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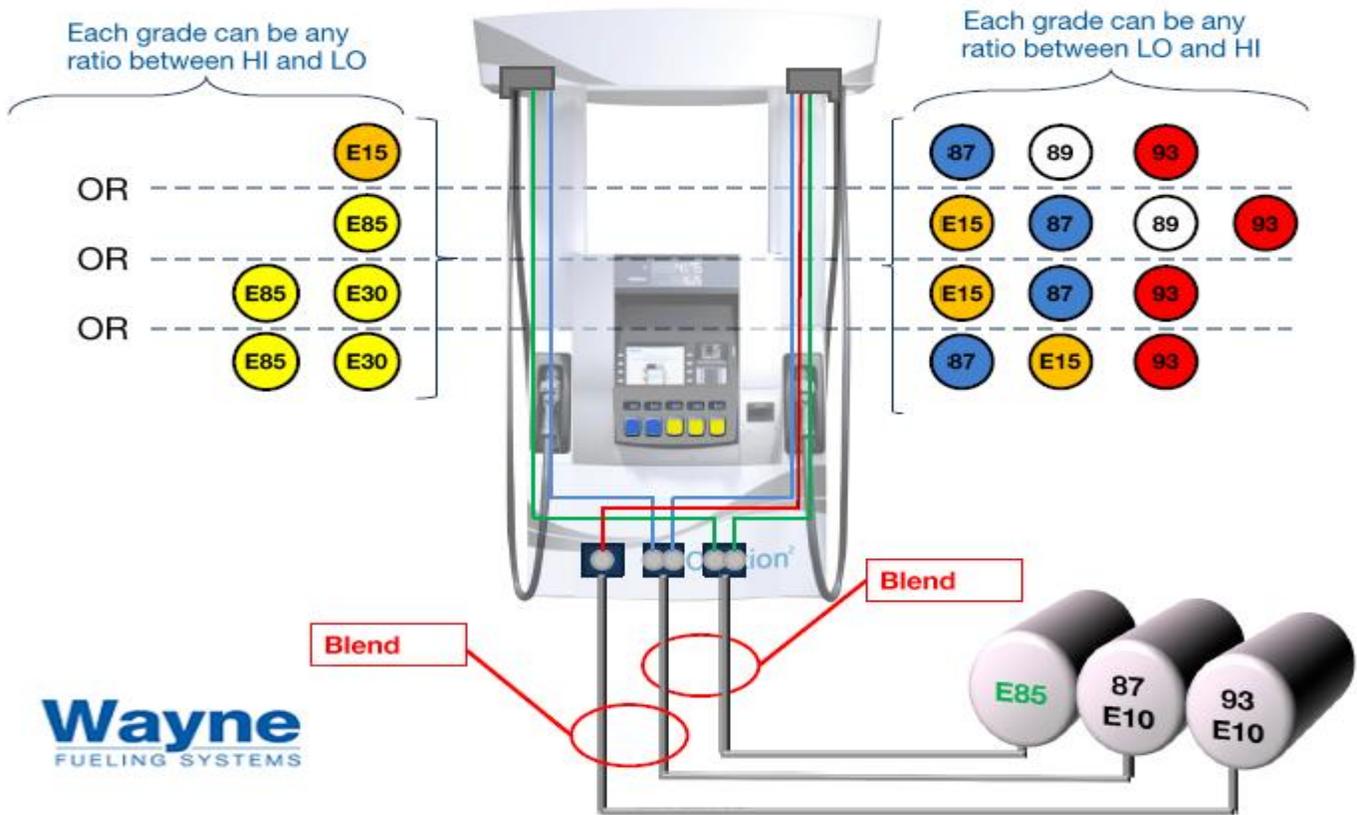
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CUSTOMER NEWSLETTER

October, November, and December 2014

Wayne Fueling Systems New Dual Hose Blender -Be prepared for the future-



Ethanol is currently the fastest growing alternative fuel and the EPA has ruled that fuels with E15 or less must be sold through a different hose than E16 or more. To address this issue, Wayne has developed new software and valving in its popular Ovation dispenser that allows for fewer hoses and a cleaner look than competitors models currently available. With three tanks you could sell up to 8 different products.

ALTERNATIVE FUELS

What's next for fuels?

What fuel will replace gasoline as the dominant energy source for personal transportation? The Magic Eight Ball says to ask again later, much later. In fact, gasoline is projected to remain the market leader for the next 30–50 years. However, other fuels will slowly cut into its market share

According to “Tomorrow’s Vehicles,” a report released last fall by the Fuels Institute, the market share of light duty vehicles (LDV) powered by gasoline could in fact drop from 93.2% in 2012 to perhaps as low as 82.6% in 2023 - a 10% drop in just 10 years. Further, the U.S. Energy Information Administration (EIA) forecasts gasoline consumption to drop 24% by 2040.

In the near term, most of the demand switch will be driven by diesel engines and flex fuel vehicles (FFVs). The Fuels Institute forecasts diesel vehicles could increase market share from 2% to as much as 7.2% by 2023 and EIA projects diesel demand to increase 26%.

Meanwhile, while the number of FFVs could double to reach 9.3% of the market by 2023, the impact on gasoline demand should be minimal as EIA forecasts E85 sales to increase to approximately 3.4 billion gallons by 2040, or just 3% of the projected gasoline market.

Diesel and E85 are products with very similar consumer qualities to gasoline, so it makes sense they could impact the gasoline market, but what about the other alternatives?

Consumers will make the ultimate decision - they buy cars and they buy fuel. In survey after survey, we have found that the number one factor in their decision making process is money.

Consumers told the Fuels Institute that fuel economy and the cost of the vehicle were the most important factors when deciding which vehicle to purchase. And they repeatedly tell NACS (National Association of Convenience Stores) that they shop for fuel primarily by price and are willing to inconvenience themselves to save money at the pump.

So how do the most popular emerging technologies currently stack up to consumer needs?

Natural gas: Compressed natural gas (CNG) is favorable from a fuel perspective - it is being sold at retail for approximately half the price of a gasoline gallon equivalent. However, converting a vehicle to operate on CNG can cost \$6,000 or more, which is a big disincentive for consumers. Fleets, however, seem more inclined to make the investment in vehicles and represent early growth opportunities. The forecast growth for CNG for the light duty fleet is slow for the next 10 years, but economics could accelerate the growth in the following years.

Electricity: Cost is not the limiting factor with electric vehicles (EV), as vehicle costs are coming down with the introduction of more competing models. Further, residential recharging is considered more affordable than buying fuel at retail. However, EVs are not projected to gain significant market share (less than 1.5% by 2040 according to EIA). Range anxiety and slow recharge capabilities are the primary limiting factors, and a breakthrough in battery technology does not seem eminent. While this is a category to watch, retailers need not fret - yet.

Fuel Cells: The amount of money invested by auto companies in fuel cell vehicles renders this new technology one to watch. Vehicle costs are coming down and the cost of hydrogen will come down as well. Infrastructure roll out is being coordinated by the U.S. Department of Energy and the strategy seems sound for a new market, but expense and complexity must yet be overcome. It is far too early to gauge consumer acceptance, but the efforts being made make this a potentially viable long term option --*Petrol Plaza*

THOUGHT FOR THE DAY:

“The highest reward for a person’s toil is not what they get for it, but what they become by it.” – John Ruskin

SAFETY/MAINTENANCE TIPS:

An employee was transferring gasoline from one underground storage tank to another using a power takeoff (PTO) pump mounted under the catwalk of a tanker truck. While the transfer was in process, the discharge pipe of the PTO pump broke open and the pump sprayed fuel into the air and onto employee. The employee attempted to shut off the pump but the fuel ignited before he could do so. The employee sustained significant burns to his upper body. This accident serves as a reminder to inspect equipment prior to every use/ A deadman switch on the pump, which would stop the flow of the fuel in the event of a spill, could have contained the spill. A fire extinguisher should be located in the work area, and that workers in the petroleum industry should never forget that are working around flammable fuels and always keep the "Fire Triangle" (Fuel-Oxygen-Ignition) in mind. –*PEI Safety Letter*

PRODUCT INFORMATION:



Corrosion Control -Today's fuels can make for a highly corrosive environment for submerged pumps, piping etc. The ***Iron Ox Company*** has put together a corrosion prevention kit for the convenience store industry that is economical, non-flammable and user friendly. If you want to lower your maintenance costs, reduce downtime caused by corrosion and extend equipment life then call a McKinney sales person at 251-661-8800.

Now stocking Husky fuel nozzles and accessories

Husky Corporation produces high-quality nozzles, swivels, Safe-T-Breaks® and accessories for service station fuel delivery systems. For more than 60 years, it has been the cutting edge of developing and manufacturing products to ensure consumer and environmental safety at the gas pump. Its product line features nozzles for vapor recovery, conventional fueling, truck and high volume, farm and commercial, and convenience stores.

ON THE LIGHTER SIDE:

Church bulletin humor

- Ladies, don't forget the rummage sale. It's a chance to get rid of those things not worth keeping around the house. Bring your husbands.
- A bean supper will be held Tuesday evening in the church hall. Music will follow.
- Next Thursday there will be tryouts for the Choir. They need all the help they can get.

Industry Highlights

Visa USA introduces software to fight fraud at fuel pumps

Unattended gasoline pumps are a favorite place for crooks to test stolen or counterfeit credit cards before going on a shopping spree. Now Visa is trying to cut off the fuel supply. The payment card giant is rolling out new software aimed at predicting whether it's you or a thief trying to fill up at the pump

The program uses some 500 pieces of data - including a cardholder's transaction history and real-time reports on hot spots for fraud - to instantly flag high-risk transactions after customers swipe their cards. Called Visa Transaction Advisor, the software produces a risk score ranging from zero to 99. The higher the score, the greater the risk of fraud.

If a threshold set by the gas station operator is exceeded - say, getting a score higher than 60 - customers get a message at the pump asking them to complete the sale inside, where a clerk can ask for additional verification.

An analysis of the 6-month-old service showed that fraudsters drove away after seeing the message, while legitimate customers went inside to pay, said Mark Nelsen, Visa's vice president of risk products and business intelligence. "We could see when the card was rejected, and a subsequent transaction did not occur, that we could identify those that had fraud committed later on," Nelsen said. Most customers won't notice the system because only a very small percentage of transactions - about 1 in 1,000 - should get flagged, he added.

So far, roughly 25,000 gas stations are using the technology, including Chevron and Shell, Mr. Nelsen said. Chevron experienced a 23 percent drop in card fraud at the pump during a two-month pilot test launched in late January, he said.

FAMOUS QUOTES: Tis the season!

- "Gentlemen, it is better to have died a small boy.....than to fumble THIS football"- *John Heisman*
- " I make my practices real hard... because if a player is a quitter... I want him to quit in the practice, not in the game." – *Bear Bryant/ Alabama*
- "It isn't necessary to see a good tackle...you can hear it."- *Knute Rockne/ Notre Dame*

DID YOU KNOW...?

- "Stewardesses" is the longest word typed with only the left hand and "lollipop" with your right. (Bet you tried this out mentally, didn't you?)
- No word in the English language rhymes with month, orange, silver, or purple.
- "Dreamt" is the only English word that ends in the letters "mt". (You're not doubting this are you?)

McKINNEY HIGHLIGHTS

Advancing the common good.

We are proud to once again have 100% employee contributions toward this years United Way's Drive. Advancing the common good is less about helping one person at a time and more about changing systems to help all of us. United Way strengthens neighborhoods, bolsters the health of our communities and changes the lives of those who walk by us every day by helping and collaborating with local and nonprofit agencies, and providing financial, volunteer, and advocacy support.

A Warm Welcome!

We'd like to welcome the newest addition to the McKinney family, Tamara Mizell. Tamara's background is in banking and administration and she will be involved with the same duties here at McKinney. Tamara and her husband have 3 children that keep her very busy outside of work.



EQUIPMENT FOR SALE

- 1 ea. - Orbit Scanner for Ruby ----- \$175.00
- 2 ea. - Veeder Root Site- Fax Modem, Used ----- \$600.00
- 2 ea. - New 20,000 Gallon Double Wall Tank with emergency vents and Epoxy coating. ----- Negotiable
Also, tank has lining that can handle Jet Fuel, Biodiesel, etc. For more information
Contact Rex Hogland (205) 240-4347

Contact any of our salesmen for more information – 251-661-8800 or 1-800-476-7867. Find many more clearance and sale items at our on-line store www.mckinneypetroleum.com.