



PTSA

Petroleum Transportation & Storage Association

Weekly Update

*Regulatory News and Compliance Information for the Petroleum Transportation and Storage Industry
Washington, D.C. Friday, December 23, 2005.*

1. SENATE REJECTS PROVISION OPENING ARCTIC REFUGE TO DRILLING:

The U.S. Senate this week once again thwarted House efforts to authorize oil drilling in Alaska's Arctic National Wildlife Refuge (ANWR) by a vote of 56-44, with proponents falling short of the 60 votes needed to end a Democratic filibuster against the provision. Lawmakers have feuded over drilling in Alaska's wilderness ever since Congress passed a law in 1980 saying only it could determine whether drilling was permissible in the Arctic National Wildlife Refuge. In 1995, the leaders of the new Republican majority in Congress thought they finally had succeeded in passing a bill permitting drilling in ANWR only to have it vetoed by then President Clinton. This time around, Senator Ted Stevens (R-Alaska) hoped he had opponents to ANWR drilling cornered when he attached the provision to a measure funding military operations in Iraq and Afghanistan. But two Republicans joined 42 Democrats in filibustering the defense bill that would have authorized drilling. Unable to break the filibuster and eager to return home for the Christmas holiday, the Senate agreed to pass the defense bill, without the drilling provision. The Senate action ensures that the oil-rich 1.5 million-acre stretch of the Arctic which has at least 5 billion barrels of oil beneath its surface, will remain untouched for the immediate future. Despite this most recent setback, supporters will once again attempt to pass ANWR legislation when Congress returns to session late next January.

2. SENATE DROPS LIHEAP FUNDING PROVISION FROM DEFENSE SPENDING BILL:

The Senate this week dropped a key provision in the defense authorization bill that would fund nearly half of the money previously earmarked by Congress to fund the federal Low Income Home Energy Assistance Program (LIHEAP) for 2006. Earlier this year, Congress authorized \$5.1 billion for LIHEAP, which provides grants to the poor for home heating and cooling costs. Congress has already provided \$2.94 billion for LIHEAP, an amount that many agree is insufficient to meet this winter's heating needs. An additional \$2.16 billion LIHEAP funding measure was added to the defense spending bill as a sweetener to gain support for another provision in the bill that would have opened up the Arctic National Wildlife Refuge (ANWR) to oil drilling. Once ANWR failed to pass, the sweetener provisions, including LIHEAP and Hurricane Katrina relief funding were dropped from the bill before it was passed. The \$2.16 billion cut for Fiscal 2006 is far less than the minimum \$4.5 billion experts say is necessary to keep low-income families warm this winter. Lawmakers say they will try again in January to pass additional LIHEAP funding. However, even if lawmakers act quickly to restore funding, it may not reach low-income homeowners before the end of the winter heating season. Meanwhile, Congress passed the budget bill which includes \$1 billion increase in LIHEAP funding, but that money will not be available until fiscal year 2007.

3. NEW REPORT CONCLUDES EPA LACKS BASIC DATA TO TRACK COMPLIANCE RATES:

You may not be surprised to learn that a new report by a federal oversight office concludes that the U.S. EPA has no idea whether or not its rules and regulations are actually working. The report by the independent EPA Office of Inspector General, entitled *EPA Performance Measures Do Not Effectively Track Compliance Outcomes* says the agency is unable to effectively track compliance with federal environmental laws because it does not measure compliance rates. As a result, the report concludes that the EPA's Office of Enforcement and Compliance Assurance (OECA) does not know whether compliance is going up or down and lacks the data it needs to make basic management and program decisions.

The report is highly critical of the EPA for creating and administering regulations that the agency can't effectively evaluate to see if they are working. Instead of collecting genuine compliance rates for programs like SPCC and UST, the agency pieces together information such as corrected violations, compliance assistance requests, and facility self-audit data, to determine compliance. The report calls for

more enforcement activity by the agency and more effective collection of hard data on compliance rates from state enforcement authorities and on-site visits. The Inspector Generals report will be sent to Congress for further evaluation.

Diesel Fuel Prices, 12/19/05						
Gasoline	Diesel Fuel					
Cents per Gallon	Change from	Cen ts	Cha nge			
	Price	We ek Ago	Yea r Ago		Pric e	W e e k
U.S.	221.1	2.6	39. 6	U.S.	46.2	2 .6
East Coast	222.5	4.4	37. 9	Eas t Co ast	49.9	4 .1
New England	222.9	5.8	35. 0	N ew En gla nd	64.7	4 .9
Central Atlantic	225.8	4.1	36. 6	Ce ntr al At lant ic	60.9	3 .2
Lower Atlantic	219.8	4.1	39. 6	Lo we r At lant ic	43.8	4 .5
Midwest	221.8	4.0	49. 0	Mid we st	44.3	3 .4
Gulf Coast	216.6	2.2	44. 8	Gul f Co ast	43.5	0 .6
Rocky Mountain	212.0	1.5	26. 6	Roc ky Mo unt ain	41.0	0 .9
West Coast	223.2	- 2.4	23. 9	We st Co ast	50.5	0 .5
California	224.9	- 2.8	20. 0	Ca lifo rni a	52.1	5 .6



U.S. Average Retail Gasoline Price - The U.S. average retail price for regular gasoline gained 2.6 cents to 221.1 cents per gallon, rising for the second week in a row. Price changes were mixed, with the West Coast seeing a decrease of 2.4 cents to 223.2 cents per gallon. California prices fell 2.8 cents to 224.9 cents per gallon. The East Coast saw the largest increase of 4.4 cents to 222.5 cents per gallon, with New England prices increasing 5.8 cents to 222.9 cents per gallon.

U.S. Average Retail Diesel Fuel Price - Retail diesel fuel prices rose 2.6 cents to reach 246.2 cents per gallon, which is 47.8 cents higher than last year. Price changes were up throughout the country, with the East Coast seeing the largest regional increase of 4.1 cents to 249.9 cents per gallon. Midwest prices were up 3.4 cents to 244.3 cents per gallon. West Coast prices gained only 0.5 cent to 250.5 cents per gallon, but California prices gained 5.6 cents to 252.1 cents per gallon.

Residential Heating Fuel Price - Residential heating oil prices rose for the period ending December 19, 2005. The average residential heating oil price increased 2.5 cents from last week to reach 243.9 cents per gallon, an increase of 44.6 cents from this time last year. Wholesale heating oil prices increased by 0.7 cent to reach 175.8 cents per gallon, an increase of 30.4 cents compared to the same period last year.

Residential Propane Price - The average residential propane price gained 4.0 cents, to reach 199.6 cents per gallon. The resulting price was 27.8 cents over the 171.8 cents per gallon average for this same time last year. Wholesale propane prices increased 3.5 cents per gallon, from 115.3 cents to 118.8 cents per gallon. This was an increase of 26.2 cents from the December 20, 2004 price of 92.6 cents per gallon.