retail sites & keep your lube inventory humming!

Contact us | 888.324.9009 | sales@firestreamww.com



Bringing sustainable order to the day-to-day chaos of the downstream petroleum industry through intuitively automated software solutions

Shield Your Business with Federated Risk Management



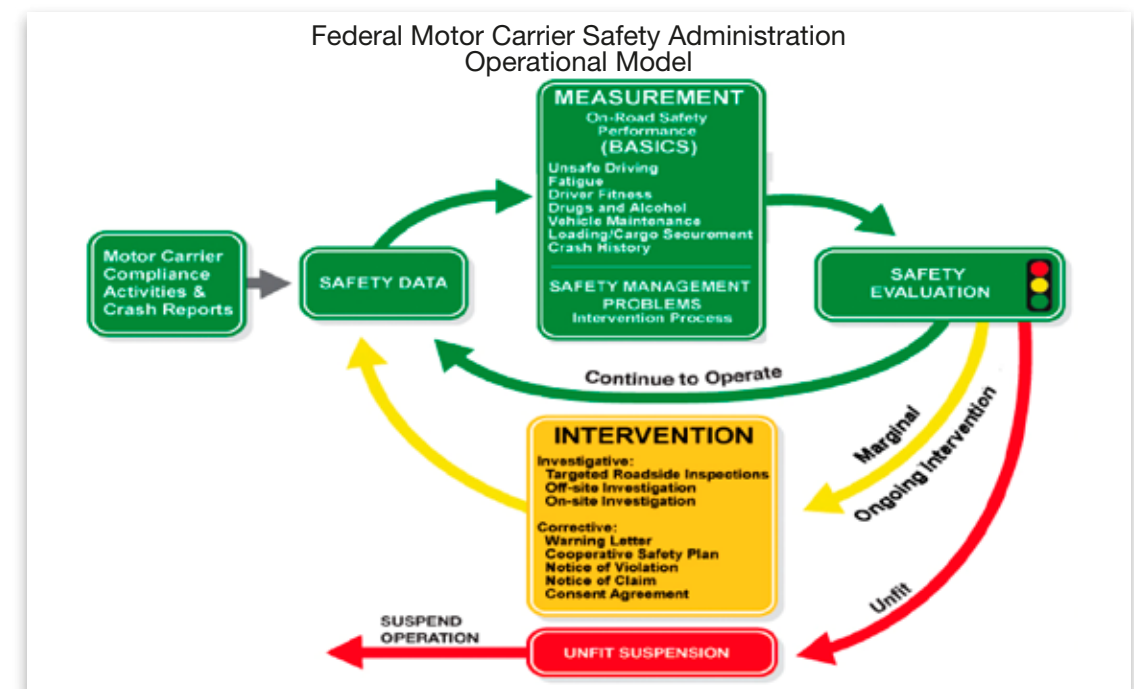
Federated resources help protect your employees and your bottom line. Discover how customized risk management support can impact your business and reduce your potential for loss.

Visit www.federatedinsurance.com to find a representative near you.



Federated Mutual Insurance Company • Federated Service Insurance Company* • Federated Life Insurance Company
Home Office: 121 East Park Square • Owatonna, Minnesota 55060 • Phone: (507) 455-5200 • www.federatedinsurance.com
*Federated Service Company is not licensed in the states of NH, NJ, RI, and VT. © Copyright 2012 • Federated Mutual Insurance Company

Federal Motor Carrier Safety Administration Operational Model



CSA BASICs:

■ **Unsafe Driving** — Operation of commercial motor vehicles (CMVs) by drivers in a dangerous or careless manner. Example violations: Speeding, reckless driving, improper lane change, and inattention. (FMCSR Parts 392 and 397)

■ **Fatigued Driving (Hours-of-Service)** — Operation of CMVs by drivers who are ill, fatigued, or in non-compliance with the Hours-of-Service (HOS) regulations. This BASIC includes violations of regulations pertaining to logbooks as they

relate to HOS requirements and the management of CMV driver fatigue. Example violations: Exceeding HOS, maintaining an incomplete or inaccurate logbook, and operating a CMV while ill or fatigued. (FMCSR Parts 392 and 395) **Continued on page 19**

UNION
DISTRIBUTING

Phoenix: 602.272.6795 Tucson: 520.571.7600
www.uniondistributing.com

Serving Arizona Since 1986

Fuels and Lubricants Wholesale and Retail Quality Assured

POLAR

POLAR SERVICE CENTERS

Polar Service Centers are the only national repair and parts supplier dedicated for the tank truck market. With Service Centers throughout the United States, we provide convenient, consistent access to aftermarket parts, field service, and technicians who can work on any brand of tank truck or trailer.

NATIONWIDE SUPPORT
Our technicians are tank specialists and our parts departments distribute a wide range of replacement parts and components for your tank truck or trailer.

DEDICATED SERVICE
Polar Service Centers are set up to perform everything from a complete re-barrel to a simple brake job. Ask us about trailer rig-outs, customization and refurbishment, fabrication work, PTO, pump, and metering systems; and other specialized services for tank trucks and trailers.

COMPLETE PARTS INVENTORY
Wheels, brakes, suspensions, lights, blowers, compressors—we stock quality brand-name and all-makes of parts for every aspect of the vehicle.

POLAR TANK TRAILER
800-828-6589
www.polar-tank.com

POLAR SERVICE CENTERS
800-855-8558 & 877-534-2076
www.polarservicecenters.com

PHOENIX
Service Center
4907 South 35th Ave.
Phoenix, AZ 85041
PH: 480-719-7953
Fax: 602-323-0273
Mon. - Fri. 8-4:30

Scan QR to find a Polar Service Center near you >>

HOLLYFRONTIER

Jake Hill
SW Regional Manager
480-256-1995
jake.hill@hollyfrontier.com

Sara Starr
SW Marketing Representative
480-256-1992
sara.starr@hollyfrontier.com

Mike Hardy
SW Marketing Representative
480-256-1986
michael.hardy@hollyfrontier.com



- **Driver Fitness** — Operation of CMVs by drivers who are unfit to operate a CMV due to lack of training, experience, or medical qualifications. Example violations: Failure to have a valid and appropriate commercial driver's license (CDL) and being medically unqualified to operate a CMV. (FMCSR Parts 383 and 391)
- **Controlled Substances/Alcohol** — Operation of CMVs by drivers who are impaired due to alcohol, illegal drugs, and misuse of prescription or over-the-counter medications. Example violations: Use or possession of controlled substances/alcohol. (FMCSR Parts 382 and 392)
- **Vehicle Maintenance** — Failure to properly maintain a CMV. Example violations: Brakes, lights, and other mechanical defects, and failure to make required repairs. (FMCSR Parts 393 and 396)
- **Cargo-Related** — Failure to properly prevent shifting loads, spilled or dropped cargo, overloading, and unsafe handling of hazardous materials on a CMV. Example violations: Improper load securement, cargo retention, and hazardous material handling. (FMCSR Parts 392, 393, 397 and HM Violations)
- **Crash Indicator** — Histories or patterns of high crash involvement, including frequency and severity. It is based on information from State-

reported crashes.
A carrier's measurement for each BASIC depends on the following:

- The number of adverse safety events (violations related to that BASIC or crashes)
- The severity of violations or crashes
- When the adverse safety events occurred (more recent events are weighted more heavily).

After a measurement is determined, the carrier is then placed in a peer group (e.g., other carriers with similar numbers of inspections). Percentiles from 0 to 100 are then determined by comparing the BASIC measurements of the carrier to the measurements of other carriers in the peer group. A percentile 100 indicates the worst performance.

Intervention — Once the measurement system signals the need to intervene, CSA 2010 would draw upon a broad array of progressive interventions that are designed to advise the motor carrier or driver that their safety performance has come to the government's attention. These steps are meant to improve unsafe behavior early. These include:

- Warning Letter
- Cooperative Safety Plan

- Targeted Roadside Inspection
- Notice of Violation
- Off-Site Investigation
- On-Site Investigation - Comprehensive
- On-Site Investigation - Focused
- Notice of Claim/Settlement Agreement

Safety Evaluation — Safety fitness determination would be based on performance data processed through the measurement system, and would not necessarily be tied to the current FMCSA compliance review. Depending on the motor carrier's BASIC scores, the safety fitness determination could be "continue to operate," "marginal" (with ongoing intervention), or proposed "unfit." Each motor carrier or driver for which there is sufficient data would receive a safety fitness determination that would be updated every 30 days.

COMPASS — CSA 2010 is closely aligned with COMPASS, an FMCSA-wide initiative that is leveraging new technology to transform the way that FMCSA does business. By optimizing FMCSA business processes and improving the Agency's IT functionality, COMPASS will help FMCSA and State enforcement personnel make better decisions, identify high-risk carriers and drivers more effectively, and apply a wider range of interventions to correct high-risk behavior early. ☼

PINAL ENERGY
ARIZONA'S ONLY ETHANOL PLANT

LOCALLY OWNED

JIT TRUCK DELIVERY

NO RAIL DEMURRAGE

ON-SITE E85

OUR BYPRODUCTS ALSO SUPPLY ARIZONA'S CATTLE, DRY ICE, AND SOFT DRINK INDUSTRIES.

38585 W COWTOWN RD
MARICOPA, AZ
(520) 494-2400

Commercial property/casualty prices continue to rise: Survey

Brian Cook
Northpointe Insurance

Commercial property/casualty insurance prices continued their upward trend, increasing an average of 4.3% in the second quarter, according to Council of Insurance Agents & Brokers quarterly Commercial P/C Market Index Survey released Tuesday.

Midsized accounts experienced the largest increase at 4.9%, while small accounts increased by 4.3% and large accounts by 3.7%, according to the survey.

“There’s no doubt it was a tougher market for buyers the last three months than the quarter before,” said Council President and CEO Ken A. Crerar in a statement announcing the results. “Rates continued to climb as insurers tightened reins on underwriting. More business was being pushed into the surplus lines market as carriers pulled back on capacity, particularly for catastrophe exposures.”

Active APMA Committees

Executive Committee

Sally Voyles, Bill Champlin, Lenora Nelson, Dave Alexander, Warren Lueth, Jason Davis

Legislative Committee

Bill Champlin, Bill Bunch, Bob Kec, Cameron Trejo, Dave Alexander, David Armstrong, Eric Savage, Garth Davis, Jake Hill, Jason Davis, Jess Miller, John Kennedy, Jon Trejo, Lynn Niewiadomski, Mark Ellery, Mike Mathers, Sally Voyles, Troy Little, Warren Leuth

UST Subcommittee

Bill Bunch, Bob Kec, Cameron Trejo, Don Whitehead, Eric Savage, James Marker, Jerry Trejo, Jon Trejo, Mark Ellery, Renee Hudson, Rick Fuscardo, Roger Burton, Warren Leuth, Sally Voyles

Safety Committee

Apryl Erikson, Tod, Denis, Josh Wall, Jeff Drysdale, Susie Ingram

Scholarship Foundation

Dave Alexander, Bill Aust, John Clark, Sally Voyles

Conference Committee

Lenora Nelson, Tiffany Stultz, Apryl Erikson, Susie Ingram

Fuel Monitor Committee

A new committee for our publication is being formed. We are seeking members. Email susie@pioneerdistibuting.com.

A knowledgeable agent is more important now than ever before.



Insurance Solutions for a Tough Economy

In today's world, it is reassuring to know you can trust PT Risk Management's years of expertise and truly personal service for your energy insurance. We act as your advocate, comparing costs, making recommendations, and helping you navigate the changing insurance landscape. We put our energy into insuring yours.



PT RISK MANAGEMENT

Insurance Services, Ltd.

Improve your options today. Call 1.800.556.8228

10621 S. 51st St, Ste 101 Phoenix, AZ 85044 www.ptrisk.com

Membership Application



Company Name _____ Contact Person _____

Street Address _____

Mailing Address _____

Telephone _____ Fax _____

Email _____

Marketing Membership – For petroleum marketers

Annual Gallons of Petroleum Products Sold _____

Check all that apply:

Wholesale Marketer Retail (C-Store Marketer) Other _____

Associate Membership – For vendors

Type of Business _____

We are interested in the following member services:

Worker's Comp Insurance Casualty Insurance Legislative/Regulatory News Other _____

APMA dues also include membership in Petroleum Marketers Association of America

<p>Marketing Member Annual Dues:</p> <p>0 to 3 million gallons/year \$325.00</p> <p>3-5 million gallons/year \$450.00</p> <p>5-7.5 million gallons/year \$600.00</p> <p>7.5-10 million gallons/year \$750.00</p> <p>10-15 million gallons/year \$900.00</p> <p>15-25 million gallons/year \$1,100.00</p> <p>25-50 million gallons/year \$1,700.00</p> <p>50-100 million gallons/year \$2,200.00</p> <p>100+ million gallons/year \$2,750.00</p>	<p>Associate Member Annual Dues:</p> <p style="text-align: center;">\$450.00</p> <p>Special Membership* Annual Dues:</p> <p style="text-align: center;">\$150.00</p> <p><small>*Requires additional criteria as set forth in APMA Bylaws</small></p>
---	--

Attached is a check payable to APMA for my annual dues.

Charge my annual dues to the following credit card: ___ Visa ___ MasterCard ___ American Express

Card #: _____ CVV #: _____ Exp. Date: _____

Signature: _____

Card Address (if different from above): _____

P.O. Box 44536, Phoenix, AZ 85064-4536

tel 602-330-6762 • fax 602-391-2817 • amanda@APMA4u.org • www.APMA4u.org

COCHISE Companies



1-800-232-8378

602-272-0911

The #1
Petroleum Services Company
in the Southwest!

call us for all of your...

CONSTRUCTION
SERVICE and
EQUIPMENT needs

visit our web site at www.cochisecompanies.com



Women's Business Enterprise National Council