



**A REAL** workhorse, this 1968 surplus Army 15 kw generator has kept power to Wilderness Chevron's pumps dozens of times during outages in Maple Valley, said owner Eric VanRuff, looking at generator's innards. Station also sells small generators, above, for home use which it promotes on readerboard (a good alternative profit source).

## Generator to rescue (again)

They generated a lot of goodwill among hundreds of customers who flocked to Wilderness Auto Service in Maple Valley east of Renton during the storm-caused power outages in December, the Chevron station again revving up its large surplus Army generator to supply power to its dispensers

and propane unit over a three-day period.

Eric VenRuff, who bought the site from his parents Sue and Bill VanRuff recently, said the 15 kw generator, a 1968 model donated to Sue by the fire department about 1996, has been used dozens of times over the years. Chevron hired an electrician to install

### *Eye on legislature:* **HB 1557, SB 5334, would install backup generators at gas stations**

The return of gas lines and other problems occurring with gas stations losing power for over a week in Puget Sound following winter storms was not missed by the Legislature. In response to the gas lines, legislation was introduced to encourage or require stations to have back up generators.

In the House, Representative Jay **TO 'GENERATORS' PAGE 2**

a transfer switch and rewire panels initially and so far the unit has run fine and required little maintenance.

"It cost about \$15,000 to wire it up," Eric said. "We're the only one we know of to have this type of generator, which runs on diesel. There's seven stations now in the area and during the outage they couldn't pump without power. Interestingly, fuel tankers still were bringing them fuel!"

VanRuff estimated lines stretched up to 1/2 mile toward the station which was lit up to signal it was open.

Employees were stationed at the bottom of a small hill to the station and Eric and his wife Cari were at the top to direct traffic.

Motorists came from a wide area to get fuel, e.g., Monroe, Enumclaw, and North Bend.

Many customers were very appreciative, Eric said, and glad they were open (until supply periodically ran out). But, as expected, they weren't very loyal, "we haven't seen many of them back."

Volume sales of gas and propane tripled; one day 8,000 gallons were pumped in the recent outage.

"We had a bigger outage several years ago and pumped about 15,000 gallons in one day," VanRuff said, noting the area has a lot of trees, the main outage culprits.

**TO ' ... TO THE RESCUE' P. 3**

The

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ULLETIN

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# 2007 Legislative session is full of issues

In January of each year, Washington state's "part-time" legislature convenes in Olympia to pass laws governing the state.

In 2007, myriad issues related to motor fuel marketing have surfaced.

The subjects are wide-spread and range from a study to expand capacity of the Olympic Pipeline to road tax collection of tribal c-stores and requiring that oil companies allow branded marketers the opportunity to

sell alternative fuels such as E85 ethanol and biodiesel at their stations.

The actual text of each law can be downloaded at <http://www1.leg.wa.gov/>

## Generators not mandated by bill, will provide tax credit

### FROM PAGE ONE

Rodney (R-North Bend) introduced HB 1557. The proposal does not mandate that dealers install back-up generators. As an alternative to forcing it on dealers, the Rodney proposal provides a tax credit from business and occupations tax.

As currently written, the state would reimburse dealers for up to one-half the cost of installing a system with a \$15,000 maximum participation at any station in the state with four or more "fuel pumps." The reimbursement would occur through a credit against the dealer's Business and Occupation (B&O) tax obligations.

AUTO's position on the bill is the marketers appreciate the voluntary approach with tax incentives versus an unfunded mandate on the station operator.

In meetings with the sponsor and others in the Legislature, AUTO will suggest that the tax incentives be increased from one-half the cost of installation to the full cost of installation with the dealer providing the maintenance and repair costs from that point forward.

The legislature will also ask that the tax incentives be extended to smaller volume outlets with less than four pumps to assist neighborhood stores, smaller towns and rural markets.

Over in the Senate, Senator Ed Murray (D-Seattle) has introduced SB 5334 pat-

terned after the recently passed Florida law mandating that gas stations near interstate freeways and state emergency routes and truck loading terminals install back-up generators at the operator's expense. Rather than provide the operators with assistance through tax credits, the compliance dates are phased in.

Under this proposal, all truck loading terminals will have to install back up generators by June 1, 2008. The generation system must be monitored, maintained, regularly tested, and capable of operating the terminal loading racks for a period of at least seventy-two hours.

The retail outlet compliance is an unusual and somewhat confusing scheme wherein stations located within a half-mile of an interstate freeway or a federal or state evacuation route would have to be prewired for a generator under a phase-in schedule, but not necessarily have an actual generator in place at the station.

Each gasoline retail outlet that is built or remodeled after January 1, 2008 would have to be prewired during construction regardless of the number of fueling positions at the location. By June 1, 2008 all other existing retail outlets with from 8 up to 16 fueling or more positions (the fueling position target number changes with the population of the county the station is located in) would have to be prewired as well.

By June 1, 2008, the targeted stations whose owner(s) have ten or more stations in any one county would be required to have a backup generator in its possession within the state that could be transported to any of the prewired sites that lose electrical power.

Not uncommon with first drafts, this bill seems plagued with drafting and conceptual problems. A prime example is the bill requires all operators of stations along freeway and excavation routes to prewire for a backup generator, but not actually have a generator available to plug in unless the operator owns 10 or more stations in that particular county.

While it encourages voluntary participation, especially at the local level, AUTO is opposed to unfunded state mandates that require marketers to pay for public safety issues such as emergency and disaster preparation.

AUTO will be meeting with Senator Murray to express these concerns and urge him and others to head in the direction of voluntary compliance with financial assistance through tax credits.

## SB 5272, gas tax collection at tribal convenience stores

Under federal law, absent explicit Congressional authorization, states are prohibited from imposing taxes on a tribe or its members for sales made on tribal lands.

On January 4, 2006, the U.S. District Court for the Western District of Washington entered an order in favor of two plaintiff tribes, the Squaxin and Swinomish, declaring that the legal incidence of Washington's motor vehicle fuel tax is on the retailer.

The order states that Washington's motor vehicle fuel taxes may not be applied to motor vehicle fuels delivered to, received by, or sold by any retail fuel station that is owned by a tribe, tribal enterprise, or tribal member and located on tribal lands.

Because the court found that the Squaxin and Swinomish meet the above criteria, the court entered an injunction against the collection of Washington's motor vehicle fuel taxes for fuels delivered to, received by, or sold by the plaintiffs' retail

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# OUTLOOK

By  
Tim Hamilton  
Executive Director  
AUTO

**WELL, THE LEGISLATURE** is back in town. Lots of new faces joining those that have been around for decades. One thing about it, same amount of legislators as always. Compared to years past, a lot more are democrats than republican.

The Legislature contains two elected "houses." Each of the 49 state legislative districts has two members of the House of Representatives and one member of the Senate. When one hears reference to a "Third House", it means the professional lobbyists.

**WHEN ONE TRIES** to navigate the hallways, it becomes immediately apparent that lobbying is a big and growing business in Olympia. Man alive, they are swarming all over the place and growing in number each year. Tall ones, bald ones, skinny ones, and heavy ones abound. Both genders are well represented. Sadly, many are also former members of the legislature and all too often, some of our most talented ones.

Now the way it generally works is this. A large portion of this lobbyist army is getting paid to pass something that their clients want. Most of the proposals they are pushing deliver monetary values to one or more on their lengthy list of clients. Other lobbyists in the Third House are getting paid to either 1) block the proposal as it takes away value from their clients or 2) at least amend it with a "compromise" wherein the clients of the lobbyists on both sides gets in on the gravy train. If one gets confused over which lobbyist is on which side, you can either call around and ask or, for shortcut, simply read the proposed bill and follow the money.

**WHEN ONE CONSIDERS** the amount of money invested in the lobbying business in Washington state today, it's staggering and sobering. According to the Center For Public Integrity, local government, business, labor, public employees, and others invested over \$37 million annually in salaries and expenses to maintain the 872 lobbyists that hangout in Olympia in 2005 and the figure is growing each year.

Now, let's compare those Third House numbers with the public investment in the Legislature that is stuck like a deer in the headlights of this freight train. With 147 elected positions, lobbyists outnumber our Senators and Reps by 6 to 1. Think about it. If a member of the legislature met only once each session with each lobbyist for a 15 minute quick session it would take 218 hrs out of the 90 day session. If each elected member only granted each lobbyist the 15 minute "quickie" that totals 32,046 hours of meetings. By the way, just how much could one learn about a complex issue in 15 minutes?

**THE SALARIES** and per diem expenses provided the legislators in 2006 was \$36,311 plus \$90 a day travel during the session. Combined, the salary and travel reimbursement totals \$44,411 per legislator for a grand total of \$6.5 million for both elected Houses. This amounts to about 18% of the funding provided the lobbyists in the Third House.

Did you know it takes 6 lobbyists to keep track of same issues juggled by each single member of the legislature in order to cast a knowledgeable vote? In this kind of a pressure cooker life-style is it a surprising to find that many lobbyists are former state legislators who chose not to run for reelection?

**JUST TO BE CLEAR**, I don't think the problem in Olympia is fat-cat lobbyists. Lobbying is a very important part of the process and key to legislators understanding how business works or those items important to members of a union and so on. Since legislators are facing thousands of bills covering every subject imaginable, the process would simply halt without the Third House providing expertise, contacts, data, legal analysis, etc.

No, it's not what special interests spend on lobbying that needs changing. The problem is the puny amount the public invests in elected officials. Simply put, we need a full-time legislative salary and resources made available to attract the best possible candidates for the job. We need to provide them with an office and a staffer back in the districts where they live which would allow them the study how issues effect business and their constituents quality of life. Then, in January send them to Olympia for ninety days to conduct business in an organized and thoughtful fashion.

**OUR LEGISLATORS** shouldn't have to withdraw from public life and enter the ranks of lobbyists to make a living. To those who gripe about the performance of our "part-time" paid and "over-time" worked legislators, I'd remind them of the lesson we all quickly learned within hours of opening our first business — — "You get what you pay for..."

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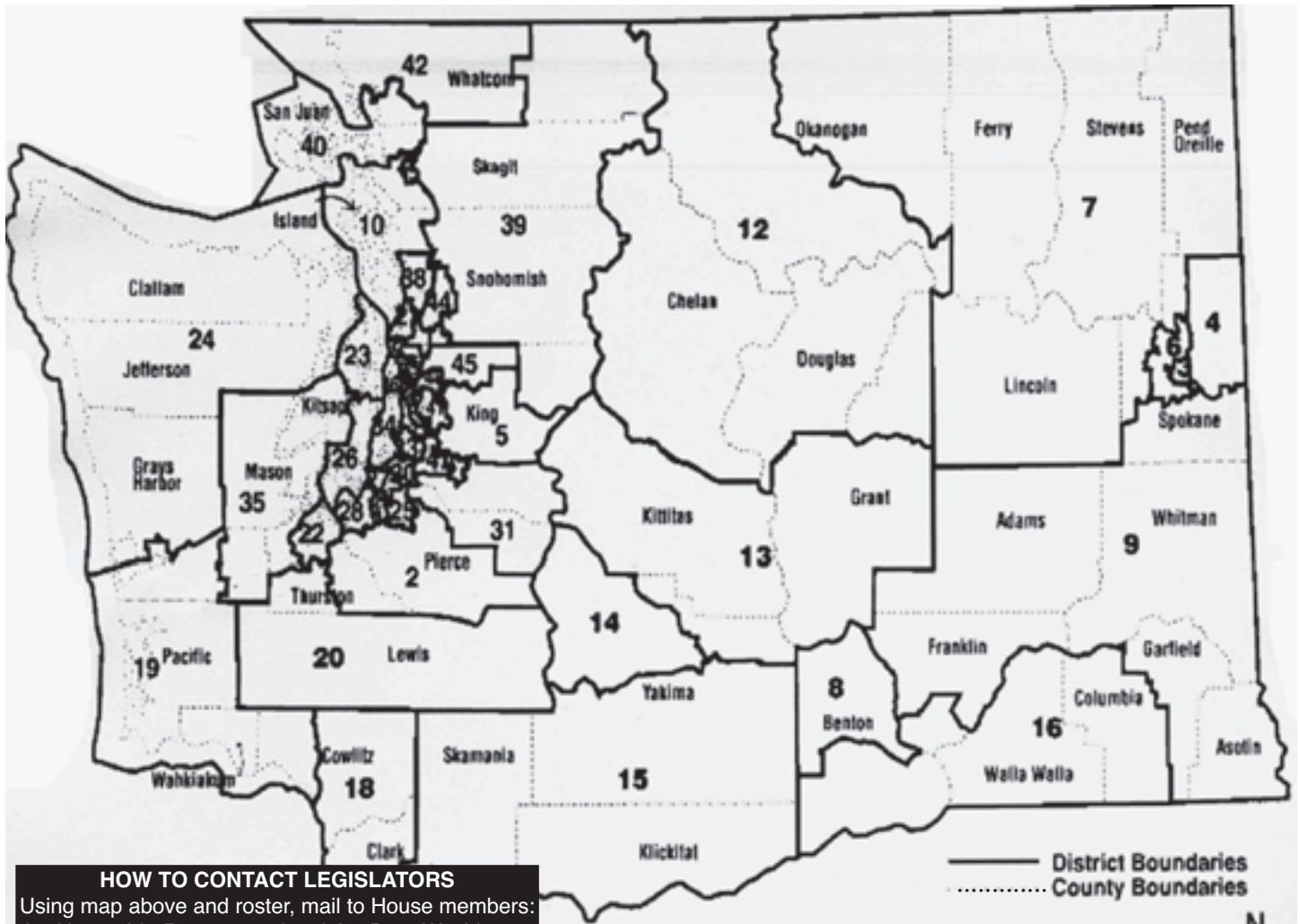
### FROM PAGE ONE

They didn't advertise the "service" he added, relying on word-of-mouth and a well-lit station.

Normally, an adequate generator costs about \$7,000 now and up to \$5,000 to hook up. VanRuff is also selling smaller generators for home use, 5 kw and up, and has sold several which he's promoting on a readerboard.

The large surplus generator, which is tucked away in back of the building, gets 12 hours operation on one tank of diesel which is carted from the front.

Whether generators will be a widespread addition to stations remains to be seen, especially due to their cost. See related article, page 2.



— District Boundaries  
 ..... County Boundaries



**HOW TO CONTACT LEGISLATORS**  
 Using map above and roster, mail to House members: the Honorable Representative John Doe, Washington State House of Representatives, P.O. Box 40600, Olympia, WA 98502-0600. For Senate members: The Honorable Senator John Doe, Washington State Senate, P.O. Box 4482, Olympia, WA 98502-0482. More info on website [leg.wa.gov/legislature](http://leg.wa.gov/legislature).

# Statewide Legislative Districts

**Members of the 60th Legislature 2007-2008**

**District 1**

Member	Party	Position	Room	Phone	Chamber
McAuliffe, Rosemary	D		LEG 403	(360) 786-7600	S
O'Brien, Al	D	1	JLOB 428	(360) 786-7928	H
Ericks, Mark	D	2	JLOB 332	(360) 786-7900	H

**District 2**

Member	Party	Position	Room	Phone	Chamber
Rasmussen, Marilyn	D		LEG 409	(360) 786-7602	S
McCune, Jim	R	1	JLOB 413	(360) 786-7824	H
Campbell, Tom	R	2	JLOB 334	(360) 786-7912	H

**District 3**

Member	Party	Position	Room	Phone	Chamber
Brown, Lisa	D		LEG 307	(360) 786-7604	S
Wood, Alex	D	1	LEG 437B	(360) 786-7888	H
Ormsby, Timm	D	2	LEG 122F	(360) 786-7946	H

**District 4**

Member	Party	Position	Room	Phone	Chamber
McCaslin, Bob	R		INB 112	(360) 786-7606	S
Crouse, Larry	R	1	JLOB 404	(360) 786-7820	H
Schindler, Lynn	R	2	JLOB 403	(360) 786-7984	H

# Legislative district members

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### District 5

Member	Party	Position	Room	Phone	Chamber
Pflug, Cheryl	R		INB 102	(360) 786-7608	S
Rodne, Jay	R	1	JLOB 437	(360) 786-7852	H
Anderson, Glenn R		2	JLOB 417	(360) 786-7876	H

### District 6

Member	Party	Position	Room	Phone	Chamber
Marr, Chris	D		LEG 417	(360) 786-7610	S
Barlow, Don	D	1	JLOB 322	(360) 786-7922	H
Ahern, John	R	2	JLOB 440	(360) 786-7962	H

### District 7

Member	Party	Position	Room	Phone	Chamber
Morton, Bob	R		INB 115D	(360) 786-7612	S
Sump, Bob	R	1	JLOB 406	(360) 786-7908	H
Kretz, Joel	R	2	JLOB 439	(360) 786-7988	H

### District 8

Member	Party	Position	Room	Phone	Chamber
Delvin, Jerome	R		INB 201	(360) 786-7614	S
Hankins, Shirley R		1	LEG 425A	(360) 786-7882	H
Haler, Larry	R	2	JLOB 421	(360) 786-7986	H

### District 9

Member	Party	Position	Room	Phone	Chamber
Schoesler, Mark	R		INB 110	(360) 786-7620	S
Hailey, Steve	R	1	JLOB 438	(360) 786-7942	H
Buri, David	R	2	LEG 426B	(360) 786-7844	H

### District 10

Member	Party	Position	Room	Phone	Chamber
Haugen, Mary Margaret	D		JAC 305	(360) 786-7618	S
Strow, Chris	R	1	JLOB 422	(360) 786-7884	H
Bailey, Barbara	R	2	JLOB 405	(360) 786-7914	H

### District 11

Member	Party	Position	Room	Phone	Chamber
Prentice, Margarita	D		JAC 303	(360) 786-7616	S
Hudgins, Zack	D	1	JLOB 326	(360) 786-7956	H
Hasegawa, Bob D	D	2	LOB 425	(360) 786-7862	H

### District 12

Member	Party	Position	Room	Phone	Chamber
Parlette, Linda Evans	R		LEG 316	(360) 786-7622	S
Condotta, Cary	R	1	LEG 122B	(360) 786-7954	H
Armstrong, Mike	R	2	LEG 426A	(360) 786-7832	H

### District 13

Member	Party	Position	Room	Phone	Chamber
Holmquist, JanÃ©a	R		INB 106B	(360) 786-7624	S
Warnick, Judy	R	1	JLOB 436	(360) 786-7932	H
Hinkle, Bill	R	2	LEG 122D	(360) 786-7808	H

### District 14

Member	Party	Position	Room	Phone	Chamber
Clements, Jim	R		INB 106A	(360) 786-7626	S
Skinner, Mary	R	1	JLOB 434	(360) 786-7810	H
Ross, Charles	R	2	JLOB 418	(360) 786-7856	H

### District 15

Member	Party	Position	Room	Phone	Chamber
Honeyford, Jim	R		INB 107	(360) 786-7684	S
Chandler, Bruce	R	1	LEG 427B	(360) 786-7960	H
Newhouse, Daniel	R	2	JLOB 419	(360) 786-7874	H

### District 16

Member	Party	Position	Room	Phone	Chamber
Hewitt, Mike	R		LEG 314	(360) 786-7630	S
Walsh, Maureen	R	1	JLOB 423	(360) 786-7836	H
Grant, Bill	D	2	LEG 434B	(360) 786-7828	H

# Legislative district members

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### District 17

Member	Party	Position	Room	Phone	Chamber
Benton, Don	R		INB 109B	(360) 786-7632	S
Dunn, Jim	R	1	JLOB 414	(360) 786-7994	H
Wallace, Deb	D	2	JLOB 401	(360) 786-7976	H

### District 18

Member	Party	Position	Room	Phone	Chamber
Zarelli, Joseph	R	1	NB 204	(360) 786-7634	S
Curtis, Richard	R	1	JLOB 420	(360) 786-7850	H
Orcutt, Ed	R	2	JLOB 415	(360) 786-7812	H

### District 19

Member	Party	Position	Room	Phone	Chamber
Hatfield, Brian	D		JAC 239	(360) 786-7636	S
Takko, Dean	D	1	JLOB 323	(360) 786-7806	H
Blake, Brian	D	2	JLOB 339	(360) 786-7870	H

### District 20

Member	Party	Position	Room	Phone	Chamber
Swecker, Dan	R		INB 103	(360) 786-7638	S
DeBolt, Richard R		1	LEG 335C	(360) 786-7896	H
Alexander, Gary R		2	JLOB 407	(360) 786-7990	H

### District 21

Member	Party	Position	Room	Phone	Chamber
Shin, Paull	D		LEG 407	(360) 786-7640	S
Roberts, Mary Helen	D	1	JLOB 315	(360) 786-7950	H
Sullivan, Brian	D	2	LEG 122H	(360) 786-7972	H

### District 22

Member	Party	Position	Room	Phone	Chamber
Fraser, Karen	D		LEG 404	(360) 786-7642	S
Williams, Brendan	D	1	JLOB 430	(360) 786-7940	H
Hunt, Sam	D	2	LEG 438B	(360) 786-7992	H

### District 23

Member	Party	Position	Room	Phone	Chamber
Rockefeller, Phil	D		JAC 218	(360) 786-7644	S
Appleton, Sherry	D	1	JLOB 424	(360) 786-7934	H
Rolfes, Christine	D	2	JLOB 341	(360) 786-7842	H

### District 2

Member	Party	Position	Room	Phone	Chamber
Hargrove, James D			LEG 411	(360) 786-7646	S
Van De Wege, Kevin	D	1	JLOB 316	(360) 786-7916	H
Kessler, Lynn	D	2	LEG 339A	(360) 786-7904	H

### District 25

Member	Party	Position	Room	Phone	Chamber
Kastama, Jim	D		JAC 235	(360) 786-7648	S
McDonald, Joyce R		1	LEG 425B	(360) 786-7948	H
Morrell, Dawn D		2	JLOB 342	(360) 786-7968	H

### District 26

Member	Party	Position	Room	Phone	Chamber
Kilmer, Derek	D		JAC 226	(360) 786-7650	S
Lantz, Patricia	D	1	LEG 438A	(360) 786-7964	H
Seaquist, Larry	D	2	JLOB 317	(360) 786-7802	H

### District 27

Member	Party	Position	Room	Phone	Chamber
Regala, Debbie	D		JAC 233	(360) 786-7652	S
Flannigan, Dennis	D	1	JLOB 335	(360) 786-7930	H
Darneille, Jeannie	D	2	JLOB 429	(360) 786-7974	H

### District 28

Member	Party	Position	Room	Phone	Chamber
Carrell, Mike	R		INB 109A	(360) 786-7654	S
Kelley, Troy	D	1	JLOB 319	(360) 786-7890	H
Green, Tami	D	2	JLOB 327	(360) 786-7958	H

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# Legislative district members

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### District 29

Member	Party	Position	Room	Phone	Chamber
Franklin, Rosa	D		LEG 312	(360) 786-7656	S
Conway, Steve	D	1	JLOB 307	(360) 786-7906	H
Kirby, Steve	D	2	JLOB 432	(360) 786-7996	H

### District 30

Member	Party	Position	Room	Phone	Chamber
Eide, Tracey	D		LEG 402	(360) 786-7658	S
Miloscia, Mark	D	1	LEG 437A	(360) 786-7898	H
Priest, Skip	R	2	LEG 122A	(360) 786-7830	H

### District 31

Member	Party	Position	Room	Phone	Chamber
Roach, Pam	R		INB 202	(360) 786-7660	S
Roach, Dan	R	1	LEG 122C	(360) 786-7846	H
Hurst, Christopher	D	2	JLOB 324	(360) 786-7866	H

### District 32

Member	Party	Position	Room	Phone	Chamber
Fairley, Darlene	D		JAC 227	(360) 786-7662	S
Chase, Maralyn	D	1	JLOB 433	(360) 786-7880	H
Kagi, Ruth	D	2	JLOB 304	(360) 786-7910	H

### District 33

Member	Party	Position	Room	Phone	Chamber
Keiser, Karen	D		JAC 224	(360) 786-7664	S
Schual-Berke, Shay	D	1	JLOB 331	(360) 786-7834	H
Upthegrove, Dave	D	2	JLOB 336	(360) 786-7868	H

### District 34

Member	Party	Position	Room	Phone	Chamber
Poulsen, Erik	D		JAC 215	(360) 786-7667	S
Cody, Eileen	D	1	JLOB 337	(360) 786-7978	H
McDermott, Joe D	D	2	LEG 436A	(360) 786-7952	H

### District 35

Member	Party	Position	Room	Phone	Chamber
Sheldon, Tim	D		LEG 412	(360) 786-7668	S
Haigh, Kathy	D	1	JLOB 431	(360) 786-7966	H
Eickmeyer, William "Ike"	D	2	JLOB 328	(360) 786-7902	H

### District 36

Member	Party	Position	Room	Phone	Chamber
Kohl-Welles, Jeanne	D		JAC 219	(360) 786-7670	S
Sommers, Helen D	D	1	JLOB 204	(360) 786-7814	H
Dickerson, Mary Lou	D	2	JLOB 302	(360) 786-7860	H

### District 37

Member	Party	Position	Room	Phone	Chamber
Kline, Adam	D		JAC 223	(360) 786-7688	S
Santos, Sharon Tomiko	D	1	LEG 436B	(360) 786-7944	H
Pettigrew, Eric	D	2	LEG 122E	(360) 786-7838	H

### District 38

Member	Party	Position	Room	Phone	Chamber
Berkey, Jean	D		JAC 241	(360) 786-7674	S
McCoy, John	D	1	JLOB 338	(360) 786-7864	H
Sells, Mike	D	2	JLOB 340	(360) 786-7840	H

### District 39

Member	Party	Position	Room	Phone	Chamber
Stevens, Val R	R		INB 105	(360) 786-7676	S
Kristiansen, Dan R	R	1	LEG 427A	(360) 786-7967	H
Pearson, Kirk R	R	2	JLOB 416	(360) 786-7816	H

### District 40

Member	Party	Position	Room	Phone	Chamber
Spanel, Harriet D	D		LEG 305	(360) 786-7678	S
Quall, Dave D	D	1	JLOB 301	(360) 786-7800	H
Morris, Jeff D	D	2	LEG 434	(360) 786-7970	H

# Plateau of \$60 for oil prices this decade predicted

Market analysts predict oil prices will plateau around \$60 through the end of the decade, a mark hit the end of 2006 after a summer saw \$80 a barrel and then consumer demand for gasoline fell.

## Oil outlook 'frightening' group says

The world is about to start running out of gas and dire consequences are being predicted by a Seattle group, Seattle Peak Oil Awareness.

Members from myriad technical occupations make up Awareness who expect world production of oil and gasoline to peak soon. This is despite oil industry assertions there's nothing to worry about.

Other similar groups are cropping up in the country.

How bad things could get depends on whom you talk to. Some peak-oilers expect

Oil surged to \$40 a barrel in 2004, and \$60 in 2005 as OPEC's oil cartel couldn't seem to produce enough for world demand, especially from the U.S., China and India.

The plateau will result, the forecasts

car travel to largely disappear and food supplies, which depend heavily on fuel to produce and distribute, to decline, according to the Seattle Times.

One member believes there'll be some sort of die-off in the world, of people.

And a financial shock approaching the Great Depression will hit due to soaring oil prices.

A member who is 43, is preparing by investing in gold, installing solar panels and buying a home near a new light-rail line, which he figures would still operate.

say, due to demand from emerging economies in Asia and the Middle East increasing, but so will production.

## Exxon's profit again sets mark

Exxon Mobil again set a record for the biggest annual profit in U.S. corporate history in 2006 -- \$39.5 billion -- beating the mark it set in 2005 by 9 percent.

The company rode the wave of high crude-oil and gasoline prices despite a depressed fourth-quarter. Its revenue was \$377.6 billion, more than the gross domestic product of all but 25 countries.

One news outlet said the profit was equal to \$4.5 million an hour for Exxon, equal to roughly \$132 for every U.S. resident and \$69,119 for every Seattle resident.



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--- AUTO member

# Bellingham man sells out, in biz since 17

Wayne Howard started working at 17 with his dad, but of late the daily grind of long hours, oil company hassles, etc. was a "burnout" factor. So, he sold his Chevron on Lakeway Drive several months ago to Manjit Dhaliwal, a nearby dealer, for \$1.85 million -- a tidy profit over his investment of \$895,000 for the onetime Texaco. After deciding not to build his own espresso, he leased the corner of his site to an area espresso owner for about \$550/month which will be renegotiated every five years, a move that other dealers might investigate to avoid employee and other costs.



**BELLINGHAM** is replete with espresso stands, but that didn't stop Chevron dealer and longtime AUTO member Wayne Howard from leasing part of his property to a local entrepreneur last February ("fewer headaches that way"). Howard has sold his c-store site to a nearby dealer and after some 30 years in business will pursue other interests.



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**BY BEN THOMAS**  
**Ben Thomas Associates, Inc.**  
 Clinton, WA © 2007 BTA

## Very Alarming: How well do you know your gas station alarms?

I recently inspected two dozen gas convenience stores to determine how well a particular fueling company was handling alarms. There are two important places to watch for alarms:

**Overfill Alarm.** The loud buzzer and/or flashing red light that you sometimes notice when the delivery truck guy fills your underground tank. It's usually located outside near the delivery area and is mounted to the side of the building or on a post.

**Tank Monitor Alarm.** The computerized box with the blinking light, buzzer or LED readout that alerts you something is happening to the underground storage tank system somewhere. It's usually located in the back room somewhere in the building.

Some alarms are good alarms. They alert you that a problem that's *about* to occur. Here are a few examples.

### Some "Good" Alarms

Location	Alarm Type	Your Response
Overfill Alarm (Outside)	Blinking red light or loud siren.	Tank is probably at least 90% and filling fast. Notify driver to pay attention.
Tank Monitor (Inside)	"High Product" alarm.	Tank is 90% full. Make sure driver is safely monitoring transfer.
Tank Monitor (Inside)	"Delivery Needed"	Order more fuel.
Tank Monitor (Inside)	"Probe Out" or "Sensor Out."	System cannot look for leaks properly. Contact service contractor ASAP.

And some alarms are bad: they usually mean something wrong has *already* occurred. Here are a few examples.

### Some "Bad" Alarms

Location	Alarm Type	Your Response
Tank Monitor (Inside)	"Liquid Alarm" or "Fuel alarm."	Fuel or water has gotten into the double-walled monitoring system. May be a leak. Call service contractor ASAP to investigate.
Tank Monitor (Inside)	"High Water" alarm.	Measurable water is inside tank. Call service provider ASAP to bail out water.
Tank Monitor (Inside)	"Max Product" alarm.	Tank is 100% full. Locate driver ASAP and makes sure no overfill has occurred.
Tank Monitor (Inside)	"Periodic Test Failure" alarm.	A leak test failed. System may have a leak. Run another test on the tank monitor or contact your service contractor ASAP.

NOTE: YOUR OWN TANK MONITOR CAN PROVIDE YOU WITH DOZENS OF ALARM CONDITIONS. THESE ARE JUST A FEW.

At most of the two dozen sites I visited, site personnel did a pretty good job understanding what the alarms meant and how to respond. Here are a few things for your business to consider:

1. Make sure all site personnel know what the overfill alarm means and who to contact if they suspect a problem.
2. Make sure at least one person on-site knows how to read the tank monitor and interpret any alarm condition.
3. Make sure staff knows who to call if you have a known or suspected problem. This includes alarms staff don't understand.
4. Keep a log of all your alarms: Date, time, alarm type, response and whether it was resolved.
5. Keep the phone number of your service contractor handy in case you need to call them immediately.

## NEXT ISSUE: Staff and customers: the other alarm system.

If you are interested in having a site audit of your alarm systems or procedures, please feel free to contact me.

# Tribal fuel tax: bill is compromise

FROM PAGE 2

stations.

In June 2006, the Department of Licensing and the two plaintiff tribes signed short-term intergovernmental agreements that are structured so the tribes charge their customers a fuel tax equivalent to the state motor vehicle fuel tax, with the tribes receiving 75 percent of the tax revenue collected and the state receiving 25 percent.

SB 5272 is a compromise negotiated between the state and the tribes.

The bill moves the tax collection event from the sale by a wholesaler back to the refiner/importer. In addition, the tribes agree to:

- (1) acquire fuel only from lawful entities;
- (2) spend fuel tax proceeds, or equivalent amounts, only on transportation planning, construction and maintenance of roads, bridges, boat ramps, transit services and facilities, police service and other highway-related purposes; and
- (3) allow for audits or other means of ensuring compliance to certify the number of gallons of fuel purchased for resale by the tribe and the use of fuel tax proceeds.

The decision to explicitly place the incidence of taxation at the oil company level was based on the belief that it is the most legally defensible option, harms the least number of interests, and offers the greatest level of protection against future litigation with regard to state fuel tax revenues.

Unfortunately, shifting the tax to this level will take away the "float time" that many jobbers use to provide credit terms for agriculture, small businesses, and gasoline dealers.

Lead by Charlie Brown, lobbyist for the Washington Oil Marketers Association (WOMA membership is primarily jobbers and distributors) and supported by AUTO, the legislature has been asked to amend the current language to restore the float time for the jobbers.

In addition, AUTO has cautioned the legislature that many fear the tax ban granted tribes by the federal government will result in an increase in the number of tribal convenience stores.

Heavily criticized by representatives of several tribes at the time, AUTO Exec Tim Hamilton warned that "*this is just the tip of the iceberg*" and advised the legislature to "...not take your eyes off this issue" in a presentation before the Senate Transportation Committee.

Acknowledging that the state is extremely limited by the courts in collecting taxes on tribal businesses, Hamilton testified that the "economic model" is now in

place to see an explosion of tribal c-stores that would displace existing marketers that are required to pay all the road excise, sales, and B&O taxes.

## HB 1059 and others seek to expand bio-fuel availability at retail stations

Representative Zach Hudgins (D-Tukwila) has introduced a slew of bills designed to increase the availability of biofuels.

A primary goal of the proposals is to see the local c-stores and other retail gasoline outlets offer the public the choice of purchasing biofuels such as biodiesel and E85 (85% ethanol/15% gasoline) when fueling up.

Unlike the mandates that oil companies blend small percentages of biofuels into its fuel offerings at the truck loading racks passed last session, Hudgins proposes to allow branded independent station operators the opportunity to sell biofuels without interference from the branded oil companies.

Hudgins recognizes that oil companies have historically used branded motor fuel contracts and franchises that limit the operator of the station to only offering motor fuels provided by the company. Control over advertising signs, credit card processing equipment, and image requirements are further used to control an operator and reserve the station as an exclusive outlet for the company's branded motor fuels.

Hudgins has introduced HB 1059 which requires oil companies to negate any contractual provision that would "...prohibit or in any way prevent a motor fuel retailer from offering and selling... (i) compressed natural gas; (ii) Liquefied natural gas; (iii) Liquefied petroleum gas; (iv) Hydrogen; (v) Electricity; (vi) Methanol, ethanol, and other alcohol fuel; (vii) Biodiesel;...."

The proposal also states that an oil company may not "(f) Discriminate between motor fuel retailers based on a motor fuel retailer's decision to offer and sell..." alternative fuels at the retailers location.

Typically, oil companies take the position that they have not historically prohibited station operators from selling biofuels.

When one "peels the onion" of their statements, they admit the retailer would be required to install a whole separate set of tanks, pumps, etc somewhere away from the branded island in a location acceptable to the company (AUTO assumes that means behind the building and out of sight).

AUTO has entered into discussions with Representative Hudgins and explained its members have increasingly expressed interest in offering biofuels.

Again, non-mandated options are supported and AUTO has expressed a belief that station operators would increasingly offer biofuels provided they were not blocked by the companies and the new products were economically feasible.

Further, if the Legislature bought into an oil company position that the operator should be required to build a new island and tank farm somewhere else on the property in order to offer biofuels, such a condition would simply create an economic barrier that few station operators would attempt to cross.

Obviously, a cure to the oil companies using branded agreements to require that station operators limit motor fuel offerings exclusively to the company's branded products would have to be addressed. The current proposal attempts this process by amending RCW 19.120, the Washington Gasoline Dealers Bill of Rights passed by AUTO's members in 1986.

AUTO has explained to Representative Hudgins that the Dealers Bill of Rights typically only applies to motor fuel contracts issued directly between a refiner and a station operator and the direct supplied dealers are primarily located in Puget Sound and Vancouver metro markets. In order for the bill to be effective and provide availability state wide, the Legislature needs to leave RCW 19.120 alone and find another statute.

## More issues this year

Some of the other issues of interest to marketers this year would include:

- AUTO is supporting a conception of jobber Bruce Holstrom of Vancouver Oil resulting in Representative Richard Curtis (R-La Center) pushing for a study into the feasibility of a "fuel corridor" running from the refineries on the Canada border to the Columbia that would encourage increasing the capacity of the Olympic Pipeline, lessen tanker and barge traffic in Puget Sound and provide transportation logistics for alternative fuels.
- AUTO is opposing a proposal by the Department of Ecology to increase tank fees paid by station operators;
- AUTO is responding to myriad questions from individual legislators about alternative fuels, motor fuel prices, etc.

## Biodiesel, ethanol, hydrogen

# Roundup of recent alternate fuel news

*A condensed roundup of alternate fuel news items from the Seattle Times:*

### Can biodiesel compete on price? Well, it depends ...

Despite the pluses of using biodiesel well publicized the past year, e.g., its renewability and reduced pollution, whether it can compete on price has not yet been demonstrated for consumers.

But a Seattle-based firm, Imperium renewables, believes its business model can beat regular diesel at the pump. It says it can win the "triple bottom line" of environmental, political and economic benefits.

The strategy relies on economies of scale, the Times said. Imperium is building the nation's largest biodiesel refinery at the Port of Grays Harbor on the Washington coast, capable of supplying 100 million gallons a year — one-tenth of all the diesel burned in the state.

Due for completion in June, the plant officials say as long as crude oil stays above \$43 a barrel, its product will be priced on par with diesel — despite some uncertainties ahead.

The big refinery was announced when oil was at \$72 a barrel, now about \$60. Costs have risen from \$40 million to \$55 million and now \$65 million after soft soil on the Garys Harbor site boosted construction costs.

Imperium founder and President John Plaza said he expects the company to turn profitable by 2008, with margins "as high as I can get them," the Times reported.

"You have to be competitive on a cost basis, not just for the environmental or social play," said Plaza. "Otherwise,

this would never grow the way we want it to grow."

Competing on price would have sounded absurd three years ago, when the company started, the Times said.

Diesel was selling for \$1.60 a gallon and biodiesel was around \$2.80. But during the past 18 months, as Imperium honed

### Biodiesel price depends on crude oil's

its methods while making biodiesel at a 5 million gallon-per-year plant in Seattle, the economic landscape shifted.

### Ethanol demand turns corn into a growing cash crop

Leftovers from corn harvesting may one day be a second farm crop, shipped off to a new generation of distilleries able to turn cellulose -- the tough fibers that form the inner walls of most plants -- into ethanol fuel for cars.

The biotechnology for a potential cellulose gold rush has been decades in development, with President Bush saying that federal research dollars would try to make the process "practical and competitive" within six years.

For an America now hooked on imported oil, cellulose offers an intriguing vision for the future by broadening an alternative fuel industry that now relies almost exclusively on corn kernels.

Cellulose is found in corn husks, wheat straw, trees, and fast-growing perennial crops such as switch grass, which

is being grown on test plots in Nebraska, Washington and other states. A federal Energy Department study concluded that cellulose plant materials could help renewables supply 30 percent of the nation's liquid fuel needs by 2030.

But tapping farm fields to produce both energy and food crops also creates new risks for agriculture and the environment.

Regardless, governors of 37 states, including Washington, have asked the feds for a new rule to mandate use of ethanol which is an alcohol distilled from crops that can be burned like gasoline. Currently automotive engine warranties limit ethanol use to 10 percent; the new rule would call for 25 percent ethanol by 2025.

But dropping crude oil prices means ethanol is only cheaper to produce than gasoline when oil is between \$65 and \$70 a barrel (although it's rising of late).

In Washington state, the legislature has required that by December 2008, all gasoline sold in Washington contain at least 2 percent ethanol. Producers in the U.S. make about 5.6 billion gallons of ethanol each year and there's a potential market of 14 billion gallons a year.

Experts predict ethanol will soon be produced from even cheaper crops than corn such as prairie grasses.

And now, a tiny hydrogen-powered car! (From China)

Sales of a tiny hydrogen fuel-cell car, complete with its own miniature, solar-powered refueling station have started in Shanghai, China, the toy a step toward

TO 'ALTERNATE', PAGE 13



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## ALTERNATE FUELS ROUNDUP

FROM PAGE 12

introducing the technology to the public and making it commercially viable.

According to the Associated Press, automakers and energy companies view hydrogen fuel cells as a promising technology that could wean the world from its addiction to crude oil. But it's expensive and technological hurdles remain despite billions of dollars that have been poured into research.

Building fuel cells that convert hydrogen to electricity, and how to cleanly generate the gas and distribute it to yet-to-be built fueling stations is a major challenge. Though prototype hydrogen cars exist, they're far from practical or affordable.

Horizon's H-Racer and fueling station in China solve those problems on a very small scale. The price: \$80 for the set.

The toy's fuel cell, like those envisioned for real cars, relies on an electrochemical reaction to generate the current that powers the gadget's electric motor. The only byproducts are electricity, heat and water.

The fuel is supplied by its alarm clock-sized refueling station. A small electric current, generated by the solar cells, extracts hydrogen from water. (A battery backup is available for cloudy days.)

### Energy, c-store session set in Blaine this June

The Washington Energy and Convenience Store Convention will again be held at the Semiahmoo Resort and Golf in Blaine June 19-21.

Sponsored by the Washington Oil Marketers Association, the Pacific Northwest Oil Heat Council, and the Washington Association of Neighborhood Stores, the event features leading industry and legislative speakers, various social activities, and a trade show June 20.

For information on vendor booths, hotel rooms and other show highlights call either Jamie Wood (801) 263-9762, Lea Wilson (206) 408-8053, TK Bentler (360) 923-5466, or Mike Meyer (253) 850-7867.


A golf tournament at the scenic Semiahmoo course will be held June 19, noon to 5:30 p.m. For more information call Mike Meyer.

refueling station, a balloon inside the 6-inch-long car slowly fills.

With the flip of a switch, the car takes off and runs for four minutes on a full tank. The gas never ignites — and any would-be re-creators of the Hindenburg disaster are likely to be disappointed by the toy's negligible amount of the gas.

Horizon has bigger plans for the technology. It's working on ways to make fuel cells more efficient, so that they can be used to power cellphones and laptop computers, and eventually vehicles and households.

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fuel cells  
a technology  
whose time  
may come soon**

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Beginning January 1, 2007, we will be donating a minimum of \$100 from every gas station sale in our company to The Wounded Warrior Project (WWP). Regardless of your political persuasion or your stance on the war in Iraq, I know that 100% of our clients and friends in the industry support our troops.

There are many deserving charities that support our men and women in uniform. After reviewing several, we have decided the Wounded Warrior Project (woundedwarriorproject.org) stands at or near the top. They support our veterans who have come back from the battlefield with injuries.

We are blessed to call ourselves Americans and enjoy the freedoms that we have. It comes through no small sacrifice of our men and women in uniform. This is our small way of giving back and supporting them.

Laura Jones	John Park
Axel Lindstrom	Dan Fallon, Broker
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# Legislative district members

FROM PAGE 7

## District 41

Member	Party	Position	Room	Phone	Chamber
Weinstein, Brian	D		JAC 220	(360) 786-7641	S
Jarrett, Fred	R	1	JLOB 412	(360) 786-7894	H
Clibborn, Judy	D	2	JLOB 435	(360) 786-7926	H

## District 42

Member	Party	Position	Room	Phone	Chamber
Brandland, Dale	R		INB 203	(360) 786-7682	S
Erickson, Doug	R	1	LEG 335A	(360) 786-7980	H
Linville, Kelli	D	2	LEG 429	(360) 786-7854	H

## District 43

Member	Party	Position	Room	Phone	Chamber
Murray, Ed	D		JAC 230	(360) 786-7628	S
Pedersen, Jamie	D	1	JLOB 318	(360) 786-7826	H
Chopp, Frank	D	2	LEG 339C	(360) 786-7920	H

## District 44

Member	Party	Position	Room	Phone	Chamber
Hobbs, Steve	D		JAC 213	(360) 786-7686	S
Dunshee, Hans	D	1	JLOB 203	(360) 786-7804	H
Lovick, John	D	2	LEG 430	(360) 786-7892	H

## District 45

Member	Party	Position	Room	Phone	Chamber
Oemig, Eric	D		LEG 416	(360) 786-7672	S
Goodman, Roger	D	1	JLOB 320	(360) 786-7878	H
Springer, Larry	D	2	JLOB 325	(360) 786-7822	H

## District 46

Member	Party	Position	Room	Phone	Chamber
Jacobsen, Ken	D		JAC 237	(360) 786-7690	S
McIntire, Jim	D	1	JLOB 314	(360) 786-7886	H
Kenney, Phyllis	D	2	JLOB 330	(360) 786-7818	H

## District 47

Member	Party	Position	Room	Phone	Chamber
Kauffman, Claudia	D		LEG 414	(360) 786-7692	S
Simpson, Geoff	D	1	JLOB 426	(360) 786-7918	H
Sullivan, Pat	D	2	LEG 122G	(360) 786-7858	H

## District 48

Member	Party	Position	Room	Phone	Chamber
Tom, Rodney	D		LEG 415	(360) 786-7694	S
Hunter, Ross	D	1	JLOB 333	(360) 786-7936	H
Eddy, Deborah	D	2	JLOB 321	(360) 786-7848	H

## District 49

Member	Party	Position	Room	Phone	Chamber
Pridemore, Craig	D		JAC 212	(360) 786-7696	S
Fromhold, Bill	D	1	JLOB 239	(360) 786-7924	H
Moeller, Jim	D	2	JLOB 305	(360) 786-7872	H

# ConocoPhillips is divesting more than 800 of its stations

HOUSTON --- In December, ConocoPhillips announced its long awaited retail marketing strategy. As many expected, the company announced it would divest itself of ownership in all of its 830 direct-owned retail outlet. side including the divestiture of all of its 830 direct-owned gas stations.

"Our asset rationalization program is progressing well," said Jim Mulva, chairman and CEO of the Houston-based major oil company. "ConocoPhillips plans to market gasoline, diesel fuel and aviation fuel through approximately 10,000 outlets, the majority of which utilize the Phillips 66, Conoco or 76 brands; however, our company-owned and operated outlets will be divested to existing or new wholesale marketers."

Of the approximately 830 retail outlets scheduled for divestiture, 330 are company-owned and company-operated. The remaining outlets are operated by lessee dealers.

Already purchasing its Circle K fleet, Canadian retail giant Alimentation Couche-Tard has confirmed it is keen to buy hundreds of retail outlets in California and the U.S. Midwest.

But Couche-Tard CEO Alain Bouchard cautioned that his company may not have a chance to bid on most of the 830 stores the oil company said it would shed because many of ConocoPhillips' lessee dealers have a first right of refusal. "We will certainly look at these assets, but I am not confident we can buy a large number of these stores -- though we will try," he said.

In 1986, AUTO members lead by its Exec Tim Hamilton successfully lobbied passage of the Washington State Gasoline Dealers Bill of Rights (RCW 19.120). One provision of the act states:

"19.120.050

Purchase of real estate and improvements owned by refiner-supplier — Retailer given right of first refusal — Notice to retailer.

Notwithstanding the terms of any motor fuel franchise, the motor fuel retailer shall be given the right of first refusal to purchase the real estate and/or improvements owned by the refiner-supplier at the franchise location, and at least thirty days' advance notice within which to exercise this right, prior to any sale thereof to any other buyer."

TO 'E-MAIL' PAGE 18



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- COMMUNICATIONS, E.G., THE AUTO BULLETIN

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City \_\_\_\_\_ Amount Paid \$ \_\_\_\_\_

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 \$125.00 -- Non-Gasoline Retailers, Annually

I understand dues are payable the 10th of each calendar quarter or all group benefit programs are terminated.

**Member's Signature** \_\_\_\_\_

## BP settles lawsuit over refinery deaths

The last remaining death-related lawsuit from the 2005 Texas City refinery explosion that killed 15 and wounded more than 170 was recently settled.

A woman, 22, won an undisclosed amount after her parents were killed in the blast. She settled just as jury selection was beginning in the first civil case from the explosion to go to trial.

The settlement also called for London-based BP to continue to release documents from the blast and to donate millions to schools and medical facilities. The blast resulted in widespread criticism of BP for lax safety measures at the facility.

In other BP-related news, federal investigators are reportedly looking into whether BP manipulated crude-oil and gasoline markets, the latest in a string of inquiries into the British oil company.

The U.S. Commodity Futures Trading Commission (CFTC) has subpoenaed BP and energy traders in its oil investigation, which is focused on possible manipulation of over-the-counter markets in 2003 and 2004. The Wall Street Journal reported, citing unnamed lawyers and traders close to the cases.

The over-the-counter market includes trades conducted on the phone or electronically in products not listed on exchanges.

# INDUSTRY BRIEFS

## Guilty plea in Seattle gasoline depot thefts

Nearly three million gallons of gasoline were stolen from a Harbor Island fuel depot between 1999 and 2004 by five men, the government said, and another former employee involved has pleaded guilty in the case..

Martin Guitard, 51, pleaded guilty to charges of theft, conspiracy, money laundering and filing a false tax return and is to be sentenced. Two other men also have plead guilty and were sentenced to 18 months in prison plus three years of supervised release and are to pay \$235,000 and \$225,000 respectively.

Two other co-conspirators who also pleaded guilty are to be sentenced this month. The government said records were doctored and the thefts netted more than 2.9 million gallons and the group made more than \$2.9 million selling the fuel.

## Ties to oil firms by politico eye

The federal government is looking at whether Interior Department officials mishandled \$10 billion a year in royalties

paid by companies on the \$60 billion in oil and gas they produce from leased public lands.

The royalties, the New York Times reported, are the government's second biggest source of revenues behind taxes. At issue is whether the Interior Department officials steered oil-trading contracts to favorite companies, acting as paid consultants.

## Free Citgo heating fuel to Alaskan villagers

After much criticism, a plan to donate heating fuel by Houston-based Citgo to poor Americans is under way, initially to 11,000 Alaskan villagers in 150 villages who will receive 100 gallons each from the Venezuelan oil company via vouchers.

The \$5.1 million gift came after Venezuelan President Hugo Chavez criticized U.S. policy and called President Bush "the devil." Several villages refused the offer due to the insult.

## ConocoPhillips' local oil spill tab in '04 rises

A Tacoma-area oil spill laid to ConocoPhillips two years ago will cost the giant oil company \$2.85 million in a deal between it and the federal government to pay for cleaning up the 1,000 gallons crude oil spill. It will also include \$80,000 in fines for violating the Clean Water Act.

The spill affected some 21 miles of Puget Sound beach at Dalco Passage.



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*“There’s never been a trade organization more dedicated and sincere in serving the best interests of its members ...”* -- Bellevue gasoline retailer



## Who and what AUTO represents

The Automotive United Trades Organization has brought together an industry group of gasoline retailers, automotive service retailers, and petroleum distributors. AUTO provides an effective voice for these small businesses who are the backbone of free enterprise.

Formed in 1984, AUTO has aided thousands of business owners and their employees via positive action in areas ranging from legislative and environmental concerns to statewide communications and cost-saving programs.

If there’s a wrong, we’ll correct it. (An excellent example is the passage of the critical UST bill in 1989 which Executive Director Tim Hamilton led, providing affordable UST insurance through the Pollution Liability Insurance program.)

If we can help, we will or find someone who can.

Simply put, Hamilton said: *“We’re different from other organizations. We do something about a problem, rather than just talk or write about it. Our track record is extraordinary and we’re laying more track all*

*the time.”*

Current programs for AUTO members are diverse and cost-effective. Group “buying power” comes into play here for members, many of whom have saved BIG bucks by utilizing specific programs.

AUTO provides:

- One of the largest, most effective political action programs in the state.
- Assistance and referral in franchising, ecological concerns, etc.
- Statewide communication in the *AUTO Bulletin* to keep employers and employees informed.
- Worker Comp Retro Program which has refunded \$1.25 million-plus in L&I premiums since 1995.

Our staff and program development are geared to deliver results. Myriad articles in local and national media attest to AUTO’s role in championing small business via aggressive leadership.

That’s a sketch of who and what we are.

And will continue to be.

# ConocoPhillips explains decision via e-mail

## FROM PAGE 14

In certain limited instances, an oil company can sell its stations without offering the dealer a right of first refusal. Any AUTO member who is a 76 branded retailer with a concern about the company's announced intentions are asked to contact Tim Hamilton at the AUTO office at 360.495.4941 or via email at auto@reachone.com.

Upon its announcement, ConocoPhillips sent the following via e-mail to its employees:

"Company-Owned Site Divestiture  
To U.S. Marketing Employees:

As you may be aware from earlier communications, we have decided to divest U.S. Marketing's company-owned outlets, which include our company-operated Retail and Dealer-operated sites. The decision to discontinue ownership was made in a thoughtful manner, recognizing the impact it would have on employees, customers, and the future of our U.S. Marketing business.

Many ConocoPhillips employees have dedicated some or all of their careers to building the Retail or Dealer business and we owe them gratitude for making our Direct business what it is today.

ConocoPhillips has a history of being in Retail and is known for doing it well. Our safety performance is the industry's best-in-class, and we have made continuous improvement in our environmental performance. Retail's unit operating costs are among the lowest in the industry and PMPS results are very competitive. There have been periods of time when Retail has made a significant financial contribution to our downstream business.

In the past, we have used Retail as a seed for branded Wholesale marketer growth, introducing our brands into new markets to provide a foundation for our branded Wholesale network. The decision to sell these sites was made with these contributions in mind.

We understand that this decision may create challenges for some of you. For those directly impacted, you may be concerned about future employment opportunities at ConocoPhillips. While we don't have the answers to your questions about asset sale timing and plan implementation, we do intend to share as much information as we can during this process. We will make every effort to be available to answer your questions as quickly as we can. A U.S. Marketing Town Hall meeting is scheduled for December 14 at 10:00 am, central time. In the meantime, if you have immediate questions,

please contact your supervisor or HR business partner.

Additionally, you should be aware that there are other resources available to you, including the Employee Assistance Program, which can be reached at (800) 628-1103.

I know that this decision has the poten-

tial to create distractions from your normal job related responsibilities, but I request that you focus on your work and support our decision as we begin implementing this plan.

Most importantly, I ask that you continue to prioritize your safety as well as the safety and well being of those around you.

## Shell announces it will sell LA refinery, stations to Tesoro

On January 29, 2007 Shell Oil announced it proposed to sell Tesoro its LA refinery, its Wilmington terminal, and approximately 250 stations in California. The stations would remain branded Shell leaving one to believe Tesoro would be granted a license right for the Shell brand in Southern California.

In a back-to-back announcement, Tesoro announced it was buying out USA petroleum, one of the last remaining independent chain retailers in the West for \$277 million.

The 140 high-volume retail sites include 132 operating sites in California, six sites in the Pacific Northwest and two sites and a terminal in New Mexico.

Since buying refineries in Washington and California over the last decade, Tesoro has not been successful in developing its own brand name.

Many stations that originally branded Tesoro have pulled down the flag and the company has not been aggressively trying to replace them.

Recently, Shell has declined to sign up direct-supplied dealers in Puget Sound Metro and referred applicants to branded jobbers. This action, combined with announcements of sales of blocks of stations in other regions of the country, causes many to believe the Shell-owned stations are on the auction block in Puget Sound.

This latest announcement has resulted in speculation that Tesoro's next move could be to acquire the Shell fleet in Puget Sound down to San Francisco and become the supplier of the Shell brand throughout the West under a license right with Shell.

On the morning of the announcement, Shell sent its dealers and jobbers following information via e-mail, in part:

... The proposed sale is part of an ongoing strategy to streamline and concentrate the Shell Downstream portfolio.

The retail sites to be sold to Tesoro will remain Shell-branded; and our commitment to provide local motorists with the high quality services...will continue..."

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# Congratulations to the 109 AUTO Retro Program members who shared in the \$200,000 in workers' comp premium refunds distributed in December!

Since 1995 program members have earned over 1.3 million dollars in workers' comp premium refunds. The next refund distribution is only ten months away. Don't let L&I keep your premiums that they don't need to pay claims. Join today! For your confidential, no-cost analysis of your company's refund potential complete and return the form below.



## WORKERS' COMP GROUP RETROSPECTIVE RATING AUTHORIZATION FOR RELEASE OF INFORMATION

Authorization is hereby given to the Department of Labor and Industries to provide our company's claim history, premiums, losses, statistics, experience modification factor and related industrial insurance data to Automotive United Trades Organization (AUTO) and Employer Resources Northwest. This authorization is effective immediately and granted for one year from date of signature or until withdrawn through our written notification to the Department.

Company Name: \_\_\_\_\_ L&I Account ID #: \_\_\_\_\_

Signature of Company Official: \_\_\_\_\_

Name of Company Official: \_\_\_\_\_ Title: \_\_\_\_\_

Company Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

**Fax to: (253) 874-3684**

For Additional Information on the AUTO Retro Program, please contact Craig Smith  
at Employer Resources Northwest at (800) 433-7601, ext. 15



Jamie Garth is shown with a sampling of wheel rims at her "Wheel Cover Willie" business, the only such named hubcap sales store in U.S. (her aunt started "Hub Cap Annie" in Tennessee where Garth learned the business). One challenge, she



said, is finding hard-to-get caps and plastic caps are poorly made which she refurbishes. "I buy, sell and trade," she said. Middle photo shows popular "spinners" from the '50s and assistant Randa Sams at right, stands among myriad caps inside



store. (Many nostalgic men browsers offer stories galore about their hubcap-stealing days, Garth laughed.) Garth is asking \$150,000 for the business, but will keep the property while helping her mother in Texas. Phone: 425-742-9363

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## Lynnwood hubcap biz grew from family roots

Jamie Garth, born in Memphis, has sold myriad hubcaps throughout the U.S., some 26 years with her aunt and mother in Texas and Tennessee and the last 12 years at her unique "Wheel Cover Willie" location on Hwy 99 in Lynnwood. "Customers come from all over and via the

Internet (wckillie@hotmail.com)," she said. She also sells wheel rims and noted she refurbishes them and hubcaps, which she has thousands of in stock from the '30s to present-day. She's in process of selling business and going back to Austin to help her mom.



**MOST EXPENSIVE** hubcap Jamie has is a Rolls-Royce cap she's had for about 12 years (\$200-plus). Stylish Pontiac bullet-shaped job is a favorite with customers who like its feel.



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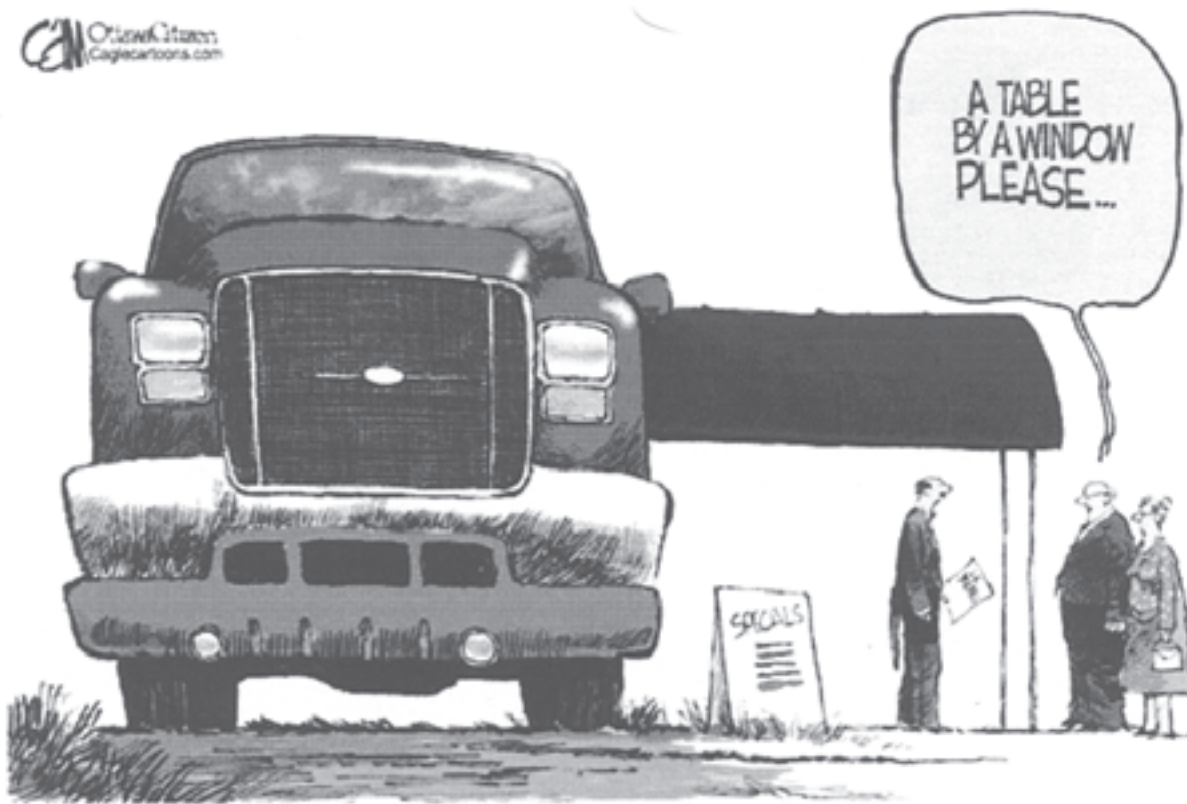
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# On the lighter side...

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WORRIED ABOUT HIGH GAS PRICES? CONVERT THAT MONSTER SUV INTO A RESTAURANT

## High pump prices result in average American's drive less

It took two years of record-high gasoline prices, but Americans cutback on driving for the first time since the last gas lines in 1980.

While the average per-driver mileage fell by only 0.4 percent in 2005, the economists are quick to point out it's the first year of decreases after decades of annual increases.

"In 2005 and into 2006, we did see consumers start to change their driving behavior," said David Portalatin, director of industry analysis at NPD Group Inc., which tracks consumer spending. "That's a very hard thing to change, because I've either got to change where I work, where I live, or what kind of car I drive in order to actually consume less gasoline."

It's a small but important shift for a nation many had thought was impervious to rising gas prices because drivers were unable or unwilling to rein in their gas-guzzling ways.

"The message is that price matters," said Daniel Yergin, chairman of Cambridge Energy Research Associates, a Boston area consulting company joined in the discussion with its publication of Gasoline and the American People.

The study also pointed to the decline in per-driver mileage and a decline in sales for sport-utility vehicles and concluded the high

price at the pump was interfering in "America's love affair with the automobile."

Although high prices resulted in a cutback individually, the combined U.S. gasoline consumption nonetheless increased by about 1 percent in 2006 after staying flat the previous year.

"The gasoline consumed since that August peak in gasoline prices is up nearly

2.5 percent versus the comparable time period a year ago," said Portalatin, the NPD researcher. "What it means is that consumers have a short memory."

Some observers are not sure price is the only reason to see a decline in individual driving. Many point out that baby boomers are increasing in age and percentage of the population, and the older the driver the less they drive.



**ANNUAL TRADE SHOW** for convenience store dealers was held in Bellevue last week drawing couples such as Frank and Rauchel McDaniel of Lake Stevens Mini Mart. Informing them about AUTO's worker comp retro program is Craig Smith, right. Program has returned about \$1.4 million to members since 1995.

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