SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Domestic Security Committee

BILL:	SB 530
SPONSOR:	Senator Atwater
SUBJECT:	Consumer Emergency Gasoline Act
DATE:	February 28, 2006 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Pardue	Skelton	DS	**Pre-meeting**
2.			CM	
3.				
4.				
5.				
6.				

I. Summary:

This bill provides for the requirement that any retail gasoline station offering motor fuel for sale to the public must be equipped with an alternative means of power generation capable of pumping motor fuel immediately following the loss of normal power.

This bill creates an unnumbered section of the Florida Statutes.

II. Present Situation:

During the 2004 hurricane season, Florida was affected by storm related electrical power outages and concerns about fuel availability. In August and September of 2005, Hurricanes Katrina and Rita severely damaged portions of the nation's fuel production infrastructure. The immediate impact resulted in spot shortages and per gallon prices stabilizing at close to $3 per gallon. Since Florida receives between 92-98% of its motor fuel supply by ship or barge[1], two-thirds of which comes from U. S. supply origins[2], damage to the Gulf Coast production infrastructure and disruption of the Gulf shipping lanes gave Florida further cause for concern. As Hurricane Wilma approached on October 22, 2005, four Gulf Coast refineries, 62% of Gulf oil production, and 52% of Gulf natural gas production remained closed.[3]

Florida, however, was able to seek additional sources of product and combined with conservation measures, experienced tight supplies in some locations but no serious shortages prior to Wilma. Florida's fuel inventories on Saturday, October 22, 2005, stood at approximately

[1] Source: Florida Department of Environmental Protection, 2005 Energy Forum.
[2] Source: Port Everglades Legislative Briefing, Jan. 18, 2006.
[3] Florida SERT Hurricane Wilma Situation Report No. 8, October 22, 2005.

213 million gallons available in storage in the ports. Since Florida normally uses about 25 million gallons of motor fuel a day, the fuel in storage amounted to about nine days of supply available.[4]

Hurricane Wilma came ashore at approximately 6:30 AM on Monday, October 24, 2005, knocking out power to almost 3.5 million customers and forcing the temporary closure of South Florida ports including Port Everglades. Port Everglades supplies Florida with almost 40% of its transportation fuels.[5]

The fuel on hand immediately after Wilma's landfall remained at 9 days supply across the state with locations on I-4, I-95, I-75, and the Florida Turnpike reporting plenty of fuel.[6]

By mid-afternoon the next day, Tuesday, October 25, 2005, Port Everglades was reporting that it had generator capacity to off load fuel ships but the shipping channel was still closed to vessel traffic.

On Wednesday morning, October 26, 2005, Port Everglades reported partial power restoration with two days worth of normal fuel distribution supply in its tanks. That day, service plazas on the Florida Turnpike from Miami to Yeehaw Junction began to experience five plus mile back-ups requiring consumers to wait 3 to 5 hours in line for fuel. Sales were limited to $20 worth per vehicle which purchased about seven and a half gallons of fuel. Further north, Orlando's gas stations, which had power and a supply chain fed via pipeline from the Port of Tampa, were operating normally. By the end of that day an estimated 2.65 million customers across Florida remained without power. As a conservation measure, South Florida retail outlets also began adopting the policy of limiting fuel purchases to $20 at those stations capable of operations.[7]

By noon on Thursday, October 27, 2005, ExxonMobil reported 55 stations were operational in Palm Beach, Broward, and Miami-Dade counties. Amerada Hess reported providing generators for back-up power at their South Florida facilities. Palm Beach, Broward, and Miami-Dade counties have approximately 1,820 gas stations and some number of other company gas stations were likely open but not listed in the State Emergency Response Situation Reports. Fuel available to the public was a problem.[8] Fuel in storage in the ports statewide reflected an approximate seven day supply with replenishment priority given to emergency crews and first responders. Retail gas stations with available power along major transportation corridors and in major metropolitan areas were also given replenishment priority to support the needs of returning evacuees.[9] By the end of the day, 2.1 million customers still remained without power.

Throughout the Hurricane Wilma recovery, bulk fuel inventories were sufficient to meet essential needs. The problem Floridians encountered was delivery at the local retail level. Fuel in local retail outlet tanks was for the most part inaccessible without the electrical power to

[4] Id.
[5] Source: Port Everglades Legislative Briefing, Jan. 18, 2006.
[6] Florida SERT Hurricane Wilma Situation Report No. 14, October 24, 2005.
[7] Florida SERT Hurricane Wilma Situation Report No. 20, October 26, 2005.
[8] Florida SERT Hurricane Wilma Situation Report No. 23, October 27, 2005.
[9] Florida Emergency Operations Center Media Release, October 27, 2005

dispense it. Media reports showed long lines at South Florida gas stations until power was gradually restored. By November 1, 2005 over 700,000 customers still were without power.[10]

Chapter 252, F.S., provides for Emergency Management in the State of Florida. Section 252.35, F.S., provides for emergency management powers for the Division of Emergency Management. Included in this section are provisions calling for the establishment of strategies for ensuring sufficient, reasonably priced fueling locations along evacuations routes.

Section 252.38, F.S., provides for emergency management powers of political subdivisions. Counties are required to establish an emergency management agency and develop and maintain an emergency management plan and program consistent with the state emergency management plan and program.

Section 526.303, F.S., provides definitions for the sale of liquid fuels including the definitions for motor fuels, retail outlet, sale, and terminal facility.

Section 775.082, F.S., provides for a term of imprisonment upon conviction for a misdemeanor of the second degree of up to 60 days. Section 775.083, F.S., provides for a fine upon conviction of a misdemeanor of the second degree of up to $500.

III. Effect of Proposed Changes:

This bill provides that any newly constructed retail gasoline station offering motor fuel for sale to the public which receives a certificate of occupancy issued on or after June 1, 2006 must be equipped with an alternative means of power generation on site so that the station's pumps may be operated immediately in the event of a power outage. Stations having received a certificate of occupancy prior to June 1, 2006 have until December 1, 2007 to comply with the provisions of the Act.

The bill provides for a criminal penalty as a misdemeanor of the second degree for violation of this Act.

The bill provides for an effective date of June 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

[10]Florida Emergency Operations Center Media Release, November 1,, 2005

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

To engineer and pre-wire a gas station in compliance with this bill, installing the appropriate generator wiring, coupling, and transfer switch is estimated to cost between $5,000 and $8,000 per station. This cost would be borne by the station owner.

Costs for purchasing a generator are dependent on each individual application. As an approximate general rule, standby generators cost $300 to $500 per kilo-watt. Thus a 20 KW standby generator would cost between $6,000 and $10,000. A 100 KW generator would cost between $30,000 and $50,000. The owner would also incur maintenance and service costs over the life of the generator.

There are approximately 9,200 gas stations in Florida. It is estimated that this bill would affect more than 90% of them.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

The bill does not address inspection or verification procedures, insuring that the backup power system or alternative pumping system is kept fully operational at all times. Such an administrative system would likely have a government sector fiscal impact.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.