



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

June 1, 2007

THE ADMINISTRATOR

The Honorable Michael F. Easley
Governor
State of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Re: June 2007 Fuel Waiver Concerning North Carolina

Dear Governor Easley:

This is in response to your June 1, 2007, request for a fuel waiver under the Clean Air Act. It is the U.S. Environmental Protection Agency's understanding that on May 30, 2007, a potential leak was discovered in the Colonial Pipeline that supplies gasoline to much of the State of North Carolina. EPA has confirmed that Colonial has temporarily shut down the pipeline to address this potential leak. This shut-down has disrupted supplies of conventional gasoline with a Reid Vapor Pressure of 7.8 to the nine counties in North Carolina required to sell gasoline with an RVP of 7.8 starting June 1, 2007. See 40 C.F.R. § 80.27.

EPA, in consultation with the U.S. Department of Energy, has been evaluating the prospect of gasoline supply problems in North Carolina as a result of the temporary shut-down of the Colonial Pipeline. Based on this evaluation, EPA has determined, and DOE concurs, that it is necessary to take action to minimize or prevent disruption of gasoline supply.

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 North Carolina. 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 a pipeline failure 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 gasoline. 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), (iii)(I), 42 U.S.C. 7545(c)(4)(C)(ii)(III), (iii)(I).

Therefore, to minimize or prevent problems with the supply of gasoline, I am today issuing this waiver of the 7.8 RVP requirement (provided that the gasoline meets a 9.0 RVP requirement) for the following North Carolina counties: Davidson, Davie, Durham, Forsyth,

Gaston, Granville, Guilford, Mecklenburgh, and Wake. Additional information regarding the boundaries of these areas can be found at <http://daq.state.nc.us/rules/appendices/app24.pdf>. This waiver is effective immediately and will continue through midnight on June 11, 2007. This temporary waiver of the 7.8 RVP requirement will allow regulated parties to distribute and sell conventional gasoline with an RVP of 9.0 instead of the required 7.8 RVP.

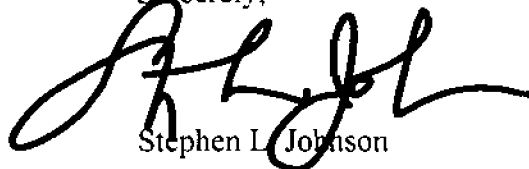
After June 11, 2007, regulated parties may not introduce gasoline that does not meet the 7.8 RVP requirement of 40 C.F.R. § 80.27 into terminal storage tanks from which gasoline is dispensed into trucks for distribution to retail outlets in the nine counties listed above. However, no later than June 22, 2007, the gasoline dispensed from such terminal tanks for distribution and sale in the nine counties must meet the 7.8 RVP requirement of 40 C.F.R. § 80.27. Retailers and wholesale purchaser-consumers may continue selling or dispensing 9.0 RVP gasoline in the nine counties until their supplies are depleted.

EPA will continue to work with North Carolina, Colonial Pipeline, and DOE as it monitors this situation. In the event that Colonial makes the repairs to the pipeline and the supply of 7.8 RVP gasoline returns to normal expeditiously, EPA may terminate this waiver earlier than midnight on June 11, 2007.

We at EPA recognize the benefits of the federal 7.8 RVP requirement in the designated North Carolina counties; therefore, to the extent practicable and consistent with supplying market demands for gasoline (e.g. where tankage is available), regulated parties should take steps to segregate and supply gasoline that meets the lower RVP requirement.

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 the printed name.

Stephen L. Johnson

cc: The Honorable Samuel W. Bodman
Secretary of Energy
