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MAY | JUNE 2025

SIGMA

inside:

SIGMA

About SIGMA: Founded in 1958, SIGMA: America's Leading Fuel Marketers has become a fixture in the motor fuel marketing industry. After more than sixty years of leadership, SIGMA is the national trade association representing the most successful, progressive, and innovative fuel marketers and chain retailers in the United States. From the outset, the association has served to further the interests of both the branded and unbranded segment of the industry while providing information and services to members.

SIGMA's approximately 260 corporate members command more than 50 percent of the petroleum retail market, selling approximately 80 billion gallons of motor fuel each year. These member companies operate throughout the United States and Canada.

Regular membership in SIGMA is available to companies involved in motor fuel retailing or wholesaling that are not owned by a refiner. In addition, Associate membership is available to fuel supplier companies and to companies that offer financial services, fuel transport services, and fleet card services. SIGMA member companies have long been recognized, both within and outside the industry, as the most aggressive, innovative, and price competitive segment of petroleum marketers.

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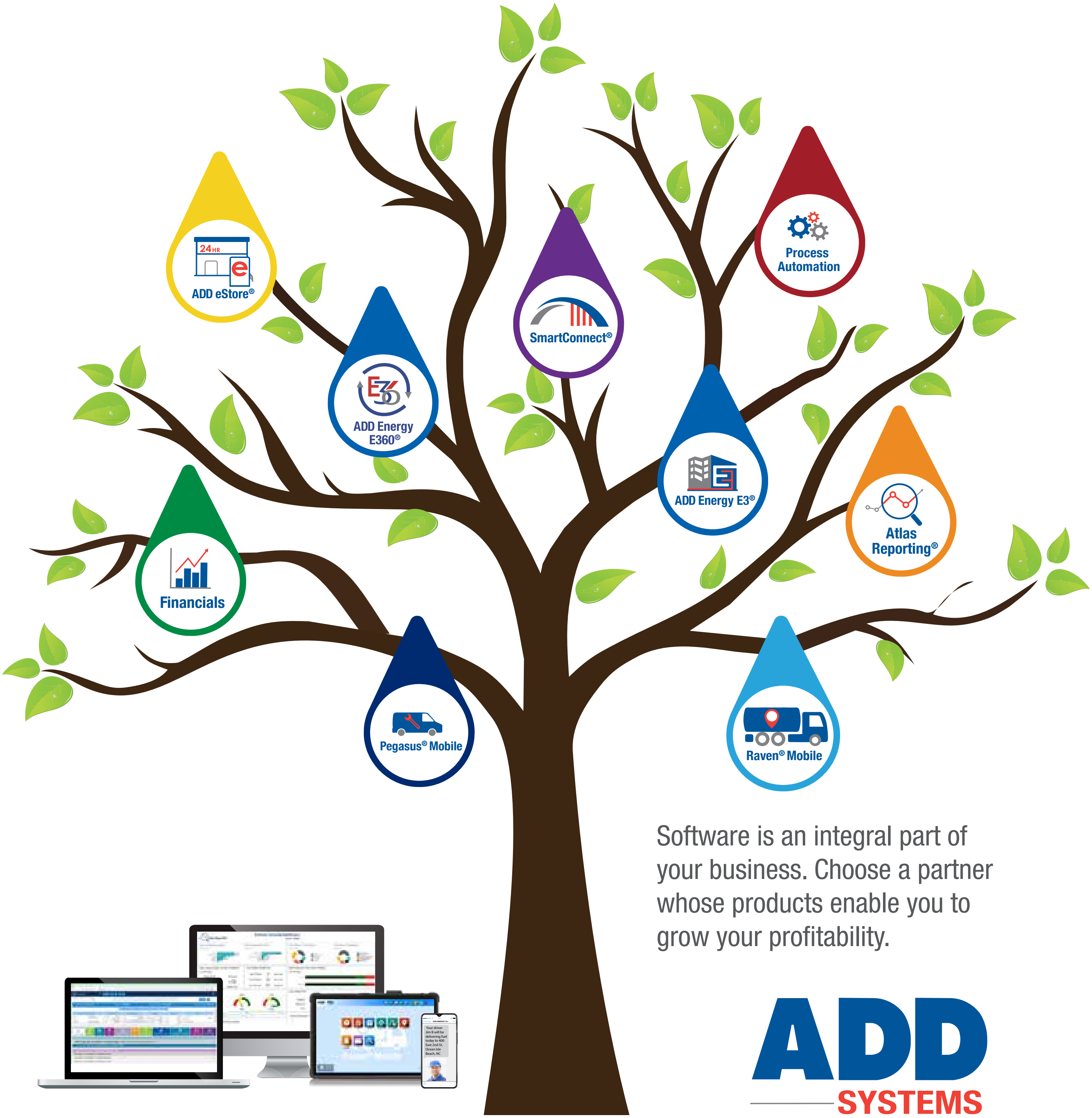

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MATT PORTS
SIGMA President

viewpoint

As we wave goodbye to beautiful Scottsdale and look forward in the SIGMA calendar, the Summer Legislative Conference and Day-on-the-Hill will be here before we know it. We reiterate the point throughout every event, every year, but I am personally asking you to join SIGMA and your industry colleagues in Washington, DC July 22-23 this year. As key decision makers in your organizations, you invest resources regularly to improve your operations, and letting your voice be heard by Congress is no different.

The 2024 elections were significant for our industry and provide all of us with the opportunity to establish new progress on many of our keys legislative priorities. Time is of the essence to make an impact though, as everything in Washington is temporary. The ability to meet face-to-face with your elected officials affords you the chance to walk them through how current and potential future policies affect your businesses, employees, and customers. The sooner we push changes, the greater the impact it can have.

If you have never attended Day-on-the-Hill before, I am sure you are asking yourself "What difference can I possibly make?" The answer is easy and echoed by all of those who have attended in the past, IT'S HUGE! Yes, your first time can be intimidating, I remember mine vividly. Walking the illustrious halls of the various Congressional office buildings hits you hard and fast. But the intimidation factor wears off quickly when you settle into your first meeting. You soon realize that the knowledge you carry is not only important, but oftentimes either unknown or completely misunderstood by the party you are conversing with. It's that moment when you realize that exact difference you are making and the potential impact it can have for your business and the industry as a whole.

The best part is SIGMA makes this process incredibly easy. In conjunction with the SIGMA Government Relations team, you are provided all the materials ahead of time for the talking points of day. We spend Tuesday as a group discussing them and reiterating the points we want to make in the meetings. We wrap up the Tuesday session with a small reception attended by many members of Congress, a great way to meet many for the first time or catch up with those you have met previously. Wednesday morning we roll right into the Hill meetings for the day.

I do hope you will consider joining me and many of your colleagues this year. Remember, you are the most effective advocate for your business. You will leave with zero regrets about attending, and I bet there's a chance you look forward to the next Hill visit, summer heat and all. ★

See you in July!

Matt Ports, Ports Petroleum Company
SIGMA President

Inside SIGMA

A Message from the SIGMA CEO

Dear SIGMA Community,

Hello, friends! Spring is finally here – before you know it, it will be July and I'll be seeing many of you at SIGMA's Summer Legislative Conference. For those of you that have never attended, it is going to be July 22-23 in Washington, D.C. Don't let anyone tell you that D.C. in the summer is insufferable; it may be hot and humid, but there are amazing things to do, great restaurants to try, and a chance for you to meet with your representatives on the Hill to tell them what really matters to you.

I would suggest that anyone interested should sign up soon. This is something that is a critical benefit to being part of SIGMA.

I'm sure that many of you have been watching our fuel markets and seeing the crazy price gyrations After the "Trump Tariff Tornado" hit, we saw crude oil test its lowest levels in more than 10-years. Spot and wholesale values for fuels plummeted – and while retail has generally held up (retail margins remain strong) it remains to be seen whether the clear shift in the U.S. economy will put a damper on demand. Summer driving season is here, which for many you with retail assets is the make or break time of the year.

Market volatility – it's back, and it's here to stay.

If there was ever a time to educate yourself and find a way to stay in touch with the markets, it is now. Having visibility into daily pricing and news is critical when everything moves so quickly.

Here's a question for you – are you, and your staff up to speed on the latest ways that fuel is sold? When someone says "index pricing," do you know what they mean? Has anyone ever tried to offer you a supply contract with a "low 2." Did you – or your dispatchers or accounting people – scratch their heads over what that means?

I ask because education was and always will be a big part of what makes me excited about our industry. It's also one of SIGMA's pillars, and when I took over as CEO (a year ago already) I pledged to take SIGMA's education to the next level.

I want to give you a glimpse into an exciting initiative that SIGMA will be rolling out in July – SIGMA University. This online class takes you through everything you need to know about how fuel is priced, and how fuel contracts are written. Now, I get it – you're probably saying "tell me something I don't know" but trust me – things have changed so quickly that a refresher is a great idea. Do you have staff that are new? Do you have people in accounting, or dispatch, or sales / marketing that are new, and maybe have a very small amount of knowledge of how this complicated industry works?

SIGMA University takes you through what I call the "Fuel Price Influence Chain." By that, I mean futures / spot / rack and finally retail. In less than two hours, you or your staff can have access to critical knowledge that is going to help your business.

Over my 45-year career, I have done a lot with education. I built the first online fuel training back in the early 'aughts. The new SIGMA University takes fuel education to a completely new level. And, if I say so myself, it's fun to take.

Stay tuned – you will be hearing a lot more about SIGMA University as the year progresses.

Oh, and I have some very exciting news for SIGMA's Annual Conference in November in Nashville. We have a guest keynote speaker that is a well known sports personality. That's all I'm going to say now – much more on that later as well.

Scott Berhang
CEO, SIGMA

profile: SUN COAST RESOURCES

By Mark Ward Sr.

Two years ago, the industry trade press received a news release: "RelaDyne, the nation's largest lubricant distributor and market leader in fuel, Diesel Exhaust Fluid (DEF), and industrial reliability services has partnered with Sun Coast Resources, one of the nation's preeminent leaders in fuel, lubricants, DEF distribution, and emergency response solutions."

"The combination with Sun Coast is transformational as we continue to execute on our inorganic growth strategy in the United States" said David Schumacher, Chief Strategy Officer for RelaDyne. "[Sun Coast's] culture and entrepreneurial spirit are unmistakable and completely aligned with RelaDyne's core values."

Today as a RelaDyne company, Sun Coast Resources LLC is part of an industry giant that reported revenues of more than $6.5 billion in 2024. In total, Cincinnati-based RelaDyne employs a workforce of more than 4,000 employees and operates a fleet of 2,300 delivery vehicles staffed by 1,200 professional drivers.

Since its acquisition by RelaDyne, Sun Coast has expanded to market fuels in 49 states and leverages partnerships with every major fuel supplier to provide a nationwide supply network. The company's suite of offerings spans gasoline, diesel, biodiesel, alternative fuels, ethanol, E85, kerosene, propane, marine and aviation fuels, and compressed and liquid natural gas.

The purchase of those fuels is overseen by Terri Bateman, Senior Director of Fuel Supply for both RelaDyne and Sun Coast. She is a 31-year veteran of the Houston-based company. Terri has been an integral part of Sun Coast's evolution, supporting its transition from a family-owned enterprise to a valued partner of the RelaDyne organization. ▶

"We're preserving our entrepreneurial spirit and commitment to customer service while setting our sights on a unified vision for 2026: 'One Team, One Culture.'"

Leveraging New Possibilities

Achieving that team collaboration and cultural alignment is possible because Sun Coast and RelaDyne recognize and value each other's strengths within the partnership.

"RelaDyne is a leader in lubricants," Bateman explains, "and by acquiring Sun Coast, RelaDyne is now well-positioned to be a leader in fuel marketing as well."

Since its founding in 2010, RelaDyne has become an "acquirer of choice" in the lubricants, fuel, and reliability services industry. The company has closed 55 acquisitions to date and continues to explore further strategic opportunities.

"RelaDyne's goal is to be a market leader with a large and expanding footprint, enabling us to leverage our buying power for strategic growth," Bateman explains.

Inevitably, Sun Coast employees are adjusting to a new corporate culture.

"Prior to the acquisition, our culture embodied the essence of a local woman-owned business, with our founder and sole owner, Kathy Lehne, present in the office alongside us daily," said Bateman.

Like Bateman, many Sun Coast employees have been with the company for decades and deeply value its 40-year legacy. Nevertheless, Bateman and her colleagues are equally eager to explore the new opportunities that the partnership with RelaDyne presents. Though RelaDyne is headquartered in Cincinnati, the distance does not limit the two companies' capabilities – in fact, it strengthens it.

"We don't operate at arm's length," says Bateman. "Sun Coast is fully integrated with RelaDyne on a daily basis. What excites me about this partnership is that it positions us as a comprehensive solution for our customers. We now have specialized departments to address all their needs, and we've expanded from 19 locations prior to the acquisition to over 100."

Prior to its merger with Sun Coast, RelaDyne acquired several smaller fuel distributors and is now working to streamline operations by integrating these smaller fuel businesses into Sun Coast's framework.

"This integration enlarges our footprint and our capabilities so that we can expand our market territory and serve more customers. As our tagline says, 'We Own the Last Mile,'" says Bateman.

While customers span the gamut of fuel users, Bateman points out that Sun Coast is a supplier of choice for scores of independent marketers. Both resellers and retailers, she says, appreciate the value proposition that her company offers.

"When I joined Sun Coast in 1994, there were just a few fuel formulas," Bateman explains. "Now the proliferation of fuels is like ice cream flavors and regulations keep changing. Fuel buying is like working in an emergency – The conditions are always fluid and change by the moment."

At the same time, she continues, "the internet has had a significant impact educating fuel customers, allowing them to make more informed fuel purchasing decisions. As a largely unbranded supplier, our role is to identify alternative ways to meet our customers' needs."

One of those ways is being a one-stop shop with all the products and systems to support customers' needs. As Senior Director of Fuel Supply for Sun Coast and RelaDyne, Bateman, along with her team, add value by helping customers make smart fuel buying decisions tailored to their needs.

"We offer everything from spot pricing to fixed forward contracts to hedging," she states. Though suppliers and users can only speculate about the impacts of tariffs, market volatility only accentuates Sun Coast's opportunity to "provide value by building relationships with our customers, giving them advice, and being a resource for explaining when and how to buy," added Bateman.

Responding to Emergencies

Nothing showcases Sun Coast's abilities to help customers overcome challenging conditions more than its emergency response services. Over its history, the company has responded to more than 75 named storms by providing fuel, water, equipment, and supplies to federal, state, and local agencies and to communities and businesses hit by natural disasters.

In doing so , Sun Coast has earned a reputation as the nation's largest emergency fuel response provider to utilities and government agencies. Services include 24/7 generator fueling, onsite fueling, potable water delivery, and dedicated fuel trucks—all of which can be dispatched anywhere in the United States.

In 2017 when Hurricane Maria struck Puerto Rico and knocked out the island's power grid, Sun Coast loaded more than 100 of its trucks onto military aircraft and vessels. With its assets in place, the company provided fueling services for generators and vehicles across the island for nearly a year in support of the island's restoration efforts. Even more extraordinary, Sun Coast was simultaneously responding to two major hurricanes, Harvey and Irma, which impacted the U.S. Gulf Coast earlier that summer. ▶


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During the 2020 hurricane season, Sun Coast responded to various emergencies in 12 states, from Texas to New Jersey. The following year, Winter Storm Uri brought the power grid in Sun Coast's home state of Texas to the brink. Eleven oil refineries went offline during the week-long arctic blast, cutting production by four million barrels a day. Sun Coast took up the slack, sourcing fuel and water until the state's refineries and supply chain resumed full operation.

Last year, Hurricanes Helene and Milton called for Sun Coast's largest-ever emergency response with more than 500 assets on the ground.

"It takes a well-oiled machine to provide seamless emergency services around the clock, along with a lot of long hours and dedication from our team," says Bateman. "But when it's all said and done, it's phenomenal to see and truly rewarding. It's what we do best."

Sun Coast and RelaDyne are proud supporters of Fuel Relief Fund, the world's only charitable organization focused exclusively on providing fuels in natural disasters and complex emergencies. Karly and Charlie Cady, daughter and son-in-law of Sun Coast's founder Kathy Lehne, serve as co-chairmen of the board for the organization.

Since 2011, the Fund has responded to 25 large-scale disasters on six continents, working with more than 100 aid agencies to provide critical fuel supplies for affected populations. Last year alone, the Fund distributed more than 86,000 gallons of free fuel to Georgia, North Carolina, and Florida, benefiting nearly 8,600 families in their recovery from Hurricanes Helene and Milton.

Building the Future

Because Sun Coast has been a SIGMA member company since 2003, Bateman has long been familiar with the association. Since joining the Board of Directors last year, she has gained a new appreciation.

"I'm gaining visibility to just how much work SIGMA does for independent marketers behind the scenes," Bateman states. "Being involved in leadership takes time, but you get back so much more with all that you learn."

While the petroleum industry has many organizations, Bateman notes, "SIGMA stands out for its exceptional relationships. If I'm looking to start selling in a new market, I can easily reach out to a SIGMA member there for guidance. The networking opportunities are invaluable, and the growth in educational programming is remarkable. SIGMA also provides the advantage of staying well-informed and ahead of the curve on legislative, regulatory, and industry developments."

Looking to the future, Bateman says that RelaDyne "wants to continue growing through acquisition and stay ahead of the game" in a consolidating industry. As for herself, Bateman is excited for Sun Coast's and RelaDyne's growth potential. ★


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Washington WATCH

SIGMA Priorities in the "Super Bowl of Tax"

As the legislative gears begin to turn in the 119th Congress, reforming aspects of the tax code is the priority for lawmakers—one that could reshape everything from corporate investment strategies to the future of clean energy in America. In order to effectuate their agenda, Republicans must use the budget reconciliation process, a procedural tool that promises speed and simplicity but is fraught with complexity and political tension.

For organizations like SIGMA, the stakes are high. With a host of expiring provisions from the Tax Cuts and Jobs Act (TCJA), looming fiscal deadlines, and the future of the Inflation Reduction Act's (IRA) energy tax credits in play, the next several months will be critical.

Understanding Reconciliation: The Legislative Battlefield

Established under the Congressional Budget Act of 1974, reconciliation allows Congress to adjust tax and spending laws to align with budgetary targets by using a streamlined process that avoids Senate filibusters and enables passage with a simple majority. It starts with reconciliation instructions embedded in a joint budget resolution, directing specific committees to craft legislation that meets defined fiscal targets. Once those instructions are acted upon, the Budget Committees package the legislation into an omnibus bill, which is fast-tracked for floor consideration.

Reconciliation, however, is not a silver bullet. Its scope is limited by the Senate's Byrd Rule, which prohibits policy provisions unrelated to budget changes. Moreover, its successful use requires intra-party consensus, something increasingly elusive in a divided and ideologically fractured Congress.

The 2025 Budget Resolution

Passing a joint budget resolution did not prove to be easy. The two chambers passed separate budget targets as they could not agree on a strategy. The core consideration is whether reconciliation should focus on reducing the deficit or reducing spending on services such as Medicaid. House committees are instructed to cut at least $1.5 trillion in spending and the Senate is only required to cut $4 billion.

This has already sparked opposition. Senators Susan Collins (R-ME) and Rand Paul (R-KY) joined all Democrats in voting against the resolution. House Budget Committee Chair Jodey Arrington (R-TX) called the plan fiscally irresponsible, particularly for failing to enforce spending cuts at the resolution level—a red flag for House conservatives demanding major offsets for any new tax relief.

Ultimately, Senate GOP leaders publicly committed to finding larger spending cuts than what was included in the budget resolution as an assurance for fiscal hawks in the House. It remains to be seen if the Senate upholds that promise.

TCJA Extensions: The Core of the Fight

At the heart of the current debate is the fate of expiring TCJA provisions. Many Republicans want to make them permanent, but disagreements over fiscal policy—particularly whether to count the cost of extending tax cuts against the deficit—are holding up the process.

Key items under consideration include:

- 199A / Pass-Through Deduction – A major priority for both House and Senate Republicans, this provision is well-positioned for extension, but it could face hurdles if bipartisan support is required due to a weak GOP-only reconciliation bill.
- Bonus Depreciation – While the Senate favors permanent 100% expensing, House Republicans are considering a phasedown to reduce cost. This is likely to result in an extension short of full permanence. ▶

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- Corporate SALT and Pass-Through Workarounds – Growing interest in capping or modifying deductions for state and local taxes by businesses and partnerships has sparked concern, especially in high-tax states. A resolution could provide a revenue source—but also trigger political backlash.

Clean Energy and the IRA: A Divided House

The Inflation Reduction Act's (IRA's) clean energy tax credits may be the most fluid—and politically charged—elements of the reform effort. Some Republicans want to use rescission of the Democratic climate bill provisions to pay for TCJA extensions. Others support the investments that have been made in their districts and are inclined to protect these policies.

SIGMA and allied stakeholders are focused on protecting and potentially restoring key pre-IRA credits, including the biodiesel blenders' tax credit and the Alternative Fuel Tax Credit (AFTC) for CNG and RNG. Enthusiasm for the IRA's 45Z Clean Fuel Production Tax Credit among Midwestern lawmakers, however, continues to muddy the waters. Despite its limitations and a lack of clear guidance, the credit's protectionist framing (favoring domestic production) remains appealing to agricultural interests.

Meanwhile, credits like 30D (EV purchase) and 30C (EV charging infrastructure) are under intense scrutiny. The 30D credit is seen as particularly vulnerable, though there is a chance 30C could survive in reduced form—a win for infrastructure investors. SIGMA is actively involved in defending this credit.

Adding complexity, public figures like Elon Musk have questioned the legitimacy of refundable credits, prompting the Department of Government Efficiency (DOGE) to initiate audits and review IRS payment systems. This could lead to delays or suspensions of direct pay benefits, even if legally authorized. Such a freeze would create major uncertainty for developers and public entities relying on IRA provisions like 45X (clean manufacturing) and 45Q (carbon capture).

Politics of Tax Reform

President Trump's influence on tax reform looms large. Trump's influence is particularly visible in the House discussions as many House Republicans have voted in favor of the budget resolution and other priorities in order to support Trump's policy agenda. It is unclear how that influence will be imbedded into the legislative text, however. Some of his more unconventional tax promises—like eliminating taxes on tips or overtime—have captured headlines. They are also expensive.

In order to capture enough support for the legislation, Republicans are seriously considering expanding the SALT cap for high-tax states, partly to protect vulnerable House members in the Northeast who gained seats in 2024. Additionally, discussions continue around raising revenue through tax increases on high-income earners. A proposed new top bracket for those earning $700,000 to $1 million could emerge as an offset for broader tax relief, signaling a potential break with GOP orthodoxy.

Debt Ceiling and the Path Forward

The looming debt ceiling remains another point of leverage. The Congressional Budget Office projects that extraordinary measures will run out by August or September, making it a likely target window for passing a final reconciliation bill. Republicans will likely tie a debt limit extension to their broader fiscal package. While the White House wants a bill by Memorial Day, most signs point to the debt ceiling deadline as the date for final legislative language.

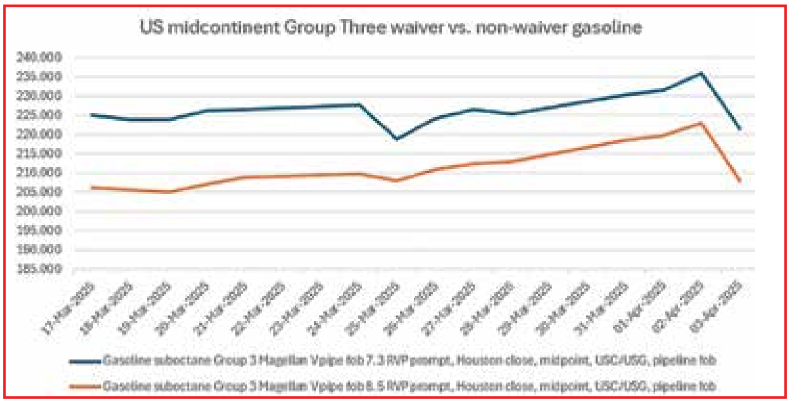
Conclusion: Watching and Working the Process

With billions of dollars in credits, deductions, and policy direction on the line, the outcome will not only impact SIGMA's members, but also the broader economic and political landscape for years to come.

As reconciliation moves forward, SIGMA and other stakeholders must remain engaged. Join SIGMA in Washington in July for its Summer Legislative Conference for the opportunity for you to advocate for these issues as they are being considered. ★

US Midcontinent E15 Change Widens RVP Spread

BY ZACH APPEL, ARGUS MEDIA



The shift to year-round 15pc ethanol gasoline (E15) in the southern US midcontinent caused a divergence in gasoline grades of the same specification in early April.

In the southern US midcontinent region — which includes all or parts of Oklahoma, Missouri, Kansas, Iowa, Nebraska, Minnesota, South Dakota, and North Dakota, and is also known as Group Three — several states opted out of the Clean Air Act's 1psi Reid Vapor Pressure (RVP) waiver earlier this year to secure the ability to make E15 year-round. All CBOB in the non-waiver states must meet the new non-waiver specification, even gasoline that will not be blended into E15.

Group Three grade suboctane gasoline 8.50 RVP non-waiver gasoline (V78) traded at a 9¢/USG premium to waiver V grade of the same RVP specification on 2 April. This marked a wider premium between two grades that have the same RVP specification and are on the same pipeline. The spread could be the result of requirements that V78 cannot be stored with other waiver grades, according to some participants in the market. Because of the relative newness of V78, storage may be more limited than its waiver counterpart.

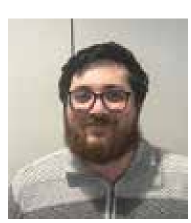
Oneok, the owner of the Magellan pipeline that services much of Group Three, allowed for higher RVP gasolines to be designated as V78 or non-waiver gasoline in mid-March. Participants in the Group Three market say that the change will last until 1 May, when 7.80 RVP will be required on the pipeline.

Group Three suboctane gasoline non-waiver 7.30 RVP, which is also designated as V78, settled at a 12.25¢/USG premium to waiver 8.50 RVP V grade on 2 April. Participants in the market have noted that non-waiver gasoline is not required yet, despite the pipelines requiring the grade, which may be tamping down demand. Some of the spread between the 7.30 RVP and 8.50 RVP CBOB in Group Three may be as a result of logistical constraints on storage.

Chicago's West Shore/Badger 7.80 RVP non-waiver CBOB settled between a 12.25¢/USG and 11.75¢/USG premium to waiver gasoline in the area. The spread in Chicago is similar to the waiver/non-waiver spread in Group Three despite West Shore/Badger not having the same storage constraints.

Illinois, Iowa, Minnesota, Missouri, Nebraska, and Wisconsin requested to opt out of the Clean Air Act's 1psi waiver to ensure access to year-round E15. The request was approved for implementation ahead of the 2025 driving season. The 1psi waiver allows for 9-10pc ethanol gasoline (E10) to have a higher, more volatile RVP. Without the waiver, gasoline would need to be a more expensive specification. The change would create the need for 7.80 RVP gasoline, which is more expensive and less common than the usual 9 RVP summer grade gasoline that usually exists in the midcontinent.

Ohio and South Dakota previously petitioned to opt out of the 1psi waiver but following the US Environmental Protection Agency's decision to enforce the rule in 2025 had decided to delay an additional year.★



Zach Appel is Argus Media's US midcontinent (midwest) gasoline reporter on staff since 2022. He is a 2020 graduate of the University of Houston with a degree in Political Science.

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Inside RISK MANAGEMENT

Help Your Drivers Make the Choice to Prevent Distracted Driving

BY NATIONAL ACCOUNT EXECUTIVE PATRICK CUNNINGHAM, FEDERATED MUTUAL INSURANCE COMPANY

In the petroleum industry, distracted driving is not just a personal risk for employee drivers, it is also a serious business concern. Staying focused, alert, and aware isn't just a responsibility — it's a life-saving choice that each driver must make when they get behind the wheel.

The Dangers of Distracted Driving

Driver distractions are a leading cause of traffic incidents. According to the U.S. Department of Transportation, distractions account for 29% of all traffic-related deaths.[1] When your drivers don't focus entirely on the task at hand, it can leave them open to devastating crashes. But it also can lead to near misses, such as hard braking or swerving, which can be just as dangerous and can quickly become bad habits. These near misses can stem from dangerous distractions, including2:

- Texting or phone use
- Adjusting GPS or radio settings
- Eating or drinking
- Taking phone calls

Promote Safer Choices Among Employees

Ultimately it's up to you to work with your employees and provide training to help them make safe choices. Encourage them to plan ahead by:

- Silencing phone notifications
- Planning GPS routes and checking traffic conditions before driving
- Communicating trip plans, including departure and expected arrival times
- Taking scheduled breaks to handle calls, eat, or rest
- Pulling over if something urgent comes up instead of trying to multitask

Lead the Way in Driver Safety

Near misses can be frightening and should serve as reminders to avoid distractions. Help your drivers break the cycle of risky habits so they can fully focus on the road. Reach out to your local Federated Insurance marketing representative today for more information.

This article is for general information only and should not be considered legal or other expert advice. The information herein may help reduce, but is not guaranteed to eliminate, any or all risk of loss. The information herein may be subject to, and is not a substitute for, any laws or regulations that may apply. Coverage will be determined by the facts of the claim and the terms of your policy, if approved for issue. All products and services not available in all states. Qualified counsel should be sought with questions specific to your circumstances.

1. U.S. Department of Transportation. 2024 Progress Report on the National Roadway Safety Strategy. https://www.transportation.gov/sites/dot.gov/files/2024-02/2024%20NRSS%20Progress%20Report.pdf. Accessed 3/26/25.

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SIGMA UPCOMING EVENTS!

2025

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July 22-23
SIGMA Summer Legislative Conference
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NOVEMBER
November 4-6
SIGMA 2025 Annual Conference
Nashville, TN

2026

FEBRUARY
February 1-3
SIGMA Winter Conference
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APRIL
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Inside CONVENTIONS

SIGMA 2025 Spring Conference Recap

SIGMA's 2025 Spring Conference at the Phoenician Resort in Scottsdale was a resounding success! Attendees enjoyed all of the resort's amenities while networking with peers and participating in education sessions.

During Tuesday's Opening General Session, SIGMA honored former SIGMA President Tom Schmidt of U.S. Venture with its Distinguished Marketer Award. Tom held many roles within SIGMA, culminating in his presidency from 2012 to 2014. His counsel has been sought after by peers, and his leadership style, centered on integrity, ethical behavior, and a "family first" mentality, has earned him the admiration of colleagues and industry leaders alike.

Attendees then heard from Walter Zimmermann from ICAP Technical Analysis on What to Expect in Fuel Price and Supply in 2025. In a rapidly changing landscape, Walter's forecast generated many questions and concerns, leading to an extremely interactive session. Earlier in the day, golfers participated and networked on the course during the SIGMA Open Scramble, while others enjoyed Poolside Networking at the resort pool.

Following the Welcome Reception, SIGMA was pleased to offer attendees the option to stay on property and participate in Casino Night benefiting SIGMA's Fuel Foundation – friendly wagering with funny money resulted in a great time for all. The evening closed with a Hosted Late Night Gathering in the Phoenician bar and patio as attendees enjoyed a nightcap before retiring for the night.

Wednesday opened with the Prayer Breakfast and a Breakfast Education Session presented by Matrix Capital Markets Group on an Industry M&A Update and Advice on Positioning Your Business with real life insights from MJ Castelo, former President of Andretti Petroleum. During the Legislative Issues Briefing, SIGMA's Government Relations team provided updates on SIGMA's priority issues, as well as predictions and comments on the return of President Trump and what the new Trump Administration and a Republican Congress will mean for petroleum marketers. The Lunch Education Session with Alex Hodes of StoneX focused on Fueling Stability, Market Outlook and the Strategic Value of Hedging. During the afternoon, attendees had a choice of breakout education sessions to choose from on timely topics facing the industry – including a track highlighting issues specific to convenience retailing.

In addition to the Fuel Foundation Pickleball Round Robin on the Phoenician Courts, on Wednesday afternoon SIGMA was also pleased to invite attendees to participate in the kickoff of SIGMA Serves, brought to you by SIGMA's Fuel Foundation. Under this new initiative, SIGMA will select a local charity at its Spring and Annual Conferences and implement a community service project to help those in need. During the Spring Conference, SIGMA welcomed conference attendees and guests to participate in Totes for Hope for the Sojourner Center. Participants received a canvas tote bag to decorate with a message of encouragement and then fill with small items of caring. Look for a new opportunity to participate in this heartfelt initiative during SIGMA's ▶

Annual Conference in Nashville in November! Wednesday concluded at the All Industry Reception with cocktails and hors d'oeuvres on the Phoenician Lawn.

During the Business Meeting and General Session on Thursday morning, attendees heard from a panel moderated by John Rettiger, Rettiger Group, on Artificial Intelligence – What You Need to Know. Panelists Pavan Maheshwari, Fleet Panda, Emily Nave, instore.ai, and Doug Haugh, NewTide.ai, discussed the challenges and opportunities AI presents and what fuel marketers and those that provide services to fuel marketers – need to understand. The 2025 Spring Conference concluded with a presentation from Mark Barolo of EPA's Office of Underground Storage Tanks on changes in the transportation sector, and how that may impact your decisions regarding underground storage tank systems.

Next up is SIGMA's Summer Legislative Conference and Day-on-the-Hill on July 22-23 in Washington, DC. This conference offers you the best opportunity to make a real difference for the betterment of our industry. There are significant changes under consideration with a new Congress and Administration. To make sure we have a seat at the table, it is important to make our positions and our importance to the economy known to lawmakers in Washington. The more people who attend, the more Members of Congress with which we can meet, so please bring your entire team!

See you in July! ★

PICKLEBALL ROUND ROBIN WINNERS
Joel Davies, Gravitate and Dusty Wilson, Marathon Petroleum Company

SIGMA Open Scramble Winners

FIRST PLACE WINNERS
Katie Picarella, SIGMA
Dave Makowski, McLane Company
Jim Duke, Philip Morris International

FIRST PLACE RAFFLE WINNERS
Dirk Cooper, Hi-Noon Petroleum
Christopher Meyer, Antea Group
Bart Rice, Guest of SIGMA
Kevin Shea, Shea Capital Group

SECOND PLACE RAFFLE WINNERS
Ned Bowman, Florida Petroleum Marketers Association
Branden Curtis, Cougar Den
Samuel Pepe, Webster Bank
Nick Roehll, Value Creed

MEN'S CLOSEST TO THE PIN
Matthew Speake, Global Partners

MEN'S LONGEST DRIVE
Dave Makowski, McLane Company

WOMEN'S CLOSEST TO THE PIN
Angie Johnson, Wallis Companies

The Distinguished Marketer Award Presented to Thomas A. Schmidt

Thomas A. Schmidt's career exemplifies leadership, innovation, and a deep commitment to both business and community. A proud graduate of St. Norbert College, Tom was recognized early on by his peers as a diligent student with an eye toward becoming a visionary leader. His journey has been nothing short of extraordinary.

From 1990 to 2007, Tom served as the president of U.S. Venture (formerly U.S. Oil), transforming the small, family-owned business in Combined Locks, Wisconsin, into one of the state's largest privately held companies. Under his leadership, U.S. Venture grew to operate in 44 states, with more than 1,500 employees, solidifying its place as a powerhouse in the petroleum industry. The company first earned the distinction of being ranked third in Wisconsin by Deloitte in 2016, a testament to Tom's remarkable business acumen and leadership. Beyond achieving business success, Tom's philanthropic contributions have profoundly impacted the community. Under his leadership, U.S. Venture has become a leading charitable force in northeast Wisconsin. Through initiatives like the annual U.S. Venture Open, millions of dollars have been raised to fight poverty. Additionally, through the U.S. Venture/Schmidt Family Foundation, Tom has supported hundreds of charitable causes nationally and internationally. Particularly close to his heart is the Foundation's work with a school in Ongata Rongai, Kenya, which provides education, food, and healthcare to children in need.

Tom's commitment to improving lives extends to his involvement with numerous organizations. He was a founding member of the Children's Mental Health Center Advisory Committee, which led to the creation of Catalpa Health, improving access to quality mental health care for children. He also served on the boards of the Valley Kids' Foundation, the Fox Cities Performing Arts Center, and Affinity Health System.

An influential figure in the petroleum industry, Tom's leadership extended to his role as past president of the board of directors for the Wisconsin Petroleum Marketers and Convenience Stores Association (WPMCA), as well as his extensive involvement with SIGMA. He held many roles within SIGMA, culminating in his presidency from 2012 to 2014. His counsel has been sought after by peers, and his leadership style, centered on integrity, ethical behavior, and a "family first" mentality, has earned him the admiration of colleagues and industry leaders alike.

A self-effacing and humble individual, Tom consistently credits others for his success, empowering those around him. His career stands as a testament to the values of caring relationships, and his legacy of impactful leadership makes him a truly deserving recipient of the Distinguished Marketer Award.

Currently, Tom also serves as a trustee at St. Norbert College, continuing his deep connection to the institution that helped shape his leadership journey. Outside of his professional and philanthropic pursuits, Tom enjoys spending quality time with his wife of 50 years, their children, and his three grandkids, cherishing those personal moments that balance his impressive career. ★

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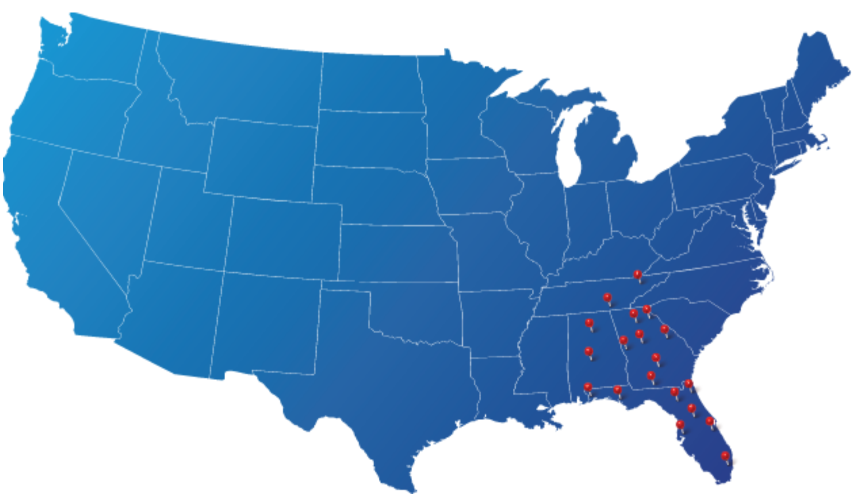

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Inside FAMILY BUSINESS

PRESENTED BY RONALD C. REECE, PH.D.

APOLOGY and RECONCILIATION

It seems so hard for the words "I'm sorry," "please forgive me," or "I forgive you," to be spoken. And reconciliation goes even further.

Over the course of 2024 we worked with a high conflict sibling ownership group. There were long-standing contentious issues with deep hurts and resentments. Some of the issues were dynamic and relevant to current interactions, but some were prehistoric. The issues were related to the often-encountered miscommunication, money, control, and family dynamics. Of course, in the midst of all that were bonds of love, affection, and concern for each other.

The lead member of the group had always espoused good intentions, but his behavior was often detrimental to relationships. His need to be right and a belief that he was right prevented self-awareness that could have been so helpful. Sincere apologies from him as well as others in the group would have changed the atmosphere significantly. And despite everyone's expressed desire to improve, it did not happen, and the conflict continues today.

Here is a Reece Reminder. Consider your own relationships. Are there some that need reconciliation, is there something festering that needs addressing or a relationship that needs just a bit of polishing up?

The glue that holds family members in relationships and allows family teams to work collaboratively is family cohesion or unity. Family cohesion is about people knowing, understanding, respecting, and caring for one another. When these bonds or attachments are absent in a business family, they must be consciously built. When the bonds are ruptured and not repaired, the rifts create fracture, avoidance, and disengagement causing people to be seriously wounded and/or deprived of familial connections that would benefit them in so many ways.

Anyone who has had strong and close personal connections has at some point or another had an interchange collision that at least temporarily caused pain and disrupted the harmony of a relationship that had previously felt right. It may have been serious enough to create avoidance, resentment, and anger. Repairing such a situation requires conscious use of our emotional intelligence.

The value of simply and sincerely saying "I'm sorry" cannot be overlooked, but apology alone may not be enough to achieve reconciliation. In fact, it may do more to relieve the burden of the person who caused the injury than it does for the injured party.

Apology followed by forgiveness can be an act of generosity but still may not complete the work of establishing or re-establishing a sense of trust.

When we engage in reconciliation, we invite change that will transform a relationship even beyond where it was. Sometimes this is an opportunity derived from the conflict.

Reconciliation – the dictionary definition is to restore friendship or harmony or to settle or resolve differences – transforms both parties by bringing them to a new consciousness about the way they see, treat, and represent each other.

Reconciliation is a **competency** that takes work to develop, and it requires commitment. As you contemplate a practice of reconciliation with another person or with a group, here are some ideas to consider.

WHAT AM I TO DO?

- Know when you are not in right relationship.
- Have the humility and courage to care.
- Take steps to heal the relationship. ▶

The expertise you need to **drive your business plans forward**

Downstream Petroleum and Convenience Store industries have unique needs and challenges. We combine our strong institutional knowledge of the industry with our ability to separate real risk from perceived risk, helping ensure that your business is well-positioned for success.

The commitment and expertise your business requires

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- Refinance
- Establish employee benefit plans including high-quality 401(k) and Health Savings Account products

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AVOIDING & CLAIMING BEHAVIORS

☹ AVOIDING	
Avoidance	Silence, denying the problem.
Negative Projection	Buttons easily pushed, preoccupation with the problem, complaining about the other person, justifying own actions.
☺ CLAIMING	
Encounter	Communicating with the other person, shift from judging and defending to listening and sharing.
Apology, Forgiveness	Empathizing with the other person.
Personal Resolve	Moving from focus on the other person/issue to focus on learning and growth.
Mutual Resolve	Trust that the other person has resolved and moved to focusing on learning and growth as well.
Right Relations	Holding each other in esteem and accountable for communication and new behaviors.

WHY AM I DOING IT?

- To heal fractures which reduce your ability to live and work effectively with others.
- To hold the other person in esteem and stop reacting from a negative point of view.
- To learn the other person's perspective so that you can find mutual solutions.
- To replace the ripple effect of resentment with the ripple effect of reconciliation, which will have benefits that go beyond the current relationship.

WHEN DO I DO IT?

- Most often in a private moment between you and the other person. Trust that you'll know when the opportunity is present.
- Or plan it; take initiative with a face-to-face meeting, a call, or an e-mail to set it up.

WHERE DO I DO IT?

- In person.
- On the telephone.
- In a combination of telephone and letter (avoid e-mail and text).
- Usually over several conversations or notes.
- With a facilitator.

WHOM WILL IT IMPACT?

- You
- The person with whom you've had conflict.
- The group you belong to, whether family, friends, or colleagues.

HOW DO I DO IT?

1. Create lists: One list has names of people with whom you need to reconcile. The other has names of people with whom you have begun reconciliation. The lists keep your commitment tangible and help you decide when the time is right to reconcile with specific people.

2. Understand your motivation: For this to be a healing effort, you must be genuine. Try to do an honest assessment to understand the feelings that underlie your concern. Discussing with a neutral party may help.

3. Shift your attention: Ask yourself what you need to let go of so you can shift your attention away from your sense of hurt, betrayal, frustration, guilt, or avoidance to a commitment to be in the conversations.

4. Decide how to raise the issue: How to raise the issue is not always clear. Remember, this is an exchange with someone who is likely to have negative feelings, too. You have no idea how the other person will react. This part feels risky and can prevent you from having the needed encounter. Realize that the encounter is not a matter of going in with a solution, but of facing the person with openness to understand his or her experience and find solutions together. The discipline is to become aware of your intentions, so you do not enter the conversation with the goal of justifying your actions/being right.

5. Encounter the person: One can sometimes resolve a strained relationship without addressing the cause of the strain with the other person. Try letting go of your negative reactions and see if you can achieve a functional relationship without bringing old baggage into your interactions. More often, though, you will need to reconcile directly with the other person. Sometimes just take a deep breath and let the current moment be the time.

6. Make a new commitment: After airing the issues, make a commitment to change:

- Promise the other person that you will not speak negatively of her or him.
- Promise that you will come directly to him or her when you feel a need to address other issues or go deeper.
- Agree jointly to specific changes.

7. Bring closure on the past: It is important to write a closing statement that acknowledges that you have put the conflict behind and are moving forward. This is a reminder to leave the conflict in the past.

8. If your efforts fall short: Go to the list of Avoiding & Claiming Behaviors (below) to see where the process is stuck. Re-examine your own role first and begin working from that point. You must be honest with yourself along the way.

- Again, talking with someone you trust may provide insight.
- If your communication with the other person fails, you can decide to resolve the issue for yourself, without an expectation that the other person is ready to work through the issues.
- Remember, **truth is**, you can only change you not someone else. ★

Ronald C. Reece, Ph.D. is a Consulting Psychologist who Specializes in Family and Closely Held Business Consulting.

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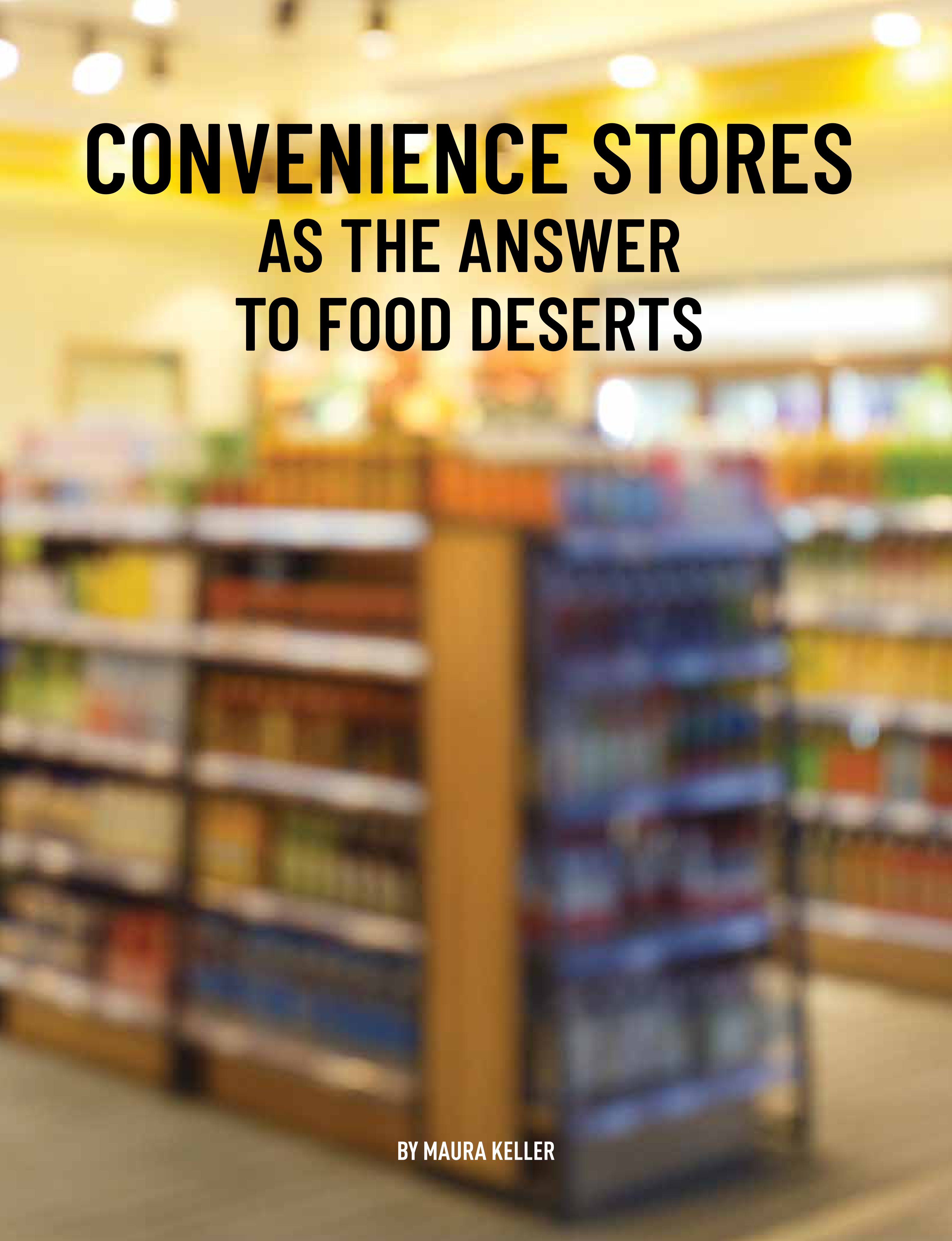

BY MAURA KELLER

Drive through most rural regions and you will be hard-pressed to find a large-scale grocery store teeming with fresh foods and healthy meal options – making it difficult for area residents to have access to the food they need for a healthy lifestyle. But in that same region, one thing you will most likely find are convenience stores dotting the highways and byways of these rural areas. These properly placed "oases" are ideally positioned to meet the needs of today's consumers who find themselves in rural food deserts.

As Heidi McIndoo, MS, RD, LDN, media dietitian explains, a food desert is an area in which those who live there have limited access to affordable and nutritious food. Convenience stores are often located near public transportation or in areas with a lot of foot traffic. In addition, in more rural areas, with their smaller size, it's easier to have convenience stores filling the gaps in areas where grocery stores are further away and more difficult to get to. What's more, convenience stores are often open 24 hours a day, allowing access to food at any hour.

"Convenience stores used to offer not much more than the basics – milk, bread, etc. As the population become more 'on the run,' convenience stores began offering wider choices of foods to allow customers to pick up snacks, and then 'on the go' meals,' McIndoo says. "Having these additional food items makes convenience stores an option for shoppers looking for accessible ready-to-eat foods as well as ingredients for creating meals. Also, having healthy food available for shoppers in areas where nutrient-dense foods are typically difficult to find is a win-win situation. Customers have a convenient place where they can find healthy foods to feed themselves and their families and the stores can enjoy more sales."

It's apparent that convenience stores, many of which are located in areas where traditional grocery stores are scarce, can serve as a community hub of food in many food deserts.

"This makes them well-positioned to provide access to healthier food options for communities that currently lack them," says Jason Wilson, senior vice president of strategic partnerships for Partnership for a Healthier America. At Partnership for a Healthier America (PHA), they believe that everyone deserves access to affordable, nutritious food, regardless of where they live.

"By leveraging the existing footprint of convenience stores, we can bridge the gap in food access and improve the health of under-resourced communities," Wilson says. "Think about it: Convenience stores are already there, often within walking distance for many residents and well-regarded in the community, making them an ideal hub for healthier options." ▶

Convenience stores have always focused on what consumers want. In the past, that has primarily included quick options like shelf-stable snacks, sugary drinks, and processed foods. However, consumer preferences are shifting dramatically.

As Wilson points out, recent research shows that 30% of consumers would be more motivated to visit a convenience store if high-quality, ready-to-eat fresh packaged foods were available.

"There's a growing demand for fresh, healthy options, driven by increased awareness of nutrition and wellness. Additionally, many convenience stores are offering made-to-order items in their locations," Wilson says. "Consumers are now looking to convenience stores for more than just a quick fix; they want real, healthy food."

This evolution presents a significant opportunity for convenience stores to become a vital community resource, especially in regions of the country where residents don't have easy access to larger grocery stores.

This potential evolving role for c-stores is crucial because everyone deserves access to healthy food. Many communities, particularly those with limited resources, suffer from diet-related diseases due to a lack of access to nutritious options.

"Convenience stores can play a pivotal role in reversing this trend. By offering fresh produce, lean proteins, and healthier snacks, you can empower your customers to make better choices," Wilson says. This is directly in line with PHA's mission to transform the food landscape and create healthier communities. When convenience stores become reliable sources of healthy food, they become essential partners in improving public health.

"At PHA, we're seeing this shift firsthand, and we're working with businesses to make those healthier options more accessible and appealing," Wilson says. "The perception of convenience stores is no longer limited to 'junk food'; it's evolving into a place where you can find a balanced meal or a healthy snack."

According to Michael Bloom, executive vice president, chief merchandising and marketing officer, GPM Investments, one of the largest operators of convenience stores and wholesalers of fuel in the United States, the positioning of c-stores across the country sets them up to help answer the issue of food deserts, combined with the trends of c-stores adding more food to the overall inside assortment.

"We think this can help to close the gap in areas with food deserts," Bloom says. "It's also highly beneficial for c-stores to think about food differently in these markets due to the lack of food store competition that is likely present in these areas."

Historically speaking, the role of food offerings in convenience stores has evolved significantly over the years in a few of areas. The first being food quality. As Bloom explains, c-store operators reacted to the notion that food in a c-store isn't high quality.

"However, most c-stores operators, GPM included, have put food quality at the top of the filter when going to market," Bloom says. "Variety and limited time offers (LTOs) are also becoming a trend in recent years, as younger consumers are more open to experimenting with new, and trendy items." Lastly, as he further points out, one of the most impactful evolutions has been certain c-stores selling food via new channels, such as through in-app ordering and using rewards.

"Consumers are also ordering using third-party delivery platforms. All of this has been a timely response to the strategy being utilized by quick service and fast casual restaurants, especially since COVID," Bloom says.

C-stores have always played a part in the food puzzle, especially in underserved communities. What's changed is that food is no longer a niche offering – it's central to how most operators now run their businesses. And, as Patrick O'Mara, senior solution principal at RELEX explains, the food itself has evolved. As consumer demand for healthier options has grown, so have the offerings: think wraps, salads, snack packs, and even fresh produce. In many communities, especially in the Midwest and North, convenience stores often already fill the role of primary food source for rural communities. Kwik Trip is a great example – in some rural areas, it's the only consistent source of fresh food.

"Brands like Casey's and Kwik Trip offer fresher, healthier options in meats, produce as well as a wide variety of prepared foods," says O'Mara, who works with convenience stores like Sheetz and Casey's to improve forecasting and replenishment, promotional planning, fresh optimization, and more. "Kwik Trip specifically, has expansive offerings for baked goods, produce, proteins and dairy – offering a consumer the opportunity to complete weekly meal planning."

Shifting this model to more urban food deserts would require alterations of menus to better fit local taste, but should be a model that can be replicated.

"C-stores are everywhere, built around the need for fuel in virtually every community. That means the real estate is already in place – even in rural and urban food deserts," O'Mara says. The real challenge is transforming those locations into trusted sources for food. In urban areas especially, c-stores often need significant investment to change public perception and build trust as a food destination."

Impactful Food Offerings

C-stores are built to serve local communities, often with efficient, small-footprint models. That, says O'Mara, makes them well-positioned to offer healthier foods – if they get the operations right. Rising food and operating costs mean that efficiency matters more than ever. Success also hinges on the right product mix; what works in one community might not in another. Operators need to stay flexible and responsive to local demand.

"C-stores need to make community-by-community decisions when deciding what to offer within the local stores," O'Mara says. "One of the biggest mistakes an operator can make is to assume one community will react the same way to a product as another. The operator must first analyze the communities themselves to determine what type of offering might be successful and then test and evaluate which products to drop and rotate new products in, keeping the assortment fresh."

Indeed, in acting as an "answer" to food deserts, the type of product offering that works best within the c-store environment is paramount.

Bloom says having a strong, high-quality offering that is backed via research is crucial.

"We always say, it's not up to us, but rather, the consumer, as to which offerings we go to market with. A core hot grab'n go offer with staples such as roller grill, breakfast/lunch sandwiches, and hot snacks tend to resonate well," Bloom says. "Having sweet fresh bakery options as a companion to savory food options make sense as well. We believe c-stores should always start with developing a strong core that is high quality, relevant to the consumer, and simple for stores to execute." In addition, the role of fresh dispensed beverages such as fountain, bean to cup hot or iced coffee, and frozen beverages that have significant affinity, can be an ideal co-pilot with food in meal deals and bundles.

From her experience as a dietitian, McIndoo stresses that convenience stores have the ability to offer shelf-stable, refrigerated, and frozen foods. Shoppers are looking for food that can be eaten immediately or items that don't take too much time and effort to prepare.

Some product recommendations include veggie sticks that can be eaten as is or steamed for a simple side dish; hummus to eat with the veggies or whole grain crackers, or stirred into pasta; tuna, yogurt, cottage cheese, string cheese, and nuts/seeds can all be eaten as a quick snack or be part of an easy meal.

"Low sugar cereals, hard boiled eggs, and sandwiches with whole grain breads and lean protein like turkey also make easy and healthy meal choices," McIndoo says. "Many convenience stores have a wide selection of healthy snacks or grab and go simple meals. To help consumers in food deserts more, offering simpler prep meal ingredients could be helpful. Frozen fruits and veggies, frozen or microwavable whole grains like brown rice and quinoa, and refrigerated or frozen protein options like grilled chicken strips and edamame, are also good options for c-stores to consider." ▶

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Wilson has also found that a combination of fresh and convenient options works best in meeting the needs of those within food deserts. Pre-packaged salads, grab-and-go fruit and vegetable cups, yogurt parfaits, and single-serve lean protein options are popular choices.

"Consumers are also drawn to healthy snacks like trail mix, nuts, and whole-grain bars. Clear labeling and attractive displays are crucial for grabbing attention," Wilson says. "At PHA, we're seeing a significant interest in locally sourced produce and items that highlight freshness. Partnerships with local farms or suppliers can be a real differentiator. Additionally, affordable pricing is key. Offering value bundles or promotions on healthy items can encourage purchases and build customer loyalty."

Looking ahead, Wilson believes convenience stores can increasingly become "healthy hubs" within their communities. Technology will play a role in accomplishing this, with mobile ordering and delivery services making healthy options even more accessible.

"This evolution will dramatically alter the image of convenience stores. They'll be seen as proactive partners in community health, not just places for quick purchases," Wilson says. "By taking on this role, convenience stores can build stronger relationships with their customers and become integral parts of the solution to food inequity. It's about more than just selling products; it's about investing in the well-being of the community."

O'Mara also feels that there is a great opportunity for c-stores to help carry the mantle by expanding further into urban food deserts, but additional investment is required for success.

"Investment in the local operations, creation of an efficient supply chain and assortment-making decisions are required," O'Mara says. "Making this investment would continue to shift the narrative of c-stores from 'cokes & smokes' shops to legitimate food destinations. With the opaque future of fossil fuels, c-stores need to broaden their appeal to more consumers and expanding their presence in the food deserts of America could help achieve that objective." ★


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Is Finished Gasoline Nearly Finished in the United States?

BY MATTHEW KOHLMAN, JANET MCGURTY, AND BENJAMIN PEYTON, S&P GLOBAL COMMODITY INSIGHTS

Once the definition of the NYMEX gasoline futures, the legacy non-ethanol unleaded 87 gasoline benchmark faces a dwindling future in the domestic US market.

Colonial Pipeline, with the nation's biggest refined product pipelines, has made it harder to ship finished gasoline along most of its Houston-to-New York artery, a key demand center that is also like the rest of the nation in being unable to use the unleaded 87 in its neat form.

Colonial plans to increase gasoline flows from Houston-area refineries to the New York Harbor as much as 10,000 b/d by ending shipment of overlapping gasoline grades, restricting service for some grades, and eliminating shipment of some other niche grades. The plan has been met with protests from its shippers.

Colonial's 5,500-mile pipeline system centers on three main lines, all bigger than any single refined products line elsewhere in the states.

On March 4, Colonial Pipeline filed with the Federal Energy Regulatory Commission (FERC) to modify its existing tariff, with some changes to take effect on April 4.

Following an outcry from shippers, FERC issued on April 2 an order putting delaying all new tariffs in order to examine Colonial's method of determining cost-based shipping rates, sending it to a settlement judge which, given the timeline presented in the order, could mean a decision as early as the end of June.

Changes Track Gasoline Demand Patterns

Not included in the abeyance is one of the most contentious changes Colonial proposes: changing shipment protocol to reflect lower flows for M grade – unleaded 87 octane finished gasoline -- and V grade -- unleaded 93 octane finished gasoline which went into effect on April 1.

Colonial Pipeline now requires unleaded 87 gasoline and premium unleaded 93 gasoline to be nominated in segregated batches from Pasadena, Texas, to Meridian, Mississippi, citing limited usage.

Under the latest tariff, the minimum volume for unleaded gasoline grades will rise to 75,000 barrels at the Gulf Coast, a five-fold increase from the 15,000 barrels required for fungible deliveries.

Shippers can still move the "niche" unleaded grades – M and V – in fungible deliveries at the lower volume threshold from and including Meridian to markets downstream, a reflection of changing gasoline specifications where M grade once dominated.

"Unleaded M and V grades have consistently dwindled over the years," a US gasoline trader said on March 30. "Between this and Colonial Pipeline wanting to only ship one Reid Vapor Pressure (RVP) in spring and fall now, it's going to be a battle between refiners/blenders and Colonial."

Colonial Pipeline noted in its Feb. 14 FERC filing that M-grade and V-grade gasoline volumes have declined sharply since 2015, down 77% and 90%, respectively.

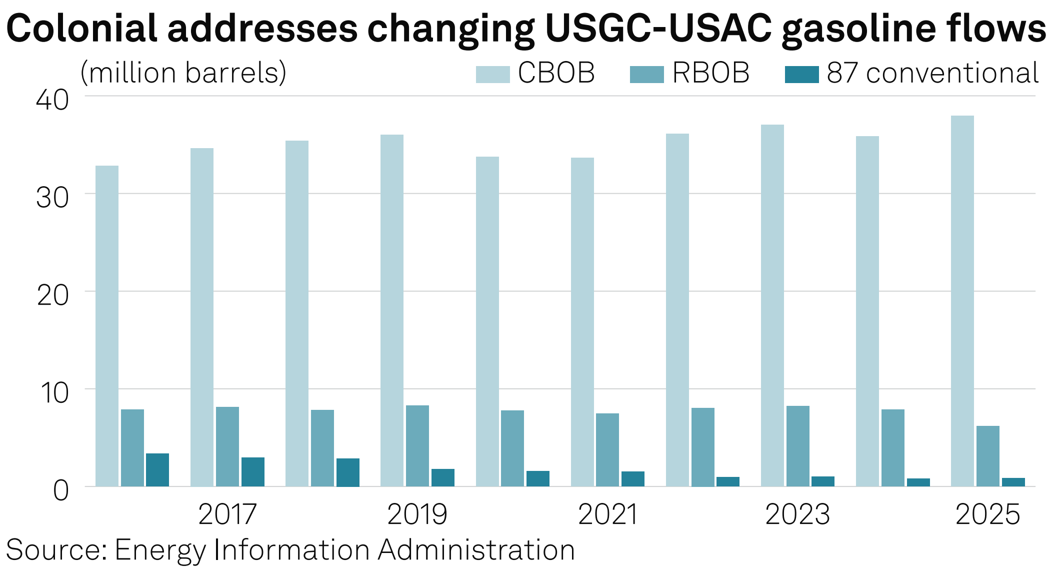
Another USGC market participant noted that NYMEX gasoline futures have been "RBOB basis" since 2007 due to the exchanges' contract basis move from HU – Unleaded 87 – to RB, and that M grade "hasn't had any meaningful direct impact on the futures contract since then."

"Colonial is rationalizing its operations by pushing M into the same category as V grade. They will no longer be fungible batches and can only be shipped as segregated batches like naphthas. It's a reflection on how little of either M or V ever ship in the pipeline now," the shipper added.

Latin America Supply Relies on Unleaded 87, but Hedging Switches to CBOB

But it's not a reflection of the grade's continued importance to other markets, namely Latin America.

The shipper noted that almost all of Latin America prices regular gasoline tenders and contracts off Platts unleaded 87 pipeline assessment out of the US Gulf Coast, and the US still exports 25 million barrels a month of finished grade. But he also noted that "It's a range of grades: low octane to Colombia and Ecuador, higher octane (oxy mostly) to Mexico." ►



He also said there is some lobbying by companies to use the more liquid CBOB pipeline grade instead, but talks are only in very preliminary stages due to the big specs difference, among other reasons. "We'll see how long it takes, but the process is underway," he said.

Each country will decide for themselves, he said, but Mexico is the biggest buyer and will have the biggest voice. It also has strict regulations against ethanol, while other countries like Brazil make their own ethanol. Traders noted that waterborne M grade trades are too illiquid and logistically different to use as a pricing basis, so if the finished M grade eventually dries up on the pipeline, there may not be a choice but to price against the highly liquid A grade CBOB.

A second gasoline trader said he would imagine such conversations will take place around June when contracts need to get renewed. "That's probably where we're going," he said. "Everybody does M now. They're going to have to switch."

"It has all kind of shifted," a third trader said. "It's a long story. But there's less blenders in the market. There's a lot of giveaway taking up the M barrels. It killed a lot of liquidity and CBOB became like the king."

Traders note Colonial will have a full pipeline whether they ship M or not, but there is likely some time left in the M grade, barring any Colonial decision to stop shipping it altogether.

Traders said selling M grade is quite profitable and there are at least three big producers in the Gulf Coast and solid blending economics in end of the route during winter. Latin supply contracts are typically six months to a year long, and may be longer under some offtake deals.

Hedges won't likely be an obstacle to any change. While it can take years to unwind swaps, market participants already made the switch during the pandemic.

Open interest on CME swaps for Platts unleaded 87 USGC prompt pipeline hit of high of nearly 30,000 lots in May 2018, gradually declining to about 1,000 lots on average since fall 2024. CME swaps based on the Platts USGC CBOB pipeline assessment hit a record high of 30,000 lots in October 2021 and averaged 23,000 lots in the first quarter of 2025.

Consumers to Benefit from Freeing up Line Space

Freeing up line space would benefit consumers as Colonial said it could then increase line space capacity on lines that are fully utilized and often with space allocated in peak demand times. Demand patterns on the Colonial's gasoline line can be measured by the price of line space.

As the summer driving season nears and gasoline demand rises, the price of Line 1 line space averaged 0 cents/gal for the week ending March 30, compared with minus $4.25/gal for the week ended Feb. 23, according to assessments from Platts, part of S&P Global Commodity Insights. A negative line space value shows less interest to ship product up the pipeline.

Colonial's Line 1 carries 1.37 million b/d of gasoline and Line 2 carries 1.16 million b/d of distillates from the USGC to Greensboro, North Carolina. Line 3 with a capacity of 885,000 b/d carries both gasoline and distillates from Greensboro to its final destination in Linden, New Jersey, and New York Harbor. "The small and irregular amounts still shipped have increased operational risk to the point even of wide-scale short-term system shutdowns and generated outsized physical losses

allocated over fewer shippers and fewer volumes," Colonial Pipeline said in its Feb. 14 filing.

Ownership of RVP Margin Capture

In its March 4 FERC filing, Colonial Pipeline seeks to eliminate overlapping grades of gasoline, and stop transporting grade 5 gasoline, limiting the grades per type of gasoline to four, which means Colonial "will be moving fewer types of gasoline, which leads to operational efficiencies, increased capacity, and the array of additional benefits," the filing said.

Colonial Pipeline's elimination of grade 5, a cold weather specification gasoline, met with protests from shippers, who assert that this "breaches" Colonial's Interstate Commerce Act duty to "provide transportation upon reasonable request."

However, two days before implementation, FERC on April 2 suspended until Nov. 4, 2025, one of Colonial Pipeline's proposed tariffs, which would have required one grade per type of gasoline to be shipped at a time based on RVP.

RVP is key to meeting the Environmental Protection Agency's clean air requirements. In the summer, shippers nominate cleaner-burning, more expensive, lower RVP gasoline, while in the winter, shippers nominate cheaper, high RVP grades.

A problem arises during transitional periods when RVP specifications are changing regionally but not simultaneously, posing a liquidity crunch for buyers seeking different specifications for the same type of gasoline, thus putting a strain on pipeline flows.

"Colonial asserts that under the currently effective tariff, managing multiple overlapping grades increases operational complexity and pressure cycling, thereby risking pipeline integrity," Colonial Pipeline said.

Shippers disagree, saying it will mean sending a higher, more expensive RVP product into a market that does not require the more expensive RVP specification material, increasing their production costs needlessly and only benefiting Colonial Pipeline, shifting the ability to benefit from the RVP margin capture to Colonial Pipeline and its affiliates away from the shippers.

In a March 19 FERC filing, ExxonMobil, a shipper on the line, noted that under the current tariff Colonial "may deliver petroleum products of substantially the same specifications," while the new proposed tariff language allows Colonial to impose on shippers at the origin point of the shipment "the most stringent destination-point RVP specification for various grades of gasoline."

Based on Colonial's shipping calendar, this would mean a shipment of M4 gasoline with an RVP of 13.5 during shipping cycles 65-72, the last seven cycles of the year, would be delivered to points in Pennsylvania, New Jersey, and New York, where an RVP of 15 is required.

"Where shippers today are allowed to ship gasoline products with higher RVP and have that higher-RVP product delivered to their desired downstream markets, Colonial's proposal will force some shippers to meet a standard that is not required for their downstream market," ExxonMobil said.

ExxonMobil and other shippers say they will be forced to produce earlier in the year lower, more expensive RVP during the winter-to-summer grade transition in March and April, while maintaining production longer of the lower, more expensive RVP gasoline in the summer-to-winter transition in September and October. ▶

This will reduce shippers' ability to capture the RVP margin arbitrage between the USGC and the USAC during the seasonal shifting grade period.

Currently, CBOB 87 gasoline pipeline assessment at the current RVP of 9 would cost 4.35 cents/gal more than 8 RVP or 1.9 cents/gal less at 10 RVP, according to assessments from Platts. Colonial's rationale of applying the lowest seasonally applicable RVP is needed to achieve their operating efficiencies goals is without merit, ExxonMobil said in its filing.

This is because, despite differing regional RVP specification changes, Colonial is not achieving efficiencies since it is using the same pipeline to ship gasoline with different RVPs.

"The only difference is that now Colonial, or more likely its marketing affiliate, is recouping the value resulting from blending butane into gasoline to make up the difference in RVP between the origin and destination markets," ExxonMobil said. The wrangling over the new tariff comes amid news that Brookfield Asset Management on April 3 entered into a definitive agreement to buy 100% of Colonial Enterprises. Currently, Colonial's owners are the Canadian pension fund Caisse de dépôt et placement du Québec, with a 16.6% stake; IFM Investors, with a 15.8% stake; KKR, with a 22.44% stake; Shell Midstream, with a 16.125% stake; and Koch Capital Investment, holding the remainder. ★

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Addressing the Changing Demographics of Fuel Truck Drivers

BY KEITH PATTERSON, DIRECTOR OF PRODUCT MARKETING, AXXIS, BY OPIS, A DOW JONES COMPANY
PETE PHOEBUS, VICE PRESIDENT OF TRANSPORTATION, CATO OIL

The trucking industry has been undergoing significant changes in recent years, particularly in the demographics of fuel truck drivers. Companies like Cato Oil have had to adapt to these changes by employing innovative strategies to attract and retain younger drivers. Keith Patterson, Director of Product Marketing at Axxis Software, recently sat down with Pete Phoebus, Vice President of Transportation at Cato Oil, to discuss the challenges and solutions associated with recruiting younger talent into the fuel transportation sector.

A Changing Workforce and its Challenges

As the average age of truck drivers continues to rise, there is a growing need to attract younger individuals to the profession. However, misconceptions about the trucking industry, such as the outdated "bad boy" image and the notion that truck driving is a male-dominated field with long hours away from home, deter many potential recruits. According to Phoebus, overcoming these stereotypes is one of the biggest challenges faced by Cato Oil.

To address this, Cato Oil has partnered with Warwick Community College's CDL program. This partnership allows them to educate prospective drivers on the realities of fuel transportation and highlight the benefits of the career, including job stability, career progression and competitive pay.

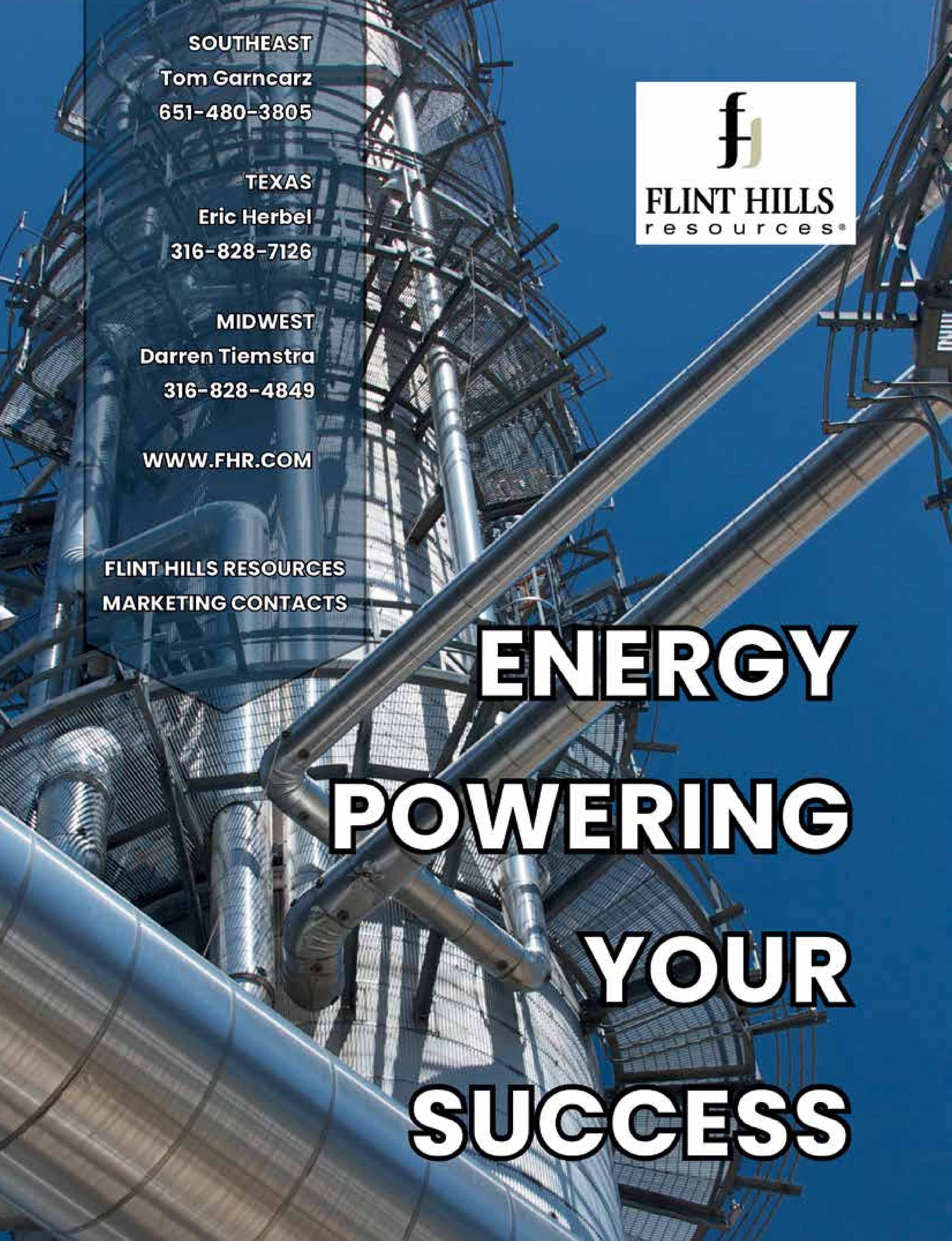
Work-Life Balance and Flexible Scheduling

Traditionally, trucking schedules were rigid, with drivers expected to work long, inflexible hours. Recognizing the importance of work-life balance, especially for younger recruits, Cato Oil has implemented more flexible scheduling options. New hires often start on second or night shifts but have the ability to work four-day work weeks with three days off. This flexibility allows employees to balance their professional and personal lives, making the job more appealing.

Additionally, Cato Oil has successfully recruited part-time drivers who work for county governments during the week and fill in on Fridays and Saturdays. This innovative approach maximizes truck utilization while accommodating drivers' availability and preferences.

Embracing Technology to Attract Younger Drivers

Another key strategy in recruiting younger drivers is the integration of modern technology into daily operations. Younger generations are more tech-savvy and tend to be attracted to industries that embrace innovation. Cato Oil has equipped its fleet with advanced technologies such as electronic logging devices, GPS tracking, and real-time monitoring systems that ▶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enhance safety and efficiency. Cato also leverages the Axxis Fuel Order Management and Dispatch software platform that allows the company to spot its drivers in real time on the map and see where they sit in relation to a fuel terminal or fuel delivery site.

To further engage its workforce, Cato Oil recently took a group of drivers to the Volvo manufacturing plant to educate them on the cutting-edge technology used in modern trucks. By increasing awareness of how advanced these vehicles have become, the company hopes to instill a greater sense of appreciation and responsibility among its drivers.

Safety and Career Growth Opportunities

Safety is a top priority for Cato Oil, and the company ensures that its drivers are well-equipped with the latest safety features, such as collision avoidance systems, lane departure warnings, and anti-rollover technology. New hires are reassured that, despite handling hazardous materials, extensive safety measures are in place to mitigate risks.

Beyond safety, Cato Oil emphasizes career growth. Many employees, like Phoebus himself, have advanced from entry-level driving positions to leadership roles within the company. By highlighting this potential for career progression, Cato Oil makes fuel transportation a more attractive long-term career option.

Building a Culture of Retention and Community Engagement

One of the most successful initiatives implemented by Cato Oil has been its partnership with local community colleges. Instead of simply waiting for applicants, the company actively engages with students, offering ride-along experiences and mentorship opportunities. By exposing students to the fuel transportation industry early, Cato Oil has been able to establish strong relationships with potential future employees.

In addition to recruitment, retention is a key focus. The company has introduced safety bonuses, where drivers are ranked weekly based on performance, fostering healthy competition, and camaraderie. This initiative has been highly effective in improving driver engagement and motivation.

Looking Ahead: Industry Challenges and Future Strategies

While Cato Oil has been successful in adapting to changing demographics, challenges remain. Regulatory changes and the push for electrification in transportation are evolving factors that will require ongoing adjustments. However, by continuing to focus on technology, education, and flexible work arrangements, Cato Oil is positioning itself as a leader in attracting and retaining top talent in the fuel transportation industry.

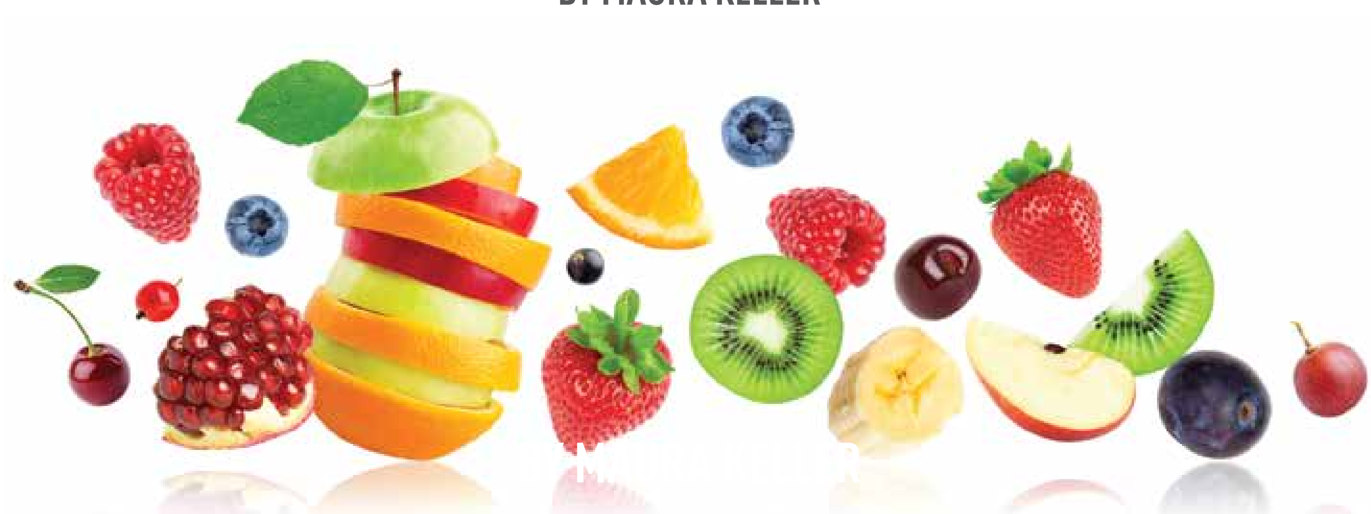
Phoebus advised other employers struggling with recruitment to build strong relationships with local community colleges and vocational programs. He stressed that proactive engagement with potential drivers, rather than passive recruitment, is the key to long-term success.

Conclusion

The fuel transportation industry must continue evolving to meet the needs of a younger workforce. Companies like Cato Oil demonstrate that a combination of flexible scheduling, technological advancements, career development opportunities, and strong community ties can create a work environment that attracts and retains dedicated drivers. By proactively addressing these challenges, fuel transportation companies can secure a stable and skilled workforce for years to come. ★

Industry-Wide Sustainability Initiatives

BY MAURA KELLER



The sustainability and "going green" movement has infiltrated the gasoline marketing and convenience store space and captured the attention of industry players like never before. From sustainable coffee products to eco-friendly packaging to water conserving car washes, the sustainability concept is causing gasoline marketers and c-store operators to take notice and change the way they're doing business.

According to Stephanie Stuckey, CEO of Stuckey's Corporation, traditionally convenience stores have faced challenges in adopting environmentally friendly packaging due to the necessity for products to have a sufficient shelf life. Compostable packaging options lack extended shelf stability, and while recyclable packaging exists, materials like certain film plastics are not widely accepted in municipal recycling programs.

"Recognizing these challenges, the c-store industry has begun to implement more sustainable practices," Stuckey says "One significant shift is sourcing products from local and domestic suppliers, which reduces transportation emissions and supports local farmers. Additionally, some c-stores are introducing locally sourced produce at checkout areas, offering consumers fresh, healthy options. It's important to recognize that the supply chain is interconnected – all levels of the chain need to offer viable, sustainable options for progress to be made."

At Stuckey's, they prioritize sourcing pecans from local farmers, bolstering the local agricultural economy and minimizing their carbon footprint through domestic ingredient procurement. They also utilize corrugated cardboard for shipping containers, displays, and packing boxes that contain recycled content.

"Addressing energy consumption also is a strategic move for c-store owners, offering both financial and reputational benefits," Stuckey says. "Investments in renewable energy sources, such as solar power and electric vehicle (EV) charging stations, can lead to long-term cost savings and attract a growing segment of eco-conscious consumers." She also points out that federal and state incentives have historically supported such initiatives, making them more financially accessible. EV charging stations, in particular, can draw dedicated customers who may spend additional time and money in-store while their vehicles charge.

"Implementing recycling programs, despite challenges like contamination and collection costs, signals a commitment to environmental stewardship," Stuckey says. "However, successful recycling requires comprehensive public education and collaboration to become a viable option."

Incorporating environmental initiatives can also enhance a company's brand in the eyes of today's c-store consumers.

As Stuckey explains, as c-stores evolve to meet more daily needs – offering quality coffee, affordable fuel, and convenient meals – they have the opportunity to capture a larger share of environmentally conscious consumers, particularly Millennials and Gen Z.

"These demographics value corporate responsibility and are drawn to businesses that reflect their commitment to the environment. Introducing healthier meal options, including plant-based choices, can attract loyal customers seeking sustainable alternatives," Stuckey says.

Rand Taylor, CEO of Industrial Sustainability Group (dba The Fuel Ox), says that there is a heightened sensitivity to what customers want beyond the stereotypical "convenience" that assumes that people want is what is fast and easy.

"Instead, a growing number of people are looking for retailers to offer them more healthy and socially conscious products – especially when it comes to snacks," Taylor says.

As with the aforementioned healthiness of the snacks being offered in the store as this consumer awareness grows, people increasingly prioritize both healthier choices and environmental responsibility.

"This extends to the fuels they use – both gasoline and diesel," Taylor says. At ISG/Fuel Ox, they are seeing a clear trend among fuel station owners to offer socially responsible products, including products with additives that enhance fuel efficiency while reducing emissions.

"Without a doubt, when the customer becomes aware of a company's commitment to sustainability it has a huge positive effect on public opinion. The more that a company can do to make the customer aware of their commitment to the environment and the health of the customer by offering better and cleaner choices, the higher opinion the average customer will have. The sooner this is done the better," Taylor says. "The trend is in place and if you, as a retailer, are not taking these steps you can rest assured that your customers likely are."

Embracing Energy Efficiency

From efficient lighting and display units to low water car washes, the energy efficiency component of operating a c-store is also receiving attention.

"We believe that c-stores are embracing sustainability initiatives to better align with broader consumer expectations and environmental goals at the industry level," says Omar Tabba, chief product officer at BrainBox AI, a company that uses advanced deep learning algorithms to predict building energy needs and automate HVAC systems, thus reducing ▶

energy consumption. "From that perspective, companies with ambitious environmental goals are looking for novel solutions that are flexible, scalable, and most important effective to achieve."

As Tabba explains, energy efficiency is a crucial sustainability track for c-stores because they use up to seven times more energy per square foot than traditional commercial buildings. Why? Because of their operating hours, most c-stores are open 24/7, which in turn causes their lighting and HVAC systems to be energy intensive. By implementing energy-efficient measures that are AI-driven, c-stores can reduce their energy costs significantly, up to 25%.

"Moreover, leveraging AI this way greatly reduces runtime of these systems," Tabba says. "This not only affects the bottom line positively, but also enhances the store's reputation among environmentally conscious consumers."

For c-stores looking to incorporate sustainability initiatives, Tabba recommends a multi-faceted approach that aligns with consumer expectations. Implement smart technologies to optimize energy consumption in HVAC systems, significantly reducing energy spend and emissions.

"Utilize inventory management solutions to optimize stock levels, reducing waste and improving efficiency," Tabba adds. "Embrace transparency by clearly communicating and reporting on sustainability efforts, as eco-conscious shoppers strongly resonate with visible green initiatives."

Lighting is another area that has received tremendous amount of attention within the retail environment, thanks to the sustainable advancements of this category. A time-honored source of light and ambience, interior lighting products have outlived their traditional roles in store interiors. Today, energy-efficient technologies and innovative structural changes are making lighting products more durable and versatile than ever. More importantly, instead of short-lived afterthoughts, lighting products have become long-lasting, energy efficient design features for retail and commercial properties. Implementing the use of lighting controls and harvesting natural lighting can improve energy efficiency.

When determining what type of lighting would enhance the ambiance of a store's interior while improving energy efficiency, the key question to ask is what is being lit and what the mood is that is trying to be achieved. Deli and food service areas are different then grocery areas and back rooms and exterior lighting is an entirely different situation altogether. C-store owners should consult a lighting designer to determine the most efficient use and the ideal lighting solutions for key store areas, including refrigeration as well as for safety and security.

Innovative Initiatives

Every day, more people are becoming committed to living a healthier lifestyle and Taylor says that the companies that recognize this and are offering alternatives that support this are setting themselves up nicely for the future.

"C-stores typically are not thought of favorably when it comes to sustainability so those that can begin to change their image in this regard are on the right track," Taylor says.

La Crosse, WI-based Kwik Trip is one such company. As a family-owned convenience store chain that operates more than 870 locations. Kwik Trip customers are increasingly visiting the c-store chain for its on-the-go breakfast, lunch, and dinner foods as well as grocery store staples.

Capitalizing on America's love of fried chicken, Paul Servais, vice president of food service for Kwik Trip, and his team launched fried chicken offerings in 2019. The company offers fresh, never frozen, fried chicken, including hand-breaded dark and white meat fried chicken, tenders, roasted whole chicken, crispy fried chicken sandwiches, and boneless wings.

Kwik Trip began working with Restaurant Technologies when Servais launched the fried chicken program six years ago. Since then, the chain has used Restaurant Technologies' Total Oil Management (TOM) system to comprehensively manage each location's cooking oil – all with sustainability in mind.

At the same time as an oil delivery, Restaurant Technologies removes used cooking oil from a separate tank which ultimately gets recycled into biofuel. According to Servais, "Restaurant Technologies provides an end-to-end oil management approach that offers a better work environment for our teams and is sustainable."

Retail analyst Andrew Lokenauth says the transformation toward sustainability within the c-store space, such as the Kwik Trip example, has been remarkable.

"Years ago, sustainability was barely a consideration. Now, I'm seeing c-store owners compete to implement green initiatives," Lokenauth says. "Last month, I visited a store in Tampa that completely eliminated single-use plastics – they switched to compostable containers and reusable bags, cutting their plastic waste by 85%."

The biggest shift Lokenauth has noticed is in packaging. Stores are moving away from traditional grab-and-go packaging to more sustainable options. One client he worked with partnered with a local packaging manufacturer to create biodegradable containers made from corn starch. The cost difference was minimal – about $0.03 per unit more – but customer satisfaction jumped 40%.

"I've found that energy efficiency offers the fastest ROI in sustainability initiatives. From my experience, smart energy management typically cuts operating costs by 25-35%," Lokenauth says. "One of my clients saved $12K in their first year just by upgrading to LED lighting and smart thermostats." But here's what really matters – consumers notice these changes. Lokenauth conducted surveys at 20 locations that implemented visible energy-saving measures (like LED lighting and solar panels), and 70% of customers said it improved their perception of the brand.

"They're not just saving money – they're building loyalty," Lokenauth says. "Based on my research, sustainability initiatives create powerful emotional connections with customers. The secret is making sustainability visible. When I implemented digital receipts at several stores, we put up engaging signage about saving trees. Customers started choosing these stores over competitors specifically because of their environmental stance. It's become a major differentiator in what's traditionally been a commodity business."

Stuckey's is currently exploring partnerships with organizations like Too Good To Go, which connects businesses with consumers to purchase surplus food, thereby reducing waste.

"In the United States, food waste is estimated at between 30 to 40 percent of the food supply, making it the single largest category of material placed in municipal landfills," Stuckey says. "By participating in such initiatives, we aim to decrease waste disposal costs and provide consumers with affordable, high-quality food options. The c-store industry's future lies in embracing innovative, sustainable practices."

As the former head of sustainability for the City of Atlanta and director of an environmental nonprofit, now leading a small CPG and licensed c-store brand, Stuckey has seen sustainability from both the policy and business sides. One key takeaway? Sustainability isn't just about the environment – it's about economic viability too.

"These initiatives – sustainable packaging, recycling programs, EV charging stations – come at a cost. If we want real, lasting change, sustainability has to make financial sense for businesses, and consumers need to be willing to invest in it," Stuckey says. "At the end of the day, it's not just about saying you support sustainability – it's about backing it with your purchasing power. Consumers need to help us by putting their money where their values are, and together, we can create real impact."

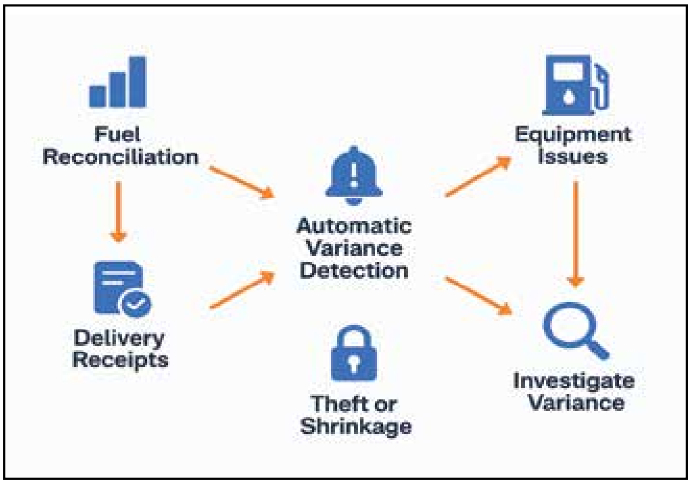
From Lokenauth's industry analysis, the gasoline marketing and c-store industry is just scratching the surface. He's seeing incredible innovations in smart building technology that'll revolutionize energy management. One system he's testing with clients uses AI to optimize refrigeration temperatures, potentially cutting energy use by 50%.

"The next big wave – and I'm already implementing this with forward-thinking clients – is closed-loop systems," Lokenauth says. "Think on-site composting, water recycling, and zero-waste initiatives. One store I consulted for hasn't sent anything to a landfill in three months. I've also noticed that sustainability initiatives attract higher-value customers. Stores implementing comprehensive green programs see average transaction values increase by 15 to 20%. These customers tend to be more loyal and spend more per visit.

Of course, successful sustainability programs involve staff training and incentives. "When employees understand and care about these initiatives, they become sustainability ambassadors," Lokenauth says. "This creates a ripple effect in the community."★

The Tedious Task of Investigating Fuel Inventory Variances

BY TONY CAPUTO, WARREN ROGERS



Investigating fuel inventory variances remains one of the most labor-intensive and disruptive tasks for fuels compliance, maintenance, and accounting managers. Suspected inventory loss can consume days of follow-up, pulling resources away from standard operations to isolate the source of discrepancy. Much of this cost of doing business is off-the-books and uncalculated, consuming many extra hours of staff time and thousands of dollars of expense. The investigations also lead to long hours and other work not being done in a timely manner, if at all.

Fortunately, many companies today employ technology to assist with decreasing the fuel variances they see in their daily tank inventories and the frequent investigation of suspected losses. Those practices could involve:

- The employment of real-time fuel monitoring and inventory reconciliation, tracking fuel transactions and tank movement to ensure what leaves the fuel tanks match what is dispensed. When suspected discrepancies are recognized, system alerts occur, the operator is informed through various means, and the suspected variances are investigated.

- The key to good fuel inventory control also begins with a good foundation. That foundation would include precision tank charting to ensure that the product levels in the fuel tanks are accurately tracked. Incorrect tank charts can occur due to unknown tilt of the tank in the ground or deformation of the tank since the tanks were installed, leading to a change in the physical size and dimensions of the tank. Precision tank charting can recognize these changes and adjust for more-accurate measurement. Incorrect tank charts lead to fluctuations from day to day in inventories and excessive "noise" that exists only on paper. Precision tank charting can eliminate a large portion of fuel variances, often as much as 80-90%.

- Proper meter calibrations at the dispenser can also lead to more accurate fuel inventories, decreasing your variances when less fuel is "given away" to customers due to out-of-tolerance meters. Some more-advanced electronic monitoring solutions can help to isolate meter "drift", allowing operators to target and adjust meters between regular calibrations or the once-a-year visit from state inspectors. Often, meters can drift for days or months before the next inspection, leading to hundreds or thousands of dollars in fuel loss and variance going undetected. Multiplied across dozens or hundreds of dispensers…well, you get the picture!

- With some fuel monitoring systems in place, fuel BOLs can also be compared to the physical product entering a fuel tank during a delivery. Variances can be noted related to delivery shortages and the loss related to temperature and travel time from the terminals. These physical losses or gains are inherent in the fuel business. Other variances can be traced to unintentional delivery shortages, driver theft, the placement of a particular product grade in the incorrect tank, or other anomalies.

However, in many cases, the fuel operator may lack the technical solutions available on the market and depend more on more traditional methods of fuel accounting. So, where do they start when a suspected loss has occurred?

The investigation typically begins with a fundamental question: "What is the root cause?" In many cases, there is limited initial data—only that internal reconciliation or statistical reports show several hundred or thousands of gallons of product unaccounted for at a specific location. Many times, the tracking could be as simple as an Excel worksheet. ▶

The next diagnostic step is to determine whether the variance is associated with any alarms indicating a possible release. This includes checking for active tank or line leak detection alarms, failed sensor readings, or abnormal pressure changes. In the absence of alarms, a physical release of fuel is less likely, but if any indicators are present, escalation is required. This may involve isolating the affected system, issuing a shutdown of fueling operations, and initiating a site inspection. Followed by required reporting to state regulators of the suspected release and investigation, consuming more staff time and attracting undesired attention from regulators.

A proper field investigation typically includes a visual inspection of all accessible containment areas (e.g., submersible sumps, dispenser sumps, spill buckets), verification of sensor positioning and status, and pressure or line tightness testing as required under regulatory protocols. Third-party contractors or certified company maintenance technicians usually perform this work.

If physical product loss is ruled out, the variance may be attributable to non-physical anomalies—such as meter drift, undocumented delivery discrepancies, equipment calibration issues, or potential theft. At this stage, cross-referencing POS transaction data, delivery records, and tank charts becomes essential for narrowing the list of probable causes.

Here are a few additional steps to take during your investigation:

1. **Review Daily Fuel Reconciliation Reports**
   - Pull data from automatic tank gauges (ATGs), back-office systems, or any wet-stock management software.
   - Compare daily tank meter readings with actual fuel sales from the point-of-sale (POS) system.
   - Look for volume discrepancies between deliveries, inventory, and sales.
   - Manual spreadsheets, back-office software, or wet-stock platforms can be good sources of data for your investigation.

2. **Cross-Check Delivery Receipts**
   - Match fuel delivery invoices against your automatic tank monitor tank readings at the time of fuel delivery.
   - Verify that the full load was delivered (no short deliveries or drops to the wrong tank).

Some challenges with this step are that delivery drivers don't always scan the BOL correctly into the tracking system, and inaccurate or missing BOLs (bills of lading) can complicate verification. An additional challenge with ATG readings is that fuel sales during the delivery time may be difficult or time-consuming to calculate with any accuracy. Your location may sell hundreds or thousands of gallons during a 30 to 60 minute fuel delivery, further clouding accountability. Some tank monitors can help to estimate this gap through the use optional modules, such as BIR, or Business Inventory Reconciliation.

3. **Inspect for Equipment or Meter Issues**
   - Look into possible causes like dispenser meter drift, slow flow rates, line leaks, or faulty sensors.
   - May involve dispatching technicians to test equipment or calibrate meters.

This can be time-consuming and costly if done manually or too late.

4. **Investigate Theft or Shrinkage**
   - Look for red flags like fuel drawn outside business hours, frequent manual overrides, or unexplained drop-offs in inventory.
   - Review security footage, driver logs, or transaction histories.

This often requires coordination between compliance, operations, and security teams.

5. **Audit Historical Trends**
   - Check historical variance trends to identify recurring patterns by site, shift, or product grade.
   - This step may help to identify chronic problems like leaky lines or systematic short deliveries.

This step of the process is still heavily reliant on spreadsheets unless a centralized dashboard or automation platform is in place.

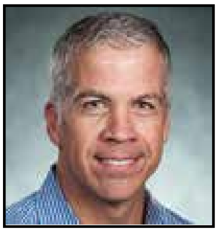
Common Pain Points with many of the manual steps noted prior:
- Too many systems that don't talk to each other
- Data entry errors or missing data
- Reactive vs. proactive problem solving
- Labor-intensive investigation process

How Automation Can Help (Big Picture):
- Real-time reconciliation with automated variance alerts
- Analytical or AI-based anomaly detection: The use of highly capable analytical software platforms designed to

detect anomalies between dispensed transactions and tank movement can alert the operator in more real-time and direct them more clearly toward the source of the suspected loss. This decreases the time of the investigation.

- Cross system integration (POS, ATG, delivery logs, etc.)
- Dashboard views across all sites
- Mobile alerts when thresholds are breached

In summary, fuel operators should assess the amount of soft costs, maintenance dollars, and staff time devoted to suspected fuel variances. Challenge your staff to track and measure your next several loss investigations to give you a better financial picture of what these investigations cost you in real dollars and profitability. Compare the costs and frequency against what the use of better monitoring technology might bring to the table. Being able to react faster to suspected losses can pay huge dividends, decreasing site downtime, environmental cleanup and maintenance costs, state reporting time, distraction to the business, staff overtime (often unpaid for salary positions), and ruling out the numerous things that have nothing to do with the actual loss. Each of these steps in the process can consume huge amounts of your profit in the meantime and better use of today's technology may help decrease your costs dramatically. ★



Tony Caputo has worked in the fuel, convenience, and grocery industry for over thirty years, holding a variety of corporate and division leadership positions at The Kroger Co., Kroger SPG & Convenience Group, and EG America. He has extensive background and experience in marketing, merchandising, risk management, fuel management, environmental compliance, and operations. In prior roles, Tony was pivotal in the startup and implementation of The Kroger Co.'s 1,600 location fuel program, including the introduction of the Shell affiliate program and leadership of their national fuel merchandising and on-site marketing programs. Transitioning to EG America, Tony oversaw EG's US corporate risk and environmental programs for 1,100 convenience locations.

Tony joined the Warren Rogers' team in 2020 and supports the growth of Warren Rogers and lending insight into the continued development of their advanced wet-stock management tools. Tony enjoys helping fuel operators better understand ways to improve their overall efficiency in the forecourt and assist corporate staff in streamlining their compliance, maintenance, and supply roles.

Tony can be reached at tcaputo@warrenrogers.com and (M) 540-314-6210.

In the Middle of a Food Desert? Turn Your C-Store into an Oasis.

BY BRE OTERO, DIRECTOR OF REVENUE MARKETING, PDI TECHNOLOGIES

Thanks to evolving consumer behavior and a growing appetite for "something different," upping your foodservice game could give today's diners exactly what they're hungry for. That's especially true if your c-stores reside in what's commonly known as a "food desert." You know, the type of area starved of good restaurant options or one that serves up the same stale food choices as everywhere else.

As the convenience retail channel continues to experience flat in-store sales, adding some fresh ingredients to your foodservice offerings can give your business the boost it needs. Faced with increasing demand for higher-quality food options, many c-store operators are cooking up new strategies such as made-to-order meals and premium grab-and-go selections, including fresh sandwiches, salads, and specialty coffee.

The recipe for success is knowing how to maximize the potential returns. Foodservice is already delivering a significant profit boost for large chains, small chains, and even independent operators. The secret sauce is figuring out how to transform your stores from a one-time stopping point to a destination spot that customers find too delicious to resist. To put it more simply, this means becoming more like a restaurant.

Dishing Out High-Profit Growth

If you've been stewing on foodservice ideas, you realize that there's risk involved. Done well, foodservice can be a huge profit center. Done wrong, foodservice can quickly become a bitter pill for your operations and staff to swallow. Fortunately, there are some compelling incentives to make an investment today:

- Foodservice is one of the most effective ways to differentiate your brand and your stores.
- It's a great way to attract younger shoppers, the primary demographic with an appetite for c-store food purchases.
- It typically delivers the highest margins for in-store purchases.
- It can help you increase dwell time and basket spend while beefing up your ability to compete with quick-serve restaurants.

The primary difference between a five-star foodservice operation and a half-baked one is your ability to leverage market intelligence and the right technology solutions. Digital transformation is critical, because you often need to modernize your operations to satisfy consumer cravings. That might entail crafting healthier foods, offering mobile ordering and payments, or even broadening your menu to include curbside pickup and delivery.

Improving inventory management is one of the key ingredients for reducing waste and increasing profitability. The right blend of new technologies, improved data, and integrated systems will help you forecast, plan, and manage your foodservice production with precision. Here are four areas where you can start. ▶

1. Increasing freshness

The market for healthier foods is ripening as plant-based snacks, organic offerings, and high-protein options become popular with health-conscious consumers. Market data and smart production planning help you understand what diners are craving. And the more you understand the shelf life requirements for fresh food items, the more you can accurately forecast while minimizing profit-consuming spoilage.

2. Knowing what to make—and when

Predictive analytics help store-level staff know what to make, how much to make, and when to dish it up. For example, you can make it easier for your store employees to know exactly when to stop making breakfast burritos and switch over to freshly prepared sandwiches. This type of intelligent scheduling based on business rules and food production criteria helps eliminate tedious and error-prone manual processes.

3. Adjusting for dayparts and seasonality

Time-of-day forecasting with automated job scheduling can help you predict what items to serve by store and daypart—or even season of the year. Likewise, if you're running a big promotion, you'll need to be prepared. Combining sales forecasting with job scheduling ensures you can deliver on what you're promising without getting burned.

4. Customizing the culinary experience

A successful foodservice program should reflect the latest consumer trends, including regional tastes. For example, street tacos might be a hot item for some stores, while hoagie sandwiches are more palatable in other locations. Understanding your diners and their food preferences is critical, but don't be afraid to spice it up with some new items or flavors.

Co-branding partnerships with regional food suppliers and local brands can also add authenticity, while pop-up collaborations with well-known brands can create new revenue opportunities. And don't forget about sustainable packaging—a growing expectation that many consumers, especially in younger demographics, are hungry for.

Investing in the Right Technology

As convenience remains a top priority for consumers, stores that invest in digital transformation and expanded foodservice offerings are primed for growth. The right technology solutions can help you fine-tune your foodservice program to attract diners and keep them coming back for seconds—and maybe even thirds.

To explore how you can take a fresh approach to foodservice, visit pditechnologies.com.★

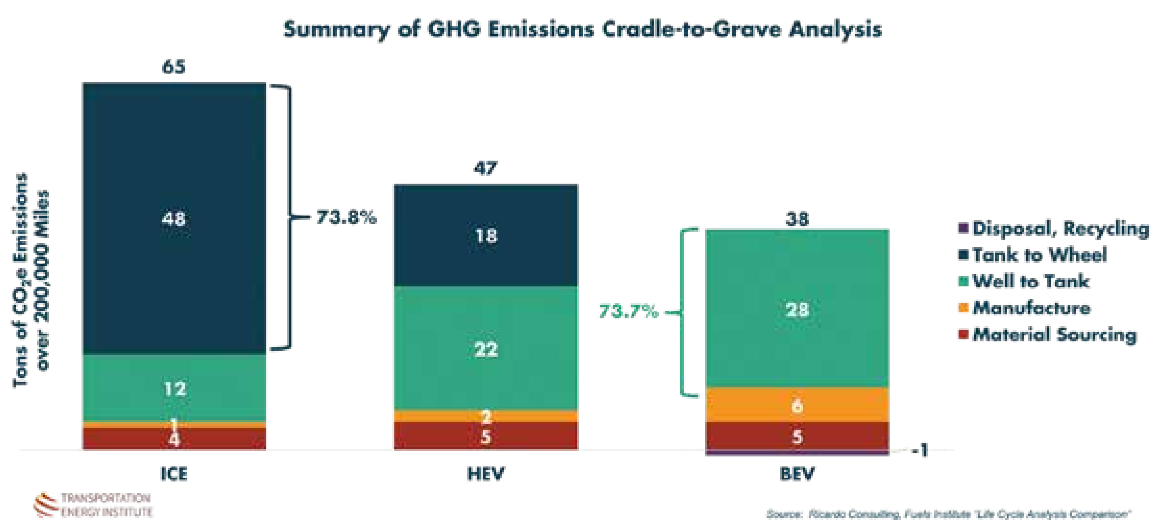
Benefits of Using Life Cycle Analysis

BY JOHN EICHBERGER, TRANSPORTATION ENERGY INSTITUTE

In March 2025, the Transportation Energy Institute published a short white paper, "Using Life Cycle Assessment to Evaluate the Light Duty Vehicle Transportation Sector."[1] Why? Because there remains a lack of awareness outside of those actively engaged in LCA about what it is and why it matters. Bottom line, if we actually want to reduce emissions and improve efficiency of operations, we have to look at every stage of the product life cycle. Achieving sustainable emissions reduction is only possible if we identify the most efficient means for reducing emissions which can result in economically sustainable investments. TEI has spent several years helping demonstrate what this could mean for transportation energy.

Broad Understanding

First, to provide context we can take a look at the comparative analysis we published in 2022, "Life Cycle Analysis Comparison: Electric and Internal Combustion Engine Vehicles."[2] *(This report was sponsored by SIGMA's Fuel Foundation.)* This paper looks at life cycle emissions of three small sport utility vehicle with different powertrains - internal combustion engine (ICE), hybrid electric vehicle (HEV), and battery electric vehicle (BEV). A key finding in this study demonstrated that more than three-quarters of emissions over a 200,000-mile expected lifetime for all three powertrains come from the energy they consume, whether that be liquid fuel or electricity. Consequently, the greatest benefit to the environment will be achieved by reducing the carbon intensity of both fuel and electricity. ▶



1. *https://www.transportationenergy.org/research/reports/using-life-cycle-assessment-evaluate-light-duty-vehicle-transportation-sector/*
2. *https://www.transportationenergy.org/research/reports/life-cycle-analysis-comparison-electric-and-internlife-cycle-analysis-comparison-electric-and-intern*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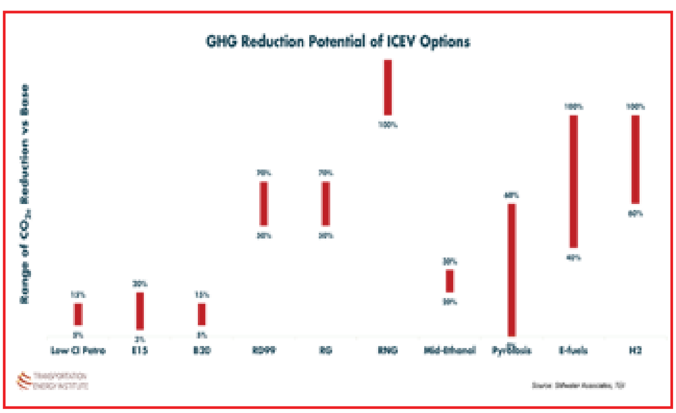
Looking at the Fuel

Subsequent to this study, we published a few more looking at the opportunities for reducing emissions from liquid fuel:

- Assessment of Biofuels Policy: Effectiveness of Emissions Reductions[3]
- Future Capabilities of Combustion Engines and Liquid Fuels[4]
- Decarbonizing Combustion Vehicles: A Portfolio Approach to GHG Reductions[5] *(Sponsored by the SIGMA Fuel Foundation)*
- Balancing the Benefits of Biofuels: The Economics of U.S. Crop-Based Fuel Production[6]
- E-fuels: Evaluating the Viability of Commercially Deploying E-fuels in Road Transport[7]

What these studies discovered was a wide variety of options for reducing the overall carbon intensity of liquid fuel, from the oil and corn fields through the blend ratios of petroleum and biofuels. Many of these options would not only result in lower emissions of the final product, they could also contribute to more efficient production methods and yield improved financial returns, a compelling opportunity that would simultaneously benefit the environment and the companies involved fuel production.

The following chart summarizes some of the opportunities identified in our Decarbonizing Combustion Vehicles study. Imagine if we were able to apply several of these opportunities and combine them into a final fuel – the carbon reduction potential would be significantly greater than relying on just one single option.



The followings charts show the carbon reduction potential for blending ethanol and biodiesel based upon Argonne National Laboratory's GREET model and calculated through TEI's Carbon Avoidance Tracker. It is important to note that the values presented below are national averages – biofuels from feedstock that was produced using advanced agricultural practices could yield significantly lower carbon intensity values.

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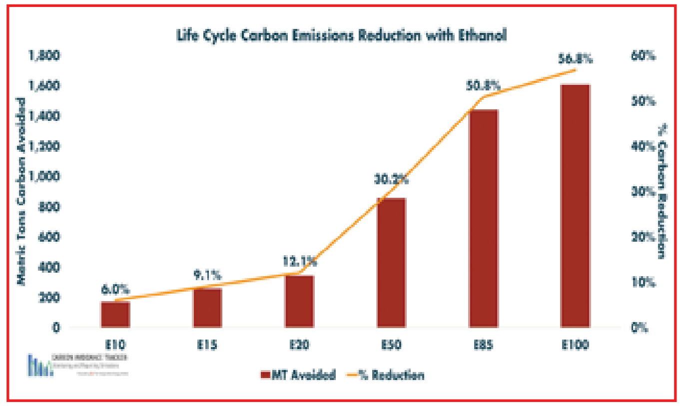
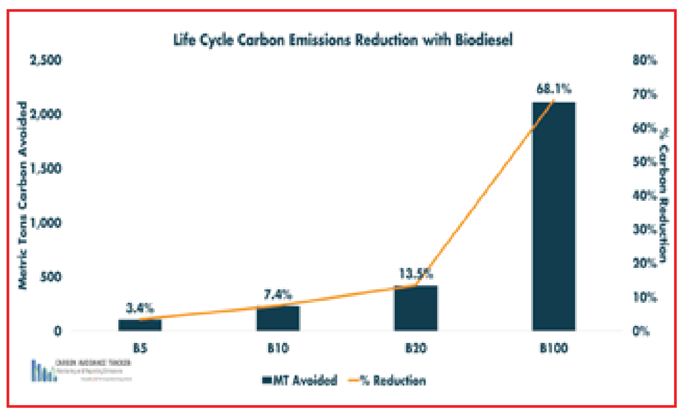


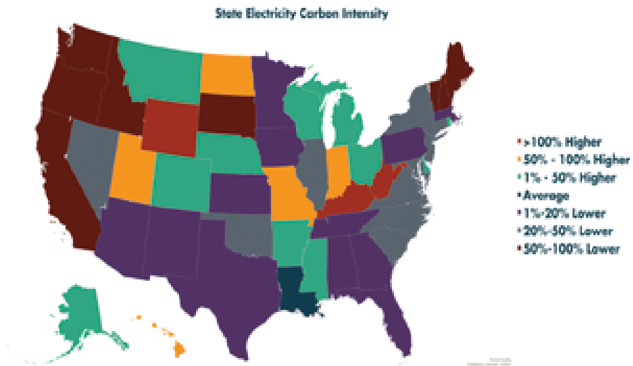


Reducing Emissions from Electricity

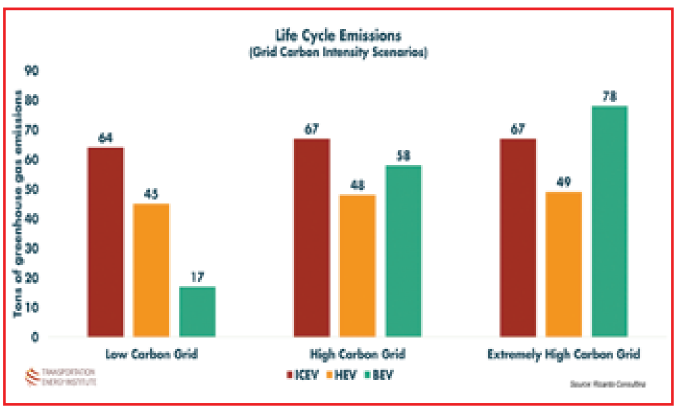
The Transportation Energy Institute has not commissioned research into how we might reduce the carbon intensity of the electricity used to power BEVs. There are many organizations working on that objective so we have focused our efforts to supporting the profitable deployment of an EV charging infrastructure, recognizing that if businesses cannot generate a positive return on their investment the chargers the market may never need to be installed. However, it is critical that ▶

3. *https://www.transportationenergy.org/research/reports/assessment-of-biofuels-policy-effectiveness-of-emi*
4. *https://www.transportationenergy.org/research/reports/future-capabilities-of-combustion-engines-and-liqu*
5. *https://www.transportationenergy.org/research/reports/decarbonizing-combustion-vehicles-a-portfolio-approach-to-ghg-reductions/*
6. *https://www.transportationenergy.org/research/reports/balancing-the-benefits-of-biofuels/*
7. *https://www.transportationenergy.org/research/reports/e-fuels-evaluating-the-viability-of-commercially-deploying-e-fuels-in-road-transport/*

BEVs are powered by lower emitting electricity. On a national average, U.S. power plants emit 794 pounds of CO2e for every megawatt hour of electricity produced. For purposes of illustration, below is a map showing states that emit more and less than the national average.



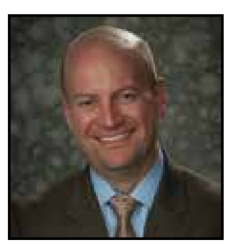
To demonstrate how the carbon intensity of the grid can affect the life cycle emissions of a BEV, the following chart shows how the average LCA of our 2022 report changes when accounting for regional carbon intensity of electricity generation.



Takeaways

The bottom line is that by focusing on every part of the life cycle and supply chain, we can identify the best opportunities to reduce emissions, enhance efficiency, remove waste, and boost profitability. But if we do not think about transportation as a complete system, finding such opportunities may prove elusive.

Whether your objective to reduce emissions or boost efficiency and profitability, a life cycle analysis is a critical element to the evaluation of a system. ★



John Eichberger is Executive Director of the Transportation Energy Institute, a non-profit, independent think tank founded and managed by NACS, the association for convenience and fuel retailing. Drawing diverse stakeholders from the vehicle and fuels industries, the Institute encourages multi-industry collaboration and produces credible, independent analytical reports to better inform business leaders and policymakers about opportunities and challenges in the vehicles and fuels markets.

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Corporate Veil: An Important but Often Overlooked and Misunderstood Concept

GUEST CONTRIBUTOR ON BEHALF OF MATRIX CAPITAL MARKETS GROUP, INC.
BY: JAMES W. DIERKING, WINTHROP & WEINSTINE

Some business professionals in the downstream energy and related industries may have heard the term "corporate veil" somewhere along the line in their careers. However, many have not, or have disregarded it as some archaic legal idea that has no bearing on their companies or their business operations. While it may not arise on a frequent basis, nevertheless it is an important concept to be considered carefully in establishing, structuring and operating a business enterprise. With the owners' personal liability potentially on the line, appropriately structuring a business enterprise is very important in protecting the business and the owners.

This article will address a number of commonly asked questions about organizational structuring, the corporate veil, and actionable steps owners and executives can take to better situate the organization to protect against future liability:

1. Why is a corporate veil important?

At the most basic level, the "corporate veil" refers to certain legal protections that shield an individual business owner (or group of shareholders/owners) from the liabilities and obligations of their business entity – whether it be a limited liability company ("LLC"), corporation or one of a number of other legal entity types. When functioning appropriately, this "veil" prevents the obligations and liabilities of the entity from flowing through to the owners. Similarly, a "veil" can function to shield the liabilities and obligations of one business entity within a more complex overall enterprise structure from the liabilities and obligations of another entity within that structure.

This separation between individuals and a business entity or between business entities that are part of a larger enterprise structure, is at risk of being "pierced" when a court decides to disregard the otherwise expected separation, thereby opening up the owners to personal liability for the obligations, debts, etc. of the business, or exposing the assets and operations of one entity to the liabilities and obligations of another.

2. What steps are needed to establish separate legal entities?

Many organizations in the fuel business operate as part of a larger, integrated group of distinct businesses.

> *For example:* The overall group of companies may include a fuel distribution business, a retail gas and convenience store business, a trucking business (with individual trucks/drivers), and a home heating oil or propane business. ►

Often, these organizations find it beneficial to set up each business within its own legal entity, with the group of businesses typically connected through common ownership and control and several key contractual arrangements. In operations that are structured with multiple entities under a corporate umbrella or similar control structure, a related concern is protecting each entity in the structure from the liabilities and risks of each of the other entities in the structure.

One of the most common arrangements is to establish a holding company, owned by the owners of the business enterprise. This can be set up as a corporation, limited liability company or partnership, depending on the particular ownership, tax and other considerations. Beneath the holding company, each business unit is organized in a separate legal entity and each of these entities are (often) wholly-owned by the holding company. In some cases, tax and other corporate motivations can result in the organizational structure having multiple levels, but there is most commonly a single entity at the top of the structure. One important objective of a structure like this is to isolate the potential risks and liabilities of each business to that business entity itself, rather than exposing the entire enterprise to the risks of one particular business operation.

For example: An incident that occurs in the trucking business might expose the company to material liability (e.g. a product spill, an accident causing death, etc.), but a properly established and maintained organizational structure could keep the liability and exposure from that incident with the trucking company, while sheltering the retail business, the fuel distribution business and other businesses in the structure which are owned by separate entities.

3. What's the risk of disregarding the corporate veil concept?

While plenty of organizations, big and small, choose to operate this way – some marketers have entire truck fleets held by their operating company, which also holds all corporately-owned convenience stores and other real estate assets.

The primary risk is that the assets of the entire business enterprise, and maybe the underlying owners/shareholders (including personal bank accounts), are exposed to liabilities existing within one of the businesses. In addition, an individual shareholder or officer may be held personally liable for their own negligent conduct. Courts in various jurisdictions have held owners/officers liable for their actions – determining, based on the applicable facts, that it was appropriate to look beyond the corporate entity to the individual actor.

Insurance is another primary concern. If assets of the entire business enterprise are held by a single operating company, insurance obtained by that entity may be insufficient to cover the scope of prospective liabilities or potential claims for each segment of the business. In such a case, denied or underinsured claims resulting in judgments will be collected from the assets of the overarching enterprise, not just the individual business entity at issue, potentially bankrupting a multi-channel organization unnecessarily.

Another risk is less flexibility or added complications in selling off one or more distinct businesses within the enterprise. A sale transaction involving one business unit or division that is held in a separate entity is generally smoother, cleaner and less expensive than one that is held within a single company that also includes other business divisions that are not being sold.

4. How easy or likely is it for a court to pierce the corporate veil?

Generally speaking, there is no "hard and fast" rule for determining whether any particular structure will hold up in court. Attempts to pierce the corporate veil turn on the facts and circumstances of each particular case, and the specific tests used to determine whether the veil will be pierced depend on the applicable state law. *Notwithstanding this state and factual variance, the law generally favors the "limitation of liability" feature of corporations, limited liability companies and similar legal entities.* This means that, as a general rule, liabilities and obligations of such entities remain with the entity, and do not extend to the owners, officers and directors of that entity.

That said, there are operational steps an organization can take to reinforce the separate nature of an owner/business or between various businesses up and down the chain. When helping clients establish a structure and manage operations in a way designed to maintain the liability shield described above, there are several factors that we take into consideration. Some of these factors fall into a general category of "corporate formalities", such as the following:

- Holding out each entity to the public as a separate, distinct entity (e.g. use separate phone numbers and email addresses, separate logos, use the appropriate business names on your invoices, etc.);

- Properly capitalizing each entity for the specific business being conducted by that entity (e.g. provide each entity with sufficient capital to carry out normal business functions and meet reasonably anticipated obligations);

- Ensuring that each entity in the structure has a board of directors or governors, that each board elects officers or managers, and that annual or other periodic board meetings are scheduled to conduct the business of each entity (including the taking of meeting minutes, etc.);

- Documenting business dealings between entities through written agreements;

- Maintaining separate bank accounts, books, and records, and avoiding any commingling of personal and business assets;

- Ensuring that any "sharing" of funds between entities is carefully documented and described (e.g. intercompany loans should be reflected as such on the books of each entity involved); and

- Ensuring that loans to and from shareholders are carefully and adequately documented – use of business

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assets or corporate funds for personal purposes is a big "red flag."

The general principle is that the "separateness" of each entity should be reflected in the daily operations and in the corporate books and records for each entity in the structure.

5. Separation can be burdensome – is there anything I can do to ease the pain?

Although maintaining "separateness" is of critical importance, there are practical business operational concerns that can be addressed by contractual arrangements. For example, it could be unwieldy and expensive for each entity in this type of structure to handle its own administrative matters, including functions such as accounting, insurance and human resources. In these situations, we often help our clients create administrative services or similar agreements, so that these types of functions can be performed by one entity (often at the holding company level) for all of the entities in the structure. So long as these agreements apportion costs and expenses among the entities on a reasonable basis, they can allow for greater efficiency, while not undermining the goal of shielding the entities from their respective liabilities. In addition to these agreements, we also recommend that entities within the structure that are doing business with one another (e.g. the fuel distribution company supplying the gas and c-store company) do so under written agreements that are on customary industry terms and conditions.

There is no guarantee that any particular organizational structure will survive any and all attempts to pierce the corporate veil. However, establishing and maintaining an entity structure that respects the separateness of the entities in the structure, and putting in place agreements among the companies for any shared services or inter-company transactions, can provide strong arguments that the liability of any one or more entities in the structure should stay with those entities.

We always recommend that companies seek sound legal, tax, and accounting advice in creating their organizational structures, as each situation can present unique goals and issues. ★

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If you'd like to learn more about the legal implications of piercing the corporate veil or about structuring your business, visit us at www.winthrop.com

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