

July 8, 2015

Todd Younkin, Administrator
Business Standards Division
Department of Labor & Industry
PO Box 200513
Helena, MT 59620

RE: Task Force/Meter Testing

Dear Mr. Younkin,

Thank you for your patience in allowing the task force to complete its discussions in considering recommendations for a future testing/fee schedule for fuel meters. We also want to thank you for meeting with us and providing the additional information for the task forces' consideration.

Since the April meeting, and after consulting with the Association Board, the task force has conducted several conference calls, reviewed several different options and settled on a plan that it believes will best serve the consumer and the affected industry companies.

The State of Washington has adopted a random testing program that appears to be working from both the Divisions' standpoint and the industry. We have had discussions with the administrator, fuel marketers and other industry partners that support the program. The Washington Bureau receives no general funding and is operating their program with the annual licensing fees collected. (Attached is the Washington current schedule of fees). They have adopted internal policies that allow the inspectors to select the locations they will test and, not only are the locations selected on a random basis but the meters they test are randomly selected. For example, at a location with 8 dispensers they will test only 15% of those meters which takes less time and allows them to visit more locations. In addition, the inspectors will randomly observe a service providers' testing process at a particular location they are servicing.

Considering the highly developed technology used in the fuel marketing world today; we believe that mandatory, scheduled testing will not greatly influence the performance of meters since it is already in the owner' best interest to perform regular maintenance. This is not just to ensure a high level of compliance but to minimize fuel losses, since meters wear in the favor of the consumer (verified by service providers). The evidence provided by the Bureau for testing failure rates, strongly supports the argument that scheduled testing increases the cost of operation but provides very little compliance benefit for consumers; therefore resulting in higher costs to consumers. We believe that random

testing conducted by Bureau inspectors to test against and enforce the legal tolerances, is appropriate for encouraging industry compliance.

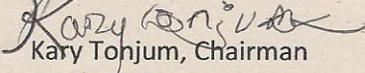
You will note that the State of Washington also conducts random testing for the weighing side of the program. While we do not include the scales in our recommendation, we would suggest that perhaps the State of Montana should consider it for certain types of weighing devices.

In discussions prior to and during the 2015 Legislative Session with elected officials, we believe there is support for a random testing program. We would reference the Appropriations Joint Subcommittee on General Government hearing February 6th, for one.

In regards to a licensing fee schedule, we offer no recommendation at this time however; it would seem an increase would certainly not be warranted and that a decrease should be considered.

Thank you for the opportunity to submit the task forces' recommendations. We will make ourselves available for future discussions.

Sincerely,


Kary Tonjum, Chairman

cc: Tim Lloyd, Bureau Chief
Senator Bruce Tutvedt