



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

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 letter is in response to your June 5, 2014, request that the United States Environmental Protection Agency waive the federal gasoline low volatility requirements under the Clean Air Act for Shelby County, Tennessee, due to a disruption in the supply of fuel caused by an unanticipated equipment failure at the Memphis refinery owned and operated by Valero Energy Corporation. The EPA and the United States Department of Energy have been actively monitoring the supply of fuel to Shelby County. In addition, we have been coordinating with Tennessee officials throughout this period. The 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 of 7.8 pounds per square inch during the "high ozone" season, which ends September 15, 2014. *See* 40 C.F.R. § 80.27(a)(2)(ii) and the EPA guidance at <http://www.epa.gov/otaq/fuels/gasolinefuels/volatility/standards.htm>. These requirements apply to gasoline distributed and sold in Shelby County between June 1, 2014, and September 15, 2014. The unanticipated equipment failure at Valero's Memphis refinery has resulted in a significant curtailment of the supply of 7.8 psi RVP gasoline available for distribution in Shelby County because Valero's Memphis refinery supplies much of the gasoline to Shelby County.

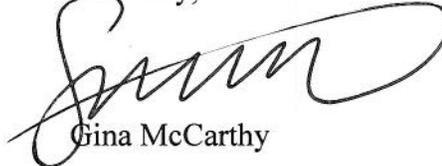
The EPA has concluded, with DOE's concurrence, that it is necessary to take action to minimize or prevent disruption of an adequate supply of gasoline to Shelby County, Tennessee. I have determined that an "extreme and unusual fuel supply circumstance" exists that will prevent the distribution of an 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 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). Further, 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 June 26, 2014. 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 between 9% and 10% ethanol) in Shelby County.

Gasoline that does not meet the 7.8 psi RVP requirement of 40 C.F.R. § 80.27(a)(2)(ii) may not be introduced into terminal storage tanks from which gasoline is dispensed into trucks for distribution to retail outlets in Shelby County after June 26, 2014. Any gasoline meeting the 9.0 psi RVP standard that is stored in terminal storage tanks for distribution to retail outlets and wholesale purchaser-consumers in Shelby County on June 26, 2014 may be distributed and sold in Shelby County until the supply is depleted. Likewise, retailers and wholesale purchaser-consumers in Shelby County may continue selling or dispensing 9.0 psi RVP gasoline after June 26, 2014, until their supplies are depleted. This waiver applies only to the applicable federal requirements cited above. Other state or local requirements or restrictions related to this matter may need to be addressed by the appropriate authorities.

The EPA will continue to work with DOE to monitor the impact of the refinery equipment failure 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 "Gina McCarthy", written over a horizontal line.

Gina McCarthy

cc: The Honorable Dr. Ernest Moniz
Secretary of Energy