

**STATEMENT**

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**before the**

**House Subcommittee on Domestic Policy**

**July 25, 2007**

Chairman Kucinich, Ranking Member Issa, distinguished subcommittee members: I thank you for the opportunity to share ExxonMobil's views on Automatic Temperature Compensation of motor fuels at retail stations in the United States. My name is Ben Soraci, and I am the US Retail Sales Director for ExxonMobil Fuels Marketing Company. I have been an employee of ExxonMobil for over 20 years, and my experience includes both domestic and international retail operations.

My testimony today will address three key points which reflect ExxonMobil's views on Automatic Temperature Compensation at retail – which I'll refer to as "ATC":

- First, ExxonMobil's sale of motor fuel to consumers is fully compliant with the law, and selling temperature compensated motor fuel at retail would violate current laws and regulations.
- Second, ExxonMobil supports a comprehensive study regarding the use of ATC at retail.
- And, third, the investment cost of implementing ATC at retail would primarily fall upon independent motor fuel retailers.

With regard to the first point, as required by law, retailers in the U.S. sell motor fuels by volumetric gallon measurement. With the exception of Hawaii, a gallon of motor fuel is defined by law throughout the U.S. as 231 cubic inches - in other words, no differently than for any other liquid. This volume measurement method for retail

transactions is governed by state laws or regulations based on guidelines from the National Conference on Weights and Measures, or NCWM. Therefore, if ATC is to be permitted, new laws and regulations would need to define a gallon of motor fuel on a temperature compensated basis, ATC equipment would need to be certified for retail stations, and calibration and inspection protocols would need to be developed and adopted.

My second point is that ExxonMobil supports a comprehensive study to evaluate whether a basis exists to change the current retail measurement standard. States such as New York and Minnesota have considered and expressly prohibit the sale of motor fuel on a temperature compensated basis at retail. On the other hand, California and Arizona appear to desire a permissive or optional approach.

At the national level, the NCWM considered permissive ATC guidelines at its annual meeting July 8-12, 2007, and voted not to adopt them pending further study. In Congress, the House Science and Technology Committee has asked the National Academy of Sciences to conduct a nationwide study to determine whether a problem exists and whether widespread use of ATC equipment is warranted. So there are differences of opinion regarding the use of ATC at retail, and there are unanswered questions. This is why we believe a comprehensive study would provide an appropriate basis for evaluating any potential change to current NCWM guidelines and the associated laws and regulations governing use of ATC.

There are several fundamental questions that should be addressed in such a study. For example, if a change in the measurement standard is deemed appropriate, should implementation be mandatory or permissive? Should the measurement method vary according to the choice of each state or should there be a national standard? And most importantly, what are the costs versus benefits for consumers and independent retailers? ExxonMobil believes a comprehensive study is an important prerequisite for making an informed decision with regard to ATC at retail.

Finally, my third point is that the investment cost associated with the implementation of ATC at retail stations would primarily be borne by independent retailers. You heard Tim Columbus, who represents the interests of independent retailers through the SIGMA and NACS industry associations, make this same point in his recent testimony. The fact is, ExxonMobil owns or operates a very small percentage of the retail motor fuel stations in the U.S. Of the approximately 170,000 retail fuel stations throughout the country, less than 2% are owned by ExxonMobil. Furthermore, of the stations that are branded Exxon or Mobil, over 80% are owned by independent retailers, who would be directly impacted by implementation of ATC at retail. This is a very important point to keep in mind. Why? Because as owners of the existing equipment, they would directly incur the cost of any new equipment or retrofits that might be required. As you also heard Mr. Columbus say, many of these independent retailers would struggle to afford this investment. ExxonMobil concurs with his assessment.

So, in summary, these are the key points of my testimony:

- First, ExxonMobil's sale of motor fuel to consumers is fully compliant with the law, and selling temperature compensated motor fuel at retail would violate current laws and regulations.
- Second, ExxonMobil supports a comprehensive study regarding the use of ATC at retail.
- And, third, the investment cost of implementing ATC at retail would primarily fall upon independent motor fuel retailers.

Thank you for your time, and I would be happy to answer any questions on this subject.