AGENDA ITEM NO 3.d

**REPORT TO MAYOR AND COUNCIL**

**TO THE HONORABLE MAYOR AND COUNCIL:**

DATE: April 22, 2014

**SUBJECT:** **MODIFICATION OF CONTRACT WITH PINNACLE PETROLEUM INCORPORATED TO PROVIDE & DELIVER UNLEADED GASOLINE ON AN AS-NEEDED BASIS (GENERAL FUND)**

## Report in Brief

Staff recommends amending the agreement with Pinnacle Petroleum Incorporated to reflect unanticipated price changes in the petroleum market. The staff recommendation will change the price in our contract to the daily OPIS San Jose Rack Average minus $0.0121 per gallon for deliveries of 7,000 gallons; and daily San Jose Rack Average plus $0.0078 per gallon for deliveries of 4,000 gallons.

## Background

The City of Concord maintains a fleet of 245 vehicles. The fleet consists of automobiles, trucks, and motorized equipment; most of which use regular unleaded gasoline.

The City of Concord contracts with qualified suppliers for the as-needed supply of 87 octane regular unleaded gasoline. The City's fleet consumes approximately 5,000-6,000 gallons of gasoline per month at the City's Corporation Yard and 8,000-9,000 gallons per month at the City's Police Department. In addition, the City sells approximately 500 gallons per month of unleaded gasoline to other government and nonprofit agencies. Fuel sold to outside agencies includes a ten-percent markup to cover the City's administrative costs as well as fuel purchasing and storage costs.

On August 14, 2013, the City solicited fuel supply bids from fourteen potential vendors through RFB #2272. The City Council awarded a contract to Pinnacle Petroleum Incorporated on October 22, 2013 to provide and deliver the unleaded fuel on an as-needed basis. Pinnacle Petroleum Incorporated has requested that pricing on the awarded contract be amended to reflect unanticipated changes in the petroleum market.

## Discussion

Pinnacle Petroleum Incorporated notified the City of changes in the petroleum market resulting from two unanticipated factors including: a) the RINs (Renewable Identification Numbers) associated with ethanol economics have materially changed; and b) the cost of ethanol that is blended into gasoline has increased from $2.58 to $3.465 per gallon (see Attachment A).

Pinnacle Petroleum Incorporated is requesting that the City change contract (Attachment B), pricing to the daily OPIS San Jose Rack Average minus $0.0121 per gallon for deliveries of 7,000 gallons and daily San Jose Rack Average plus $0.0078 per gallon for deliveries of 4,000 gallons. Doing so is projected to increase the cost with Pinnacle $4,250.00 per year (about 0.8%). The changes are modest and staff believes that the rationale provided by the vendor is reasonable.

Increasing Pinnacle's cost from an estimated $497,326.50 to $501,577.00 annually still makes Pinnacle Petroleum the lowest bidder when comparing to the responses of the August 14, 2013 RFB #2272.

## Fiscal Impact

The cost of fuel purchases was included in the City's adopted Fiscal Year 2013-14 budget, Fleet Internal Service Fund. The proposed increase is within the budgeted amount.

## Public Contact

Setting this agenda item provided advance notification that the City Council would consider adoption of the action described above on Tuesday, April 22, 2014 at 6:30 p.m. in the City Council Chamber. The Meeting Notice and Agenda were posted in the Civic Center posting cabinet as required.

## Recommendation for Action

Staff recommends amending the agreement with Pinnacle Petroleum Incorporated to reflect unanticipated price changes in the petroleum market. The staff recommendations will change the price in our contract to the daily OPIS San Jose Rack Average minus $0.0121 per gallon for deliveries of 7,000 gallons and daily San Jose Rack Average plus $0.0078 per gallon for deliveries of 4,000 gallons.

Valerie J. Barone
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Reviewed by: Justin Ezell
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Attachments:

Attachment A: Formal Request for Contract Renegotiation - RFB#2272 - Provide and Deliver Unleaded Fuel

Attachment B: Amended Contract with Pinnacle Petroleum Incorporated

Attachment A

PINNACLE PETROLEUM

7911 Professional Circle, Huntington Beach, CA 92648
Tel (714) 841-8877 • Fax (714) 841-8855

TO: City of Concord
Office of the City Clerk – Wing A
1950 Parkside Drive M/S03
Concord, Ca 94519

Attn: Mary Rae Lehman

Dear Ms. Lehman,

We are respectfully writing to you regarding RFB# 2272 "Provide & Deliver Unleaded Gasoline on As Needed Basis" to advise you of material changes that have occurred in the market place since the inception of this contract. Specifically, the cost of ethanol that is blended into gasoline and the RINs (Renewable Identification Numbers) associated with ethanol economics have materially changed.

RINs (Renewable Identification Numbers) are credits that are issued to refiners by the EPA as an incentive to reduce carbon footprint by diluting gasoline by blending it with renewable fuels. Ethanol is the only product that is allowed to be blended with gasoline and the State of California mandates that 10% ethanol be blended into every gallon of fuel. Only a certain amount of RINs are allotted each calendar year by the EPA, based upon projections of the national gasoline consumption. In theory, these credits or RINs should have no value at all, but because the EPA requires refiners to meet a pre-determined # of RINs each year, if the RINs become short in supply, RINs become an expensive or valuable commodity, depending upon your position.

When we did our economic analysis for the prior year, the value of RINs (Renewable Identification Numbers) were valued at over $1.00 each for most of the year and then escalated to an unprecedented amount of $1.50 each. This windfall allowed the major refiners long on RINs to deeply discount ethanol blended gasoline. Refiners who were long on RINs enjoyed a huge economic boost and had an incentive to "dump" product. When we developed a bid formula we compared the San Jose Rack postings to the deep discounts we had been receiving from major refiners and we offered you the OPIS price structure based on that analysis.

Since November 2013, RINs plummeted to as low as .165 and then rose to over .50 in February, and settled at about .30 where they are still hovering now. The refinery deep discounts are no longer being offered, so using our current price formula we are losing a significant amount of money on each and every delivery to Concord's facilities. The economics we considered to be the norm, turned out to be a market anomaly, which we had no way of predicting.

In addition to that, the cost of ethanol has sharply increased and continues to rise. At the start of 2014, it was $2.58 per gallon and as of today, it is currently $3.465. That is an increase of almost 35% in less than three months. This ethanol volatility is also keeping refiners from discounting as usual, so we are finding reduced consistency there as well.

We would very much like to continue to work with the City of Concord and keep this contract, but we are a small business and cannot absorb these losses ongoing. We ask that you allow us to change our price structure to a level just under your next lowest bidder so we can hopefully mitigate our losses on this contract. We propose the following changes:

7K Deliveries: OPIS San Jose Rack Average minus -.0121

4K Deliveries: OPIS San Jose Rack Average plus +.0078

This would make a contract grand total of $501,577.00. This is an increase of only $ 4250.50. (actually less than that if you consider the deliveries we have already made on the current economics).

We hope you will consider our proposed solution as we will still be the lowest bidder and while we will make no profit on this contract, we will hopefully not lose money either.

We have included back up documentation and industry publications to substantiate our case.

Please get back to me at your earliest convenience to discuss how we move forward from here.

Sincerely,

Jen Crawley
Director of Sales and Marketing

CC: Karan Reid, Director of Finance
Debbie Wellnitz, Purchasing Manager
Debra Soloman, Administrative Clerk II

- The EPA's RFS2 RIN market isn't functioning as designed.
- Ethanol RINs are trading well above level predicted by the theories on which the RIN mechanism was based.
- RIN values are being distorted by the fear of a 2014 "blend wall."
- 2014 is an election year and a "blend wall" is extremely unlikely.

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The EPA's RFS2 is just a few years old, and what is so fascinating about it is that economists, investors, educators, bureaucrats, producers, blenders and "obligated parties" are all learning as we go along. The RFS2 essentially created an artificial market, and all the unintended consequences are slowly coming to light. First there was the RIN fraud, then the expiration and the retroactive reinstatement of the related Blenders' Tax Credit or BTC and then there was the "blend wall," and now we are experiencing the post "blend wall" and expiration again of the BTC.

As if that isn't enough to complicate a biofuels model, we now have the EPA backing away from some of the volume mandates or RVOs, and the Senate is proposing a 3 year producers' tax cut to replace the 1 year blenders' tax cut. Since its implementation, the EPA's RFS2 has been erratic to say the least. This is one of the greatest Soviet style centrally planned trial and error experiments done on a grand scale I have ever seen. It is totally unique for the US free market economy. Socialists are always claiming socialism will work if they can just find the right leader, well, the RFS2 is an attempt to prove to the socialists that socialism can work... if paid for by the abundant wealth of a capitalist host.

While there are many problems with the current RFS2 system, recent developments have many involved in the industry scratching their heads. The way the EPA's RFS2 is designed is to have something called a RIN produce an incentive for producers to produce a certain type of biofuel. "Obligated parties" must surrender a certain number of RINs to the EPA to meet their regulatory obligations each year. RINs come embedded in the biofuels that are produced, so each gallon of ethanol produced also comes with a D6 RIN, which can only be detached from the fuel once it is "blended." The RIN can then be turned over to the EPA or sold on the market. That in a nutshell is how the RFS2's RIN system works.

The problem is, something seems really wrong in the RIN market. Call 6 people in the industry and ask them why D6 Ethanol RINs still have value and you will get 6 different answers. I've done that experiment and find some explanations more credible than others. This article will address the credible explanations and I'll add a theory of my own.

Theoretically the RIN system should have a RIN maintain enough value to ensure profitability exists to ensure a certain amount of biofuel is produced. Typically biofuels are more expensive than conventional fuels, so a "subsidy" is needed to encourage production. That subsidy is the RIN. Once a certain RVO is reached, however, the RIN value should drop to $0.00 because no more production is needed of the more costly biofuel. That is the theory.

Based upon that theory, one would have expected that the EPA's recent announcement to reduce the 2014 ethanol RVO would have cratered the price of the D6 RIN. During the previous year, D6 RINs usually traded around $0.05, but last year they spiked up to around $1.50 on the "blend wall" issue, and currently trade around $0.56. Lowering the ethanol RVO below existing capacity should have sent the D6 RINs back to the $0.05 to $0.00 range. But it didn't.

# UPDATE 3-Ethanol RINs break back above 50 cents; Philly refiner blames RFS

Thu Feb 6, 2014 2:49am GMT



(Updates with refiner comment paras 4-5)

Feb 5 (Reuters) - The price of Renewable Identification Number (RIN) credits extended gains on Wednesday, with refiner buying helping push ethanol RINs for the 2013 compliance year past the 50 cent mark for the first time since September, traders said.

E13 RINs traded as high as 53 cents each, traders said, and were heard traded at 52.5 cents by mid-afternoon. The credits traded at a high of 46 cents the previous day, following several days of steadily rising markets.



Three traders told Reuters they saw Philadelphia Energy Solutions (PES) among refiners buying ethanol RINs in large quantities since Thursday, when prices began to soar. PES is the owner of a 335,000 barrels-per-day refinery complex in Philadelphia, Pennsylvania - the largest on the East Coast.

A spokeswoman for PES said the company's buying was "very small relative to the market".

"The reason that prices are again soaring out of control has to do with the fundamental flaws with RFS2 (Renewable Fuels Standard) which act to the disbenefit of merchant refiners who are forced to buy RINs for all bulk sales," the spokeswoman said in an email to Reuters.

RINs are a market component of the U.S. government's Renewable Fuels Standard according to which refiners must blend gasoline and diesel with a certain amount of renewable fuel, mainly corn-derived ethanol. Refineries that blend receive RINs and those that do not must instead buy them.

Little-noticed by the industry in previous years, RIN prices went through the roof last year when refiners warned the amount of renewable fuel they needed to blend into gasoline would soon exceed what they regarded as a maximum.

They said blending more than 10 percent ethanol into gasoline would produce a fuel dangerous for old vehicles and instead purchased RINs to offset their obligations.

RIN prices for 2013 soared to over $1.45 last year, a stark contrast to the 5 cents each they commonly traded at the previous year.

The U.S. Environmental Protection Agency, which oversees the RFS, said in November it would cut blending requirements for 2014. That sent RIN prices down but they have still not returned to lows seen in 2012. (Reporting By Cezary Podkul and Robert Gibbons, Writing by Sabina Zawadzki; Editing by Andre Grenon, Meredith Mazzilli and David Gregorio)

FINANCIAL TIMES





February 20, 2014 8:12 am

# Rise in ethanol credits signals change at EPA

By Gregory Meyer in Washington

## Regulators may have cold feet about watering down US biofuels mandate

US ethanol credits rivalled Bitcoin last year as one of the world's wildest markets. Prices for the credits, known as Rins, leapt from pennies to more than $1 at the start of 2013.

They calmed down as word spread that regulators planned to water down the US biofuel consumption mandate that triggered the rise. Now they are on the move again, without an obvious explanation.



Scott Irwin, chair of agricultural marketing at the University of Illinois, has a possible answer: regulators are suffering a case of cold feet.

The price of Rins is important for several commodity markets including corn, sugar, gasoline (petrol) and ethanol. Oil refiners buy them if they can't blend enough ethanol with their petrol to honour the mandate.

Last year, as the mandatory levels rose and petrol demand stagnated, refiners and petrol wholesalers scrambled to buy Rins as they faced the prospect of falling short of their blending obligations.

The Environmental Protection Agency, citing "practical limits on ethanol blending", in November proposed to cut the mandate for corn-based ethanol to 13bn gallons in 2014, down from the 14.4bn originally scheduled.

By December and January, ethanol Rin prices sold for as little as 30 cents. They have since soared above 50 cents even though the EPA has taken no further action.

Mr Irwin says this may reflect rising probability that the EPA may be having second thoughts about its proposal.

The market "strongly suggests that Rin traders were convinced there is a much higher chance that the EPA will reverse the writedown of the 2014 renewable mandate in final rulemaking, expected to be released in late spring or early summer," he wrote this week on Farmdoc Daily, a university website that has emerged as a good source of analysis on the arcane Rins market.

Rin traders have been prescient before, anticipating the EPA's first strains of doubt about the ethanol mandate as they drove prices back down last year. The EPA has also proved leaky: a draft of its ethanol proposal was widely shared among unauthorised recipients.

Todd Becker, chief executive of Green Plains Renewable Energy, the fourth-biggest US ethanol producer, said of EPA last week: "I don't know that they're going to follow through. I believe that there will be some adjustment to the thought process. I think the reason there's going to be some adjustment is because they underestimated actual gasoline demand."

The US motor fuel pool may indeed be slightly bigger than earlier estimated. The Energy Information Administration, the official forecaster, now sees 2014 US petrol demand at 134.8bn gallons, revised up from 133.2bn gallons before the EPA proposal was revealed. Most finished US petrol contains 10 per cent ethanol, so ethanol demand partly depends on how much people drive.

Prof Irwin writes: "Once again, the Rin market may be providing an early warning signal about a change in EPA policy".

*The Commodities Note is a regular online commentary on the industry from the Financial Times.*

**RELATED TOPICS** United States of America, Climate change

### L.A. Paper Forward Curve Basis Differential (cts/gal)

| Product | Timing | Low | High | Mean | Change |
|---|---|---|---|---|---|
| CARBOB | DEC | 4.000 | 5.000 | 4.500 | -- -- |
| CARBOB | JAN | -- -- | 1.000 | 0.500 | -- -- |
| CARBOB | Q1 | 7.000 | 8.000 | 7.500 | 0.000 |
| CARBOB | Q2 | 11.000 | 12.000 | 11.500 | 0.000 |
| CARB No. 2 | DEC | -5.000 | -4.000 | -4.500 | 0.000 |
| CARB No. 2 | JAN | -4.250 | -3.250 | -3.750 | -- -- |
| CARB No. 2 | Q1 | -2.000 | -1.000 | -1.500 | -- -- |
| JET-PipeLAX | DEC | -4.250 | -3.250 | -3.750 | 0.000 |
| JET-PipeLAX | JAN | -4.500 | -3.500 | -4.000 | -- -- |
| JET-PipeLAX | Q1 | -2.000 | -1.000 | -1.500 | -- -- |

### PADD 5 EIA Inventory - Week Ending 11/08

| Location | This Week | Last Week | Last Year | Week Change | Year Change |
|---|---|---|---|---|---|
| Gasoline | 28,055 | 28,191 | 29,929 | -136 | -1,874 |
| No. 2 Oil | 13,026 | 13,421 | 12,921 | -395 | 105 |
| ULSD < 15ppm | 11,931 | 12,090 | 11,018 | -159 | 913 |
| Kerosene Jet | 9,492 | 9,699 | 10,354 | -207 | -862 |
| Residual Fuel | 4,504 | 4,406 | 4,773 | 98 | -269 |
| Crude Oil | 52,173 | 53,716 | 56,228 | -1,543 | -4,055 |
| Crude Input | 2,423 | 2,463 | 2,214 | -40 | 209 |

Note: Inventory levels are in thousands of barrels.

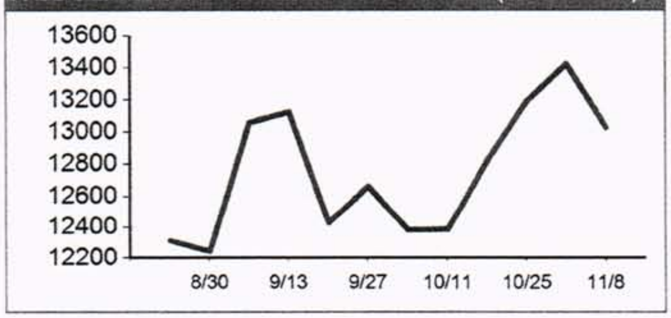
### California CEC Inventory - Week Ending 11/08

| Location | This Week | Last Week | Last Year | Week Change | Year Change |
|---|---|---|---|---|---|
| CARB RFG | 5,432 | 6,025 | 5,824 | -593 | -392 |
| Non-Calif. Gasoline | 1,017 | 649 | 686 | 368 | 331 |
| Gasoline Blend. Components | 5,117 | 5,748 | 6,775 | -631 | -1,658 |
| CARB-Diesel | 1,903 | 2,003 | 2,650 | -100 | -747 |
| Other Diesel | 1,296 | 1,426 | 1,377 | -130 | -81 |
| Kerosene Jet | 2,911 | 3,034 | 4,320 | -123 | -1,409 |
| Crude Oil | 15,035 | 16,494 | 16,384 | -1,459 | -1,349 |
| Crude Input | 10,993 | 11,785 | 10,046 | -792 | 947 |

Note: Inventory levels are in thousands of barrels.

PADD 5 EIA Gasoline Inventories - 12 Week Trend (thousand bbl)


PADD 5 EIA Distillate Inventories - 12 Week Trend (thousand bbl)




--Lisa Street, lstreet@opisnet.com

## ETHANOL RINS SLIDE INTO THE TEENS; SOME SEE MUCH MORE ATTRITION AHEAD

Trading in D6 Ethanol RINs for 2013 is off to a fairly brisk start this morning, with prices holding near some of the nine-month lows witnessed on Friday, in the wake of the EPA proposal to dramatically reduce blending volumes next year.

The EPA proposal basically matched most details of the widely leaked draft proposal, first circulated among refiners and marketers in late September and October. Accordingly, deals for D6 Ethanol RINs were done for as little as 16.5cts on Friday afternoon, and bids this morning are in that neighborhood.

Some deals were done at 18cts gal early Monday, with buyers at 17cts and sellers at 19cts in the morning trading session.

Renewable fuels experts believe that current prices may reflect a large "insurance" premium, based on the possibility (but not the probability) that the EPA commentary period could result in pressure to tweak blending targets higher.

Oil consultant Andy Lipow, who was among the first to predict a RIN price spike last January, predicted that D6 RINs would go well below a dime. He echoes sentiment of other unbiased observers who believe that the new volume thresholds will push D6 RINs back below a nickel.

Big winners at the moment are the merchant refiners who have little downstream infrastructure. At 19cts per D6 RIN, those refiners have additional costs of less than $1/bbl for RFS compliance, but in mid-July, that cost was well above $5/bbl.

--Tom Kloza, tkloza@opisnet.com

## OPEN MARKET D6 ETHANOL RINS ESTIMATED AT 10CTS IN 2014: MACQUARIE

The sharp decline in 2014 volumes under the Renewable Fuel Standard just proposed by the EPA has spurred Macquarie Capital to lower its 2014 D6 ethanol RIN value estimate to 10cts.

Analysts for the investment bank call Friday's release of a final proposal that is consistent with the draft proposal leaked in early October "a likely win for the oil industry."

"If the EPA's proposed 2014 volumes are approved, we suspect RIN prices could decline further since blending levels could fall under the 10% blend wall," Macquarie said in a note to investors Monday. "For modelling purposes, we lower our 2014 D6 RIN cost estimate to US$0.10/gal from our prior estimates of $US0.30/gal."

D6 RINs for 2014 offered in the open market have declined to just above 20cts since a midsummer high of more than $1.00 on industry chatter that independent refiners were making headway in their lobbying efforts against blending levels mandated by the RFS.

Accordingly, Macquarie revised lower projections of refiners' 2014 expenditures on open market RINs. It now estimates that Valero, the independent refiner with the highest exposure to open market RIN price volatility, could face expenditure of between $70 million and $80 million. When 2013 D6 RINs were being valued at close to $1.50 this past summer, Valero had estimated its 2013 expenditure on RINs could reach a maximum of $600 million to $800 million.

Under the new proposal, the EPA would require 15.21 billion gal of total renewable fuel, and a range of 15-15.52 billion gal (down 16.2% from the statutory 2014 level and down 8.1% from the 2013 level). The new corn ethanol volume target of 13.01 billion gal represents a 9.7% decline from the 2014 statutory level and a 5.7% decrease versus the 2013 level.

*(Continued on Page 4)*

PLEASE SEE PAGES 1 : 3 REGARDING RINs

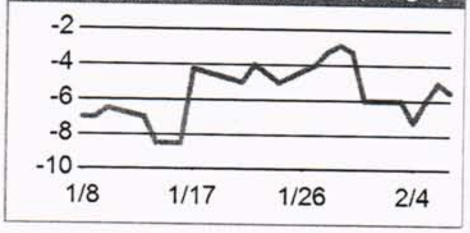
# OPIS West Coast Spot Market Report

A Daily Report on U.S. West Coast Spot Prices plus News and Commentary

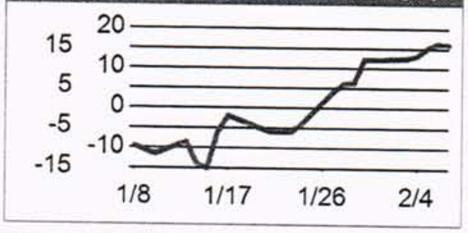
Friday, February 07, 2014

## West Coast 30-Day Average Snapshot

Los Angeles CARB No. 2 Basis (cts/gal)




Los Angeles CARBOB-R Basis (cts/gal)




Los Angeles Jet-Pipe LAX Basis (cts/gal)


## L.A. CARBOB PRICES NOTCH 2014 HIGHS BUT TRADE PULLS BACK

2/7 - The petroleum futures complex soared to fresh 2014 highs Friday, notching sharp gains across the board amid crude oil and refined product supply concerns, global and domestic.

Crude oil markets traded in a fever pitch, with the West Texas Intermediate and the Brent futures contracts both spiking more than $2/bbl on the day. The London benchmark crude oil market led the rally in response to reports of weaker Libyan production this week and a reduction in North Sea loadings in the spring months.

Libya oil output fell to around 450,000-500,000 b/d from 600,000 b/d last week after protesters interfered with pipeline operations, Nuri Berruien, chairman of Libya's National Oil Corp., told news agencies.

Meanwhile, traders also responded to reports that North Sea Brent cargoes for March declined to 890,000 b/d from 1 million b/d in February.

March Brent crude oil settled $2.38/bbl higher on the day at $109.57, donning a new price crown for the year.

WTI futures kicked off this morning's session with modest gains of about 25-30cts/bbl as investors awaited jobs data for further direction.

The non-farm payroll data from the U.S. Labor Department was not particularly inspiring, but the market did find some economic footing in the national unemployment falling to 6.6% - the lowest percentage since October 2008.

However, it was the Brent crude oil rally that ultimately spurred the U.S. benchmark crude market higher. March WTI surged 2.04cts/gal to settle at a fresh 2014 peak of $99.88/bbl.

The refined products futures contracts found long legs early in the session, but raging crude oil helped push the gasoline and diesel fuel paper markets to new high point for the year.

RBOB futures finished the week strong after gaining 14.5cts/gal in the past three trading sessions. Traders were concerned about the impact of seasonal refinery maintenance on gasoline production. Separately, RINs cost is on the rise, with

*(Continued on Page 3)*

## New York Mercantile Exchange at Settlement

WTI Crude Oil ($/bbl)

| Month | Price | Change |
|---|---|---|
| MAR | 99.88 | 2.04 |
| APR | 99.35 | 2.03 |
| MAY | 98.62 | 1.96 |

RBOB Unleaded (cts/gal)

| Month | Price | Change |
|---|---|---|
| MAR | 274.89 | 6.59 |
| APR | 292.38 | 6.29 |
| MAY | 292.05 | 6.23 |

ULSD (cts/gal)

| Month | Price | Change |
|---|---|---|
| MAR | 305.03 | 5.52 |
| APR | 300.15 | 6.15 |
| MAY | 298.40 | 6.14 |

L.A. 3-2-1 Crack Spread*

| Price ($/bbl) | Change |
|---|---|
| 15.00 | 0.44 |

*Crack is based on midpoints for L.A. CARBOB Gasoline, CARB and ANS

## Snapshot of OPIS Mean West Coast Prompt Month Spot Pipeline Prices and Basis Differentials (cts/gal)

| | Los Angeles | | | | Bay Area | | | | Pacific Northwest | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Physical Prices | | Basis Diff. | | Physical Prices | | Basis Diff. | | Physical Prices | | Basis Diff. | |
| Product | Mean | Change | Mean | Change | Mean | Change | Mean | Change | Mean | Change | Mean | Change |
| ULS No. 2 | 298.030 | 4.770 | -7.000 | -0.750 | 296.280 | 4.270 | -8.750 | -1.250 | 301.030 | 6.520 | -4.000 | 1.000 |
| CARB No. 2 | 299.530 | 5.020 | -5.500 | -0.500 | 296.280 | 4.270 | -8.750 | -1.250 | -- -- | -- -- | -- -- | -- -- |
| Sub-oct Reg | 287.390 | 5.840 | 12.500 | -0.750 | 277.390 | 6.090 | 2.500 | -0.500 | 262.390 | 3.590 | -12.500 | -3.000 |
| Sub-oct Pre | 300.890 | 6.340 | 26.000 | -0.250 | 283.890 | 6.090 | 9.000 | -0.500 | 282.390 | 3.590 | 7.500 | -3.000 |
| CARBOB-R** | 290.890 | 6.340 | 16.000 | -0.250 | 277.390 | 6.090 | 2.500 | -0.500 | 261.390 | 3.590 | -13.500 | -3.000 |
| CARBOB-P** | 300.890 | 6.340 | 26.000 | -0.250 | 283.890 | 6.090 | 9.000 | -0.500 | 281.390 | 3.590 | 6.500 | -3.000 |
| JET ** | 297.030 | 5.145 | -8.000 | -0.375 | 294.030 | 5.145 | -11.000 | -0.375 | 297.030 | 5.145 | -8.000 | -0.375 |
| JET-WTG AVG | 296.905 | 4.685 | -8.125 | -0.835 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |
| B5 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | 302.530 | 6.520 | -2.500 | 1.000 |
| AZRBOB-R | 286.890 | 3.840 | 12.000 | -2.750 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |
| AZRBOB-P | 296.890 | 3.840 | 22.000 | -2.750 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |
| CARB RFG-R | 284.251 | 6.306 | -- -- | -- -- | 272.101 | 6.081 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |
| CARB RFG-P | 293.251 | 6.306 | -- -- | -- -- | 277.951 | 6.081 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |

Full price display on page 2. Note: **L.A. Jet Fuel is JET-PipeLAX, Bay Area Jet Fuel is JET-Pipe, PNW CARBOB-R is Suboctane-Reg (FOB Seattle), PNW CARBOB-P is Sub-octane-Pre (FOB Seattle).

## OPIS West Coast Prompt Spot Pipeline Prices and Basis Differentials (cts/gal)

### Los Angeles

| Product | Timing | Physical Prices Low | High | Mean | Change | Basis Differentials Low | High | Mean | Change | Wt. Avg |
|---|---|---|---|---|---|---|---|---|---|---|
| ULS NO. 2 | FEB | 297.53 | 298.53 | 298.030 | 4.77 | -7.500 | -6.500 | -7.000 | -0.750 | -- -- |
| CARB No. 2 | FEB | 299.03 | 300.03 | 299.530 | 5.02 | -6.000 | -5.000 | -5.500 | -0.500 | 299.53 |
| JET-PipeLAX | FEB | 296.53 | 297.53 | 297.030 | 5.14 | -8.500 | -7.500 | -8.000 | -0.375 | 296.905 |
| Sub-Oct Reg 11.5 RVP | FEB | 286.89 | 287.89 | 287.390 | 5.84 | 12.000 | 13.000 | 12.500 | -0.750 | -- -- |
| Sub-Oct Pre 11.5 RVP | FEB | 300.39 | 301.39 | 300.890 | 6.34 | 25.500 | 26.500 | 26.000 | -0.250 | -- -- |
| AZRBOB-R 8.0 RVP | FEB | 286.39 | 287.39 | 286.890 | 3.84 | 11.500 | 12.500 | 12.000 | -2.750 | -- -- |
| AZRBOB-P 8.0 RVP | FEB | 296.39 | 297.39 | 296.890 | 3.84 | 21.500 | 22.500 | 22.000 | -2.750 | -- -- |
| CARBOB-R 5.99 RVP | FEB | 290.39 | 291.39 | 290.890 | 6.34 | 15.500 | 16.500 | 16.000 | -0.250 | 290.94 |
| CARBOB-P 5.99 RVP | FEB | 300.39 | 301.39 | 300.890 | 6.34 | 25.500 | 26.500 | 26.000 | -0.250 | -- -- |
| CARB-RFG Reg | FEB | 283.45 | 285.05 | 284.251 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |
| CARB-RFG Pre | FEB | 292.45 | 294.05 | 293.251 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |

### San Francisco

| Product | Timing | Physical Prices Low | High | Mean | Change | Basis Differentials Low | High | Mean | Change | Wt. Avg |
|---|---|---|---|---|---|---|---|---|---|---|
| ULS NO. 2 | FEB | 295.78 | 296.78 | 296.280 | 4.27 | -9.250 | -8.250 | -8.750 | -1.250 | -- -- |
| CARB No. 2 | FEB | 295.78 | 296.78 | 296.280 | 4.27 | -9.250 | -8.250 | -8.750 | -1.250 | 296.28 |
| JET-Pipe | FEB | 293.53 | 294.53 | 294.030 | 5.14 | -11.500 | -10.500 | -11.000 | -0.375 | -- -- |
| Sub-Oct Reg 14.0 RVP | FEB | 276.89 | 277.89 | 277.390 | 6.09 | 2.000 | 3.000 | 2.500 | -0.500 | -- -- |
| Sub-Oct Pre 14.0 RVP | FEB | 283.39 | 284.39 | 283.890 | 6.09 | 8.500 | 9.500 | 9.000 | -0.500 | -- -- |
| CARBOB-R 12.5 RVP | FEB | 276.89 | 277.89 | 277.390 | 6.09 | 2.000 | 3.000 | 2.500 | -0.500 | 277.39 |
| CARBOB-P 12.5 RVP | FEB | 283.39 | 284.39 | 283.890 | 6.09 | 8.500 | 9.500 | 9.000 | -0.500 | -- -- |
| CARB-RFG Reg | FEB | 271.30 | 272.90 | 272.101 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |
| CARB-RFG Pre | FEB | 277.15 | 278.75 | 277.951 | -- -- | -- -- | -- -- | -- -- | -- -- | -- -- |

### Pacific Northwest

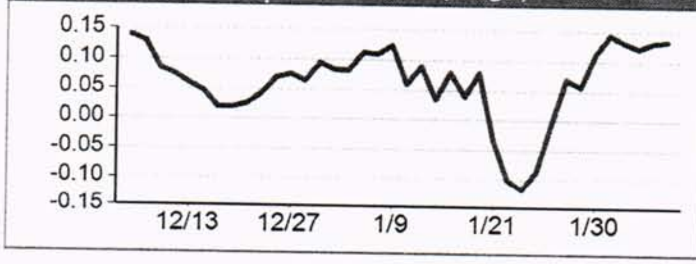
| Product | Timing | Physical Prices Low | High | Mean | Change | Basis Differentials Low | High | Mean | Change |
|---|---|---|---|---|---|---|---|---|---|
| ULS NO. 2 | PMT FEB | 300.53 | 301.53 | 301.030 | 6.52 | -4.500 | -3.500 | -4.000 | 1.000 |
| JET-Pipe | PMT FEB | 296.53 | 297.53 | 297.030 | 5.14 | -8.500 | -7.500 | -8.000 | -0.375 |
| B5 | PMT FEB | 302.03 | 303.03 | 302.530 | 6.52 | -3.000 | -2.000 | -2.500 | 1.000 |
| Sub-Oct Reg 15.0 RVP | PMT FEB | 261.89 | 262.89 | 262.390 | 3.59 | -13.000 | -12.000 | -12.500 | -3.000 |
| Sub-Oct Pre 15.0 RVP | PMT FEB | 281.89 | 282.89 | 282.390 | 3.59 | 7.000 | 8.000 | 7.500 | -3.000 |
| Sub-Oct Reg 15.0 (Seattle) | PMT FEB | 260.89 | 261.89 | 261.390 | 3.59 | -14.000 | -13.000 | -13.500 | -3.000 |
| Sub-Oct Pre 15.0 (Seattle) | PMT FEB | 280.89 | 281.89 | 281.390 | 3.59 | 6.000 | 7.000 | 6.500 | -3.000 |

### Los Angeles Physical Forward Curve Prices

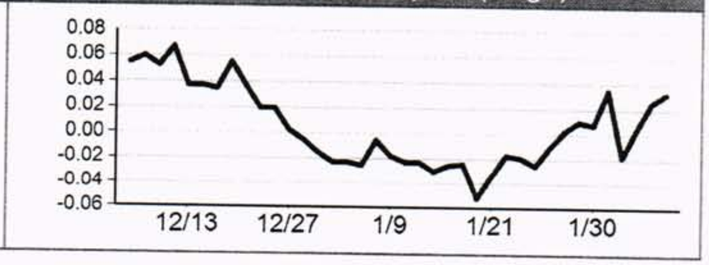
| Product | Timing | Physical Prices Low | High | Mean | Change | Basis Differentials Low | High | Mean | Change |
|---|---|---|---|---|---|---|---|---|---|
| CARBOB-R 5.99 RVP | MAR | 293.88 | 294.13 | 294.01 | 6.04 | 1.500 | 1.750 | 1.625 | -0.250 |
| CARBOB-R 5.99 RVP | APR | 295.05 | 295.30 | 295.18 | 6.36 | 3.000 | 3.250 | 3.125 | 0.125 |
| CARBOB-R 5.99 RVP | MAY | 294.72 | 295.72 | 295.22 | 6.10 | 5.000 | 6.000 | 5.500 | -- -- |
| CARB No. 2 | MAR | 299.15 | 300.15 | 299.65 | 6.15 | -1.000 | 0.000 | -0.500 | 0.000 |
| JET-PipeLAX | MAR | 298.65 | 299.65 | 299.15 | 4.90 | -1.500 | -0.500 | -1.000 | -1.250 |
| JET-PipeLAX | APR | 298.40 | 299.40 | 298.90 | 5.64 | -- -- | 1.000 | 0.500 | -0.500 |

*NOTE: L.A gasoline prices are WEST LINE, and S.F. gasoline prices are NORTH LINE-ZERO LINE. Las Vegas gasoline is represented by L.A. regular sub-octane and premium sub-octane. AZRBOB is the year around gasoline product for Arizona. Pacific Northwest gasoline and No.2 oil prices are FOB Portland Olympic Pipeline; PNW Jet Fuel is FOB Seattle Barge. CARB RFG-R and CARB RFG-P in L.A. and S.F. is not a fungible pipeline product, but a reflection of the value of blending CARBOB with 10% ethanol. Ethanol quotes on page 4 are for ethanol delivered rail car to West Coast locations.

LA vs. SF CARBOB Differential Spread (cts/gal)




LA vs. SF CARB Diesel Differential Spread (cts/gal)



### L.A. Paper Forward Curve Basis Differential (cts/gal)

| Product | Timing | Low | High | Mean | Change |
|---|---|---|---|---|---|
| CARBOB | MAR | 2.000 | 3.000 | 2.500 | -0.500 |
| CARBOB | APR | 1.000 | 2.000 | 1.500 | 0.000 |
| CARBOB | Q2 | 6.500 | 7.500 | 7.000 | 0.000 |
| CARBOB | Q3 | 14.500 | 15.500 | 15.000 | 0.000 |
| CARB No. 2 | MAR | 0.750 | 1.750 | 1.250 | 0.000 |
| CARB No. 2 | APR | -- -- | 1.000 | 0.500 | -- -- |
| CARB No. 2 | Q2 | 0.000 | 1.000 | 0.500 | 0.000 |
| JET-PipeLAX | MAR | 0.000 | 1.000 | 0.500 | -- -- |
| JET-PipeLAX | APR | 1.000 | 2.000 | 1.500 | -- -- |
| JET-PipeLAX | Q2 | 1.000 | 2.000 | 1.500 | -- -- |

### PADD 5 EIA Inventory - Week Ending 01/31

| Location | This Week | Last Week | Last Year | Week Change | Year Change |
|---|---|---|---|---|---|
| Gasoline | 33,579 | 34,540 | 35,178 | -961 | -1,599 |
| No. 2 Oil | 13,538 | 13,959 | 14,587 | -421 | -1,049 |
| ULSD < 15ppm | 12,260 | 12,631 | 12,425 | -371 | -165 |
| Kerosene Jet | 10,064 | 10,662 | 8,792 | -598 | 1,272 |
| Residual Fuel | 4,941 | 4,795 | 4,159 | 146 | 782 |
| Crude Oil | 49,648 | 50,562 | 55,195 | -914 | -5,547 |
| Crude Input | 2,207 | 2,373 | 2,152 | -166 | 55 |

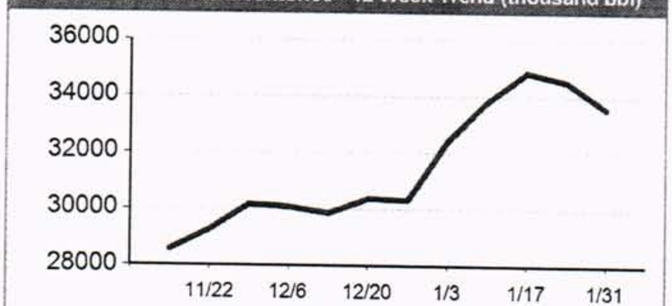
Note: Inventory levels are in thousands of barrels.

### California CEC Inventory - Week Ending 01/31

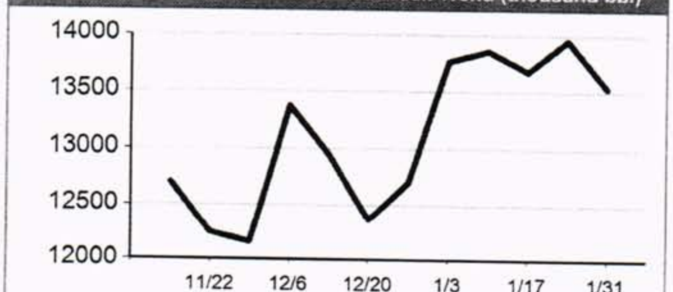
| Location | This Week | Last Week | Last Year | Week Change | Year Change |
|---|---|---|---|---|---|
| CARB RFG | 6,729 | 6,724 | 6,803 | 5 | -74 |
| Non-Calif. Gasoline | 881 | 652 | 857 | 229 | 24 |
| Gasoline Blend. Components | 6,229 | 6,816 | 7,091 | -587 | -862 |
| CARB-Diesel | 1,765 | 2,314 | 2,009 | -549 | -244 |
| Other Diesel | 1,849 | 1,875 | 1,526 | -26 | 323 |
| Kerosene Jet | 3,527 | 3,910 | 3,306 | -383 | 221 |
| Crude Oil | 14,244 | 14,377 | 16,606 | -133 | -2,362 |
| Crude Input | 10,377 | 11,659 | 9,862 | -1,282 | 515 |

Note: Inventory levels are in thousands of barrels.

PADD 5 EIA Gasoline Inventories - 12 Week Trend (thousand bbl)




PADD 5 EIA Distillate Inventories - 12 Week Trend (thousand bbl)




2014 ethanol RINs trading 10cts higher on the week to 52cts due to weaker ethanol output and a supply draw last week.

"Weak production from refinery maintenance is putting pressure on RINs being created. So higher RINs, higher RBOB," said oil analyst Carl Larry, president of Oil Outlooks & Opinions LLC in Houston.

The March RBOB contract skyrocketed 6.59cts/gal to settle at $2.7489/gal, while April RBOB futures saw similar gains, finishing 6.29cts/gal stronger at $2.9238/gal.

Meanwhile, the U.S. diesel fuel futures contract continues to trade bullishly in response to high demand brought on by perpetual frigid weather. The March ULSD topped this year's prices after spiking 5.52cts/gal to settle at $3.0503/gal. April ULSD futures strengthened to $3.0015/gal, up 6.15cts/gal on the day.

--Lisa Street, lstreet@opisnet.com

TARGA'S CALIFORNIA MARINE OIL TERMINAL PROJECT ROLLS ON; COMPLETION IN 2016

Targa Terminals continues to work toward building its marine oil terminal in Stockton, Calif.

The project is in the design and audit phase, and will be the first marine oil terminal approved in California in the last 15 years, according to a press release from environmental engineering firm TRC Companies, Inc.

The audit and the associated construction standards are necessary by the California Marine Oil Terminal Engineering and Maintenance (MOTEMS) regulations.

Once the final engineering plans are completed, construction can begin with the facility expected to be operational in 2016. Targa expects to sign a customer for the facility sometime this quarter.

The facility is described as an inland port and is serviced by two railroads that will move unit trains from various oil fields to the Port of Stockton.

From there, crude oil moving to the Bay Area refineries would be barged from the Stockton facility offering some flexibility and avoiding potential rail traffic increasing efficiencies in delivering crude oil to the refineries.

Targa has retained TRC Companies, Inc. for the planning, permitting, engineering design and construction management requirements.

--Denton Cinquegrana, dcinquegrana@opisnet.com

BUCKEYE TO SELL CALIFORNIA NATURAL GAS STORAGE BUSINESS IN 2014

Buckeye Partners, L.P. said on Friday that its Board of Directors approved a plan in December to divest its non-core natural gas storage business.

Buckeye expects to complete the disposition of this business and its assets in 2014.

In addition, Buckeye recorded an asset impairment charge of $169.0 million relating to discontinuing the Natural Gas Storage business. This business has been classified as discontinued operations in its consolidated financial statements.

The company's natural gas storage business consists of Buckeye's Lodi Gas Storage, which owns a natural gas storage facility located in northern California, industry sources told OPIS.

Buckeye bought that gas storage asset from ArcLight Capital Partners for a total cash consideration of approximately $432 million in 2008.

Lodi Gas Storage (LGS) owns and operates a storage facility located near Lodi, California, and a facility known as Kirby Hills

(Continued on Page 4)

### L.A. Paper Forward Curve Basis Differential (cts/gal)

| Product | Timing | Low | High | Mean | Change |
|---|---|---|---|---|---|
| CARBOB | APR | -4.500 | -3.500 | -4.000 | 0.000 |
| CARBOB | MAY | 0.500 | 1.500 | 1.000 | --- |
| CARBOB | Q2 | 5.000 | 6.000 | 5.500 | --- |
| CARBOB | Q3 | 14.500 | 15.500 | 15.000 | --- |
| CARB No. 2 | APR | -2.000 | -1.500 | -1.750 | -1.750 |
| CARB No. 2 | MAY | 1.000 | 2.000 | 1.500 | 1.000 |
| CARB No. 2 | Q2 | -0.500 | 0.500 | --- | -0.125 |
| JET-PipeLAX | APR | -8.750 | -7.750 | -8.250 | 0.000 |
| JET-PipeLAX | MAY | -4.250 | -3.250 | -3.750 | 1.750 |
| JET-PipeLAX | Q2 | -4.250 | -3.250 | -3.750 | 1.750 |

### PADD 5 EIA Inventory - Week Ending 02/28

| Location | This Week | Last Week | Last Year | Week Change | Year Change |
|---|---|---|---|---|---|
| Gasoline | 32,052 | 32,672 | 32,494 | -620 | -442 |
| No. 2 Oil | 13,621 | 13,232 | 13,535 | 389 | 86 |
| ULSD < 15ppm | 12,368 | 12,054 | 11,612 | 314 | 756 |
| Kerosene Jet | 10,372 | 10,163 | 8,987 | 209 | 1,385 |
| Residual Fuel | 5,030 | 4,972 | 4,442 | 58 | 588 |
| Crude Oil | 51,686 | 52,757 | 55,782 | -1,071 | -4,096 |
| Crude Input | 2,496 | 2,364 | 2,398 | 132 | 98 |

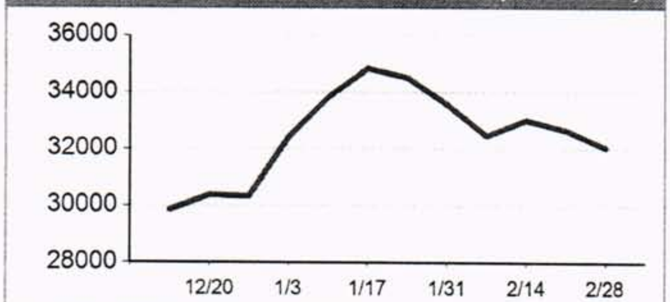
Note: Inventory levels are in thousands of barrels.

### California CEC Inventory - Week Ending 02/28

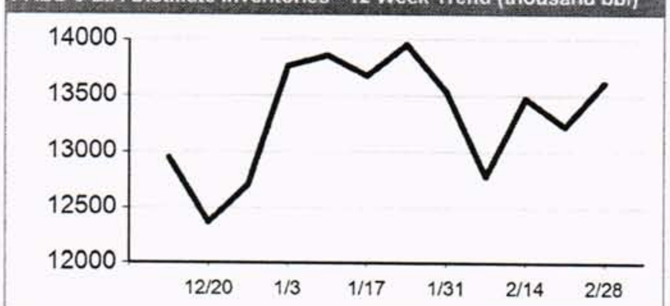
| Location | This Week | Last Week | Last Year | Week Change | Year Change |
|---|---|---|---|---|---|
| CARB RFG | 6,306 | 6,577 | 6,601 | -271 | -295 |
| Non-Calif. Gasoline | 705 | 691 | 1,294 | 14 | -589 |
| Gasoline Blend. Components | 5,992 | 5,825 | 6,788 | 167 | -796 |
| CARB-Diesel | 2,555 | 2,220 | 2,372 | 335 | 183 |
| Other Diesel | 1,527 | 1,351 | 1,180 | 176 | 347 |
| Kerosene Jet | 3,660 | 3,542 | 3,357 | 118 | 303 |
| Crude Oil | 15,542 | 14,171 | 15,732 | 1,371 | -190 |
| Crude Input | 11,853 | 11,559 | 10,926 | 294 | 927 |

Note: Inventory levels are in thousands of barrels.

PADD 5 EIA Gasoline Inventories - 12 Week Trend (thousand bbl)




PADD 5 EIA Distillate Inventories - 12 Week Trend (thousand bbl)




concerns about low East Coast gasoline stocks and weak imports amid turnaround season have investors monitoring the situation.

--Nicole Smolenski, nsmolenski@opisnet.com

## COASTAL ETHANOL SPIKE PUSHES MOTOR FUEL BLEND PRICES HIGHER

Winter rail and barge snags have pushed coastal ethanol prices as much as 40cts/gal above gasoline blendstock values, wreaking havoc with marketers buying E10 on formula deals in some cases.

Prices for ethanol have spiked in heartland markets as well, but the advance in the last month has been about half as dramatic as the surge witnessed at downstream storage hubs such as New York Harbor, the Gulf Coast, California, the Pacific Northwest and coastal Florida.

Chicago ethanol, for example, traded just over $2.30/gal yesterday, reflecting an increase of about 43cts/gal from early February. New York Harbor ethanol was more than $1/gal above that mark, even though the actual rail costs of moving Chicago barrels to East Coast storage are put at 15cts/gal or less. Lightly traded Gulf Coast and Tampa ethanol, meanwhile, were assessed around $3.20-$3.35/gal. West Coast numbers varied between $3.25-$3.33/gal.

The February and March price spike for ethanol has victimized marketers at East Coast ports who get their ethanol at prices tied to New York Harbor references. For example, the addition of 10% ethanol at $3.32/gal to RBOB costing $2.73/gal adds about 6cts/gal to the finished motor fuel number at a number of locations. Less than six weeks ago, adding ethanol to gasoline blendstock cut the finished fuel price by about 5-6cts/gal.

The winners in the ethanol spike are those companies that locked in cheap Chicago-sourced barrels late in 2013, often at numbers of $1.75/gal or less.

Other winners include marketers savvy enough to tie deliveries on the coasts to Chicago plus reasonable freight. They've been able to undercut local numbers by 50cts/gal or more.

### The 2014 Ethanol Price Spike

Not all the Chicago-sourced buyers are happy this month, however. A winter of unprecedented ice, snow and deep freezes has impaired rail travel, leaving some of those coastal buyers facing constant delays on alcohol deliveries. A number of locations at presstime saw suppliers still anxiously waiting for ethanol trains. It has not been uncommon this month to have suppliers holding plenty of bulk storage of gasoline, unable to dispense E10 because of the lack of prompt ethanol. That problem has occurred from New England south into Florida ports.

Florida is a particular sore spot. In recent days, suppliers looking for ethanol into East Coast ports on the peninsula have seen sellers ask for New York Harbor plus 10-20cts/gal. Independent suppliers can't make that number work, given that major oil companies continue to sell finished E10 blends at about $2.80/gal or less in south Florida, or well under what spot replacement costs imply for CBOB and ethanol.

Non-refiners say they've learned a stern lesson this winter: it is just too dangerous to tie ethanol costs to New York Harbor, the U.S. Gulf Coast, or even West Coast spot markets. Price references for those markets have blown out to reflect downstream numbers that are often 50cts to $1.00/gal above Chicago prices, and there is really no way to hedge coastal

*(Continued on Page 4)*

### OPIS Spot Feedstocks Values

| | Range (cts/gal) | | Diff to 70/30 (cts/gal) | | Diff to WTI ($/bbl) | | Diff to ANS ($/bbl) | |
|---|---|---|---|---|---|---|---|---|
| Product | Low | High | Low | High | Low | High | Low | High |
| Low Sulfur VGO | 282.60 | 284.60 | -5.00 | -3.00 | 17.15 | 17.95 | 11.30 | 12.10 |
| High Sulfur VGO | 278.10 | 279.10 | -9.50 | -8.50 | 15.25 | 15.65 | 9.40 | 9.80 |
| Light Cycle Oil | 245.75 | 247.75 | -44.55 | -42.55 | 2.50 | 3.25 | -- -- | -- -- |

### OPIS Spot NGL Ranges (cts/gal)

| | | Propane | | N.Butane | | Butane Mix | | Isobutane | | N. Gasoline | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Market | Date | Low | High | Low | High | Low | High | Low | High | Low | High |
| Delivered LA Basis | 3/06 | 160.00 | 161.00 | 110.25 | 112.50 | 110.25 | 112.50 | 136.00 | 136.13 | -- -- | -- -- |
| Delivered Bakersfield | 3/06 | 160.00 | 163.00 | 101.25 | 103.50 | 101.25 | 103.50 | -- -- | -- -- | 193.38 | 195.38 |
| Delivered Bay Area | 3/06 | 159.00 | 165.00 | 110.25 | 112.50 | 110.25 | 112.50 | 138.00 | 138.13 | -- -- | -- -- |

### WC/WTI-NYMEX/Atlantic Basin Crude Values ($/bbl)

| Product | Low | High | Last | Change |
|---|---|---|---|---|
| Alaska North Slope | 107.16 | 107.66 | 107.41 | 0.11 |
| Line 63 | 103.16 | 103.66 | 103.41 | 0.11 |
| THUMS | 98.10 | 98.60 | 98.35 | -1.55 |

| Product | Low | High | Last | Change |
|---|---|---|---|---|
| SJV | 97.25 | 97.75 | 97.50 | -1.65 |
| WTI | 100.09 | 101.67 | 101.56 | 0.11 |
| Brent | 107.37 | 108.54 | 108.10 | 0.34 |

### U.S. West Coast Crude Oil Postings ($/bbl)

| Location | API | Chev | API | PMTC | API | MOBIL |
|---|---|---|---|---|---|---|
| Buena Vista | 26.0 | 105.96 | 26.0 | 105.70 | 26.0 | 106.09 |
| Hunt. Beach | -- -- | -- -- | 20.0 | 99.85 | -- -- | -- -- |
| Kern River | -- -- | -- -- | 13.0 | 96.85 | -- -- | -- -- |
| Long Beach | -- -- | -- -- | 27.0 | 103.30 | -- -- | -- -- |
| Midway Sunset | 13.0 | 100.51 | 13.0 | 100.20 | 13.0 | 100.51 |
| Wilmington | -- -- | -- -- | 17.0 | 97.60 | -- -- | -- -- |
| Effective Date | | 03/05 | | 03/04 | | 03/05 |

### U.S. West Coast Crude Oil Postings ($/bbl)

| Location | API | STUSCO | API | UNION 76 |
|---|---|---|---|---|
| Buena Vista | 26.0 | 106.45 | 26.0 | 105.40 |
| Midway Sunset | 13.0 | 101.10 | 13.0 | 99.80 |
| Effective Date | | 03/05 | | 03/05 |

### Today's Closing Singapore Prompt Jet Kerosene Prices

| Market | Low | High | Mean | Change |
|---|---|---|---|---|
| FOB Singapore ($/bbl) | 120.70 | 120.80 | 120.75 | -1.220 |

### OPIS Ethanol Prices (cts/gal)

| Market | Timing | Low | High | Mean | Change |
|---|---|---|---|---|---|
| LA CI 90.10 | PROMPT | 336.00 | 341.00 | 338.50 | 5.750 |
| LA CI 90.10 | ANY | 333.00 | 337.00 | 335.00 | 6.000 |
| SF CI 90.10 | PROMPT | 336.00 | 341.00 | 338.50 | 5.750 |
| SF CI 90.10 | ANY | 333.00 | 337.00 | 335.00 | 6.000 |
| Phoenix Eth. | PROMPT | 338.00 | 340.00 | 339.00 | -5.750 |
| P.N.W. Eth. | PROMPT | 326.00 | 339.00 | 332.50 | 7.500 |

### OPIS California Low Carbon Fuel Standard

| Product | Low | High | Mean | Change |
|---|---|---|---|---|
| Carbon Credit ($/MT) | 39.00 | 42.00 | 40.50 | -2.00 |
| Carbon Intensity Pts ($/CI) | 0.0032 | 0.0034 | 0.00330 | -0.0002 |
| Carbon CPG Diesel (cts/gal) | 0.5100 | 0.5500 | 0.53000 | -0.0300 |
| Carbon CPG Gasoline (cts/gal) | 0.5700 | 0.6100 | 0.59000 | -0.0300 |

### OPIS U.S. RIN Values (cts/gal)

| Product | Year | Low | High | Mean | Change |
|---|---|---|---|---|---|
| Corn Ethanol | 2012 | 55.00 | 57.00 | 56.00 | 2.000 |
| Corn Ethanol | 2013 | 57.00 | 59.00 | 58.00 | 2.500 |
| Corn Ethanol | 2014 | 54.50 | 56.50 | 55.50 | 2.000 |
| Biodiesel | 2012 | 55.00 | 57.00 | 56.00 | 1.000 |
| Biodiesel | 2013 | 58.00 | 60.00 | 59.00 | 3.000 |
| Biodiesel | 2014 | 68.00 | 72.50 | 70.25 | 4.250 |
| Cellulosic | 2012 | 77.00 | 79.00 | 78.00 | -- -- |
| Cellulosic | 2013 | 41.50 | 42.50 | 42.00 | -- -- |
| Adv. Biofuel | 2012 | 54.00 | 57.00 | 55.50 | 1.500 |
| Adv. Biofuel | 2013 | 57.00 | 60.00 | 58.50 | 2.500 |
| Adv. Biofuel | 2014 | 65.00 | 68.00 | 66.50 | 4.500 |

costs.

While this winter's huge gap between Chicago and coastal markets is routed in transportation snags, there are other red flags that can throw downstream references out of whack. Movement of a single cargo out of East Coast or Gulf Coast ports can push local prices up in 10-25ct/gal increments, and 2013 featured several of those disconnections.

When will source-and-destination markets be normalized?

"Only the railroad executives can answer that question," observed one large East Coast supplier, adding that the companies controlling the logistics hold incredible power in ethanol sourcing and delivery.

Until that happens, ethanol will be tremendously backwardated on the coasts. Whereas New York Harbor prompt ethanol fetched about $3.32/gal at presstime, the value drops to about $2.75-$2.80/gal for April delivery.

--Tom Kloza, tkloza@opisnet.com

NEW YORK JET HITS 2014 LOW

New York spot jet fuel prices finished below $3/gal for the first time in 2014, marking an astounding turnaround for a product that all year has been priced well over $3/gal. In fact prices just two weeks ago topped $3.20/gal, their highest perch of 2014. It marks the first time in three months (since Dec. 13th) that values in New York dipped under $3/gal.

Ironically the price slide comes despite a more than million barrel decline in regional inventories, which according to the Department of Energy dipped to a seven week low.

The drop in stocks contradicts OPIS reports of a potential heavy influx of jet fuel cargoes destined for eastern shores as prices perched at yearly highs in February.

Some of that material may have been diverted to New England or the southeast while some of the cargoes never sailed as New York fuel values started to tumble.

The downgrade in New York supplies also comes as production increased. Import numbers from DOE fail to substantiate all the cargoes OPIS reported coming to shore.

Jet fuel prices elsewhere declined except in Chicago where very strong cash differentials pushed prices well over $3.20/gal. Material is now valued some 26cts/gal over the NYMEX, up 4cts/gal on the day, posturing Chicago jet more than 40cts/gal ahead of Los Angeles prices.

Airplanes flying cross country will try to avoid Chicago when

*(Continued on Page 5)*

### OPIS Spot Feedstocks Values

| | Range (cts/gal) | | Diff to 70/30 (cts/gal) | | Diff to WTI ($/bbl) | | Diff to ANS ($/bbl) | |
|---|---|---|---|---|---|---|---|---|
| Product | Low | High | Low | High | Low | High | Low | High |
| Low Sulfur VGO | 275.55 | 277.55 | -5.00 | -3.00 | 20.30 | 21.10 | 11.80 | 12.60 |
| High Sulfur VGO | 271.05 | 272.05 | -9.50 | -8.50 | 18.40 | 18.80 | 9.90 | 10.30 |
| Light Cycle Oil | 248.40 | 250.40 | -45.00 | -43.00 | 2.50 | 3.25 | -- -- | -- -- |

### OPIS Spot NGL Ranges (cts/gal)

| | | Propane | | N.Butane | | Butane Mix | | Isobutane | | N. Gasoline | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Market | Date | Low | High | Low | High | Low | High | Low | High | Low | High |
| Delivered LA Basis | 1/02 | 184.00 | 207.00 | 183.00 | 190.00 | 183.00 | 190.00 | 187.00 | 192.00 | -- -- | -- -- |
| Delivered Bakersfield | 1/02 | 188.00 | 249.00 | 174.00 | 181.00 | 174.00 | 181.00 | -- -- | -- -- | 208.00 | 210.00 |
| Delivered Bay Area | 1/02 | 184.00 | 207.00 | 183.00 | 190.00 | 183.00 | 190.00 | 187.00 | 192.00 | -- -- | -- -- |

### WC/WTI-NYMEX/Atlantic Basin Crude Values ($/bbl)

| Product | Low | High | Last | Change |
|---|---|---|---|---|
| Alaska North Slope | 103.69 | 104.19 | 103.94 | -2.98 |
| Line 63 | 99.69 | 100.19 | 99.94 | -2.98 |
| THUMS | 95.10 | 95.60 | 95.35 | -0.40 |

| Product | Low | High | Last | Change |
|---|---|---|---|---|
| SJV | 94.35 | 94.85 | 94.60 | -0.40 |
| WTI | 95.29 | 98.97 | 95.44 | -2.98 |
| Brent | 107.73 | 111.35 | 107.78 | -3.02 |

### U.S. West Coast Crude Oil Postings ($/bbl)

| Location | API | Chev | API | PMTC | API | MOBIL |
|---|---|---|---|---|---|---|
| Buena Vista | 26.0 | 104.43 | 26.0 | 102.80 | 26.0 | 104.56 |
| Hunt. Beach | -- -- | -- -- | 20.0 | 96.95 | -- -- | -- -- |
| Kern River | -- -- | -- -- | 13.0 | 93.95 | -- -- | -- -- |
| Long Beach | -- -- | -- -- | 27.0 | 100.40 | -- -- | -- -- |
| Midway Sunset | 13.0 | 98.98 | 13.0 | 97.20 | 13.0 | 98.98 |
| Wilmington | -- -- | -- -- | 17.0 | 94.70 | -- -- | -- -- |
| Effective Date | | 12/31 | | 12/30 | | 12/31 |

### U.S. West Coast Crude Oil Postings ($/bbl)

| Location | API | STUSCO | API | UNION 76 |
|---|---|---|---|---|
| Buena Vista | 26.0 | 104.35 | 26.0 | 103.25 |
| Midway Sunset | 13.0 | 99.00 | 13.0 | 97.65 |
| Effective Date | | 12/31 | | 12/31 |

### Today's Closing Singapore Prompt Jet Kerosene Prices

| Market | Low | High | Mean | Change |
|---|---|---|---|---|
| FOB Singapore ($/bbl) | -- -- | -- -- | -- -- | -- -- |

### OPIS Ethanol Prices (cts/gal)

| Market | Timing | Low | High | Mean | Change |
|---|---|---|---|---|---|
| LA CI 90.10 | PROMPT | 255.00 | 261.00 | 258.00 | -2.000 |
| LA CI 90.10 | ANY | 251.00 | 258.00 | 254.50 | -2.000 |
| SF CI 90.10 | PROMPT | 255.00 | 261.00 | 258.00 | -2.000 |
| SF CI 90.10 | ANY | 251.00 | 258.00 | 254.50 | -2.000 |
| Phoenix Eth. | PROMPT | 257.00 | 258.50 | 257.75 | 4.250 |
| P.N.W. Eth. | PROMPT | 253.00 | 255.00 | 254.00 | -- -- |

### OPIS California Low Carbon Fuel Standard

| Product | Low | High | Mean | Change |
|---|---|---|---|---|
| Carbon Credit ($/MT) | 45.00 | 52.00 | 48.50 | -1.50 |
| Carbon Intensity Pts ($/CI) | 0.0037 | 0.0042 | 0.00395 | -0.0001 |
| Carbon CPG Diesel ($/gal) | 0.5930 | 0.6853 | 0.63913 | -0.0198 |
| Carbon CPG Gasoline ($/gal) | 0.6562 | 0.7583 | 0.70728 | -0.0219 |

### OPIS U.S. RIN Values (cts/gal)

| Product | Year | Low | High | Mean | Change |
|---|---|---|---|---|---|
| Corn Ethanol | 2012 | 30.50 | 32.00 | 31.25 | -- -- |
| Corn Ethanol | 2013 | 31.50 | 33.00 | 32.25 | -1.000 |
| Corn Ethanol | 2014 | 31.50 | 33.00 | 32.25 | -1.375 |
| Biodiesel | 2012 | 30.00 | 33.00 | 31.50 | -- -- |
| Biodiesel | 2013 | 32.00 | 36.00 | 34.00 | 0.750 |
| Biodiesel | 2014 | 44.00 | 47.00 | 45.50 | 10.250 |
| Cellulosic | 2012 | 77.00 | 79.00 | 78.00 | -- -- |
| Cellulosic | 2013 | 41.50 | 42.50 | 42.00 | -36.000 |
| Adv. Biofuel | 2012 | 32.00 | 34.00 | 33.00 | -- -- |
| Adv. Biofuel | 2013 | 34.00 | 37.00 | 35.50 | 0.500 |
| Adv. Biofuel | 2014 | 36.00 | 45.00 | 40.50 | 3.500 |

oil per year. It plans rail spurs to provide a total of 80 rail loading/unloading spots.

Westway will also add four 200,000-bbl capacity, internal floating roof tanks. The company's permit application is for up to nine new tanks.

Westway will expand dock capabilities to include loading vessels with crude and will install a new marine vapor combustion unit.

Imperium is expected to construct new storage tanks, rail infrastructure and office space at Terminal 1 at the Grays Harbor port. The company's permit application is for four new tanks. These new tanks would be located adjacent to existing Imperium biodiesel plant and the port's T-1 marine terminal.

U.S. Development said that its new Grays Harbor Rail Terminal would handle up to 50,000 b/d with one, 120-car unit train delivery about every two days. Ship calls will range from 45-60 per year, depending on vessel size.

This $80 million new facility could be operational within two years, depending on the permitting process.

U.S. Development entered the rail logistics business in 1998 and has since developed 12 facilities across the United States including Texas, Louisiana, New Jersey, Maryland, North Dakota, Colorado and California.

--Edgar Ang, eang@opisnet.com

FLYERS ENERGY PURCHASES NEVADA JOBBER

Well-known California marketer Flyers Energy just rolled up another Nevada company into its operations. Flyers started the New Year with an acquisition of the assets of Allied-Washoe Petroleum, a fuel marketer based in Reno, Nev.

Allied-Washoe CEO Mike Cox acknowledged industry consolidation after the move, observing that "the industry is evolving in a direction that makes it increasingly difficult for small, independent marketers like Allied-Washoe to be competitive." Cox noted that it was in the best interest of the company, employees and shareholders to align with Flyers Energy, since that firm is best set up to serve the needs of customers in the future.

Allied-Washoe markets lubricants and delivers fuels to commercial accounts in the region, and the deal will give Flyers its first opportunity to distribute Shell-brand lubricants in northern Nevada. California-based Flyers will also get access to the Pacific Pride commercial fueling network.

*(Continued on Page 5)*

### OPIS Spot Feedstocks Values

| | Range (cts/gal) | | Diff to 70/30 (cts/gal) | | Diff to WTI ($/bbl) | | Diff to ANS ($/bbl) | |
|---|---|---|---|---|---|---|---|---|
| Product | Low | High | Low | High | Low | High | Low | High |
| Low Sulfur VGO | 275.40 | 277.40 | -5.00 | -3.00 | 17.60 | 18.40 | 11.60 | 12.40 |
| High Sulfur VGO | 270.90 | 271.90 | -9.50 | -8.50 | 15.70 | 16.10 | 9.70 | 10.10 |
| Light Cycle Oil | 238.35 | 240.35 | -43.25 | -41.25 | 2.50 | 3.25 | -- -- | -- -- |

### OPIS Spot NGL Ranges (cts/gal)

| | | Propane | | N.Butane | | Butane Mix | | Isobutane | | N. Gasoline | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Market | Date | Low | High | Low | High | Low | High | Low | High | Low | High |
| Delivered LA Basis | 3/13 | 146.00 | 147.00 | 113.75 | 115.50 | 113.75 | 115.50 | 138.75 | 139.75 | -- -- | -- -- |
| Delivered Bakersfield | 3/13 | 150.00 | 151.00 | 104.75 | 106.50 | 104.75 | 106.50 | -- -- | -- -- | 183.38 | 185.38 |
| Delivered Bay Area | 3/13 | 145.00 | 146.00 | 113.75 | 115.50 | 113.75 | 115.50 | 140.75 | 141.75 | -- -- | -- -- |

### WC/WTI-NYMEX/Atlantic Basin Crude Values ($/bbl)

| Product | Low | High | Last | Change |
|---|---|---|---|---|
| Alaska North Slope | 103.83 | 104.33 | 104.08 | -0.81 |
| Line 63 | 99.83 | 100.33 | 100.08 | -0.81 |
| THUMS | 93.20 | 93.70 | 93.45 | 0.40 |

| Product | Low | High | Last | Change |
|---|---|---|---|---|
| SJV | 92.45 | 92.95 | 92.70 | 0.40 |
| WTI | 97.37 | 99.20 | 98.08 | -0.81 |
| Brent | 106.16 | 108.60 | 106.24 | -2.33 |

### U.S. West Coast Crude Oil Postings ($/bbl)

| Location | API | Chev | API | PMTC | API | MOBIL |
|---|---|---|---|---|---|---|
| Buena Vista | 26.0 | 104.40 | 26.0 | 100.90 | 26.0 | 103.53 |
| Hunt. Beach | -- -- | -- -- | 20.0 | 95.05 | -- -- | -- -- |
| Kern River | -- -- | -- -- | 13.0 | 92.05 | -- -- | -- -- |
| Long Beach | -- -- | -- -- | 27.0 | 98.50 | -- -- | -- -- |
| Midway Sunset | 13.0 | 98.95 | 13.0 | 95.40 | 13.0 | 97.95 |
| Wilmington | -- -- | -- -- | 17.0 | 92.80 | -- -- | -- -- |
| Effective Date | | 03/14 | | 03/13 | | 03/14 |

### U.S. West Coast Crude Oil Postings ($/bbl)

| Location | API | STUSCO | API | UNION 76 |
|---|---|---|---|---|
| Buena Vista | 26.0 | 104.35 | 26.0 | 102.90 |
| Midway Sunset | 13.0 | 99.00 | 13.0 | 97.30 |
| Effective Date | | 03/14 | | 03/14 |

### Today's Closing Singapore Prompt Jet Kerosene Prices

| Market | Low | High | Mean | Change |
|---|---|---|---|---|
| FOB Singapore ($/bbl) | 119.43 | 119.53 | 119.48 | 0.370 |

### OPIS Ethanol Prices (cts/gal)

| Market | Timing | Low | High | Mean | Change |
|---|---|---|---|---|---|
| LA CI 90.10 | PROMPT | 345.00 | 348.00 | 346.50 | 6.000 |
| LA CI 90.10 | ANY | 340.00 | 344.00 | 342.00 | 5.000 |
| SF CI 90.10 | PROMPT | 345.00 | 348.00 | 346.50 | 6.000 |
| SF CI 90.10 | ANY | 340.00 | 344.00 | 342.00 | 5.000 |
| Phoenix Eth. | PROMPT | 335.00 | 343.00 | 339.00 | 4.000 |
| P.N.W. Eth. | PROMPT | 343.00 | 345.00 | 344.00 | -- -- |

### OPIS California Low Carbon Fuel Standard

| Product | Low | High | Mean | Change |
|---|---|---|---|---|
| Carbon Credit ($/MT) | 35.00 | 40.00 | 37.50 | -1.00 |
| Carbon Intensity Pts ($/CI) | 0.0029 | 0.0033 | 0.00310 | -0.0001 |
| Carbon CPG Diesel (cts/gal) | 0.4600 | 0.5300 | 0.49000 | -0.0200 |
| Carbon CPG Gasoline (cts/gal) | 0.5100 | 0.5800 | 0.55000 | -0.0100 |

### OPIS U.S. RIN Values (cts/gal)

| Product | Year | Low | High | Mean | Change |
|---|---|---|---|---|---|
| Corn Ethanol | 2012 | 46.00 | 47.00 | 46.50 | -1.500 |
| Corn Ethanol | 2013 | 47.00 | 48.00 | 47.50 | -1.500 |
| Corn Ethanol | 2014 | 44.50 | 47.00 | 45.75 | -1.000 |
| Biodiesel | 2012 | 44.00 | 46.00 | 45.00 | -2.500 |
| Biodiesel | 2013 | 48.00 | 49.00 | 48.50 | -- -- |
| Biodiesel | 2014 | 64.00 | 65.00 | 64.50 | -- -- |
| Cellulosic | 2012 | 77.00 | 79.00 | 78.00 | -- -- |
| Cellulosic | 2013 | 41.50 | 42.50 | 42.00 | -- -- |
| Adv. Biofuel | 2012 | 44.00 | 46.00 | 45.00 | -2.500 |
| Adv. Biofuel | 2013 | 48.00 | 49.00 | 48.50 | -1.000 |
| Adv. Biofuel | 2014 | 60.00 | 62.00 | 61.00 | 1.000 |

from dairy manure and wil l power Calgren Renewable Fuels' 60-million gal/yr ethanol plant.

Additionally, Community Fuels in Encinitas, Calif., is receiving $4.9 millio n to expand biodiesel production at its Port of Stockton plant from 10 million gal/yr to at least 15 million gal/yr.

CEC also provided funding to an electric vehicle power train conversion project, as well as another to install LED street lights.

--Rachel Gantz, rgantz@opisnet.com

PHILLIPS 66 EMERGES AS BIGGEST WINNER IN SPR CRUDE TEST SALE

The biggest winner in the U.S. Strategic Petroleum Reserve test sale for 5 million bbl of crude oil is Phillips 66, according to the Department of Energy.

The bidding results were published late on Friday. The crude test sale deliveries will be made in April.

Phillips 66 won 2.04 million bbl of sour crude oil, and Shell bought 1.22 million bbl. Marathon Petroleum bought 1.2 million bbl, and ExxonMobil won 500,000 bbl. Mercuria won 40,000 bbl.

Unsuccessful bidders include Valero, Tesoro, Plains Marketing, PMI of Mexico , Noble Americas Corp., Hess Energy Trading Company, Chevron and Atlantic Trading & Marketing (Totsa).

OPIS reported last week that the SPR release volume, which amounts to less than 1% of the SPR, is expected to add to the rapidly rising Gulf Coast crude inventory, and the additional oil in the market is to put downward pressure on Gulf Coast crude price differentials and WTI crude market.

The price impact is expected to be on both sour and sweet crude markets even though the SPR release is for only sour grade. A higher supply of sour crude could have a ripple effect in the sweet market as seen with a higher sweet supply impact on sour.

Of the 5 million bbl on offer, 4 million bbl of sour crude would be offered from the SPR West Hackberry site and 1 million bbl of sour crude would be offered from the SPR Big Hill site, according to DOE.

DOE said that the release of up to 5 million additional barrels of sour crud e into the marketplace through the proposed test sale is expected to have minimal market impact.

The SPR currently has a physical capacity of 727 million bbl.

*(Continued on Page 5)*

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**FIRST AMENDMENT TO SERVICES AGREEMENT**
(Contract #B-2272)

This First Amendment to Services Agreement ("First Amendment") is entered into as of the date of the City of Concord's signature below ("Effective Date"). This First Amendment amends that certain Services Agreement Contract #B-2272 made between the City of Concord, a California municipal corporation ("City") and Pinnacle Petroleum Inc., a California corporation ("Contractor") dated October 22, 2013 in connection with "providing and delivering unleaded gasoline on an as-needed basis" ("Agreement")..

**THE PARTIES ENTER THIS FIRST AMENDMENT** based upon the following facts, understandings, and intentions:

The parties wish to amend the Agreement by clarifying the payment terms and increasing the per-gallon unleaded gasoline charges to be paid thereunder. Even with such changes, CONTRACTOR remains the lowest responsive, responsible bidder with respect to Request for Bid #2272.

**NOW THEREFORE,** in consideration of the promises and conditions, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CITY and CONTRACTOR hereby amend the Agreement as follows:

1. Agreement Section 3 is hereby deleted in its entirety and replaced with the following:

3. **PAYMENT**

CONTRACTOR shall be paid in an amount not to exceed Five Hundred One Thousand Five Hundred Seventy Seven Dollars and 00/100, $501,577.00 ("Annual Estimate") per year for the initial two-year term of this Agreement. The Annual Estimate is a mathematical result based on the based on the Estimated Needs and the Revised Rates (as those terms are defined below). Because the Agreement requires CONTRACTOR to provide and deliver unleaded gasoline on an as-needed basis, CITY (at its sole option) may order unleaded gasoline less than, or in excess, of the Estimated Needs. In all events, CITY will be charged only for the actual quantity of unleaded gasoline ordered and delivered. The CITY's estimated annual unleaded gasoline needs are as follows, and are referred to herein as the "Estimated Needs":

| Delivery Location | Estimated Annual Quantity (Gallons) |
|---|---|
| A. Corporation Yard (2360 Bisso Lane) | 65,000 |
| B. Police Department (1350 Galindo Street) | 100,000 |

The revised per gallon unleaded gasoline rates are as set forth below ("Revised Rates"):

A. Corporation Yard:

OPIS San Jose Rack Average minus(-) .0121

B. Police Department:

OPIS San Jose Rack Average plus(+) .0078

The Revised Rates will apply to all unleaded gasoline ordered by CITY on or after the Effective Date. CONTRACTOR may submit monthly statements for services rendered. It is intended that payment to CONTRACTOR will be made by CITY within thirty (30) days of CITY's receipt and approval of each invoice.

2. This First Amendment will be effective as of the Effective Date. Except as expressly amended herein, all other terms and conditions of the Agreement shall remain in full force and effect.

**CONTRACTOR:**

PINNACLE PETROLEUM INC.,
a California corporation

By: ______________________________

Name: ______________________________

Its: ______________________________

______________________________

By: ______________________________

Name: ______________________________

Its: ______________________________

______________________________

**CITY:**

CITY OF CONCORD,
a California municipal corporation

By: ______________________________

Valerie J. Barone, City Manager

April ___, 2014 ("Effective Date")

ATTEST:

By: ______________________________

Mary Rae Lehman, City Clerk

APPROVED AS TO FORM:

By: ______________________________

Mark S. Coon, City Attorney

FINANCE DIRECTOR'S CERTIFICATION:
Concord, California

Date: ______________________________, 2014

I hereby certify that adequate funds exist or will be received during the current fiscal year 2013/14 and next fiscal year 2014/15 to pay the anticipated expenses to be incurred pursuant to this two year contract. The estimated sum of $1,003,154 for 2 years ($501,577.00 x 2 years)

______________________________
Finance Director

Account Code: 100BA-13040