



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE ADMINISTRATOR

SEP 11 2008

The Honorable Phil Bredesen
Governor
State of Tennessee
Tennessee State Capitol
Nashville, Tennessee 37243

Re: September 2008 Fuel Waiver Concerning the State of Tennessee

Dear Governor Bredesen:

This is in response to your September 5, 2008 request that the U.S. Environmental Protection Agency waive the federal gasoline low volatility requirements under the Clean Air Act (CAA) for the State of Tennessee, as the result of the disruption in the supply of fuel caused by Hurricane Gustav. Following your request, EPA and the Department of Energy (DOE) have been actively monitoring the supply of fuel to Tennessee on a daily basis, and we have been coordinating with Tennessee officials throughout this period. EPA's and DOE's initial evaluation indicated that while the supplies of fuel were initially slowed as the result of disruptions to refineries and fuel pipelines, there was not an overall shortage in supplies of low volatility fuel to Tennessee. However, more recently, due to the continuing effects of Hurricane Gustav, EPA has determined, and DOE concurs, that it is now necessary to take action to minimize or prevent disruption of Tennessee's fuel supply. By this letter, I am granting Tennessee's waiver request, as provided below.

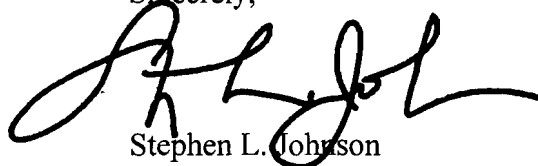
As you know, regulations promulgated under the Clean Air Act require gasoline sold in the counties of Davidson, Rutherford, Sumner, Williamson and Wilson (the "designated counties") to have maximum Reid Vapor Pressure (RVP) of 7.8 pounds per square inch (psi) during the "high ozone" season, through September 15, 2008. *See* 40 C.F.R. § 80.27. Hurricane Gustav resulted in the shutdowns of several Gulf area petroleum refineries and caused widespread power outages in the Louisiana area following its landfall on Monday, September 1st, which resulted in the curtailment of the production and delivery of low volatility gasoline to the fuel pipelines originating in the Gulf area which serve Tennessee. Since that time, EPA has determined that further, additional delays in the delivery of fuel are currently being experienced, and that beginning later this week there will not be an adequate supply of 7.8 psi RVP to the designated counties for the remainder of the "high ozone" period. Based on this evaluation EPA has determined, with DOE's concurrence, that it is necessary to take the following action to minimize or prevent disruption of an adequate supply of gasoline to the designated counties in Tennessee.

I have determined that an “extreme and unusual fuel supply circumstance” exists that will prevent the distribution of an adequate supply of gasoline to consumers in Tennessee. CAA § 211(c)(4)(C)(ii)(I), 42 U.S.C. § 7545(c)(4)(C)(ii)(I). This extreme and unusual fuel circumstance is the result of Hurricane Gustav, a natural disaster that could not reasonably have been foreseen or prevented, and is not attributable to a lack of prudent planning on the part of suppliers of the fuel to these areas. CAA § 211(c)(4)(C)(ii)(II), 42 U.S.C. § 7545(c)(4)(C)(ii)(II). Furthermore, I have determined that it is in the public interest to grant this waiver and that this waiver applies to the smallest geographic area necessary to address the fuel supply circumstances. CAA § 211(c)(4)(C)(ii)(III) and (iii)(I), 42 U.S.C. § 7545(c)(4)(C)(ii)(III) and (iii)(I).

Therefore, to minimize or prevent problems with the supply of gasoline, I am today issuing this waiver of the 7.8 psi RVP requirement for the designated counties in Tennessee. This waiver is effective immediately and will continue through the remainder of the summertime “high ozone” period through September 15, 2008. Under this temporary waiver, regulated parties may sell or distribute gasoline with an RVP of 9.0 psi in the designated counties. Regulated parties should continue to sell or distribute gasoline meeting the 7.8 psi RVP where such supplies are available. In addition, I am also waiving the requirement of 40 C.F.R. § 80.27(d) that a gasoline must have between 9% and 10% ethanol by volume in order to qualify for the “special provisions for alcohol blends” that increase the RVP standard by 1 psi. Under this waiver, gasoline with less than 9% ethanol by volume will qualify for the “special provisions for alcohol blends” requirement.

EPA will continue to work with DOE to monitor the impact of Hurricane Gustav on the fuel supply situation in Tennessee. If you have questions you may call me, or your staff may call Adam M. Kushner at (202) 564-2260.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. L. Johnson', written over a printed name.

Stephen L. Johnson

cc: The Honorable Samuel W. Bodman
Secretary of Energy