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Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Fuel Rating Review, 16 CFR Part 306, Project No. R811005

Phillips 66 appreciates the opportunity to provide comments in response to the Federal Trade Commission's request for public comment on the Automotive Fuel Ratings, Certification and Posting rule (16 CFR Part 306). Phillips 66 owns and operates 11 refineries in the U.S. We also own and operate petroleum product pipelines and have branded retail outlets throughout the U.S. As a producer, transporter, and marketer of automotive fuels, we are directly impacted by the rule's provisions and any modifications to the rule.

We are also members of the American Petroleum Institute (API) and the American Fuel & Petrochemical Manufacturers and support the comments provided by these industry coalitions.

Octane Certification

We are supportive of the proposal to allow use of IR methods for octane certification with the provision to follow ASTM D6122 to correlate the measured octane numbers with the primary methods (ASTM D2699 and D2700). Octane monitoring and certification testing is a significant issue for refineries producing gasoline product and the proposed revision to allow use of IR methods will provide additional flexibility and options for the refineries.

We support designation of D2699 and D2700 as the referee methods and ask the FTC to include this in the rule. Disputes periodically arise between parties and the primary methods (D2699 and D2700), rather than the correlative method (IR), need to be the basis for dispute resolution. Designating D2699 and D2700 as the referee methods should be stated in the regulatory text.

Definitions

The proposed definitions need to be modified to avoid confusion and conflict with EPA regulations and requirements.

Gasoline containing up to 15 volume percent ethanol is subject to EPA regulations governing gasoline. Any blendstock used to blend with ethanol to produce a finished E15 product is subject to all the EPA regulations governing gasoline and BOBs (blendstock for oxygenate blending). Any E15 product offered at retail is also subject to EPA regulations governing gasoline (vapor pressure, sulfur, benzene, etc.) and is subject to the provisions of the E15 Mis-fueling Mitigation regulation. Therefore, the FTC definition for ethanol blends should be changed as follows

> "a mixture of gasoline and ethanol containing more than 15 volume percent ethanol".

A corresponding change to the definition of gasoline should also be made to clearly indicate the inclusion of E15 in the definition of gasoline with a potential example below.

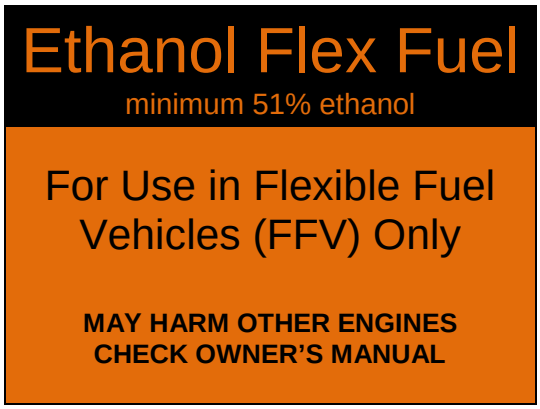
> Gasoline, an automotive spark ignition engine fuel, which includes, but is not limited to, gasohol (generally a mixture of approximately 90 percent unleaded gasoline and 10 percent ethanol), E15 and fuels developed to comply with the Clean Air Act, 42 U.S.C. 7401 et seq., such as reformulated gasoline, and oxygenated gasoline,

Labels

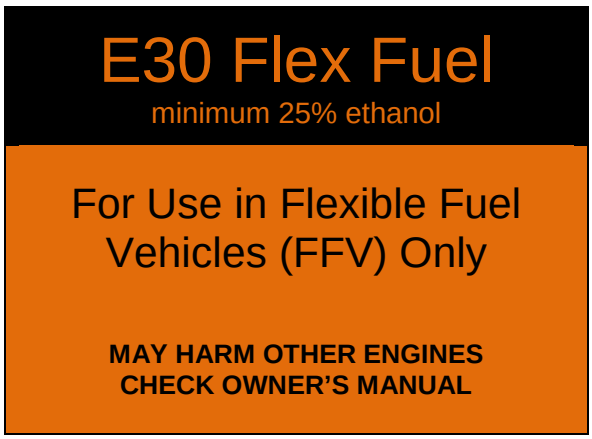
The label, as proposed, is not workable and should be changed. Additionally, we suggest alignment with the labels being proposed through the National Conference on Weights and Measures (NCWM).

The proposal for one type of label that would require posting ethanol content to the nearest 10% is not practical. High ethanol content fuel used in flexible fuel vehicles (formerly referred to as E85 and now often referred to in the market as Ethanol Flex Fuel) is governed by the ASTM D5798 specification (entitled "Standard Specification for Ethanol Fuel Blends for Flexible-Fuel Automotive Spark- Ignition Engines"). The ASTM specification varies seasonally to ensure continued vehicle performance with changing ambient temperatures. In order to meet the seasonal specification changes, the ethanol volume is varied. The rule, as proposed, could result in retail sites having to change pump labels throughout the year as the ethanol content changes to meet seasonal specification changes. We support a bifurcated label approach – one set label for ethanol blended fuels containing between 51% and 83% ethanol and another label approach for ethanol blended fuels containing between 16% and 50% ethanol. This approach aligns with the proposal that NCWM will be voting on in July, 2014. The NCWM proposal has been in development for some time and has had the opportunity for multiple stakeholder input. The NCWM proposal represents the end result of this process. Although the NCWM provisions are not yet final, we recommend that the FTC monitor the NCWM proceedings and finalize requirements that will be consistent with what NCWM adopts.

Following is an example label for the high ethanol blends (51-83% ethanol) that would be consistent with the NCWM approach. NCWM is proposing a required statement of "Check Owner's Manual" while the FTC proposes a required statement of "May Harm Other Engines". We believe including both statements on the label is appropriate and would meet the NCWM labeling requirement as proposed.



Labels for ethanol blends containing 16-50% ethanol should have a separate label. NCWM is proposing to require a label disclosing the ethanol content with a minimum ethanol volume statement, where the minimum volume equates to 5% lower than the target blend volume. The label shown below is an example for an E30 blend. Again, NCWM is proposing a single statement "Check Owner's Manual" versus the FTC proposed statement of "May Harm Other Engines". The example below proposes including both statements.



Summary

As a producer and supplier of automotive fuels, we appreciate the FTC's efforts to update the regulations to provide flexibility and clarity. We have provided input on changes we feel are necessary to the proposal. Specifically, E15 is gasoline and subject to EPA regulations and enforcement, therefore, FTC needs to change the proposed definition for ethanol blends to exclude E15 and change the definition for gasoline to include E15. The label, as proposed, is unworkable. We support the labeling approach that NCWM has proposed and will vote on in July, 2014. It provides different label approaches for the high ethanol blends (previously referred to as E85) and ethanol blends containing 16-50% ethanol. We support inclusion of IR methods for octane certification recognizing it must be correlated to ASTM D2699 and D2700 following the correlative methods outlined in ASTM D6122. We believe that the FTC should designate D2699 and D2700 as the referee methods in cases of dispute, which do occasionally occur in the supply and distribution chain.

Thank you again for the opportunity to comment. Please contact me if there are any questions regarding these comments.