



STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
20301 MAIL SERVICE CENTER • RALEIGH, NC 27699-0301

BEVERLY EAVES PERDUE
GOVERNOR

August 14, 2012

Administrator Lisa P. Jackson
U.S. Environmental Protection Agency
Room 300, Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

RE: Petition for Waiver Under CAA Section 211(o)(7)(A)

Dear Administrator Jackson:

On behalf of the State of North Carolina, I hereby request that the applicable volume of renewable fuel be waived pursuant to section 211(o)(7) of the Clean Air Act ("CAA") (42 U.S.C. § 7545(o)(7)). The imposition of a 15.2 billion gallon renewable fuel standard ("RFS") in 2012, coupled with the prospect of a 16.55 billion gallon standard in 2012, has imposed severe economic harm to my state's swine, poultry, dairy, and cattle producing regions. This affects not only the economic interests of consumers and the livestock and poultry producers within my state, but also the many other industries which provide support services to this important economic sector and the benefit from the economic growth and development that our robust livestock and poultry industries have provided. While the severe drought that our nation has experienced is an underlying factor in current economic conditions, the direct harm is caused by the RFS requirement to utilize ever-increasing amounts of corn and soybeans for transportation fuel, severely increasing the costs of producing food and further depleting already severely stressed grain supplies. Other significant harms in other sectors of the state's economy may become apparent as the drought continues and the effects of the short grain crop further materialize.

It is now beyond dispute that our nation is undergoing a severe, prolonged drought that is of historic proportions and is causing widespread damage to many of the most productive agricultural regions of our country. More than half of all U.S. counties have been designated disaster zones by the United States Department of Agriculture ("USDA") in 2012, mainly due to drought. USDA now considers the drought the most severe and extensive in 25 years. Other reports have classified the drought as the worst in a half century. Although many areas of North Carolina have received sufficient rain during the 2102 growing season, some areas of the state



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have not. Moreover, North Carolina is heavily dependent on feed produced elsewhere to support its pork and poultry industries and conditions that affect the price of feed nationally obviously affect the price of feed in our state. Since the start of the year relative to the USDA's July price forecasts, the national season average price of corn for 2012-2013 has gone up by as much as \$1.40 per bushel. Crop conditions since July have worsened and prices shot further upward. North Carolina hog producers finished about 8.5 million animals last year, and for every \$1 per bushel increase in the cost of corn, the feed costs to produce these animals increases by about \$85 million.

Whatever the final extent of damage done by a severe lack of rainfall, it is clear that this harm is reflected in accelerating prices for corn and soybeans, which have a severe economic impact on the State of North Carolina, various regions within the state and important economic sectors in the state. This harm is fully of an extent and character that meets the requirements of CAA section 211(o)(7).

Altogether, severe economic harm is being experienced by the State of North Carolina and many of its agricultural regions, as well as important economic sectors in the state, as a direct result of the implementation of the applicable volume requirements of the RFS. This harm could be alleviated by a waiver of the RFS applicable volume for renewable fuel in 2012 and 2013. Granting a waiver now would allow for the waiver to extend into the 2012 harvest season and a large part of the 2013 growing season. I therefore ask that you consider a full range of waiver options under CAA section 211(o)(7), including waiver of the full amount of the applicable volume of the RFS, waiver of a partial amount of the applicable volume of renewable fuel, and granting any waiver to allow the maximum impact on the price of feed grain in 2012 and 2013.

Thank you for your consideration and prompt action on this petition.

Sincerely,

A handwritten signature in black ink, appearing to read "Beverly Eaves Perdue". The signature is written in a cursive, flowing style.

Beverly Eaves Perdue