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# *Public Hearing*

before

## ASSEMBLY ENVIRONMENT COMMITTEE

*“The Federal Reformulated Gasoline Program as currently implemented in New Jersey and proposals for future reformulation of gasoline”*

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**LOCATION:** Committee Room 9  
State House Annex  
Trenton, New Jersey

**DATE:** March 20, 2000  
2:00 p.m.

### MEMBERS OF COMMITTEE PRESENT:

Assemblyman Steve Corodemus, Chairman  
Assemblyman Francis L. Bodine, Vice-Chairman  
Assemblyman David W. Wolfe



### ALSO PRESENT:

Jeffrey T. Climpson  
*Office of Legislative Services  
Committee Aide*

Thea M. Sheridan  
Mark E. Hobbie  
*Assembly Majority  
Committee Aides*

Nora Locke  
*Assembly Democratic  
Committee Aide*

***Hearing Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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**ASSEMBLYMAN STEVE CORODEMUS (Chairman):** I'd like to call to order the Assembly Environment Committee.

Could I have a roll call, please?

MR. CLIMPSON (Committee Aide): Assemblywoman Cruz-Perez. (no response)

Assemblyman Smith. (no response)

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Here. Present.

MR. CLIMPSON: Vice-Chairman Bodine.

ASSEMBLYMAN BODINE: Here.

MR. CLIMPSON: Chairman Corodemus.

ASSEMBLYMAN CORODEMUS: Here.

I'd like to thank everybody for coming here today. Of course, the subject matter of the discussion is the MTBE mandate that this state has been required to comply with for nearly a decade.

In fact, prior to being Chairman of the Committee, I was a member of the Assembly Environment Committee, under Maureen Ogden's leadership, and we dealt very airily with that, with the State implementation. And we have consistently run into problems -- anecdotal health reports, speculation about the effectiveness of MTBE, what the economic cost component is -- and two major events happened most recently.

Last week or the week prior to that, the Harvard University study was released that addressed the issue of the transport from the Ohio Valley states to the Northeast, perhaps corroborating our concern that the OTAG and the OTC folks were discussing, for many years, under the leadership of

Commissioner Shinn, here, from DEP, that this is a problem for the Northeast and the Harvard study adding to that that it's not only a transport problem, but also a, perhaps, a health problem for the Ohio Valley residents. And of course, only minutes ago there was some news coming from Washington about the EPA and their repositioning on MTBE. So I think it's germane and incumbent upon this Committee to continue with this report till we get the further details and know what's off in the wings should MTBE, in fact, be removed.

I'm very pleased today, we have a -- if anybody intends to testify that hasn't signed up already, we have a sign-up list over there. Please take a minute to fill your name out. And we're going to start today's hearing with John Elston, who administrates the air quality management for the State Department of Environmental Protection.

Welcome, John, we haven't seen you here for a while. We've been busy with the water quality issues. And, as John approaches the stand, for those of you that were in the Committee meeting a week or so ago, we talked about radium in the water -- drinking water, and that was, at that juncture, reported to be a small part of the state. And you've seen what happened recently, that it might be a much wider problem than we anticipated.

John, where are we with MTBE, as of an hour ago, and where are we headed?

**J O H N C. E L S T O N:** I was reading the news clippings, just like, perhaps, you were, when we found out what EPA was doing at 10:30 a.m. this morning. And I guess our conclusion, probably, is the same after reading that as before. At least, my testimony won't be changed.

First, let me introduce Sandy Krietzman, and Sandy will help us out in the -- on the water issues and water questions and groundwater issues, and which I'm not nearly an expert on, so bear with us on that.

The EPA, as far as what I could tell from their statement, provided the same type of testimony that we will here, in that it's prudent to do so to phase down, phase out, reduce, or eliminate MTBE. They didn't, except for the fact that they did mention ethanol -- it did not say, really, the how -- how to do it, and I think that's one of the things that we'd like to talk with you a little bit about today.

We have provided testimony -- I'm going to jump around a little bit if I can -- it's a little too long, but if you would go from front to back, and then if you have any questions on the water aspects, I'll perhaps ask you to address that to Sandy here.

Okay?

ASSEMBLYMAN CORODEMUS: We did jump around a little bit with MTBE, as far as the volume of it in our gasoline over the years.

MR. ELSTON: The history of it-- In the Clean Air Act, MTBE comes up in two cases; one, in federally formulated gasoline, and the other, if the State has a carbon monoxide problem in the air, then individually they impose -- the states must impose their own restrictions. So New Jersey got the double dose here of having the two rules of Federal and State overlapping, and in fact, to some degree, conflicting with one another. Our rule went into effect, and for MTBE, in November of 1992 for a three-month period, from November through February, and then it was eliminated. And then it would start up in the subsequent years the same way, where the Federal program



started in 1995 at a constant 11 percent -- I'll talk volume; I won't talk by weight -- 11 percent by volume over the course of the year. The State was at 15 percent, so we had the little humps every winter going from 11 to 15 percent.

New Jersey now attains the carbon monoxide standard, and we're able to eliminate the State proportion, or the State bumps, and so we are -- we just have the Federal reformulated fuel at the 11 percent year-round. This is in effect in all the counties and statewide.

ASSEMBLYMAN CORODEMUS: Is that-- I don't mean to interrupt all your testimony, but I'm curious now. We're sandwiched between New York and Philadelphia. Maybe that's why we have all the counties involved. How about on the corresponding ends of New York and Pennsylvania? Are they still in the same -- under the same mandate we are?

MR. ELSTON: Yes, Federal reformulated fuel is a requirement in 10 major metropolitan areas: Baltimore, Philadelphia, New York, as well as, I think, I believe it was in Chicago, Houston, St. Louis, San Diego, and Los Angeles. And I might have missed one in there, but in effect it's contiguous all the way from Boston to Washington, D.C., so we have that area. And the bulk of the gas -- of reformulated gasoline is sold in that quarter. So it's a very important aspect to the program.

I might say, also, that the Clean Air Act does not dictate what oxygenate to use. It's up to the refinery. It just happens that, in the case in the Northeast, MTBE is the oxygenate of choice. Other parts of the country, for example, Denver, actually had put in their own requirements to mandate oxygenates for carbon monoxide, but there, ethanol was put in place.

Montana, for example, has also put in an oxygen mandate, again, ethanol. The farm industry in the Midwest, of course, is very important, and they look to it as a way of stabilizing the uncertainties in farm product costs by establishing a constant market.

ASSEMBLYMAN CORODEMUS: Can I ask you--

MR. ELSTON: Sure.

ASSEMBLYMAN CORODEMUS: You described the experience with air quality over the last few years. Has MTBE been doing the job?

MR. ELSTON: Yes, and you must be reading from my testimony here.

ASSEMBLYMAN CORODEMUS: I can't see that far.

MR. ELSTON: The reformulated gasoline came into effect in 1995. I'm going to mention the oxygen came in in 1992.

In the first winter of 1992, we saw a 15 percent improvement in the level of carbon monoxide measured, monitored with the product. It has stayed at about that level, 15 percent lower than what the base had been in the past, for about three years. Then we saw other programs beginning to kick in, which was the Federal Cleaner Car Program, and other programs began to kick in at that time. So we believe, and this is an important part as far as the State Implementation Plan, that we can maintain the carbon monoxide public health standard without the use of MTBE because of these technological improvements on automobiles.

Now, reformulated gas also has other attributes which are important. They've lowered the amount of benzene and other air toxins in gasoline, and we've again monitored that to be a very, very important aspect

of the program. We're now seeing a 30 to 40 percent, for example, improvement in benzene, which is a known cancer causing agent, in the air. And of course, reformulated gasoline reduces hydrocarbons, VOCs, volatile organic components, which are a major part of ozone. And we've seen the general decline in improvement over the period of time relative to that as well.

There is also now-- That was Phase I, in 1995, but Phase II begins in the year 2000 -- has just begun. We haven't seen the improvement yet. We'll have to wait for the results this summer to see how well we do. For ozone, as you all would know, we're still violating the public health standards, although last year we had only four exceedances of our health standard as opposed to -- I think it was 45 in 1988. So we're very much improved over where we were over the last decade as far as ozone improvement.

ASSEMBLYMAN CORODEMUS: If Mr.-- I don't see Mr. Bozarth here, but if he was here he'd tell us that his industry, the stationary sources, have done their part. I have to imagine that the better technology in cars have contributed to the formula.

Is the Department in a position to offer an opinion about the health-care aspects, the detrimental health-care aspects of MTBE in airborne-- Only if-- Put the groundwater aside for a second. I know that's important. Just airborne?

MR. ELSTON: MTBE?

ASSEMBLYMAN CORODEMUS: Right.

MR. ELSTON: Okay, well, you may know that EOHSI, which is Environmental and Occupational Health Institute at Rutgers University, recently came out with a report several weeks ago. That report has seen quite

a bit of press -- public press. One of the issues with that, however, is that-- I must say that the design of the experiment was very important here because what it did, it looked at those who are chemically sensitive, relative to a control population, and then compared the difference of looking at clean air, gasoline, gasoline plus MTBE at 11 percent, and MTBE at 15 percent. It saw an increase in sensitivity from the chemically sensitive individuals throughout, including in clean air. But it really -- the changes really took place at about the 15 percent level; not the 11 percent level, but the 15 percent level. And this is the level -- 15 percent level is the level in which is no longer in New Jersey.

So we believe, from that day, that, plus the other part of the experiment, which is the major part of that study, which measured the physiological conditions, heart rate, blood pressure, and various other things, that there is no substantial differences between the two control groups. Nonetheless, MTBE is a possible carcinogen according to at least one study, an Italian study, and EPA has rated it that.

It, however, has not been classified as a probable carcinogen, and so, therefore it is only on the threshold. And this may be because the lack of studies are not in, but at this point in time, looking at the chemical soup that we have and breathe in the State of New Jersey, this is not one of the prime inhalation factors in the air we breathe in New Jersey, either from the chronic or from the acute health effect issues.

ASSEMBLYMAN CORODEMUS: Is it the policy, Mr. Elston, of the Department, in this type of situation, to make its own findings?

You refer to two different reports. Has the Department adopted these reports as the position they share with those research groups?

MR. ELSTON: Well, in the case of the Rutgers report, we -- in fact, the Legislature was the prime funding mechanism for that report. Again, we share the basic concept that, yes, at high levels of MTBE people can be affected by what they breathe at that level. They can smell it, for example, at that level, and that psychological effect is a disease unto itself, and it just has not shown -- at least the studies that we've seen so far -- the medical evidence hasn't shown any physiological conditions.

I'm not disputing any of the people who have had problems with MTBE, because in itself the sensitivity to that is a very important, and annoying, and indeed a disease unto itself.

ASSEMBLYMAN CORODEMUS: How about-- Do we have the same situation with the groundwater contamination -- different grades of health effects between the presence of MTBE, or just the presence with a gasoline or other petroleum products without MTBE in it?

MR. ELSTON: Yes, right here I'm going to ask Sandy to help me out a little bit.

Why don't you explain the standards a little bit?

**S A N D R A K R I E T Z M A N:** Okay. Well, we do have a drinking water--

ASSEMBLYMAN CORODEMUS: Is your microphone on?  
(referring to PA microphone)

Just press the button there.

Okay.

MS. KRIETZMAN: Is it on now?

MR. ELSTON: Yes.

MS. KRIETZMAN: In New Jersey, we do have a standard of 70 parts per billion in drinking water. It's not a national standard. It was a standard that was developed by New Jersey in response to seeing MTBE in drinking water in the late '80s and early '90s. And we independently came up with the classification as a possible human carcinogen. EPA felt that, at that point in time, it was a noncarcinogen, but our toxicologists in DEP looked at the evidence and felt it was possible and set the standard accordingly.

There are several systems in the State of New Jersey that have MTBE, but a lot of times the -- many times there are other chemicals, which are driving the cleanup of the drinking water, that have lower standards.

ASSEMBLYMAN CORODEMUS: The 70 parts that MTBE contaminates in the water, is that part of the standard criteria that's used in testing of drinking water around the state?

MS. KRIETZMAN: Yes, every public community water system, and a group of other noncommunity systems, which there's about 1000 in the state, are required to sample for MTBE in drinking water.

ASSEMBLYMAN CORODEMUS: To your knowledge, are there any drinking water sources that are regulated by the Department that are not in compliance with MTBE?

MS. KRIETZMAN: No, there are two instances where there was -- MTBE was discovered above the standard. One has point-of-entry treatment on, and another one changes classification. And we had to refer to the local health department for follow-up. But we know of those two noncommunity

systems. But every other community system in this state has treatment on it that brings it below the standard or has never even approached the standard.

ASSEMBLYMAN WOLFE: Mr. Chairman?

ASSEMBLYMAN CORODEMUS: Yes. Go ahead, Assemblyman.

ASSEMBLYMAN WOLFE: I have a question.

I'd like to ask -- Mr. Elston, you said before in your testimony that may provide a base for a psychological disease. Are you talking about a psychosomatic illness or -- would you please explain that?

MR. ELSTON: I'm not a medical health-- For example, disease can be caused by many different exposures. Asthmatics-- Temperature, for example, can bring on an asthmatic attack. In this case, one of the issues could very well be, in some cases, the smell. The odor of this could bring on a symptom, which then could be reported and in fact bring about a disease, headaches, things along those lines. That was what I was trying to refer to.

ASSEMBLYMAN WOLFE: Thank you.

ASSEMBLYMAN CORODEMUS: There are reports, I just heard them driving down to the State House today on the radio, about anecdotal reports of people attributing breast cancer to MTBE, groundwater contamination, etc. Is there any official position in the DEP or Department of Health regarding that?

MR. ELSTON: No, we've heard these reports too, but we have no official work in their -- in the studies that we've seen and cursorily have looked at and have not shown this to be the case.

ASSEMBLYMAN CORODEMUS: Are there any questions from the Committee? (no response)

Is there anything else, Mr. Elston, that you want to wrap up with?

MR. ELSTON: Yes, I would like to. Commissioner Shinn did ask me when I was to appear today, because he feels very strongly about these several issues on here, and one is that the devil is in the detail that yes, it's prudent to phase out MTBE, but we must look at and answer two questions when we do so. What will be the replacement in the gasoline? And will the replacement maintain the environmental benefits that we have already achieved, or will it reduce the benefits or perhaps even add new environmental problems?

I think this Committee and all of us must address these issues. In the report we hear from EPA this morning, or just a little while ago, they used ethanol as a potential replacement. It's clear ethanol is not a product in surplus in the Northeast. There have been a number of proposals to encourage ethanol production and use farmland products in a very positive sort of way. But this will take years to get these programs under way, and although they're there, it's going to take a little bit -- quite a bit more than a little bit of time.

The other thing I think we ought to say -- ethanol, when added with gasoline, called commingling, it adds to the evaporation of gasoline. And the evaporation of gasoline escaping from the car adds to the VOCs in the atmosphere, which increase the amount of smog in the atmosphere.

ASSEMBLYMAN CORODEMUS: Evaporating how?

MR. ELSTON: What happens is the evaporation, right in the gasoline tank itself, begins to escape, and so forth, from the vehicle before it's ever burned in the engine. Ethanol has this commingling effect, that it encourages and increases the evaporation of gasoline.



Now, however, the new emission control techniques on automobiles are designed for those sources of evaporation not to take place. There is a seal, for example, on the dispenser on the gasoline on cars now. There is a seal at the gasoline pump. There is a seal on the tank. But if there's any problems with any of these devices, of course it will evaporate.

ASSEMBLYMAN CORODEMUS: It won't get through inspection, either, if that happens, right?

Assemblyman Bodine, you had a question on that.

ASSEMBLYMAN BODINE: Yes, I do.

Thank you.

The evaporation in the gas tank, is that over a long period of time or-- I probably drive a gas -- a full tank every two or three days. Are we talking evaporation in my tank, or if a car would sit in a garage for a week and not be used?

MR. ELSTON: Yes, it's generally when a vehicle is tested by the Federal EPA. What it does, it runs through a trip, you know, a vehicle trip, and then it sits for 24 hours, and during the 24 hours they're monitoring for evaporative emissions.

So yes, it's both when it drives and when it sits. And there are some people with attached garages, for example, who can -- with older vehicles can actually smell the gasoline in their house, and for a while this was a bigger problem. Remember gasohol was available back about 20 years ago. It's less of a problem today because of the controls on today's modern motor vehicle, but it is, nonetheless, a problem with older vehicles.

ASSEMBLYMAN BODINE: Excuse me, is that a measurable amount of evaporation?

MR. ELSTON: Yes, in fact, because today's tailpipes on the newer cars are so clean, there are those that believe that the evaporative emissions over, particularly on a hot summer day, are greater than the tailpipe emissions on volatile organic compounds. So yes, it's a distinct problem and it needs to be addressed, but I do want to say it is being addressed. It's not that there's -- this is something that's just come up quickly. It's being addressed in the current control technology of motor vehicles.

ASSEMBLYMAN BODINE: Thank you.

ASSEMBLYMAN CORODEMUS: Mr. Elston, you'll be available if we have more questions throughout the hearing?

MR. ELSTON: Sure.

ASSEMBLYMAN CORODEMUS: Thank you very much.

MR. ELSTON: Okay.

ASSEMBLYMAN CORODEMUS: It's my pleasure to invite the next witness to testify, a former colleague of ours in the Legislature, Assemblyman Bob Franks, from Union County.

MR. CLIMPSON: Congressman.

ASSEMBLYMAN CORODEMUS: Congressman.

Congressman, I know you've been leading the fight in Congress, our nation's capital, to ban this MTBE, and I thought, after the announcement an hour ago, you would have been out testifying, partying rather, as opposed to testifying today. This must be a dream come true for you after working at this issue so heartily over the last two years.

**CONGRESSMAN ROBERT D. FRANKS:** Mr. Chairman, thank you for allowing me to testify today. As you know, this hearing has been scheduled for a period of time. I did not know, at that point, that there would be an announcement forthcoming from the EPA today, but I can simply tell you that I think today represents a great victory for every citizen of the State of New Jersey.

And while today's announcement is important, it simply doesn't go far enough. It does not address all of the dangers posed by MTBE. As we all know, there is a frightening lack of knowledge about the risk to public health from drinking water contaminated with MTBE. I have introduced Federal legislation that would direct the National Institutes of Health to finally conduct the first comprehensive study on the impact of MTBE on human health, either through the effects of ingesting or inhaling MTBE.

I have also introduced Federal legislation directing the EPA to undertake a study how they can promptly, safely, and cost-effectively remove MTBE from contaminated water supplies. We all know that existing water treatment systems are relatively ineffective at removing even low concentrations of MTBE.

I also commend the State of New Jersey for requiring water suppliers in this state to test for the existence of MTBE. My legislation in Washington would require every water system within the 10 metropolitan regions that are required to use reformulated gasoline to, in fact, test for the existence of MTBE in their water. Again, New Jersey is a leader in this area, and I think its example needs to be replicated.

Moreover, this is a problem that has been caused by the Federal government -- unwittingly perhaps, but nonetheless they are responsible for it -- directing that a 2 percent oxygenate requirement be contained within reformulated gasoline. And the refiners chose to use MTBE because, candidly, it was the most inexpensive and readily available additive. The fact is, it's going to be costly to clean up water supplies that have been contaminated, and I hope that we can expect to draw down on Federal moneys which will be made available for that purpose.

One logical source of Federal revenue is the safe drinking water revolving fund that comes as a part of Federal legislation. That fund is authorized at a billion dollars per year. The administration's budget, submitted last month, calls for only capitalizing it to the amount of \$825 million. I would like to see the additional \$175 million be put on the table by the Congress, added to the President's request, and earmarked a significant portion of that money for MTBE cleanup.

I think that would be a very positive step on the Federal government and would recognize the fact that it was New Jersey's obligation to adhere to the requirements of the Federal Clean Air Act, and thereby be one of the 10 metropolitan regions which was required to use this reformulated gasoline.

Lastly, let me say that we do need to be careful, before we identify the next additive, that it doesn't have the unintended consequences that we have seen as a result of MTBE usage. We need to make certain that the scientists at EPA have done their work to make certain that we're not running further risk of contaminating our state's precious supply of safe drinking water.

This is the most densely populated state in America. It has more superfund sites than any state. We have literally thousands of old, abandoned industrial facilities. There are literally thousands of threats to our drinking water supply. We cannot afford a Federal policy which creates an even greater risk of contaminating our state's drinking water.

That being said, I am asking the Oversight Committee in the House to look into what the EPA knew, and when they knew it, concerning the potential risks that are posed by MTBE. It turns out that it is in memos dating back as early as 1986. Scientists at the EPA had forecasted this could become a major source of water pollution, yet the EPA allowed a course to be followed, which led to MTBE being chosen as the additive of choice to meet the 2 percent oxygenate requirement under the reformulated gasoline.

So I want to know more about how responsible the Federal government was as they watched MTBE become the additive of choice to meet our responsibilities under the Federal Clean Air Act.

Mr. Chairman, I want to recognize that your leadership-- I want to also recognize the leadership of Assemblyman Asselta, who I know has been very outspoken for months on this subject and has prompted New Jersey to become more sensitive to this issue. He and I have worked in tandem on this issue on a State and Federal basis, and I want to compliment him for his fine work.

Mr. Chairman, I thank you for this opportunity to testify, and I didn't realize it would come on such a fortuitous date as the same day that the EPA would finally recognize their duty and obligation under the law to protect

the public health and safety and begin the process of banning MTBE from our nation's gasoline supply.

ASSEMBLYMAN CORODEMUS: Well, perhaps next time we see you it will forecast another milestone passing in Washington. One of our colleagues asked us to invite you more often on these big issues that we don't get any movement on, so maybe you can--

CONGRESSMAN FRANKS: Your mouth to God's ears, Mr. Chairman.

ASSEMBLYMAN CORODEMUS: Congressman, again, congratulations for your fight there on this important issue. And I agree with you. I don't think we're out of the woods yet.

Aside from the health component, which is the looming issue here, and MTBE phaseout, the substitute, I would also suggest that maybe your colleagues look at the cost component, too. The State of New Jersey lives on transportation. The price of fuel for gasoline is going up and up. It's unaffordable now. Will this new substitute have some type of economic impact on the region, aside from the obvious cost at the meter, the pumps, when we get our gas filled? Perhaps they can look at that.

Are there any questions from the Committee?

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: I don't have a question. I just do want to thank Congressman Franks for his initiative, and, as a psychology professor who talks a lot about experimentation and relevance and covariance and variance and correlation, we have a full moon, it's the first day of spring, and you're here, and President Clinton acts.

So congratulations. Thank you, thank you.

But more seriously, the district that I represent, the 10th District, has had its share of contamination in its well water. And I'm certainly very appreciative of your initiative. I hope that we'll go even further, but you said something which really caused me to wonder. Maybe you don't know the answer, but maybe we'll get that answer today. You said, back as far as 1986, there was -- I believe you said -- there was an indication of a problem.

Do you know who makes MTBE? Is it made by one company? Is it made by a number of companies? Are you aware of that?

CONGRESSMAN FRANKS: I believe there is more than one manufacturer of this particular additive, but there would be others probably more knowledgeable about that than I.

ASSEMBLYMAN WOLFE: Okay.

Well, thank you very much for your help.

ASSEMBLYMAN BODINE: Congressman, I'd just like to add my congratulations on your efforts, which are coming to fruition, and just urge you to continue your due diligence in this matter, because it seems to me it wasn't too long ago, before this Committee, we had people telling us all about the merits of MTBE. People were testifying about ill effects from it, and pressures from the Federal government and EPA, and as a result we took these steps, and I'm glad to see that you have been able to withstand it and turn this around.

So I thank you on behalf of all those people that came to us and felt for certain that there were problems with MTBE.

CONGRESSMAN FRANKS: Assemblyman, thank you, and let me, Mr. Chairman, let me recognize the role that one other individual and

organization played in highlighting this issue for all of us, both at the State and the Federal level.

Barry Grossman is here with you today, and I know he's going to testify. He's with the Oxybusters organization, I believe that group, which initially was a very small group, which has now burgeoned to multiple state membership. Barry Grossman has made this a passion of his, and I think he is to be thanked and congratulated by every New Jerseyan, because today the Federal government took action, in no small measure, as a result of increased public awareness as to the potential threats to the public health, and I think Barry at Oxybusters ought to be congratulated.

ASSEMBLYMAN CORODEMUS: Grassroots efforts do work, don't they?

CONGRESSMAN FRANKS: I'm told they do, Chairman.

ASSEMBLYMAN CORODEMUS: Thank you, Congressman.

Thank you for coming. We invite you back again.

Help us.

CONGRESSMAN FRANKS: Thank you.

ASSEMBLYMAN CORODEMUS: The next witness we have will be Ellen Shapiro from the Alliance of Automobile Manufacturers.

Ellen, every time -- we've had hearings in the past about alternative fuels, and we've always become very quarrelsome. In fact, we've had to hold many of the bills because of problems. What is the perspective from the automobile manufacturers?

**ELLEN SHAPIRO:** Is this the one -- which one is on? (referring to PA microphone)



ASSEMBLYMAN CORODEMUS: Press the black button there, and the light will go on.

MS. SHAPIRO: I guess -- on is red?

ASSEMBLYMAN CORODEMUS: That's it.

MS. SHAPIRO: Okay.

Your question is about the technology for automobiles in the future?

ASSEMBLYMAN CORODEMUS: How have you been dealing with MTBE? Are you happy to see it go?

MS. SHAPIRO: Well, I knew you would want to ask our position on oxygenates, and our formal position on these policy questions -- we've really chosen to not get involved in the health effects debate and on some of the major policy issues regarding oxygenates. But I would like to talk a little bit about some of the technical issues relating to the use of oxygenates in automotive fuels. They are -- they have been very helpful in the past in reducing emissions. They operate by enleaning the gasoline mixture, and it improves combustion, especially in the older automobile designs.

ASSEMBLYMAN CORODEMUS: Because you're under the same pressure as the car owner to have a car that performs at higher standards, otherwise you can't sell your cars.

MS. SHAPIRO: We're under tremendous pressure. Since 1990, the emissions standards have dropped, already, two or three times, and we haven't even gotten to 2004, Tier II standards.

The vehicles that are being designed and produced today are very, very sensitive to variations in fuel quality, and that includes issues like sulfur

and the distillation properties, additives to control deposits in the engine. These all have a very critical effect on the vehicle technology. And so, when we get to the issue of oxygenates, we do want to be very, very careful about any changes to the formula that we might make. The-- Whether MTBE is used or ethanol is used, our folks will design vehicles to work on either fuel. But ethanol has a particular chemistry that requires very special attention to the base fuel and its quality. And when I say quality, I mean distillation properties, in particular, although other fuel properties can also come into play.

For example, it's already been mentioned there's a commingling effect when someone fills up their tank with gasoline that contains ethanol and then later fills up that tank with gasoline that does not contain ethanol. The evaporative rate from the mixture is greater for the whole than it was for either, for the nonethanol containing part of the mixture. So that increases the evaporation rate. There's also been an issue raised out in California about ethanol's propensity to permeate some of the materials that are used, the elastomers that are used in vehicles. Both of these issues really affect the existing fleet more than the fleet that's being designed and built today and into the future. New materials are being used. The vehicles are being more tightly designed so that the permeability is less of an issue.

Commingling remains a bit of concern because evaporative losses are still fairly significant, but you can formulate the fuel to overcome some of these effects. If you reduce DI, or manage DI better, then you can make sure that the fuel combusts properly in the engine. Ethanol does affect the combustion of the fuel in the engine, and reducing sulfur even further will help offset some of the emission increases that may occur with ethanol in the fuel.

ASSEMBLYMAN CORODEMUS: Forgive me, I have some questions to ask, you know. I think the Committee has questions to ask you.

MS. SHAPIRO: Sure

ASSEMBLYMAN CORODEMUS: I'm going to interrupt your testimony for a second. Assemblyman Asselta has to testify for a second and run back to his Committee. It has a bill up.

Just stay right where you are.

MS. SHAPIRO: Okay.

ASSEMBLYMAN CORODEMUS: Welcome, Assemblyman.

**ASSEMBLYMAN NICHOLAS ASSELT A:** Thank you, Mr. Chairman, and thank you for getting me in here. I apologize.

First off, thank you for holding this hearing, and I want to thank the leadership of Congressman Franks for calling the attention of this issue well over eight, nine months ago to myself, and a statewide bill was introduced back last summer. And it seems like that bill, in the fruition of all that energy that has been put forth in Congress and in the State, now it seems like we're getting good news.

I just also want to make note to this Committee, there is another piece of legislation that now, kind of, looks at what has happened with this chemical in our groundwater and what we need to do, and that is Bill A-2282, and that's been introduced by myself and the Chairman here. And that bill actually allows the -- and charges the DEP to study the issue, and to remediate the existing contamination and report its findings to the Governor and appropriates \$500,000 for the -- for that study to take place. And what that does now is it gets us into a situation where we're going to truly identify where

that contamination is and find a way to extract it and eliminate it. And I think that's a bill that this Legislature should look at very seriously and expedite very quickly.

So, with that being said, I appreciate the opportunity, and what you've done today has truly brought this issue to really a statewide forum, and we appreciate it.

ASSEMBLYMAN CORODEMUS: Thank you, Assemblyman.

Thank you for your leadership on that issue. We're just -- I mean, this reminds me of the time I took a State tax law in law school, and they changed the whole law in 1986, and we were working -- we threw our very expensive text books away, and we were working on mimeograph copies. And we're getting press releases by the minute here from the Department of Agriculture. And we did invite the EPA and the Department of Agriculture to testify today, but obviously they were busy in Washington, and what they're asking for is Congressional authority to reduce MTBE from their portfolio of clean air tools. So we very much need Congressman Franks to continue, and perhaps you and I and our colleagues will send a resolution to Congress from the State Legislature memorializing our sentiment that we want them to do just that because of our -- because of the reported complaints.

But thank you, and I look forward to hearing that bill in committee shortly.

ASSEMBLYMAN ASSELTA: Let me just add to the Chair, also, that the partnership through this whole issue with the chemical industry, and major producers in the State, has been very fair, and a good dialogue has taken

place, and I think it goes without saying they want to see clean water and clean air, also. So I congratulate them because I think we are all a partner in this.

So thank you again.

ASSEMBLYMAN CORODEMUS: Thank you.

Forgive me, Ellen.

MS. SHAPIRO: No, that's fine. That's fine.

ASSEMBLYMAN CORODEMUS: Please continue.

We were talking about the effects of the reformulated gasoline in the car, and one of my questions, besides the evaporation rate, is what would the -- how would the consumer detect that type -- what would be the symptoms of a problem running on this alternative fuel? Would it have a change in performance?

MS. SHAPIRO: There could very well be a performance problem if attention is not paid to the other aspects of the gasoline formula. Those--

ASSEMBLYMAN CORODEMUS: Would we get more mileage, less mileage, power trade-offs?

MS. SHAPIRO: The performance problems, excuse me, the performance problems really relate to the ability of the fuel to vaporize properly inside the engine. Most people think of the ethanol issue as strictly an evaporation problem, and it's not. It has to do with how well the fuel combusts inside the engine. If the fuel is improperly balanced for volatility, it can cause stumbling, hesitation, stalling, even with an improperly formulated fuel, and ethanol can satisfy that.

ASSEMBLYMAN CORODEMUS: Is this the mixed gas tank situation you are referring too?

MS. SHAPIRO: No, that's a different issue.

The commingling effect is strictly an evaporation problem. I'm speaking about the fuel inside the engine and its ability to combust properly so that the consumer does not have these problems about hesitation and stalling, and so that the emissions are not going to increase if the formula is not well controlled.

ASSEMBLYMAN CORODEMUS: Is this something that would require such a drastic move, as to reengineering the ignition systems in the cars?

MS. SHAPIRO: It can't be reengineered at the technology level. That's why we are so concerned about the fuel quality. It's-- From our point of view, it's a simple blending issue at the refinery. They can balance the aromatics and the heavier components of the fuel with the lighter components of the fuel to come up with a product that performs fine inside the engine. But if they fail to do that, and if there are no constraints placed on the quality of the fuel, then you will have consumer problems, and without some form of regulation or mandated control, I hate to say that, but refineries may very well substitute heavier components for MTBE, which will increase what we call the distillation index, the DI. When DI goes up, performance goes down. And it can be a very serious problem.

Automakers try to adjust the calibration of the vehicle, and they've been able to do that so far, but with the emission standards being so tight in the future-- The Tier II standards, and there are SFTP standards--

ASSEMBLYMAN CORODEMUS: We can add that to the list, too. We have a whole bunch of them.

MS. SHAPIRO: There's a little bit of an acronym here, and I apologize for that, but those standards mean that it's very, very difficult for the automakers to properly adjust the calibration to compensate.

ASSEMBLYMAN CORODEMUS: The manufacturers are manufacturing alternative fuel vehicles now.

MS. SHAPIRO: Alternative fuel vehicles, let's be careful of our definitions, means the compressed natural gas may be the E85, which is 85 percent ethanol, liquefied petroleum gas. These are not the fuels that I am speaking about. I'm speaking about gasoline, reformulated gasoline and the oxygenates in gasoline, which is basically gasoline-based fuel. They are very different.

ASSEMBLYMAN CORODEMUS: I went to a Department of Energy conference just on this issue: Vehicles operating on alternative fuels, compressed natural gas. I know that domestic manufacturers manufacturer, but you could walk into 100 showrooms in the tristate area and never know without asking about it. I don't even know if the dealers -- maybe they know, I'm not giving them much credit -- but why aren't these more -- they popularly advertised? Why isn't that something that when you walk into a showroom you could say, "Well, I can get a compressed natural gas."

I live in the Red Bank area. I know that fuel is available. It's not available at every gas station, I know that, but there are places. Why isn't this being promoted?

MS. SHAPIRO: Well, the vehicles are, in fact, being promoted, but mostly they're being targeted to fleet owners, because they tend to have the centrally fueled -- they tend to have the fuel available at a centrally fueled

location, because there is not an infrastructure for these other kinds of fuels and because people drive their vehicles for hundreds of miles. You know, I go between Washington and Boston all the time to visit my family. I need to be able to refuel along the way.

ASSEMBLYMAN CORODEMUS: I respectfully suggest that your association should do more to advertise those.

I think-- I mean-- As I said, they're not presently available, all the different outlets for fuel, but they are growing, and I buy a car, between my wife, myself, my son, we're buying cars -- it seems like every two years we're buying something. Every time I've been in a showroom, they never have that. They should promote that. Maybe you and I aren't good candidates for that, because we travel such diverse paths every day. But my wife, for example, pretty much travels in the same circuit on a regular basis. Well, it's in 90 percent close proximity to that fuel and perhaps, and from what I understand, the cost is not really a big decision. It's very comparably a cost within a commercially available fuel.

They should do that. That's my little pitch to your association.

MS. SHAPIRO: Well, I think our members do try to sell their alt-fuel vehicles to the appropriate markets, and they will continue to do so to support public policy goals for clean air. But I would come back to the fact that gasoline vehicles are extraordinarily clean today, and in fact, the emissions from those vehicles rival the emissions from these alternative fuel vehicles, as well. Plus, they have the higher energy density, and I think you need to look at the energy efficiency of these vehicles, as well, from an energy efficiency point of view. It's hard to be a gasoline and diesel, and diesel is another fuel



that we haven't talked much about, but it is a fuel of the future. Automakers are busy designing new diesel kinds of technologies, and with a clean diesel fuel and a clean diesel engine with appropriate after treatment devices, you can get vehicles as clean, if not cleaner than compressed natural gas. And there are now demonstration projects approving that result.

ASSEMBLYMAN CORODEMUS: I don't know if my friends from the Gasoline Retailers Association are here, but maybe they don't want to be here when I say this. I'm looking forward to the day when I can just fuel my car up at my house with compressed natural gas coming out of the line, the same line that heats my furnace and runs my laundry dryer. I'm looking forward to that day, and I'd like to have that vehicle sooner than later.

MS. SHAPIRO: Well, our members are working on a lot of alternative technologies for the future, including hybrid electric vehicles. Fuel cells are also very much under investigation for a possible application by consumers.

ASSEMBLYMAN CORODEMUS: Any questions?

Assemblyman.

ASSEMBLYMAN WOLFE: Yes, maybe you or one of the other people testifying-- Are there any known side effects to human beings from ethanol?

MS. SHAPIRO: I'm not a toxicologist, and I would have to respectfully decline to answer that. I just don't know.

ASSEMBLYMAN WOLFE: Maybe we'll find out today.

Thank you.

MS. SHAPIRO: Okay.

Is that all?

ASSEMBLYMAN CORODEMUS: I think so.

MS. SHAPIRO: Thank you very much, Chairman, for the opportunity to speak.

ASSEMBLYMAN CORODEMUS: Thank you very much.

Thank you.

Charles Drevna.

Is that the correct pronunciation of your name?

**CHARLES DREVNA:** Yes, sir, it is.

ASSEMBLYMAN CORODEMUS: Charles, from the Oxygenated Fuels Association.

Welcome.

MR. DREVNA: Thank you.

ASSEMBLYMAN CORODEMUS: I saw you very animated throughout the testimony. I'm sure you're anxious to testify about a few things.

MR. DREVNA: Well, I thank you for allowing me to testify today.

Good afternoon, Chairman, and members of the Committee. I am Charles Drevna, and I am Director of Government and Regulatory Affairs of the Oxygenated Fuels Association. I have presented the Committee with a longer version of my oral statement here and testimony. I respectfully request that it be submitted as part of the official record.

The Oxygenated Fuels Association represents the major manufacturers, producers of methyl tertiary butyl ether, MTBE.

ASSEMBLYMAN WOLFE: Excuse me, could you say that again?

MR. DREVNA: What, Oxygenated Fuels Association or methyl tertiary butyl ether?

ASSEMBLYMAN WOLFE: Very nice, okay.

MR. DREVNA: Our testimony can be summarized into one word, that being caution. While many believe that prohibiting the use of MTBE will result in a risk-free, stable, and economic gasoline transportation, handling, storage and utilization system, there are several other issues that must be considered and fully understood long before any prohibition or substantial reduction of MTBE could possibly be entertained, let alone accomplished.

And I'll begin -- probably as many questions--

ASSEMBLYMAN CORODEMUS: Do you manufacturer MTBE, your folks and your association?

MR. DREVNA: Yes, sir.

I am-- Oxygenated Fuels Association is a trade -- a national and international trade organization that represents the major manufacturers of MTBE.

ASSEMBLYMAN CORODEMUS: Who are they, you know, by name that we might recognize?

MR. DREVNA: Well, they are major chemical, petrochemical companies, Lyondell Chemical, Texas Petrochemicals, Huntsman, as merchant producers, and we also have refiners who are members of our organization, who actually -- MTBE in the normal process of making gasoline within the refinery gates. So MTBE could be made either at the refinery or by merchant

petrochemical producers of that large petrochemical facility -- makes a lot of different chemicals, MTBE being one of them.

ASSEMBLYMAN CORODEMUS: How about here in the State of New Jersey?

MR. DREVNA: Well, within the State, MTBE is produced at the refinery level.

ASSEMBLYMAN CORODEMUS: So all our major refiners here in the state do it?

MR. DREVNA: Well, I can't say that all make it, because some--

ASSEMBLYMAN CORODEMUS: Some of them.

MR. DREVNA: --some do. Some make it and augment their production with buying from the merchants, and others -- other refiners just say they're going -- their formulation the way their refinery is configured, they will make -- they will buy it from merchant producers.

ASSEMBLYMAN CORODEMUS: Is it your association's position that you dispute the reports, the health-care reports that we hear as far as the respiratory reactions to MTBE, the cancer-related -- alleged cancer-related reactions from groundwater contamination.

What's the association's position on that?

MR. DREVNA: Our position on MTBE and health is that not only is MTBE not a health threat, it actually brings health benefits. And you know, this was not part of my testimony, but now that we've gotten into it, let's look at the health side, if you'll bear with me a few seconds.

Assemblyman, even earlier today you mentioned the -- you used the word anecdotal twice.

ASSEMBLYMAN CORODEMUS: Right.

MR. DREVNA: That is the alpha and the omega of, I think, the problems that we have in the MTBE industry. We are constantly arguing and fighting against anecdotal information. The science and the fact of this issue has so been buried by the politics and the prophets that we can't dig ourselves out.

Now, let's talk about the health effects. Cancer-- the International Agency for Research on Cancer, IARC, which is a subdivision or component of the World Health Organization, they looked at all the studies, including the study that was mentioned earlier today, the Italian study, which was summarily discounted by them, and they came to the conclusion that MTBE should not be listed as a human carcinogen. The National Toxicology Program, a subset of the Department of Health and Human Services (*sic*), looked at all the data--

ASSEMBLYMAN CORODEMUS: How are they look-- You know, sometimes you hear certain problems fragmented, and it doesn't make sense to a layperson. Those reports are stating that MTBE, as it's being utilized as a fuel additive, is not a health risk?

MR. DREVNA: It is not sufficient to classify it as a human carcinogen. That's what these reports have said. But the reality says, if you read about MTBE as a potential carcinogen in any newspaper, what difference does it make what IARC says or what the National Toxicology Program says. Most citizens don't read those reports. They read their daily newspaper. That's why I say the science and the fact of this issue have so far been

outdistanced by emotion, fear, and rhetoric. So-- And I didn't come here today to-- Honestly, I did not come here today to defend MTBE.

ASSEMBLYMAN CORODEMUS: No, I just want-- You're the expert here from your-- Well, you're representing your association. I want to know where they stand.

MR. DREVNA: Well, we-- I mean then, if you look at what MTBE has done on the positive health side, it has reduced -- as the workhorse, the major component of cleaner burning gasoline, cleaner burning reformulated gasoline used in your fair state -- it has reduced cancer risk by 20 percent from the air you breathe. That's significant.

ASSEMBLYMAN CORODEMUS: By taking other pollutants out?

MR. DREVNA: Absolutely.

The known human carcinogen benzene, which is the bad actor in gasoline, it -- what makes it good in gasoline is what makes it bad in the air.

So, you know, again, though, I think there are two things that you know that we have to look at. They've been spoken to here previously by both Congressman Franks and by the DEP.

There are two things you have to consider. This is not a free lunch here. We have to protect the significant real world air quality benefits that New Jersey has attained, and you have to provide the supply stability to prevent unreasonable cost impacts to the motoring public. And, you know, this is a tall order by anyone's assessment, especially when we consider that decisions made in the crisis atmosphere, or without all the facts, are going to impact New Jersey for many years to come.

Witness Commissioner Shinn's letter to *The Press* of Atlantic City that shares the view that we are not operating under a crisis mode and that the problem of gasoline contaminated of New Jersey's groundwater resources is being addressed. MTBE does not magically separate from gasoline, you know, escape from an underground tank, dive into the water and swim at Olympic speed to the nearest tap. It's there for a reason. It shouldn't be there, and we don't want it there, and you don't want it there, but gasoline with or without MTBE simply doesn't belong in the groundwater. And how does it get there? It gets there from leaking underground storage tanks, and I as a citizen I have no great comfort knowing, with or without MTBE, that gasoline is leaking into the underground water supply.

ASSEMBLYMAN CORODEMUS: And it could have been benzene if it wasn't MTBE?

MR. DREVNA: Yes, sir. It could be -- the argument will be that the microorganisms will eat benzene faster than it will attack MTBE, and that's true. MTBE is the spinach; benzene and the other normal, the historic components of gasoline, are the ice cream sundae.

ASSEMBLYMAN CORODEMUS: I'm glad you didn't say brussel sprouts, because then I would have had no--

MR. DREVNA: Right, right.

Now, on the ethanol side, that's the opposite. What happens with ethanol is that ethanol is the ice cream sundae, and the other components of gasoline become the spinach. And the ethanol biodegrades more rapidly, which studies have indicated will allow the more hazardous components of gasoline to go further into groundwater. So again, this is one of those -- even

as Congressman Franks said, these are issues that have to be addressed long before--

ASSEMBLYMAN CORODEMUS: Well, here we are, here we are. You know, it's March 20. EPA has issued this statement that they are going to phase out MTBE for political reasons, for scientific reasons, a mixture.

What is your -- what do you anticipate your association's message is to EPA at this point?

MR. DREVNA: Well, that -- I had not had a chance to see that because I was in transit up here. I did hear it when I called in for my messages, that there was going to be a major -- a U.S. EPA press conference today.

ASSEMBLYMAN CORODEMUS: Because you might be on the same page as everybody else in that we want to know what the next step is--

MR. DREVNA: Sure.

ASSEMBLYMAN CORODEMUS: --before we jump out of this.

You know, we certainly don't want to get back into the market of having something like benzene back in the flow, but if we are going to go into another fuel, maybe ethanol, does that mean it is better for us, allegedly, for health reasons? Is there any kind of performance trade-off?

We just spoke to our automobile manufacturer representative. Where do you think we'll be heading on this?

MR. DREVNA: Well, there is no question that, you know, and I think-- You know, the refiners will tell you that, given enough time and enough money, they can come up with pretty much what they have to.

The question is, how much money do you want to spend?



ASSEMBLYMAN CORODEMUS: Does your association represent the ethanol people?

MR. DREVNA: No, sir, we don't. There is another organization that represents ethanol.

Let me tell you that-- Your first question was what EPA said today. What they said today is in direct conflict of the blue-ribbon panel that they assembled a year ago to study this issue. The blue-ribbon panel's recommendations were to phase down and cap MTBE, not to eliminate it.

ASSEMBLYMAN CORODEMUS: Well, I think they are going to phase it down. I haven't read the whole thing, but they're phasing it out.

MR. DREVNA: Well, phaseout and phasedown are really two separate issues. And the lynchpin of their program to -- in order to do that, is for Congress to eliminate the 2 percent oxygen mandate.

Now, people will say Congress got it wrong. No, I disagree. In 1990-- Congress got it right in 1990. New Jersey, the whole East Coast, California, the major urban and metropolitan areas were literally choking on dirty air. And Congress said enough is enough. And we were going to come up with a program to clean the air, and we've cleaned the air beyond e x p e c t a t i o n s .

And how? Because Ellen's group makes cleaner cars these days, and my industry provided a product that helped those cars burn cleaner. Clean cars -- cleaner cars need cleaner fuels.

ASSEMBLYMAN CORODEMUS: Does your association do any internal health studies aside from relying on other--

MR. DREVNA: We have done -- we have funded studies-- Let's face it. The government doesn't have the money to do all these studies. MTBE is the most -- is in 2 percent of the top study chemicals in the world, including pharmaceuticals. So, when people tell you we haven't had enough studies, we don't know-- Well, you know, we always want to know more. We always reserve the right to know more tomorrow than we do today. But don't be fooled by those who say, "This stuff hasn't been studied." There have been studies on inhalation.

The a-- Have there been ingestion studies in humans? No. There has been a few, but why? Because this stuff tastes bad, and it smells funny. You're not going to drink it. But that begs the question, why would you want to? Whether it's there and you know, parts you can smell it or parts you can taste it or parts that may be detrimental, it shouldn't be there.

ASSEMBLYMAN CORODEMUS: I can understand your association's position about the clinical proof of health-care risks, but how about some of the symptomatic reactions, you know? You said it smelled funny.

Does the association acknowledge that the MTBE additive -- the gasoline causes some people to suffer some type of discomfort?

MR. DREVNA: We have -- well, I shouldn't say we, because we weren't -- don't have the medical facilities and minds available to do it.

Those-- We-- First of all, we don't doubt that there were symptoms. We are not doubting at all that these folks had some symptoms. What the Center for Disease Control found, and what U.S. EPA found, in studying these claims is there was no causal relationship.

Let's, you know, let's look at sniffing gasoline. That's a bad thing to do with or without MTBE. It's just not why gasoline is produced. There are, you know, gasoline--

ASSEMBLYMAN CORODEMUS: I don't think we're talking about that, you know. I think we're talking about people that complain about reactions from being in the presence of their car being refueled.

MR. DREVNA: Well, that's what I mean, sir. I mean -- I don't mean, excuse me-- I don't mean an abuse kind of thing. I'm talking about fumes at a service station or filling up your lawnmower or whatever. You shouldn't -- you should be very careful, with or without MTBE in gasoline, to be inhaling those fumes. Gasoline is a toxic supermaterial. MTBE is probably the most benign chemical in gasoline when it comes to human health.

It-- This issue has evolved into a debate between clean water and clean air. And that's unfortunate. It's very unfortunate. We, as an organization, believe that -- and I believe, personally, that my membership stepped up to the plate and put the investment into these plans because it was the oxygenate of choice of the refiners over ethanol, in total, nationwide -- the areas of the country that must use reformulated gasoline.

ASSEMBLYMAN CORODEMUS: What other type of products does your association manufacture, besides MTBE, that might be a gasoline additive or substitute?

MR. DREVNA: Well, my association -- we solely represent the MTBE portion of the petrochemical manufacturers of these -- of this product.

I mean-- But there are, you know, there are other additives that can be made that aren't as good as MTBE, that cost more than MTBE, and

that will cause you to use more of that barrel of oil, which is now costing \$35 per barrel. And remember now, MTBE comprised -- in New Jersey and the whole Northeast Corridor here -- MTBE comprises an 11 percent by volume of the gasoline. Imagine what the price of gasoline would be if you took out 11 percent of the additive and had to replace that with the imported barrel of oil.

Let me give you a quick reference. Last summer in California they had a couple of unplanned refinery outages, where the effect was that there was a 5 percent disruption in supply, only 5 percent. And when we here, on the East Coast, were paying -- last summer again, not today -- last summer we were paying-- I remember filling up for premium unleaded for 98 cents last August.

ASSEMBLYMAN CORODEMUS: Wasn't it great?

MR. DREVNA: Wasn't it great. In California they were approaching two bucks a gallon simply because of a 5 percent disruption, so it's ironic. Two things happened: They lost 5 percent, and they went up to two bucks. But what did they run to to make up the difference -- and this was after Governor Davis said, "Let's get rid of this stuff." They used more MTBE in California gasoline last summer than they ever had in their history. Why? Because they needed it, it was good, and it kept their clean air program going. And this is why we're saying caution.

ASSEMBLYMAN CORODEMUS: I think I understand what you're saying here. You're saying-- I understand what you're saying. You're saying that it might not be a panacea but it's -- the other alternatives are unknown. We've been-- We've left benzene. Now where are we going?

MR. DREVNA: Right.

I mean ethanol: Let's talk -- you want to talk about ethanol for a second. You know, ethanol, as Ellen said, it will -- it needs some special formulation. The refiners have to put a -- make a blended gasoline product with a much lower volatility, or lower Reid Vapor Pressure, a much lower volatility, so you can add the ethanol, so you don't get those evaporative emissions that we were talking about that costs more.

Ethanol cannot be blended at the refinery. It has to be blended as close to the customer -- the ultimate customer, you and me -- as possible, simply because of its affinity for water. It will separate if any water is found. That's why it can't be shipped in pipelines.

So there's a whole infrastructure we have to worry about. Ethanol enjoys a 54-cent-per-gallon tax credit. Now, if you wanted to do ethanol in New Jersey, you're going to -- that money is going to come out of your highway trust fund. So there's a lot of other things that have to be considered.

The other thing -- you wanted to talk about the lifting of the mandate, the 2 percent requirement. We think that's the panacea, too. You get rid of MTBE, you lift the mandate, well let me tell you, the ethanol lobby in Washington, D.C. is pretty powerful, and if you get rid of MTBE and Congress doesn't eliminate that mandate, what has New Jersey bought itself? You bought yourself an ethanol mandate with a monopoly, a tax credit, and a mandate. Now, I submit that's pretty good work if you can get it. And it's going to cost the State a lot. You'll be paying more for dirtier air. And that's what's going to happen.

So that's why we're saying caution. Allow the system, you know, again, no one is saying you can't be smarter tomorrow than you are today.

And if there's a formulation out there that works, you know, you're not going to develop it overnight. The auto manufacturers aren't going to be able to design that engine overnight that, you know, I think, and I'm not going to speak for Ellen, but the auto manufacturers are working under tighter and tighter and tighter tolerances. So you know, whether it's mechanical or combustion, you can't have a gasoline formula under those tight tolerances for the autos that have wide variances in benzene, toluene, xylene and other components. You need a tighter and tighter -- so the systems meshes together, and that's what we are saying. Clean cars need clean fuels.

ASSEMBLYMAN CORODEMUS: I think Assemblyman Wolfe has a question for you.

ASSEMBLYMAN WOLFE: Yes, first of all, I guess this next question will probably go to Mr. Grossman when he comes up here. But I just want to say to you that I assume he's going to be talking about the average Joe, so to speak, as opposed to corporations.

But I do know, for the nine years since I've been in the Legislature -- this may sound funny, but the owner of Sleepy Hollow Amoco, on Beaver Dam Road in Point Pleasant, and the owner of Super Dave's, used to be, I think, Shell, on Route 88 in Point Pleasant, both have asked me, you know, when is the Federal Government going to stop adding MTBE to the gasoline?

This is nine years, because they would tell me, personally, the illnesses they would get, the illnesses their workers would get. And I think that is very frustrating, as a State Legislator, to say, "Well, there is nothing we can do about that." I'm really glad to know we are making a point today where something can be done.

But I do want to ask you a question about-- At the bottom of Page 3 and the top of Page 4, you're talking about ethanol as a substitute. You say, "Ethanol is currently unavailable in commercial quantities in New Jersey or the Northeast. Even if it could be brought to New Jersey in sufficient quantities by trucks or rail, New Jersey is precluded from switching to ethanol oxygenated RFG short-term by the absence of sufficient storage for ethanol."

What do you mean?

MR. DREVNA: Well, at the terminal racks where the refiner is actually shipped a gasoline to and where, you know, your local tanker truck, whosoever symbol has on the side of it, picks it up, that's where the ethanol would have to be blended into the gasoline, at the terminal rack. And right now there are no facilities that have the capability -- the infrastructure would have to be added on to do that there.

ASSEMBLYMAN WOLFE: Thanks.

ASSEMBLYMAN CORODEMUS: Assemblyman Bodine, do you have any questions?

ASSEMBLYMAN BODINE: Yes, I just wondered if-- You mentioned something about a 54-cent credit and a highway trust.

MR. DREVNA: Yes, sir.

ASSEMBLYMAN BODINE: Could you amplify on that, please?

MR. DREVNA: Well, there's a tax credit that goes to every gallon of ethanol produced. As long as it's used--

ASSEMBLYMAN BODINE: Tax credit for who?

MR. DREVNA: For the ethanol producer.

Now if-- I think a lot of people have some misconceptions about that tax credit, too. And I'm not going to sit here and say we shouldn't help the farmer in Iowa subsidize -- you know, for corn prices. Only if that's where the money went. The money is going to two or three major corporations to the tune of \$7 to \$8 billion in the '90s alone.

It would be cheaper to write a check to the individual farmers than to continue to subsidize, and when you increase that, it's-- I'm telling you, ethanol is a strong lobby in Washington.

So they want to keep the tax credit. They want to ban MTBE and they want to keep the 2 percent standard so they can have the marketed infiltration into your area. And that's going to be at a heck of a cost, and you know, that's why the refiners these days, and I can't, you know -- I'm sure we're going to have some chemical folks speaking and some refiners. They're caught betwixt and between. They can't make long-term investments today on something that may or may not happen next week, and then come back years later, as we've done with MTBE, and said, "Oh, by the way, those investments you made don't count, ladies and gentlemen."

See, Congress didn't get it wrong. They got it right on clean air. They got it wrong on who they thought they were going to help. They thought they were going to help the ethanol industry, but because it's cleaner, more efficient, and more economic, and works better, MTBE took 85 percent of the reformulated gasoline market. That's why we're here today.

ASSEMBLYMAN CORODEMUS: Okay, thank you sir.

MR. DREVNA: Thank you for having me.

ASSEMBLYMAN CORODEMUS: Thank you.



I'm going to ask Jim Benton and Ed Hazzouri, maybe you can come up together. I think you might be on the same page.

Jim, I heard a lot of testimony here about this MTBE. And what is your Council's positions? Did you want to get into this MTBE business from the beginning? Do you want to stay in it? Do you think we should get out of that and go to something else?

Where is your Council coming from?

**J A M E S E. B E N T O N:** Thank you, Mr. Chairman. And I hope to answer your questions comprehensively.

I believe the members of the Committee know my colleague, Ed Hazzouri, from Sunoco, and my associate, John Maxwell. And we're happy to have the opportunity to participate in your deliberations today. We think there's a great benefit to be realized by the Federal Reformulated Gasoline Program, and we have already seen a lot of the benefits here in the state, and I'd be happy to address all of your questions.

I think what you do have to remember, though, just to set a little bit of the stage, New Jersey is a key component of the global marketplace of petroleum. We have refineries on both sides, in the northern part of the state--

**ASSEMBLYMAN CORODEMUS:** Press your button there, Jim (referring to PA microphone)

**MR. BENTON:** --and the southern part of the state.

**ASSEMBLYMAN CORODEMUS:** Right.

**MR. BENTON:** We also benefit from being the northern terminus of the Colonial Pipeline. We've got a lot of supply points here, which makes for a very competitive petroleum gasoline marketplace.

We've committed to the Federal Reformulated Gasoline Program, and we've recognized significant benefits from the environmental performance records of Federal Reformulated Gasoline. And most New Jerseyans aren't aware of the dramatic progress that has been made since the introduction of reformulated gasoline to the state.

Just from the 1990 baseline, which was conventional gasoline, volatile organic compounds have decreased 26 percent, toxins have dropped 20 percent, and oxides of nitrogen have decreased 6 percent. That's since 1990. Presently, we're in the second generation of reformulated gasoline, commonly known as RFG II.

New Jerseyans continue to suffer under the misunderstanding that our air quality has not improved. I think you heard Mr. Elston earlier talk about the trends of improvement that we have witnessed in our air quality here in New Jersey. The air is cleaner today than it has been in generations.

In addition, when ozone does occur, the peaks are not as severe as they have been in past levels, years, and continue to show a steady decline. During the same period we've upgraded our underground storage tanks, which I think will play into our overall testimony, because this Committee knows, perhaps better than others in the Legislature, that we had a deadline in New Jersey five years in advance of the 1999 -- December 1998 -- deadline that the Federal government imposed. We later moved that deadline back to conform with the Federal government, thereby giving a lot of the people that own underground storage tanks an extra five years to comply. But the point is still there, that the majority of the underground storage tanks in the state were in

compliance with the State standard. That was five years earlier than December '98.

Obviously, you've heard from the automobile manufacturers and their commitment to the National Low Emission Vehicle Program, which has brought cleaner cars to the state. Governor Whitman and the Legislature committed to that program, which started with the 1999 model year.

I think it's important to recognize that reformulated gasoline provides one of the largest air quality benefits by reducing pollution to the State of New Jersey. If you change that program and move off of the Federal Reformulated Gasoline Program, you'd have to look around for additional improvements to our air quality, which translates into perhaps more severe automobile inspection and maintenance programs.

To address your question specifically, Mr. Chairman, MTBE is an oxygenate that is added to gasoline. Oxygenates in gasoline are required by the Federal Clean Air Act Amendments of 1990. At that time when that amendment was being considered, our industry collectively voiced its concern about government dictating a specific manufacturer of government gas -- government gasoline. Nonetheless, MTBE and oxygenates such as ethanol were required at the 2 percent level by weight in the Federal Reformulated Gasoline Program.

In New Jersey, the historical controversy surrounding the use of MTBE began with the wintertime oxygenated fuel program, which, as many of you remember, was 2.7 percent by weight -- a higher level by weight. The support-- With the support from the members of the Legislature and Governor Whitman, the requirement for wintertime oxygenated fuel was eliminated in

southern New Jersey in 1997 and northern New Jersey in 1999. And the reason why we were able to do that was because we attained the national standard for carbon monoxide in those areas, 1997 for southern New Jersey and neighboring Philadelphia, and 1999 in northern New Jersey, New York City, and Connecticut.

It should be noted also, because I think it has been overlooked with regard to the concerns from our customers, that New Jersey had the first statewide implementation of Stage II Vapor Recovery in the nation. That is the nozzles that you see at service stations. When they're used properly, they should significantly limit the customer's exposure to gasoline vapors and lessening, of course, their release into the environment.

Despite this dramatic improvement in air quality which goes on, and there's more good news down the road, MTBE has been detected in our groundwater, in our lakes or water supply. This is a serious concern and should be addressed as soon as possible. We believe we have taken, and have prepared to take, the appropriate policy steps in that effort.

The petroleum industry has already helped to address the MTBE situation, as I mentioned before, by upgrading our underground storage tanks. What would help, Mr. Chairman, the interest of this Committee, is to review the enforcement of those standards. Make certain that EPA and DEP are enforcing the proper standards for the upgrades of underground storage tanks, because keep in mind, one that is not upgraded or properly enforced is a competitor to us that have already upgraded our underground storage tanks.

In addition, we convened and participated in a stakeholders group of the American Lung Association, the Natural Resources Defense Council, and

the organization of Northeast air quality regulators, called NESCAUM, to encourage elimination of the provision in the Federal Clean Air Act Amendment that requires refiners to use these large amounts of MTBE in cleaner burning gasoline. It's been referred to as the oxygenate mandate. It's critical to facilitate a timed phasedown of MTBE in order to minimize any potential disruption of gasoline supplies.

Moreover, repeal should not interfere with the production of cleaner gasolines that are helping to improve air quality. This finding is underscored in a report -- a summary of which I have for the Committee members -- that was issued on May 11, 1999. Rather than replace MTBE with another oxygenate, for example, as Mr. Elston recommended that Commissioner Shinn was concerned about, gasolines that are mandated by government to use large amounts of oxygenates are not needed to continue the air quality success story and may be a costly impediment to reducing the impacts of MTBE in water quality.

We have received-- I'd be happy to answer any questions on that. What we're discussing is just eliminating the high level mandate, the 2 percent oxygenate requirement at the Federal government.

Now, I'll turn to sulfur. New Jersey has also received significant benefit from a reduction in sulfur brought about by the introduction of Federal Reformulated Gasoline II as of January 1, 2000 -- just this past January 1. Sulfur reduction, as testified earlier by my colleague from the automobile manufacturers, has a major effect on NOx emissions and also significantly reduces exhaust VOC emissions, air toxic emissions, to a minor degree, and has a significant impact on carbon monoxide emissions. The primary means by

which fuel sulfur reduction reduces vehicle emissions is by improving the efficiency of the catalytic converter. Under the new Federal Low Sulfur Gasoline Rule, refiners will be able to sell gasoline with up to 300 parts per million sulfur in 2004, 120 parts per million in 2005, and 80 parts per million in 2006.

Presently in New Jersey, because of the introduction of Federal Reformulated Gasoline II, which occurred January 1, the average sulfur levels are in the 100 to 150 parts per million range. That's clearly well in advance of the standard that will be in place nationally, across the nation, by 2004 and approaches the 120 average which will be in place in 2005. But again, with timing, with proper notice, with the capital investment from our industry, we get an opportunity to react and respond to that.

With regard to future trends in motor fuel development, it is equally encouraging that the introductions of the Tier II vehicles in 2004 will provide additional benefits to air quality. In addition to -- Federal Reformulated Gasoline program is not a stagnant program. There is additional stakeholder work going on, and there is an opportunity down the road for consideration and proper reaction to improvements in the progress that we've made already to date.

In closing, we request the Committee send a message to Congress supporting the elimination of the 2 percent oxygen requirement. Repealing this mandate will have immediate benefits for New Jersey and the regional petroleum marketplace, and will have an immediate impact in reducing MTBE in water.

As I said, we anticipate further consideration of changes to the formulation of gasoline. We recognize the value of a stakeholder's process, and we'll tell you that, with time implementation and investment, the industry is always ready to make those required changes. We recognize that we have reduced tailpipe emissions by new -- from new cars by 95 percent, and we will make further progress in the years ahead. And the good news is, there's a lot of new technology, a lot of new effort by the oil companies, by manufacturers, to introduce fuels in certain areas that may have particular benefits. We think that shows progress, but you must take caution in trying to implement those types of changes in a broad market like New Jersey and its surrounding region.

Mr. Chairman, I think that concludes this statement, and I'd be happy to answer any questions or pass it along to my colleague.

ASSEMBLYMAN CORODEMUS: Why don't we continue with that, and then we'll ask questions after you all testify.

MR. BENTON: Certainly.

**ED HAZZOURI:** Ed Hazzouri, from Sunoco. If you don't mind, obviously, coming this -- at this point at any hearing, many of the facts have already been stated. If you wouldn't mind, I'd like to simply marshal a few and go through quickly, and then be available for questions.

At-- Sunoco offers a -- 3100 employees in the Delaware Valley, and that represents also about a half a million barrels of refining capacity every day, both along the Schuylkill and the Delaware rivers. Sunoco obviously shares the concerns that have been raised over MTBE, which is why we are here today.

As John Elston had stated, the 1990 Clean Air Act Amendment mandated the use of something called reformulated gasoline in specific areas, one of those areas being the northeastern United States, in addition to setting what they call emission performance standards. These amendments specify that reformulated gasoline had to have an oxygen content of at least 2 percent by weight. It was expected that this oxygen -- that this mandated oxygen component would cause a more complete combustion of gasoline and would, therefore, improve air quality. It was also expected to stimulate demand for ethanol, as we've heard, also an oxygenate with energy and agricultural policy benefits. And this RFG, or reformulated gasoline, now represents about 30 percent of the total U.S. gasoline consumption.

However, an unforeseen result of the oxygen mandate has been the tremendous increase in the use of MTBE, after decades of use as an oxygen enhancing blend stock, with volume percentages about 3 to 5 percent a gallon, really use -- in many instances used to replace lead in gasoline. MTBE suddenly surged to maximums of 15 percent of gasoline, volumes per gallon. Its chemical properties made it the oxygenate of choice, as we've heard, really, in every region requiring RFG, or reformulated gasoline, except the Midwest. That's where ethanol dominated. And it was logistical difficulties and also production limits that have combined to restrict greater use of ethanol.

In addition, as was talked about earlier by both the DEP and the automobile manufacturers, ethanol's high volatility also makes it incompatible with the new standards on vapor pressure in gasoline. In fact, those standards have come in on January 1 of this year.



ASSEMBLYMAN CORODEMUS: What does a vapor pressure mean to us?

MR. HAZZOURI: The evaporation.--

ASSEMBLYMAN CORODEMUS: That's it?

MR. HAZZOURI: --from the tank, exactly, so that you do have detriment to air quality -- unforeseen detriment.

Another unintended consequence of the increased use of MTBE has been that it's gotten into water supplies. MTBE is a very persistent compound in that it does not readily decompose. However, as long as 2 percent oxygenate remains in place, and that's that Federal mandate, eliminating MTBE is really not a realistic option. There is no substitute for this volume of additive, and ethanol use in the current RFG is just not practical because of the three reasons we had talked about earlier: the vapor pressure, the logistical difficulties of transportation, and basic supply.

A set of proposed resolutions has come from the U.S. EPA. Last year they set up -- or the year before -- what was called a blue-ribbon panel on oxygenates in gasoline. In late '98, Carol Browner appointed a 14-member panel. One of the members of that panel was Sunoco's Chairman of the Board, Bob Campbell. The panel was erected to conduct hearings, gather data, consider options, and at the end of six months, to submit their report. That report has been presented to the EPA, and Administrator Browner has announced that the EPA would actively support the recommendations of that panel, including proposed amendments to the Clean Air Act.

Very quickly, the panel's recommendations can be summarized as follows. First is, prevention of gasoline spills needs more emphasis, as does treatment and remediation of current groundwater contamination.

Secondly, MTBE should be substantially reduced as soon as possible, with Congress acting to clarify the State and Federal authority to accomplish this.

Third, Congress should eliminate a 2 percent oxygen mandate in reformulated gasoline, "To assure that adequate fuel supplies can be blended in a cost-effective manner while quickly reducing the usage of MTBE."

And finally, EPA should take action to assure that there is no loss of current air quality benefits. Fairly straightforward--

Sunoco supports all four of these recommendations. We believe it's especially critical, though, that that 2 percent Federal mandate be eliminated. Several bills are being considered in the U.S. Senate and House right now. The first bill, known as H.R. 11, or the Bilbray Bill, addresses relief from the oxygenate mandate for California only. We believe that this should be expanded to include the Northeastern states and New Jersey. We at Sunoco have been actively supporting a separate bill, introduced by Representative Greenwood from Pennsylvania, which would make a few changes to the Clean Air Act as it pertains to the Northeastern states. And these really related also to those four recommendations that you heard from that blue ribbon-panel.

First is delegation of authority to states -- back to the states to regulate the use of MTBE; waiver and then termination of the 2 percent oxygenate requirement, within the Reformulated Gasoline Program; and also

a requirement of no backsliding in air quality benefits, which would result from changes to the oxygenate program. We believe that this bill, this Greenwood Bill, implements a number of the key recommendations of that EPA blue-ribbon panel, and we request your assistance in seeking Congressional passage of that Greenwood Bill. And as you all have talked about earlier -- along with Assemblyman Asselta, the vehicle to accomplish this, no pun intended, is the resolution in which the Committee, which has been talked about earlier, urging the U.S. Congress to repeal that oxygenate mandate.

Thank you.

**JOHN A. MAXWELL:** I'm here to assist with any questions that may come up.

ASSEMBLYMAN CORODEMUS: Okay, thank you.

Okay, I think Ed already answered my questions, Jim. I was going to ask you whether you were supporting a phasedown or phaseout. You support the phaseout of MTBE?

MR. BENTON: At this point our focus, Mr. Chairman, is on eliminating a 2 percent oxygenate mandate right from the start--

ASSEMBLYMAN CORODEMUS: --which would incorporate the use -- which presently means using the MTBE?

MR. BENTON: Which would allow us to appropriately use oxygenates to satisfy the marketplace demand, yes.

ASSEMBLYMAN CORODEMUS: Okay, I'm a layperson. When you say use oxygenates, is that another type of additive?

MR. BENTON: Well, we recognize the difficulty, as I said in my testimony, that MTBE has, particularly with groundwater. We're prepared to

make certain that it does not contaminate groundwater. We're looking forward to participating in the review of the Toxic Substances Control Act, that was announced today by Congress, to make certain that, in fact, what steps are necessary to remove this substance, should it be found that it's necessary to move, is accomplished.

ASSEMBLYMAN CORODEMUS: Okay, so you're just going generically on the 2 percent. I understand that.

MR. BENTON: That's our primary focus, Mr. Chairman.

ASSEMBLYMAN CORODEMUS: I remember from our hearings, one or two sessions ago, about alternative fuels, and we were talking about alternative fuel vehicles and things like that. You felt very confident, at that juncture, that the type of blending that your association members can create is competitive with all the other alternative fuels that were suggested to be used.

MR. BENTON: That's correct. We think we've done and we've continued to improve on the track record of environmental performance for our primary product. I think it's important to recognize, as I said in my testimony, to respond to Commissioner Shinn's challenge, with regard to replacement for the oxygenates, that we believe the Federal Reformulated Gasoline, too, is an appropriate replacement, that we don't need the oxygenate mandate.

ASSEMBLYMAN CORODEMUS: With a lot of the misinformation out in the public, sometimes I hear comments to the effect that the oil refiners like this MTBE, as if you wanted to get into this market. You

are making money on this market, and you'd have to dragged out of the market by mandate. And it doesn't sound like that's the case.

MR. BENTON: Well, we recognize the environmental challenges that are presented by making gasoline. As was said earlier, we understand that gasoline can pollute. On the other hand, we are working very hard and diligent to make certain that it doesn't get into the water, and that it doesn't improperly affect anyone's health. That's a primary concern.

On the other hand, there's a responsibility to provide the energy that makes your car go and enjoy the comforts from that presence of energy supply.

ASSEMBLYMAN CORODEMUS: We learn a lot at these hearings, and one of the prior witnesses testified to the effect that the -- ideally, the ethanol formulated fuel has to be manufactured in a very close proximity to the end user. What would that mean in the State of New Jersey? Can you comment on that?

MR. BENTON: Well, as a practical matter, let me open, because we met with our colleagues from our Farm Bureau, Peter Furey, regarding the Farm Bureau's announcement that they were considering constructing an ethanol plant -- an ethanol facility here in New Jersey. And we thought we had a very, and we still believe, we had a very healthy dialogue and exchange with regard to the strengths and the weaknesses of ethanol production here in New Jersey and the role that ethanol may or may not play here in the state. And clearly, like a lot of substances, ethanol has its strengths. It also has some weaknesses.

Some of the weaknesses include, as was mentioned before, we do not have available resources enough to meet our marketplace needs for ethanol. You'd have to transport it into the state in record volumes at a time when potentially a lot of other areas would be competing for that ethanol. Ethanol does have an evaporation issue, which was mentioned before, and that's simply that it does evaporate from your vehicle. If you ever look down into a parking lot on a very hot summer day, while this is being addressed now, you do see the evaporation. That's the wavy line that you see over there. So there's an evaporation concern.

The other challenge is that when ethanol does leak, and we hope that it doesn't, but when it does leak, it runs even further than MTBE does in terms of its dispersing throughout the water system. And with regard to the question that was made before, I think most of us who were in college know what ethanol can be. It's an alcohol. And I think you need to be aware of that, but, nonetheless, if there is a need, the manufacturing of ethanol here in New Jersey is something that the industry would very much favor.

ASSEMBLYMAN CORODEMUS: Let me ask you something. When you're talking about the availability of ethanol, corn-based product in the State of New Jersey, are we picturing pipelines coming to the state of a liquid product? Are we talking about trucks bringing corn cobs down the Turnpike? What are we talking about?

MR. BENTON: Well, certainly, we're talking about trucks, but-- John, you look anxious to answer here.

MR. MAXWELL: Well, one of the problems with ethanol is you cannot put it in a pipeline. It's--

ASSEMBLYMAN CORODEMUS: So that's out?

MR. BENTON: In a gasoline pipeline, right?

MR. MAXWELL: Right.

ASSEMBLYMAN CORODEMUS: Let's guess that we don't have the domestic production here in the State of New Jersey to supply our domestic need. Let's assume that, and we had to bring it from out of state. Let's say this out-of-state location was 500 miles from here. How is that-- What kind of product would they be bringing into the State of New Jersey?

MR. MAXWELL: If that was a decision -- maybe we could just do a little bit of math real quick here. There's about 1.3 or 1.4 billion gallons of gasoline consumed in state every year. If you back out the, roughly, 11 percent by volume of that MTBE currently represents, then you're going to come up with roughly about 130 million gallons of -- if you're going to go with ethanol to replace that fuel, and you're going to do a one-to-one replacement and assume that you've got the Reid Vapor Pressure and the volatility under control and so on, then you're going to have to do the math, you know. If the tanker is 8000 gallons, you know, divide 130 million by 8000 gallons. That's how many truck trips there are going to be--

ASSEMBLYMAN CORODEMUS: So, there are going to be truck -- tanker trucks coming into the State of New Jersey?

MR. MAXWELL: --or you're going to do rail cars coming in with that, or you're going to bring it in by barge somehow or another.

ASSEMBLYMAN CORODEMUS: Okay.

To your knowledge, are there plants outside of the state that can produce, you know, currently this type of volume of ethanol?

MR. BENTON: Well, Mr. Chairman, based on our conversation with the Farm Bureau, the New Jersey Farm Bureau, a major market exists of ethanol, but nowhere near the volume -- right -- as nearby as the Lancaster area.

I mean, Peter Furey from the Farm Bureau can testify to that, and obviously, they are hopeful to initiate some local support for an ethanol facility right here in New Jersey.

ASSEMBLYMAN CORODEMUS: So we're your-- And I'm largely ignorant about a lot of your members' refineries here in the state, so you'll have to fill in the blanks.

Your manufacturers here in the State of New Jersey manufacturer much more than 1.3 billion gallons a year. They manufacturer more than that for export out of the State of New Jersey. Is that true?

MR. BENTON: We supply gasoline regionally out of the State of New Jersey, yes.

ASSEMBLYMAN CORODEMUS: How does that gasoline leave the state?

Is that by-- I know it probably leaves by -- some by tankers if it's close -- but is it by pipeline?

MR. BENTON: There would be some small amount that leaves by pipeline. The vast majority is by barge, by vessels, by trucks -- tank trucks.

ASSEMBLYMAN CORODEMUS: Okay.

So there won't necessarily be more tanker trucks on the road to ship some alternative fuel vehicle, if it were ethanol as opposed to what we're doing right now?



MR. BENTON: If it was ethanol, there would have to be much more traffic -- truck traffic or barge traffic movement.

ASSEMBLYMAN CORODEMUS: Why is that?

MR. BENTON: Because again, you're bringing the corn product into the state--

ASSEMBLYMAN CORODEMUS: Right. That I understand, that end coming in.

MR. BENTON: --whereas ethanol can travel through pipelines. It can be manufactured locally. We have more local manufacturing opportunities for MTBE.

ASSEMBLYMAN CORODEMUS: Any questions from the Committee?

ASSEMBLYMAN WOLFE: No, but we're talking about something that we are being told it's a monopoly and can't get it into the state. I mean, it looks like we're going from one negative health into an economic problem. So I'm very interested in the solutions that we might have, other than continuing-- I mean, it seems -- some of the testimony today seems to be suggestive that we continue using MTBE. And I think, quite obviously, the evidence shows that that's not a good way to go.

MR. BENTON: I'm sorry.

MR. MAXWELL: Mr. Chairman--

MR. BENTON: Go ahead.

MR. MAXWELL: Just an observation here to clarify that the preference of the refining industry is to eliminate the mandate to put

oxygenates into motor fuel in the Northeast and the roughly 10 metropolitan areas around the country.

The refining industry may decide that ethanol could be part of the solution either to enhance an octane or for whatever other performance-based needs are appropriate. What we oppose is the mandate to put this in. And what we are in favor of is the flexibility to allow the industry to meet the performance requirements of the Federal Reformulated Gasoline Phase II Program, and also to meet the requirements of what would become effective in the out-years with the Tier II reductions of sulfurs and meet the Tier II requirements' performance standards of the automobile manufacturers.

ASSEMBLYMAN CORODEMUS: Would you still be proponents of this if we substituted the word -- remove the mandate as to -- and substitute that with a prohibition of using MTBE?

MR. MAXWELL: I think the industry is skittish on the whole nature of prohibition, and I know it's difficult politically now.

ASSEMBLYMAN CORODEMUS: So if we took the 2 percent mandate away -- that's gone, but that doesn't mean to say you can't put in for 1 percent, or half of a percent, 5 percent, or whatever?

MR. BENTON: Well, clearly, that type of an option is something that we would prefer. In other words, you remove the 2 percent mandate--

ASSEMBLYMAN CORODEMUS: Right

MR. BENTON: --and then allow MTBE to be utilized as an octane enhancer, the role for which it was originally designed, where it is necessary. It may not be necessary in some of your regular gasoline. It may be only necessary in the more premium grades, and, therefore, by restricting

that usage rather than mandating it in the volumes that you have now up to 11 percent, which has been talked about, it provides us with more flexibility. And we've, as refiners, we've tried this in concert with our colleagues from the Natural Resources Defense Council, from NESCAUM, the American Lung Association, not our traditional allies, and we all agreed, as it was referenced before by Ed Hazzouri through this EPA blue-ribbon panel, to begin to eliminate the oxygenate mandate and begin to phase down our use of MTBE.

ASSEMBLYMAN CORODEMUS: Let me just throw--

MR. BENTON: The ban is what gives us the problem, Mr. Chairman, to speak very comfortably.

ASSEMBLYMAN CORODEMUS: Let me just throw a quick question back to Mr. Elston.

If the states were on their own, the Federal government got out of the mandate and the states were on their own, and the State of New Jersey decided to not use MTBE at all, but Pennsylvania did think it was necessary, and they used it for 5 or 10 percent or whatever else they wanted to, is there -- you're going to come up closer.

Thank you.

You can sit right there, John.

Is there a transport problem that we're concerned about?

We'll put all the groundwater stuff on the side for now.

MR. ELSTON: There are numerous problems with state-by-state issues. Actually, we do have some prerogatives under the Act. We can apply for a waiver from EPA. We tried to do so with our 15 percent oxygenate, and EPA elected not to address it a number of years ago. California is in the same

process now with the 11 percent, trying to interest that through a waiver provision in the Clean Air Act. And their argument is this-- EPA's argument is that state-by-state fuels, so-called boutique fuels by the industry, lead to differences that are unenforceable, they're costly, and many other reasons.

As far as the quality of the air, in certain cases the issue is-- For example, in New York City and New Jersey, one of our waiver issues was that New York gasoline prices are cheaper or New Jersey gasoline prices are cheaper, therefore New York motorists would come over, buy the fuel without the -- because it didn't have, at that time, MTBE, and it was cheaper, drive it back and pollute the air more in New York. And so they attempted to block the New Jersey waiver, so to speak. Those types of interstate issues become very, very -- very, very difficult to achieve on a state basis.

We, on the other hand, would like to, and the Commissioner has always argued this point, tackle the program on a regional basis, or you would have, for example, a 12-state region in New England--

ASSEMBLYMAN CORODEMUS: But is there a transport problem? I just want to know that?

MR. ELSTON: Probably, if-- Yes, if we do not keep the environmental equity that we talked about. If we allow -- if we take MTBE out and gasoline is allowed to have a greater evaporation in those areas which would have it, the transport would go up. If there is the environmental equity we talked about throughout the region because of what we would do -- that's one of the stipulations we talked about earlier, in keeping environmental benefits that we've already accrued -- then there shouldn't be a transport issue.

ASSEMBLYMAN CORODEMUS: You've been working on this

a long time and the Commissioner has. Is that a political reality that if you had a 12-state regional group that you could both -- that that group could move forward and make decisions, or is it everybody for themselves in that environment?

MR. ELSTON: Everybody for themselves, probably, in some cases. You would probably want to advance the regionality issue first and then see how it played out.

An example of that is, New England has no refineries, so it's easy to say, well, ban the product, whereas New Jersey, Delaware, Pennsylvania and points south have the refineries. We have some respect for our colleagues and how they -- and the difficulties in which to refine fuel, and we listen to that.

I think that the states, over the course of the years, have recognized these issues and are trying to work together. There is a MOU, a memorandum of understanding, for example, that backs up all the 12 Northeast states, backs up EPA and this Tier II, low sulfur fuel. But I can't guarantee that if it came down to every state for themselves to devise a fuel, one or two wouldn't break off -- make a cheaper fuel for their own residents, increase evaporative emissions in that state, which would then blow over into New Jersey and cause higher ozone. I could not guarantee that.

MR. HAZZOURI: Mr. Chairman?

ASSEMBLYMAN CORODEMUS: Yes, sir.

MR. HAZZOURI: If I could just clarify two points. One is that MTBE has been in fuels for at least 25 years, just that it had been in smaller volumes. And secondly--

ASSEMBLYMAN CORODEMUS: Why was it put in, then, 25 years ago?

MR. HAZZOURI: When lead was taken out of fuel to increase your octane level or to retain that octane level. The power in effect--

And secondly, not to be an apologist for the ethanol industry, but we are not bashing -- certainly, Sunoco is not bashing ethanol. In our Midwest operations, the majority and almost sole oxygenate that we use is ethanol, where ethanol is in abundant supply.

ASSEMBLYMAN CORODEMUS: I didn't take you as bashing and either am I. I just wanted to know where the other shoe is going to fall, you know, if we say we're adding MTBE and we're into ethanol. I just wanted to know what the trade-off is.

MR. HAZZOURI: Well, that's why I think, rather than even have to face that trade-off, what we're proposing is, repeal that oxygenate mandate.

ASSEMBLYMAN CORODEMUS: Well, I understand the mandate, but I think other people might interpret that to mean prohibition, and that's not -- they're not equal.

MR. HAZZOURI: No, I agree.

ASSEMBLYMAN CORODEMUS: Any questions from the Committee? (no response)

Thank you, gentlemen.

I'm going to ask Mike Egenton to come up.

Mike, are you going to testify? I know you had something -- you wanted to make a statement.

**MICHAEL E G E N T O N:** Real brief--

ASSEMBLYMAN CORODEMUS: You are going to have to sit down. Our recorder has to get that.

MR. EGENTON: Chairman, Michael Egenton, with the New Jersey State Chamber of Commerce. I appreciate the opportunity to offer our comments. And I'll be real brief, seeing the time of day it is.

Overall, I just wanted to make three basic points. Whatever the outcome regarding the MTBE issue, we would ask the Committee to consider and urge that, No. 1, both the State and Federal government utilize thorough analysis coupled with sound science. We should not propose policy based on unfounded results. And it's interesting. The analogy I'll make, Chairman, is the whole dredging debate issues. As you know, our organization is very much involved in that, and, you know, we try to promote and advocate sound science when coming to a decision on such an important issue.

No. 2, again, whatever we do as a State, as you've heard here today, time and time again, especially when it comes to cleaning our air, New Jersey must use a regional approach. Unfortunately, our state cannot do it alone. We don't have walls around the borders of New Jersey. And even with that, we still have the problem of receiving the pollution from the Midwest coal burning facilities.

And finally, the last point I'll make is that, I think, for our organization, and as you know we represent the mom and pops up to the big companies, we want to make sure that New Jersey is not placed at an economic disadvantage over any of the other states.

Last year, Chairman, as you know, the DEP proposed what we had called a New Jersey type only gasoline, which would have raised the price of gas

at the pumps. And it was only after strong opposition by organizations like ours did the Department rescind the regulation. So, you know, we want to, as I've always advocated here time and time again, a level playing field, you know, utilizing sound science until you get to the final results.

That's basically my testimony.

ASSEMBLYMAN CORODEMUS: All right. Thank you for that, because it's a very important economic effect on it too, what we are going to be going into.

MR. EGENTON: Right.

ASSEMBLYMAN CORODEMUS: Thank you.

MR. EGENTON: Thank you.

ASSEMBLYMAN CORODEMUS: Jeff Tittle, Dave Pringle, and I'm going to ask Barry Grossman to--

**J E F F T I T T L E:** He just walked out. That was Barry with the cell phone.

ASSEMBLYMAN CORODEMUS: Oh, really?

MR. TITTLE: Thank you. I just-- I'll be brief. I know it's getting late, and it was a very interesting and thorough discussion today, though I think, Assemblyman, you hit the nail on the head earlier when you had mentioned about weaning ourselves from gasoline and looking at alternatives. And I think that's what it really comes down to.

In New Jersey today, we have a little bit over 8 million people. And we have 6.4 million vehicles. So we have more than 1 vehicle for every adult right now in New Jersey. And so what happens with fuels is critical not only for air, but as we know, with MTBE, water. I mean, that's really our big



concern, is that the use of MTBE, especially when we're putting it in our gasoline at 11 percent or more, is showing up throughout the state.

In fact, the first place that MTBE was shown in a well was in New Jersey, in Rockaway, more than 10 years ago. It's another first for New Jersey, just like we were the state that discovered superfund and so many other things. But we are also the state that helped deal with those problems and work to correct them.

We strongly have supported and worked with Congressman Franks and his legislation on the Federal level. And we commend the Assembly for grabbing this issue and working with it.

We are really concerned about the impact on groundwater.

ASSEMBLYMAN CORODEMUS: I'm sorry, the impact on what?

MR. TITTLE: The impact on groundwater. Two million people in New Jersey get their well water -- drink -- get their water from wells.

ASSEMBLYMAN CORODEMUS: Let me just interrupt you one second. You know, I have an issue with the concern about drinking water. That is, largely, leaking underground storage tanks. Is that the prime source, or am I misinformed?

MR. TITTLE: No, it doesn't have to be. It can be underground storage tanks, and even though we've spent, you know, literally millions of dollars replacing the tanks--

ASSEMBLYMAN CORODEMUS: Right

MR. TITTLE: --it seems that the new tanks we've replaced -- it can also leak through the seals, we've been finding out and from what we've been told. But it also can happen from car accidents. Just a simple fender-

bender, where two cars hit and their tanks spill, can actually contaminate a well. And so it's not just an issue of underground leaking tanks, it's also the guy in the backyard filling up his lawnmower, and he dumps over a five-gallon can, and it dumps in his yard and seeps down. So we're finding this problem happening--

ASSEMBLYMAN CORODEMUS: How are you going to stop that?

MR. TITTLE: Well, the best way to stop that, as far as the MTBE issue, is to start removing it from gasoline. I mean, stupidity is always going to be there. But part of what we try to do is to idiot-proof things. And unfortunately, we don't know all the ramifications of MTBE as a suspected carcinogen, and I think it's one of those chemicals, given how it reacts in the environment, that it's one of those that in a few years we are going to find out more, and we're going to find out how hazardous it is. And I think it's just better to be preemptive, because an ounce of prevention is worth a pound of cure. And we strongly support what Congressman Franks is doing, but we should start phasing out and removing MTBE, because I think it is a real threat to our groundwater in this state, with 2 million people depending on it. There have been studies in Maine where just a car accident has contaminated wells in the neighborhood, so it's a concern.

The other concern that we have is the level. We don't know what a safe level is. Right now we're picking 70 parts per billion. Other states pick 50. Maine has gone down, I think, to 18 parts per billion, because we don't know. And so we also commend the bill that you are working on to start looking at those issues because we have to do something about it. This is not

something that we can keep burying our head in the sand. It took, you know, EPA a long time to even come up and address that there was a problem. And now that they've recognized it, we have to do more. This has been a problem for at least -- for 10 years. And in the last five, we've known there have been serious problems with it, and I'm glad that the Assembly is looking at this issue to move forward with it because we have to.

I also think we have to look, you know, forward to what we're going to be doing as far as automobiles and gasoline in the future. Sierra Club this year actually gave out an award -- and I was glad to see someone from the National Association of Automobile Manufacturers -- we just gave an award to Honda because of the Honda Insight, where it's a 72-mile-per-gallon vehicle. And that's really the long-term--

ASSEMBLYMAN CORODEMUS: All gas?

MR. TITTLE: Yes, it's gas -- it's a hybrid, gas and electric. And that's what we really have to look at, is the long-term solutions on having real strong car standards, having cleaner emissions, having more carpooling, and trip reduction programs that actually work, not the ones that we have that are voluntary and aren't working. Those are the real ways of cleaning the air in New Jersey.

ASSEMBLYMAN CORODEMUS: Let me get you back to the subject matter of this hearing. A lot of interesting testimony came out about MTBE. A lot of questions have been raised about a substitute. Does the Sierra Club have a position -- base its position on clinical studies about health risks associated to MTBE?

MR. TITTLE: Yes, we've -- in fact, the Sierra Club has been dealing with this issue from Maine to California and has taken the position across the country that it should be removed. We also do have some support for ethanol as one of the substitutions. In fact, in New Jersey, it may also be a way of helping preserve some farmland because, as we produce a renewable resource versus a fossil fuel, it not only will help the farmers, which will then mean there will be more lands and agriculture, but it will also be replacing fossil fuels with a renewable source, which is better for the environment.

ASSEMBLYMAN CORODEMUS: Is the position of the Sierra Club that right now they would be prepared to make that move from MTBE into ethanol?

MR. TITTLE: Or to some other substitute that would meet the same clean air goals? Yes, that's the position that we are at. We don't want to see the 2 percent repealed. We want to see -- we would like to see that stay, but we'd like to see either ethanol be moved in or other type chemicals or reformulation to meet those same goals.

ASSEMBLYMAN CORODEMUS: And in formulating that opinion, did you entertain the trade-off from importing ethanol product out-of-state, in-state, realizing that we can't produce domestically what we need here?

MR. TITTLE: Well, we know that it will take time. I mean, we're not going to say that we can just turn off the faucet tomorrow. But I think industry is very resilient in New Jersey. Every time things come forward that everyone says can't be done, we get it done.

When lead was taken out of gasoline, there were those in the industry that said, "You can't take lead out of gasoline." And yet, it's been more than 25 years, and we've done pretty well without it. And our environment has gotten better. Same thing with sulfur, same thing with every- - You know, six, seven years ago the auto industry fought the sulfur emissions, and somewhere down the road, that every time we take those bold steps, industry seems to step up to the plate. And I think this is another example where if we all work together, we can clean up the environment and keep our quality of life and our transportation systems moving.

So I just think we just need to start making those tough choices. And I think, industry and the Sierra Club, we'd love to work together.

ASSEMBLYMAN CORODEMUS: Okay.

Mr. Pringle.

**DAVID PRINGLE:** Thank you, Mr. Chairman.

Two things I'd like to add from a couple of your questions.

Another significant source of MTBE is not just the underground storage tanks and accidents, but also two-stroke engines that we're seeing in jet skis and powerboats upstream of drinking water supplies is also a concern.

There's also been a proposal--

ASSEMBLYMAN CORODEMUS: I know they pollute, on an apples-to-apples type of basis, you know, as far as you were to take a four-cycle engine verses a two cycle-- I know the two cycle. But isn't that like a really small, small part of the market?

MR. PRINGLE: Well, considering that--

ASSEMBLYMAN CORODEMUS: I mean, if you took the whole air pollution arena of problems, and all its stationary and mobile sources, I mean, isn't that just like a little tiny part?

MR. PRINGLE: I'm speaking specifically around the drinking water issue, and when you start talking about parts per billion, one soda can of reformulated gasoline can contaminate millions of gallons of water in terms of a drinking water standard. So I was talking more of the drinking water concerns than the clean air concerns on that front.

The second thing, in terms of ethanol production -- there has been a pilot study done about creating an ethanol plant down in Burlington County to, in part, provide some of the ethanol needs if ethanol was to become a significant portion of the reformulated gas market in New Jersey.

The New Jersey Environmental Federation supports the phase out of MTBE as a -- part of reformulated gasoline, with backsliding provisions to ensure that we don't move backwards, in terms of the carbon monoxide NOx and volatile organic improvements that we've seen over the last several years. And I know it hasn't been the focus of discussion today, but you also, in the hearing notice, wanted to talk about the low sulfur proposal put forward by the EPA. We fully support that proposal. It will also achieve significant clean air benefits, especially requiring sport utility vehicles and light trucks to meet the same standards as passenger vehicles, and overall reduce roughly 90 percent of the NOx emissions from those types of vehicles, mirrored after the California clean car standard.

ASSEMBLYMAN CORODEMUS: David, our friends from the petroleum industry laid out a proposal with four or five points. You were here

in the room to hear that. Do you think the environmental federation would be, generally, in support of those same points?

MR. PRINGLE: I'm sorry, I wasn't paying attention during that conversation so I'm not familiar with their proposal.

ASSEMBLYMAN CORODEMUS: Well, you're going to get a C for not paying attention. (laughter)

But just what were the four points, Jim?

MR. BENTON: The points that were signed on, Mr. Chairman, by the NESCAUM, the American Lung Association, and the Natural Resources Defense Council, included the repeal of the 2 percent oxygenate mandate for reformulated gasoline; a phasedown and cap MTBE content in all gasoline; to clarify State and Federal authority to regulate and or eliminate MTBE or other oxygenates; and maintain the toxic emission reduction benefits achieved to date by the Federal Reformulated Gasoline Program.

ASSEMBLYMAN CORODEMUS: Thank you.

How does that--

MR. PRINGLE: Our position is twofold.

One is, we should get rid of MTBE and phase it out. Whether we should get rid of the oxygenate requirement of the Clean Air Act, we are keeping an open mind to. At a minimum, again, we need to have an antibioxifyng provision. This is a complex problem that has multiple solutions. Oxygenates, generally in MTBE, has been part of the solution. We are now seeing the problems that MTBE brings in terms of health effects, breathing it in, as well as the drinking water concerns. And there are more than enough alternatives that warrant our elimination of MTBE.

We look at the clean air problem, or lack thereof, in a more holistic way. What are the sources of the pollution? What are the-- You know, it's not just reformulated gasoline, it's cars, trucks, buses, dirty power plants, jet skis, lawnmowers, etc. And we need to be improving on all of these fronts, improving engines, improving the gasoline in them, and improving the tailpipe controls.

New Jersey faces severe air quality problems. You can point to lots of statistics to bring home virtually any point you want. We certainly have made significant strides in improving air quality, but we clearly have a long way to go. Just in the last three years, in the summer, in 1997, we had 33 bad air days. In 1988 (*sic*) we had 38. In 1999 we had 42. That's only a snapshot. You know, three years doesn't mean a trend, but it is troubling given that on those bad air days there is a 28 percent increase of asthmatic victims going to emergency rooms. So we would like to see, whether -- we want to get rid of MTBE, whether we keep the oxygenate or we move forward to cleaner car standards, better fuels, better cars, stronger controls on all the other gas-powered machines out there are certainly ways to go.

ASSEMBLYMAN CORODEMUS: I have a question, maybe to you and Mr. Elston. The days that we're not in compliance, how much of that is related to rainfall? I'm just curious. I mean, like, last year we had a drought. Does that have a significant effect on noncompliance, or is that not an issue?

MR. ELSTON: Our highest levels of ozone last year were in July, during the height of the drought. And then, as you remember, August came, and then the hurricanes came, and the ozone levels went down significantly.



ASSEMBLYMAN CORODEMUS: So there might be some relationship?

MR. ELSTON: There is a relationship with weather.

MR. PRINGLE: Isn't that more a temperature relationship rather than a rainfall relationship, though?

MR. ELSTON: Yes, you're right, but I call it synoptic meteorology. Conditions change, which were conducive for rain and also to lower temperatures. So you're both right.

ASSEMBLYMAN CORODEMUS: Thank you. I was just curious about that.

Sorry.

MR. PRINGLE: I think-- I've gotten to my main point, which is that we need to phase out MTBE. Whether oxygenates generally are part of the clean air solution or not we are keeping an open question to. Certainly, there are some questions about ethanol, but they -- at a minimum we shouldn't do what we did with MTBE, which was go in headfirst. And at a minimum, whichever solutions we put forward, too, we need significantly more science enforcement and monitoring put in place. And clearly, the standard of 70 parts per billion is unacceptable. California has actually recommended a standard of five parts per billion. This Legislature put forth a law in 1984 that requires carcinogens in drinking water to be regulated at one in a million. The metabolites that MTBE breaks into are probable carcinogens, even while MTBE is only a possible carcinogen. And those metabolites are also known depressors of the immune system.

ASSEMBLYMAN CORODEMUS: If we substituted MTBE today for ethanol, wouldn't the same sources of groundwater contamination exist? The car accident, the man spilling over the five-gallon can of fuel for his lawnmower, wouldn't that--

MR. PRINGLE: You would eliminate-- I mean, for that new fuel you would eliminate the MTBE problem.

ASSEMBLYMAN CORODEMUS: But isn't ethanol a problem, too?

MR. PRINGLE: Ethanol itself isn't -- ethanol makes, for some folks, a nice drink, at the appropriate proportions. But ethanol itself isn't a hazard at the levels we'd be talking about. What makes MTBE so unique is it's 50 times more soluble in water than most gas toxins. It's much less degradable, and it's much more mobile.

I don't know, for sure, how ethanol compares to MTBE, but in terms of MTBE comparing to gas -- to other gas toxins, that's what we're seeing is so prevalent in our drinking water.

The other point-- The open question about ethanol, and whether it's -- and from a health perspective whether it's safe or not, is there are some studies that suggest that increased levels of ethanol in gasoline cause some problems with benzene and toluene, other gas toxins that we want to keep control of.

ASSEMBLYMAN CORODEMUS: Thank you, gentlemen.

MR. TITTLE: By the way, ethanol also evaporates a lot quicker, so if it does come out of your two-cycle engines, which is the concern there is that a two-cycle engine doesn't burn that clean, and so it's -- almost 20 percent

of your exhaust can be actually unburned gasoline. And so that gets in the water, and so that's where that concern comes from.

ASSEMBLYMAN CORODEMUS: Thank you.

We're fortunate to have a toxicologist here with us. I hope he's still here.

Myron Mehlman.

Are you still here, Myron?

Myron, thank you for being so patient. You've heard a lot of testimony today.

Could I jump ahead and just ask you--

**MYRON A. MEHLMAN, Ph.D.:** Sure, just ask questions, and I'll be glad to make it quick.

ASSEMBLYMAN CORODEMUS: Thank you.

Mr. Mehlman is a toxicologist at Robert Wood Johnson.

Testimony about MTBE and ethanol -- put that as the first question. What is the health-care preference, as far as a fuel additive?

DR. MEHLMAN: As far as MTBE is concerned, I think it was a tremendous mistake, since 1990. In fact, I raised the issue in 1987, when I worked for Mobil Oil Corporation as head of their toxicology worldwide. We didn't have adequate data to support the safety. It is dangerous. It will cause cancers in humans. The experimental data analysis clearly supports that, and it can be documented. It has no benefit on the environment. The National Academy of Sciences committee concluded that MTBE is not helpful in reducing air pollution. Air pollution would have anyway been reduced, and had been gradually decreasing for 25 years. It increases NOx levels, which

increases the ozone level. As far as your question with the symptoms, I conducted over a dozen major studies, and they were real in about 10 to 15 states.

My first study was in workers, oil, chemical, and atomic. Workers, approximately 8000, who mix, blend MTBE in gasoline, in some cases almost 100 percent of them experienced various symptoms. They saw headaches, severe headaches, nausea, spaciousness, difficulty in breathing, rashes.

In fact, you may have seen individuals who occasionally -- who simply inhale MTBE may go to the gas station and break out in a complete, uncontrollable rash that requires serious medical treatment. With respect to carcinogenicity, many individuals are at the increased risk of developing cancer. I'm very concerned, in the drinking water, about pregnant woman, young children, elderly, individuals on medication, and people with asthma.

ASSEMBLYMAN CORODEMUS: How about ethanol?

DR. MEHLMAN: Ethanol has its own problems, and I'm not prepared to address that issue.

I do not support addition of oxygenated fuel to gasoline. There is absolutely no better way to poison more people than putting a poison, or a toxic chemical, in gasoline.

ASSEMBLYMAN CORODEMUS: Pretty clear. (laughter)

You've been very patient with that testimony. Maybe we should have put you on first.

DR. MEHLMAN: Thank you.

ASSEMBLYMAN CORODEMUS: Are there any questions? (no response)

Thank you, sir.

I might have to call on you in the future for future testimony.

Mr. Grossman, are you here? (no response)

Richard Weinroth, is he here?

Mr. Weinroth.

**RICHARD K. WEINROTH, ESQ.:** Thank you, Mr. Chairman. I'm going to try to be as brief as the last speaker.

I'm here representing the New York Mercantile Exchange. We appreciate the opportunity to address the Committee.

The New York Mercantile Exchange is in favor of the elimination of the 2 percent oxygen mandate and favors the reduction of MTBE on a broad regional basis.

I'm here, actually, to make two points, and you have a letter from Neil Wolkoff, who is our Executive Vice President, who was unable to be here today, indicating that the mercantile exchange is strictly limited to two areas. We don't presume to tell this Committee or to tell DEP or to tell EPA anything about environmental regulations. Our concern is that whatever you do, there be adequate advance notice given to the marketplace--

ASSEMBLYMAN CORODEMUS: Right.

MR. WEINROTH: --that's No. 1. And No.2, that whatever solution is accomplished be done in a broad regional basis. That was addressed earlier by people that -- in the best of all worlds, you and the Federal government will arrive at the same conclusion within the same time frame, thus

making it possible for the markets -- the futures market to operate as it should, and the result will be to the extent that it is possible to have the lowest possible costs for the New Jersey drivers. Anytime anything is done -- someone spoke earlier about an attempt last year. There was a regulatory effort to possibly have New Jersey--

ASSEMBLYMAN CORODEMUS: I remember that.

MR. WEINROTH: --as a boutique gasoline state. The Mercantile Exchange was very much concerned about that, given the implementation of it, the inability to deliver product in a timely fashion, price spikes that were related only to that type of an issue, not to worldwide demand concerns. So we would beseech you to, whatever you do, give plenty of advance notice and to operate in a regional fashion.

Thank you very much.

ASSEMBLYMAN CORODEMUS: Thank you.

Pam Fischer, are you still with us?

**P A M E L A S. F I S C H E R:** I'm still here. (laughter)

ASSEMBLYMAN CORODEMUS: Pam, from AAA.

Thank you for being so patient.

MS. FISCHER: Not a problem.

I'm not sure if this is on. (referring to PA microphone)

I'll keep my comments very brief, as well.

We were caught off guard by the EPA announcement, as well.

ASSEMBLYMAN CORODEMUS: Everybody was. Don't worry about it.

MS. FISCHER: Yes, I think so. But AAA, which represents about 1.8 million motorists here in New Jersey and about 42 million across the United States, nationally we are supporting phaseout of MTBE over time, and we're particularly supportive of Congressman Frank's legislation which would hasten that activity. So we're very pleased about the work he is doing, and we encourage him to continue that.

We're not scientists at AAA. We're advocates for the motorists, and we base our position on the scientific studies that have been done so far. We look to the National Research Council Committee that studies MTBE gasoline blends. It came out with a report that basically said that motor vehicle emissions that have chemicals that form ozone pollution have decreased in recent years, but that's largely because of better emissions control equipment and components of reformulated gasolines other than oxygen additives that improve air quality. The report also said that, although additives do reduce some pollutants for motor vehicles -- excuse me, motor vehicle emissions -- the oxygenates appear to have little impact on lowering ozone levels.

Moreover, it's not possible to attribute a significant portion of past reductions and smog to the use of these gasoline additives. Also, the National Academy of Sciences, which the toxicologist just spoke of, has stated that oxygenated fuels, including MTBE, actually increase the NOx emissions, which is a precursor to ozone.

And also, we point to the University of California report of MTBE, which concluded that technical advances in new auto emissions controls, and combustion systems in a new gasoline formulation, have dramatically decreased the air quality benefits associated with adding oxygenates to

gasoline, making the potential for water contamination by MTBE a cost that is not offset by a corresponding benefit.

Reformulated gasoline containing MTBE, as we all know, is used here in New Jersey. The compound has been found in drinking water in our state. But it isn't just a problem in states that use MTBE. I'll point to the fact that traces of MTBE have been detected in 30 percent of the public wells in Harrisburg, Pennsylvania, despite the fact that they do not use reformulated gasoline in that state. They are using a different system.

So I do thank you for the chance to address you. And I do add, from a public perspective, as not just a representative for AAA and our members but as a citizen of New Jersey, I live in a community that does not have public water. I have a well. I live about a quarter of a mile from a gas station. I have my water tested regularly. I have a small child in my house, and I'm concerned about the issue. And I encourage you to continue your work in this area to protect the citizens.

Thank you.

ASSEMBLYMAN CORODEMUS: Thank you.

Mr. Furey, sorry to keep you waiting.

**P E T E R J. F U R E Y:** Not at all, Mr. Chairman. I'm kind of a newcomer to--

ASSEMBLYMAN CORODEMUS: So you're in big business now. We're gonna really -- you're going to be in the farm and fuel business now. (laughter)

MR. FUREY: I'm a monopolist all of a sudden.



ASSEMBLYMAN CORODEMUS: I could just picture the big silos now. You're going to get rid of the refineries and have big silos up and down the Turnpike.

MR. FUREY: That might be popular.

We got into this late. We're not a fuel expert. I can't give you a lot of health information, but I will give you just a few observations.

We've been looking into ethanol, in terms of producing a local supply, simply as economic development for the farmland -- for the farmer, the secondary market. Years ago we had a lot of processing plants for vegetables and so forth, and all these plants have left the state--

ASSEMBLYMAN CORODEMUS: Right

MR. FUREY: --environmental permits, whatnot. So we thought that with the move toward clean air and oxygenates and so forth, that and with all of the new farmland preserved land -- we have 80,000 acres of permanently deed restricted farmland, and we're going to ramp up to about 400,000 very quickly -- that we would then have the assurance, for anybody investing in a plant like ethanol, that they would have an opportunity to be supplied by local corn growers. Roughly speaking, 40,000 acres of corn would make 10 million gallons of ethanol per year.

ASSEMBLYMAN CORODEMUS: Say that again.

MR. FUREY: Forty thousand acres of corn would produce 10 million gallons of ethanol per year.

ASSEMBLYMAN CORODEMUS: And we would have how many acres after this farmland preservation?

MR. FUREY: We would have 400,000 acres of deed restricted ground. There's 900,000 acres of farmland. And who knows what the economics would be in terms of conversion to corn, if there was a strong market with a good, attractive price for ethanol.

ASSEMBLYMAN CORODEMUS: You just solved your problem, Jim. We've got plenty of corn here.

MR. BENTON: That's why we met with them in advance, Mr. Chairman.

MR. FUREY: We are compatible to work out a common policy with the Petroleum Council. Their-- You know, they made a lot of investment, and they don't want to get caught short. And we believe in flexibility for the petroleum producers, but at the same time, you haven't heard from anybody today about ethanol.

ASSEMBLYMAN CORODEMUS: Right.

MR. FUREY: There are a lot of arguments on the pro-ethanol side. The three points about supply-- Later this week, the National Association for Renewable Fuels meets in San Francisco. They'll come out with a study that will show that they can readily expand ethanol supply over a phasedown period to meet the new opportunities for substituting ethanol for MTBE.

As far as New Jersey, right now ADM ships it into Paulsboro, breaks it down by barge, and supplies refineries in New Jersey. We use 13 million gallons of ethanol in New Jersey right now. They use it through a pipeline. They can't put it through a 48-inch pipe from Indiana or Illinois, but they can take it by ship, put it in a smaller pipe and bring it up to the refineries.

ASSEMBLYMAN WOLFE: Excuse me, what do they use it for?

MR. FUREY: They blend it with the gasoline as an oxygenate.

ASSEMBLYMAN WOLFE: Where do they sell it?

MR. FUREY: Getty Oil uses ethanol exclusively right now.

ASSEMBLYMAN WOLFE: Is it a problem for them?

MR. FUREY: Not that we've heard of. In the Midwest--

ASSEMBLYMAN WOLFE: Does it increase the price of gasoline?

MR. FUREY: No, not readily.

ASSEMBLYMAN WOLFE: Good. Come to New Jersey. Bring in more cows and more corn.

MR. FUREY: We would like to think that if it provides a significant demand for corn -- raises the price of corn, you're going to keep more corn farmers in business. Conversely with the prices we have now, 30 or 40 cents per bushel below breakeven, these guys have no future.

ASSEMBLYMAN CORODEMUS: Someone mentioned the truth about the Federal subsidy. What is--

MR. FUREY: It's not 56 cents.

ASSEMBLYMAN CORODEMUS: What is the truth?

MR. FUREY: It's a blender's -- Jim, you can help me -- it's a excise tax credit for those who blend the ethanol with their gasoline.

ASSEMBLYMAN CORODEMUS: It's not something for the farmers?

MR. FUREY: Well, it indirectly benefits the farmers if it creates a demand for the corn.

ASSEMBLYMAN CORODEMUS: It's not directly to the farmers.

MR. FUREY: Correct.

ASSEMBLYMAN CORODEMUS: If they grow an acre of corn, they are not getting a check from the Federal government.

MR FUREY: Correct, correct.

ASSEMBLYMAN WOLFE: So who gets it? The oil companies get this?

MR. FUREY: The blenders. The people who are blending it. Primarily the oil companies making the gasoline.

ASSEMBLYMAN WOLFE: Oh, that's great. Okay.

MR. FUREY: But the idea is to spur the demand and purchase of the ethanol.

ASSEMBLYMAN CORODEMUS: And this is the same kind of corn that we grow in New Jersey for human consumption.

MR. FUREY: No, it's a different corn. This is field corn for industrial purposes. What you are talking about it the vegetable sweet corn that we grow on much smaller acreages.

ASSEMBLYMAN CORODEMUS: What happens to the sweet corn business?

MR. FUREY: Untouched. It should be untouched.

Corn for human consumption is like tomatoes and eggplants and so forth. It needs irrigation, smaller acreage -- much more perishable. You can't store it in grain bins, and so forth.

ASSEMBLYMAN CORODEMUS: Can you eat commercial corn?

MR. FUREY: Industrial corn? You wouldn't want to. (laughter)  
You wouldn't want to.

ASSEMBLYMAN CORODEMUS: Not with all the butter and salt in the world.

ASSEMBLYMAN WOLFE: What are the side effects? (laughter)  
Tell us please.

ASSEMBLYMAN CORODEMUS: You get a lot more mileage.

MR. FUREY: Ironically, last week there were eight of us that went out to Illinois, and we looked at three corn ethanol plants. And all I'm going to say is, you will not believe the capacity of American agriculture to produce any crop in abundance for any type of use. If you put out the opportunity to have the corn producers and those processing the corn into ethanol at a reasonable price, the capacity of this country will just amaze you.

They were crushing 500,000 bushels per day at this one plant out in Decatur, Illinois. Illinois is a huge corn producing state. Illinois and Iowa do 37 percent of the corn in the United States. We are surplus producers of corn in this country relative to demand. We have the capacity to fill the supply.

We -- on logistics -- we met with another energy company, Williams Energy Company. They're the third largest ethanol producer. They are dying to get into the East Coast market.

ASSEMBLYMAN CORODEMUS: I thought soy was going to be the next product for fuel additive.

MR. FUREY: Soy diesel-- Oxydiesel is on the diesel side. Corn would be on the gasoline side.

I'm sorry.

ASSEMBLYMAN BODINE: Mr. Chairman?

What about the growing season? Is this limited? I mean, our corn is limited in the summer. Would this have an expanded growing season?

MR. FUREY: No.

ASSEMBLYMAN BODINE: Could we expect those kinds of bushels per acre in a couple of months, or whatever the growing season is?

MR. FUREY: No. With this production you would store the corn in bins. It's commonly done now. Farmers will hold corn in their bins and wait for the price to improve.

ASSEMBLYMAN BODINE: For feed?

MR. FUREY: For this use as well. There is no difference.

ASSEMBLYMAN WOLFE: So we're talking about OPEC? Corn-PEC, right? (laughter) You know, hoard the oil, hoard the corn, and make the price go up. (laughter)

MR. FUREY: If we were in Illinois that would turn a lot of people on, I mean, but as far as our position on this, we would like to see the expansion of the use of corn into ethanol, whether the 2 percent oxygenate mandate stays or it becomes an incentive to have a renewable fuel incentive that comes out of the Clinton Administration. I mean, these decisions in Washington will kind of dictate what I think we'd do here in New Jersey.

ASSEMBLYMAN CORODEMUS: Assemblyman Bodine's county, but what does a factory look like that would take all this commercial corn, and what type of environmental impacts does that have on the immediate area?

MR. FUREY: There are over 50 corn ethanol production facilities in the United States.

ASSEMBLYMAN CORODEMUS: What did the one in Illinois look like? What did that look like?

MR. FUREY: It looks like a distillery. It looks like a very, very large distillery with vats where they ferment. They pound it into dust, and then they add a little moisture, and then they break it down, take out the starch, ferment it. It's 195 proof alcohol, that's what it is.

I mean, Henry Ford built his cars to run on ethanol from corn at the very beginning of this whole automobile industry.

The second place we went to was a converted high-room Walker whiskey distillery. They remade it into a corn ethanol plant. It sits there right on the Illinois River in Peoria. Amazing, amazing volumes -- you just can't believe.

And so, I think this size -- there is 1.5 billion gallons of ethanol capacity in the United States right now. It's commonly used in Chicago, Milwaukee, Gary, Indiana. All the manufacturers of automobiles have accepted ethanol in their warranties. There are no limits. And the people in the Midwest, with all that consumption, you haven't heard a peep about environmental impact, health impact, and consumer price effect.

We will have speakers into a general meeting of farmers on March 30. And one of them is coming from Illinois, and one is coming from Minnesota. We'd be happy to set them up with anyone to further explore this better than I can.

ASSEMBLYMAN CORODEMUS: Thank you.

Any questions, Committee? (no response)

Thank you very much.

Mr. Grossman, this has been a big, big day for you today.

**B A R R Y G R O S S M A N:** I know. I had a lot of interviews going on outside.

ASSEMBLYMAN CORODEMUS: So I guess, congratulations is in order for you, too.

MR. GROSSMAN: Thank you very much.

We're delighted that the EPA has finally woken up and smelled the MTBE, so to speak. But, you know, we want to drive this issue home, just like Congressman Franks is trying to do right now.

First of all, let me just preface by telling a little bit about our group. We're not environmentalists. We're not activists. We're not politicians. We're not scientists. We're not to be hauled into any special groups. We're not aligned with any other consumer groups or any corporations. All the funding from Oxybusters is done out of our own pockets. We're really concerned citizens that are attempting to deal with a serious health problem. This is what prompted the formation of Oxybusters.

Back in November of 1992, when MTBE was introduced into gasoline at these high levels, literally thousands of people from New Jersey and around the rest of country started to experience severe health problems, ranging from headaches that wouldn't go away to skin rashes to ongoing sinus problems to breathing difficulties. It was amazing because, you know, when people would call into the Oxybuster hotline and I would tell them that there was a possibility that this oxygenated fuel was making them sick, you know, at first they were relieved because at least now they knew why they were feeling



this way. But their relief soon turned to anger when they realized that their own government may be poisoning them.

I know John Elston from the Department of Environmental Protection said -- he referred -- he used the word psychosomatic, or something like that, to suggest that, perhaps, it was in their heads, or perhaps it had affected only a few chemical sensitive people.

For the record, and this is very important to understand, the vast majority of people who called into the Oxybuster hotline to report their health problems never suffered from any type of chemical sensitivity prior to November of 1992. So you know to listen -- to say it's only happening to chemically sensitive people, that couldn't be further from the case. This immediately started affecting people, from the children to the elderly. We have documented, literally, over 1000 cases in New Jersey alone, with people who for the first time started suffering since -- experienced health problems after November of 1992. And again, the vast majority of these people never complained about any chemical sensitivity before that time.

I keep hearing, even today, and over the years -- it's not just today -- that it's a cleaner burning fuel. I think the gentleman from the Oxygenated Fuels Association said, "that it's cleaning the air, it's reducing carbon monoxide, it's reducing hydrocarbons and oxides and etc." But what is on the increase, in reality, is asthma. Asthma has dramatically increased since the introduction of oxygenated fuel. If MTBE in gasoline were really cleaning the air, don't you think people would start experiencing some kind of health improvement? But just the exact opposite is what's happening.

In 1992, again November, some 25,000 people in Alaska, according to Dr. John Middaugh -- that's that state's well known epidemiologist -- started to experience the headaches of which I speak. At the exact same time, hundreds of residents from New Jersey, Connecticut, parts of Pennsylvania, and other areas of the country started experiencing these problems. Now, do you think that it's mere coincidence that thousands of people in Alaska started experiencing health problems exactly the same time when people from New Jersey started experiencing these health problems?

So, in our judgment, we don't consider it a cleaner burning fuel. If anything, we consider it a dirtier burning fuel. Why has the media, and why have no reports here today been mentioned, with the exception of Professor Myron Mehlman, not discussed the reports from the National Research Council in Washington, whose results are exactly the same as the University of California and the auto and oil industry. All of those reports have confirmed not only is MTBE not cleaning the air, but there is an increase in nitrogen oxides and formaldehyde.

So, from our standpoint, it's not cleaning the air. It's making people sick. It's contaminating groundwater. It's all negatives. There are no positives. But I've discussed this so many times before. I'll just get right to what Oxybusters would like to recommend.

We would like to see the standards for MTBE tightened from 70 parts per billion to 10 parts per billion. The state of New York, as everybody here probably knows, a couple of months ago Governor Pataki, he brought those standards down to 10 parts per billion. California has about 20 parts per

billion. They are bringing it down to 5 parts per billion. New Jersey has the worst standards in the country at this time.

Now, the DEP made a statement, not long ago, in the papers saying, "Well, what's the difference if it's 10 parts per billion or 70 parts per billion? If it gets in the water at 10 parts per billion, it's going to get in there at 70 parts per billion anyway." That's an absurd statement. If somebody has 50 parts per billion in their water, what are we going to say, "Oh, that's okay, we'll wait till it gets up to 70?" No, we want to get it back down to 10 or less. And what we're saying, in effect, the less -- you know, phase out this MTBE already, and we won't have to worry about how many parts per billion are getting into the water. You can smell it, for God's sake, at 5 parts per billion. Do you want to drink water that smells like turpentine?

And it's not until you actually become a victim of this MTBE water poisoning, because we're the ones who get calls, practically on a daily basis, from people who don't know where to turn. And isn't it a shame that people, you know, all these years, up until recently, were unable to turn to their elected officials and have to rely on a grassroots organization like Oxybusters to express their concerns.

And we've been telling you that, seven years ago, if when we brought our concerns to the DEP back in 1993 and they didn't ignore it, you know, we wouldn't be sitting here now, worrying about the 400-some wells that are contaminated well over 70 parts per billion. And that was taken -- that study was conducted two years ago, in March in 1998. I would say it's closer to 1000 now.

And another thing, the gentleman from the OFA, the Oxygenated Fuels Association, says, "Well, you know, we're fixing all the tanks in New Jersey and around the country, so there's no problem."

Back in 1995, when the United States Geological Survey out of Denver, Colorado, did a report, they conducted tests, and they found out that the MTBE was not only getting into the water supply in Denver because of underground leaking tanks. The exhaust of MTBE, all those by-products I mentioned, were getting into the environment. And they were getting into the snowcapped mountains of Denver, Colorado, and it was dripping down the mountains, getting into the lakes and the streams -- boom -- into your water.

Of course, we also know you can knock over your lawnmower and contaminate an entire block with MTBE spillage. You have a car accident, spillage. And, of course, MTBE is almost impossible to remove once it gets in there, and I'm not going to bore everybody on why MTBE is a thousand times worse than benzene or toluene, but it's not true. Underground leaking tanks are not the only way that it can get into your water.

I would just like to read this letter. This is March 25, 1999, from the Western State Petroleum Association. It says, "Dear Governor Davis, of California: With regret we noted the Oxygenated Fuels Association's deceptive ad campaign and have just this morning issued the attached statement clarifying the petroleum industry's position on MTBE."

The following statement was released this morning by Doug Henderson, Executive Director of the Western State Petroleum Association, which represents the entire petroleum industry in California. "Newspaper ads, television and radio commercials have appeared in recent days proclaiming that

a ban on the gasoline additive MTBE would result in smog alerts, asthma attacks, brown skies and red eyes. In no way does the petroleum industry support this ad campaign, or its messages, and regrets any connections which may be assumed by the reader. Let's be very clear. If the Governor of California and the Legislature decide to phase out MTBE, the Western Petroleum Association members will comply with the law, period."

Okay, so even the oil companies are telling you that if you get rid of MTBE, we're not going to breathe easier. I'm here representing thousands of people now from across the country. We're here telling you today that if you phase out MTBE from the gasoline -- and not over a period of two or three years. We've been fighting this for seven years. If we wait another three years, how many more asthma attacks are going to take place? How many more water contamination sites are going to take place? How many more cancer patients are there going to be?

We don't want to wait two, three more years. We want to act now. They put this into the gasoline overnight. We believe that they can get it out of the gasoline overnight. It has totally become a question of economics. We are-- It's a shame that people's health has taken a backseat to big business in this case. And I'm here to tell you today, quit playing politics with people's health. Don't believe for one moment that it's cleaning the air. Even-- And I'll repeat this one last time, and the reason I'm repeating it is because I'm sure that tomorrow when we wake up, if I were a gambling man, I'd see every article printed that even though it's contaminating water, it's still cleaning the air. Okay, even if it were cleaning the air, it's dirtying the air in other areas, which is causing people to suffer severe health problems.

And one last time, the vast majority of people who have suffered -- who have severe health problems as a result of high levels of MTBE have never suffered from any chemical sensitivity in the past.

We want to do away entirely with the oxygen mandate. Tosco and Chevron, the two largest oil companies in California, have already stated that they can produce cleaner burning fuel without any oxygenates. In fact, they've already begun to do that.

And so I would just like to finish by saying stop, once again, playing politics with people's health. Get rid of the MTBE not over a period of over two or three years, but today.

Thank you.

ASSEMBLYMAN CORODEMUS: Thank you.

Thank-- Yes, sir?

**TIMOTHY KEARNEY:** I would like to just ask a question and not actually testify.

ASSEMBLYMAN CORODEMUS: Sure, come up.

MR. GROSSMAN: Okay, so I'm through here then?

Okay, thank you.

ASSEMBLYMAN CORODEMUS: Thank you, Mr. Grossman.

I'm sorry we don't have your name, so just state your name for the record, and if you're representing any particular group you can tell us who you are.

MR. KEARNEY: Mr. Chairman, I just heard about your-- My name is Tim Kearney--

ASSEMBLYMAN BODINE: Could you hit your red button, please? (referring to PA microphone)

MR. KEARNEY: Mr. Chairman, I want to thank you for having these hearings. My name is Tim Kearney. I'm a legislative aide for City Councilman David Cohen, from the City of Philadelphia.

I just heard about these hearings this morning when I read my E-mails. I also came up without -- here on the train -- without hearing of EPA Commissioner Browner's press release.

ASSEMBLYMAN CORODEMUS: We were all surprised.

MR. KEARNEY: I've been studying MTBE since December when it was brought to the attention of Councilman at Large David Cohen. As his aide, I've been studying it, I've been doing files on it, and we have just finalized a resolution that he was going to introduce on Thursday. And after Browner's statement today, and my report back to him on your hearing, he's going to -- I hope he follows through with it, but we're in the same position you're at.

I would like to officially request, if I could, to help us in planning for our hearing and for our education on this issue, if I could -- if you could please send a copy of your transcripts of this hearing to Councilman Cohen in Philadelphia. I took a lot of notes, but I couldn't--

HEARING REPORTER: Mr. Chairman?

ASSEMBLYMAN CORODEMUS: How do we do that?

HEARING REPORTER: It couldn't be easier.

At the conclusion of the hearing, I'll be glad to supply you with a telephone number you can contact. We'll send you a transcript, or multiple transcripts, if you want.

MR. KEARNEY: Thank you.

HEARING REPORTER: Okay, make sure you see me before you go.

MR. KEARNEY: I sure will.

HEARING REPORTER: Thank you.

MR. KEARNEY: Thank you, Mr. Chairman.

It's a very--

ASSEMBLYMAN CORODEMUS: That's our good neighbor policy. And if we come to Philadelphia, we expect the same thing, you know. (laughter)

MR. KEARNEY: Okay, absolutely.

Please call City Councilman David Cohen's office, and we'll help you with whatever we can.

And I heard the one lady from -- who testified earlier, I'm sorry, I forget her name, from AAA. She had mentioned--

ASSEMBLYMAN CORODEMUS: Pam.

MR. KEARNEY: Pam had mentioned about Harrisburg having contamination in the wells around Harrisburg, but Pennsylvania doesn't use MTBE. And just one small correction, and I think I'm correct about this, is that the five or six counties in southeastern Pennsylvania, which includes, of course, Philadelphia, do use MTBE. But in other places in most of the rest of the state, which includes Harrisburg, they do not.



ASSEMBLYMAN CORODEMUS: Okay. Thank you for that information.

MR. KEARNEY: So I just -- and thank you.

ASSEMBLYMAN CORODEMUS: Thank you for coming to visit with us.

If there is anybody else to testify? (no response)

If not, I would like to thank everybody for attending today. I have learned books worth of knowledge today about the subject matter, and I hope we will be able to direct our colleagues in the Legislature accordingly.

This meeting stands adjourned.

**(HEARING CONCLUDED)**