

# **Remarks by Dawna Leitzke, Executive Director of the South Dakota Petroleum and Propane Marketers Association**

**November 20, 2007**

**Bismarck, ND**

## **Energy and Water Appropriations Subcommittee**

Good Afternoon Chairman Dorgan and Members of the Committee. My name is Dawna (Dawn ó a) Leitzke (Light ó ski) and I am the Executive Director of the South Dakota Petroleum and Propane Marketers Association. I appreciate the opportunity to provide you with a picture of the fuel supply situation in South Dakota.

In May 2007, petroleum wholesalers and marketers started to see major outages at pipelines throughout the state of South Dakota. These outages were most apparent in Sioux Falls, SD. The first week of May, marketers/wholesalers had no gasoline to load from the pipelines because there simply was no product available. This outage continued for about 10 days. Since May 2007 our supply issue has only gotten worse. Marketers/wholesalers have continued to struggle to find gasoline and diesel fuel at all the pipeline terminals in South Dakota and throughout the region. My members have experienced long waits at the terminals ó in some cases they have had to wait up to 12-16 hours sitting in line just to load a transport.

In early June 2007, I went to Governor Rounds and asked for an Hours of Service Waiver for marketers enduring these conditions. The first waiver was issued by Governor Rounds on June 15<sup>th</sup>. Since that day, South Dakota has had an almost continuous HOS waiver. Our present waiver is due to expire on December 7<sup>th</sup>. Unfortunately, the HOS waiver does not aid my members in receiving product.

My members or I have been in daily contact with pipelines and/or refiners asking the same question. When will we get fuel in South Dakota? The answer is always the same. No one knows. Our marketers do understand that this spring, summer and fall there have been many challenges for refiners ó floods, fires, maintenance issues have all contributed to this supply problem.

I feel that South Dakota is in a slightly different situation than other states in our region. We have no refineries, we are at the end of the pipelines, we have small volumes as compared to other states and marketers, and we have fewer brands than most markets. All these factors contribute, in my opinion, to the continued lack of fuel being shipped to South Dakota.

The majority of the motoring public has no idea what wholesalers/marketers face every day in their quest to keep gasoline stations, truck stops, farmers, state and local governments, and bulk facilities from running out of either gasoline or diesel. I commend my marketers/wholesalers for working long hours, waiting in long lines at the pipelines to ensure that our state's citizens and visitors do not run out of product. My marketers/wholesalers travel to Kansas, Colorado, Montana, Wyoming, Nebraska, Minnesota, Iowa and North Dakota in search of fuel. These drivers worked very hard all through the summer and into the beginning of the fall. Most marketers and their drivers were optimistic that the situation would resolve itself.

It did not. In early October 2007, Governor Rounds wrote letters to all refiners who supply South Dakota and requested that they put more wet barrels into the pipelines in order to get more product (gasoline and diesel) into South Dakota. Unfortunately, that did not happen.

In the last 2 weeks, our situation and lack of fuel supply has hit an all time low. Marketers/wholesalers who have been in the business since the 1960s have told me that this is worse than the oil embargo of the 1970s. Many tell me they have never seen supply or lack of supply this bad. We have had gas stations, truckstops and bulk facilities running out of product almost every day.

Last week I once again asked for the assistance of Governor Rounds. I also made personal visits to our Congressional delegation in Washington, DC. Governor Rounds and our Congressional delegation made personal phone calls asking refiners to help with this crisis situation ó requesting product be sent to the pipelines in South Dakota.

I continue to receive daily calls from marketers, state agencies within the state of South Dakota, and other fuel consumers asking me when the situation is going to improve. I honestly tell them I don't know and that I do not have any good news for them. It has been very frustrating for everyone involved.

I also have many stories from my members that are similar to what Mike Rud has just told you.

On behalf of the petroleum marketers, gas station owners, truck stops, bulk fuel haulers, and fuel wholesalers in the state of South Dakota, we ask for your help in alleviating this continuing supply problem.

Thank you for your time and I will stand by for any questions.