

VOL 7 ISSUE 1 SourceLine



Find Station Essentials at Source's S³ Website



Source North America's retail website, [Source Simple Solutions \(S³\)](#), features more than 3,000 fueling products. Here customers will find nozzles, hoses, breakaways, filters and other fuel island items ready for immediate shipping. To browse our selection of station equipment, please visit shop.sourcena.com.



2 YouTube Channels Worth a Bookmark

Subscribe to these YouTube channels to watch videos from Source or the Petroleum Equipment Institute, including PEI's State of the Industry presentation:

- www.youtube.com/user/peinewsfeed
- www.youtube.com/user/SourceNorthAmerica



Ace Tank Marks 80 Years of Service

[Ace Tank & Fueling Equipment](#) is celebrating its 80th year of providing "Innovative Solutions ... Extraordinary Results" to a broad range of markets in the retail and commercial fueling segments. Recent achievements at Ace Tank include launching a free online [Tank Chart Generator](#). Please join us in congratulating them!

The Year Ahead in Retail Fuel: Five Issues to Watch in 2018



As we begin 2018, there are several regulatory issues that could significantly impact the retail fuel industry. Here's a look at five of them:

1. Leveraging Tax Reform: Following passage of the 2017 tax law, the corporate tax rate drops from 35% to 21%, and the top individual marginal tax rate drops from 39.6% to 37%. It also preserves a provision for inherited property. Family members who inherit a business acquire the business at its value on the date of the original owner's death. According to the Petroleum Marketers Association of America, if this provision had been repealed, the family members would have to pay capital gains taxes on the original owner's gains at time of inheritance.

2. Renewed Efforts for Renewable Fuels?: Renewable Volume Obligations (RVOs) for 2018 will be nearly the same as 2017 (*see related story*). Although legislation to waive the fuel volatility standards for E15 stalled in 2017, the EPA has indicated it will explore its authority to issue a waiver.

3. Who Covers Costs of Compliance Management?: Almost \$528 million in funding reductions are proposed for EPA programs. The funding shortfalls could cause states to absorb costs that the EPA previously shouldered.

4. Fuel Economy In Review: The EPA is reviewing the Corporate Average Fuel Economy standards for cars and light trucks for model years 2022-2025. The existing standards call for more reliance on electric vehicles, but consumer buying has not kept pace with expected demand. Further, some suggest that higher octane fuels could help automakers meet the standards. Updated standards are due April 1.

5. Road Funding: This is expected to become a priority in 2018. A new infrastructure plan calls for \$200 billion in federal funding for roadways. However, states and cities may be required to raise a significant share of infrastructure money – up to \$1.3 trillion. How will they accomplish this?

To learn more, check out Source's latest [Fuels Market News](#) article, where we reflect on 2017, discuss what the future holds and, in some cases, separate fact from fiction.

EPA Issues 2018 RVOs and RINs

On Nov. 30, the Environmental Protection Agency (EPA) released its final [Renewable Volume Obligations \(RVOs\)](#) for all renewable fuels as well as the 2019 standards for biomass-based diesel. The 2018 RVOs are almost the same as 2017 and reflect modest changes to the initial proposed RVOs:

- **Conventional renewable fuels (primarily corn-based ethanol):** 15 billion gallons
- **Advanced biofuel:** 4.29 billion gallons, which will include 288 million gallons of cellulosic biofuel, (created from plant material such as corn husks and switchgrass) and 2.1 billion gallons of biodiesel
- **Total renewable fuel volume:** 19.29 billion gallons



The RVOs will determine the number of Renewable Identification Numbers (RINs) of each renewable fuel type that obligated parties must acquire.

In 2017, the EPA denied oil industry stakeholders' petitions to change the Renewable Fuel Standard's point of obligation downstream to fuel marketers. According to [NACS](#), this change would have led to higher fuel prices and a more complex RFS program.

Review Your State's UST Regulations

As part of the 2015 Underground Storage Tank (UST) regulation changes, state program approval (SPA) requirements also were updated.

The 38 states plus the District of Columbia and Puerto Rico that currently have state program authority must reapply by Oct. 13, 2018, in order to retain their SPA status. To review a state's existing UST regulations, visit this [EPA UST web page](#).

We'll Be There – Mark Your Calendars



Feb. 20-22
Booth 209, Las Vegas, NV



SOUTHEAST PETRO-FOOD
MARKETING EXPOSITION

March 7-8,
Booth 815, Myrtle Beach, SC



March 13-15
Booth 1801, Indianapolis, IN



March 21
Booth 149, Worcester, MA

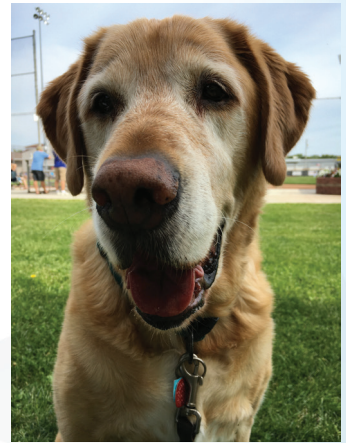
Gathering in the Spirit of Strategic Improvement & Other Pet Projects

Source employees kicked off the new year by attending a company-wide meeting Jan. 5 to Jan. 8.

The opportunity allowed employees from 14 Source locations to connect, collaborate and focus on what we need to do to improve how we support our customers and partners. We are grateful for the cooperation of our customers who allowed us the time to identify ways to serve them better.

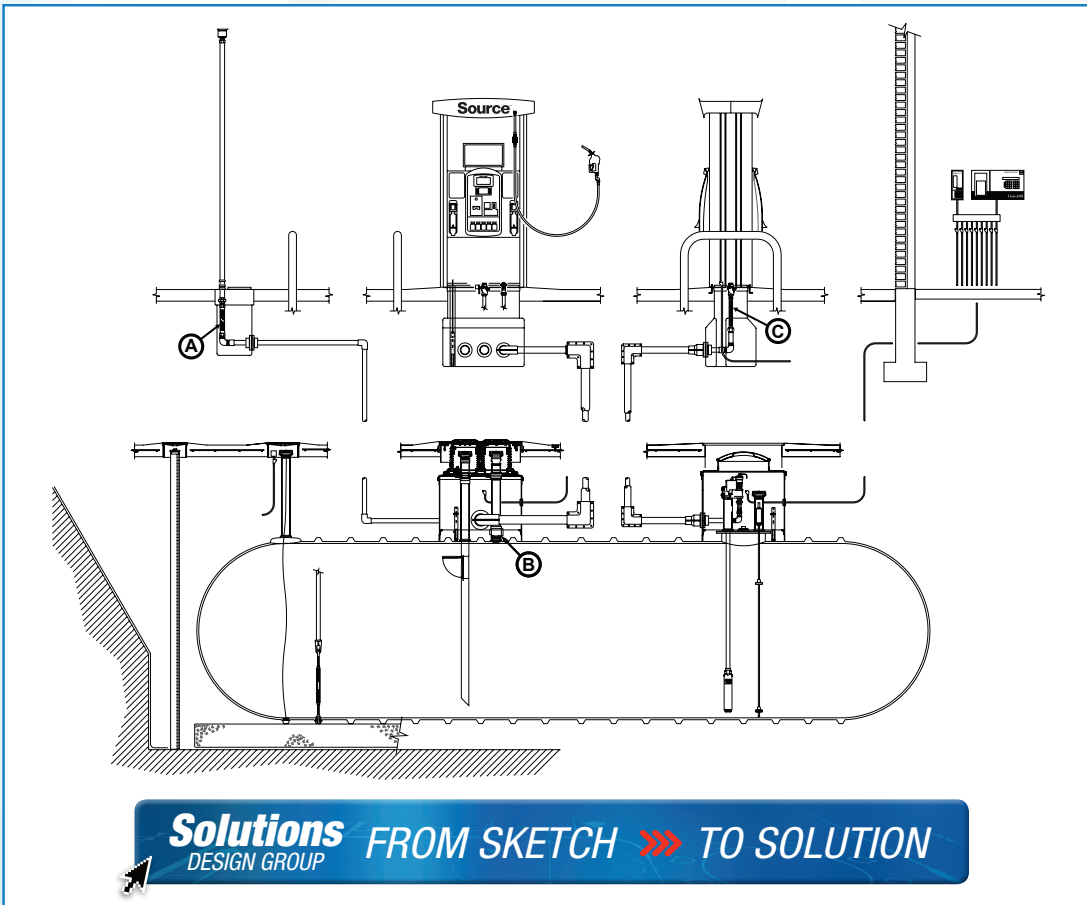
During the meeting, we also took a moment to celebrate the softer side of Source when we shared photos of our dogs, cats and other pets.

As Burly (pictured) demonstrates, every dog really does have its day.



Burly, along with the pets of many other Source employees, put their best foot, er paw, forward for Source's company-wide meeting held at the beginning of the year.

Equipment Guide: Making a Value Connection with Flex Connectors



What flex connectors do: Flex connectors provide installation and operation flexibility within a fuel site's piping systems.

How flex connectors work: Flex connectors feature a corrugated metal hose that is enclosed in a durable stainless steel wire braid. The connector's strong-yet-flexible design enables the tube to bend. This feature allows piping to be connected to system components — such as sumps and shear valves — that are located in confined spaces. Machined of durable materials, flex connectors are engineered to be corrosion-resistant and to withstand high pressures. Flex connectors with quick clamp fittings install quickly and easily. Stainless steel styles are compatible with a wide range of current fuels and are likely to be compatible with future fuels and blends.

Source solutions: Source is proud to offer flex connectors from Hose Master, FLEX-ING™ and OmegaFlex®. Call (800) 572-5578 to order a flex connector today.

Pictured in the Diagram:

- A. 2" x 18" FLEX CONNECTOR, M x F
- B. 3" x 12" FLEX CONNECTOR, M x M
- C. 1.5" x 18" FLEX CONNECTOR, M x F