



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

AUG 11 2011

THE ADMINISTRATOR

The Honorable Bill Haslam
Governor
State of Tennessee
Tennessee State Capitol
Nashville, Tennessee 37243

Re: Fuel Waiver Concerning Shelby County, Tennessee

Dear Governor Haslam:

This is in response to your August 10, 2011 request that the United States Environmental Protection Agency (EPA) waive the federal gasoline low volatility requirements under the Clean Air Act (CAA) for Shelby County, Tennessee, due to a disruption in the supply of fuel caused by a fire at the Memphis refinery owned and operated by Valero Energy Corporation (Valero). EPA and the United States Department of Energy (DOE) have been actively monitoring the supply of fuel to Shelby County, which includes the City of Memphis. In addition, we have been coordinating with Tennessee officials throughout this period. EPA has determined, and DOE concurs, that it is necessary to take action to minimize or prevent disruption of the fuel supply in Shelby County. By this letter, I am granting a waiver of the federal low volatility gasoline requirements, as provided below.

The regulations promulgated under the CAA require gasoline sold in Shelby County, Tennessee, to have a maximum Reid Vapor Pressure (RVP) of 7.8 pounds per square inch (psi) during the "high ozone" season, which ends September 15, 2011. *See* 40 C.F.R. § 80.27 and EPA guidance at <http://www.epa.gov/oms/regs/fuels/420b10018.pdf>. These requirements apply to Valero's Memphis refinery, which has been shut-down since August 5, 2011, due to the fire at that facility. Because Valero's Memphis refinery supplies much of the gasoline in Shelby County, the shut-down of the refinery has resulted in a curtailment in the supply of 7.8 psi RVP gasoline to Shelby County.

EPA has concluded, with DOE's concurrence, that it is necessary to take action to minimize or prevent disruption of an adequate supply of gasoline to Shelby County, 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 Shelby County. 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 refinery equipment failure that was caused by fire at Valero's Memphis refinery, an event that could not reasonably be foreseen or prevented, and is not attributable to a lack of

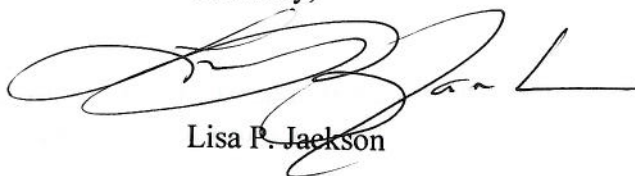
prudent planning on the part of suppliers of the fuel to these areas. CAA § 211(c)(4)(C)(ii)(II), 42 U.S.C. § 7545(c)(4)(C)(ii)(II). Furthermore, I have determined that it is in the public interest to grant this waiver and that this waiver applies to the smallest geographic area necessary to address 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 gasoline sold in Shelby County, Tennessee. This waiver is effective immediately and will continue through August 31, 2011. Under this temporary waiver, regulated parties may sell or distribute gasoline with a maximum RVP of 9.0 psi (10.0 psi if the gasoline contains 10% ethanol) in Shelby County. Regulated parties should continue to sell or distribute gasoline meeting the 7.8 psi RVP standard (or 8.8 psi RVP for gasoline containing 10% ethanol) where such supplies are available.

After August 31, 2011, regulated parties may not introduce gasoline that does not meet the 7.8 psi RVP requirement of 40 C.F.R. § 80.27 into terminal storage tanks from which gasoline is dispensed into trucks for distribution to retail outlets in Shelby County. Any gasoline meeting the 9.0 psi RVP standard that is stored in such terminal storage tanks may be distributed and sold until the supply is depleted. Likewise, retailers and wholesale purchaser-consumers may continue selling or dispensing 9.0 psi RVP gasoline until their supplies are depleted.

EPA will continue to work with DOE to monitor the impact of the refinery fire on the fuel supply situation in Shelby County. If you have questions you may call me, or your staff may call Phillip A. Brooks at (202) 564-0652.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa P. Jackson", is written over a horizontal line.

Lisa P. Jackson

cc: The Honorable Steven Chu
Secretary of Energy